

“ESG IN FIXED INCOME GLOBAL SERIES 2021”

Panel: The “art” of Social Bond Reporting



16th June 2021 | 2.30 PM (CET)

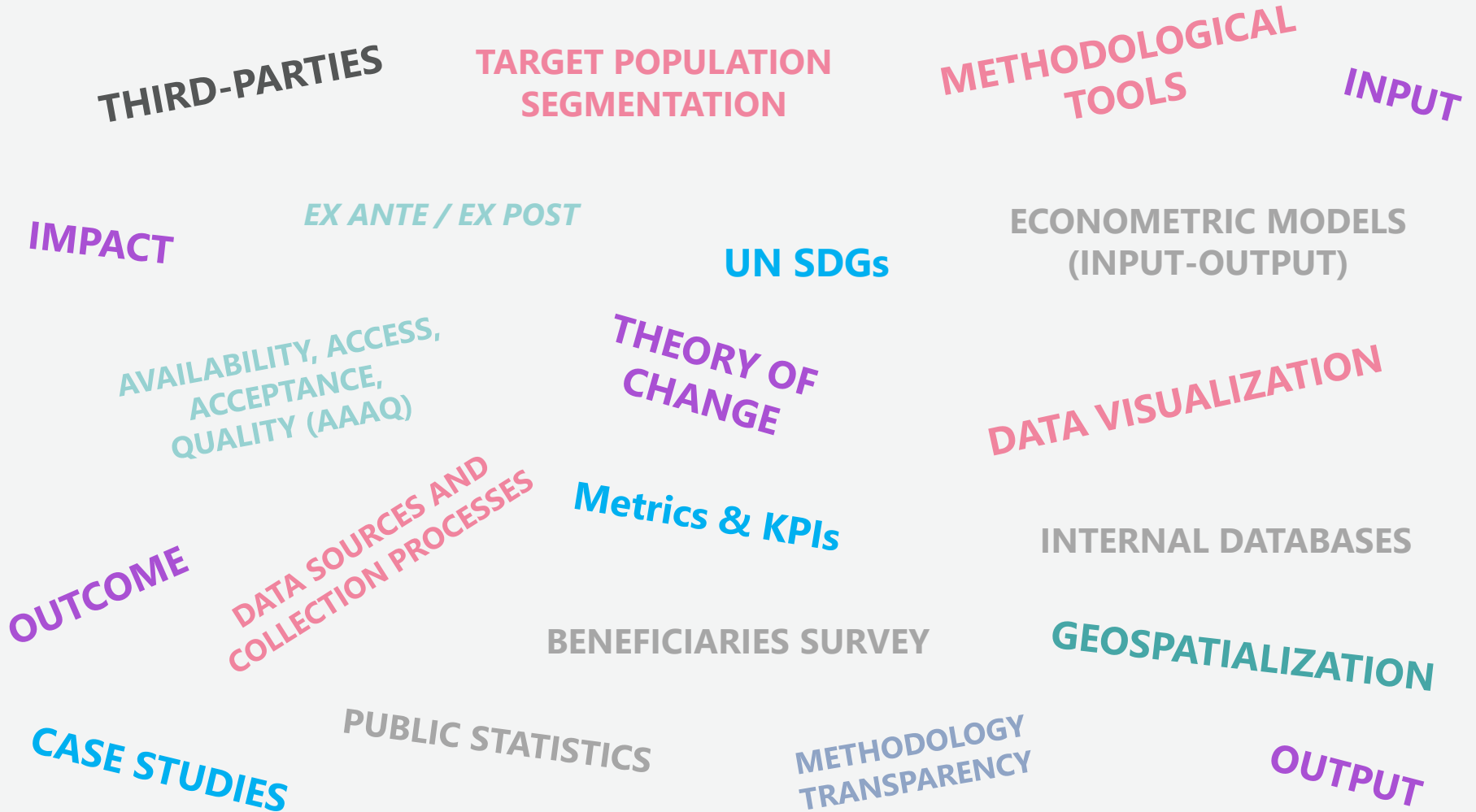
gsh.cib.natixis.com |



Social Bond Impact Reporting: Context

- *In Sustainable Finance, social matters have long been addressed through the **lenses of risk factors and minimum safeguards**.*
- *Conversely, **Use-of-Proceeds Social Bonds** focus on the contribution to adequate living conditions (e.g. living income, housing, education, health).*
- *The **upcoming EU Social Taxonomy** may rebalance this situation (through its “vertical dimension” on the contribution to social objectives made through products & services, in particular the promotion of adequate living conditions for individuals and groups in situation of vulnerability)*
- ***The COVID-19 crisis** scaled-up this market with record-size inaugural Social Bonds in 2020. **Post-issuance impact reporting** is an integral part of the ICMA Social Bond Principles.*
- ***Impact reporting is an arduous task for issuers** but also the most scrutinized by investors. Practices are nascent and not standardized.*
- *We can depict these **ever-evolving practices as an “art”** because of the intricacies of this exercise.*

The Art of Social Bond Impact Reporting



A benchmark of impact reporting made of a sample of 16 Social Bond issuers

The criteria we used to include Social Bond Impact Reports in our benchmark are:

- **The size of the issuance** (above EUR300m)
- **The availability of an impact reporting**



Council of Europe
Development Bank



SFIL group
(CAFFIL)



Caisse des Dépôts
et Consignations



Kommunal
Kredit Austria



Action
Logement

NWB BANK

Nederlandse
Waterschapsbank



North Rhine-
Westphalia



Cassa Depositi
e Prestiti



Instituto de
Credito Oficial



Wallonie service
public SPW



Deutsche
Kreditbank AG



CaixaBank SA



Bank of
America



Danone SA



Report available
online



Social Bond Impact Reporting: State of Affairs

CONTENT & FORMAT



#1 | A detailed list of projects, activities, assets under each Social Bond eligible category (amount line by line, location, number of beneficiaries, share of funding, financing *versus* refinancing) **is far from systematic**.



#2 | The **mapping against the UN SDGs** is almost systematic but often superficial (stickers tagging, rare reference to SDG sub-targets).



#3 | A **breakdown of target populations** is frequently disclosed in total or per project (but less per eligible categories).



#4 | **Data visualization** is key with high room for improvement. Infographics can be user-friendly. The use of maps with a geographic distribution of the proceeds is a plus, however, as of today, it is not sophisticated enough (e.g. legend, information hierarchization).

RESOURCES, STAKEHOLDERS, DATA SOURCES & METHODOLOGIES



#5 | Indicators focus on **amount allocated and total beneficiaries** (input or output indicators), but barely on the **outcomes** and **results** achieved thanks to the projects or assets. Sometimes, effects cannot be quantified. Effects are often not traced back to investments by the issuer or cannot be allocated to the share of investment by the issuer.



#6 | Main tools used to feed impact reporting are **internal databases** (output data), **econometric models using public data** (to feed input-output calculation models about employment creation) are used by FIGs to model the impact of their loans. Surveys to beneficiaries are promising. **Macro data and granular data enhance the impact reporting quality**. Public statistics can be mobilized in conjunction with surveys.



#7 | Overall, **issuers do not involve third-parties** (consultancies, think tanks) in the design of their impact reporting reports, the exception being NRW, CaixaBank, ICO.



#8 | The market of **social impact reporting services providers** is in its infancy: these services can range from assistance in elaborating KPIs, verifying data quality, drafting the report, or external assessment of the report.



Social Bond Reporting: a few recommendations

Allocation reporting

Project, category and asset data disclosure

#1 | Systematically identifying the Social Project categories to which Social Bond proceeds have been allocated (against the Framework eligible project categories, but also the ICMA's Social Bond Principles categories and sub-categories). For Sustainable Bonds, **disclosing the split between green and social projects is essential and demanded by investors**

#2 | **Striking a balance between portfolio-level/consolidated reporting** (using anonymized and aggregated data, that is necessary when a large number of small projects is (re)financed by the proceeds) and project-level reporting (case studies or highlights)

Target population segmentation

#3 | Providing **evidence and rationale** regarding the population targeting, explaining for instance **why these individuals or households are deemed vulnerable** (quantitative information about access to employment, poverty, social inclusion, level of education, health conditions, etc.)

#4 | **Clarifying the target populations** (with socio-demographic data disaggregation when possible) for which positive socio-economic outcomes are expected and describing **contemplated cause-effect chains**

Impact reporting

Data & methodologies

#5 | Mixing **different impact data sourcing streams or methods** (indicators resulting from internal databases, input-output methodology, beneficiaries survey)

#6 | **Disclosing data collection processes and metrics designing methods**, underlying hypothesis and calculation methodologies, and specifying when the data is **ex ante estimates versus observed ex post** (i.e., once an asset or project is completed) .

Impact claims

#7 | **Reporting impacts until full allocation of the proceeds** or even at maturity when possible (as some projects or activities span over years and require time to deliver real impacts)

#8 | **Avoiding superficial identification or unsubstantiated alignment claim** with market-wide social or human development objectives, such as the UN Sustainable Development Goals (SDGs)

CaixaBank case study | Analysis Template



Bond features / Program features



Sustainable Development Goals (SDGs) Bond Framework [Link](#)

Issue date: 26/09/2019



Maturity: 5Y

Size: EUR 1,000M

Coupon: 0,63%

Eligible categories financed by the Bond



- Employment generation through SME financing and microfinance: SDG 8
- Access to essential services: SDG 1

Reporting details



Impact Report [Link](#) – inaugural Bond report



Published in October 2020



Data collected until September 2020



External verification



Features of the Allocation & Impact Report

Funds allocation per eligible categories	✓ Given per SDG and category (50/50 between SDG 1 and SDG 8).	
Unallocated proceeds	✗	
Pool of non-earmarked eligible assets	Pool/buffer of €1.1 Bn of eligible assets meeting the SDG Framework Criteria	
Share of new financing / refinancing (%)	25% / 75 % New financing allocated to assets originated after 2019	
Definition of targeted populations	✓ Beneficiaries are identified with age, gender, average life of loans and average size for each category. Annexes or notes for target populations or areas.	
Third-parties involvement	✓ Report “calculated” with Deloitte but PwC for the audit	
	Elaboration of the KPI	✓
	Scope of verification and/or assistance:	
	Auditing of the data	✓
	Writing of the report	✓
	External assessment	✓

Indicators provided & data visualization

Input/output indicators	Loans by sector, region, beneficiary // jobs created
Outcomes / Impact indicators	✓ Survey with questions on impact on family well-being, achievement of projects, of liquidity & savings capacity
Presence of an aggregated impact KPI	✓ Employment and economic impact: calculated using surveys, input-output models and Caixa's databases
Disaggregation of data	Per stakeholder/beneficiary (gender, age) Per location, per sector and per business
Data sources & clarity of the data	Time period covered: 12 months Lots of footnotes and methodological annexes
Case studies or highlights	✓ Highlights on specific answers from the survey with visual material
Data visualization	Very visual, graphs, pie charts
Calculation methodologies availability	Quite precise and explicit, detailed for each item
Ex ante / ex post KPIs	Questions of the survey are only about ex post situation

Areas of improvement

- Overall, the report is comprehensive, and the methodology of every item is provided. The report could become clearer if it explained what is understood by *direct, indirect or induced* jobs, GDP or impact. Quantitative indicators on the well-being, savings and other socio-economic factors could be developed and filled by beneficiaries in the survey, instead of asking them to rate how much they perceive the impact on their personal or family socio-economic situation after having borrowed the loan.

Contact



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Our publications (on social topics)



Recent articles:

- [The EU Social Taxonomy Draft: promising buildings blocks](#)
- [A growing momentum for Fair Transition Finance](#)
- [The European Union's plunge in the Social Bonds Market](#)
- [Unédic issued the two largest social bonds ever in the midst of the covid-19 crisis](#)

Social Bond Structuring Credentials (only sample)

Unédic





ENVIRONMENTAL FINANCE & SOCIAL BONDS – 16th June 2021
The “art” of Social Bond Reporting
Financing Social Sustainability Development in WALLONIA

WALLONIA IN BELGIUM FEDERAL STATE

3 REGIONS TERRITORY RELATED COMPETENCES

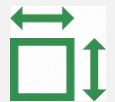
Equipment, Transport, Natural
Resources, Quality of Life, Economy

3 COMMUNITIES LANGUAGE RELATED COMPETENCES

Education, Culture & Sport



3.63 million inhabitants
(33% of Belgium)



16,901 km²
(55.1% of territory)



French speaking
German speaking

REGIONAL COMPETENCES

Equipment and Transport

Mobility - Waterways - Sport Facilities - Heritage

Natural Resources

Environment - Water - Agriculture - Conservation of Nature

Quality of Life

Housing - Health - Social Integration & Empowerment
Town and Country Planning - Energy - Rural Renovation - Waste

Local Authorities

Municipalities - Provinces - School Buildings
Public Center for Social Assistance

Economic Activities

Economy - Foreign Trade - Development Cooperation – Research -
Technologies - Tourism - EU Structural Funds
Employment & Professional Training

SUSTAINABILITY DEVELOPMENT STRATEGY - SOCIAL PRIORITIES

Sustainability Development in Wallonia

Energy



Sustainable Housing



Sustainable Mobility



Sustainable Food



Circular Economy



Protection of Natural Resources



Social Integration



Framework Eligible Categories

Green Categories

Renewable
Energy

Energy Efficiency

Sustainable
Mobility

Sustainable Food

Circular
Economy

Protection of
Resources,
Territory &
Biodiversity

Social Categories

Affordable
Housing

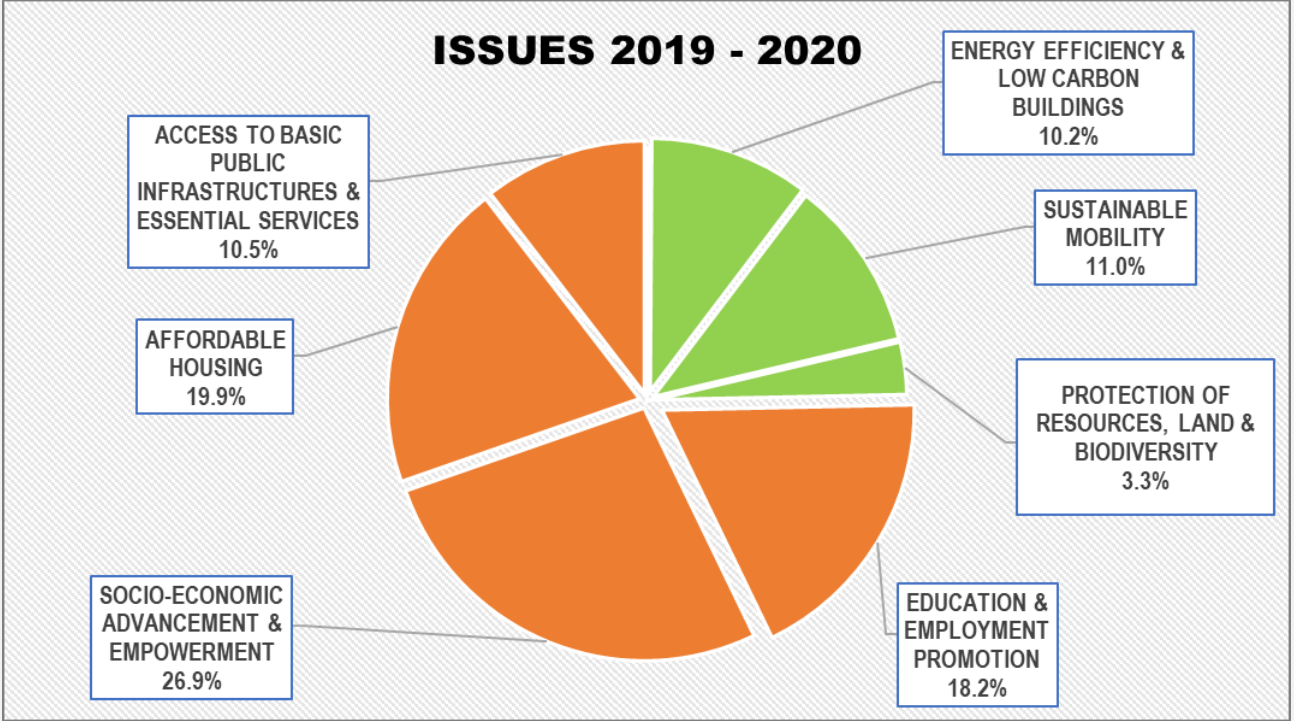
Socio-economic
Advancement &
Empowerment

Education &
Employment
Promotion

Access to Essential
Services & Public
Infrastructures

ISSUES 2019 / 2020 - FACTS & FIGURES

CATEGORIES OF EXPENSES IN WALLONIA FRAMEWORK		2019 - 2020 (€ million)	2019 - 2020 (%)
GREEN CATEGORIES			
Cat 1	RENEWABLE ENERGY	2.7	0.1%
Cat 2	ENERGY EFFICIENCY & LOW CARBON BUILDINGS	277.9	10.2%
Cat 3	SUSTAINABLE MOBILITY	298.0	11.0%
Cat 4	CIRCULAR ECONOMY	0.0	0.0%
Cat 5	SUSTAINABLE FOOD & CONSUMPTION	0.0	0.0%
Cat 6	PROTECTION OF RESOURCES, LAND & BIODIVERSITY	90.9	3.3%
SOCIAL CATEGORIES			
Cat 1	EDUCATION & EMPLOYMENT PROMOTION	492.9	18.2%
Cat 2	SOCIO-ECONOMIC ADVANCEMENT & EMPOWERMENT	729.1	26.9%
Cat 3	AFFORDABLE HOUSING	539.0	19.9%
Cat 4	ACCESS TO BASIC PUBLIC INFRASTRUCTURES & ESSENTIAL SERVICES	284.0	10.5%
Total		2 714.5	100.0%

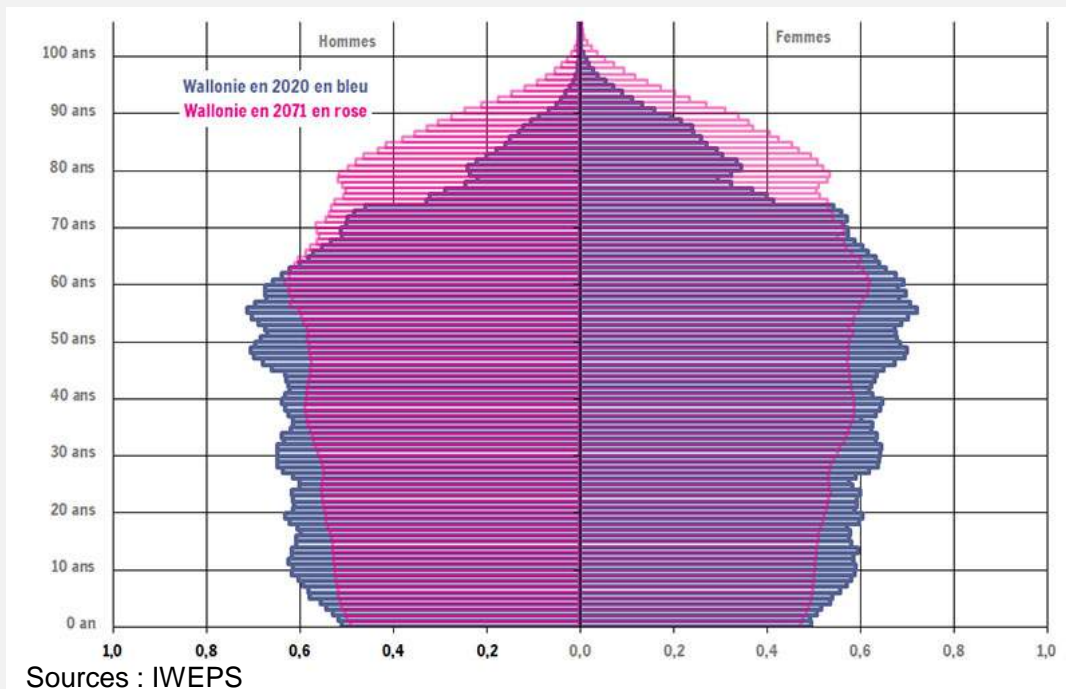




“ENSURE ACCESS TO FUNDAMENTAL RIGHTS AND COLLECTIVE WELL-BEING FOR ALL”



Eligible social categories	Target Populations							
	People living below poverty line	Marginalised People	People with disabilities	Elderly	Large and Single-Parent Families	Young People	Jobseekers	All Citizens
Education & employment promotion						✓	✓	
Socio-economic advancement & empowerment	✓	✓	✓		✓			
Affordable housing	✓				✓	✓		
Access to basic infrastructure & essential services	✓		✓	✓				✓



6.56 % of citizens
have a disability



18.9 % of the citizens
are over 65



14.8% of 18-24
years old are not
in education,
training or
employment



18.3% of citizens live
below the poverty
line



15.3% of citizens are
in a situation of
material and social
deprivation



7.4% of the citizens
between 15-64 years
are unemployed

Three-step methodology for the assessment of social public policies

(EU - The resource for the evaluation of Socio-Economic Development - Directorate-General Regional Policy, September 2013)

OUTPUT Indicators

All goods or services produced by the activity / investment

Exemple of indicators:

- ✓ *Nr. of aids / services granted*
- ✓ *Amounts of financial aids*

Type of data:

- ✓ *Quantitative / statistical data*



Collect of data:

- ✓ *Internal data sources related to the use of proceeds*

Stakeholder(s):

- ✓ *Public administrations in charge of social expenditures*

OUTCOME Indicators

Immediate benefits generated by the product or service for target audiences

Exemple of indicators:

- ✓ *Nr. of beneficiaries integrated / empowered*

Type of data – need of granularity :

- ✓ *Macrosocial characteristics of the Wallonia*
- ✓ *Target beneficiaries in the scope*
- ✓ *Nr. of beneficiaries already reached*



Collect of data:

- ✓ *Internal data sources related to the use of proceeds and generation of benefits*

Stakeholder(s):

- ✓ *Public administrations and statistics institute (IWEPS)*

IMPACT Indicators

Sustainable effects beyond outcomes linked with the social priorities of Wallonia

Exemple of indicators:

- ✓ *Strengthening social cohesion*

Type of data:

- ✓ *Quantitative data*
- ✓ *Qualitative data*



Collect of data:

- ✓ *Surveys (experimental, quasi-experimental and comparative method)*

Stakeholder(s):

- ✓ *Statistics Institute (IWEPS) and research centers*



AID FOR THE RENOVATION OF SOCIAL HOUSING



Presentation of the project

Interest-free instalment loan with a maximum term of 15 years and a maximum amount of € 30,000 per household for renovation work and/ or energy-saving work

Objective

Stimulation of demand for renovation of private buildings intended for household-dwelling (with special attention to people belonging to the two lowest net taxable income categories).

Target audience

The accommodation must be occupied by the applicant with a maximum of 2 dependent children (SWCS) or for landlords / tenants of an accommodation with 3 or more dependent children (FLWFN).



RENOPACK PROGRAMME



the entire Walloon territory



budget renewed annually by Wallonia



Walloon poverty reduction plan (PLCP)

Financing



100 %

Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€ 39.9 million	€ 39.0 million	97.7 %
Financing of expenditures 2019	€ 46.4 million	€ 35.4 million	76.3 %
Amount financed by SB 2019	€ 86.3 million	€ 74.4 million	86.2 %

Project Impact Indicators

Type of Indicator	Indicator	Data	Methodology note
Output Indicator	Amounts of loans granted (2018 + 2019) by the SWCS	€ 50 645,236 intended for income categories C1 and C2	/
	Amounts of bonuses granted (2018 + 2019) by the SWCS	€ 12 301 796 intended for income categories C1 and C2	/
Outcome Indicator	Number of beneficiaries	4 050	A-2
Impact Indicator	Strengthening social cohesion	n.d.*	n.d.*

(*Measures being in implementation phase – figures not available at time of publication)

ACCESS TO ESSENTIAL SERVICES AND BASIC PUBLIC INFRASTRUCTURES



Presentation of the project

Arrangement of stop areas for people with reduced mobility (PRM) and / or lay-out of buses (access ramps, adequate platform, low and flat floor, audible sound signal, light signal, etc.).

Objective

Improve the accessibility of regular lines in urban areas and offer a dedicated transport service on demand (door to door) for people with reduced mobility (PRM) in rural areas.



the entire Walloon territory
budget renewed annually by Wallonia
Walloon poverty reduction plan (PLCP)



Financing



100 %

Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	/	/	/
Financing of expenditures 2019	€ 4.2 million	€ 4.2 million	100 %
Amount financed by SB 2019	€ 4.2 million	€ 4.2 million	100 %

Project Impact Indicators

Type of Indicator	Indicator	Data	Methodology note
Output Indicator	Number of TEC buses adapted for PRM	n.d.*	/
Outcome Indicator	Number of PRM beneficiaries using TEC services	n.d.*	A-1
Impact Indicator	Strengthening social cohesion	n.d.*	n.d.*

(*Measures being in implementation phase – figures not available at time of publication)

MANAGEMENT OF THE UNEMPLOYMENT INSURANCE



Implementation

Unédic

Non-profit organisation

PRESCRIBES AND CONTROLS

Prescribes, guarantees and controls the conditions for implementing unemployment insurance scheme

MANAGES

Ensures the **financial management** of unemployment insurance scheme while guaranteeing its independence

EVALUATES

Produces the studies and analyses supporting the strategic decision making for the insurance scheme

OVERVIEW OF THE SOCIAL BOND FRAMEWORK



Fully compliant with the Social Bond Principles (ICMA)



USE OF PROCEEDS

- **Social Protection**
Socio-economic development (SBP)
- **Social support**
Access to essential services (SBP)

MANAGEMENT OF PROCEEDS

- **Transparent Allocation process**
- **Management of unallocated proceeds**
Temporary placement in deposits accounts, low-risk investment instruments or responsible investments funds (on a best effort basis)

SELECTION PROCESS

- **Specific guidelines**
Tripartite agreement between French Government, Unédic and Pôle emploi
Conditions for entitlement to support schemes
- **Social Bond Committee**

REPORTING

- **Publication of an annual reporting until complete allocation of proceeds**
- **Allocation reporting**
Audited by an independent auditor
- **Social Impact Reporting**
Review and validation by the Social Bond committee

CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Two social missions: PROTECTING AND SUPPORTING WORKERS IN SUSTAINABLE EMPLOYMENT



Contribution to the **UN 2030 Agenda**

PROTECTING



Target 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable



Target 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average



Contribution to **France's roadmap for the 2030 agenda** (released in Sept. 2019)

SUPPORTING



Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Roadmap's challenge #1

Act for a fair transition, by fighting all types of discrimination and inequality and guaranteeing the same rights, opportunities and freedoms for everyone

Examples of Unédic's contributions

- Financial solidarity across economic sectors and regions
- Proportionally higher benefits for low-wages workers
- Schemes adaptation for overseas French territories
- "Gig economy"

Roadmap's challenge #3

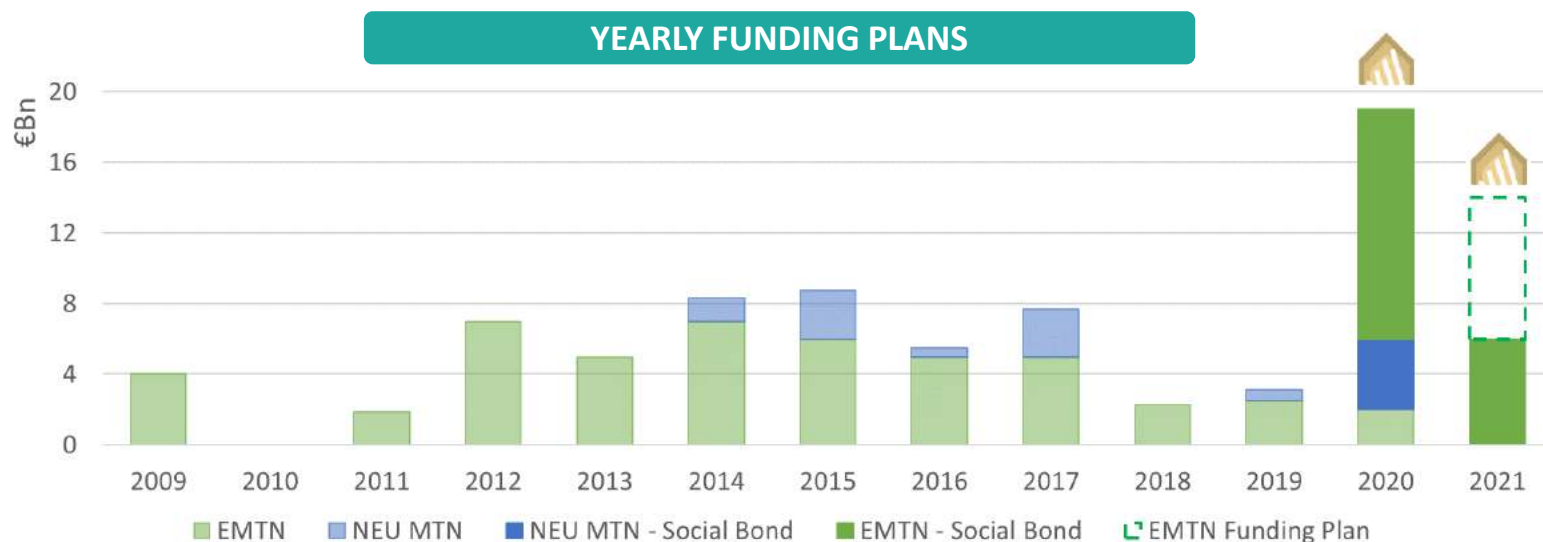
Focus on lifelong education and training to change behaviors and lifestyles that are adapted to our future world and sustainable development challenges

Acute challenges & vulnerable population

- Financing of Pole emploi (e.g. strengthened human support for long-term jobseekers)
- Youth employment programme, education or training
- Digital exclusion
- Discrimination



FUNDING PLAN



2021 FUNDING PLAN

On the 28th of January 2021, Unédic's funding programme was approved by its Governance board and amounts to 13 billion euros for 2021.

EMTN
bond funding authorisation set at
€13bn

*Backed up by **explicit guarantee**
from the French state*

Overall 2021 medium and long term
funding programme set at **€13bn**

Source: Unédic, as of May 31st 2021



Confidence
must be earned

Amundi
ASSET MANAGEMENT

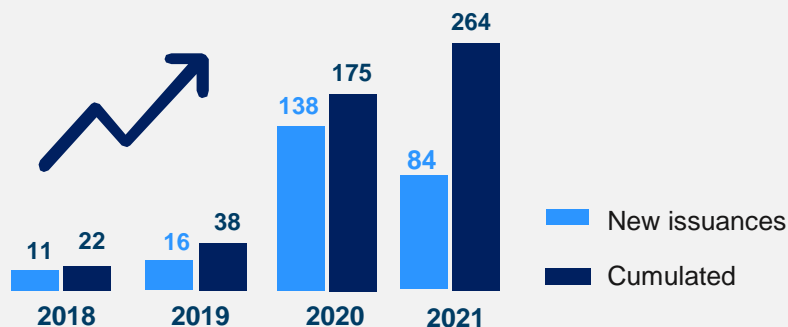
June 2021

Amundi Social Bonds

Everyone can contribute to address social inequalities

Amundi Social Bonds: an innovative Fixed Income solution to finance social projects

Social Bonds: a promising market Issuance volumes in \$ billion



Pandemic expected to push more than 150 million people into poverty by 2021



Inequalities have been reinforced by Covid-19, affecting the most vulnerable...

Social Bonds: a vehicle for integrating the social dimension



A social bond exclusively finances projects that create a positive social impact on a targeted population

The 4 pillars of the Social Bonds Principles: Transparency and integrity



Active Fixed Income solution that promotes best "social" practices



Amundi Social Bonds: Management style
Active & flexible, integrating the social dimension



Core allocation
75% Min
 Social obligations
 in line with SBP



Diversification
25% max
 Issuers with best
 social practices

Categories of projects in line with the UN' SDGs

Affordable basic infrastructure



Affordable housing



Food security & sustainable food systems



Access to essential services



Employment generation



Socio-economic advancement



Amundi: Credentials and Expertise



The Green Bond Principles



The Social Bond Principles

Amundi is an Executive Committee member since 2017 and fully backs the Association's priorities

e.g. the development of Green Bonds market, the standardization and impact reporting practices

Active player in GSS Market

€20bn
 invested in
 Green Bonds

€3,2bn
 invested in
 Social Bonds

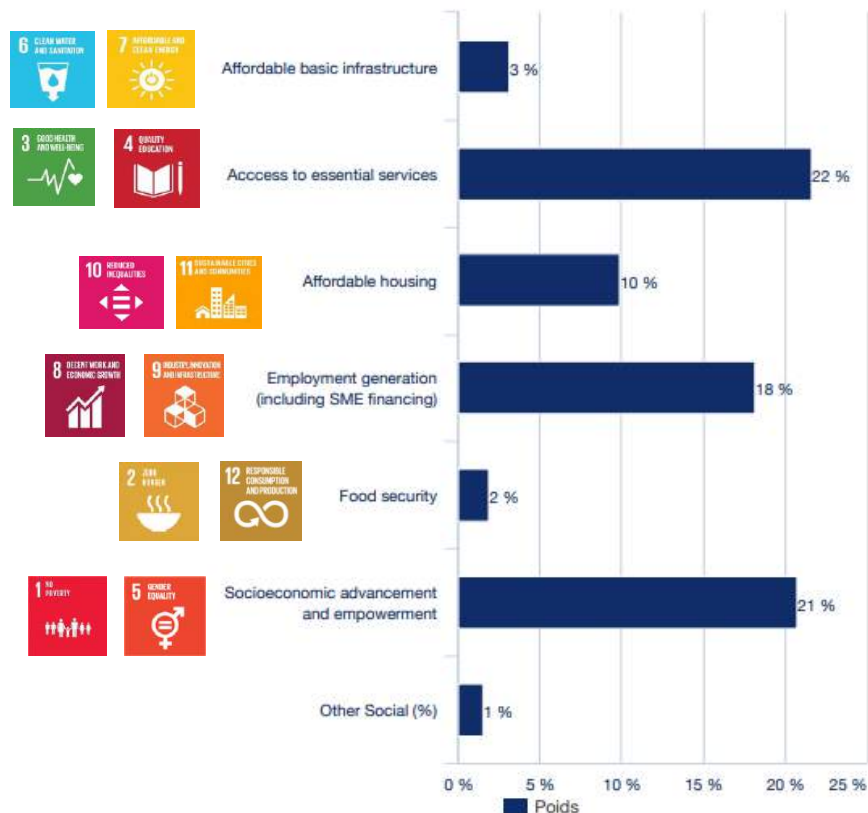
€3,6bn
 invested in
 Sustainable Bonds

*most commonly used types of project but not limited to

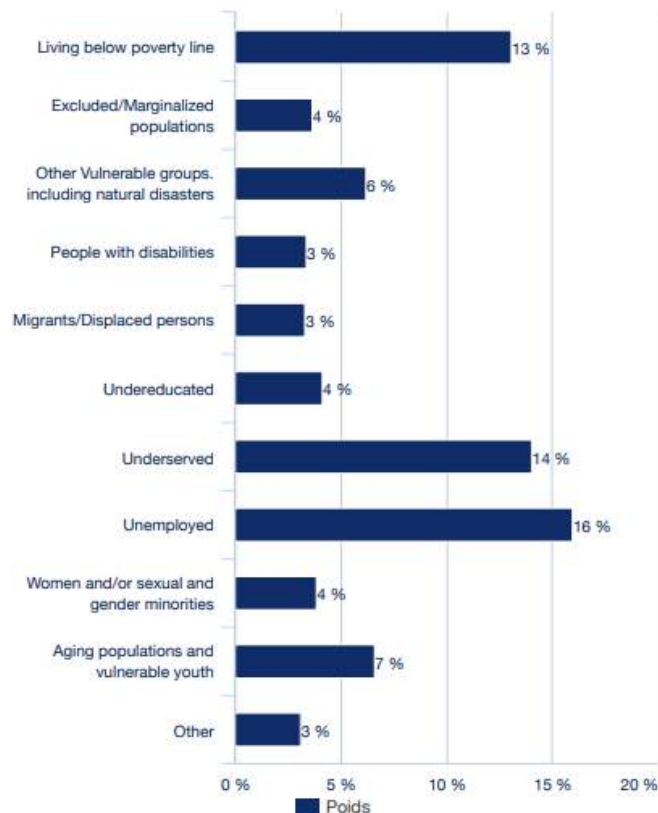
Amundi Social Bonds: Extra-financial reporting (1/2)

Use of proceeds breakdown by Project Categories and Target Population

Project category



Target population

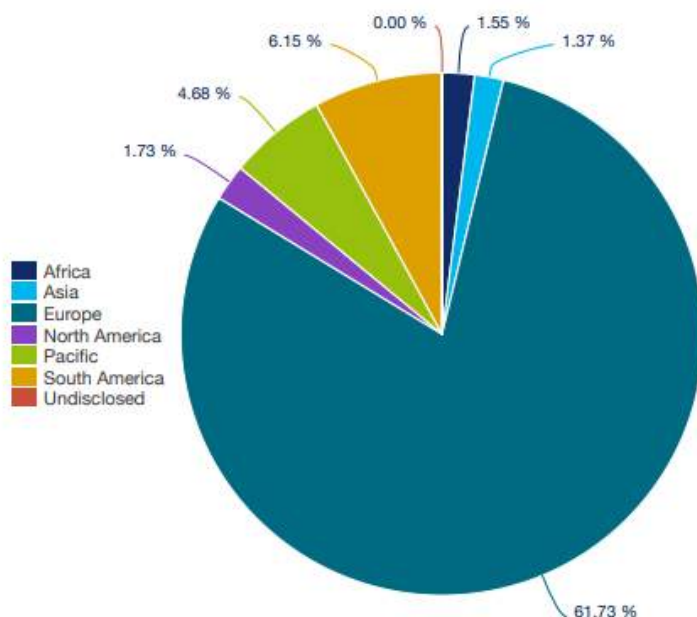


Source: Amundi as at 30/04/2021 for illustrative purposes only.

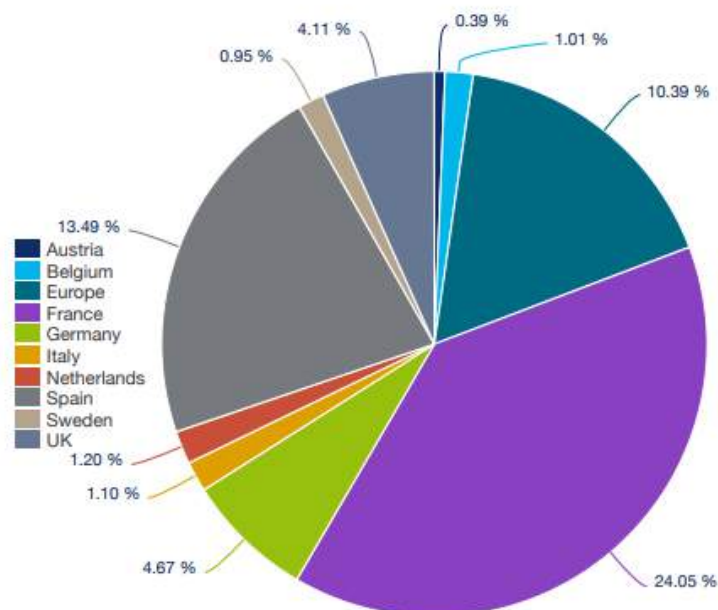
Amundi Social Bonds: Extra-financial reporting (2/2)

Use of proceeds Breakdown by Geographical area

Geographical Area



European split by country



Source: Amundi as at 30/04/2021 for illustrative purposes only.

Amundi Social Bonds: Key Messages

Financing social projects with positive social outcomes



Legal information

Amundi, Société Anonyme with a capital of €1,086,262,605 - Portfolio management company approved by the AMF n° GP 04000036 - Registered office: 90 boulevard Pasteur - 75015 Paris - France - 437 574 452 RCS Paris.

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