

Threadneedle (Lux) European Social Bond Fund

Annual Social Impact Report
July 2019 – June 2020

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Fund summary

The Fund, the first of its kind in Europe, aims to deliver both a financial and a social return by investing in corporate bonds across Europe. It has a clear focus on supporting positive outcomes for individuals, communities and society as a whole and 2020 marks the fund's 3 year anniversary.

Objective

The Fund is designed to balance social outcomes, financial return and liquidity. It strives to offer corporate bond risk/return characteristics, as well as clearly demonstrable social alpha. The fund aims to deliver 80% of outcomes/ impact within Europe, the rest being targeted internationally.

Nature of the investments

Bonds in the portfolio are defined by 4 key characteristics: their **targeting** (social impact, pandemic response, environmental response, multiple target within those 3), the pursued **Development Opportunity** (Access to services, Affordable Housing, Community, Economic Regeneration & Development, Education & Training, Employment, Health & Welfare), the **Social Needs Category** expressing how fundamental the served need is (Basic social needs, Primary Social Needs, Social Empowerment, Social Enabling, Social Enhancement, Social Facilitation and Societal Development) and finally their **"official" nature:** Social (answering ICMA's Social bonds principles), Green (answering ICMA's Green Bond principles), Sustainable (answering ICMA's Sustainability bonds Guidelines), Transition Bonds (answering the Second Party Opinion guidelines) and General Corporate Purposes (Including ICMA's new Sustainability-Linked Bond Principles).

Impact Management Project's ABC Classification

This year, the Fund has begun working on classifying the bonds it holds according to the Impact Management Project's (IMP) ABC approach.[1] This is an increasingly widespread and accepted set of norms for classifying the impact of an asset, and so the Fund is keen to ensure it keeps up with these emerging practices.

The approach classifies assets into one of the following impact categories:

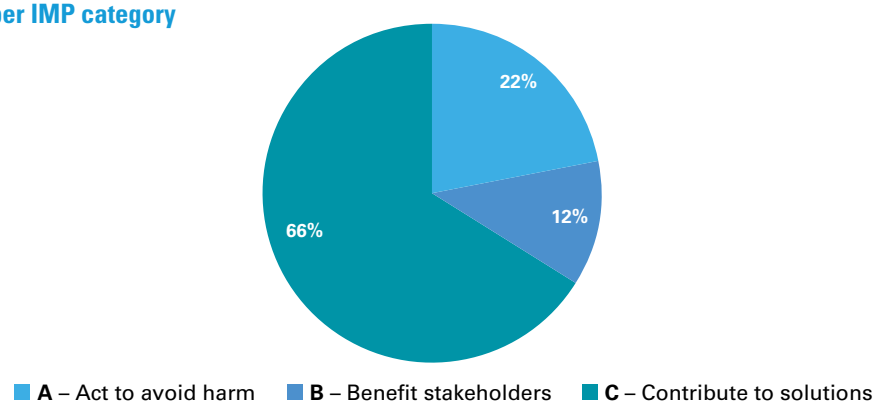
- Does/may cause harm
- **A**ct to avoid harm (A)
- **B**enefit stakeholders (B)
- **C**ontribute to solutions (C)

This year, an initial alignment exercise was undertaken between the Fund's own Social Performance Assessment methodology and the method used to classify investments using the IMP's ABC system. This alignment exercise used a rules-based system to provide an approximate classification of all bonds in the portfolio as either Avoid Harm, Benefit Stakeholders or Contribute to Solutions. As a positively screened fund, all bonds already go through a Social Performance Assessment that assesses their expected impact performance. This assessment system therefore screens out bonds that would be classed as 'Does/may cause harm'.

[1] IMP – A Guide to Classifying the Impact of an Investment.
Note that this approach classifies both the impact of the underlying asset (A-C) as well as the investor contribution (1-6). However, the exercise undertaken by the Fund this year was only looking to classify the impact of the underlying assets (i.e. the bonds) on a bond-by-bond basis. The Fund has, however, been classified by the IMP according to its overall impact class – as a Fund, it is rated as B1 (see link above for more details on what this means).

The provisional results of this initial alignment exercise produced the following results for the bonds within the portfolio:

Investment per IMP category



It must be stressed that these are provisional results following an initial alignment exercise and the criteria used in the rules-based system are not yet fully aligned with the IMP's criteria for classifying assets according to the ABC method. The Fund will be working over the coming year to align the methods further and to ensure all the data that is required to fully classify assets under the ABC system is captured for each bond. Therefore, these results may shift as the method is refined.

Investments & Accreditations

€176.5M
Invested, out of €185M under management

3
Labels & Awards

272
Bonds from162 issuers

ESG
LUXFLAG Label

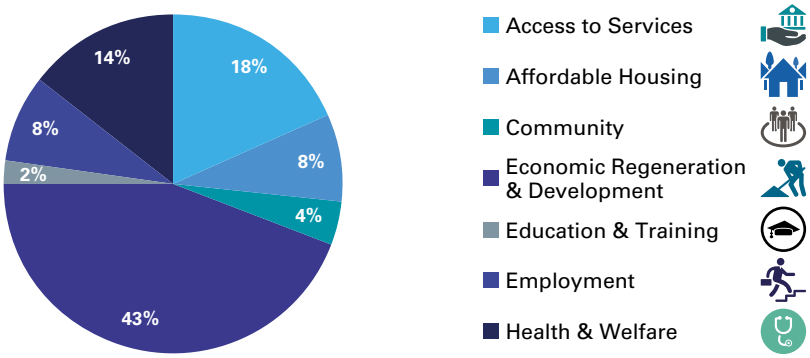
Innovation Award
European Pensions Investment Awards 2018

Social Targets & Profile

Social Target	Achievement 2019-2020	Achievement 2018-2019
Over 20% of the fund invested in Social Impact Investments (rated A)	**24.2%**	**24.8%**
Under 25% of the fund invested in Lower Social Outcomes (rated C3 or C4)	**23.5%**	**21%**
Raising the Average Social Intensity Score year on year	**18.2**	**18.1**

Investments with a dedicated or priority focus on lower-income, vulnerable or higher-needs groups account for 30,8% of the Fund. New bonds that fund new developments, expansions or change represent 26%. The majority Development Opportunity is Economic Regeneration and Development, pursued by 44% of the allocated portfolio:

Investments per development opportunity



Social & green highlights

Over the year, we have invested in organisations and bonds delivering and enabling tangible impact. Highlights are shown below.

Social highlights

Over the year, our investments included 192 bonds with social impact (including Social Bonds, Sustainable Bonds, Transition Bonds and Bonds with Social Benefits) from 118 issuers. Impact data was published for 48 of these bonds, which contributed to:

Housing



- **Financing approximately 221,000 social homes, 87,000 of which are not due to a specific bond use of proceeds**
- **Supporting 440 housing associations**
- **Funding residential businesses with over 5,800 lower-cost homes**

Health & Welfare



- **Allocating over €2,67 billion to advanced nutrition and global health priorities**
- **Benefiting around 22 million people via water & food security projects**
- **Benefiting around 29.5 million patients, all of which are achieved through general use of proceeds bonds**
- **Funding or employing at least 51,000 health researchers & scientists**

Employment



- **Ten bonds supporting micro, small, medium or women-led enterprises**
- **These created and retained over 530,000 jobs and made supporting services available to 151,000 farmers**
- **Bonds supported over 230,000 microloans outstanding, from which one supported over 20,000 microloans to women**

Green highlights

Over the year, our investments included 102 Green/Sustainability Bonds, representing 38% of the Fund in terms of number.



- **These show a positive impact on greenhouse gas (GHG) savings:**
  - In 2018, 14 million tons of CO_2 emissions were avoided on a basis of 19 reported bonds (50% of total), equivalent to shutting down 3.6 coal-fired power plants for one year
  - In 2019, over 21 million tons of CO_2 emissions were avoided on a basis of 30 reported bonds (50% of total), equivalent to shutting down 5.4 coal-fired power plants for one year

In 2020, over 30 million tons of CO_2 emissions were avoided on a basis of 65 reported bonds (63% of total of 102), equivalent to shutting down 7.7 coal-fired power plants for one year. This is namely achieved thanks to energy producers (Iberdrola, Enel, Ørsted and others) phasing out from the carbon-intensive coal-based electricity production, in accordance with EU's carbon neutrality goal.[2]

The portfolio had a carbon exposure of 137 tCO2/$M. This compares favorably to MSCI Europe's index with its average of 148.1 tCO2/$M.

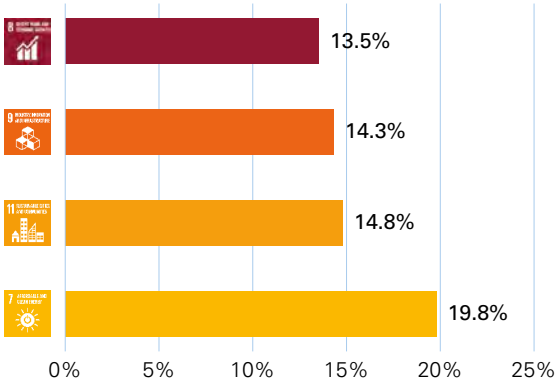
In 2020 over 52 million MWh of renewable energy were produced. Energy producers are increasingly investing in renewable energies: in Europe, half of the carbon plants shut down capacity is replaced by wind and solar power.

SDG alignment

All our investments are mapped to the UN Sustainable Development Goals (SDGs), demonstrating the Fund's alignment with global social and environmental imperatives.

The four SDGs most impacted were 11, 9, 8 & 7.

SDG Alignment



Example of served SDG Targets & corresponding bonds

7.2 Increase the share of renewable energy in the global energy mix:
ENEL finance, Iberdrola, etc.

8.3 Promote development-oriented policies that support productive activities, decent job creation and entrepreneurship:
Cassa Depositi e Prestiti, Instituto de Credito Oficial, etc.

9.4 Upgrade infrastructure and retrofit industries to make them sustainable:
Enexis Holding, Gas Networks Ireland, etc.

11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all:
Deutsche Bahn, SNCF

[2] According to the EPA website calculator: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

Foreword

To describe 2020 as an extraordinary year feels like a huge understatement. The arrival of the pandemic has created unprecedented levels of mental, physical and economic hardship, completely changing our lives in ways that we could never have imagined, aspects of which may now never revert. The bond markets have responded to this new level and type of need and also experienced significant change. By the third calendar quarter of 2020, new bond issuance amounted to $148 billion.

To place this into context in the same period of 2019, the level was $72 billion and in 2016 for the entire year $74 billion. The composition of this issuance has also born witness to a dramatic shift with new Social Bonds exceeding all previous Social Bond issuance amounting to 28% of all new issues, versus 6% in 2019. This has enabled social bonds to now form 17% of the portfolio and a new segment Pandemic Related exposure is 3.8%.

We reflected on the rising level of support and interest in this strategy in 2019 as we approached the third year since launch of this, the first European Social Bond Fund. The compelling mix of a return that also reflects social impact and environmental concern has supported a rise in the assets under management in this strategy which have risen threefold in the past year to €185 million. This is made all the more remarkable by the fact that the measure of the portfolios average social intensity has also risen to 18.2%. To sustain the level of commitment to pressing social demands in the face of such an inflow is a tribute to the skill and commitment of your management team so ably led by Simon Bond. The performance versus the benchmark is also a highly credible.

In the report there are further illustrations of bonds supported and the breakdown of the various levels of social intensity. The relationship to the United Nations Sustainable Development Goals, (SDGs), is also highlighted with the portfolio's current emphasis on SDG 7, renewable energy, 8, good jobs supporting the small, medium and micro companies, 9, Green infrastructure and especially 11 affordable housing and sustainable communities.

The Social Advisory Panel, led by INCO, continues to work well in our role to comment and question the calculation of social value and monitor the weights to the various categories of social intensity and geographic exposure. Last year I highlighted the resignation of Marco Traversi, who for business reasons had to step back from the Social Advisory Panel. Early in 2020 we were delighted to welcome Rana Modarres as an observer member of the panel. Rana leads Oxfam's Small Enterprise Impact Investing Team. This background is ideal for an independent member of the panel and I much look forward to working with Rana in the future.

James Fairweather
Independent member of the Social Advisory Panel

About the partners

About the Social Advisory Panel

An independent Social Advisory Panel oversees the application of the methodology and ensures the management of the Fund is driven by social purpose. The board meets on a quarterly basis to follow and review the social performance of the Fund and acts as an advisor on social viability of investments. The board is composed of seven members – the majority of whom are not employed by the Fund manager – to ensure independence of thought and oversight. Details of the members can be found on pages 47-48.

The Panel has set the Fund manager three targets, performance against which are shown on page 4.

- **To invest over 20% in Social Impact Investments**
- **To invest under 25% in Lower Social Outcomes (Bonds rated C3 and C4)**
- **To increase the Fund's social intensity score over time**

About INCO

INCO is an investment firm with nearly a decade-long track record investing in socially inclusive and environmentally sustainable enterprises with compelling financial returns. Through both an international network of start-ups, support programmes, as well as local expert teams, INCO provides long-term equity and quasi-equity, from seed to growth stages. INCO complements its financial investments with strategic and technical assistance to support the growth, development and impact of its portfolio companies.

90+
Investees

€200M+
Assets under management

45 years
Combined expertise in private equity and debt financing on the management team

INCO manages or advises several funds, investing in early-stage social and green start-ups and in growth stage profitable, social & green companies. The firm advises the Threadneedle European Social Bond Fund in its social impact evaluation of European bonds. INCO acts as an independent advisor of the Fund, providing its expertise in the field of social and environmental evaluation. This partnership shows a common desire to support organisations that make a positive change in their community, whether they are companies, local authorities or non-profit organisations.

About Columbia Threadneedle Investments

Millions of people around the world rely on Columbia Threadneedle Investments to manage their money, including individual investors, financial advisers, and institutional investors. Together, they entrust us with $426 billion*.

Our reach is expansive. We have built a global team of 2000 people, including more than 450 investment professionals sharing global perspectives across all major asset classes and markets. Our analysts are dedicated to finding original, actionable insights that are shared and debated with portfolio managers. Responsible Investment (RI) principles are important and we apply proprietary tools to provide a robust RI framework. As well as integrating Environmental, Social and Governance considerations across asset classes the firm runs a number of dedicated strategies across the Responsible Investment spectrum. After the launch of its UK and US Social Bond Funds, Columbia Threadneedle Investments has created and is managing the Threadneedle European Social Bond Fund.

*In US dollars as of 31 March 2020. Source: Ameriprise Q1 Earnings Release. Contact us for more current data.
Source of all data unless specified otherwise: Columbia Threadneedle Investments, as at 31 March 2020.

Methodology

Social hierarchy of needs

As described in the first part of the document, the Fund scrutinises investment opportunity through a series of filters to ensure they are fit for set objectives. The key element in this filtering approach is the Social Needs Category, which flows from a social hierarchy-of-needs approach, whereby more primary and basic needs (affordable housing, healthcare) are prioritised over more general needs.

It is also aligned with United Nations' Sustainable Development Goals (SDGs): set in September 2015 through a multi-stakeholder partnership to form an agenda for achieving sustainable development by the year 2030.

Social need	Outcome area	SDGs
1. Primary Needs	**Affordable Housing** • Social housing • Key worker housing • Independent living housing • Care homes	11 SUSTAINABLE CITIES AND COMMUNITIES
2. Basic Needs	**Health & Welfare** • Physical health • Mental health • Healthy living • Rehabilitation & support	3 GOOD HEALTH AND WELL-BEING 2 ZERO HUNGER
3. Social Enabling	**Education & Training** • Primary & Secondary • Vocational training & apprenticeships • Further & Adult education	4 QUALITY EDUCATION 1 NO POVERTY 5 GENDER EQUALITY
4. Social Empowerment	**Employment** • Creation of jobs in deprived areas; and • Good employment standards	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
5. Social Enhancement	**Community** • Local amenities, services & environment • Care services • Personal (e.g. elderly) • Other community services	11 SUSTAINABLE CITIES AND COMMUNITIES 6 CLEAN WATER AND SANITATION 15 LIFE ON LAND 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
6. Social Facilitation	**Access to services** • Affordable financial products • First-time mortgages • Professional services • Communication & broadcast services	10 REDUCED INEQUALITIES 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
7. Societal Development	**Regeneration & Development** • Sustainable development • Public & community transport • Urban & community regeneration • Infrastructure & utility development • Environment & agriculture	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 2 ZERO HUNGER 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

Social categorisation & scoring

Above and beyond the segmentation that factually defines the bonds, the fund performs its own scoring of each investment opportunity, evaluating the social characteristics and expected impact of each bond.

This categorisation model is designed to differentiate the nature of the investments in terms of their focus on achieving the Fund's social aims. It is made up of 2 parts, one with a letter grade assessing the intentionality of the bond **(Impact Category, from A to C)**, and the other with a numbered grade assessing the quality and depth of the response **(Intensity score, from 0 to 31, which translates into an Intensity rating ranging from 1 to 4, 1 being Strong and 4 being Minor).**

For categories, each grade relates to the following:

Category A – social impact investment

Funding is designed specifically to generate positive social impact, development and/or change.

Category B – investment with impact

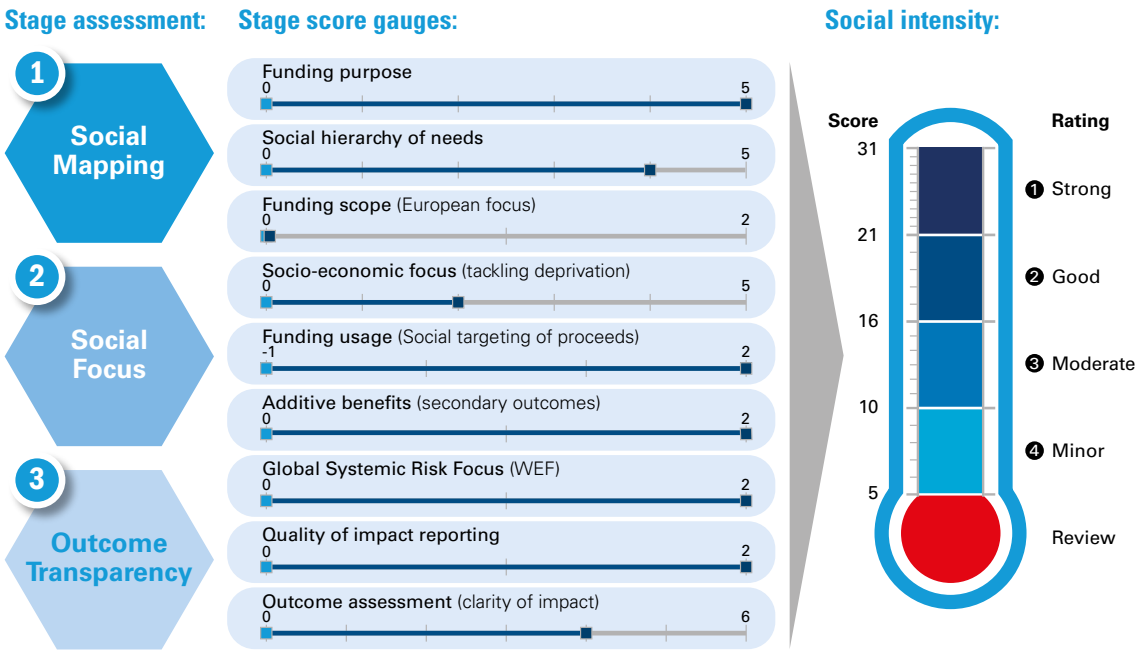
Funding is likely to generate expected and identifiable social impact for individuals, either indirectly or without specifically disclosed intentionality.

Category C – development finance & global impact

Investments in capacity, infrastructure and other projects that generate social externalities, contributing to positive social and/or economic growth and development. Investments in higher-impact bonds which are listed in Europe, but where the main scope of the outcome is outside Europe.

For Social Intensity, the grade comes from the following scoring model:

The scoring model is designed to give a comparable, evidence-based score of the impact of a bond. It moves through initial social mapping, to assessing the degree of social focus, to outcomes and impact. A high-level outline of the process is shown below.



Values & governance

Values & ESG Risk

We start by shaping a Social Universe. This comprises only categories of bonds with higher potential for delivering social outcomes, and hence excludes those in areas that pose a higher risk of adverse impacts.

We exclude bonds that meet the following criteria, which represent general minimum requirements and are assessed at the bond level:

1. **Norm Adherence:** We exclude on any evidence of violation of key norms and standards such as the United Nations Global Compact
2. **Sustainable Energy Focus:** We avoid those that generate material revenue from nuclear energy and coal
3. **Health Enhancement:** We avoid those that generate material revenue from tobacco production or tobacco sales
4. **Social Cohesion:** We exclude those that generate material revenue from adult entertainment or gambling
5. **Weapon Avoidance:** We avoid weapons and firearms, with zero tolerance for controversial weapons
6. **Severe Environmental Impact Avoidance:** we avoid companies with severe controversies related to water or biodiversity and land use. This applies to all issuers, including of Green, Social or Sustainability bonds
7. **Controversial regimes:** We only invest in Green, Social or Sustainability bonds from governments. Nevertheless, we will not invest in countries with the death penalty, those subject to EU sanctions, those taking minimal collaborative action on Climate Change, or those considered to be oppressing freedoms or taking action which would violate principles of human rights. Companies wholly owned by such regimes will be excluded

We also evaluate any material ESG risks as part of each social assessment. Any key issues are noted and, where they may jeopardise the overall social impact of an investment, the scoring may be affected, or the bond deemed out of scope for the Fund. We also review these issues during our monitoring process, described below.

Governance & Monitoring

The Social Advisory Panel plays a vital role in reviewing, checking and monitoring the Fund, while ongoing monitoring checks are undertaken by both the Mandate Monitoring and Responsible Investment teams.

Key issues and assessments are discussed at the Social Advisory Panel, comprising members nominated by our social partners, INCO and the Fund Manager. The Panel is Chaired by an INCO-nominated member.

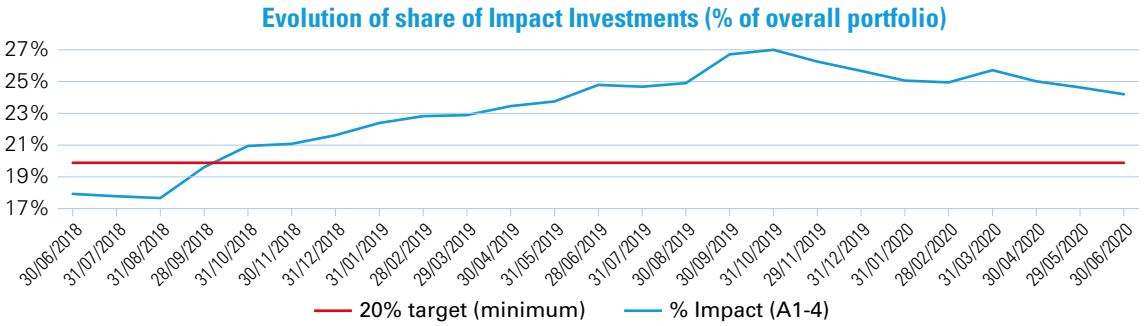
Ahead of each Social Advisory Panel, the Responsible Investment team undertakes portfolio screening to ensure that requirements are continuing to be met by Fund constituents. Any non-compliance – or high risk of non-compliance – are highlighted to the Social Advisory Panel.

The Panel has right of referral on the final assessment. If a bond is considered ineligible or no longer eligible for the Fund, the Fund Manager will draw up and implement an action plan comprising an exit strategy in the best interest of the underlying investors.

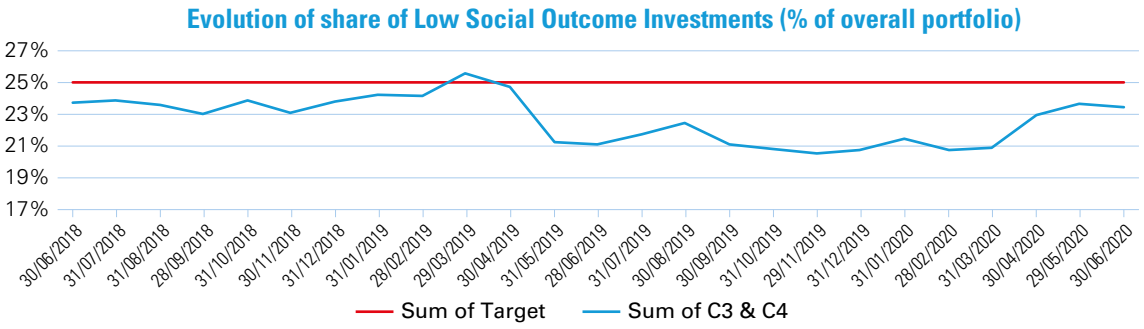
Social targets

The Fund met or exceeded all of its targets over the period.

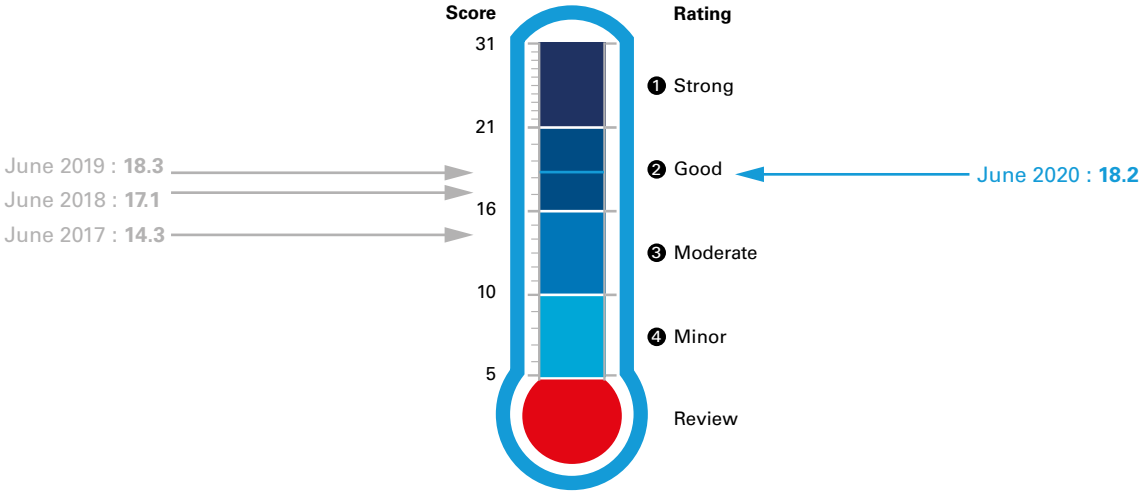
> 24.2% in Social Impact Investments (A1-4) (current target of 20% minimum)



> 23.5% in Lower Social Outcomes (C3 & C4) (target of 25% maximum)



> Average social intensity score of 18.2 versus 14.3 at Fund launch (targeting a continuous increase)



Focus on additionality and deprivation mitigation

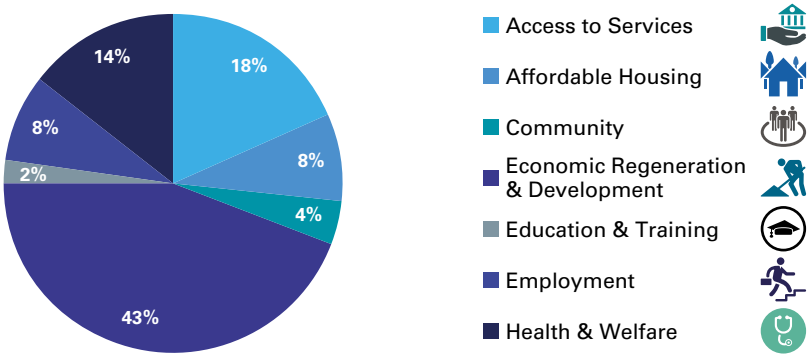
The European social bond fund, in its primarily social aims, targets the populations that are the most in need

- **> 37.9% of the AUM contributed to fund additional projects, such as capital funding new capacity and outcomes, or their transition to the delivery phase**
- **> 30.8% of the AUM contributed to projects with a dedicated focus or priority focus on social needs**
- **> 20.6% of the AUM meet both conditions, versus 17% in 2018-2019 and 15% in 2017-2018**

Social profile

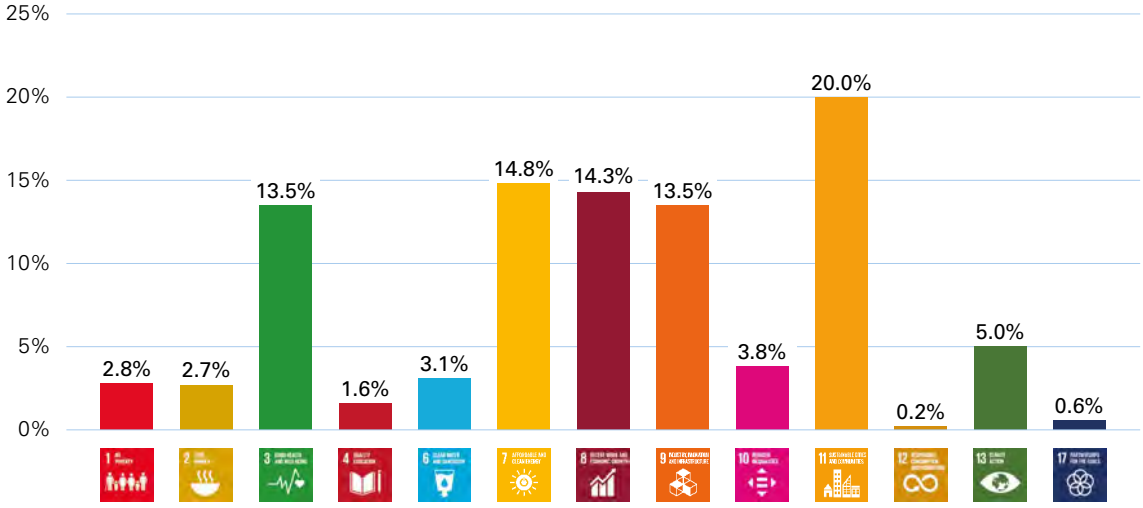
The Fund is invested in seven outcome areas, or Development Opportunities, led by Regeneration & Development, which includes the majority of the Fund's Green Bonds. As a result, this area is dominated by infrastructure, which is particularly appropriate for bond financing.

Investments per development opportunity



All our investments are mapped to the UN SDG Targets, demonstrating the Fund's alignment with global social and environmental imperatives. The four SDGs most affected were 7, 8, 9 & 11. This reflects the Fund's strong focus on renewable energy (SDG 7), quality employment opportunities and encouragement of micro, small and medium enterprises (SDG 8), support of green infrastructure (SDG 9), affordable housing and sustainable communities (aligned with SDG 11).

SDG Alignment



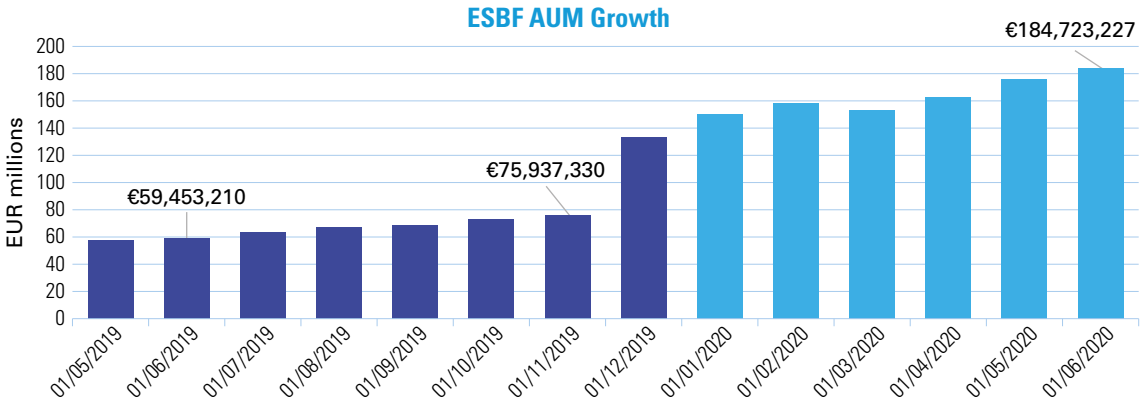
Fund growth

The Fund's AUM reached €185M in June 2020 representing a **3-fold increase** over a one-year period.

This growth can be attributed to three factors:

- **The Fund passed €100m AUM milestone**
- **The Fund celebrated it's 3-year anniversary and supporting track record**
- **The fund has benefitted from a general shift from Environmental to Social themes**

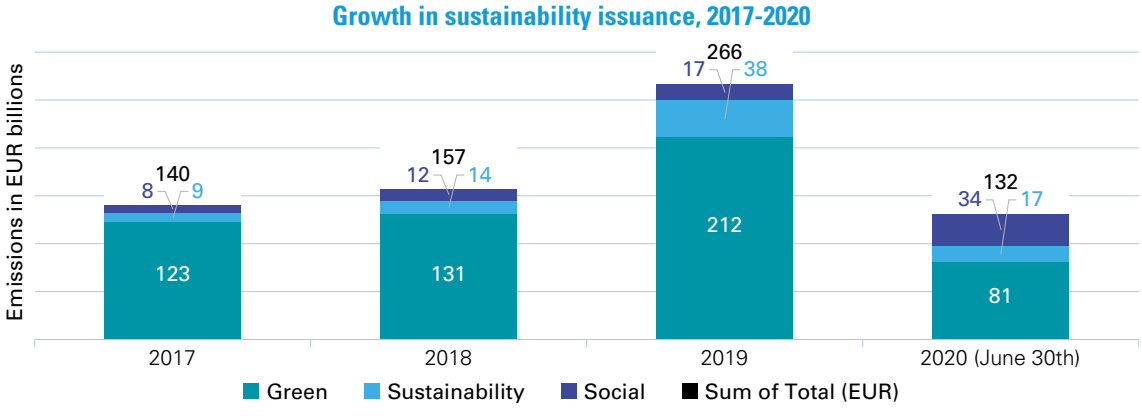
Between June 2019 and June 2020, AUM has increased from €59M to €185M representing a +214% increase.



Over the period, bond issue rate was virtually similar to 2019, with half year bringing €136bn of new social, green and sustainable bonds which accounts for 51% of 2019 full year. Nevertheless, this has to be read in light of the events of 2020, in particular the COVID-19 pandemic, which turns this apparent stagnation into a quite promising statement.

Focus-wise, 2020 seems to be a turning point: where 2019 was a Green year, with 80% of total amounts being allocated to environmental projects, 2020 shows a much stronger focus on Social bonds (28% vs. 6% in 2019) which resulted in a share of Social-oriented bonds of 41%, as opposed to 20% in 2019.

This shift obviously finds its roots in the COVID-19 crisis, which motivated players of all types to raise money to face the crisis through the issue of new bonds.



Top 25 Holdings

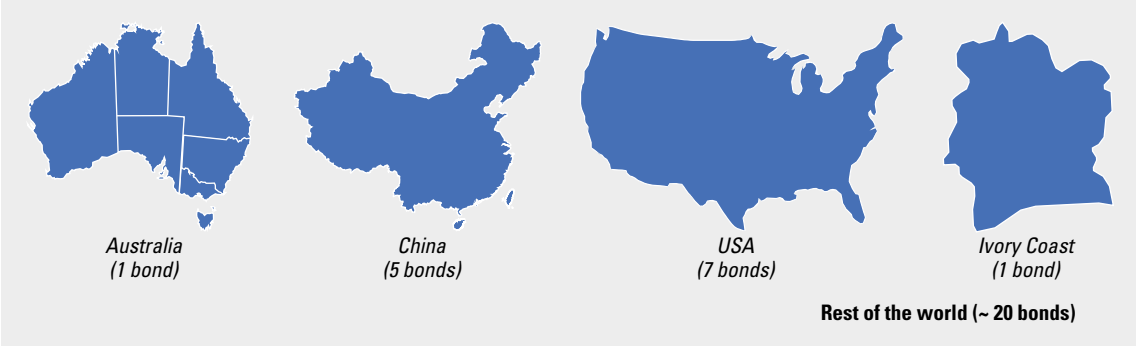
Rank	Name	Bond Type	Social Need Category	Development Opportunity	Social Rating Scores	% porfolio	Main SDG Mapping
1	Credit Agricole	Green Bond, GSB[3]	Social Facilitation	Access to Services	B2-C4	2.8%	
2	Orsted	Green Bond	Societal Development	Economic Regeneration & Development	B2	2.2%	
3	Banque Federative du Credit Mutuel	GSB	Societal Development	Economic Regeneration & Development	C4	2.2%	
4	BPCE	Social Bond, Green Bond, GSB	Social Facilitation	Access to Services	A2-C4	2.1%	
5	Cassa Depositi e Prestiti	Social Bond	Social Empowerment	Employment	A1	2.1%	
6	Autonomous Community of Madrid	Sustainability Bond	Basic Social Needs	Health & Welfare	A1	2.0%	
7	Orange	GSB	Social Facilitation	Access to Services	C3	1.9%	
8	Danone	Social Bond	Basic Social Needs	Health & Welfare	C1	1.8%	
9	Council Of Europe Development Bank	Social Bond	Social Empowerment	Employment	A1	1.7%	
10	La Banque Postale	Green Bond, GSB	Societal Development	Economic Regeneration & Development	B2-B4	1.7%	
11	Instituto de Credito Oficial	Social Bond	Basic Social Needs	Health & Welfare	A1	1.5%	
12	Becton Dickinson	GSB	Basic Social Needs	Health & Welfare	B3	1.4%	
13	Action Logement	GSB	Primary Social Needs	Affordable Housing	A1	1.4%	
14	Deutsche Bahn	GSB	Societal Development	Economic Regeneration & Development	B2-B3	1.4%	
15	European Investment Bank	Sustainability Bond, Green Bond	Basic Social Needs	Health & Welfare	A1-B2	1.3%	
16	African Development Bank Social Bond	Social Bond	Basic Social Needs	Health & Welfare	C1	1.2%	
17	Credit Mutuel Arkea	Social Bond, GSB	Societal Development	Economic Regeneration & Development	A1-C4	1.2%	
18	TenneT	Green Bond	Societal Development	Economic Regeneration & Development	B2-B3	1.2%	
19	City of Paris France	Sustainability Bond	Social Enhancement	Community	A1	1.1%	
20	Rabobank	Green Bond, GSB	Societal Development	Economic Regeneration & Development	C2-C4	1.1%	
21	Allianz	GSB	Social Facilitation	Access to Services	C3	1.1%	
22	Region of Ile de France	Sustainability Bond	Primary Social Needs	Affordable Housing	A1	1.0%	
23	Telefonica Emisiones	Green Bond, GSB	Social Facilitation	Access to Services	B3-C3	1.0%	
24	Wallonne Region	Social Bond, Sustainability Bond	Social Enhancement	Community	A1	1.0%	
25	E.on	Green Bond	Societal Development	Economic Regeneration & Development	B3	1.0%	

[3] GSB : General Social Benefits

Investment map

The fund targets positive social outcomes in Europe, allowing itself a 20% international exposure to access high impact issues with global outcomes, improve liquidity and overall stability.





Thematic spotlight

Primary needs – affordable housing

One-sixth of the EU population lives in overcrowded dwellings, and one in 20 suffers from severe housing deprivation. A key component of UN Sustainable Development Goal 11 'Sustainable Cities & Communities' relates to decent living and housing.

Under this outcome area, we seek to support organisations and bonds that increase the provision of quality and affordable homes and related local facilities. Examples include social housing, key worker housing, independent living housing and care homes.

23 Bonds from 17 issuers

15 Social Impact Investment
> Social housing

4 Investments with Impact
> Sustainable & affordable

4 Development & Global
> Lower cost

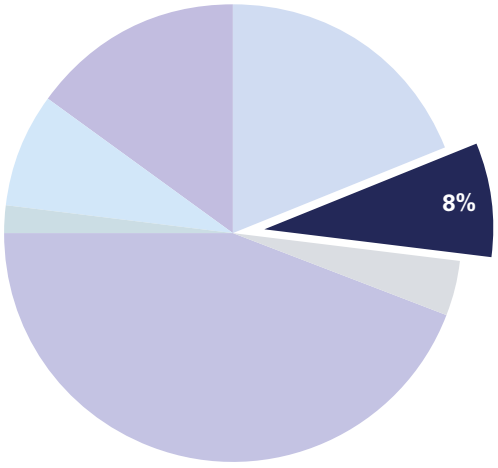
Organisations and bonds within this area are:

> **Financing more than 134,000 social homes**
> **Financing more than 5,800 low-cost loans available to all**
> **Supporting 440 housing associations**

Bond issuers

- Action Logement
- Credit Mutuel Arkea
- Region of Ile de France
- Nederlandse Waterschapsbank
- Unibail-Rodamco
- Akelius Residential Property
- The Flemish Community
- Deutsche Wohnen
- Bayerische Landesbodenkreditanstalt
- Deutsche Kreditbank AG
- BNG Bank
- Deutsche Kreditbank
- Accent Housing
- Bromford Housing
- Guinness
- Credit Agricole Home Loan
- The Housing Finance Company

Investments per development opportunity: Affordable housing





Social housing and student residence projects

BNG Bank



SDG Target 11.1:
By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums.

Entity Overview:

- BNG bank is a publicly owned Dutch Bank, specialized in financing publicly owned organizations. It does not serve any private customer. In 2019, BNG issued more than 13 billion euros in loans and funding, 67% of which in Europe.

Bond Overview:

- Issued in 2016, the purpose of this bond is to fund the best-performing Dutch housing associations, which are historical actors of the social housing funding in the Netherlands. The bank, in cooperation with the sustainability center of Tilburg University, developed a scoring framework based on 31 indicators. Applied to the universe of Dutch housing associations, it allowed the BNG to select the 92 best-performing association sectors such as: one-family dwellings and high-rise buildings.

Outcome and Impact:

€1bn lent to Dutch housing associations

- 82 funded associations
- 979 social houses creation financed
- Examples:
  - New social apartments in Waardwonen, energetical renovation in Nijmegen.

SDG & Target:	
• **Goal 11:** Make cities and human settlements inclusive, safe, resilient and sustainable	
• **Target 11.1:** By 2030 ensure access for all to adequate, safe and affordable housing	
Social Bond Rating	B2
Use of Proceeds Bond	Ringfenced – Social Bond

The Social Bond Principles



Access to basic infrastructures and health services

Basic needs – health and welfare

This area is focused on investments that help to deliver universal access to basic infrastructures and health services. This encompasses both physical and mental health, healthy living, rehabilitation and support, and well-being.

It is aligned with UN Sustainable Development Goal 3, Good Health & Wellbeing, which focuses on both communicable and non-communicable diseases.

32 Bonds from 20 issuers

8 Social Impact Investment
> High impact Europe

7 Investments with Impact
> Health & Hygiene

17 Development & Global
> High impact global
> European pharma

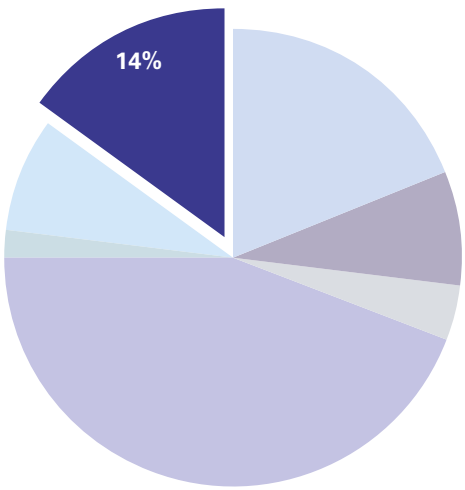
Organizations and bonds within these areas are:

- **Allocating over €2,67 billion to advanced nutrition and global health priorities**
- **Benefiting 2 million patients via the financing of health care infrastructures**
- **Benefiting 22 million beneficiaries of water & food security projects**
- **Funding or employing at least 51,000 health researchers & scientists**

Bond issuers

- Autonomous Community of Madrid
- Danone
- Instituto de Credito Oficial
- Becton Dickinson
- European Investment Bank
- African Development Bank Social Bond
- Credit Mutuel Arkea
- Roche
- Wellcome Trust
- Essity
- Caisse Francaise de Financement Local
- IBRD
- Carrefour
- BUPA Finance
- Osterreichische Kontrollbank
- IADB
- IFC
- Pharma
- International Finance Facility for Immunisation
- Sanofi

Investments per development opportunity: Health & welfare





Supporting most vulnerable populations through healthcare products & services

Caisse Française de Financement Local



SDG Target 3.8:
Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Entity Overview:

- Caisse française de financement local is a French public development bank financing the public sector in French regions. Its main activity is to fund French hospitals, schools, roads and municipal infrastructure. In 2019, it lent more than 5.7 billion euros to the French collectivities.

Bond Overview:

- Issued in 2019, the bond refinances the organization's Health Loan Portfolio. More precisely, the funding is directed towards the provision of public health services for the whole population, regardless of the income, social or financial status, at any time, Research to continually improve care and develop new treatments, and training of doctors, midwives, pharmacists, dentists, healthcare executives, nurses, etc.

Outcome and Impact:

- Financed 254 hospitals
- Supported 171,479 patients via the funding of their hospital
- Examples:
  - Hopital de la Pitié-Salpêtrière, Paris.

SDG & Target:	
• **Goal 3:** Ensure healthy lives and promote well-being for all at all ages • **Target 3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	
Social Bond Rating	A1
Use of Proceeds Bond	Ringfenced – Social Bond

The Social Bond Principles



Education a key enabler of social progress and mobility

Social enabling – education & training

Education is a key enabler of social progress and mobility, with UN Sustainable Development Goal 4 dedicated to this area. We focus on bonds that support inclusive education and training programmes in primary and secondary education, as well as vocational training and apprenticeship, and further education.

5 Bonds from 5 issuers

2 Social Impact Investment
> Sustainability bond
> Disability focused

1 Investments with Impact
> Bond financing a university

2 Development & Global
> Social bonds

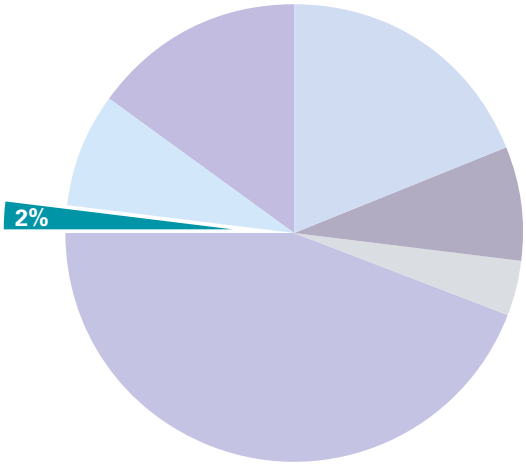
Organizations and bonds within these areas are:

> **Impacting over 750,000 students**
> **Serving 62,000 disabled customers**

Bond issuers

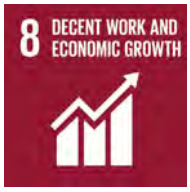
- State of North Rhine-Westphalia
- RBS
- IADB EYE Bond
- Pearson
- University of Southampton

Investments per development opportunity: Education & training




Giving children access to basic education across the world

Cassa Depositi e Prestiti



SDG Target 8.2:
Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Entity Overview:

- Casa depositi e prestiti is an Italian national investment bank, acting as the government's arm at the local and national level. It mobilized €34.6bn loans in 2019, the majority being directed towards Italian companies, and a quarter towards Italian public sector and infrastructures.

Bond Overview:

- Issued in 2019, this social bond is mainly allocated to financing public-school buildings safeness and urban redevelopment initiatives. More specifically, the proceeds have been destined to the construction, safety and earthquake-proof upgrading of public buildings, especially those used for schools at all educational levels (universities included).

Outcome and Impact:

- 15,514 jobs supported – full-time job created by the funding
- 587,000 students supported
- Examples:
  - Funding of the redevelopment of the market square of city of Novara, or of the university "Università degli Studi Milano".

SDG & Target:	
• **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all • **Target 8.2:** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	
Social Bond Rating	A1
Use of Proceeds Bond	Ringfenced – Social Bond

The Social Bond Principles



Supporting inclusive job creation and growth

Social empowerment – employment

Lack of quality employment opportunity remains a key issue for Europe. We focus on issuers supporting inclusive job creation and growth in major employment sectors, especially in deprived areas and promotion of good employment standards. As such, it is aligned with SDG 8, Decent Work & Economic Growth.

23
Bonds from 13 issuers

15
Social Impact Investment
> Social bonds in Europe

1
Investments with Impact
> Quality employment providers
> A global social bond

7
Development & Global
> General corporate purposes bonds with social benefits

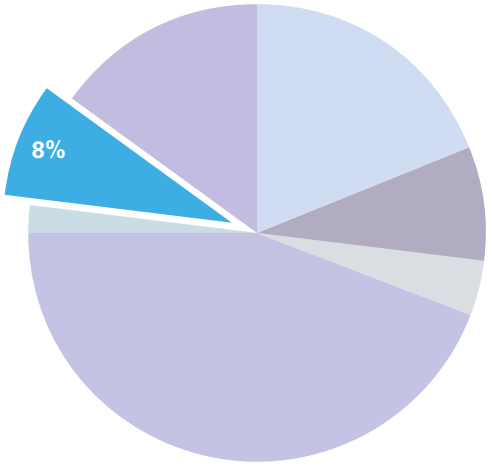
Organizations and bonds within these areas are:

> **Creating and retaining over 200,000 jobs**
> **Making available supporting services to 240,000 farmers**
> **Supporting over 4 million microloans outstanding, from which one supported over 3.3 million microloans to women**

Bond issuers

- Cassa Depositi e Prestiti
- Council Of Europe Development Bank
- Instituto de Credito Oficial
- Region of Ile de France
- Unedic
- ISS Global
- Inter-American Investment Corp
- BPIFrance
- NIB
- FMO
- The Unemployment Insurance Fund of Finland
- Bavaria
- Hungarian Development Bank

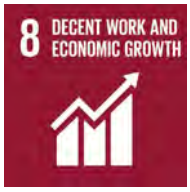
Investments per development opportunity: Employment





Support job creation, entrepreneurship and the growth of small enterprises

Instituto de Credito Oficial



SDG Target 8.3:
Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Entity Overview:

- Instituto de Credito Oficial is a Spanish lending institution financing investments projects and the liquidity needs of Spanish companies. It is entirely owned by the state, and fulfills the role of the state's financial agency: in this regard, it finances companies in case of extraordinary needs – natural catastrophes, economic crisis, or a pandemic.

Bond Overview:

- Issued in 2017, the bond was emitted to fund SME's loans in Spanish regions below the national average of GDP/capita. It applies an ESG exclusion policy, refusing to fund activities socially or environmentally unfriendly (tobacco, alcohol, gambling...). Thereby, the bond received 48% of its funding from ESG investors.
  Most companies invested in are self-employed entrepreneurs, or micro companies.

Outcome and Impact:

- 61,826 jobs created
- 7,177 SMEs supported
- Examples:
  - The bond helped funding Laboratorios Munuera, an innovative company measuring the impact of industrial and human activity on the environment.

SDG & Target:	
• **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all • **Target 8.3:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	
Social Bond Rating	A1
Use of Proceeds Bond	Ringfenced – Social Bond

The Social Bond Principles


Enhance the quality of life and resilience of communities

Social enhancement – community

Enhancing the quality of life and resilience of communities can include improving the availability of community services, local amenities, care services, or enhancement of citizenship, arts, sport and faith.

10 Bonds from 9 issuers

4 Social Impact Investment
> Sustainability bond
> Charity bonds

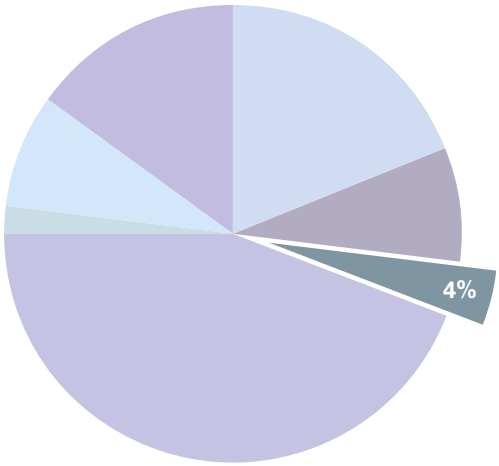
2 Investments with Impact
> Local government bonds

4 Development & Global
> Global Sustainability bonds

Bond issuers

- City of Paris France
- Wallonne Region
- HSBC
- Belgium Post
- La Poste
- Investitionsbank Schleswig-Holstein
- Bremen
- Tesco
- Charities Aid Foundation

Investments per development opportunity: Community





Provide community benefits and services that promote social welfare and inclusion

Charities Aid Foundation



SDG Target 10.2:
By 2030 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Entity Overview:

- The Charities Aid Foundation (CAF) is one of the largest UK charities: the 7th largest in England and Wales by charitable spending. Their mission is "to motivate society to give ever more effectively, helping to transform lives and communities around the world". Their main activity is in enabling giving to charities through providing donors with simple and attractive means of giving (e.g. maximum tax benefits and minimal administrative burdens, established schemes for corporate giving), as well as providing charities with financial services and social investment, fundraising and sector-wide advocacy benefits.

Bond Overview:

- Issued in 2018, the bond's social outcome category is social enhancement: "providing more general, community benefits and services that support and promote social welfare and inclusion". The development opportunity is enhancing charitable giving and activity, with benefits across the value chain: to the donors and their society (predominantly the UK); to mediating bodies (charities, and employers), and to the ultimate beneficiaries of the charities.

Outcome and Impact:

- £646M in donations paid to charities in 2019
- 22% increase in donations compared to 2018
- Examples:
  - Who Cares? Scotland, an award-winning charity that offers care experienced people a platform to have their voice heard, has raised £26,000 over the last four years through CAF Donate.

SDG & Target:	
• **Goal 10:** Reduce inequality within and among countries • **Target 10.2:** By 2030 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	
Social Bond Rating	A2
Use of Proceeds Bond	Non-Ringfenced – General Social Benefit



Finance and technology enabling social inclusion

Social facilitation – access to services

Access to finance and technology are a vital part of contemporary life, and therefore underpin a number of the SDGs. We particularly focus on bonds that improve inclusion via the availability of affordable financial products, first-time mortgages, communication and broadcast services.

47
Bonds from 24 issuers

16
Investments with Impact
> Sustainability bond

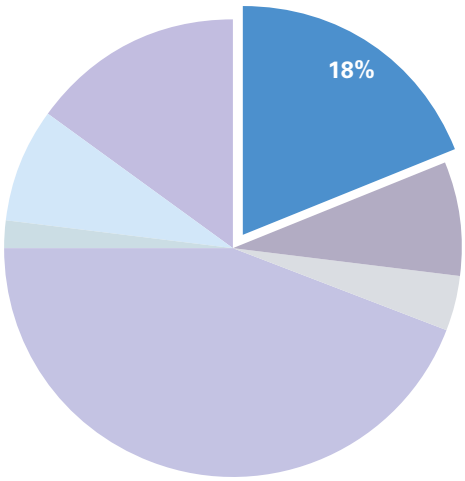
8
Impact investments bonds
> Strong access focus

13
Development Finance
> Moderate access focus

Bond issuers

- Credit Agricole
- BPCE
- Orange
- Rabobank
- Allianz
- Telefonica Emisiones
- Motability Operations Group
- CNP
- O2 Telefonica Deutschland
- BT
- Nykredit
- Telekom Finanzmanagement
- Caixa Bank
- Banco Bilbao Vizcaya
- Swisscom
- Digital Realty
- Landesbank Baden-Württemberg
- Royal London
- AXA
- Achmea
- Deutsche Apotheker-und Aerztebank
- Nationwide
- Basque Government
- Nationwide Building Society

Investments per development opportunity: Access to services





Ensure healthy lives and promote well-being for all at all ages

Landesbank Baden-Württemberg



SDG Target 3.3:
By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.

Entity Overview:

- Landesbank Baden Württemberg is a German federal bank operating in three German regions. It is the biggest state-backed lender in the country, with 265 billion euros in assets. It positions itself as a sustainable finance actor, financing environmentally friendly projects via the emissions of green bonds – reaching €6.1 billion out of their €38 billion in securitized liabilities.

Bond Overview:

- Issued in 2019, the social bond allocates its proceeds to affordable basic infrastructure (water/sewage, public transport) and to the access to essential services (health care, social care, education and vocational training). The majority of the proceeds go to health care, with 50% dedicated to financing hospitals, medical practitioners and nursing homes. Two thirds of these investments are made in Baden-Württemberg.

Outcome and Impact:

- 1,424 supported patients
- 98,000 students supported
- Examples:
  - The financing of nursing homes in the state of Baden-Württemberg contributed to open 1,194 places in nursing homes.

SDG & Target:	
• **Goal 3:** Ensure healthy lives and promote well-being for all at all ages • **Target 3.3:** By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	
Social Bond Rating	A1
Use of Proceeds Bond	Ringfenced – Social Bond

The Social Bond Principles



Supporting societal development through infrastructure and regeneration projects

Societal development – regeneration & development

This area focuses on the environmental and economic areas that underpin social development.
These include supporting sustainable development and conservation, public transport, urban regeneration, infrastructure and utilities.

133
Bonds from 85 issuers

7
Impact investments bonds
> Green and sustainable bonds in Europe
> Strongest environmental
> Social focus

91
Investments with Impact
> Green and sustainable bonds in Europe
> Strong environmental
> Social focus

35
Development & Global
> Green bonds global
> Moderate environmental
> Social focus

Environmental issues are increasingly becoming social issues, with climate change being a prominent example. The Fund is therefore partly focused on this specific area.

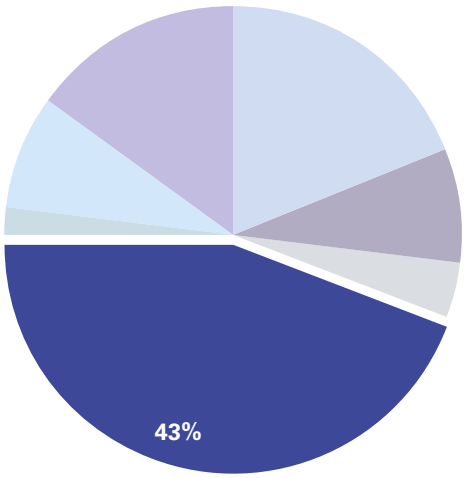
These show a positive impact on greenhouse gas (GHG) savings:

> **In 2019, over 21 million tons of CO_2 emissions were avoided on a basis of 30 reported bonds (50% of total)**
> **In 2020, over 30 million tons of CO_2 emissions were avoided on a basis of 65 reported bonds (63% of total of 102)**
> **In 2020, over 52 million of MWh of renewable energy were produced**

List of top 30 Bond issuers:

- Anglian Water
- Avinor
- Banque Federative du Credit Mutuel
- BNP Paribas
- City of Berlin
- Credit Mutuel Arkea
- E.on
- Electricity Supply Board of Ireland
- Elenia
- Enel
- ERG
- Eurogrid
- Generali
- Icade
- ING
- Innogy
- Intesa Sanpaolo
- Ireland Government
- KBC Group
- La Banque Postale
- Landwirtschaftliche Rentenbank
- Munifin
- Orsted
- Poland
- Raboban
- Regie Autonome des Transports Parisiens
- RTE
- Santander
- TenneT

Investments per development opportunity: Regeneration & development





Access to affordable, reliable and sustainable energy for all

Iberdrola



SDG Target 7.2:
By 2030, increase substantially the share of renewable energy in the global energy mix.

Entity Overview:

- Iberdrola is a Spanish multinational electric utility company. It is the largest producer of wind power in the world, and 80% of its Spanish energy production is CO_2 free. The company employs 34,000 people, and supplies energy to 100 million people around the world.

Bond Overview:

- Issued annually since 2014, Iberdrola's green bonds are dedicated to fund projects in energy access (smart grids, general networks, R&D), renewable energy capacity (wind power, solar power, hydroelectric facilities), energy efficiency (electrification of heat pumps, thermal renovation) and charging stations of electric vehicles. Altogether, Iberdrola raised nearly €10 billion in green bonds since 2014.

Outcome and Impact:

- 232,000 MWh of renewable energy provided
- 93,265 tons of CO_2 avoided
- Examples:
  - The project East Anglia installed an offshore windfarm of 180MW in the North Sea.

SDG & Target:	
• **Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all	
• **Target 7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix	
Social Bond Rating	B2
Use of Proceeds Bond	Ringfenced – Green Bond with social benefits

The Green Bond Principles

Conclusion

We are delighted to note that the third year of the Threadneedle European Social Bond Fund confirmed the relevance of the strategy both in terms of social impact and attractiveness for investors.

The fund has indeed tripled in size between June 2019 and June 2020, validating the intuition of the management company Columbia Threadneedle Investments concerning the existence of a buyer appetite for investments providing a significant and measurable "additional return" in terms of social impact.

This growth in assets under management coincided with very strong growth in issues of Social bonds (+ 700% in 2020, vs 2019) and Sustainable bonds around the world, particularly from public institutions and development banks, partly linked to the social and economic crisis induced by the COVID 19 pandemic. The fund had therefore enough issuances to choose from in order to invest a significant portion of its assets in the projects with the best ratings in terms of social impact. It has been able to continue increasing the share of these, reaching over a good part of the year more or less 25% of the assets, a feat that was applauded by Social Advisory Board of the fund.

The impacts numbers reported here have also shown an important increase: 221,000 social housing units financed and 440 housing associations helped, 22 million people reached by projects aimed at improving their health and food security, 550,000 jobs built or consolidated, and the emission of more than 30 million tons of CO_2 was avoided, versus 21 million last year.

We can only hope for more similar contributions from bond issuers in Europe and worldwide, as the current context makes it more than ever necessary to mobilize financial power in the service of the common good. See you in a year, with the hope that COVID 19 will be nothing more than a nightmare of the past – but with a painful certainty: it will take many more Social and Sustainable Bonds to erase its stigma.

Jean-Michel Lecuyer
Chairman of the Social Advisory Panel

Biographies

Social Advisory Panel

James Fairweather

Chair of the Social Enterprise Academy

James Fairweather, is Chair of the Social Enterprise Academy, a leadership and empowerment group for the third sector and schools in the UK and overseas. James has been involved in social finance since 2013. Prior to this, he spent 35 years in mainstream finance, largely with an Edinburgh-based asset management company with a focus on global investment. During this time, James was a member of the company's management committee and a central board director for over 15 years.

Jean-Michel Lecuyer

Managing Director, INCO

Jean-Michel Lecuyer is the Managing Director of INCO. Prior to this, he worked in consulting in the environmental industry. From 2003 to 2014, he served both as the Managing Director of the SIFA (Société d'Investissement France Active) and as the COO of France Active, a nationwide network, financing social businesses for over 25 years.

Jean-Michel graduated from the École Polytechnique and from Mines ParisTech).

He is also Treasurer of MOUVES (French Fellowship of Social Entrepreneurs) and President of the supervisory board of SOLIFAP (Investment Society of the Abbé Pierre Foundation).

Simon Bond

Director – Responsible investment portfolio management, Columbia Threadneedle Investments

Simon Bond joined the company in 2003 and has been the portfolio manager of the Threadneedle UK Social Bond Fund since its launch in 2013, as well as of the Threadneedle (Lux) European Social Bond Fund launched in 2017. Having previously managed a number of institutional and retail investment-grade corporate bond portfolios, Simon now focuses on managing Columbia Threadneedle's social bond portfolios and supporting the firm's development of other responsible investment strategies. Simon has 34 years' experience in the fund management industry, with the last 29 years specializing in corporate credit. In May 2016 Simon moved to the Responsible Investment Team and concentrated on developing our Impact strategies around the globe.

Prior to joining the firm, Simon managed £6 billion in his role as the Senior UK Credit Fund Manager for AXA. Simon also worked for GE Insurance as a Portfolio Manager, Provident Mutual as a Fixed Income Analyst and Hambros Bank as an Investment Accountant and Pension Fund Investment Administrator.

Simon is a Fellow of the Chartered Institute for Securities and Investment, and holds the Investment Management Certificate and the General Registered Representatives Certificate.

Rana Modarres – Observer Member

Impact Investment Director, OXFAM

Rana Modarres is Impact Investment Director at Oxfam GB where she leads Oxfam's impact advisory input to the EMF (Enabling Microfinance Fund) fund. This fund provides access to capital to enterprises in the "missing middle" by supporting the ecosystem for small enterprises and by promoting inclusive financial policies. At Oxfam, Rana also chairs a global working group on innovative financing programs, largely focused on supporting small enterprises.

Prior to Oxfam, Rana worked in capital markets and investment management, initially selling government bonds and eventually working in private banking. Most recently she worked for Barclays Wealth, and before then Lehman Brothers, Jefferies and Dresdner Kleinwort Wasserstein. She also conducted research for the United Nations Department of Economic and Social Affairs.

Rana has an MSc in Political Economy from the London School of Economics and a B.A. in Economics from the University of Massachusetts, Amherst.

Iain Richards

Head of Responsible Investment Policy, Columbia Threadneedle Investments

Iain Richards joined the company in 2012 and is Head of Responsible Investment for the Global business, where he leads the strategy, development and implementation of Responsible Investment activities.

Before joining the company, he worked for Aviva Investors and Schroder Investment Management.

He has also worked in regulation as a member of the Policy Group of the UK's Listing Authority (including on the introduction of the UK's corporate governance 'comply or explain' rule in 1993) and at the London Stock Exchange. Before working in the City, he worked at the UK's Department of Trade and Industry (now BEIS) in various roles in the European and competition policy units.

Responsible Investment Team – Thematic & Portfolio Analysts, Columbia Threadneedle Investments

Ben Kelly

Ben Kelly is a Senior Thematic Analyst (Behavioural Economics), in Responsible Investment at Columbia Threadneedle Investments. His principal responsibility relates to the development, delivery and integration of thematic research within the context of responsible investment strategies, in particular sustainable outcome strategies across equity and fixed income portfolios.

Within these strategies, he is also involved in the wider work of the team on ESG research, voting, reporting and engagement.

Prior to joining the company, Ben worked in BlackRock's Investment Institute, where he combined macroeconomic research across equity, fixed income and real asset teams with expertise in behavioural finance and investment decision making. In this context, he worked with fundamental and quantitative alpha generation teams, focusing on their investment processes and how these can be modified to combat behavioural biases.

Ben is a visiting lecturer in behavioural science at the University of St Andrews and London School of Economics.

He holds a BSc (Hons) in Chemistry, an M.Litt in Management, Economics and International Relations and a PhD in Economics, all from the University of St Andrews.

Jess Williams

Jess Williams is an Analyst in the Responsible Investment research team at Columbia Threadneedle Investments where she covers the energy sector as well as supporting a number of specialist responsible investment funds.

Prior to joining the firm, Jess worked at S&P Global Ratings, where she developed sustainable finance products and published research on ESG-related topics. Prior to this, Jess worked on the Global Innovation Lab for Climate Finance at the Climate Policy Initiative in Venice and completed internships at both Inflection Point Capital Management and the CDP (formerly Carbon Disclosure Project).

Jess has an MSc in Environmental Technology and a BSc in Biology, both from Imperial College, London, and has completed CFA Level 1 and 2.

Calculations

All statistics included in this report are based on publicly available information. They represent minimum figures based on disclosure: not all bonds report on each of the metrics we consider. Figures are likely to be underestimated in some cases. For full references, please see the next page.

Affordable Housing

Social homes: The sum of social housing units that have been developed or are being developed. The figures include units financed by BNG, Ile de France, Flemish Community, Deutsche Wohnen, HSCB holdings or the community of Madrid. The sponsored houses are available for socially disadvantaged individuals.

Housing associations: The number of housing associations being financed by social bonds. The figure includes statistics from BNG and NWB.

Lower cost housing: The number of housing units defined as lower cost by the issuer or financed by low-interest loans. Figure includes statistics from Vonovia and Bayern Labo.

Health and Welfare

Advanced nutrition and global health priorities EUR allocation: The sum of bond proceeds from the Wellcome Trust, Danone, the African development bank and a portion of the Autonomous Community of Madrid bonds dedicated to high impact medications, orphan drugs and uncommon diseases.

Beneficiaries: The sum of the beneficiaries from agricultural- and water-related projects financed by the Danone bonds and the African Development Bank social bond, as well as IFC's funding against malnourishment. Lastly, beneficiaries from the publicly available patient by Bupa, and UNEDIC's fight against unemployment complete the impact data.

Health researchers or scientists: The sum of Roche and Danone scientists, as well as those supported by the Wellcome Trust and BUPA.

Employment

Jobs created and retained: The sum of the jobs estimated to have been created or retained by projects and companies financed by the bonds in question. The statistic includes figures from Cassa Depositi e Prestiti, the Council of Europe Development Bank, Instituto de Crédito Oficial, the IFC, the royal bank of Scotland, and figures from SNCF, Unibail Rodamco and, Vonovia Finance.

Regeneration and development

GHGs avoided: Only bonds which disclose estimates of GHGs avoided per year are included (bonds only disclosing lifecycle impacts and not an annual estimate are excluded). Where total emissions for the green bond portfolio are disclosed, this figure is scaled down to the proportion of the total portfolio that the bond we have invested in accounts for. For example, if a US$1 million portfolio saves 2 million tonnes of CO2e per annum and we invest in a bond from that portfolio with a size of $0.5 million, we would attribute 1 million CO2e (2 x 0.5) to our total estimate of GHGs avoided.

Coal-fired power station equivalents: This statistic is calculated using the estimated GHGs avoided (methodology above) and the EPA's Greenhouse Gas Equivalencies Calculator.

Methodology: mapping of the bonds to the IMP categories

We mapped the bonds in the European Social Bond Fund (ESBF) portfolio to the IMP categories according to their social categorisation and the impact reporting of their use of proceeds.

The ESBF bonds belong to the social category A (Impact investing), B (investment with impact) or C (Development finance). The IMP categories are A (Act to avoid harm), B (Benefit to stakeholders) and C (Contribute to solutions).

IMP's category A (**A**ct to avoid harm): ESBF category C bonds with no impact report of the use of proceeds.

- The ESBF C bonds belong to the Development finance category, which generate social externalities unintentionally. As no impact report of the use of proceeds has been published by the company, this allows the analyst to doubt the bond 'benefits to stakeholders". They are therefore categorised as "Acting to avoid harm".

IMP's category B (**B**enefit to stakeholders): ESBF category C bonds with an impact report of the use of proceeds, and ESBF category B bonds with no impact report.

- The ESBF B bonds belong to the Investment with impact category, which has identifiable social impacts for individuals. However, if this impact if not identified, it cannot be categorised as "Contributing to solutions". They are therefore categorised as "Benefiting to stakeholders".
- The ESBF C bonds belong to the Development finance category, which generate social externalities unintentionally. As an impact report of the use of proceeds has been published by the company, this allows the analyst to be certain the bond actually 'benefits to stakeholders".

IMP's category C (**C**ontributing to solutions): ESBF category B bonds with an impact report of the use of proceeds, and all ESBF category A bonds regardless of the report.

- The ESBF A bonds belong to the Impact investing category, which were designed with the specific intent to generate positive social outcome. They are therefore categorised as "Contributing to solutions".
- The ESBF B bonds belong to the Investment with impact category, which has identifiable social impacts for individuals. If their impact is identified via a impact report of the use of proceeds, they can be said to be "Contributing to solutions".

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INCO Group
3 boulevard Saint-Martin,
Paris 75003,
France

Website: www.inco-group.com
Email: contact@inco-group.com
Twitter: @inco-group



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