

# SUSTAINABLE TRANSITION: A Collective Challenge and Opportunity

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## Understanding why the transition needs to take place and what the future will look like

**Paul Polman**, Business leader, campaigner and co-author of Net Positive  
*Interviewed by Elodie Laugel, Chief Responsible Investment Officer at Amundi*



- The transition is a long-term, multi stakeholder model driven by purpose which could potentially go hand in hand with financial performance.
- In Paul's view, **businesses are ahead of where they were 3/5 years ago on climate** and increasingly on nature and biodiversity. However, they continue to struggle on social inequality.
- Although the numbers are moving in the right direction, **we are not going fast enough**. We are now at a point where the cost of not acting is becoming significantly higher than the cost of acting.
- When looking at consumer awareness and attitudes, we see increasing awareness and suffering across the world from the effects of climate change and people are now demanding change. In both the US and Europe, billions of money is being unlocked which is being driven by citizens
- According to Paul, the SDGs have become an investment opportunity and most business leaders are now developing corporate strategies around these goals. However, **we are behind on all global SDGs** – only 12% of these goals are on track.
- We must **stay the course and with more determination, accelerate the change**, as it is the only moral framework the world has.



## Stakeholders in the Transition: Complementary Responsibilities for a collective objective

**Bastien Drut**, Head of Strategy and Economic Research at CPR AM



- There are **several transitions in progress** including the demographic transition, the energy transition, the transition towards a better protection of nature and of biodiversity and the digital transition.
- Each of these transitions seem **unstoppable, are very powerful, interconnected and here to stay**.
- Clearly, there are challenges for the stakeholders in each of these transitions as some of them have something to lose in the short term at least.
- These transitions can only take place smoothly through **broad and long-lasting discussions and negotiations**.

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## How to capitalise on Energy Transition by engaging with solutions providers?

Colm O'Connor, Senior Portfolio Manager KBI Global Energy Transition Fund



- The energy transition has evolved over the last 20 years, primarily driven by **stronger regulation and technological advances**.
- Regulation and policy supports such as the Inflation Reduction Act is now global and continues to be a huge support to the energy transition in the long and short term.
- It has been a tough few years for clean energy, for example, there was a lot of dislocation in solar and offshore wind in 2023. In Colm's view, **it won't be a straight line upwards** but this is a long-term theme.
- We also heard from **Alejandro Bujanos, Head of Sustainable Investing at Sura** a Mexican Pension fund that is focused on investments that are aligned with a transition to a 1.5 Degrees world.

## Making the green transition fair and acceptable to all

Romina Boarini, Director of the OECD WISE Centre

Interviewed by Isabelle Vic Philippe, Lead Portfolio Manager, Amundi Social Bonds



- At the end of 2023, the OECD published the results of a survey conducted with the support of Amundi, exploring the perceptions of equal opportunities across 27 OECD countries. The collected data revealed that **promoting social mobility and equality of opportunity remains a pressing concern for many countries** challenging the very fabric of our societies. For 70% of respondents, the responsibility for reducing economic inequality lies at the feet of multiple actors. Read the full report [here](#)
- One fundamental element to make the transition possible is the equilibrium of our collective social and political schemes. This is why **the fight towards inequalities is crucial for the transition**.
- Under the pressure of market actors and regulations, the interconnection is increasing between the green and social aspects in both framework and reality.
- As explicitly stated in the Paris agreement, social impacts have to be taken into account for the eligibility of green projects. **Some issuers are now classifying their projects with double impact, green and social**.
- Romina highlighted that it will be really important to design financial disclosure standards focusing on E and on S, which are highly inter-operable and/or integrate the E and S within the same reporting structure (which should reflect the conceptual interlinkages between E and S).
- **Asset managers can play a key role** by promoting and financing solutions that promote green, social or sustainability projects.





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### Reconciling Environmental Transition and Biodiversity preservation

**Marc-André Selosse**, Professor at the Muséum National d'Histoire Naturelle (Paris)

*Interviewed by Vanessa Cottet, Chief Responsible Officer CPRAM*



- Biodiversity is vital for food, climate and health and is declining at an unprecedented rate with its loss potentially representing a material risk for investors, like climate change.
- The **challenge is how to preserve and restore biodiversity**, as it is just as important as the climate transition.
- According to Mr Selosse, “We have to change our view of nature and use biodiversity as a tool. It is time to act but we have to act very fast. We have tools for the future but if they are incompatible there is no future”.
- **Acculturation** is needed in order to say what needs to be done and to say that we need to change our point view.
- **Our role as an asset manager is to provide information to investors** so that they can direct capital towards companies that reduce their impact or have good practices within their sector.
- **Engagement** with companies on natural capital issues in their operations and value chains is also crucial.
- CPRAM benefit from the scientific support of the National Museum of Natural History and has **joined forces on a new global equity strategy**.



### Sustainable Transition: An EU Policy Making perspective

**Marcel Haag**, Director for Horizontal Policies at DG FISMA) of the European Commission.

*Interviewed by Elodie Laugel, Chief Responsible Investment Officer at Amundi*



- The **EU Sustainable Finance Action Plan** was created in 2018 with the aim to reorient capital flows towards sustainable investments, manage financial risks stemming from sustainability factors, and foster greater transparency and long-termism in financial and economic activity to achieve sustainable growth.
- The **Framework is the most advanced among the major jurisdictions in the world**, for example, taxonomy is being used by the major companies in Europe. The framework is used for company strategies, structuring transactions, reporting and monitoring and communicating to staff and stakeholders.
- **Transition finance is a key issue** and according to Mr Haag, the EU needs to look at what needs to be done to guide the transition and to scale up which is necessary, at this point in time.
- The EU have been prolific in producing regulation and now is a good time to take stock of the regulation which is in place to see if it is working and adapt, if required.





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## Integrating the Sustainable Transition into portfolios

**Kristel Cools**, Chief Business Development Officer and Member of the Executive Committee at Belfius AM  
**Jean-François Coppenolle**, Director of Sustainable Investments, Abeille Assurances. Co-lead MRV track, Net Zero Asset Owner Alliance

*Interviewed by Alice De Bazin, Global Head of Institutional Business Development Support*



- Sustainable Transition investing covers several strategies, several asset classes and several approaches.
- From a portfolio perspective it allows for an active and efficient allocation.
- From an investment point of view, **conviction needs to be there** to allow clients invest in a more sustainable future.
- Investors can manage their portfolio's transition pace, in line with their financial and non-financial targets.
- For both Kristel and Jean-François, **it is important to set objectives and to be clear on what is important for your portfolio**. From a portfolio management point of view, measurement, good governance and good communication with stakeholders and clients is key for organisations.
- As a financial institution, Belfius believe they have a social role to play and there is an **equilibrium challenge between making progress on climate and the just transition**. They are very active in their engagement with companies on a number of environmental and social elements on how they define their policies.
- From a regulatory point of view, they agreed that Scope 3 and legislation such as SFDR are challenges for all asset managers.
- Abeille Assurances have committed to align their investment portfolio with a net-zero emissions trajectory by reducing its carbon intensity by 25% over five years. They have also developed a tool to actively measure the forward looking carbon footprint of their investment portfolio. They are also a member of the **Net Zero Asset Owner Alliance**, a member-led initiative of institutional investors committed to transitioning their investment portfolios to net zero GHG emissions by 2050.

## Important Information

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Date of first use: 25 March 2024

Doc ID: 3466604