



Press release

Amundi's Responsible Investment Views 2024 Trends to watch for responsible investors

Paris, 25 January 2024 – Responsible investing is quickly becoming more mainstream and is gradually converging towards a more standardized and regulated environment. **This change of scale has led to heated debates throughout 2023** with a regulatory framework undergoing consolidation, and a significant momentum on energy transition.

In order to keep up with the environmental and social challenges ahead while continuing to put clients' objectives first, **the finance industry needs to bring greater clarity to the sustainable finance value proposition**. To cut through the noise, Amundi is publishing its [1st Responsible Investment Views](#), which offers insights on the main trends to watch in 2024 as well as implications for investors.

Elodie Laugel, Chief Responsible Investment Officer at Amundi declares, *"The coming years will be critical. A slower transition would certainly bring huge environmental, financial, economic costs that need to be carefully identified. On the opposite, we see great opportunities if the world enters into a steady and orderly transition scenario. Investors should stay the course! Consistency and clarity around the investment value proposition will be key component of their success."*

Vincent Mortier Chief Investment Officer at Amundi said, *"Despite challenging market conditions, responsible investment flows keep increasing on the long run. Favorable trends should continue to support its future development as 67%¹ of global asset owners are convinced of the materiality of ESG factors. In addition, we expect thematic and impact strategies to dominate the market in 2024 and onwards."*

While 2023 was a year of transition, Responsible Investment resumed its growth:

- Assets held in Responsible Funds have increased fourfold since 2020 and now account for 17% of total assets worldwide² and more than half of the European ones.
- In a difficult market for Europe and cross-border funds (- €84bn² net flows), Responsible funds as a whole experienced similar negative flows as regular ones but sustainable investment fund presenting the highest level of integration posted significant positive net inflows: thematic funds, impact funds and funds with positive ESG screening, collected close to €33bn between January and November 2023².
- In terms of performance, after a difficult 2022 in a context of energy crisis, 2023 showed a return to positive territory for the main ESG indices. Europe, the US and the World indices all experienced significant positive outperformance with only emerging countries continuing to

¹ Morningstar "Voice of the Asset Owner Survey 2023" survey

² Broadridge data as of November 2023. All rights reserved. The information included herein belongs to Broadridge and/or its content providers, may not be reproduced or redistributed and offers no guarantee as to accuracy, completeness or relevance. Neither Broadridge nor its content providers may be held liable in the event of damages or losses that result from the use of this information

underperform their parent index (over 10 years, the SRI version of MSCI World still outperforms the standard index: +10.1% p.a. versus +9.2% p.a. for the 2014 to 2023 period)³.

Elodie Laugel declared, “A number of signals show that the industry is maturing on the ESG topic. Now, the financial industry needs to bring greater clarity in the value proposition made at product level, and commitments made at corporate level.”

On impact investing on Emerging Markets, **Vincent Mortier** adds, “Impact investing also need to consider EM markets because these are highly critical areas when it comes to climate transition and energy transition at large. There is a conducive environment from macro perspectives when it comes to investing in EM markets.”

Amundi believes 2024 will be a year of acceleration for Responsible Investment, driven by promising structural trends, particularly around 6 important markers:

1. The US Inflation Reduction Act to the EU Green Deal Industrial Plan constitute significant Tailwinds for the Green Tech & Clean Energy sectors

- For the first time ever, **the alignment between energy security, strategic industrial plans, foreign policies goals and climate objectives is creating significant tailwinds for responsible investing.**
- Policy initiatives in the US, EU, and China are driving substantial investments in green tech.
 - The US Inflation Reduction Act marked a breakthrough, unlocking \$400bn⁴ for green tech incentives.
 - The EU's response, the Green Deal Industrial Plan, will reinforce RePowerEU, a plan aiming to mobilize €300bn⁵ by 2030.
 - In China, the combination of the “Made in China 2025” plan and the 14th Five-Year Plan has put green innovation at the centre of the industrial policy.
- Five green tech areas to watch in 2024: **sodium batteries, AI for smart for emissions management, green steel, carbon capture & storage, and alternative marine fuels.**

2. Climate: Net Zero compass remain more than ever relevant despite the need for more ambitious climate action from policy makers

- Global CO₂ emissions have largely surpassed interim targets, while IEA has predicted fossil fuel to peak before 2030 and announced mature clean energy spending rising to record levels.
- Developing a climate change strategy has become essential for long-term investors. However, **responsible investors should assess both the climate related risks of investments and develop**

³ MSCI data as published in 22nd January 2024. The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instrument or product or index. None of the MSCI information is intended to constitute investment advice or recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the use of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including without limitation, lost profits) or any other damages.

⁴ [McKinsey](#)

⁵ [European commission](#)

net zero investment frameworks to support gradual capital reallocation while mitigating the impact of high energy market volatility on performance.

- While implementing climate transition plans, investors should remember that **risks are significant and rising**. In fact, **climate transition plans are exposed to both transition risks and physical risks**. Transition risks have taken the limelight in terms of portfolio impact assessment. But on the physical risk side, we have already seen an increase in financial losses caused by acute extreme weather events that are expected to increase in frequency and intensity.

3. 'Blended finance' will play a critical role to close the financing gap in emerging countries

- At a time of emerging market debt crunch, the gap between the investment needed to reduce greenhouse gases to net zero by 2050 and the current funding has widened. Given the limited fiscal space in most economies, the private sector will need to cover between 80%-90% of these investments (source: IMF). **Closing the sustainable financing gap through scalable blended finance mechanisms** with better collaboration between public and private entities is **more important now than ever**.

4. Sustainability risks are multi-faceted and investors' focus on Nature and Just Transition should increase.

- The **"Planetary boundaries" concept**, that delineates the environmental limits within which humanity can safely operate, **should emerge as a leading framework** for responsible investors as it enables the integration of biodiversity, climate and other nature dimensions into a single overarching framework.
- **Actions by companies and investors on biodiversity have remained limited** due to data collection & reporting challenges. The OECD reported that **funding for biodiversity accounted for only 7% of funds⁶** allocated towards environmental measures. This is expected to change as biodiversity-related reporting increases, research progresses and regulation comes into place.
- To overcome the temporary lack of data and reporting on biodiversity, **Amundi has developed a proprietary investment framework to monitor a portfolio's impact on biodiversity**.
- In order for the transition to succeed at a global scale, we must ensure the transition is just. **We expect the private sector to face increasing demands to demonstrate concrete evidence of efforts to deliver an inclusive transition**.
- Amundi has developed a dedicated 'Just Transition score', based on generic and sector-specific criteria, for each of the main stakeholders involved in the transition: local communities, clients, workers and society at large.

5. EU Sustainable Finance Action Plan: significant milestones have been reached in terms of transparency, that should pave the way to more capital flowing in to support sustainable and inclusive growth

- The **EU Sustainable Finance Action Plan has brought transformative changes to the European sustainable funds landscape with enhanced transparency and standards**. Its impact goes beyond Europe as it is influencing regulators worldwide, and has become a benchmark.
- To fulfil its goal of financing the transition through individual choices, **the Action Plan needs to ensure clarity and comparability** across sustainable finance offerings. These must be tailored

⁶ [OECD report "Biodiversity, natural capital and the economy"](#)

to end investors' needs to enable widespread mobilization of savings towards the transition.

6. Beyond headlines on ESG backlash: ESG is seen as more and more material by investors

- **Responsible investing faces localized backlash in some regions**, with debates over its perceived timidity or on the contrary on accusations of breach of fiduciary duties.
- **Yet, more than two-thirds of asset owners (67%) believe ESG has become more crucial to investment policy** in the past 5 years (source: Morningstar).
- **This backlash should be seen as a sign that the industry is maturing.** Firstly, it shows that **real change is at work**. Secondly, it calls for **a need for clarity in value propositions and corporate commitments**. Investors' expectations must be met on these two fronts.
- In 2024, **we expect asset managers to continue enhancing transparency at product level**, and to clarify how commitments at an asset management company level relate to product level objectives. **Regulators have a key role to play in preventing polarisation** of the debate by enforcing greater transparency and providing a common framework.

[Access to the full Amundi Responsible Investment Views 2024 here](#)

About Amundi

Amundi, the leading European asset manager, ranking among the top 10 global players⁷, offers its 100 million clients - retail, institutional and corporate - a complete range of savings and investment solutions in active and passive management, in traditional or real assets. This offering is enhanced with IT tools and services to cover the entire savings value chain. A subsidiary of the Crédit Agricole group and listed on the stock exchange, Amundi currently manages more than €1.95 trillion of assets⁸. With its six international investment hubs⁹, financial and extra-financial research capabilities and long-standing commitment to responsible investment, Amundi is a key player in the asset management landscape. Amundi clients benefit from the expertise and advice of 5,400 employees in 35 countries.

Amundi, a trusted partner, working every day in the interest of its clients and society

www.amundi.com



⁷ Source: IPE "Top 500 Asset Managers" published in June 2023, based on assets under management as at 31/12/2022

⁸ Amundi data as at 30/09/2023

⁹ Boston, Dublin, London, Milan, Paris and Tokyo