



## Press release

### **156 funds awarded the 2011 Novethic SRI Label: Fewer refusals, greater transparency and breakthrough of engagement**

**Paris, 27 September 2011 – Today, for the third year in a row Novethic is releasing the list of the 156 funds that were awarded its SRI (Socially Responsible Investment) Label in 2011. Refusals fell from 22% to 15% between 2010 and 2011, while the total number of applicants (184) remained virtually unchanged (versus 182 in 2010).**

#### **55% equity funds out of 156 labelled**

The number of SRI Label applicants has remained stable year on year, up from 182 to 184. However, these figures alone do not reveal some of the significant changes in their composition. Firstly, seven investment managers and 20% of the funds were applying for the first time. Among the winners, 65 funds have held the Label for three years, while about 15 lost theirs in 2011.

Interestingly, fixed-income products were more frequently refused in 2010, but in 2011 this was the case for equity funds, with a rejection rate of 19% of the 106 applicants. In comparison, only 11% of the 36 bond fund applications were refused.

The Engagement Award, which recognises funds with policies to influence companies to change their strategy and improve their Environmental, Social and Governance (ESG) practices, was attributed to five funds in 2011 as opposed to only one in 2010. The number of applicants for this award is growing, but many engagement strategies are relatively recent, with insufficient visibility as to their effectiveness.

#### **Greater transparency, but websites need improvement**

Several investment managers submitted their application during the overhaul of their website or investment processes. This made it complicated to assess the compliance of their funds with the Label's four criteria. However, the availability of extra-financial information is seemingly becoming gradually standardised or integrated into financial reporting updates. Another positive sign is that more than one-third of investment manager applicants have an SRI section on their website's home page. Two-thirds of them provide the documents required for the Label directly on the fund presentation page.

Both the availability of documentation and their informational content are key factors in obtaining the Label. Although the Novethic SRI Research Centre which awards the Label has noted an improvement in these areas, fund distributors have considerable progress to make. The *Association Française de la Gestion financière* (French Asset Management Association or AFG) requires all of its members that distribute an SRI fund to comply with transparency codes, but these documents are often complex for individual investors. They average 23 pages long and can even reach up to 50 pages.

The Label's objective is to promote SRI among end clients, i.e. individual investors. It is noteworthy how labelled SRI funds are gradually being integrated into the websites of retail networks, such as Caisse d'Épargne, Crédit Agricole, HSBC and LCL. This means that SRI products have broken through into the retail market.

## **Inflows for labelled funds in line with market**

Launched just after the crisis in 2008, the SRI Label has developed in a bear market environment that favours investment in savings accounts and discourages investment in funds. Inflows remain positive for SRI labelled funds, up 2.7% in the first half of 2011, but this is primarily thanks to the proportion of SRI money market funds. Conversely, labelled equity funds recorded net outflows, down 3.5%, but this more specifically concerns investment managers associated with major banking networks. The SRI Label serves as a selling point for only a handful of investors. For individual investors to take it into consideration in their investment decisions, they must first be familiar with the concept of SRI. That is why Novethic is a partner of the second *Semaine de l'ISR* (SRI Week), which takes place from 10 to 16 October in France on the initiative of the Ministry of Sustainable Development and the French Social Investment Forum.

### [SRI funds directory](#)

### [Novethic's SRI Label](#)



**Novethic**, part of Caisse des Dépôts, is a research centre in France on Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI). Its websites [novethic.fr](http://novethic.fr)/[novethic.com](http://novethic.com) are an expert tool for sustainable development.

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# 2011 TRENDS

## NOVETHIC

### SRI LABEL

#### Breakdown of labelled funds

The third edition of the Label features a virtually unchanged number of applicants, a rise in the number of engagement funds and a significant drop in thematic funds.

#### By asset class:

	Number of applicant funds	Number of labelled funds	Percentage	Refusal rate
Equity	106	86	55%	19%
Diversified	16	16	10%	0%
Bond	36	32	21%	11%
Money market	26	22	14%	15%
<b>TOTAL</b>	<b>184</b>	<b>156</b>	<b>100%</b>	<b>15%</b>

#### By SRI approach:

	Number of applicant funds	Change on 2010	Number of labelled funds
ESG screening	166	-2%	147
Norm-based exclusions	68	-12%	57
Sector-based exclusions	68	+3%	64
ESG thematic	31	-26%	21
Shareholder engagement	8	+60%	5

## Change in governance

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### **Expert Committee:**

The Committee was set up for the 2009 edition to review the Label methodology. Its composition has been considerably revised, essentially because the organisations and people working for them that were initially involved have since changed. Committee members are co-opted by Novethic and required by the Label regulations to be qualified and independent from SRI fund distributors.

The Committee currently includes four members: the Executive Director of Eurosif, the Director of Finansol, a researcher specialised in SRI and a marketing specialist in sustainable development. (*See Committee presentation*)

### **Technical Council:**

Over the first two years of the Label's existence, numerous discussions took place between the Novethic SRI Research Centre, market authorities and investment managers that design and distribute SRI funds. To formalise this dialogue, a consultation board of SRI management professionals was set up at the beginning of 2011. This "Technical Council" comprises both extra-financial analysis and SRI management professionals appointed by the SRI Commission of AFG (French Asset Management Association).

Several meetings were organised with the Technical Council in the first quarter of 2011, prior to the call for applications. This consultation was used to determine the practical interpretation of some provisions in the Label regulations and identify methodological issues that are debated among SRI professionals on the many SRI management approaches. It highlighted the need for shared reflection on these issues but in no way challenged the principle of the attribution of the Label, which falls under the sole responsibility of Novethic.

## Relative improvement in transparency

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The drop in the number of applicants that were refused the Label reflects the overall advances made by investment managers, particularly on the transparency of their SRI management processes. However, we are far from having established common standards for clear and simple information. Furthermore, the review of Label applications in 2011 was complicated by changes in rating methodology and websites launched by some actors during the summer.

### **Positive points**

- The one-year validity of the Label is appropriate. The annual verifications have showed that the websites often need updates, and the Label acts as a major incentive to do so.
- The 2011 Label regulations required the availability of transparency documents relating to the Label directly on the fund page. Introduced in 2011, this requirement has made access to information on SRI funds easier on the websites of investment managers and retail banks.
- The availability of extra-financial information required by the Label is gradually being standardised or integrated into financial reporting updates. This is a sign of clear improvement. Nearly one hundred, i.e. two-thirds of the labelled funds, feature integrated financial and extra-financial reporting.

## Points to improve

- The transparency codes that are compulsory for AFG members offering an SRI fund provide varying levels of information. They average 23 pages long but can range from 4 to 51 pages. Another challenge is that different firms update information at very different intervals. That said, there is a strong incentive for annual updates, as they are indispensable to obtain the Label and the AFG website only provides access to recent versions of transparency codes.
- The overall quality of extra-financial reporting has improved, but we are still far from a standard that allows end clients to understand systematically which Environmental, Social and Governance (ESG) characteristics were taken into account by the manager in selecting a given issuer in an SRI fund. Hardly more than one-third of funds (38%) present a breakdown of SRI rating per issuer. Most merely provide the SRI average of the entire portfolio.

## **Awards: engagement is growing, ESG performance indicators is stagnating**

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To obtain one of the two awards, "Engagement" or "ESG Indicators", the funds must also meet the four Label criteria.

**Engagement Award**: Applicants for the Engagement Award submitted more thorough applications than in 2010, hence the rise from one to five awards attributed to four investment managers. Although they agree to report more on their engagement approaches, the public availability of the information on the results obtained needs improvement. Investment managers essentially display an engagement of resources rather than results obtained through their funds.

**ESG Indicators Award**: This category includes the same winners as in 2010, showing that the investment managers that have been awarded the ESG Indicators Award since the Label was launched have maintained their approach. Unfortunately, no new applicants qualified, nor has any genuine methodological progress been made. This suggests a relative lack of research that can be used to quantify issuers' environmental, social and governance practices in concrete terms and of adequately reliable data from issuers to build these types of indicators.

## **Conclusion**

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Three years after its launch, the SRI Label has maintained its appeal among investment managers. There is an undeniable leverage effect on them, particularly in terms of transparency, but this is not enough. The idea emerged in 2008 of broader distribution of SRI products in retail networks in order to attract individual investors, who currently favour savings products over investment products. This campaign is off to a slow start. Will the 2011 crisis provide the boost it needs? Answer to come in 2012, from a French market comprising 156 funds labelled SRI by Novethic.



## List of labelled funds

- 156 labelled funds
- 35 investment managers
- 86 equity funds, 32 bond funds, 22 money market funds and 16 diversified funds
- 24 ESG Indicators Awards
- 5 Engagement Awards

Investment Manager	Fund	Asset class
<b>AGICAM</b>	AG2R Actions ISR	Equity fund
	AG2R Obligations ISR	Bond fund
	Ethis Valeurs	Diversified fund
<b>Alcyone Finance</b>	Actions Nord Sud	Equity fund
<b>Allianz GI France</b>	Allianz Citizen Care SRI	Equity fund
	Allianz Euréco Equity	Equity fund
	Allianz Euro Credit SRI	Bond fund
	Allianz Securicash SRI	Money market fund
	Allianz Valeurs Durables	Equity fund
<b>Amundi</b>	Amundi Actions Euro ISR	Equity fund
	Amundi Actions Europe ISR	Equity fund
	Amundi Actions France ISR	Equity fund
	Amundi Actions USA ISR	Equity fund
	Amundi AFD Avenirs Durables	Diversified fund
	Amundi Crédit Euro ISR	Bond fund
	Amundi Tréso ISR	Money market fund
	Atout Valeurs Durables	Equity fund
	CA Solidarité Habitat et Humanisme	Diversified fund
	Danone Communities D Monétaire ISR	Money market fund
	Danone Communities D Monétaire ISR Plus	Money market fund
	Danone Communities Monétaire Responsable S1	Money market fund
	Danone Communities Monétaire Responsable S2	Money market fund
	Danone Communities Monétaire Responsable S3	Money market fund
	Eurco Solidarité	Diversified fund
	FCP Habitat et Humanisme	Diversified fund
	Hymnos	Diversified fund
	IDEAM Solidarités	Diversified fund
	LCL Actions Développement Durable Euro	Equity fund
	LCL Actions Etats-Unis ISR	Equity fund
	LCL Actions USA ISR (Euro)	Equity fund
	Partagis	Diversified fund
	<b>AXA IM</b>	Axa Euro Valeurs Responsables
Axa Trésor Court Terme		Money market fund
Axa WF Framlington Eurozone RI		Equity fund
Axa WF Framlington Human Capital		Equity fund
Label Euro Obligations		Bond fund
Label Europe Actions		Equity fund
<b>BNP Paribas IP</b>	AGIPI Monde Durable	Equity fund
	BNP Paribas Aqua	Equity fund
	BNP Paribas Etheis	Equity fund
	BNP Paribas Euro Valeurs Durables	Equity fund
	BNP Paribas L1 Green Future	Equity fund
	BNP Paribas L1 Green Tigers	Equity fund
	BNP Paribas L1 Sustainable Bond Euro	Bond fund
	BNP Paribas L1 Sustainable Equity World	Equity fund
	BNP Paribas Money Prime Euro SRI	Money market fund
	BNP Paribas Obli Etheis	Bond fund
	BNP Paribas Retraite Horizon	Equity fund
	MAIF Investissement Responsable Europe	Equity fund
	Parvest Environmental Opportunities	Equity fund
	Parvest Global Environment	Equity fund
	Parvest Sustainable Bond Euro Corporate	Bond fund
	Parvest Sustainable Equity Europe	Equity fund
<b>CCR AM</b>	CCR Actions Engagement Durable	Equity fund
<b>CM-CIC AM</b>	CM-CIC Actions ISR	Equity fund
	CM-CIC Moné ISR	Money market fund
	CM-CIC Obli ISR	Bond fund
<b>CPR AM</b>	CPR 1-3 Euro SR	Bond fund
	CPR 3-5 Euro SR	Bond fund
	CPR 7-10 Euro SR	Bond fund
	CPR Monétaire SR	Money market fund
	CPR Progrès Durable Europe	Equity fund
	CPR Reflex Responsable 0-100	Diversified fund

Investment Manager	Fund	Asset class
<b>De Pury Pictet Turrettini</b>	Guilé Emerging Markets Engagement Fund	Equity fund
	Guilé European Engagement Fund	Equity fund
<b>Dexia AM</b>	Dexia Bonds Sustainable Euro	Bond fund
	Dexia Bonds Sustainable Euro Government	Bond fund
	Dexia Equities L Sustainable Emerging Markets	Equity fund
	Dexia Equities L Sustainable EMU	Equity fund
	Dexia Equities L Sustainable World	Equity fund
	Dexia Fund Sustainable Equities Europe	Equity fund
	Dexia Money Market Euro Sustainable	Money market fund
	Dexia Sustainable Euro Bonds	Bond fund
	Dexia Sustainable Euro Corporate Bonds	Bond fund
	Dexia Sustainable Euro Short Term Bonds	Bond fund
	Dexia Sustainable Europe	Equity fund
	Dexia Sustainable European Balanced High	Diversified fund
	Dexia Sustainable European Balanced Low	Diversified fund
	Dexia Sustainable European Balanced Medium	Diversified fund
	Dexia Sustainable North America	Equity fund
	Dexia Sustainable Pacific	Equity fund
Dexia Sustainable World	Equity fund	
Dexia Sustainable World Bonds	Bond fund	
<b>Ecofi Investissements</b>	Agir avec la Fondation Abbé Pierre	Bond fund
	Babyfund Taux Fixe 2013	Bond fund
	Choix Solidaire	Diversified fund
	Confiance Solidaire	Bond fund
	Epargne Ethique Actions	Equity fund
	Epargne Ethique Monétaire	Money market fund
	Epargne Ethique Obligations	Bond fund
	Faim et Développement Equilibre	Diversified fund
	Faim et Développement Trésorerie	Money market fund
	Invest Première	Money market fund
<b>Edmond de Rothschild AM</b>	EdR Europe SRI	Equity fund
	EdR Tricolore Rendement	Equity fund
<b>Federal Finance</b>	Federal Actions Ethiques	Equity fund
	Federal Europe IR	Equity fund
	Federal Placement Court Terme IR	Money market fund
	Federal Taux Variable IR	Bond fund
<b>Fédérés Gestion</b>	Fédérés ISR Euro	Equity fund
	Fédérés Obligations ISR	Bond fund
<b>Financière de Champlain</b>	Champlain Solidarité	Equity fund
	Performance Responsable	Equity fund
<b>Financière de l'Echiquier</b>	Echiquier Major	Equity fund
<b>Groupama AM</b>	Euro Capital Durable	Equity fund
<b>Groupe OFI</b>	Macif Court Terme ISR	Money market fund
	Macif Croissance Durable Euro	Equity fund
	Macif Obligations Développement Durable	Bond fund
	Macif Trésorerie Semestrielle ISR	Money market fund
	MAIF Retraite Croissance Durable	Equity fund
	MG Croissance Durable Europe	Equity fund
	MG Croissance Durable France	Equity fund
	OFI Leader ISR	Equity fund
	OFI Multi Select Europe SRI	Equity fund
OFI Trésor ISR	Money market fund	
<b>Henderson GI</b>	Horizon Industries of the Future	Equity fund
<b>HSBC Global AM</b>	HSBC Actions Développement Durable	Equity fund
	HSBC Oblig Développement Durable	Bond fund
<b>Inter Expansion</b>	Europe Ethique Expansion	Equity fund
	Monesor	Money market fund
	Soroblig	Bond fund
<b>La Banque Postale AM</b>	LBPAM Responsable Actions Environnement	Equity fund
	LBPAM Responsable Actions Euro	Equity fund
	LBPAM Responsable Actions Monde	Equity fund
	LBPAM Responsable Actions Solidaire	Equity fund
	Libertés et Solidarité	Diversified fund

Investment Manager	Fund	Asset class
<b>La Financière Responsable</b>	LFR Actions Solidaires	Equity fund
	LFR Euro Développement Durable	Equity fund
<b>Lazard Frères Gestion</b>	Objectif Ethique Socialement Responsable	Equity fund
<b>Mandarine Gestion</b>	Mandarine Engagements	Equity fund
<b>Meeschaert AM</b>	Ethique et Partage - CCFD	Equity fund
	MAM Actions Ethique	Equity fund
	MAM Obligations Ethique	Bond fund
	Nouvelle Stratégie 50	Diversified fund
<b>Metropole Gestion</b>	Metropole Value SRI	Equity fund
<b>Natixis AM</b>	Ecureuil Bénéfices Emploi	Equity fund
	Ecureuil Bénéfices Responsable	Equity fund
	Fructi Euro ISR	Equity fund
	Fructi ISR Obli Euro	Bond fund
	Insertion Emplois Dynamique	Equity fund
<b>Palatine AM</b>	Gérer Multifactoriel Euro	Equity fund
	Gérer Multifactoriel France	Equity fund
	Palatine Actions Défensives Euro	Equity fund
	Palatine Climat et Environnement	Equity fund
	Palatine Or Bleu	Equity fund
	Palatine Première	Bond fund
	Palatine Trésorerie Première	Money market fund
Uni MT	Bond fund	
<b>Petercam</b>	Petercam Equities Europe Sustainable	Equity fund
	Petercam L Bonds Government Sustainable	Bond fund
<b>Phitrust Active Investors</b>	Euro Active Investors	Equity fund
<b>Pictet AM</b>	Pictet European Sustainable Equities	Equity fund
<b>Société Générale Gestion</b>	SG Actions Europe ISR	Equity fund
	SG Monétaire ISR	Money market fund
	SG Oblig Corporate ISR	Bond fund
<b>Sycomore AM</b>	Sycomore Sélection Responsable	Equity fund



## 24 labelled funds with the "ESG Indicators" Award

Investment Manager	Fund	Asset class
BNP Paribas IP	AGIPI Monde Durable	Equity fund
	BNP Paribas Aqua	Equity fund
	BNP Paribas Etheis	Equity fund
	BNP Paribas Euro Valeurs Durables	Equity fund
	BNP Paribas L1 Green Future	Equity fund
	BNP Paribas L1 Sustainable Bond Euro	Bond fund
	BNP Paribas L1 Sustainable Equity World	Equity fund
	BNP Paribas Obli Etheis	Bond fund
	BNP Paribas Retraite Horizon	Equity fund
	Parvest Environmental Opportunities	Equity fund
	Parvest Global Environment	Equity fund
	Parvest Sustainable Bond Euro Corporate	Bond fund
	Parvest Sustainable Equity Europe	Equity fund
	Financière de Champlain	Champlain Solidarité
Performance Responsable		Equity fund
Groupe OFI	Macif Croissance Durable Euro	Equity fund
	MG Croissance Durable Europe	Equity fund
	MG Croissance Durable France	Equity fund
Henderson GI	Horizon Industries of the Future	Equity fund
La Banque Postale AM	LBPAM Responsable Actions Euro	Equity fund
	LBPAM Responsable Actions Monde	Equity fund
La Financière Responsable	LFR Actions Solidaires	Equity fund
	LFR Euro Développement Durable	Equity fund
Pictet AM	Pictet European Sustainable Equities	Equity fund



## 5 labelled funds with the "Engagement" Award

Investment Manager	Fund	Asset class
De Pury Pictet Turrettini	Guilé Emerging Markets Engagement Fund	Equity fund
	Guilé European Engagement Fund	Equity fund
Edmond de Rothschild AM	EdR Tricolore Rendement	Equity fund
Henderson GI	Horizon Industries of the Future	Equity fund
Phitrust Active Investors	Euro Active Investors	Equity fund

The Label must first be obtained in order to obtain the award. The 28 funds in these lists are part of the total of 156 labelled funds and therefore included in the previous lists.

# Expert Committee

# NOVETHIC

# SRI LABEL

## Role and operations

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The Expert Committee is appointed by Novethic to review the methodology used to award the certification label. Novethic can consult the Committee in the event of a problem in applying the methodology to a fund or any relevant disputes. Compliance with the methodology is solely decided upon by Novethic.

## Céline Louche, Vlerick Leuven Gent Management School

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Céline Louche is a professor at the Vlerick Leuven Gent Management School in Belgium, where she teaches and researches on CSR (Corporate Social Responsibility) and Responsible Investment. She previously worked as a sustainability analyst at a Dutch rating agency (now Jantzi-Sustainalytics). In 2011, Céline published "Dilemmas for Responsible Investment", which she co-authored with Steve Lydenberg. She holds a PhD in management and environmental sciences from the University of Rotterdam. Céline is a member of the International Network for Research on Organisations and Sustainable Development.

## François Passant, Eurosif

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François Passant joined Eurosif as Executive Director on 1 September 2011. He has over fifteen years of experience in the financial services industry, primarily in asset management. François is the former Executive Director of Vanguard Investments Europe in charge of European development. Prior to this, he served in Deloitte's financial services practice in Luxembourg and a Luxembourg-based insurance company. He performs pro bono work for the European Federation of Investors (EuroInvestors) in Brussels, where he is based. François holds degrees from the Ecole Centrale de Paris and Reims Management School.



## Sophie des Mazery, Finansol

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Sophie des Mazery became Director of Finansol in 2010. Launched in 1997, the FINANSOL label has been awarded to over a hundred savings solidarity products that ensure the transparency of information on their management approach and finance unlisted businesses supporting social issues and solidarity, the fight against exclusion and sustainable development. She gained professional experience working with the *Comité de la Charte*, the French member of the International Committee on Fundraising Organizations (ICFO), heading up a press trade union, and developing partnerships at the Crédit Coopératif (BPCE), a bank highly committed to solidarity-focused finance. Sophie holds a degree from the

*Institut d'Études Politiques* in Paris.

## Elizabeth Pastore-Reiss, Ethicity

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In 2001, Elizabeth Pastore-Reiss founded the sustainable development and marketing firm Ethicity (Ethicity.net), which she has managed since. She is a frequent speaker at sustainable development seminars and works with several NGOs. Since 2004, Ethicity has published a yearly review of the French population and responsible consumption. Elizabeth has also authored the book "*Le Marketing Durable*" ("*Sustainable Marketing*", published by Eyrolles Editions) and co-authored "*Le Marketing Éthique*" ("*Ethical Marketing*", published by Village Mondial, 2004).

