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RESEARCH PRESS RELEASE

RESPONSIBLE INVESTMENT:
INNOVATIVE TOOLS BUT LIMITED APPLICATION IN PRACTICE

Paris, 3rd December 2013. Today, for the sixth time, Novethic will be convening asset owners from across Europe to its annual conference, "ESG Strategies for responsible investors". The day's aim is to encourage exchanges between investors on the integration of Environmental, Social and Governance (ESG) criteria in asset management and to foster the debate on responsible investment. Novethic's research centre will be using the occasion to launch two major new reports: a survey on the ESG practices of European asset owners and a study on green and social bonds.

European asset owners are slow to implement their paper commitments on the integration of ESG criteria in asset management

In 2013, Novethic's survey, one-of-a-kind in Europe, assesses the views of 165 long-term investors (pension funds, insurance companies...) in 12 countries representing a total asset value of over €5 trillion.

The asset owners surveyed are, on the whole, more familiar with the concept of responsible investment than in the previous editions of the annual survey. 60% of them use more than one method – selecting issuers on the basis of ESG criteria, accompanying their sustainability efforts, excluding investments that present ESG risks – in order to exert greater pressure on issuers. One third of respondents now sees such methods as an integral part of long-term risk management. Nevertheless, the practical implementation of responsible investment policies remains slow: most policies are not applied to all asset classes. Moreover, the commitments made often remain quite general: only 10% of the survey panel has adopted sector-specific policies defining minimum standards below which investors avoid sensitive sectors (extractives, nuclear energy, palm oil, etc). Last, but not least, the major discrepancies in the convictions, aims and practices of European asset owners constitute an obstacle to the widespread use of responsible investment as an effective impetus on companies to improve their contribution to sustainability.

Download the report

Green and social bonds, a promising financial instrument

In its new study, Novethic's research centre analyses the rapid development of a new form of financial product: green bonds and social bonds. Worldwide issues since the beginning of 2013 represent approximately €8 billion. The issues are made by financial institutions such as the World Bank and the European Investment Bank, but also by local authorities and even by companies: EDF recently raised €1.4 billion on the financial markets in favour of its renewable energy division. Green and social bonds, a promising new dimension of responsible investment, are of paramount interest to long-term investors committed to taking ESG issues into account.

Download the study, which describes:

- The purpose: locating funding to fuel the transition to a sustainable economy and society.
- The target audience: responsible investors in search of environmental and social vocations for their investments.
- The guarantees: issuers endeavor to receive top ratings, both financial and extra-financial, for their bond issues; they are also inventing new guarantee and tracking methods to enhance the environmental and social qualities for bondholders.

Press contact : Célia Juère – celia.juere@novethic.fr - + 33 (0) 1 58 50 98 23

Novethic, a part of the Caisse des Dépôts, is a research centre on responsible investment (RI) and a source of media expertise on sustainable development.
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