

## INSURANCE ASIA NEWS

Institutional Asset Management Awards  
2023



## Best ESG Thematic Strategy - Corporate Governance Insurance Fund House of the Year - Indonesia

### BNP Paribas Asset Management

**Companies with large market capitalisations tend to integrate diversity issues more easily than smaller companies.**

**Board diversity is acknowledged as a source of financial outperformance and sustainable value. BNP Paribas Asset Management (BNPP AM) has made this a major focus of its overall ESG strategy in recent years.**

The results of its 2022 global study on female board membership compares more than 3,000 companies in which BNPP AM invests with around 17,800 listed companies included in the Institutional Shareholder Services (ISS) database.

It shows that women hold, on average, 27% of board seats at companies in which BNPP AM invests, an increase of two percentage points from 2021. This compares with an average of 20% for companies in the ISS database, also two percentage higher than in 2021.

Geographic differences remain marked: Europe, South Africa and Australia are the most advanced in terms of board parity, although all regions are improving. The rates in Asia are generally lower, although Malaysia (28%), Singapore and India (both 19%) compare favourably.

Jane Ho, Head of Stewardship Asia Pacific at BNP Paribas Asset Management, comments 'We actively engage with Asian companies on this subject and do evaluate them on a company by company basis, making exceptions to our policy for those that are making significant efforts in terms of diversity.'

Ultimately, positive developments have been seen in recent years, due to regulatory requirements on diversity and other support provided such as flexible work and female mentorship programs, not in small part due to a rise in stakeholders' expectations.'

This year, BNPP AM is once again enhancing its voting policy and increasing its minimum threshold for women on boards by 5%. In Europe, North America, Australia, South Africa and New Zealand, BNPP AM now requires a minimum level of female board membership of 35% (up from 30% in 2022). Currently 43% of investee companies meet this requirement.

In Latin America, Asia, the Middle East and Africa, BNPP AM now requires a minimum level of 20% (up from 15% in 2022). Currently 27% of investee companies meet this requirement.

BNPP AM's voting policy requires it to oppose the election of all male directors at AGMs in all markets in 2023 if these requirements are not met. Exceptions may apply if the percentage of female directors is slightly lower than required - and the company has made significant recent efforts to improve diversity, or has a small board.

This significant strengthening of BNPP AM's voting policy supports its objective of setting a threshold of 40% female board membership at all investee companies by 2025. In addition to voting at AGMs, BNPP AM also conducts ongoing engagement with investee companies.

Last year, BNPP AM engaged in direct dialogue with 40 companies that were encouraged to align with its diversity requirements. Of these, 20 increased their ratio of female to male directors, demonstrating the effectiveness of BNPP AM's voting policy and engagement efforts.



Jane Ho, Head of Stewardship APAC



**It is engaging with institutional clients for seminars and tailor-made sessions covering topics such as portfolio and risk management, life-cycle concepts, passive investing and style investing.**

**Insurance Fund House of the Year - Indonesia  
BNP Paribas Asset Management**

Over the past 30 years of operating in Indonesia, BNPP AM has established a strong position in various market segments, from offshore funds, to sharia and index products.

The firm currently has the equivalent of around 2,090 million in AUM, combining both mutual funds and discretionary mandates. In 2022 it grew assets through strong inflows to its offshore sharia funds, index funds and local equity funds. This shift in investment preferences is aligned with the group approach of focusing on thematic strategies.

BNPP AM’s strong focus on ESG globally has fed through to the local market, where domestic equity funds integrate fully the ESG standards and processes of BNPP AM globally. The fund’s objective is to have a better ESG score and lower carbon footprint than its benchmark.

**Engagement and education**

An education program on the benefits of ESG investing has been rolled out utilising social media, as well as active participation in ESG-related events such as the Green bond issuance and ESG investor Forum hosted by Bank Mandiri in 2022.

BNPP AM now has two funds available in Indonesia that integrate ESG into their investment process, alongside two other funds that make a contribution to society through donations for philanthropic activities that are focused on inclusion, in support of the Indonesian government’s direction towards a more sustainable and inclusive economy.

BNPP AM was the first fund manager to launch a mutual fund that invests fully in offshore markets as a USD denominated investment solution. It was also the first to offer a China-focused fund through BNP Paribas Greater China Equity Syariah USD, and the first to offer a global technology theme, which is also the first index fund in Indonesia that follows a global index.

**Indexing and ESG**

Up to now, BNPP AM is the only fund house that actively educates the public about the benefit of index funds. It uses traditional ways to engage and educate institutional clients, with seminars and tailor-made sessions covering topics such as portfolio and risk management, life-cycle concepts, passive investing and style investing. For retail investors and the public, topics include an introduction to sustainable investment, ESG concepts, sharia investment and indexing concepts.

In 2023, BNP Paribas Asset Management will also be launching officially its ESG education to both institutional and retail clients, leveraging on its Global Investment Academy program. Impact of these education programs are not easily measured, but BNPP AM’s Indonesia team reports a noticeable increase in traffic to the company’s website, where sustainability and ESG are the top keywords searched by visitors to the site.