

In France, responsible savings products account for €461bn and are very close to the 1,000 funds mark.

Paris, 3 March 2021. With annual inflows of €100bn and a 66% increase in assets under management, the market for sustainable funds open to French savers is unaffected by the crisis. On the release of the annual edition of **MARKET DATA - Sustainable Funds France**, Novethic unveils the key figures for 2020 and analyses the trends in this dynamic market where sustainability is present in all its forms.

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The offer of labelled funds is on the upswing

The French responsible investment market is booming, with 245 additional funds and €100bn of new money raised as of 31 December 2020 (+66% compared to the previous year). The highlight is the explosion in the market share of the SRI label. **Two factors explain the development of the SRI label in 2020:** the entry into force of the obligation created by the PACTE law which makes it mandatory for all life insurance distributors to offer at least one labelled fund (SRI, GreenFin or Finansol), and the movement towards range labelling, initiated in 2018 by the Banque Postale Asset Management (LBPAM).



Asset managers are committing massively to labelling to win over savers



\*Launched or converted SRI funds  
Source: Novethic

While the Greenfin label, which targets environmental funds, is doing well, with +45% more funds and +140% more assets under management over the year, the SRI label is taking the lion's share. **SRI-labelled funds account for more than half of the sustainable funds distributed to French savers and two-thirds of assets under management.**

The SRI label evolved over 2020, tightening its reporting and transparency requirements and integrating a new real estate version. The first 13 SRI-labelled real estate appeared in 2020, bringing a new dimension focused on improving the environmental and social performance of real estate assets held.

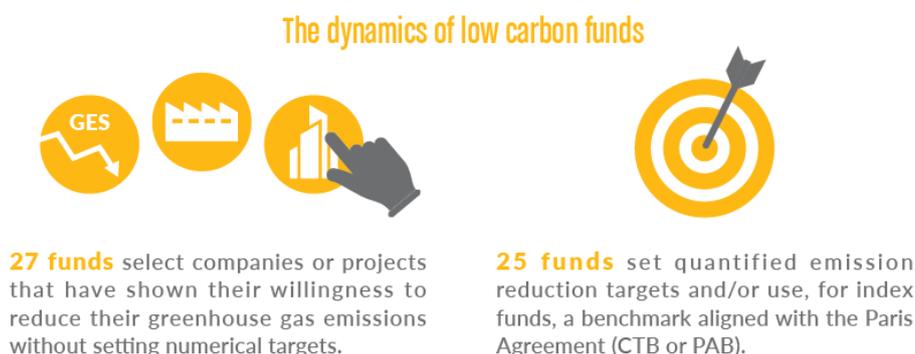
Among all of this [jostling at the labelling gate](#), the issue of the visibility and transparency of sustainable finance for French savers has inevitably arisen, **even though this will become a topic of discussion with their financial advisers** in the months ahead.

Preferred target: investments with climate added value

The environmental theme remains a promising trend for sustainable finance and still accounts for half of the thematic funds on offer (236 funds at the end of 2020 for €120bn) but there is a strong momentum in terms of taking climate criteria into account.

First consequence: the exclusion of fossil fuels is becoming more frequent in sustainable portfolios and the exclusion of coal is becoming more widespread. It is excluded by 60% of the sustainable funds identified by Novethic in 2020 even though it is not required to obtain the SRI label.

Second consequence: the dynamics of low-carbon funds is growing in line with the multiplication of commitments by financial players to achieve carbon neutrality.



Source: Novethic

By the end of 2020, around fifty funds had focused their marketing on a "low carbon" approach but their climate ambition varies. Some select assets that are seeking to reduce their emissions, others link selection to the 2-degree limit on global warming provided for in the 2015 Paris Agreement. 2020 was the year of the launch of the [two specialised indices promoted by the European Union's Sustainable Finance Action Plan](#). The more demanding index is "aligned to the Paris Agreement" (Paris Aligned Benchmark\_PAB), the other is focused on the transition to a low carbon economy (Climate Transition Benchmark\_CTB). Both are beginning to support index funds.

## 2021, year of regulation for sustainable funds

The regulatory agenda begins in March, the deadline for bringing the legal documentation of French sustainable funds into line with the AMF's recommendations. This is also the date on which European regulations on reporting come into force. [The SFDR \(Sustainable Finance Disclosure Regulation\)](#) will revolutionise the reporting of sustainable funds, which will be required to publish information on their environmental and social performance and the financial impact of ESG risks such as climate change. This is expected to result in a wealth of impact indicators with different methodologies that will enrich the market in 2021. The *ultimate* objective is to facilitate dialogue with the end investor by providing clear and concrete indicators to measure ESG performance.

### ► **ANALYSIS OF MARKET DATA 2020 SUSTAINABLE FUNDS FRANCE** ◀

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## About Novethic Market Data

As a long-time observer of the responsible investment market, Novethic has reviewed best market practices since 2004, comparing fund strategies and carrying out studies to identify best practices and compare different approaches. Following the publication of the French Responsible Investment Market Figures and the Novethic Indicator for Sustainable Funds available to individual investors, the launch of Market Data helps us support a new stage in the development of sustainable finance by offering accurate and reliable market data.



**Sustainable transformation accelerator.** Novethic guides financial institutions, companies, and citizens in their sustainable transformation. A pioneer in the certification of sustainable investment funds in Europe, Novethic is committed to strengthening the transparency, reliability, and confidence of public, private, and individual investors. Through the development and audit of ambitious and strict sustainable finance labels, Novethic's objective is to accelerate the transition to a low-carbon and inclusive economy.