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FINANCE FOR TOMORROW by Paris Europlace

THE SUSTAINABLE FUTURE BEGINS IN PARIS

CLIMATE CHANCE

Sommet Climate Chance Europe 2022

Cité des Congrès, Nantes, France

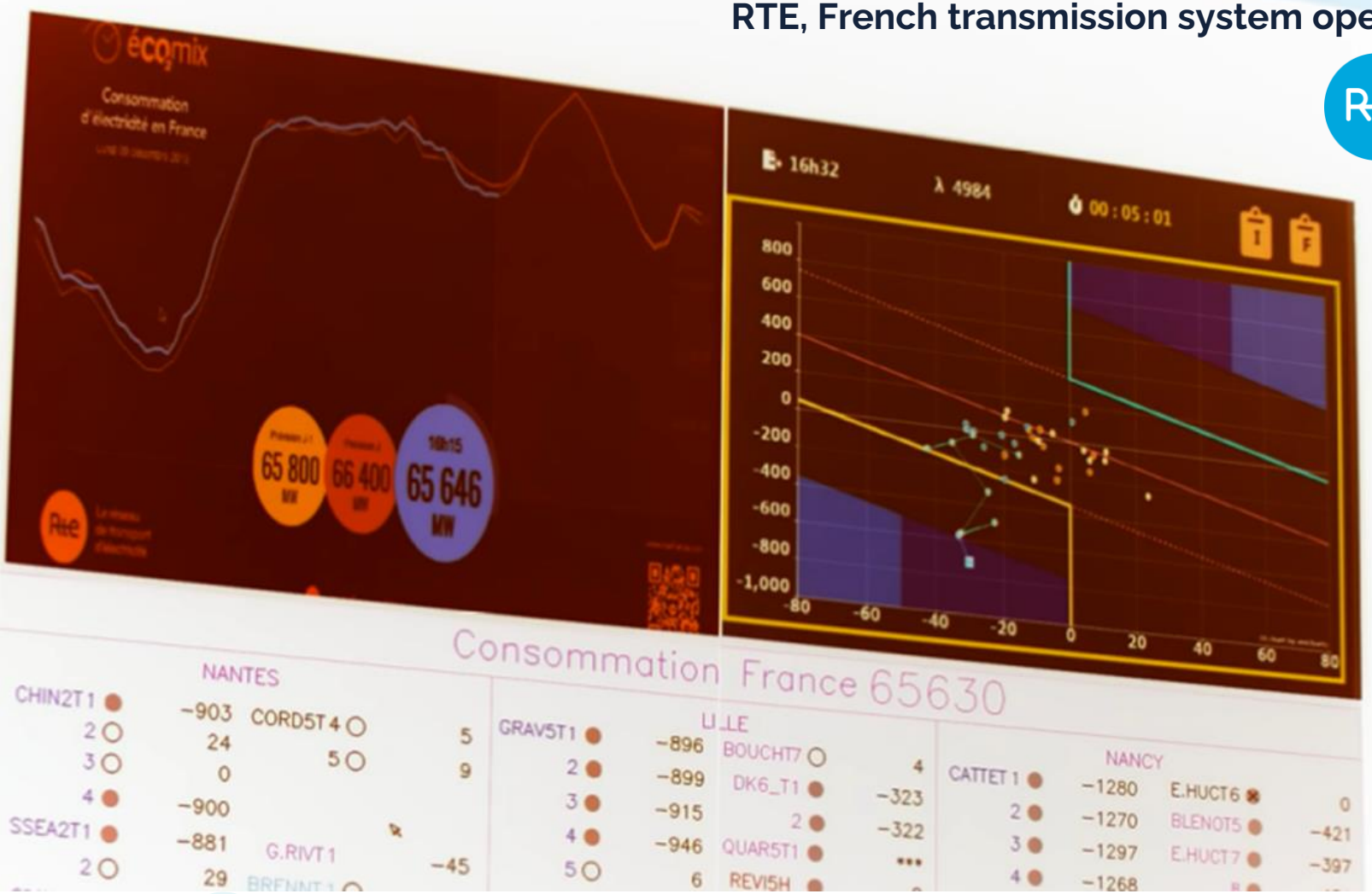
FRANCE22

Presentation of the sustainable finance observatory

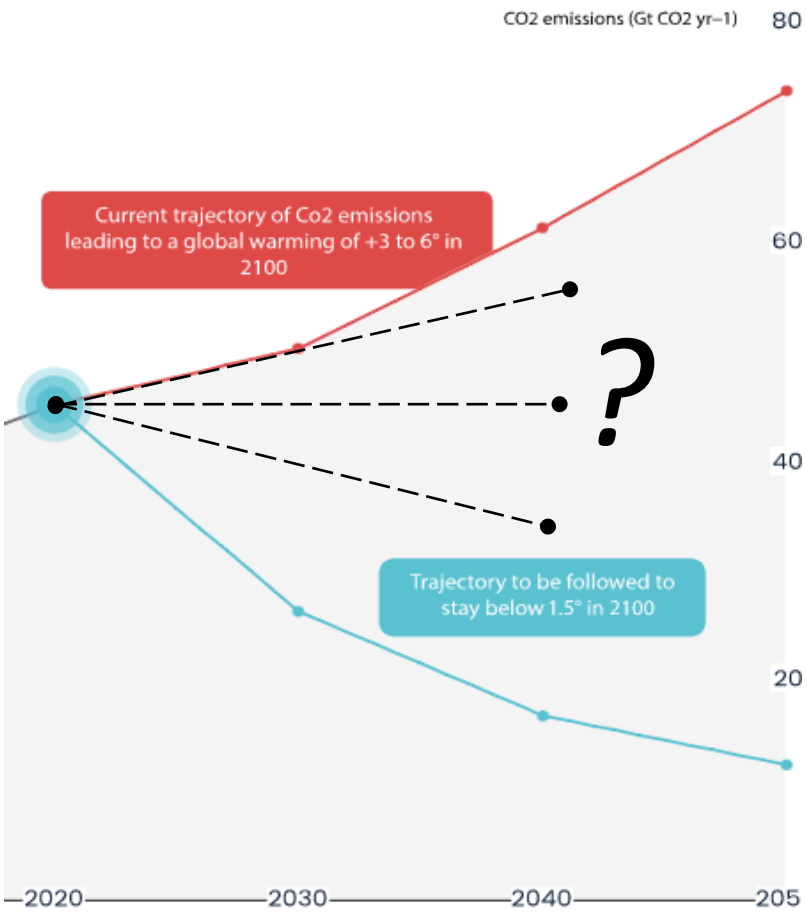
OBSERVATOIRE de la finance durable

How to track the alignement of the financial flows into the Paris alignement's Goals ?

RTE, French transmission system operator



From commitments to the evolution of financial flows



At COP21, Member States' representatives committed to redirecting their financial flows towards a low carbon economy!

Extract from the Paris Agreement – Article 2C

"This Agreement, by strengthening the implementation of the Convention, including its objective, aims to enhance the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including: [...] (c) Making financial flows consistent with a low greenhouse gas emissions trajectory and climate resilient development."

7 YEARS AFTER THE COP21,

IS THE FRENCH FINANCIAL SECTOR

ON THE RIGHT TRACK?

OBSERVATOIRE de la finance durable

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Declaration of Place / 2 July 2019

On the occasion of the marketplace meeting held with the Minister of the Economy and Finance, Bruno Le Maire, the main organisations and professional federations representing the Paris financial marketplace announced, in a joint declaration, to make new commitments in favour of the fight against climate change and to contribute to the objective of carbon neutrality by 2050.

Stakeholder commitments

Encourage their members to **adopt a coal strategy** (global disengagement timetable) and to report on it in **their non-financial reporting** for the year 2020

Continue **methodological work i**n collaboration with ESAs on **assessing portfolio exposure to climate risks and aligning investment portfolios with a 2°C scenario**

Encourage the monitoring of commitments through the **creation of an observatory** of the achievements and actions of the actors of the Paris financial centre in terms of green and sustainable finance

The Paris financial centre will **promote the dissemination and open source standardisation** of these methodologies

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Finance Climact Project

Fostering investment in energy efficiency and the low-carbon economy

Supervisor

Facilitating investors' investment decisions on the basis of environmental objectives

Climate Transparency Hub

Stress Tests

PACTA

Sustainable Finance Observatory

Industry

INVEEST

ACT

Transition plans

Financials

Greenfin

Preferences

EU Ecolabel

Households

Taking climate change into account in financial sector management and supervision

Budget: EUR 18 million

10M€ of funding from the European Commission (LIFE programme)

Role

- Its role is to respect the strategic positioning, the deadlines and the financial reporting of the project at the European Commission level.
- Some of the actions of the Finance ClimAct project will allow the formulation of methodological proposals on climate commitment and target setting.

Composition

- ADEME (coordinator)
- CGDD
- AMF
- ACPR
- Greenflex
- I4CE
- 2Dii
- Finance for Tomorrow

Meeting pace

- Monthly coordination point with AMF and ACPR and federations
- Monthly meeting within the framework of ADEME's Workpackage
- Ad hoc workshop in connection with the Observatory's work

FINANCE FOR TOMORROW by Paris Europlace

OBSERVATOIRE de la finance durable

Scientific and Expertise Committee

Role

- Ensures the integrity and scientific rigour of the Observatory
- Reviews the principles and methods adopted for the presentation of these data
- Analyses the methodological proposals formulated by the Finance ClimAct project and others
- Makes recommendations to improve the quality and relevance of the data published on the Observatory's website

Composition

Presidency

Pierre-Louis Lions

Stéphane Voisin

NGO / Think tank College

Lucie Pinson

Michel Cardona

Academic College

Delphine Lautier

Emmanuel Hache

Augustin Landier

Anna Creti

Peter Tankov

Public Authorities College

MTE / CGDD

Aurélien Girault (interim)

Treasury Directorate General

Mariella Morandi

Experts College

Jérôme Courcier

Charlotte Gardes

Caroline Delerable

Meeting pace

The Committee meets in full plenary three times a year.
Through working groups, which allow for the elaboration of recommendations, members can participate in more regular working meetings (once or twice a month)

How to monitor the transformation of financial actors towards sustainable finance and the achievement of the objectives of the Paris Agreement

Paris financial Place statement and announcement by Mr. Le Maire in July 2019

Launch of the Sustainable Finance Observatory at the 6th Climate Finance Day (2020)
The Observatory reports on the achievements and actions of the stakeholders of the Paris financial centre in the field of green and sustainable finance for the insurance sector, banks, private equity, management companies and specialised companies.

Governance of the Sustainable Finance Observatory

Steering Committee of the Observatory

Ensures the proper conduct of the project

FINANCE FOR TOMORROW by Paris Europlace
PARIS EUROPLACE
FÉDÉRATION BANCAIRE FRANÇAISE
AFG
ASF Association Française des Sociétés Financières
France Invest
AFG

En tant qu'observateur :

pwc
ADEME Agence de l'Environnement et de la Maîtrise de l'Energie

Steering Committee of Finance Climact

Defines the overall strategy of the Observatory

ADEME (coordinator)
CGDD
AMF
ACPR
I4CE
2Dii
F4T
Greenflex

Scientific and Expert Committee

Ensures the rigour and integrity of the Observatory

Présidence : Pierre Louis Lions
Collège ONG
Collège Pouvoirs Publics
Collège Académique
Collège Experts

Project subsidised at 40% by ADEME and 30% by the European LIFE programme represented in France by Finance Climact

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OBSERVATOIRE de la finance durable

Data monitored by the Observatory

	Private sector	Public sector	
Monitoring of commitments	Commitments by financial actors (including Net Zero Alliances) 1	Commitments of institutional investors and state expenditure 2	Definition and Common methodologies 5
Flow monitoring	Flow of private actors 3	Flow of public actors 4	

Data Collection

1 2

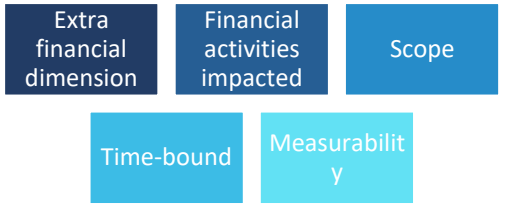
TWO TYPES OF DATA COLLECTED

MONITORING OF INDIVIDUAL COMMITMENTS

PROCESS
1. Personalized surveys send by The Observatory
2. Direct collection from ESG Teams
3. Analysis of the commitments

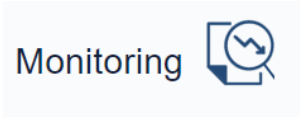
Review of commitments and exchanges with stakeholders

1 Analysis and review through 5 criteria
- Compliance with the minimum criteria is a guarantee of readability and understanding.



2 Reading grids filled in with available public information
- A reading grid has been developed for each category of commitment.
- This analysis through target indicators facilitates their understanding.

3 Monitoring extracted from the actors' website
- This allows for the monitoring of commitments



Support actors to make binding commitments and ensure their implementation through enhanced/open monitoring.

Data Collection

3 4

TWO TYPES OF DATA COLLECTED

TRANSFORMATION OF FINANCIAL PRACTICES AND FLOWS

PROCESS :

1. **Annual surveys send by professional federations**
2. **Collection by professional federations**
3. **Aggregation of data by the Observatory**

KEY FIGURES

Transition to a low-carbon economy

Loan for households related to energy-efficiency works/ Green Real Estate

Green infrastructures

Funding of renewable energy projects

Low-carbon Funds / Environment Thematic

Green bonds

Greenfin labelled funds

Coal Exit

Exposure to coal and disinvested amounts % of financial companies that have a carbon strategy

Type of carbon strategy : commitment / exclusion

Statistics on relative and absolute thresholds

Range of responsible products

Greenfin, ISR and / or Finansol labelled funds

Green, social, sustainable and sustainability linked bonds

Products responding to Art 8 and 9 of the SFDR regulation

Micro-credits

Financed electric and hybrid vehicules

Process/ Responsible management

Amount and % of stocks that follow ESG criteria

Exclusion policies

Shareholder engagement

Initiative memberships and international coalitions : ICF, Climate Action 100+, PRI, PSI

Ambition : spread the initiative globally

THE ONE PLANET DATA HUB

AN OPEN PLATFORM AGGREGATING DATA FROM ALL VOLUNTARY COLLECTIVE INITIATIVES

Work towards common definitions
Common standards are needed to harmonize data, aggregate and monitor global flows

An UNEP-FI network, the FC4S, support the initiative and help engaging new countries : Ireland already took the commitments to lunch an Observatory on the French example.

Monitor global shift of practices
The objective of carbon neutrality only makes sense at a global scale

Ensure accountability and transparency
Monitor commitments of the financial sector

A SUSTAINABLE OBSERVATORY NETWORK

PROMOTE ACCOUNTABILITY OF FINANCIAL SECTOR'S COMMITMENTS TOWARD THE ECOLOGICAL TRANSITION

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Thank you for your attention !

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The Sustainable Future begins in Paris

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Life

ADEME AGENCE DE LA TRANSITION ÉCOLOGIQUE