

French Sustainable Finance Observatory:

Publication of 2022 data on the positioning of the Paris financial centre in terms of sustainable finance

Paris, 27th of October 2022

As it has since its launch each year, the French [Sustainable Finance Observatory](#) is seizing the opportunity of Climate Finance Day to communicate on the evolution of the transformation of financial practices and flows in the Paris financial market as well as on the monitoring of the commitments of French financial players in the field of sustainable finance.

This Observatory, co-piloted by the professional federations (AFG, FBF, France Assureurs, France Invest and ASF) and Finance for Tomorrow, a branch of Paris Europlace, was announced as part of the [Paris financial centre declaration of 2 July 2019](#) and launched on the occasion of Climate Finance Day 2020. It reports on the achievements and actions of the stakeholders of the Paris financial centre in terms of green and sustainable finance for the insurance sector, banks, private equity, management companies and specialised finance companies. This observatory is co-financed by the European Union via the LIFE programme and ADEME.

The Observatory notes that there has been a general increase in commitments to sustainable finance over the years, reflecting **the structuring of financial actors around the objectives of the European climate regulation**.

Indicators such as the amount of green investments, outstanding amounts in green bonds or the amounts invested in labelled funds, make it possible to **measure the investment effort made by the Paris financial centre in favour of the transition** (see key figures below).

New indicators also measure exposure to fossil fuels: coal, oil and gas. Thus, for the first time in 2022, coal exposure is calculated for all actors based on the [GCEL](#) Uргewald and French insurers and banks publish their exposure to oil and gas (conventional and non-conventional) according to the [GOGEL](#) list.

For Thierry Déau, President of Finance For Tomorrow, "The Paris financial centre, through the Sustainable Finance Observatory and thanks to the collaboration of professional federations and associations, is becoming the **first financial centre in the world to demonstrate such a level of information and transparency necessary to understand, monitor and evaluate the gradual transformation of the financial sector** towards a fairer economy less dependent on fossil fuels.

[2022 UPDATE OF THE KEY FIGURES ON SUSTAINABLE FINANCE](#)

The "Transformation of financial practices and flows" section of the Observatory, **which publishes data aggregated by financial activity, presents the key figures for sustainable finance in the Paris financial centre for the years 2021, 2020 and 2019.**

Some key figures from the Observatory:

1. Investments and financing contributing to the transition:

- Insurers (France Assureurs) :
 - o Green investments: **€141bn or 6.3% of assets under management in 2021** (vs. 114bn in 2020).
 - o Sustainable, green and/or solidarity bonds: **€92bn, i.e. 4.1% of assets under management in 2021**, including €54bn invested in green bonds (vs. €43bn in 2020).
 - o Units of account labelled responsible, green and/or solidarity-based: **€127.6bn or 25.2% of units of account in 2021** (vs. €76.17bn in 2020).
 - o Responsible investments (considered as article 8 according to the SFDR regulation): **€1254bn or 56% of assets under management in 2021**.

- Assets manager (AFG) :
 - o Green funds: €71.28bn or 1.84% of assets under management in 2021 vs €51.64bn in 2020.
 - o Sustainable, green and/or socially responsible bonds: **€124.14bn, i.e. 3.2% of assets under management in 2021, including €96bn in green bonds, compared with €64.8bn**, including €56bn in 2020.
 - o Assets invested in sustainable, green and/or solidarity funds: **€656.7bn, i.e. 17% of assets under management in 2021** vs. €326.12bn in 2020.
 - o Responsible investments (considered as article 8 and 9 according to the SFDR regulation): **€2108bn or 54.5% of assets under management in 2021** vs. €1587bn in 2020.
 - o Assets invested in impact funds: French management companies are publishing for the first time in the Observatory the assets of their impact funds and the SDGs covered by these funds: **€60bn in 2021, i.e. 1.5% of assets under management**, including €28bn of funds that target SDG 13: Measures to combat climate change.

- Banks (FBF) :
 - o Green loans and credits: **more than €100bn at the end of 2021** vs. €76.2bn in 2020, including almost €30bn of new loans granted in 2021.
 - o Renewable energy financing: **€42bn in 2021** including €14bn of new loans granted during 2021.
 - o Structuring of green and sustainable bonds (green bonds, social bonds, sustainable bonds, sustainability-linked bonds): **€225bn in 2021**.

- Specialised financing institutions (ASF) :

Pour les retail customers,

 - o **Financing of hybrid or electric vehicles** is **€3.34** billion in 2021 vs. €1.5 billion in 2020.
 - o **Financing for energy-efficient housing renovation** represent **€1.41 billion in 2021** compared to €1.2 billion in 2020.

For companies,

 - o **Financing of hybrid or electric vehicles** amount to €1.5 billion in 2021 compared to €0.7 billion in 2020.
 - o **Financing of "green" buildings** will represent nearly €2.5 billion in 2021 compared to €1.9 billion in 2020.

- Private equity (France Invest) :
 - o Cleantechs: **€2.3bn invested in 2021, including €0.6bn in renewable energies in 2021** vs. €1.2bn in 2020, including €0.3bn in renewable energies.
 - o Investments in renewable energies made by infrastructure funds: in 2021, investments made by infrastructure funds in renewable energies amounted to €2.2 billion compared to €1.8 billion in 2020.

2. Exposition aux énergies fossiles :

- Insurers (France Assureurs) :
 - o Coal exposure: **€14.1bn in 2021** or 0.6% of assets under management in 2021 vs €16.6bn in 2020.

- o Oil and gas exposure: **€26.7bn in 2021**, i.e. 1.2% of assets under management in 2021 vs. €27.8bn in 2020, including €21.4bn of exposure to non-conventional oil and gas in 2021 vs. €21.9bn in 2020.
 - o Oil and gas exclusion policy: **92% of insurers** have an exclusion policy for non-conventional fossil fuels at the end of 2021, of which 67% also apply their policy to conventional oil and gas.
- Assets managers (AFG) :
 - o Coal exposure: **€36.41bn or 0.94% of assets in 2021**.
 - o Exclusion policy on oil and gas: **30% of asset management companies have an exclusion policy on non-conventional fossil fuels** at the end of 2021, 25% of which also apply their policy to conventional oil and gas.
- Banks (FBF) :
 - o Coal exposure: **€2bn or 0.02% of their balance sheet total** vs €2.1bn in 2020.
 - o Oil and gas loans: **€23bn or 0.25% of French banks' balance sheet** total.
 - o Exclusion policy on oil and gas: The six major French banks will no longer finance, since January 2022, dedicated projects and companies whose share of unconventional hydrocarbons in exploration and production (shale oil, shale gas and oil sands) would be higher than 30% of their activity.

MONITORING AND ANALYSIS OF INDIVIDUAL COMMITMENTS

In 2022, the Observatory lists more than 1,000 public commitments, mobilising some 400 voluntary actors.

For the 2022 exercise, here are the new features of the individual commitments section:

- A **10th category** has been added to the Observatory's classification. This category concerns **Biodiversity** and therefore lists the commitments made on this subject (biodiversity footprint, investments in favour of biodiversity, etc.).
- The scope of the reading grids has been extended. These make it easier to read individual commitments by analysing their content and scope. There are now 20 grids, with new grids created for the following themes
 - o Green labelled funds
 - o Sustainable labelled funds
 - o Biodiversity footprint
 - o Biodiversity commitment
 - o Biodiversity investments and financing
 - o Shareholder engagement
 - o Governance

Last year's launch of a **commitment guide**, in order to specify the expectations of the exercise, the rules for publishing commitments, and the minimum criteria expected, made it possible to obtain more precise and concise commitments this year, in line with the Observatory's criteria.

*These commitments are updated on an ongoing basis, and financial actors who are not yet present are invited to **commit and join this initiative**.*

THE OBSERVATORY'S SCIENTIFIC AND EXPERT COMMITTEE

The Observatory's Scientific and Expert Committee, an independent body **that ensures the scientific rigour of the project**, will publish a **series of recommendations before the end of the year regarding indicators, the integration of ESG** issues among stakeholders and the transition to a carbon neutral economy.

This will be the third publication since the launch of the Observatory and the committee in 2020.

In addition, as energy independence and urgency are at the heart of current concerns, the Observatory is also working on a series of recommendations dedicated to **fossil fuels to be published in early 2023**.

FIRST ANNIVERSARY REVIEW OF THE ONE PLANET DATA HUB: CREATION OF THE NET ZERO DATA PUBLIC UTILITY (NZDPU)

As part of the work of the *One Planet Data Hub*, announced by the *One Planet Summit* initiative on 28 October 2021, French President Emmanuel Macron and Michael R. Bloomberg, Special Envoy of the World Bank, launched a new initiative to address the issue of climate change. Bloomberg, UN Special Envoy, launched the **Climate Data Steering Committee** on 3 June 2022. This committee published initial recommendations in September 2022 calling for the creation of a **Net Zero Data Public Utility** (NZDPU), an open data platform that will collect climate data from corporations and financial actors. The Observatoire de la Finance Durable has worked on a [joint response from the Paris financial centre](#) to this consultation and has encouraged Paris financial centre players to participate in **Focus Groups** planned by the NZDPU teams to represent European and French practices in this international platform.

A propos :



Finance for Tomorrow is the branch of Paris EUROPLACE launched in June 2017 to make green and sustainable finance a driving force for the development of the Paris financial centre and to position it as a leading financial centre on these issues. The more than 110 members and observers of Finance for Tomorrow commit in a common charter to contribute to reorienting financial flows towards a low-carbon and inclusive economy, in line with the Paris Agreement and the UN Sustainable Development Goals (SDGs).

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ADEME has been involved in the fight against climate change and the degradation of resources for 30 years and is determined to move the yardsticks in order to build a more sober and inclusive society. We are at the service of all stakeholders (State, companies, local authorities, citizens) to accelerate the reduction of our energy consumption, develop renewable energies and reduce greenhouse gas emissions. We support innovation and research. We act in all areas of the ecological transition (food, mobility, housing, consumption, etc.) so that everyone rethinks their uses and needs and has alternative solutions. **At ADEME, we are convinced that these changes are possible, but also desirable.**



Eight key players in sustainable finance in France have joined forces under the coordination of the French Environment and Energy Management Agency (ADEME) on an unprecedented financial engineering programme with a budget of €18 million and €10 million in funding from the European Commission (LIFE programme which supports actions that promote the implementation of European policies). This project, Finance ClimAct, aims to develop new methods and tools, and to integrate them into the decision-making and steering processes of the various stakeholders in the financial sector. This strategy is directly in line with the Paris Agreement, which aims to "make financial flows compatible with a low-GHG emissions pathway and climate change resilient development". The Sustainable Finance Observatory is an action of the ClimAct Finance project and is partly funded by the LIFE programme.

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