



**By Philippe Zaouati.**

Natixis AM Deputy CEO, Head of Mirova.

Head of development and member of Natixis Asset Management's executive committee since 2007, and deputy CEO since 2010, Philippe Zaouati is also head of Mirova, the responsible investment division of Natixis AM.

Since 2011, Philippe Zaouati has also been in charge of the European Fund and Asset Management Association's (EFAMA) working group on responsible investment. In 2012, he became a board member of the International Corporate Governance Network (ICGN).

Actively involved in promoting responsible savings, Philippe Zaouati was also recently appointed President of the SRI Commission of the French Asset Managers' Association (AFG).

# Why we created Mirova

There are many ways of analysing the world today, many visions of the future, even though some facts stand out undeniably.

The current imbalance between growth and debt, the decorrelation with the real economy, the depletion of natural resources, and climate change issues all highlight the fact that the current economic development model is no longer sustainable.

Whether it is seen as one of the causes of this crisis or merely as a catalyst, the finance industry also represents a major part of the solution. This is particularly true for the investment industry.

**We are convinced that we need to see finance from a new perspective in order to better understand the risks and opportunities of a changing world.**

Many investors have already turned to socially responsible investing. Their impact remains negligible, however. Looking beyond SRI, investors are clearly seeking meaning and increasingly expressing concerns about asset allocation, models, risk approaches, benchmarking, etc. Responsibility has become a pivotal concept.

Investors are taking a broader view and are more concerned about the sustainability of their investments, the part they play in financing the economy, their responsibility as shareholders, the medium-term potential of their investments, and so on.

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**The challenges of the future are investment opportunities to be seized. This is where we step in. This is our role.**

We see responsible investment as a set of techniques, expertise and investment products that enable investors to direct their cash and savings towards companies committed to a better future, financing the infrastructure that is essential to energy transition and supporting a social and solidarity-based economy, and companies that help investors understand what is at stake and to play an active and responsible role.

**Institutional investors and private savers, notably in Europe, are in search of returns and meaning for their investments.**

This starts, obviously, with extra-financial research and the integration of ESG<sup>1</sup> criteria into portfolio management. But we need to go much further than this.

**This is the objective we have set ourselves with Mirova, the responsible investment division of Natixis Asset Management. Offering solutions and creating value together over the long-term, this is Mirova’s ambition.**

Mirova’s creation reflects our high ambitions in terms of responsible investment: to remain at the cutting edge and strengthen our position in the French market, and to become a key player on the international scene. We are not starting from scratch: we have been active, often the leaders, in several of the above-mentioned areas for many years now.

**We decided to combine our different areas of expertise in a single investment division, one of its kind in Europe, and have organised our offering into four pillars:**

## 1 Listed equity management

We are looking to identify and support companies in Europe and throughout the world that provide solutions for the future and that take into account their externalities, whether they be positive or negative.

Asset portfolio management primarily means selecting companies, projects and management teams; to do this, an analysis grid is used along with a vision of the world and the economy, driven by real expertise. This is what we set out to create, by putting in place a global thematic approach comprised of eight key sustainable investment themes.

(1) ESG: Environmental, Social/Societal and Governance.

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## 2 Financing infrastructure<sup>2</sup>

The need is huge. We are lucky to have a team of experts in place who have demonstrated their know-how through investing in public infrastructure projects in France, and in renewable energies across Europe.

We are therefore looking to finance infrastructure projects that address the challenges of sustainable development and generate regular cash flow over the long term.

## 3 Impact investing<sup>3</sup>

We are leaders in impact investing in France and we are continuing to develop our capacity to select and follow projects with a direct social and environmental impact. Promoting these products beyond corporate saving schemes remains a key challenge.

We are therefore looking to invest a portion of assets in unlisted companies and structures with a strong social and/or environmental impact, by funding needs that are inadequately met by traditional financial channels in France, and by supporting projects which will have significant social impact, directly or through specialised institutions.

## 4 Voting and engagement

We offer investors our specific expertise in terms of extra-financial analysis, analysis of the resolutions of General Meetings, and shareholder engagement.

We support institutional investors and asset managers in exercising their voting rights and implementing engagement actions, the goal being to create long-term value for all stakeholders.

This expertise is developed by a team of around forty specialists, including experts in thematic investment management, fund managers specialising in different business sectors, engineers, financial and extra-financial analysts, experts in project financing and experts in solidarity finance.

This requires an in-depth understanding of global changes in technology, politics, regulations, society and markets around the world.

(2) The Infrastructure financing activity is managed by Mirova Environment and Infrastructure, a subsidiary of Natixis Asset Management.

(3) Impact Investing: Asset management with a social/environmental impact.

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We have therefore signed an agreement with Cambridge University, based on a research partnership focusing on sustainable development themes as well as the establishment of a task force in 2013, the Investors Leaders Group.

**If this wealth of expertise is our internal added value, we also believe that it should be public and shared in conversation with the network.**

This allows us both to share these convictions and to question them regularly, in a process of improvement and continuous innovation.

**This is precisely the purpose of this research paper, in which this first issue:**

- outlines the fundamentals of our research methodology and investment process;
- provides an in-depth study on electric vehicles, one of the new technologies that could change our mobility and driving patterns while reducing the carbon footprint;
- presents our current position on shale gas, a highly topical and controversial issue;
- exposes, from an external view, the challenge facing a finance industry that better takes the general interest into account;
- gives an overview of key events of the last few months that sparked interest or laid the groundwork for a “sustainable” model of civilisation.

**This publication and the ones that follow will provide you, our readers, with a clearer understanding of the world around us and its challenges, whilst defining the vision that drives us.**

We would like to move away from ready-made moulds that at times place SRI into a kind of ‘niche’.

We would like to offer a new way of seeing the investment industry that provides direction by responding to the sustainable development challenges that affect us all, while still continuing to create value for our clients.

‘ Offering investors solutions and creating value over the long term: this is Mirova’s ambition.

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## Mirova. Responsible investing

Mirova is a brand of Natixis Asset Management.

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Limited Company - Share Capital: €50 434 604.76  
RCS Paris 329 450 738 - Regulated by AMF: GP 90-009  
Registered Office: 21 quai d'Austerlitz - 75634 Paris Cedex 13

The Infrastructure financing activity is managed by Mirova Environment and Infrastructure, a subsidiary of Natixis Asset Management.

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RCS Paris 394 648 216 - Regulated by AMF: GP 02 014  
Registered Office: 21, quai d'Austerlitz - 75013 Paris

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