



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)

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

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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).