GSG FRANCE
FOR IMPACT FINANCE

Impact Finance
Overview 2024

Table of contents

Editorial

This 2nd, 2024 edition of **the Impact Finance Overview** reflects the growth of our market -the social and environmental impact investment sector. This controlled growth is underpinned by reliable data and the credibility of a rigorous definition championed by our organizations, FAIR, the French SIF and France Invest.

This Overview 2024 aims to illustrate the expansion of impact finance into listed finance by **incorporating, for the first time, listed funds.** This marks a significant milestone, as the engagement of listed finance players is essential to mobilizing the financial resources needed to build a more equitable and sustainable society -an objective to which impact finance actively contributes.

This new milestone, which brings together the worlds of listed, unlisted, and solidarity finance, is also an opportunity for our collective to adopt a new name: GSG France for Impact Finance. We support the structuring of our market around the GSG Impact partnership, while promoting a uniquely French vision of a domestic market that has become one of the largest within the European Union.

For GSG France for Impact Finance

Mathieu CORNIETI, Chair of France Invest's Impact Commission
Lise MORET, Chair of French SIF's Research Committee
Thierry SIBIEUDE, CEO of FAIR

THE GSG FRANCE FOR IMPACT FINANCE

GSG France for Impact Finance was founded in 2013 and has been co-led since 2023 by FAIR, FIR, and France Invest with the goal of working collectively to promote and expand impact finance. It is part of the GSG Impact network, created in 2015 by Sir Ronald Cohen following the work of the "Social Impact Investment Taskforce" from the G8. This network is active in over 50 countries and works to redirect resources to create a positive impact on sustainable development goals (SDGs) and climate challenges.

New : Inclusion of Listed Investment Players

This year, the French SIF joins forces with FAIR and France Invest to provide a unified and comprehensive data collection framework, which now includes a dedicated questionnaire for listed investments.

> This exercice was carried out based on the work conducted by the French SIF, France Invest and FAIR between 2019 and 2021, as well as the contributions of the industry-wide working group led under the aegis of the Institute for Sustainable Finance (Institut de la Finance Durable - IFD). By providing this perspective, we aim to deepen market understanding and showcase how investors are integrating impact criteria into their investment strategies concerning listed companies.

A Working Group to Integrate Listed Assets into the Overview

The approach adopted by the working group was not limited to data collection; it also aimed to establish a framework for rigorously and consistently assessing the integration of impact objectives into investment strategies for listed assets.

However, this work is only in its early stages. The inclusion of listed investments in the Overview marks the first step in an ongoing, evolving process. Future editions will refine the methodological approaches, drawing on feedback and adapting to shifting market dynamics. The goal is to continue deepening this analysis while addressing the challenges of a constantly evolving market.

Anne-Claire Imperiale, Head of Sustainability - **Sycomore AM**
Lise MORET, Head of Sustainable Finance and Impact Investing - **Banque Hottinguer**
Coline PAVOT, Head of Responsible Investment Research - **La Financière de l'Echiquier**
Sophie RAHM, Head of Impact Investment - **Crédit Mutuel AM**

Executive Summary

The sample consists of **92 players** (see Section 2.1) representing **€34.6 billion** in assets under management, distributed across **259 investment vehicles** (see Section 2.2). Of this capital, **€16.4 billion** is invested in organizations with a proven and measured social or environmental impact (see Section 2.2), primarily in Europe (see Section 3.1).

Regarding the SDGs targeted by investments:

- Non-listed asset players support organizations with an environmental focus, with 34 players whose main SDG has an **environmental** emphasis (SDGs 7, 9, 11, 12, 13[1]), **33** with a **social** emphasis (SDGs 1, 3, 4, 6, 8, 10[2]) and **19** with a **generalist** focus.
- For listed assets, **21** vehicules have an environmental orientation, **16** focus on social objectives, and **11** focus on generalist objectives (see Section 3.2).

Regarding return expectations:

- For non-listed assets, while **14%** of asset managers expect returns **above the market, 34%** anticipate returns significantly below the market rate, while **41%** align with the market.
- For listed assets, **23** investment vehicles expect returns **above the market**, and **22 align** with the market (see Section 3.3).

Nearly all of the non-listed asset players who responded provide continuous and in-depth non-financial support to the companies in which they invest, covering various themes such as social performance, financial sustainability, and financing strategies.

Regarding listed assets, the focus was placed on engagement practices, seen as a lever to achieve impact objectives. Thus, of the 48 funds reported, 39 have **formalized a specific engagement strategy related to their impact thesis** (see Section 3.3).

Listed and non-listed asset players continue to manage and **measure their impact using internationally recognized frameworks**, such as the one proposed by the PRI[3] (38 players out of 64 respondents) and the SDG Impact Standards (24 players out of 64) (see Section 3.3).

[1] SDG 7: Affordable and Clean Energy, SDG 9: Industry, Innovation et Infrastructure, SDG 11: Sustainable Cities and Communities, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action

[2] SDG 1: No Poverty, SDG 3: Good-Health and Well-Being, SDG 4: Quality Education, SDG 6: Clean Water and Sanitation, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities

[3] https://www.unpri.org/

1 Scope and Methodology

The 2024 edition of the Impact Finance Overview provides an analysis of the impact investment practices of members from FAIR, France Invest, and French SIF.

- The questionnaire was completed by **86 members of FAIR and France Invest,** encompassing a diverse range of players and a total of **211 impact investment vehicules.**
- A questionnaire specifically adapted to the challenges of investing in listed assets was also completed by **13 members of French SIF**, covering a total of **48 impact investment vehicles.**

The analytical framework of this study is built on a **rigorous definition of impact investing,** structured around three key pillars: **intentionality, additionality**, and **impact measurement.** This definition, adopted by France Invest, French SIF, and FAIR in 2021, serves as the basis for evaluating and comparing the strategies and performances of market players. To qualify for inclusion in the Overview and to prevent double counting, participants were instructed to report only investments that:

→ **adhere to the three pillars of impact** (intentionality, additionality, impact measurement);
→ are carried out by **teams operating primarily in France;**
→ are made **directly** (excluding investments in other invesment vehicles) within the non-listed universe.

1.1 - Selected Scope

FAIR	France Invest	FIR
The scope of the study includes **108 Finansol-certified vehicles** from **43 distinct entities.** The Label's regulations, amended in 2023, are based primarily on the three pillars of impact, as well as the work of French SIF, France Invest, and FAIR, along with IFD (Sustainable Finance Institute). 100% of the vehicles and associated data are verified and audited annually during the Label's audit process. To prevent double counting, data adjustments were made to ensure a comprehensive and accurate view of the market. Additionally, data provided by Proparco and the Social and Territorial Cohesion Department of the Investment Division of the Caisse des Dépôts et Consignations have been integrated into the scope with the same methodological rigor.	The scope of the study **includes 103 impact investment vehicles** from **43 entities** that are members of France Invest's Impact Commission. All of these entities strictly adhere to the three pillars of impact, as defined by France Invest and French SIF's 2021 impact investment guidelines and have subscribed to the France Invest Impact Charter. Furthermore, the figures provided in the questionnaire were cross-verified with those publicly available in the Commission's directory, ensuring the reliability of the data.	The scope of the study includes **48 impact investment vehicles** from **13 members** of French SIF. To be eligible for inclusion in the Overview, the investments had to comply with the definitions of impact investing established by the work of French SIF, France Invest, FAIR, and the marketplace group of the IFD (Institute for Sustainable Finance). The responses received were reviewed individually, and where necessary, interviews were conducted by the French SIF team with respondents to ensure they understood the framework within which the Overview was positioned. This was a necessary step, as impact in listed investments is still an evolving field.

This alignment with European and international initiatives **(Impact Europe, GSG Impact)** promotes the comparability of data and the sharing of best practices on a global scale. The data presented in this overview reflect the figures as at 31/12/2023.

The study sample has increased compared to last year. This year, 134 members of FAIR, France Invest, and French SIF were invited to participate in the exercise, with 92 entities actively contributing to the study, resulting in a participation rate of nearly 70%. Last year, excluding French SIF members, 66 entities responded to the call.

1.2 - Limitations

The data collection, based on voluntary declarations, presents potential biases in terms of data quality and comprehensiveness. The inclusion of listed investments complicates year-over-year comparisons, making trends less straightforward to analyze. These limitations require ongoing efforts to refine data collection methods, expand participation among stakeholders, and improve market understanding..

The inclusion of listed investments in this edition of the Impact Finance Overview marks a significant step forward. However, the exercise is still evolving. The questionnaire developed is not final, and work continues to ensure it better captures the market reality in future editions. The lack of a common standard, the diversity of national and international initiatives, and the need to demonstrate and clarify additionality, particularly through shareholder engagement, represent major challenges that the community strives to address.

2 Size of the Impact Finance Market

2.1 - Impact Finance Stakeholders

In 2023, **the number of respondents reached 92,** marking an increase compared to the 66 entities in 2022[4]. Among these **92 entities**, **79 invest** exclusively in unlisted assets (primarily directly), **6 in listed assets only, and 7 in both segments.**

Asset Types	Number	Direct Only	Indirect Only	Direct and Indirect
Unlisted Only	79	56	3	20
Listed Only	6	-	-	-
Unlisted and Listed	7	4		3

Table 1 : Distribution of Entities by Asset Classes

Among the 92 entities, there is a strong representation of **generalist management companies (38) and impact fund managers (34).**

Of the 13 participants involved in listed assets, **12 are generalist management companies**, while one respondent identified as an investment fund manager for a listed company. This overrepresentation should be interpreted with caution, as it largely stems from the sampling, which reflects French SIF members eligible for the study, rather than a structural distribution within the sector.

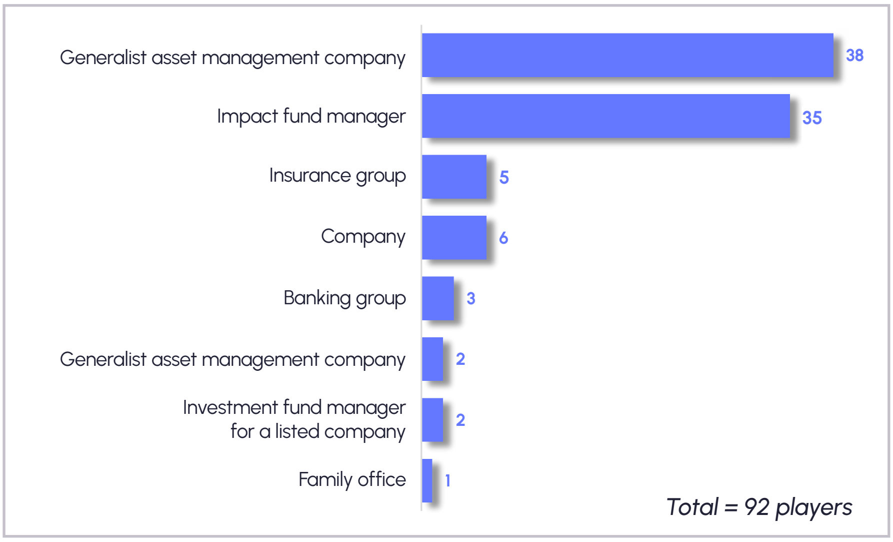


Figure 1: Distribution of Impact Finance Stakeholders by Category (Total)

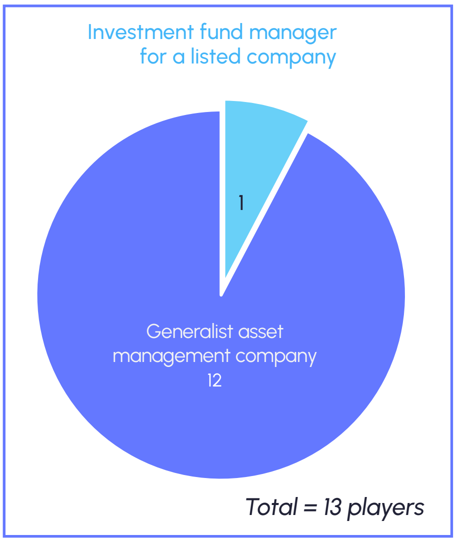


Figure 2: Distribution of Impact Finance Stakeholders by Category (Listed)

[4] It's worth noting that this year, new respondents who were already members of the network in 2022 participated for the first time in this data collection, thus influencing the sample size and the distribution of actor categories.

2.2 - Key Figures of Impact Finance:

Managed Vehicles – 259 vehicules
This term refers to the impact investment funds, programs, or other vehicles managed by the respondents

In 2023, the **92 French impact finance entities** included in the Overview managed a total of **259 impact investment vehicles,** with **48 in the listed segment and 211 in the unlisted segment.**
This figure represents a significant increase compared to 2022, when only 153 vehicles were recorded, all exclusively in the unlisted segment.

- **In the unlisted sector,** 51 players hold a single fund, 13 manage two funds, and 12 oversee five or more. The number of funds varies widely, ranging from 1 to a maximum of 14 impact funds.
- **In the listed sector,** among the 48 recorded impact funds, the number of funds per player varies significantly, ranging from 1 to 11. Eight players hold at least two impact funds, while five players manage only one fund.

Assets under management - €34.6 billion
The capital under management includes both invested/lent capital and available capital ready to be invested/lent, with the aim of generating social or environmental impact alongside financial returns

Assets under management in 2023 amounted to approximately €34.6 billion, distributed as follows:

- **€21.2 billion in the unlisted sector**, representing an amount higher than that estimated in 2022.
- **€13.4 billion** in the listed segment.

For comparison, the total assets under management at the end of 2022 were €4,570 billion, according to the AMF, representing 0.76% of the total assets . The projected assets for 2023 were estimated at €17.9 billion for unlisted assets. However, it is important to note that this increase is partially attributable to a sample that includes new respondents, notably a majority of historical players who had not participated in the previous survey.

Invested capital - €16.4 billion
Invested capital refers to the portion of managed capital that has been invested in organizations, projects, and/or assets with the intention of generating social or environmental impact alongside financial returns.

In 2023, the capital invested by these players amounts to **€16.4 billion**, supporting approximately **13,800 organizations** with a proven and measurable social or environmental impact.

New investments - €4.2 billion
New investments refer to the investments made during the year.

New investments made during the year total **€4.2 billion**, enabling the financing of nearly **2,400 organizations.**

[5] AMF. (2024). Chiffres clés 2022 de la gestion d'actifs (i.e. Key figures for asset management in 2022).

3 Strategies Implemented by Impact Finance Stakeholders

3.1 - Financings Carried Out

• Types of financing and asset classes

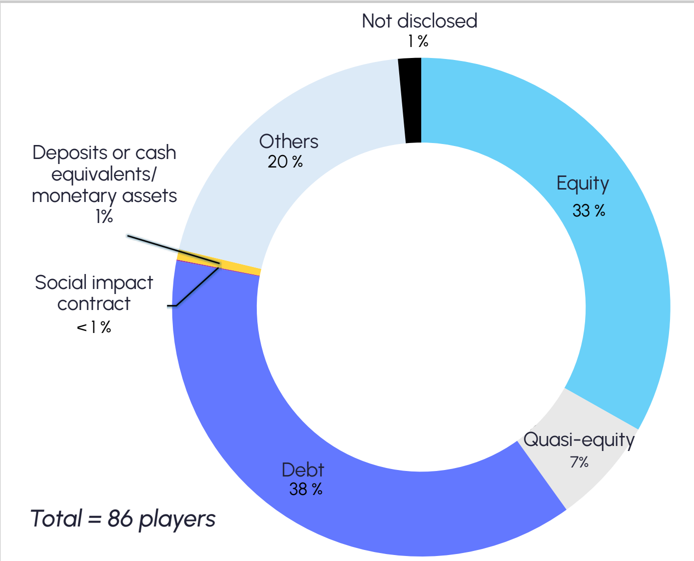


Figure 3: Distribution of invested capital by financing tool used (unlisted)

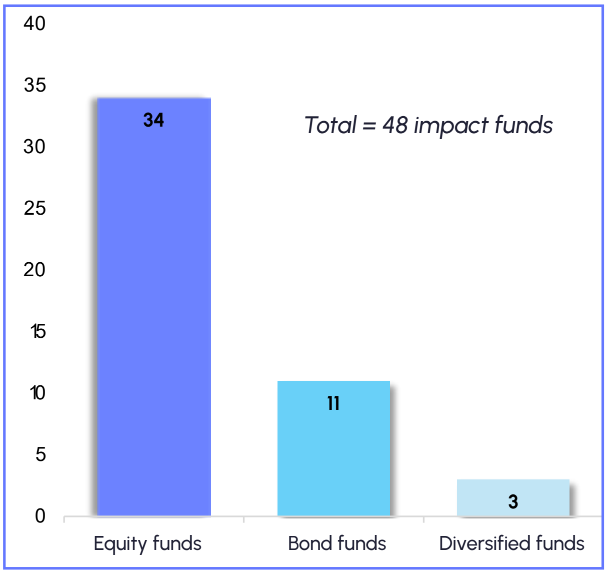


Figure 4: Typology of listed funds

Impact finance players in France use various means to fund their projects. In 2023, within **the unlisted segment,** these financings came from:

- **debt,** accounting for **38% of the total**, compared to 29% in 2022;
- **equity,** accounting for **33% of the total**, compared to 53% in 2022.

A minority of the financings are made through deposits or cash equivalents/monetary assets, or through social impact contracts.

Among the listed investments, 62% of the assets are concentrated in **34 equity funds**, followed by **11 bond funds** (34%) and **3 diversified funds**[6] (3 %). This variety allows for addressing different levels of risk and return while pursuing various impact objectives. In 2024, the number of impact funds is expected to reach 51. As for bond funds, they stand out for their commitment to projects with a proven and measurable social and environmental impact. Among the players holding these funds:

- **5 players** reported holding **green bonds**[7], primarily intended to finance ecological transition projects.
- **3 players** have invested in **social bonds**[8], which support initiatives related to social issues such as health, education, and access to housing.
- **2 players** hold **sustainable bonds**[9], which integrate both environmental and social objectives.
- **2 players** hold **impact bonds**[10] issued by entities whose activities have a direct and measurable impact on society or the environment. Additionally, 3 of these players hold at least 2 of these different types of bonds.
- **2 players** hold **green, social, and sustainable bonds.**

[6] A diversified fund, also known as a multi-asset fund, is a collective invesment scheme (CIS) that invests in differents types of assets (equities, bonds, cash equivalents, etc.).
[7] Bonds that align with the Green Bonds Principles of the ICMA
[8] Bonds that align with the Social Bond Principles of the ICMA
[9] Bonds that align with the Sustainability-linked Bond Principles of the ICMA
[10] Some issuers may have a positive impact activity; therefore, investing in bonds from such issuers could be considered an impact investment. However, there is currently no widely accepted definition of what constitutes an impact issuer. Consequently, the questionnaire allowed respondents to provide their own definition if they held bonds from such issuers.

• Clientele and source of funds

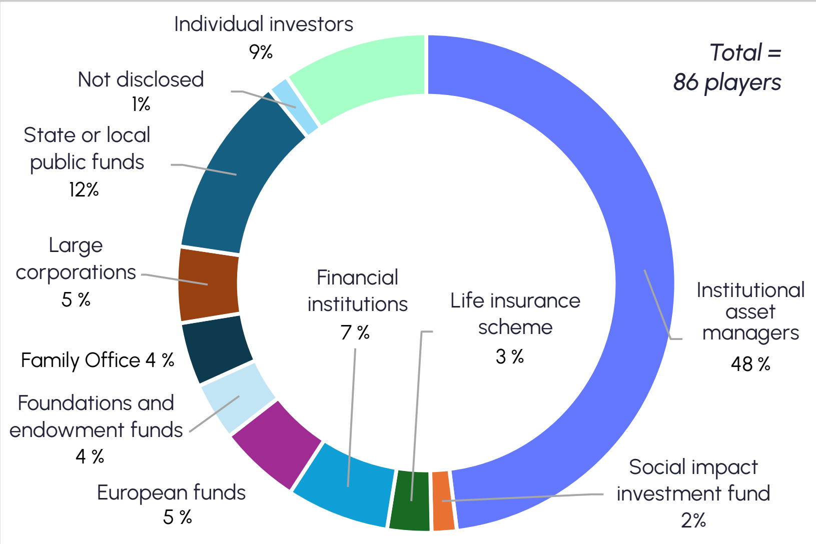


Figure 5: Distribution of assets under management by client type (unlisted)

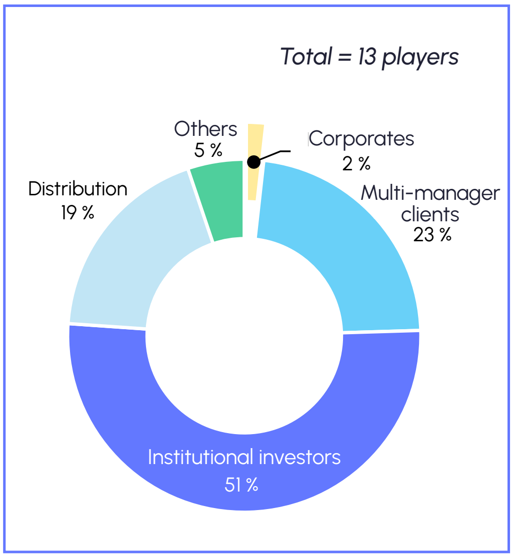


Figure 6: Distribution of assets under management by client type (listed)

Unlisted assets are primarily held by **institutional investors (48%)**, while **public funds account for 12%. For listed assets, 51% of the assets come from institutional investors, 23% from multi-manager clients, and 19% from distribution.**

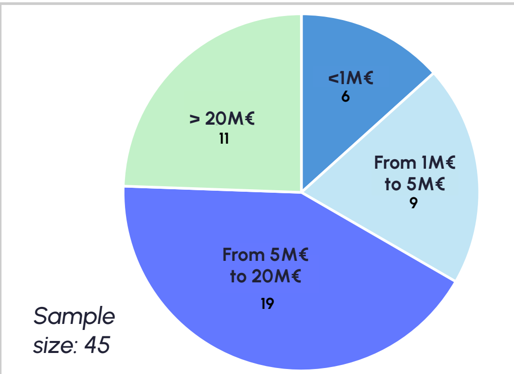


*Figure 7: Distribution of investment ticket sizes **(upper range)***

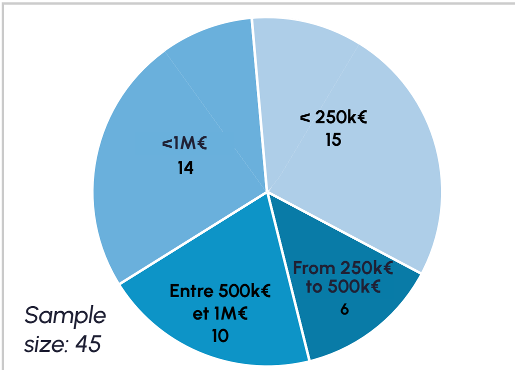


*Figure 8: Distribution of investment ticket sizes **(lower range)***

Regarding the ticket sizes, in the unlisted sector, the highest ticket reaches €118 million, with a significant variation in distribution across the amounts. Among the 45 respondents:

- 6 investors out of 45 issue tickets of less than €1 million.
- 9 investors focus on tickets ranging from €1 million to €5 million.
- 19 investors operate in the range of €5 million to €20 million.
- 11 investors invest amounts exceeding €20 million.

There is a wide range of amounts, including a greater number of significant investments. As for the lower range of tickets, the distribution shows a notable concentration of tickets below €250,000.

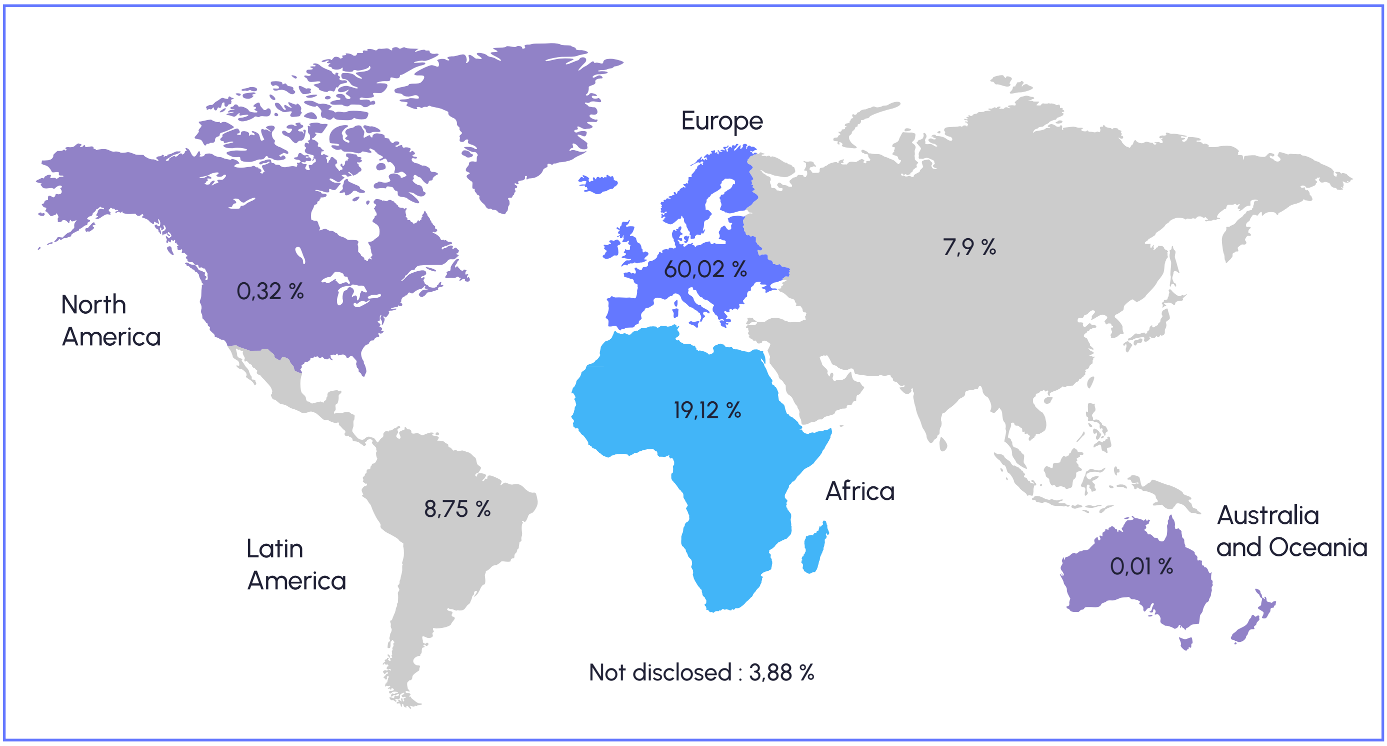
• Geographical distribution

In terms of the geographical distribution of impact finance investments in the unlisted sector, Europe shows a clear predominance, capturing 60% of the investments.

Excluding investments made by Proparco, Europe remains dominant, accounting for around 90% of the investments, while the shares directed towards other regions, such as Asia, Africa, and Latin America, decrease significantly (see table below).

Location	Percentage	Percentage (excluding Proparco)
Australia & Oceania	0,01 %	0,01 %
Asia	7,9 %	0,51 %
Europe	60,02 %	89,92 %
Africa	19,12 %	2,93 %
Latin America	8,75 %	0,23 %
North America	0,32 %	0,49 %
Not disclosed	3,88 %	5,91 %
Total	100 %	100 %

Table 2: Distribution of invested capital by geographic destination



3.2 - Impact Objectives Pursued

• **Sustainable Development Goals (SDGs) targeted**

Multiple SDGs are targeted by impact investors.
In the unlisted segment, the SDGs most highlighted are:

- **SDG 13 (Climate Action)** targeted by 15 players.
- **SDG 8 (Decent Work and Economic Growth)** stated as the primary SDG by 14 respondents.
- **SDG 10 (Reduced Inequalities)** prioritized by 10 respondents.
- **SDG 7 (Affordable and Clean Energy)** targeted by 8 players (notably, this is the most targeted SDG among listed asset players, see below).

Figure 9: Distribution of the primary SDG targeted (unlisted)

In the listed segment, it is rare for a fund to specifically target one or two SDGs. Among the 48 funds surveyed, only 19 focus on **specific SDGs, primarily SDGs 7 and 13.**
The **remaining 29 funds** have not declared a specific targeting and instead prioritize a **multi-SDG** approach with an environmental, social, or generalist focus.

In detail:

- **21 funds** adopt an environmental focus,
- **16 funds** adopt a social focus,
- **11 funds** adopt a generalist focus.

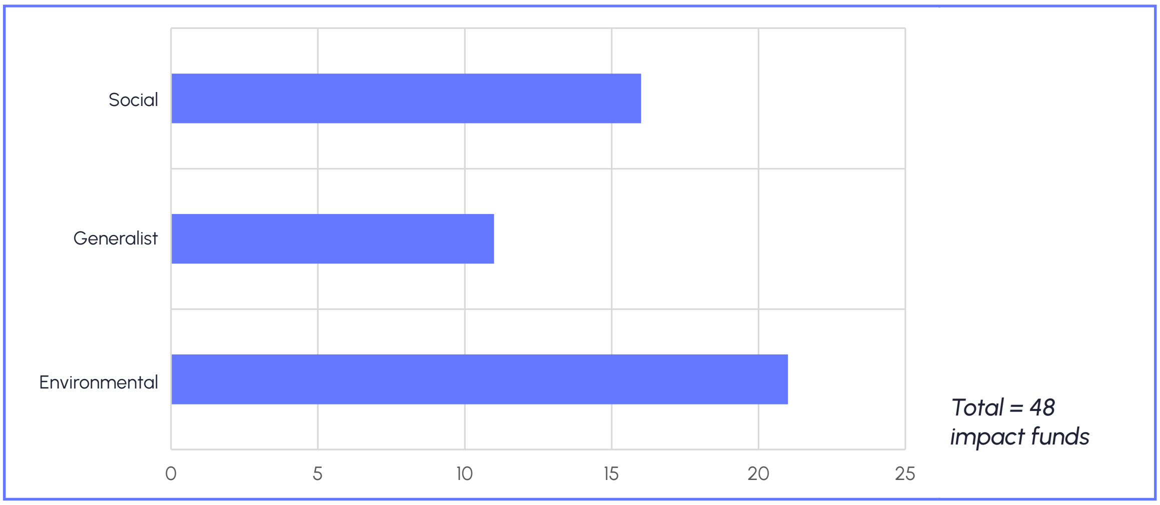


Figure 10: Distribution of the targeted focus of multi-SDG funds (listed)

• Final beneficiaries

In terms of **final beneficiaries,** in the unlisted segment, the most targeted categories are as follows:
- Environment, the most represented category.
- People in poverty.
- Unemployed individuals.

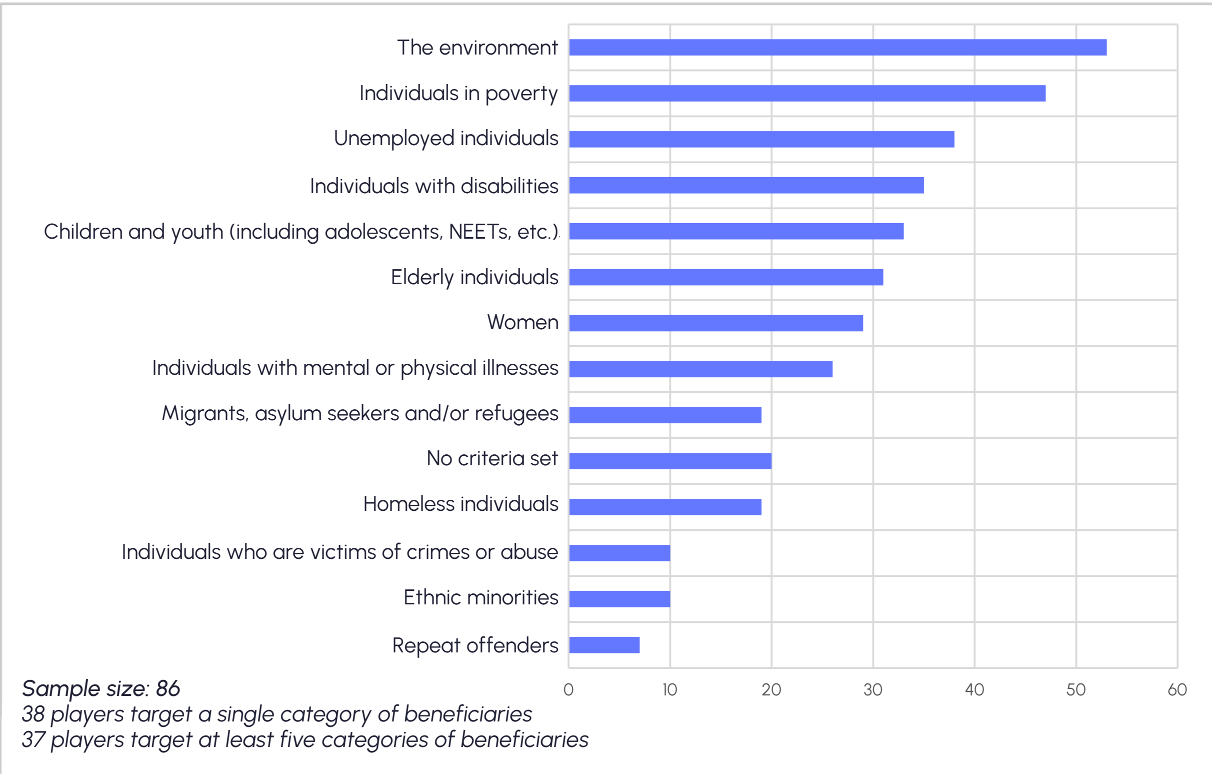


Figure 11: Presentation of the targeted final beneficiaries (unlisted)

3.3 - Impact Management Methods

• **Expectations in terms of financial returns**

Among the 86 players who responded in the unlisted segment:
- **35** aim for financial returns **aligned with those of the traditional market.**
- **29** accept **lower returns,** including 21 moderately and 8 significantly.
- **12** seek to achieve **returns above** those of the traditional market.

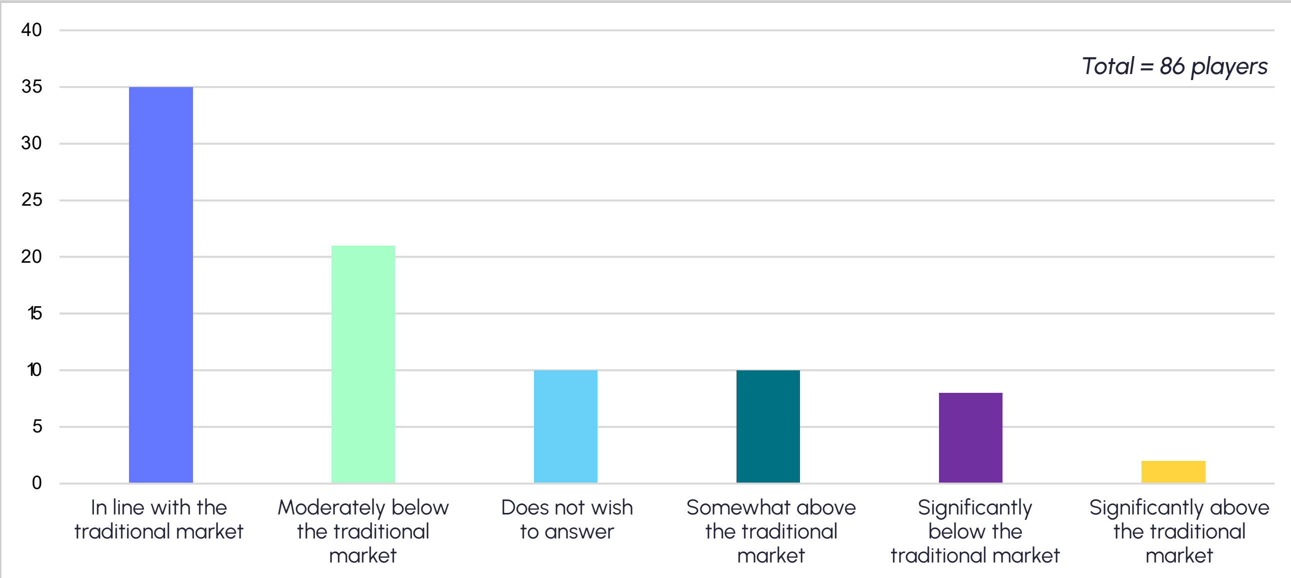


Figure 12: Distribution of financial return expectations (unlisted)

The data collected in the listed segment reveal that the majority of impact funds aim for returns aligned with or slightly above those of the traditional market. Among the 48 respondents:
- **22** funds seek returns **in line with the traditional market.**
- **23** funds aim for **returns higher** than those of the traditional market.

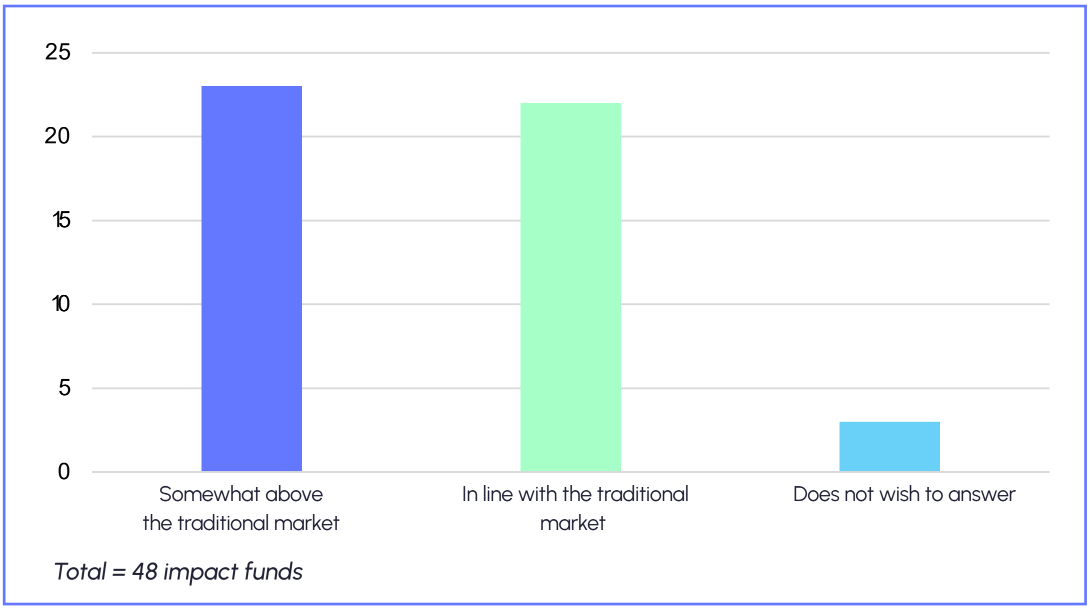


Figure 13: Distribution of investment vehicles by expected financial return (listed)

• Extra-financial support

Impact investors in the unlisted sector have strengthened their extra-financial support, with a particular focus on the social performance of projects.

Among the 70 respondents:

- **67** provide ongoing non-financial support to **improve the social performance and impact assessment** of the supported companies.
- **65** focus their efforts on **financial sustainability and financing strategy** to ensure the long-term economic viability of projects.
- **62** offer **support on organizational issues,**
- **65** on s**trategic and operational matters.**

57 players offer all four types of extra-financial support
7 players offer 3 out of the 4 types of extra-financial support
4 players offer 2 types of extra-financial support
2 players offer only 1 of the 4 types of extra-financial support

• Impact management framework

The trends observed this year are similar to those of the previous year regarding the most commonly used frameworks (see Figure 14) :

- The framework defined by the **Principles for Responsible Investment** (PRI) remains the most widely used tool, with **38** players adopting it.
- **SDG Impact Standards** are used by **24 players.**

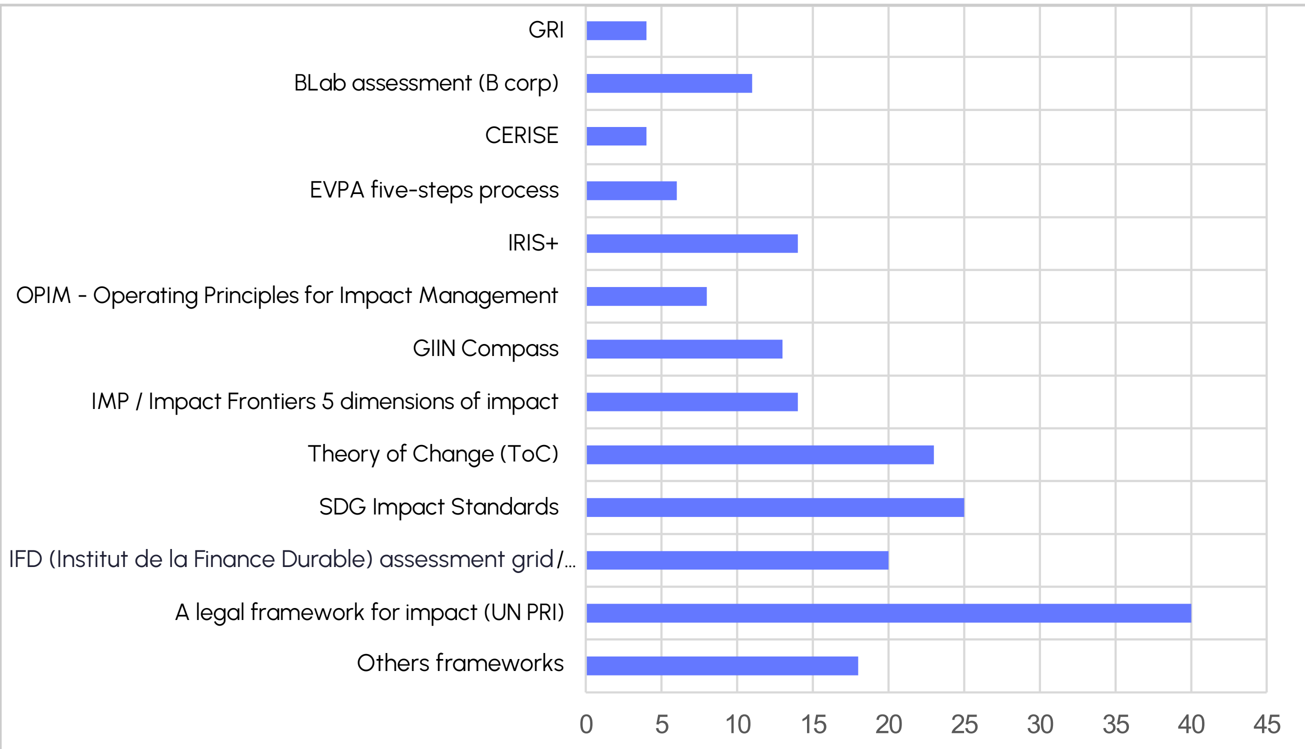
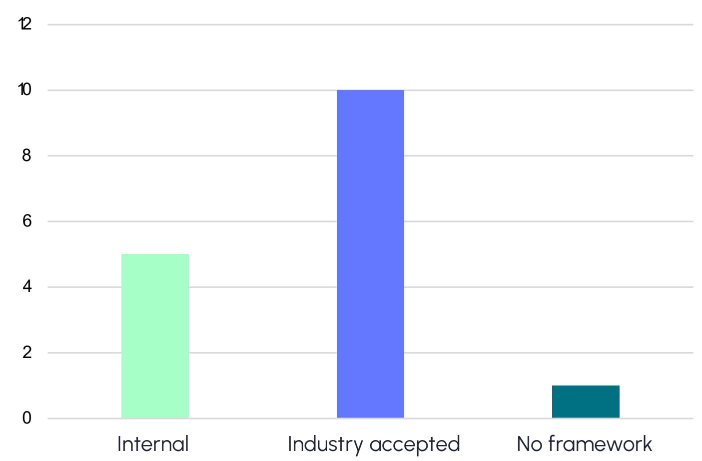


Figure 14: Representation of the impact management and measurement frameworks used (total)

In the listed asset segment, almost all the surveyed players report using a framework:

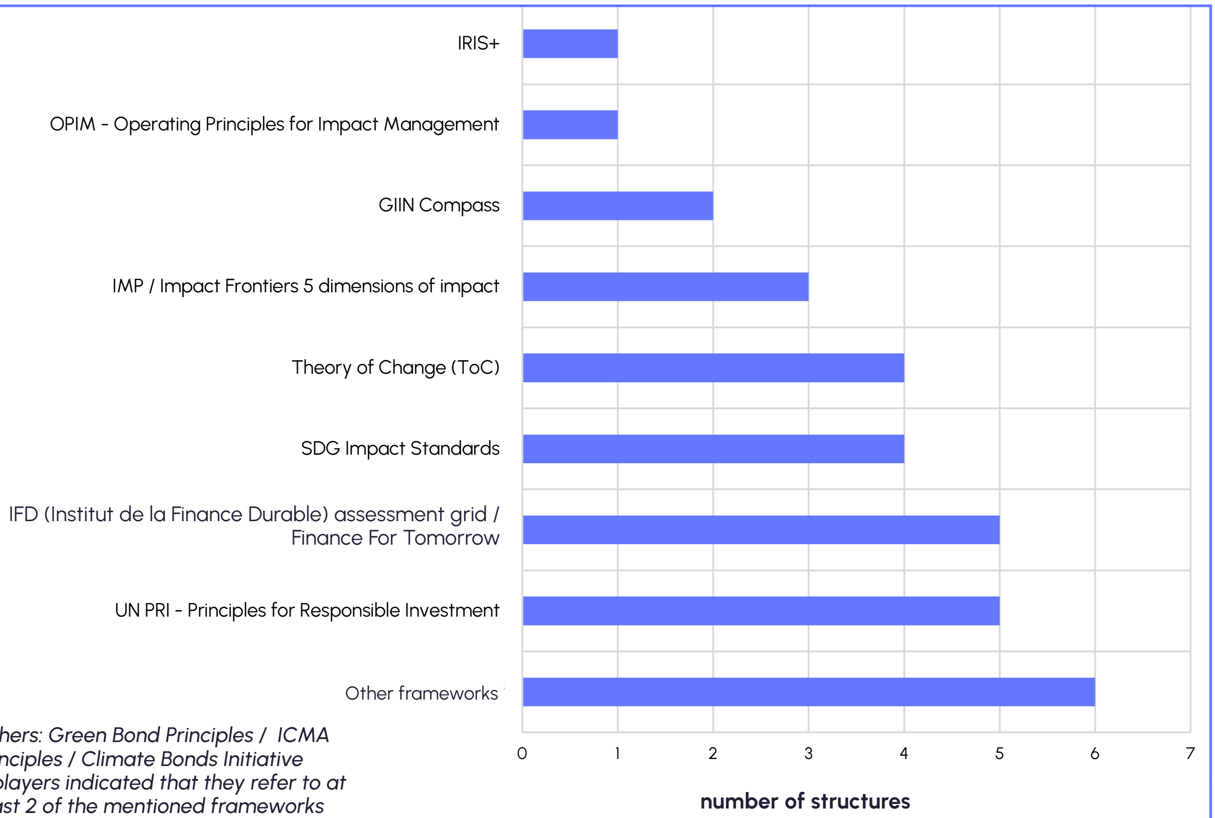
- **12** out of 13 players use either internal frameworks or sector-specific frameworks.
- Among the **10** players who adopt sector-specific frameworks, the PRI and the IFD assessment framework are among the most popular.



Sample size: 13 players
3 organizations reported using both «industry-accepted» frameworks and internally developed frameworks.

Figure 15: Distribution of vehicles by impact measurement and management framework construction method (listed)

Furthermore, sustainable finance labels can also serve as reference frameworks for players in listed investments. While they do not specifically focus on impact investing and there is no dedicated label for this type of investment today, some of their frameworks are beginning to incorporate elements related to impact.



Others: Green Bond Principles / ICMA Principles / Climate Bonds Initiative
7 players indicated that they refer to at least 2 of the mentioned frameworks

Figure 16: Representation of the impact management and measurement frameworks used (listed)

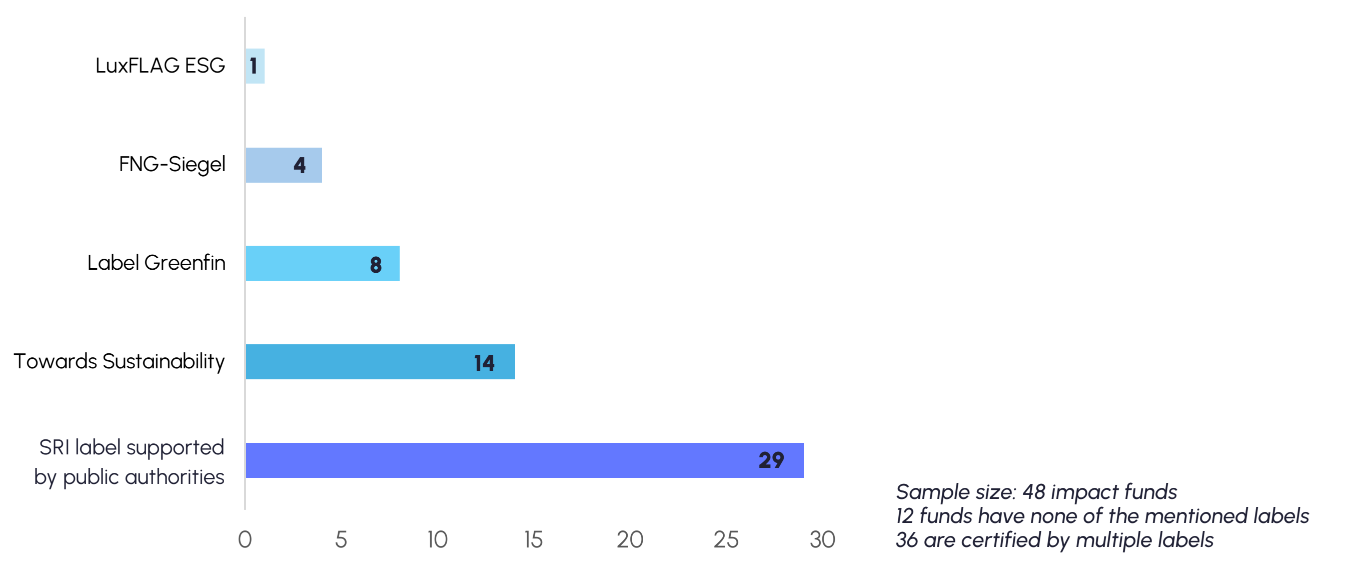


Figure 17: Representation of labels by funds (listed)

- **Alignment of financial incentives with impact objectives for the listed segment**

Another particularly interesting aspect to follow is the alignment of the financial incentives of decision-makers/managers with impact objectives. This is outlined in the definition adopted in 2021 by FAIR, French SIF, and France Invest, describing how such alignment should be pursued, and it has become a common practice in the unlisted sector (see France Invest Impact Charter). Therefore, all respondents were surveyed to determine whether such practices exist.

> Thus, just over half of the funds **(25)** indicate that they indeed integrate impact objectives into the remuneration policy of decision-makers/managers. These incentive mechanisms vary, but they share a common intent to align compensation with impact performance.
>
> - Setting measurable objectives over a three-year period, such as a 10-point increase in the portfolio's weighted average net solutions score, or achieving 10 successful engagement cases.
> - Considering linking up to 50% of variable compensation to specific improvements in impact indicators, such as improving the impact score or the engagement rate.

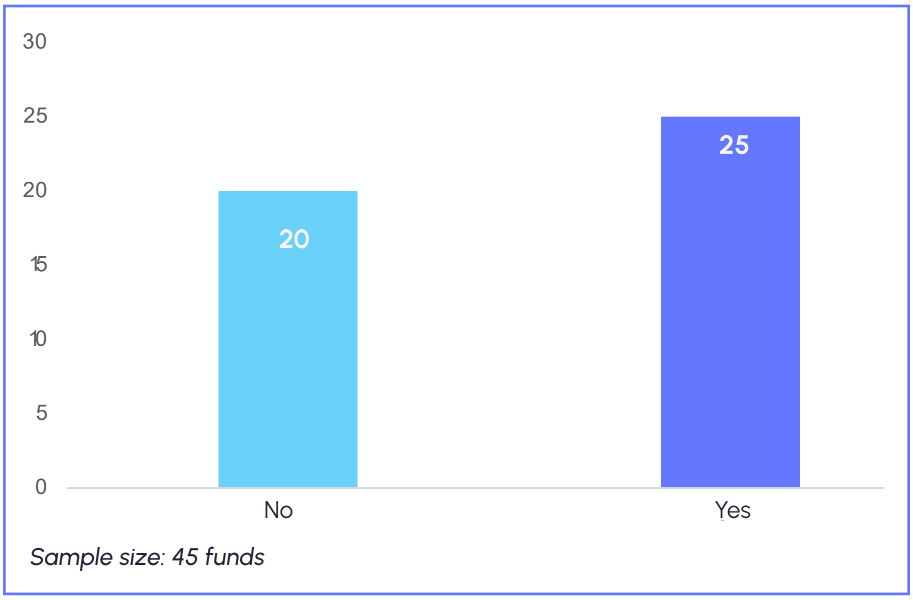


Figure 18: Financial incentives on listed funds

These initiatives aim to strengthen the alignment of managers' interests with the impact objectives of the funds, while ensuring clear intentionality in their approach. It is also worth noting that some mechanisms are still under development, reflecting an ongoing process of integrating impact objectives into compensation policies. This process is crucial to ensure that impact performance becomes a key factor in fund management, thereby contributing to the credibility and effectiveness of impact investing.

• **Shareholder engagement as a means to achieve impact objectives**

Shareholder engagement is identified as a means for investors in listed assets to achieve their impact objectives. Several questions on these topics have been raised in order to identify existing practices.

> A clear trend emerges for impact funds investing in listed assets: the vast majority of players with impact equity funds have formalized a specific engagement strategy linked to their impact thesis. This strategy is typically accompanied by well-defined objectives, providing a solid foundation for driving meaningful improvements within the companies in which these funds are invested. Logically, this is less common for bond funds, which by definition do not have an engagement strategy, although one respondent mentioned engaging issuers on alignment with the Green Bond Principles as part of their green bond fund.

Regarding impact monitoring, the majority of funds have a rigorous control system in place to track the progress of engagement activities and measure progress against set objectives. This monitoring ensures that the actions taken remain consistent with the fund's impact thesis, thereby ensuring that the commitments made deliver the expected outcomes. When it comes to integrating impact objectives into the fund's voting policy, responses are logically divided, as voting policies typically apply at the asset management company level and rarely at the individual fund level. Of the 13 respondents, 5 do not systematically integrate their impact objectives into their voting policy, while 6 do (2 not applicable for bond funds).

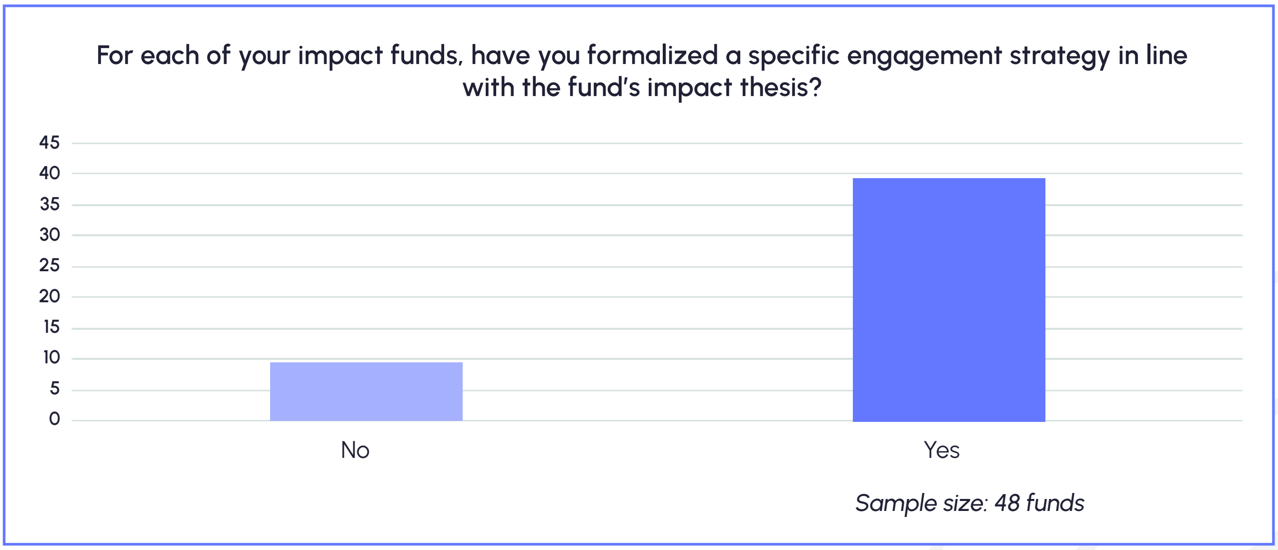


Figure 19: Impact Strategies (listed)

4 Challenges, Opportunities, and Growth Prospects

4.1 - Perception of Challenges and Growth Prospects

• **Challenges identified by impact stakeholders:**

Challenges persist for impact investors:

- **Lack of comparability and common standards for measuring investment impact,** cited by **56** stakeholders as a significant challenge.
- **Lack of standardization in impact measurement and management**, identified by **53** stakeholders.
- **Risk of impact washing,** perceived as a significant challenge by **46** stakeholders.

These challenges are in lign with those identified in the previous year, including the improvement of impact measurement practices, the management of impact washing risk, and the pursuit of a balanced risk/return profile.

For managers of listed assets, the trends are similar. Among the 13 respondents:

- **9** stakeholders highlight the **lack of standards and comparability** as a major obstacle
- **7** managers identify the **regulatory framework** as a significant challenge.
- **7** also consider the **risk of impact washing** as a major challenge.
- The lack of intermediary structures is also cited as a barrier to the sector's development. These challenges reflect the need for a harmonized framework and robust standards to support the growth of impact finance.

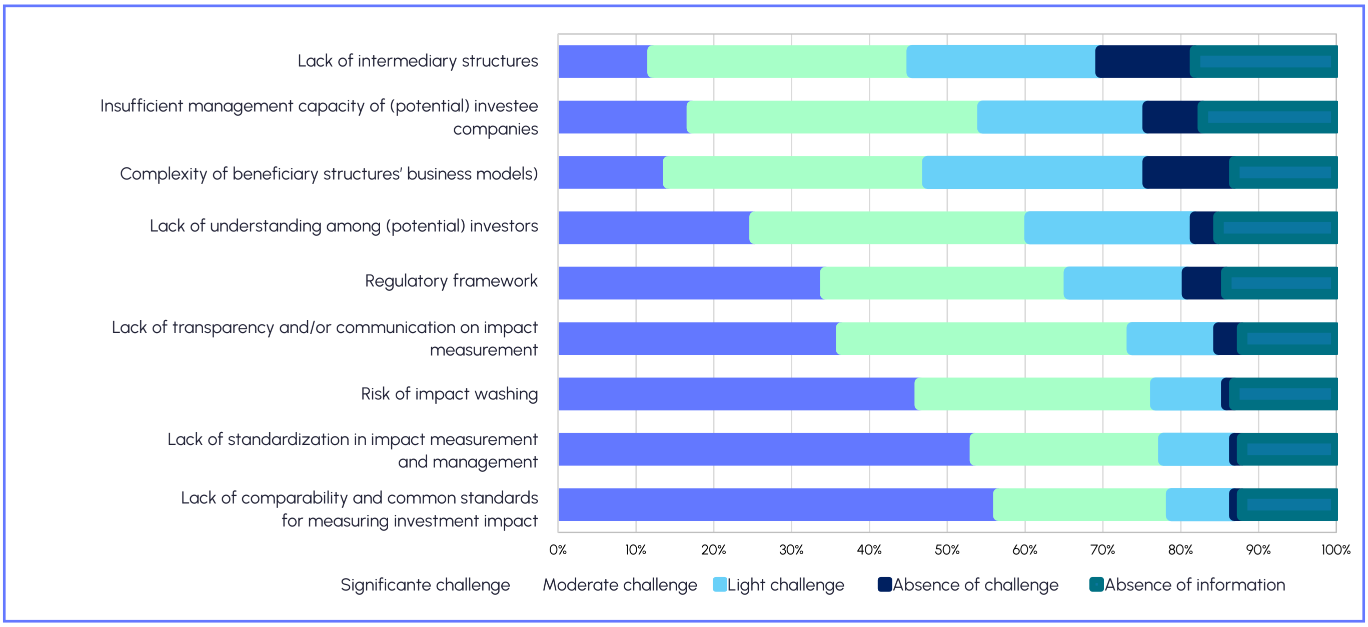


Figure 20: Distribution of stakeholders according to their perception of the sector's challenges

• **Drivers identified by impact stakeholders:**

The drivers/facilitators that could influence the growth of the impact investment sector are as follows:
- **Strengthening impact management skills in the financial sector (81** responses): The enhancement of skills and tools is considered key to maximizing impact.
- **Increased presence of institutional investors (79** responses): Institutional investors are seen as key players in expanding the reach of impact finance due to their financial capabilities.
- **Strengthening the ecosystem through multi-stakeholder collaboration (78** responses): Collaboration between various actors (public, private, NGOs) is seen as crucial for developing innovative solutions.

These results highlight a demand for collaborative and structured approaches.

4.2 - Calls to Action

• **Impact Finance Overview 2024 : a year of transformation**

The 2024 edition marks a turning point with the inclusion of listed investments, broadening the perspective on the impact finance market in France. The increase in the number of respondents reflects the growing interest of stakeholders in this initiative led by GSG France. Furthermore, the diversity of participants highlighted in this overview showcases the richness and dynamism of the French impact market.
Despite the challenges, the progress made highlights the commitment of stakeholders to generating tangible positive impact. A majority believe that strengthening impact management expertise, combined with multi-stakeholder collaboration, could accelerate the growth of impact investing in France.

Calls to action from GSG France ::
- → Continue collective discussions to establish a consensus on how to measure the impact generated by listed assets.
- → Strengthen efforts to align practices with European and national frameworks.
- → Promote data transparency to enhance the sector's credibility and effectiveness.

This edition calls for increased mobilization to lay the foundation for a sustainable, transparent, and fully mature impact finance market.

Appendices

Glossary

IMP : Impact Management Project – A set of standards, resulting from work carried out from 2016 to 2018 by a community of practitioners consisting of over 3,000 businesses and investors, designed to provide a common framework to help businesses and investors understand their impacts on people and the planet. These resources are now hosted by Impact Frontiers.

IRIS +: A framework developed by the Global Impact Investing Network (GIIN) aimed at promoting transparency and credibility in the use of impact data for decision-making.

LDDS: Livret de Développement Durable et Solidaire (i.e.: Sustainable and Social Development Savings Account) - A regulated savings product that allows individuals to contribute to the financing of the energy transition as well as to the social and solidarity economy.

NAB: National Advisory Board - A national advisory committee that is part of the Global Steering Group, with the role of promoting and facilitating the development of impact investing in its country of operation.

NEET: Not in Education, Employment or Training - A social classification referring to individuals who are neither employed, nor pursuing education, nor undergoing training.

OPIM: Operating Principles for Impact Management –A framework consisting of 9 principles designed to help investors ensure that impact considerations are integrated throughout the entire investment lifecycle. These principles were developed by the International Finance Corporation (IFC), a member of the World Bank Group, which is focused exclusively on the private sector.

PRI: Principles for Responsible Investment – 6 principles launched by the United Nations in 2006, that aim to encourage the widespread consideration of non-financial factors by all financial professions.

SDG: Sustainable Development Goal – 17 goals established by the United Nations member states and outlined in the 2030 Agenda.

SSE: Social and Solidarity Economy – A sector encompassing enterprises, organizations, and activities defined by the French law of July 31, 2014, on the SSE (French : ESS – Economie Sociale et Solidaire) (Articles 1 and 2). This includes cooperatives, mutual societies, foundations, some associations, as well as commercially structured companies that adhere to the principles of the SSE.

Case Studies

- **Crédit Mutuel AM**

Could you briefly present your organization and its history in impact investing?

Crédit Mutuel Asset Management is an asset management company and a subsidiary of Crédit Mutuel Alliance Fédérale, the first «mission-driven bank» and the first company in France to implement the «Social Dividend.» Annually, 15% of the Group's net income is allocated to sponsorship, an Environmental and Solidarity Revolution Fund, and the creation of inclusive banking and insurance services.

Crédit Mutuel Asset Management aligns with the ambitions of its parent company through a comprehensive range of funds that combine simplicity and transparency, based on a balance between performance, risk management, and investment sustainability. Additionally, through its 90/10 solidarity funds and its activity in solidarity finance, CM-AM aims to contribute to the development of the social and solidarity economy (SSE), which embodies humanist values and supports a fair transition.

What makes you an impact investor ?

In recent years, CM-AM has implemented a development plan for Socially Responsible Finance aimed at expanding the investment portfolio of SSE (Social and Solidarity Economy) organizations. To date, our portfolio consists of around thirty associations, cooperatives, and commercial enterprises that have chosen the ESUS (i.e. Solidarity Enterprises of Social Utility) certification, which imposes requirements on governance, salary scales, and limited profitability rules. Over the past 18 months, more than €18 million has been invested (equity and debt).

Our approach aims to cover two themes of social and/or environmental utility:
- "Repair": encompassing all themes related to inclusion (access to housing, education, healthcare, etc.);
- "Transformation": encompassing themes related to ecological transition, the circular economy, and the development of social connections (e.g., third places), particularly in territories.

Our social utility approach is also based on the three pillars of impact: intentionality, additionality, and measurement. Within this framework, each invested organization is monitored on an ongoing basis, relying, among other things, on non-financial and impact indicators.

Philippe POIRE, Head of Social Finance, Crédit Mutuel AM

Case Study 2

• **Sycomore AM**

Please introduce your organization

Sycomore AM is a French asset management company founded in 2001 and affiliated with the Generali Group since 2019. Since 2020, Sycomore AM has been a mission-driven company certified as a B Corp, with the purpose of investing for a more sustainable and inclusive economy and generating positive impacts for all its stakeholders. Its mission: to make investment more human. Sycomore AM is recognized for its leadership in Socially Responsible Investing (SRI) and for its focus on achieving impact, particularly through a range of committed thematic funds, classified as Article 9 under SFDR.

What are the specific challenges you face when managing a significant amount of assets under management with numerous impact funds (both listed and unlisted)?

As at the end of 2023, our impact fund range represented just over €2 billion in assets under management, accounting for more than 25% of our total AUM.

As an investor in listed equities and bonds on regulated markets, one of our main challenges is being able to assess the ability of companies to generate net positive environmental and social impacts at a scale that matches the current social and environmental challenges. To this end, we have developed robust methodologies to make our investment decisions as objective as possible (see below). The next step is to convince stakeholders that these analytical tools, which are not yet recognized at the standard level, serve the intended impact objectives. In the meantime, transparency in our line-by-line investments allows our clients to identify the companies selected through these tools.

Another challenge often highlighted is an investor's ability to demonstrate their added value in generating impacts (or their additionality) when operating in listed markets. At Sycomore AM, shareholder engagement is at the heart of our mission. We work closely with executives and boards of directors, either individually or alongside other investors, to accelerate the transformation of business models towards generating net positive impacts.

What approach have you implemented for measuring and managing impact?

Sycomore AM has gradually developed its range of impact funds. The first step was to question the nature of the impacts sought and how to evaluate them as objectively as possible, for each of our investment solutions. It is within this framework that we have developed several methodological frameworks:
- the Net Environmental Contribution, co-developed with ICare and Quantis,
- the Societal Contribution of products and services, developed by our ESG analysts,
- the Good Jobs Rating, in response to the challenges of SDG 8, co-developed with The Good Economy,
- the Responsible Tech Charter, co-developed with Revaïa.

Our first commitment is transparency regarding the methodologies used to identify impact investments. Our second commitment is to develop an impact approach at the asset management company level (beyond our range of impact funds) and to report on its results: our status as a mission-driven company and our sustainability and shareholder engagement reports reflect this.

You mentioned using the IFD and IMP frameworks as benchmarks. Why did you choose these specific frameworks, and how do they align with your impact objectives?

When we formalized our impact-driven approach in 2020, we relied on the IMP framework to classify our funds. Indeed, the tools developed by IMP provide specific criteria that allow us to assess the scale of impact of an investment strategy. We still use this framework in our sustainability and shareholder engagement reports.
As for the IFD framework, we have tested it on several of our funds, and it allows, on the one hand, to position our funds and their impact strategies against a market evaluation grid, and on the other hand, to identify areas for improvement.

Anne-Claire IMPERIALE, Head of Sustainability - Sycomore AM

Case Study 3 : RING

Introduction of your organization

The mission of Ring Capital is to actively direct capital towards essential solutions addressing major social and environmental challenges. We support entrepreneurs in growing by aligning impact with financial performance. We manage €400 million across five vehicles: Altitude (growth impact), Mission (VC impact), GENERATIONS (seed impact), Ring Africa (early-stage impact in Francophone Africa), and Ring Foundation (venture philanthropy).

What are the main challenges you face in aligning investors' interests with your impact objectives?

Our strategy is based on defining impact KPIs for each investment through «Impact Business Plans.» We align financial and non-financial performance by linking 50% of carried interest and up to 20% of executives' variable compensation to these KPIs, which are audited annually by a third party. The chosen KPIs must be both specific enough to embody the company's mission and broad enough to adapt to young, high-growth companies.
Aligning with our own investors requires proactive education upstream, particularly to distinguish impact from ESG, and we continuously engage them, notably by having them validate the KPIs for all of our investments..

How do you balance the objectives of financial return with social and environmental impact in your investments?

A part of our strategic support involves helping our portfolio companies maximize the alignment between their business model and their impact. Impact-driven companies, which integrate social and environmental challenges into their model, enhance their impact through strong and sustainable growth. Their resilience often gives them a competitive edge over conventional companies, delivering overall attractive performance and enabling successful exits for their investors.

What innovative practices or strategies have you implemented to overcome these challenges?

Our strategy is to support the development of companies to maximize their impact while simultaneously creating value, with the commitment of our entire team and ecosystem on strategic, commercial, and other aspects. Our «additionality» serves as a catalyst through both financial and non-financial support. For projects without a business model, Ring Foundation, our endowment fund, supports high-impact social and associative entrepreneurs through venture philanthropy.

Nicolas CELIER, Co-founder
and Managing Partner of Ring Capital,
Member of the Board of Directors of France Invest
Servane METZGER-CORRIGOU,
Chief Impact Officer of Ring Capital

Case study 4 : OFI Invest AM

Please introduce your organization

Ofi Invest Asset Management is a company within the Ofi Invest group, the asset management division and one of the four brands of Aéma Groupe, alongside Macif, Abeille Assurances, and AÉSIO mutuelle. Ofi Invest Asset Management has €181.2 billion in assets as at the end of 2023* and employs over 400 people, serving institutional and retail investors through distribution networks and partners in France and internationally..

You state that impact investing remains a niche, which makes its development more challenging compared to more traditional asset management, especially given the greater constraints in the universe of listed investments. Could you elaborate on this point?

Since 2020, Ofi Invest AM has been offering the ACT4 range of impact funds, which aim to deliver both performance and a positive impact aligned with the United Nations' Sustainable Development Goals (SDGs). The methodology applied to listed equities adheres to the three key principles of intentionality, additionality, and measurement. It strives to provide transparency and consistency in assessing an issuer's positive contribution to sustainable development. "MissionFor" represents our interpretation of intentionality, which assesses how the issuer formalizes its mission, integrates it into strategy, and embeds it within governance. Additionality stems from the dialogue and engagement undertaken by our management and ESG teams with the issuer. This is the most challenging aspect to justify for listed assets compared to unlisted projects. Assessing the impact of our investment through causal links remains an area for improvement. The next milestone involves refining the very definition of engagement, its objectives, criteria, and the resulting investment decisions for the impact fund. A concerted, industry-wide definition shared by the financial community would be an asset in terms of credibility and visibility for the asset class.

What specific efforts has your organization made to address these challenges?

The challenge of integrity required by impact investing -transparency and measurement- has demanded dedicated human resources focused on the continuous improvement of our tools and the quality of our indicators. The teams at Ofi Invest AM are actively involved in industry working groups on impact and, more recently, on the social taxonomy. Through the ACT4 range, Ofi Invest AM aims to actively contribute to the development of benchmark standards within the regulatory environment that drives SRI.

Béryl BOUVIER DI NOTA, Head of Equity Impact Investing
Valérie DEMEURE, Head of ESG Research

Case study 5

• **Microfinance Solidaire**

Could you briefly introduce your organization and its approach to supporting end beneficiaries?

Impact Investing by Entrepreneurs du Monde includes two simplified joint-stock companies (SAS): Microfinance Solidaire, established in 2010, and InVestisseurs Solidaires, established in 2021.

With 25 years of experience, the association Entrepreneurs du Monde creates and incubates social enterprises in Africa, Asia, and Haiti. Through five key areas -social microfinance, access to energy, professional integration and the creation of very small businesses, as well as agro-entrepreneurship- it supports these enterprises towards financial autonomy by initially providing them with grants from donations made by organizations, companies, foundations, and individuals. It also offers technical support in methodology and expertise.

To further its efforts, Microfinance Solidaire, accredited as an ESUS (Solidarity Enterprise of Social Utility) and labeled by Finansol, provides, at a later stage, tailored financing (senior loans, subordinated loans, guarantees) to support the growth of these enterprises with a strong social and environmental added value. These enterprises, dedicated to the poorest and most isolated families, work every day towards financial inclusion and access to essential goods and services (microcredit, savings, insurance, training, clean cooking, lighting) to help them improve their living conditions.

Finally, InVestisseurs Solidaires, also accredited as an ESUS, finances the equity of these social enterprises that have reached financial balance, enabling them to scale up and reach an ever-increasing number of beneficiaries. This financial consolidation is now seen as a necessary condition for their sustainability.

How do you select the solidarity enterprises that benefit from your funding?

Beyond supporting the activities of Entrepreneurs du Monde, Microfinance Solidaire also finances other social enterprises operating across various sectors, insofar as they contribute to financial inclusion and/or access to essential services for very poor families in developing countries. These social enterprises must, in any case, meet social and environmental performance requirements that align with the criteria defined in advance by Entrepreneurs du Monde.
Moreover, each supported social enterprise must comply with the ethical charter of Entrepreneurs du Monde. Microfinance Solidaire positions itself as a fund capable of supporting, through its financing, social enterprises in the stages of creation, growth, and scaling up.

What are the key characteristics you look for in these enterprises to ensure a positive impact?

To ensure the positive impact of its actions, Microfinance Solidaire seeks enterprises with a strong social and environmental commitment, capable of sustaining and multiplying their impact in the long term, and that demonstrate the following characteristics:

- A viable business model and a robust social and environmental strategy.
- Targeting vulnerable, isolated populations living in precarious conditions.
- Tailored products and services for women, farmers, and innovating entrepreneurs in rural areas.
- Defined and measurable social and environmental performance indicators.
- An actual improvement in the living conditions of beneficiaries, observed through our Social and Environmental Performance Management service.

Fathi NOUIRA, President, Chief Operating Officer, Microfinance Solidaire
Ariane OPOSSI, Partnerships Monitoring Officer, Microfinance Solidaire
Laure BILLION, Head of Legal, Microfinance Solidaire

Case Study 6

• **Investisseurs et Partenaires**

Could you briefly present your organization and its history in impact investing?

Founded in 2002, I&P is a pioneering group in impact investing. For over 20 years, driven by the conviction that African entrepreneurship is a key driver of sustainable and inclusive growth, we have been investing in African small and medium-sized enterprises (SMEs) while supporting ecosystem players (such as investment funds, entrepreneurship support organizations, and incubators). To date, I&P has financed and supported over 330 enterprises across more than 20 countries, providing them with financial, but also strategic, and technical assistance.

What are the specific characteristics of this region for your impact investments? / Why did you choose to focus a significant portion of your investments in this region?

The African continent, particularly Francophone African countries, is a region where access to financing remains extremely limited, especially for SMEs, which are often perceived as too risky and/or not profitable enough. Yet, in these so-called frontier markets, the financing needs are considerable. By focusing our efforts on Africa, we aim to bridge this financing gap and support businesses that create jobs, provide essential goods and services, and foster sustainable economic development.

Could you share a success story of a business supported by I&P and the impact it has had on its community?

Founded in 2012 and financed by I&P since 2022, HERi Madagascar specializes in the distribution and financing of solar energy solutions in rural areas of Madagascar. The company operates through a network of energy kiosks, distributors, and door-to-door sales agents who rent out and sell solar lamps and kits. HERi is a company with a strong social and environmental impact, contributing to sustainable development by providing clean and accessible energy in a country where the electrification rate is only 16%. The partnership with I&P aims to strengthen the Pay-as-you-go system and create jobs in the most remote areas of Madagascar.

Clémence BOURRIN, Director of Communication and External Relations, I&P

LIst of players included in the Impact Finance Overview 2024

123 Investment Managers
A Plus Finance
AG2R La Mondiale Gestion d'Actifs
Allianz Global Investors
Alter Equity
Amundi
Andera Partners
APICIL AM
Arkea Capital
Arkea Investment Services
Autonomie et Solidarité
AXA Investment Mangers S.A.
Banque Hottinguer
BDF Gestion
BFT Investment Managers
BNP Paribas AM
BNP Paribas Real Estate Investment Management
CIGALES
Citizen Capital
Colam Impact
Covéa Finance
Crédit Coopératif
Crédit Mutuel AM
Danone Communities
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Dorval AM
Ecofi
Educapital
Eiffel Investment Group
ELEVA Capital
Energie Partagée Investissement
Engie Rassembleurs d'Energies
Esfin Gestion (Crédit Coopératif)
Estari Management
Eutopia Gestion Sas
Fadev
FAMAE Impact
FemuQuì
Five Arrows Managers
Founders Future
France Active Investissement
FrenchFood Capital
Garrigue
Gay-Lussac Gestion
GENEO Capital Entrepreneur
Generali Vie
Go Capital
Herrikoa
Idia
IéS Initiatives pour une Economie Solidaire
Impact Expansion Management
Impact Partners
Inco Ventures
Inpulse Investment Manager
Investir et Plus
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La Financière Responsable
La Nef
LITA.co
Macif Impact ESS
MAIF - Mutual Insurance Company with variable contributions governed by the French insurance code.
MAIF Impact
makesense
Mandarine Gestion
Microfinance Solidaire
Mirova
Novaxia Investissement
Ofi invest AM
Ostrum AM
Phitrust Impact Investors
Phitrust Partenaires
Proparco
Raise
Renault
RGREEN INVEST
Ring
Schneider Electric Energy Access
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GSG FRANCE

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