Press release

Novethic sheds light on responsible investors' pursuit of environmental and social impacts

Paris, 25 July 2017. Novethic has published an analysis of the social and environmental impact approaches that have emerged in the field of responsible investment. Often structured around the Sustainable Development Goals (SDGs), their positioning builds bridges between the traditional categories of responsible investment and impact investing.

Responsible investment has entered a new phase, spurred on by increasing numbers of investors who actively seek to generate positive social and environmental impacts. Accordingly, the Novethic Research Centre has followed up on its study of the SRI market in France, published in June, with an analysis of this pursuit of impact, which is driving investors to develop new investment frameworks.

In the words of Anne-Catherine Husson-Traore, Chief Executive Officer of Novethic: "The belief that we need to transform finance in order to transform the economy is increasingly being shared by financial and political institutions. Now is the time for responsible investment to demonstrate its impacts, with the leadership of major investors seeking to demonstrate their contribution to an inclusive and low-carbon economy".

Innovations around the Sustainable Development Goals and the social economy

Novethic has identified 87 financial institutions involved in recent initiatives promoting the Sustainable Development Goals (SDGs). These initiatives involve the collaboration of investors (pension funds, insurers, asset managers), banks and development banks. New products are emerging, such as social bonds. In France, institutional investors have been directing funds toward the "social and solidarity economy" thanks to the development of impact funds. These investors have understood that traditional frameworks are insufficient if they want to massively expand investments in projects and companies that demonstrate substantial social and environmental impacts.

To meet these new needs, many new products and impact assessment methods are emerging. But while this trend is helping drive innovation, its credibility still faces challenges on several fronts. Investors are finding it difficult to demonstrate the link between their investments and social and environmental benefits like the number of back-to-work jobs created, the number of micro-entrepreneurs funded, the number of people gaining access to basic goods or total waste or CO2 emissions prevented.

Positive impact approaches must become stronger and gain credibility

Harald Condé Piquer, the author of the study published by Novethic, emphasises: "For impact approaches to be credible, they must set clear objectives and be backed up by reliable indicators. This hasn't been the case for all products claiming to finance sustainable development".

The objective of this new study by Novethic is to identify the best practices of impact investing in a rich and diverse context. As Head of research Dominique Blanc explains, the study "offers a new contribution to our analysis of innovative responsible investment approaches, which have offered methodologies and portfolios that differ from those of conventional benchmarks. The responsible investment market is evolving and we keep on monitoring these developments to inform investors willing to benchmark their approaches against best practices".

See the report

Contact: Florine Morestin – florine.morestin@novethic.fr – +33 (0)1 58 50 76 19

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