

Study on Socially Responsible Investment (SRI)

ATTITUDES TOWARDS SRI IN THE NETHERLANDS AND COMPARED TO THE REST OF EUROPE



A study on Socially Responsible
Investment (SRI) in the Netherlands
and four other European countries

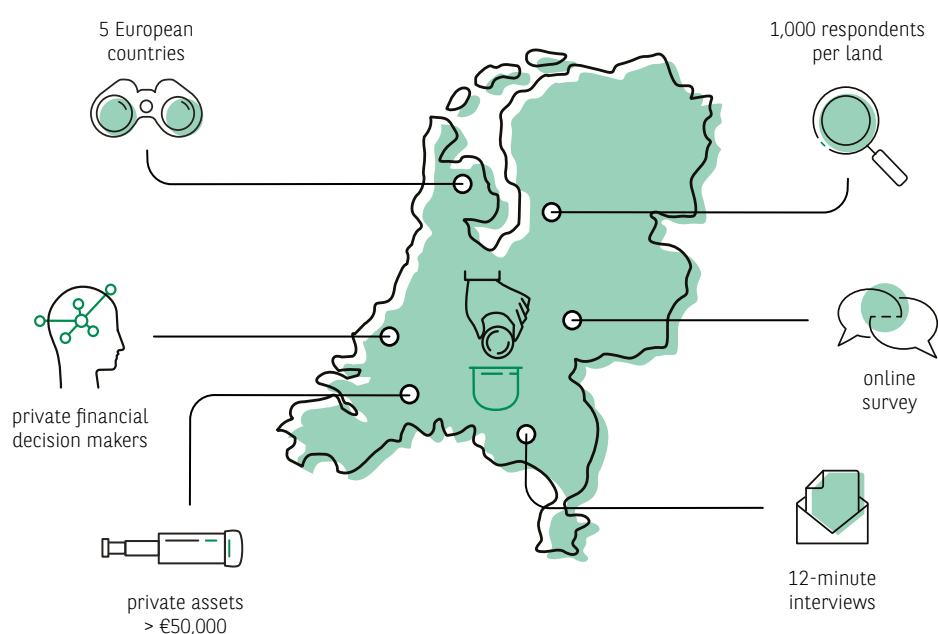


BNP PARIBAS
ASSET MANAGEMENT

The asset manager
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world

METHODOLOGY

FACTS AND FIGURES



Survey details

Renewable energy, e-mobility, fair trade – sustainability issues are more prevalent in public debate than ever before. But to what extent do people in the Netherlands take social responsibility into account in their financial investments? Do people in the Netherlands know what socially responsible investment means and what is their opinion of it? How do their answers compare to those from other European countries? These are the central questions underpinning this study.

On our behalf, the market research institute Kantar TNS surveyed 1.000 people per country with at least €50,000 of private assets in Belgium, the Netherlands, France, Germany and Italy. All those surveyed were over 18 years of age and indicated that they make or influence financial decisions in their household. The survey was conducted at the same time as the UN Climate Change Conference in December 2018.

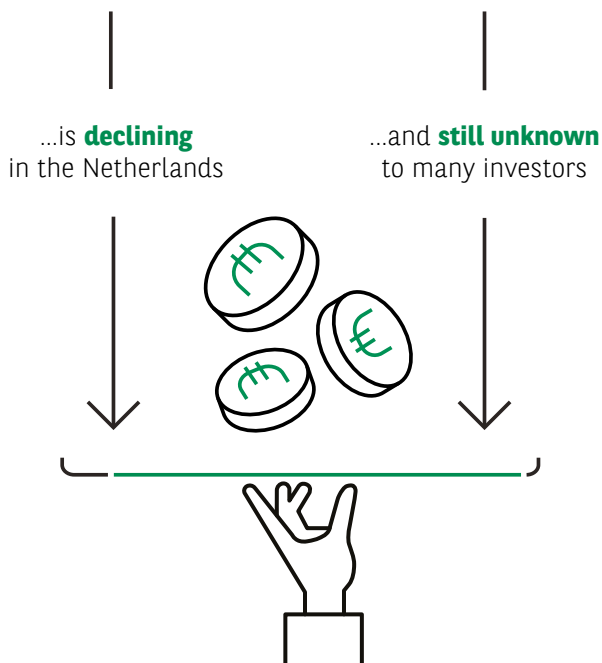
It was around 12 minutes long and included questions on both sustainable investment and demographic factors.

Content

- 1 Awareness of sustainable investment in the Netherlands
- 2 Use of sustainable investment in the Netherlands
- 3 The role of bank advisors in providing information
- 4 The role of the media in disseminating information
- 5 The effects of events such as the UN Climate Change Conference
- 6 The most important criteria for investment decisions
- 7 The significance of sustainability aspects for private investment
- 8 Obstacles to a more widespread use of SRI
- 9 Conclusion

AWARENESS OF SUSTAINABLE INVESTMENT IN THE NETHERLANDS

The awareness of SRI...



THE AWARENESS OF SUSTAINABLE INVESTMENT HAS DECLINED IN THE NETHERLANDS. IN ALL OTHER COUNTRIES IT IS GROWING, ALBEIT WITH PLENTY OF ROOM FOR IMPROVEMENT.

SRI (Socially Responsible Investment) is based on sustainability and social responsibility. Sustainable investment funds take into account factors such as environmental aspects, fair trade conditions and compliance with human rights.

The principle of SRI has suffered a clear drop in the Netherlands compared to last year; fewer than one in three investors are familiar with the concept. In a European comparison the Netherlands therefore represents an exception. In all other countries the awareness is growing, sometime clearly – and there is a difference of almost 40 percentage points between Italy at the head of the field and the Netherlands in last place. While in other countries, sustainability is also gaining in importance in the world of investment, the main priorities in the Netherlands are to do the basic groundwork and raise awareness of this issue.

30 %

of the Dutch with assets of over €50,000 know what sustainable investment is (2017: 47%)

European comparison of awareness of SRI

	2018	2017
Italy:	69%	60%
France:	56%	47%
Belgium:	47%	34%
Germany:	45%	37%
Netherlands:	30%	47%

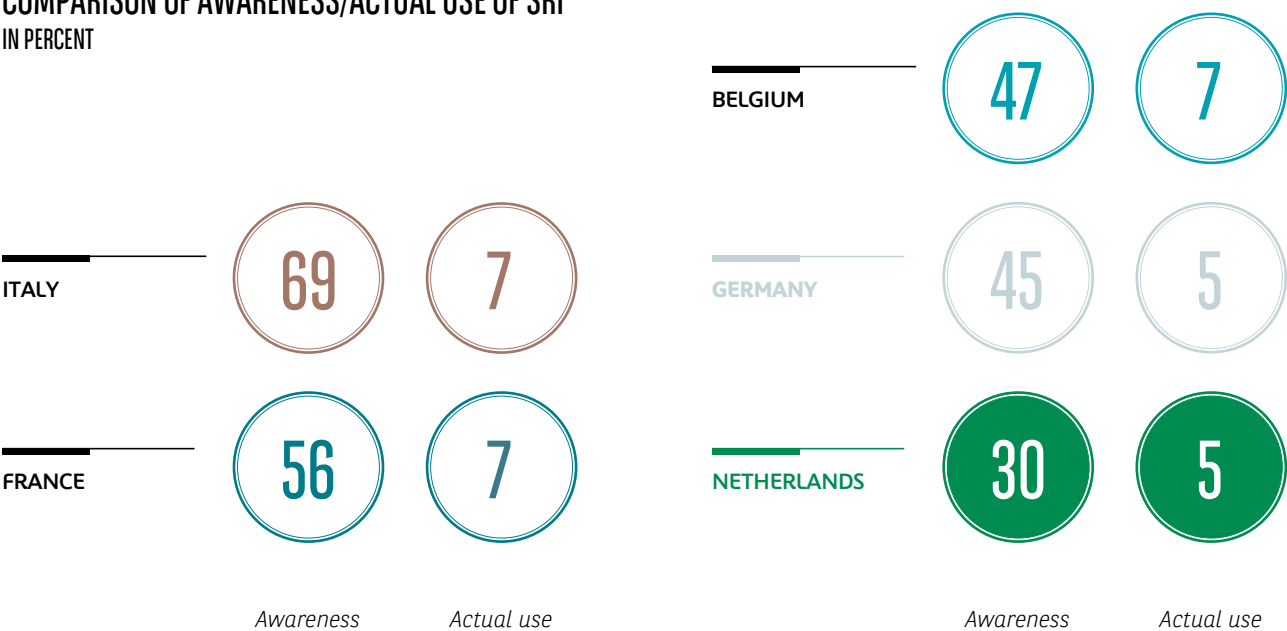
Have you ever heard about “Socially Responsible Investment” in short SRI?

USE OF SUSTAINABLE INVESTMENT IN THE NETHERLANDS

THE USE OF SUSTAINABLE
INVESTMENT IS SLOWLY
RISING AND OFFERS GREAT
POTENTIAL.

In the Netherlands, the use of sustainable investment has increased slightly among wealthy investors despite the drop in awareness. This positive trend can also be observed in the other countries included in the study. SRI is no longer a fringe issue, but awareness and actual use of sustainable investments are still poles apart. This even applies to the Netherlands, which has the lowest levels of awareness in the study by some distance. So far it has not been possible to convince people of SRI on a large scale. In the Netherlands and all the other countries studied, there is therefore huge growth potential for sustainable forms of investment.

COMPARISON OF AWARENESS/ACTUAL USE OF SRI IN PERCENT



THE ROLE OF BANK ADVISORS IN PROVIDING INFORMATION



40%

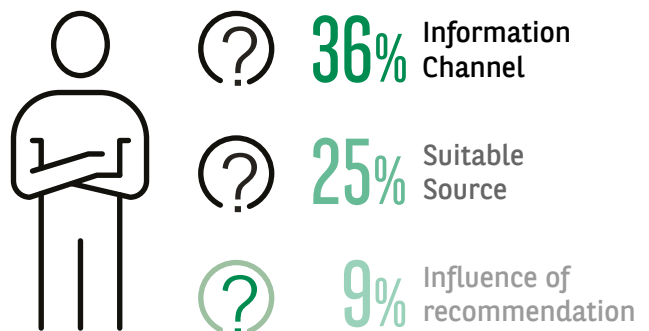
OF WEALTHY INVESTORS IN THE
NETHERLANDS FEEL WELL INFORMED ABOUT
THEIR FINANCIAL INVESTMENTS (2017: 36%)

**How would you state your overall
knowledge or information level
about your financial investments?**

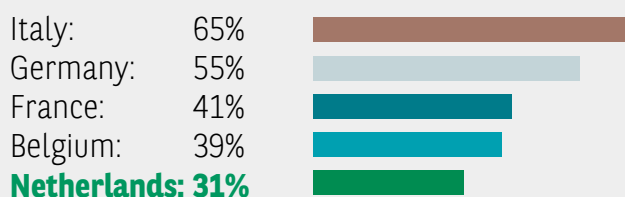
Investors in the Netherlands are more knowledgeable about their financial investments than last year and around one third want to have more information about sustainable investment. For this they rely primarily on their bank advisor. In all countries the bank advisor holds the key position as an expert contact person. He is the only person who can convey concrete information on issues such as security and profitability – but has rarely done so hitherto. This desire is particularly pronounced in the Netherlands.

CLIENTS WANT TO HAVE A BETTER UNDERSTANDING OF
SUSTAINABLE INVESTMENT AND EXPECT INFORMATION.
ADVICE PROVIDED BY BANKS IN PARTICULAR SHOULD
SUPPORT THIS FORM OF INVESTMENT.

Bank advisors in the Netherlands



Interested in information about SRI



Recommendation of bank advisor to invest in SRI



**Are you interested in learning more about
“Socially Responsible Investment (SRI)”?**

**Has your banking or financial advisor ever advised you to
invest in “Socially Responsible Investment (SRI)”?**

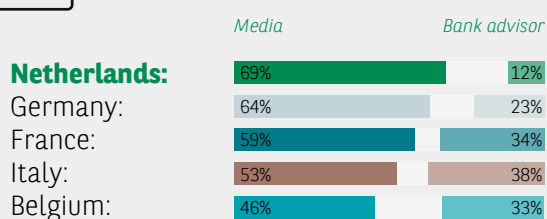
THE ROLE OF THE MEDIA IN DISSEMINATING INFORMATION

TO DATE, WEALTHY INVESTORS OBTAIN MOST INFORMATION FROM THE MEDIA.

Although bank advisors play a key role as the expert providers of information about sustainable investment, wealthy investors in the Netherlands and all other countries receive the bulk of their knowledge through the media. Yet it seems that knowledge provided in this way is not enough to actually make sustainable investments. The lack of knowledge on sustainable investments is one of the main reasons why investors decide against making such an investment.



Source of information about SRI



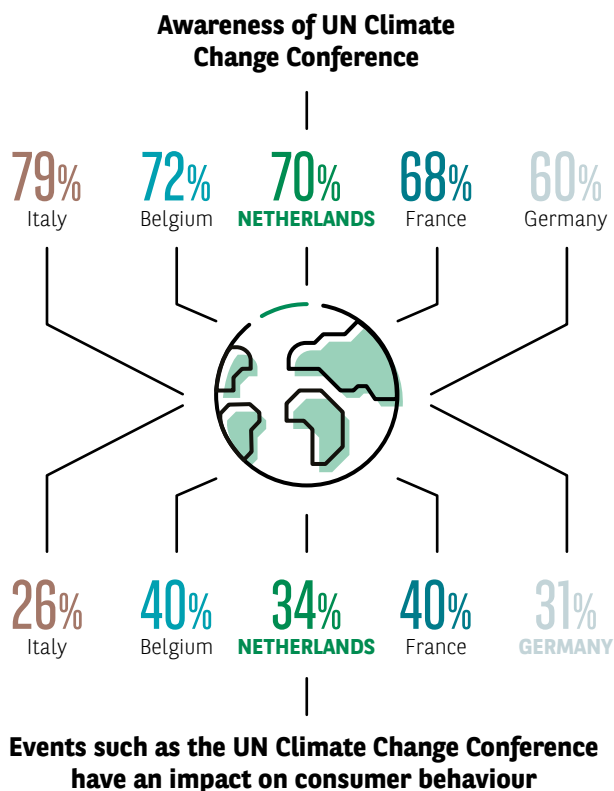
And how did you get in contact with SRI?
Where have you heard of SRI?



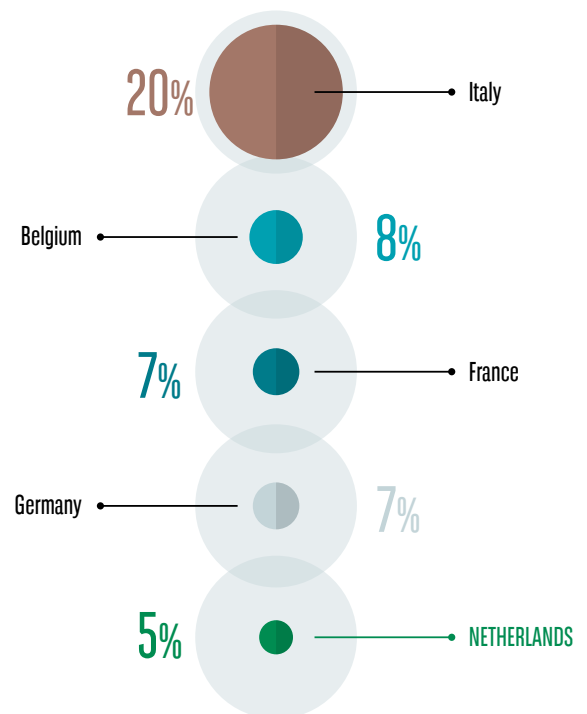
According to you, which source do you feel is most suitable to inform you about "Socially Responsible Investment"?

THE EFFECTS OF EVENTS SUCH AS THE UN CLIMATE CHANGE CONFERENCE

HIGH-PROFILE EVENTS INFLUENCE CONSUMER BEHAVIOUR, BUT ONLY HAVE A LIMITED EFFECT ON INVESTMENT STRATEGY.



There exists events such as the United Nations Framework Convention on Climate Change. Are you paying attention to events related to climate change?



The fact that it takes information provided by media reports to convince people of SRI is demonstrated by high-profile events such as the UN Climate Change Conference. Most wealthy investors in the Netherlands and Europe are aware of these events and this leads to a change in thinking in terms of individual consumer behaviour. However, this rarely translates into SRI: the percentage of investors who allow themselves to be influenced by such events is far lower. The only exception can be found among investors in Italy, yet even here it is only one in five that review their investment as a result.

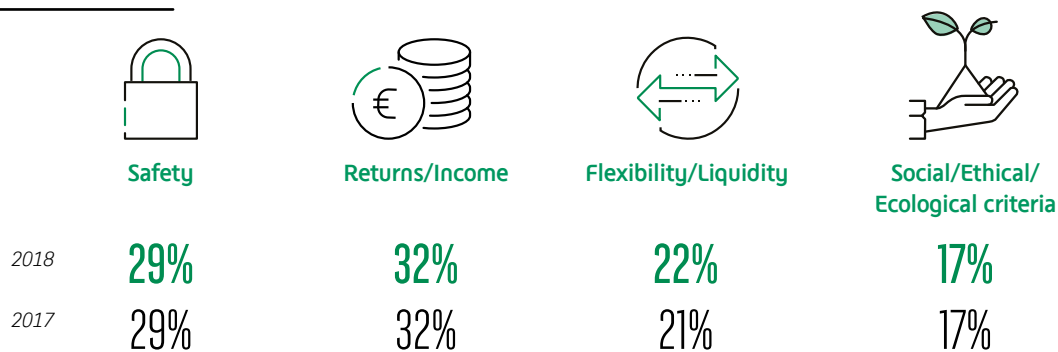
THE MOST IMPORTANT CRITERIA FOR INVESTMENT DECISIONS

SECURITY AND PROFITABILITY ARE STILL MORE IMPORTANT CRITERIA FOR INVESTMENT DECISIONS THAN ASPECTS OF SUSTAINABILITY.

The significance of social, ethical or ecological criteria has remained the same in the Netherlands compared to last year. The most relevant criteria for investment decisions continue to be security and profitability. Aspects of sustainability are at best viewed as complementary and play a secondary role.

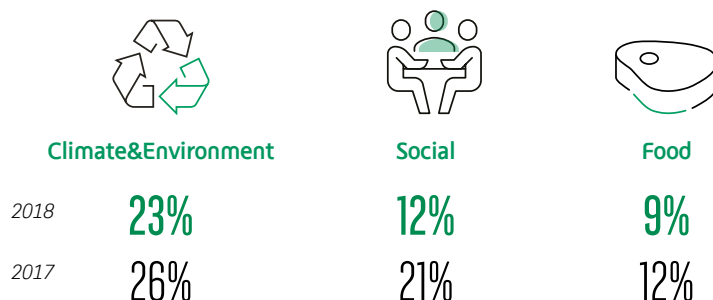
When the issues relevant to SRI are examined in detail, it tends to be the environment that is important to investors. Projects in the areas of food or social issues attract significantly less interest. Those who invest in SRI do so above all in order to make a positive contribution to the environment through their investment.

MOST IMPORTANT CRITERIA FOR INVESTING MONEY



In your opinion, what are the most important criteria for investing money?

INTEREST IN ISSUES OF SUSTAINABILITY



When thinking about the possibility of investing in "Socially Responsible Investment", which topic or content would be the one you are mainly interested in?

THE SIGNIFICANCE OF SUSTAINABILITY ASPECTS FOR PRIVATE INVESTMENT

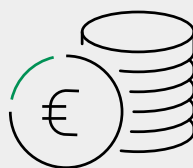
One in four wealthy Dutch investors take sustainable aspects into account when investing. In addition, the willingness to invest at least a small fraction of their own portfolio in SRI is present in one out of two investors. Also in the Netherlands there is a basic interest in making sustainable investments. For investors to follow up this declaration of intention with genuine investment decisions, they need solid and concrete information.

A RELATIVELY LARGE NUMBER OF INVESTORS ARE PREPARED TO INVEST IN SRI IN FUTURE.



Consideration of sustainable aspects when investing

Germany:	60%
Italy:	48%
Belgium:	30%
Netherlands:	28%
France:	26%



Willingness to invest at least a small part of the portfolio in SRI

Italy:	80%
Germany:	65%
Belgium:	63%
France:	57%
Netherlands:	52%

Please state how much do you agree with the following statement: I decide on investments by taking the responsible dimension into account.

Would you like to dedicate a portion of your investment portfolio to SRI?

OBSTACLES TO A MORE WIDESPREAD USE OF SRI

THE WIDESPREAD USE OF SUSTAINABLE INVESTMENT IS HAMPERED BY DOUBTS ABOUT THE CREDIBILITY AND A LACK OF INFORMATION.

One third of wealthy investors in the Netherlands is convinced that these days SRI should form part of a balanced investment portfolio. A clear majority must also be personally convinced by an investment. By implication, when looking at the low uptake of SRI this means that there is a lack of successful persuasion to convince investors to actually use SRI in their own portfolio. A further obstacle is the lack of belief by wealthy private investors that SRI actually has a positive impact on society or the environment. Furthermore, only a minority of Dutch investors believe that SRI can deliver similar rate of return to conventional forms of investment. This problem with the argument for sustainable investment is strengthened by the fact that almost one third of wealthy investors sees the rate of return as the sole decisive criterion for investment.



67%

"I MUST BE PERSONALLY CONVINCED BY THE KIND OF INVESTMENT I TAKE"

31%

"My only concern is the financial return of my investment no matter how it is invested"

25%

"SRI has a positive impact on society"

30%

"I believe that the SRI approach, with sustainable investments managed by financial advisors, have a positive impact on the environmental issues"

32%

"By now, SRI investments belong to a well balanced portfolio"

11%

"SRI has returns equivalent to traditional investments"

Please state how much you agree to the following statements about "Socially Responsible Investment".

CONCLUSION

The Netherlands are the only country examined in the study where the awareness of SRI among wealthy investors has dropped. That being said, they are fundamentally interested in sustainability issues and well aware of events such as the UN Climate Change Conference. However, to date translating that awareness into a financial environment has only happened piecemeal. The main reasons for this are a lack of specific knowledge about sustainable investment, a lack of specific information from bank advisors, and the concern of investors that SRI will not deliver the same rate of return as conventional investments. Furthermore, investors still frequently have doubts about the positive social effects of sustainable investment.

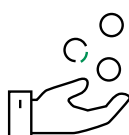
This is also where the opportunities lie for the future: If it were only possible now to raise the awareness of sustainable forms of investment and then to anchor the opportunities for return and the actual social effects of SRI more successfully in people's consciousness, the growth prospects for sustainable investment are huge.

THERE IS STILL A BIG GAP BETWEEN A GENERAL INTEREST IN SUSTAINABILITY ISSUES AND ACTUAL INVESTMENT IN SRI. HOWEVER, THIS MEANS THERE ARE GREAT OPPORTUNITIES AHEAD.



30%

Knowledge of SRI



5%

Investment in SRI



52%

Willingness to invest at least a small part of the portfolio in SRI



14%

Recommendation of bank advisor to invest in SRI



25%

Agreement with statement "SRI has a positive impact on society"



11%

Agreement with statement "SRI has returns equivalent to traditional investments"

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