Sustainable finance

25 February 2020

The energy transition and the emergence of sustainable finance are key issues for financial markets, financial stability and investor protection. The European Commission is rolling out an ambitious action plan while the AMF is also committed to sustainable finance and is implementing the road map that it defined in 2018. Learn more about the actions carried out and the relevant documents.

The European Commission’s driving role


It finalised three legislative proposals in 2019:

— The “Disclosures” Regulation which defines new sustainability transparency requirements for investors and asset managers (with respect to products and stakeholders);

— The Benchmark Regulation which creates two indices, the Climate-Transition Benchmark (CTB) and the Paris-Aligned Benchmark (PAB) and imposes environmental, social and
governance transparency requirements on traditional indices;

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The **Taxonomy Regulation** which creates a uniform system of classification of activities considered as sustainable or contributing to climate transition, enabling the adoption at European level of a common language in this area. This text, which is the linchpin of the European Commission’s plan for sustainable finance, already provides for increased transparency requirements for both investors and issuers, based on this new nomenclature.

The European Commission’s Action Plan and related measures also amend, by means of delegated acts currently being adopted by the Commission, a number of structuring texts applicable to investment service providers (MIF, UCITS, AIFMD).


**The AMF’s commitment**

A major focus of our #Supervision2022 strategic plan, the AMF intends to take into consideration sustainable finance in all its missions and activities. Our objective is to change practices, increase transparency and facilitate the consideration of sustainability issues as well as the mobilisation of capital for more sustainable activities.

In its [November 2018 roadmap](https://www.amf-france.org/en/news-publications/news/sustainable-finance-what-role-regulator-amf-roadmap), the AMF sets out the various areas of its action for sustainable finance, based on support, supervision and education. It is a strong commitment that stems from the conviction that the regulator has an important role to play in encouraging and accelerating transformation, while preserving the conditions of trust.
Article 77 29 of the PACTE law passed in spring 2019 also recognised this new responsibility by defining a specific mission for the AMF, making it responsible for ensuring the quality of information provided by asset management companies on their investment strategy and their management of risks related to the effects of climate change.

**Priority areas of action for the AMF in 2020**


— Contribute to defining a more robust framework for the quality and comparability of non-financial information of listed companies (reporting obligations, rating agencies and non-financial data providers);

— Encourage greater clarity on ESG approaches in asset management, which could result in proposals of minimum standards or Europe-wide labels, and help retail investors to better understand the green and responsible investment offering;

— Work with the Autorité de Contrôle Prudentiel et de Résolution to implement the monitoring of the climate-related commitments made by entities of the Paris financial centre;

— Support market participants in implementing new European rules, in particular concerning transparency for sustainable investments and sustainability risks (Disclosures Regulation).

Against a backdrop of rapidly changing product ranges and innovations, the non-financial approaches developed by financial players also remain a focus of special attention as part of the AMF's supervisory priorities.
Non-financial disclosure of listed companies

The quality of environmental and social data, and therefore of the non-financial information provided by listed companies, is essential for decision-making by investors and to enable them to monitor their investment policy. These data concern all stakeholders. In this framework, the AMF assists listed companies with the preparation of their non-financial reports, in particular by highlighting best practices and recommendations.

information statements of 24 French listed companies. To assist them in this approach, which is essential for the shift towards a more sustainable economy, we set out the key challenges of this non-financial reporting, with a few examples. The AMF is also reviewing the non-financial information provided by issuers during the annual review of universal registration documents (URD).

Lastly, the AMF also accompanies the development of the green, social and sustainable bond market, focusing, in particular, on the transparency of the information provided to investors about the use of proceeds.

**Responsible management**

Sustainable finance today represents a structural trend of the sector. This theme has been the subject of several AMF publications, viewed from different angles. The objective is to highlight the trends observed on the market, and to share good practices and recommendations, draw attention to any poor practices and clarify the AMF’s expectations or policy.

**To know more**


**Actions carried out to better understand the needs and expectations of retail investors**

It is essential to reinforce education on sustainable investment for retail investors in order to keep pace with current developments. It is one of the AMF’s objectives to develop specific materials on these topics for retail investors. This also entails understanding their expectations and needs. In this connection, in September 2019, the AMF published the results of studies conducted on retail investors:
— **French people and responsible investment** (quantitative survey conducted by Audirep in June 2019).

— **Legibility study of "SRI" investment documentation** (qualitative survey conducted in June 2019 by CSA).

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