

From Risk to Opportunity: Amundi is Leading a Sea-Change in Asset Management

Amundi is establishing industry-leading best practices to meet the needs of its clients with a finance for today, and tomorrow.

Deep roots in forward thinking

On the 8th of October 2018, shortly before current debates reached their fever pitch, Europe's largest asset manager¹ announced an ambitious three-year action plan to extend its responsible investment approach both in terms of breadth and depth. While one might be forgiven for thinking it a response to current events, the action plan is actually a carefully thought-out expression of the company's DNA that has been thoroughly prepared—indeed, one of Amundi's foundational pillars is responsible investment.

Now, Amundi is making a bid to bring responsible investing to a whole new level on a completely new scale, applying rigour and transparency to three main areas: mainstreaming ESG investing, fostering innovation and accompanying and advising investors.

Knowledge is power

The company developed and continues to refine a proprietary methodology for ESG analysis involving 36 ESG criteria. It aims to cover 100 per cent of the more than 8,000 issuers in its investment universe by 2021.

Furthermore, Amundi has taken the innovative step of 'ESG benchmarking'. The 2021 action plan calls for each fund's benchmark index to be scored for ESG based on its weighted holdings. All actively managed funds—representing close to €1.4 trillion in assets²—will be required to outperform the ESG score of their benchmark index.

Alongside this transparent and systematic selection process,

Amundi is committed as an investor to promoting positive change in the marketplace as a whole through voting and engagement. As Europe's largest asset manager¹, Amundi is in a position to bring to bear considerable weight as a shareholder. The three-year action plan calls for 100 per cent of voting activity to integrate ESG issues. Given that Amundi voted at over 2,500 General Meetings in 2018, this represents an enormous commitment.

Investing in change

In addition, Amundi will continue to develop new vehicles that allow investors to bring their investments in line with their most important values. The company, which is already a leader in ESG funds, rated A+ by the UN's Principles for Responsible Investment (PRI) and the winner of multiple SRI awards³, will concentrate on three broad areas.

In the context of international pressures to combat the global climate crisis, climate change is naturally a major concern. Here, Amundi favours instruments that stimulate supply as well as demand, such as green bond funds, in order to build a thriving marketplace around responsible investment. Social impact investing is another area where Amundi is looking to increase considerably, capitalizing on its experience and pipeline as the number 1 social impact investor in France⁴ to expand geographically so that international clients can make an impact in their own backyard.

Last, but by no means least, the company is committed to doubling its footprint of passively managed ESG funds.

Bringing Investors up to speed

To resolve the root problem of clarifying what responsible investment means on the international stage, Amundi contributes to the public square, publishing research by its in-house team of ESG analysts and sponsoring the Medici Committee, a think tank devoted to addressing major societal challenges through the lens of finance. More directly, the company works hand in hand with clients to help them identify their values and associate them with tailored investment solutions.

The world of responsible investment is in the midst of a major shift, as world leaders emphasise the role of finance in achieving a sustainable global economy that creates value for the present and for future generations. Amundi's three-year action plan for 2021 announces the company's intention to lead by example, by broadening the scope of application for ESG analysis and by increasing the range of specialized offerings available to institutional and private investors.

FOOTNOTE

1 Source: IPE "Top 400 asset managers" published in June 2018 and based on AUM as of end December 2017.

2 Amundi Figures as of end June 2018.

3 Among awards, the most recent one is 1st place in the SRI & Sustainability ranking published by Extel and UKSIF in the Asset Management Best Firms category for SRI/ESG.

4 Source: Finansol, based on AUM of the social impact fund managed by Amundi.

Amundi
ASSET MANAGEMENT