

RESPONSIBLE FINANCE
10 PROPOSALS FOR EUROPE

FROM
THE PARIS FINANCIAL CENTER



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On October 12, 2012, during Socially Responsible Investment Week and the Investment Forum, Paris EUROPLACE organized a conference at the Palais des Congrès in Paris, on the theme: “Responsible Finance: New Proposals for Europe”. Heads of European companies and leading representatives of the financial sector affirmed their willingness to continue and increase their efforts to promoting Responsible long-term Finance in the service of employment and economic growth, through a European approach.*

Developing Responsible Finance is one of the Paris financial marketplace’s strategic priorities. That is why, in line with this event, Paris EUROPLACE is proposing a roadmap to develop Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI) at the European level. This means defining an array of shared principles of transparency, governance and comparability involving all actors throughout the EU. At the same time, it means granting actors ample flexibility to implement these measures, particularly through self-regulation and co-regulation.

Paris EUROPLACE recommends 3 lines of actions for this European roadmap. They aim to make the CSR and SRI approach more professional, credible and transparent for shareholders, investors and employees.

I. Improve dialogue on Corporate Social Responsibility (CSR) between investors and issuers

To this end, Paris EUROPLACE recommends the following:

- **Proposal No. 1: Include more environmental, social and governance (ESG) data and indicators in the information provided to corporate governance bodies and investors (chiefly through the management report or registration document) and demonstrate their contribution to the company’s overall performance. In particular, this objective presupposes gradual development of **single European CSR standards**.**
- **Proposal No. 2: Encourage review of CSR policies by Boards of Directors according to methods defined by the company (such as an ad hoc committee, a lead director or an audit committee with expanded responsibilities).**
- **Proposal No. 3: Discuss establishment of a European framework to ensure transparency of non-financial rating methods, allowing the emergence of recognized standards and an enforceable framework.**
- **Proposal No. 4: Increase focus by investors on ESG criteria when making their investment analyses and decisions, and extend voting and ESG disclosure requirements currently applied by Asset Management firms in France to include Institutional Investors.**

II. Improve the way Socially Responsible Investment (SRI) products are distributed

Development of SRI requires greater clarity and explanation. To this end, Paris EUROPLACE recommends the following:

- **Proposal No. 5: Improve information and training provided to buyers and sellers alike.**
- **Proposal No. 6: Continue adapting and developing SRI offerings in products such as life insurance, equity-based savings schemes and employee savings plans, according to the specific characteristics of each establishment.**
- **Proposal No. 7: Improve transparency and readability of SRI products at the EU level, drawing inspiration from existing initiatives in France. For example, the AFG¹ and French SIF² Code of Transparency for SRI funds open to the general public.**
- **Proposal No. 8: Create a European SRI label.** A standardized labeling process would increase investors' confidence and give European initiatives greater visibility. In particular, this involves European standardization of the various definitions of SRI.

III. Promote European practices at International level

The expertise developed by European companies in the field of CSR and SRI is a key to competitiveness. This expertise should be given a higher profile with increased international dimension. At least two initiatives must be implemented to take advantage of Europe's strength in this domain:

- **Proposal No. 9: Support the creation of an international political framework to incorporate CSR criteria into international trade (WTO, ILO, etc.) and regulation (IOSCO³, etc.).**
- **Proposal No. 10: Encourage major International Financial Organizations (IMF, World Bank, EIB, EBRD, etc.) to strengthen the inclusion of ESG criteria in their funding policies.**

* The event « Responsible Finance: New Proposals for Europe » has been organized with the support of:



¹ Association Française de Gestion financière (French Asset Management Association)

² Social Investment Forum

³ International Organization of Securities Commissions