

France

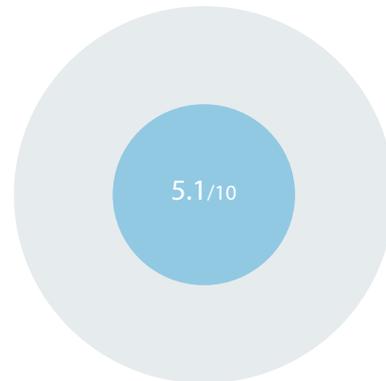


France achieves relatively good results on all three dimensions of the 3fP-Tracker with a particular strength in the enabling environment. However, as with all countries and regions considered, there is still ample room for improvement for France regulatory financial environment to become truly 'fit 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 and insurance 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 investors to disclose, inter alia, how ESG criteria are considered in decision-making processes and how the ESG policy is structured, how climate related risks are identified and managed or metrics on Scope 1-3 emissions.



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

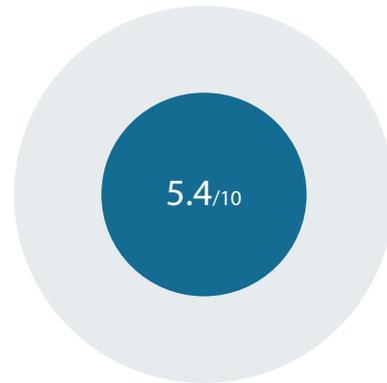
France has translated the Shareholder Rights Directive II beyond its minimum requirements in the domain of wage transparency. Thus, the PACTE Law makes compulsory for listed companies the yearly publication of a fairness ratio, which measures the gap between executive compensations and employees' average and median wage.

The financial market supervisor (AMF) has enhanced its supervisory activities to ensure a better quality of information provided by investment funds on their ISR policy.

A further increase in transparency on climate 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

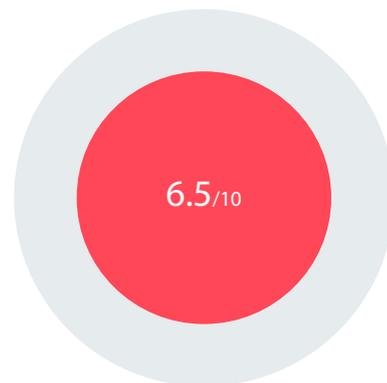
France obtains a medium-high score on Supervision, Risk Management and Financial Stability. This is mostly due to a strong positioning of the central bank and supervisory authorities, and to emerging practices of supervision of climate risks for banks and insurance companies. The recent awareness of 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. Climatic stress tests have not been yet used but they are actively discussed with the financial industry before implementation.



DG Trésor has put in place in July 2019 a framework to track the commitments taken by French financial actors in the past few years, in particular regarding divestment of fossil activities: subsequently the AMF and the ACPR launched each a Climate and Sustainable Finance Commission, with professionals and independent experts to track commitments.

ENABLING ENVIRONMENT

France has a strong enabling environment for green finance. The government provides strong support for green finance through comprehensive subsidy 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 and present 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 Disclosure (TCFD).

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