

RESULTS AND SCORES

France



France achieves the relatively good results on all three dimensions of the 3fP-Tracker with a particular strength in the enabling environment. However, as with all countries and regions considered, there is still ample room for improvement for France regulatory financial environment to become truly 'fit for Paris'. Actual financial regulation and policies would require further improvement to support the transition to a low-carbon economy through and by the financial sector.

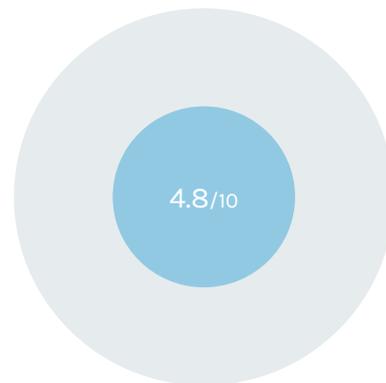
The 3fP-Tracker assessment shows that France has taken the lead on investors and asset managers transparency due to the Article 173-VI since 2015. On banking and insurance supervision, new practices to integrate climate risks are emerging, mostly based on engagement with banks for now. France is a frontrunner on national climate strategies and subsequent alignment of public investments operators. This will to set example is also characterised by the leading role of the French central bank, and the emission of sovereign and local green bonds.

TRANSPARENCY & DISCLOSURE

Transparency on climate related risks is high in France due to Article 173-VI of the 2015 Law of Energy Transition and Green Growth, which requires the disclosure of an extensive range of climate related information. The article requires French financial institutions to disclose, inter alia, how ESG criteria are considered in decision-making processes, how the ESG policy is structured, how climate related risks are identified, managed and metrics on Scope 1-3 emissions.

Transparency on French green financial products is reinforced through two comprehensive green labels, the Energy and Ecological Transition for the Climate (EETC) by the Ministry of the Environment, Energy and Marine Affairs and the Socially Responsible Investment Label (SRI) by the Ministry of Finance. While EETC caters to "dark green projects, SRI is more broadly applicable for sustainable investments.

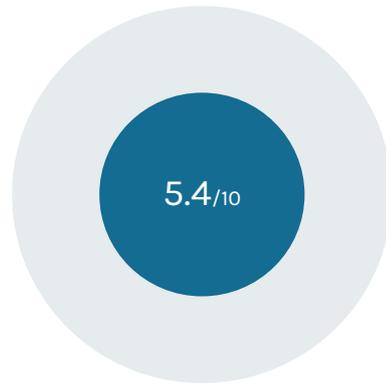
A further increase in transparency on climate risks related could be achieved in France by focusing on improving customer centricity, adapt accounting standards to reflect climate related risks and shift the focus on climate aspects for investment advisor duties.



SUPERVISION, RISK MANAGEMENT AND SYSTEM STABILITY

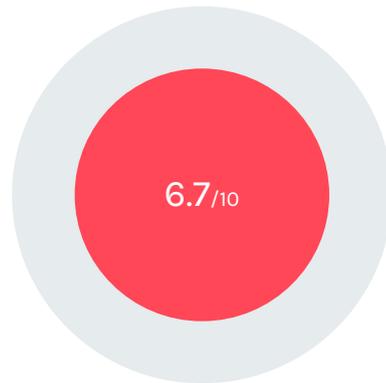
France obtains a medium-high score on Supervision, Risk Management and Financial Stability. This is mostly due to a strong positioning of the central bank and supervisory authorities, and to emerging practices of supervision of climate risks for banks and insurance companies. The recent awareness of regulators and supervisors of the importance of climate issues led them to a strong mobilization internally and within the Network for Greening the Financial System. This mobilization translated in implementing new supervisory practices for banks and insurance companies, with a little advance for banking supervision. Nevertheless, climate risks still lack to be taken into account in current prudential regulations, and climatic stress tests are still at the research stage.

However, the regulation and supervision of asset managers and investment funds is still lagging behind. With the exception of transparency requirements in Article 173-VI, the supervision of these actors still struggles to integrate climate issues.



ENABLING ENVIRONMENT

France has a strong enabling environment for green finance. The government provide strong support for green finance through comprehensive support schemes (tax programs and financial instruments), a clear climate strategy for France to which all public investments should be aligned and a leading position as issuer of green government bonds. With Finance for Tomorrow, Paris is one of the most active green financial centres. As the first central bank in Europe, Banque de France has published a Responsible Investment Report based on the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD).



France will further benefit from the potential implementation of the green taxonomy by the European Commissions. The French government and its agencies are heavily involved in the development of the green taxonomy. Green finance efforts could be further amplified by providing education on the relationship between finance and climate change across the board.

Note for interpreting this evaluation: given current state of methodology development, data availabilities and market experiences, the ideal total score (10) might not be realistically achievable in some categories today, best practices today score significantly lower.