

AFG fully supports the development of responsible investment

AFG, which represents third-party asset management professionals, decided very early on to fully support the development of **responsible investment** in France.

This involvement fits into the larger context of its promotion of **long-term savings** (savings invested in equity, employee savings and pension savings plans, etc.) and asset quality (corporate governance, etc.), which contribute to the proper financing of our economy and the protection of citizens against risks.

French asset management companies are fully committed to this approach and are adapting their offering to the concerns of their institutional and private investors by proposing products that entail varying degrees and types of commitment – SRI funds¹, integration of ESG criteria², shareholder engagement, thematic investing and so on – and have in common respect for the values of **sustainable development**.

Asset management professionals have also joined forces to meet their clients' expectations and comply with the new statutory provisions on the **financing of the energy transition**.

AFG's commitment focuses on the following areas:

- ▶ Dedicated Standing Committee – Sustainable Finance Commission – to which two committees are attached – Responsible Investment Committee and Corporate Governance Committee
- ▶ Member of the CSR National Platform
- ▶ Leading role in the creation, development and work of the *Observatoire de la Responsabilité Sociétale des Entreprises* (Study Centre for Corporate Social Responsibility – ORSE)
- ▶ Dialogue with stakeholders (national employers' federation – MEDEF, Paris Europlace, ORSE, inter-trade unions committee for employee savings plan – CIES, FIR, etc.)
- ▶ Participation in the EFAMA Stewardship, Market Integrity and ESG Investment Standing Committee
- ▶ Integration of SRI into AFG's professional training programme (PRAM, seminars, etc.)
- ▶ Dialogue with European bodies to promote Sustainable Finance
- ▶ Member of Finance for Tomorrow, an initiative aimed at promoting sustainable finance in France and abroad



SRI Transparency Code

Development of the European “Transparency Code” for SRI funds open to the public in association with the Forum for Responsible Investment (FIR) and Eurosif (European Sustainable Investment Forum), updated in 2013 and 2018.

As of 30 July 2018, 331 funds managed by 50 asset management companies subscribed to the Code.

SRI definition:

« SRI (Socially Responsible Investment) is an investment which aims to **reconcile economic performance with social and environmental impact by funding companies and public institutions that contribute to sustainable development** regardless of their business sector. By influencing governance and corporate behaviour, SRI contributes to a responsible economy. »

(AFG – FIR³, July 2013)

Asset managers commit themselves to address the challenge of climate change

On 10th July 2019, eight of the largest worldwide asset managers – including three French managers – gathered at the Élysée Palace at the invitation of the President of the French Republic Emmanuel Macron – founded the One Planet Asset Managers Initiative and committed themselves to cooperate and integrate the climate change concern in their investment choices.

They join therefore the process initiated last year by six sovereign wealth funds by integrating Climate Change Risks.

AFG was pleased that three French worldwide asset managers are among the creators of this project, like a testimony that the climate change considerations hold a key position in the strategy policy of French managers. This approach is part of the new collective commitments made on July 2019 in the Declaration of the Paris Financial Center announcing “A new step for green and sustainable finance” to combat climate change and contribute to achieving the goal of net zero carbon by the year 2020, and announced by AFG amongst the main professional bodies and associations representing the Paris Financial Center and presented by Bruno Le Maire, French Minister for the Economy and Finance.

- 1) SRI: Socially Responsible Investment
- 2) ESG: Environmental, Social and Governance
- 3) Source: *Responsible Investment Survey 2019 – Consolidated results published by AFG in collaboration with the FIR.*
- 4) FIR: Forum for Responsible Investment

Responsible investing passes the EUR 1,400 bn mark

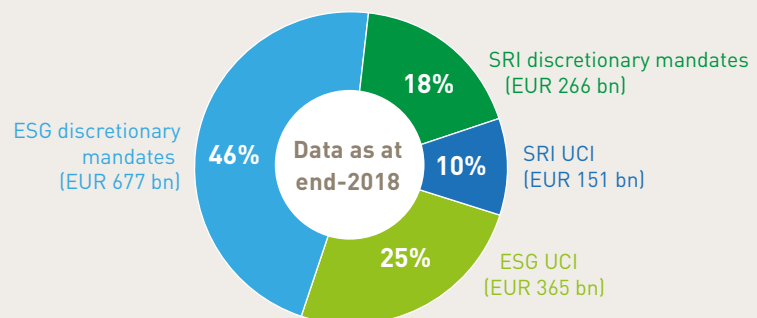
For the second year in a row, AFG surveyed its asset management company members for information about their Responsible Investing (RI) management activities, making a distinction between SRI funds and other ESG approaches taking into account Environmental, Social and Governance criteria.

At end-2018, Responsible Investing (RI) AUM in France³ stood at EUR 1,458 bn, including EUR 417 bn in SRI funds and EUR 1,042 bn in other ESG strategies (excluding exclusion-only strategies). Like-for-like, RI assets grew 40% over one year.

Overall, SRI fund assets represented more than one tenth of the assets under management in France. In 2018, the increase in SRI assets could be attributed to the dynamic growth of management mandates, with UCI assets remaining stable despite the year’s difficult market conditions. Growth of other ESG approaches was mainly driven by the spread of integration strategies.

Management mandates accounted for 65% (EUR 943 bn) of RI assets, versus 35% (EUR 516 bn) of investment funds, confirming the dominance of institutional investors in the RI market.

Breakdown of RI assets (in EUR bn)
of respondent management companies



SRI label

Created and supported by the French Minister for the Economy and Finance in response to the initiatives carried out by the profession and consolidated by those of the marketplace, the SRI label aims to increase the visibility of SRI products for savers by ensuring that they are managed in accordance with sound methodologies with a requirement for a high degree of transparency and good-quality information.

AFG promotes the SRI label alongside the FIR⁴.

At end July 2019, 222 funds managed by 48 asset management companies for assets of over EUR 57 billion were labelled.

The Association Française de la Gestion Financière (French Asset Management Association –AFG) represents thirdparty asset management professionals. It brings together all asset management players from the discretionary and collective portfolio management segments. These companies manage nearly EUR 4,000 billion in assets.