Capital with conviction.
Impact with returns.

BUILDING THE NEXT GENERATION OF IMPACT INVESTING IN CANADA

Beyond Good Intentions: Impact Risk, Governance and the HomeCare4U Case

A CIVIC Impact Investing Circle on why impact must be governed, not just intended — stress-tested through the fictional HomeCare4U case study.

ABOUT THIS REPORT

Contributors & organizations

EDITOR

Lyne Landry — Co-founder & Managing Partner, AgeTech Capital; Co-founder & Chair, CIVIC

SUBJECT EXPERTS

Lyne Landry & Graham Day, Managing Partner, Spring Capital

IN COLLABORATION WITH

Better Society Capital, ImpactVC and Circle contributors

About CIVIC

CIVIC is a Canadian impact investing community and platform dedicated to advancing the next generation of impact capital, collaboration, and thought leadership. Through curated investor circles, strategic convenings, research initiatives, and ecosystem-building activities, CIVIC brings together experienced investors, fund managers, institutions, family offices, founders, and ecosystem leaders to explore the evolving challenges and opportunities shaping impact investing.

CIVIC's work focuses on strengthening the sophistication, rigor, and long-term effectiveness of impact investing in Canada and globally. Its circles and initiatives address emerging topics such as AI governance, systems change, impact risk assessment, climate innovation, inclusive finance, and the institutionalization of impact management practices.

By creating spaces for candid dialogue, peer learning, and cross-sector collaboration, CIVIC aims to help build a more resilient, accountable, and innovation-driven impact investing ecosystem.

About Better Society Capital & ImpactVC

ImpactVC is a community and knowledge platform for venture capital leaders working at the intersection of impact and investment. It equips fund managers and investors with frontier insight, tools, and trusted relationships to raise and deploy capital more effectively. Through events, resources, and peer learning, ImpactVC fosters high-quality dialogue between VCs and LPs on impact practice. It brings together those who believe that some of the largest market opportunities of the coming decades lie in tackling complex social, environmental, and economic challenges.

Better Society Capital (BSC) is the UK's leading impact investor, dedicated to growing the social impact investment market. In venture, BSC channels capital into VC funds and scalable impact ventures — backing innovative technology solutions addressing pressing social challenges such as financial inclusion, health, and education. Through its venture work, BSC seeks to demonstrate that backing mission-driven founders can deliver both strong financial returns and meaningful social change.

CONTENTS

In this report

FOREWORD

Market standards are not built in isolation. They emerge when practitioners have the trust to speak candidly, challenge assumptions, and share what is and is not working.

Impact Circles creates that space. By bringing together a small group of 12 to 15 peers, the Circles foster the trust, openness, and active participation needed to tackle the questions shaping impact investing in Canada and build greater credibility around the ability to achieve market-rate returns and impact at scale.

This report carry the insights beyond the room and turning practitioner experience into shared knowledge that can strengthen practices, inform market standards, and advance the entire ecosystem.

This work would not be possible without the generous support of Realize Capital, Fonds de finance sociale CAP Finance, and Blue HF Legal, and the leadership of CIVIC, Better Society Capital and ImpactVC. Their commitment enables the ecosystem to create the trusted spaces it needs to learn and evolve together.

EXECUTIVE SUMMARY

Impact investing is entering a new phase of maturity.

For years, much of the sector focused on identifying companies with positive intentions and measurable social outcomes. But as investors increasingly back businesses operating within complex systems — healthcare, caregiving, workforce platforms, climate transition, and AI-enabled services — a more challenging question is emerging:

How do we know whether impact will endure as a company scales?

This question sat at the center of a recent CIVIC Impact Investing Circle, where participants explored impact risk, governance, and investment decision-making through the lens of the HomeCare4U case study — an AI-enabled caregiving platform designed to coordinate home care services and support aging in place.

Using a Red Team / Blue Team exercise inspired by methodologies used in cybersecurity, military strategy, and venture capital, participants stress-tested the company's impact thesis from opposing perspectives. One side argued the platform could significantly improve access to care, flexibility, and coordination. The other challenged whether marketplace dynamics and efficiency pressures could ultimately commoditize care, weaken worker protections, and undermine long-term outcomes.

The exercise revealed a broader shift taking place across the impact investing industry.

The core investment debate was not whether HomeCare4U intended to create positive outcomes. It was whether the business model, incentives, and governance structures could preserve those outcomes sustainably at scale.

Participants also highlighted an important nuance in the relationship between impact and financial performance. While financial pressures can erode impact when stakeholder outcomes are treated as secondary considerations, impact and profitability are not inherently in tension. In many cases, trust, workforce quality, stakeholder alignment, and responsible governance can become sources of resilience, competitive advantage, and long-term value creation.

As AI, platform economies, and systemic challenges reshape major sectors of society, impact investors will increasingly need capabilities traditionally associated with institutional risk management:

- adversarial diligence,
- governance oversight,
- systems thinking,
- scenario analysis,
- and continuous impact monitoring.

Ultimately, the next generation of impact investing will be defined not by its ability to identify impact opportunities, but by its ability to understand, govern, and navigate the risks that determine whether that impact endures over time.

01 The new frontier of impact investing: governance under pressure

Impact investing has historically operated with an implicit assumption: that companies designed to create positive outcomes would continue doing so as they scaled.

But reality is often more complicated.

As companies grow, incentives evolve. Operational pressures increase. Margins compress. Investors demand returns. Regulatory complexity rises. New technologies reshape labor dynamics and decision-making systems.

In this context, the key question is no longer simply:

"Does this company create impact?"

But rather:

"Can this company preserve impact integrity as it scales under financial and operational pressure?"

This challenge is particularly acute in sectors where vulnerable populations, labor systems, and AI-driven technologies intersect. Healthcare, caregiving, climate transition, financial inclusion, and workforce marketplaces increasingly involve complex trade-offs between efficiency, scale, stakeholder protection, and profitability.

Organizations such as Impact Frontiers and Better Society Capital increasingly argue that impact risk should be treated with the same rigor as financial, regulatory, or operational risk. Positive outcomes alone are no longer sufficient. Investors must also assess:

- how impact could deteriorate,
- who bears downside risk,
- whether safeguards are durable,
- and how incentives evolve over time.

The CIVIC Circle demonstrated how this shift is fundamentally changing the nature of impact due diligence.

02 The HomeCare4U debate: innovation vs. systemic risk

Crafted by Lyne Landry and Graham Day, the fictional HomeCare4U case study was modeled after a real-world investment opportunity. It was developed to address the escalating caregiving crisis, one of the most significant social challenges today.

The company's AI-enabled platform aimed to coordinate home care, improve matching between caregivers and families, reduce caregiver burden, and support aging in place. The model proposed breaking care into flexible, task-based services delivered through a marketplace infrastructure.

On the surface, the opportunity appeared compelling.

Participants highlighted:

- rising demand for elder care,
- severe workforce shortages,
- growing pressure on healthcare systems,
- and the increasing burden placed on unpaid family caregivers.

The investment thesis was clear: technology and marketplace infrastructure could improve efficiency, expand access, and help millions of families navigate fragmented care systems.

The Blue Team emphasized the platform's ability to:

- improve care coordination,
- increase flexibility,
- reduce system friction,
- and potentially expand the available caregiver workforce.

As one participant noted:

> "Families may want control over who's giving care. If they're not satisfied, they can ask for another provider. That quality control does not exist in many traditional systems."

But the Red Team raised deeper systemic concerns.

Could care become commoditized through marketplace incentives? Would task-based gig work weaken continuity of care relationships? Could AI-driven optimization create downward pressure on wages or worker protections? And perhaps most importantly: was the platform solving the root cause of the caregiving crisis, or simply reorganizing labor shortages through technology?

One participant summarized the concern directly:

> "The fast-food model of having a different person every single time is at odds with the best possible impact of a long-term care relationship."

Another added:

> "To increase the workforce, we have to pay them better. We have to make this attractive to them."

The discussion surfaced an increasingly important insight for impact investors:

A company can simultaneously create meaningful societal value and generate significant systemic risk.

This tension is becoming central to many AI-enabled and platform-based business models.

03 Why Red Team / Blue Team thinking matters

One of the most valuable aspects of the Circle was the use of a Red Team / Blue Team methodology to evaluate the opportunity.

Originally developed in military and cybersecurity contexts, these exercises are designed to expose vulnerabilities, challenge assumptions, and improve decision-making under uncertainty.

In venture capital and impact investing, this methodology can be particularly powerful because investors are often susceptible to:

- confirmation bias,
- founder charisma,
- narrative momentum,
- and linear assumptions about scale.

Traditional impact diligence frequently focuses on mission alignment and intended outcomes. But it may insufficiently challenge:

- governance weaknesses,
- incentive structures,
- labor externalities,
- AI risks,
- or unintended consequences that emerge over time.

The exercise forced participants to examine the investment from opposing lenses simultaneously:

- one focused on opportunity and scalability,
- the other on fragility, trade-offs, and systemic downside risk.

Rather than creating opposition to impact, adversarial diligence strengthened the quality of the impact discussion itself.

Participants repeatedly returned to questions such as:

- What happens when margins come under pressure?
- Which stakeholders absorb the downside risk?
- Could scale amplify harm alongside benefit?
- Are safeguards operationalized or simply aspirational?
- Can governance evolve alongside growth?

The Circle concluded that adversarial diligence may become increasingly important as impact investors navigate AI systems, labor marketplaces, and broader societal transitions.

04 Beyond binary thinking: innovation, labor, and societal transition

One of the most nuanced discussions of the session centered around the relationship between innovation and societal disruption.

Participants acknowledged legitimate concerns around labor precarity, worker protections, and governance gaps in platform-based business models. At the same time, the Circle resisted falling into simplistic narratives that frame disruption as either entirely positive or inherently harmful.

Historically, many transformative industries created periods of instability before governance, regulation, and social protections adapted around them.

Platform economies such as Uber, for example, have been criticized for:

- downward pressure on wages,
- limited worker protections,
- and transferring risk to independent contractors.

Yet these same models also:

- expanded labor market participation,
- increased flexibility,
- lowered barriers to work,
- and created economic opportunities for millions of people globally.

The Circle emphasized that impact investing must increasingly grapple with this complexity.

The question is not whether innovation creates disruption. It almost always does.

The more important questions are:

- Who benefits from the transition?
- Who absorbs the risks?

- How quickly can governance adapt?
- And can systems evolve toward more inclusive and resilient outcomes over time?

This framing shifts impact investing away from ideological debates and toward systems thinking.

The future likely belongs neither to unchecked disruption nor rigid protectionism, but rather to adaptive systems capable of balancing innovation with accountability.

05 Governance as competitive advantage

A major conclusion from the Circle was that governance is no longer simply a compliance exercise within impact investing.

It is becoming a core mechanism for preserving impact quality and long-term enterprise resilience.

Participants discussed safeguards such as:

- worker protections,
- AI audits,
- board-level impact oversight,
- workforce satisfaction metrics,
- third-party quality reviews,
- and ongoing stakeholder participation mechanisms.

The discussion repeatedly reinforced a critical point:

Impact protections cannot rely solely on founder intent or goodwill.

They must be operationalized, measured, monitored, and embedded into accountability structures.

As one participant observed:

> "As you scale, it's hard to keep quality. You need policies, processes, KPIs, and board oversight to protect worker satisfaction and quality of care."

This represents an important evolution in impact investing.

Historically, many impact investors focused heavily on:

- outputs,
- storytelling,
- and impact reporting.

But the next frontier increasingly appears to be governance and risk management.

The HomeCare4U exercise demonstrated that the core investment debate was not whether the company intended to create positive outcomes. It was whether the business model, incentives, and governance structures could preserve those outcomes sustainably at scale.

This shift mirrors the evolution of traditional institutional investing, where operational risk, cybersecurity, compliance, and governance became central investment capabilities over time.

Impact investing is now entering a similar phase of institutional maturation.

06 AI and the future of impact due diligence

The discussion also highlighted how AI is fundamentally changing the nature of impact investing.

AI-enabled businesses create entirely new categories of risk:

- algorithmic bias,
- automation errors,
- opaque decision-making,
- weakened human oversight,
- and accountability gaps.

At the same time, AI also holds enormous potential to:

- reduce administrative burdens,
- expand access,
- improve personalization,
- and unlock new forms of societal efficiency.

For investors, the challenge is no longer whether to invest in AI-enabled companies. AI will increasingly permeate every major sector of the economy.

The challenge is how to ensure these systems evolve responsibly.

Participants emphasized that next-generation impact investors will likely need entirely new capabilities around:

- AI governance,
- data quality assessment,
- escalation protocols,
- auditability,
- human oversight,
- and systems-level thinking.

This represents a major shift for the industry.

Impact investing is no longer only about measuring outcomes. It is increasingly about understanding how technological systems shape incentives, behaviors, and societal structures over time.

07 Key lessons for impact investors

Several important lessons emerged from the Circle.

First, impact due diligence must become significantly more sophisticated. Founder intent and positive narratives are no longer sufficient. Investors increasingly need governance analysis, adversarial testing, systems thinking, and impact risk assessment frameworks.

Second, marketplace and platform models require far more nuanced analysis than simple "good" versus "bad" classifications. These businesses often create both meaningful opportunity and meaningful risk simultaneously.

Third, governance should not be viewed as anti-growth. In many sectors, strong governance may become a trust advantage, a resilience advantage, and ultimately a competitive advantage.

Finally, the Circle reinforced that the future of impact investing is likely to be adaptive rather than ideological — asking not just whether a company creates positive impact today, but whether its systems, incentives, and governance structures can evolve toward broader societal resilience over time.

CONCLUSION

The HomeCare4U exercise revealed a deeper truth: impact is not what a company intends — it is what remains true under pressure.

As AI systems, platform economies, and large-scale societal transitions reshape major sectors of society, the stakes of getting this right are rising. The next generation of impact investing will likely be defined not only by where capital flows, but by the ability to responsibly guide innovation through periods of societal transition — and in that context, governance may prove to be the most consequential form of impact infrastructure investors can build.

The HomeCare4U case study is fictional, developed by Lyne Landry and Graham Day for the CIVIC Impact Investing Circle and modeled after a real-world investment opportunity.

GET INVOLVED

Help build the next generation of impact investing

CIVIC's Circles, convenings, and research are built by and for their members. Join a Circle, partner on the next report, or bring your firm into the conversation.

WEB

impactvc.ca

CONTACT

info@impact-coalition.ca

SERIES

Report 1 of 3

All our reports are available on the web at impactvc.ca

© 2025–2026 CIVIC — Canadian Impact Venture Investors Coalition.