

Press release

European asset owners and ESG integration: practices differ but ideas are changing

Paris, 3 December 2010 - Today Novethic, with the support of BNP Paribas Investment Partners, is releasing the results of its survey on European asset owners' perception and practices of integrating Environmental, Social and Governance (ESG) criteria into asset management. For the first time, 251 asset owners* from 9 countries, representing a total of EUR 7,500 billion in assets, were asked how they define these new and developing concepts. The purpose of the survey was to determine how these investors align ESG practices with their fiduciary responsibility and how these practices take on a better long-term perspective. Sixty-nine percent of the investors surveyed state that they integrate ESG issues into their asset management, but incentives and practices still vary widely between countries.**

Differing views

Fifty-nine percent of the French and 68% of the Germans believe that the main incentive for integrating ESG issues is to contribute to bringing about a more sustainable development model. However, only a minority of Danish (21%) or UK (17%) investors share this opinion. Similarly, protecting one's reputation is a priority in Finland and Denmark (more than 40% in each country), but it is of minor concern for French investors (11%) and was given no mention by UK investors. Lastly, long-term risk management is an incentive for one-third of French and Dutch investors but for less than 15% of German, Spanish or Finnish investors. Only in the United Kingdom do a majority of investors believe that ESG integration is first a factor in financial performance (57%).

Integration contributes to long-term performance

Eighty-four percent of the investors surveyed believe that integrating ESG criteria maximises beneficiaries' long-term interest. Just five years ago, before the United Nations Principles for Responsible Investment (PRI) were published, investors thought that ESG integration could conflict with their fiduciary responsibility. Beliefs are changing, but not all are entirely convinced, as only 69% state that they have adopted this type of management. Practices vary considerably from one country to another. ESG screening is by far the majority approach in France (81%), while shareholder engagement is favoured in the United Kingdom (77%). In Denmark, shareholder engagement and norm-based exclusions are primarily applied (more than 40% each).

Focus remains on short-term performance but ideas are changing

Although the majority of respondents (54%) still believe that long-term performance is built on short-term performance, 28% nevertheless feel that long-term risk management also plays a role. Eighteen percent of them state that they would accept poorer short-term performance in favour of a more sustainable economy.

* Asset owners (as opposed to asset managers): banks, insurance companies, pension funds, public financial institutions, foundations, etc.

**Research sample: Germany, Belgium, Denmark, Spain, Finland, France, Italy, United Kingdom and Netherlands.

Novethic, subsidiary of Caisse des Dépôts, is the leading research centre in France on Socially Responsible Investment (SRI) and Corporate Social Responsibility (CSR). Its websites novethic.fr/novethic.com are an expert tool for sustainable development.

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BNP Paribas Investment Partners is a leading player in socially-responsible investments with more than EUR 13 billion* of assets under management. Its management solutions are implemented by more than 50 analysts and managers in 10 investment centres which cover a broad range of asset classes. Our teams systematically incorporate environmental, social and governance (ESG) factors when making their investment decisions and assessing a portfolio's non-financial performance. BNP Paribas Investment Partners combines all the expertise of the BNP Paribas Group's Asset Management business, with assets under management of EUR 539 billion* globally.

* Assets under management and advice at 30/09/2010

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