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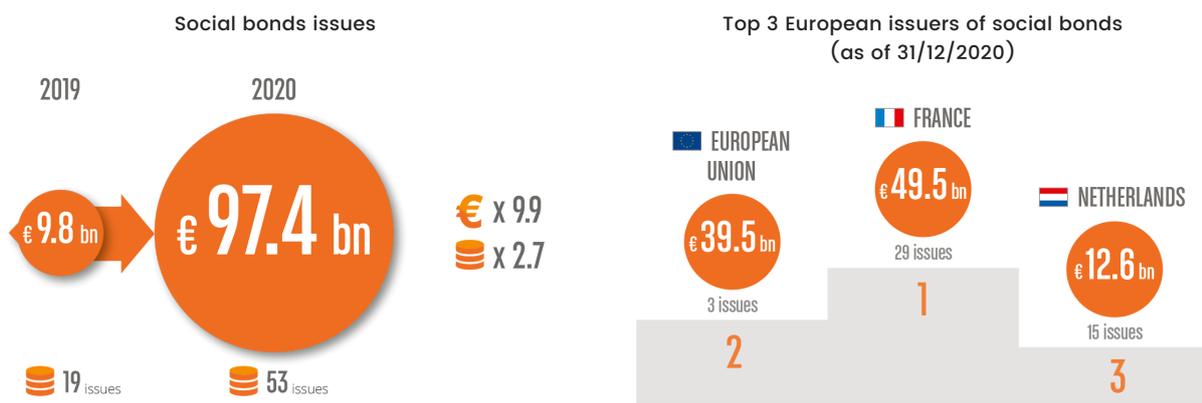
Social investment: a promising market lacking impact indicators

Sustainable Finance Research

Still confidential despite a steady development since 2017, the rise of socially-oriented investment is accelerating, boosted by the COVID-19 crisis. While sustainable bonds with a social component have raised more than €180bn in assets under management in Europe with over 200 issues, the market for social funds remains a niche in France, with 124 funds representing €50bn in assets under management. Novethic's study entitled "Social investment on the rise" looks at the social field of sustainable finance and the impact of the COVID-19 crisis on its development.

A market for social bonds boosted by the European Union and public institutions

The volume of social bond issued has increased tenfold between 2019 and 2020. To finance their various social debts, which have increased considerably, institutions such as the European Union or CADES and Unédic in France have turned to the financial markets. The amount of such bonds has reached almost €100 billion.



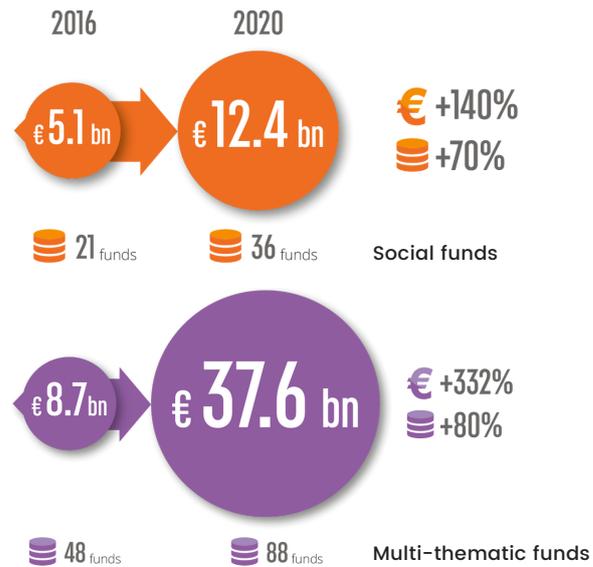
Source: Novethic with Bond Data - Environmental Finance

Combining environmental and social objectives with sustainability bonds

Another trend is developing in more modest proportions: sustainability bonds. They make it possible to combine environmental and social objectives and not restrict the scope of projects financed to environmental activities only. However, they still do not exceed €60 billion and only occupy a small share of the market largely dominated by green bonds, which are worth €1.1 trillion.

Thematic funds with a social purpose are broadly encompassing and lack impact indicators

Novethic Market Data analyzes the various sustainable thematic funds available on the French market. It allows to determine two categories that cover a very broad field, both social and societal. The theme Health and healthy food, with a strong technological and chemical focus, dominates this dynamic, if small, market. Multi-thematic funds covering environmental and social themes have both the strongest growth and the best performance.



Source: Novethic Market Data

Beyond this market dynamic, it is still premature to talk about social finance. There is a lack of indicators to measure the social impact and the benefits brought by these financial products. The issuance wave is too recent to be able to evaluate the adoption and the follow-up that the issuers of these social bonds will make. As for funds with social themes, they are massively endowed with environmental indicators, more particularly climate change related (83 carbon occurrences for 125 funds, compared to 33 for human resources policies).

[Download the study](#)

About Novethic, the sustainable transformation accelerator.

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