

European talent trends in the age of impact investing

Does your organisation have the right leadership team
to deliver your impact goals?

Executive summary of findings

Scope of analysis:

- RRA and EVPA analysed the backgrounds of 60 senior impact investing leaders across EVPA member organisations to gain insight on the evolving European senior executives' profile in the industry. Methodology included a survey of EVPA Impact Funds members and additional research into other EVPA members.

Profile of leaders:

- Almost 30% of impact investing senior leaders are female; 35% have lived in two or more continents; and of those who have lived in two or more continents, 58% work in firms that invest in two or more continents (as investments become more global, regional knowledge is crucial). Our survey respondents resulted more diverse and with more global expertise compared to our overall analysis, with 36% women across the sample and 52% having lived and worked in two or more continents, but with a similar split across tenure, confirming **the sector is still young and growing**. Most of our survey respondents were previously Head of Departments and Investment Professionals, with less CEOs compared to the overall population.
- They have an almost evenly split tenure across the sample (30% having been in their role 10+ years; 22% for 5-10 years; 32% for 5-10 years; and 17% for less than 1 year), indicating the sector is still young and growing. Nearly 30% were previously CEOs, with the majority of others having led programme/departments, or spent time as investment professionals.

Companies and team structures:

- While the majority of companies have a formal senior management team (77%), only 19% of organisations in our sample have a formal HR team/officer; and only one quarter has a dedicated impact measurement officer. The vast majority of companies have a senior management team, in line with the overall trend (83%); but a higher percentage of our survey respondents have a dedicated impact measurement team/officer compared to the overall companies analysed (39% vs. 17%). This trend can be attributed to the fact that developing impact frameworks and **non-financial reporting structures is an area where there will be greater demand and regulation**.

Overall leaders' career background:

- Overall, the majority of impact investing leaders a hybrid background, with an almost equal distribution across other background categories (financial industry, private sector and nonprofit/public sector career background). However, our survey respondents seem to have more expertise in private sector and financial industry, and less so nonprofit. **Leaders from multiple backgrounds** (not only nonprofit) are increasingly **looking for jobs and opportunities where they can have positive impact**, so there is a tendency to hire from financial industries and private sector.

Retention and development strategies:

- Developing and retaining next gen impact investing talent will be crucial as the focus on ESG and sustainable finance continue to increase, especially among large funds and investors. Most companies (74% of our survey respondents) use **work-life balance** as main retention tool; with other strategies including training, coaching and incentives for executives. While hard to implement, more than half of our survey respondents said **there is a link between personal reward and measure of impact of the firm**.

Methodology

Background:

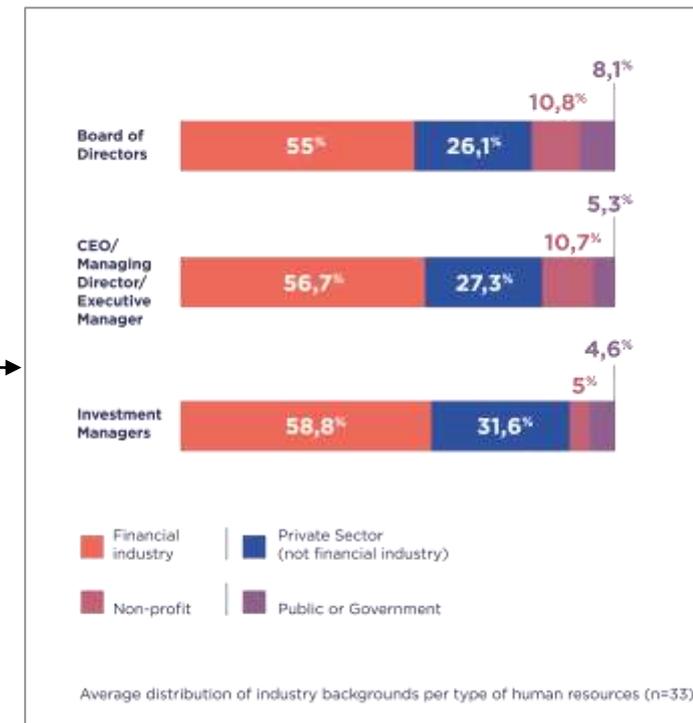
- RRA conducted a study in 2019 to analyse the profiles and backgrounds of senior leaders in global impact investing firms. Our study found that the scarcity of senior investment talent with a portable “track record” in impact investing, will make it crucial for the sector to cultivate the next generation of impact investing leadership from both the nonprofit and investment management worlds.
- As our sample was predominantly composed of US firms and leaders, we recently partnered with EVPA to analyse trends specific to the European landscape.

Data collection:

- Our data is based on profile and insights on **60 European impact investing leaders**, drawn from three main sources:
 - **Survey:** together with EVPA, we designed a survey to collect data on the backgrounds of European impact investing leaders and organisations. The target audience of the survey mainly included Impact Funds Initiative (IFI) members of EVPA; and was also extended to the wider EVPA membership. The total sample of survey respondents included 27 members from 27 different firms. The survey built on an earlier analysis launched by EVPA, which had started to touch upon talent backgrounds (*see graph to the right*).
 - **Additional data gathering:** RRA complemented the survey results with data collection from publicly available information and RRA proprietary data on 33 additional impact investing leaders.
 - **Interviews:** we conducted targeted interviews to get deeper insights into trends the sector is facing. Interviewees included both EVPA IFI members who responded to the survey, and impact investing leaders from the RRA network.

Outputs:

- The aggregated findings from our confidential survey, research and interviews are included in this document.
- We will use your input and reactions today on the analysis to expand on the trends, and publish the final results in a white paper that we will distribute widely within RRA and EVPA networks.



Profile of European impact investing leaders:

Overall

RRA and EVPA have conducted an analysis of 60 impact investing leaders from member companies of the EVPA to gain further insight on the evolving senior executives' profile in the industry.

Gender (% of senior leaders)

28%



leaders are female

Global Expertise (% of senior leaders)

35%

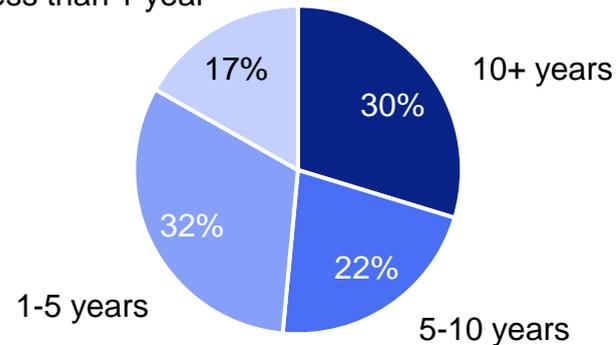


have lived in two or more continents

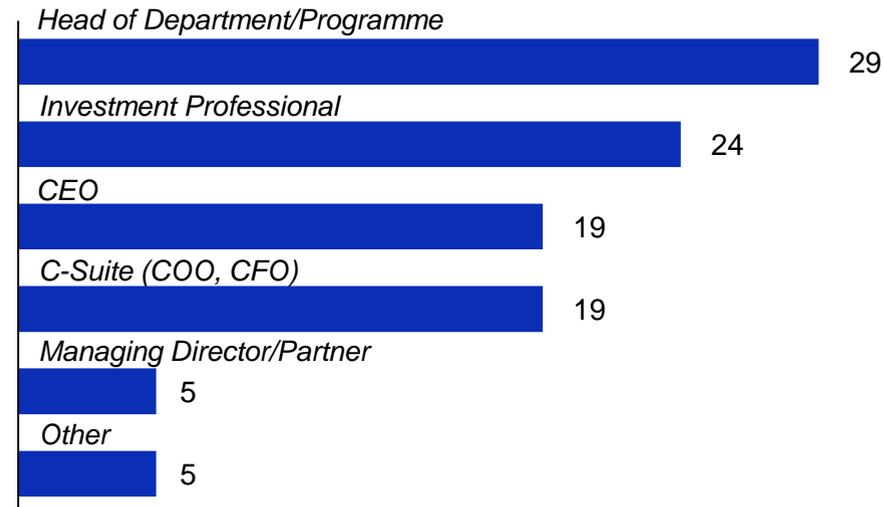
Recruiting for global expertise: 58% of leaders who have lived in 2 or more continents, work in firms that invest in 2 or more continents.

Tenure (% of senior leaders)

Less than 1 year

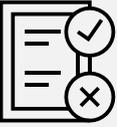


Previous role (% of senior leaders)



- **Increasing gender diversity:** While there has been an increase in female talent pool, companies still struggle to create a gender balanced workplace. Strategies to address this issue include hiring young female talent (e.g. analyst level) to develop the next gen of leaders.
- **Regional and local market knowledge:** As investments become more global, companies tend to hire people on the ground close to these types of investments.
- **Growing sector:** Only 1/3 of leaders have over 10 years of tenure, indicating the sector is still young and growing.

Profile of European impact investing leaders:



Survey respondents only

RRA and EVPA launched a survey to EVPA's impact fund members to gain further insight on the evolving senior executives' profile in the industry.

Gender (% of senior leaders)

36%



leaders are female

Global Expertise (% of senior leaders)

52%

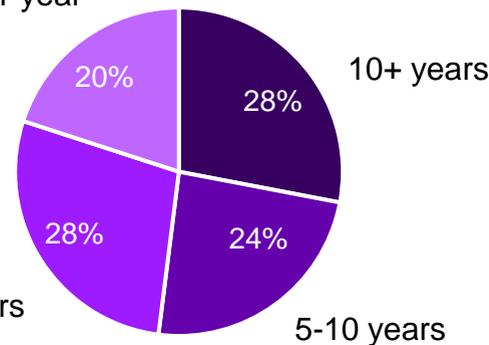


have lived in two or more continents

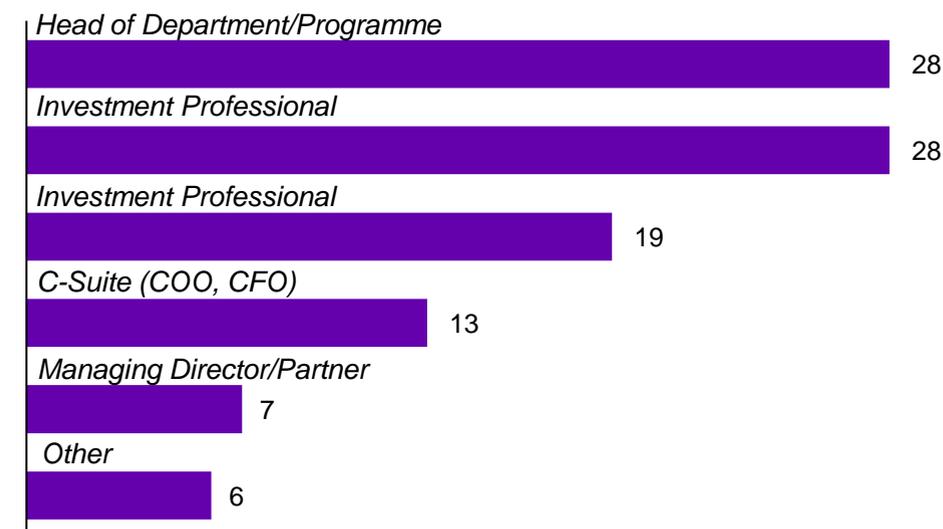
Recruiting for global expertise: 66% of leaders who have lived in 2 or more continents, work in firms that invest in 2 or more continents.

Tenure (% of senior leaders)

Less than 1 year



Previous role (% of senior leaders)



- **Increasing gender diversity:** While there has been an increase in female talent pool, companies still struggle to create a gender balanced workplace. Strategies to address this issue include hiring young female talent (e.g. analyst level) to develop the next gen of leaders.
- **Regional and local market knowledge:** As investments become more global, companies tend to hire people on the ground close to these types of investments.
- **Growing sector:** Only 1/3 of leaders have over 10 years of tenure, indicating the sector is still young and growing.

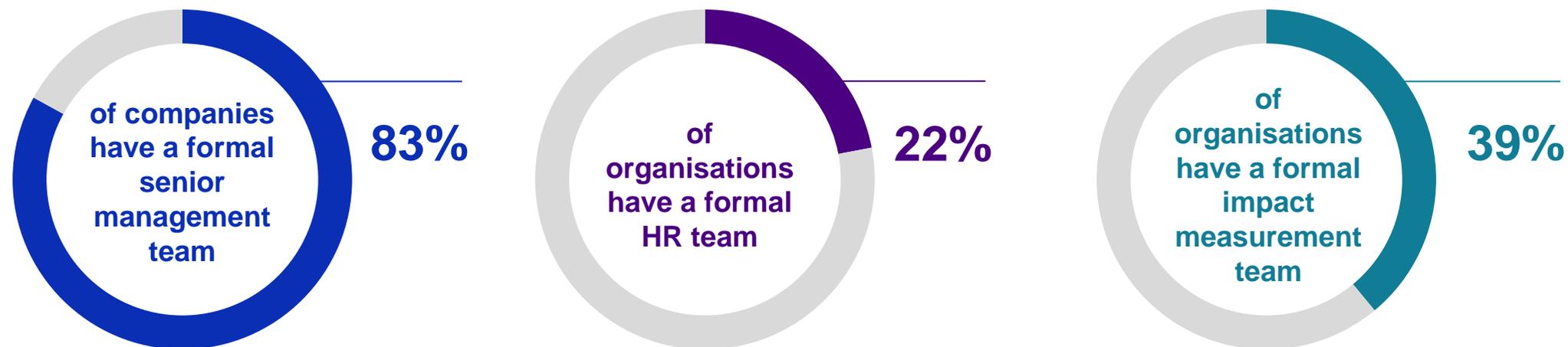
Companies and team structure

While the majority of companies have a formal senior management team, few organisations in our sample have a formal HR team/officer; but more companies have a dedicated impact measurement officer.

Percentage of overall companies in our sample:



Percentage of survey respondent firms:

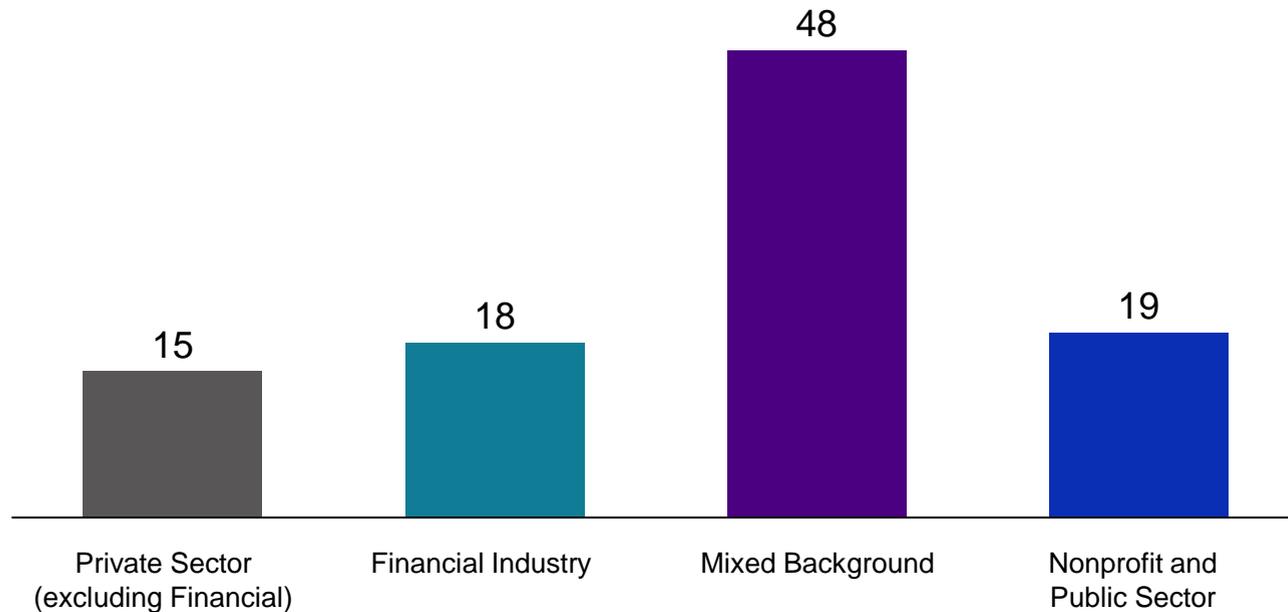


There is an increased focus on impact measurement teams (as opposed to formal HR structures) as developing impact frameworks and non-financial reporting structures an area where there will be greater demand and regulation.

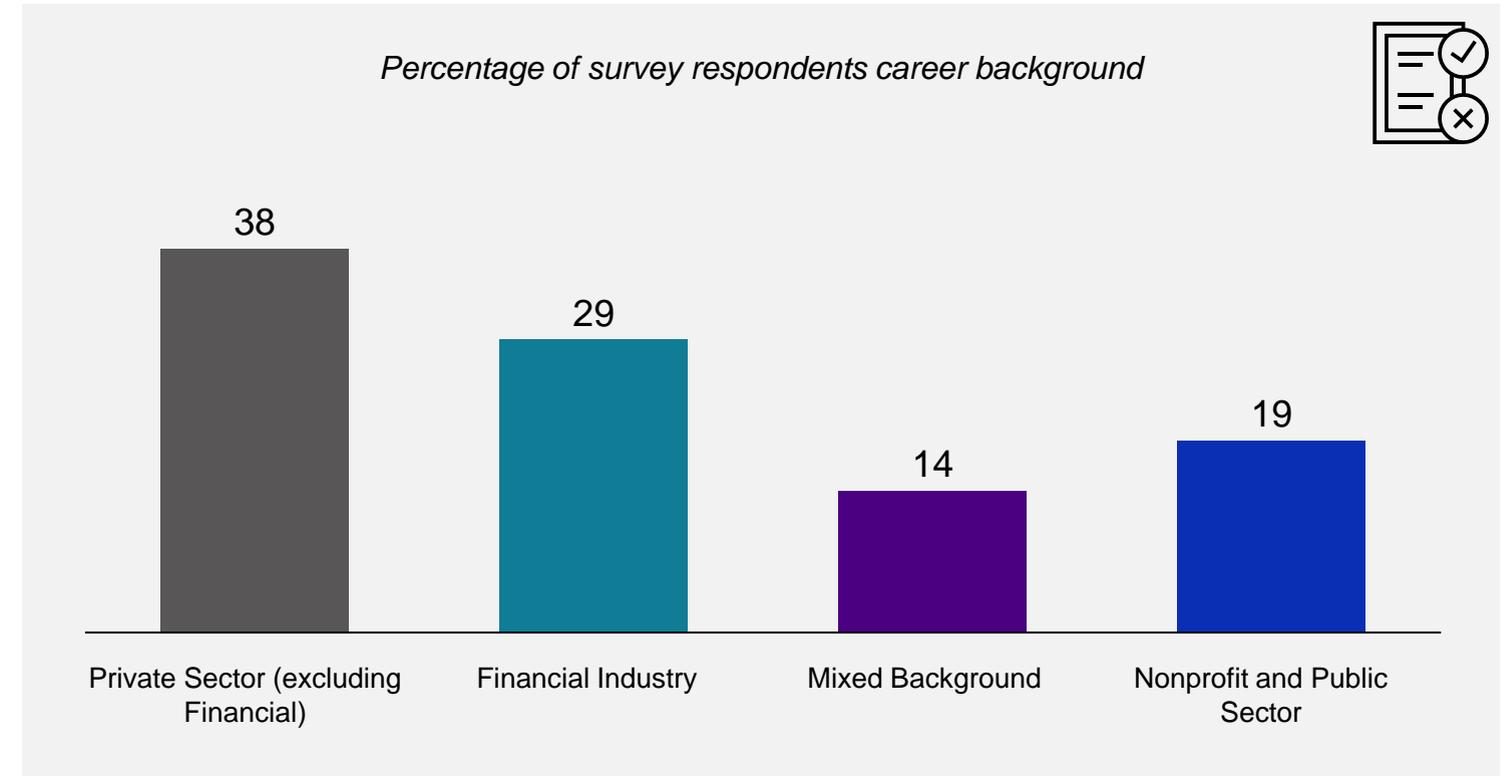
Career background of impact investing leaders

Building on EVPA's previous survey, we analysed investor industry background. The majority of impact investing leaders have a hybrid background, with an almost equal distribution across other background categories.

Percentage of senior leaders overall career background



Percentage of survey respondents career background



Finance Background

- Knowledge of investing and capital markets, and understanding of financial priorities
- Strong strategic and budgeting skills
- Experience in identifying successful return programmes
- Lack of understanding of global development system



Hybrid Background

- Strong experience crafting and articulating messages for a diverse set of stakeholders
- Understanding of social impact priorities and development challenges
- Knowledge of financial markets and returns
- May lack extensive knowledge and deep expertise in either field



Nonprofit Background

- Experience and understanding of global development issues
- Stronger credibility with partners and NGOs
- Understanding of successful impact programmes
- May lack financial acumen or experience managing large asset funds

Retention and development strategies

Developing and retaining next gen impact investing talent will be crucial as the focus on ESG and sustainable finance continue to increase, especially among large funds and investors.

“The issue is the fight over people who understand what impact investing is”

- CEO of a leading European impact investing fund

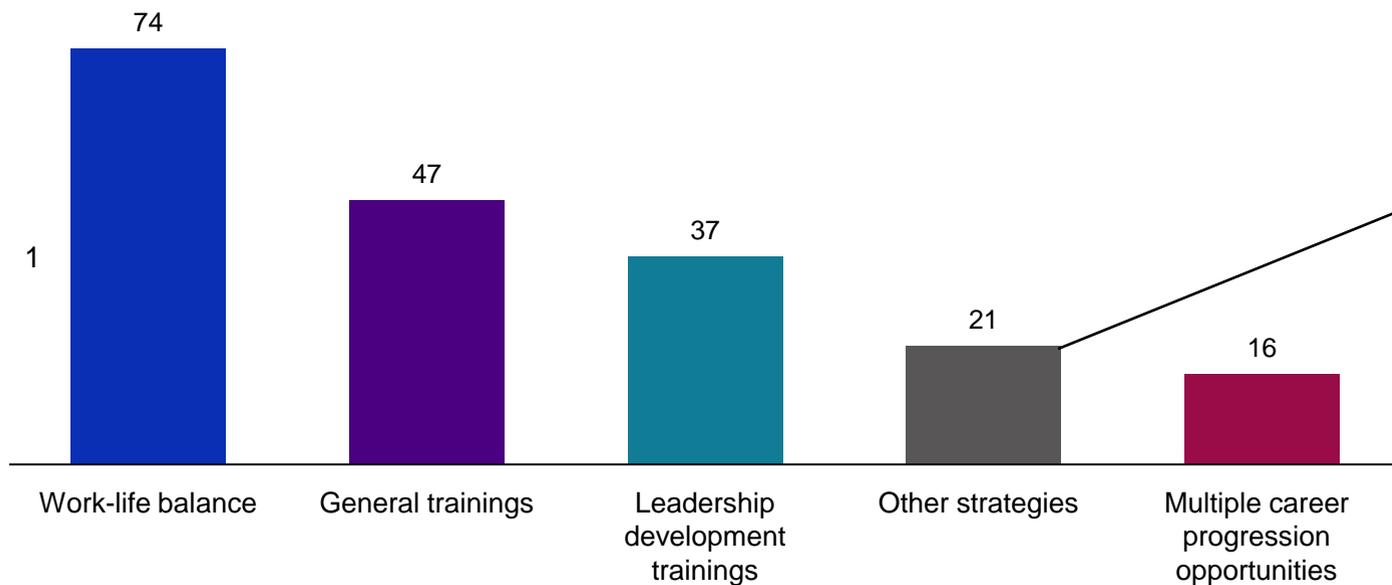
Incentives

53%



of our survey respondents said there a link between personal reward and measure of impact of the firm.

Retention strategies employed by impact investing firms:



Other retention strategies include:

- Coaching
- Autonomy and initiative for young executives
- Practical social science
- Giving shares in the company to young talent
- Internal strategy and deal discussions
- Hiring psychologists to work with the team 1-on-1

A low-angle photograph of a skyscraper canyon. The image is split horizontally. The top half shows a dense grid of steel beams, likely from a bridge or a large overpass, creating a complex pattern of lines against a pale sky. The bottom half shows several tall, brown brick skyscrapers with many windows, viewed from a low angle looking up. A flagpole with a flag is visible in the center of the canyon between the buildings.

Thank you for inviting us today.

