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Socially responsible investing (SRI): The AMF publishes a new stocktaking of practices in the collective investment industry

Since publishing its first SRI report in 2015, the AMF has noted an improvement in investor disclosures and is issuing new recommendations. The regulator has also prepared a first assessment of application by management companies of the Energy Transition for Green Growth Act.

After conducting a first review in 2015 of investor disclosure practices on 100 funds, the AMF decided to assess the same practices two years later using a comparable sample. The findings are positive, revealing that companies have acted on the recommendations issued by the AMF two years ago. In 2015, 26% of funds provided detailed information on environmental, social and governance (ESG) criteria and defined their SRI investment policy. In 2017, 71% of them provided a level of information that was sufficient to allow investors to understand the SRI strategy followed by the fund.

To make it easier for investors to differentiate between SRI funds and more conventional funds, the AMF is proposing new best practices for management companies, including the following:

- Publish votes at general meetings of the main investee companies;
- Publish a report on dialogue with investee companies;

- Publish an inventory of portfolio securities on the website.

The AMF also recommends that SRI funds marketed to retail investors take steps to obtain the public SRI label established in January 2016. To date, 119 funds marketed in France have been awarded this label.

Energy Transition Act

The AMF's 2017 SRI report also provided an opportunity to make an initial assessment of how companies are applying the obligations arising from the Energy Transition for Green Growth Act. This legislation requires management companies and institutional investors to report precisely on the integration of ESG criteria in their investment policies, at the latest by 30th June 2017. The Act also requires companies managing funds with over EUR 500 million in assets to disclose their exposure to climate risk and their contribution to meeting energy transition goals.

The AMF noted that 68% of management companies had published a report and that 38% of firms, accounting for 78,5% of assets under management, or around EUR 3 trillion, had effectively integrated ESG criteria in their investment policies.

To make information more user-friendly and accessible, the AMF recommends publishing a single document that is easily accessible on the website of the management company. The document should also be written in French if the company targets retail investors.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org

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