

### THE TRANSFORMATION OF RESPONSIBLE INVESTMENT IN FRANCE

**Paris, 28 April 2014:** For the tenth edition, Novethic is adapting the format of its annual survey in response to deep-seated changes in Responsible Investment in France. Long focused on the growth in the assets under management of SRI funds, which have increased forty-fold in a decade, the RI market is now developing in other forms. To take account of the increasing diversification of practices, the Novethic research centre on responsible investment is reviewing the French market from the standpoint of four main trends: SRI funds (€170 billion), ESG integration (€440 billion), exclusions (€1,636 billion) and shareholder engagement (€40 billion).

- **SRI funds and ESG integration: two strategies combining financial management and environmental, social and governance considerations**

**- SRI funds continue to grow, but at a slower pace**

SRI AuM stood at €169.7 billion at the end of 2013, up 14% on 2012. Held two-thirds by asset owners (€120 billion), SRI maintained its individual clients (€50 billion) through employee savings plans and life insurance. SRI funds account for 5% of asset management in France.

**- ESG integration confirmed**

ESG integration in its diverse forms consists in including environmental, social and governance criteria in a conventional management approach without developing specific SRI products. This strategy concerns €440 billion in France, or 15% of total AuM, and is being formalised as a management process that includes ESG criteria for all managers or that includes ESG issues in the financial valuation of companies.

- **Exclusions: big volumes, little impact**

Company or sector exclusions are being gradually adopted by French responsible investment players, a practice they considered unthinkable ten years ago. Exclusions consist in refusing to invest in companies that seriously and repeatedly breach international norms or in sectors with an overly negative impact. Applying to all the assets under management of the players that adopt them, exclusions today are worth some €1,636 billion, even though they concern a mere handful of companies.

- **Shareholder engagement: little volumes, growing impact**

This form of responsible investment, in which investors engage with companies on ESG risks based on non-financial analysis, is gradually taking shape. Eight responsible investors have published engagement policies and some 340 initiatives have been taken concerning AuM of roughly €40 billion, focused mainly on corruption, working conditions at suppliers, and the remuneration of executives.

The survey led by the Novethic research team with all the responsible investment players in France highlights the transformations underway in the market and measures its development. Reflecting the momentum of that market, the survey hinges on the principle that SRI practitioners accept the idea that transparency is a condition vital to the credibility of their policies.

To access this exclusive survey, go to

[Novethic.com](https://www.novethic.com)

Follow the Novethic research centre on Twitter account at: [@Rlexpert](https://twitter.com/Rlexpert)

Responsible investment begins with debate, figures and analysis. To fuel that debate, the Novethic research centre has launched a Twitter account.

[www.novethic.com](https://www.novethic.com)

**Novethic is a leading research centre on responsible investment.** Founded in 2001, it produces thematic studies and awards an SRI Label. Novethic is a part of Caisse des Dépôts

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