

# AUSTRIA

FIGURE 13: SRI IN AUSTRIA, DECEMBER 31<sup>ST</sup>, 2005

CORE SRI: €1 billion      BROAD SRI: €1.2 billion

Source: Eurosif

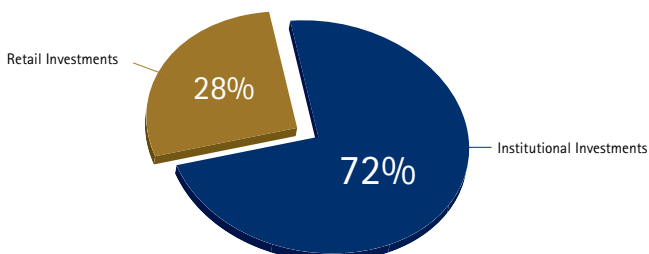
## KEY FEATURES OF SRI IN AUSTRIA

Even though the beginnings of SRI in Austria were slow and comparatively late, public awareness around the issue is growing. In spite of the fact that disclosure regulations for a new type of occupational pension fund «Abfertigung neu» established in 2002 have been released only very recently, four out of nine of these occupational pension funds have been investing responsibly on a voluntary basis for years. Moreover these four pension funds applied for a sustainability-rating by the NGO ÖGUT and received a sustainability certificate for their funds.<sup>26</sup>

The Austrian SRI market has grown rapidly to an overall volume of more than €1.2 billion. SRI assets contribute more than 0.5 % to the volume of the total Austrian securities market.<sup>27</sup>

Institutional investors contribute more than €800 million to SRI assets. As we observed in our last market survey in 2003, Austrian institutional investors still clearly prefer mutual funds to SRI mandates. About 80% of institutional SRI capital is managed in mutual funds.<sup>28</sup>

FIGURE 14: RETAIL VS. INSTITUTIONAL SRI ASSETS IN AUSTRIA, DECEMBER 31<sup>ST</sup>, 2005



Source: Forum Nachhaltige Geldanlagen, Eurosif

Austrian SRI mutual funds have an overall volume of more than €900 million, and hold more than 1% of the overall assets managed by Austrian investments funds.

## MAIN PRACTICES

Negative screening is the favoured investment strategy in Austria. More than 77% of SRI capital is screened based on ethical and other criteria. The Best-in-class approach is being used for about 60% of SRI assets.

Asset managers estimate that CG or SEE issues are integrated into the financial analysis of more than 40% of SRI assets. It should be noted that Integration is a rather unfamiliar strategy in German-speaking countries. Therefore asset-managers often use Integration as a generic term for a wide range of strategies and principles.

Some investment companies maintain a dialogue with companies, but Engagement above this level is uncommon.

## Who are the main investors?

Austrian asset managers consider religious institutions as the most important investors. However, occupational pension funds are becoming increasingly prominent institutional investors on the Austrian SRI market. Other client groups include insurance companies and corporations.

26. ÖGUT: The Austrian Society for Environment and Technology is an independent platform for environmental, economical and administrative issues.

27. See Austrian National Bank's online statistics: Total volume of Austria securities' market by the end of 2005 €132,962 million.

28. See Austrian National Bank's online statistics: Total volume of Austrian mutual funds by the end of 2005 - €87,801 million.

**What do SRI fund managers and service providers offer?**

The majority of the Austrian SRI providers are supported by external research and rating agencies. Internal ethical committees are also very common. Finally internal asset managers cooperate with a team of external researchers and internal committees.

**MARKET EVOLUTION SINCE 2003**

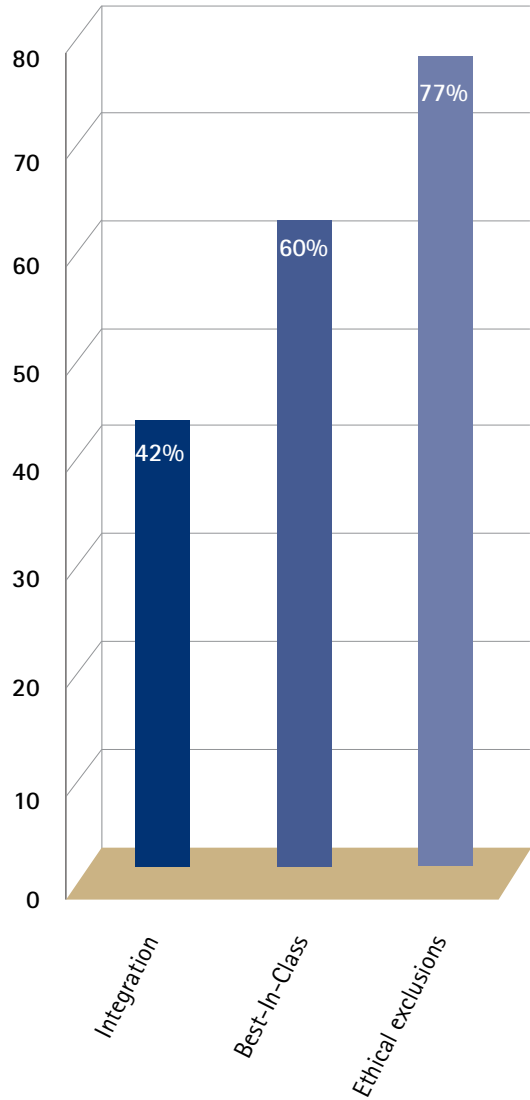
**What is the growth rate of AUM?**

The growth rate of the Austrian SRI market is extremely high since it started at a very low level. SRI assets have increased more than 1,000% from €109 million in 2002 to €1.2 billion by the end of 2005. The volume of institutional SRI investment almost equally grew by 900% from €80 million in 2002 to more than €800 million in 2005. The growth of the total volume of all Austrian investments was much lower and has increased by 48% since 2002.<sup>29</sup>

**MARKET PREDICTIONS: 3 YEARS FROM NOW**

The rather newly established occupational pension funds still have a very high potential for further SRI growth. The Austrian SRI market will therefore certainly continue with its rapid growing process. Quadrupling figures from 2005 to 2007 seem likely.

**FIGURE 15: SRI STRATEGIES AS APPLIED IN AUSTRIA AS PERCENTAGE OF SRI ASSETS, DECEMBER 31<sup>ST</sup>, 2005**



Source: Forum Nachhaltige Geldanlagen, Eurosif



29. See Austrian National Bank's online statistics.