April 2024

OVERVIEW OF RESPONSIBLE INVESTMENT ASSETS MANAGED IN FRANCE IN 2023

Responsible Investment: Further expansion of assets managed in the French market

MAIN RESULTS OF THE SURVEY:

- Assets managed in Responsible Investment (RI) funds and discretionary mandates under SFDR[1] regulation total **€2,531 billion** at the end of 2023 (**€2,443 billion for "article 8" funds and discretionary mandates, and €88 billion for "article 9" funds and discretionary mandates**):
    - RI assets under management in France grow by **+5.8% in 2023**, on a like-for-like basis, following a +6.9% increase in 2022.
    - RI assets under management in **"article 8" funds (French and foreign) rise by +14.3%**, while **"article 9" assets under management fall by -24.0%**, as a result of ongoing reclassifications following clarification of definitions by European supervisory authorities.

- **59%** of funds and discretionary mandates managed in France are classified as **"article 8" or "article 9"**, compared with 52% of assets under management at the end of 2022.

- Overall, **72%** of RI assets under management (funds and discretionary mandates) are intended **for institutional investors** (74% in 2022) and **28% for retail customers** (26% in 2022). For RI funds managed in France, 45% of assets under management are distributed to retail customers.

- At the end of 2023, **assets under management in French RI funds** stand at €1,277 billion, up **+14.3%**, compared with an increase of +8.0% for all funds domiciled in France.

- The proportion of **assets under management in French-domiciled funds classified as "article 8" or "article 9"** rises in 2023, and now represents **63%** of assets under management in French-domiciled funds, compared with 53% at the end of 2022. This proportion rises to **86% for UCITS** and **42% for AIFs**.

1) In this study, responsible investment refers to products classified under article 8 or 9 of the SFDR regulations, on which details are given on page 4.

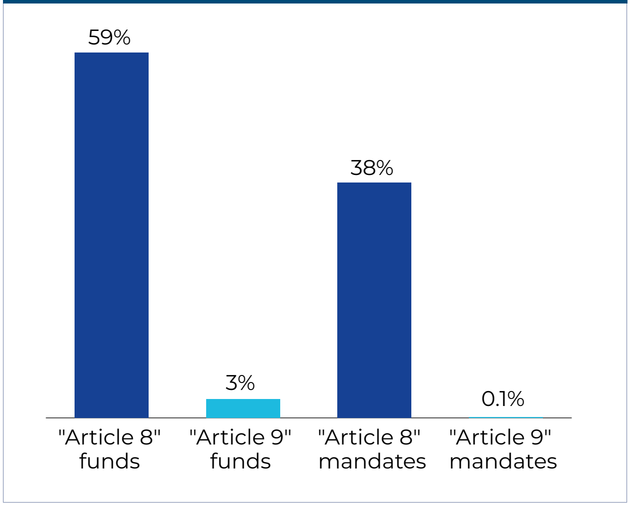
Continued growth in responsible assets under management in France

At the end of 2023, Responsible Investment (RI) assets under management in France total €2,531 billion, according to SFDR regulation. They are divided between French funds at €1,277 billion (50%), foreign funds at €301 billion (12%) and discretionary mandates at €953 billion (38%).

The breakdown of RI assets between "article 8" and "article 9" of SFDR regulation is €2,443 billion and €88 billion respectively. RI assets under management in France rise by +5.8% in 2023, on a like-for-like basis, following an increase of +6.9% in 2022.

RI assets under management in "article 8" funds (French and foreign) are up +14.3%, while "article 9" assets under management are down -24.0%, as a result of ongoing reclassifications following clarification of definitions by European supervisory authorities.

Breakdown of RI assets in 2023



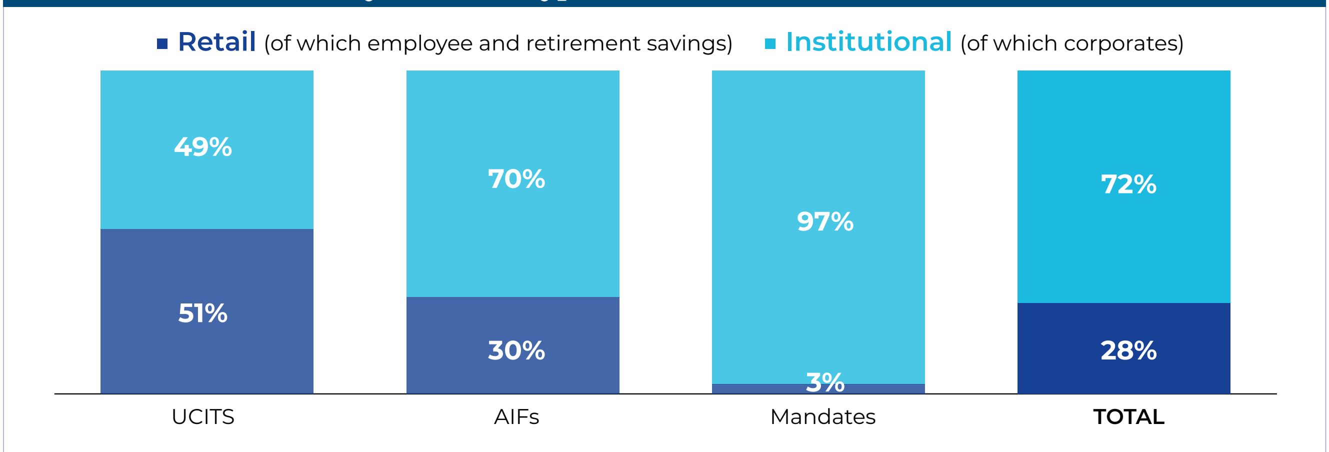
59% of assets under management in France (discretionary mandates, French and foreign funds) are classified as "article 8" or "article 9".

A predominantly institutional customer base

Institutional investors (including corporates) hold 72% of RI assets. Assets under management in French and foreign RI funds are divided between institutional clients (55%) and retail investors (45%). The share of retail customers grows, notably through the distribution of labels and employee and retirement savings plans.

For discretionary mandates, the weight of institutional investors is more significant, with the latter holding 97% of assets under management.

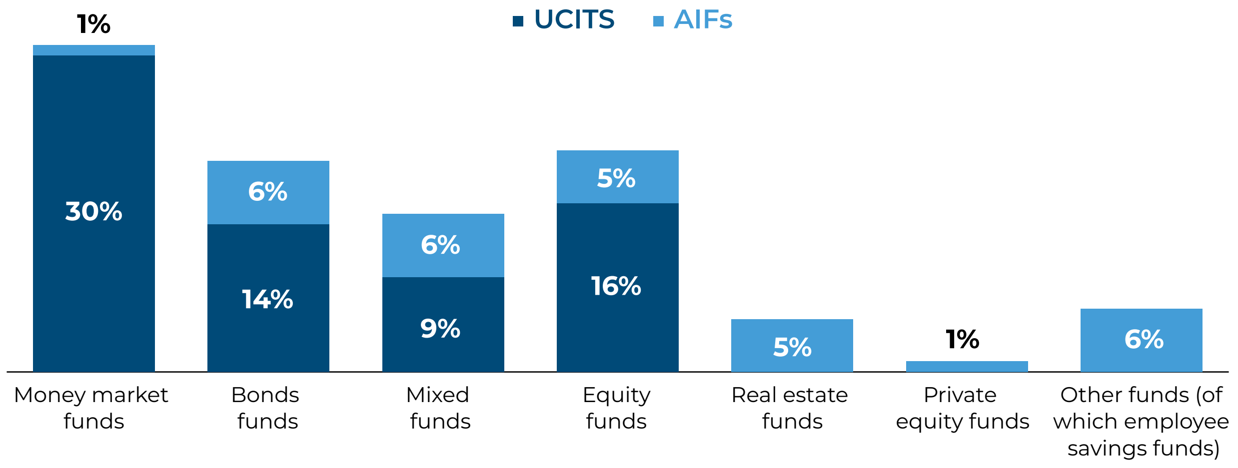
Breakdown of RI assets by customer type



Breakdown by category of Responsible Investment funds managed in France

Money market funds account for 31% of assets under management in France, compared with 22% for equity funds, 20% for bond funds and 15% for diversified funds. Real estate, private equity and employee and retirement savings funds account for 12%.

Breakdown by category of assets managed in France for RI funds

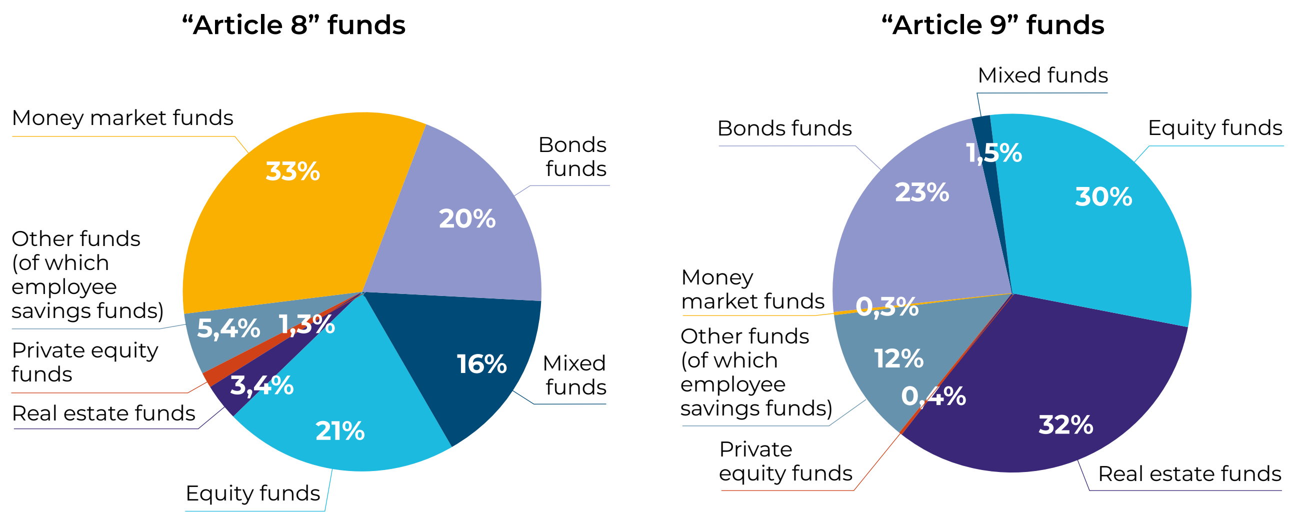


Allocation of "article 8" funds more oriented towards traditional asset classes than "article 9" funds

"Article 8" funds managed in France are distributed as follows: 33% in money market funds, 21% in equities, 20% in bonds and 16% in diversified funds.

By contrast, the assets under management in France of "article 9" funds are mainly invested in equities (30%), real estate (32%) and bonds (23%).

Share of RI funds by category among funds managed in France



Sharp rise in assets of Responsible Investment funds domiciled in France

At the end of 2023, assets under management in French RI funds total €1,277 billion:

- €1,213 billion for "article 8" funds
- €64 billion for "article 9" funds

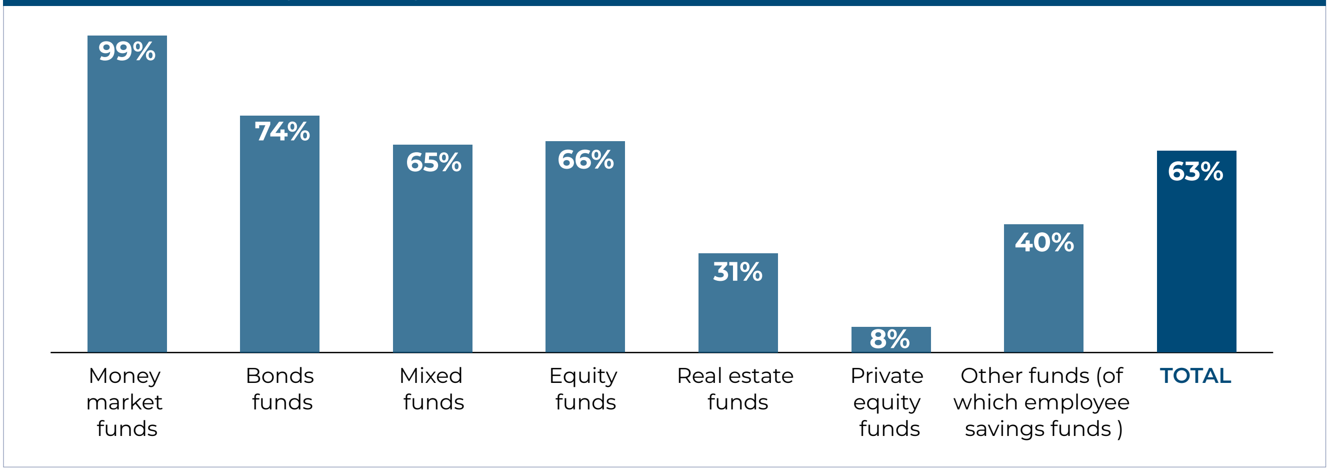
In more detail, assets under management in French RI funds rise by +14.3% in 2023. While assets under management in French "article 8" funds are up +16.2%, those in "article 9" funds are down -12.5%. The decline in assets under management in "article 9" funds is mainly due to the ongoing reclassification work begun by asset management companies in 2022, following clarification from European supervisory authorities, and the application of new requirements linked to the introduction of level 2 SFDRs.

The preponderance of Responsible Investment funds among French funds

In 2023, 63% of the assets under management in funds domiciled in France are invested in RI funds. RI funds account for almost all money market fund assets.

For bond, equity and diversified funds, RI funds account for almost 74%, 66% and 65% of their assets under management respectively.

Share of RI funds by category among funds domiciled in France



SFDR Regulation

The *Sustainable Finance Disclosure Regulation* (SFDR) aims to provide greater transparency in terms of environmental and social responsibility within the financial markets, notably through the provision of sustainability information on financial products (integration of sustainability risks[2] and negative impacts[3]).

The SFDR regulation was adopted to harmonize and reinforce the transparency obligations of players marketing financial products. As a means of comparing the degree to which ESG factors are taken into account in management companies' investment processes, SFDR aims to facilitate the redirection of capital towards initiatives that promote a more sustainable economy.

The regulation thus calls for the classification of each product (fund or management mandate) to be defined according to its characteristics:

- Article 8 : the product promotes environmental and/or social characteristics, provided that the companies in which investments are made apply good governance practices;
- Article 9 : the product has a sustainable investment objective, i.e. it invests in an economic activity that contributes to an environmental or social objective. Provided that these investments do not cause significant harm to one of these objectives and that the companies in which the investments are made.

2) ***Sustainability risk:*** *an environmental, social or governance event or situation which, if it occurs, could have a significant negative impact on the value of an investment.*

3) ***Negative sustainability impact:*** *the negative impact of investment decisions on sustainability factors (environmental, social, labor, human rights, and anti-corruption issues). These regulations apply to financial products and the entities that manage them, including asset management companies.*

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