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**Analysis of national policies on CSR,
In support of a structured exchange of information on national CSR policies and initiatives
(Tender No VT/2005/063)**

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**Socially Responsible Investment in EU Member States:
Overview of government initiatives
and SRI experts' expectations towards governments**

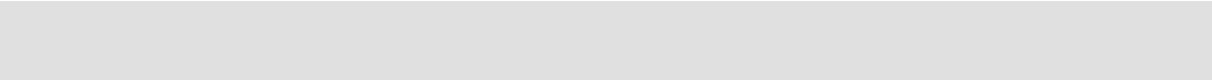
Final Report to the EU High-Level Group on CSR

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Executive Summary

Background information and subject

This report focuses on government initiatives on Socially Responsible Investment (SRI) at the national level of all EU Member States. SRI is a concept that combines investors' financial objectives with their concerns about social, environmental and ethical (SEE) issues (Eurosif, 2006).

The study supports a structured exchange among the members of the High-Level Group (HLG) on CSR. DG Employment and Social Affairs (Tender No VT/2005/063) commissioned the research for this report, and it comprises the following *four parts*:

- Part I: Introduction to SRI in Europe, including an overview of rating methods used in the context of CSR/SRI;
- Part II: Survey among public administrators on national SRI initiatives in EU Member States, including a description of interesting SRI initiatives;
- Part III: Survey of SRI experts from the financial services sector across Europe about what they expect from governments;
- Part IV: Synthesis of the results of the two surveys.

Part I: From CSR to SRI – Setting the Scene

The first part of the report sets the scene for SRI in Europe. It provides definitions of SRI and figures on the development of the SRI market in Europe. Furthermore, it explores European and UN initiatives on SRI, and gives an overview of various CSR/SRI rating methodologies.

Part II: Countries and SRI initiatives surveyed

This part of the report provides an overview of government initiatives on SRI in the EU Member States. It is based on a survey among public administrators. Its methodology and key findings can be summarised as follows:

- All 27 EU Member States were contacted (many of them several times). In the end, telephone interviews were conducted with public administrators from **16 EU Member States between 12 November 2007 and 18 January 2008**. In the survey, additional written information received electronically was included.
- The telephone survey of public administrators revealed **14 SRI initiatives** launched by the national/federal governments in **only 7 EU Member States**, namely Austria, Belgium, France, the Netherlands, Spain, Sweden and the United Kingdom. The range of initiatives is one (in Austria, Spain, and Sweden) to three (in the Netherlands and the UK).
- The 14 initiatives we found in the survey are mostly legal (42.85 percent), financial/economic instruments (28.58 percent), informational instruments (21.43 percent) or of a hybrid character (7.14 percent). Partnering instruments do not exist in the context of SRI.

Informational or endorsing instruments

- Government-sponsored guidelines – the Netherlands: A Sustainable Money Guide has been published. It provides detailed information on SRI in general as well as on available sustainable funds in particular. Its key target group are private investors.

- Information resources – Austria: An online SRI platform has been established (www.gruenesgeld.at). It offers general information on SRI and provides an overview on diverse types of SRI investment, investment products (e.g. investment funds or life insurance), pension funds, etc.

Legal instruments

- Laws – Belgium: The law against the financing of weapons prohibits the financing of any Belgian or foreign company that produces, uses, repairs, offers, sells, distributes, imports, exports or stocks anti-personnel mines and cluster munitions. The law is applicable to any Belgian investor.
- Laws – United Kingdom: The “SRI Pension Disclosure Regulation” requires trustees of occupational pension schemes to disclose how far they have taken social, environmental and ethical considerations into account.

Economic and fiscal instruments

- Tax relief – the Netherlands: The Green Funds Scheme aims to foster green investments in the Netherlands (such as investments in wind farms or organic agricultural businesses) by granting tax exemptions to savers. It furthermore intends to make stakeholders understand that green investments are profitable both for investors and the environment.
- Tax relief – United Kingdom: The Community Investment Tax relief (CITR) initiative aims to foster private investment in enterprises operating in less developed communities and, consequently, to help generating income and employment in those areas.

Part III: What SRI experts from the financial services sector expect from governments

In a separate survey we have asked experts on SRI from the financial services sector what they expect from governments. Some of their expectations can be summarized as follows. Governments should

- Raise the awareness for SRI in general, SRI methodologies and the business case for SRI in particular (also by funding research);
- Adopt legal requirements and regulations on the disclosure of SRI-relevant practices, not only with regard to pension funds but also for companies in general;
- Lead by example regarding the management of their own assets;
- Agree on coherent national and/or EU-wide guidelines and key indicators for SRI to facilitate a common European understanding of what SRI is about.

Part IV: Synthesis and conclusions

By synthesizing the findings of the two surveys summarized above, part IV of the report draws the following conclusions:

- Government policies on SRI represent an emerging field of CSR policies which is less developed and mature than other fields (such as sustainable public procurement). Initiatives are comparatively scarce, but most of the few existing initiatives are quite significant in qualitative terms and cover more than one dimension of sustainable development.
- The (quantitative) level of government activity in the context of SRI correlates with the level of activity in other CSR policy themes, in particular regarding sustainable public procurement. Differences across Europe are obvious. Countries that share features of the Scandinavian socio-economic model (Denmark, Finland, the Netherlands

and Sweden) as well as the UK and Ireland from the Anglo-Saxon socio-economic model lead in CSR policies, whereas Mediterranean as well as Transitional countries lag behind. This finding confirms previous impressions suggesting that there is a North-South as well as a West-East divide in CSR policies in Europe (for details see figure 8).

- “Walk the talk” or “lead by example” in achieving SD is a motto not only applicable in the context of public procurement (Steurer *et al.* 2007), but also regarding how governments invest their own assets, or the financial resources of public pension funds. However, while sustainable public procurement became a major issue in Europe in recent years, governments’ concerns about investing public funds in socially responsible ways are not as developed yet.
- Due to the importance SRI practitioners attach to regulations on reporting and disclosure, respective government initiatives should be regarded as key instruments to foster SRI. Thus, research as well as policy makers should explore both themes jointly in the future.
- So far, governments in the EU are followers rather than driving forces behind the SRI agenda. This conclusion is based not only on the perception of those working on SRI in the financial services sector, but also on the fact that we found relatively few government initiatives on SRI, and that governments are obviously hesitant in taking the SRI practitioners’ call for social and environmental reporting requirements seriously (see also section 3 on the political debate on SRI in Europe).

1. Introduction

This report focuses on government initiatives at a national level in all EU Member States that aim to promote Socially Responsible Investment (SRI). As the “European SRI Study” from Eurosif (2006) puts it, ‘SRI combines investors’ financial objectives with their concerns about social, environmental and ethical (SEE) issues’.

The present study is the third part of a project on CSR Policies in Europe. The project was commissioned by DG Employment and Social Affairs (Tender No VT/2005/063), the chair of the High-Level Group (HLG) on CSR. According to a decision taken at the meeting of the HLG on 30 May 2006, a first study on CSR awareness raising initiatives was finalised in June 2007 (Berger et al., 2007), and a second study on sustainable public procurement (SPP) was published in November 2007 (Steurer et al., 2007). All deliverables of the project can be accessed online at www.sustainability.eu/csr-polcies. The studies and its deliverables support a structured exchange among the members of the HLG on CSR.

The study consists of four parts. **Part I** of this report sets the scene for SRI in Europe. It presents several definitions of SRI and shows figures on the development of the SRI market in Europe. Furthermore, it explores European and UN initiatives on SRI and provides an overview of various CSR/SRI rating methodologies.

Part II of this study describes 14 government initiatives on SRI across Europe. It is based on a telephone survey among public administrators dealing with SRI. The survey was conducted between 12 November 2007 and 18 January 2008. The **key objectives of the survey** were:

- To amend the information given in the 2003 and 2007 Compendiums,
- To characterise different policy instruments and approaches used in the Member States,
- To derive a typology of different SRI policy approaches,
- To identify successful or impressive SRI practice cases, and
- To get a first idea about success factors and challenges of SRI initiatives.

Since we found that government initiatives on SRI are comparatively scarce (in particular compared to CSR awareness raising and sustainable public procurement), **Part III** of the report documents what SRI experts from the financial services sector across Europe expect from governments in this respect. It complements the overview of SRI initiatives by identifying further needs and challenges as perceived by SRI practitioners.

Part IV of the study briefly synthesizes the results of the two surveys by highlighting some key issues. The **objectives** of the **synthesis** documented in part four of this report are:

- To facilitate an in-depth discussion by the CSR HLG and
- To lay down the path to subsequent in-depth analyses and assessments.

In order to make our work transparent and further analyses and assessments as easy as possible, we list all the relevant sources used in this study (i.e. literature, policy documents in English, websites, interviews conducted, the survey questionnaires etc.) in the **Annexes**.

Part I: SRI in Europe – Setting the Scene

2. From Corporate Social Responsibility to SRI: Concepts and figures

The concept of SRI is closely related to the concepts of Corporate Social Responsibility (CSR) and sustainable development (SD). While CSR is widely regarded as a voluntary business contribution to the societal guiding model of sustainable development (European Commission 2001, 2002, 2006), SRI can be regarded as an application of CSR and SD principles in investment decisions. It is a potentially powerful concept as it merges the concerns of a broad variety of stakeholders with shareholder interests in both CSR and SD. In other words, SRI embeds CSR in the functioning of shareholder capitalism.

However, since the principles of CSR and SD are diverse, complex and therefore rather ill-defined, SRI-related investment decisions can take on many forms and foci. They can focus on social issues (such as human capital, community development, labor rights), on environmental issues (such as urban and industrial pollution, global warming), on ethical issues (human rights, manufacturing or distribution of e.g. weapons, tobacco and alcohol), or on a combination of these three approaches (Flotow et al., 2001; OECD, 2007; Schuhmann-Hummel, 2004).

Presently, there is no commonly accepted definition of SRI. Besides the definition quoted above from the European Social Investment Forum (Eurosif, an organization that aims to foster SRI at the European level), other widely used definitions of SRI are the following:

- ‘Socially responsible investment (...) describes any area of the financial sector where the social, environmental and ethical principles of the investor (whether an individual or institution) influence which organization or venture they choose to place their money with. It also encompasses how investors might use their power as a shareholder to encourage better environmental and social behaviour from the companies they invest in’ (Ethical Investment Research Services, www.eiris.org)
- ‘Socially responsible investing (SRI) is the practice of making investment decisions based on both financial and social performance. It is in the concept of investing in concert with your principles. The SRI strategy asserts that investing is not value neutral and that there are significant ethical and social, as well as economic, consequences in how we invest our money. It is a commitment, if you will, to achieving social good through investment’ (Shapiro, 1992)
- ‘The key distinguishing feature of socially responsible investment lies in the construction of equity portfolios whose investment objectives combine social, environmental and financial goals. When practiced by institutional investors this means attempting to obtain a return on invested capital approaching that of the overall stock market’ (Sparkes, 2002)

While CSR has gained importance in all sectors in the last few years, SRI has particularly gained importance in the financial sector. The ascent of SRI is expressed by an increasing number of SRI or sustainability funds and indices, and ultimately by the increasing amount of financial resources invested in socially responsible ways. Respective trends are summarised in the following paragraphs.

The market for SRI is currently in a stage of rapid growth, making it difficult to estimate future developments (Flotow et al., 2001). A detailed analysis of the European SRI market growth shows an increase of 36% over the time period of 2003-2006 (Eurosif, 2006). According to Eurosif, responsible investments by European institutional investors (excluding the Nordic region) accounted for EUR 1,138 billion in 2006.

As for the growing number of SRI funds, the number of green, social and ethical SRI funds in Europe was estimated to rise to 437 in 2007, showing an increase of about 13% compared to the 388 SRI funds of 2006 (Vigeo, 2007). According to Pinner (2008), investments in European sustainability or SRI funds grew by approximately 30% between 2005 and 2006 only (from EUR 105 billion to EUR 137 billion).

Overall, the current market share of SRI is estimated to be around 10-15% of total investments in European funds under management. Thus, SRI is still a niche market, although it is a significant one and is still growing (EIRIS, 2007; Eurosif, 2006). Significant growth rates on SRI investments in Europe are primarily observed in Great Britain, Belgium, the Netherlands, Italy, Spain and Sweden (EIRIS, 2007; CSR Europe et al., 2003).

Similar developments can be observed for the US investment market. A recent survey published by the Social Investment Forum reveals that socially responsible investment assets in the US grew by more than 18 percent between the years 2005 and 2007, compared to a 3 percent growth rate for all investment assets during the same period. Assets invested in line with SRI presently represent 11% of the \$25.1 trillion in assets under management in the US, meaning that one of every nine dollars under professional management in the U.S. is invested in a socially responsible way (Social Investment Forum, 2007).

Regarding indices, many of the major stock markets have established SRI or sustainability indices that assemble companies with an outstanding CSR record. Among the most popular SRI or sustainability indices are, e.g., the [Dow Jones Sustainability Index](#) (DJSI), the [FTSE4Good Index](#), and the [DAXglobal Sarasin Sustainability Index](#).

3. Glimpses on the political debate on SRI in the EU and the UN

SRI has gained importance across Europe at a considerable pace. As the following paragraphs show, this development is not fully reflected in the political debates and actions at the EU level since the publication of the new communication of CSR in 2006.

In May 2000, the European Commission organised the First European Conference on Triple Bottom Line Investing in Europe in Lisbon (European Commission, 2001). Shortly afterwards the European Commission invited trustees of pension schemes and retail investment funds to disclose to what extent they considered social, environmental and ethical issues in their investment decisions (European Commission, 2002). Furthermore, in its first communication on CSR the European Commission (2002) expressed itself as being in favour of CSR-monitoring and benchmarking initiatives with regard to pension and investment funds. Therefore, the Commission called on the EU Multi-Stakeholder Forum on CSR to establish principles on a common EU approach on disclosure of SRI pension and retail funds practices. These and other pro-active initiatives came to a halt with the new communication on CSR (European Commission, 2006), which failed even to mention SRI. As the “Report on corporate social responsibility: a new partnership” from Rapporteur Richard Howitt states, the European Parliament “notes the omission of the issue of Socially Responsible Investment from the Communication”, and it “supports industry calls for transparency” (European Parliament 2006).

As regards sustainable development, the renewed EU SD Strategy (European Council 2006) addresses socially responsible investment with respect to European development policies. It

states that investments made by the European Investment Bank and the EU-Africa Partnership for Infrastructure should preserve sustainable development goals. Therefore the European Investment Bank is asked to “asses its lending against the contribution to achieving the Millennium Development Goals and sustainable development” (European Council, 2006, 21).

A recent resolution by the European Parliament on CSR from March 2007 addresses SRI and possible roles of the financial sector in the following three articles (European Parliament, 2007b):

- Article 16 describes the European Parliament’s agreement, that investors are being perceived as important stakeholders concerning the CSR debate at the EU level, and that “there must remain the opportunity for a sustained dialogue to achieve agreed goals”.
- In article 27, the European Commission is asked to revise the Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54(3)(g) of the “Treaty on the annual accounts of certain types of companies” in consideration of adjoining social and environmental reporting to financial reporting.
- Article 33 calls the European Commission to consider a “statement of interest principles for investment funds” throughout the EU. The European Social Investment Forum (Eurosif) commented on the quoted resolution and stated that by introducing such Principles for investment funds, Pension Fund trustees would have to report on how they are taking environmental, social and corporate governance (ESG) risks into account¹.

In recent years, SRI was also addressed by the UN. In 2005 the United Nations Secretary-General launched the Principles for Responsible Investment (PRI) (UNEP FI et al. 2005). They represent a menu of possible actions for increasing transparency and for incorporating environmental, social and governance (ESG) criteria into mainstream investment decision-making (see figure 1). The Principles had been developed by 20 of the world’s largest institutional investors from 12 countries and other experts on SRI, including intergovernmental and governmental organizations, civil society and academia, and the process was coordinated by the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact initiative.

1. Incorporate ESG issues into investment analysis and decision-making processes
2. Be active owners and incorporate ESG issues into ownership policies and practices
3. Seek appropriate disclosure on ESG issues by the entities in which one invests
4. Promote acceptance and implementation of the Principles within the investment industry
5. Work together to enhance the effectiveness in implementing the Principles
6. Report on activities and progress towards implementing the Principles

Figure 1: UN Principles for Responsible Investment (PRIs)

Although the UN PRIs are of a voluntary character, they have been adopted by more than 180 signatories globally within the first year, managing more than 10 trillion USD of assets (EIRIS, 2007). The majority of the signatories are from Europe (41 percent), followed by

¹ http://www.eurosif.com/eu_eurosif/lobbying/retail_financial_services

North America (25 percent), Oceania (15 percent), Latin America (10 percent), Asia (6 percent), Africa (2 percent) and the Middle East (1 percent) (UNEP FI, 2007). In particular the high popularity of the UN PRIs among European investors is remarkable in this context.

4. CSR and SRI ratings

Investment decisions in line with SRI depend to a large degree on reliable information about the CSR performance of companies. This need for information is addressed by CSR and SRI ratings conducted by rating institutions. This part of the report gives an overview of applied CSR ratings and rankings methods (section 4.1), and it introduces the most important players in this respect (section 4.2).

CSR-rating institutions follow several principles and objectives in their endeavour of screening and judging companies on their level of CSR. The main aims of CSR-rating institutions are to (Schäfer, 2005b)

- Collect information from companies, analyse (screen) and monitor them;
- Identify potential business risks;
- Expose potential social and environmental value with respect to shareholder value;
- Act as a communicating intermediary between companies and their stakeholders (in particular investors interested in SRI);
- Serve as a guide for companies and consumers when it comes to CSR;
- Identify and promote best practices with respect to CSR management;
- Influence the behaviour of companies participating in the capital markets in favour of increasing their CSR;
- Promote SRI in all respects (positive and negative screening, shareholder engagement and advocacy).

4.1. Methods of CSR rating

Information on the environmental, social and corporate governance (ESG) performance of companies is a key prerequisite for CSR and SRI ratings (Schäfer, 2005a). However, while commonly applied reporting standards exist for financial reporting (e.g. IFRS, the International Financial Reporting Systems), the guidelines for ESG reporting are still rather loose and therefore often inconsistent (Schäfer, 2005b). The shortcomings of ESG reporting and other methodological challenges make rating CSR and SRI in companies a difficult task. One methodological challenge in the context of CSR/SRI rating is to actually evaluate the social and environmental contributions made by companies. Clearly defined criteria that are applied in Corporate Social Responsibility rating methods help in this respect (Blodgets, 2007).

However, due to the fact, that no consistent set of rating criteria exists, rating institutions apply their own CSR related assessment methodologies (Schäfer, 2005). They define ESG criteria based on their moral concepts and understandings of CSR. International norms and guidelines on CSR (e.g. from the UN, the OECD and ILO) and the work of NGOs certainly have influence in this respect. Table 1 shows an overview of relevant social and environmental categories that are taken into account in developing SRI criteria catalogues.

Categories with regard to environmental performance	Categories with regard to social performance
Corporate policy on environmental issues	Corporate policy on social issues
Environmental Management	Social management
Location, production and processes	Human relations
Product portfolio, single products & services	Customer relations
Ecological requirements for suppliers, further processing and distribution	Social requirements for suppliers, further processing and distribution
Social activities related to environmental issues	Social responsibility of companies

Table 1: Relevant issues for the assessment of environmental and social performance (Source: Flotow et al., 2001)

Once rating criteria are defined, rating institutions scan companies for relevant information. Most rating institutions make use of both quantitative data derived from accounting and finance, as well as qualitative information related to social, environmental and/or ethical issues (Jung, 2007). To obtain relevant information, rating institutions sometimes conduct surveys with company-specific questionnaires, hold meetings with company directors and communicate with stakeholders. In a next step, revealed ESG criteria are weighted according to an individual scale (Flotow *et al.*, 2001). Finally, rating institutions rank selected companies, e.g. according to industry sector or by country (Schäfer, 2005a), and distribute the results to their clients, i.e. mainly institutional investors, but also public organisations, other companies, NGOs and consumers (Orse, 2005).

Rating institutions and SRI funds follow different approaches in the screening of companies. The most common distinction is between negative screening and positive screening (Scholtens, 2007). The negative screening approach goes back to the early days of SRI ratings, when companies of so-called “sin industries” (such as alcohol, tobacco or weapon/armament industries) were excluded from investment decisions (Blodgets, 2007). This approach was primarily applied by religious groups who did not wish to invest in such industries, as they felt that the business purpose of these companies conflicted with their religious principles. Positive screening, on the other hand, implies that companies are selected according to their positive performance on social and environmental issues.

Nowadays, various strategies and practices are used in CSR ratings, negative and positive screening being two of them (Eurosif, 2006). For details on eight such strategies, see Table 2. It can be noted that several of the eight CSR/SRI rating strategies are variations of the positive and the negative screening strategy. The “ethical exclusions strategy”, for instance, is a comprehensive form of negative screening that is based not on one, but on several negative criteria. Opposed to that, the “best in class”, the “norms-based screening” and the “Pioneer screening/thematic investment propositions” pick companies with desirable attributes. The “engagement” strategy, also known as “shareholder activism” (EIRIS, 2007), and the “integration strategy” go even further. While with the engagement strategy, investors make use of their influence as shareholders, the integration strategy is the ultimate approach that fully integrates SRI considerations into company analyses.

SRI rating strategy	Definition
Negative screening/ simple exclusions	Excludes a single sector from a fund, such as arms manufacture, publication of pornography, tobacco, animal testing, etc; simple exclusions can also exclude companies from particular countries, e.g. because of human rights violations
Ethical exclusions	Excludes companies based on a large number of negative criteria and/or filters (as opposed to just tobacco or weapons for example)
Positive screening	Seeks to invest in companies with a commitment to responsible business practices, or that produce positive products and/or services. Includes Best-in-class and Pioneer screening.
Best-in-class	Selects the leading companies with regard to social/environmental/ethical criteria from individual sectors or industry groups
Norms-based screening	Conducts positive or negative screenings of companies with respect to their compliance with international standards and norms issued, for example, by the UN, the OECD, the ILO, etc.
Pioneer screening/ Thematic investment propositions	Invests in selected sectors/companies that play a key role in the transition to sustainable development in general, or a low carbon economy in particular (may focus on sectors such as water, energy, etc.)
Engagement	Attempts to raise awareness for CSR and SRI among companies, mainly with dialogues between investors and companies on issues of concern (engagement may include shareholder voting practices)
Integration	Includes social/environmental/ethical considerations in traditional financial analysis

Table 2: Overview on main strategies for SRI in Europe (Source: EUROSIF, 2006)

According to Eurosif (2006) and EIRIS (2007), the engagement and the integration strategies are the most applied SRI strategies in Europe. Engagement strategies are particularly used in the UK, the Netherlands, Belgium and Switzerland.² Integration strategies are commonly implemented also in the UK, the Netherlands, France and Italy.³ Other widely accepted strategies are the simple screening method (about EUR 266 billion are managed with this strategy in Europe), and the ethical exclusion method (EUR 73 billion). Overall, however, rating institutions often combine various strategies, such as positive screening and engagement strategy (Eurosif, 2006).

² It is estimated that the assets invested by using the engagement strategy accounts for EUR 700 billion in the UK, EUR 15 billion in the Netherlands, EUR 7.5 billion in Belgium and EUR 3 billion in Switzerland.

³ Investments using the integration strategy account for EUR 619 billion in the UK, EUR 10 billion in the Netherlands, EUR 5 billion in France and EUR 2.2 billion in Italy.

4.2. The key actors with regard to CSR ratings in Europe

As mentioned in the previous section, the very first SRI ratings were conducted by religious groups, charities and foundations in the United States in the 1970s (and perhaps even earlier) (Schäfer, 2005a). SRI ratings were professionalised throughout the 1990s on a broader basis. In that period, an increasing number of rating institutions from the financial sector followed a consumer-oriented trend of rating according to ESG issues (Schäfer, 2005b). Nowadays, different intermediaries assess companies in accordance with the triple bottom line approach. The most important players with regard to CSR ratings can be subsumed under mainly three categories, namely

- Independent rating agencies,
- In-house research teams of credit institutions, and
- Operators of security indices (Schäfer, 2005a).

Independent rating agencies can consist of research institutions or other institutions with no direct link to the financial market. Many of these institutions emerged from NGOs, such as Ethibel or the Ethical Consumer Association (ECRA). These independent institutions mostly act as providers of information services (e.g. company profiles, rankings, etc.) but do not use the information gathered for their own investments.

In-house research teams are mostly research departments in banks that extend their existing analyses and research activities to the field of CSR. These rating institutions utilise research results for their own business operations.

Security indices are sustainability or CSR indices that are based on CSR ratings. In 1990, for example, the Domini Social 400 Index was established in the United States as one of the first socially and environmentally oriented indices. Today, several CSR stock indices exist, such as the Dow Jones Sustainability Index (DJSI) or the Financial Times Stock Exchange-Index FTSE4Good (Schäfer, 2005b).

Table 3 provides an overview of important rating institutions and their rating focus.

BMJ Ratings	Corporate Responsibility Rating Agency
CAER	Independent provider of social and environmental data on companies
Centre info	Advice on and research into corporate responsibility
Covalence	Research Organisation
Deminor Rating	Center for Financial Research and Analysis
Dutch Sustainability Research	SRI Research and Rating Agency
Eco-Frontier Co.	Analysis and rating agency
EIRIS	Ethical Investment Research Services
Ethical Screening	Ethical and Environmental Screening Services
EthiFinance	Analysis and Rating Agency
Forum Ethibel	Management of the European Ethibel quality label for socially responsible and ethical investments
Fundacion Ecologia Y Desarrollo	Research Organisation

GES Investment	Company analysis on SRI and corporate governance
Good Bankers	Investment advisory company devoted to social investment research
IMUG	Analysis and Rating Agency
Innovest	International and investment research and advisory firm specializing in analyzing companies' performance on environmental, social and strategic governance issues
INrate	Analysis and Rating Agency
Jantzi Research Inc.	Analysis and Rating Agency, Research Organisation
KLD	Social Investment Research Provider
Oekom research	Independent rating agency for success stories in sustainable investment
SAM	Independent asset management company for sustainability
Scoris	Sustainable Investment Research
SiRi Company Ltd	Analysis and Rating Agency Research Organisation
SIRIS	Sustainable Investment Research Institute
Trucost	Environmental research organization, provides environmental data on companies and sectors, in financial terms
VIGEO	Independent CSR rating agency

Table 3: Rating Institutions and their focus of assessment (Source: Orse 2007)

4.3. CSR ratings - a critical perspective

Since CSR ratings are methodologically demanding judgments that are not always based on neutral criteria, it should be of no surprise that CSR rating practices are also criticised. Schäfer (2005a), for example, states that CSR ratings suffer from:

- Heterogeneity and a lack of standardisation with regard to applied methodologies and screening criteria;
- Limited comparability of the different strategies and schemes;
- Methodological complexity;
- High capacity demand for screening and monitoring companies;
- Limited transparency with regard to information search, screening criteria and weighting methods used (resulting in an increased risk for arbitrary rating procedures);
- Problems with part rankings, i.e. although some companies may have a very good environmental but a weak social performance, final ratings may not mirror these differences but leave the impression of a good overall performance.

Blodgets (2007) adds that CSR ratings are mostly characterised by rather subjective selection processes that are often based on incomplete information.

Part II: Overview of SRI initiatives in Europe

The survey of government initiatives on SRI in the EU Member States was based on telephone interviews with public administrators who were experts on the topic. The project team at RIMAS - the Research Institute for Managing Sustainability - received a list of contact persons from DG Employment and Social Affairs. This list mainly consisted of the national contact persons who regularly attend the meetings of the HLG on CSR. We then approached these persons as first contacts in each of the EU Member States.⁴ In the cases where these contact persons were not experts on SRI, they provided us with contact details of other government experts in their respective countries.

Owing to the information provided by DG Employment and Social Affairs and our own investigations, we were able to identify public administrators dealing with SRI for most of the EU Member States. These persons were contacted and surveyed between 12 November 2007 and 18 January 2008 (for a summary of the survey methodology see table 4).

Topic	Socially Responsible Investment
Scope	Government initiatives in the 27 EU Member States at the federal/national level (16 countries covered) that facilitate (or, in the case of legal instruments, at least enable) SRI
Surveyed persons	Public administrators familiar with SRI
Time	12 November 2007 – 18 January 2008
Limitations	The results reflect mainly the knowledge of the public administrators interviewed and cannot be regarded as a complete picture of SRI in Europe

Table 4: Summary of the survey methodology

Based on a review of the 2003 Compendium on CSR policies in the EU⁵ and its update in 2007⁶, the literature on SRI (including existing studies) documented in Annex I, and with the assistance of three SRI experts,⁷ we developed a comprehensive questionnaire that guided the telephone survey (for details, see Annex IIb). The questionnaire is structured as follows:

- Legal instruments that facilitate (or at least enable) SRI, in particular the implementation of the EU directives on SRI;
- Information about other public initiatives on SRI;

⁴ If two contacts from the same ministry were provided in a country, only one person was randomly contacted. If contact persons from two different ministries per country were provided, representatives of both ministries were contacted.

⁵ http://ec.europa.eu/employment_social/soc-dial/csr/csr_compendium_csr_en.pdf

⁶ http://ec.europa.eu/employment_social/emplweb/csr-matrix/csr_topic_allcountries_en.cfm?field=9

⁷ We thank Marion de Marcillac and Matt Christensen (both from Eurosif) and Bert Scholtens (Professor of Sustainability and Financial Institutions at the University of Groningen) for their support.

- General questions about the relevance of SRI in the respective countries; major drivers, success factors and challenges for SRI.

5. Survey interviews

Between 12 November 2007 and 18 January 2008, all 27 EU Member States were contacted, first by email and then by telephone. During this period, over 90 contacts were made, and the research team was able to reach experts in 24 EU Member States. Three Member States (Ireland, Luxembourg and Slovenia) did not respond, therefore we were not able to conduct an interview on SRI in these countries, nor could we gather other information on these countries from previous studies and surveys.

Out of the 24 countries interviewed, 8 countries finally did not provide us with information on SRI initiatives, leaving us with interview partners familiar with SRI initiatives from 16 EU Member States (for the full list of interviews conducted, see Annex IIa). In the survey we also included additional written information we subsequently received via email. Material received after the survey was completed was not included in this report for practical reasons.

Unfortunately, more than 30 of the initiatives stated by the public administrators did not fit into the scope of the study and we were not able to consider them as governmental SRI initiatives. Furthermore, all interview partners were informed in case some of the initiatives they had mentioned failed to be included in the survey. The remaining 14 initiatives on SRI from 7 countries: Austria, Belgium, France, the Netherlands, Spain, Sweden and the United Kingdom.

Figure 2 shows the 16 EU Member States that provided information on SRI in their countries. Countries with no dedicated SRI initiatives (which were excluded from the survey) are displayed in orange. The seven countries with explicit SRI initiatives are displayed in green.

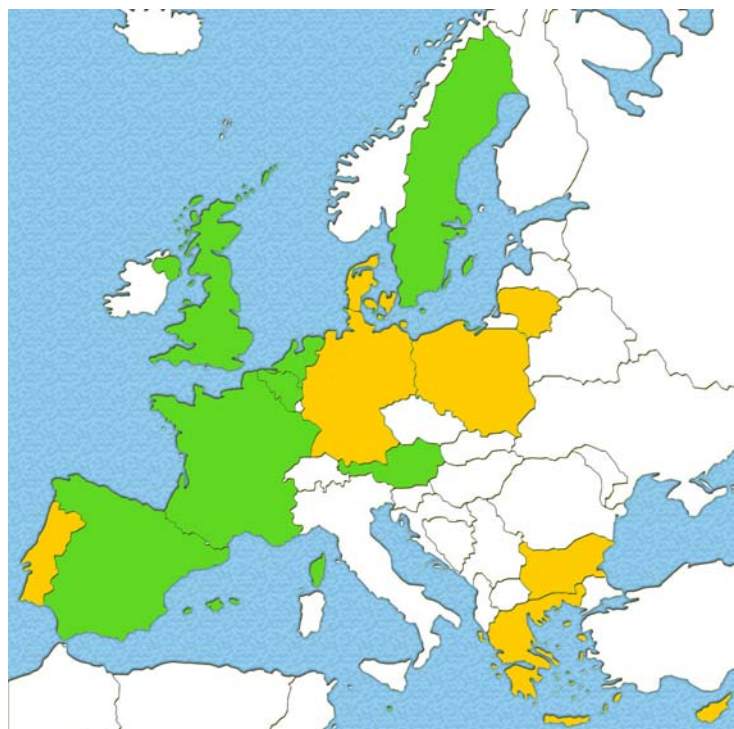


Figure 2: EU Member States covered in the survey

Figure 3 shows the institutional affiliation of the interview partners in the SRI survey. Obviously, the expertise on SRI initiatives is located in particular in ministries on social and economic affairs and, to a lesser degree, in other governmental institutions, such as finance and

environment ministries, ministries of environment, welfare, foreign affairs or industrial and employment relations.

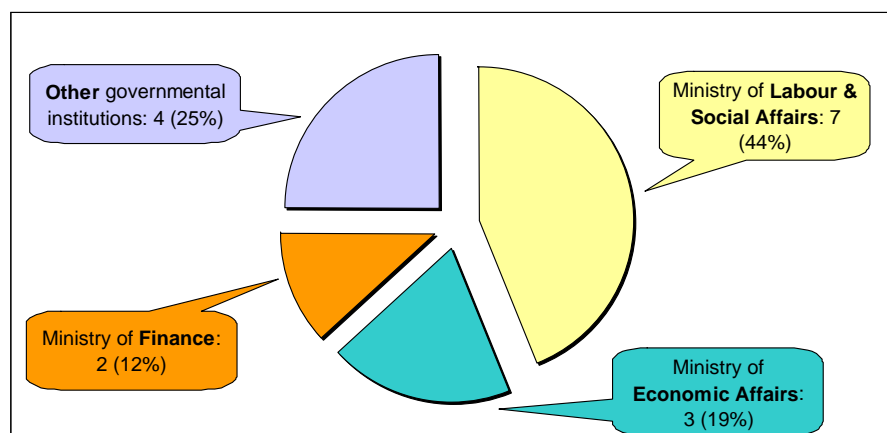


Figure 3: Institutional affiliation of interview partners in the survey.

6. Survey results: Governmental SRI initiatives in Europe

This section provides an overview of the survey results on governmental SRI initiatives in EU Member States. Since all Member States could not participate in the survey for reasons explained earlier, and given the possibility that persons interviewed may have overlooked some initiatives in their respective countries, the results of this survey provide a comprehensive but certainly not a complete picture of SRI initiatives in the EU-27. Moreover, neither the quality nor the political relevance of the individual initiatives were investigated.

6.1 Number of SRI initiatives

The survey revealed details about **14 governmental SRI initiatives** in **7 EU Member States**. The number of initiatives ranges from one (Austria, Spain, and Sweden) to three in the Netherlands and in the UK (an overview of all individual SRI initiatives per country is provided in Annex IIc).

Naturally, the number of SRI initiatives surveyed does not predict the SRI performance of a country due to the fact that SRI can be driven by one legal provision more than by several other softer initiatives.

6.2 Types of SRI initiatives

Governments that address CSR in general or SRI in particular can make use of the following four policy instruments (Fox, Ward and Howard, 2002):

- Informational or endorsing instruments (e.g. campaigns, guidelines, trainings),
- Partnering instruments (e.g. networks, partnerships, dialogues),
- Financial or economic instruments (e.g. economic incentives, subsidies, grants), and
- Mandating instruments (e.g. regulations, laws, and decrees).

In a previous study on public CSR awareness raising initiatives (Berger *et al.*, 2007) and sustainable public procurement (Steurer *et al.*, 2007) we found that some initiatives combined different approaches, requiring a fifth category:

- Hybrid instruments (e.g. strategies, action plans, platforms, centres)

As Figure 4 shows, the instruments of CSR policy-making range from a ‘soft-law approach’ (informational and partnering instruments) to more traditional, regulatory approaches (legal instruments). With the emergence of complex and cross-sectoral challenges such as SD, the focus has increasingly shifted from regulatory to soft-law instruments (Lehtonen, 2005; Jordan *et al.*, 2003). Since most governments agree that CSR is a voluntary business approach, the dominance of the soft-law approach applies in particular to CSR and SRI policies.

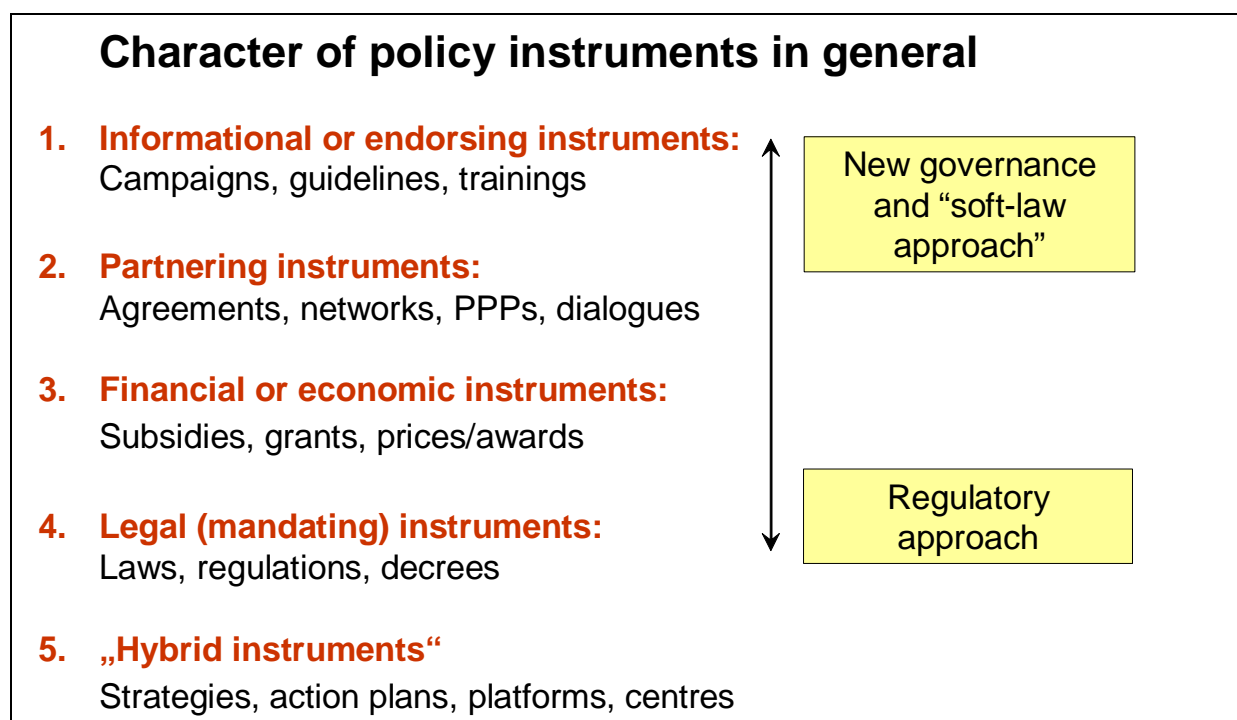


Figure 4: Overview of policy instruments (Berger *et al.*, 2007)

Regarding types of instrument used, a closer look at the survey results reveals that the **14 initiatives** consist mostly of legal, informational and economic instruments. They can be **categorised and specified** as follows (for a graphical overview, see figure 5):

- | | |
|---|----------------------|
| • Informational instruments (3): | 21.43 percent |
| • Educational activities, e.g. conferences, seminars, trainings | - |
| • Government-sponsored guidelines | 7.14 |
| • Information resources, e.g. websites, studies, reports, etc. | 14.29 |
| • Information/awareness raising campaigns | - |
| • Partnering instruments (0): | 0.0 percent |
| • Networks/partnerships/agreements | - |
| • Multi-stakeholder fora | - |
| • Financial or economic instruments (4): | 28.58 percent |
| • Tax incentives | 21.44 |
| • Economic incentives, e.g. loans, grants, subsidies, etc. | 7.14 |
| • Legal instruments (6): | 42.85 percent |

- Laws 42.85
- Decrees, resolutions -
- Circulars -
- **Hybrid instruments (1): 7.14 percent**
 - Action plans/programmes/strategies for CSR 7.14
 - Platforms/centres/institutions -

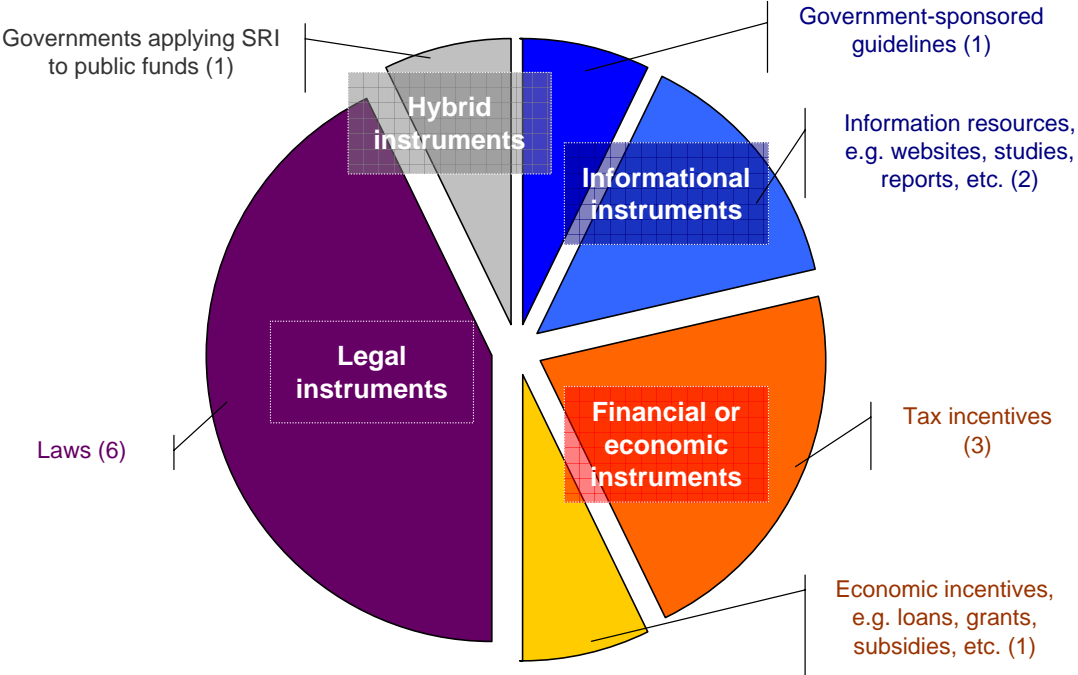


Figure 5: SRI initiatives grouped along the different public policy instruments

The survey revealed that legal regulations on SRI (6 out of 14) seem to be the most prevalent type of initiative among the EU Member States. As opposed to the context of sustainable public procurement (Steurer *et al.* 2007), where economic and fiscal initiatives were found to be rather less relevant, such instruments also play an important role in SRI (4 out of 14). Almost as widely spread are informational instrument on SRI.

6.3 Target groups of the initiatives and of SRI in general

Figure 6 shows the target groups of the 14 initiatives surveyed (it was possible to mention more than one target group per initiative). The major target groups of government initiatives on SRI are pension funds (42.9 percent), followed by private investors (28.6 percent). Companies are ranked in third position (21.4 percent) and employees are ranked in fourth (14.3 percent). Some initiatives approach a broad spectrum of investors and could therefore not be broken down into the either of the single target groups (21.4 percent).

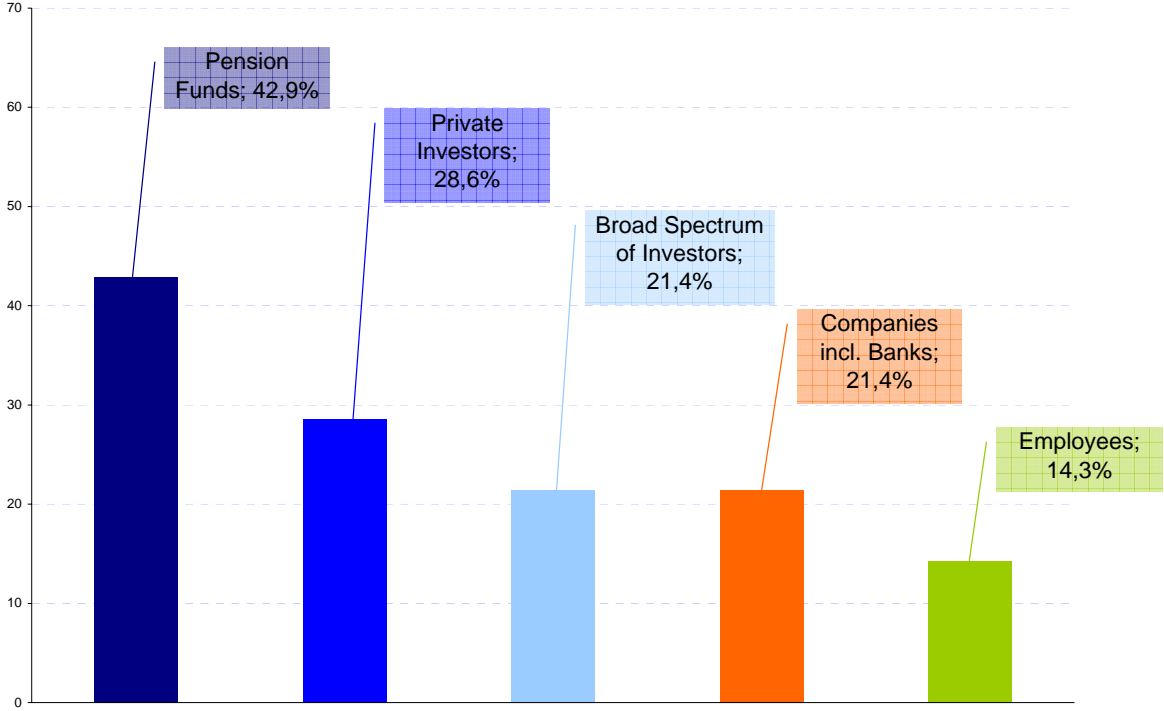


Figure 6: Target groups of SRI initiatives

6.4 Focus of SRI initiatives

Regarding their focus, most government initiatives on SRI cover more than one dimension of sustainable development: While 38.5 percent of the initiatives focus on environmental and social issues, 26.9 percent cover all three dimensions of sustainable development (i.e. including economic issues, such as long-term competitiveness and profitability). Another major focus is concerned with ethical issues (23 percent). Figure 7 provides a graphical illustration of this finding.

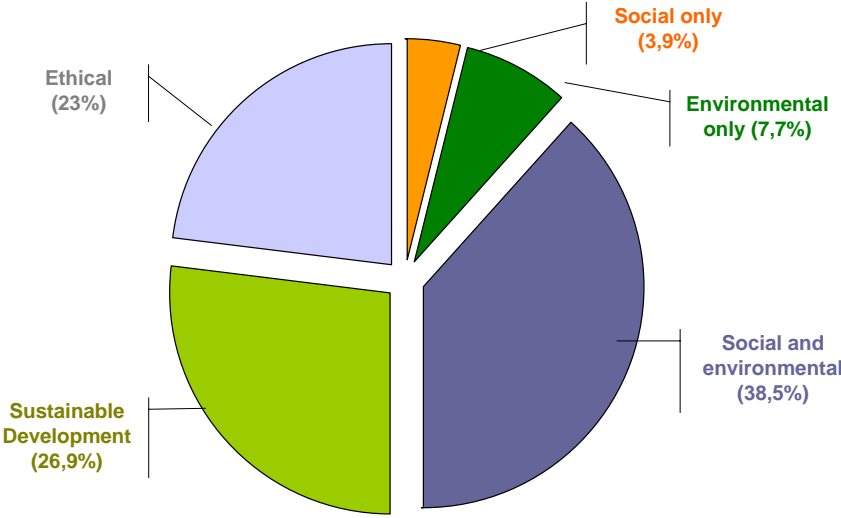


Figure 7: Focus of public SRI initiatives

6.5 Details on 12 SRI initiatives in Europe

As a result of the number of surveyed initiatives being relatively smaller than hoped for, it was decided to briefly describe all initiatives instead of conducting in-depth case studies on just a few. By pursuing this aim, more detailed information on 12 out of the 14 initiatives was found. Thus, this section offers an overview of how EU Member States facilitate SRI, what instruments they use and how they work.

a) Informational and endorsing initiatives on SRI in Austria and the Netherlands

Country	Austria
Name of initiative	Ethisch-ökologische Veranlagung (“Ethical-ecological investment”)
Type	Informational: internet platform
Focus	Sustainable Development, social and environmental
Scope	National
Target groups	Potential investors in general, but mainly private investors and pension funds
Contact & websites	Contact: Susanne Hasenhüttl, OEGUT Websites: <ul style="list-style-type: none"> • www.gruenesgeld.at • www.oegut.at

In 2001, the Austrian Society for Environment and Technology (OEGUT) together with the Austrian Ministry of Agriculture, Forestry, Environment and Water Management established the website www.gruenesgeld.at (“green money”), an online SRI platform also known as “Ethisch-ökologische Veranlagung” (“ethical-ecological investment”).

This informational initiative aims to clarify the term SRI and to foster SRI by pointing out added value created for investors as well as ecological and social benefits resulting for the environment and society. It includes topics related to sustainable development as well as social, environmental and ethical issues.

The platform provides an overview on diverse types of investment, investment products (e.g. investment funds or life insurance), pension funds, etc. Furthermore, it lists several certifications on SRI products and funds (e.g. pension funds). In addition to that, the website offers several links and further reading suggestions on SRI.

The main target groups consist of potential investors in general, though initially private investors were considered to be most important, as they often perceive financial topics to be very complex and have difficulties in choosing suitable investment products. Given that the financial capacity of this target group is limited, the focus was broadened to Austrian institutional investors (e.g. pension funds). Up until now, the platform is active on a national level only.

One of the main success factors of this initiative is considered to be the experience built up over many years, constant exchange and communication within working groups, as well as good relationships with institutional investors (mainly pension funds). The main challenge for this initiative is to reduce the complexity of SRI - perceived by potential investors - by offering proper guidance.

Country	The Netherlands
Name of initiative	Sustainable Money Guide
Type	Informational: guideline
Focus	Sustainable Development, social and environmental
Scope	National
Target groups	Private investors
Contact & websites	Contact: Ernst van Weperen, VBDO Websites: <ul style="list-style-type: none"> • http://www.imprimadebussy.com/ireports/default.asp?app=DGG&doc=dgg2006&bhcp=1

The “Sustainable Money Guide”⁸ is an informational initiative introduced by the “Vereniging van Beleggers voor duurzame Ontwikkeling (VBDO)” and sponsored by the Dutch Ministry of Environment. It contains an overview on sustainable funds that are available for private investors, who are regarded to be the primary target group of the initiative.

The Money Guide’s main objective is to promote transparency by providing detailed information on SRI in general as well as on available sustainable funds in particular. In addition, the guide aims to present different screening methodologies applied by various Dutch institutions for their individual funds (e.g. positive vs. negative screening criteria, for more information see part I). The focus of the initiative is on sustainable development in general. However, the guide points out that particular SRI funds have different foci, some focusing more on social aspects and others concentrating more on environmental issues. The institutions listed in the guide that are offering SRI funds are solely Dutch, but their portfolios might also include international sustainable funds.

As for the success factors of the Sustainable Money Guide it can be said that – among other drivers - it positively affected the growing popularity of SRI funds amongst individual investors within the last few years, simply as investors became more sensitive in this respect. Growth numbers have risen by approximately 20% a year within the last 10 years and have been significantly higher compared to traditional savings and investments. Another major success factor of the guide is its attempt to reduce the lack of transparency often experienced with regard to the financial sector.

The “Dutch Sustainable Money Guide” was first published in 2002 and is updated every two years. This biennial revision is perceived to be not sufficient. Because things change quickly in the field of SRI, the information provided in the guide is not always up-to-date. The next update of the Sustainable Money Guide will be published in June 2008.

⁸ <http://www.imprimadebussy.com/ireports/default.asp?app=DGG&doc=dgg2006&bhcp=1>

Country	The Netherlands
Name of initiative	Research on Socially Responsible Investment
Type	Informational: research
Focus	Sustainable Development, social and environmental
Scope	National
Target groups	Financial sector in general
Contact & websites	Contact: Harry Hummels, SNS Asset C. A. Horving-Nienhuis, Ministry of Economic Affairs Ernst van Weperen, VBDO

The Dutch government supports several research initiatives with regard to SRI. One recent example for this kind of informational effort is a study named “From principle to risk management: The financial sector and climate change – an analysis of approaches to the management of indirect impact”. This study was financed by the Dutch Ministry of Economic Affairs and conducted by the Sustainable Finance and Insurance & Insurance and Sustainable Finance Ltd. It will be published in spring 2008.

Another research project with the title “Powerful Pension funds” conducted at the University of Maastricht was partly subsidised by the Dutch Ministry of Economic Affairs.

The Ministry of Economic Affairs also grants funding for research projects conducted by the VBDO, the Dutch Social Investment Forum. For more information see www.vbdo.nl.

b) Legal instruments on SRI in Belgium, France, Spain, Sweden and the UK

Country	Belgium
Name of initiative	Law against financing of weapons
Type	Legal: law
Focus	Ethical (weapons)
Scope	National
Target groups	Broad spectrum of investors
Contact & websites	Contact: Tord Carnlof, Ethix Advisors AB Christophe Scheire, Netwerk Vlaanderen Luc Weyn, Netwerk Vlaanderen Websites: <ul style="list-style-type: none"> • www.netwerkvlaanderen.be • http://www.dekamer.be/FLWB/PDF/51/2833/51K2833001.pdf

In 2007, the Belgian government published a law that prohibits the financing of the production, trade and use of anti-personnel mines and cluster munitions⁹. According to this law it is forbidden to finance any Belgian or foreign company that produces, uses, repairs, offers, sells, distributes, imports, exports or stocks the weapons mentioned above. The law is applicable to any Belgian investor (Belgian citizen, bank registered in Belgium, investment fund or insurance company under Belgium justice) and strictly forbids granting any kind of credit, loan or bank guarantee to a company involved in anti-personnel mines or cluster munitions. Respectively, investment funds, banks, pension funds and other investors are not allowed to acquire shares, notes or obligations issued by such companies.

One limitation of the regulation is seen with regard to the lack of monitoring of investors’ compliance with the law. This is particularly due to rather limited transparency requirements on Belgium’s financial sector regarding investment portfolios. Furthermore, the law does not define penalties that would apply to offenders.

The government expects investors, especially big investors like banks and investment companies, to develop and apply screening methods which enable them to fulfil the regulation described above. Nevertheless, the Belgian government agreed to help investors in this respect by publishing a list of producers of anti-personnel mines and cluster munitions. The list also contains information on companies owning over 50% of the shares of these producers and on investment funds holding shares or obligations of these producers and their owners. More information can be obtained at www.netwerkvlaanderen.be/.

Country	Spain
Name of initiative	Public Reserve Fund Project of Law
Type	Legal: regulation
Focus	Social, environmental, ethical
Scope	National
Target groups	Pension Funds
Contact & websites	Contacts: Gil Ramos Masjuan, Ministry of Labour and Social Affairs Consuelo González López Ministry of Labour and Social Affairs

On 15 June 2007, the official gazette of the Spanish Parliament published a draft law taking SRI considerations into account with regard to the “Fondo de Reserva de la Seguridad Social” (FRSS), the Spanish Pension Reserve fund. The main objective of this fund is to support future pensions in Spain by investing money in a profitable way. The law would require the pension fund to invest 10% of its funds in a sustainable, i.e. social, environmental and ethical way.

In December 2007, the public reserve fund accounted for 60,000 million Euros, meaning that if the draft law passed, about 10,000 million Euros will be invested in line with SRI principles.

⁹ The law executes a resolution of the European Parliament on a mine-free world of 7 July 2005, see European Parliament (2007a)

However, given that the term of office of the former Parliament ended on 14 January 2008 and the law has not been passed yet, only time will tell if the initiative on the public reserve fund will be approved after the general elections by the new Parliament.

Country	Sweden
Name of initiative	Public Pension Funds Act (2000:192)
Type	Legal: regulation
Focus	Environmental, ethical
Scope	National
Target groups	Pension Funds
Contact & websites	Contact: Lars Gavelin, Ministry of Finance Carina Silberg, GES Investment Services

The Public Pension Funds Act (2000/192) came into force in the year 2000. It requires all Swedish National Pension Funds (AP1-AP5 and AP7) to dispose an annual business plan expressing how environmental and ethical contemplations are considered in the pension fund's investment activities and what impact such considerations have on the management of the funds. The specific regulation that the AP funds also should consider environmental and ethical issues without compromising their return objective is also stated in the accompanying government bill to the Parliament (1999/2000:46). The regulation was developed and finally adopted by a group of five political parties (centre-right and as well as the big social democratic party).

The main success factors of the initiative are, firstly, the exact wording of the regulation that closely parallels what is generally understood by Socially Responsible Investment, i.e. environmental, social and ethical concerns combined with financial return targets. Furthermore, in December 2007, an investigation committee was created to evaluate the implementation of the regulation. Its terms of reference and composition were prepared by the Ministry of Finance and decided on by the government. Its report is scheduled for November 2008.

In 2007, four of the Swedish AP funds (AP1- AP4) established a Joint Ethical Council in which they were represented by one member each. Primarily, the Ethical Council engages in a dialogue with foreign companies, in which the AP funds wish to engage. Through the Ethical Council, the AP funds aim to influence those foreign companies in which they invest to act responsibly and to focus on environmental, social and governance issues. The Ethical Council can make recommendations to the respective funds if it believes investments are compromising the fundowners' policies. If the engagement process turns out to be ineffective and desired results cannot be achieved, the individual AP fund may decide to divest its holdings in concerned companies. For more information see <http://www.ap3.se/en/>.

Country	United Kingdom
Name of initiative	SRI Pension Disclosure Regulation 2000
Type	Legal: regulation/law
Focus	Social, environmental, ethical
Scope	National
Target groups	Pension Funds
Contact & websites	Websites: <ul style="list-style-type: none"> • http://www.opsi.gov.uk/si/si1999/19991849.htm

On 3 July 2000, the Secretary of State for Social Security introduced the “SRI Pension Disclosure Regulation”, an amendment to the 1995 Pension Act.

According to paragraph 2 (4) of this legal enactment, trustees of occupational pension schemes are required to disclose additional content to their Statement of Investment Principles, with regard to: “*The extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realization of investments; and their policy (if any) in relation to the exercise of the right (including voting rights) attaching to investments*” (the wording of the entire law can be obtained at <http://www.opsi.gov.uk/si/si1999/19991849.htm>). In other words, the law requires pension funds to explain their investment principles, also with respect to SRI.

Among the main success factors of this initiative is that, due to the new regulation, pension funds started to demand more accurate information from companies they invested their money in, regarding social, environmental and ethical performance. The SRI Pension Disclosure Regulation is considered to be a major driver for the growth of SRI in the UK. This was also mentioned by the SRI experts from the financial services sector.

Country	Belgium
Name of initiative	Loi Pensions Complémentaires (LPC)
Type	Legal: law
Focus	Social, Environmental, ethical
Scope	National
Target groups	Pension Funds
Contact & websites	European Commission 2004, see Annex I

In May 2003 the new occupational pension law “Loi Pensions Complémentaires” (LPC) came into force in Belgium. This regulation requires pension funds to disclose in their annual reports to what extent their investment policies take ethical, social and/or environmental criteria

into account.¹⁰

Country	France
Name of initiative	Employee Saving Plans
Type	Legal: law
Focus	Social, Environmental, ethical
Scope	National
Target groups	Employee Saving Funds
Contact & websites	2003 Compendium on CSR policies in the EU, see Annex I

In February 2001, the law on the generalisation of Employee Savings Plans (number 2201-152, art. 21) was published which requires the employees' saving funds to disclose in their annual reports to what extent the fund management is taking social, environmental or ethical considerations into account when buying or selling stocks and securities.¹¹

c) Economic or fiscal initiatives on SRI in Belgium, the Netherlands and UK

Country	Belgium
Name of initiative	Kringloopfonds
Type	Economic/fiscal
Focus	Social, Sustainable Development
Scope	National
Target groups	Broad spectrum of investors
Contact & websites	Contact: Nicolas Gerard, Kringloopfonds Websites: <ul style="list-style-type: none"> • www.kf-fesd.be

In May 2003, the federal government of Belgium established the Kringloopfonds (KF-FESD), an initiative that fosters social and sustainable funds. Initially, the main objective was to grant investors focusing on social issues easy access to credits and venture capital below the market interest rates. By the end of 2005, the Secretary of State for Sustainable Development widened the focus of the KF-FESD to the financing of sustainable matters. This allowed the KF-FESD to open up its portfolio to undertakings concerned with fair trade, biological food, renewable energies, etc. Furthermore, the KF-FESD aimed to stimulate banks into developing ethical investment products, as close cooperation with financial initiatives undertaken by

¹⁰ No further information could be found on this initiative.

¹¹ No further information could be found on this initiative.

banks (e.g. Triodos Bank) are perceived to be of great value to the KF-FESD. The activities of the KF-FESD are currently limited to national initiatives although foreign investors may also receive better conditions, as long as they establish an office in Belgium.

A considerable challenge for the KF-FESD is to maintain the government's belief in the importance of KF-FESD as a financial facilitator for both social and sustainable investments. Another challenge to overcome is the ongoing Belgian regional division (the Flemish region, the Walloon region and the Brussels region). For the KF-FESD's future, it is not clear whether activities will have to end in one of the regions or whether a multilateral interregional cooperation will become possible. Another challenge is seen with regard to Corporate Social Responsibility and weak reporting standards and requirements. The KF-FESD is currently working on CSR reporting requirements for its clients. More information on KF-FESD can be obtained at www.kf-fesd.be.

Country	The Netherlands
Name of initiative	Green Funds Scheme
Type	Economic/fiscal
Focus	Environmental
Scope	International
Target groups	Dutch banks, private investors
Contact & websites	Contact: Anton Duvnhouwer, Sentenovem Websites: <ul style="list-style-type: none"> • www.sentenovem.nl/greenfundsscheme

The Green Funds Scheme was collectively developed by the Ministry of VROM (Housing, Spatial Planning and the Environment), the Ministry of Finance and the Ministry of LNV (Agriculture, Nature and Food Quality) and was finally introduced by the Dutch tax office in 1995. It aims to foster green investments in the Netherlands (such as investments in wind farms or organic agricultural businesses) with tax exemptions, and to make stakeholders understand that green investments are profitable both for investors and the environment.

The Green Funds Scheme touches on both, the saving and the borrowing side of investments. Interested persons can take part in the Green Funds Scheme, either by saving money or by borrowing it for green projects. In order for a project to be regarded as an environmentally sound project and to qualify for the Green Funds Scheme it has to be in line with one of the project categories defined by the scheme. Furthermore, projects accepted in the scheme have to meet technical and financial terms, must be innovative and provide significant and immediate environmental benefit. If projects comply with these premises they are certified by the Ministry of Housing, Spatial Planning and the Environment VROM. In most cases, certificates are valid for 10 years.

If the government considers a project to be eligible, it grants tax reductions for both savers and borrowers. Tax reductions comprise of 1.2% on capital gains tax. Borrowers receive an additional tax reduction of 1.3% on the value of the green investment. The investment volume is limited to a maximum of €52,579 per person (2006) and investments can be made nationally or internationally.

As usual, banks act as intermediates between savers and investors also in the Green Funds Scheme. On the one hand, they offer green bonds, green certificates at fixed value, terms and favourable interest rates for savers. On the other hand, they grant green loans at lower interest rates to investors (the interest rate for loans is between 1-2% lower than commercial rates). By doing so, banks that receive tax-exempt funds are obliged to invest at least 70% of the respective assets in certified green projects. The remaining 30% can be invested in other projects in order to spread the risk and to compensate for projects that are financially less profitable. So far, the Green Funds Scheme has attracted about 200,000 savers and enabled around 5,000 green projects accounting for up to 5 billion Euros.

For more information see: <http://www.senternovem.nl/greenfundsscheme/Contact.asp>

Country	United Kingdom
Name of initiative	Payroll Giving ¹²
Type	Economic/fiscal
Focus	Sustainable Development, social, environmental
Scope	International
Target groups	Employees
Contact & websites	Contact: Jon Prothero, HM Revenue & Customs, Tax Department Websites: <ul style="list-style-type: none"> • www.inlandrevenue.gov.uk/payrollgiving

In 1986, the UK’s HM Revenue & Customs released the “Payroll Giving” initiative. A revised version of the initiative was adopted in 2000. “Payroll Giving” is a special form of tax relief. The scheme provides tax exemptions for employees who give money to charities, meaning that their income tax liabilities are reduced. Employees’ donations are deducted from gross pay before tax. The money deducted is paid to a Payroll Giving agency approved by an Inland Revenue. The Payroll Giving Agency undertakes most administrative operations and is thus responsible for transferring the money to charities. Employees themselves choose the cause and the charity they want to support. They may be concerned with environmental or social issues, or both. They can also choose among national and international charities. By providing incentives for charity giving among employees, Payroll Giving is an important means to secure charities a regular flow of income.

Employers also benefit from the scheme. On the one hand they are expressing their commitment to employees and the community and by that improve the company’s image. In addition to that employers are allowed to deduct any arising administrative expenses from company profits for tax purposes.

¹² Please note that this initiative is not genuinely concerned with SRI. Because it facilitates money flows to NGOs and charities it can be regarded as initiative that facilitates investing in the so-called third sector. On the other hand, however, employees who engage in the Payroll Giving scheme don’t expect payback or returns on their giving, and therefore cannot be regarded as investors in the classical sense. The picture is clearer with the next initiative from the UK, the Community Investment Tax Relief (CITR).

In 2000 the UK Government undertook a considerable £2 million publicity campaign to raise awareness for the Payroll Giving scheme. It granted a 10 percent supplement on all Payroll Giving donations, which was paid to charities from public expenditure for the years 2000-2004. The main objective of these two initiatives was to increase donations from £29m (in 1998/99) to £60m a year, and to raise the number of employees making use of Payroll Giving. At present more than £89m is raised for charity through the Payroll Giving scheme each year. The initiative is offered by more than 9,000 companies and involves approximately 5 million employees.

Although Payroll Givings are growing, the main challenges are still to encourage more employers to offer Payroll Giving schemes and to attract higher-paid employees. More information on this initiative can be found on the website of HM Revenue & Customs at <http://www.inlandrevenue.gov.uk/payrollgiving>.

Country	United Kingdom
Name of initiative	Community Investment Tax Relief (CITR)
Type	Economic/fiscal
Focus	Sustainable Development, social, environmental
Scope	International
Target groups	Individual investors or companies
Contact & websites	Websites: <ul style="list-style-type: none"> • http://www.hmrc.gov.uk/specialist/citc_guidance.htm

Another fiscal initiative undertaken by the UK government is the Community Investment Tax relief (CITR) scheme. It came into effect in January 2003. By granting tax relief, the initiative aims to foster private investment in enterprises operating in less developed communities and, consequently, to help generating income and employment in those areas.

In order to be eligible for the tax brakes offered by CIRT, investors (either individual or institutional), have to invest in Community Development Finance Institutions (CDFIs) accredited by the Secretary of State. CITR is only granted, if money is invested in CDFIs. Direct private investments in disadvantaged communities do not legitimate tax relief. The CDFIs operate for or within less developed communities and provide backing to enterprises in these communities. Investments can be loans or securities given to, or share capital in an accredited CDFI. Investors who invest in CDFIs receive a tax relief of up to 25% of the amount invested. The tax relief is distributed over five years, and accounts for 5% per year. The tax relief reduces the investor's income tax or corporate tax liability. Investors must hold a tax relief certification on the investment made, in order to draw on tax incentives.

The Community Investment Tax Relief initiative is overseen by HM Revenue & Customs and the Department for Business Enterprise and Regulatory Reform (BERR). For more information see http://www.hmrc.gov.uk/specialist/citc_guidance.htm.

d) A hybrid tool on SRI in France

Country	France
Name of initiative	Fonds de reserve pour les retraites (FRR)
Type	Hybrid
Focus	Sustainable Development, social, environmental
Scope	International
Target groups	Pension funds, companies
Contact & websites	Contact: Jacky Proudhomme, BNP Paribas Asset Management Websites: <ul style="list-style-type: none"> • http://www.fondsdereserve.fr

In July 2001, the French Pension Reserve fund (Fonds de réserve pour les retraites - FRR) was separated from the French Old Age Solidarity Fund (Fonds de Solidarité Vieillesse – SV), which had been established in 1999. Since then, the FRR is an independent, publicly owned administrative agency that is funded and controlled by the French ministries in charge of social security, economy and budget. The FRR sees its role in investing its financial resources on behalf of the public and to use its assets to support finance the general old age insurance plan and affiliated plans as of 2020.

Thus, the FRR applies an SRI investment strategy. In its latest SRI investment strategy from June 2005, the FRR refers to the following two main objectives:

- “to maximize investment returns over the long term and under the best possible conditions of security”;
- to pursue “certain shared values that promote economically, socially and environmentally sustainable development”.

The FRR examines companies considered for investment carefully with regard to their social and environmental performance by following the UN Principles for Investment. As for the screening methodology, the FRR’s management applies multi-criteria screening methods. This includes negative screening (excluding certain sectors) and a “best in class” approach (for more information see part I).

In order to safeguard its own commitments towards SRI, the FRR has developed five SRI principles, including:

- respect for international law and basic worker rights;
- job development through better management of human resources;
- corporate environmental responsibility;
- respect for consumers and fair trade practices in local markets, and
- promotion of best corporate governance principles and practice.

In addition, the FRR strives to promote transparency with regard to the fund’s resources, its strategy and financial statements that must be disclosed to the public at regular intervals. For more information on the FRR, see <http://www.fondsdereserve.fr>.

Part III: Survey of SRI experts from the financial services sector

This survey is based on telephone interviews and written questioning with experts working on SRI in the financial services sector. The project team at RIMAS received a list of contacts from the European Social Investment Forum (Eurosif)¹³, which works in close cooperation with companies operating in the field of SRI.

Owing to the information provided by Eurosif and our own research, we were able to identify and survey five SRI experts in five different countries across Europe. We contacted the experts and undertook the survey between 17 January 2008 and 29 February 2008 (for a summary of the survey methodology see table 5).

Topic	Socially Responsible Investment
Scope	What SRI experts expect from governments on Socially Responsible Investment
Surveyed persons	Five experts from the financial services sector operating in SRI
Time	17 January 2008 – 29 February 2008
Limitations	The results reflect mainly the knowledge of the persons interviewed and cannot be regarded as a complete picture of SRI policy expectations in the financial sector

Table 5: Summary of the survey methodology

Based on a review of the 2003 Compendium on CSR policies in the EU¹⁴ and its update in 2007¹⁵, the literature on SRI (including existing studies) documented in Annex I, and with the assistance of Eurosif, we developed a comprehensive questionnaire that guided the telephone survey (for details, see Annex IIIb) using the following structure:

- Background information on interviewees, work experience related to the field of SRI, knowledge on government initiatives on SRI in the own country and across other European countries;
- Assessment of different types of government initiatives on SRI;
- Questions about the relevance of SRI initiatives in general, important target groups, major drivers, success factors and challenges for SRI and expectations towards governments.

¹³ www.eurosif.org

¹⁴ http://ec.europa.eu/employment_social/emplweb/csr-matrix/csr_topic_allcountries_en.cfm?field=9

¹⁵ http://ec.europa.eu/employment_social/soc-dial/csr/csr_compendium_csr_en.pdf

7. Survey interviews

Between 17 January 2008 and 29 February 2008, 5 interviews were conducted with experts working in the field of SRI in 5 different companies across Europe (for the details of the interviews conducted, see Annex IIIa), namely:

- SNS Asset Management (the Netherlands),
- FTSE Group (United Kingdom),
- Pictet Asset Management (Switzerland),
- BNP Paribas Asset Management (France) and
- Ethix Advisors AB (Sweden).

The SRI work experience of the experts interviewed ranged between 5-11 years. During their careers, most interviewees had managed to gain experience on SRI with different finance companies and hold senior management positions in the companies they are currently working with. Their field of work was rather diverse and covered different activities, such as Marketing, Sales and Product Development of SRI products, financial and investment analyst activities as well as company ratings according to various environmental and social criteria.

In their work, the interviewees' focused on different types of target groups, ranging from the financial sector in general to mainly retail investors or professional investors (governmentally controlled), such as pension funds or insurances.

8. Findings

This section provides an overview of the main results of the survey on SRI experts from the financial services sector. The results reflect mainly the knowledge of the persons interviewed and cannot be regarded as a complete picture of SRI policy expectations in the European financial sector.

8.1 Experiences with government initiatives on SRI

In the first part of the questionnaire, SRI experts were asked to elaborate on their personal experience with national government initiatives on SRI they came across with during their work. Interestingly, they reflect mainly on national initiatives of their home country. The following answers give an impression of what existing SRI government initiatives the interviewed experts regard as relevant.

- **The UK:** In the United Kingdom especially the legal initiative "SRI Pension Disclosure Regulation" is perceived as being of great importance and very helpful. This initiative requires pension funds to disclose to what extent they are taking social and environmental issues into account (for detailed information on the initiative see section 6.5). During the EU Presidency in 2005, the UK government hosted an SRI finance conference in London. However this initiative was not considered to be beneficial, as it did not lead to concrete action.
- **The Netherlands:** Similar to the United Kingdom, the government in the Netherlands was very active on discussing CSR & SRI when it was chairing the EU in 2004. The efforts taken during that period helped to examine the relevance and importance of SRI and to get the topic on the agenda. At the same time the Ministry of Economic Affairs launched an idea to set up a Responsible Investment benchmark. That idea was discussed with the financial sector and subsequently dropped, as it was supposed to be only a Dutch SRI benchmark. The investment community felt that there was no need for a Dutch benchmark addressing the performance of Dutch

companies on social, environmental and corporate governance (ESG) issues. Apart from this, the Dutch Social Investment Forum (VBDO), which receives funding for research projects from the Dutch Ministry of Economic Affairs, is regarded as being a highly visible and effective initiative. Other government initiatives that finance studies on SRI are also welcomed. Currently, the Dutch Ministry of Economic Affairs is financing a research project on “Powerful Pension Funds” at the University of Maastricht.

- **France:** In May 2001 the French government introduced a law on “the New Economic Regulations (NRE - nouvelles régulations économiques)”, in which one article (article 116) precises requirements for companies listed on the French stock exchange to disclose information on social and environmental issues in their annual reports. Fund managers were asked to state which kind of indicators should be included in annual reports. The purpose was to promote CSR and to help the SRI community to harmonise indicators for listed companies.
- **Sweden:** In 2000 the government of Sweden launched the Public Pension Funds Act (2000:192), introducing disclosure guidelines for governmentally controlled pension funds in the (for detailed information on the initiative see section 6.5). Before the initiative, disclosure requirements for pension funds were quite loose. Therefore, this initiative was considered to be rather helpful in developing SRI.
- **Switzerland:** For Switzerland, the interviewees mentioned only general initiatives, relevant in the context of SRI, such as Corporate Governance Codes and recommendations or environmental legislation (the Kyoto Protocol/EU-ETS).

In a next step, interviewees were asked about their perception of government activities in SRI in general and whether they considered some European countries as being more active in this respect than others. Some interviewees responded that it was quite difficult for people from ‘outside’ to keep an overview on SRI initiatives in various countries and to compare them, as SRI commitments, methodologies, screening criteria, indicators and resources differ across countries. Furthermore, they said that it was rather complicated for outsiders to assess how successful initiatives were and what impacts they had on the management of portfolios.

Overall, however, the persons interviewed did not regard their home country as being a front-runner in fostering SRI, although it may be seen so by others. Among the front running countries mentioned more than once were several Nordic countries (in particular Norway because of its Petroleum fund¹⁶ that applies SRI criteria), the United Kingdom, France, Belgium and the Netherlands.

Several interviewees pointed out that pension fund initiatives and regulations were key elements in the context of SRI across Europe. One interviewee mentioned that in Denmark, pension funds applied SRI criteria as a kind of shelter from media exposure. Another interviewee mentioned a legal regulation in Spain requiring public pension funds to invest 10% in line with SRI principles (for details, see section 6.5). Although this initiative was regarded as being oppressive, it was considered as certainly contribute to growth in SRI in Spain. In comparison to that, the UK government is currently considering creating a public pension scheme with different investment options, one of which will be an SRI fund. It is planned to enact this initiative in 2012. For France, the interviewees pointed out that the French Pension Reserve Fund (FRR), a state pension fund, had to address ESG issues (for more details see section

¹⁶ The Petroleum fund was established to facilitate government savings needed to meet the rapid rise in public pension expenditures in the upcoming years and to support a long-term management of petroleum revenues. For more information see <http://www.regjeringen.no/en/dep/fin/Selected-topics/The-Government-Pension-Fund.html?id=1441>

6.5). In the Netherlands, environmental and social issues were taken into account by pension funds of independent foundations.

Regarding legal requirements, one interviewee mentioned that Belgium adopted a law that explicitly forbids any kind of financial support to companies (Belgian or foreign) that “produce, use, repair, offer, sell, distribute, import, export, stock or export anti personnel mines or sub munitions with the aim to spread them” (this initiative is described in detail under section 4.5). Some interviewees mentioned that legal requirements could certainly help to foster SRI, but that SRI can also thrive without them (like in the Netherlands, where SRI is perceived as being developing even without tough regulations).

A distinctive criterion of SRI between the Nordic and the Central-Western European countries seems to be evident in the screening methodologies used. While the latter prefer a positive screening approach (evaluate companies from an ESG point of view and include them in portfolios), the Nordic countries tend towards a negative screening approach by which they exclude certain companies from investments.

8.2 Government initiatives on SRI: Options, priorities and target groups

The second part of the questionnaire provided a list of government initiatives that may help to foster SRI (for details, see Annex IIIb). Based on literature on SRI and feedback from two SRI experts, the following types of government initiatives on SRI were identified:

- **Informational** instruments on SRI, such as
 - Websites and other informational activities (leaflets, brochures)
 - Campaigns
 - Guides or guidelines
 - Criteria catalogues
 - Training and other educational activities on SRI
- **Partnering** instruments on SRI, such as
 - Networks (with government involvement/funding)
 - Voluntary agreements between government bodies and businesses
 - Public-Private Partnerships
- **Economic/financial** instruments on SRI, such as
 - Tax incentives
 - Bonus payments
 - Subsidies
 - Awards/prizes for SRI offerings/opportunities
- **Legal** SRI requirements, such as
 - Disclosure requirements directly linked to SRI (for pension funds)
- **Hybrid** instruments on SRI, such as
 - Government strategies/action plans to facilitate SRI
 - Centers/platforms on SRI that make use of several other instruments listed above

When we asked the interview partners to comment on the list and to complete it if necessary, two out of six interviewees perceived the list as being complete. One interviewee mentioned that disclosure regulations for pension funds could be an extra category. Another interviewee added that the category “research” should be included either under the heading “information” or under “partnering”, since governments could stimulate SRI by investing in research. A further suggestion for an additional category was that governments could “lead by example” by means of investing their own resources in line with SRI criteria.

In the third part of the questionnaire, interviewees were asked to highlight the three most relevant government initiatives on SRI, irrespective of how difficult it may be to implement them. Although the emerging picture is not fully homogenous, the following tendencies could be identified:

- **Legal initiatives** are by far considered to be the most important (5 mentions). Four persons mentioned disclosure regulations for pension funds and minimum regulations for sustainable investment in pension schemes as essential SRI instruments. Furthermore, minimum requirements for the SRI of governmental asset management activities were perceived as important. Two interviewees said that legal CSR reporting requirements (e.g. on CO₂ emissions and job creation) are also important to foster SRI, as SRI fund managers need reliable extra-financial information to do their job. Only one interview partner proved to be rather skeptical about legal initiatives, pointing out that it was not necessarily good to press for disclosure by means of law because legal requirements on CSR reporting often result in an accumulation of vast quantities of company (sustainability) reports, which very often contain rather irrelevant information.
- **Informational initiatives** were mentioned only twice as being important means to foster SRI. Among them, guidelines seemed to be most popular because they could influence market behaviour (in particular if they are developed and disseminated in partnership with bodies like Eurosif)¹⁷.
- As for **partnering instruments**, one person said governments could establish Public Private Partnerships by collaborating with consultants or organisations that could help them to manage their money in a sustainable way, in case governments decided to follow SRI criteria by themselves.
- **Economic and fiscal instruments** are seen rather critically. One interviewee explained that governments should make use of economic incentives (such as tax breaks) only when a market was unlikely to develop without such stimulation. Awards were also considered to be rather irrelevant.

When asked for instruments that are both effective and relatively easy to implement, the interviewed SRI experts from the financial sector recommended making more extensive use of the following instruments:

- **Informational instruments** were regarded as those being both effective and easy to implement for governments (5 mentions). The most important was considered to be that governments “lead by example” in their own investment decisions and communicate them to the public, by providing guidelines on SRI, organising conferences and financing research. Also the development of labels for SRI funds could help to make them more visible.
- **Legal initiatives** (4 mentions), in particular those that required pension funds to report on how they took ESG issues into account (2 mentions), were also regarded as being effective and easy to implement. Also general regulations on reporting were mentioned, which were needed to encourage better, more consistent and frequent environmental and social data from companies in order to make it easier for investors to invest in the right way.
- As for **economic and fiscal initiatives**, one interviewee mentioned that subsidies and investments could be useful where markets need to be stimulated.

¹⁷ European Social Investment Forum: www.eurosif.org

Asked about three key target groups of government initiatives on SRI, the interviewees responded as follows:

- **Pension funds**, either privately run or public, were by far regarded to be the most important target group of governmental SRI initiatives (5 mentions) reason, first because they are by definition long-term investors, and second, because they have large amounts of money at their disposal. Furthermore, it was mentioned, that governments could use public pension schemes as flagships to demonstrate the kinds of SRI investments that make good economic sense.
- **International actors**, like the UN and OECD were mentioned three times as key target group for governmental SRI initiatives because they can raise awareness at a global level and they provide loans. Especially the UN was named as having played a very important role on the development of SRI on a global basis; particularly since the Global Compact was launched and the Principles for Responsible Investment (PRI) were published. As a response to the PRI initiative, one interviewee mentioned that more and more stakeholders were expecting EU guidelines on SRI.
- **Other public bodies** (public investors, state-owned companies) were also named as key target group because they can have a significant influence on the SRI market (3 mentions).
- **Small investors** were mentioned only twice as a key target group for governmental SRI initiatives. Government initiatives on SRI could help them better understand and apply SRI.
- **Foundations, charities and religious groups** were mentioned only once. It was stated that they were important not necessarily because of their wealth, but because of the moral leadership they could provide.

8.3 Key drivers behind SRI: Confirming the marginal role of governments

In the survey, the SRI experts were asked to identify major drivers of SRI, either in their home country or at the EU level. As the following summary shows, the key drivers had to do with market forces:

- Actors coming out of the mainstream investment community were identified as the key drivers for SRI (4 mentions). In particular large institutional investors, pension funds and small investors were identified as those drawn to SRI to an increasing degree. These actors can drive the SRI agenda because they believe that SRI portfolios can have above-average returns beating non-SRI benchmarks.
- Another significant driving force (3 mentions) were increasing environmental and social pressures, leading to an increased awareness regarding SRI in the investment community and the general public. In this respect, the media is believed to play an important role. It was mentioned that the Financial Times, for example, provides an extensive weekly coverage of SRI.
- Asked for the key drivers behind SRI, government regulations and guidelines (including the UN PRI) were named only once. This impression matches with the earlier findings of this report. Since government initiatives on SRI are rather sparse (see part II), it would have been a surprise if they were identified as key drivers behind SRI in the survey of SRI experts from the financial sector.
- One interviewee mentioned the Enhanced Analytic Initiative (EAI), an initiative in which several institutional investors and fund managers agreed to spend 5 % of their

research fees on ESG research. This initiative has led big investment banks to set up responsible investment teams.

- The UK Social Investment Forum was mentioned as a driver for SRI in the UK. It raised awareness for SRI by assessing the investment strategies of the pension schemes of all FTSE4Good companies.

After the interviewees identified the key drivers summarised above, they were asked how governments could join forces with them. In this respect, four interviewees mentioned that national governments as well as the European Commission should unify different SRI guidelines in order to promote a common sense on SRI in Europe.

8.4 Major challenges and obstacles to SRI

In the survey, the SRI experts from the financial services sector were asked to name some key challenges and obstacles to SRI in their countries. As the following summary of the answers show, the most important challenges were of an economic nature and touched on the question of whether there was a “business case” for SRI:

- ***SRI and financial performance (4 mentions):***
 - SRI was still seen as suffering from the misconception that SRI portfolios are less profitable than mainstream investments (2 mentions). Mainstream investors are interested in returns. If SRI is believed to not meet this expectation adequately, mainstream investors are not interested in it. Therefore, the “business case” for SRI was deemed important.
 - Concerns for SRI were seen as possibly affecting the financial performance of a portfolio negatively if very profitable companies have to be taken out of portfolios due to violations of SRI criteria, or when SRI companies have to be taken out of portfolios as they are overvalued from a financial point of view (2 mentions).
- ***Conflicting time perspectives (4 mentions):*** On the one hand, portfolio and asset managers were stated to have to obey very short time perspectives (mostly a few months or a year). On the other hand, SRI requires long-term considerations and perspectives. Pension funds have a larger temporal scope because the focus on people’s needs within a time perspective of 20-30 years.
- ***Lack of collaboration among major actors (2 mentions):*** There were seen to be too many private SRI initiatives (by trade unions and companies) that are not well coordinated. Consequently, people are rather lost regarding SRI methodologies used and performances achieved. In addition, it was estimated that working together more closely could also help to cut costs e.g. on engagement.
- ***Understanding of SRI (2 mentions):*** SRI was deemed very complex. Especially retail investors find it difficult to understand what SRI is about. This may result in a lack of awareness, which should be addressed with more promotion of the issue among people running pension funds and other institutional investors.

8.5 What governments can do to overcome challenges and obstacles of SRI

Whereas the challenges and obstacles to SRI identified by the interviewees were numerous (see above), the SRI experts from the financial services sector obviously did not see a significant role for governments in overcoming them. Those that saw a role for governments in this respect suggested the following options:

- Governments should help to stimulate the debate on SRI and educate key actors by hosting conferences and seminars, and by unifying guidelines on SRI. This could be done by joining forces with institutional investors, who have much more knowledge about SRI than governments (2 mentions).
- Governments could finance research on the profitability of SRI (1 mention).
- Another interviewee mentioned that stronger disclosure regulations were needed, requiring companies to include some key performance indicators for ESG issues in their annual reports. This would enable benchmarking of detailed information on ESG performance of companies one wants to invest in (1 mention).
- Governments should “lead by example” by applying SRI criteria to its own investment decisions (1 mention).

8.6 Expectations towards governments regarding SRI

In a final question, interviewees were given the opportunity to state what they expected from governments (in Europe, or in a particular country) regarding SRI in the future. Overall, governments were expected to

- Raise the awareness for SRI in general, and for SRI methodologies and the business case for SRI in particular (also by funding research) (4 mentions);
- Adopt legal requirements and regulations on the disclosure of SRI-relevant practices, not only with regard to pension funds but also for companies in general (3 mentions);
- Lead by example regarding the management of their own assets (3 mentions);
- Agree on coherent national and/or EU-wide guidelines and key indicators for SRI to facilitate a common understanding of what SRI is about (2 mentions).

Part IV: Synthesis and conclusions

This section synthesises some significant findings of the survey of public administrators (part II) and SRI experts from the financial services sector (part III).

It aims to:

- Facilitate an in-depth discussion by the HLG on CSR and
- Give hints for subsequent in-depth analyses and assessments of SRI policies.

The synthesis explores (i) the Number and type of SRI initiatives; (ii) leaders and laggards, (iii) SRI, pension funds and governments “leading by example”, (iv) SRI and disclosure requirements and (v) Drivers behind SRI and the overall role of governments.

i) Number and type of SRI initiatives

Although the political discourse in the EU acknowledges the importance of SRI, the number of respective government initiatives in Europe is limited. A comparison with previous studies on CSR awareness raising (Berger *et al*, 2007) and sustainable public procurement (Steurer *et al*, 2007) shows that SRI is clearly the least developed field of public policies on CSR when looking at the numbers of policy initiatives. Therefore it was not possible to identify a standard set of SRI policy instruments used in various Member States.

However, in qualitative terms it seems that most of the few SRI policy initiatives that exist are more relevant than many of the CSR awareness raising, and some of the procurement initiatives. One indication for this impression is that about two thirds of the 14 initiatives were either legal requirements, many of which are regarded as highly relevant by SRI experts from the financial services sector, or economic incentives such as tax brakes.



Conclusion: Government policies on SRI represent an emerging field of CSR policies which is less developed and mature than others (such as sustainable public procurement). Initiatives are comparatively scarce, but most of the few existing initiatives are quite significant in qualitative terms and cover more than one dimension of sustainable development.

ii) Leaders and laggards: Remarks on the European incoherence of CSR policies

According to the SRI experts from the financial services sector, Nordic countries, the UK, France, Belgium and the Netherlands are regarded as leaders in public policies on SRI.¹⁸ Although we excluded reporting initiatives, this impression is confirmed in the survey of SRI initiatives summarised in part II of this report. While 3 SRI initiatives were found in Belgium, the Netherlands and the UK, 2 initiatives were found in France. In other words, these four countries account for 11 (or almost 80%) of the 14 SRI initiatives that were found across Europe. This implies that Mediterranean and Central-Eastern European (CEE) countries lag behind when it comes to public policies on SRI (for these countries we found only one SRI initiative in Spain).

¹⁸ They also mentioned Nordic countries, in particular Norway because of its oil fund. However, as non-EU member, Norway was not included in this study.

Figure 8 shows that the situation is very similar in the context of sustainable public procurement (for details see Steurer et al 2007), and, to a lesser extent, also regarding CSR awareness raising initiatives (for details see Berger et al 2007).

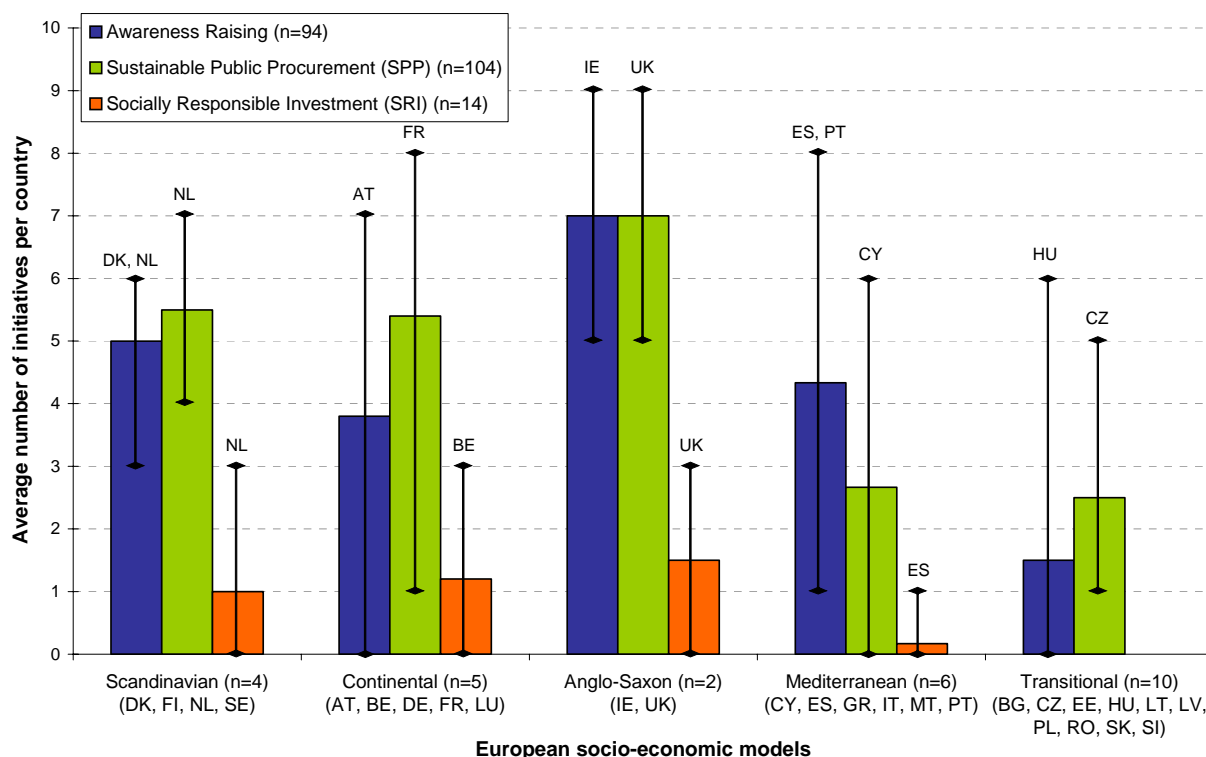


Figure 8: Overview of initiatives in five European regions ¹⁹



Conclusion: The (quantitative) level of government activity in the context of SRI correlates with the level of activity in other CSR policy themes, in particular regarding sustainable public procurement. Differences across Europe are obvious. Countries that share features of the Scandinavian socio-economic model (Denmark, Finland, the Netherlands and Sweden) as well as the UK and Ireland from the Anglo-Saxon socio-economic model lead in CSR policies, whereas Mediterranean as well as Transitional countries lag behind. This finding confirms previous impressions suggesting that there is a North-South as well as a West-East divide in CSR policies in Europe.

iii) SRI, pension funds and governments “leading by example”

Pension funds obviously play an important role in the context of SRI. On the one hand, 5 of the 14 initiatives are concerned with SRI in pension funds. On the other hand, the interviewed SRI practitioners emphasized that pension funds are by far the most important target group of governmental SRI initiatives because they are by definition long-term investors, and because they have large amounts of money at their disposal. Furthermore, it was mentioned, that governments could use public pension schemes as flagships to demonstrate their commitment to CSR and SRI. However, although pension funds are obviously a key target group of the 14

¹⁹ Please note that figure 8 groups countries not geographically, but based on the literature on socio-economic models in Europe (see in particular Esping-Anderson 1990, 26-33; Sapir 2006; Pierson 1998, 173-178 and Aiginger & Guger 2005). The lines reaching out of the bars indicate the range of initiatives found in the different countries, and the letters at the upper end of the range indicate the countries with the most initiatives.

SRI initiatives (for details, see figure 6), the French Pension Reserve fund is the only example that matches this advice by applying an SRI strategy.



Conclusion: “Walk the talk” or “lead by example” in achieving SD is a motto not only applicable in the context of public procurement (Steurer *et al.* 2007), but also regarding how governments invest their own assets, or the financial resources of public pension funds. However, while sustainable public procurement became a major issue in Europe in recent years, governments’ concerns about investing public funds in socially responsible ways are not as developed yet.

iv) SRI and disclosure requirements

In the survey of SRI initiatives documented in part II of this report, government initiatives on reporting and disclosure were deliberately excluded. The main reason behind this decision was the fact that the two topics are kept apart by the European Commission (see for example the Compendiums on CSR policies in Europe²⁰). Consequently, SRI and reporting were treated as two competing subjects for this study, and the CSR HLG preferred SRI over reporting on its meeting on 30 May 2006.

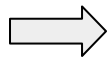
From reviewing the answers of the SRI experts from the financial services sector, it becomes obvious that they emphasised the importance of reporting and disclosure requirements, simply because without reliable information on the social and environmental performances of companies, SRI in general as well as SRI screening and rating methods in particular stand on sketchy grounds (see also part I). Thus, the interviewees mentioned reporting and disclosure initiatives not only once but several times (see part III) when asked for:

- Their personal experiences with government initiatives on SRI,
- Government initiatives that were not included in our list,
- The most relevant government initiatives on SRI,
- Government initiatives on SRI that are both effective and relatively easy to implement,
- Future expectations about what governments should do on SRI.

As one SRI practitioner mentioned, France has adopted a well-known government initiative on reporting. In May 2001, the French parliament adopted article 116 of the so called New Economic Regulations (NRE - nouvelles régulations économiques) that requires all companies listed at the French stock exchanges to disclose CSR issues in their annual reports. On the one hand, the decree aims to promote CSR among publicly traded companies; on the other hand, it aims to increase transparency for shareholders and stakeholders. According to the interviewee, the law had also helped the SRI community to harmonise indicators and rating criteria (for details, see <http://www.eurofound.europa.eu/eiro/2001/05/feature/fr0105156f.htm>).

Another important government initiative on reporting mentioned by a public administrator are the Swedish guidelines for external reporting for state-owned companies. They were published by the ministry of enterprise, energy and communication in 2007 and require state-owned companies to disclose information about CSR and corporate sustainability in accordance with the Global Reporting Initiative’s (GRI) guidelines. This initiative aims to ensure transparency and set state-owned companies as an example for private companies.

²⁰ http://ec.europa.eu/employment_social/emplweb/csr-matrix/csr_topic_allcountries_en.cfm?field=9 ; http://ec.europa.eu/employment_social/social/csr/csr_compendium_csr_en.pdf



Conclusion: Due to the importance SRI practitioners attach to regulations on CSR reporting and disclosure, respective government initiatives should be regarded as key instruments to foster SRI. Thus, researchers as well as policy makers should explore both themes jointly in the future.

v) Drivers behind SRI and the role of governments

Asked for the key drivers behind SRI, the interviewees from the finance services sector mentioned in particular the mainstream investment community, as well as increasing social and environmental pressures that are taken into account by investors. So far, they do not perceive government actors as a driving force for SRI.

While several SRI practitioners do not see a need for incentives that aim to make SRI more economically attractive (they argue that investment decisions should be left to the market), a majority of the interviewees sees a significant role for governments regarding:

- Awareness raising for SRI,
- Research on the business case of SRI,
- Reporting and disclosure requirements,
- Leading by example in applying SRI strategies to their own funds.

Two interviewees also mentioned that European governments should work on common standards and principles for SRI.



Conclusion: So far, governments in the EU are followers rather than driving forces behind the SRI agenda. This conclusion is based not only on the perception of those working on SRI in the financial services sector, but also on the fact that we found relatively few government initiatives on SRI, and that governments are obviously hesitant in taking the SRI practitioners' call for social and environmental reporting requirements seriously (see also section 3 on the political debate on SRI in Europe).

Acknowledgements

We thank all interviewees from the public sector and the financial services sector for participating in the surveys. We also thank Marion de Marcillac and Matt Christensen (both from Eurosif) and Bert Scholtens (Professor of Sustainability and Financial Institutions at the University of Groningen) for their support. Many thanks also go to Eleanor Smith for proofreading the draft report, and to Markus Hametner for creating the figures displayed here and in the presentation given at the meeting of the CSR High-Level Group on 31 March 2008.

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Annex IIa: Survey contacts with public administrators

Country	Name	Institution	Date	Written information
Austria	Eva-Maria Fehringer	Ministry of Economics and Labour	10 December 2007	
Austria	Manfred Schekulin	Ministry of Economics and Labour	10 December 2007	
Austria	Kurt Bayer	Ministry of Finance	10 December 2007	
Belgium	Solange Gysen	Ministry of Employment, Labour and Social Dialogue	07 December 2007	
Belgium	Dieter Van der Beke	PODDO	10 December 2007	
Belgium	Nicolas Gerard	Kringloopfonds	05 March 2008	Written Information
Belgium	Christophe Scheire	Netwerk Vlaanderen	27 February 2008	Written Information
Belgium	Luc Weyn	Netwerk Vlaanderen	05 March 2008	Written Information
Bulgaria	Efrosina Nikolova	Ministry of Labour and Social Policy	17 December 2007	
Czech Republic	Eva Vozabova	Department of Labour Law and Collective Bargaining	11 November 2008	
Cyprus	Georghia Christofidou	Ministry of Labour and Social Policy	18 January 2008	Written Information
Denmark	Kirstine Sandø Højland	Ministry of Economic and Business Affairs	29 November 2007	Written information
Estonia	Egle Käärats	Ministry of Social Affairs	07 December 2007	
Finland	Susanne Monni	FIBBS – Finish Business and Society	07 December 2007	
Finland	Risto Paaermaa	Ministry of Trade and Industry	13 December 2007	
France	Dominique Naud	Ministry of Industry	10 January 2008	Written Information
Germany	Ute Heinen	Ministry of Labour and Social Affairs	12 November 2007	

Germany	Ester Wandel	Ministry of Finance	06 December 2008	
Greece	Sophie Golemati	Ministry of Employment and Social Protection	05 December 2008	Written Information
Hungary	Gabriella Tölgyes	Ministry of Social Affairs and Labour	10 December 2007	
Hungary	Sándor Lakatos	Ministry of Economy and Transport	11 December 2007	
Italy	Alfredo Ferrante	Ministero della Solidarietà Sociale	10 January 2008	
Latvia	Iveta Lublina	Ministry of Welfare	13 December 2008	
Lithuania	Natalija Ziminiene	Ministry of Social Security & Labour	13 November 2007	
Malta	Roderick Mizzi	Ministry of Industrial and Employment Relations	21 January 2008	Written information
Netherlands	Sylvia Simonova	Ministry of Economic Affairs	26 November 2007	Written information
Netherlands	Inneke Hoving-Nienhus	Ministry of Economic Affairs	14 January 2008	Written information
Poland	Marcin A. Palutko	Ministry of Labour & Social Policy	17 January 2008	Written information
Portugal	Antonio Oliveira	Ministry of Economy And Innovation	23 January 2008	Written information
Romania	Eduard Corjescu	Ministry of Labour, Family and Equal Opportunities	19 November 2007	
Slovak Republic	Jozef Hudec	Ministry of Labour, Social Affairs and Family	07 December 2007	
Spain	Gil Ramos Masjuan	Ministry of Labour and Social Affairs	12 December 2007	Written Information
Spain	Consuelo Gonzalez Lopez	Ministry of Labour and Social Affairs	09 January 2008	Written Information
Sweden	Elisabeth Dahlin	Ministry for Foreign Affairs	15 January 2008	Written Information
Sweden	Carina Silberg	GES Investment Services	05 March 2008	Written Information
UK	Graeme Vickery	Department for Enterprise, Business and Regulatory Reform	19 November 2007	
UK	Liam McAleese	Department for Environment, Food and Rural Affairs	21 January 2008	

Annex IIb: Questionnaire of the public administrators' survey

Government initiatives on Socially Responsible Investment (SRI) Survey conducted by

RIMAS – the Research Institute for Managing Sustainability
Vienna University of Economics and Business Administration

www.sustainability.eu

Website of the project on CSR policies in Europe: www.sustainability.eu/csr-policies

Contact: sharon.margula@wu-wien.ac.at & reinhard.steurer@wu-wien.ac.at

This survey conducted by [RIMAS at the Vienna University of Economics and Business Administration](#) is part of the third and final study on CSR policies in Europe that was commissioned by the chairs of the CSR High Level Group (HLG) from DG Employment and Social Affairs. It aims to provide a comprehensive picture of SRI initiatives launched by the national/federal governments in the 27 EU Member States.

As the [“European SRI Study” from Eurosif \(2006\)](#) puts it, “SRI combines investors’ financial objectives with their concerns about social, environmental and ethical (SEE) issues’. The present survey aims to capture all national/federal government initiatives in the EU-27 that aim to foster SRI.²¹ Furthermore, it aims to answer general questions that emerge in the context of SRI policies.

Overview of initiatives:

- The **CSR policy “compendium”** at the DG Employment website lists the following initiatives for your country (see table below). In a first step, we would like to complete the information provided in the compendium in line with the table below.
- In a second step, we would like to add additional government initiatives on SRI that are not listed in the compendium. Are there other national/federal government initiatives on SRI not listed in the table yet? Please use the following bulleted list as a check-list:
 - Informational instruments on SRI, such as
 - Websites and other informational activities (leaflets, brochures)
 - Campaigns
 - Guides or guidelines
 - Criteria catalogues
 - Training and other educational activities on SRI
 - Other (please specify)
 - Partnering instruments on SRI, such as
 - Networks (with government involvement/funding)
 - Voluntary agreements between government bodies and firms
 - Public-Private Partnerships
 - Other (please specify)

²¹ Although general CSR reporting can provide relevant information for SRI, the survey includes government initiatives on reporting only if they aim at SRI in particular (such as disclosure requirements for pension funds).

- Economic/financial instruments on SRI, such as
 - Tax incentives
 - Bonus payments
 - Subsidies
 - Awards/prizes for SRI offerings/opportunities
 - Other (please specify)
- Legal SRI requirements, such as
 - Disclosure requirements directly linked to SRI (such as disclosure requirements for pension funds)
 - Other (please specify)
- Hybrid instruments on SRI, such as
 - Government strategies/action plans to facilitate SRI
 - Centres/platforms on SRI that make use of several other instruments listed above
 - Other (please specify)
- Regarding “**focus**” we distinguish governmental SRI initiatives that concentrate on
 - Social issues only (including micro-finance),
 - Environmental issues only,
 - Social and environmental issues (sustainable development)
 - Ethical/sectoral issues, such as weapons, tobacco, alcohol etc.
- Regarding “**scope**” we distinguish government SRI initiatives that have a
 - National or
 - International reach.
- Regarding “**target groups**” we distinguish, inter alia, the following actors:
 - International actors (UN, OECD etc)
 - Financial sector in general
 - Professional investors/fund managers
 - Pension funds (public and/or private)
 - Financial intermediaries
 - Foundations, charities, religious groups
 - Other public bodies (public investors, state-owned companies)
 - Small investors (“consumers”) and the public

Country

No	Name of initiative	Type	Focus & scope	Initiator	Timing	Target groups	Contact & website	Source
1	Official name	<ul style="list-style-type: none"> • Informational • Partnering • Legal • Economic/fiscal or • Hybrid 	<ul style="list-style-type: none"> • Social • Environmental • Sust. Develop. • Ethical/sectoral (weapons, tobacco, alcohol) • National vs International 	Specify ministry/department/other governmental institutions	Since when in effect?	<ul style="list-style-type: none"> • Financial sector in general • Professional investors/fund managers • Pension funds • Financial intermediaries • Foundations, charities, religious groups • Other public bodies • Small investors 		Interview PERSON, INSTITUTION, DATE OR Details of written information
			•					
			•					
			•					
			•					

Further questions on SRI initiatives

- **Relevance of SRI initiatives:**
 - How do you see the relevance of SRI initiatives as means to foster CSR on a scale from 1 (not important) to 5 (very important)?
 - What type of SRI initiative(s) do you regard as most important to achieve CSR?
- **Drivers:** What are/were the major drivers of SRI in your country?
- What are the major **obstacles/challenges** for SRI in your country?
- **Target groups:** Which target groups do you regard as most important for governmental SRI initiatives in general?
 - Businesses in general
 - Financial sector in general
 - Professional investors/fund managers
 - Pension funds (public and/or private)
 - Other public bodies (other departments/ministries, regional/local governments, public investors, state-owned companies)
 - Small investors (“consumers”) and the public
 - Others
- What worked well in (some/particular) governmental SRI initiatives mentioned above (**success factors**)?
- What worked not so well in (some/particular) SRI initiatives mentioned above (**obstacles**)?
- Lessons learned and **recommendations** with regard to SRI policies?
- Other comments, concluding remarks?

Annex IIc: Overview on SRI initiatives for seven EU Member States

Country (No of initiatives)	Name of initiative	Type	Focus & scope	Initiator	Timing	Target groups	Website link	Source & contact
Austria (1)	“Ethisch-ökologische Veranlagung” – platform for Socially Responsible Investment	Informational	<ul style="list-style-type: none"> • Social, Environmental, Sust. Develop. • National 	Austrian Society for Environment and Technology (OEGUT) and the Austrian Ministry of Agriculture, Forestry, Environment and Water Management	2001	Potential investors in general, but mainly private investors and pension funds	www.grueneseld.at www.oegut.at	Susanne Hasenhüttl, OEGUT, 20.02.2008
Belgium (3)	Loi Pensions Complémentaires (LPC)	Legal	<ul style="list-style-type: none"> • Social, Environmental, ethical • National 	Belgian Government	15 May 2003	Pension funds		DG Employment (2004): Corporate social responsibility - National public policies in the EU
	Social and Sustainable Economy Funds (Kringloopfonds)	Economic/fiscal	<ul style="list-style-type: none"> • Social, Sust. Develop. • National 	Federal Government	2003	Broad spectrum of investors	www.kf-fesd.be	Nicolas Gerard, Kringloopfonds, 05.03.2008
	Law against financing of weapons	Legal	<ul style="list-style-type: none"> • Ethical (weapons) • National 	Belgian Government	2007	Broad spectrum of investors	www.netwerkvlaanderen.be/	Tord Carnlof, Ethix Advisors AB, 13.2.2008
France (2)	Public Pension Reserve Fund/ Fonds de réserve pour les retraités (FRR)	Hybrid	<ul style="list-style-type: none"> • Sust. Develop., Social, Environmental • International 	French Government	July 2001	Pension funds, companies	http://www.fondsdereserve.fr	Jacky Proudhomme, BNP Paribas Asset Management, 06.02.2008
	Employee Savings Plans	Legal	<ul style="list-style-type: none"> • Social, environmental, ethical • National 	French Government	Feb. 2001	Employee Savings funds		DG Employment (2004): Corporate social responsibility - National public policies in the

								EU
Netherlands (3)	Sustainable Money Guide	Informational	<ul style="list-style-type: none"> • Sust. Develop., Social, Environmental • National 	Sponsored by the Dutch Ministry of Environment	2002	Private investors	www	Ernst van Weperen, VBDO 20.02.2008
Netherlands (3)	Green Funds Scheme	Economic/Fiscal	<ul style="list-style-type: none"> • Environmental • International 	Dutch Tax office, Ministry of Finance, Ministry of LNV (Ministry of Agriculture, Nature Conservation and Food Quality), Ministry of VROM (Housing, Spatial Planning and the Environment)	1995	Dutch Banks, Private Investors	www.senternovem.nl/greenfundsscheme	Anton Duvnhouwer, Senternovem, 25.02.2008
	Research	Informational	<ul style="list-style-type: none"> • Sust. Develop., Social, Environmental • National 	Dutch Government, Ministry of Economic Affairs	2008	Financial sector in general		Harry Hummels, SNS Asset Management 05.02.2008 and C. A. Horving-Nienhuis, Ministry of Economic Affairs, 14. 01. 2008 and Ernst van Weperen, VBDO, 10.03.2008
Spain (1)	Pension reserve fund project of Law	Legal	<ul style="list-style-type: none"> • Social, Environmental, ethical • National 	Tesorería General de la Seguridad Social (Social Security), Ministry of labour and social affairs, Ministry of Economy	2008	Pension funds	www.congreso.es www.mtas.es	Gil Ramos Masjuan, Ministry of labour and social affairs, 10.01.2008 and Consuelo González López Ministry of Labour and Social Affairs, 18.12.2007

Sweden (1)	Public Pension Funds Act (2000:192)	Legal	<ul style="list-style-type: none"> • Environmental/ethical • National 	Swedish government (collaboration of 5 political parties), Finance Department	2000	Pension funds		Lars Gavelin, Ministry of Finance, 27.02.2008 and Carina Silberg, GES Investment Services, 05.03.2008
United Kingdom (3)	SRI Pension Disclosure Regulation 2000	Legal	<ul style="list-style-type: none"> • Social, environmental ethical • National 	Secretary of State for Social Security	3 July 2000	Pension fund	http://www.opsi.gov.uk/si/si1999/19991849.htm	DG Employment (2004): Corporate social responsibility - National public policies in the EU
	Community Investment Tax Relief (CITR)	Economic/fiscal	<ul style="list-style-type: none"> • Social, environmental, Sust. Develop • International 	HM Revenue & Customs, Department for Business Enterprise and Regulatory Reform	January 2003	Individual investors or companies	http://www.hmrc.gov.uk/special/citr_guidance.htm	DG Employment (2004): Corporate social responsibility - National public policies in the EU
	Payroll Giving	Economic/fiscal	<ul style="list-style-type: none"> • Social, environmental, Sust. Develop. • International 	HM Revenue & Customs	1986, revised April 2000	Employees	www.inlandrevenue.gov.uk/payrollgiving	Jon Prothero, HM Revenue & Customs, Tax Department, 21.02.2008

Annex IIIa: Survey contacts with SRI experts from the financial services sector

Country	Name	Institution	Date
France	Jacky Proudhomme	BNP Paribas Asset Management	06 February 2008
Sweden	Tord Carnlof	Ethix Advisors AB	13 February 2008
Switzerland	Christoph Butz	Pictet Asset Management	06 February 2008
The Netherlands	Harry Hummels	SNS Asset Management	01 February 2008
United Kingdom	David Harris	FTSE Group	25 January 2008

Annex IIIb: Questionnaire of the SRI experts’ survey

Socially Responsible Investment (SRI): What could governments do?
Survey of managers of SRI funds
 conducted by
 RIMAS – the Research Institute for Managing Sustainability
 Vienna University of Economics and Business Administration
www.sustainability.eu
 Website of the project on CSR policies in Europe: www.sustainability.eu/csr-policies
 Contact: sharon.margula@wu-wien.ac.at & reinhard.steurer@wu-wien.ac.at

Context

This survey conducted by [RIMAS at the Vienna University of Economics and Business Administration](#) is part of the third and final study on CSR policies in Europe that was commissioned by the chairs of the CSR High Level Group (HLG) from DG Employment and Social Affairs. By asking managers of SRI funds about opportunities governments have and should make use of to foster SRI, it complements a survey of public administrators on governmental SRI initiatives in the EU-27.

As the [“European SRI Study” from Eurosif \(2006\)](#) puts it, “SRI combines investors’ financial objectives with their concerns about social, environmental and ethical (SEE) issues’. Contact details of the surveyed SRI experts from the financial services sector were provided by Eurosif.

Introduction

- What is *your field of work*? For how long have you been working on SRI?
- As a manager of an SRI fund, did you ever come across a government initiative on SRI *in your work*?
 - If yes, in what context? Who stood behind the initiative? What was the purpose of the government initiative? How helpful did you regard it?
- Are some European countries more active in facilitating SRI than others? If yes, which ones?

Types of government initiatives on SRI

We distinguish the following types of government initiatives on SRI. Do you think this list is complete, or can you think of *other government initiatives* that may help to facilitate SRI?

- **Informational** instruments on SRI, such as
 - Websites and other informational activities (leaflets, brochures)
 - Campaigns
 - Guides or guidelines
 - Criteria catalogues
 - Training and other educational activities on SRI
- **Partnering** instruments on SRI, such as
 - Networks (with government involvement/funding)
 - Voluntary agreements between government bodies and businesses
 - Public-Private Partnerships
- **Economic/financial** instruments on SRI, such as
 - Tax incentives
 - Bonus payments
 - Subsidies
 - Awards/prizes for SRI offerings/opportunities
- **Legal** SRI requirements, such as
 - Disclosure requirements directly linked to SRI (for pension funds)
- **Hybrid** instruments on SRI, such as
 - Government strategies/action plans to facilitate SRI
 - Centres/platforms on SRI that make use of several other instruments listed above

How can governments facilitate SRI?

- As shown above, governments have numerous *instruments* at hand to foster SRI.
 - What types of instruments would foster SRI most effectively (irrespective of their political feasibility)? Please state three.
 - What types of instruments should governments use more extensively because they are effective and easy to implement? Please state three.
- Which groups should government initiatives on SRI *target* in particular? Please state three.
 - International actors (UN, OECD etc)
 - Financial sector in general
 - Professional investors/fund managers
 - Pension funds (public and/or private)
 - Financial intermediaries
 - Foundations, charities, religious groups

- Other public bodies (public investors, state-owned companies)
 - Small investors (“consumers”) and the public
- What are the *major drivers* of SRI (in Europe or in a particular country) from your point of view?
 - How can governments join forces with these drivers?
- What are the *major obstacles/challenges* for SRI (in Europe or in a particular country) from your point of view?
 - What can governments do to overcome them?
- What do you *expect* from governments (in Europe or in a particular country) regarding SRI in the future?