



PRESS RELEASE

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A YEAR AFTER ITS JOINT DECLARATION ON GREEN AND SUSTAINABLE FINANCE, THE PARIS FINANCIAL CENTRE TAKES STOCK OF THE LATEST ADVANCES

Paris, 2 July 2020 - One year ago, the primary professional bodies and associations representative of the Paris Financial Centre (ASF-French Association of Financial Companies , AFG–French Asset Management Association, FBF-French Banking Federation, FFA-French Insurance Federation, France Invest- French association of private equity actors, Paris EUROPLACE and Finance for Tomorrow) announced new commitments to combat climate change and to further the goal of a net zero-emissions economy by 2050. Today, they have seized this occasion to review the actions taken thus far and those yet to come.

1/ By the end of 2020, the Paris Financial Centre’s main players shall have a clear coal exit strategy

- **The major French banks now all have a proactive policy in view to phasing out coal.** Each one has adopted exclusion criteria as well as hard deadlines beyond which they will no longer do business with companies that fail to meet their policies’ requirements.
- **All insurers currently possess a coal exclusion policy.** Some ten of these have updated their policies within the last year. Some fifteen or so companies, representing over 70% of assets managed by insurers, are planning a date for full divestment of coal and/or a gradual lowering of exclusion thresholds in their policies, as per the recommendations of NGOs. In 2019 alone, insurers divested of more than 750 million euros from coal as a result of implementing these policies.
- **Two thirds of assets managed by portfolio management companies in France are already subject to coal-exclusion strategies.** The AFG, the FBF and the FFA are helping their members implement coal exit strategies by the end of 2020. The AFG and the FFA, in particular, have each published a handbook and recommendations for their members.

2/ Establishment of a Sustainable Finance Observatory to track commitments with maximum transparency

The Observatory's website will launch on 29 October 2020 to coincide with the 6th Climate Finance Day, the annual flagship event of Finance for Tomorrow. It will catalogue the individual commitments made by the Paris Financial Centre’s actors on a voluntary basis and present consolidated indicators by sector, focussed on the following four areas:

- Coal exit strategies
- Financing the transition to a low-carbon economy
- Responsible investment in accordance with ESG criteria
- Responsible product offerings

The Observatory's goal is to foster better understanding, tracking and assessment of the financial sector's gradual shift toward sustainable finance. In addition to the contributions of professional bodies, the Sustainable Finance Observatory receives funding from the European Commission's LIFE programme as part of the Finance ClimAct project. It will include an appointed scientific and expert committee, comprised of independent members who will be asked to assess the quality and suitability of methodologies and data posted to the Observatory. The committee will be chaired by Pierre Louis Lions, 1994 recipient of the Fields Medal and professor at the Collège de France.

3/ The Paris Financial Centre confirms its leadership position in green and sustainable finance

The Paris Financial Centre and its market players are at the forefront of the development of green and sustainable finance at the international level:

- **In 2019, four of the world's top 10 banks for green and sustainable lending were French.** A similar pattern can be seen across green, social and sustainable bonds, where French players hold over 27% market share.
- At the end of 2019, Responsible Investment assets under management (AuM) in France stood at **€1.861 trillion (as compared to €1.458 trillion at end 2018)**. The government-sponsored labels, SRI and Greenfin, continue to make strides, with 455 labelled funds (compared to 222 in 2019) representing €166 billion in AuM for the former and 45 labelled funds (compared to 30 in 2019) for total AuM of €14 billion in the latter case, proof of the leadership Paris exhibits in green and sustainable finance. At the end of June 2019, 43% of assets under management in French SRI-labelled funds were held by French insurers, who are continuing to expand their savings offerings centred on responsible, green and impact investment thanks to label-bearing unit-linked policies.
- Before the end of the year, the ASF plans to **publish statistics on increases in financing for 'green' equipment**, including household purchases of cleaner vehicles and energy-efficient renovation of housing stock as well as industrial buildings, investments in wind power, biomass and waste recycling.
- **Via the Carbon 2020 Initiative**, adopted by the PRI1 in 2019, some forty private equity funds are working to develop guides, tools and operational methodologies designed to integrate the climate challenge into their investment decisions or to assess the carbon footprint of their holdings. Over the last decade, French private equity firms have invested €5.7 billion in Cleantech in France, of which more than a third renewable energies, with the average ticket rising from €3.2 million in 2010 to €11.3 million in 2019.

Augustin de Romanet, Chair of Paris EUROPLACE, declared: *'As Europe gears up to restart the economy by combining business recovery, green growth and digital innovation, the members of the Paris Financial Centre are taking this anniversary of the first financial Centre declaration in 2019 as an opportunity to affirm a shared commitment to promoting green and sustainable finance. Insurance companies, banks, businesses and investors all have a stake in this process of achieving carbon neutrality by 2050.'*

Thierry Déau, Chair of Finance for Tomorrow, said: *'Finance for Tomorrow is more than ever taking action to support the financial community in successfully transitioning the industry towards a more ecological and socially just model. The Sustainable Finance Observatory will furnish an indication of the impact of actions by the financial community and provide an example of transparency. We hope that our efforts lead to similar initiatives internationally.'*

¹ The Principles for Responsible Investment, an initiative under the auspices of the United Nations.

Signatories of the 2019 Declaration:



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Finance for Tomorrow, launched in June 2017 is the branch of Paris EUROPLACE to make green and sustainable finance a key driving force in the development of the Paris Financial Centre and to position it as a hub of reference on these issues. The nearly 80 members and observers of Finance for Tomorrow are committed by a joint charter to help redirect financial flows towards a low-carbon and inclusive economy, in line with the Paris Agreement and the UN's Sustainable Development Goals (SDGs). Finance for Tomorrow is chaired by Thierry Déau, Founder and CEO of Meridiam.



Paris EUROPLACE is the organisation in charge of developing and promoting the Paris Financial Centre and the French financial industry generally at the international level. It brings together a full range of stakeholders: companies, investors, banking and financial intermediaries, the legal and accounting professions, consulting firms, market authorities, for a total of more than 400 members. The association is chaired by Augustin de Romanet, Chairman and CEO of Aéroports de Paris



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Eight key players in sustainable finance in France gathering under the coordination of the French Environment and Energy Management Agency (ADEME), on a financial engineering programme with a budget of 18 million euros, and 10 million euros in funding from the European Commission (LIFE programme, which supports actions promoting the implementation of European policies). This project, Finance ClimAct, aims to develop new methods and tools and to integrate them into the decision-making and steering processes of the various stakeholders in the financial sector. This strategy is directly in line with the Paris Agreement, which aims to "make financial flows compatible with a trajectory towards low GHG emissions and climate-resilient development".