France

TRANSPARENCY & DISCLOSURE (Dimension)
Common disclosure framework (Sub-dimension)

1. Disclosure on governance **SCORE 6/10**

The French regulation regarding extra-financial reporting mainly follows the requirements of the EU Directive 2014/95/EU. It is integrated in the French Commercial Code and exceeds the minimum requirements by including unlisted companies with a balance sheet of at least 100 million Euros.
The French transposition of the Directive imposes to insert in the management report a Declaration de performance extra-financière (Non-financial performance Statement) including climate related information. Thus Article 225-102-1 of the Commercial Code reads: "the declaration comprises in particular information regarding the consequences of climate change on the corporate activities and on the use of the goods and services that it produces…"

2. Disclosure on strategy **SCORE 7/10**

Article 173-VI of the 2015 Law of Energy Transition and Green Growth requires "information on how their investment decision-making process takes social, environmental and governance criteria into consideration". The decree of December 23, 2015 plans to take stock after 3 years of implementation; this report is being prepared by the Ministry of Finance and the Ministry of Transition on the based on information collected by AMF and ACPR.
All companies are required to follow this regulation. So far, the article has a particular focus on climate change related impacts on business operations. The article introduces a reference to long-term objectives and to the Stratégie Nationale Bas Carbone (Low-Carbon National Strategy). The focus could be extended by specifically requiring the disclosure of distinct strategies with respect to climate impact mitigation in the short-, and medium-term. Furthermore, the resilience of company strategies could be explicitly tested and disclosed under different scenarios including a 2-degree scenario.
In addition, professional soft regulation has been issued in some sectors (e.g. the guideline of the Fédération Française des Assureurs (French Association of Insurers).

3. Disclosure on risk management **SCORE 8/10**

Article 224 of the Grenelle II Law of July 10, 2010 had introduced disclosure on ESG risks for financial and non-financial companies (above 500 people) and had specific requirements for asset managers.
Article 173-VI of the 2015 Law of Energy Transition and Green Growth requires "information on how their investment decision-making process takes social, environmental and governance criteria into consideration". The decree of December 23, 2015 plans to take stock after 3 years of

implementation; this report is being prepared by the Ministry of Finance and the Ministry of Transition based on information collected by AMF and ACPR.
The article requires FIs to identify and report on climate change related risks and to integrate findings into the risk management. The disclosure includes qualitative and quantitative aspects. Best practice from the current implementation of the Article could be used to further specific requirements in order to ensure transparency and comparability in disclosed information.
Listed funds with more than €500 million of assets must also disclose information on how ESG criteria are taken into consideration in their risk management policies.

4. Disclosure on metrics and targets **SCORE 6/10**

Initial disclosure requirements were in place before 2014/2015 with the 2001 Law on New Economic Regulation and the 2010-2012 Law on National Commitment for Environment ("Grenelle II). They helped develop a good track-record at French corporates.
Article 173-VI of the 2015 Law of Energy Transition and Green Growth requires "information on how their investment decision-making process takes social, environmental and governance criteria into consideration and requires specific disclosure on the financial risks related to climate change and measures taken to implement a low-carbon strategy. The quantitative part of the article motivates the use of metrics on carbon footprinting for Scope 1 & 2 emissions but only requires including Scope 3 emissions when relevant.
Furthermore, metrics for transition and physical risks are defined. Targets are set by requiring alignment with the French Stratégie Nationale bas Carbone (Low-carbon National Strategy), which defines a pathway to a Paris-compliant world.

5. Adapt accounting standards **SCORE 3/10**

French GAAP does not require accounting on climate change related impacts and does not provide respective guidelines.

However, research is currently being undertaken in France. In 2015, a new accounting model was designed by academics (the model CARE/The triple depreciation line). This model is being currently developed and experimented. In a report published in March 2017 ("Toward a sustainable bio-economy) the French Economic, Social and Environmental Council – CESE recommended to experiment this method in order to assess its potential value. Starting March 2019, the CARE methodology is being tested by 10 companies in the South of France with the MTES (Ministère de la Transition Ecologique) and ADEME (Agence de l'Environnement et de la Maitrise de l'Energie) support.
The research is going on with the setting as of January 1st 2019 of a Research Chair "Environmental Accounting with AgroTech Paris and Paris Dauphine University and the support of the French Association of Chartered Accountants. There is also a public debate emerging among practioners on this issue (e.g. a conference was organized at the French National Assembly on February 7th, 2019 at the initiative of 2 MPs on "Accounting at the service of environmental and social transition).
In addition, January 15, 2019, the Minister of Finance has commissioned the Chairman of the Autorité des Normes Comptables (the French Accounting body) to draft a report on the design of international standards for non-financial reporting with the aim to present proposals to the G20.

6. Accounting for stranded assets risk **SCORE 0/10**

French GAAP does not require accounting for stranded asset risks.

TRANSPARENCY & DISCLOSURE (Dimension)

Investors' fiduciary duties (Sub-dimension)

1. Investment evaluation transparency **SCORE 6/10**

The Shareholder Rights Directive II requires institutional investors and asset managers to draw up and publish a Shareholder Engagement Policy. France is expected to have translated the Directive into French law in June 2019 (draft article 66 of the Law PACTE: a decree to be later issued will define the content and modalities of the disclosure).
The Shareholder Engagement Policy must comply with transparency requirements with respect to ESG and includes information obligations on climate change related aspects. The directive does not exactly specify what information the policy must contain in this context and to which level of granularity.
In its 2017 report on Socially responsible investment (SRI) in collective investment schemes, the AMF identified several good practices in relation to shareholder engagement (e.g. disclosure of asset management companies' votes on resolutions presented during general meetings or disclosure on the content and impact of discussions held with companies in portfolios).

2. Shareholder responsibility for governance and strategy **SCORE 5/10**

The Shareholder Rights Directive II outlines the shareholder's responsibility. France is expected to have translated the Directive into French law in June 2019 (draft article 66 of the Law PACTE: a decree to be later issued will define the content and modalities of the disclosure).

The concept of shareholder activism is introduced through the directive. It refers to the UN Principles for Responsible Investment and outlines the necessity from a shift from short termism to a long-term investment horizon.

3. Asset manager responsibility **SCORE 7/10**

The Shareholder Rights Directive II (SRD II) outlines the duties of asset managers, cover non-financial aspects, and introduces a mid to long-term perspective. France is expected to fully implement the Directive by June 2019.
However, it is not stipulated on which time horizon non-financial aspects have to be taken into account (longer than the investment horizon of the investor?). Climate change related aspects are not outlined in detail.
Pension: Institutions for occupational retirement provision (IORPs): IORP II/ Directive 2016/2341 allows IORPs to take into account the potential long-term impact of investment decisions on climate change related factors. IORP II explicitly states the reflection of climate change related aspects in multiple areas such as risk management, governance, potential member information. France is currently expected to vote on the respective article to integrate IORP II into French law in the coming months. France will not exceed the minimum requirements of the Directive.

4. Executive remuneration policy **SCORE 5/10**

The Shareholder Rights Directive II (SRD II) requires companies to disclose the principles of shareholder remuneration and indicates the impact climate change related performance aspects have on remuneration. It provides the option but does not require that these aspects form part of the factors to be included in the remuneration. The Directive will come into force in French law in June 2019 (upcoming PACTE legislation).

5. Climate change related risk management **SCORE 6/10**

Pension: IORP II makes climate change related risk assessment mandatory for pension funds and related products. The implementation of IORP II is currently undergoing.
Insurance: Solvency II: Requires insurers to consider future developments including new business plans or the possibility of catastrophic events, which might affect their financial standing. The Own Risk and Solvency Assessment (ORSA) is a new tool designed to assist with this. However, it does not outline climate change related factors in explicitly. The Solvency II Directive is integrated into French law since 2015.
Asset managers: Article 173-IV of the 2015 Law of Energy Transition and Green Growth requires asset managers to disclose their policy regarding the incorporation of ESG criteria in their risk policy using a "comply or explain approach.

6. Customer/beneficiary centricity **SCORE 2/10**

Currently, AMF puts emphasis on the risk of mis-selling, which could result from the integration of ESG criteria at the same level as the other criteria of the suitability test.

1. Packaged Retail and Insurance-based Investment Products (PRIIPs) SCORE 3/10

Under the new EU Regulation on PRIPPS, French consumers receive information on financial products through the key information document (KID). Climate change is (if at all) an implicit consideration in this document. Regulation for specified Sustainable Funds requires the disclosure of an ESG policy.

AMF is in charge of ensuring the conformity of commercial documentation for ESG funds and of the readability of ESG information for investors. In its 2017 report, AMF has published good practices regarding the marketing of sustainable funds to retail investors and invited asset managers to be more educational in their communication with non-professional investors. It also noted that a growing number of asset managers explain the impact of ESG methodology in their marketing material for investors. AMF also made specific recommendations regarding investment funds based on climate-related indexes.

2. Investment advisor duties SCORE 3/10

In 2003, AMF introduced the status of "Financial Investment Advisor in order to enhance investor protection through a better regulation and supervision of these players in financial product distribution.
A FIA delivers investment advice, which is defined as providing personalized recommendations to third parties, either at their request or at the initiative of the company providing the advice, concerning one or several transactions in financial instruments or one or more of the units mentioned at Article L.229-7 of the Environment Code". With MIFID II in force, the regime now includes a number of rules similar to those applying to service providers. Climate change related aspects are only covered implicitly.

3. Retail fund transparency SCORE 4/10

According to article 173-VI of the 2015 Law of Energy Transition and Green Growth, listed UCIs exceeding 500 million euros of assets must disclose information regarding the nature of ESG criteria used, the ESG analysis methodology and results, and the way they are incorporated in the investment process. The information can be disclosed for each UCI or by group of UCIs according to their own typology.
However, information is not tailored for final retail clients. Regarding smaller funds, the assessment could not identify any relevant regulation that requires retail funds to disclose ESG or climate change related information.

In its SRI report, AMF has made several recommendations regarding the marketing of SRI fund (e.g. to publish a document modelled on the European Transparency Code or to adhere to a charter, code or label governing ESG criteria). It also recommended that sustainable funds marketed to retail investors take steps to obtain the public ISR (SRI) label to avoid confusion for retail customers.

More recently, AMF has updated its policy on the marketing of complex financial instruments to take into consideration the development of ESG-themes and has issued a guide on carbon off-setting for collective investment schemes which includes recommendations on disclosure toward investors.
With the upcoming PACTE legislation, a presentation in the annual information should be sent to life insurance subscribers of the environmental and social impact integration policy in the management of the euro fund of the contract, as well as amounts invested in labeled funds.

4. Green labels/standards **SCORE 7/10**

In France, two public labels have the aim of certifying sustainable financial products.
In 2015, the Ministry of the Environment, Energy and Marine Affairs created the Energy and Ecological Transition for the Climate (EETC) Label to guarantee quality and transparency of certified fund relative to their contribution to funding the energy and ecological transition. It has three main objectives: highlight investment funds that finance the green economy; encourage the creation of new green funds; and favor company reporting on the green share of their activities. The funds can only finance dark green projects and is impact-oriented. The label certifies the existence of an ESG approach, but is not climate-specific.
Initially used in the private sector, the ISR Label (Socially Responsible Investment Label) was introduced by the Ministry of Finance and has the goal to increase the visibility of ISR products among savers in France and Europe.
Retail investors do not commonly use both labels; however, a common communication platform is under development to help promote and articulate these two labels.
In addition, the PACTE legislation, to be enforced in the months to come, would introduce an obligation to offer in all life-insurance contracts products that are either ISR or TEEC labelled.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY **(Dimension)**
Supervisory authority positioning (Sub-dimension)

1. Regulatory body's/bodies' awareness to climate risk integration **SCORE 8/10**

All regulatory and supervisory bodies (AMF, ACPR, BdF and DGT) have acknowledged a growing awareness to climate risks' importance since COP 21, the introduction of Article 173-IV of the 2015 Law of Energy Transition and Green Growth and the first Climate Finance Day. This awareness has translated in climate risks becoming a supervisory priority for AMF, ACPR and Banque de France, DG Trésor, to internal re-organization, with the opening of supplementary specific positions and to the participation to many international working groups.
Banque de France's governor has made several speeches to raise awareness on climate issues and climate risks within the French and international financial communities. Banque de France and ACPR, along with seven other central banks / supervisors have launched the NGFS (December 2017) and have been very active participation in the different work streams of the NGFS; moreover, Banque de France provides the secretariat of the NGFS (4 staff involved) which also testifies the importance of climate issues for Banque de France.
The Ministry of Finance, with contribution of Banque de France and ACPR, has published a report on the exposure of French banks to climate risks in 2017. ACPR has published a note in June 2018 on the exposure of insurers to climate related risks. The ACPR has continued to engage

with banks and insurance on climate-related risks and has been deeply involved with Banque de France in the NGFS work streams. In April, two reports on climate risks for banks and insurance companies were published, and ACPR takes stock of the positive evolution of climate risks integration. ACPR recommends to go further in this integration, and to adapt the governance bodies. As a follow-up to these reports, two task forces respectively related to the governance of climate-change risks and scenario analysis will be set up. Future perspectives: in parallel with the NGFS works and publications, Banque de France and ACPR are very likely to evolve towards more recommendations in terms of methodology to assess climate related risks

Following its 2017 SRI report, which provided a first assessment of the Article 173-IV implementation by asset managers as well as recommendations and good practices, AMF published its "Roadmap for sustainable finance" stressing the importance of climate change for companies, investors and financial markets as a whole and highlighted the role of the regulator in November 2018. At the international level, AMF is a member of the steering group of the IOSCO Sustainable Finance Network launched in late 2018.

In the upcoming PACTE legislation, the AMF mandate will be expanded to include a specific mission related to climate change. Draft article 23 states that AMF shall ensure the quality of the information provided by asset managers for the management of collective investment regarding their investing strategy and risk management related to climate change.

This evolution would be in line with the future evolution of European agencies' mandates after the Commission Action Plan for Sustainable Finance.

2. Climate change and systemic risk — SCORE 6/10

The first position of Banque de France on climate related risk as a systemic threat appeared in Governor's speech in November 2015, and was confirmed by his speech of April 2018, "Green Finance – A New Frontier for the 21st Century". In this speech, he explains the potential macro-prudential effects of climate related risks. Since 2015, Article 173-V requires supervisors to work on the implementation of climate stress tests.

Moreover, Banque de France is actively engaged in the NGFS work stream dealing with macro prudential risks. Some initial internal researches are being conducted since March 2018 at the ACPR and at the Banque de France's Financial Stability Department, in particular to integrate climate change in macro-economic models and develop climate stress tests for banks.

DG Trésor and Banque de France also contribute to many other projects related to climate risks, but not specifically on systemic risks. At this stage, AMF has focused its efforts on supervision rather than on research.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY (Dimension)

Regulation/Supervision of banks (Sub-dimension)

1. Supervision of bank governance/strategy reflecting climate change related risk — SCORE 6/10

Within its July 2018 questionnaire to banks, ACPR had a question on the board's implication towards climate issues and the global climate strategy of the bank.

There is no specific regulation on this issue but ACPR is engaging with banks rather to measure how practices have recently evolved in order to prepare a new public report for April 2019. In this report, ACPR highlights gaps in banks' governance bodies. On this basis, ACPR decided to create

a working group with banks to identify best practices. Within this group, governance issues will be tackled in order to determine how key bodies should be informed on climate related risks, how to strategically roll out a strategy and define key indicators.
Regarding strategy, DG Trésor is planning to launch a framework to track the commitments regarding divestment of fossil activities taken by French banks in the past few years. In addition, following the Minister's commitment at the 2018 Paris Climate Finance Day, discussions have been initiated with the representatives of the financial sector with the aim of strengthening their commitments toward firms engaged in the coal sector notably in terms of shareholder engagement.

2. Minimum requirements for bank risk management (in the context of the supervisory review process) include ESG/climate risks and a long-term perspective **SCORE 5/10**

Banque de France/ACPR acknowledge that climate-related risks are a source of financial risk. It is therefore within the mandates of Central Banks and Supervisors to ensure the financial system is resilient to these risks.
Integration in banks' minimum requirements and formal guidance to explain how the integration should work do not exist. ACPR and Banque de France both indicated that they were waiting for European evolutions on this matter since the banking prudential regulation is strictly harmonized at the European level.
However, the discussion carried out by ACPR with banks that have resulted in the publication of a report in March 2019 and the launch of working groups with banks is a way for the French supervisor, in the absence of regulation, to provide soft recommendation to banks in the way climate related risks should be better addressed.

3. Scope of supervisory reports of the regulator (risk profile for banks) during the annual supervisory review process covers ESG/climate risks and a long-term perspective **SCORE 5/10**

There is a comprehensive perspective on risks beyond standard pillar 1 risks (credit, market, operational) at the Banque de France and underlying EBA guidance for the Supervisory Review Process (Art. 120 and 76). Although explicit reference to climate change risk is not specified in the prudential regulation, it has not prevented ACPR to engage with banks in order to know their climate-risk assessment methodologies and their climate risk exposures.

A report by ACPR points to great heterogeneity between banks practices: for some banks, information on climate risks is well propagated between directions and the board, while for others it remains only at the level of CSR department without real risk assessment, and without a clear strategy, monitoring process and metrics. However, some banks used ACPR interviews to escalate priorities within the bank and reach the board or the risk department. Long-term perspective in risk profiles covers 3 years (business-model-sustainability analysis).

4. Banking stress tests consider climate risks and a long-term perspective

SCORE 4/10

No stress test including climate related risks has been executed yet.
However, since 2015 Article 173-V requires supervisors to work on the implementation of climate stress tests, and Francois Villeroy de Galhau announced in 2018 Banque de France's will to "develop forward-looking carbon stress tests for both insurance companies and banks". Current mandatory stress tests are conducted with a 3 years horizon, but the ACPR indicates that their aim is to expand further this horizon for climate-related risks.

5. Capital requirements reflect ESG/climate risks and a long-term perspective

SCORE 4/10

With current EU CRD/CRR, regulation there is no specific treatment of either "green" or "brown" assets. A long-term perspective is not encouraged.
Several research projects are underway: Banque de France will participate into future NGFS works on the characteristics of green and brown assets in terms of default probabilities, and ADEME has launched a research project on the probabilities of loan default in third party financing for energy renovation.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY (Dimension)
Regulation/Supervision of insurance companies (Sub-dimension)

1. Supervision of insurance governance reflecting climate change related risk

SCORE 4/10

Solvency II and the transposition decree n° 2015-513, Art. R. 352-18 refer to the required governance including an adequate and effective risk management system.
There is no detailed definition and thus no explicit reference to the scope of risks or specific reference to climate change related risks; however, this very general definition should lead insurance companies to integrate climate-related risks if material.
There is no specific guidance for an appropriate long-term perspective. However, France with other countries are pressing the European Commission to obtain an amendment to the implementation text of the Solvency directive as to alleviate the existing constrains on long term insurance investments in order to incite them to invest in long term projects.
ACPR 2018 questionnaire towards insurance companies includes 33 questions but none on the involvement of corporate governance bodies in addressing climate risks. The questionnaire only features the integration of climate issues in operational, risks and CSR departments. However, ACPR did question insurance companies on governance during bilateral interviews.
Based on these questionnaire and interviews, ACPR has published a report on insurance practices. In this report, ACPR highlights gaps in governance bodies, which is a soft way to raise awareness of insurance companies on this issue.
Two working groups will be established with the industry to deal with the governance of climate-related risks and the design of scenarios.

2. Minimum requirements for insurance risk management include ESG/climate risks and a long-term perspective **SCORE 5/10**

Based on Solvency II, the transposition decree 2015-513 takes a comprehensive approach that cover all actual and potential risk exposure of insurers if material. This does implicitly the inclusion of climate related risk. No guidance on methodology how to include it in insurance risk management and risk metrics is given. ACPR indicates that climate risks could be integrated in internal risk models of insurance companies, as the regulation allows it.
The report published by the ACPR on the climate-related risks of insurance has provided insights into various ways for insurance companies of assessing climate-related risks.
As for banks, two working groups will be established with the industry to deal with the governance of climate-related risks and the design of scenarios.

3. Scope of supervisory review of the insurance company covers ESG/climate risks and a long-term perspective **SCORE 6/10**

Decree 2015- 513, that transposes Solvency II defines the French national supervisory review and refers to risks that insurance companies are exposed to and their capability to assess and manage these risks.
No explicit reference to climate change related risks or specific long-term time horizons. The specificity of the French insurance system and the CatNat requirements enable insurance companies to take into account climate risks. So far, this model has not incorporated the additional risks from climate change.
ACPR has started to include climate risks in its supervisory practice through a questionnaire and a thematic note on the subject that provides guidance to analyze climate-related risks. ACPR has published a report that recommends to integrate the additional risks from climate change, and to draw consequences by adapting their models.

4. Insurance stress tests consider ESG/climate risks and a long-term perspective **SCORE 3/10**

Supervisors according to the EIOPA rulebook can request stress tests in insurance companies. Based on decree 2015-513, ACPR comprehensive risk approach, it is an option to include material climate related risks even though there is no explicit documentation available. So far, no climate related risks stress test has been conducted.
Francois Villeroy de Galhau announced in 2018 that Banque de France would develop forward-looking carbon stress tests for both insurance companies and banks. Banque de France, within the NGFS is also working on how to integrate climate risks within stress tests. Some initial works have started within insurance companies specialized in agriculture.

5. Capital requirements reflect ESG/climate risks and a long-term perspective **SCORE 4/10**

Solvency II and Decree 2015-513 take a comprehensive risk perspective. There is no distinction between green and brown assets. A long-term perspective is not encouraged.
However, France with other countries are pressing the European Commission to obtain an

amendment to the implementation text of the Solvency directive as to alleviate the existing constrains on long term insurance investments in order to incite them to invest in long term projects.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY (Dimension)
Regulation/Supervision of asset managers and investment funds (Sub-dimension)

1. Requirements for organisation, capital requirements and risk management include ESG/climate risks and a long-term perspective **SCORE 5/10**

Asset management companies managing more than 500 million euros of assets are subject to Article 173-VI and should report on climate-related risks. In 2018, the AMF ensured that all the asset management companies subject to this obligation published the report provided for in the Monetary and Financial Code.
Regarding risk management, there is no specific requirement regarding the integration of ESG risks by asset managers. General rules require asset managers to establish an appropriate risk management policy in order to assess for each fund the fund's exposition to market, liquidity or counterparty as well as any other risk, which could be material for the fund managed. Article 173 requires asset managers to disclose their policy regarding the incorporation of ESG criteria in their risk policy using a "comply or explain" approach.

ENABLING ENVIRONMENT (Dimension)
Established and maintained common taxonomy (Sub-dimension)

1. Established and maintained common taxonomy **SCORE 5/10**

France has developed its own taxonomy for green activities. This taxonomy is the basis of label e, designed for green funds, with a college of experts in charge of its evolution. This taxonomy has also served for defining the French sovereign green bonds and hat fueled French contributions to the European taxonomy.

ENABLING ENVIRONMENT (Dimension)
Supporting green finance with public incentives (Sub-dimension)

1. Government provides financing instruments for green investments **SCORE 7/10**

France has developed several financial instruments in support of sustainable investments. Those instruments are deployed by 4 institutions: Caisse des Dépots, BPIFrance, Ademe and AFD for overseas departments, under two mains financing programmes: Plan d'investissement d'Avenir (PIA) and Grand Plan d'Investissement (GPI).
The 3rd phase of the PIA has given priority to the transition and thus increased the share of financing in favor of low-carbon transition; as of October 2018, the total amount devoted to transition in the PIA amounted to EUR 7bn. This amount represents 60% of the total PIA.

For all projects, environmental criteria is taken into account, in an ex-ante evaluation.
Financing instruments include loans, guarantees, shareholdings, grants, technical supports. Caisse des Dépots and BPI France announced in November 2018 their aim to deploy 16 billion euros by 2020.
Instruments includes for example the French heat fund (Fonds Chaleur), Certificats d'Economie d'Energies (for energy efficiency for households and companies) and the home improvement grants from the French Housing Agency (ANAH), provided for heat retrofitting and energy efficiency works. Further sector-specific instruments are in place, inter alia, for aeronautics, agribusiness, automotive, biotechnology, eco-technology, and eco-services.

1. There are subsidies for sustainable investments / fiscal policy/ taxation of products that reflect ESG criteria — SCORE 7/10

Several subsidies targeted towards the retrofitting of house units are in place, e.g. green loans with subsided interest rates and fees (Eco-PTZ) or the Energy Transition Tax Credit program (CITE) which is granted to investments that improve environmental performance of existing buildings. Furthermore, tax incentive for buying renewable energy installations such as solar photovoltaic or renewable heating installations are granted.
The French government generally pursues a "push & pull" approach with its investment subsidies.

ENABLING ENVIRONMENT (Dimension)

2-Degree Consistency of Public sector acting (Sub-dimension)

1. Government reflects climate change related risks in its investment strategy — SCORE 8/10

The Banque Publique d'Investissement, Caisse des Dépots and AFD have a specific mandate to align financing activities with a 2-degree trajectory.
All large public investment institutions have committed to a 2-degree aligned investment strategy: a Charter of public investors was signed in 2017 by the AFD, Caisse des Dépots, BpiFrance, the FRR and ERAFP. The main commitments are the integration of climate issues within investment process, an increased participation to financing low-carbon transition, shareholder commitment and climate disclosure.
BpiFrance, French Agency of State shareholdings, Caisse des Dépots, Ircantech, ERAFP and FRR signed a new Charter to commit to use the ACT tool, created by the Ademe and CDP. The main impacts of this Charter for public investors are the assessment of the adequacy between their investment strategy and a 2-degree trajectory.

2. Government agencies issue Green Bonds — SCORE 9/10

French green bond issuance commenced in 2012, when three local government entities issued the first green bonds to fund green projects (e.g. green buildings, renewable energy and low-carbon transport). Since then, France has grown its Green Bond market significantly. Within France the French State leads the list of the largest issuers. On 24 January 2017, Agence France Trésor launched the first French sovereign green bond, the Green OAT 1.75% 25 June 2039 for an issuance amount of €7bn.

In global context France is the third largest issuer of green bonds after the US and China. France projects an even higher amount to be issued in 2019 as it has been in 2018.

3. Green public institution that provides financial services **SCORE 6/10**

In France there is no special green financial institution. However, all development banks and public agencies provide climate change related finance. AFD is aiming to become fully Paris-aligned.

A proposal issued from the Zaouati/Canfin report, to gather all green financial services under one common institution called France Transition is currently under study at Ministry of Economy and Ministry of Ecological and Inclusive Transition.

4. Central banks disclosure on climate-related risks **SCORE 6/10**

In March 2018, the Bank de France was the first central bank to publish a Responsible Investment Charter, which covers the management of assets for which it has the full and sole responsibility, i.e. own funds and pension liabilities investment portfolios. In March 2019, it issued its first Responsible Investment report (based on the article 173 of the LTCEV and the TCFD recommendations).
The report provides information on the responsible investment strategy and governance, and data regarding several metrics. This includes carbon footprint (scope 1and 2 and partially scope 3) and carbon intensity; portfolio alignment with a 2°C pathway; contribution to the funding of the transition (shares of "green activities) and climate related risks (exposures to physical and transition risks).

ENABLING ENVIRONMENT (Dimension)

Public capacity building and awareness raising on green finance (Sub-dimension)

1. Providing free green label certifications **SCORE 8/10**

In France, two public labels have the aim of certifying sustainable financial products.

In 2015, the Ministry of the Environment, Energy and Marine Affairs created the Energy and Ecological Transition for the Climate (EETC) Label to guarantee quality and transparency of certified fund relative to their contribution to funding the energy and ecological transition. It has three main objectives: highlight investment funds that finance the green economy; encourage the creation of new green funds; and favor company reporting on the green share of their activities. The funds can only finance dark green projects and is impact-oriented. The label certifies the existence of an ESG approach, but is not climate-specific.

The SRI Label was introduced by the Ministry of Finance and has the goal to increase the visibility of SRI products among savers in France and Europe.

2. Consumer education on green finance is integrated in curricula (schools, universities, general public education) **SCORE 6/10**

Consumer education has medium high on green finance. There are major gaps in professional education and schools; however, in academic and universities sphere, there is many initiatives as the Energy and Prosperity Chair, the works of Institut Louis Bachelier, and several research prizes (as French-SIF prize, and Banque de France prize). A cartography of all the research institutions in sustainable finance has been issued by Finance for tomorrow in 2018.
One of the nine working groups of the public-private initiative Finance for Tomorrow" is currently developing ideas for educational programmes and courses in on sustainable finance. The educational programmes will be targeted at students and professionals. Sustainable finance is already part of several specialized programmes such as MSc in Responsible Finance and MSc in Corporate and Sustainable Finance. A mandatory inclusion in all curricula is not in place.

Regarding consumer education, AMF ran several initiatives aiming at improving retail investors' knowledge and understanding of sustainable products. It is currently working to extend its certificates for professional education to strengthen the knowledge of ESG matters in the financial sector. In addition, AFD and I4CE have both issued MOOCs and AMF published videos for consumer education.

ENABLING ENVIRONMENT **(Dimension)**
Green Financial Centres (Sub-dimension)

1. Green public-private initiatives of financial centers **SCORE 7/10**

Finance for Tomorrow ss a collaborative initiative between the financial industry, public players (particularly theMministry of finance, but also Ministry of Ecological and Inclusive Transition, AFD, Banque de France and Caisse des Dépots), academics and civil society (think tanks and NGOs). The initiative aims at promoting sustainable finance in France and internationally.

Nine working groups involving financial actors, public authorities, think tanks and academia are developing ways to redirect investment flows towards a low-carbon, inclusive economic model. Activities include work on climate risks, research to drive innovation, efforts to promote research on sustainable finance, identifying and removing policy barriers to sustainable finance and developing educational programmes.

Each year, Finance for tomorrow organizes the Climate Finance Day, an international and high-level event that gathers more than 600 people.