Socially Responsible Investment breaks through the €100 billion mark in France

12 April 2012. Socially Responsible Investment (SRI) represents €115 billion in assets under management in France and grew by 69% between 2010 and 2011, according to Novethic's exclusive annual study of the French SRI market. The Novethic Research Centre also noted a widespread application of exclusion practices in non-SRI management, but with a limited impact.

Growth of 69%

In stark contrast to the overall drop across financial markets, the French SRI market demonstrated sharp growth in 2011. The financial crisis had a negative impact on fund raising. The investment managers that contributed to the development of SRI in fact converted existing funds in mass, covering more than €28 billion in assets in 2011. This shift was initiated by one of the SRI leaders in France, which currently holds 48% of the €115 billion. Others followed suit.

New momentum from institutional investors

SRI assets held by institutional investors grew by 70%, compared with 56% in 2010. This new drive was essentially due to policies enforced by insurance companies, which represented 40% of socially responsible institutional investments. They surpassed the traditional SRI leaders, pension funds (20%) and public institutions (18%). Individual investors account for one-third of the French SRI market, following on from the past two years. The main source of inflows in this segment remains by far employee savings, which rose by 38% in 2011. Today, one euro out of four in employee savings comes under SRI.

Novethic has quantified exclusion practices for the first time

The Novethic Research Centre assessed the assets subject to norm-based exclusions. This refers to excluding from the investment universe any investments in companies condemned for serious, repeated violations of international conventions on human rights or the environment. In 2010, only one SRI actor applied norm-based exclusions to €136 billion in assets. A year later, €1,800 billion was subject to these investment practices enforced by about ten investors. However, blacklists rarely include more than twenty companies. The most common form of exclusion applies to manufacturers of controversial weapons (anti-personnel mines and cluster bombs) banned by international conventions that were ratified by France in 2010. Nearly half of the respondents in Novethic's sample implement these exclusions, representing more than €3,200 billion out of the total of €3,820 billion held by all survey respondents.

Download the report
Download the Norm-based exclusions study

Green funds: a sluggish market

The Novethic Research Centre also studied nearly 200 European green funds from 18 countries to assess whether markets could fuel green growth. With **inflows of less than €2 billion in three years** and €13.3 billion in assets under management, these environmental funds seem to be struggling to drive any green momentum on equity markets. Furthermore, the **environmentally-focused marketing of these funds is often way off the mark from their actual composition**. These funds sometimes include companies that are hardly green at all. **Green funds spark only meagre interest among socially responsible institutional investors in France,** which invested a mere **€865 million in this segment in 2011**.

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Novethic, a subsidiary of the Caisse des Dépôts, is a research centre focusing on Socially Responsible Investment (SRI) and Corporate Social Responsibility (CSR), as well as a sustainable development media expert. www.novethic.com