



DATA SYNTHESIS 2020 FOR THE PARIS FINANCIAL CENTER



ASSESSMENT PROGRAM

FC4S NETWORK

SUMMARY

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EDITORIAL



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Sustainable finance must become the norm of the financial sector, to support the transformation of the global economy towards carbon-neutrality and reach the Sustainable Development Goals. Moreover, an international scope of action is necessary to promote global solutions, to mainstream sustainable finance, and to align financial flows as demanded by the Paris Agreement.

In 2021, the COP26 on Climate and the COP15 on Biological Diversity are set to raise new ambitions. On the one hand, the financial sector must increase its commitments to support the ambition of governments and to respond to the expectations of civil society. On the other hand, financial players must fulfill their missions of protecting asset values and supporting future opportunities. The importance of these missions is highlighted by the new dynamic of the G20 group on sustainable finance.

International cooperation for the development of sustainable finance is the aim of the Financial Centers for Sustainability (FC4S) Network, now gathering 35 financial centers members under the aegis of the United Nations. As the international ambassador of French expertise on sustainable finance, Finance for Tomorrow was an "early supporter" of the FC4S network, signing the Casablanca Declaration in 2017 and acting as co-Chair of the network alongside Shanghai from 2018 to 2020.

Finance for Tomorrow has carried out the exercise of the FC4S's "Assessment Program" since 2018 for the Paris Financial Center. The tool's objective is to evaluate the state of green and sustainable finance across the world's leading financial centers, gathering information directly from the local level. It produces a benchmark and alignment scores to pilot the progress of each member. In its design, the tool embodies the credo "Act local, think global".

To go a step further, Finance for Tomorrow launched its "Sustainable Finance Observatory" in October 2020 as part of the French "Finance Clim'Act" program and in partnership with the main professional associations (FBF, FFA, AFG and France Invest). Its aim is to collect data on sustainable finance from the French ecosystem, making accessible the figures that demonstrate the transformation of the Paris financial center.

The FC4S network and Finance for Tomorrow are convinced that reliable market data is essential to build the necessary trust in the path for transition. In the face of urgency, this reporting exercise is necessary because we can only improve what we can measure. That can help to showcase the transformation of the financial sector, but also to take stock of concrete actions, demonstrating feasibility and increasing the level of our collective ambition.

EXECUTIVE SUMMARY

Each year since 2017, the FC4S (Financial Centers for Sustainability) network has issued a survey among its members to assess the dynamics of the sustainable finance market.

FC4S is a growing collective of financial centres, convened by the UN, which grew from 12 founding members signatories of the Casablanca declaration, to 35 financial centres across 5 continents representing more than US\$ 74.6 trillion market capitalization and managing over 80% of the global equity market. It was born out of the Italian G7 Presidency in 2017, to understand the contribution that financial centres can make to the delivery of the Sustainable Development Goals and the Paris Agreement on climate change. The network conducts research on emerging topics and offers best practice recommendations as well as providing content and analyzes on strategic issues.

When FC4S was launched, Finance for Tomorrow proposed the idea of an international benchmark of financial centers, less to define a ranking but to produce a comparative monitoring tool based on a robust metholodogy, to fuel collaboration as much as constructive competition. Answering to this market need, the "Assessment Program" (AP) was developed and launched in 2018 by FC4S with support from PwC France, and UN Environment and UN Development, as well as EIT Climate-KIC. to assess the dynamics of the sustainable finance market.

The objective of the Assessment Program is to evaluate the state of green and sustainable finance in the main financial centers of the world and to monitor their progress to support its development.

The Assessment Programme is a comprehensive process to gather information covering both private and public

sector actions and instruments to advance sustainable finance. Particularly, it analyzes the institutional foundations, regulatory environment and market infrastructure pillars across banking, investment and insurance sub-sectors as well as its debt and equity markets. To follow this markets' evolution and progress, the analysis of FC4S members' responses produces three "alignment scores" across 5 levels, based on the 3 mentioned pillars (namely, the institutional foundations, enabling environment, and market infrastructure).

FC4S members rely on their respective ecosystems to collect quantitative and qualitative data and consolidate all of this information. These results provide a unique global benchmark on the position of the world's main financial centers on sustainability issues. Indeed, despite unequal levels of advancement and commitment, the participation of FC4S members in the evaluation program is increasing year by year. In 2018, 12 members answered the questionnaire, 20 in 2019 and 24 in 2020, i.e. a response rate of 80%.

Finance for Tomorrow has carried out te exercise since 2018 and wanted to make its individual results public and more accessible. Each year, this is an important data collection work which, beyond positioning Paris as a leading financial center, is a valuable source of information to contribute to the transformation of the French financial sector.

Finance for Tomorrow would like to thank its members and partners, in particular I4CE, Euronext, and the professional federations of the financial sector for their contribution in terms of data and information, enabling the successful completion of this reporting exercise.



www.observatoiredelafinancedurable.com

In October 2020, as part of the French "Finance Clim'Act" program, supported by the European Commission and in partnership with the main professional associations (FBF, FFA, AFG and France Invest), Finance for Tomorrow launched its "Sustainable Finance Observatory" to collect data on sustainable finance at the heart of the transformation of the Paris financial center. It is integrated in the overall approach of FC4S, as it constitutes a digital tool model making it possible to make accessible the figures that demonstrate the transformation of the financial sector.



SCORE FC4S: PARIS 2020

4,1/5 INSTITUTIONAL FOUNDATIONS



THE INSTITUTIONAL FOUNDATIONS PILLAR explores the key institutions and ambitions that drive the development of sustainable finance within the financial centre. It examines in detail the actions and activities undertaken to promote sustainable finance, the reach of a dedicated initiative should one be in place, and the objectives and strategies in place at the FC or country level.

On Institutional Foundations, Paris scores higher than the FC4S median, with a score of 4.1 out of 5, whereas the median is of 2 out of 5.

· Paris benefits from a strong organisation at FC level around its dedicated initiative and takes advantage of the country level climate-related commitments and strategies that have been encouraging the private financial actors to take frontrunners commitments.

3,4 / 5 **MARKET ENVIRONMENT**



THE ENABLING ENVIRONMENT PILLAR maps the structures that support the scale-up of sustainable finance by providing rules & incentives and building capabilities. It scrutinizes the depth of the regulatory environment, the advancement of the public financing instruments, and the ability of the professional development and education eco-system to provide institutions with a trained and qualified workforce.

On Enabling Environment, Paris scores better than the FC4S median, with a score of 3.4 out of 5, whereas the median is of 2 out of 5.

· Paris benefits from advanced and demanding regulations and has developed an extended professional development and education

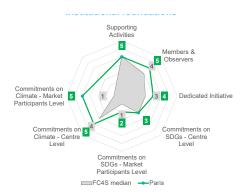
3,3 / 5 **MARKET INFRASTRUCTURE**



THE MARKET INFRASTRUCTURE PILLAR analyses how the commitments, strategies, policies, regulations and incentives are stimulating private market participants to actually mobilise capital. It inspects the dynamism of debt and equity markets regarding sustainable finance solutions and reviews the commitments taken and the sustainable products offered by the main financial industries such as banking, investment and insurance.

On Market Infrastructure, Paris is a leading financial centre among the FC4S network, scoring significantly higher than the network's median, with a score of 3.3 out of 5, whereas the median is of 1 out of 5.

· Paris benefits from its global approach where all financial industry sectors are taking commitments and developing sustainable products.



Paris is one of the leading centres on Institutional Foundations and systematically equals or outcompetes the FC4S network's median.

Paris could further improve by pursuing the development of commitments and strategies on aligning the financial system with the SDGs at FC or country level. The initiative in Paris could also help market participants in developing their own framework and encourage them to take strong commitments on this matter.



Paris is one of the leading centres on **Enabling Environment foundations and** systematically equals or outcompetes the FC4S network's median.

Paris could further improve by ensuring that the awareness of green and sustainable instruments and incentives provided by public finance mechanisms or bodies is increasing. Paris could also update the last market assessment regarding green and sustainable finance that was published in 2016.



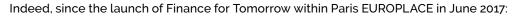
Paris is the leading centre on Market Infrastructure and systematically outcompetes the FC4S network's median.

Paris could further improve by allocating more capital towards green and sustainable debt instruments and equity markets. Paris can also help market participants such as banks and insurers to develop sustainability-related financing and insurance solutions.

This publication aims to promote the response of the Paris financial center to the "Self-Assessment Tool" questionnaire of the FC4S network in 2020. It synthesizes the data gathered by Finance for Tomorrow to value this content but also to put it into perspective. On the one hand, it relies on PwC's benchmarking analysis to offer a comparative view against other financial centers members of the network. On the other hand, it highlights key information from the "Shifting Gears II" report published by FC4S in January 2021 to share an overview of key issues in the development of the sustainable finance sector.

INSTITUTIONAL FOUNDATIONS

The Paris financial center is at the most advanced stage of proposals for establishing initiatives dedicated to green and sustainable finance



an initial roadmap has been published;

v private and public actors are mobilized ;

various working groups develop concretes projects and publish analysis on sustainable finance, especially on formation and education ;

many events are organised to animate the ecosystem;

and finally, the reflections carried out feed regulatory advances.

Finance for Tomorrow has established an action plan for the Paris financial center, which includes the 5 key elements proposed:

veinforcing regulatory framework, industry guidelines and policies on green and sustainable financial instruments,

increasing cooperation at FC level,

oincreasing cooperation at international level,

of foster the development of SDGs related financial products,

foster the development of green financial products.



About international relations, Finance for Tomorrow realizes 4 of the 5 proposed actions:

 $\sqrt{}$ (1) : Informal relations and practices and $\sqrt{}$ (2) formal practices such as participation in events.

(3) Bilateral links have been officially established :

- Challenge Fintech for Tomorrow: active partnership with Stockholm & Tel-Aviv
- France-China Joint-Conference on Green Finance under the aegis of the central banks,
- $\hbox{-} \ \, {\tt Cooperation \ between \ France \& German \ initiatives \ on \ Sustainable \ Finance \ supported \ by \ Ministers \ of \ Economy,}$
- Participation to the France-UK economic committee.

Finance for Tomorrow is also (4) involved in multilateral relationships such as: International ties based on COP21 dynamic; Finance for Tomorrow is the PRI "Country Network Partner"; Management of the "Green Finance" stream in the WAIFC (World Alliance of International Financial Centers); institutions are international members of Finance for Tomorrow: EIB; UNEP FI; PRI; R20; LTIIA; ICMA.



In the proposed list, Finance for Tomorrow has chosen 5 priorities for future actions on green and sustainable finance:

- 1 Strengthening the ecosystem & building connectivity
- 2 Data collection
- 3 Policy and regulatory engagement
- 4 Promotion and Awareness
- 5 Tertiary Education & Professional Development

MEMBERS OF FC4S NETWORK GLOBAL VISION OF PRIORITIES IN 2020

Number of respondents underlying the issue as on the three priorities to be addressed for scaling up sustainable finance



In the proposed list, 5 main challenges for the development of green and sustainable finance appear in the Paris financial Center:

- 1 Inadequate green/sustainable financial investment project pipelines
- 2 Poor data quality/data availability
- 3 Lack of market demand for green/sustainable finance
- 4 Inadequate business case to develop green/ sustainable finance products and service
- 5 Lack of capacity on green/sustainable finance topics

MEMBER OF FC4S NETWORK GLOBAL VISION OF CHALLENGES IN 2020

Number of respondents underlying the barrier as a top three challenge for scaling up sustainable finance

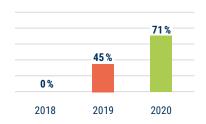




EVOLUTION OF MAIN CHALLENGES OF SUSTAINABLE FINANCE BETWEEN 2018 AND 2020

In% of respondents indicating one of the following barriers as a top-three challenge for the future development of sustainable finance

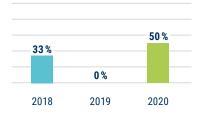
Data quality and availability



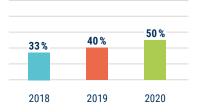
Inadequate Green & Sustainable Investment Project Pipelines



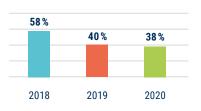
Lack of Capacity



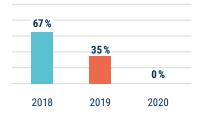
Lack of Supply of Green & Sustainable Financial Products



Inadequate Regulatory Framework or Policy Uncertainty



Low Awareness



Formal commitments and/or alignment strategies with the Sustainable Development Goals (SDGs)

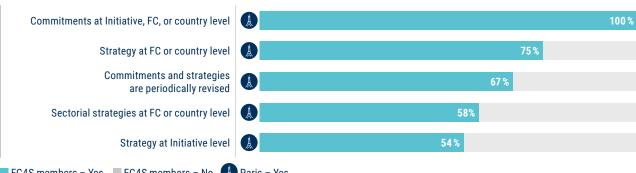
PARIS 2020	ALIGNMENT ON UN SUSTAINABLE DEVELOPMENT GOALS	ALIGNEMENT ON THE LOW-CARBON TRANSITION (PARIS AGREEMENT)
COMMITMENTS AT INITIATIVE, FC, OR COUNTRY LEVEL	The <u>80 members</u> of Finance for Tomorrow are signatories of a common charter referring to the Paris Agreement and the UN Sustainable Development Goals.	In 2015, in preparation of COP21, the <u>Green Growth Act</u> set up a strategy to finance the energetical and ecological transition in France.
FORMALISED GLOBAL Strategy at Finance for Tomorrow Level	NO	Financial Center Declaration of July 2nd, 2019 and launch of Sustainable Finance Observatory
STRATÉGIE GLOBALE FORMALISÉE AU NIVEAU DE LA PLACE DE PARIS OU DE LA FRANCE	<u>France's "Agenda 21"</u>	Zaouati Report "Paris Green and Sustainable Finance Initiative" (Novembre 2016) Rapport Ducret-Lemmet "French Strategy for Green Finance"
FORMALISED SECTORIAL Strategy at FC or country Level	The existence of a dedicated Secretary of State for the Social Economy enforcing a dedicated law, enables the existence of an impact-based, social economy for sustainable development.	Program <u>« Finance ClimAct » (December 2017)</u> supported by the european program LIFE (2020)
COMMITMENTS AND Strategies are periodically Revised	NO	YES

Overview of commitments and alignment strategies of the FC4S network members

ALIGNING WITH THE SDGS Commitments at Initiative, FC, or country level Strategy at FC or country level Commitments and strategies are periodically revised Sectorial strategies at FC or country level Strategy at Initiative level 42%



ALIGNING WITH THE LOW-CARBON TRANSITION



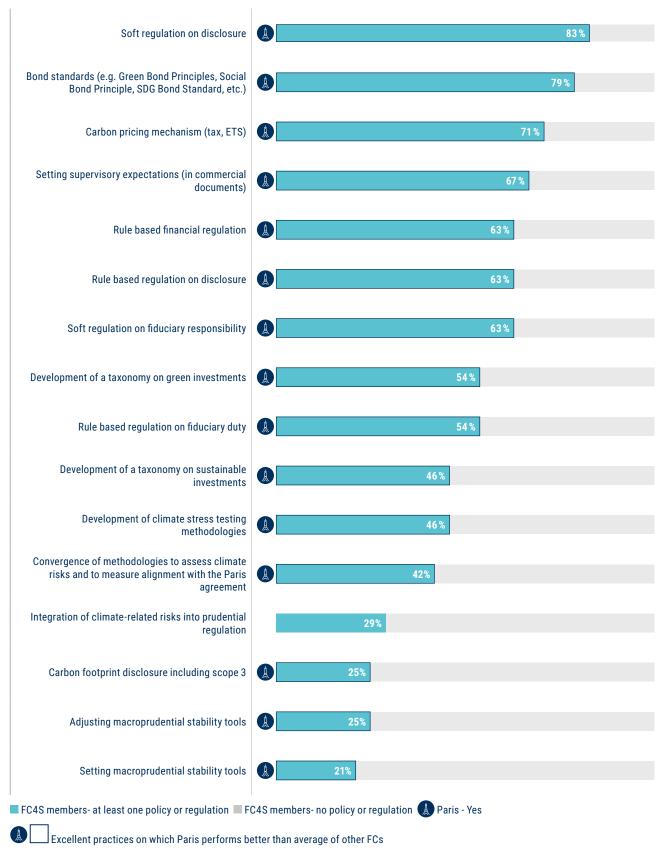
■ FC4S members – Yes ■ FC4S members – No 👃 Paris – Yes

PARIS IS ONE OF THE BEST CENTRES FOR COMMITMENTS AND STRATEGIES IN PLACE TO ALIGN WITH THE TRANSITION TO A LOW CARBON ECONOMY

ENABLING ENVIRONMENT

Regarding the categories of regulations proposed, it appears that the Paris financial center benefits from a political and regulatory environment able to support the development of sustainable finance:

TYPE OF POLICIES AND REGULATIONS IN PLACE



Qualitative vision of financial policy, regulation, supervision:

- Since 2015, the implementation of disclosure requirements has enabled French financial players to prepare their strategy and develop expertise ahead of EU regulations. The volume of public investments dedicated to sustainable projects is creating a market to invest in.
- Unfortunately, too many subsidies remain directed towards fossil fuels or emitting industries. As carbon pricing is still not constraining enough to orientate investments, French actors are mobilised to support an ambitious carbon price in Europe, as with the example of the "Taskforce on Carbon Pricing in Europe" chaired by Edmond Alphandéry.
- The leadership of the French government in terms of sustainability and green finance internationally, associated with a virtuous public-private dialogue at the national level, enables the mobilization of private actors and local institutions.

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V	Fiduciary duty, transparency and convergence of methodologies to analyze climate risks: article 173-VI of the
Fr	ench energy transition law for green growth ; EU « Disclosure » Regulation.

	6	マ	Development of a taxonomy r	related to green investments	s : the French label "Greenfin	; UE regulation « Taxonomy »
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	7			
N	()	Carbon pricing mechanism : Frai	ice is in the Scope of the EU	J Emissions Trading System (ETS)

Regulations under development:

Development of climate stress testing methodologies : On July 2020, the ACPR published its methodology or climate-stress testing for the banking industry. (11 banks concerned, covering 90% of the market).
Transparency based on established rules : development of European standards "EU Green Bonds" and "EU Ecolabel".
Development of a taxonomy related to green invesmtents : open consultation on European delegated acts.

« Missing » regulations:

Integration of climate-related risks in prudential regulation: nonetheless, the French Central Bank is particularly active on these issues within its management of the NGFS Secretariat.

Instruments or incentives provided by public finance mechanisms/bodies to encourage capital allocation to green and/or sustainable finance:

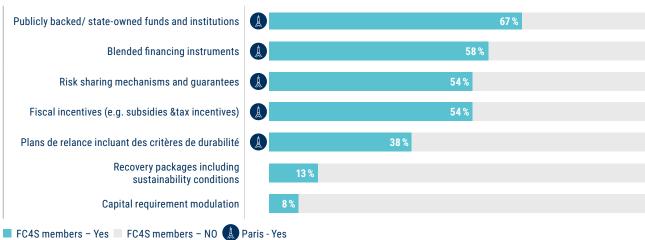
TYPE OF INSTRUMENT	LEVEL OF AWARENESS AMONG PRIVATE SECTOR INSTITUTIONS	PARIS 2020: EXAMPLES
FISCAL INCENTIVES	High awareness	Reductions of tax on added-value & tax credit for green projects : 0% credits for green mortgages (Eco-prêt) and for energy efficiency renovation of buildings ; guaranteed tarriffs for renewable energies.
BLENDED FINANCING Instruments	Medium awareness	Public investments in various sustainable funds, such as: Land Degradation Neutrality Fund (Mirova); FMET - Fund for the Ecological Modernisation of Transportation (Demeter); Planet EGO (Amundi) to invest in sustainable bonds from emerging markets.
RISK SHARING MECHANISMS AND GUARANTEES	Low awareness	ADEME: "FOGIME" - guarantees on real-estate credits up to 70% to ensure energy mangement; AFD: "ARIZ" - guarantee on final loss to financial institutions to cover credit to SMEs or microfinance institutions; AFD: "Cityriz": partial guarantees on credits to local institutions to finance sustainable infrastructures; Caisse des Dépôts Group: dedicated fund for guarantees on geothermic projects; CDC: sets guaranteed credits on housing renovation
PUBLICLY BACKED / STATE-OWNED FUNDS AND INSTITUTIONS	Medium awareness	BPI France: funds on ecotechnologies, "city of tomorrow", energy investments; ADEME: subventions funds for projects on waste, energy systems, renewable energies (FIDEME). The Great Investment Program for the Future (PIA): launched in 2010, dedicated 4bn€ of public co-financing to projects dedicated to sustainable industry and research.
CAPITAL REQUIREMENT MODULATION	No instrument available	n/a
MONETARY POLICY	No instrument available	n/a
RECOVERY PACKAGES Including Sustainability Conditions	High awareness	Bpifrance and ADEME program of € 250m to support SMEs in their CSR initiatives. Plan of the Banque des Territoires and Bpifrance to accelerate the ecological transition in France: € 40bn injected over the next 4 years, focusing on 3 areas - decarbonization of businesses and territories, development of renewable energies, and massive financing of green innovations.



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Overview from the FC4S network members on the existence of instruments and incentives provided by the public sector:

AVAILABILITY OF PUBLIC INSTRUMENTS OR INCENTIVES



Tertiary Education & Professional Development:

Within the Paris financial center, there are at least 12 institutions offering a professional and/or educational certification in sustainable finance:

- 1 Sustainable Finance KEDGE Business School
- 2 International Financial Analysis NEOMA Business School & Finance for Tomorrow
- 3 MSc in Climate Change & Sustainable Finance Ecole des Mines & EDHEC
- 4 Bachelor in Green Finance Montpellier University
- 5 3rd year in Sustainable Finance: AgroParisTech; Ecole des Ponts
- 6 Focus on sustainable business : MSc Sustainability & Social Innovation HEC Paris
- 7 Dedicated stream on "Great Challenges" and sustainable finance : Master in International Management SciencesPo Paris
- 8 Novethic's offer of formations on Green Finance ; SDGs ; Just transition ; ESG analysis...
- 9 SFAF certification for ESG analysis
- 10 Mooc : "Climate: a challenge for finance" by the Louis Bachelier Institute
- 11) Mooc : "Financing the energy transition in developing countries" by AFD & ENS
- 12 Paris-Dauphine University : M2 Finance, Energy, Carbon



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The question asked for an answer by skills which did not correspond to the "generalist" organization of training in France.

FC4S identifies the following skills at the heart of sustainable finance training: sustainable development, ESG and green finance; application and implementation of green finance regulations and recommendations; ESG skills within key business functions, in addition to compliance and CSR functions; Integration of the SDGs into the corporate strategy; Identification and management of climate-related risks; Identification and management of sustainability issues in investments and the banking sector; Implications of active ownership.

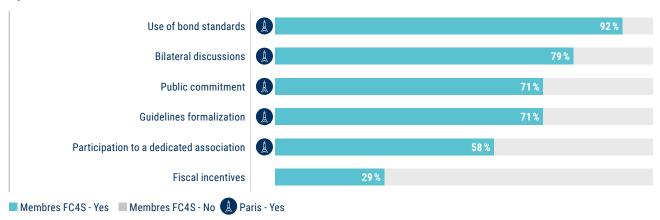
In 2020, the FC4S questionnaire asked the financial centers for an inventory of the actions taken to aim for alignment towards a carbon neutral scenario in 2050. The questionnaire contained, for each sector, a question on the capacity to measure and demonstrate this alignment. While this quantitative analysis is not mature yet, asking this question already aims to build momentum to strengthen the implementation of tools to measure the transformation of financial centers.



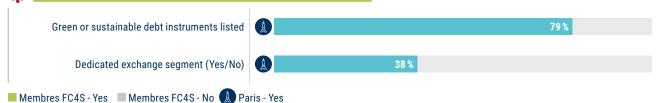
1. Debt market

The Paris financial center is very active in the green and sustainable bond sector. The entire ecosystem, including Finance for Tomorrow, public players and market players, is working on its development. The green and sustainable bonds of the Paris financial center are listed on Euronext Paris, which also carries out numerous actions supporting market development.

SPECIFIC PROMOTING ACTIONS UNDERTAKEN



DEBT INSTRUMENTS LISTED AND DEDICATED EXCHANGE SEGMENT

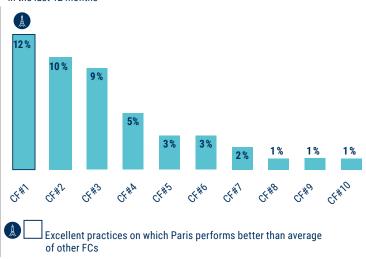


The sector is growing strongly, with 92 bonds representing \in 114 billion of green / sustainable bonds listed in Paris at the end of 2020. At the time of the response to the FC4S sector (September 2020), the emission of green / sustainable bond represented 12% of the market over the last 12 months (total volume: \in 38.7m out of \in 319.5m).

Source: Euronext Paris

% OF GREEN AND ESG OR SUSTAINABILITY LABELLED

% of green and/or sustainable debt instruments issued by the financial centres in the last 12 months



IN EURONEXT PARIS (VOLUME AND EUROS)



2. Equity market

→ Out of the 50 index families in the Euronext Index franchise, 15 have been designed to meet the ESG needs...

SPECIFIC INDICES TO TARGET GREEN OR SUSTAINABLE EQUITY

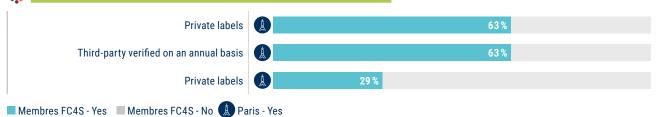
Green or sustainability labels for investment funds

Membres FC4S - Yes

Membres FC4S - No Paris - Yes

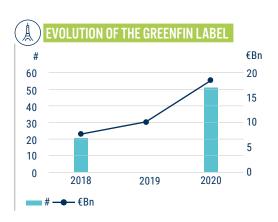
- → Green/sustainable labels for investment funds :
- Private: Novethic (sustainable finance) & Finansol (solidarity finance) & ASPIM (real estate))
- Public and periodically audited: 2 public labels: the generic "SRI" label based on ESG criteria & the "GreenFin" label dedicated to energy transition

GREEN OR SUSTAINABILITY-RELATED LABELS FOR INVESTMENT FUNDS

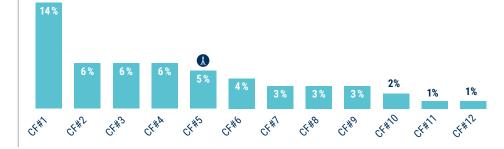


- → Number of ESG/sustainable funds registered on the Paris market:
- Total number of registered funds: 11,000 (AFG)
- Total number of ESG/sustainable funds: 508 (SRI) funds for €204bn (update Feb. 2021)
- Total number of green labelled funds: 55 (Greenfin) funds for €17bn (update Feb. 2021)
- Share of ESG/sustainable/green labeled funds: 5%.





RATIO BETWEEN THE NUMBER OF GREEN AND ESG-LABELLED FUNDS AND THE TOTAL NUMBER OF FUNDS REGISTERED



3. Banking sector

- → Volume of green and/or sustainable loans and credits granted by the top ten banks in 2019:
- Total volume of loans granted in France in 2019 by all the banking institutions: €2,500bn (source: FBF/Banque de France)
- Volume of green and/or sustainable loans and credits granted by the top 10: €53.8bn credits dedicated to financing the ecological transition, according to annual reports





Publicly available information on loans and credits is limited. Therefore, Finance for Tomorrow had to refer to general information on the size of the French market and to sought out the information in the CSR reports of the 10 largest French banks. Unfortunately, since the information is not easily accessible nor uniformly displayed among the players, it is still difficult to find.

In comparison, the Sustainable Finance Observatory was able to bring up in October 2020 directly from the banking actors, thanks to the action of the French Banking Federation, direct information that shows a completely different scale for the green credit market in France:

- Out of 1454 billion loans and credits, 230 billion were green and/or sustainable;
- The total is then of 15%.
- If we take the total of loans from the Banque de France/FBF, we still reach 10%.

This data positions Paris at the top of the international sector and supports the interest of accessing information directly from market players.

ENGAGEMENTS FORMELS DES DIX PREMIÈRES BANQUES

TO DELIVER ADDITIONAL ALLOCATIONS	TO BAN FINANCING FOR FIRMS	TO BAN FINANCING FOR FIRMS
ON GREEN AND/OR SUSTAINABLE	Engaging in Coal Extraction or	ENGAGING IN FOSSIL FUEL EXTRACTION
FINANCE	Coal-Fired Electricity Generation	AND DEVELOPMENT
9/10 banks committed vs. 7/10 banks	9/10 banks committed vs. 4,2/10 banks	8/10 banks committed vs. 4/10 banks
committed on average	committed on average	committed on average

^{*} Ces engagements incluent les fossiles non-conventionnels.

TYPE OF TARGETED LENDING OR CREDIT SOLUTIONS AVAILABLE





Excellent practices on which Paris performs better than average of other FCs

4. Institutional investors (assets owners & assets managers)

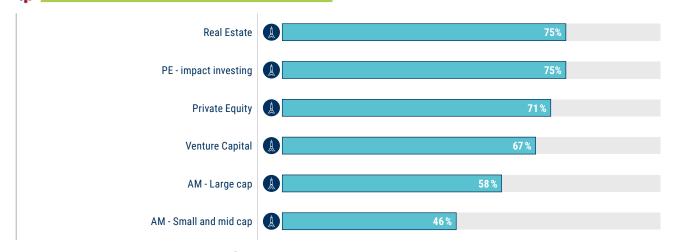
- → All types of green and/or sustainable investment solutions considered within the scope of FC4S are available on the Paris marketplace::
- Real estate: CDC Habitat; BNP Paribas dedicated ETF; Label SRI real estate.
- Venture capital: Demeter (management company dedicated to the ecological transition).
- Private equity: France Invest's Climate Initiative since 2015.
- PE-impact investing: Paris Impact Investing, iiLab, Alter Equity
- Asset management Small, mid & large cap: SRI-labeled funds.



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- → The Paris financial center has thematic funds covering the themes targeted by the FC4S program, representing a total of €64 billion (source: Novethic):
- 19 "global health" funds,
- 31 "social impact and inequality reduction" funds;
- 12 "ocean preservation" funds.

TYPE OF TARGETED INVESTMENT SOLUTIONS AVAILABLE



■ Membres FC4S - Yes ■ Membres FC4S - No 🌗 Paris - Yes

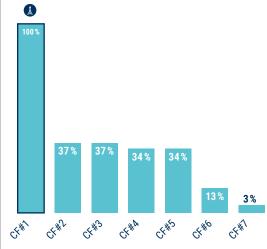
Excellent practices on which Paris performs better than average of other FCs

ENGAGEMENTS FORMELS DES DIX PREMIERS INVESTISSEURS INSTITUTIONNELS

TO DELIVER ADDITIONAL ALLOCATIONS	TO EXCLUDE INVESTMENT IN FIRMS	TO EXCLUDE INVESTMENT IN FIRMS
ON GREEN AND/OR SUSTAINABLE	Engaging in coal extraction or	Engaging in Fossil Fuel Extraction
FINANCE	Coal-fired electricity generation	and Development
10/10 institutional investors committed vs. 5,9/10 institutional investors committed mitted on average	9/10 institutional investors committed vs. 3/10 institutional investors committed on average	7/10 institutional investors committed vs. 3,3/10 institutional investors committed on average

^{*} Ces engagements incluent les fossiles non-conventionnels.

% OF GREEN OR SUSTAINABLY MANAGED ASSETS (TOP 10 INSTITUTIONAL INVESTORS)



Here, to declare that 100% of 10 largest French institutional investors assets are sustainably managed, Finance for Tomorrow has chosen to rely on the commitments of the major public and institutional investors of the Paris marketplace to integrate ESG analysis in all their activities,. This proportion underlines the maturity of the main French financial players who use a "sustainable" analysis filter in all their activities.

However, the precision of the concept of "responsible investment", associated with effective methods of calculation, would allow the members of the FC4S network to get mobilized to answer this question more effectively. In France, each year, the Asset Management Association (AFG) & the Sustainable Investment Forum (FIR) publish the figures of responsible investment. In France in 2019, the amount of assets managed in SRI and other ESG approaches reached €1861 billion out of a market of €4185 billion, i.e. 44% of the total market.

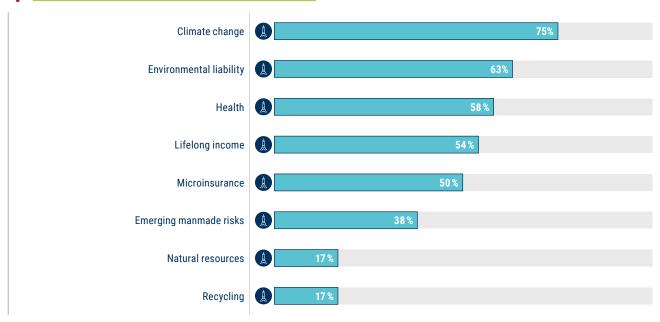
5. Insurance companies

- → All types of green / sustainable insurance solutions targeted in the scope of the FC4S program are available in the Paris Financial Center:
- Climate change: "Insurance and natural disasters" scheme; Agricultural Disaster Schemes; Descartes Underwriting (InsurTech).
- ✓ Microinsurance: Association pour le Droit à l'Initiative Économique (ADIE); Foundation « Entrepreneurs de la Cité ».
- 🚺 "Lifetime income": social security; life-insurance labelling obligations in the PACTE law.
- Health: social security / universal health care.
- Emerging risks of human origin: existing offers from AXA, CNP Assurances.
- Tenvironmental responsibility: see the law of August 1, 2008.
- Natural resources: see law of August 1, 2008; commitments of AXA and MACIF in "Act4Nature".



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TYPE OF TARGETED INSURANCE SOLUTIONS AVAILABLE





Excellent practices on which Paris performs better than average of other FCs

ENGAGEMENTS FORMELS DES DIX PREMIERES BANQUES

TO DELIVER ADDITIONAL ALLOCATIONS On Green and/or Sustainable Finance	TO CEASE UNDERWRITING INSURANCE FOR FIRMS ENGAGING IN COAL EXTRACTION OR COAL-FIRED ELECTRICITY GENERATION	TO CEASE UNDERWRITING INSURANCE FOR FIRMS ENGAGING IN FOSSIL FUEL Extraction and development
10/10 insurers committed vs. 6,8/10 insurers on average	10/10 insurers committed vs. 4,7/10 insurers on average	0/10 insurers committed vs. 3,6/10 insurers on average

→ No data on the total number of insurance solutions commercialized by the top 10, or on the number of green/sustainable solutions:







LIKE MOST OTHER RESPONDENT FINANCIAL CENTRES, PARIS DID NOT PROVIDE THE VOLUME OF GREEN AND SUSTAINABLE INSURANCE SOLUTIONS

The lack of respondents from FC4S members reveals the difficulty in identifying the number of sustainable solutions offered by insurers. This calls for a search for more information but also to look for other available indicators. As such, the Sustainable Finance Observatory of Paris presents information about insurer's sustainable asset management practices.

6. Professional Services

The Paris financial center's offering in terms of professional services supporting green/sustainable finance is aligned with FC4S' expectations:

- Green Fintechs: Fintech for Tomorrow Challenge since 2018
- Section 2 ESG audits and verifications: Big Big 4 (Deloitte, PwC, EY, KPMG); AFNOR; Novethic.
- SESG consulting: numerous institutions, including MSCI; Deloitte; EY; Novethic; PwC; Carbone4; I-Care & Consult...
- ESG rating agencies: numerous institutions, including Vigeo-Eiris (V.E); Qivalio/Ethifinance; S&P Trucost; MSCI ESG Research
- Proxy firms
- 🚺 Law firms offering ESG-related services growing interest, including: Gide; LinkLaters.



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Evaluation criteria of the "alignment score" as defined by the FC4S network:

:	TITRE	DÉFINITION	DÉFINITION
		- ALIGNEMENT DE LA STRATÉGIE Et des politiques	- ALIGNEMENT DE L'INFRASTRUCTURE Du Marché
NIVEAU 0	MISALIGNMENT Sustainable investment is inexistent	 No strategy has been defined No actions are taken to develop sustainable finance No policy or regulatory frameworks are available to support sustainable finance 	The financial system is unable to deliver capital to support low-carbon transition or the achievement of the SDGs There is no evidence available suggesting that the FC has begun a transition toward a sustainable financial system
NIVEAU 1	WEAK SIGNALS Isolated sustainable investment options are emerging and nurtured by an initiative	No strategy yet in place, but an initiative exists at FC level Uncoordinated actions emerge from local institutions Several players and early adopters are advocating for increased policy or regulatory frameworks on sustainable finance	Capital is not oriented toward low-carbon transition and the achievement of the SDGs The financial system provides only scarce/ limited sustainable investment options; sustainable finance development remains slow
NIVEAU 2	AWARENESS A leading asset class, cooperation, and policy efforts are all driving growth	been defined at initiative level • Cooperation between public and private institutions is getting organised • Policy and regulatory frameworks are being actively developed on specific areas	A limited amount of capital is oriented toward low-carbon transition and the achievement of the SDGs Options for sustainable investment available to professional investors are expanding but remain limited in total volume Sustainable products in at least one asset class are scaling up
NIVEAU 3	EXPANSION Extended regulatory frameworks and scaled-up products are structuring a favourable ecosystem	A strategy has been defined at FC and/or country level International level cooperation is getting organised System-level policies and regulatory frameworks are being implemented on key asset classes	The amount of capital oriented toward low-carbon transition and the achievement of the SDGs is growing fast (at least 2 digits year on year growth rate for primary & secondary markets combined) Options for sustainable investment are available for professional and retail investors on an increasing variety of asset classes Sustainable products are scaling up in several asset classes
NIVEAU4	MATURITY The ecosystem is ready to sustain high growth in the sustainable segments	Dedicated strategies are defined to overcome identified barriers and/or constraints Public and private cooperation allows to measure and monitor the development of sustainable finance Policy and regulatory frameworks are promoting demanding standards and incentivising innovation in sustainable finance	Capital allocation toward low-carbon transition and the achievement of the SDGs is already significant and still growing strong Options for sustainable investment increasingly follow demanding standards and are available for professional and retail investors on all asset classes Sustainable products are scaled up and growing on all asset classes
NIVEAU 5	ALIGNMENT The FC is aligned with the requirements of a sustainable financial system	An impact measurement and sustainable finance monitoring infrastructure is operational at FC and/or country level Strategy, cooperation, policy and regulatory frameworks are periodically revised and updated using this infrastructure	The FC and/or country channels more than 2% of its geographical footprint GDP towards low-carbon transition and the achievement of the SDGs ESG assessment and impact measurement methodologies are converging for mature products; transparency is a key aspect of available products



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