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02 November 2020

The AMF and the ACPR publish their first report on the monitoring and evaluation of financial institutions' coal policies

In July 2019 on the occasion of a meeting of representatives of the Paris financial marketplace chaired by Bruno Le Maire, the ACPR and the AMF announced a framework to monitor and evaluate climate-related commitments made by banks, insurers, and asset management companies. Today, they are publishing their first findings on the coal policies of French market participants, ahead of the publication of the full report scheduled for the end of the year.

Sustainable finance is a major stake for the Paris financial centre and the publication of this first joint report confirms a positive impetus, even if areas of improvement have been identified. The work was carried out by the French Prudential Supervision and Resolution Authority (ACPR) and the Autorité des Marchés Financiers (AMF) based on public information and questionnaires sent to the main market participants (9 banks, 17 insurers and 20 asset management companies), completed by numerous bilateral discussions. This report includes a qualitative comparison of the policies, a first assessment of the divestments and exposure of French banks, insurers and French funds to thermal coal at the end of 2019, and an analysis of coal-exposed issuers included in fund portfolios.

The banking and insurance institutions analysed in the report all have a policy for phasing out coal. Among them, 6 banks and 11 insurance companies have published exit dates. Of the 20 major French asset management companies, 16 have a coal policy and only one

participant does not wish to adopt any such policy because of its investment portfolio. However, only six out of the 20 companies have currently announced a coal exit date.

Overall, despite the methodological difficulties encountered and the heterogeneity of the exit strategies implemented by financial institutions, the different approaches used by the AMF and ACPR highlight a relatively low exposure, on average, to the coal sector, both for banks and insurance companies and for asset managers. Exposure of the French financial sector appears to be substantially lower than 1% of total assets for each sector.

These analyses also highlight the financial sector's awareness of its responsibility in the fight against climate change. Nevertheless, certain aspects of the strategies need to be more systematically specified, in particular the time horizon for the exit from coal. Efforts to monitor exposures - at the individual and at marketplace level - must also be strengthened. AMF

Following this first exercise, the ACPR and the AMF recommend that financial institutions:

- formulate coal policies, including notably the adoption of an exit date;
- justify the criteria and thresholds used in these policies and, if necessary, consider additional criteria in the policies to achieve the exit objective;
- increase the transparency of coal policies, in particular by clarifying applicable exemptions;
- clarify how financial institutions take into account companies that are in transition and/or with an intention or commitment to exit coal;
- improve individual monitoring of exposures and continue efforts at the level of the Paris financial center in terms of harmonization of methodologies;
- specify the data used for policy implementation and monitoring.

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/]



 AMF Communications Directorate

+33 (0)1 53 45 60 28

- ACPR Communication Unit

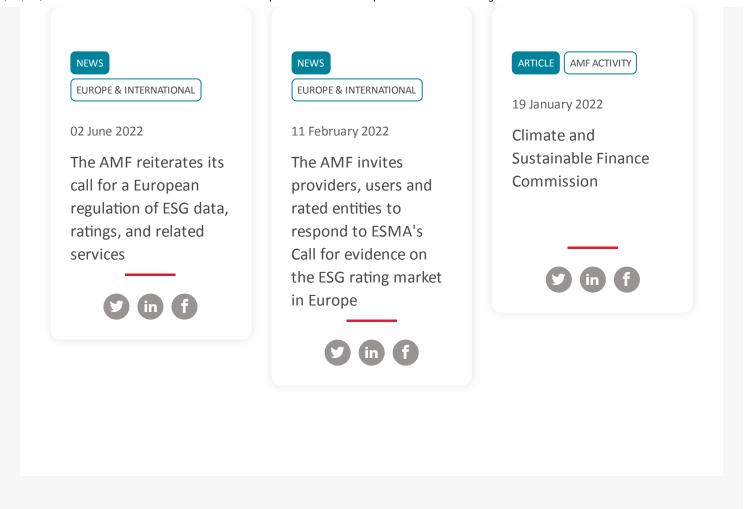
+33 (0)1 42 44 72 76 presse@acpr.banque-france.fr

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Legal information:

Head of publications: The Executive Director of AMF Communication Directorate. Contact: Communication Directorate – Autorité des marches financiers 17 place de la Bourse – 75082 Paris cedex 02