# Deep dive into ESG: Investing in a better tomorrow

Sustainability seems to be on everyone's lips these days. The climate crisis in front of our doorsteps shows quite plainly that we all need to rethink our lifestyles if we want to give future generations the chance to also enjoy this planet.

Because one thing is clear: governments cannot solve the problem on their own. Economic and financial players have also a greater responsibility toward society. They have to actively encourage companies to implement a change - and have a major role to play in directing capital towards projects related to energy transition and by avoiding to buy stocks of the worst offenders. To put this into focus, just 100 companies are reported to be responsible for 71% of global greenhouse gas emissions.[1]

Putting this into practice is known as responsible investing, a strategy that incorporates environmental, social and governance (ESG) factors into investment decisions. Importantly, it doesn't just target climate emergencies: other important social issues such as inequalities, diversity and social justice are also factored into sustainable investing decisions.

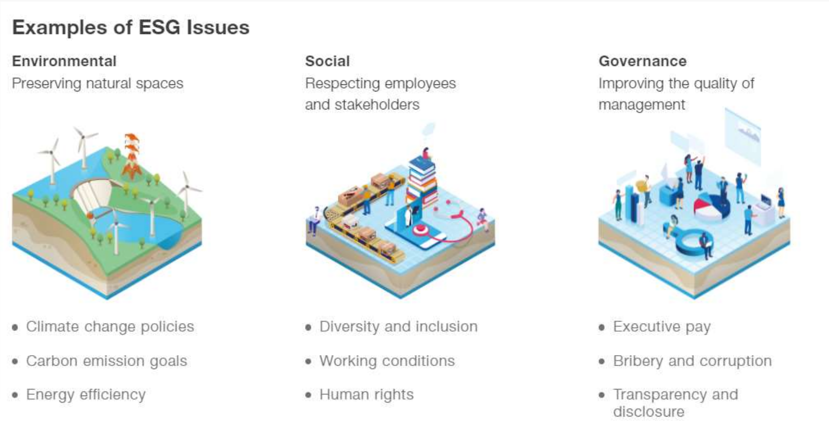
## Defining ESG

ESG involves assessing a company's environmental, social and governance practices by screening them against a set of pre-defined criteria. In other words, companies need to fulfill requirements that are in line with certain standards.

Environmental aspects can include a firm's carbon footprint, energy use and waste management. They may also take the company's compliance with environmental regulations into account.

The social component focuses on issues that are related to a company's culture and the relationship it maintains with its employees, suppliers and customers. Among others, the list of criteria can comprise diversity, labour standards and data protection.

Governance factors look at the firm's management team and the way it runs the business. Shareholder rights, executive compensation as well as bribery and corruption are only some of the items on the agenda of responsible investors in that regard.




[1] https://www.theguardian.com/sustainable-business/2017/jul/10/100-fossil-fuel-companies-investors-responsible-71-global-emissions-cdp-study-climate-change

## Where does Amundi come in?

Sustainable investing is one of the founding pillars of Amundi, one of Europe's largest investors. The company firmly believes that the positive effects generated by including environmental, social and governance factors in their investment process today 'will be a source of sustainable performance', according to Vincent Mortier, group deputy CIO at Amundi.

This is why Amundi is planning to apply a strict ESG policy to 100% of its open-ended funds under management and voting policy by 2021, thus throwing its full weight behind the fight for a better world by influencing companies in adopting more social responsible principles in their day to day activities.

The good news is that we believe this may also benefit investors in financial terms.

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*Sources:*

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## Disclaimer

### Important information



Date of first use: 27 October 2020

Doc ID#: 1323297

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