



AUTORITÉ  
DES MARCHÉS FINANCIERS

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## **The AMF and the ACPR encourage financial institutions to clarify and reinforce their requirements regarding fossil fuels**

**The AMF and the ACPR have published their second report on the monitoring and assessment of the climate-related commitments of financial institutions. The report includes an update of the information collected in 2020 and follow-up of the implementation of the recommendations made by the authorities on thermal coal policies. It also includes initial analyses of sectoral policies for other fossil fuels and their exposures.**

The report provides important insight as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) have recently highlighted the scale of the economic changes involved in meeting the Paris Agreement's targets, particularly concerning the energy sector.

The study by the Autorité des Marchés Financiers (AMF) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) was conducted on the basis of public information and detailed questionnaires sent to the largest market participants (9 banks, 17 insurers and 20 asset management companies), supplemented by interviews with representatives of these companies. At a time when financial players in the Paris financial centre are being called upon to step up their climate-related commitments with regard to coal and non-conventional energies, the ACPR and the AMF have also undertaken initial analyses covering "oil" and "gas" sectoral policies, where they exist, and exclusionary policies on non-

conventional hydrocarbons, such as oil sands and shale gas. The full report on the monitoring and evaluation of climate change commitments will be published in December.

The exposure of the Paris centre's financial players to companies linked to the coal sector remains very low, substantially lower than 1% of assets, with disparities between players. All the banks and insurers of the sample now have an exit date in accordance with the ACPR's recommendations. There has also been a trend towards policies becoming stricter, with exit dates moving closer together and the adoption of exclusion criteria and thresholds defined in absolute rather than just relative terms. However, these policies remain heterogeneous, particularly with regard to the scope of activities, the measurement of the exposures concerned and the exclusion thresholds. In the case of oil and gas sectoral policies, the commitments mainly concern non-conventional fossil fuels, with, once again, a certain heterogeneity in the approaches and levels of ambition displayed by the players. Overall, the ability to meet the commitments remains difficult to assess in the absence of milestones or details on the steps to meet the stated objectives.

The AMF's analyses show that most of the Paris centre's major fund managers now have a coal policy and 15 of the 20 asset management companies (AMCs) analysed have set an exit date, up from a figure of three AMCs in 2020. Some of the criteria were tightened in 2020 and an increasing number of AMCs are planning to exclude some or all players who are developing new coal-fired capacities. Nevertheless, there is still a need for transparency in the choice of criteria and, generally, the recommendations made in 2020 are still not taken into account. In particular, little information is provided on the treatment of issuers who intend to withdraw from coal and there are still insufficient controls on the quality of the data. In addition, the monitoring of exposure to the coal sector has yet to be fully implemented. It is imperative for AMCs to take action on policies relating to other fossil fuels. Where policies do exist, they are limited to oil sands and in some cases to shale oil and gas, and are often unclear.

The AMF and the ACPR encourage players to quickly implement or strengthen robust policies based on the lessons learned and the positive work done for coal. Policies should take into account the available projections and expected trends in the level and nature of investment in the sector in order to meet the objectives of the Paris Agreement.

### ***About the AMF***

*The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org> URL = [https://www.amf-france.org/]*

## About the ACPR

*The Autorité de Contrôle Prudentiel et de Résolution is the administrative authority operationally attached to the Banque de France that supervises the banking and insurance sectors and ensures financial stability. The ACPR is also responsible for protecting the customers of the supervised institutions and ensuring the fight against money laundering and the financing of terrorism. It also has resolution powers. The ACPR's operational departments come under its General Secretariat. Visit our website at <https://acpr.banque-france.fr/> URL = [https://acpr.banque-france.fr/]*

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### Read more

Second ACPR and AMF's joint report on the monitoring and assessment of the climate-related commitments of French financial institutions: sectoral policies and  
✚ fossil fuel exposure of market participants

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