

Paris, 22 October 2020

**PRESS RELEASE**

**CLIMATE: French banks step up transformation to meet Paris Agreement targets, in keeping with their commitments**

This time last year, the French banks published a [manifesto](#) reiterating their commitments and shared determination to speed up their transition whilst remaining committed to their clients to contribute to the development of an environmentally-friendly, low-carbon and inclusive economy. One year on, and with less than one week to go until the Climate Finance Day, the French banks have issued an initial, fact-based review of their action in favour of the energy transition. This review shows that they have not only fulfilled their commitments, but have also been a major driving force within the global banking sector, with a high level of ambition in incorporating climate goals into their strategy and decision-making criteria. Aware of this pioneering role, they intend to speed up the transformation of their business models to align them with the Paris Agreement targets as quickly as possible.

**Exiting coal: a global and measurable withdrawal**

The French banks have initiated policies committing to exit the coal sector which are among the most advanced in the world. They were the first to come up with coal policies in 2011, and in 2019 they are no longer financing new coal-fired power plants or thermal coal mines. They support clients in the electricity production sector in their efforts towards the energy transition and are among the only banks effectively requiring from them coal phase-out plans with target deadlines. They have introduced strict policies with respect of the evolution of their clients' "energy mix", refusing to enter relationships with companies whose share of electricity produced from coal exceeds a fixed threshold and/or who are developing new coal capacities. **The FBF will publish in the next few days the coal exposure figures of the French banks' relative to a list of companies involved in the coal industry. These figures will be made public, which is a world first. The figure, which is below 0.20% of the banks' corporate lending portfolio, will enable the measurement, over the coming years, of the impact on the banks' credit portfolios of the strengthening of their coal exit policies.**

**Renewable energy sector: substantial growth in financing**

Developing key investment for the energy transition is a priority for French banks. Today, projects that have a positive environmental impact are able to access financing. **Together, the French banks committed more than €41 billion in funding for the renewable energy sector at the end of 2019, an increase of 57% over the last three years, which is a higher growth rate than the renewable energy sector itself over the same period (+26%)<sup>1</sup>.** And that figure is expected to rise further over the coming years.

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<sup>1</sup> Source IRENA - The International Renewable Energy Agency

## **Integrating the climate criteria in their business model: French banks are innovating and teaming up with major institutions**

In the meantime, the banks are actively mobilising on all levels: with their cutting edge approach to climate risk, most of the big French banks are implementing methodologies (which they have made public) aimed at aligning their loan portfolios with the Paris Agreement targets (substantial reduction in global warming to 2 degrees, with the aim of 1.5 degrees). The development of these methodologies have led to the banks to start transforming extensively their business model. This will allow them to gradually incorporate climate criteria into both their overall portfolio management and into thousands of individual decisions taken as part of their lending and financial services activities. This transformation puts the climate topic at the heart of their dialogue with their clients and in the support that they provide to them.

The French banks are also involved in the various collective initiatives and working groups looking at how to improve the management of climate risk. They have also committed to take a global and, proactive approach with the sector's main European regulatory and supervisory bodies (ACPR, EBA, ECB, etc.), as materialised by their active participation in working groups, climate pilot exercises, and in responding to their consultations.

The top six French banks and the FBF have also signed the United Nations Principles for Responsible Investment as part of the UN Environment Program Finance Initiative (UNEP FI), which notably include the signatory banks' commitment to bring their strategies in line with the Paris Agreement.

The French banks are withdrawing from the highest carbon emitting energies and are supporting the energy transition. Four French banks are among the top 10 players in the emerging and fast-growing market for green/sustainable loans and the same four banks rank among the top 15 players in the sustainable bonds market. Finally, the four French banks included in the Banking on Climate Change 2020 report provide four times less financing for fossil fuels than the top four banks listed in that report.

The French banks took the Paris Agreement of December 2015 as a strong call to action, leading them to undertake a number of climate-related initiatives. In 2020, while fulfilling their mission to serve the economy, in a particularly demanding time during the public health crisis, they are stepping up their transformation to achieve the strategic objectives of preserving our climate, our common good. They will continue to spearhead the development of green finance worldwide and team up with the other French institutions to make Paris the world capital of green finance.

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