Impact Consortium Global Advisory Panel Discussion Status

[Date & Time] Tuesday, June 9, 2026 10:00-12:30 (JST)
[Venue] Online
[Agenda]

1. Opening
2. Presentations
   - Mr. Sanjeev Krishnan (S2G Investments)
   - Ms. Astrid Scholz (Zebras Unite)
   - Mr. Tomoya Shiraishi (Chair, Impact Consortium Market Research and Formation Committee)
   - Mr. Yoshiyuki Taira (Yachiyo Engineering Co., Ltd.)
3. Panel Discussion
4. Closing

1. Opening
(1) Opening Remarks (Mr. Akitaka Fujii, Co-Chair, Planning Committee for the Global Advisory Panel)

- The Impact Consortium was established in November 2023 as a public–private partnership platform to facilitate knowledge sharing among domestic and international stakeholders and to promote market development.
- This panel is focus on “system change investment,” sharing global trends and Japan’s initiatives, while also discussing future directions.

2. Presentations
(1) Sharing Insights from Overseas Experts
[Introduction of Overseas Initiative Example 1: Mr. Sanjeev Krishnan (S2G Investments)]

- Today, I would like to discuss how systems can be transformed in response to current market trends and structural shifts.
- Our firm invests primarily in food, energy, and mobility. These are not separate sectors, but deeply interconnected ones, and the ocean is also part of this broader system. For example, the way energy is produced and used has a major impact on food production. We provide growth capital and structured finance to these related sectors, while also making venture investments.
- The markets we address are extremely large, and the importance of computing, AI, food security, and healthcare is continuing to grow. Eldercare is a particularly important focus area for us, and we see significant investment opportunities in this space. We also have strengths in valuing commodity assets and analyzing risk, and we are working to build investor networks with differentiated strengths across regions and sectors.
- One of today’s key questions is why systems investing is important. Innovation and changes in business models have been driven not only by broader social change, but also by changes in

markets. For investors, the key issue is not simply market beta, but how to generate alpha above it. We believe that alpha can be created through the evolution of systems, and that over time this can even reshape the market baseline itself.

- Over the past 300 years of economic history, beta has been driven by innovation and changes in business models, while alpha has come from new forms of capital formation and asset creation. At major turning points such as the rise of the railways, the Industrial Revolution, and postwar reconstruction, corporate and joint-stock structures enabled diverse sources of capital and liquidity, supporting greater profitability through regional and broader industrial expansion. The essence of this kind of industrial finance lies in matching the financing period to the useful life of the asset. For example, it was closely tied to the development of capital-intensive infrastructure such as railway construction. In the 1920s, the development of consumer credit also made it possible to expand mechanisms such as leasing, direct lending, equity syndication, and trusts. In the United States and other markets, these kinds of system-level financial solutions evolved steadily.
- The early 1970s marked another major turning point. The end of the gold standard in the United States accelerated debt expansion and the development of new financial products. Over time, Nixon's visit to China and, later, China's accession to the WTO also helped drive the expansion of global trade. At the same time, rising consumption gave rise to more diverse savings and investment models, while improvements in industrial regulation and advances in computing supported the growth of venture capital. From the standpoint of capital, this represented a major shift in systems investing. In the United States, intangible assets have come to account for a much larger share of value, and the economy has shifted toward business models centered on services, intellectual property, and other intangible assets.
- Since then, five major changes have emerged that require us to rethink investment. These are changes in the computational infrastructure supporting AI, the shift toward a more multipolar geopolitical order, changes in the financing environment driven by inflation and interest rates, worsening climate change, and demographic change, particularly population aging. Each of these trends is significant on its own, but when they overlap, their impact on markets becomes even greater. As a result, we are entering a period in which both the way we think about risk and return and the way we combine investments are changing materially.
- We need to understand what is happening in the real economy. From a systems perspective, these developments are not siloed; they are interconnected and accelerating one another. At the same time, many of the changes already underway are often overlooked. To respond to these shifts in the economy, new investment vehicles and new capital structures will be needed, along with a clear understanding of how they relate to the operations of real-world industries.
- Systems investing may appear abstract at first glance, but in practice it is a highly practical framework. It seeks to capture the circularity, interconnectedness, and interactions within systems, analyze value chains including first-, second-, and third-order effects, and design portfolios according to specific objectives. The focus is not on friction itself, but on the solutions to

it, and this requires an integrated view of policy, local communities, industry, capital markets, investors, and other stakeholders. Based on a theory of change, systems investing identifies market failures and structural frictions and treats them as opportunities to generate alpha. The goal is to identify the right business models, establish a strong analytical foundation early on, and then scale and implement them.

- One concrete example of systems investing is organic farming in the United States. Although consumer demand is strong, the existing financial system is built around short-term lending and does not adequately support the roughly three-year transition period required to convert to organic production. To address this challenge, Clear Frontier has adopted a seven- to ten-year time horizon, rather than the conventional one-year approach, in structuring farmland acquisition and revenue models, with the aim of supporting supply chain development while also generating investment returns. A second example comes from the ocean sector, where attention was drawn to the lack of marine data needed for offshore wind, offshore infrastructure, subsea pipelines, cables, and related activities. In response, a permanent, consistent, and low-cost data provision mechanism was established. In both cases, the approach was not to solve isolated issues, but to look across the entire system and design solutions with future spillover effects in mind.
- Our approach to venture capital also differs from the conventional model. While many traditional venture investors rely on similar methods, a systems investing approach takes a broader, cross-cutting view from the evaluation stage onward, considering factors such as system effects, feedback loops, and clustering. At the portfolio construction stage as well, we assess whether clustering can create synergies and what kind of portfolio can be built from a systems perspective.
- In addition to a conventional investment lens, we apply a systems perspective to how unique business models, talent, and ideas can be combined to build businesses that deliver both strong performance and system-level solutions.

[Introduction of Overseas Initiative Example 2: Ms. Astrid Scholz (Zebras Unite)]

- Our aim is to expand investing from a one-dimensional approach to a three-dimensional one. For that reason, I will not discuss conventional one-dimensional investment approaches here—namely, those focused solely on financial returns. Highly sought-after Silicon Valley companies, which everyone wants to invest in, are a separate category.
- Two-dimensional investing is generally referred to as impact investing. Financial returns matter, but so does the creation of positive impact. However, in more complex systems, impact investing often ends up as a narrowly targeted solution and tends to concentrate on a single asset class. As a result, while it is an improvement on conventional approaches, it can only be applied in limited contexts. Market conditions also vary, so it is not a universally applicable model. For that reason, it does not necessarily align well with conventional investment approaches that fail to fully account for planetary boundaries.
- By contrast, systems investing is an approach that takes ecosystems into account. It is designed

with complexity and current conditions in mind, and it deploys capital across multiple asset classes. It also considers changes in the system itself, as well as broader structural transformation. We use the term “zebra” to describe one way of putting this way of thinking into practice.

- Through my experience at Ecotrust, where I worked at the intersection of ecology, economy, and equity, I was involved in efforts to maximize impact in bioregions through financial vehicles and broader financial systems. One example is a forest fund that acquires industrial timberland and converts it into a regenerative forestry model, thereby creating value beyond financial returns, including biodiversity conservation and improved water quality. In addition, as the expansion of the AI economy makes carbon emissions an increasingly urgent issue, regenerative forest landscapes may become part of the solution. ShoreBank Pacific, the first bioregional development bank in the United States, also supported the regeneration of communities and fisheries-related ecosystems through financing rooted in local communities and coastal regions. At the same time, the fact that such locally rooted financial institutions were later acquired by major banks also shows how difficult it can be to sustain them over time.
- Through my experience at Ecotrust, I came to understand that capital is not something abstract that exists only within financial markets, but something rooted in a particular place and capable of having tangible effects on local communities. This is what we would now call systems investing. At the same time, when trying to extend this concept to the corporate level, I saw a disconnect between the venture capital model—with its emphasis on unicorns and outsized returns—and the needs of companies seeking to create social impact. For such companies, venture capital is not always the right form of capital, and many entrepreneurs face a financing gap between venture capital and bank loans.
- This gap is especially pronounced for women and people of color. A few years ago, the concept of the “zebra” emerged. Zebra companies are not mythical creatures, nor are they chasing unicorn-style valuations; they are purpose-driven companies. They also pursue growth through a more collaborative approach. Rather than focusing solely on maximizing shareholder value, they often adopt trusts or other forms of steward ownership and place great importance on their relationship with the communities and places in which they operate. That is the basic idea of the zebra company.
- Impact investing is still evolving, but a wide range of approaches is spreading, including grants, loans, equity, guarantees, and outcomes-based financing. For practical insight, examples such as Adventure Finance: How to Create a Funding Journey That Blends Profit and Purpose by Aunnie Patton Power are valuable, as they show how companies have negotiated with investors and grown their businesses while protecting their purpose. At the same time, the capital required must be long-term, patient, and willing to accept lower returns. But that alone is not enough. If capital lacks a connection to place and community, investment tends to become overly focused on measurable outcomes. We need to work with local communities to define what counts as change

and what counts as impact, but at present, thinking on these issues remains fragmented.

- Of course, we consider financial returns and impact, but we also place value on ecological, cultural, and relational outcomes. That is why I am deeply interested in how systems investing is defined. I believe it has three core dimensions: place, integration, and emergence.
- First is place. To align capital and create real impact, it is essential to be rooted in a specific region or community. Second is integration. Impact cannot be created by any single actor alone; diverse stakeholders—including investors, conservation organizations, and commercial banks—must collaborate and coordinate on the ground. Through that kind of integration, investors and fund managers can build portfolios that take synergies into account. This goes beyond simple diversification within a portfolio. Third is emergence. As a result of this kind of place-based integration, more comprehensive, holistic, and sometimes unexpected outcomes can emerge. The core of systems investing is the idea that success should not be defined by a single metric, but collectively by stakeholders, and that it should include ecological and cultural value as well.
- My recommendation is that there is no need to stop at impact investing; it is entirely possible to move directly into systems investing. From my perspective, zebra companies already exist in Japan. Companies that have developed over multiple generations as family businesses could be seen as proto-zebra companies. Many of them are highly purpose-driven, community-based, and patient, so I believe they are well positioned to move beyond old frameworks and into the next stage.
- From the perspective of sectors and domains as well, I believe it is possible to integrate ecological thinking into existing companies and bring financial institutions into the picture, helping these businesses evolve into a new generation of family enterprises. It is also possible to channel global capital into bioregions. For that reason, I do not believe Japan is behind; if anything, I believe it is ahead.

(2)Communicating Japan’s Initiatives to the World

[Introduction of Japanese Initiative Example 1: Mr. Tomoya Shiraishi (Chair, Impact Consortium Market Research and Formation Committee)]

- I specialize in private equity and impact investing, and for about 40 years I have supported the realization of both social value and economic value. As one of Chairs of the Impact Consortium Committee in Japan, I have been discussing long-term value creation through IMM, dialogue, and the translation of different values and perspectives among stakeholders. Today, rather than presenting a final model, I would like to share the key points that have emerged from discussions held over the past year with investors, companies, and financial institutions.
- Many social and environmental challenges are systemic in nature. Climate change, demographic change, and supply-chain challenges cannot be addressed through isolated solutions or by individual companies acting alone. In the past, responses tended to focus on individual investment decisions, company-level KPIs, and specific evaluation metrics. In recent years, however, there has

been growing recognition of the need to look at the system as a whole, including changes in markets, incentives, organizations, and even portfolios. This has brought systems change into sharper focus.

- Long-term portfolio returns ultimately depend on the health of the broader economy and society. In other words, diversification alone cannot solve every challenge. Investing with a systems-change orientation therefore means shifting the focus from individual solutions to structural change. In our discussions, we explored topics such as engagement, market formation, capital allocation, policy dialogue, and collaboration across ecosystems. We came to see that systems change is not simply about scaling individual solutions; it is about changing the underlying conditions under which markets and organizations function.
- These discussions also brought several important questions into sharper focus. Can investors truly lead change? Should systemic risk be viewed primarily as something to mitigate, or also as a source of growth opportunities? How should we measure and assess system-level change, as well as outcomes that appear only in partial or fragmented form? And how should responsibility for long-term institutional change be understood? Systems change takes time to become visible and often sits uneasily alongside conventional methods of financial evaluation. Looking at leading international examples—including corporate engagement, shifts in asset-manager behavior, and the redesign of investment frameworks—we came to recognize that there is no single path forward, and that in Japan, dialogue through which diverse actors interpret, translate, and gradually build shared meaning is especially important.
- JAPAN POST INSURANCE Co.,Ltd. views asset owners as “intermediaries.” In its framework, asset owners are not simply actors seeking capital returns; they are intermediaries that connect a wide range of stakeholders. In practice, this means linking asset owners, asset managers, companies, schools, NPOs, governments, and policymakers. Company A also emphasizes the role of asset owners as long-term catalysts. Its view is that structural problems can only be addressed through sustained cooperation at the ecosystem level—not only at the level of products and services, but also at the level of value chains, market structures, and entire industries. This represents a clear departure from conventional ways of thinking about investment.
- Mitsubishi UFJ Trust and Banking Corporation offered another important perspective: a shift from company analysis to systems analysis. In practice, this means system mapping, root-cause analysis, identifying leverage points, and understanding the interrelationships among stakeholders. For example, in considering the issue of women’s participation in the workforce, Company B did not treat the matter as a set of isolated issues. It viewed labor systems, education, corporate culture, and even family structure as interconnected elements. This is a perspective that traditional company analysis can easily overlook. Another important element of its approach is collaborative engagement among multiple stakeholders. In other words, the focus shifts from one-to-one engagement to engagement with the broader ecosystem.
- Through discussions in the Market Research and Formation Committee, we identified three key perspectives and four major issues. The three perspectives are as follows. First, how to interpret

impact and IMM across diverse actors and interpret impact and IMM across diverse actors, building shared meaning, a common language, and mutual understanding through dialogue. Second, how a systems perspective changes the nature of engagement, investment decisions, and the understanding of long-term return opportunities. Third, how structural transformation requires an ecosystem that supports dialogue, trust, coordination, collaboration, and collective learning. The four major issues that emerged were whether investors can truly lead change, how systemic risk should be framed, how system-level change should be measured, and how responsibility for long-term institutional change should be understood. In the Japanese context, our discussions highlighted the importance of collaboration among diverse stakeholders, the catalytic role that long-term institutional investors can play, and the idea that systems change is not about replacing one system with another, but about gradually reshaping relationships, incentives, expectations, and processes.

- In conclusion, our discussions did not produce a final model. They did, however, confirm the importance of practical experimentation, collaborative and collective learning, and continued exploration. This formative and iterative approach—one that moves forward while continuously interpreting and refining its meaning—was itself seen as one possible way of thinking about a distinctly Japanese approach to systems-change investing.

[Introduction of Japanese Initiative Example 2: Mr. Yoshiyuki Taira (Yachiyo Engineering Co., Ltd.)]

- I would like to talk about the potential for systems-change investing in Japan’s regions, drawing on practical efforts in Higashi-Omi and the Echi River basin. Our company is generally known as a construction consultancy, or more broadly a development consultancy, and our mission is to build the essential social infrastructure that supports public safety and industrial development. Engineers in each area of specialization work on the ground to understand local ways of life, nature, culture, and the underlying challenges and needs of each place, and through that work, we have developed solutions related to global challenges and the sustainability of local communities.
- Last year, we established The CC Innovations, Ltd. as a strategic subsidiary responsible for promoting open innovation and leading our impact venture capital business. Drawing on capabilities developed through our core business—namely, understanding issues on the ground and connecting, integrating, and implementing solutions across borders and sectors—this company undertakes investment and incubation aimed at addressing root causes.
- To explain our investment approach, we do not define investment themes based on market trends or technology categories in the way conventional investors often do. Nor is our primary objective simply to maximize financial returns. What we emphasize is designing a theory of change at the fund level, grounded in social issues rooted in the field, and making investments that help bring that theory of change to life. Rather than aiming for an early exit, we assume a long-term role in supporting the process through to real-world implementation.

- In designing our theory of change, we believe it is not enough to start from a single social issue in isolation; what is needed is an integrated transformation of the social structure itself. To transform social structures, intervention must be based on a structural understanding of the system. A defining feature of our approach, therefore, is that our theory of change encompasses not only change through specific businesses, but also the surrounding technology, policy, and institutional framework. At present, we have defined three specific theories of change. The first is the "Nature-based Economy," which seeks to embed natural capital within the economic ecosystem. The second is "Infrastructure Governance OS," which aims to create an integrated foundation that allows infrastructure to continue functioning over the long term. The third is "Anti-Exclusion Development," which seeks to address the structural poverty and inequality generated by existing market structures. We design and make investments based on these three pillars.
- In designing and managing these theories of change, it is critical to determine how to engage with the deeper layers of the system. We place importance not only on visible phenomena, statistical data, and what appears in reports, but also on the reality on the ground, building hypotheses through dialogue with local residents, government officials, and business operators. In that process, we believe it is essential to understand the structure of the system, lived realities in the field, and the ideas and values held by local people, and then envision systems change on that basis. We are also working to connect systems change to broader social transformation by visualizing progress in implementation through our own readiness-level framework.
- First, TRL (Technology Readiness Level) measures whether a technology itself functions reliably. Second, ARL (Adoption Readiness Level) measures whether the conditions are in place for that technology or business to be adopted and used continuously, including the policy environment. Third, SRL (Societal Readiness Level) measures whether that change has reached a stage at which it is accepted by society. Using these three readiness levels, we visualize and assess, in an integrated way, how far implementation has progressed across the three dimensions of technology, market, and society.
- Turning to the main topic, I would like to introduce our work on regional systems-change investing, focusing on Higashi-Omi City in Shiga Prefecture. We are envisioning an impact fund that treats nature and local activity as one integrated whole. In creating impact around regional challenges, we place great importance on understanding the local system as rooted in the broader river basin. Why is it necessary to think in systems terms? There are three main reasons. The first is the limitation of addressing issues one by one. Local communities have long responded to a wide range of challenges, but as population decline continues, there may no longer be sufficient resources to address every issue separately. In addition, as individual issues become more specialized, some people may fall through the cracks of available services. The second is the relationship between nature and people. Human life and economic activity depend deeply on nature, while, as seen in Japan's Satoyama culture, nature is also maintained in part through human activity. The two cannot be separated, and we believe the region needs to understand the relationship between nature and

people through the river basin as a natural unit of circulation. The third is the fragmentation of connections. This applies not only to the relationship between nature and people; behind many regional issues are also disconnections caused by weakened links and circulation across industries and sectors, and these fractures may themselves be generating local problems. For these reasons, we believe it is important to understand the region as a system.

- In Higashi-Omi, the Higashi-Omi Sanpo-yoshi Foundation already provides fertile ground for regional change. The foundation has supported the use of local resources and the communication of local value, including through social impact bonds. Its beneficiaries include NPOs that provide experiences related to natural capital, fishers who protect endemic species, organizations that rebuild connections between welfare and work, and businesses that deliver local food culture as an experience. In this way, a diverse range of seeds of change is already being nurtured. At the same time, conventional support has tended to remain limited to short-term, project-based efforts, and it has not been possible to sufficiently visualize the value and synergies each activity creates across the region and the broader river basin. As a result, it has been difficult to move toward long-term investment. In response, we have been developing the concept of a fund based on the hypothesis that a basin-wide perspective may allow us to identify effective points of intervention from within the system.
- As a concrete initiative, rather than moving immediately into fund formation or selecting investment targets, we first carefully organize the issues faced by local businesses and organizations, as well as the impact they are seeking to create through their activities. We then treat the entire basin—from the upstream area to Lake Biwa—as a single system, and through dialogue and workshops with business operators, government, and researchers, we explore structural issues across the layers of nature, society, culture, and economy, with the aim of developing this support into an impact fund.
- In these workshops, we also create structural maps of the issues in each area. Rather than simply reducing regional issues to logic models or KPIs, we have placed importance on the process of carefully drawing out what is actually happening on the ground through dialogue with local people. Through these conversations, we have found that issues seen from different perspectives—such as the natural environment, agriculture, welfare, and tourism—may in fact share common bottlenecks, and that underlying worldviews and value systems may themselves be part of the bottleneck. In order to understand what can only be seen from the field, we have created opportunities for dialogue through these workshops.
- At present, we understand the value that the fund we are envisioning will create in three layers. Layer A is the value of natural capital, which forms the foundation for daily life and industry. Layer B is the positive impact that local activities generate for nature, welfare, culture, and education. Layer C is the values and mindset based on three-way satisfaction (sanpo-yoshi), mutual aid, and trust. Although difficult to measure, we are attempting to assess this as an extremely important foundation that underpins local activity at the deepest level.

- Finally, several key points have emerged through practice. First, local communities already contain a diverse range of activities that signal the possibility of change, and what matters is a function that can connect and bring them together; a fund may be able to play that role. Second, regional systems change requires a stance that values the texture of the field and thinks from the same perspective as local people. Third, the investment target should not be a single company, but rather a portfolio in which multiple businesses and activities are interconnected—in other words, a cluster. Fourth, while evaluation should take international standards into account, a key challenge is how to reflect locally specific values and Japan’s distinctive view of nature. Fifth, in order to nurture and anchor businesses in a region, not only equity investment but also combinations of diverse financing methods and capital providers are needed, and we believe this points to the potential of regionally rooted systems-change investing.

3. Panel Discussion

Moderator：Mr. Masato Nakamura（Co-Chair, Planning Committee for the Global Advisory Panel） Panelists: - Mr. Sanjeev Krishnan (S2G Investments) - Ms. Astrid Scholz (Zebras Unite) - Mr. Tomoya Shiraishi (Chair, Impact Consortium Market Research and Formation Committee) - Mr. Yoshiyuki Taira (Yachiyo Engineering Co., Ltd.)

- Mr. Masato Nakamura（Co-Chair, Planning Committee for the Global Advisory Panel）

■ I would like to begin by highlighting three common challenges that will guide our panel discussion.

The first is a practical one: how to implement system-level investing in concrete terms. A related question is how to measure system-level change and use those insights to shape investment strategy.

The second challenge is how to apply the direction of system change to individual investees. Once that direction has been defined, how should it be incorporated into the due diligence process for each investment target? There is also the question of how to implement that process in practice and, across investments, where additional value can be created and how it can be captured.

The third challenge is portfolio monitoring: how to continuously monitor the portfolio from a system-level perspective.

（1）How should system-level investing be designed, and how should change be measured and reflected in strategy?

- Mr. Sanjeev Krishnan (S2G Investments)

  What is important is to understand the broader system in which policy, capital, markets, civil society, industry, and other forces are intertwined, and to begin by identifying the “system frictions” that are preventing change. Investment should be designed to address those frictions through not only primary solutions, but also secondary and tertiary ones.

A concrete example can be found in the North American mobility sector. Over the past two years, the transition to EVs has not progressed as expected, due in part to the lack of a sufficient operating track record for EVs, as well as insufficient progress in electrification and service optimization. In response, the focus has been on demonstrating residual value through the introduction of fleet-as-a-service, based on the view that EVs can still outperform even when oil prices remain at a certain level.

Furthermore, because advancing this effort also requires engagement with areas such as the reinsurance market, investment in telematics companies is also necessary. By combining such investments, it is possible to create an investment platform that supports the EV transition of small and medium-sized enterprises.

It is also essential to connect stakeholders across industry silos, including insurers and small fleet operators. From a systems-thinking perspective, we need the flexibility to recognize that even in areas such as logistics—which have traditionally been seen as unfavorable for EVs—EVs may in fact have an advantage depending on the degree of automation and the driving conditions.

In short, friction is not failure; it is a problem to be solved. Not every issue can be solved by investors and markets alone, and in some areas the involvement of policymakers and society is indispensable.

- Ms. Astrid Scholz (Zebras Unite)

  How systems investing can be put into practice depends on the type of investor. The available approaches will differ depending on whether the investor is an individual, a community foundation, or a pension fund. Even so, despite these differences, I believe all investors can move beyond siloed, sector-by-sector thinking and beyond simple asset-class distinctions.

  At the same time, going forward, it will be important to look carefully at the profile of the investor. The one common principle is to start from where you are. You need to think about the community you are rooted in, what you care about, and what matters there.

  For example, in the United States, pension funds invest in many industries. However, some of those investments may in fact harm the very people who receive pensions. That is a problem, and it also raises important questions about investors' potential roles and responsibilities.

  The first step is to look at the place or community you are connected to. Then you need to think about what kind of investor you are. I would recommend starting there. You also need to consider what actions you are in a position to take. A pension fund should take a different investment approach from that of a community foundation.

  In the United States, community foundations can bring together a diverse range of investors and play roles such as aligning capital and coordinating among stakeholders.

- Mr. Yoshiyuki Taira (Yachiyo Engineering Co., Ltd.)

  We are focused on how to address challenges in a specific region. Because our work is rooted in a particular region, we believe it is important not to focus on just one industry or one sector, but to connect a wide range of local actors.

From a sourcing perspective, we identify investment opportunities by considering what kinds of investment can help people who have steadily built small initiatives and continued to contribute positively to the region achieve greater impact. We are also building an investment portfolio that emphasizes the interconnections through which one activity creates value for another.

For example, the Higashi-Omi area includes Lake Biwa, where a fisheries cooperative is building fishways to support the spawning of the endemic Biwa trout. These conservation efforts, in turn, increase the value of restaurants and food businesses that use Biwa trout. In addition, those engaged in welfare are also essential to sustaining local activities. What matters is how to build a framework in which these different activities are connected and generate value together.

The region already has a community foundation, the Sanpo-yoshi Foundation, which provides grants. Given these interconnections across activities, it is not necessary to meet all funding needs through fund investment alone. Grant support and fund-based equity investment can be carried out in a complementary way, with the foundation and the fund playing different roles.

We also believe it is important to work with local financial institutions and credit cooperatives to consider how they can continue to operate sustainably in the region, and this is something we are currently working on as well.

- Mr. Tomoya Shiraishi (Chair, Impact Consortium Market Research and Formation Committee)

  Systems change takes decades, and friction inevitably emerges along the way. One of the central challenges, therefore, is how to bridge the gap between short-term accountability and long-term transformation. I believe place-based investing offers one important approach to addressing this challenge.

  What is needed first is investment capability—not only in asset management, venture capital, and impact investing, but also in understanding systems. Traditionally, investors have been regarded primarily as providers of capital. In systems-change investing, however, their role extends far beyond financing. They become translators who connect different stakeholders, perspectives, and time horizons, and system builders who help create the conditions for collaboration and long-term change. This requires capabilities such as systems thinking, stakeholder engagement, ecosystem building, and continuous learning from global practice.

  Addressing systemic friction is therefore critically important. We need to identify where friction exists and what kinds of intervention are needed. At the same time, friction is not limited to technical or financial issues. It also arises from fragmented relationships, misaligned incentives, different time horizons, and conflicting perspectives among stakeholders.

  For this reason, relationship-building is itself a form of systems change. Within the Impact Consortium, we have come to see that systems change is not only about redesigning institutions or markets, but also about gradually reshaping relationships among people through dialogue and collaboration.

（2）How should the chosen direction of system change be reflected in due diligence and investment practice for each investee, and how can this lead to value creation?

- Ms. Astrid Scholz (Zebras Unite)

  A system cannot be changed without the contributions of many stakeholders. However, even when multiple objectives are involved, I do not believe everything needs to move forward solely on the basis of consensus. If complete agreement on every detail is required from all stakeholders with diverse views, the objective becomes too narrowly defined, making progress difficult.

  What matters in system-level investing is to make gradual progress while taking different perspectives into account and understanding each stakeholder's needs and key requirements. It is also important to move forward through repeated dialogue, and it is often most effective to start with regions or actors where trust has already been established.

  Even if a system-level investor is interested in a particular region, if they lack sufficient local knowledge, the first step is to identify organizations already active there. They then need to identify local political leaders, as well as organizations that serve as bridges across different communities.

- Mr. Sanjeev Krishnan (S2G Investments)

  From an investor's perspective, one particularly interesting aspect is the ability to bring multiple stakeholders together. Managing stakeholders is difficult, especially when it involves people who do not have direct ties to the region, but that difficulty is itself part of the appeal.

  When there is already shared understanding, broad consensus, or a common theory of change—as in a well-established ecosystem such as Apple's—it is easier to make progress. In reality, however, there are many situations in which the underlying conditions are not yet fully visible and the relationships and logic have not yet been clearly mapped out. Even in such situations, collaboration is possible if common incentives can be found.

  For example, in the United States, some agricultural stakeholders who supported the Trump administration also needed solar leasing in order to sustain their farms, which led them to support community solar initiatives. They shared a common motivation to keep their businesses viable and help the platform grow.

  In addition, the adoption of batteries and solar in the United States is expanding, support for them is growing, and they are increasingly becoming viable sources of returns, including in relation to commodity price dynamics. These cases show that applying multi-stakeholder analysis in practice can open up new possibilities for investors.

  Traditional private equity and venture capital have not typically engaged in this kind of relationship-building, but this approach creates meaningful opportunities that can generate positive outcomes for both communities and investors.

- Mr. Yoshiyuki Taira (Yachiyo Engineering Co., Ltd.)

  Systems change cannot simply be imposed from outside; it depends on trust that has been built within the region. Together with the Sanpo-yoshi Foundation, our company has spent the past ten years connecting stakeholders in the region, and the trust and relationships built over that time have made it easier to move our efforts forward.

To build agreement on goals, it is important to hold workshops and create opportunities for people from different backgrounds—business operators, researchers, public officials, and others—to come together. In such settings, business operators themselves can come to recognize that their businesses are sustained by the natural environment and by local relationships

When setting goals, we place importance on defining a broad future direction while avoiding too much detailed design from the outset. As for the form of intervention, we believe it should start small and expand its impact over time.

If clear agreement and a clear design were possible from the outset, the issue could probably be addressed through government policy. To address complex and ambiguous areas that do not lend themselves to that kind of approach, we believe a flexible process is needed—one that does not become overly rigid.

(3) How should the portfolio as a whole be continuously monitored from the perspective of system-level change?

- Mr. Sanjeev Krishnan (S2G Investments)

  To define a systems-investing strategy and demonstrate its potential to compare favorably with traditional asset classes, it is necessary to involve a diverse range of capital providers, including pension funds and philanthropic capital. What matters is to compare siloed approaches with systems approaches and clearly explain how they relate to market returns.

  Some investments require a long-term perspective, but not all investors are long-term oriented. One challenge, therefore, is to design investment vehicles that can attract long-term capital and also operate at scale.

  Capital markets also become more fragile when they are concentrated in certain regions or asset classes. Given the current trend toward diversification into gold, silver, and crypto assets, systems investing should also be positioned as one option for diversification. In an era marked by pandemics, conflict, and climate change, it is important to demonstrate the resilience of systems investing and incorporate it into asset allocation frameworks.

  In some cases, it is a strategy for outperformance; in others, it serves as a source of diversification. We need to think more deeply about portfolio construction, rather than viewing systems investing only through a concessional-investing lens. Demonstrating both return potential and diversification benefits is the key to continued fundraising.

- Ms. Astrid Scholz (Zebras Unite)

  To achieve the Sustainable Development Goals and address structural problems amid environmental change, I believe that not only investor education but also a wide range of efforts is necessary.

  In that context, successors to businesses and assets will play an important role in leading future efforts.

If they can break free from conventional ways of thinking, their potential is enormous. The wealth they hold can be used much more effectively.
I am also trying to build new approaches to stewarding wealth. Among next-generation heirs, many are already moving beyond impact investing and engaging directly in system-level or field-level investing.
In addition, I believe it is necessary to expand the range of investment tools so that private equity can be used more effectively.

- Mr. Tomoya Shiraishi (Chair, Impact Consortium Market Research and Formation Committee)
  In the Market Research and Formation Committee, we have been discussing these issues not only with asset owners and asset managers, but also with private equity firms, regional financial institutions, and other market participants. These discussions have reinforced my view that systems change is rarely led by a single investor acting alone; rather, it is fundamentally a question of governance and collective action.
  Social and systemic change is not designed with investors at the center. It emerges through the relationships and interactions among diverse stakeholders. Likewise, regional companies and large Japanese corporations do not necessarily set out with the explicit intention of changing systems. In many cases, change begins with practical challenges—for example, pressures within supply chains—that gradually reshape behavior and relationships.
  We therefore need to consider how different providers of capital and financial institutions can contribute to a healthy and inclusive financial system, while respecting their respective roles. This should not be driven by investors alone; it requires coordination among all stakeholders. The key challenge is not to make every stakeholder perform the same role, but to enable each to contribute from its own position while working coherently with others.
  I would also be careful about the word *"consensus."* The more fundamental issue is governance—how diverse stakeholders make decisions, coordinate their actions, and continue learning together. As systems evolve, new frameworks and processes may naturally emerge. However, creating new terminology is not the objective. The real objective is to make dialogue, coordination, and collective action more effective in addressing complex systemic challenges.
  If such collaboration becomes embedded, and each stakeholder is able to contribute in ways that reinforce one another, then truly meaningful and lasting impact can be achieved.

- Mr. Yoshiyuki Taira (Yachiyo Engineering Co., Ltd.)
  In terms of capital providers, I agree that the types of actors already mentioned are certainly important. However, what is particularly distinctive at the regional level is that, as the Sanpo-yoshi Foundation has already been doing, the social impact bond framework includes a mechanism through which citizens themselves can invest.
  Creating a mechanism through which money truly circulates within the region is extremely important

in building a strong local foundation. What matters is not only the major providers of capital. The amounts invested by citizens may be small, but the fact that citizens themselves invest leads more people to take an interest in local activities, and relationships begin to change.

In this sense, we also believe it is important to value forms of capital provision that create new relationships.

4.Closing

（1）Closing Remarks (Mr. Masato Nakamura, Co-Chair, Planning Committee for the Global Advisory Panel)

- Today’s panel discussion provided not only practical information but also valuable insights that will inform future action and collaboration.