



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.

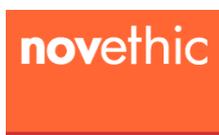
The Label's objective is to promote SRI among end clients, i.e. individual investors. It is noteworthy how labelled SRI funds are gradually being integrated into the websites of retail networks, such as Caisse d'Épargne, Crédit Agricole, HSBC and LCL. This means that SRI products have broken through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

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