



Press release

Novethic awards its 2010 SRI Label to 142 funds

Paris - 28 September 2010. Novethic releases the list of the 142 funds awarded its second SRI (Socially Responsible Investment) Label. With 50% more applicants in 2010, investment managers confirm the importance they attach to this label, which is awarded to funds that systematically take into account Environmental, Social and Governance (ESG) criteria and meet high transparency requirements. Much effort remains, however, before individual investors are encouraged to request this type of investment from their bank.

142 SRI labelled funds

The range of SRI labelled funds is growing and now includes about fifty additional funds offered by 32 investment managers, compared with 25 in 2009. The 142 labelled funds represent EUR 22.7 billion, i.e. 54% of the assets of all SRI funds offered in France as of the end of June 2010.

These funds are divided by asset class as follows: 91 equity funds, 24 bond funds, 17 money market funds and 10 balanced funds.

Seventeen of the labelled funds (as opposed to only four in 2009) were distinguished with the ESG Indicators Award, which means that they use concrete environmental or social performance indicators. The Engagement Award recognises approaches that encourage companies to improve their sustainable development practices. It was attributed this year for the first time, but to only one fund, despite 11 applications.

All of the funds that received the label in 2009, except for four funds which have since been closed, were among the 182 applicant funds in 2010. The 80 new applicants confirm a growing interest in the label among investment managers. Many firms presented more funds than in 2009. Amundi, the asset management firm of Crédit Agricole and LCL, who did not apply in 2009, requested the label for all of its SRI funds available to individual investors this year.

22% of applicants not up to par

Thirteen of the 40 funds that were not awarded the label had in fact received it in 2009. Failure to comply with standards was more prevalent among fixed income products. One-fourth of the money market funds and one-third of the bond funds that applied were not awarded the label.

The reasons for non-acceptance, in descending order, were the portfolio's poor quality of ESG analysis and selection (35% of refusals), followed by the lack of transparency and lack of availability to individual investors (22.5% and 17.5% respectively).

More transparency but inadequate availability

The purpose of Novethic's SRI Label is to encourage investment managers to provide greater transparency and instruction and to prompt individual investors to ask for SRI investments.

The transparency of investment managers that design SRI funds has undeniably improved, but the funds remain scarce in retail distribution networks. Nevertheless, Novethic was delighted to note that, after a few months of existence, the SRI Label is apparently a strong driver for inflows. For SRI labelled equity funds, inflows in the first half of the year reached 5.2% as opposed to 3.3% for non-labelled SRI funds.

That said, SRI does not yet enjoy any real visibility in major retail banks. In a move to improve this visibility, Novethic is joining initiatives such as France's SRI Week (4 to 10 October), and the set-up of an "SRI Village" at the Investment Forum (8 and 9 October). These measures are essential for promoting the label among individual investors.

For the SRI funds directory: http://www.novethic.com/novethic/v3_uk/sri-funds-list.jsp



Novethic, part of Caisse des Dépôts, is a research centre in France on Socially Responsible Investment (SRI) and Corporate Social Responsibility (CSR). www.novethic.com

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