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# The "Art" of Social Bond Impact Reporting

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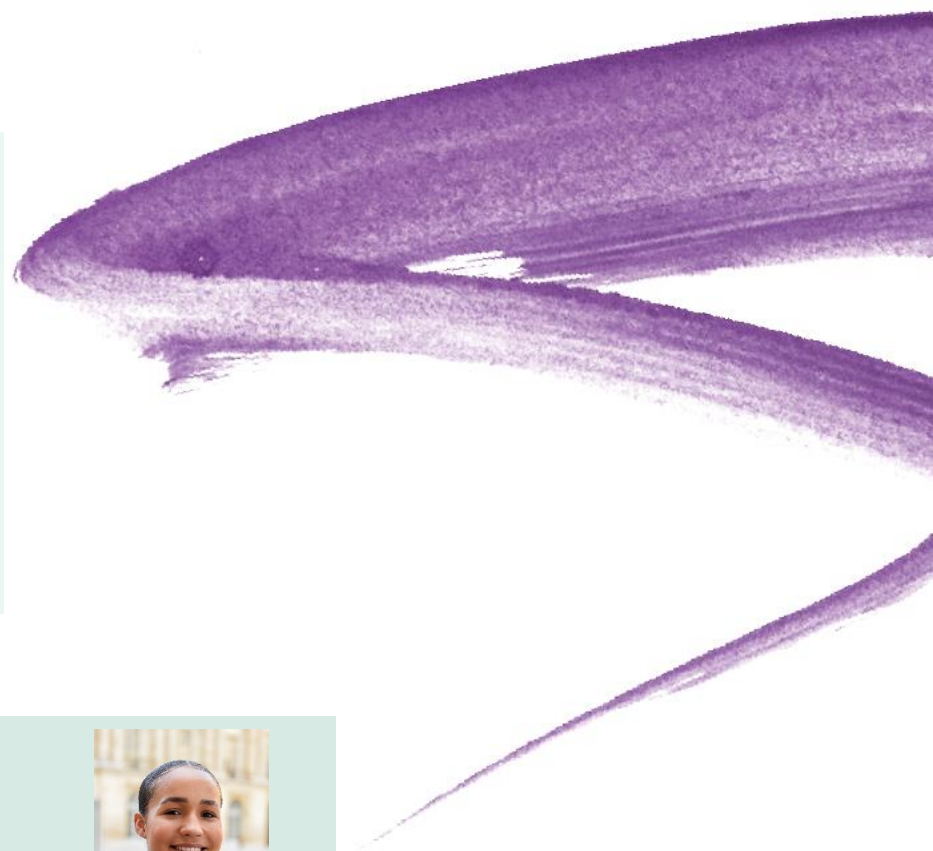
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Over the past few years, sustainable finance has increasingly been including social topics. Nevertheless, one cannot talk of a turning point. Higher attention to social matters and subsequent market initiatives dynamism do not occur at the expense of "green topics".

BACKGROUND

Green matters were hegemonic as dedicated financial products and segments have long focused on climate change mitigation and environmental issues, sidelining social topics. As such, sustainable finance regulation, industry-led initiatives, and products have emphasized on green objectives.

Despite social issues being addressed since "ESG" investing exists, it has mostly been in a limited capacity, **as the "S" has often been considered a "risk factor", a "safeguard criteria" or a controversy screening item**, focusing notably on workers and/or human rights violations. The existence and design of the "minimum social safeguards" in the EU Taxonomy legal system illustrates this way of thinking. Moreover, the "social contribution aspect", aimed at fulfilling basic human needs has long been absent within the sustainable finance realm.

CHALLENGES

A social issue can be defined as a difficulty, adverse circumstances or major confusion experienced by many people within a society. Addressing social hardship often proves to be an arduous matter, as incorporating social metrics into financial products requires proper benchmarkability and accountability.

Demonstrating the social impact and additionality of an investment is more than a technical challenge. In contrast to GHG emissions or other environmental indicators, usually related to physical and chemical metrics, social indicators generally tend to be of a more qualitative nature and are frequently molded as

stand-alone actions by social bond issuers.

Defining social impact criteria can suffer from limiting census capacities. Furthermore, identifying the positive impacts of allocated funds, as the data on social topics tends to be of an *in-situ* kind. This can be attributed to the fact that suchlike data is often sourced from (supra)national statistics, rendering their mathematical expression complicated.

Furthermore, it can be challenging to directly invest in the enhancement of social matters. This can be attributed to the difficulties related to the delivery of positive social impacts to target populations, inasmuch as providing positive social impacts is rarely included in the mission and purpose of private and profit-driven entities. It is fair to say that, at best, positive social impacts would be in the form of mitigating the negative and/or maximizing the positive side-effects of entities' activities. Moreover, the pool of social projects is limited in that they require coordination among various entities to target specific populations and the relationship between the project and its social benefits, and the investor is filled with intermediaries.

However, **some issuers frame their eligibility criteria in a way that can be called "*impact by design*"**, i.e., that the combination of the nature of the projects/assets/investments, their purpose, conditionality or geographic location (e.g., deprived areas), all combined, create a presumption of impact.

MARKET INITIATIVES

All things considered; the Social Bond market has witnessed a vast growth since 2017. Impact measurement methods and practices for Social Bond reporting have become more sophisticated in synch with market growth. The standardization of the reporting process has resulted in the publication of an initial social impact reporting framework produced by the **ICMA Social Bond Principles Working Group** in June 2019.

FOREWORD

In order to further clarify the void surrounding the reporting of social bonds, the ICMA's Social Bond Principles Working Group produced **a social bond impact report framework updated in June 2019** that provides a set of six principles with which financial entities are advised to comply. The ICMA's move stems from a stark increase in Social Bond issuances, increasing the **need for clear, coherent, and impactful reporting guidelines**. This can mainly be attributed to the nefarious impacts caused by the coronavirus pandemic, as financial products with a social character witnessed a surge owing to the COVID-19 crisis**.**

MARKET GROWTH
Prior to the pandemic, Social Bonds averaged 3 to 7% of global issuances of sustainable finance bond instruments between 2017 and 2019. In 2020, Social Bonds represented 28% of the yearly issuances of sustainable finance bond instruments. In the wake of the economic and social crises that the sanitary emergency created, more issuers made their inaugural Social Bond issuances. Most of them were public issuers or financial institutions, as issues pertaining to health and job preservation were put at the top of the political agenda.

NATIXIS' SOCIAL CREDENTIALS AND OFFER
The present study is titled "*The art of the social bond impact reporting*". In 2020, we had the honor to structure the Social Bond framework of Unédic and CADES and to arrange several of their issuances. It is of the utmost importance for Natixis Green & Sustainable Hub to closely follow market developments to feed our advisory services and keep innovating.

### OUR BENCHMARKING METHODOLOGY
To grasp the complex reporting framework of Social Bonds, we have developed a benchmark, elucidating the rudiments of Social Bond impact reporting. In this matter, **we scrutinized data from**

16 social bond issuers, ranging from financial institutions, sovereign entities, multilateral development banks (MBDs), and corporates. The key parameters of the analysis of these reports were the **identification of the most frequent eligible categories in proceeds allocation, and an assessment of the quality of the data reported to qualify overall and target populations.**

The benefit of the study lies in the distinction and elaboration of best practices, isolated according the following criteria: **the design of the KPIs, the spatialization of impacts, the comparability of the indicators with existing econometric data, and the use of robust econometric models. I**t is worth pinpointing the quantification of co-profits by building meta-social impact indicators, an enhanced level of granularity of these indicators (by firm, sector, or region), and the credibility of impact measures ensured by a third-party assessment.

FURTHER DEVELOPMENTS
Lastly, we believe **Social Bond reporting best practices are set to spread to other market participants thanks to the consolidation of regulation surrounding social matters**. At the EU level, social objectives are set to extend the current scope of the EU Taxonomy on Sustainable Activities by mid-2021. With increased visibility and knowledge on the reporting side of a Social Bond issuance, one expects a continuation of the upward trend in Social Bond issuance volumes that started in 2017.

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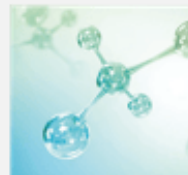
Executive summary (1/3)

The buildings blocks and wanted features for impact reporting

Social Bond impact reporting require precision, granularity, robust methodologies and access to various data sources. Data visualization is also key.

- In their bondholder dialogue with Social Bond issuers, **investors enquire about the quality, scope and depth of reporting data**. The data is imperative, as investors heavily depend on issuers' reporting for their own reporting schemes (more than for climate mitigation topics for instance, because there is no set of social contribution factors per activity in contrast with "GHG emissions factors"). Moreover, investors have their own internal assessment/warning systems regarding issuers' reporting (alerts when reporting are meant to be published) and evaluate reporting practices and monitor the impact of their invested funds.

- Reporting on Social Bonds often requires:

  o **A pro-rata calculation/disclosure of proceeds** allocated per eligible categories.

  o However, this practice is not standardized, a few issuers **do not yet disclose the allocation of proceeds breakdown according to their framework eligible categories** (and/or ICMA generic social categories), or do not disclose a detailed list of projects under each category (only a sample, which is not always representative).

  o **A large dataset covering the macrosocial characteristics** of the overall and targeted populations. Data sourcing but above all data interpreting skills are key. The quality of the underlying data is paramount.

  o Ability to carry impact analysis and draw impact conclusions from **historical data, public data with third-party sources are key.**

- A robust social impact indicator **must capture and reflect as explicitly as possible the situation it aims to correct/fix.**

  o **Using econometric models** such as the **Leontief matrixes** (input-output model), but also **beneficiary surveys** to study as closely as possible **the sentiments of impacted populations.**

  o A smart use of impact indicators requires disaggregation at a local level to factor geographic imbalances. **Maps crossing various data streams** can help demonstrate impact and causation/correlation chains.

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Executive summary (2/3)

State of Affaires: eight takeaways from this benchmark

Key findings of our analysis covering best practices, trends and elements characterizing social bond impact reporting

Findings about impact reporting appearance, content and 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 (absence of legend, lack of information hierarchization).

Findings about the issuers' resources, tools, stakeholders, data sources and 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 preservation or 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 (e.g., CDP asks for one for every report).

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Executive summary (3/3)

Key recommendations resulting from our findings

What investors need to *see*: our recommendations about 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** (pre-issuance split is sometimes required 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)

*While allocation reporting is mostly about **internal data sources** related to the **tracking of the proceeds**, impact reporting requires **robust methodologies, complementary data sources** and skillful **KPI design and tracking.***

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**

*As social projects solve issues pertaining to **target populations**, their definition and identification is cornerstone to the **impact claim**. Sound methodologies and **conservative claims** over the impact make its reporting more trustful and avoids **social washing**.*

What investors need to *know*: our recommendations about impact reporting

Data and 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)

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1 **Introduction**

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i.   **Socials Bonds basics: principles, reporting framework and issuance guidance during the COVID-19 crisis**

ii.   **A Snapshot of the Social Bonds Market**

iii. **Our studied sample of Social Bond issuers**

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i. The ICMA Social Bond Principles

The Social Bond principles are a set of **voluntary process guidelines** that recommend transparency and disclosure to promote integrity in the development of the Social Bond market. They rely on four pillars, that are parallel to those of the Green Bond Principles: **i) Use of Proceeds – ii) Process for project Evaluation & Selection – iii) Management of Proceeds – iv) Reporting.**

ICMA's official definition: "*Social Projects are **projects, activities and investments** that directly aim to help address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for **target population**(s).*"

Table 1 | ICMA's Categories of eligible Social Projects

Project Categories	Examples of project types	Examples of target Populations
Affordable basic infrastructure	Clean drinking water, sewers, sanitation, transport	• Living below the poverty line • Excluded and/or marginalized populations and/or communities • Vulnerable groups, including as a result of natural disasters • People with disabilities • Migrants and/or displaced persons • Undereducated • Underserved • Unemployed
Access to essential services	Health, education and vocational training, healthcare, financing & financial services	
Affordable housing	Construction, operation & services of affordable housing units for low-income families	
Employment generation	Including through the potential effect of SME financing and microfinance	
Food security and sustainable food systems	Physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers	
Socioeconomic advancement and empowerment	Equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality	

As for the Green Bond Principles, the ICMA offers **two pre-established templates** ready to fill by issuers:
i.   One demonstrates the alignment of the bond with the Social bond principles
ii. The other offers the possibility to external parties to render their conclusions in a standardized way.
Impact reporting is strongly encouraged as well.

The ICMA published a revised version of the SBP in June 2018 with main changes focusing on:
▪ Acknowledgement that the definition of target population can vary depending on local context and that such targeted populations may also be served by addressing the general public;
▪ Creation of a harmonized framework for Impact reporting of Social Bonds

i. The ICMA template for reporting on social portfolios

The Social Bond Principles
Principles

The Social Bond Principles Working Group produced **a social bond impact report framework updated in June 2019** with the following core principles:

1. **The tracking of the proceeds.**
2. **Reporting of the use of social bond proceeds and the expected social impacts at least annually**
3. **Identification of the Social Project categories to which social bond proceeds have been allocated**
4. **Identification of the target population(s) for which positive socio-economic outcomes**
5. **Reporting of the output, outcome and/or impact of projects financed by social bond proceeds**
6. **Transparent description of the method of estimation of the impacts.**

Excerpts of the ICMA's recommended Social Bond impact report framework: the example of affordable basic infrastructure*

Name	Project Category			Target Population	Allocation information					Social indicators		
Project Name	SBP Category	Sub-category	SDG Addressed	Target Group	Signed Amount	Share of total financing	Eligibility of Social Bond	Allocated amount	Portfolio lifetime or budgeted years	KPI 1	KPI 2	KPI 3
Precision			Goal & Target		In currency	In %	In % of signed amount	In currency	In years	#, unit of measure, (absolute of relative in brackets)		
Sample Water Project	Affordable basic infrastructure	Water	6.1	Underserved households with no water connection	USD 5M	10%	100%	USD 5M	5 years	**KPI 1**: 1,000 households connected (absolute) **KPI 2**: 1 plant constructed (absolute)		
		Sanitation /sewage										
		Public transport										

* The table also covers other categories such as **access to essential services** (sub-categories being health care, Education and Vocational Training and Financial Services), **Affordable housing**, **Food security**, **Socioeconomic advancement and empowerment**, **Employment generation** (including SME financing and Microfinance).

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i. The Social Bond Principles and the COVID-19 crisis

March 2020 Update	On 31 March 2020, the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines Executive Committee released **a guidance on how Social Bonds can address the Covid-19 crisis** in the form of a Q&A and of a case study of the issuance of a 3-year USD1 billion Social Bond by the IFC on 11 March that will aim to support the private sector in preserving jobs in developing countries. This move might have strengthened the Social Bond momentum in wake of the Covid-19 crisis.

Extracts from the Q&A serving as a guidance on Social Bond issuance during the COVID-19 crisis.
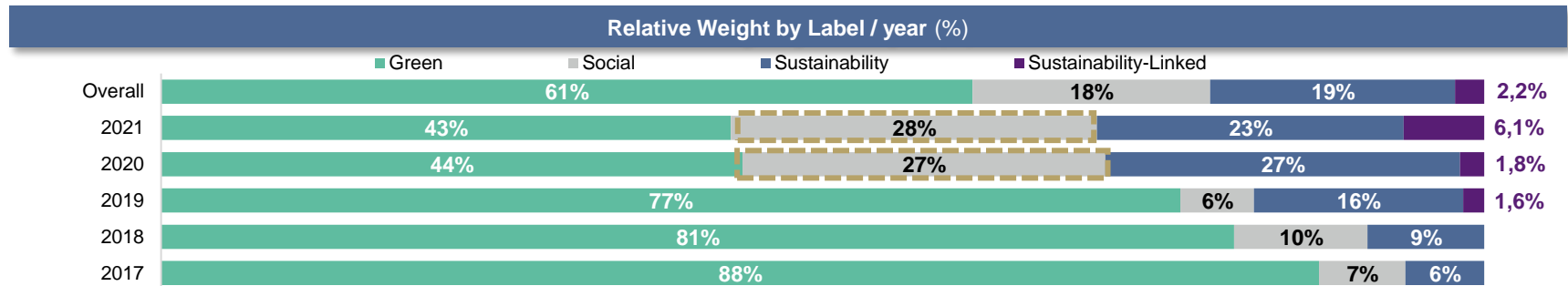
*"**All types of issuers in the debt capital markets can issue a Social Bond related to COVID-19**, as long as all the four core components of the Social Bond Principles are addressed, and that the use of proceeds of the bond go exclusively towards addressing or **mitigating social issues wholly or partially emanating from the coronavirus outbreak**."*

*"Relevant projects could be undertaken **by various industries and sectors** where the aim of the project(s) is to mitigate COVID-19-related social issues and bring about positive social outcomes, especially for target populations, which in this issue may also include **the general population** affected by the crisis."*

*"**An existing** Social or Sustainability Bond issuer with an established framework which includes use of proceeds that comprise sectors affected by the coronavirus outbreak e.g., healthcare, employment generation, access to finance etc. **would not need to amend its framework** or use of proceeds language to explicitly mention the pandemic. The issuer should make transparent the positive social outcomes that a COVID-19 bond is targeting."*

*"While it is fully understandable that in the **current situation** not all issuers of bonds might be able to adhere to the Principles, in such a case they should **refrain from using the Social Bond label**."*
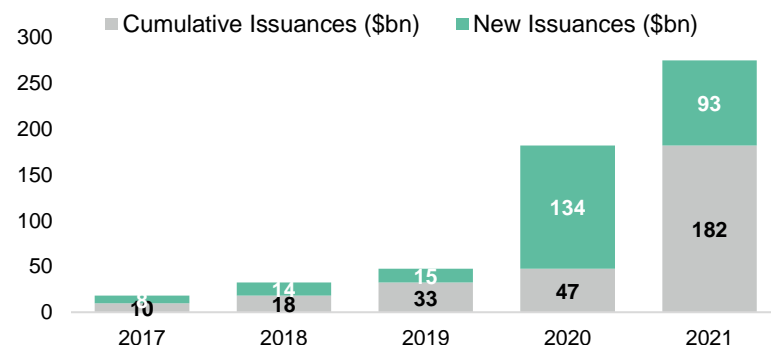
ii. Social Bonds: market share and issuance volumes

Relative Weight by Label / year (%)

Legend: ■ Green ■ Social ■ Sustainability ■ Sustainability-Linked

Year	Green	Social	Sustainability	Sustainability-Linked
Overall	61%	18%	19%	2,2%
2021	43%	28%	23%	6,1%
2020	44%	27%	27%	1,8%
2019	77%	6%	16%	1,6%
2018	81%	10%	9%	
2017	88%	7%	6%	

Current State of the Sustainability Themed Bond Market (All sizes, all geographies, all sub-markets)

Size of the Sustainability-themed bond market ($bn eq.)	Green	Social	Sustainability	Sustainability-Linked	Total
Total Market Size (Issued amounts)	936	274	283	34	1 527
2021-YTD new issuances (Issued amounts)	144	93	78	20	335
Change YoY (%)	133%	281%	59%	128%	216%

Cumulative issuance volumes of Social Bonds / year ($bn)

Legend: ■ Cumulative Issuances ($bn) ■ New Issuances ($bn)

Year	New Issuances	Cumulative Issuances
2017	8	10
2018	14	18
2019	15	33
2020	134	47
2021	93	182

Source: Natixis' Internal Market Data as of May 31, 2021

Evolution of Social Bond issuance volumes by Issuer type / year ($bn)

Legend: ■ Sovereigns ■ Sub-Sovereigns ■ Corporates ■ Financials

Year	Sub-Sovereigns	Corporates	Financials	Sovereigns
2017			2	
2018	10		4	
2019	11		3	
2020	113	7	12	4
2021	74	5	9	5
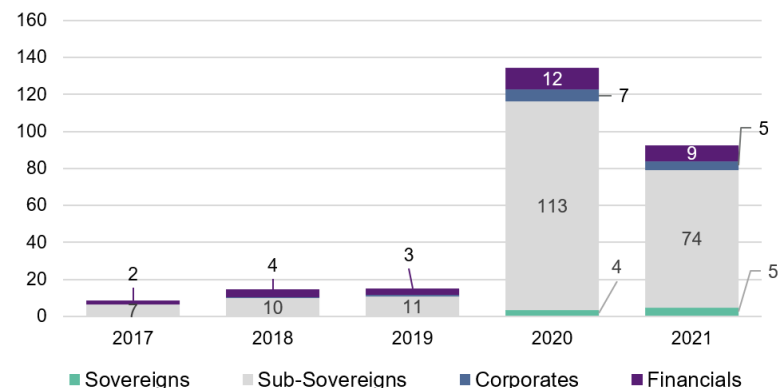
ii. The Social Bond Market

Social Bond issuances above 1 billion USD or EUR that occurred from February 2020 until May 7th, 2021

Issuer	Issue Date	Currency	Amount Issued (millions)	Issuer type	Issuance Type	Reporting Audit	Inaugural Issuance
IBRD - World Bank*	5 issuances from 21/02/2020 to 21/01/2021	EUR	11,000	Supra	Sustainability	Yes*	No
	13 issuances from 11/03/2020 to 20/04/2021	USD	50,700		Sustainability	Yes	No
	4 issuances from 21/02/2020 to 16/11/2020	GBP	5,500		Sustainability	Yes	No
EUROPEAN UNION	6 issuances from 27/10/2020 to 30/03/2021	EUR	71,500	Supra	Social	No	Yes
CADES	5 issuances from 16/09/2020 to 17/03/2021	EUR	22,000	Agency	Social	No	Yes
	4 issuances from 23/09/2020 to 18/02/2021	USD	17,000		Social	No	No
	27/01/2021	GBP	1,500		Social	No	No
UNEDIC	8 issuances from 25/05/2020 to 01/04/2021	EUR	23,000	Agency	Social	No	Yes
ASIAN INFRASTRUCTURE BANK	28/05/2020, 29/09/2020, 27/01/2021	USD	9 000	Supra	Sustainability	No	No
ALPHABET INC	05/08/2020	USD	5 750	Corporate	Sustainability	No	Yes
REPUBLIC OF CHILE**	19/11/2020	CLP	1,600,000	Sovereign	Sustainability	No**	Yes
	22/01/2021	EUR	1,250		Sustainability	No	No
	22/01/2021	USD	3,200		Sustainability	No	No
ADB	03/04/2020	USD	3,100	Supra	Social	No	No
BNG BANK NV	05/10/2020, 19/04/2021	EUR	3,000	Public bank	Sustainability	Yes	No
BNG BANK NV	17/11/2020, 24/11/2020	USD	2,000		Sustainability	Yes	No
BPCE	12 issuances from June 2017 to December 2020	JPY	275,200	Bank	Social	Yes	No
BPCE	26/09/2018	EUR	1,250		Social	Yes	No
CITIGROUP INC	30/10/2020	USD	2,500	Bank	Social	No	No
FLEMISH COMMUNITY	15/04/2020, 24/03/2021	EUR	2,500	Local authority	Sustainability	No	No
COMMUNITY OF MADRID SPAIN***	27/02/2020, 26/03/2021	EUR	2,250	Local authority	Sustainability***	Yes	No
AFD	28/10/2020	EUR	2,000	Public bank	Sustainability	No	Yes
NOVARTIS FINANCE SA	23/09/2020	EUR	1,850	Corporate	Social	No	Yes
GRAND DUCHY OF LUXEMBOURG	14/09/2020	EUR	1,500	Sovereign	Sustainability	No	Yes
PFIZER INC	27/03/2020	USD	1,250	Corporate	Sustainability	No	Yes
ALIBABA GROUP HOLDING	09/02/2021	USD	1,000	Corporate	Sustainability	No	Yes
IDB	10/02/2021	USD	1,000	Supra	Sustainability	No	Yes
JPMORGAN CHASE	16/02/2021	USD	1,000	Bank	Social	No	Yes
MORGAN STANLEY	21/10/2020	USD	1,000	Bank	Social	No	No

Source: Natixis GSH Market Data as of May, 7th 2021

* IBRD already issued Sustainable Development Bonds before the COVID-19 crisis and published its impact report because only 30% of the proceeds financed social projects. IBRD did not report on the Bonds it issued since February 2020 yet.
**The Ministry of Finance provided an ex ante report with a previsional distribution of the proceeds for the November 2020 issuance. For the January 2021 Sustainable Bond issuance, 67% of the proceeds will be allocated to social projects (page 6 - source).
*** Almost 100% of the proceeds financed social projects.

Some of the biggest Social Bond issuances to this day took place **since the beginning of the COVID-19 crisis**. Many of these issuers have **not yet published Social Bond impact reports**. Moreover, these issuers have **specific profiles** that might require them to develop or use specific or **tailor-made reporting methodologies**. The top 4 issuers for instance are either supranationals (the EU) and agencies (CADES, UNEDIC) that will need to produce specific impact reports demonstrating the impact of the proceeds.

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iii. A sample made of 16 Social Bond issuers

We selected Social Bond issuers among various market segments. The selection was based on the availability of an impact reporting and alignment with the Social Bond Principles for instance

10 SSA issuers

Council of Europe Development Bank	SFIL group (CAFFIL)	Caisse des Dépots et Consignations	Kommunal Kredit Austria	Action Logement
Nederlandse Waterschapsbank**	North Rhine-Westphalia	Cassa Depositi e Prestiti	Instituto de Credito Oficial	Wallonie service public SPW

GROUPE BPCE — Bank of America

DKB Deutsche Kreditbank AG — CaixaBank SA

IFC*** — Danone SA****

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

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

*The main reasons behind an absence of impact reporting can of course be that the inaugural issuance took place around year ago (there is time lag of circa 1 year with some tolerance between issuance and reporting). As a result, all social bonds issued after May 2020 are not covered in our benchmark. Another reason, is a **delay in the publication of the impact reporting**.

** The **Nederlandse Waterschapsbank** is a Dutch financial institution that provides funding for water boards and local government organisations in the Netherlands. It is a **Local Government Funding Agency** owned by the Dutch Water boards and provinces, hence its classification as a SSA.

*** The **IFC** issued Social Bonds in many different currencies and not all issuances were of benchmark size but we studied its impact reporting as it relates to **all three issuances of the financial year 2020**.

**** **Danone** is the only Corporate Social Bond issuer in our sample. Corporate issuers of Social Bonds are few and those who report fewer.

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iii. Our sample of social bond issuances, SSA

*Tenor given in terms of number of remaining coupon disbursements. If the tenor is 4 years 8 months, we indicate a tenor of 5Y because there will be 5 coupon payments.

Issuer	Bond characteristics of the studied reports		Social Categories to which proceeds have been allocated	
KOMMUNAL KREDIT	4Y EUR 300 M (0,38%) Issued on 12/07/2017	Tenor*: 0 ISIN: XS1645257590	• Social housing • Healthcare	• Education
NRW LAND	10Y EUR 2025 M (0,95%) Issued on 13/03/2018	Tenor*: 8Y ISIN: DE000NRW0K03	• Education & sustainability research • Inclusion & Social coherence • Public transport and local mobility	• Modernisation of educational and public health facilities • Sustainable urban development
SFIL Group	8Y EUR 1000 M (0,50%) Issued on 19/02/2019	Tenor*: 6Y ISIN: FR0013403433	• Healthcare	
CDP	7Y EUR 750 M (2,13%) Issued on 21/03/2019	Tenor*: 4Y ISIN: IT0005366460	• Construction, upgrade, safeness and earthquake-proof upgrading of public-school buildings	• Urban redevelopment interventions, safety and regulatory adaptation of non-school buildings and public spaces.
COE Development Bank	7Y EUR 500 M (0,00%) Issued on 10/04/2019	Tenor*: 4Y ISIN: XS1979512578	• Affordable housing • Access to essential services	• Employment generation including through the potential effect of SME financing and microfinance
IFC	Impact report relates to issuances of: • 3Y USD 1000M issued on 20/03/2020 • 15Y AUD 405M issued on 15/04/2020 • 15Y AUD 65M issued on 07/12/2020		11 sectors: • Agribusiness • Education	• Food & Beverages • ICT • Infrastructure • Gender Finance • Housing Finance • Other Finance • Microfinance • Health • COVID-19 Response Financing
Caisse des Dépôts GROUPE	5Y EUR 500 M (0,00%) Issued on 19/06/2019	Tenor*: 2Y ISIN: FR0013426426	• Green real estate • Access to digital services	• Education & professional insertion • Social & inclusive Economy
NWB	4Y EUR 1 000 M (0,50%) Issued on 28/05/2019	Tenor*: 2Y ISIN: XS2002516446	• Affordable Housing	
ICO	4Y EUR 500 M (0,25%) Issued on 13/05/2020	Tenor*: 3Y ISIN: XS2173111282	• Employment • SME financing	
Action Logement	15Y EUR 1000 M (0,50%) Issued on 30/10/2019	Tenor*: 13Y ISIN: FR0013457058	• Access to basic services • Access to affordable housing	• Energy efficiency • Green buildings
Wallonie service public SPW	7Y EUR 500 M (0,25%) Issued on 03/05/2019	Tenor*: 5Y ISIN: BE6313645127	• Education & employment promotion • Socio-economic advancement & empowerment • Affordable housing	• Access to essential public services & basic public infrastructure ➔ + 6 Eligible Green Categories
	15Y EUR 500 M (1,25%) Issued on 03/05/2019	Tenor*: 13Y ISIN: BE6313647149		

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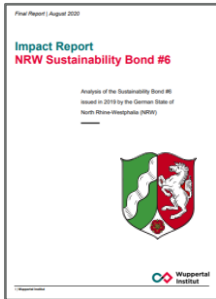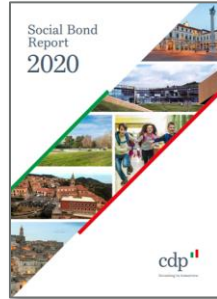
iii. Our sample of social bond issuances, FIG and Danone

Issuer	Bond characteristics of the studied reports		Eligible Social Categories
DKB Deutsche Kreditbank AG **Deutsche Kreditbank AG**	10Y EUR 500 M (0,88%) Issued on 02/10/2018 10Y EUR 6.8 M (0,70%) PP Issued on 04/06/2019 10Y EUR 500 M (0,01%) Issued on 07/11/2019	Tenor*: 8Y ISIN: DE000SCB0005 Tenor*: 8Y ISIN: DE000SCB0013 Tenor*: 9Y ISIN: DE000SCB0021	• Social housing • Public supply • Health and care • Education and research
Bank of America	4Y USD 500 M (3,34%) Issued on 25/01/2019	Tenor*: 3Y ISIN: US06050TMJ87	• Affordable Housing • Healthcare
GROUPE **BPCE** **BPCE Group**	5Y JPY 66,100 M (0,65%) 10Y JPY 40,000 M (0,99%) Issued on 12/07/2018 10Y JPY 2,300 M (0,48%) 10Y JPY 23,700M (0,73%) Issued on 25/01/2018 5Y JPY 50,000 M (1,26%) Issued on 25/01/2019	Tenor*: 3Y, ISIN: JP525021DJ70 Tenor*: 7Y, ISIN: JP525021EJ79 Tenor*: 7Y, ISIN: JP525021EJ12 Tenor*: 7Y, ISIN: JP525021FJ11 Tenor*: 3Y ISIN: JP525021EK19	• Human development • Healthcare • Local economic development • Social housing (no reporting yet)
CaixaBank SA	5Y EUR 1000 M (0,63%) Issued on 26/09/2019	Tenor*: 4Y ISIN: XS2055758804	• Employment generation through SME financing and microfinance • Access to essential services

Danone SA	7Y EUR 300 M (1,00%) Issued on 26/03/2018	Tenor*: 4Y ISIN: FR0013325172	• Research and Innovation for Advanced Medical Nutrition • Social inclusiveness • Responsible farming and agriculture • Entrepreneurship financing • Quality healthcare and parental support

*Tenor given in terms of number of remaining coupon disbursements. If the tenor is 4 years 8 months, we indicate a tenor of 5Y because there will be 5 coupon payments.

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iii. The Scrutinized Sample Set: SSA issuers
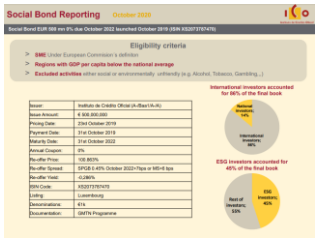
★ Corresponding bond issuance of the studied report

Social bond Issuer Framework	Kommunal Kredit	North Rhine-Westphalia (NRW)	Caisse Française de Financement Local (SFIL Group)	Cassa Depositi e Prestiti (CDP)
SPO of the Framework	Sustainalytics	ISS ESG	Sustainalytics	Vigeo Eiris
Issuance dates	• 12/07/2017	• 11/03/2015: 10Y EUR 750M • 16/03/2016: 7Y EUR 1,585M • 07/03/2017: 10Y EUR 1,825M ★ **13/03/2018: 10Y EUR 2,025M** • 13/03/2019: 15Y EUR 2,250M • 26/11/2019: 20Y EUR 1,500M • 26/11/2019: 10Y EUR 1,000M • 12/10/2020: 15Y EUR 2,400M	★ 19/02/2019: 8Y EUR 1,000M • 13/11/2019: 10Y EUR 750M • 07/05/2020: 5Y EUR 1,000M • 27/04/2021: 8Y EUR 750M	• 21/11/2017: 5Y EUR 500M • 27/09/2018: 5Y EUR 500M ★ **21/03/2019: 7Y EUR 750M** • 11/02/2020: 10Y EUR 750M • 15/04/2020: 3Y EUR 500M • 15/04/2020: 7Y EUR 500M • 21/09/2020: 8Y EUR 750M
Impact reports	June 2018	• February 2016 • February 2017 • February 2018 ★ March 2019 • October 2019 • August 2020 • April 2021 *72% of the proceeds allocated to Social Projects* Studied report: March 2019 on the 4th **Sustainability Bond** as it was the most extensive report on social matters	For this study, the February 2020 report was scrutinized, as the 2021 report was only released in May 2021	• Social Bond Report of November 2018 (reviewed by Vigeo Eiris) • Sustainability Bond Report of September 2019 (reviewed by Vigeo Eiris) ★ Social Bond Report of April 2020 (reviewed by ISS ESG) • Social Housing Bond Report February 2021 (reviewed by ISS ESG) • Covid-19 Social Response Bond Report April 2021 (reviewed by ISS ESG)
Studied report in this benchmark				

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iii. The Scrutinized Sample Set: SSA issuers

⭐ Corresponding bond issuance of the studied report

Social bond Issuer Framework	Council of Europe Development Bank (CBE)	International Finance Corporation (IFC)	Caisse Des Dépôts et Consignations (CDC)	Instituto de Credito Oficial (ICO)
SPO of the Framework	Sustainalytics	✖	Vigeo Eiris	Sustainalytics
Issuance dates	• 10/04/2017: 7Y EUR 500M • 27/03/2018: 7Y EUR 500M • ⭐ **10/04/2019: 7Y EUR 500M** • 09/04/2020: 7Y EUR 1,000M • 10/06/2020: 3Y USD 500M • 16/03/2021: 5Y GBP 400M • 15/04/2021: 7Y EUR 500M	• 30/03/2017: 3Y USD 500M • 15/03/2018 5Y AUD 700M • 12/07/2018: 5Y GBP 600M • 03/09/2019: 7Y SEK 1600M • 13/09/2019: 5Y CAD 750M • ⭐ **20/03/2020: 3Y USD 1000M** • ⭐ **15/04/2020: 15Y AUD 405M** • ⭐ **07/12/2020: 15Y AUD 65M** • 23/02/2021: 5Y RUB 1850M	• **19/06/2019: 5Y EUR 500M** • **15/09/2019 EUR 500M**	• 04/02/2015: 3Y EUR 1000M • 12/04/2016: 2Y EUR 500M • 13/07/2017: 4Y EUR 500M • 22/09/2017: 5Y SEK 500M • 26/11/2018: 5Y EUR 500M • ⭐ 31/10/2019: 3Y EUR 500M • 13/05/2020: 4Y EUR 500M
Impact reports	• Social Inclusion Bond Report 2017 (March 2018) • Social Inclusion Bond Report 2018 (March 2019) • ⭐ Social Inclusion Bond Report 2019 (March 2020) • Social Inclusion Bond Report 2020 (March 2021) CoE DB dedicated page to access the reports	• Social Bonds Introduction and Impact Report 2017 • Social Bond Impact Report 2018 • Social Bond Impact Report 2019 • ⭐ Social Bond Impact Report 2020	⌐ 26% of the proceeds allocated to Social Projects, 64% to Green and Social Projects ¬ • Annual Green and Sustainable Bond Report 2019	2015 Social Bond Reporting 2016 Social Bond Reporting July 2017 Social Bond Reporting July 2017 Social Bond Reporting 2018 Social Bond Reporting ⭐ 2019 Social Bond Reporting 2020 Social Bond Reporting We studied the report of the Social bond issued in 2019 and not the 2020 Social Bond.
Studied report in this benchmark				
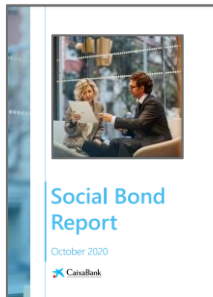
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iii. The Scrutinized Sample Set: SSA issuers

★ Corresponding bond issuance of the studied report

Social bond Issuer Framework	Action Logement	Wallonie service public SPW
SPO of the Framework	**Vigeo Eiris**	**Vigeo Eiris**
Issuance dates	• 30/10/2019: 15Y EUR 1000M	★ 25/04/2019: 7Y EUR 500M ★ 25/04/2019: 15Y EUR 500M • 01/04/2020: 10Y EUR 500M • 01/04/2020: (TAP-15Y) EUR 200M — Sustainability Bond • 28/05/2020: 5Y EUR 1000M • 28/05/2020: 20Y EUR 1000M — Social Bond
Impact reports	• Funding Allocation Report (March 2021)	• Annual report for the inaugural sustainability bond 2019 (September 2020) 67% of the proceeds allocated to Social Projects
Studied report in this benchmark	FUNDING ALLOCATION REPORT At 31 December 2019 — Action Logement Services	BUDGET ALLOCATION REPORTS IMPACT REPORT September 2020 SUSTAINABILITY BOND 2019 — Wallonie service public SPW
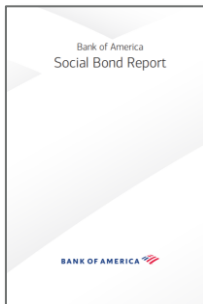
iii. The Scrutinized Sample Set: FIG issuers

★ Corresponding bond issuance of the studied report

Social bond Issuer Framework	Groupe BPCE	CaixaBank	Nederlandse Waterschapsbank (NWB)
SPO of the Framework	Vigeo Eiris	Sustainalytics	Sustainalytics
Issuance dates	• 30/06/2017: 5Y JPY 24500 • 30/06/2017: 7Y JPY 23500 • 30/06/2017: 10Y JPY 7600 • 30/06/2017: 15Y JPY 2500 • 25/01/2018: 10Y JPY 2300 • 25/01/2018: 10Y JPY 23700 • 12/07/2018: 5Y JPY 66100 • 12/07/2018: 10Y JPY 40000 ★ 26/09/2018: 5Y EUR 1250 • 30/10/2018: 10Y JPY 3000 • 25/01/2019: 5Y JPY 50000 • 10/12/2020: 6Y JPY 32000	★ 26/09/2019: 5Y EUR 1,000M • 10/07/2020: 6Y EUR 1,000M • 18/11/2020: 6Y EUR 1,000M • 09/02/2021: 8Y EUR 1,000M • 18/03/2021: 10Y EUR 1,000M	• 07/06/2017: 7Y EUR 1500M • 07/06/2017: 15Y EUR 500M • 29/08/2017: 30Y EUR 600M • 27/04/2018: 20Y EUR 500M • 25/09/2018: 5Y EUR 1000M • 12/11/2018: 21Y EUR 600M • 06/02/2019: 10Y EUR 1000M • 28/05/2019: 8Y EUR 1000M ★ 12/02/2020: 5Y USD 1000M ★ 15/06/2020: 7Y USD 100M ★ 03/09/2020: 15Y EUR 1000M • 26/01/2021: 16Y EUR 500M
Impact reports	Access to BPCE"s dedicated page with Social Bonds and their reports (individual reports are not downloadable)	Social Bond Report October 2020	• Affordable Housing Bond Newsletter 2017 • Affordable Housing Bond Newsletter 2018 • SDG Housing Bond Newsletter 2019 ★ SDG Housing Bond Newsletter 2020
Studied report in this benchmark	GROUPE BPCE Bankers and insurers with a different perspective BPCE SA SITUATION DATE 30 September 2020 DATE OF REPORT: 07 January 2021 Information regarding the allocation, as of 30 september 2020, of the proceeds of the Social Bonds issued by BPCE on 12 July 2018	Social Bond Report October 2020 CaixaBank	NWB BANK SDG Housing Bond The go-to financing partner for enhancing sustainability in the Netherlands 2020

iii. The Scrutinized Sample Set: FIG issuers   Corporate issuer: Danone

Social bond Issuer Framework	Deutsche Kreditbank (DKB)	Bank of America	Danone
SPO of the Framework	ISS ESG	✖	Vigeo Eiris
Issuance dates	★ 02/10/2018: 10Y EUR 500M ★ 07/11/2019: 10Y EUR 500M	★ 25/01/2019: 4Y USD 500M • 25/09/2020: 5Y USD 2000M	• 26/03/2018: 10Y EUR 500M
Impact reports	Impact Reporting for DKB's green and social bonds 2018 DKB Impact & Allocation Reporting 2019	Social Bond Report	Danone Social Bond Reporting 2018
Studied report in this benchmark			

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2 **Our recommendations about allocation reporting**

i. **Reporting social categories**

ii. **Defining target populations**

iii. **Data visualization**

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i. Reporting social categories

Findings about impact reporting appearance, content and format
#1 | A detailed list of projects, activities, assets under each Social Bond eligible category (amount allocated line by line, location of the expense, activity or project, number of beneficiaries reached, share of funding, financing *versus* refinancing) **is far from systematic**.

Our recommendations over project, category and asset data reporting
#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** (pre-issuance split is sometimes required by investors).

In the next slides, we show which categories from the **ICMA Social Bond Principles are the most frequently covered in impact reports of our sample.**

Methodology for the analysis of recurring categories reported in Social Bond Reports

- **A recurrence threshold** has been defined. The categories to which proceeds where allocated by more than 7 out of 16 issuers of the selected sample were pinpointed.

- However, **some categories below this threshold were included**.

- These categories are meta-categories, i.e., they include sub-categories that nevertheless appear as independent categories in Social Bond impact reporting.

- **This is the case for instance with the ICMA category "Access to essential services" because it includes in the example given** data health, **education** and vocational training, **healthcare**, financing and financial services.

- **Healthcare and Education & Research were therefore mentioned as *ad hoc* categories.**

i. Recurring social categories(1/2)

The eligible categories that are the most frequently activated and reported by Social Bonds issuers

Categories of social projects to which proceeds have been allocated for at least six issuers in our sample (out of 16).

Access to essential services is a "meta category". When the category is invoked, the detail of the expense is given.

Issuer	Affordable Housing	Healthcare	Access to essential services
Kommunal Kredit	✓	✓	
NRW Land			
SFIL group (CAFFIL)		✓	
CDC	✓	✓	
CDP			✓ School building & upgrading, public infrastructure
CoE DB	✓	✓	✓ Primary & Secondary Schools, Kindergarten and Universities
IFC	✓		✓ Healthcare, water, finance and infrastructure for the underserved across the developing world
ICO		✓	
BPCE Group	✓	✓	
DKB AG		✓	
Danone SA		✓	
Bank of America corp	✓	✓	
NWB Bank	✓		
CaixaBank			✓ Micro-loans to vulnerable beneficiaries for decent & accessible housing, basic family needs, means of transport, education
Action Logement	✓		
Wallonie service public SPW	✓		✓ Modernizing public healthcare infrastructures, medical equipment and health services
Total number of times the category is "activated"	*9*	*9*	*5*

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i. Recurring social categories (2/2)

The eligible Social Bond Principles categories from the most recurrently "activated" by Social Bonds issuers*

including through the potential effect of the SME financing

Vocables used to describe expenses falling within the Education & Research category vary significantly and deviate from SBP official wording.

Issuer	Employment generation	Socioeconomic advancement & Empowerment	Education & Research
Kommunal Kredit			✓
NRW Land		✓	✓
SFIL group (CAFFIL)			
CDC	✓	✓	✓
CDP		✓	✓ School & child center upgrading
CoE Development Bank	✓		
IFC	✓	✓	
ICO	✓		
BPCE Group	✓	✓	
Deutsche Kreditbank AG			✓
Danone SA	✓		✓
Bank of America corp			
NWB Bank			
CaixaBank	✓	✓	
Action Logement		✓	
Wallonie service public SPW	✓	✓	✓
Total number of times the category is "activated"	*8*	*8*	*7*

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ii. Definition of target populations

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

Our recommendations about target population definition

#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, 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

---

*"Social Projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but **not exclusively for a target population**(s). A social issue threatens, hinders, or damages the well-being of society or a specific target population. For the avoidance of doubt, it is acknowledged that the **definition of target population can vary depending on local contexts** and that, in some cases, such target population(s) may also be served by addressing the general public"*

ICMA, The Social Bond Principles, June 2020

The definition clarity of target populations is a feature we investigated to assess the quality of a Social Bond Impact Report, and to give practical recommendations.

Our findings

Beneficiaries' socio-economic information is predominantly related:

- Gender
- Age
- Income situation
- Employment situation

- Educational background
- Disability
- Living/working location
- Household composition

The less common or absent socio-economic information on target populations are:

- Literacy
- Digital literacy
- Health situation
- Criminal record
- Migration status
- Race/ethnicity

- Sexual orientation
- Religion/beliefs
- Political views
- Dietary habits
- Solvency
- Transportation means

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ii. Reminder – the need to define target populations

The Social Bond Principles - *Voluntary Process Guidelines for Issuing Social Bonds* contribution to addressing target populations' needs

Takeaways from the ICMA SBPs:
- ❑ Social Projects seek to achieve positive social outcomes **especially but not exclusively for a target population**
- ❑ The **definition of target population can vary depending on local contexts**
- ❑ Target population(s) may also be served by addressing the **general public**
- ❑ **Thus, defining them can help issuers address specific social issues that are relevant for these target populations.**

"Examples of target populations include, but are not limited to, those that are:

1. Living below the poverty line
2. Excluded and/or marginalized populations and /or communities
3. People with disabilities
4. Migrants and /or displaced persons
5. Undereducated
6. Underserved, owing to a lack of quality access to essential goods and services
7. Unemployed
8. Women and/or sexual and gender minorities
9. Aging populations and vulnerable youth
10. Other vulnerable groups, including as a result of natural disasters

*"Transparency is of particular value in communicating the expected impact of projects. The SBP recommend the use of qualitative performance indicators and, where feasible, **quantitative performance measures (e.g., number of beneficiaries, especially from target populations**) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Issuers with the ability to monitor achieved impacts are encouraged to include those in their regular reporting. "*

Key takeaways about target population definition

- ✓ The ICMA gave a **non-exhaustive list** of possible target populations. **Ideally**, a social project mitigate or addresses a social issue *especially for a target population*. As such, issuers are encouraged to define the populations they target with qualitative and when possible, quantitative measures.
- ✓ The definition of **precise and delimitated target populations** is an **element to construct eligibility criteria**. It also speaks about the robustness and the quality of the methodology to identify social projects and to report on their impact.
- ✓ We suggest analyzing the practices of issuers regarding target population definition in the next slides.

ii. Definition of target populations

Introduction to our analysis

We analyzed how the issuers of our sample **define and identify target populations**. We thus identified four main ways/levels through which the issuers define target populations as such.

Level 1: Issuers that do not define target populations or mention them throughout their report for some categories but not for some others.

> Sometimes, the issuer's target population is the general public, and the proceeds finance social projects regardless of their beneficiaries.

Level 2: Issuers that do not define target populations but whose financed projects target specific populations by nature. Populations are described in a qualitative manner (e.g. *the elderly).*

> Elderly care homes target the elderly by nature. Some others mention target people with low-income without specifying criteria.

> Some issuers target areas instead of populations which we find relevant in some cases.

Level 3: Issuers that define target populations through the assets they finance, or the criteria needed for population to access these assets (e.g. income criteria to access social housing)

Level 4: Issuers that provide a clear definition and criteria of target populations. Some are SBP target populations while others are more detailed and specific to the issuers

> Many issuers used the Reporting Framework recommended for use by the ICMA where for each financed project, the target population has to be specified. As such, some issuers split target populations according to the social category they finance. Some others add their own criteria, and it is appreciated by investors that the methodology is provided.

- Overall, target population definition is an important part of Social Bond Impact Reporting, and the measurement of impact should focus on **the improvement of life conditions and social issues of these populations.**
- The definition and identification of the beneficiaries is also important to avoid free rider phenomena and to direct the proceeds and the access to the social projects to target populations. There is verification issue in this regards **to confirm if the beneficiaries were those identified in the first place and if the criteria were respected.**
- Target populations are finally multi-level. **Some social groups can be intertwined or included within larger groups** and the level of granularity and specificity among issuers vary.

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How issuers define or target certain populations? Our identified four levels of definition (1/2)

Target populations are not defined OR inconsistently mentioned for financed projects (mentioned for some, not mentioned for others)

1

Specific target populations are mentioned (but not defined) for some projects, yet the definition and identification of target populations is not systematic.

There is no eligibility criteria or target population. The issuer financers eligible projects and does not prioritize area or population.

Projects financed target specific populations by nature. Populations are described in a qualitative manner

- No reference to Social Bond Principles target populations nomenclature.

- The target populations are named like in the SBP, and they are mentioned but not defined.

2

Target populations are not defined separately from eligible projects, but the projects financed target them *via* quantitative eligibility criteria

More so than a target population *per se*, the issuer finances projects in **target areas** with equipment or infrastructure upgrading or construction needs.

3

The eligible assets bear elements of definition of target populations that are quantitative and resulting from statutory elements (social housing entities) .

Clear definition and criteria of target populations. Some are SBP target populations, while others are more detailed

4

The target populations are all named and eligible social category and target populations are linked and split between each other. The target populations include population groups mentioned in the Social Bond Principles, but not only. Not all target populations are precisely defined but for specific projects, additional eligibility criteria developed by the issuer is given (ex: for Social Housing, target populations are Social Housing beneficiaries)

The target populations are all named and eligible social category and target populations are linked and split between each other. Generally, the target population is the general populations, but when possible, target populations are defined and the definition often refers to international standards defining thresholds or categories.

Target populations are solely defined with the use of quantitative criteria and thresholds. A specific page or section defines these populations. The definition is precise.

Good practices

✓ Referring to ICMA Social Bond Reporting Framework (June 2019), available here – that recommends using a framework and table mapping financed projects and targeted populations (example of the Council of Europe Development Bank report.
✓ For each eligible asset or category, even if the asset financed is accessible to specific populations or areas, defining target populations separately to avoid confusion and gain clarity.
✓ When possible, referring to international standards defining certain populations groups, and using quantitative or precise thresholds and criteria.

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ii. Definition of target populations (2/5)

How issuers define or target certain populations? Our identified four levels of definition (2/2)

(1) **Target populations are not defined OR are inconsistently mentioned for financed projects (mentioned for some, not mentioned for others)**

Examples:

- "The programme aims at the creation of 250 new jobs for *people with disabilities* in inclusion companies."
- "The State programme provides ca. EUR 47.0m […] to provide targeted assistance for youth work and to reduce social disadvantages *in this area*"
- "EUR 675.2m were invested to finance additional student capacities, […] and the graduation of 64,300 students in 2017 (*no specific target population*)"

- "SFIL is financing public hospitals across **all the French territory**. SFIL's *lending covers almost all French departments*. Overall, available hospital facilities per habitant vary from a department to another. However, there are *no systematic regional imbalances*."

(2) **Projects financed target specific populations by nature. Populations are described in a qualitative manner.**

Examples:

KOMMUNAL KREDIT

- "Healthcare assets (elderly care homes […] to improve the quality of care homes for *the elderly and physically disabled*"
- "Financing of a […] UK social services provider for *individuals with learning disabilities*, […] responding to the continued growth in the number of *people with such disabilities*"

- Promotion of **small-scale farmers in developing countries**, Women empowerment through training, Improvement of low-income populations basic needs (such as malnutrition, drinking water…).

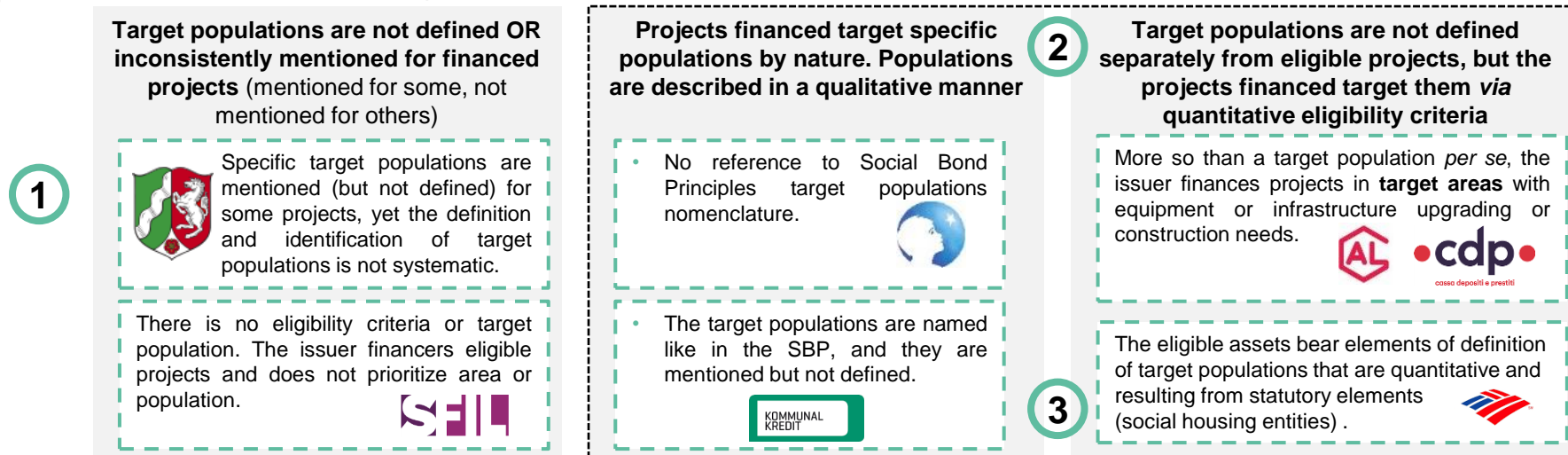**(4)** **Clear definition and criteria of target populations. Some are SBP target populations while others are more detailed.**

NWB BANK   DKB Deutsche Kreditbank AG   Examples: ICO   GROUPE BPCE

- "Eligible target populations include: 1) Living below poverty line 2) Vulnerable groups 3) Undereducated 4) Unemployed"
- "Partial financing of social mortgage loans in Wallonia to the lowest-income families with **≥ 3 dependent children and/or disabled person(s) living in the same household**."

- "IIFC's microfinance […] that serve *the un(der)served*, […], and reaching *persistently un(der)served and vulnerable populations* – particularly in countries that identified as *members of the International Development Association (IDA) and list of countries in fragile and conflict-affected Situations*.
- Target populations include: • Smallholder farmers who often lack access to key inputs, technologies and financial resources, typically very poor with limited access to market for their products • Vulnerable individuals suffering from malnutrition and those in food insecure regions

Caisse des Dépôts GROUPE

IFC

(3) **Target populations are not defined separately from eligible projects. The projects financed target them *via* quantitative eligibility criteria.**

Examples:

- "CDP has financed three projects aimed to provide earthquake-proof upgrading to three different schools"
- *Funding for urban regeneration measures* implies that these areas needed it.

cdp cassa depositi e prestiti

- "At least 40% of the units are both rent restricted and whose rents do not exceed 30% of an income equal to 60% of the area medium income."

Extracts of target population definition best practices (1/3)

Sed varius, ipsum eget faucibus vulputate

Element of definition that increases the quality and specificity of the target population

N W B) B A N K

Examples of target populations

The priority target group in social housing comprises households that are eligible for housing allowances.

The general target group is composed of households with a gross income per household of up to €39,055. A share of 10% of the allocations can be used up to a ceiling of €43,574 (2020).

Other groups with priority status because of their urgent housing needs include homeless people, refugees, divorced people, mental health patients, ex-offenders, former and current substance users, and victims of domestic abuse. People with care indications, elderly people and students are other special groups eligible for social housing.

The average disposable income in social housing was €24,100 per household in 2016 (compared with €32,700 in the private for-profit rental sector).

DKB
Deutsche Kreditbank AG

Our impact analysis therefore focuses on the following aspects for all defined social bond categories:
- Categorisation of loans according to the Social Bond Principles system
- Addressing the Sustainable Development Goals (SDGs)
- Regional distribution of loans according to the BBSR indicator (target population)

BBSR indicator

This indicator is compiled by the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR). It analyses population data and other socio-economic indicators such as overall net migration, the development of jobs and changes in the working age population, the unemployment rate and the trade tax effect.

This indicator provides a snapshot of which regions in Germany are shrinking (at an above-average rate), growing (at an above-average rate) or showing no clear direction of development from a socio-economic perspective.

For our target population definition, we include loans from regions that are shrinking (at an above-average rate) or which do not show a clear direction of development.

GROUPE BPCE

Le chiffre d'affaires 2018

moins de 150 000 €	23%	++ aucun salarié : 46% ++ création après 2016 : 47%
150 000 à moins de 250 000 €	19%	++ 1-2 salariés : 37% ++ création entre 2010 et 2016 : 25%
250 000 à moins de 500 000 €	18%	++ 3-5 salariés : 27% ++ 6-9 salariés : 35% ++ création entre 2010 et 2016 : 23%
500 000 à moins d'1 million d'€	12%	++ 3-5 salariés : 24% ++ 6-9 salariés : 29% ++ création entre 2005 et 2009
1 à moins de 2 millions d'€	11%	++ 10 salariés et + : 44% ++ création avant 1995 : 32%
2 à moins de 3 millions d'€	3%	++ 10 salariés et + : 17% ++ création avant 1995 : 10%
3 millions d'€ et plus[*]	1%	
NSP, Refus	13%	

(hors cible)

Conducting a survey among beneficiaries to better know them, categorize them and obtain hands-on information about the impact.

Eligibility criteria

> **SME** Under European Commision´s definiton

> **Regions with GDP per capita below the national average**

> **Excluded activities** either social or environmentally unfriendly (e.g. Alcohol, Tobacco, Gambling,,,)

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ii. Definition of target populations (4/5)

Extracts of target population definition best practices (2/3)

Sed varius, ipsum eget faucibus vulputate

Element of definition that increases the quality and specificity of the target population

Social housing

Regarding the management of regional public social housing, Wallonia has delegated this responsibility to three social housing agencies:

- FLWFN (Walloon Housing Fund for Large Families): manages aid for large Walloon families (3 or more children), by renting out buildings and social apartments, as well as granting premiums and interest-free loans to large families.

- SWCS (Walloon Social Credit Company): manages the granting of premiums and interest-free loans to its target beneficiaries (owners of social housing, except for large Walloon families treated by FLWFN).

- SWL (Walloon Housing Company): manages the vast majority of public housing in Wallonia (in 2020, this represents a portfolio of more than 10000 housing units, i.e. approximately 85% of total regional social housing), offered for renting to its target population (social housing beneficiaries, with the exception of large families treated by the FLWFN).

Examples of Loans Granted from the Social Inclusion Bond

Example 1: Social Housing

■ In 2014, the CEB approved a € 100 million Programme Loan to Fonds de logements des familles nombreuses en Wallonie (FLW), Belgium, for the partial financing of social mortgage loans in Wallonia to the lowest-income families with at least three dependent children and/or disabled person(s) living in the same household. For these groups, the loans granted by the FLW are very often the only means of acceding to or retaining ownership of dwellings in line with their financial resources. Moreover, all loan applications by the end beneficiaries are accompanied by technical and social support from FLW experts in order to ensure the success of each family project in both technical and social terms.

Total cost	CEB loan	CEB Loan share	# of dwellings	# of residents
47.4 €M	20 €M	42%	296	1 585

Project Category				Target Population	Allocation information		
SBP Category	Sub-category		SDG Addressed (as relevant)	Target Group	Signed amount	Share of Total Financing	Eligibility of Social Inclusion Bond
a/	b/		c/	d/	e/	f/	g/
					EUR	%	% of signed amount
Affordable housing	Social housing	Social mortgage loans Loans for social housing	SDG 10 SDG 11	Living below poverty line Vulnerable groups	€ 150,000,000 € 175,800,000 € 169,588,411 ---------- € 495,388,411	39% 33% 29%	100%

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ii. Definition of target populations (5/5)

Extracts of target population definition best practices (3/3)

Sed varius, ipsum eget faucibus vulputate Element of definition that increases the quality and specificity of the target population

Caisse des Dépôts GROUPE

Actifs éligibles à une obligation sociale ou une obligation durable

Infrastructures numériques	Accès au numérique par des réseaux de fibre optique	Population cible : habitants, entreprises locales, services publics des déserts numériques
Éducation et insertion professionnelle	Accès à la formation (soutien aux organismes de formation)	Population cible : personnes de tous âges en difficulté d'insertion socioprofession-nelle, sans formation ou expérience, éloignées de l'emploi
Économie sociale et solidaire	Investissements dans toute entreprise de l'ESS	Toute entreprise de l'ESS au sens de la loi du 31 juillet 2014
Immobilier social	Soutien des maîtres d'ouvrage d'insertion dans la production de logements très sociaux	- Maîtres d'ouvrage disposant de l'Agrément entreprise d'utilité sociale (ESUS) - Population cible ; mal-logés, personnes et ménages en situation de précarité et d'exclusion

IFC

Through its Financial Institutions Group (FIG), IFC helps to increase the availability and affordability of financial services, particularly to MSMEs. IIFC's microfinance strategy focuses on building sustainable financial service providers that serve the un(der)served, scaling up support for innovative digital solutions that responsibly expand access, and reaching persistently un(der)served and vulnerable populations – particularly in countries that identified as members of the International Development Association (IDA) and list of countries in fragile and conflict-affected Situations.

Financial Sector

Social bond eligible projects in the financial sector focus on improving low-cost access and availability of financial products and services. Sub-sectors include gender finance, housing finance and microfinance. Target populations in FY2o include:

- Women-owned small- and medium enterprises (SMEs)
- Micro-loan borrowers who lack access to affordable financial services from traditional banks or lending institutions, often low-income or living in remote areas
- Underserved individuals lacking access to affordable housing finance
- Agrifinance especially targeting small holder farmers

Loans granted in areas with population at risk of poverty	a) Loans, in number, allocated to the Social Bond granted in areas with population at risk of poverty, defined as "areas with more than 15% of the population living in households whose total equivalent annual income is below the poverty line". Data obtained through the INE (National Institute of Statistics) for the year 2019 (https://www.ine.es/jaxiT3/Tabla.htm?t=29282). b) Borrowers, in number, granted a loan allocated to the Social Bond in areas with population at risk of poverty. c) Total amount of loans, in millions of €, allocated to the Social Bond granted in areas with population at risk of poverty.	SDG 1
Loans granted in rural areas	a) Loans, in number, allocated to the Social Bond granted in rural areas, defined as "areas with a number of inhabitants of less than 30,000 per municipality and a population density of less than 100 inhabitants per km2" (definition according to Spanish Law 45/2007: https://www.boe.es/buscar/pdf/2007/BOE-A-2007-21493-consolidado.pdf). b) Borrowers, in number, granted a loan allocated to the Social Bond in rural areas. c) Total amount of loans, in millions of €, allocated to the Social Bond granted in rural areas.	SDG 1 SDG 8

- **Dedicated section about target populations**,
- Quantitative and precise thresholds
- Reference to national statistics
- Reference to SDGs targeting populations

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iii. Data visualization

#2 | 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** (absence of legend, lack of information hierarchization).

Our recommendations over project, category and asset data reporting

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

Most reports use **graphs or pie charts** to present information, which can be easy to implement and contain information, when realized in a comprehensive manner

Using graphs and tables can help present information in a synthetic way but these tables have to be easily understandable. Issuers can use the Reporting Framework* provided by the ICMA. Here is how it is used by the Council of Europe Development Bank:

CaixaBank extract

DIRECT IMPACT — Number of FTEs[2] employed by the borrowers as a result of the loans granted

2,591 Jobs (Total direct employment impact)

2% — 5%
3% — 2%
5% — 28%
5%
10%
11% — 16%
13%

- Real estate services
- Agricultural, livestock and hunting products, and related services
- Accommodation, food and beverage services
- Wholesale trade services and trade intermediation, except motor vehicles, motorcycles and mopeds

Project Category				Target Population	Allocation information				Social Indicators	
SBP Category	Sub-category		SDG Addressed (as relevant)	Target Group	Signed amount	Share of Total Financing	Eligibility of Social Bond	Allocated amount	Indicator 1	Indicator 2
a/	b/		c/	d/	e/	f/	g/	h/	i/	i/
					EUR	%	% of signed amount	EUR	Number of people benefiting	Other
Access to essential services	Health	Health and related infrastructure	SDG 3 SDG 10	Vulnerable groups	1 308 783 745	89%	100%	1 308 783 745	28 840 000 *	84 200 000* Personal protective equipment units such as face masks, shields, gloves, surgical gowns, etc.

Overall, data visualization is an important part of Impact Reporting because it aims at **making information easy to read**, **access and to understand**. The goal of data visualization is not only to present data, but also to **put several data streams into perspective**. Maps can be of help and are relevant if one can see, for instance, that the majority of the projects are located in target areas where the issuer can demonstrate (e.g. with public data) **a distinctive socio-economic characteristic of an area.**

*Source: ICMA Social Bond Reporting Framework (June 2019), available here.

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iii. Geospatial dimensions of Social Bond Impact Reporting (1/3)

An example of a relevant use of maps by SFIL Group

Extract of SFIL's impact report

Geographic distribution of the Health Loan Portfolio

Density - number of beds and places per 10,000 inhabitants
Low density
Medium density
High density

Number of hospital in the Health Loan Portfolio
12 4 3 1 0

basemap from OpenStreetMap contributors (ODbl license)
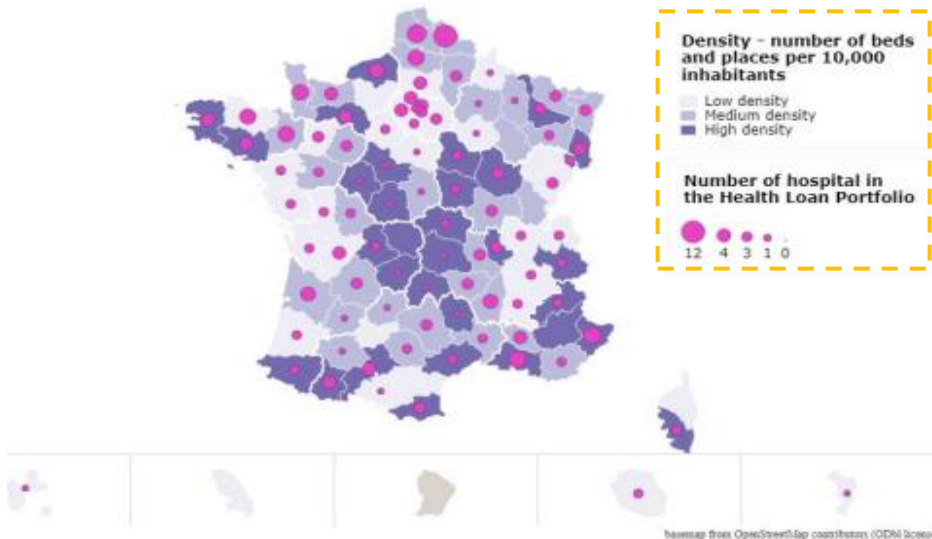
Source: DREES « Les établissements de santé, édition 2019 », based on estimate on the population as of 1 January 2017
Map made with Khartis

- The graph shows the distribution of the 254 public hospitals in the health loan portfolio per department
- The colour code of the Départment reflects the density of beds and places per inhabitants: Where the density is low, there are few beds and places per inhabitants.
- SFIL is financing public hospitals **across all the French territory**. SFIL's lending covers almost all French departments
- Overall, available hospital facilities per habitant vary from a department to another. However, there are **no systematic regional imbalances**.

Enean ac urna at est suscipit tristique ornare nec ligula.   Relevant information

In SFIL's Geographic distribution of the Health Loan Portfolio, two information streams are combined or collated :

1) The regional density of beds and places per region split into three groups, low, medium and high density.

2) # of Hospital in the Health Loan Portfolio of SFIL per region.

Geographic distribution is insightful when:

o The projects, assets, activities are spatially localized at a very **granular administrative level** (e.g. district areas).

o The **data collated** (**juxtaposed with the location of the project) is relevant when it focuses on a variable or phenomenon** that can be (*at least theoretically*) influenced by the projects / assets/ activities, and roughly covers the same geographic perimeter and time period.

iii. Geospatial dimensions of Social Bond Impact Reporting (2/3)

Comparing the maps requires defining **key questions** to assess the validity of the information presented.

- Is there a **method for presenting graphic information** in impact reports?
- Is the information **hierarchical**? Do the **colors** used **reflect the impacts** of the bond being highlighted?
- Are the **statistical data regionalized, localized, or just dots "placed"** on maps? Do the **scales of the legends** allow for a view of both macro or project/region level reporting?
- Are we representing **micro phenomenon or holistic data**?

CDC places dots on a map with a localization and type of projects financed. Juxtaposing other data streams would make the use of map more insightful.

Examples of maps provided by CDC and ICO in their Social Bond Impact Reports
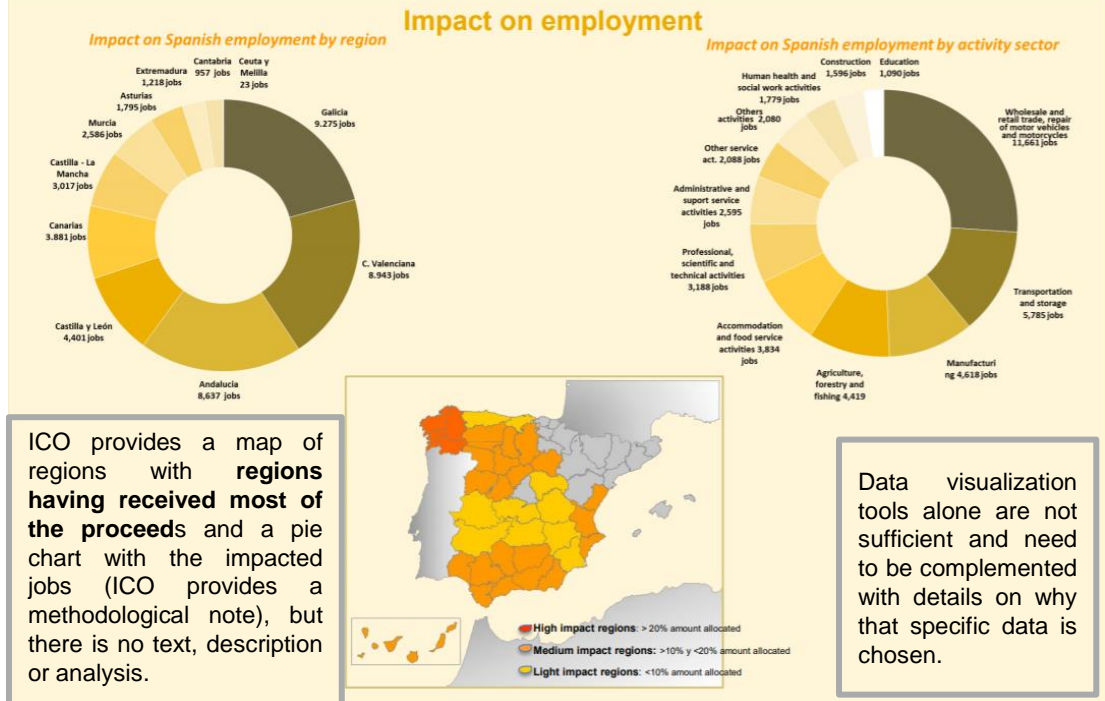
ICO provides a map of regions with **regions having received most of the proceed**s and a pie chart with the impacted jobs (ICO provides a methodological note), but there is no text, description or analysis.

Data visualization tools alone are not sufficient and need to be complemented with details on why that specific data is chosen.

Source: Sustainable Bond Impact Report, Caisse des Dépôts 2019, p.23, available here
Instituto de Crédito Oficial, Social Bond Reporting (October 2020) – available here.

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iii. Geospatial dimensions of Social Bond Impact Reporting (3/3)

Comparison of methodologies used to define the geospatial eligibility criteria of investment		
Issuer	**CDC**	**ICO**
Geospatial eligibility criteria	• Digital infrastructures improvement for digital deserts (peri-urban, rural). • Reduction of medical deserts.	• SME Under European Commission's definition. • Regions with GDP per capita below the national average.
✓ **Strengths**	• Strong definition of development gaps areas. Example given for **digital infrastructures improvement for digital deserts.** • **The deployment of optical fibre where it is not profitable for a private operator.**	• **Prioritization of areas with a development gap.** • Additional tools (impact on Spanish employment of the funds doubled by impact of the fund per sector).
✖ **Limits**	• Despite a granular definition of the needs to be addressed by the funding, **the granularity of the visualization is similar to points on a map without more information.** • **Focus on projects as examples of social flagships actions.**	• **No scatterplots or additional econometric models** to demonstrates relations between funding and employment stimulus.

Key takeaways about geospatialization and the use of maps

Deconstructing maps: methodological recommendations for improving visualization.

A. **Visualized time range**

✓ A series of maps over a longer period of time (considering a baseline situation relative to the chosen indicator before the bond was issued) would have allowed for a more detailed assessment of the issuer's action over time.

B. **Size of the visualized geographical units**

✓ **Play with scales and subscales**, selecting smaller geographic areas to display more granular patterns, as larger geographic areas display aggregated data that can hide what is happening at lower levels (which are the ones relevant to asset/project's impact).

C. **Additional Tools**

✓ **Using scatterplots to demonstrate relationships between two variables** (R2 linear regression) could have been considered to show the impact of a UoP-related measure on the target populations mentioned in the impact report.

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3 **Our recommendations about data, methodologies and impact reporting**

i.   Disclosing on methodologies and diversifying various data streams

ii.   Impact indicators design

iii.   Case studies: presentation of our assessment template

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i. Disclosing methodologies and diversifying various data streams

Findings about the issuers' resources, tools, stakeholders, data sources and methodologies

#6 | Main resources and tools used to nourish impact reporting are **internal databases** ("know your customer/beneficiaries" NYC/B, output data) and **econometric models using public data** (feeding input-output models on employment creation, this is mostly used by FIGs to model the impact of their loans). **Surveys of beneficiaries** are nascent but promising. **Macro data and granular data enhance the impact reporting quality**. Public statistics can be mobilized in conjunction with surveys.

Our recommendations over impact reporting data and methodologies

#5 | Diversifying 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) .

According to the issuer's activity and role in society (bank, public institution, etc.…), access to data can vary. Issuers have resources of various quality and quantity when it comes to data collection, data analysis and data visualization (which we mentioned in the previous chapter).

This chapter is about the *how.*

- *Q1. How do issuers collect data?*
- *Q2. How do they process it? How do they design their impact reporting methodologies?*
- *Q3. How do they disclose and communicate on these methodologies?*

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i. Disclosing methodologies and diversifying various data streams

Question 1: How do issuers collect data?

Generally speaking, issuers have three main sources of data they can use to construct their impact reports:

❑ **Public data,** national or regional statistics and other data collected by public agencies: this data can be **public** but sometimes, some statistics are only available to agencies or issuers that are public or have interconnexions with public services, which can give them an advantage over FIGs or Corporate issuers. This data is often **very quantitative** and has to be extracted and manipulated before becoming reader-friendly (INSEE data in France, Eurostat Data, SDSN data on the SDGs).

Data from various ministries or state agencies: data can be considered internal as these issuers are SSAs

Use of public statistics for the construction of a geographical KPI + internal databases

❑ **Internal data or databases**: this data is privately owned and produced by issuers through **internal processes (Know Your Customer, KYC)**. Internal databases are constructed over time and in order to have complete datasets, the data collection processes could be revised in synch with **data needs resulting from the impact reporting exercise**. In other words, many issuers realize that they either do not have the resources or the internal processes to collect data in a recurrent/timely manner for the purpose of the impact report, and decide to develop such processes afterwards (e.g., questions asked by retail bankers to clients during the loan contract writing process). Issuers that have developed these processes and datasets beforehand are better positioned to develop robust impact reports.

Internal databases include data sourced from the recipient organizations of the proceeds

Lack of information about data sources (supposedly internal)

❑ **Surveys, questionnaires or local investigation/data collection to beneficiaries:** this data is very specific and targeted. It is very *micro* in its nature because surveys aim at collecting information from the beneficiaries of the Social Bond proceeds. Conducting such research or surveys requires resources or the involvement of third-parties. Challenges around surveys revolve around access to the actual beneficiaries of projects, the representativeness of sample, and surveys biases (result interpretation).

Issuers using all three data streams including surveys

Succinct report, few data and limited impact reporting

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i. Disclosing methodologies and diversifying various data streams

Question 2: How do they process it? How do they design their impact reporting methodologies? (1/2)

Various methodologies are used to process data. Issuers often simply track KPIs that are or were already calculated and provided by the recipients of the proceeds. Others use input-output methodologies.

(1) **Use of input-output models (Leontief):** The input-output methodology is **a standard technique, widely used to estimate direct and induced impact on GDP and employment developed by W. Leontief**. The starting point is the symmetric input-output tables (SIOT), which serve as the basis for calculating the multiplier or **Leontief matrices**.

(2) **Beneficiaries Survey:** BPCE and CaixaBank used **surveys among their beneficiaries** to measure the impact of their loans on different micro-economic indicators. The indicators are specific.

(3) **Tracing indicators to project bearers or to budgets:** some issuers use various approaches depending on data availability. The approach can consist in simple formulas or tracking of output and outcome indicators from recipients of the proceeds.

* KPIs and methodologies of NRW, CaixaBank and ICO were elaborated with the support of a third-party (respectively with Wuppertal Institute, Deloitte, PWC)

To go further

Use of Life-Cycle Assessment method: NRW is the only issuer describing the advantages and disadvantages of this method that consists, just like GHG reporting, in using factors similar to emission factors. The issue identified by NRW is that there are **big data gaps and opaque cause-effect-relationships**. For NRW, an LCA **has the advantage of being scientifically robust and replicable**, but complex to implement and dependent on availability of data. However, NRW advocates for "*a **common scientific methodology** […] and a **common data basis** that can be used for social bonds*".

NB: only allocation reports are available for Kommunal Kredit, Action Logement and Bank of America.
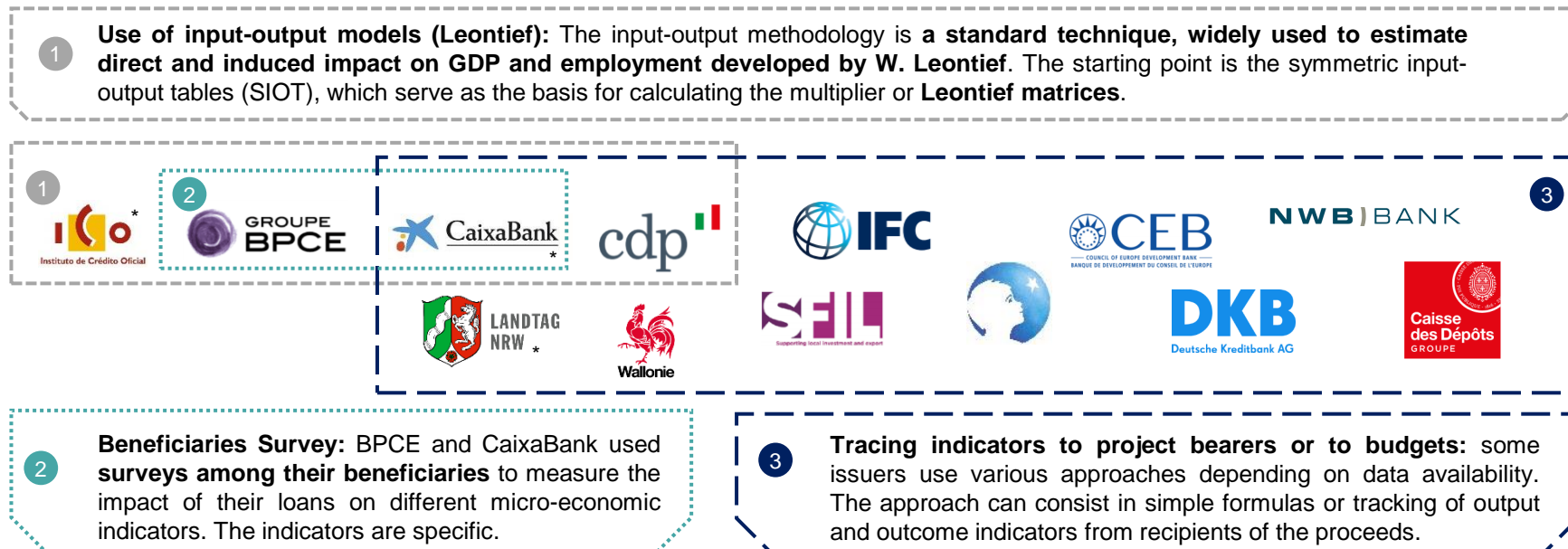
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i. Disclosing methodologies and diversifying various data streams

Question 2: How do they process it? How do they design their impact reporting methodologies? (2/2)

It is not always possible to define methodologies that apply to every issuer. Each issuer designs methodologies according to their resources and ambition.

Details and description of the issuers' impact measurement approaches

Issuer	Details
CoE DB	3 output KPIs for Health loans and 3 for MSMEs.
IFC	KPIs are not prorated for the portion of IFC's contribution.
DKB	Static data given on hospitals financed.
NWB Bank	Aggregated outcome and output indicators traced from project bearers
Danone SA	Provides a document with the KPI it tracks from project bearers
Wallonie service public SPW	Impact indicators provided regarding the implementation phase, but outcome indicators are traced to project bearers. Methodologies under construction for other indicators
NRW Land	Pros and cons of each approach is analyzed.
CDC	A methodological note details approaches and sources of data for each KPI addressed.
CDP	A methodological note details approaches and sources of data for each KPI addressed.
CaixaBank	Input-output for employment impact + tailor-made KPIs sourced from the survey. Collaboration with Deloitte
BPCE Group	The beneficiaries survey is about impact perception
ICO	Input-output analysis of the National Accounts with PwC: Models adapted to data available.

- Kommunal Kredit provides only a few output indicators in the project highlights within the report available here.
- Bank of America and Action Logement do not report on impact but only on allocation.

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i. Disclosing methodologies and diversifying various data streams

Question 3: How do they disclose and communicate on these methodologies?

Methodologies disclosure is critical from a transparency standpoint

How do the issuers detail their methodologies?

Issuers **describe their methodologies within the report** with notes and explanations, as well as an appendix

Issuers communicate on the methodologies they used **within the report with detailed descriptions**

Issuers describe their methodologies in their report but **in a few sentences**

Issuers describe their **methodologies in a separate document** (clickable link to the documents on the pictures)

Econometric analysis Link + Survey Link

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i. Disclosing methodologies and diversifying various data streams

To go further: focus on socio-quantitative tools to measure impact on employment (1/6)

The major objective of the ICO's issuance is to **maintain jobs in disadvantaged regions** & to grant loans to institutions through its **second-floor financing to preserve employment**

I. The ICO contributes to employment through the direct financing of productive investments with the following methodology:

1. **Calculating the production / Gross fixed capital formation (GFCF) ratio** (average of total national investment in fixed assets / volume of production for the whole country per year).
2. **Calculating the increase in production** from the volume of financing granted by the ICO for each sector of activity multiplied by the ratio of average production / GFCF / year.
3. **Calculation of the average employment coefficients of the companies financed**: for each euro of production corresponds an average number of employees committed.
4. **Direct impact on employment = direct impact on production (2) * employment coefficients (3).**

II. The ICO estimates indirect impacts on GDP and employment using symmetrical input-output tables (SIOT) through the different phases below:

1. **Quantification of funding broken down** by sectors concerned (SIOT)
2. **Calculation of the indirect impact vector on production**: amounts paid by sector * matrix of production multipliers.
3. **Calculation of employment coefficients by sector:** quotient of the number of employees and production for each sector.
4. **Indirect impact of ICO financing by sector**: Indirect impact on production by sector x employment coefficient of each sector.

III. The ICO measures the induced impact on employment:

1. **Estimation of the additional activity reflected by a salary increase.**
2. **Calculation of the proportion of additional income used for a "marginal propensity to consume" (MPC)** with the following variables in the econometric model: households, disposable income, consumption. The total amount of this estimated increase in consumption indicated a proportion of the induced impact on production.
3. **Calculation of the additional increase in activity that this MPC** generates in the sectors in which it is made **(indirect impact of the induced impact).**
4. Once the amount of the increase in consumption is obtained for each sector, the amounts will be multiplied by their corresponding sectoral production multiplier, to determine the impact on all production.
5. **Transform this impact on production into an impact on employment**, by multiplying the impact on each sector by the employment / production ratio of each sector

i. Disclosing methodologies and diversifying various data streams

To go further: focus on socio-quantitative tools to measure impact on employment (2/6)

CaixaBank calculates the **total, direct, indirect and induced employment impac**t, in number of jobs, defined as the "employment contribution of the loans allocated to the Social Bond", broken down by sector of the economy. Employment impact is calculated according to the "Input-output" methodology. CaixaBank constructs an "employment impat" KPI using i. **Imput-output methodology, ii. Surveys, iii. its databases**

3 MAIN SOURCES OF DATA

Input-output methodology　　　**Surveys**　　　**CaixaBank's databases**

- **The input-output table analysis is used to calculate the impacts that the credits granted have on the whole of the Spanish economy** in terms of economic impact and employment impact.

- Both types of matrices are published by the National Institute of Statistics (INE). It is possible to calculate direct, indirect & induce effects with the same methodology that of ICO's matrices.

CaixaBank conducts telephone surveys to strengthen the quality of their data. Among target populations, they measure the effective effect of the loans/funds with SDGs 1 and 8 objectives. CaixaBank assessed the confidence level of these surveys at 95%.

SDG 1: 600 surveys conducted among individuals and families by MicroBank (entity of CaixaBank) **in 2019.**

SDG 8: 489 surveys conducted among self-employed workers, micro-enterprises, small-sized companies and medium-sized companies by CaixaBank **in 2020.**

The interviewers were able to score the responses of the respondents according to the following grid during the surveys

Intensity score for the financial support received	Definition: a score is assigned to each question to then calculate a weighted score out of 10.		
Answer	% of the total	Score assigned	Calculation (% of the total*score assigned)
Strongly agree		5	
Agree		4	
Neither agree nor disagree		3	
Disagree		2	
Strongly disagree		1	
NR/DK		0	
Weighted Score Out of 10	**100%**		**(Numerator) / (5*10)**

To go further: focus on socio-quantitative tools to measure impact on employment (3/6)

CaixaBank

Questions from the survey aimed at measuring impact

- *The financial support received has had a positive impact on my personal well-being and/or that of a family member*

- *Would you say you have met the need / needs for which you applied for the loan?*

- *After receiving the loan, how would you say your ability to cope with unforeseen expenses has changed?*

- *In the last 12 months, how has your ability to save changed?*

- *Before applying for the loan, had you requested it from other entities?*

- *What was the purpose of the loan?*

- *After the loan was granted, would you say that your quality of life has improved?*

- *How did the loan impact your business 12 months after it was granted?*

- *How did the loan affect the growth of your business 12 months after it was granted?*

- *What was the purpose of the loan?*

- *How did the loan impact the business in the 12 months after it was granted?*

- *How did the loan affect the growth of the business 12 months after it was granted?*

Example: Visualization of the answer

Positive impact of funding received

> The financial support received has had a positive impact on my personal well-being and/or that of a family member

- 1%
- 1%
- 1%
- 10%
- 24%
- 63%

- Strongly agree
- Agree
- Neither agree nor disagree
- In disagreement
- Strongly disagree
- NR/DK

"87% CLAIM TO HAVE EXPERIENCED A POSITIVE IMPACT ON THEIR PERSONAL/ FAMILY WELL-BEING"

Intensity score | out of 10 [1]

8.07

0 1 2 3 4 5 6 7 8 9 10
NR/DK   STRONGLY AGREE

Intensity score = weighted average of replies using the following scale
> Strongly agree = 5   > Disagree = 2
> Agree = 4   > Strongly disagree = 1
> Neither agree nor disagree = 3   > NR/DK = 0

THE HIGHER THE SCORE, THE MORE THE LOANS ARE CONSIDERED TO HAVE A POSITIVE IMPACT

The loans help to foster equal opportunities, facilitating financing for people with limited resources and increasing family well-being

Loans granted in areas with population at risk of poverty [2]
> Number of loans   86,803
> Number of borrowers 71,116
> Total amount   €299 M

1) See Appendix II: Methodology for a detailed definition and explanation of the calculation (page 33).
2) See Appendix II: Methodology for a detailed definition and explanation of the calculation (page 29).
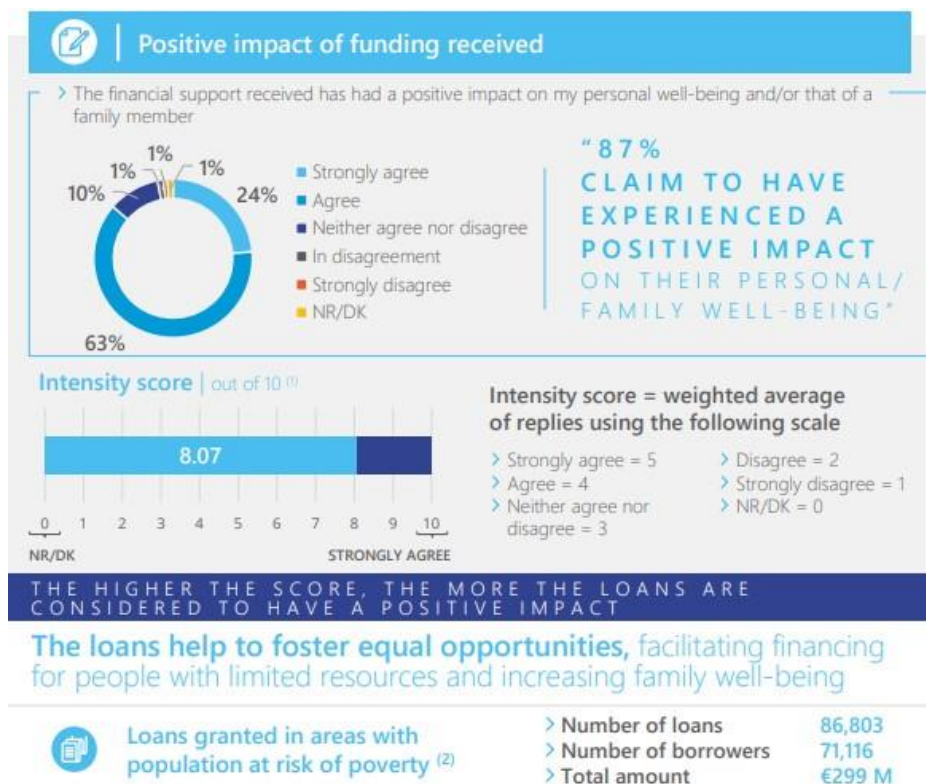
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i. Disclosing methodologies and diversifying various data streams

To go further: focus on socio-quantitative tools to measure impact on employment (4/6)

Excerpt from CaixaBank's impact report

- The input-output methodology is a standard technique, widely used to estimate direct and induced impact on GDP and employment developed by W. Leontief. The starting point is the symmetric input-output tables (SIOT), which serves as the basis for calculating the multiplier or Leontief matrices.

- These matrices enable, for each euro invested or paid out in the different sectors to determine the impact in terms of gross production.

$$X = AX + DF$$

X is the production vector of the different homogeneous activity branches

A is the matrix of technical coefficients and are the input requirements (intermediate consumption) per unit of output (production)

DF is the final demand vector of the system

The model is defined by the equation based on the inverse Leontief matrix

$$X = (I-A)^{-1} DF$$

The above expression can also be seen as follows:

$$\begin{pmatrix} X_1 \\ X_2 \\ X_n \end{pmatrix} = \begin{pmatrix} a_{11} & a_{12} & a_{13} & \cdots & a_{1m} \\ a_{21} & a_{22} & a_{23} & \cdots & a_{2m} \\ a_{n1} & a_{n2} & a_{n3} & \cdots & a_{nm} \end{pmatrix} \times \begin{pmatrix} X_1 \\ X_2 \\ X_n \end{pmatrix} + \begin{pmatrix} DF_1 \\ DF_2 \\ DF_n \end{pmatrix}$$

X_1 is the production of sector 1, DF_1 is the final demand of sector 1, and a_{nm} are the input requirements of sector n in order to produce 1 unit of output of sector m.

Canonical expression re-organized : X = (I-A) -1 DF

- The above expression reorganized as followed is able to calculate the production needs of an economy (X) **based on the final demand (DF)** : **X = (I-A) -1 DF**

  - (I-A) -1 is the Leontief inverse matrix or production multiplier matrix used to calculate impact.
  - (I-A) -1 is the Leontief inverse matrix or production multiplier matrix used to calculate impact. **These matrices make it possible, for each euro invested or paid out in the different sectors (for each euro of final demand), to determine the impact in terms of gross production (that is, production needs).**
  - This matrix is the starting point for estimating indirect and induced impact, both on GDP and on employment.

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To go further: focus on socio-quantitative tools to measure impact on employment (5/6)

- A Social Accounting Matrix is **an application of the Leontief** model which represents the **process of production, distribution and redistribution of income** between sectors, factors of production and agents of a given economy.
- The goal is to **provide information on the social and economic structure of a country.** For instance, the data presented can feed various models assessing the effects of a shock or a public intervention in an economy.
- A SAM displays information about how the different players in an economy relate to each other. **Items in columns pay out and items in rows receive.**

The structure of a Social Accounting Matrix

Expenses / Revenues	Activities	Basic products	Work	Capital	Households	Government	Savings & Invest.	Rest of the world	*Total*
Activities		Domestic demand							*Revenue of activities*
Basic products	Domestic demand	Transaction cost			Private consumption	Government consumption	Investment demand	Export	*Total demand*
Work	Added value							Transfers of foreign funds	*Revenue factor*
Capital	Added Value							Transfers of foreign funds	*Revenue factor*
Households			Payments of factors to households: salaries	Payments of factors to households: Rents	Transfers between households	Social monetary transfers		Sending foreign funds	*Revenue of households*
Government	Production taxes / subsidies	Selling taxes and import duties			Direct taxes to households	Monetary transfers to public sector		Subsidies to foreign loans	*Fiscal revenues of government*
Savings & Investment					Private savings	Budgetary surplus		Current account balance	*Total Savings*
Rest of the world (RoW)		Payments at import	Factors paymento RoW	Factors paymento RoW	Remittances	Transfers to RoW			*Exit of foreign currencies*
Total	Total production	Total Supply	Total of payments to factors	Total of payments to factors	Total expenses of households	Total government expenses	Total of investment expenses	Entry of foreign currency	

- **Each cell represents a monetary transfer from a column account to a row account.**
- The cell at the intersection of the "Activities" column (column 1) and the "Commodity" row (row 2) represents intermediate consumption.

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i. Disclosing on methodologies and diversifying various data streams

To go further: focus on socio-quantitative tools to measure impact on employment (6/6)

Social Accounting Matrix items' description

Account	Description
Activities	• Accounting for sectors that perform production, purchase intermediate inputs to commodity accounts, pay value added to factor accounts, and pay production taxes to the government.
Commodity	• Goods and services produced by activities. Payments received for activities using the products as intermediate inputs, from households (private consumption), government (public expenditure), from the "Savings and investment" (investment demand) & "Rest of the world".
Factors	• The factor accounts represent labor and capital i.e payments from activities in the form of added value. Factor accounts use these receipts for payments to households as factors of income.
Household and Business	• The household account represents the private institutions of the economy. They receive the value of the payroll in the form of salaries as well as transfers from other domestic and foreign institutions. Households use their income for the consumption of goods and services and savings. • Businesses are included in the household account because it is assumed that companies have a model of income and consumption similar to that of households.
Government	• The "Government" account records public expenditure in the form of recurrent expenditure and transfer payments to households (e. g social security and pensions). It also reproduces government tax revenues such as direct taxes paid by households, and indirect taxes, such as sales taxes and import duties.
Savings and investment	• The "Savings and Investment" account collects savings from households, government and the rest of the world (external savings), then uses it to invest in commodities (e.g. an investment demand for production).
Rest of the world	• The "Rest of the World" account reproduces the monetary flows between the country and all its foreign partners.

Source : UEOMA, definitions available here

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ii. Impact indicators design

#5 | Indicators focus on the **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. Moreover, the effects of the projects are often not accounted as a pro-rata corresponding to the share of investment by the issuer.

Our recommendations over impact reporting data and methodologies

#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).

Our recommendations over the impact claim

#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 and assess real impacts).

- **The design of Key Performance and Social Impact Indicators is a cornerstone element of a quality Impact Reporting**.

- We pinpointed **characteristics of good KPIs** and identified innovative and relevant KPIs used by issuers of our sample in their reports.

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Introduction on Key Performance Indicators (KPIs)

A good KPI is not necessarily sophisticated. It must be thoroughly defined, capture meaning, be methodologically robust and reliable over time and space.

An indicator can be used to **identify where** (e.g., territories) **the most acute needs and/or challengers are** (context or situation indicator, e.g., analysis of the development gaps between regions), or to **track the efforts and resources allocated by an organization** (input indicators). For assessing access to basic services for instance, it is crucial to measure the total number of beneficiaries/clients reached. Under certain contexts, especially in high income countries, it is relevant to distinguish availability, ease of access (and its preservation), productivity/efficiency, quality and affordability of a social service.

Three levels of complexity of KPIs

Level 1 – Basic KPIs

Basic KPIs do not allow to measure impact *per se*. They **are not granular and/or narrow enough**. They aggregate various outputs into one absolute number, often with little segmentation of the beneficiaries.

Examples: # number of beneficiaries, # jobs impacted, # training hours

Level 2 – Moderately sophisticated KPIs

Some issuers use existing KPIs, e.g., in public statistics, that **allow comparability over time and space**. Ratios like # jobs created per million € invested can be thought of. Yet, these indicators can lack **specificity** to the given projects.

Examples: amount invested (Eur/student), # of beneficiaries returned to employment

Level 3 – Advanced KPIs

Advanced issuers will elaborate KPIs that best suit the measurement of impact. More complex KPIs convey **more precise information, are more easily understandable and are useful tools to monitor the actions** that are the most effective.

Example: Improvement of the liquidity situation and/or savings capacity

Qualities of a good Key Performance Indicator

✓ Capture the meaning & importance of the measured phenomenon
✓ Allow an easy interpretation
✓ Be statistically solid and reliable
✓ Not be easily manipulated
✓ Can be updated over the recent period & be subject to revisions
✓ Not be too burdensome to produce
✓ Be, if possible, accessible to citizens

Bonus : NRW's definition of a Best-needed indicator

✓ Represents a **positive quantified outcome and covers t**he **most relevant societal outcomes** of a project.
✓ Can be **traced back to investments in the bond** (cause-effect relationship), incl. the **% of financing by the issuer**.
✓ **Can be scaled** according to the amount of investment.
✓ Data for indicator quantification is **publicly available**.
✓ Can be **quantified in a scientific robust manner including a qualification of limitations, trade-offs** (potential negative effects in other areas) and uncertainties.
✓ The quantification is **transparent**, can be **replicated** and **verified**.
✓ Indicator results of one project **can be compared** with other projects within the same bond as well as results in other bonds.

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In the ICMA Social Bond Reporting Framework (June 2019), available here, the ICMA provides reporting principles and recommendations regarding the choice of Social Impact Indicators.

Extracts from the recommendations

✓ Impact Indicators: Issuers are encouraged to use **metrics relevant for their projects and utilize existing indicator lists and catalogues wherever possible**. **Quantitative indicators** are greatly encouraged.

✓ Indicator Methodology: For comparability and transparency, it is highly recommended that issuers **provide background on the methodology and assumptions used for the calculation of social impact indicators**

✓ Share of Financing and Reporting (in %): Issuers are encouraged to **explain the methodology they use to determine the share of eligible project financing** being applied to impact calculation. When aggregating impact metrics, only the pro-rated share should be included in the total.

List of Sample Indicators suggested by the ICMA

SBP eligible category	Suggested indicators		
Access to Essential Services	• Patients reached • Number of children vaccinated • Students Reached • Number of new household water connections • Number of new household power connections • Live births in hospitals	• Infant mortality (< 1 year) • Childhood mortality (< 5 years) • Hospital bed density • Maternal mortality • Life expectancy • Personnel density P • laces in care facilities • PISA-test results	• PISA-test results • Youth unemployment rate • Childcare ratio • Share of people with access to public transport • Recycling rate • Treatment of hazardous waste (%) • Share of barrier-free access
Social and economic empowerment	• Income wealth ratio • Unemployment rate • Youth unemployment rate Income per inhabitant • GDP per inhabitant	• Number of loans to women-owned SMEs • Number of loans to women-owned microenterprises • Number of smallholder farmers reached • Poverty-endangering rate	• Beneficiaries of minimum benefits • Share of child labor • Proportion of women in mgmt. positions • Share of people with mobile network
Affordable housing	• Rental costs compared to the national/regional rent index • Participation (rate) of tenant	• Share of under-served tenants • Number of dwellings	
Employment generation	• Jobs created • Jobs retained	• Number of loans to SMEs • Number of loans to microenterprises	

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Sample of used KPIs per eligible category and issuer

❑ **Social Housing**

• No innovative KPI has been found for social housing categories

❑ **Healthcare (essential services - healthcare)**

• Healthcare Added Value ("HAV") calculation : the quality of the medical coverage provided to the population, in whole French territory.
➢ Defining for each medical specialties the social importance of the public hospital in its geographical area.

❑ **Socio-economic advancement – employment (modernization of educational capacities & urban renewal**

• Funding projects that enlarge education capacities (take part in the so-called "Hochschulpakt") & reducing the amount of university dropouts.
• Funding projects that provide equal opportunities for people with disabilities, migratory background.

• Investments for reduced ticket fares for certain groups
• Expansion of broadband connections for households, companies and public institutions

❑ **Employment with reduction of income inequalities and SME financing**

• Number of loan in rural areas (strongly defined)
• Loans granted in Autonomous Communities with population at risk of poverty.
• Employment contribution due to loans granted by sectors with difficulties

• Number of new ICO loans to Spanish regions with a GDP per capita lower than the average / Number of total new ICO loans.
• Number of new ICO loans with Spanish regions with an unemployment rate higher than the average / Number of total new ICO loans.
• Estimated job created by type of company

ii. Impact indicators design

Key Performance Indicators can have various degrees of granularity and substance. Depending on their design, they can provide information about various forms and degrees of impact.

The nature of data measured and conveyed by Key Performance Indicators varies from resources invested (input), to actions of the issuers and towards actual outcome and claimed contribution date.

Our report on the UN SDGs provides a methodology and guide on how to choose and design relevant and meaningful Key Performance Indicators.

Access to the report

IMPACT

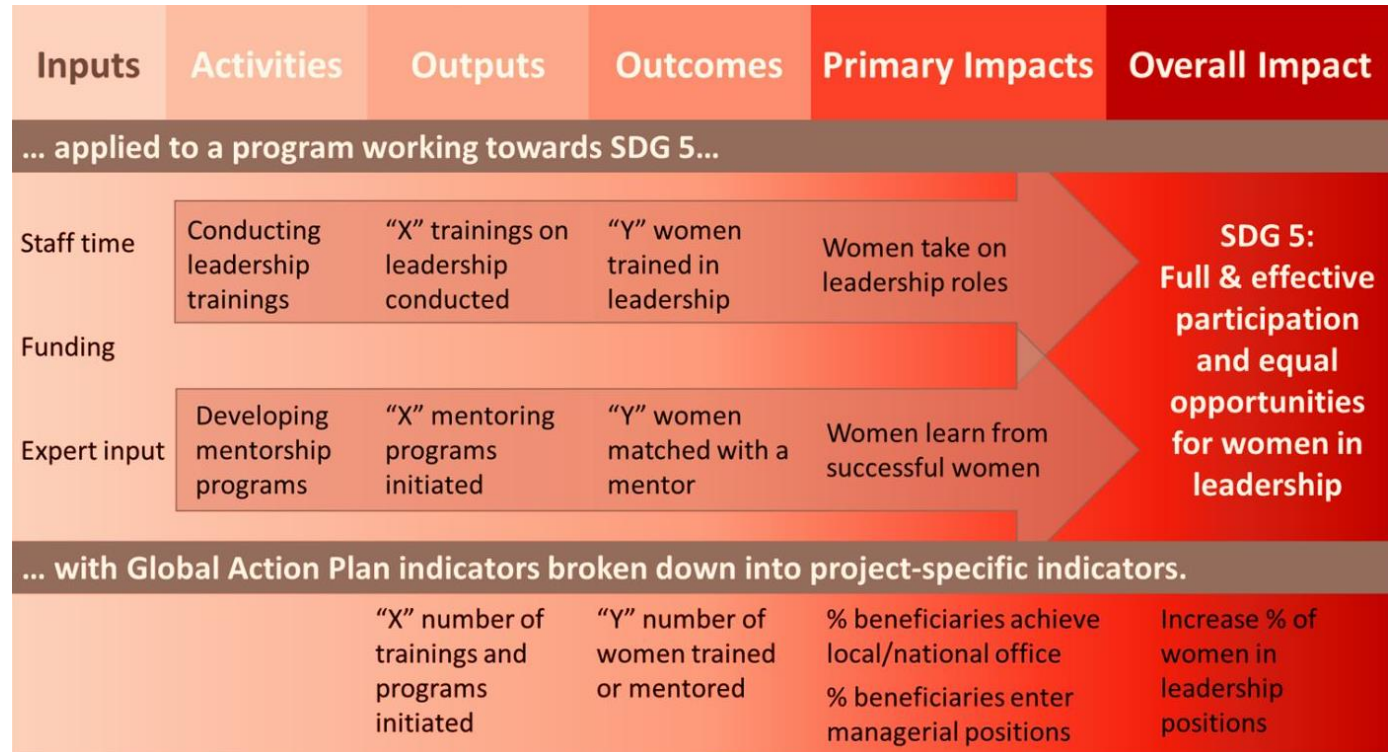|	INPUT	ACTIVITY	OUTPUT	OUTCOME	CONTRIBUTION
Definition	Resources – capital, human – invested or deployed in service of a set of activities.	Concrete actions or tasks that are performed in support of specific impact objectives	Tangible, immediate practices, products and services that result from the activity undertaken	Changes, or effects, on individuals or on the environment, resulting from the activity, and the delivery of products and services	Effects on a broader target population. that result from outcomes that have been achieved.
Application / Example indicators	€, number of people	Development and implementation of a program, product, project, building new infrastructure	Measurable actions or conditions that evaluate progress against specific operational activities e.g. Number of customers reached, items sold	Measurable actions or conditions that demonstrate progress towards specific outcomes e.g. average journey time reduction)	Changes on society, segment of population, or the environment. Progress of a specific SDG goals or targets.

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ii. Impact indicators design

An example of contribution chain on the SDG 5

5 GENDER EQUALITY

UN SDG Target 5.5
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life

Outputs are defined as the practices, products and services that result from the project, which are relevant to the achievement of the outcomes. They should be measurable and readily determined.

Inputs	Activities	Outputs	Outcomes	Primary Impacts	Overall Impact

… applied to a program working towards SDG 5…

Staff time	Conducting leadership trainings	"X" trainings on leadership conducted	"Y" women trained in leadership	Women take on leadership roles	SDG 5: Full & effective participation and equal opportunities for women in leadership
Funding					
Expert input	Developing mentorship programs	"X" mentoring programs initiated	"Y" women matched with a mentor	Women learn from successful women	

… with Global Action Plan indicators broken down into project-specific indicators.

| | | "X" number of trainings and programs initiated | "Y" number of women trained or mentored | % beneficiaries achieve local/national office % beneficiaries enter managerial positions | Increase % of women in leadership positions |

Outcomes are defined as the benefits or changes to individuals and/or groups that are likely to occur as result of the output.

Impacts are defined as the long-term results and ultimate objective of the outcomes. These may take a certain number of years to become evident after the project activities are completed.

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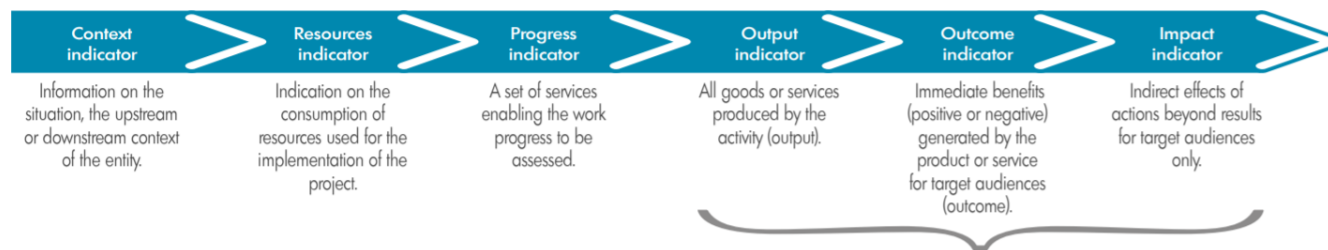
ii. Impact indicators design

How can one know if an issuer has some level of knowledge and expertise concerning KPI design? How can issuers prove they have expertise on that matter?

Some issuers like Wallonie SPV (excerpts of the report below) show a clear understanding of the various types of Key Performance Indicators. In the following slides, we will present some of the best practices we noticed in our sample. The example of the graph given below by Wallonie SPV illustrates that some issuers are clearly more advanced on Social Bond Impact Reporting.

1. CHOICE OF COMMON INDICATORS FOR THE ASSESSMENT OF PUBLIC PROJECTS

Typically, the evaluation of public policies, programmes or projects, is based on six types of indicators:

Context indicator	Resources indicator	Progress indicator	Output indicator	Outcome indicator	Impact indicator
Information on the situation, the upstream or downstream context of the entity.	Indication on the consumption of resources used for the implementation of the project.	A set of services enabling the work progress to be assessed.	All goods or services produced by the activity (output).	Immediate benefits (positive or negative) generated by the product or service for target audiences (outcome).	Indirect effects of actions beyond results for target audiences only.

Wallonie SPV gives a classification of KPI types which can be found in our classification.

Indicators used for the impact asessment methodology of the sustainability bond.

This issuer also gives various types of indicators for the different projects financed by the bond

INDICATORS BY CATEGORIES DEFINED IN THE FRAMEWORK	Output Indicator	Outcome Indicator	Impact Indicator
SOCIAL CATEGORIES			
EDUCATION & EMPLOYMENT PROMOTION	Number of training courses	Number of beneficiaries	Strengthening social cohesion
AFFORDABLE HOUSING			
Financing the supply of social housing	Number of aids granted	Number of beneficiaries by target category	Strengthening social cohesion
Aid for the renovation of social housing			
ACCESS TO ESSENTIAL SERVICES & BASIC PUBLIC INFRASTRUCTURES	Number of additional services	Number of beneficiaries by target category	Strengthening social cohesion

INDICATORS BY CATEGORY DEFINED IN THE FRAMEWORK	Impact assesment			Type of estimate	
	Output Indicator	Outcome Indicator	Impact Indicator	Ex-ante	Ex-post
SOCIAL CATEGORIES					
EDUCATION & EMPLOYMENT PROMOTION					
Program CISP (Centre d'Insertion Socio-Professionnelle)	✓	✓	✗	/	✓
AFFORDABLE HOUSING					
Program RENOPACK	✓	✓	✗	/	✓
ACCESS TO ESSENTIAL SERVICES & BASIC PUBLIC INFRASTRUCTURES					
PRM transport service outsourced to OTW	✗	✗	✗	/	✓

Source: Wallonie SPV, Sustainability Bond Reporting (September 2020) – available here.

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NRW gives a classification of social impact indicators:

Figure 5-3: Suggested classification of social impact-indicators for Sustainability Bonds

A+ best-needed	A best-available	B State-of-Art NHA NRW	C Regular Standard	D Minimum Standard	E Not quantified
see A-D ➤ + independend of monitored data ➤ + trade-offs and co-impacts ➤ + verified	see B|C|D ➤ + standardized methodology (e.g. sLCA) ➤ + replicable & comparable in terms of results and data base	see C|D ➤ + indication of success	see D ➤ + scalable based on cost-factors	➤ attributed ➤ monitored ➤ quantified positive outcome for society	➤ Based on negative criterial list (lack of enumerability, traceability and positive effects or high probability for negative trade-offs)

In the report, NRW gave a list of criteria of what would be a best-needed indicator prior to the figure above and later adds that:

"***As of now, no indicator found in impact reports provides all these characteristics***. *Such an ideal indicator is therefore awarded with the indicator quality of "A+"; with A representing the highest quality and + indicating the missing availability of such an indicator*."

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Table 5-1: Terminology of Social Impact Reporting in NRW Sustainability Bond #6

Term	Usage in Social Impact Method
Measure	The starting point or "cause" in a cause-effect-chain for social impacts.
Project, Program or Initiative	Measure to achieve a positive effect for society. A project is usually the smallest category in an impact reporting, has a defined duration and target, and is re-financed by the bond. State programs or initiatives can be projects, too.
Social Impact	Social impacts are defined as positive outcomes for the society as a whole (societal perspective). They can include effects in other areas of sustainability such as the economy or environment.
Social Impact Indicator	A social impact indicator is any type of quantified social impact within this impact report.
Monitored Data	Some projects include a defined monitoring of the financial allocation or the effects of programs (in form of indicators). This type of data is referred to as monitored data. Some monitored effects can be based on estimates though (see anticipated effects).
Reported Data	Reported data is any type of data that can be found within a public available source. Monitored data (see section above) is a type of reported data.
Anticipated Effects	Anticipated effects are either monitored effects based on estimates for the current reporting year (to be reported ex-post later in a final report) or are based on ex-ante studies before the start of the program.
Quantifiability	Quantifiable effects have concrete values and units. Enumerability is the minimum requirement for quantifiable effects.
Scalability	Scalable effects increase with the amount of investments into measures in a consistent manner. So far, all scalable effects in the impact report increase in a linear manner on a per EUR basis.
Efficacy	The efficacy of a scalable effect describes the social impact on a per EUR basis. It is a unit that can be used to compare similar effects within one bond or to compare the effects of different bonds. So far, no social impacts were compared in this manner.
Third Party Assessment	Any type of impact that is reported elsewhere but cannot be directly quantified in line with other investments in the Sustainability Bond, can be reported in form of 3rd party assessments instead.
Costs	Costs refer to actual costs of measures but can also refer to maximum funding per unit (e.g. per participant) or the use of proceeds within national and European programs.
Lump sum	Lump sum is a cost factor that is directly attributed to an impact or unit of effects. Lump sums are often the basis for scaling of social impacts.

source: own definition

NRW clarifies several key concepts and definitions

The following table provides a terminology that is used in the following sections and throughout NRW's report.
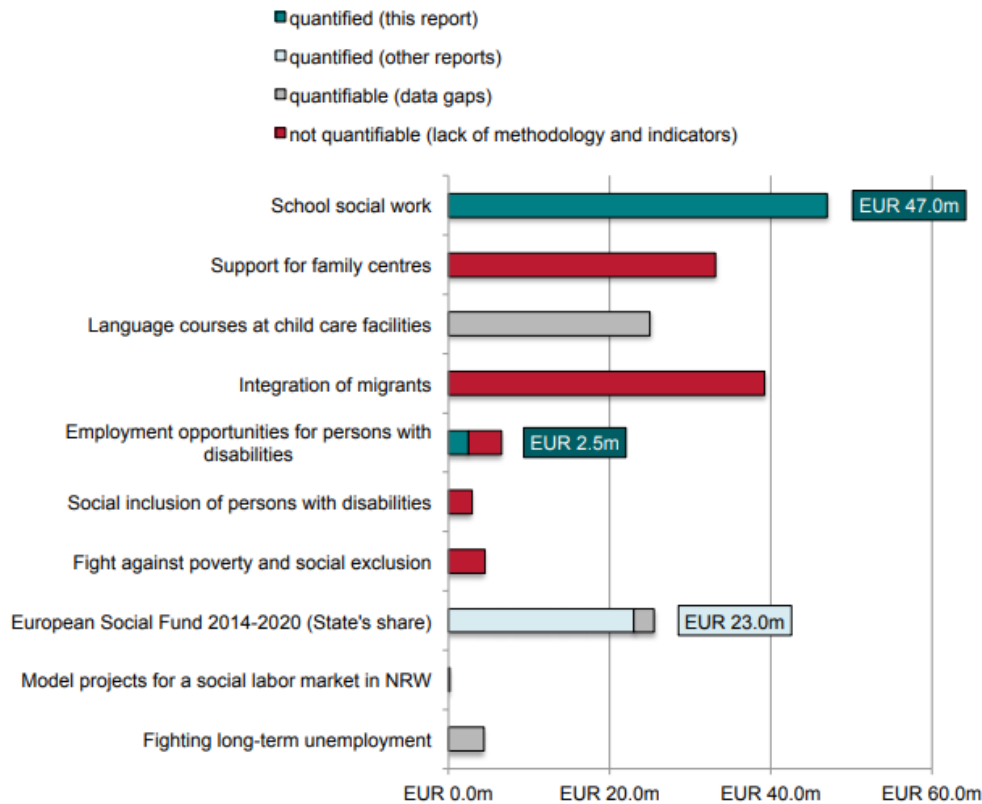
LANDTAG NRW

- **Terminology clarification** is extremely helpful.

- The table on the right is included in NRW's reporting.

- It presents different key concepts and nuances (for instance, monitored *versus* reported, scalability, efficacy).

Source: NRW, Sustainability Bond Reporting (March 2019) – available here.

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NRW provides the reader with information when data is unavailable

NRW's social impact report indicates the amounts allocated by type of targeted social projects (e.g., 47 million Euros for School social work).

- The color scheme **clearly defines** what has been quantified in this report (green) and what could be quantified and is not yet objectified.

- The color scheme makes it possible to **quantify** what has been the responsibility of NRW or European funding.

Wallonie SPV also precises when data is not yet available. In its project highlights, one can read that for some KPIs: "*Measures being in implementation phase – figures not available at time of publication*". This illustrates the ambition of Wallonie SPV when it comes to KPI design.

Figure 4-4: Quantifiability of different project groups in category B (including categories beneath sub-categories)

Legend:
- quantified (this report)
- quantified (other reports)
- quantifiable (data gaps)
- not quantifiable (lack of methodology and indicators)

Categories:
- School social work — EUR 47.0m
- Support for family centres
- Language courses at child care facilities
- Integration of migrants
- Employment opportunities for persons with disabilities — EUR 2.5m
- Social inclusion of persons with disabilities
- Fight against poverty and social exclusion
- European Social Fund 2014-2020 (State's share) — EUR 23.0m
- Model projects for a social labor market in NRW
- Fighting long-term unemployment

source: own compilation

Source: NRW, Sustainability Bond Reporting (March 2019) – available here.

ii. Impact indicators design

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CaixaBank

CaixaBank differentiates various types of indicators and specifies their sources in its impact reporting

Indicator calculated from surveys using an input - output methodology

Indicator calculated from surveys

Indicator calculated from CaixaBank's databases

Allocation indicators	Impact indicators	
Source: CaixaBank's databases	*Source: Surveys*	*Modeling*
Amount allocated by Sustainable Development Goals and Eligibility Criteria	Positive impact of funding received	Use of an input-output table analysis (methodology and instrument developed by Leontief in 1936). The methodology is used to calculate the impacts that the credits granted have on the whole of the Spanish economy. The input-output methodology is a technique used to estimate direct and induced impact on GDP and employment. Matrices are published by the National Institute of Statistics (INE).
Remaining balance of unallocated proceeds	Impact of funding on the achievement of objectives	
Amount and percentage of new financing	Improvement of the liquidity situation	
Amount and percentage of refinancing	Increase in savings capacity	
Number of loans	Number of beneficiaries who had first approached other banks for the loan before approaching CaixaBank	
Loans: by type of borrower	Purpose of the loan	
Loans: by vintage	Positive impact of funding received	
Number of borrowers	Impact on business strength	
Average € / loan	Impact on business growth after the loan was granted	
Average life of loans	Economic impact	
Average age of borrowers	Employment impact	
Women beneficiaries		
Loans by social category		
Breakdown by social category		
Breakdown by economic activity		
Loans by type of borrower and volume granted		
Loans granted in areas with population at risk of poverty		
Loans granted in rural areas		

Source: CaixaBank, Social Bond Report (October 2020) – available here.

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CaixaBank discloses its methodologies in a smooth manner through a quality and visual report

Excerpts of the Social Bond Impact Reporting

Key Social Bond Impacts

160,945 loans have been granted to 151,681 beneficiaries, of whom **139,731** are families (349,328 indirect beneficiaries)[1] and **11,950** are self-employed workers and companies

FAMILIES / INDIVIDUALS — 1 NO POVERTY

> **87%** borrowers claim that the loan has had a **positive impact on their lives** increasing their well-being and helping them achieve their goals.

> **79%** borrowers have been able to **increase or maintain their savings** capacity.

> **59%** loans to beneficiaries located in **areas** where the **population is at risk of poverty**[2], total amount €299 M.

> **15%** loans to **beneficiaries** located in **rural areas**[2], total value of €75 M.

SELF-EMPLOYED, MICRO-ENTERPRISES AND SMEs — 8 DECENT WORK AND ECONOMIC GROWTH

> **Global impact on the Spanish economy**[3]:

€1,480M contributed to Spanish GDP. Every €1M invested in the social bond **contributes €2.97M to GDP.**

8,207 jobs created, of which **2,591** are direct, **2,855** indirect and **2,761** induced. This implies that for every €1M invested in the social bond approximately **16 jobs are created.**

> More than **1,000** newly-created **companies**, supported through the loans €61 M granted (12% of the total).

> **18%** loans to beneficiaries located in **rural areas**[2][3], for a total value of €62 M (12% of the total).

> More than **60%** of the borrowers claim that the **loans have helped** them start up or strengthen their business.

> **86%** of borrowers **requested the loan directly from CaixaBank.**

METHODOLOGY[4] APPLIED TO MEASURE THE IMPACT OF THE CAIXABANK SOCIAL BOND:

Data collected by conducting surveys among borrowers (on the loans – proceeds allocated to the Social Bond).

Input-output methodology used to calculate the impact of the loans on the Spanish economy.

This Social Bond Impact Report has been calculated in collaboration with an external, independent consultant (Deloitte).

1) Number of indirect beneficiaries, on the assumption that an average family has 2.5 members, according to statistical data. (Source: INE) https://www.ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736176952&menu=ultiDatos&idp=1254735572981.
2) See Appendix II: Methodology for a detailed definition and explanation of the calculation (page 29).
3) Calculated from surveys using input-output methodology. See Appendix II: Methodology for a definition and explanation of the calculation (pages 34 to 36).
4) See Appendix II: Methodology for a definition and explanation of the calculation (pages 28 to 36).

p. 5

Source: CaixaBank, Social Bond Report (October 2020) – available here.

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Going beyond sophistication, one needs to differentiate between different kinds of social impact

Key takeaways: the need to differentiate access, affordability, quality & relevance

Main dimensions	Example with education
Access to social services and/or fulfillment of social needs (preserving existing access, or provision of products and services for previously unmet or unsatisfied social needs)	To provide secondary education to young people who formerly had not access to it (examples : creation of new schools or launch of new training programs, hiring of teachers, etc.)
Affordability of social services (especially for low-income groups, reducing direct or undirect cost-related barriers)	To provide education grants for low-income students and/or housing at below market prices to enable them to effectively seize the opportunity to access secondary education (compared to an initial situation where they theoretically had the possibility to access it but, could not because of financial costs that they were unable to afford)
Quality & relevance of social services (disseminate information vis-à-vis uninformed people, improved timeliness or promptness of a service, enhance services reliability or frequency of access, or customization of the services to adapt specific situations)	To improve the quality of the education given to these students or better inform them about the possibility to access it (reduced the number of students per class, recruit more experienced teachers, purchase new equipment or streamline process to enroll)

When it comes to social services, there are several dimensions or categories of impact

The Social Taxonomy Draft Report interestingly proposes to use the concept of availability, accessibility, acceptance, and quality (AAAQ)*

Availability
A certain good or service is available in sufficient quantity and is functioning.

Accessibility
A product or service is economically and physically accessible without any discrimination and that the related information is accessible as well.

Acceptability
A product or service is culturally acceptable respecting the sensitivity of marginalized groups.

Quality
A product or service is safe and that it meets internationally recognised quality standards which are scientifically approved.

Source: Natixis GSH, authors
* See our article: The EU Social Taxonomy Draft: promising buildings blocks

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iii. Case studies: presentation of our assessment template

- In the following slides, we will present factsheets on social bond impact reporting from issuers of our sample. The template presents the main sections and criteria we considered. This factsheet allows us to synthesize the various features of the bond issuance, of the issuer but most importantly, allows us to analyze the data sources, analysis, methodologies, and KPIs used by the issuers

Bond features / Program features

Sustainable Strategy Link

Issue date: 05/10/2020
(7th Sustainable Bond)

Maturity: 15 Years

Size: EUR 2,400 M

Coupon: 0% p.a.

Eligible categories financed by the Bond

- XXXX
- XXXXX
- XXXX
- XXXX

Reporting details

Impact Report Link – 7th Sustainable Bond

Published in April 2021

Data collected until April 2021

External verification ✖

Features of the Allocation & Impact Report

Funds allocation per eligible categories	✔
Unallocated proceeds	✖
Pool of non-earmarked eligible assets	
Share of new financing / refinancing (%)	✖
Definition of targeted populations	✔ Beneficiaries are identified per type
Third-parties involvement	**Name of a third-party involved**
Scope of verification and/or assistance:	Elaboration of the KPI ✔
	Auditing of the data ✖
	Writing of the report ✔
	External assessment ✖

Indicators provided & data visualization

Input/output indicators	Nb of beneficiaries, Nb of students
Outcomes / Impact indicators	✔ Nb of new capacities, nb of new job created
Presence of an aggregated impact KPI	✖
Disaggregation of data	Per beneficiary (gender, age) Per SDG
Data sources & clarity of the data	Time period covered: 7 months Annex, notes etc…
Case studies or highlights	✖
Data visualization	Few tables & graphs
Calculation methodologies availability	Quite precise and explicit, detailed for each item.
Ex ante / ex post KPIs	*Ex post* KPI

Areas of improvement

Free comment section about the absence of key elements, potential changes or adjustments

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Case study (1/5)

North Rhine-Westphalia

Bond features / Program features

Sustainable Strategy Link

Issue date: 05/10/2020
(7th Sustainable Bond)

Maturity: 15 Years

Size: EUR 2,400 M

Coupon: 0% p.a.

Eligible categories financed by the Bond

- Education and Sustainability Research
- Inclusion and Social Coherence
- Protection of Natural Resources
- Modernisation of Educational and Public Health Facilities
- 3 Green categories*

Reporting details

Impact Report Link – 7th Sustainable Bond

Published in April 2021

Data collected until April 2021

External verification ✖

Features of the Allocation & Impact Report		
Funds allocation per eligible categories	✓	
Unallocated proceeds	✖	
Pool of non-earmarked eligible assets	In total, EUR 5.45bn over EUR 2.4bn have been allocated to eligible projects	
Share of new financing / refinancing (%)	✖	
Definition of targeted populations	✓ Beneficiaries are identified per type of eligible social category (students, people with disabilities, children, household, homeless)	
Third-parties involvement	**Wuppertal Institute**	
Scope of verification and/or assistance:	Elaboration of the KPI	✓
	Auditing of the data	✖
	Writing of the report	✓
	External assessment	✖

Indicators provided & data visualization	
Input/output indicators	Nb of students receiving a grant, nb of training positions, nb of new student capacities
Outcomes / Impact indicators	✓ Nb of new student capacities, nb of new job created, nb of prevented homeless, Nb of new broadband connections
Presence of an aggregated impact KPI	✖
Disaggregation of data	Per beneficiary (gender, age) Per SDG
Data sources & clarity of the data	Time period covered: 7 months Methodological annex
Case studies or highlights	✖
Data visualization	Few tables & graphs
Calculation methodologies availability	Quite precise and explicit, detailed for each item.
Ex ante / ex post KPIs	*Ex post* KPI

Areas of improvement

- The real-time impact (at 6 months or 1 year) of EUR 1M on a target population is unknown.
- NRW mention that future reports will enlarge indicators set and, where possible, map the effects to the cause-effect chain of desired societal and socio-economic outcomes in NRW.
- Some case studies could give concrete examples.
- Improve the impact of funds from an investor perspective.

* Green categories: Sustainable Urban Development, Climate Protection and Energy Transition, Public Transport and Local Mobility

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Case study (2/5)

CaixaBank

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 pwc

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
Scope of verification and/or assistance:	Elaboration of the KPI ✓
	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

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Areas of improvement

- 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 their perception of the impact on their personal or family socio-economic situation after having borrowed the loan.
- **Improve the report by disclosing ex ante the targets CaixaBank wanted to achieve with the issue of this social bonds and** includes in the report where they stand vs the predefined targets.
- **Follow up the outcome / impact indicators in time**, to highlight if the jobs created were on done the long run or not
- **Indicate the type of business financed for €1m invested** in an investor impact orientation (these companies are or not in the social economy?)

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Case study (3/5)

Bond features / Program features

Green, Social & Sustainability Bond Framework Link

Issue date: 21/03/2019

Maturity: 7 Years

Size: EUR 750M

Coupon: 2.125%

Eligible categories financed by the Bond

- Construction of new schools, upgrade, safeness and earthquake-proof upgrading
- Urban infrastructures and public spaces

Reporting details

Impact Report Link

Published in April 2020

External verification **ISS ESG**▷

Features of the Allocation & Impact Report		
Funds allocation per eligible categories	✓ Given per exact type of project, not by SBP category	
Unallocated proceeds	✗	
Pool of non-earmarked eligible assets	Unknown	
Share of new financing / refinancing (%)	17% / 83 % | Existing loans were granted from 2014 until March 2019	
Definition of targeted populations	✓ Target populations are not specifically mentioned yet funds target them naturally as earthquake-proofing of schools & urban regeneration implies that these areas needed it and were ill-equipped	
Third-parties involvement	✓ ISS ESG Link	
Scope of verification and/or assistance:	Elaboration of the KPI	✗
	Auditing of the data	✓
	Writing of the report	✗
	External assessment	✓

Indicators provided & data visualization	
Input/output indicators	**Loans granted by region, size of municipalities, per type of beneficiary (Unis, regions)**
Outcomes / Impact indicators	• Estimated number of jobs created and maintained • Jobs created and maintained on average by type of beneficiary • # of students benefiting from school & university building projects per school type, region, municipality // same for # of inhabitants benefiting from urban regeneration measures • Average amount invested (Eur/student) for each type of municipality (size)
Presence of an aggregated impact KPI	Total # jobs estimated employment impact + # students and # inhabitants reached
Disaggregation of data	Per school type, region, municipality (in terms of size)
Data sources & clarity of the data	Time period covered: 2014-2020: 6 years. Sources available in methodological note
Case studies or highlights	✓ Description of projects & impact for 2 cities (100k and 10k inhabitants)
Data visualization	Mostly tables and pie charts + one map to localize regions
Calculation methodologies availability	Separate methodology annex (Link) with formulas, and data sources
Ex ante / ex post KPIs	*Ex post* KPIs

Areas of improvement

- The report is short (14 pages) and investor & reader-friendly. The indicators are easy to understand and explained in the methodological note. The report could include a more detailed map with data regarding the regions' characteristics in terms of urban infrastructure or school density, school protection against earthquake (or a map with zones subject to earthquakes) as to define target areas if target populations are not defined.

Case study (4/5)

Wallonie service public SPW

Bond features / Program features

CDP Green, Social & Sustainability Bond Framework Link

Report on	Bond A	Bond B
Issue date	03/05/2019	
Maturity	7 Years	15 Years
Size	EUR 500 M both	
Coupon	0.25%	1.25%

Eligible categories financed

- Education & Employment Promotion
- Socio-economic advancement and empowerment
- Affordable housing
- Access to essential services and basic public infrastructures
- 67% allocated to social projects

Reporting details

Impact Report Link – inaugural Bond

Published in September 2020

Report on the two bonds issued in 2019

External verification *ex post*

EY Building a better working world

Features of the Allocation & Impact Report

Funds allocation per eligible categories	✓
Unallocated proceeds	EUR 33.7M (9.1% of the total issued) to be allocated to social categories
Pool of non-earmarked eligible assets	Unknown but present*
Share of new financing / refinancing (%)	50% / 50 %
Definition of targeted populations	✓ Given for every eligible category and eligible type of investment. They are defined on project impact analysis and highlighted in a precise and stringent way
Third-parties involvement	✓
Scope of verification and/or assistance:	Elaboration of the KPI ✗
	Auditing of the data ✓
	Writing of the report ✗
	External assessment ✓

*"The portfolio of eligible green and social investments was constructed by identifying and qualifying activities over € 1 billion, composed of investments incurred during the period of the issuance (respecting the principle of annuity) and financed by Wallonia's equity, ensuring to exclude amounts liquidated through other sources of funding also used by Wallonia (principle of segregation of investments)."

Indicators provided & data visualization

Input/output indicators	✓ Amounts of loans granted for income categories C1 and C2 (social housing): less than 656€/month for persons living together and less than 984€/month for people living alone.
Outcomes / Impact indicators	✓ **Outcome**: # of Persons with Reduced Mobility using TEC thanks to **arrangement of stop areas Impact**: # of beneficiaries returned to employment (financing of an **integration center**)
Presence of an aggregated impact KPI	"Strengthening social cohesion" is an impact indicator mentioned for every social project. Measures and figures are under construction. The KPI methodology might be different for different projects however.
Disaggregation of data	Per location, population, beneficiary and project
Data sources & clarity of the data	Data is clear, methodologies are explained and even introduced
Case studies or highlights	✓ There are only 4 projects / lines of expenses that are highlighted
Data visualization	Very factual, no use of maps or special data presentation. Tables are used
Calculation methodologies availability	Quite precise and explicit, detailed for each item
Ex ante / ex post KPIs	*Ex post* for social projects

Areas of improvement

- Overall, this report is one of the best of our sample. It is visual, very comprehensive and detailed. They describe 6 types of indicators; context – resources – progress – output – outcome – impact with the last 3 used for impact assessment. For each project, a table resumes if output, outcome and impact indicators are used, ex ante or ex-post, the amount, the share financed by RW, the % of completeness, the budget allocated and the next steps which is much appreciated. An annex of social projects highlighting them is given. A methodological note is included for each indicator, the target area and the Walloon associated public policy is given for each project.
The report could only improve with an assessment of the contribution to SDGs if the issuer looks forward to it.

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Caisse des Dépôts GROUPE

Bond features / Program features

Green, Social and Sustainability Framework Link

Issue date: 12/06/2019

Maturity: 5Y

Size: EUR 500M

Coupon: 0%

Eligible categories financed by the Bond

- Access to digital
- Education and professional insertion
- Social and Solidarity Economy
- Social real estate
- Healthcare and social-healthcare
- 5 Green categories*

Reporting details

Impact Report Link
Include one green and one sustainable bonds

Published in September 2020

As of 31/12/2020

External verification **EY**

Features of the Allocation & Impact Report	
Funds allocation per eligible categories	✓ Given per category
Unallocated proceeds	347,2 millions
Pool of non-earmarked eligible assets	Total of assets financed or to be financed by the sustainability bond is over 623 M€ equating to an excess of over 20%,
Share of new financing / refinancing (%)	A part to refinance but the % is not available
Definition of targeted populations	✓ When possible, beneficiaries are identified residents, local businesses and public services of digital deserts, people of all ages unable to integrate socially and professionally, who are unemployable, lacking training or experience, in poor housing, socially excluded and precarious, elderly …
Third-parties involvement	✓ EY (identification and elaboration of indicators)
Scope of verification and/or assistance:	Elaboration of the KPI ✓
	Auditing of the data ✖
	Writing of the report ✖
	External assessment ✖

Indicators provided & data visualization	
Input/output indicators	People receiving training (nbr/ year), number of project realised
Outcomes / Impact indicators	Job directly or indirectly supported, number of beneficiaries, rate of positive outcome, connection rate, coverage rate
Presence of an aggregated impact KPI	
Disaggregation of data	Per beneficiary gender Per location
Data sources & clarity of the data	Time period covered: 12 months Methodology included
Case studies or highlights	✓
Data visualization	Very visual, graphs, pictures, project map
Calculation methodologies availability	Quite precise and explicit, detailed for each item.
Ex ante / ex post KPIs	Both

Areas of improvement

- The report is very clear and well designed.
- The allocation could be completed by the share of refinancing.
- Level of information could be more granular.

* **Green categories**: Green energy and heat production and storage infrastructure, green real estate, decontamination and remediation of sites, transportation and sustainable mobility, eco-efficient data centers

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4   **Third-party involvement**

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i. Third-party involvement

Third parties can intervene at **different stages** in the context of social bonds impact reporting, mostly in the **upstream phase** (assistance in the elaboration and drafting of the report) or in the **downstream phase** (verification and assessment of the impact reporting)

Issuers can request Second-Party Opinions to review or assess their impact report for various reasons:

1 To give an opinion on the **soundness, reliability, conformity** of the impact reporting (possibility to verify the alignment with market standards).

2 To verify the **reporting process**, underlying data and calculation methodologies.

The main challenge lies in the **identification of relevant stakeholders and the framing of the mandate**.

Depending on the issuer scope of activities, it might be challenging to find:

o **Relevant and skilful actors** if the domains of the Use-of-Proceeds are **super specialized.**
o Actors with **intimate knowledge** of the issuer specific context and situation (local or national actors)

✓ If indicators already exist on the shelves (provided by statistics institutes), if the entity is public and benefitting from auditing and parliamentary review, **third parties might not be extremely relevant**.

✓ Classical ESG agencies (ISS Oekom, VE, Sustainalytics) are present in the social segment but **we expect newcomers to penetrate this nascent market of assistance and verification related services.**

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i. Third-party involvement

Headways for involving third parties in Social Bonds impact reporting

Methodological considerations regarding the mapping

The challenge to find an adequate consulting firm

- The need for impact reporting and **social impact calculation methodologies** is the main argument in favor of engaging with specialized social consulting firms.

- When selecting consulting firms, the mapping of advisers in the Social Value France network offered by the Avise Platform can be used.

- This mapping isolates certain structures from which we have selected the most relevant for missions related to social impact reporting and impact calculation.

- We developed an analysis grid of the selected consulting firms. KPMG's Social Impact Barometer helped build this grid based on **quantified information, internal monitoring, randomized studies, studies on avoided social costs (study tools), and composite tools** (linking qualitative and quantified studies).

Construction of the mapping grid

The grid has been elaborated paying attention to the following points to select the adequate adviser:

- Ability to deliver an opinion on an impact reporting document.

- Good knowledge of KPIs on social matters.

- Methodological advice on impact calculations that legitimizing the relevance of a third party.

- Outsourcing of generic impact modeling.

- Specific development of social models (Social Impact Data Analysis Repository, etc.).

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ii. Mapping of entities assessing social bond impact reporting reliability (1/3)

Social Bond Issuers can engage with external stakeholders to realize, get assistance or opine on their impact reporting

Consulting Firms	iM PROVE Link	HAATC'H Link	KOREIS Link
Areas of expertise	Support actors of change (associations, foundations, companies, investment funds)	Allow clients to demonstrate the social impacts of their projects.	Social impact assessment and support for social innovation
Modeling / econometric capacities	Not mentioned	Not mentioned	✓
Missions performed	• Building **a tailor-made assessment criteria grid** • Defining **a rigorous assessment methodology** that is consistent with the assessment objectives and the **client's resources** • **Collecting data impacts** by survey of beneficiaries • Analyze and report results • Cost-benefit approach.	• Framing of social impact measurement, construction of the **methodology**, definition of social impact indicators • External social impact assessment: Assessment of positive impact projects with: **Qualitative / quantitative study**; Social Return on Investment (**SROI**); Cost-Benefit analysis • **Impact due diligence**. Identification, selection and social and environmental assessment of structures (according to the SDGs, PRI and SROI).	• Social impact studies : **using social science tools** (quantitative and qualitative) • Construction of a system for monitoring and managing the impacts of the project portfolio (selection of projects, monitoring indicators, etc.). • **Monetization** of impacts & economic models. • **Measurement of economic impacts and value created for stakeholders** by: Cost benefit analysis (CBA) & SROI (Social Return on Investment) studies, avoided costs approach, revealed preferences.
Avoided social cost models	✖	✖	✓
Credentials with impact finance players	✖ **No, only experience with foundations (like Aviva La Fabrique)**	✖	**Not precised but the missions carried out imply it**
Our Opinion (Score from 1 to 5)	2	2	4

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ii. Mapping of entities assessing social bond impact reporting reliability (2/3)

Social Bond Issuers can engage with external stakeholders to realize, get assistance or opine on their impact reporting

Consulting Firms	KiMSO Stratégie & Impact social Link	UTOPIES© Link	seeds… Link
Areas of expertise	Advisory, evaluation and training activities, to help organizations to improve and enhance their impact.	Measuring socio-economic footprint of companies	Development of projects with a territorial impact as long as they are attentive to maximizing their impact (economic, technological, social, environmental).
Modeling / econometric capacities	✔	Not mentioned	✘
Missions performed	• **Internal evaluation**. Construction of evaluation benchmarks and **impact monitoring tools**, as well as the interpretation and appropriation of the results. • **External evaluation**. effects of the project on stakeholders (interviews, observations, **surveys**, implementation of monitoring indicators, **statistical comparisons**, estimates of avoided costs, SROI). • **Specific modelling**: RADIS (Social Impact Data Analysis Repository) based on 20 social criteria. The tangible product of RADIS is: a **data reliability score**; an analysis report with **recommendations**. • Specific modelling with the **Outcomes StarTM (Triangle Consulting):** this involves measuring the change in people supported by projects or recipients of funding.	• Quantification of socio-economic impacts but no specified methods or KPIs targeted as a priority.	✘
Avoided social cost models	✘	✘	✘
Credentials with impact finance players	(logos)	✘	**Not precised but the missions carried out suppose it**
Our Opinion (Score from 1 to 5)	5	2	1

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ii. Mapping of entities assessing social bond impact reporting reliability (3/3)

Social Bond Issuers can engage with external stakeholders to realize, get assistance or opine on their impact reporting

Consulting Firms	géce [Link](#)
Areas of expertise	Expert in quantitative and qualitative studies
Modeling / econometric capacities	✓
Missions performed	• **Economic impact studies based on detailed statistical results and responding to the method deployed** and recommended by Atout France and **the DGE** (General Directorate of Enterprises). • Conduce **qualitative studies** (interviews, focus groups, observations) for target populations. • Technical skills. Simple statistical processing, advanced statistical processing, Data mining, Cartography
Avoided social cost models	✗
Credentials with impact finance players	**BPI France** bpifrance **Direction régionale de la jeunesse des sports et de la cohésion sociale**
Our Opinion (Score from 1 to 5)	4.5

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iii. Mapping of entities offering social impact services (1/3)

In May 2021, Natixis' Green and Sustainable Hub conducted **a consultation of actors offering social impact advisory and/or assessment services**.
We received responses from six consulting firms of different sizes.

- SPO services are merged in the CSR/ESG Departments and teams, however, only one respondent has set up a distinct SPO team. Most of the time, the teams **do not have a particular area of specialization**, only 2 clearly stated that they had one
- As part of their SPO services, they all **offer social/environmental impact assessment** (of financial instruments or at entity-level). Their social offer almost always includes **rating and verification services**. In some cases, consulting firms **provide assistance in KPI and social impact methodology elaboration**.
- Most of them (5) offer training or advisory on ESG topics, however, only one respondent positioned itself on "**training and advisory on social topics**"
- Only two respondents explicitly mentioned their **due diligence services**
- Four consulting mentioned they **had experience working with Social or Sustainability Bond issuers.** More generally, they are all used to work with **clients of different sizes and from various sectors**
- All of them base their methodologies on **existing international standards**, half of them also reported to have developed their own methodologies
- Data sources mainly come from **publicly available and private sources** (collected by the firm or from their clients). None of them declared to have created proprietary KPIs

The following template summarizes our questions. Next slides will outline the answers of four respondents.

Consulting Firms	Name of entity
Description of ESG/CSR solutions department/team	Firstly, we asked third parties to provide information on the organization of their teams working on ESG/CSR solutions as well as their level of expertise. This question assessed the experience and seniority of the entities on social impact reporting.

Social impact offering
 	
Examples of missions :
• Training and advisory services of clients' team
• Social impact research, due diligence and/or advisory
   • Assistance in KPI elaboration
     • Data sourcing
      • SPO
• Third party assessment of impact reporting
	Then, third parties had to give details on their social impact offer (services offered, methodologies used, data sources). We wanted to understand the scope, quality and rigor of the firms' proposition.

Methodologies used	
Data sources | Proprietary KPIs	
Type of client served	Finally, they had to precise their credentials, type of client and pricing. This helped the GSH to assess their credibility and to accordingly advise its clients.
Credentials / Experience working with Social Bond issuers	
Prices / timeline	

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iii. Mapping of entities offering social impact services (2/3)

Consulting Firms	KPMG Link		EQA Link	
Description of ESG/CSR solutions department/team	• 800+ worldwide ESG experts on different industries and services		• 11 people working on ESG solutions across 4 departments in addition to a network of scientific experts and strategic allies	
Social impact offering	▪ Assistance in the **development of social impact methodologies**, underlying reporting processes (data collection, data processing, tools, internal controls, organization, procedures) and benchmarking ▪ **Assessment of social impact methodologies** and outcome (KPIs) with internal or external assurance report ▪ **Mostly due diligence and advisory,** less in impact research ▪ **Mostly training on reporting**, less in social strategy		• **Sustainable finance instruments:** Pre-issuance services: **Second Party Opinion** Post-issuance services: **Verification of Assignment and Impact Reports** • **Impact:** Social and/or environmental impact verification services • **Socially Responsible Investment**: External verification of voluntary reports under certain standards External verification of regulatory compliance reports – European Union • **Training on reporting and social strategy**	
Methodologies used	True Value Methodology ; quantitative models, beneficiaries surveys, SROI*, cost-benefit analysis, coordinated with IDAS and their Center		Evaluation and verification processes based on international standards**	
Data sources | Proprietary KPIs	Global ESG datalake from publicly available data	No proprietary KPIs	Not mentioned	Development of an internal classification of indicators depending on the customer's level of impact
Type of client	ETI to big groups (financial, non-financial industries and public sector)		Financial, non-financial and public sector companies	
Credentials / Experience working with Social Bond issuers	Yes, mostly as 3rd part verifier, also *ex ante* for structuring a proper KPIs underlying reporting framework so that the SLL or SLB could be articulated with		Yes, with private and public issuers of Green, Social and Sustainable Bonds (Ministry of Finance of Chile, Official Credit Institute, Valfortec)	
Prices / timeline	15-30k for SLB/SLL verification 15-30k for KPIs framework development		**Sustainable Finance instruments (2-4 weeks)** SPO: 4-15k Verification: 2-10k	**Impact (2-3 weeks)** Environmental/Social verification services : 4-10k	**Socially Responsible Investment (2-3 weeks)** External verification: 7-10k

Note: The "Prices / timeline" row for the EQA column is split into three sub-columns: Sustainable Finance instruments, Impact, and Socially Responsible Investment.

* SROI: Social Return on Investment
** ISO 17029, ISAE 3000, Principles of ICMA Green Bonds, ICMA Social Bond Principles, ICMA Sustainable Bond Guide, ICMA Sustainability Linked Bond Principles, LMA Green Loan Principles, Sustainability-Linked Lending Principles AML; and the Climate Bonds Initiative Certification Standard for Climate Bonds, European Venture Philanthropy Association (EVPA), Impact Management Project, InputOutput Tables, IRIS +, SROI, LBG - ONLBG, etc. They also adapt to the various methodologies used by their clients to verify the social impact reported: Surveys, EVPA, Impact Management Project, Input-Output tables, IRIS +, SROI, LBG – ONLBG, Operating Principles for Impact Management, EU Taxonomy, GRI, SASB.

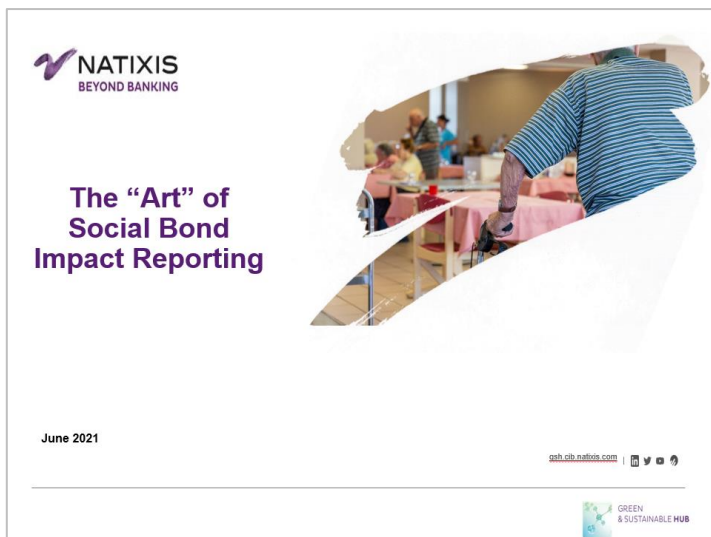# iii. Mapping of entities offering social impact services (3/3)

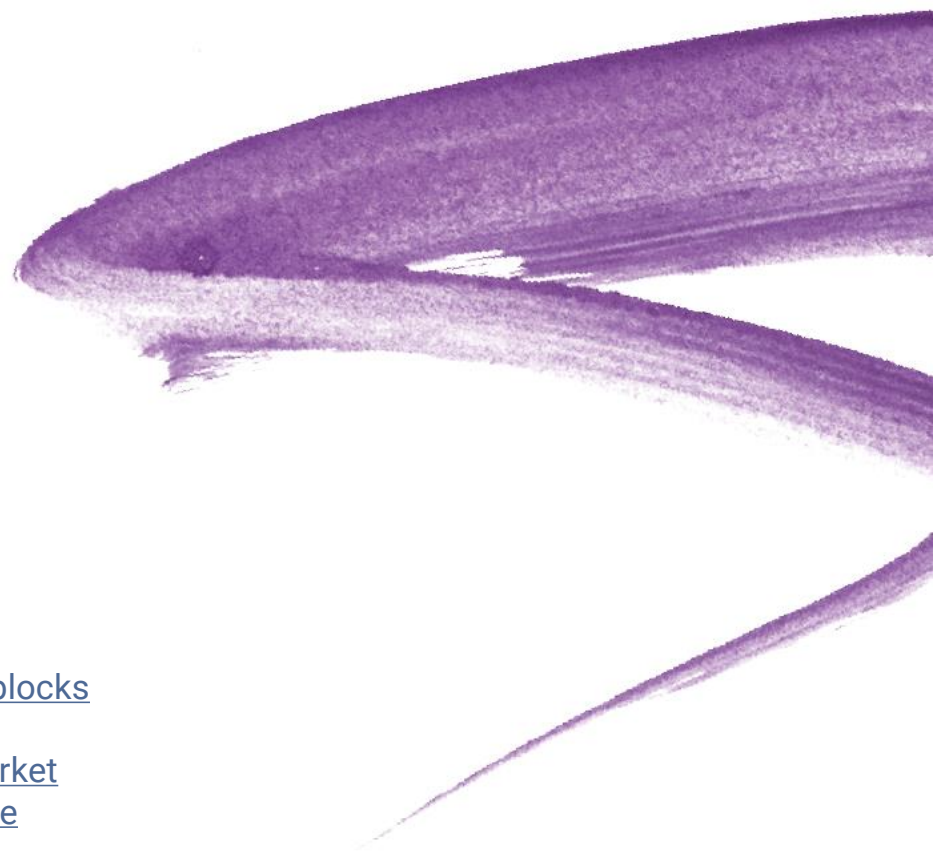| Consulting Firms	EthiFinance Link		pwc Link	
Description of ESG/CSR solutions department/team	• 4 people working across CSR and Sustainable Finance services • Some specialization in social housing		• In France, 50 consultants in the Sustainability Department • Expertise on each of the 17 SDGs	
Social impact offering	▪ **Consulting, rating and assessing services** for Impact Organizations (assessment of strategy, management, performance) and Impact-related Financial Issuances (assessment of framework, issuer's extra-financial standing and financed projects) ▪ Assistance in **KPI elaboration** ▪ **Second-party opinion** ▪ Global design advisory services		• **All social-impact related services from strategy to operational implementation and transactions** • **Assistance on social impact assessment** • **Due diligence and advisory services** to evaluate the ESG footprint and challenges of specific companies • **Training and advisory services** on various areas of the ESG landscape	
Methodologies used	Methodology in line with established standards* and financial community**.		Development of own methodology, use of PSIA*** approaches, SA800 for audits in the textile sector	
Data sources | Proprietary KPIs	No measurement of social impact but integration of third-party calculation into assessment	-	Publicly available data, private databases	Not mentioned
Type of client	Private and public operating in a large scope of sectors Corporate are usually SMID Caps		Financial, non-financial and public sector companies	
Credentials / Experience working with Social Bond issuers	Yes, with Voltalia, La Française de l'Energie, Innovent, Artea, Sham, Edenred, Socoden		Yes, for Social and Sustainable Bonds. 3rd party assurance use of proceeds and related social KPIs based on the ISAE 3000 standard	
Prices / timeline	**SPO** (3 weeks): 10-15k **Impact organizations assessment/rating** (4-8 weeks): 15-25k		Not disclosed	

*SDG, ICMA's Principles, OCDE-UNEP
** *See "Definition exigeante de l'investissement à impact pour le coté et le non-coté » — available here.*
*** *PSIA: Product Social Impact Assessment*

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Social Bond Structuring Credentials (only a sample)

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