

Press release – June 29, 2016

The Paris Green Financial Center (PGFC) stakeholders announce a new collective commitment to tackle climate change

At the occasion of the 2nd edition of the *Business & Climate Summit* that brought together on the 28th and 29th of June in London, economic, political and financial representatives committed to the transition to a less carbon-intensive economy, federations and associations representing the Paris financial marketplace – the AFA (French association of insurance), the AFG (French Asset Management association), the AFIC (French association of investors for growth), the AFII (French association of institutional investors), the FBF (French banking federation), the FIR (Sustainable investment Forum), the ORSE (Observatory of corporate social responsibility), Paris EUROPLACE, the SFAF (French society of financial analysts) - announce a new collective commitment in favor of the fight against climate change.

In the wake of the publication of article 173 of the *Energy Transition for Green Growth Act* aimed towards institutional investors and management companies, this commitment is an additional milestone of the French financial sector's global commitment against climate change.

The Paris financial marketplace is keenly aware of the fundamental role of financial actors in long term financing of the economy as well as in the transition towards a less carbon-intensive economy and **encourages its members to pursue and accelerate their mobilization, including:**

- **Support the implementation of the Paris Agreement** at COP22 next November 2016 in Marrakech and **accelerate their contribution to green funding** of infrastructure internationally and to **green bonds issuances**.
- **Promote low-carbon strategies implemented by stakeholders** (credit establishments, asset managers and institutional investors) and **provide clear information on their positive contributions to climate change**, especially the way in which climate risk is addressed in their investment and financing decisions.
- **Establish a constructive dialogue with companies** in which they invest or that they fund, to encourage the reduction of their carbon footprint and to improve the quality of information provided on their greenhouse gas emissions.
- **Work together** – with support from professional associations – **to oversee the roll-out of the carbon risk measurement methodologies** applied by institutional investors and credit establishments in order **to facilitate, on the long run, the emergence of better practices and climate risk measurement systems**.
- **Encourage institutions to share experiences** within professional associations to help all

financial stakeholders take part in this joint commitment. A period of adjustment to these new requirements will help **consolidate and disseminate best practices globally.**

- **Step up exchanges with public authorities and regulators, and ask them to create an environment that encourages the flow of capital towards a low-carbon economy with limited climate risk,** and to introduce incentives, especially when it comes to carbon pricing and preferential prudential treatment for investments and green financing.

Over the last 15 years, the Paris financial marketplace has developed recognized know-how and expertise in the field of green and sustainable finance. **The commitments announced today consolidate the lead taken by France to boost funding for energy and ecological transition and a further step towards raising private individuals' awareness about climate risks** - because the challenge now is to provide public and savers with quality information on climate risk control and the products available to them:

- In 2015, during the Climate Finance Day organized at UNESCO, in the wake of the COP21, **the actors of the Paris financial marketplace have already made commitments** to strengthen the assessment of implications on climate change in their investment decisions, minimize negative impacts and maximize the positive effects on greenhouse gases emissions.
- **France has adopted, since 2015, a regulation contributing to climate change** that requires, as of 2016 annual reports, institutional investors and management companies to describe how they include ESG criteria (Environment, Social Governance) in their asset management and specify how this management contributes to the fight against climate change (Article 173 of the Law on Energy transition to green growth).
- **France has also introduced two labels:** the TEEC label (Energy and ecological transition for climate) and the SRI label (socially responsible investment). The TEEC label qualifies assets held *via* investment funds with regard to a reference framework that contains a number of selective criteria and the SRI label promotes funds invested in companies that take on-board ESG (environment, social and governance) criteria.

About Paris EUROPLACE : Paris EUROPLACE is a non-profit organization, chaired by Gérard Mestrallet, in charge of developing and promoting the Paris financial marketplace and the French financial industry internationally. It brings together all financial industry stakeholders; its 400+ members include issuers, investors, banks and financial intermediaries, insurance companies; attorneys and accountants, consulting firms, etc. as well as market authorities.

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