

2024

Current State and Challenges of Impact Investing in Japan

FY2024 Survey

March 31, 2025

GSG Impact JAPAN National Partner (formerly GSG Japan NAB)

Current State and Challenges of Impact Investing in Japan – FY2024 Survey

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The GSG Impact is a global network of 50 nations plus the European Union that aims to promote impact investing/impact economy in partnership with financial institutions, governments, international organizations, businesses, and other entities worldwide. The GSG Impact JAPAN National Partner was established in 2014 as GSG Impact's national advisory board in Japan. This initiative contributes to the development of the market and ecosystem for impact investing and the impact economy in collaboration with practitioners and experts in diverse fields, including financial, business, social, and academic institutions. The activities of the GSG Impact JAPAN National Partner revolve around three pillars: research and publication, awareness-raising, and networking.

GSG Impact JAPAN National Partner website: <https://impactinvestment.jp/index.html>

Positioning of this report

This report presents current state and challenges of impact investing in Japan with the purpose of sharing information effective for promoting it. The project has been published under the supervision of the GSG Impact JAPAN National Partner (formerly GSG Japan NAB) every year since 2016.

Based on the questionnaire survey results, the main part of the report illustrates the investment balance (i.e., assets under management (AUM)) and where investments have been made in Japan's impact investing market, along with organizations' efforts and how the issues are perceived. This report also presents domestic and international trends in impact investing identified in our desk research.

Acknowledgments

We would like to express our appreciation to the people who offered help in the questionnaire, interviews, and the preparation of this report. This year's questionnaire survey was conducted in collaboration with the Japan Impact-driven Financing Initiative.

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“Current State and Challenges of Impact Investing in Japan — FY2024 Survey,” published by the Japan Social Innovation and Investment Foundation (SIIF), supervised by GSG Impact JAPAN National Partner

Table of Contents

Executive Summary	4
FY2024 Impact AUM in Japan and Factors behind the Growth	4
Developments in Impact Investing in Japan/Overseas during the Year	5
Chapter 1: Summary of Impact Investing and Development	6
Clarification of Impact Investing Terms	6
Major Developments in Impact Investing	8
Chapter 2: Impact Investing Market in Japan	12
Survey Method	12
Requirements for “Impact Investing” in This Report	14
Impact AUM	14
List of Impact Investing Organizations	14
Attributes of Impact Investing Organizations	18
How Investments Are Made Across Impact Investing Markets	20
Implementation Status of Impact Measurement and Management (IMM)	25
Impact Investment Promotion Policy and Issue Recognition	31
Conclusion	36
Afterword: Editors’ Postscript	37

List of Figures

- Figure 1** Impact AUM and growth rate of repeat responding organizations this year and the previous year **4**
- Figure 2** Developments in impact investing from 2024 to the beginning of 2025 **5**
- Figure 3** Third axis of investment **7**
- Figure 4** History of impact investing in the world and Japan **9**
- Figure 5** List of impact investing organizations (only the organizations this report is allowed to publish) **15**
- Figure 6** Impact investing organizations by industry **18**
- Figure 7** Year in which organizations began engaging in impact investing and changes in the number of organizations **18**
- Figure 8** Impetus for starting impact investing **19**
- Figure 9** Median, mean, and total impact AUM **20**
- Figure 10** Distribution of impact AUM **20**
- Figure 11** Impact investors by region **21**
- Figure 12** Asset classes for impact investing (by region) **22**
- Figure 13** Impact investors by sector (by region) **23**
- Figure 14** Impact investors by growth stage of business (by region) **24**
- Figure 15** Tools and frameworks for IMM. **25**
- Figure 16** How impact measurement results are used in management and investment decision-making processes. **26**
- Figure 17** Methods and objectives of engagement (involvement, dialog) with the invested and stakeholders **27**
- Figure 18** Accountability with respect to stakeholders **28**
- Figure 19** Diversity, equity, and inclusion (DEI) in the selection of investment targets and the investment decision-making processes and the organizational structure **29**
- Figure 20** Intention to introduce impact accounting **30**
- Figure 21** Key challenges in implementing impact accounting **30**
- Figure 22** Factors inhibiting the entry and expansion of impact investing **31**
- Figure 23** Conditions that further facilitate impact investing **32**
- Figure 24** Measures that national and local governments are expected to take to promote impact investing **33**
- Figure 25** Status of membership in the Impact Consortium **34**

Executive Summary

FY2024 Impact AUM in Japan and Factors behind the Growth

Impact AUM in Japan¹: 17,301.6 billion yen (150% of the previous year's figure)

This figure is the sum of assets under management (AUM) held by 59 organizations that responded to the Impact Investing Survey 2024 and met the impact investing requirements.

[Reference] Impact AUM worldwide²: Approximately JPY 235 trillion (USD 1.571 trillion) *2024 data

Observations of factors behind the growth of the impact on AUM

The impact on AUM increased by 5,760.2 billion yen (150%), compared with the 11,541.4 billion yen ascertained by the FY2023 survey. The factors behind this increase include the following:

- 1) An increase in investments by existing impact investing organizations was greater than that by newcomers.
- 2) Most of the increase in investments from last year comes from banks and life insurance companies, new or existing players.

Investment AUM by 50 impact investing organizations that have responded to the survey since FY2023 increased by 4,119.4 billion yen (136%) compared with last year. This figure accounts for 72% of the overall increase of 5,760.2 billion yen. This explains that the increase in investment AUM by existing impact investing organizations is a major factor. Furthermore, the survey found that investments by eight major banks and life insurance companies made up 94% of the overall increase of 5,760,2 billion yen.

Figure 1. Impact AUM and growth rate of repeat responding organizations this year and the previous year

(in millions of yen)

(n=50)	FY2023	FY2024	Increase	Growth Rate
Impact AUM	11,541,457	15,660,919	4,119,462	136%

Source: Created based on the "Questionnaire Survey Regarding Impact Investment (2023 and 2024)" (GSG Impact JAPAN)

1 Based on responses to the questionnaire for the Impact Investing Survey 2024. See Chapter 2 of this document for the details of the calculation standard.

2 GIINsight: Sizing the Impact Investing Market 2024,
<https://thegiin.org/publication/research/sizing-the-impact-investing-market-2024/>

Developments in Impact Investing in Japan/Overseas during the Year

The following are some of the notable developments in 2024 and early 2025.

Figure 2. Developments in impact investing from 2024 to the beginning of 2025

Global movements	United Nations Development Program (UNDP) partners with GRI, GSG Impact, the IFRS Foundation, and ISO to establish a sustainability information disclosure and management hub. (July 2024)
	GSG Impact directly responded to its call to The Impact Taskforce (ITF) and published “Impact Transparency from the Ground Up.” (August 2024)
	The Global Impact Investing Network (GIIN) released its “Sizing the Impact Investing Market 2024” report, which summarizes the latest estimates for the impact investing market. (October 2024)
Actions by Japanese public bodies	The Financial Services Agency published the “Basic Guidelines for Impact Investment (Impact Finance)” (March 2024) and held the “Impact Forum.” (May 2024)
	The Tokyo Metropolitan Government has decided to establish the “Public-Private Partnership Impact Growth Fund.” (May 2024)
	The Cabinet Office and the Cabinet Secretariat stated their support for impact investing in the “Grand Design Action Plan for a New Form of Capitalism (Revised Edition 2024)” and the “Basic Policy on Economic and Fiscal Management and Reform 2024.” (June 2024)
	The Ministry of Health, Labor, and Welfare announced the “Outline of the Fifth Medium-Term Plan for the Government Pension Investment Fund (GPIF),” which includes the implementation of impact investment. (January 2025)
Actions by Japan’s private sector	The Japan Association for Private Public Collaboration (JANPIA) plans to begin investing in dormant bank accounts. (January 2024)
	The Keidanren established the Impact Investment Working Group in May 2024 to consider measures to promote impact investment and provide feedback to the Impact Consortium. (May 2024)
	The Japan Impact-Driven Financing Initiative launched a new subcommittee called The Impact-Driven Corporate Value Enhancement Alliance. (August 2024)
	In its “Fiscal 2025 Tax Reform Proposal,” Japan Association of New Economy advocated creating tax breaks for social investments, such as impact investing. (September 2024)
	The Keizai Doyukai (Japan Association of Corporate Executives) published “Recommendations for Collaboration with the Social Sector: Guidance for Mutual Support Management,” which clearly states that they will consider impact-weighted accounting and other corporate evaluation methods in the future. (January 2025)

Chapter 1: Summary of Impact Investing and Development

Clarification of Impact Investing Terms

The terms used in the context of impact investing should first be clarified.

“**Impact**” refers to a social and/or environmental change or effect caused by a business or activity, whether it is long or short term.

“**Impact investing**” refers to an investment activity intended to generate a positive, measurable social and/or environmental change or effect alongside financial returns.

Conventional investing assesses value on the two axes of risk and return. Impact investing incorporates “impact” as the third axis.

Specifically, the four elements below define impact investing³:

- 1) intentionality
- 2) investment with return expectations
- 3) range of return expectations and asset classes
- 4) impact measurement

(1) “Intentionality” refers to a viewpoint of whether an investor aims (intends) to generate a positive impact by investing. (2) “Investment with return expectations” refers to a perspective on whether the entity that invests aims to not only generate an impact but also receive financial returns. (3) “Range of return expectations and asset classes” indicates that impact investing targets financial returns ranging from below market (sometimes called concessionary) to risk-adjusted market rate and can be performed across asset classes (i.e., all financial transactions in assets (stocks, bonds, loans, leases, etc.) for financial returns can be investments). (4) Impact measurement refers to a perspective on whether the investor is committed to measuring the social and/or environmental impact that results from its investing activity to take actions to add value to judgment.

The term “**impact measurement and management**” (“IMM”) refers to the repetitive process that includes the identification and examination of positive and negative impacts of business activities on people and the Earth. On this basis, IMM finds and practices ways to reduce negative impacts and maximize positive impacts while being consistent with your objective.⁴

IMM is positioned as a means to achieve what the investor “intends” to do in impact investing. IMM adds a “management” element to “impact measurement,” in which investors and business operators make business decisions based on the results of the measurement and aim to improve the impacts.

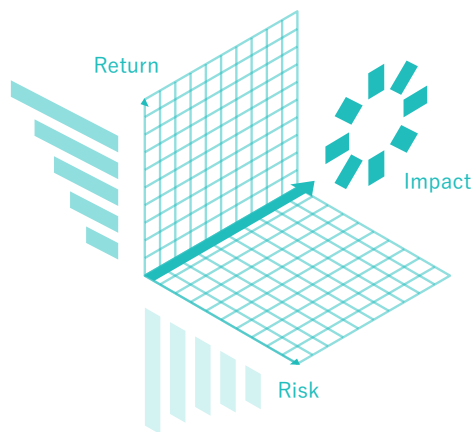
³ We used the Global Impact Investing Network (GIIN)’s definition of impact investing.

<https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>

⁴ The IMM as defined by the GIIN is used.

The IMM methodology has been advanced and standardized in the global impact investing market over the last decade. GSG Impact JAPAN National Partner released guidelines for IMM practice, a practice guidebook, a discussion paper to create global standards for IMM, and other materials, to share with impact investing practitioners the points to be considered, issues they may face, and measures to address when conducting IMM.⁵

Figure 3. Third axis of investment



Source: Position Paper on Expanding Impact Investing 2019 (formerly GSG-NAB Japan)

⁵ Press release “GSG Japan NAB creates and releases the ‘IMM Practice Guidebook’ and other documents in impact investing (stocks),” GSG Japan NAB (Presently GSG Impact JAPAN National Partner), July 2021, <https://impactinvestment.jp/en/news/20210721.html>
Press release “GSG Japan NAB (Current GSG Impact JAPAN National Partner) creates and releases the ‘Guidance for Impact Measurement & Management in Debt Finance’” GSG Japan NAB (Current GSG Impact Japan National Partner), July 2023, <https://impactinvestment.jp/resources/report/20230725.html>

Major Developments in Impact Investing

The following are notable developments in 2024 and early 2025.

Figure 2. (Reposted) Developments in impact investing from 2024 to the beginning of 2025

Global movements	United Nations Development Program (UNDP) partners with GRI, GSG Impact, the IFRS Foundation, and ISO to establish a sustainability information disclosure and management hub. (July 2024)
	GSG Impact directly responded to its call to The Impact Taskforce (ITF) and published “Impact Transparency from the Ground Up.” (August 2024)
	The Global Impact Investing Network (GIIN) released its “Sizing the Impact Investing Market 2024” report, which summarizes the latest estimates for the impact investing market. (October 2024)
Actions by Japanese public bodies	The Financial Services Agency published the “Basic Guidelines for Impact Investment (Impact Finance)” (March 2024) and held the “Impact Forum.” (May 2024)
	The Tokyo Metropolitan Government has decided to establish the “Public–Private Partnership Impact Growth Fund.” (May 2024)
	The Cabinet Office and the Cabinet Secretariat stated their support for impact investing in the “Grand Design Action Plan for a New Form of Capitalism (Revised Edition 2024)” and the “Basic Policy on Economic and Fiscal Management and Reform 2024.” (June 2024)
	The Ministry of Health, Labor, and Welfare announced the “Outline of the Fifth Medium-Term Plan for the Government Pension Investment Fund (GPIF),” which includes the implementation of impact investment. (January 2025)
Actions by Japan’s private sector	The Japan Association for Private Public Collaboration (JANPIA) plans to begin investing in dormant bank accounts. (January 2024)
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	The Japan Impact-Driven Financing Initiative launched a new subcommittee called The Impact-Driven Corporate Value Enhancement Alliance. (August 2024)
	In its “Fiscal 2025 Tax Reform Proposal,” Japan Association of New Economy advocated creating tax breaks for social investments, such as impact investing. (September 2024)
	The Keizai Doyukai (Japan Association of Corporate Executives) published “Recommendations for Collaboration with the Social Sector: Guidance for Mutual Support Management,” which clearly states that they will consider impact-weighted accounting and other corporate evaluation methods in the future. (January 2025)

Figure 4. History of impact investing in the world and Japan

Year	Global	Japan
2007	The Rockefeller Foundation first used the term “impact investing” and began to promote impact investing	
2008	The Dormant Accounts Act was enacted in the UK	
2009	The Global Impact Investing Network (GIIN), a global network of impact investors, was established IRIS, a reporting standard for impact investing, has begun to operate	
2011	The US granted legal recognition to the benefit corporation as a category for social enterprises (Maryland, as the first US state)	The 21st Century Financial Behavior Principles were adopted mainly by private financial institutions
2012	Big Society Capital (BSC), a wholesale fund funded by dormant bank accounts, was established in the UK	
2013	The Global Steering Group for Impact Investment (GSG) was established (at the time, it was called the “G8 Impact Investment Task Force,” which was renamed “GSG” in 2015).	
2014		The GSG National Advisory Board (presently GSG Impact JAPAN National Partner) was established The GSG National Advisory Board (presently GSG Impact JAPAN National Partner) issued a report on current state and challenges of impact investing in Japan for the first time.
2015		The GSG National Advisory Board (presently GSG Impact JAPAN National Partner) proposed seven key recommendations for the promotion of impact investing. The use of social impact bonds (SIB) is mentioned for the first time in the government’s growth strategies and basic policies for regional revitalization. The Government Pension Investment Fund (GPIF) signed the UN Principles of Responsible Investment (PRI)

Figure 4. History of impact investing in the world and Japan (continued)

Year	Global	Japan
2016	The Impact Management Project (IMP), an initiative for impact measurement and management (IMM), was established	The Social Impact Management Initiative (SIMI) was established (at the time, it was called the “Social Impact Measurement Initiative,” which was later renamed.) The Dormant Deposits Utilization Act was promulgated
2017	TPG, a major private equity firm, established a JPY 200 billion impact investment fund	
2018	“Impact investing” was included in the declaration of the leaders at the G20 Buenos Aires Summit The UNDP initiated the Sustainable Development Goals (SDG) Impact with the expectation that the flow of private funds will expand to achieve the SDG goals.	The Dormant Deposits Utilization Act came into effect
2019	Prime Minister Abe declared at the G20 Osaka Summit that Japan will lead in innovative financing schemes such as impact investing and dormant bank accounts The International Finance Corporation (IFC) developed operation principles for impact investing	The Cabinet Office designated the Japan Network for Public Interest Activities (JANPIA) as the designated utilization organization based on the Dormant Deposits Utilization Act The Japan International Cooperation Agency (JICA) signed an operational protocol for impact investing as the first organization in Japan
2020	UK’s BSC and a major private sector asset management institution partner to establish an impact investment trust company	Assistance in solving social issues using dormant bank accounts commenced
2021	The Impact Taskforce (ITF) was set up by the UK, the chairperson of the 2021 G7 summit The Impact Management Platform (IMP) was set up as a successor to the Impact Management Project (IMP).	Prime Minister Kishida mentioned impact investing in his first policy speech The Japan Impact-driven Financing Initiative was launched (21 companies)

Figure 4. History of impact investing in the world and Japan (continued)

Year	Global	Japan
2022	<p>Impact AUM reached 160 trillion yen (1.2 trillion dollars) worldwide, according to a global survey by the GIIN</p> <p>The Impact Weighted Accounting Initiative (IWA) created and published a tentative proposal for an impact-weighted accounting framework (IWAF)</p> <p>BSC opened an impact venture capital community, ImpactVC, for those who engage in impact investing</p>	<p>The Cabinet and Cabinet Secretariat clearly stated that the government would promote impact investing in the “Grand Design and Action Plan for a New Form of Capitalism” and “Basic Policies for Economic and Fiscal Management and Reform 2022.”</p> <p>The Financial Services Agency (FSA) established the Working Group on Impact Investment</p> <p>The Impact Startup Association was established</p> <p>Keidanren (Japan Business Federation) published the report “Using Impact Metrics to Promote Dialog with Purpose as Starting Point”</p>
2023	<p>The World Economic Forum (WEF) published a new white paper on impact investing titled “Private Market Impact Investing: A Turning Point.”</p> <p>The GIIN published the “2023 GIINsights” series based on data collected from 308 impact investing organizations worldwide.</p>	<p>The Cabinet Secretariat announced the “Impact Investment Initiative for Global Health” at the G7 Hiroshima Summit.</p> <p>The FSA organized a launch event for the Impact Consortium, a conference for collaboration between the public and private sectors on impact investing.</p> <p>Keizai Doyukai (Japan Association of Corporate Executives) entered into a Partnership Agreement for Collaboration between the Impact Startup Association, the Japan Association of New Public, and the Japan Association of Corporate Executives.</p>
2024	<p>GSG Impact directly responded to its call to The Impact Taskforce (ITF) and published “Impact Transparency from the Ground Up” (August 2024).</p> <p>The Global Impact Investing Network (GIIN) released its “Sizing the Impact Investing Market 2024” report, which summarizes the latest estimates for the impact investing market (October 2024)</p>	<p>The Japan Association for Private Public Collaboration (JANPIA) plans to begin investing in dormant bank accounts (January 2024)</p> <p>The FSA published the “Basic Guidelines for Impact Investment (Impact Finance)” (March 2024) and held the “Impact Forum” (May 2024)</p> <p>The Cabinet Office and the Cabinet Secretariat stated their support for impact investing in the “Grand Design Action Plan for a New Form of Capitalism (Revised Edition 2024)” and the “Basic Policy on Economic and Fiscal Management and Reform 2024” (June 2024)</p> <p>The Ministry of Health, Labor, and Welfare announced the “Outline of the Fifth Medium-Term Plan for the Government Pension Investment Fund (GPIF),” which includes the implementation of impact investment (January 2025)</p>

Chapter 2: Impact Investing Market in Japan

Chapter 2 presents the research method used in this report and the requirements for impact investing. This chapter then moves on to current state of Japan's impact investing market as studied through the survey questionnaire results.

Survey Method

Summary of the method

- **A questionnaire survey. A survey form in Microsoft Excel to provide responses.**
- **Survey period: October 2024 – December 2024**
- **Respondents: asset managers, venture capitalists, institutional investors, foundations, etc.**
 - This survey focused on institutions that may be connected to impact investing, covering a wide range of organizations. The survey covered those that have declared compliance with the Principles for Responsible Investment and the Principles for Financial Action for the 21st Century and those that have signed the Japan Impact-driven Financing Initiative, among others.
 - This survey consulted the “GIIN Annual Impact Investor Survey,” which defines qualified respondents as those who “manage at least 10 million dollars in impact investing assets and/or have made at least five impact investments.” However, the survey does not specify any qualifications.
- **Valid responses: 88 organizations (68 are impact investing organizations, 59 organizations disclose their investment AUM.)**
 - Nine of the impact investing organizations declined to disclose their impact AUM. Therefore, its responses to questions about the AUM were not counted.
 - “No responses” and invalid responses to the survey questions may not have been counted.
 - For these reasons, the number of valid responses to each question differs.
- **Base date: End of March 2024. Note that the base date for some of the organizations that provided valid responses was at the end of June or September 2024 because of differences in the time the data from these respondents were aggregated.**

Design of the survey form

- We used the survey form for the “GIIN Annual Impact Investor Survey” as a guide in designing our survey form to make the analysis comparable with trends in global impact investing markets. Note that this report does not cite any part of the GIIN survey form for comparison because the GIIN has not conducted the survey in the last few years.⁶

⁶ At the time this report was written, the 2020 Annual Impact Investor Survey is the latest one that may be used to compare with the GIIN survey. The FY2021 edition of this report may also be consulted as it cites data from the 2020 survey for comparison. <https://thegiin.org/research/publication/impinv-survey-2020/>

- Structure of survey form:
 - Attributes of the survey respondents (types of business and when they started impact investing)
 - How investments are made across the impact investing market (range of investments, asset classes for investment, regions, fields the investees are in, and which stages of growth)
 - How IMM is conducted (e.g., tools and frameworks used, how impact measurement results are used, engagement, and accountability with respect to stakeholders)
 - Policy for promoting impact investment and the recognition of issues
- This survey aims to compile a report that presents the progress of the efforts of impact investing organizations. Regarding what is needed for the further development of the impact investing market, the survey collected responses from organizations not working on impact investing to understand current state in light of how to invite new players into the market and how to encourage existing players to invest further.

〈 Notes 〉

• **The survey is not intended to provide an accurate market estimate.**

The survey results are the cumulative responses to the questionnaire. They are not intended to provide an estimated size of the impact investing market in a strict sense.

• **Responses are essentially self-reported**

The results are based on self-reported answers from the responding organizations, similar to the “GIIN Annual Impact Investor Survey.” However, when any response about the state of impact investing was partial or incomplete or when any inconsistent responses were found, a follow-up interview was conducted with the organization by email or phone to obtain a complete and accurate answer.

• **Data cleaning and accuracy**

The survey team removed or corrected responses with inconsistency or misunderstanding to the full extent possible and took great care to prevent double counting of balances. However, these efforts do not guarantee complete accuracy. Responding organizations provided their responses voluntarily as a cooperative effort. “No responses” and “invalid responses” (i.e., responses that failed to meet the requirements for an answer) were not counted. Hence, the “n” (the number of valid answers) and AUM vary by question.

• **Respondents were Japanese corporations**

This survey focuses on impact investing in Japan. Hence, the responding organizations must be Japanese corporations. Note that the investee companies may be located outside Japan. If a respondent is a multinational corporation, its responses must address the impact of investing activities by its incorporated Japan office.

Requirements for “Impact Investing” in This Report

The “impact investing” used in the questionnaire survey and presented to respondents meet (1) and (2) stated below. These two correspond to levels 1⁷ and 2⁸ presented in the section on the requirements for impact financing in the Progress Report of the Japan Impact-Driven Financing Initiative 2024.

(1) Impact investments are made to generate a positive and measurable social and environmental impact alongside a financial return.⁹

These investments can also be made across different asset classes, depending on the investor’s strategic goals. They may be made by investors in developed and/or developing countries, and their target returns may be at or below the market rate.

The term “investing” in this survey refers to all financial transactions for returns, including investments in stocks and bonds, lending, and leasing, excluding donations, grants, and subsidies.

(2) The “measurement” of outcomes or outputs is mandatory, and “management” is implemented to create identified positive impacts and mitigate significant negative impacts.

Impact AUM

Impact AUM in Japan: 17,301.6 billion yen (150% of the previous year’s figure)

This figure is the sum of AUM held by 59 organizations that responded to the Impact Investing Survey 2024 and met the impact investing requirements.

[Reference] Impact AUM worldwide¹⁰: Approximately JPY 235 trillion (USD 1.571 trillion) *2024 data

7 The investment has “intentionality” and “strategies” to create an impact, and it measures outcomes and output (source: “Progress Report of Japan Impact-Driven Financing Initiative 2024,” Japan Impact-Driven Financing Initiative)

8 The investment has “intentionality” and “strategies” to create an impact and measures outcomes and output. It also carries out management intended to create a specified positive impact and reduce the severely negative impact (source: “Progress Report of Japan Impact-Driven Financing Initiative 2024,” Japan Impact-Driven Financing Initiative)

9 The description is based on the GIIN Annual Impact Investor Survey 2020. The GIIN questionnaire survey defines the term “Impact investments are investments made with the intention to generate positive, measurable social, and environmental impact alongside a financial return. They can be made across asset classes, in emerging and developed markets, and target a range of returns from below market to market rate, depending on the investors’ strategic goals.” The underlined sentence is presented in the survey form, and the remaining portion is in the letter sent with the survey form.

10 GIINsight: Sizing the Impact Investing Market 2024,
<https://thegiin.org/publication/research/sizing-the-impact-investing-market-2024/>

List of Impact Investing Organizations

Figure 5. List of impact investing organizations (only the organizations this report is allowed to publish)¹¹

Industry	Organization Name
Asset managers	Asset Management One Co., Ltd.
	Cadira Capital Management Co., Ltd.
	Kamakura Investment Management Co., Ltd.
	KJR Management
	Commons Asset Management, Inc.
	DBJ Asset Management Co., Ltd.
	T. Rowe Price Japan, Inc.
	Nissay Asset Management Corporation
	Sumitomo Mitsui DS Asset Management Company, Limited
	Mitsui & Co. Alternative Investments Limited
Venture capitals	UntroD, Inc.
	Impact Capital Limited
	Energy & Environment Investment, Inc.
	Capital Medica Ventures Co., Ltd.
	GLIN Impact Capital
	Keio Innovation Initiative, Inc.
	SIIF Impact Capital, Inc.
	Shinsei Impact Investment Limited
	SBI Shinsei Corporate Investment Limited

¹¹ The list shows only the organizations that meet the requirements for impact investing and have given their permission to publish their names. We referred to the content of the responses to the relevant questions in the questionnaire on classification of industry.

Figure 5. List of impact investing organizations (continued)

Industry	Organization Name
Venture capitals	Spurcle Inc.
	Spiral Capital, Inc.
	taliki, Inc.
	DG Daiwa Ventures Inc.
	Dream Incubator Inc.
	Beyond Next Ventures Inc.
	Fast Track Initiative, Inc.
Private equity	Whiz Partners Inc.
	Gojo & Company, Inc.
	Japan Post Investment Corporation
	PMI Partners Limited
Pension funds	The Higo Bank Pension Fund
Insurance companies	Japan Post Insurance Co., Ltd.
	Sumitomo Life Insurance Company
	The Dai-ichi Life Insurance Company, Limited
	Nippon Life Insurance Company
	Mitsui Sumitomo Insurance Co., Ltd.
	Meiji Yasuda Life Insurance Company
Government-run development agencies and financial institutions	Japan International Cooperation Agency
	Japan Green Investment Corp. for Carbon Neutrality
Cooperative central financial institutions	Shinkin Central Bank
	The Norinchukin Bank

Figure 5. List of impact investing organizations (continued)

Industry	Organization Name
Banks and trust banks	SBI Shinsei Bank, Limited
	The Kita-Nippon Bank, Ltd.
	The San-in Godo Bank, Ltd.
	The Shizuoka Bank, Ltd.
	Higo Bank
	Mizuho Bank, Ltd.
	Sumitomo Mitsui Banking Corporation
	Sumitomo Mitsui Trust Group, Inc.
	MUFG Bank, Ltd.
	Mitsubishi UFJ Trust and Banking Corporation
	JAPAN POST BANK Co., Ltd.
Credit associations and credit unions	Tajima Shinkin Bank
Securities companies	Daiwa Securities Group Inc.
Lending companies and nonbank financial institutions	Credit Saison Co., Ltd.
Type II financial instruments business operator	Plus Social Investment Co., Ltd.
Foundations	KIBOW Foundation
	The Sasakawa Peace Foundation
	Japan Social Innovation and Investment Foundation
	Mitsubishi Corporation Disaster Relief Foundation
Incorporated educational institutions	Sophia School Corporation
	Ritsumeikan Social Impact Fund (The Ritsumeikan Trust)

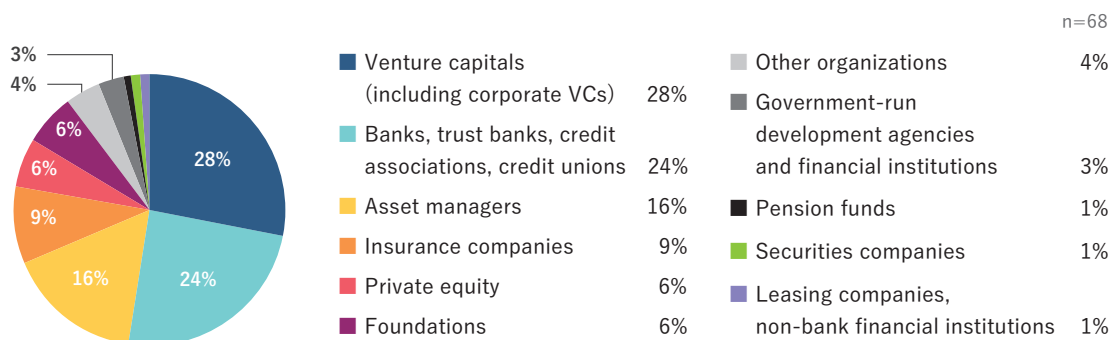
Attributes of Impact Investing Organizations

This section studies impact investing organizations sorted by industry and the years in which these organizations began engaging in impact investing.

Impact investing organizations by industry

- “Venture capitals (including corporate VCs)” (28%) comprised the majority, followed by “banks, trust banks, credit associations, credit unions” (24%).

Figure 6. Impact investing organizations by industry

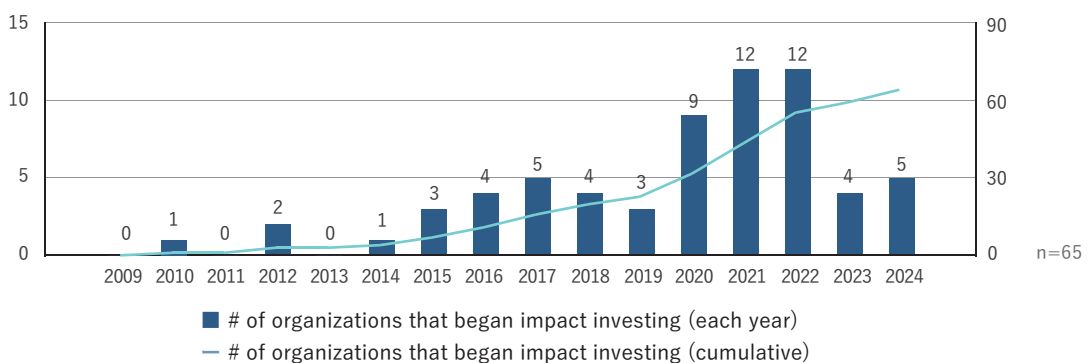


Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN) Question: “7. Please select one answer that most accurately describes your industry (SA).”

The year in which organizations began engaging in impact investing and changes in the number of organizations

- The most common answer was “2021” (12 organizations) and “2022” (12 organizations), followed by “2020” (9 organizations).
- The survey found that 33 (51%) of 65 organizations (i.e., the majority) entered the impact investing market in 2021 or thereafter.

Figure 7. Year in which organizations began engaging in impact investing and changes in the number of organizations



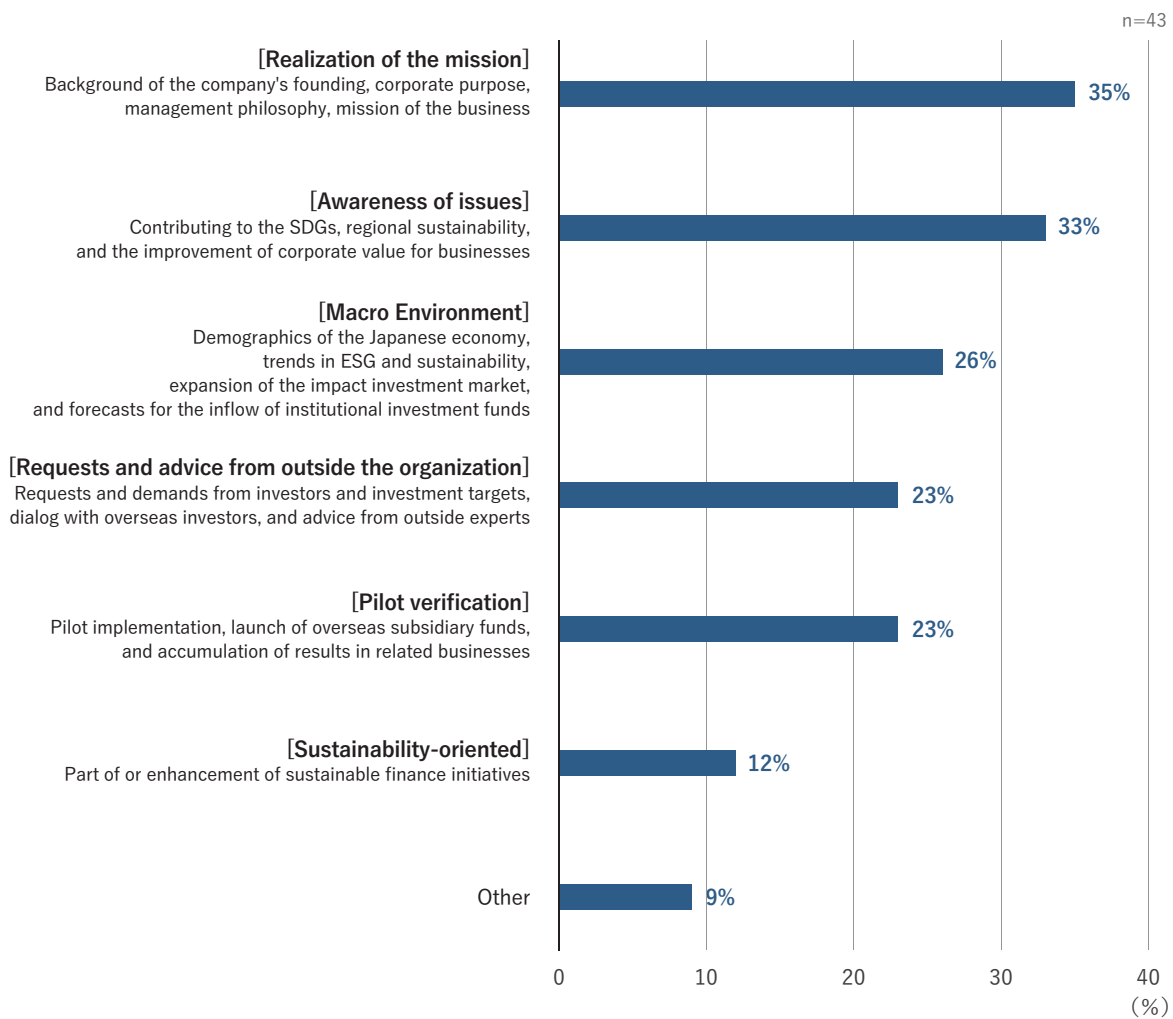
Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN) Question: “19. Please provide the year in which you began impact investing (impact financing).//NA”

Impetus for starting impact investing

The open-ended responses were organized and classified into seven categories:

- The most common response was “Realization of the mission and management philosophy” (35%), followed by “Awareness of issues such as the SDGs and local communities (33%).”

Figure 8. Impetus for starting impact investing



Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “20. What was the trigger for starting impact investing (the decision of a stakeholder that led to a change in your company’s policy, or an event inside or outside the company)?//FA]”

How Investments Are Made Across Impact Investing Markets

This section examines the size and distribution of impact AUM, asset classes for impact investing, along with the stages of growth, regions, and fields in which these investors are active.

Size and range of impact AUM

- The total impact AUM in Japan was approximately 17,301.6 billion yen as of the end of June 2024 (some were as of the end of June or September of the same year). The median of the 59 organizations was approximately 10.6 billion yen, and the mean was approximately 293 billion yen.
- The most common size was “10 billion yen-less than 100 billion yen” (29%), followed by “100 billion yen less than 1,000 billion yen” (22%).
- Organizations with an AUM of less than 1,000 billion yen make up 71% of the total, which pushes down the median, whereas those with an AUM of 1 trillion yen or more make up 10%, which pushes up the average.

Figure 9. Median, mean, and total impact AUM

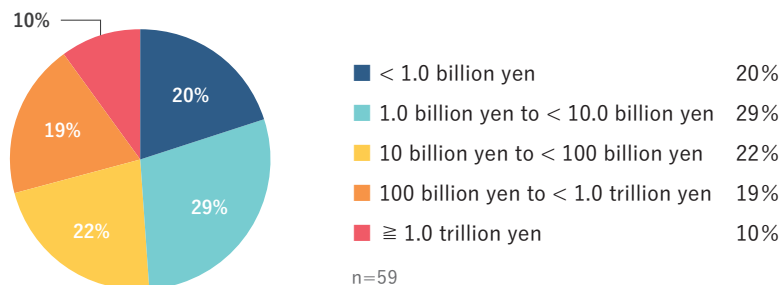
(in millions of yen)

Median	Mean	Total
10,660	293,249	17,301,670

n=59

Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “1. Please enter the balance of impact investment and impact finance as of the end of March 2024, following the guidance.”

Figure 10. Distribution of impact AUM



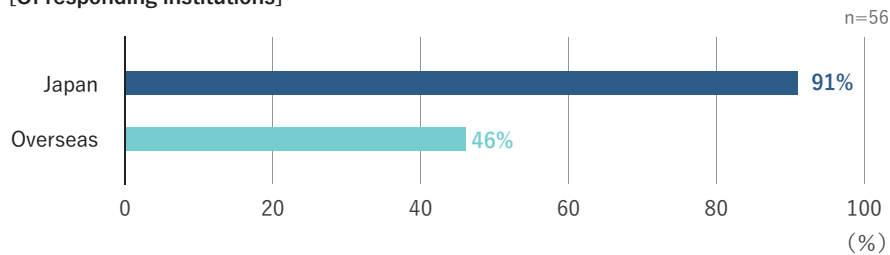
Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “1. Please enter the balance of impact investment and impact finance as of the end of March 2024, following the guidance.”

Impact investors by region

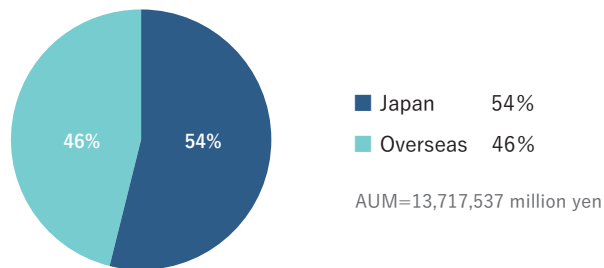
- Based on the number of organizations that responded, the proportion was high in “Japan” (91%) and “overseas” (46%).
- Based on the investment balance, the ratio was approximately half between “Japan” (54%) and “overseas” (46%).

Figure 11. Impact investors by region

[Of responding institutions]



[Of impact AUM]



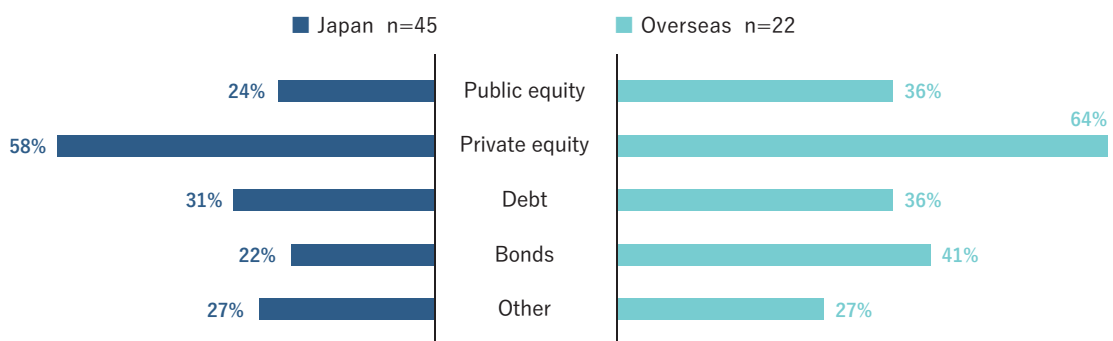
Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “2. When the balance of impact investment and impact finance as answered in Question 1 is set to “100 (%)”,”
 please indicate the percentage (%) by region.”

Asset classes of impact investing (by region)

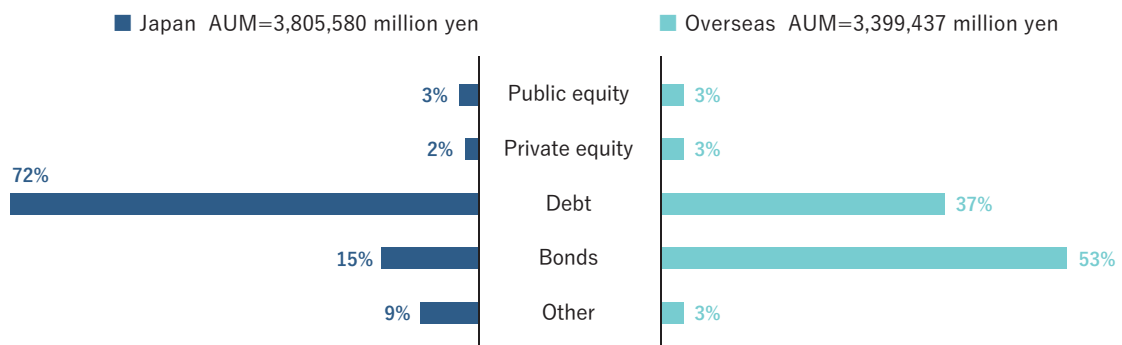
- A clear majority of the responding organizations invested in “private equity” (Japan: 58%, overseas: 64%). The gap between domestic and overseas was particularly large for “listed companies” (Japan: 24%, overseas: 36%) and “bonds” (Japan: 22%, overseas: 41%).
- Based on AUM, the gap between Japan and overseas is particularly large for “debt” (Japan: 72%, overseas: 37%) and “bonds” (Japan: 15%, overseas: 53%).

Figure 12. Asset classes for impact investing (by region)

[Of responding institutions]



[Of impact AUM]



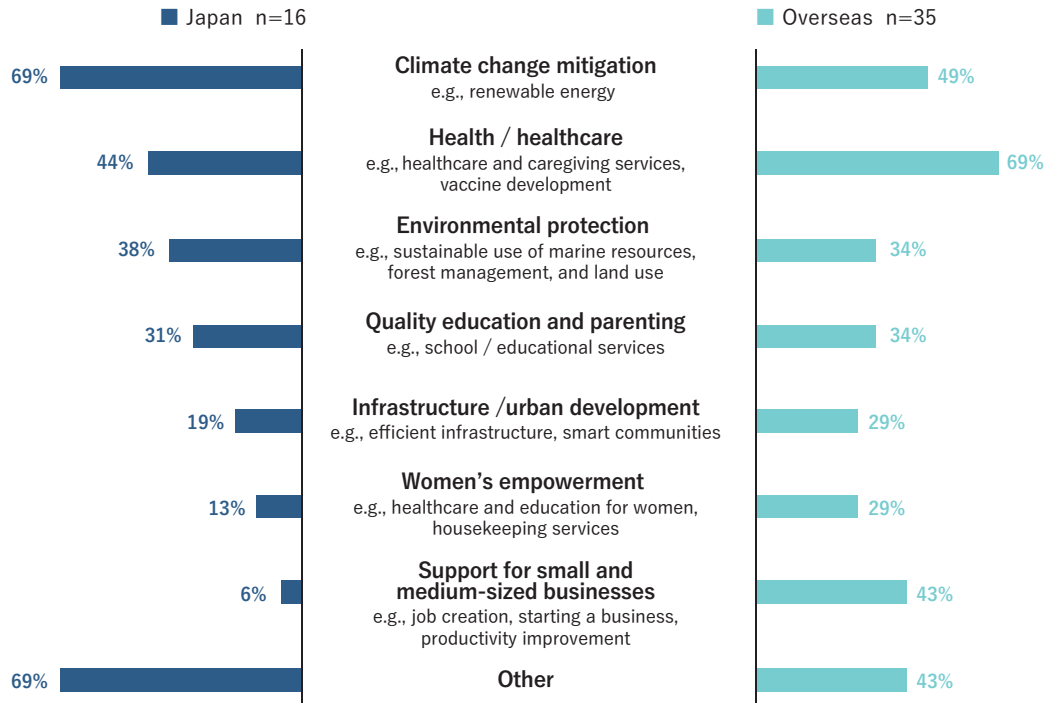
Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “4. Please provide a breakdown of the percentages of domestic and overseas investments for the investment methods (asset classes) that were answered in question 3.”

Impact investors by sector (by region)

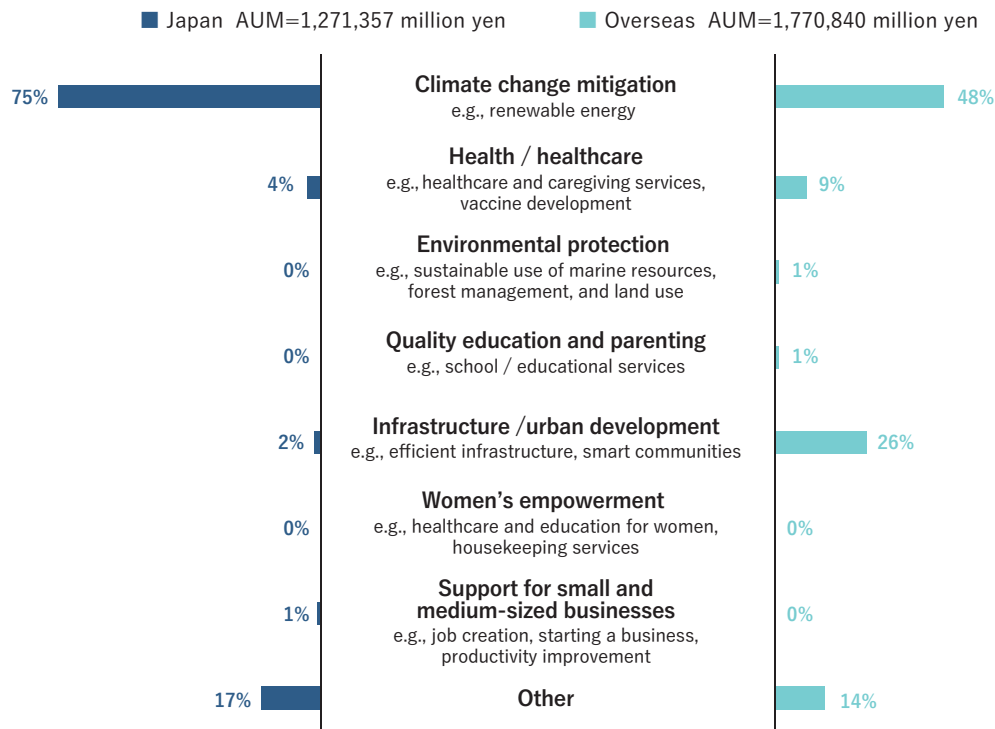
- A clear majority of responding organizations invest in “climate change mitigation” (69%) in Japan and “health/healthcare” (65%) overseas. The gap between Japan and overseas was particularly large in the area of “support for small and medium-sized businesses” (Japan: 6%, overseas: 43%).
- Based on AUM, the most common response for domestic and overseas projects was “climate change mitigation” (Japan: 75%, overseas: 48%). The gap between domestic and overseas projects was particularly large for “infrastructure/urban development” (Japan: 2%, overseas: 26%).

Figure 13. Impact investors by sector (by region)

[Of responding institutions]



[Of impact AUM]



Source: Created based on the "Questionnaire Survey Regarding Impact Investment (2024)" (GSG Impact JAPAN)
 Question: "5. When the balance of impact investment and impact finance as answered in question 1 is set to "100 (%)," please indicate the percentage (%) by investment field."

Impact investors by growth stage of business (by region)

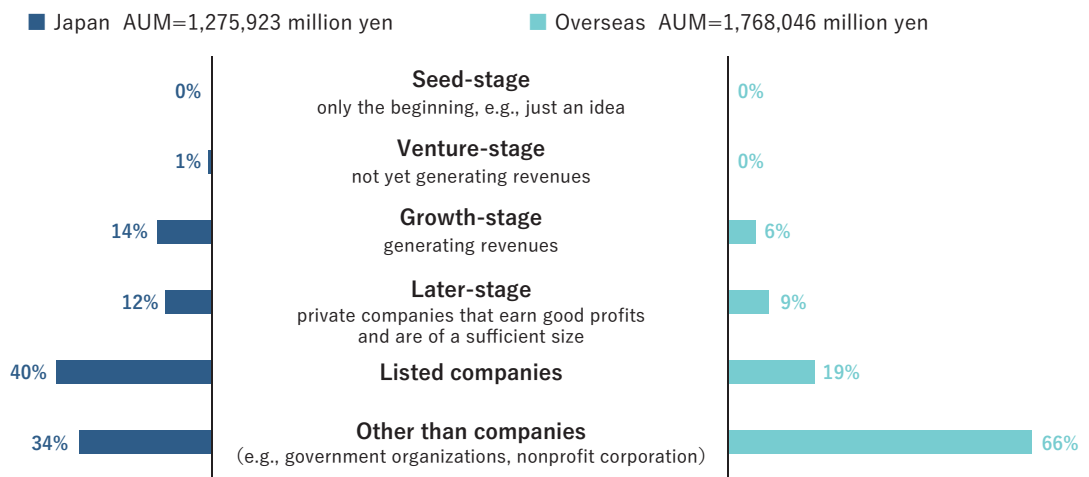
- The largest percentage of responding organizations answered that the impact investors are “venture-stage” (54%) in Japan and “listed companies” (53%) in overseas. The gap between Japan and overseas was particularly large in the “other than companies” category (Japan: 32%, overseas: 40%).
- Based on AUM, the gap between Japan and overseas was particularly large for “listed companies” (Japan: 40%, overseas: 19%) and “other than companies” (Japan: 34%, overseas: 66%).

Figure 14. Impact investors by growth stage of business (by region)

[Of responding institutions]



[Of impact AUM]



Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “6. When the balance of impact investment and impact finance as answered in question 1 is set to “100 (%),” please enter the percentage (%) for each growth stage of the invested company.”

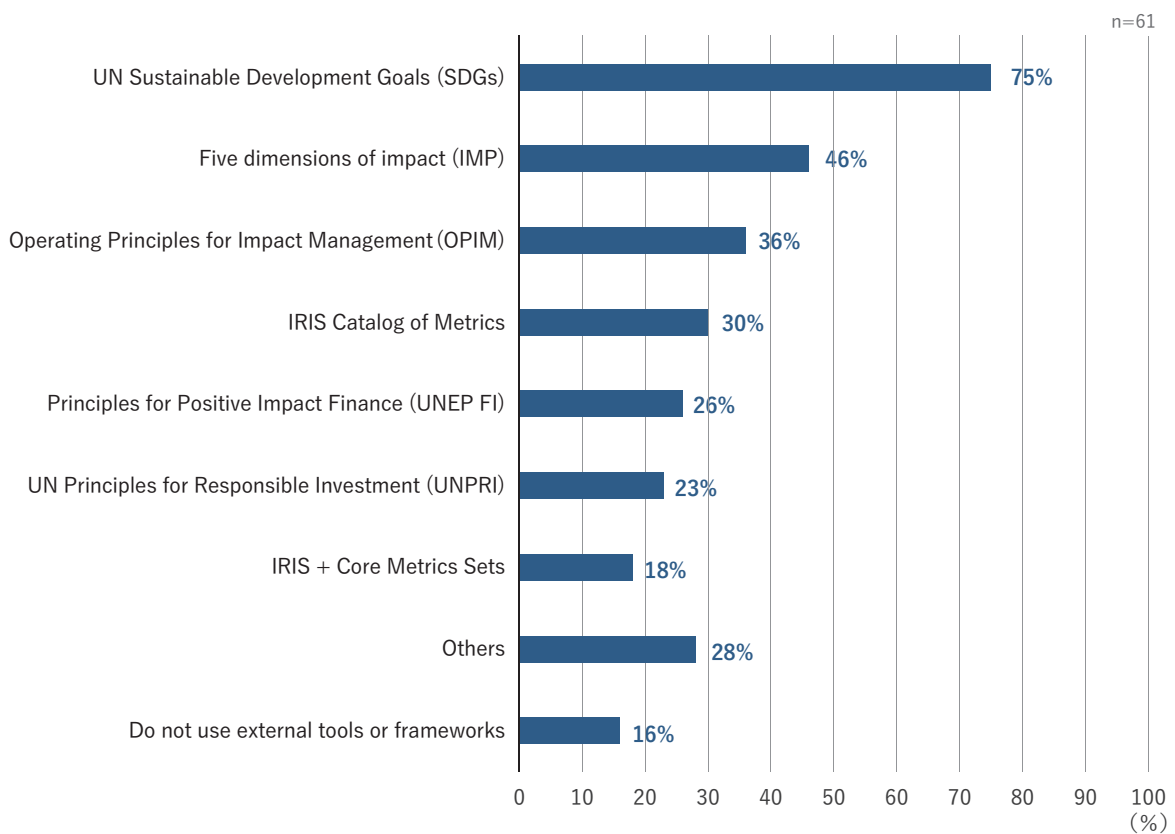
Implementation Status of Impact Measurement and Management (IMM)

This section examines how IMM has been conducted in Japan by reviewing answers to questions about tools and frameworks used for IMM and how impact measurement results are used, engagement (involvement, dialog), accountability with respect to stakeholders, considering diversity, equity, inclusion (DEI), and introduction of impact accounting.

Tools and frameworks for IMM

- “UN SDGs” (75%) was the most common response, followed by “five dimensions of impact (IMP)” (46%).
- 16% of the responding organizations do not use them.

Figure 15. Tools and frameworks for IMM

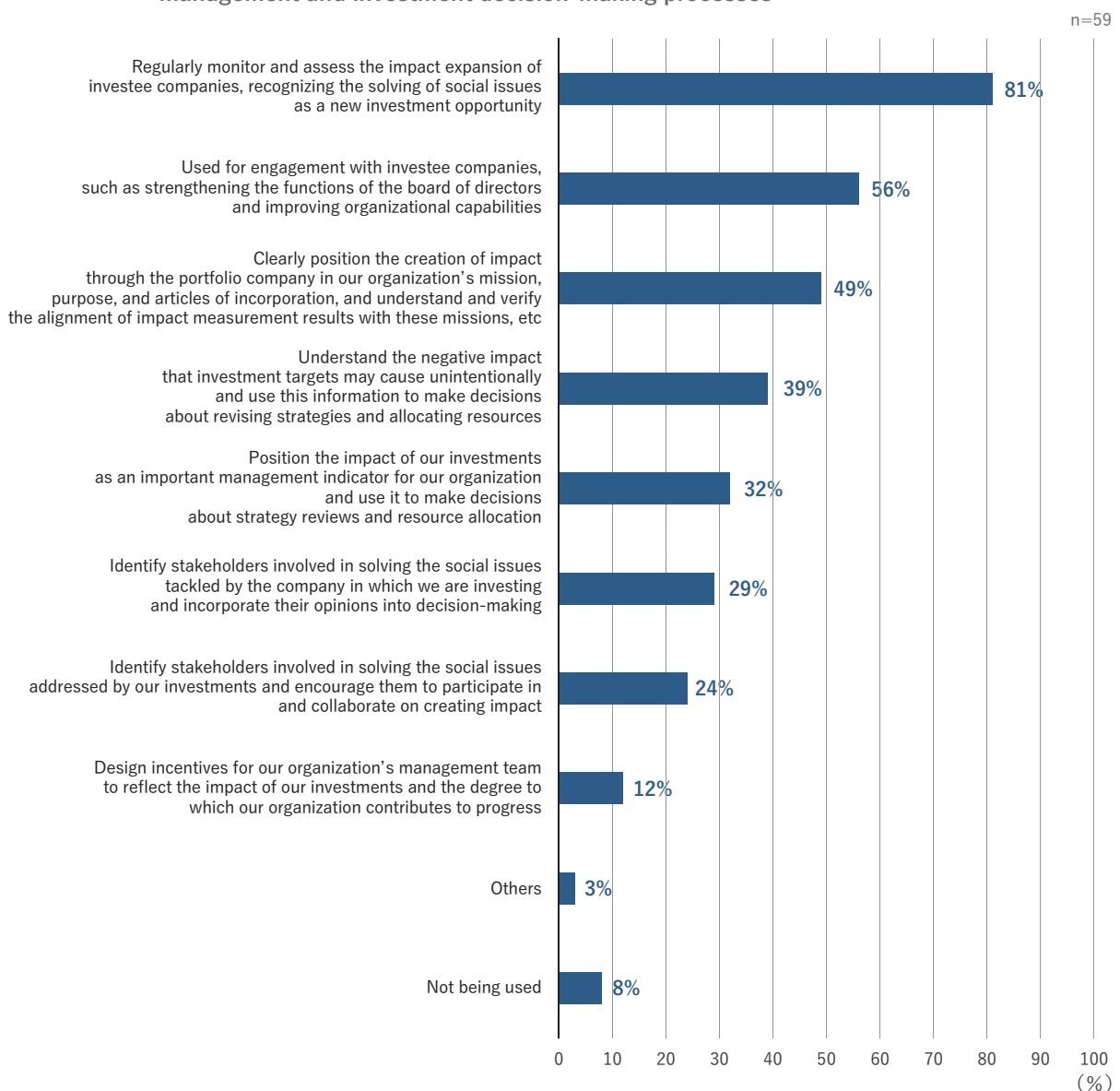


Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “12. Please select all of the following that apply to the tools and frameworks used in IMM././MA”

How impact measurement results are used in management and investment decision-making processes

- The most common response was “Regularly monitor and assess the impact expansion of investee companies, recognizing the solving of social issues as a new investment opportunity” (81%), followed by “Used for engagement with investee companies, such as strengthening the functions of the board of directors and improving organizational capabilities” (56%).
- The least common response was “Design incentives for our organization’s management team to reflect the impact of our investments and the degree to which our organization contributes to progress” (12%), followed by “Identify stakeholders involved in solving the social issues addressed by our investments and encourage them to participate in and collaborate on creating impact” (24%).

Figure 16. How impact measurement results are used in management and investment decision-making processes

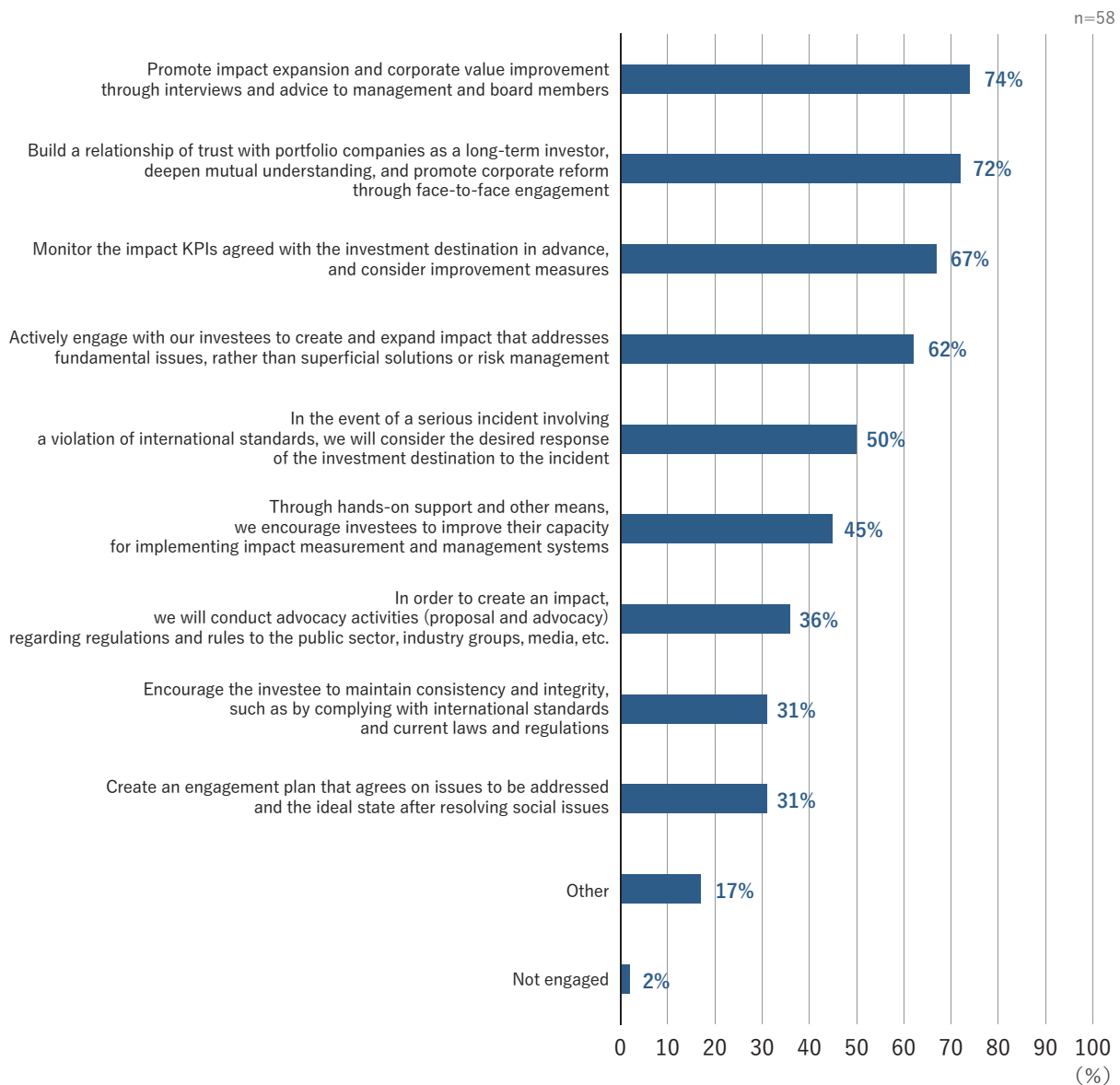


Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “13. Please select all that applies to how you use the impact measurement results in your organization’s management and investment decision-making.”//MA”

Methods and objectives of engagement (involvement, dialog) with the invested and stakeholders

- The most common response was “promote impact expansion and corporate value improvement through interviews and advice to management and board members” (74%), followed by “build a relationship of trust with portfolio companies as a long-term investor, deepen mutual understanding, and promote corporate reform through face-to-face engagement” (72%).
- The two responses with the lowest percentages were “encourage the investee to maintain consistency and integrity, such as by complying with international standards and current laws and regulations” (31%) and “create an engagement plan that agrees on issues to be addressed and the ideal state after resolving social issues” (31%).

Figure 17. Methods and objectives of engagement (involvement, dialog) with the invested and stakeholders

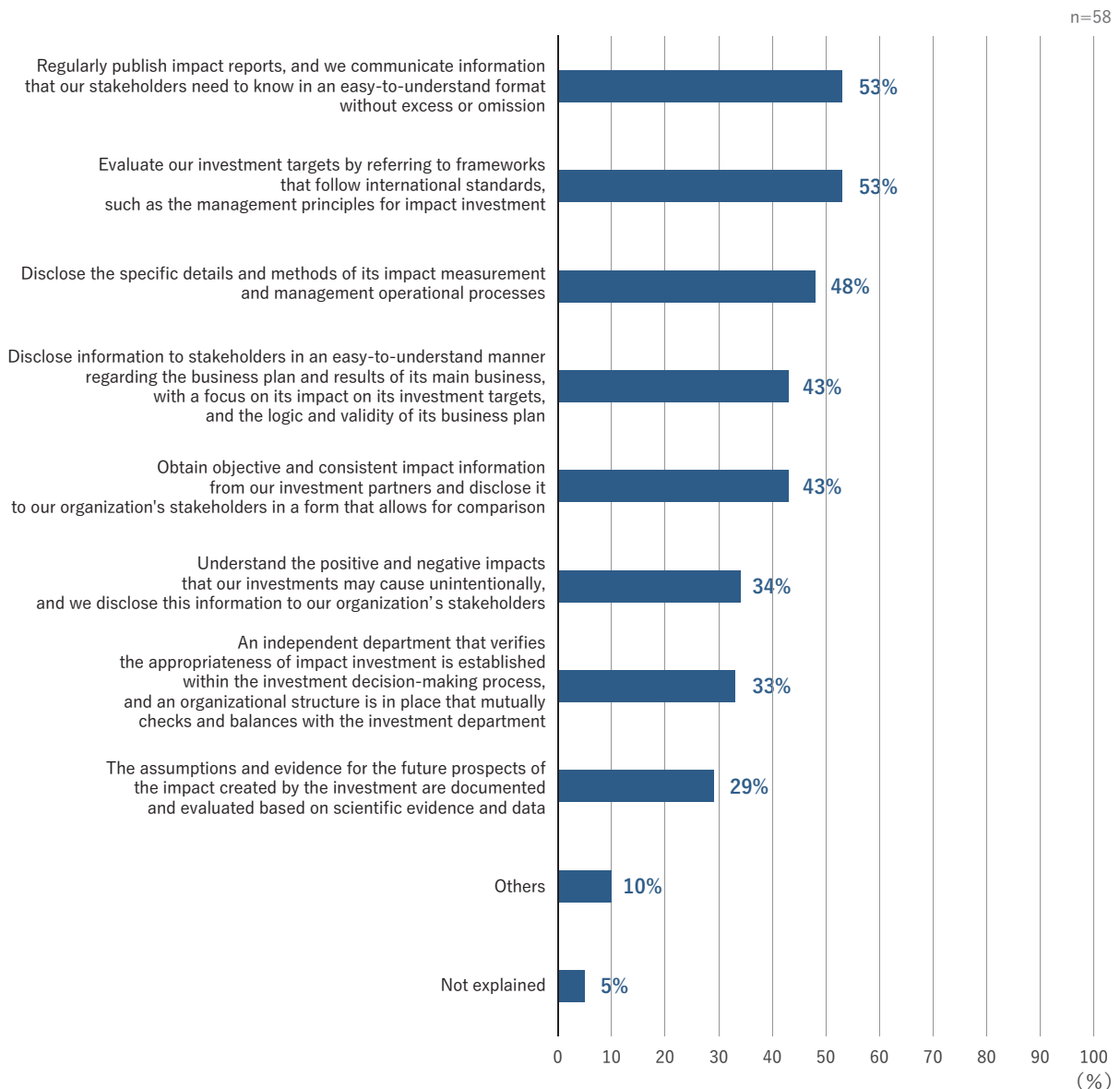


Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “14. Please select all that applies regarding the methods and objectives of engagement (involvement, dialog) with the invested and stakeholders././MA”

Accountability with respect to stakeholders

- The most common responses were “We regularly publish impact reports, and we communicate information that our stakeholders need to know in an easy-to-understand format without excess or omission” (53%) and “We evaluate our investment targets by referring to frameworks that follow international standards, such as the management principles for impact investment” (53%).
- The least common response was “The assumptions and evidence for the future prospects of the impact created by the investment are documented and evaluated based on scientific evidence and data” (29%), followed by “An independent department that verifies the appropriateness of impact investment is established within the investment decision-making process, and an organizational structure is in place that mutually checks and balances with the investment department” (33%).

Figure 18. Accountability with respect to stakeholders

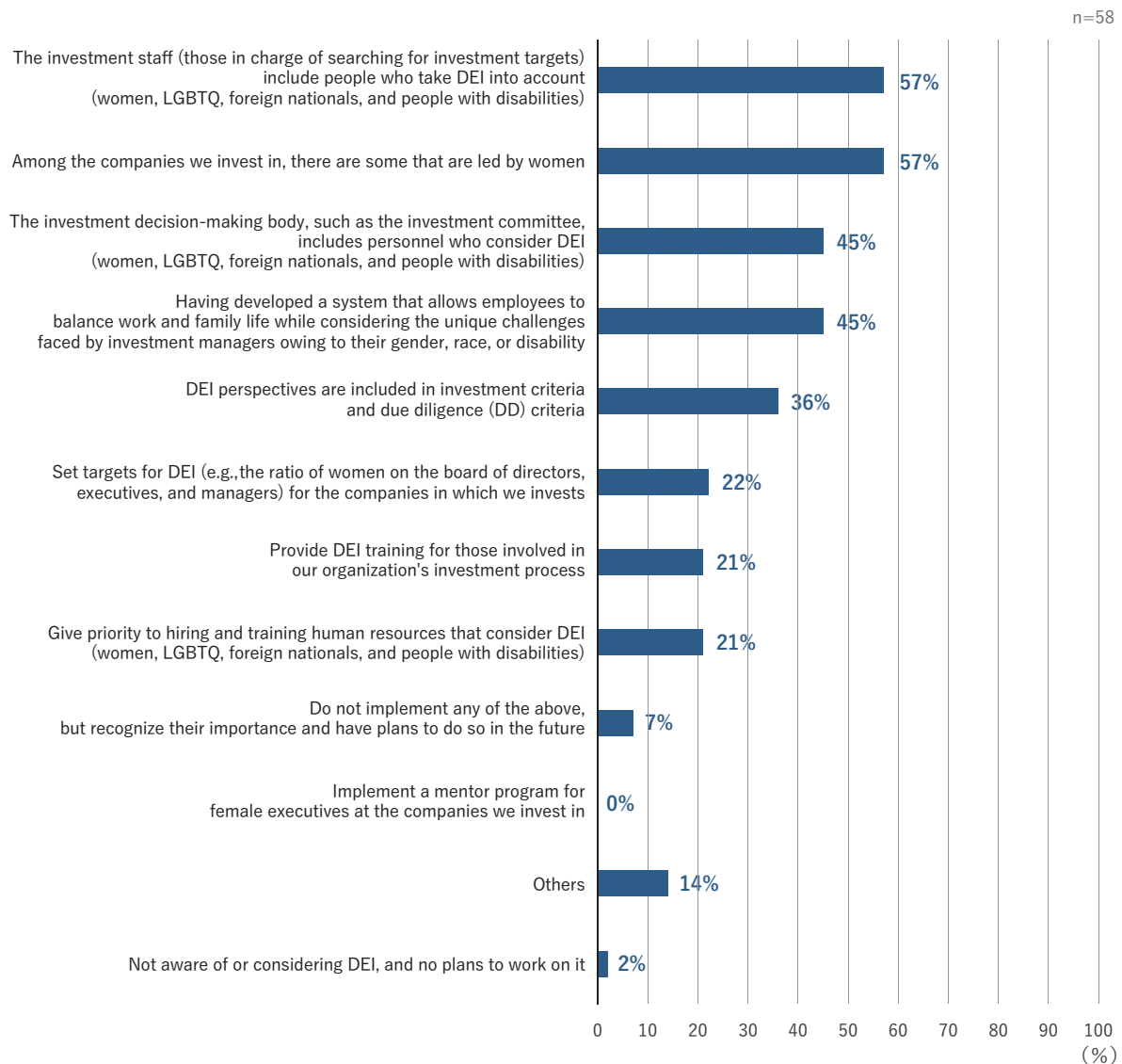


Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “15. Please select all that applies regarding your organization's accountability with respect to stakeholders.”//MA

Diversity, equity, and inclusion (DEI) in the selection of investment targets and the investment decision-making process and the organizational structure

- The most common responses were “The investment staff (those in charge of searching for investment targets) include people who take DEI into account (women, LGBTQ, foreign nationals, and people with disabilities)” (57%) and “Among the companies we invest in, there are some that are led by women” (57%).
- The least common response was “Implement a mentor program for female executives at the companies we invest in” (0%), followed by “Do not implement any of the above, but recognize their importance and have plans to do so in the future” (7%).

Figure 19. Diversity, equity, and inclusion (DEI) in the selection of investment targets and the investment decision-making processes and the organizational structure

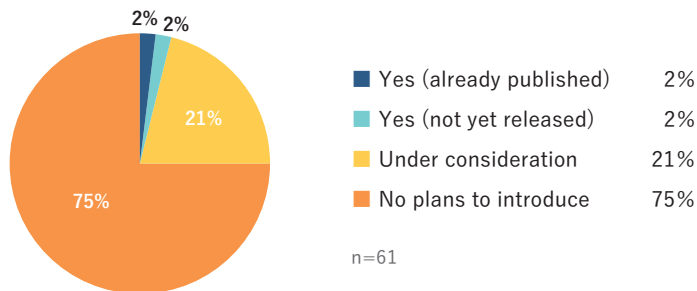


Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN) Question: “16. Please select all that applies regarding Diversity, equity, and inclusion (DEI) in your organization’s investment selection, investment decision-making process, and the organizational structure.”//MA

Intention to introduce impact accounting

- The most common response was “No plans to introduce”(75%), followed by “Under consideration”(21%).

Figure 20. Intention to introduce impact accounting



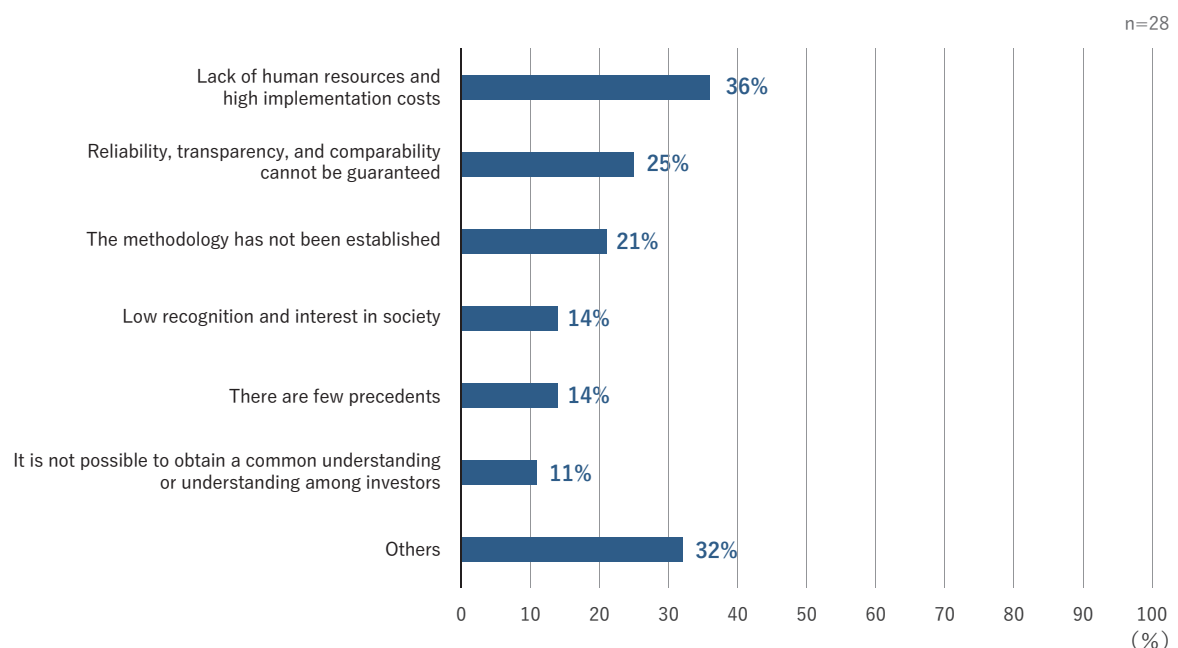
Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “17. Do you use impact accounting?//SA

Key challenges in implementing impact accounting

The free-response answers were organized and classified into seven categories:

- The most common reason given was “Lack of human resources and high implementation costs” (36%), followed by “Reliability, transparency, and comparability cannot be guaranteed” (25%).

Figure 21. Key challenges in implementing impact accounting



Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “18. What are the key challenges in implementing impact accounting?//FA

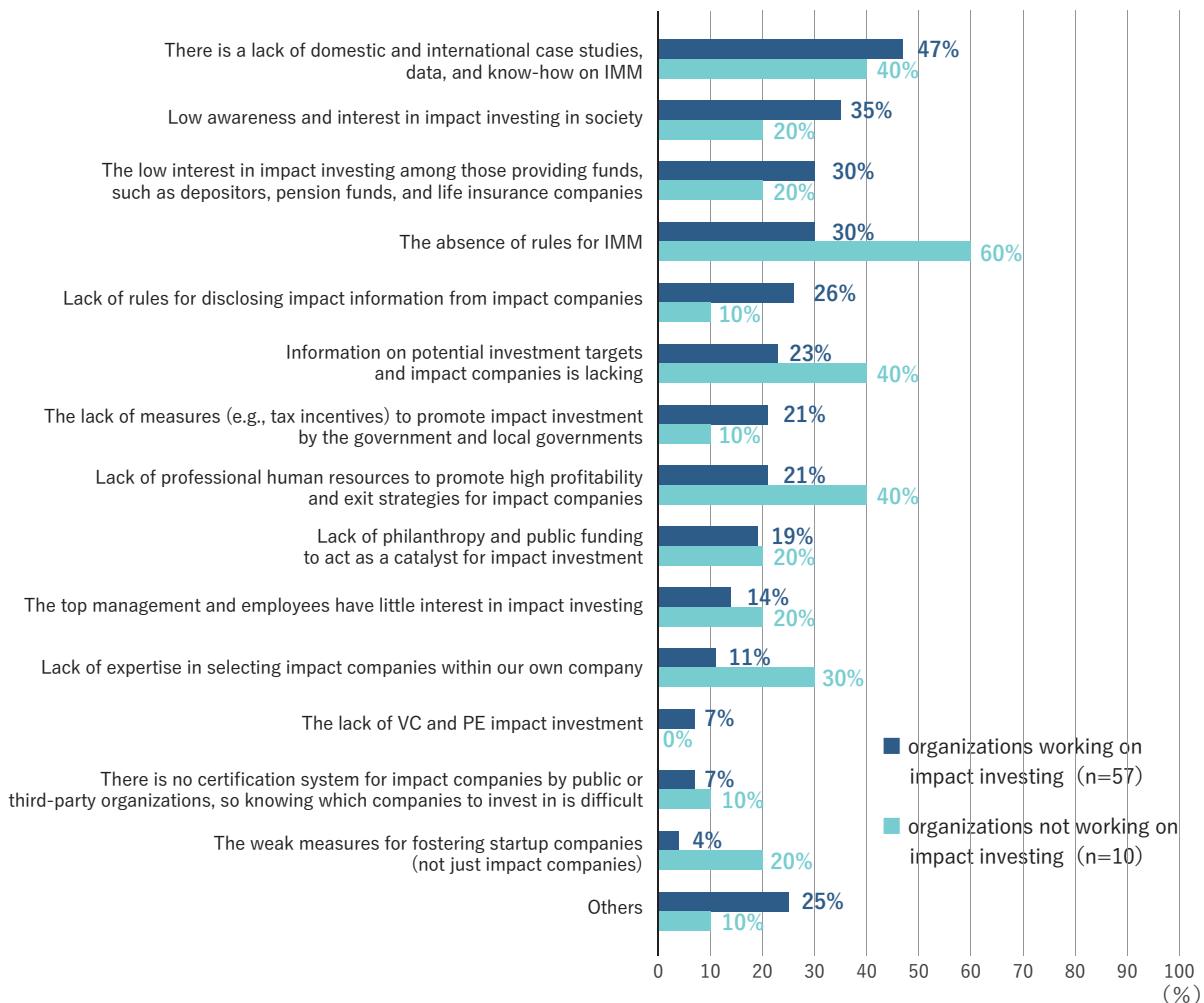
Impact Investment Promotion Policy and Issue Recognition

This section examines the factors that inhibit the new entry and expansion of impact investing in Japan and what will likely facilitate efforts toward impact investing.

Factors inhibiting the entry and expansion of impact investing

- The most common response from organizations working on impact investing was “There is a lack of domestic and international case studies, data, and know-how on IMM” (47%).
- For organizations not working on impact investing, “the absence of rules for IMM” (60%) was the most common response.
- The gap between organizations working on impact investing and those not working on is large in the following areas: “Lack of expertise in selecting impact companies within our own company” (11% of organizations working on impact investing, 30% of organizations not working on impact investing) and “Lack of rules for disclosing impact information from impact companies” (26% of organizations working on impact investing, 10% of organizations not working on impact investing).

Figure 22. Factors inhibiting the entry and expansion of impact investing

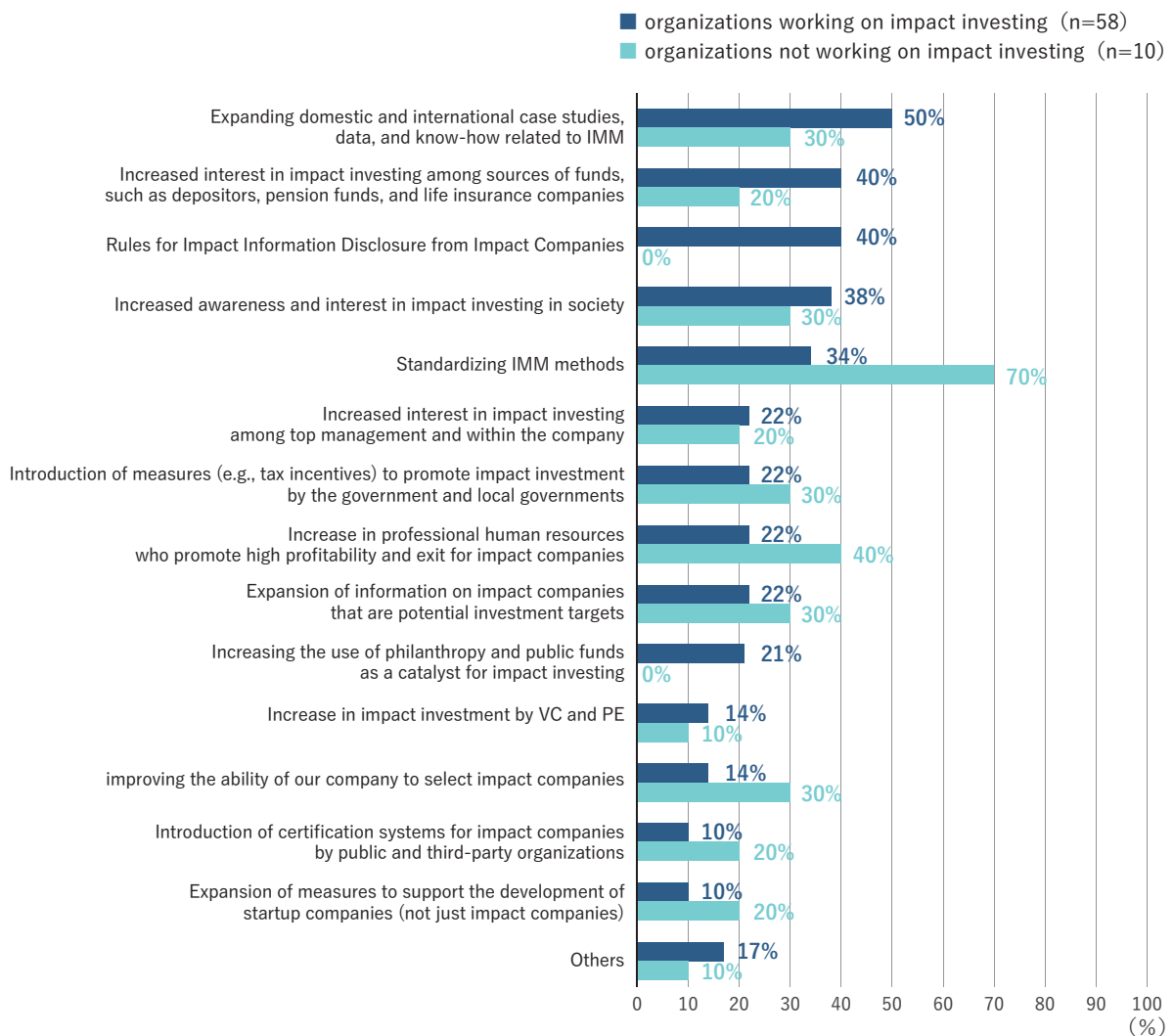


Source: Created based on the “Questionnaire Survey regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “22. What factors prevent your organization from entering or expanding its impact investing (impact finance) activities? Please select up to five of the following that are closest to your view.//MA

Conditions that further facilitate impact investing

- The most common response from organizations working on impact investing was “Expanding domestic and international case studies, data, and know-how related to IMM” (50%).
- For organizations not working on impact investing, “Standardizing IMM methods” (70%) was the most common response.
- The gap between organizations working on impact investing and those not working on was found to be particularly large in the following areas: “increasing the use of philanthropy and public funds as a catalyst for impact investing” (21% of organizations working on impact investing, 0% of organizations not working on impact investing), “improving the ability of our company to select impact companies” (14% of organizations working on impact investing, 30% of organizations not working on impact investing), and “Standardizing IMM methods” (34% of organizations working on impact investing, 70% of organizations not working on impact investing).

Figure 23. Conditions that further facilitate impact investing



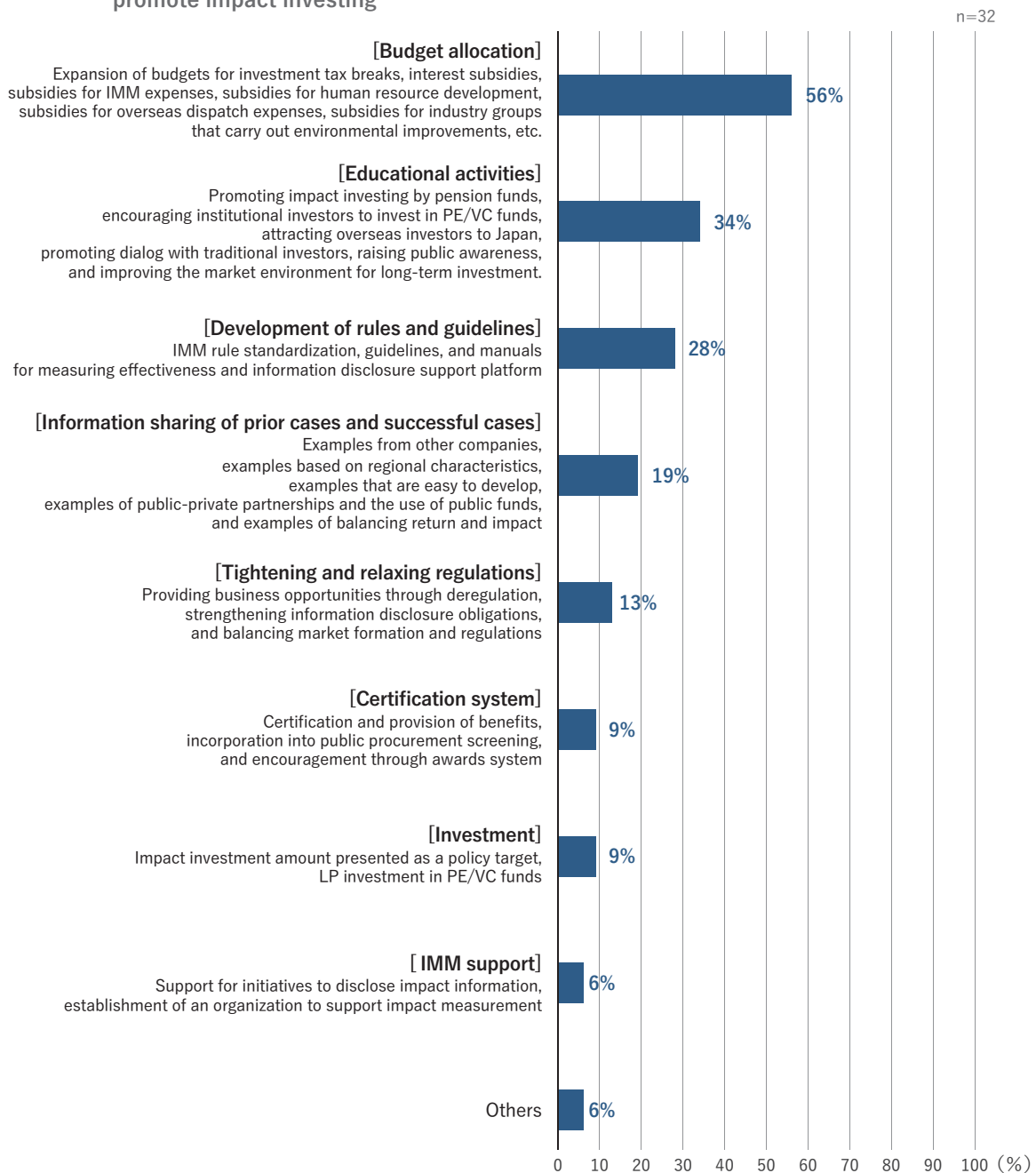
Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “23. Which conditions would further facilitate impact investing (impact financing)? Please select up to five of the following that are closest to your view./MA”

Measures that national and local governments are expected to take to promote impact investing

The open-ended responses were organized and classified into nine categories:

- The most common response was “budgetary allocations and expansion of tax breaks and subsidies” (56%), followed by “promotional activities to encourage investment, stimulate investment, and raise awareness” (34%).

Figure 24. Measures that national and local governments are expected to take to promote impact investing

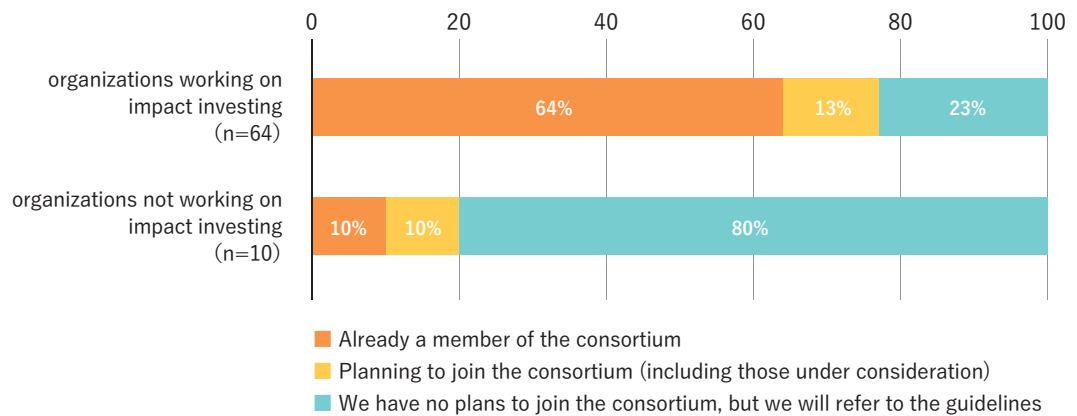


Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
Question: “24. (Including your response to question 23) What support would make it easier for you to get involved in impact investment by the government and local governments?//FA

Status of membership in the Impact Consortium

- The most common response among organizations working on impact investing was “already a member” (64%).
- For those organizations not working on impact investing, the most common response was “We have no plans to join, but we will refer to the guidelines” (80%).

Figure 25. Status of membership in the Impact Consortium



Source: Created based on the “Questionnaire Survey Regarding Impact Investment (2024)” (GSG Impact JAPAN)
 Question: “21. In response to the publication of the Financial Services Agency’s “Basic Guidelines on Impact Investment (Impact Finance) [3]” and the launch of the “Impact Consortium [4]”, please answer whether your organization will join the consortium and what your policy is in relation to the guidelines.”//SA

Conclusion

The global impact investing market is expected to grow to approximately 235 trillion yen (1.571 trillion dollars) by 2024, and in Japan, the market has also shown a growth rate of 150% compared with last year. Despite this market growth, Japan has demonstrated major policy developments. First, the Impact Consortium, which is run by the Financial Services Agency, has started. As of the end of December 2024, it has 339 corporate and organizational members. Second, government guidelines state that impact investment by the GPIF is no longer regarded as “consideration of irrelevant factors.” Momentum is being created by the public and private sectors, and issues are expected to be addressed with the support of this tailwind and encouragement.

The GSG Impact JAPAN National Partner is committed to conducting research, publication, and advocacy as Japan’s impact investing promotion body while working with its fellow organizations at home and abroad. This report, a fixed-point observation of current state and challenges of impact investing in Japan, will serve as a foundation for further discussion, to provide suggestions for practice, and thereby play a meaningful role in Japan’s impact investing arena.

We would like to express our appreciation to the people and organizations that participated in the questionnaire survey regarding impact investing (2024). We hope that this report will contribute to solving social issues through impact investing.

Afterword: Editors' Postscript

Secretariat, GSG Impact JAPAN National Partner/Japan Social Innovation and Investment Foundation (SIIF)
Report Production Team for "Current State and Challenges of Impact Investing in Japan—FY2024 Survey"

Kyoji Sasaki Project Leader, SIIF Impact Economy Lab

As the project leader, I undertook the planning and design of the research, conducted the survey, analyzed the responses, and authored this report since 2022. In designing the survey for 2024, we conducted preliminary interviews with experts in Japan and overseas and made significant revisions to the structure compared with last year. For example, we incorporate a comparative analysis of investment AUM in Japan and overseas. The objective is to maintain the survey's basic position while actively incorporating new and multifaceted perspectives to further encourage the actions of those supporting the impact investing market. Following on from last year, we obtained the cooperation of many responding organizations and captured a higher-resolution image of the reality of the impact investing market in Japan. I would like to extend my gratitude to everyone who participated in the survey. We hope that this report will be widely shared among market participants and serve as a tool for constructive dialog, fostering a robust impact investing market that resists impact washing and continues to thrive. Our team is committed to enhancing the survey's quality through ongoing dialogs with the readers. We greatly appreciate your candid feedback and opinions.

Satoshi Oda Project Advisor, SIIF Knowledge Development Officer

As a project advisor, I participated in this study with the role of quality control as well as additional comparative analysis of "factors that inhibit the entry and expansion of impact investment" and "conditions that would make it easier to engage in impact investment." We believe that we have constructed solid hypotheses for the future expansion of impact investment and, thereby, the realization of the impact economy. In this line we have recognized the need to come up with a two-pronged policy proposal that addresses "removing inhibiting factors" and "strengthening promoting factors" in the future. This survey is based mainly on responses from financial institutions and other funding providers. In addition to the above, we plan to survey the views of investee businesses in the future to clarify the gap in perceptions between funding providers and investee businesses. SIIF, the secretariat of GSG Impact JAPAN National Partner, will continue to strive to improve its research and analysis methods with a humble passion to provide high-quality knowledge and insights to society.

Current State and Challenges of Impact Investing in Japan
– FY2024 Survey –

PUBLICATION DATE

March 31, 2025

PUBLISHER

Japan Social Innovation and Investment Foundation (SIIF)

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