



Investment
Asset Management

SRI vs Impact Investing

SRI booklet n° 1

1. Socially Responsible Investment

Definition

According to the Sustainable Real Estate Observatory (OID), "**Socially Responsible Investment** (SRI) is based on the systematic and traceable consideration of environmental, social and governance criteria (ESG) into financial management."

SRI promotes a responsible economy by encouraging portfolio management companies (PMS) to **consider extra-financial criteria** when selecting securities for their financial assets.

Therefore, investments made can ensure a **financial profitability while contributing to sustainable development.**

2. The impact investing

Definition

As Novethic explains it, there is no definition of SRI common to all investors. However, we can distinguish **different approaches**.

« We can consider that SRI management is based on the adoption by one or several standard approaches (exclusion, ESG integration, impact investing, thematic...) », AMF report on SRI.

➔ So Impact investing is an **approach to SRI**.

« The impact investing involves to target investments in order to solve social or environmental problems », AMF.

➔ It aims to generate **a positive and measurable as environmental or social impact and along with financial performance**.

3. What's the difference between both ?

Based on the Novethic study on investment strategies in search of impacts

ISR / SRI

A SRI fund seeks **to maximize its financial performance** while taking into account ESG criteria. There is no direct impact on the fund financial management of the fund.

The purpose is **to invest in a profitable funds which is more responsible than a classic funds**, and so having less negative impacts.

IMPACT INVESTING

Impact investing seeks **to maximize its social and environmental impact** while ensuring the mission realization. The social and environmental goals are in this way predefine.

The goal is **to invest in a funds which provides solutions to social and environmental challenges** along with financial return.

4. Impact investing example

INITIAL fund



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The OPICI INITIAL managed by CIAM is a real estate investment product with a strong and **positive social impact**. The goal is to support cities Priority Neighborhoods in their transformation to reinvigorate and reintegrate them into a promising metropolis.

In partnership with **the National Agency for Urban Renovation** (ANRU) and expert in bare ownership investment and of the social rental usufruct **PERL**, INITIAL bets on social diversity, diversification of neighborhood functions and the residential capacities in order to revitalize the neighborhood.

In order to best target the assets meeting this mission, an **ESG evaluation grid** has been developed. They will therefore be selected according to defined environmental and social criteria and their impact will be monitored.

With an average annual net return of 3.4%, the INITIAL fund ensures **a positive financial return** to its investors.