

Investing the green way: Where value, opportunity and a sustainable future meet



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Environmentally friendly financial products, which were once limited to a niche market, are growing in popularity as initiatives are encouraging institutional investors to switch capital towards low-carbon activities, assets and technologies. A growing awareness of the potential impact on the value of these products has created a surge in popularity from institutional investors. They are also seeking to invest in companies and projects that can help to reduce climate change resulting in the rapid growth of low-carbon indices and a heightened popularity of green bonds.

The Portfolio Decarbonization Coalition has recently been established by the UN. It seeks to promote investment in decarbonisation strategies, exploiting investment opportunities that mitigate the risks arising from climate change.

At the end of 2015, the PDC set out an initial target of \$100bn in decarbonising investments across all asset classes. This target was surpassed reaching \$600bn within the first 16 months. Companies are also becoming incentivised to switch towards low-carbon activities as investors withdraw capital from carbon-intensive companies towards areas of the economy that have increased carbon-efficiency.

Through the PDCs initiatives, countries have demonstrated to investors that the global economy is moving towards a low-carbon future. However, targeted regulation can provide additional momentum. The mandatory disclosure by asset managers of climate change-related risk exposures is an example that would be simple to implement. France is leading the way, with the recent legislation requiring this from institutional investors.

The PDC is seeking to engage new investors in 2016, working with governments and other stakeholders to support the adoption of low-carbon practice by institutional investors. Initiatives from organisations such as the UN and the G20 are providing further thrust to this growing trend.

Amundi is a founding member of the PDC and integrating environmental, social and corporate governance is a crucial part of our culture. We are therefore committed to accelerating the transition towards a low-carbon economy and will continue to develop innovative investment solutions.