



Igniting Change

An Introduction to RBC's Social Finance Initiative

September 2015

What is Social Finance?

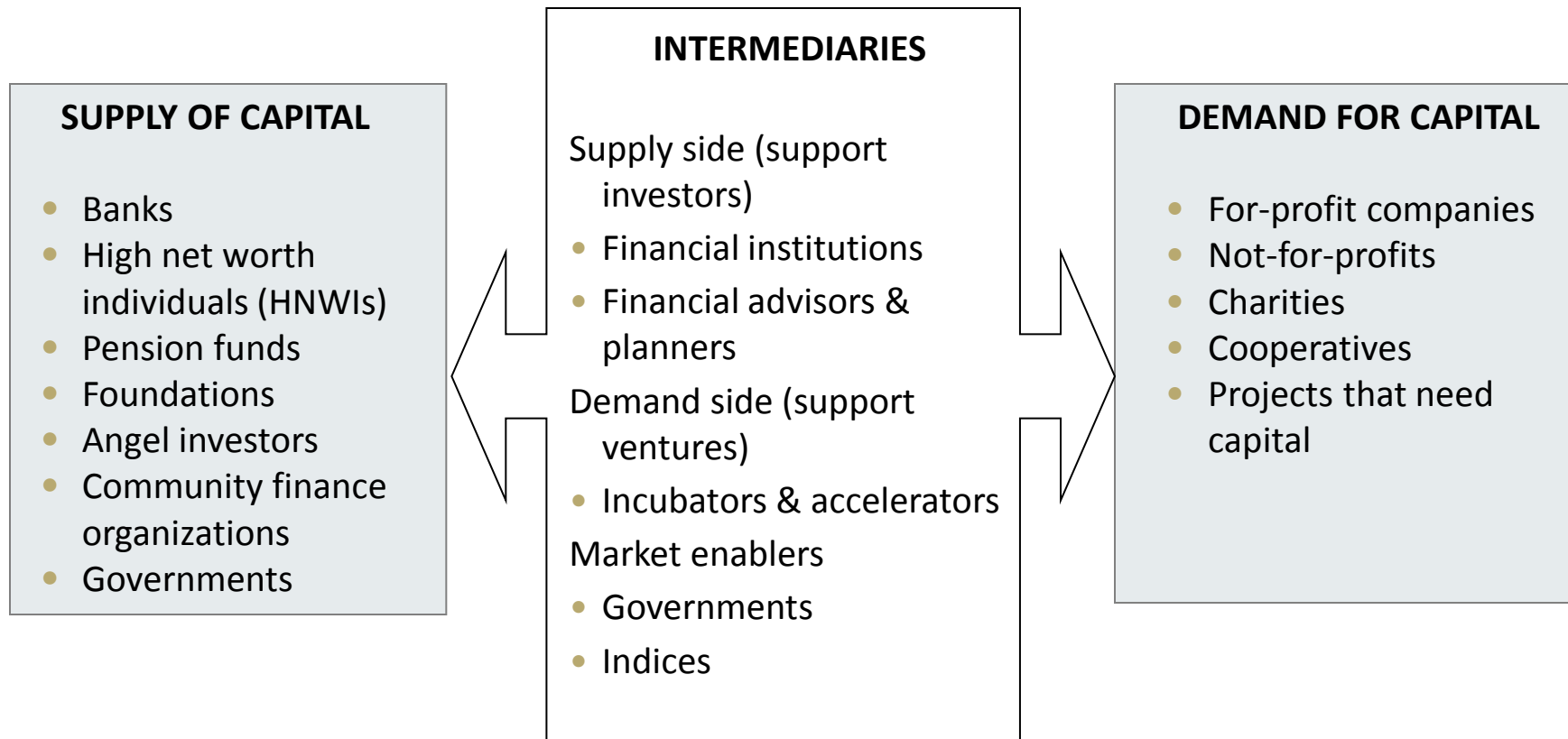


- Social finance is the use of private capital and financial markets for public good.
- It is financing enterprises and organizations that deliver social or environmental benefits to communities.
- [Impact investing](#) is a type of social finance, where profit-seeking investors place capital in enterprises that intentionally generate positive change.

The Social Finance Marketplace



The Social Finance marketplace includes those who **supply** capital, those who **demand** capital, and **intermediaries** who enable the transfer of capital.



How is RBC Involved?



- In January 2012, RBC announced a bold commitment to facilitate solutions to social and environmental problems through finance.
- The 4 pillars of the **RBC Social Finance initiative** are:
 1. **Invest** in for-profit businesses with a social or environmental purpose through the \$10 million RBC Generator;
 2. **Demonstrate** foundations can participate in responsible investing by investing at least \$10 million of the RBC Foundation endowment in Responsible Investments;
 3. **Catalyze** the growth of Social Finance in Canada through research, strategic sponsorships & partnerships;
 4. **Explore** business opportunities for RBC in Social Finance.

Rationale



- Pressing social, environmental and economic challenges need innovative solutions and new approaches to funding.
- The charitable sector, governments and the business community want to work together to solve these complex problems.
- Support for social enterprises stimulates entrepreneurship, innovation and job creation, while addressing social issues.
- New financial vehicles can contribute to enterprise success and stability.
- Catalyzing social finance leverages RBC's proven abilities in finance, innovation, corporate citizenship and public policy.
- RBC's leadership can help catalyze similar commitments from others in the business community.

The RBC Social Finance Initiative



1. Invest

Investing For Impact



The **RBC Generator** is a \$10-million pool of capital for investment in businesses that tackle social and environmental challenges, while generating a financial return.

Fund Design

	Direct Investments	Fund Investments
Impact Areas	<ul style="list-style-type: none">▪ Energy, water, employment, skills-based education	<ul style="list-style-type: none">▪ Energy, water, employment, skills-based education
Type of Enterprise	<ul style="list-style-type: none">▪ Canadian▪ Revenue positive to early growth stage	<ul style="list-style-type: none">▪ Priority to funds comprising Canadian enterprises▪ Investing in every stage of growth cycle
Type of Investment	<ul style="list-style-type: none">▪ Debt and equity▪ Convertible debt▪ Between \$100,000 to \$1 million	<ul style="list-style-type: none">▪ Debt and equity funds▪ RBC investment between \$500,000 and \$1 million

RBC Generator Impact Areas



- ✓ Significant potential for social or environmental impact
- ✓ Profit opportunity
- ✓ RBC corporate citizenship and/or business strategy alignment

Water

- Stressed water infrastructure can't meet growing supply demands
- Solutions needed for regional water quality challenges
- Climate change causing unpredictable impact on water availability

Energy

- Growing global demand for energy
- Rising GHGs driving climate change
- Innovative solutions needed to drive down costs and reduce environmental impacts

Employment

- Satisfying work has been identified as a leading factor in mental health
- Higher unemployment rate for those with mental health challenges, new immigrants, those without a high school or university diploma
- Youth experiencing unprecedented unemployment rates

Education

- A skilled and educated population contributes to economic prosperity and the health and wellbeing of individuals
- High enrollment costs, a lack of skills training and hands-on experience, and a challenging job market making finding meaningful employment difficult for many



2. Demonstrate

Demonstrating the Power of Foundation Capital



- Most foundations are just beginning to consider how to make their asset pools align with their social mission.
- In 2010, the Task Force on Social Finance advised foundations to invest at least 10% of endowments in “mission-related” investments – do good with the capital, not just with the interest.
- To demonstrate a relatively simple way to invest according to mission, the RBC Foundation has placed over \$15 million of endowment assets into PH&N Community Values Funds.
- We encourage other institutional investors to consider mission-related investing.



3. Catalyze

Catalyzing Social Finance in Canada



Inform

- White papers
- Surveys
- Online profiles of investees

Measure

- Measure and report outputs and outcomes

Convene

- Conferences
- Global networks
- Investor roundtables

Incubate

- Entrepreneur skills development
- Advice and mentoring
- Access to experts

Working Together with our Partners





4. Explore

Exploring Opportunities for RBC



- Foundations seeking to invest according to mission.
- Accredited investors seeking private equity opportunities in impact investing.
- Retail investors seeking exposure to impact investing.
- Early-stage companies seeking debt and equity financing.
- Early-stage companies seeking advice.
- Corporations seeking to expand traditional philanthropy to include impact investment.



Thank You!

www.RBC.com/socialfinance
socialfinance@rbc.com