

June 2025

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# 2024 SUSTAINABILITY REPORT

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REPORT ON  
THE BANQUE DE FRANCE AND  
ACPR'S SUSTAINABLE ACTION





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# GOVERNOR'S FOREWORD

**2024 was a pivotal year for climate and nature-related action.** Significant headway was achieved, including a major agreement at the COP16 gathering that paves the way for full implementation of the Global Biodiversity Framework agreed on in Montreal in 2022. Yet as we celebrate the tenth anniversary of the Paris Agreement on climate change, the United States' withdrawal from the accord – for a second time – and the uncertain international environment pose new challenges for the climate transition.

**Against this backdrop, the Banque de France and the Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority) reiterate their resolve to incorporate sustainability issues,** including those relating to climate change and the degradation of nature, into their strategy, missions and operations.

**This second annual Sustainability Report summarises the extensive work done in 2024 across all of our activities.** Since the Banque de France published its first annual report on responsible investment in 2019, followed by the publication of the Banque de France and ACPR's Climate Action Report in 2022, we have based our approach around transparency vis-à-vis the public and our peer institutions. We want to report on the commitments we have made, while also sharing our experience with a view to helping the public and our peers to measure and manage climate and nature-related risks more effectively.

**We have reorganised this year's report to structure it around our institution's three core missions – monetary strategy, financial stability, and the provision of services to the economy and society –** while following the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). We have also expanded the information about the climate and nature impact of our **operational activities**. These modifications are intended to better explain the ways in which we are addressing sustainability issues in each of our activities and to reflect how the Banque

de France and the ACPR are stepping up their work in this area. As in 2024, the report also covers the Banque de France's strategy and actions in terms of **responsible investment**. The responsible investment section includes, for the third year running, metrics calculated as part of the climate reporting exercise undertaken by all Eurosystem central banks.

**In 2024, we reaffirmed our determination to integrate nature and the climate throughout all our activities.**

Our efforts were recognised for the third time in a row as the Banque de France again topped the **G20 Green Central Banking Scorecard** drawn up by a group of international non-governmental organisations (NGOs). We expanded our strategic plan to formally include nature-related economic and financial risks, reflecting the fact that being involved in assessing these risks forms part of our mandate as central bank and supervisor.

We enhanced our **monetary strategy toolbox** in 2024. Acting under the European Central Bank's (ECB) climate action programme and consistent with its status as a Eurosystem In-house Credit Assessment System (ICAS), the Banque de France will begin incorporating climate-change-related risks in its company rating system in 2025. These ratings are used, among other things, when assessing the quality of collateral accepted by the Eurosystem for monetary policy operations.

**In financial stability and supervision,** in 2024 we published the findings of the second climate stress test conducted by the ACPR in the insurance sector. We also took part in efforts to standardise expectations for the identification, measurement, management and monitoring of environmental, social and governance (ESG) risks by supervised institutions, guided at all times by the need for simplicity, proportionality and effectiveness.

**To provide more effective support for the transformation of our economy and society,** the Banque de France is working to deploy a corporate "climate

indicator”, which measures firms’ exposures to climate risks and enables them to position themselves with respect to their industry’s target decarbonisation trajectory. Rolled out across three emitting sectors in 2024 (power generation, real estate and transportation), it is being extended to the construction and cement sectors in 2025.

**In addition to carrying out work under our mandate as central bank and supervisor, we pursued efforts in our operational activities.** In 2024, we cut our greenhouse gas emissions by 32% relative to 2019, comfortably beating the 25% reduction that we had targeted. Leveraging the expertise that we have built up, we are also publishing, for the first time, information about the impact of these activities on nature. Keen to maintain its leading-edge position in **responsible investment**, in 2024 the Banque de France implemented “Paris aligned” fossil-fuel exclusion thresholds for oil and gas, and totally excluded coal and unconventional hydrocarbons from its portfolios. Having already aligned our equity portfolios with a 1.5°C warming trajectory by the end of 2023, we pledged to extend this temperature target to the corporate bond component by end-2026. The scope of the metrics reported as part of the Eurosystem-wide exercise is changing this year to include indirect, or “Scope 3”, emissions, as well as the proportion of social and sustainability bonds. The Banque de France also launched and invested in a biodiversity fund in partnership with BDF Gestion and Groupe Caisse des Dépôts.

Finally, in the new geopolitical environment, **our multilateral and international engagement** through the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) is more vital than ever. We co-founded the NGFS in 2017 and host the network’s global secretariat in Paris. Its work benefits from the vigorous efforts and involvement of some 145 central banks and supervisory authorities from around the world. In today’s international setting, this coalition of the willing is more critical than ever before, as is the role of central banks in understanding and managing climate change and nature-related risks.

**We at the Banque de France and the ACPR are building a central bank that stands up for sustainability, as we work to serve of the people of France.** With this report, I reiterate our unwavering support for achieving the goals of the Paris and Kunming-Montréal Agreements and for promoting sustainable finance.

François Villeroy de Galhau

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## FIND OUT MORE...

Banque de France, 19 March 2025: [Annual Report 2024](#).

Governor’s speech, 25 June 2024: [“Climate economics: from the veil of uncertainty to three convictions for action”](#).

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# ABOUT THIS REPORT

## OUR METHODOLOGY

The Banque de France and ACPR *Sustainability Report* is changing this year to more accurately reflect the distinction between our institutional missions, our operational activities and our responsible investment policy. The new format

is designed to be more reader-friendly and explain more clearly how we are integrating sustainability throughout our activities.



Our **core missions** are presented according to the structure recommended by the Task Force on Climate-related Financial Disclosures (TCFD),<sup>1</sup> as interpreted by the NGFS guide for central banks, which is applied to the three core missions assigned to the Banque de France and the ACPR, namely financial stability, monetary strategy and services to the economy and society. Each of these missions is broken out according to the four pillars recommended by the TCFD:

- **Governance:** the Bank's governance arrangements for climate and nature-related impacts, risks and opportunities;
- **Strategy:** real and potential consequences of climate and nature-related impacts, risks and opportunities for activities, and steps taken to cope with these impacts;
- **Risk management:** processes used to identify, measure and manage climate and nature-related risks;
- **Metrics and targets:** metrics and targets used to measure and manage climate and nature-related impacts, risks and opportunities.



**Operational activities** are described following a structure based on corporate social responsibility (CSR) reporting standards. Accordingly, the following topics are dealt with individually:

- The Banque de France and ACPR's **governance and CSR strategy**;
- **Environmental disclosures** relating to climate change and nature-related risks.



The report also covers the **Banque de France's strategy and actions in terms of responsible investment**.

- This section includes, for the third year running, metrics calculated as part of the **climate reporting exercise undertaken by all Eurosystem central banks**.
- The scope of the reported metrics has been expanded this year to include **Scope 3 emissions** and the proportion of **social and sustainability bonds**.

<sup>1</sup> The TCFD was disbanded in 2023 after fulfilling its mandate, and the Financial Stability Board asked the IFRS Foundation to take over monitoring the change in companies' climate-related disclosures. The International Sustainability Standards Board (ISSB) incorporated the TCFD's recommendations in Standard IFRS S2 on Climate-related Disclosures.

The CSR strategy and responsible investment policy are an expression of the Banque de France's **sustainable performance**, which constitutes one of its five core values, alongside independence, expertise, openness and solidarity.

Like last year's issue, this Sustainability Report focuses on **activities carried out by the Banque de France and the ACPR themselves**, referring to additional work at Eurosystem level as applicable. It adopts an **integrated approach to climate and nature-related risks** as recommended by the NGFS. The report is intended to act as a **single gateway** to information about the Banque de France and the ACPR's sustainability initiatives, with reference to more detailed documentation where available.

It includes **metrics and targets** for all our objectives and actions: a stringent risk assessment and management approach is underpinned by metrics that measure the change in risks objectively and determine whether these developments comply with the institution's governance, strategy, risk management policy and any targets. In accordance with their holistic risk-based approach, the Banque de France and the ACPR plan to develop a set of metrics to assess not only the risks to the Bank's balance sheet but also the impact of environment-related risks on their missions. Reflecting a sustainability-risk management approach that is designed to improve year on year, the list of metrics to be tracked is set to evolve as well. In particular, it is important to recognise the current limitations inherent in climate and environmental data, including data gaps, data that are still being standardised, the involvement of external service providers, and ongoing harmonisation of the methodologies used by different indicators.

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## FIND OUT MORE

TCFD recommendations: <https://www.fsb-tcfd.org>

International Sustainability Standards Board (ISSB) recommendations: <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures>

NGFS recommendations: <https://www.ngfs.net/en/publications-and-statistics/publications/guide-climate-related-disclosure-central-banks-second-edition>

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## SECTION 1

# **GOVERNANCE AND STRATEGY**

## GOVERNANCE

### High-level governance implemented by each business area

The Banque de France and the ACPR apply their sustainability strategy to all their core missions and activities, including monetary strategy, financial stability, the provision of services to the economy and society, and sustainable performance, for example in CSR and responsible investment. Responsibility for coordinating and executing the strategy lies with governance bodies at several levels, ranging from senior management to operations.

#### DEFINITION OF THE CLIMATE STRATEGY BY THE EXECUTIVE COMMITTEE

The Executive Committee includes the Governors and Directors General of the Banque de France, the Secretary General of the ACPR and the Director General of the *Institut d'émission des départements d'outre-mer* (IEDOM – the delegated central bank for the French overseas departments and territories) and the *Institut d'émission d'outre-mer* (IEOM – the central bank for the French overseas territories in the Pacific region). As part of drawing up the corporate strategic plan and the CSR strategy, the Executive Committee sets broad guidance for the Banque de France to follow in terms of fighting climate change and the degradation of nature. It also oversees the overall consistency of the climate and nature strategy applied across the different business areas.

The corporate plan and strategic guidelines are submitted for approval to the General Council, which is kept abreast of progress in implementing the climate and nature roadmap. The College of the ACPR approves all publications by the supervisory authority on the topic of climate change and nature, and closely tracked the development of the new climate stress test exercise conducted in 2023-2024 for the insurance sector, following the pilot test in 2020-2021 performed on banks and insurers. Initiatives designed to take account of climate change are also defined in conjunction with specific governance bodies. Some of these are internal (Asset-Liability Committee and Pension Plan Strategic Committee for responsible investment), while others are external (Eurosystem Governing Council for monetary policy, Single Supervisory Mechanism for banking supervision, *Haut Conseil de stabilité financière* (HCSF – High Council for Financial Stability) for macroprudential policy).

#### STEERING BY THE EXECUTIVE COMMITTEE ON CLIMATE AND NATURE (CECN)

The growing importance of climate change- and nature-related work has led to the establishment of new cross-cutting structures to ensure that the business areas are properly coordinated.

First set up in 2021, the **Executive Committee on Climate Change (CECC)** was renamed the **Executive Committee on Climate and Nature (CECN)** in 2024. The name change is intended to better reflect the Banque de France and the ACPR's sustainability approach, and particularly the inclusion of a new action in our strategic plan aimed at integrating nature-related economic and financial risks in the execution of our mandate.

The CECN brings together all of the Banque de France's directorates general and the ACPR General Secretariat and is **tasked with steering** the institution's actions to tackle the risks linked to climate change and the degradation of nature. It ensures that these initiatives are properly coordinated, consistent and visible, thereby strengthening the Banque de France's ability to spearhead these initiatives among its peer institutions and throughout the wider financial system.

Internal initiatives relating to the Banque de France's sustainable performance are not covered by the CECN's scope and have their own governance bodies, which are described in Sections 3 and 4 of this report.

#### OPERATIONAL IMPLEMENTATION BY THE CENTRE FOR CLIMATE AND NATURE (CCN) AND THE EXECUTIVE COMMITTEE ON CLIMATE AND NATURE (CECN) NETWORKS

First set up in 2021, the **Climate Change Centre (CCC)** was renamed the **Centre for Climate and Nature (CCN)** in 2024. This adjustment, which is consistent with the CECN's name change, reflects our goal of fully recognising nature-related risks within the Bank's climate action. The centre has three main tasks:

1. Coordinate, in its capacity as CECN secretariat, the implementation of initiatives by the Banque de France and the ACPR to take account of climate and nature-related issues (excluding the CSR strategy);
2. Analyse the risks associated with climate change and the degradation of nature for the financial sector, working closely with business experts from the two institutions;
3. Act as the permanent secretariat for the NGFS.

The centre aims to make the Banque de France's actions even more effective by drawing on new skills and unlocking synergies between the directorates general. It is also tasked with ensuring that the Bank's work is aligned with international initiatives led by the **NGFS**. The CCN took

over, deepened and widened the roles assigned to the Sustainable Finance Division, which in 2019 made the Banque de France one of the world's very first central banks to have a team entirely devoted to climate issues.

The **CECN's networks** are responsible for implementing the Banque de France's climate and nature strategy. These cross-functional networks are used to harness the expertise of the Bank's various departments and to facilitate the exchange of information on climate- and nature-related work carried out within the Banque de France. Specifically, the networks cover the following aspects: scenarios and modelling, methodologies, climate and nature-related data, policy, preparation of the Sustainability Report, communication and research. The CSR and Sustainability Task Force, together with the Finance, Financial Markets, and Risk and Compliance Directorates, oversee implementation of the climate and nature strategies linked to our operational activities and responsible investments.

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## FIND OUT MORE...

Banque de France governance bodies: <https://www.banque-france.fr/en/banque-de-france/strong-transparent-governance/governance-advisory-committees>

Centre for Climate and Nature: <https://www.banque-france.fr/en/banque-de-france/engaged-central-bank/climate-nature-sustainable-finance>

ACPR Supervisory College: <https://acpr.banque-france.fr/lacpr/colleges-et-commissions/college-de-supervision/composition-du-college-de-supervision>

ACPR Climate and Sustainable Finance Commission: <https://acpr.banque-france.fr/lacpr/colleges-et-commissions/commissions-consultatives>

Governance and strategy relating to the sustainability of the Banque de France and the ACPR's operational activities: [https://www.banque-france.fr/system/files/2025-07/Charte-RSE\\_2025-EN.pdf](https://www.banque-france.fr/system/files/2025-07/Charte-RSE_2025-EN.pdf)

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## CLIMATE AND NATURE ACTIONS BY THE BANQUE DE FRANCE AND THE ACPR



Source: Banque de France.

Note: ESG: environmental, social and governance criteria; NGFS: Network of Central Banks and Supervisors for Greening the Financial System.

CLIMATE- AND NATURE-RELATED RISKS  
AT THE HEART OF THE MANDATES ENTRUSTED  
TO THE BANQUE DE FRANCE AND THE ACPR

Climate- and nature-related risks, whether they are physical or transition risks, represent a source of financial risk. Central banks and supervisors must recognise these risks and help to mitigate them within the framework of their mandates, while having a decisive impact on the development and promotion of sustainable finance. All the Banque de France’s missions are thus concerned, from monetary strategy and financial stability to the services provided to the economy and society. The Bank is also applying a strategy aimed at exerting influence to promote a greener financial sector. Meanwhile, as a company, one of its core values is to operate sustainably, which it applies to its operational activities and in the responsible management of its non-monetary policy investments. In recognition of these efforts, in September 2024, the Banque de France was for the third time running awarded top place in the Green Central Banking Scorecard drawn up by Positive Money, a UK-based NGO, in collaboration with other international NGOs. The ranking identifies the G20 central banks that are doing the most in terms of climate action.

CLIMATE AND NATURE-RELATED RISKS  
AT THE HEART OF OUR BUILDING 2025  
TOGETHER PLAN

Climate and environmental challenges were among the seven major challenges identified during the collective, forward-looking approach used to draw up our corporate plan. **Building 2025 Together**, which extends the plan that was initially adopted in 2021 for a four-year period, seeks to strengthen our capacity to conduct our missions, while taking into account the consequences of these major challenges. The Banque de France’s strategic plan, which is structured around 28 actions, tackles these challenges and harnesses the resources of the Banque de France around four focus areas: (i) anchoring price stability, financial stability and resilience; (ii) anticipating innovation and the climate and environmental transition; (iii) supporting individuals and businesses in the face of uncertainty; (iv) attracting talent and further improving working conditions.

① IN-HOUSE TRAINING SUPPORTS STRATEGY EXECUTION

The Banque de France is committed to training all of its employees by deploying programmes that improve the workforce’s understanding of climate questions and nature and sustainability issues more broadly. During the COP26, it set a target of training at least 50% of all employees by 2024. This target was subsequently raised to 75% as part of the review of the Bank’s strategic plan. At end-2024, more than 80% of employees had undertaken at least one training course on climate-related issues, with 7,460 people trained.

These courses are offered to new employees as part of the onboarding process. In addition, technical training programmes for experts in the areas of finance and supervision have been supplemented to include teaching materials targeting people in specialist positions such as procurement agents but also financial analysts responsible for assigning climate indicators to non-financial corporations. Finally, in 2023, the Bank began designing a new general training course on nature-related issues, which is scheduled to be deployed in late 2025.

Skills development

|                                                                 | 2022                             | 2023                             | 2024                             |
|-----------------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Banque de France employees trained in climate-related questions | 56.3%                            | 80.8%                            | 80.4%                            |
| Target                                                          | 50% of employees trained in 2022 | 75% of employees trained in 2023 | 80% of employees trained in 2024 |

Note: The 2024 percentage is lower than that of 2023 owing to departures of trained employees and intake of new employees.

In all, five actions are assigned to priority initiatives designed to get our institution ready for the physical and transition risks linked to climate change:

- monetary policy and climate;
- nature;
- Green Banque de France, whose content is identical to that of the environmental component of the CSR strategy;
- climate indicator;
- financial stability and exogenous shocks (including climate).

When the Building 2024 Together plan was extended by one year, a new “Nature” action was added to integrate **nature-related economic and financial risks** in the execution of our mandate. This addition embodies the notion that central banks should take into account not only climate issues but also other environmental challenges, in order to discharge their monetary and financial stability mandates fully and sustainably. Consistent with the approach adopted by the NGFS, the Banque de France uses the term “nature” to refer to the planet’s biotic (living) and abiotic (non-living) factors. Just as for the climate, our goal, as we fulfil our mandate to preserve monetary and financial stability, is to build cross-cutting expertise on nature-related issues, in order to measure the economic and financial risks that the degradation of nature could create.

In our operational activities, the Banque de France has been engaged in an approach aimed at preserving the environment for over 15 years. We lifted our climate ambitions even higher in 2024 when we updated our strategy. In addition, to clarify our goal of helping to preserve nature, we assigned an initial quantitative target for responsible purchasing.

We also launched a major responsible investment policy in 2018 with the publication of a Responsible Investment Charter, which is regularly updated to include ambitious new targets.

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## FIND OUT MORE...

Building 2025 Together strategic plan: <https://www.banque-france.fr/en/banque-de-france/strategy-for-future>

CSR strategy: [https://www.banque-france.fr/system/files/2025-07/Charte-RSE\\_2025-EN.pdf](https://www.banque-france.fr/system/files/2025-07/Charte-RSE_2025-EN.pdf)

Responsible Investment Charter: [https://www.banque-france.fr/system/files/2023-07/Banque-de-France\\_Charte-d%27investissement-responsable\\_2022\\_Changement-climatique-et-finance-durable.pdf](https://www.banque-france.fr/system/files/2023-07/Banque-de-France_Charte-d%27investissement-responsable_2022_Changement-climatique-et-finance-durable.pdf)

Banque de France Annual Report 2024: <https://www.banque-france.fr/en/publications-and-statistics/publications/banque-de-france-annual-report-2024>

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## A SUSTAINABILITY STRATEGY BUILT AROUND CLIMATE CHANGE AND NATURE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

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### MONETARY STRATEGY

#### Monetary policy and climate

**Integrate climate risk in the execution of our monetary policy mandate**



Adapt Eurosystem monetary policy to climate risks

Make headway on two key aspects: climate macroeconomics and greening the operational framework

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### FINANCIAL STABILITY

#### Financial stability

**More effectively capture the risks related to exogenous shocks, including climate shocks, for the financial system**



More effectively identify the financial-stability impacts of risks related to exogenous shocks, including those linked to climate change

Strengthen our modelling capability with a view to building scenarios and conducting more complex and more comprehensive stress tests, including climate stress testing

Develop our macrofinancial projecting

capability so that we can connect macroeconomic developments and projected or stressed financial developments, including under climate scenarios

#### Nature

**Integrate economic and financial risks linked to the degradation of nature and biodiversity loss in the execution of our mandates**



Objective: Be a leading central bank in recognising economic and financial risks linked to the degradation of nature and impacts on nature for financial stability and in macroeconomic analysis

Develop the methodological building blocks for a framework to analyse nature-related risks

Develop and share best practices and approaches that are beneficial to the management of risks linked to the degradation of nature

Promote recognition of these risks in the prudential framework

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### SERVICES PROVIDED TO THE ECONOMY AND SOCIETY

#### Climate indicator

**Deploy the climate indicator to support the corporate green transition and the climate as a common good**



Devise a methodology to build the climate indicator

Assign a climate indicator (focused on two aspects: Transition and Adaptation)

Create and deploy a dedicated information system to track and process data

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### SUSTAINABILITY

#### Green Banque de France

**Actively contribute to the objective of carbon neutrality and help to preserve nature**



Actively contribute to the objective of carbon neutrality by targeting a reduction of at least 25% in greenhouse gas emissions in 2025 relative to 2019

Help to preserve nature by training 75% of our procurement agents in responsible purchasing by end-2025

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## SECTION 2

# CORE MISSIONS

# MONETARY STRATEGY

## Governance

Monetary policy-related work is conducted by the **Eurosystem** within its existing governance structures. The Banque de France was involved in drawing up the roadmap for greening the ECB's monetary policy and is working to execute it according to the agreed timetable.

Euro area monetary policy is determined by the **Governing Council** of the ECB and implemented jointly on a decentralised basis by the ECB and national central banks (NCBs). Proposals from the ECB Executive Board to the Governing Council are based on work by Eurosystem committees made up of members from the ECB and NCBs. Under the monetary strategy, the Banque de France is also entrusted with ensuring confidence in means of payment, which perform the key function of circulating currency among economic agents. In this capacity, the Banque de France monitors the environmental trajectory of the payments industry. To do this, it relies on the support of the **Comité national des moyens de paiement (CNMP – National Committee for Cash - Retail Payments)**.

## Strategy

The climate has been given a central place in our **monetary mandate** because of its effects on price stability. Extreme events linked to climate change are already having increasingly visible effects on economic activity and prices, especially in the food sector. The transition to a low-carbon economy, spurred notably by the introduction of transition policies and technological developments, may feed through to activity and prices, starting with those of the energy industry. The cost of this transition for growth is less than the cost of doing nothing.

The Banque de France is therefore backing the Eurosystem's strategy to **ensure that monetary policy is more effective in taking climate issues into account**, through improved integration of physical and transition risks in assessments of risks to price stability, notably in macroeconomic models, and through climate scenario analyses.

Acting through the CNMP, the Banque de France approaches **environmental challenges as structural issues for the European payments ecosystem**. Sustainability is thus included among the main objectives of the new national strategy adopted by the CNMP for the 2025-2030 period.

## Risk management

### INCORPORATING CLIMATE RISK INTO EUROSISTEM MONETARY POLICY

Following a strategy review, on 8 July 2021, the ECB Governing Council adopted and published an action plan covering climate-related issues over the 2021-2024 period. Acting within the framework of the ECB's mandate, the Governing Council committed to factoring all of the implications of climate change and the low-carbon transition into its monetary-policy and central-banking tasks.

On 13 March 2024, the ECB published changes to the operational framework for implementing monetary policy. In particular, the Governing Council agreed on a set of six principles that will guide monetary policy implementation in the future. These include the pursuit of the secondary objectives outlined in the ECB Treaty, namely to support the general economic policies in the European Union, insofar as these are conducive to ensuring the effective implementation of the monetary policy stance. At this time, the ECB reiterated that the design of the operational framework will aim to incorporate climate change-related considerations into structural monetary policy operations. This supported the initial decisions on concrete steps, which were communicated on 4 July 2022 and which were detailed in last year's *Sustainability Report*. The ECB took these decisions to factor climate change into its corporate bond purchases, its collateral system for monetary policy credit operations, its disclosure requirements and its risk management.

### FIND OUT MORE...

Inclusion of climate questions in the new monetary policy strategy: [https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708\\_1~f104919225.en.html](https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708_1~f104919225.en.html)

July 2022 decision on monetary policy operations: <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220704~4f48a72462.en.html>

ECB climate and nature plan 2024-2025: <https://www.ecb.europa.eu/ecb/climate/our-climate-and-nature-plan>

In June 2024, the ECB published its second report on the climate risk trajectory of its monetary policy portfolios, this time including its portfolios of sovereign bonds and covered bonds, in addition to corporate bond portfolios.

After making a major contribution to the strategy review that ended in July 2021, the Banque de France is continuing to play a driving role within the Eurosystem in implementing the objectives of the shared climate action plan. The Building 2025 Together strategic plan links Eurosystem objectives to those of the Banque de France.

## **EFFORTS TO GREEN THE EUROSISTEM'S MONETARY PORTFOLIOS**

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Drawing on its experience with responsible investment policy in its non-monetary policy portfolios, the Bank is contributing to work by the Eurosystem on greening the monetary policy portfolio comprising corporate bonds (Corporate Sector Purchase Programme) and to the extension of climate-related data disclosures to all monetary policy portfolios.

The Eurosystem wants to gradually decarbonise its corporate bond holdings on a path aligned with the goals of the Paris Agreement. To achieve this, monetary portfolios are being tilted towards issuers reporting stronger climate performances, i.e. characterised by lower greenhouse gas emissions, ambitious carbon reduction targets and satisfactory climate-related disclosures.

This means that, all other things being equal, the share of assets on the Eurosystem's balance sheet issued by companies with strong climate performances has increased relative to that of poorer climate performers. This approach aims to mitigate climate-related financial risks on the Eurosystem balance sheet. It also incentivises issuers to improve their disclosures and reduce their carbon emissions going forward.

These measures have been applied since October 2022. On 23 March 2023 and 25 June 2024, the ECB published climate-related information on corporate bond holdings acquired by the Eurosystem for monetary policy purposes and the impact of the measures taken.

In 2022 the ECB subjected the Eurosystem balance sheet to climate stress testing to assess its exposure to climate change risk. To do this, it applied the methodology of its economy-wide climate stress test. The Banque de France took part in the Eurosystem's work on devising the methodology, drawing on its experience in conducting the ACPR pilot test. The ECB repeated the exercise in 2024.

The Banque de France also produces analyses to assess the macroeconomic consequences of climate change and the transition. To round out the NGFS scenarios, which provide long-term projections, and ahead of the publication in 2025 of NGFS short-term scenarios, the Banque de France modelled five-year transition scenarios to estimate the transition's potential impact on inflation and growth. The magnitude and duration of the macroeconomic effects of the transition to carbon neutrality will depend on the strategy chosen. A disorderly transition due to sudden or poorly targeted public policies and the reaction of the private sector could lead to considerable volatility in the business cycle and in inflation.

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## **FIND OUT MORE...**

The ECB's policy to decarbonise its corporate bond holdings for monetary policy purposes: <https://www.ecb.europa.eu/press/pr/date/2022>

ECB sustainability disclosures: <https://www.ecb.europa.eu/ecb/climate/climate-related-financial-disclosures>

Decarbonising Eurosystem and ECB monetary policy portfolios: <https://www.ecb.europa.eu/press/pr/date/2024>

NGFS short-term scenarios: <https://www.ngfs.net/en/publications-and-statistics/publications/ngfs-short-term-climate-scenarios-central-banks-and-supervisors>

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## INTEGRATING CLIMATE-RELATED RISKS IN COMPANY RATINGS

Within the framework of Eurosystem monetary policy, the Banque de France is provided with collateral whose credit quality is sufficient to cover the risks to which it is exposed. Debts issued by top-rated companies, rated by the Banque de France in its capacity as an NCB In-house Credit Assessment System (ICAS), are eligible for use as monetary policy collateral.

According to the minimum standards set by the ECB under its climate action programme, ICAS must include climate change-related risks when assessing the one-year default risk of companies.

As an ICAS, the Banque de France assigns credit ratings each year to approximately 300,000 non-financial corporations, primarily SMEs and mid caps. Climate risks are integrated in the rating methodology through two main channels of transmission:

- transition risks, linked to the financial impact on companies of the European carbon market;
- physical risks, linked to exposure to acute climate risks and their impact on the insurability of companies.

The analysis combines quantitative and qualitative assessments. It assesses the impact of climate risks on the short-term probability of default, based on financial and sustainability data and discussions with the companies being rated. Climate risks are integrated in ratings based on their financial materiality, that is, their impact on company solvency. Only effects that are tangible and quantifiable on a one-year horizon, such as the cost of carbon or access to insurance, are taken into consideration. Proven climate risks may result in rating changes, in accordance with predefined rules. Rating revision criteria are established based on set thresholds that capture the scale of exposure to climate risks:

- for transition risks, the financial burden linked to emissions allowances could justify a downgrade;
- for physical risks, the impact is assessed with regard to the company's exposure and vulnerability, as well as its capacity to maintain insurance coverage and implement preventive and adaptation measures.

Climate risks are being integrated progressively, as a function of developments in regulatory frameworks and

available data. The Banque de France is applying the proportionality principle by initially targeting the largest companies that are the heaviest emitters. Following a test phase in 2024, in 2025 the Banque de France will implement the previously described methodological changes in order to incorporate transition and physical risks in its ratings.

To ensure that the system is robust, the analysts responsible for performing these assessments will be provided with a structured methodological framework that is tailored to the specific issues associated with climate risks. This approach seeks to ensure that ratings offer a better reflection of climate-related financial risks, while safeguarding the reliability of the credit quality assessment framework.

## FIND OUT MORE...

Eurosystem collateral framework: <https://www.ecb.europa.eu/mopo/coll/risk/html/index.en.html>

Common minimum standards for incorporating climate change risks into in-house credit assessment systems in the Eurosystem: <https://www.ecb.europa.eu/press/economic-bulletin/focus/2022>

## METRICS AND TARGETS: BUILDING IN THE EUROPEAN DIMENSION

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The Banque de France is contributing actively to work by the Eurosystem on integrating climate issues into **monetary policy**; indicators relating to this work are published at the level of the Eurosystem, notably via the ECB report on climate-related financial disclosures of Eurosystem assets held for monetary policy purposes.

## MANAGING THE CARBON AND ENVIRONMENTAL FOOTPRINT OF RETAIL PAYMENTS

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In the face of the challenge posed by the ecological transition, it is essential to **reduce the carbon and environmental footprint of the entire payment chain**. This means cash but also non-cash means of payment, such as cards, credit transfers, direct debits, cheques and electronic portfolios. To promote payments that are suited to this transition, the first step is to gain a better understanding of the constituent components of the carbon and environmental footprint associated with each payment instrument over its lifecycle. Based on that inventory, the CNMP's goal will be to identify ways to reduce the footprint and to promote these among payment-ecosystem participants and users.

In cash, this goal will be pursued through two complementary approaches:

- Identification of good practices among companies in the cash sector in terms of greening their activities; the Banque de France paved the way for this work to begin when it published a bulletin article in 2024 highlighting measures to green its own cash activities.<sup>2</sup> In the article, the Bank observed that the annual environmental impact of banknote payments per euro area consumer is low and equivalent to an 8-km car journey;
- Steps to structure the processes for gathering and returning data, which are harmonised across the industry in order to consolidate measurement of the carbon and environmental footprints, building on work coordinated by the Eurosystem on the footprint of euro banknotes.

In electronic payments, the Banque de France helped to draft a set of **environmental best practices in electronic retail payments** as part of a project led by the Euro Retail Payments Board.<sup>3</sup> These best practices include minimising paper-based initiation of electronic retail payments, using renewable energy and reducing automatic provision of paper receipts.

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## FIND OUT MORE...

Climate-related financial disclosures of Eurosystem assets held for monetary policy purposes: <https://www.ecb.europa.eu/ecb/climate/climate-related-financial-disclosures>

Eurosystem climate-related financial disclosures: <https://www.ecb.europa.eu/ecb/climate/climate-related-financial-disclosures>

Climate data gaps and avenues of progress: [https://www.ngfs.net/system/files/import/ngfs/medias/documents/final\\_report\\_on\\_bridging\\_data\\_gaps.pdf](https://www.ngfs.net/system/files/import/ngfs/medias/documents/final_report_on_bridging_data_gaps.pdf)

National Committee for Cash - Retail Payments: <https://www.banque-france.fr/fr/strategie-monetaire/moyens-de-paiement/cnmp/presentation-cnmp>

National Strategy for Cash - Retail Payments: <https://www.banque-france.fr/en/monetary-strategy/means-payment/national-payments-committee/discover-cnmp>

Initiatives to green the cash industry: <https://www.banque-france.fr/en/publications-et-statistiques/publications/empreinte-environnementale-des-activites-fiduciaires-au-coeur-des-engagements-de-la-banque-de>

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<sup>2</sup> J. Garabed, C. Grossetti, E. Gutierrez, E. Laplace, V. Niemiec, R. De Pastor and I. Valdès-Curien (2024), "The environmental footprint of cash activities is a cornerstone of the Banque de France's commitments", *Bulletin de la Banque de France*, No. 250/5, January-February.

<sup>3</sup> The Euro Retail Payments Board (ERPB) is a high-level strategic body chaired and led by the ECB and tasked with fostering the integration, innovation and competitiveness of euro retail payments in the European Union.

# FINANCIAL STABILITY

## Governance

### FINANCIAL STABILITY: COORDINATED ACTION AT THE EUROPEAN LEVEL

The Banque de France and the ACPR take action on financial stability through their involvement in the work of the *Haut Conseil de stabilité financière* (HCSF – High Council for Financial Stability) and in the context of European-level work (Eurosystème, European Systemic Risk Board). The ACPR also takes part in European regulatory work by the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA). The ACPR's activities in the area of microprudential supervision of the banking sector are carried out at European level within the Single Supervisory Mechanism (SSM).

### THE ACPR CLIMATE AND SUSTAINABLE FINANCE COMMISSION

Set up in October 2019 following the marketwide agreement of 2 July 2019, this commission is chiefly tasked with aiding the ACPR in monitoring the sustainable finance commitments made by the financial intermediaries under its supervision. Against this backdrop, it seeks to promote constructive dialogue with financial community stakeholders.

Every year, it publishes a joint report with the AMF's Climate and Sustainable Finance Commission on the commitments made by French financial institutions.

## Strategy

Under their **financial stability mandates**, the Banque de France and the ACPR are taking steps to better understand the exposure of France's banking and insurance sectors to the risks linked to the climate transition and the degradation of nature. The first step is to assess these risks more accurately to ensure that financial institutions are in a position to both prevent and cope with them. With this in mind, in January 2025 the EBA published guidelines on ESG risk management, which the ACPR will ensure are fully enforced from 2026 onwards. The guidelines clarify the procedure for institutions to identify, measure, manage and monitor ESG risks. They also set out the expectations for the content of the prudential plans that institutions must prepare under the Capital Requirements Directive (CRD VI). In addition, the ACPR is participating actively in work by the EBA on the availability and accessibility of ESG data as well as on the possibility of classifying institutions' exposures according to an ESG prism. This work will inform the discussion on integrating ESG risks in Pillar 1 for the banking sector.

The Banque de France and the ACPR are prioritising efforts to standardise climate stress tests and make them more reliable, in order to promote their widespread use as supervisory tools. Assessing the financial risks posed by climate change will also entail strengthening collaboration with the academic world by taking a multidisciplinary approach to the most relevant issues for the financial sector. The scope of risks being researched is gradually being extended beyond climate risk to include the impacts on the financial sector of nature-related risks, particularly in connection with the work of the NGFS, for which the Banque de France co-chairs the working group tasked with mainstreaming these issues.

## ② INVOLVEMENT IN WORK ON EXTRA-FINANCIAL REPORTING

The Banque de France and the ACPR are involved in work at European and international levels to build an extra-financial reporting framework. They are promoting European disclosure standards for climate risk exposure that can be transposed to the international level, while supporting their proper application at domestic level.

In 2024, they also gave feedback to public consultations by the European Financial Reporting Advisory Group (EFRAG) on draft extra-financial reporting standards for listed SMEs (LSMEs) and

voluntary standards for unlisted SMEs (VSMEs) under the framework of the Corporate Sustainability Reporting Directive (CSRD).

Following the European Commission's announcement of an omnibus bill at the end of 2024 aimed at streamlining the sustainability reporting framework, the Banque de France and the ACPR are playing an active role in the discussions on this topic, with a view to striking the right balance between simplification and transparency.

# Risk management

## AS SUPERVISOR, ENSURE THE STABILITY OF THE FINANCIAL CENTRE

### EARLY STEPS TO IDENTIFY CLIMATE CHANGE RISKS

The ACPR's work on climate risk began in 2015 in the context of implementing France's Environmental Transition and Green Growth Act, which introduced a strict extra-financial disclosure framework for institutional investors. Following the publication of two initial reports in 2019 on the exposure of banks and insurers to climate risk, two task forces were set up with the industry to look at climate risk governance and scenario analysis. This led to the release of two best practice guides on climate risk governance and management for banks (2020) and insurers (2022). Work on scenarios paved the way for a pilot climate stress test. The first of its kind and scale, the exercise was conducted in the two sectors and drew on the initial scenarios published by the NGFS.

### RESULTS OF THE SECOND ACPR CLIMATE STRESS TEST, CONDUCTED IN 2024

The second climate stress test, which was conducted by the ACPR with insurance undertakings, made it possible to establish a quantitative estimate of the impacts of climate change on insurers' claims experience and financial health under a range of scenarios (see description of the stress test findings in the Sustainability Report 2023). The exercise provided insurers with an opportunity to improve their tools and methods, while the supervisor was able to analyse their strategic responses to transition and physical risks.

The test was therefore a fresh opportunity to raise awareness about climate risks not just among participating entities but also more widely, by sharing the findings and organising public presentations.

The insurance industry federation, France Assureurs, and test participants received the overall findings, while insurers were also summoned to review sessions to go over their individual results. These bilateral meetings helped to identify a number of useful takeaways in terms of recognising climate risk.

Beyond the test exercise itself, ACPR personnel will use the findings over a longer period. The data, particularly on geolocalised exposures, gathered during such a test can be used after the fact, for example to identify insurers that are exposed to a climate event affecting a specific location.

### PAN-EUROPEAN STRESS TESTS

To assess the transition risks linked to the Fit for 55 package, the Commission mandated the European supervisory authorities – EBA, EIOPA and the European Securities and Markets Authority (ESMA) – to perform specific stress testing. The Fit for 55 legislative package adopted by the Council in June 2022 is designed to lower EU greenhouse gas (GHG) emissions by 55% by 2030 compared with 1990. The Banque de France and the ACPR helped to draw up the scenario, which is common to all authorities, within the European Systemic Risk Board.

The test findings, which were released in November 2024, shed additional light on the NGFS's work on long-term scenarios (through to 2050), which showed that proactive management of the risks linked to the climate transition will be less costly than doing nothing to manage the risks. The work by the ESAs revealed that losses related to transition risk due to the Fit for 55 package should not, by themselves, threaten the EU's financial stability. However, the findings stress the cost of alignment: when transition risks are combined with macroeconomic shocks, they can increase the losses for financial institutions and cause disruption. This calls for a coordinated approach to finance the green transition and underlines the need for financial institutions to integrate climate risks into their risk management comprehensively and swiftly.

The results also supplement the stress tests of banks' climate risk exposures launched by the Single Supervisory Mechanism (SSM) in 2022 and to which the Banque de France and the ACPR contributed significantly by providing the SSM with experience gained at the national level.

### TOWARDS NATURE-RELATED FINANCIAL RISK SCENARIOS

Both the French and European economic and financial sectors are highly dependent on **ecosystem services**, i.e., services provided freely to humans by the planet's ecosystems. This is borne out by Banque de France and ECB research, which shows that 75% of corporate loans in the euro area and 42% of the value of shares and bonds held by French financial institutions are highly dependent on at least one ecosystem service.<sup>4</sup> To obtain accurate

estimates of the plausible impacts of nature-related risks and policies on the financial system, central banks and supervisors need new tools.

To this end, in June 2024, the NGFS Task Force on Nature-related Risks published the **final version of its conceptual framework** for analysing the economic and financial risks linked to the degradation of nature. The framework proposes several main phases that may be followed to analyse the economic and financial impacts linked to the degradation of nature: (i) first, study the main sources of risk linked to the degradation of nature (dependencies and/or impacts of the economy and the financial system on ecosystem services, potential longer-term risks, interaction with climate change), next (ii) analyse the economic impacts of the degradation of nature, and finally (iii) analyse the consequences for the financial system. The report includes two illustrative cases covering the Colorado River Basin and the Amazon Rainforest. Several members of the NGFS are also working on implementing the analytical framework.

The task force is additionally helping to **develop economic scenarios linked to the degradation of nature, based on its December 2023 report** listing recommendations for drafting scenarios to assess nature-related economic and financial risks. Developing such scenarios is a major challenge for financial supervisors and central banks: the models currently in use for climate scenarios are not suited to the specific characteristics of nature-related risks. A global, methodologically diverse and transparent approach is needed to model the complex interaction between biophysical and economic systems.

As part of the new strategic action on recognising nature-related risks, the Banque de France and the ACPR launched an **academic collaboration** with several research centres aimed at improving the modelling of these risks and their economic and financial impacts. The existing economic and financial models need to be improved in order to incorporate the degradation of nature within the tools used by central banks, notably in connection with their mission of maintaining monetary and financial stability. This research could inform work by the Banque de France and the NGFS on the development of nature-related scenarios.

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## FIND OUT MORE...

ACPR climate exercise: <https://acpr.banque-france.fr/en/publications-and-statistics/publications/main-results-climate-exercise-insurance-sector>

ECB prudential stress test: [https://www.banque-france.fr/system/files/2024-03/communique-de-presse-bce\\_2022-01-27\\_la-supervision-bancaire-de-la-bce-lance-son-test-de-resistance-2022-sur-les-risques-lies-au-climat.pdf](https://www.banque-france.fr/system/files/2024-03/communique-de-presse-bce_2022-01-27_la-supervision-bancaire-de-la-bce-lance-son-test-de-resistance-2022-sur-les-risques-lies-au-climat.pdf)

Fit For 55 climate stress test results: <https://www.banque-france.fr/en/press-release/transition-risk-losses-alone-unlikely-threaten-eu-financial-stability-fit-55-climate-stress-test>

NGFS conceptual framework for analysing nature-related economic and financial risks: <https://www.ngfs.net/system/files/import/ngfs/medias/documents/ngfs-conceptual-framework-nature-risks.pdf>

NGFS nature-related financial-risk scenarios: <https://www.ngfs.net/en/publications-and-statistics/publications/ngfs-recommendations-toward-development-scenarios-assessing-nature-related-economic-and-financial>

EBA guidelines for managing ESG risks: <https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-its-final-guidelines-management-esg-risks>

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<sup>4</sup> A. Ceglar et al. (2023), "The impact of the euro area economy and banks on biodiversity", *Occasional Paper Series*, No. 335, ECB; R. Svartzman et al. (2021), "A 'Silent Spring' for the Financial System? Exploring Biodiversity-Related Financial Risks in France", *Working Paper*, No. 826, Banque de France.

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## AS SUPERVISOR, ENSURE THAT CLIMATE AND ENVIRONMENTAL RISKS ARE PROPERLY TAKEN INTO ACCOUNT

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### ACPR THEMATIC REVIEW ON THE RECOGNITION OF CLIMATE AND ENVIRONMENTAL RISKS

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As it did in 2023, the ACPR conducted a **thematic review in 2024 to analyse the recognition of climate and environmental risks** in the strategy, governance and risk management of institutions under its direct supervision, namely less significant institutions (LSIs) and specialised institutions. A self-assessment questionnaire, filled out by a sample of 90 entities, compared with around 60 in 2023, helped to continue raising awareness among institutions about these issues and to assess the progress made over the last year. As was the case last year, the questionnaire was based on the expectations for managing and disclosing climate-related and environmental risks set out by the ECB in the [guide](#) that it published in November 2020. The expectations detailed in the guide are to be applied to the supervision of LSIs in a manner proportionate to the nature, scale and complexity of the activities of the institution concerned.

Overall, **recognition of the impact of climate and environmental risks improved** between the two exercises. A growing number of entities confirmed that they are analysing the impact of these risks on their economic environment. Likewise, more and more of them are integrating these risks in their risk management systems, including via their internal capital adequacy assessment processes (ICAAP for credit institutions, ICARAP for investment firms). Respondents also reported that senior managers and employees are increasingly being trained in these risks.

However, **improvements still remain to be made**, particularly by smaller entities, with too few institutions appearing to include climate and environmental risks explicitly in their risk appetite frameworks. Similarly, these risks are insufficiently recognised in assessments of credit risk exposure.

As regulations are stepped up, notably with the entry into application of CRD VI in January 2026, the ACPR will be paying increased attention to these risks in the coming years.

## INTEGRATION BY INSURERS OF SUSTAINABILITY RISKS UNDER SOLVENCY II

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Since August 2022, a revision to the Solvency II Delegated Regulation has required insurers and reinsurers to integrate **sustainability risks that could potentially impact the value of investments (assets) or commitments (liabilities) in their governance and risk management systems**. The Solvency II Directive was also the subject of a revision that came into force in January 2025, requiring insurers and reinsurers to draft and implement sustainability-risk management plans, which must be submitted to supervisory authorities. The revision also strengthens the new provisions of the delegated regulation by introducing the requirement for insurers and reinsurers to identify, in their Own Risk and Solvency Assessment (ORSA), material exposures to climate change-related risks and, where material exposures exist, to measure their impact via two temperature-increase scenarios. These amendments to the Solvency II prudential regime, which will enter into application in January 2027, are distinct from the extra-financial regulations set down by Article 29 of the Energy and Climate Act, the Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD).

In 2024, the ACPR **conducted a survey on application of the provisions introduced in 2022 to the delegated regulation**, which covered 91 entities, or 90% of the French market. It found that all respondents had taken on the topic, although progress in discussions and work varied.

While **most entities consider sustainability risks to be material**, just half have integrated them in the three written policies required under the regulations (remuneration policy, risk management policy, and underwriting and provisioning policy).

As part of the same study, **the ACPR issued a set of recommendations**, which included integrating sustainability risks in the reinsurance and risk mitigation policy, and following the guidance provided by [EIOPA](#), which recommends, among other things, employing long-term scenarios (ten years or more).

## FIND OUT MORE...

Analysis published by the ACPR on implementation of Article 29 of the Energy and Climate Act:  
<https://acpr.banque-france.fr/en/publications-and-statistics/publications/ndeg-156-energy-and-climate-law-insurers-shall-carry-making-progress>

Analysis published by the ACPR on application by insurers of the 2022 Solvency II amendments on integrating sustainability risks in the governance and risk management of insurance undertakings: <https://acpr.banque-france.fr/en/node/30220>

## Metrics and targets



### Exposure of French banks to fossil fuels at end-2023

Exposure of banks to the sectors most directly linked to oil and gas (as a% of total assets): **<1%**

Degree of readiness of French institutions in the sample (which covers 85% of total assets):

- Institutions that responded to the report's questionnaire and that provided data in relation to Pillar 3: **100%**
- Climate commitments of French institutions (reporting a fossil fuel policy, including a coal exit date): **100%** of banks covered by the ACPR-AMF joint report on the climate commitments of financial centre participants (CCFD)



### Exposure of French insurers to fossil fuels at end-2023

Exposure of insurers to the sectors most directly linked to oil and gas (as a% of total assets): **1.8%**<sup>5</sup>

French institutions' degree of readiness:

- Institutions that took part in the last round of stress tests, as a % of the sector: **90%** of the insurance market, based on the exercise conducted by the ACPR in 2023
- Climate commitments of French institutions (reporting a fossil fuel policy, including a coal exit date): **100%** of insurers covered by the ACPR-AMF joint report on the climate commitments of financial centre participants (CCFD)

<sup>5</sup> Based on the sample of entities used in the ACPR-AMF joint report on the climate commitments of financial centre participants, drawn up by the Climate and Sustainable Finance Commission (CCFD).

### ③ THE BANQUE DE FRANCE AND THE NETWORK FOR GREENING THE FINANCIAL SYSTEM (NGFS)

Climate change, the degradation of nature and policies put in place to support the transition to a more environmentally friendly low-carbon economy are leading to a fundamental transformation of the economy. As a public institution, the Banque de France is involved in negotiating, adopting and setting up an appropriate regulatory framework, notably for environmental risks, to ensure that it can continue discharging its tasks. In addition, by virtue of its positioning within the financial ecosystem and at the heart of the French and European economy, the Banque de France can also **use its influence to promote a greener financial sector**, at home and abroad.

With this in mind, the Banque de France considers as a priority its continued efforts to **support the NGFS**, which is producing leading-edge work at international level on the procedures used by central banks and supervisors to integrate climate and nature-related risks. A founding member of the network, the Banque de France acts as its secretariat, providing around 20 employees and hosting experts seconded from NGFS member institutions at its Centre for Climate and Nature. The NGFS secretariat prepares and implements the network's work programme and facilitates cooperation between members, providing support for the production of deliverables and coordinating the task forces steered by member institutions. The Secretary General of the NGFS also provides strategic support to the Steering Committee and Presidency of the NGFS, and represents the network within international bodies (G7, G20) and at major global gatherings such as the Conferences of the Parties on climate and biodiversity (COPs).

Beyond the work of the secretariat, experts from the Banque de France and the ACPR provide input in their respective areas to the various NGFS task forces. Since 2022, the Banque de France has also co-chaired the Task Force on Nature-related Risks alongside De Nederlandsche Bank. Through these commitments, the Banque de France is reaffirming the importance of a multilateral approach to climate and nature-related issues.

#### FIND OUT MORE...

About the work of the NGFS: <https://www.ngfs.net/en/what-we-do>

The Banque de France's commitment within the NGFS: <https://www.banque-france.fr/en/node/252691>

#### NGFS and Banque de France contributions

|                                                                       | 2019                       | 2021                        | 2022                        | 2023                        | 2024                        |
|-----------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Number of NGFS members and observers                                  | 54 members<br>12 observers | 105 members<br>16 observers | 121 members<br>19 observers | 135 members<br>21 observers | 144 members<br>21 observers |
| Number of NGFS publications to which the Banque de France contributed | 3                          | 12                          | 9                           | 13                          | 19                          |

# SERVICES PROVIDED TO THE ECONOMY AND SOCIETY

## Strategy

### SUPPORTING THE ECONOMY'S ECOLOGICAL TRANSITION THROUGH THE BUSINESS CLIMATE INDICATOR AND RATINGS

In July 2023, the Ecological Transition Financing Committee, which is chaired by the Minister of the Economy, Finance and Industrial and Digital Sovereignty and which brings together industrial and financial players, experts and supervisory authorities, entrusted the Banque de France with devising a **climate indicator that could be used for domestic businesses**. In support of this decision, the French Monetary and Financial Code has been amended, giving the Banque de France the power to collect sustainability data from companies. The Banque de France's climate indicator is designed to be a tool that is made available to companies to support them in their climate transition and in their exposure to climate-related risks. It is also intended to act as a potential benchmark for use in financing the ecological transition. Rolled out in 2024 across three emitting sectors (power generation, real estate and transportation), it will be extended to the construction and cement sectors in 2025. It is based on firm-level data gathered from companies themselves or available via existing databases. Mandatory for the largest companies, it will be available on a voluntary basis for other firms.

Separately from the climate indicator, and under the ECB's climate action programme, the Banque de France will begin incorporating climate-change-related risks in its company rating system in 2025, consistent with its status as a Eurosystem In-house Credit Assessment System (ICAS). See the monetary strategy section of this report for more details. The expertise acquired by the Banque de France in developing the climate indicator, along with the data and diagnostics gathered, are contributing to this integration of climate risks in ratings.

Ratings and the climate indicator both come under the Banque de France's core task of monitoring business financing.

### IMPROVING PUBLIC FINANCIAL LITERACY

France has had a national strategy for **economic, budgetary and financial literacy (EDUCFI – *éducation économique, budgétaire et financière*)** since 2016. The Banque de France is in charge of executing the strategy nationwide. The EDUCFI strategy is being conducted through information and training initiatives designed to help people improve their practical understanding of financial topics. The battle against climate change is one of the topics covered in presentations to secondary school pupils, students and teachers, with 35 presentations to students made in 2024 dealing specifically with climate risks. Similarly, resources are made available to the public through a series of practical economic guides (*ABC de l'économie*) covering green finance, responsible finance and corporate social and environmental responsibility.

### BOLSTERING THE TECHNICAL CAPABILITIES OF OTHER CENTRAL BANKS

The **International Banking and Finance Institute (IBFI)** plays a central role in the Banque de France's technical cooperation in support of foreign central banks and supervisory authorities. Each year, the IBFI organises more than 40 training courses for around 3,000 international participants. It contributes actively to training on climate and nature-related issues by organising two dedicated seminars on "Climate, nature and central banking", one in person and the other online, as well as webinars on topical subjects. For example, a webinar was co-organised in 2024 with the CSR Task Force on reducing emissions linked to business travel. All the sessions can be watched as replays on the IBFI platform and supplemented by e-learning modules, including two new modules on climate change and carbon footprints.

The IBFI also draws on the Banque de France's expertise to assist central banks to strengthen their capabilities. For example, it takes part in bilateral technical assistance projects, such as developing climate stress testing within the framework of Agence française de développement (AFD) financing. In 2024, the IBFI designed a serious game on the topic of climate and central banking, aimed at illustrating the impacts of climate change on banking activities. The collaborative card game will be integrated in IBFI training starting in 2025.

## FIND OUT MORE...

Banque de France climate indicator:  
<https://www.banque-france.fr/en/node/3248>

International Banking and Finance Institute:  
<https://www.banque-france.fr/en/at-your-service/central-banks-public-institutions/discover-international-banking-finance-institute>

Economic guide to sustainable finance:  
<https://www.banque-france.fr/en/node/25748>

Economic guide to green finance:  
<https://www.banque-france.fr/en/node/25840>

Economic guide to green bonds:  
<https://www.banque-france.fr/en/node/25855>

Economic guide to the EU green taxonomy:  
<https://www.banque-france.fr/en/node/25922>

Economic guide to responsible finance:  
<https://www.banque-france.fr/en/node/25927>

Economic guide to corporate social responsibility:  
<https://www.banque-france.fr/en/node/25784>

## Metrics and targets



### Financial literacy

|                                                                                                                         | 2021         | 2022          | 2023          | 2024          |
|-------------------------------------------------------------------------------------------------------------------------|--------------|---------------|---------------|---------------|
| Number of consultations of economic guides ( <i>ABC de l'économie</i> ) connected with the fight against climate change | <b>7,512</b> | <b>25,261</b> | <b>21,670</b> | <b>24,591</b> |
| Number of climate risk presentations to student groups                                                                  | <b>20</b>    | <b>21</b>     | <b>33</b>     | <b>35</b>     |



### Creation of a climate indicator for businesses

|                                                                                                         | 2022                                                | 2023                                                     | 2024                                                       | Cible 2025                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deploy the climate indicator to support the corporate green transition and the climate as a common good | Gather data on 60 companies from five pilot sectors | Expand tests to a sample of 550 companies in ten sectors | 1,350 climate transition indicators assigned <sup>a)</sup> | 5,000 climate transition indicators<br><br><b>Supplement:</b><br>a tool to visualise exposure to climate risks will be made available to approximately 5,000,000 companies at end-2025 via their dedicated senior manager space on the Banque de France website |

a) Estimate.



### Integration of climate risks into the financial rating system

|                                                                   | Target 2025  |
|-------------------------------------------------------------------|--------------|
| Number of companies whose ratings include a climate risk analysis | <b>9,000</b> |



### Skills development at other central banks

|                                                                                                                       | 2021       | 2022       | 2023       | 2024       |
|-----------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| Number of participants in IBFI training for foreign central banks in connection with the fight against climate change | <b>593</b> | <b>488</b> | <b>626</b> | <b>693</b> |

Note: IBFI, International Banking and Finance Institute.

## ④ RESEARCH ACTIVITIES SERVING INSTITUTIONAL MISSIONS

**Research** plays a decisive role in better understanding the financial issues linked to the effects of climate change and the degradation of nature, but also in exploring ways forward in terms of recognising these issues in the activities of the Banque de France and the ACPR. The in-house Climate and Nature Research network is pursuing an ambitious research agenda bringing

together researchers from across all the directorates general. Over 50 research projects are being conducted internally on topics relating to the climate and, more recently, to nature-related financial and macroeconomic risks. Also, since 2019, the Banque de France has awarded prizes to the best young researchers working on green finance.



### Research

|                                                                                                                          | 2021       | 2022       | 2023       | 2024       | Cible                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------------------------------------------------------------------------------------------------------------|
| Contribution by Banque de France and ACPR researchers to climate and environmental topics, as a % of annual publications | <b>10%</b> | <b>13%</b> | <b>21%</b> | <b>24%</b> | Research work on climate and the environment to account for at least <b>15%</b> of annual publications from 2022 |

## SECTION 3

# **OPERATIONAL ACTIVITIES**

Sustainable performance is one of the Banque de France's core values. As such, the Bank pays special attention to its operational activities, that is, those that it undertakes as a company and that are not specific to central banking.

These include support activities necessary to execute its tasks, such as management of offices and industrial facilities, the vehicle fleet, business travel, employee commuting, waste, purchasing, and banknote transportation.

## CLIMATE CHANGE-RELATED ACTIONS

The Banque de France has put the emphasis on climate change mitigation in its operational activities, by working to reduce its greenhouse gas emissions and contribute actively to the goal of carbon neutrality. It will also pay more attention to climate change adaptation aspects in the near future.

### ⑤ THE THREE SCOPES OF GREENHOUSE GAS EMISSIONS DEFINED BY THE GHG PROTOCOL

The 2001 Greenhouse Gas (GHG) Protocol on measuring company GHG emissions distinguishes between three levels or "scopes" of emissions:

- Scope 1 corresponds to a company's direct emissions from sources that are owned or controlled by the firm, such as GHG emitted by vehicles owned by the company;
- Scope 2 corresponds to indirect emissions linked to the consumption of energy provided by other companies, such as GHG emitted during the generation of electricity consumed by the company;
- Scope 3 corresponds to indirect emissions linked to the upstream (supplier emissions) and downstream (emissions linked to the use of goods sold) portions of the company's value chain: for example, in the case of an auto manufacturer, this would include GHG emitted not only by suppliers but also by the vehicles produced and sold by the company.

## Strategy

### TRANSITION PLAN (2019-2025)

The Banque de France is engaged in a transition plan to mitigate its climate impact. Drawn up in conjunction with the **affected business areas**, with coordination by the CSR and Sustainability Unit, the plan was approved by the Executive Committee and shared with the General Council. The transition plan is integrated in the corporate strategic plan (see *Section 1*), in the roadmap of each directorate general in charge of operational activities and in the governance for operational investments (industrial, real estate and IT).

The plan through to 2025 covers the Banque de France's most direct decarbonisation drivers, namely energy, commuting, business travel, waste and direct fugitive emissions. It targets a 25% reduction in GHG emissions compared with the 2019 baseline year. This target was set with reference to the methodology of the Science-Based Targets initiative (SBTi), which requires a 25.2% reduction in scopes 1, 2 and 3 by end-2025 compared with the 2019 baseline year: across the **selected scope**, the **carbon trajectory** of the three scopes included in the Banque de France's carbon footprint is thus compatible with keeping the global temperature increase to 1.5°C relative to pre-industrial levels.

The plan associates key actions with each decarbonisation driver (see the "Impact management" section for individual details on these actions).

## Impact management

The decarbonisation policies and actions implemented are presented item by item, in decreasing order of associated GHG emissions volumes. Training policies are detailed in a separate focus (see Section 1, Focus 1).

### ENERGY EFFICIENCY AND SOBRIETY

#### Scope 1: Reduction in the use of gas and fuel oil

**The Banque de France is reducing its use of gas and fuel oil to heat buildings and produce heat for its industrial processes**, through the simultaneous implementation of several physical and behavioural measures:

- changes to offices including upgrades to real estate assets, moves out of very energy-intensive locations in the branch network and into smaller premises, compliance with the French Tertiary Sector Decree plus, in most cases, a shift towards a less carbon-heavy energy mix (away from gas and fuel oil and into electricity);
- energy sobriety and efficiency measures implemented as part of the energy sobriety plan launched in the second half of 2022: heating to be set at 19°C in winter and air conditioning at 26°C in summer (assumes an equivalent reduction of 7% on average in heating energy), measures to swiftly improve the energy performances of office buildings, such as replacing windows and boilers, and efforts to promote environmentally friendly behaviour by site occupants;
- continued improvements in the energy performances of industrial facilities, with:
  - a 40% gain in 2024 for gas at the Chamalières printing works;
  - deployment of a specific action plan at the Vic-le-Comte paper mill (including insulating the steam system, optimising operational parameters, increasing the paper machine's load and replacing motors in one of the workshops) to drive a decrease in energy consumption, which is however likely to be offset by the increased output forecast for the coming years.

**The Banque de France is also cutting the amount of fuel consumed by its vehicle fleet** by using cars less overall and transitioning to electric vehicles (14% at end-2024).

#### Scope 2: Reduction in emissions linked to consumption of electricity and district heating and cooling

**Scope 1 actions at office locations** are helping to reduce electricity consumption through site changes and energy sobriety measures. **Specific drivers** are also expected to generate additional gains:

- Action is being taken at our **data centres**. Operating a building that has obtained High Environmental Quality (HQE) certification, and as a signatory of the European Code of Conduct on the Energy Efficiency of Data Centres<sup>6</sup> and of the **Planet Tech'Care manifesto**<sup>7</sup>, the Banque de France manages its data centres in a manner designed to drive continual improvements (decommissioning of servers, equipment settings, etc.). Continuing efforts to urbanise the network and data rooms, while reducing the number of machines and upgrading them, are offsetting the increased emissions linked to development of the information system, digitalisation and cybersecurity enhancements. Implementation of the cloud strategy in the coming years – featuring consumption monitoring as well as ecodesign of digital services – will likewise help to limit the impacts;
- In **offices**, efforts to promote environmentally friendly behaviour, coupled with various investments, have already brought down electricity consumption, including reduced lighting in movement areas, widespread use of LEDs, devices put on sleep mode, lighting turned off at the end of the day, etc.;
- The Banque de France is also pursuing efficiency efforts that are already underway in processes linked to **cash activities** (banknote manufacturing, banknote sorting centres). For example, steps to adapt the branch network to shifts in use of payment instruments by French citizens will lead to consolidation of banknote sorting activities and significant gains in electricity consumption.

The following decarbonisation policies and actions apply essentially to scope 3 (indirect emissions).

<sup>6</sup> The European Code of Conduct on the Energy Efficiency of Data Centres establishes necessary practices for organisations to limit the environmental impact of their IT operations.

<sup>7</sup> Signatories of the Planet Tech'Care manifesto pledge to measure and reduce the environmental impacts of their digital products and services.

## INCENTIVES TO USE SUSTAINABLE TRANSPORT OPTIONS FOR COMMUTING

The Banque de France signed a company agreement on telework in 2009 that has helped to shrink its carbon footprint by reducing commuting. It allows employees in eligible positions to work remotely up to three days a week on a regular or occasional basis.

The Banque de France also pays a portion of its employees' public transport costs. In 2023, it introduced a "sustainable mobility incentive", choosing to offer a substantial employer contribution to support changes in day-to-day mobility choices. This is encouraging people to switch to bicycles, carpooling and, to a lesser extent, car-share options.

## MANAGEMENT OF BUSINESS TRAVEL

The Banque de France has introduced a business travel policy aimed at limiting such travel by encouraging more videoconferencing, limiting the size of delegations and requiring train travel for any journey of three and half hours or less. Additional measures to supplement the existing policy have also been identified and are being handled at the discretion of the different directorates general. Some directorates, for instance, have banned plane travel within France outright, regardless of the length of the journey by train.

In addition, to control the post-Covid resumption in business travel while continuing to reduce GHG emissions, since the end of 2022 the Banque de France has assigned each directorate general an annual carbon budget. The budgets, whose amounts and procedures are determined by the Executive Committee, are monitored on a monthly basis.

## MANAGEMENT OF WASTE-RELATED EMISSIONS

As regards the waste generated by its offices, the Banque de France is determined to lock in the reduction in GHG emissions achieved through new practices since 2019 (including reduced office traffic, leading to a reduction in waste) by supporting awareness-raising and communication initiatives targeting employees on waste sorting and quantity.

Waste at the industrial facilities is expected to increase in the coming years, largely reflecting the forecast rise in output. In the cash business, the volume of banknotes withdrawn from circulation is expected to remain stable. Conversely, waste-related GHG emissions are poised to go up between 2025 and 2028 as depreciated sorting machinery is scrapped.

## DIRECT FUGITIVE EMISSIONS

To control direct fugitive emissions linked to leakage of refrigerants from building and fleet air conditioning systems, the Banque de France restricts the use of air conditioning. Air conditioning may be switched on when the temperature reaches 26°C. Moreover, not all Banque de France facilities are air conditioned.

The 85.1% increase in emissions between 2019 and 2024 needs to be put into context owing to the significant year-on-year volatility of refrigerant leakage and the small share of total emissions attributable to this item (1.8% in 2024).

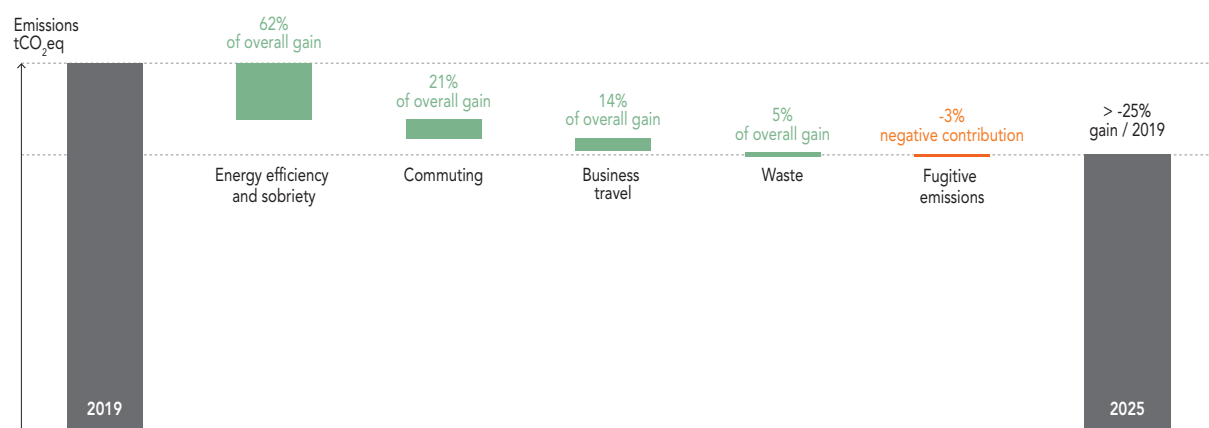
## OTHER ACTIONS

This report contains separate focuses covering actions relating to:

- training (*Focus 1, Section 1*);
- responsible purchasing (*Focus 6, next section*);
- digital sobriety (*Focus 7, next section*).

## Metrics and targets

### BANQUE DE FRANCE TRANSITION PLAN 2019-2025



Source: Banque de France.

### T1 Progress made by the Banque de France in implementing the transition plan 2019-2025

(% change and % share)

| DECARBONISATION DRIVERS PROVIDED FOR IN THE TRANSITION PLAN                                       | PROGRESS BETWEEN 2019 AND 2024 | SHARE OF EMISSIONS IN THE 2024 CARBON ASSESSMENT |
|---------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------------|
| <b>Energy efficiency and sobriety</b>                                                             | -30.3                          | 65                                               |
| Reduction in use of gas and fuel oil (scope 1, buildings)                                         | -34.2                          |                                                  |
| Reduction in emissions related to electricity (scope 2, buildings)                                | -19.8                          |                                                  |
| Reduction in emissions linked to consumption of district heating and cooling (scope 2, buildings) | -24.9                          |                                                  |
| Reduction in emissions linked to energy not included in scopes 1 and 2 (scope 3, buildings)       | -30.5                          |                                                  |
| <b>Incentives to use sustainable transport options for commuting</b>                              | -35.2                          | 18                                               |
| <b>Management of business travel</b>                                                              | -46.8                          | 8                                                |
| Reduction in emissions related to vehicle fuel (scope 1)                                          | -34.3                          |                                                  |
| Increase in emissions related to electricity connected with vehicle use (scope 2)                 | 1,313.9                        |                                                  |
| Management of business travel (scope 3)                                                           | -48.3                          | 7                                                |
| <b>Management of waste-related emissions</b>                                                      | -25.3                          |                                                  |
| Increase in direct fugitive emissions                                                             | 85.1                           | 2                                                |

Source: Banque de France.

## CARBON FOOTPRINT

### T2 Consolidated carbon footprint of the Banque de France in 2024

(emissions in tCO<sub>2</sub>eq, % share of footprint and % change)

| SCOPE                  | EMISSIONS      |                | CHANGE<br>SINCE 2019 |
|------------------------|----------------|----------------|----------------------|
|                        | 2019           | 2024           |                      |
| Scope 1                | 14,368<br>(37) | 9,751<br>(36)  | -32                  |
| Scope 2                | 6,469<br>(16)  | 5,066<br>(19)  | -22                  |
| Scope 3                | 18,505<br>(47) | 11,985<br>(45) | -35                  |
| <b>Total emissions</b> | <b>39,342</b>  | <b>26,803</b>  | <b>-32</b>           |

Source: Banque de France.

Note: Share of footprint in brackets.

## ENERGY CONSUMPTION AND ENERGY MIX

### T3 Banque de France energy consumption, broken out by energy source, 2024

(consumption in MWh, % share and % change)

| ENERGY SOURCE                                                                     | 2019           | 2024           | CHANGE     |
|-----------------------------------------------------------------------------------|----------------|----------------|------------|
| Fuel oil                                                                          | 7,546          | 1,978          | -74        |
| Natural gas                                                                       | 69,189         | 46,715         | -32        |
| Purchased or acquired electricity, heat, steam and cooling from fossil sources    | 7,571          | 3,100          | -59        |
| <b>Fossil fuels</b>                                                               | <b>84,306</b>  | <b>51,793</b>  | <b>-39</b> |
| Share of fossil fuels in total energy consumption                                 | 44             | 36             |            |
| <b>Nuclear</b>                                                                    | <b>67,664</b>  | <b>54,980</b>  | <b>-19</b> |
| Share of nuclear in total energy consumption                                      | 35             | 38             |            |
| Fuel from renewable sources                                                       |                |                |            |
| Purchased or acquired electricity, heat, steam and cooling from renewable sources | 40,308         | 38,092         | -5         |
| Self-generated non-fuel renewable energy                                          |                |                |            |
| <b>Renewable sources</b>                                                          | <b>40,308</b>  | <b>38,092</b>  | <b>-5</b>  |
| Share of renewables in total energy consumption                                   | 21             | 26             |            |
| <b>Total energy consumption</b>                                                   | <b>192,278</b> | <b>144,865</b> | <b>-25</b> |

Source: Banque de France.

Note: Breakdown of energy sources for electricity consumption based on the average French mix.

## ⑥ RESPONSIBLE PURCHASING

To reduce the climate and nature impacts due to purchasing, the Banque de France has implemented a scheme to promote socially and environmentally responsible purchasing (SPASER). Published on the Banque de France's website in accordance with the regulations, SPASER formalises the Bank's CSR commitments in the area of purchasing. It sets out a precise roadmap for the 2024-2026 period that includes the integration of environmental performance criteria and the use of products from the circular economy in the Banque de France's purchasing procedures.

The responsible purchasing charter signed by the Banque de France and its suppliers is intended to share with suppliers the Bank's determination to strengthen its ethical and responsible approach to purchasing, as a key sustainable performance factor, and specifies the commitments that suppliers are expected to make. It encourages suppliers to implement responsible practices that factor in environmental criteria, among other things.

Finally, aware of the key role that purchasing has on its environmental footprint, the Banque de France aims to have 75% of buyers trained in climate-and nature-responsible purchasing by end-2025.

## ⑦ DIGITAL SOBRIETY

To reconcile **digital transformation, innovation and the ecological transition**, the Banque de France is committed to digital responsibility and is therefore seeking to limit the impacts of digitalisation. It has been developing its digital sobriety strategy since 2019. Awareness-raising initiatives have been carried out, including training, digital fresks and the provision of individual digital profiles to inform employees about their usage and best practices. The information system's environmental footprint is measured with reference to the most recent standards to determine its impact on climate and nature, identify areas for improvement and control its trajectory.

The Banque de France factors sustainability into its information system management. Circular economy principles are applied to IT equipment management to extend the lifespan of devices; for example, 99% of laptops are re-used.

**Ecodesign of digital services** is integrated into IT project governance. Rationalisation measures have been introduced to limit electrical and equipment consumption. To pursue this approach in 2025 while capturing the changing nature of digital challenges, continued work will be done to optimise IT resource allocation (monitoring of app IT-Scores, decommissioning, cloud strategy to adjust consumption to needs) and an analysis of best practices will be conducted to promote the implementation of responsible artificial intelligence (AI) and support the Banque de France's commitment to ethical and inclusive AI. As a committed member of the digital ecosystem, the Bank has signed the Planet Tech'Care manifesto. Its IT teams regularly take part in inter-company working groups and share their digital responsibility experience with other central banks, especially within the NGFS.

Environmental footprint of the Banque de France’s information system

The scope of analysis focuses on the supply of digital services (user environment, telephony and videoconferencing, printouts, networks, data centres, Infrastructure as a Service – IaaS).

The information system’s materiality analysis is based on the product environmental footprint (PEF) methodology proposed by the European Commission. It features 16 environmental indicators,<sup>1</sup> which are weighted and assigned points-based values. A lower PEF score denotes a smaller impact.

PEF single overall score

| Year | Points  |
|------|---------|
| 2019 | 107,359 |
| 2020 | 108,203 |
| 2021 | 103,762 |
| 2022 | 99,861  |
| 2023 | 101,399 |
| 2024 | 100,101 |

Note: PEF, Product Environmental Footprint.

1 Resource use, fossils (ADPf). Resource use, minerals and metals (ADPe). Acidification (AP). Freshwater ecotoxicity (CTUe). Human toxicity, cancer (CTUh-c). Human toxicity, non-cancer (CTUh-nc). Freshwater eutrophication (Epf). Marine eutrophication (Epm). Terrestrial eutrophication (Ept). Climate change (GWP). Land use (LU). Ozone depletion (ODP). Particulate matter (PM). Photochemical ozone formation (POCP). Water use (WU). Ionising radiation (IR).

# ACTIONS TO PRESERVE NATURE

## Strategy

Intrinsically linked to climate issues, the preservation of nature is one of the two objectives of the “Acting to preserve the environment” pillar of the [Banque de France’s CSR strategy](#), which is dovetailed into the [Building 2025 Together strategic plan](#). Given the significance of its purchasing in terms of the impact on nature, dependence on ecosystem services and linkages between climate change and the degradation of nature, the Banque de France has set itself the target of training 75% of its buyers in climate- and nature-responsible purchasing.

### ASSESSING THE IMPACTS ON NATURE

The Banque de France drew up an initial assessment of its biodiversity footprint in 2023 using the [Global Biodiversity Score](#) tool.<sup>8</sup> The GBS assesses the decrease in species abundance due to human activities relative to a pristine ecosystem, describing the impacts of these activities in MSA.km<sup>2</sup> (1 MSA.km<sup>2</sup> is equivalent to the conversion of 1 km<sup>2</sup> of undisturbed natural ecosystem to artificial surfaces).<sup>9</sup> It can be used to measure most pressures on nature (terrestrial and freshwater aspects) exerted by an organisation:

- **pressure on nature due to land-use change** (land use, fragmentation, encroachment): for the Banque de France, this arises from its occupation of offices<sup>10</sup> and industrial buildings but also indirectly from its purchasing (including cotton);
- **pressure on nature due to direct resource use** (resource extraction, hydrological disturbance due to direct water use): at the Banque de France, this is chiefly the result of its direct use of water resources;
- **pressure on nature due to the contribution to climate change** (climate change and associated hydrological disturbance): this is the result of GHG emissions generated in the performance of our activities;
- **pressure on nature due to pollution** (atmospheric nitrogen deposition, terrestrial and aquatic ecotoxicity, eutrophication): this results in particular from our industrial activities (printing works, paper mill).<sup>11</sup>

The [Banque de France’s footprint](#) has been calculated since 2024 by members of the CSR and Sustainability Unit who have been trained in the Global Biodiversity Score methodology.

### ASSESSING DEPENDENCIES ON ECOSYSTEM SERVICES

In 2023, the Banque de France performed a qualitative analysis of the dependencies of its activities on ecosystem services with the assistance of the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) database.<sup>12</sup>

The Banque de France is directly dependent on a number of ecosystem services, including terrestrial ecosystem use, soil stabilisation, water quality and bioremediation.

Dependence is high for the banknote manufacturing process and throughout the cotton and fabric value chain. The banknote manufacturing process relies on sufficient availability of water resources (true for manufacturing, but also cotton cultivation) and healthy farmland. This dependence exposes production to hydrological disturbances, notably in the event of prolonged droughts, and to soil degradation in cotton-producing regions.

8 The Global Biodiversity Score (GBS) is a leading tool for measuring biodiversity footprints. It was developed by CDC Biodiversité, a Groupe Caisse des Dépôts subsidiary, for use by companies and financial institutions.

9 MSA: Mean Species Abundance.

10 The Banque de France’s operational locations span a total surface area of more than 500,000 m<sup>2</sup>. Among the sites that it occupies, the largest are the Banque de France’s headquarters (100,000 m<sup>2</sup>), the administrative centres in Marne-la-Vallée (60,000 m<sup>2</sup>) and Paris-La Courneuve (20,000 m<sup>2</sup>), and the ACPR’s offices (19,000 m<sup>2</sup>). Because of their urban location, these facilities have a limited additional annual impact on nature.

11 The GBS does not assess the pressure exerted by an organisation due to the introduction of invasive species, which is the fifth driver identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the least significant at the international level. Climate change is captured only partially, through the dynamic terrestrial footprint. Owing to estimate-related uncertainties, the effects of toxic substances on biodiversity (“ecotoxicity” pressure) are not reported.

12 ENCORE was developed by the Natural Capital Finance Alliance, a group made up of NGOs and public institutions, in partnership with the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), and was funded by the Swiss Secretary of State for the Economy (SECO) and the MAVA Foundation.

The Banque de France's real estate-related activities, including construction and routine building use, are moderately exposed to the degradation of ecosystem services. Conversely, they are highly dependent on services provided by water systems, particularly ground water and biological filtration, which regulate the climate and mitigate the effects of extreme events such as droughts and flooding.

## Management of impacts and dependencies

Work by the Banque de France to manage its nature-related impacts and dependencies is closely linked to its actions to reduce its GHG emissions and relies in particular on the policies implemented in this regard.

### REDUCING THE IMPACT OF INDUSTRIAL ACTIVITIES

The Banque de France's direct impacts on nature are mainly concentrated with the facilities that it possesses in connection with its industrial activities, namely the banknote printing works at Chamalières and the banknote paper mill in Vic-le-Comte. The activities currently performed in Chamalières will be relocated in a few years to a new plant that is currently under construction at the Vic-le-Comte site, as part of the Refondation project launched in 2023. The paper mill and the Refondation project worksite are located near the "Comté d'Auvergne Puy Saint-Romain" Natura 2000 nature protection area. Avoidance, reduction, offsetting, support and monitoring measures have been put in place in the immediate vicinity of the Refondation project buildings<sup>13</sup> to lower the project's environmental impact, including conservation of wooded areas, creation of grasslands, relocation of a heritage plant species and installation of bat boxes, for example. These measures will benefit all species identified in the sector, irrespective of whether they are protected or whether they are impacted by the project.

The Banque de France is also working to lessen the impact of its production processes, in order to manufacture its banknotes more responsibly.

- For example, to source the cotton that is its main raw material, it uses cotton scraps from the textile industry. More than 50% of the cotton used to manufacture banknotes is certified by the Global Organic Textile Standard (GOTS) or Better Cotton Initiative (BCI)

labels, which offer a first level of traceability for farming practices;

- The Banque de France also does significant research and development work on incorporating alternative fibres in its banknotes, such as linen and hemp, whose production has a smaller environmental impact. A lifecycle analysis of a tonne of banknote paper made using different organic fibres<sup>14</sup> revealed the benefits of using organic cotton over conventional cotton. Organic cotton farming practices are less carbon-intensive than those of conventional cotton cultivation and help to reduce soil erosion and water pollution. The study also identified hemp as the alternative with the smallest environmental impact;
- The Banque de France has also developed EverFit® technology to produce banknotes that are stronger and more durable. These banknotes, which are covered by a protective film, are four times more resistant to soiling than standard notes. The longer lifespan of the banknotes, including those in active circulation or held in unsuitable storage conditions, also helps to reduce their environmental impact.

Other actions are being carried out to reduce the impacts on nature of banknote manufacturing:

- **Reduction in water consumption of industrial activities:** the paper mill has cut water consumption by 30% since 2019, notably through improved machinery efficiency and reuse of water in the production process;
- **Upcycling of shredded banknotes:** an intrapreneurship project at the Banque de France identified a way to repurpose worn EverFit® banknotes that had been withdrawn from circulation. The shredded notes are heated and compressed to create a durable, stiff and smooth material, which may be used, for example, to build furniture, including a range of stools.

<sup>13</sup> In accordance with the environmental authorisation granting dispensation from bans relating to protected species under point 4 of Article L. 411-2 of the Environmental Code, set out in Prefectural Environmental Authorisation Order No. 20221620 concerning the operation of

a printing works and cash centre located at Longues, 63270 Vic-le-Comte and operated by the Banque de France.

<sup>14</sup> Lifecycle analysis performed using the Product Environmental Footprint (PEF) methodology.

## OTHER ACTIONS

**Awareness raising:** In 2024, the Banque de France undertook two major initiatives to raise awareness among employees and stakeholders about the question of preserving nature:

- a conference on nature-related challenges, which was accompanied by a photo exhibition of at-risk species, at the Banque de France's headquarters in May 2024;
- a Biodiversity Day in Poitiers on 1 October, which brought together charities and companies. A highlight of the event was the signature of an agreement with France's bird protection society, the LPO.

**Sponsorship:** In addition to the work it does within its operations and with its value chain, the Banque de France supports a number of charities and foundations that are acting to preserve nature in France, its overseas territories and the oceans, including the LPO, Sepanguy, Wings of the Ocean and No Plastic In My Sea. See the annual report for details of the Banque de France's sponsorship activities.

**Management of green spaces:** The Banque de France has developed test gardens at several locations, including Besançon, Lille and Dijon, to promote biodiversity in urban settings. Its Poitiers location is an accredited bird sanctuary.

## Metrics and targets

The Banque de France's impacts on nature (terrestrial and aquatic – freshwater aspects) are assessed across [all the Bank's activities](#), both direct and indirect, including the upstream value chain, as well as a portion of downstream impacts (notably those related to banknote transportation).<sup>15</sup> The following diagrams give a simplified picture of the impacts of the Bank's operational activities.

The static footprint of the Banque de France corresponds to the cumulative historical impacts of its real estate assets and operational activities on nature. It does not count cumulative carbon emissions prior to 2024.

### STATIC TERRESTRIAL FOOTPRINT

The static terrestrial footprint, which amounts to 89.1 MSA.km<sup>2</sup>, is divided more or less equally between the Banque de France's service-related and industrial activities.

The static terrestrial footprint is virtually entirely (99%) due to the upstream indirect impacts of operational activities (scope 3 upstream).<sup>16</sup> This impact arises chiefly from the pressures on nature caused by purchasing (69% of the static terrestrial footprint). To a lesser extent (13%), it is attributable to fixed assets (buildings and movable assets, including machinery, needed to perform operational activities).

An analysis based on pressures exerted on ecosystems reveals that the Banque de France's static terrestrial footprint is primarily due to:

- land use and conversion of land to artificial surfaces (79% of the static terrestrial footprint);
- human encroachment (17%) and fragmentation of natural environments (3%);
- atmospheric nitrogen deposition (1%) linked in particular to conventional cotton farming.

### STATIC AQUATIC FOOTPRINT

The static aquatic footprint (4.7 MSA.km<sup>2</sup>) is virtually entirely (99%) due to the upstream indirect impact of operational activities (scope 3 upstream). This impact is attributable to the pressures exerted on nature by purchasing (76% of the static aquatic footprint) and, to a lesser extent, land use (13.7%) and building construction (10.3%). Purchasing for industrial purposes, including purchasing of the cotton needed to manufacture banknotes, accounts for 52% of the footprint.

An analysis based on pressures exerted on ecosystems reveals that the Banque de France's static aquatic footprint is primarily due to land use in wetland catchments<sup>17</sup> (55% of the static aquatic footprint), followed by disturbances due to water usage (24%) and wetland conversion<sup>18</sup> (12%).

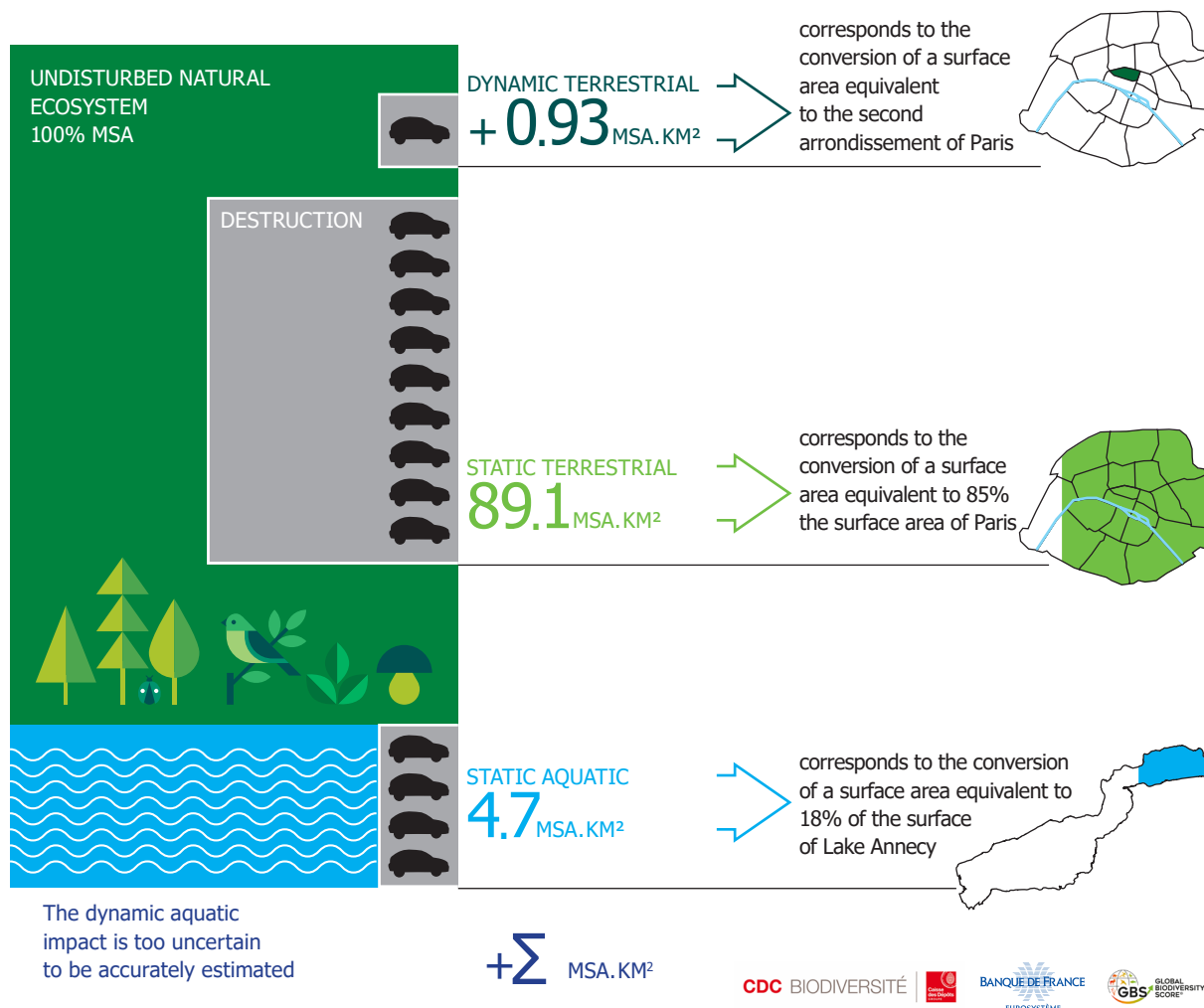
<sup>15</sup> As with the carbon assessment, from an organisational perspective, the biodiversity footprint excludes the rental sector, employee-related activities (canteens, sports facilities, holiday centres), union-related activities, and the Citéco museum.

<sup>16</sup> The scopes of the biodiversity footprint are identical to those used for the carbon footprint by the GHG Protocol. See focus 5, above, on the three scopes of greenhouse gas emissions defined by the GHG Protocol.

<sup>17</sup> According to the French Office for Biodiversity (OFB), wetlands are characterised by the presence of water that is either on the surface or in the soil on a permanent or temporary basis. They are transition zones between land and water.

<sup>18</sup> Destruction of aquatic ecosystems due to the conversion and draining of wetlands by human activity (urbanisation, intensification of farming, watercourse management, etc.).

## Biodiversity footprint of the Banque de France's operational activities in 2024



Sources: CDC Biodiversité; Banque de France, GBS 1.4.8 (April 2025), Rony Bou Rouphael, GBS Level 2 trained, and Inès El Yakhlifi, assessor validating GBS Level 2 training.  
 Note: MSA, Mean Species Abundance. Purchasing, fixed assets and transportation data are provisional.

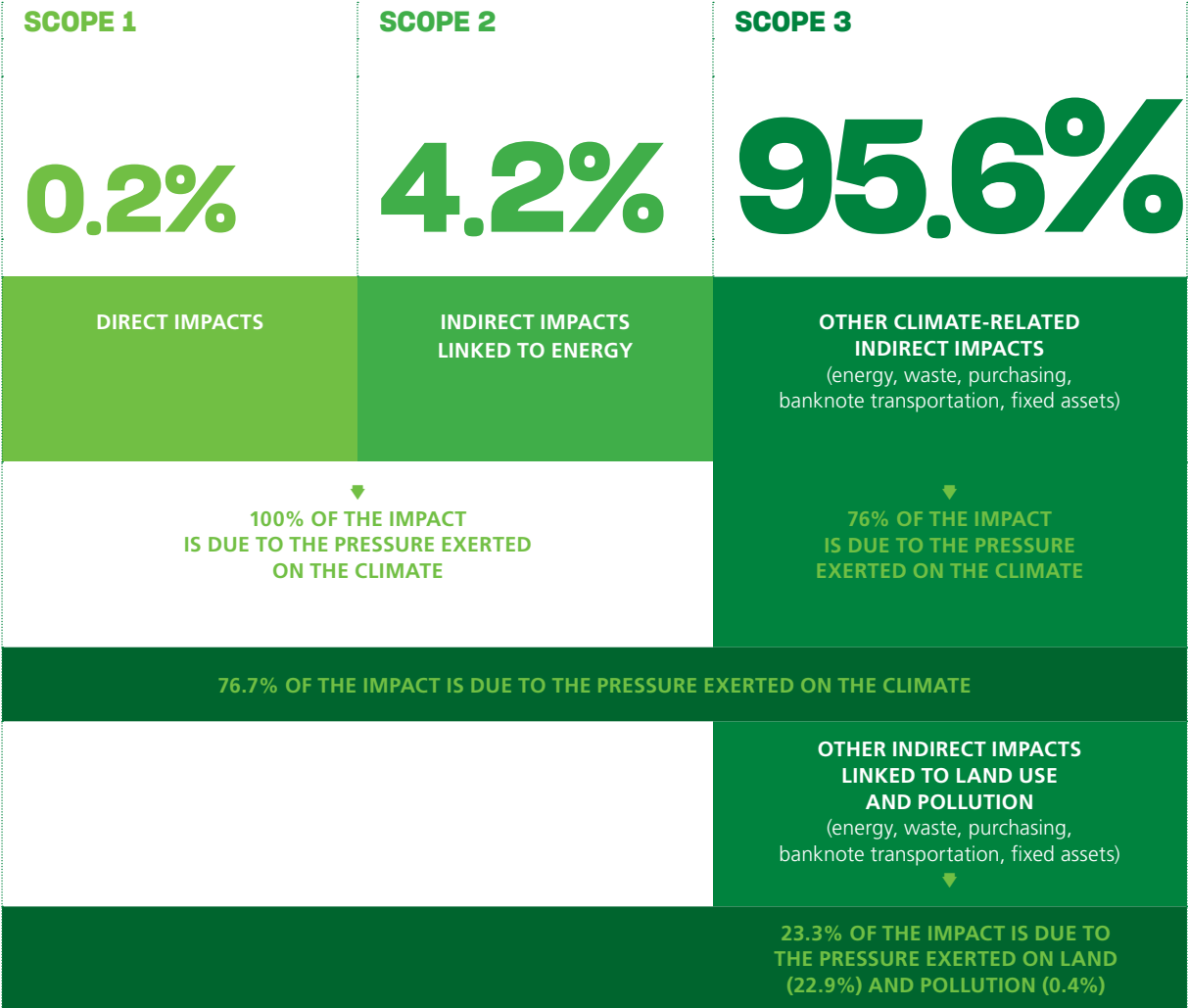
### DYNAMIC TERRESTRIAL FOOTPRINT

The Bank's dynamic footprint corresponds to the new impacts on nature attributable to activities and observed during the assessment period. In 2024, the dynamic terrestrial footprint was 0.93 MSA.km<sup>2</sup>.

In 2024, upstream scope 3 was still the main driver of the annual impact (95.6% of the dynamic terrestrial footprint), confirming that purchasing and fixed assets remain the main sources of dynamic pressure on ecosystems. Direct impacts (scope 1, 0.2%) and indirect impacts linked to energy (scope 2, 4.2%) reflect the small impact of internal operations.

In 2024, the dynamic impact was mainly linked to the contribution of the Banque de France's operational activities to climate change (76.7% of the dynamic terrestrial footprint). This was attributable to GHG emissions linked to purchasing of IT equipment, intellectual services, and raw materials for industrial processes. The pressure exerted on land (22.9% of the dynamic footprint) is significant, notably owing to purchasing of raw materials such as cotton.

Dynamic biodiversity footprint of the Banque de France’s operational activities by scope and activity, in 2024



Source: Banque de France, GBS 1.4.8 (April 2025), Rony Bou Rouphael, trained in GBS Level 2, and Inès El Yakhli, assessor validating GBS training Level 2.

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## FIND OUT MORE...

CSR strategy: [https://www.banque-france.fr/system/files/2025-07/Charte-RSE\\_2025-EN.pdf](https://www.banque-france.fr/system/files/2025-07/Charte-RSE_2025-EN.pdf)

CSR chapter of the Banque de France's Annual Report 2024: <https://www.banque-france.fr/en/publications-and-statistics/publications/banque-de-france-annual-report-2024>

Building 2025 Together Plan: <https://www.banque-france.fr/en/banque-de-france/strategy-for-future>

Banque de France's environmental footprint:  
Supplement to the *Sustainability Report*:  
<https://www.banque-france.fr/en/node/581986>

Environmental footprint of cash activities – at the heart of the Banque de France's commitments:  
<https://www.banque-france.fr/en/publications-et-statistiques/publications/lempreinte-environnementale-des-activites-fiduciaires-au-coeur-des-engagements-de-la-banque-de>

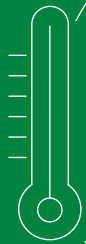
EverFit® technology: <https://www.banque-france.fr/en/at-your-service/central-banks-public-institutions/design-manufacture-banknote-paper-banknotes/everfit>

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## SECTION 4

# **THE BANQUE DE FRANCE'S RESPONSIBLE INVESTMENT STRATEGY**

## 2024 KEY FIGURES



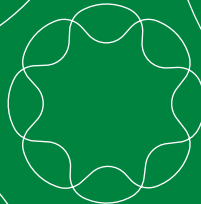
# <1.5°C

the global warming alignment trajectory of the equity components of the own funds and pension liabilities portfolios



# EUR 908 M

invested in funds financing the energy transition or in funds with an environmental or social impact



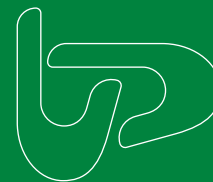
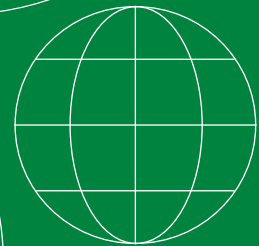
# EUR 10.2 Bn

invested in green bonds, an increase of EUR 3.8 billion in 2024

# 0%

of revenue:

the exclusion threshold introduced in 2024 for companies involved in the extraction of coal or unconventional hydrocarbons or their use in energy production



# EUR 2.4 Bn

invested in sustainability bonds



# EUR 3.1 Bn

invested in social bonds

# 2024 HIGHLIGHTS

**Having already aligned its own-account equity portfolios<sup>19</sup>** with a 1.5°C warming trajectory by the end of 2023, the Banque de France pledged to extend this temperature target to the corporate bond component by end-2026.🌱

**Since 2024, the Banque de France has applied Paris-aligned fossil fuel exclusion** thresholds for oil and gas. It also excludes coal and unconventional hydrocarbons from its portfolios, as well as all companies developing new fossil fuel extraction projects.🌱

**In 2024, the Banque de France was once again ranked first among G20 central banks** for its climate action in the updated Green Central Banking Scorecard drawn up by Positive Money, an NGO.🌱

**Since 2023, the Bank has published harmonised climate impact indicators**, which are common to all Eurosystem central banks. These disclosures have been further expanded, with the result that the 2025 report (covering FY 2024) includes scope 3 carbon emissions as well as the shares of social and sustainability bonds held in the different portfolios.🌱

**The Banque de France extended the publication of indicators on exposure to transition risks**, biodiversity footprint and ESG performance to include portfolios held against the monetary base.<sup>20</sup> This approach reflects its determination to be even more transparent and to harmonise the data published for its different portfolios.🌱

**Caisse des Dépôts and the Banque de France teamed up** to launch an equity fund focused on biodiversity. BDF Gestion, a Banque de France subsidiary, will manage the fund, applying the rigorous and innovative qualitative methodology developed by CDC Biodiversité.🌱

<sup>19</sup> Own funds and pension liabilities portfolios and own portfolios held against the monetary base.

<sup>20</sup> Environmental, social and governance criteria. Portfolios held against the monetary base are mainly invested in fixed-rate or index-linked bonds, but also

in overnight deposits and term deposits. At the end of 2024, euro portfolios were principally made up of euro-denominated securities issued by euro area residents and held to maturity. Foreign currency denominated portfolios are primarily invested in US dollars.

## OVERVIEW

The Banque de France has pursued a responsible investment (RI) approach since 2018. It first adopted an RI Charter, followed by a three-pronged strategy covering nature and climate issues, environmental, social and governance (ESG) questions more generally, and engagement with companies in which it is a shareholder. This approach traditionally focused on the own funds and pension liabilities portfolios, i.e. assets for which the Banque de France is solely and fully responsible. Over the last two years, the strategy has been progressively expanded to euro-denominated own portfolios held against the monetary base along with foreign exchange reserves,<sup>21</sup> whose extra-financial performance is also detailed in this report. Portfolios covered by the RI approach were worth EUR 130 billion at 31 December 2024,<sup>22</sup> representing an increase of more than EUR 110 billion in the scope covered since the approach was first introduced in 2018.

### RESPONSIBLE INVESTMENT APPROACH

In 2018, the Banque de France published a **Responsible Investment Charter**, in which the Bank committed itself to including climate considerations, and ESG questions more generally, in its investment policy. This commitment is reflected in the application of the **double materiality**<sup>23</sup> principle to its portfolios managed for own account.<sup>24</sup> Accordingly, the Bank considers the environmental and social impact of its investments, but also the social and environmental risks to the financial performance of its portfolios. In this way, the Banque de France aims to improve the overall environmental impact of the assets that it finances through these portfolios by contributing to meeting the UN Sustainable Development Goals (SDGs),<sup>25</sup> while at the same time mitigating the physical and transition risks to which these portfolios are exposed.

Through its charter, the Banque de France also committed itself to publishing an annual report on the execution and results of its responsible investment strategy. Now incorporated within the *Sustainability Report*, this report is publicly available on the Banque de France's website, along with the Bank's Responsible Investment Charter and voting policy.

While the Banque de France is not subject to **French and European extra-financial disclosure requirements** for financial institutions, it endeavours to comply with them

wherever possible and appropriate. For this reason, the *Sustainability Report* incorporates some of the provisions of Article 29 of French Energy and Climate Act No. 2019-1147 and its implementing decree of May 2021 establishing extra-financial reporting obligations for institutional investors. Similarly, the Banque de France takes into account the requirements set down by Regulation EU 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (SFDR).

<sup>21</sup> These portfolios are mainly invested in fixed-rate or index-linked bonds, but also in overnight deposits and term deposits. At the end of 2024, euro portfolios were principally made up of euro-denominated securities issued by euro area residents and held to maturity. Foreign currency denominated portfolios are primarily invested in US dollars.

<sup>22</sup> These assets exclude securities held for monetary policy purposes under the mission entrusted to the European System of Central Banks by the Treaty on the Functioning of the European Union (TFEU).

<sup>23</sup> Double materiality is one of the key principles of European Directive 2022/2464 on Corporate Sustainability Reporting.

<sup>24</sup> These portfolios include own funds and pension liabilities portfolios, as well as euro and foreign currency denominated portfolios held against the monetary base. These portfolios comprise several asset classes, including sovereign bonds, equities, corporate bonds, money market instruments and unlisted assets.

<sup>25</sup> The United Nations adopted the SDGs in 2015. The Banque de France notably contributes to Goals 7 (access to affordable, reliable, sustainable and modern energy for all) and 13 (urgent action to combat climate change and its impacts).

By integrating sustainability factors in the management of assets for own account, the Banque de France's strategy also complies with the recommendations issued by the **Network of Central Banks and Supervisors for Greening the Financial System (NGFS)** on sustainable and responsible investment.<sup>26</sup>

## Common Eurosystem metrics

(see The Banque de France Responsible Investment Strategy - Supplement to the 2024 Sustainability Report, Focus 2)

Since the 2023 report was released, the scope of portfolios tracked has expanded to include foreign exchange reserves in addition to euro-denominated pension liabilities and own funds portfolios and portfolios held against the monetary base. Continued methodological work at Eurosystem level also resulted in the addition of new indicators. In 2024, reporting was expanded to include the share of social and sustainability bonds held in each portfolio and scope 3 carbon emissions.<sup>27</sup>

In 2024, the Banque de France upheld its pledge to act transparently by once again conducting a reporting exercise, this time in respect of 2023, on the platform of the United Nations-backed Principles for Responsible Investment (UNPRI).<sup>28</sup> The Banque de France wanted to release its assessment report publicly to demonstrate its commitment to complying with responsible investment goals and acting transparently. In a change from the 2022 reporting exercise, the Banque de France chose to report on the optional modules covering alternative assets that make up less than 10% of portfolios. The UNPRI 2024 Summary Scorecard for the Banque de France's 2023 reporting exercise shows the score received by the Banque de France for each of the reporting modules, as well as the median score of all UNPRI signatories. For the first module, on policy governance and strategy, for example, the Banque de France scored 80/100 (4 stars), while the median score across all respondents was around 60/100 (3 stars).

To ensure the reliability of the metrics published as part of the Eurosystem's harmonised disclosure exercise, and of the metrics relating to the portfolios' warming trajectory, the main climate metrics published in this report for FY2024 have been certified by the statutory auditors, Forvis Mazars and Deloitte. This underlines the importance that the Banque de France places on extra-financial disclosures and transparency in this area.

26 NGFS (2019), *A call for action*, April, and NGFS (2024), *Guide on climate-related disclosure for central banks*, 2<sup>nd</sup> ed., June.

27 Scope 3 corresponds to indirect GHG emissions linked to the upstream (supplier emissions) and downstream (emissions linked to the use of goods sold) portions of the company's value chain.

28 Founded in 2005 with the support of the United Nations, the Principles for Responsible Investment (PRI) form an internationally recognised platform whose purpose is to develop and promote

responsible investment worldwide.

Signatories complete a standardised set of reports on how sustainability objectives are integrated in investment portfolios. Based on the answers provided, an automatic non-public assessment of the investment policy is generated, allowing the signatory to check whether it complies with the initiative's minimum requirements, including the integration of sustainability criteria in the management of at least 50% of assets, establishment of a governance mechanism for the investment policy, and existence of a team dedicated to implementing the investment policy.

## ⑧ THE BANQUE DE FRANCE RANKED FIRST AMONG G20 CENTRAL BANKS FOR ITS CLIMATE ACTION

For the third time running, the Banque de France topped the Green Central Banking Scorecard published in September 2024. The ranking, which is drawn up by Positive Money, a UK-based NGO, identifies the G20 central banks that are doing the most in terms of climate action. France retained top spot thanks to the “leading by example” category, which benefited in particular from the Bank’s goal of aligning its equity portfolios with a 1.5°C trajectory and its fossil fuels exclusion policy.

### Green Central Banking Scorecard 2024

| Rank | Country           | Aggregate score (out of 130) | Grade (A+ to F) | Research and advocacy (out of 10) | Monetary policy (out of 50) | Financial policy (out of 50) | Leading by example (out of 20) |
|------|-------------------|------------------------------|-----------------|-----------------------------------|-----------------------------|------------------------------|--------------------------------|
| 1    | France            | 96                           | B+              | 10                                | 23                          | 47                           | 16                             |
| 2=   | Germany           | 91                           | B+              | 10                                | 23                          | 48                           | 10                             |
| 2=   | Italy             | 91                           | B+              | 10                                | 23                          | 48                           | 10                             |
| 4    | European Union    | 87                           | B               | 10                                | 23                          | 44                           | 10                             |
| 5    | Brazil            | 71                           | B-              | 10                                | 18                          | 33                           | 10                             |
| 6    | China             | 61                           | C+              | 5                                 | 22                          | 31                           | 3                              |
| 7    | United Kingdom    | 53                           | C               | 10                                | 11                          | 24                           | 8                              |
| 8    | Japan             | 42                           | C-              | 6                                 | 16                          | 16                           | 10                             |
| 9    | Indonesia         | 38                           | D+              | 5                                 | 14                          | 15                           | 4                              |
| 10   | India             | 30                           | D+              | 5                                 | 5                           | 13                           | 7                              |
| 11=  | Australia         | 26                           | D               | 10                                | 0                           | 15                           | 1                              |
| 11=  | South Africa      | 26                           | D               | 10                                | 1                           | 11                           | 4                              |
| 13   | Canada            | 25                           | D               | 5                                 | 1                           | 16                           | 3                              |
| 14   | Russia            | 21                           | D               | 5                                 | 0                           | 14                           | 2                              |
| 15   | Mexico            | 17                           | D-              | 5                                 | 2                           | 1                            | 9                              |
| 16   | Republic of Korea | 16                           | D-              | 5                                 | 8                           | 2                            | 1                              |
| 17   | United States     | 15                           | D-              | 5                                 | 0                           | 9                            | 1                              |
| 18   | Turkey            | 10                           | D-              | 2                                 | 0                           | 5                            | 3                              |
| 19   | Argentina         | 5                            | F               | 4                                 | 0                           | 0                            | 1                              |
| 20   | Saudi Arabia      | 1                            | F               | 1                                 | 0                           | 0                            | 0                              |

Source: Positive Money (Green Central Banking Scorecard 2024).

Note: Ranking drawn up in 2024 by Positive Money.

## T4 Climate impact indicators from the Eurosystem 2024 disclosure exercise

(portfolio size in EUR millions; Weighted Average Carbon Intensity (WACI), carbon footprint and carbon intensity in tCO<sub>2</sub>eq/EUR million; emissions in tCO<sub>2</sub>eq; share and coverage in% of the asset class)

a) For pension liabilities and own funds portfolios

|                                            | NON-SOVEREIGN SECURITIES |        |          |           |         |          |
|--------------------------------------------|--------------------------|--------|----------|-----------|---------|----------|
|                                            | Corporate bonds          |        | Coverage | Equities  |         | Coverage |
|                                            | 2024                     | 2023   | 2024     | 2024      | 2023    | 2024     |
| <b>PENSION LIABILITIES PORTFOLIO (CRE)</b> |                          |        |          |           |         |          |
| Scope 1+2 emissions                        |                          |        |          |           |         |          |
| Portfolio size                             | 1,727                    | 2,067  |          | 4,394     | 4,831   |          |
| WACI                                       | 49                       | 41     | 96.7     | 54        | 66      | 98.9     |
| Total emissions                            | 29,049                   | 33,990 | 67.9     | 91,949    | 148,510 | 98.9     |
| Carbon footprint                           | 25                       | 21     | 67.9     | 21        | 31      | 98.9     |
| Carbon intensity                           | 53                       | 52     | 67.9     | 60        | 80      | 98.9     |
| Share of green bonds                       | 13.8                     | 8.3    |          |           |         |          |
| Share of social bonds                      | 1.1                      |        |          |           |         |          |
| Share of sustainability bonds              | 0.0                      |        |          |           |         |          |
| Scope 1+2+3 emissions                      |                          |        |          |           |         |          |
| WACI                                       | 1,148                    |        |          | 1,090     |         |          |
| Total emissions                            | 746,075                  |        |          | 2,192,298 |         |          |
| Carbon footprint                           | 636                      |        |          | 499       |         |          |
| Carbon intensity                           | 1,371                    |        |          | 1,430     |         |          |
| <b>OWN FUNDS PORTFOLIO</b>                 |                          |        |          |           |         |          |
| Scope 1+2 emissions                        |                          |        |          |           |         |          |
| Portfolio size                             | 917                      | 586    |          | 2,725     | 2,554   |          |
| WACI                                       | 5                        | 11     | 82.2     | 62        | 71      | 99.6     |
| Total emissions                            | 3,333                    | 4,036  | 58.3     | 68,359    | 93,000  | 99.6     |
| Carbon footprint                           | 4                        | 11     | 58.3     | 25        | 36      | 99.6     |
| Carbon intensity                           | 17                       | 60     | 58.3     | 66        | 89      | 99.6     |
| Share of green bonds                       | 23.3                     | 28.5   |          |           |         |          |
| Share of social bonds                      | 2.5                      |        |          |           |         |          |
| Share of sustainability bonds              | 0.0                      |        |          |           |         |          |
| Scope 1+2+3 emissions                      |                          |        |          |           |         |          |
| WACI                                       | 1,089                    |        |          | 1,194     |         |          |
| Total emissions                            | 296,022                  |        |          | 1,561,700 |         |          |
| Carbon footprint                           | 323                      |        |          | 573       |         |          |
| Carbon intensity                           | 1,515                    |        |          | 1,507     |         |          |

| SOVEREIGN SECURITIES<br>Government and local authority bonds |                             |         |                             |         |             |           |          |
|--------------------------------------------------------------|-----------------------------|---------|-----------------------------|---------|-------------|-----------|----------|
|                                                              | Production excluding LULUCF |         | Production including LULUCF |         | Consumption |           | Coverage |
|                                                              | 2024                        | 2023    | 2024                        | 2023    | 2024        | 2023      | 2024     |
| PENSION LIABILITIES PORTFOLIO (CRE)                          |                             |         |                             |         |             |           |          |
| Portfolio size                                               | 5,871                       | 5,703   | 5,871                       | 5,703   | 5,871       | 5,703     |          |
| WACI                                                         | 149                         | 179     | 138                         | 165     | 12          | 14        | 100.0    |
| Total emissions                                              | 874,031                     | 977,931 | 810,791                     | 902,978 | 1,085,553   | 1,176,883 | 100.0    |
| Carbon footprint                                             | 149                         | 171     | 138                         | 158     | 185         | 206       | 100.0    |
| Carbon intensity                                             | 149                         | 171     | 138                         | 158     | 11          | 12        | 100.0    |
| Share of green bonds                                         | 4.2                         | 3.2     |                             |         |             |           |          |
| Share of social bonds                                        | 0.0                         |         |                             |         |             |           |          |
| Share of sustainability bonds                                | 0.1                         |         |                             |         |             |           |          |
| OWN FUNDS PORTFOLIO                                          |                             |         |                             |         |             |           |          |
| Portfolio size                                               | 5,678                       | 5,848   | 5,678                       | 5,848   | 5,678       | 5,848     |          |
| WACI                                                         | 116                         | 128     | 111                         | 123     | 9           | 9         | 100.0    |
| Total emissions                                              | 659,793                     | 750,404 | 631,557                     | 716,457 | 900,445     | 1,002,091 | 100.0    |
| Carbon footprint                                             | 116                         | 128     | 111                         | 123     | 159         | 171       | 100.0    |
| Carbon intensity                                             | 116                         | 128     | 111                         | 123     | 9           | 9         | 100.0    |
| Share of green bonds                                         | 19.6                        | 19.4    |                             |         |             |           |          |
| Share of social bonds                                        | 2.6                         |         |                             |         |             |           |          |
| Share of sustainability bonds                                | 0.4                         |         |                             |         |             |           |          |

Sources: Institutional Shareholder Services (ISS), Carbon4 Finance, World Bank, Bloomberg; Banque de France calculations.

Notes: Weighted average carbon intensity (WACI) is a method used to calculate the estimated carbon footprint of a financial asset portfolio. It calculates the weighted average of the carbon intensities emitted by companies in a specific portfolio. Its use is recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

tCO<sub>2</sub>eq – tonnes of carbon dioxide equivalent; CRE – Caisse de réserve des employés (Pension fund); LULUCF – Land Use, Land-Use Change, and Forestry.

#### T4 Climate impact indicators from the Eurosystem 2024 disclosure exercise (continued)

(portfolio size in EUR millions; Weighted Average Carbon Intensity (WACI), carbon footprint and carbon intensity in tCO<sub>2</sub>eq/EUR million; emissions in tCO<sub>2</sub>eq; share and coverage in% of the asset class)

b) For euro and foreign currency denominated portfolios held against the monetary base

|                                                | NON-SOVEREIGN SECURITIES                     |       |          |               |      |          |            |        |          |
|------------------------------------------------|----------------------------------------------|-------|----------|---------------|------|----------|------------|--------|----------|
|                                                | Supranational bodies and government agencies |       | Coverage | Covered bonds |      | Coverage | Equities   |        | Coverage |
|                                                | 2024                                         | 2023  | 2024     | 2024          | 2023 | 2024     | 2024       | 2023   | 2024     |
| <b>EURO-DENOMINATED PORTFOLIOS</b>             |                                              |       |          |               |      |          |            |        |          |
| Scope 1+2 emissions                            |                                              |       |          |               |      |          |            |        |          |
| Portfolio size                                 | 9,351                                        | 3,497 |          | 4,971.4       | 0    |          | 296        | 286    | 99.8     |
| WACI                                           | 1                                            | 2     | 96.02    | 1.20          |      | 80.8     | 71         | 82     | 99.8     |
| Total emissions                                | 3,480                                        | 1,215 | 95.33    | 1,577.16      |      | 46.4     | 8,587      | 13,012 | 99.8     |
| Carbon footprint                               | 0                                            | 0     | 95.33    | 0.68          |      | 46.4     | 29         | 46     | 99.8     |
| Carbon intensity                               | 6                                            | 9     | 95.33    | 2.30          |      | 46.4     | 68         | 98     | 99.8     |
| Share of green bonds                           | 57.3                                         | 87.60 |          | 11.3          |      |          |            |        |          |
| Share of social bonds                          | 19.7                                         |       |          | 0.0           |      |          |            |        |          |
| Share of sustainability bonds                  | 21.8                                         |       |          | 4.2           |      |          |            |        |          |
| Scope 1+2+3 emissions                          |                                              |       |          |               |      |          |            |        |          |
| WACI                                           | 1,283                                        |       | 96.02    | 1,379.87      |      | 80.8     | 1,398      |        | 99.8     |
| Total emissions                                | 678,321.91                                   |       | 95.33    | 959,231.46    |      | 46.4     | 206,677.35 |        | 99.8     |
| Carbon footprint                               | 76                                           |       | 95.33    | 416.22        |      | 46.4     | 700        |        | 99.8     |
| Carbon intensity                               | 1,190                                        |       | 95.33    | 1,397.45      |      | 46.4     | 1,639      |        | 99.8     |
| <b>FOREIGN CURRENCY DENOMINATED PORTFOLIOS</b> |                                              |       |          |               |      |          |            |        |          |
| Scope 1+2 emissions                            |                                              |       |          |               |      |          |            |        |          |
| Portfolio size                                 | 5,101                                        | 6,919 |          |               |      |          |            |        |          |
| WACI                                           | 0                                            | 0     | 77.09    |               |      |          |            |        |          |
| Total emissions                                | 110                                          | 46    | 67.20    |               |      |          |            |        |          |
| Carbon footprint                               | 0                                            | 0     | 67.20    |               |      |          |            |        |          |
| Carbon intensity                               | 0                                            | 0     | 67.20    |               |      |          |            |        |          |
| Share of green bonds                           | 5.43                                         | 3.80  |          |               |      |          |            |        |          |
| Share of social bonds                          | 1.38                                         |       |          |               |      |          |            |        |          |
| Share of sustainability bonds                  | 7.50                                         |       |          |               |      |          |            |        |          |
| Scope 1+2+3 emissions                          |                                              |       |          |               |      |          |            |        |          |
| WACI                                           | 1,200                                        |       |          |               |      |          |            |        |          |
| Total emissions                                | 280,810                                      |       |          |               |      |          |            |        |          |
| Carbon footprint                               | 82                                           |       |          |               |      |          |            |        |          |
| Carbon intensity                               | 1,240                                        |       |          |               |      |          |            |        |          |

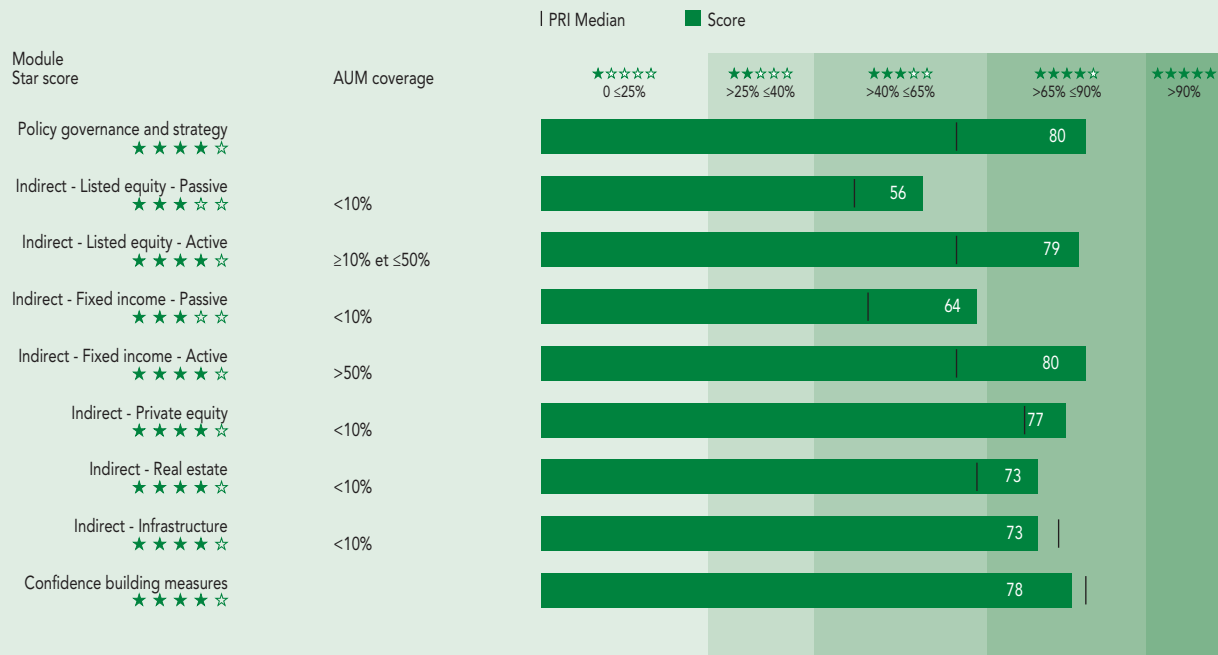
| SOVEREIGN SECURITIES<br>Government and local authority bonds |                             |              |                             |              |              |              |          |
|--------------------------------------------------------------|-----------------------------|--------------|-----------------------------|--------------|--------------|--------------|----------|
|                                                              | Production excluding LULUCF |              | Production including LULUCF |              | Consumption  |              | Coverage |
|                                                              | 2024                        | 2023         | 2024                        | 2023         | 2024         | 2023         | 2024     |
| EURO-DENOMINATED PORTFOLIOS                                  |                             |              |                             |              |              |              |          |
| Portfolio size                                               | 61,946                      | 48,411       | 61,946                      | 48,411       | 61,946       | 48,411       | 100      |
| WACI                                                         | 118                         | 130          | 110                         | 121          | 9            | 9            | 100      |
| Total emissions                                              | 7,285,510                   | 6,310,911    | 6,837,787                   | 5,870,204    | 10,108,227   | 8,334,694    | 100      |
| Carbon footprint                                             | 118                         | 130          | 110                         | 121          | 163          | 172          | 100      |
| Carbon intensity                                             | 118                         | 130          | 110                         | 121          | 9            | 9            | 100      |
| Share of green bonds                                         | 2.24                        | 1.60         |                             |              |              |              |          |
| Share of social bonds                                        | 0.00                        |              |                             |              |              |              |          |
| Share of sustainability bonds                                | 0.43                        |              |                             |              |              |              |          |
| FOREIGN CURRENCY DENOMINATED PORTFOLIOS                      |                             |              |                             |              |              |              |          |
| Portfolio size                                               | 24,444                      | 21,513       | 24,444                      | 21,513       | 24,444       | 21,513       | 100      |
| WACI                                                         | 249.12                      | 274.00       | 223.14                      | 248.00       | 18.24        | 18.00        | 100      |
| Total emissions                                              | 6,089,337.44                | 5,899,414.00 | 5,454,346.67                | 5,329,167.00 | 6,534,539.91 | 6,269,103.00 | 100      |
| Carbon footprint                                             | 249.12                      | 274.00       | 223.14                      | 248.00       | 267.33       | 291.00       | 100      |
| Carbon intensity                                             | 249.12                      | 274.00       | 223.14                      | 248.00       | 17.31        | 17.00        | 100      |
| Share of green bonds                                         | 1.92                        | 2.00         |                             |              |              |              |          |
| Share of social bonds                                        | 2.00                        |              |                             |              |              |              |          |
| Share of sustainability bonds                                | 0.00                        |              |                             |              |              |              |          |

Sources: Institutional Shareholder Services (ISS), Carbon4 Finance, World Bank, Bloomberg; Banque de France calculations.

Notes: Weighted average carbon intensity (WACI) is a method used to calculate the estimated carbon footprint of a financial asset portfolio. It calculates the weighted average of the carbon intensities emitted by companies in a specific portfolio. Its use is recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

tCO<sub>2</sub>eq – tonnes of carbon dioxide equivalent; CRE – Caisse de réserve des employés (Pension fund); LULUCF – Land Use, Land-Use Change, and Forestry.

## 2024 UNPRI scorecard for the Banque de France's 2023 reporting exercise



Source: United Nations (UN).

Note: United Nations-backed Principles for Responsible Investment (UNPRI), Assets Under Management (AUM).

## THE THREE PILLARS OF THE RESPONSIBLE INVESTMENT STRATEGY

The Banque de France's responsible investment strategy is built on **three pillars**, which are further divided into **seven objectives** (see Table 5).

**The first pillar focuses on climate and nature-related goals.** The Banque de France is committed to meeting the targets defined by Article 2 of the 2015 Paris Agreement. In particular, it has set itself the ambitious target of aligning all equities held for own account with a global warming trajectory of less than 1.5°C above pre-industrial levels. At the end of 2023, this objective was achieved for all equities managed in its portfolios, two years ahead of the originally scheduled target date of 2025. In 2024, the Banque de France pledged to step up its efforts in order to align its corporate bond component with a 1.5°C trajectory by the end of 2026 (Objective 1).

To be able to meet this goal, the Banque de France has expanded its measurement capabilities, including by creating an in-house tool to steer the alignment of equity components with a temperature target, based on information supplied by data providers (see *Supplement, Focus 3*). Management decisions relating to portfolios covered by the RI strategy systematically factor in the dimension of implied warming trajectories.

The Banque de France is aware of the crucial role that curbing fossil fuel use plays in meeting the goals of the Paris Agreement.<sup>29</sup> In 2021, it raised its goals by introducing tougher exclusion thresholds that came into effect in 2024 (Objective 2). Accordingly, the exclusion thresholds applied are now those of the Paris-aligned benchmarks for oil (> 10% of revenue) and gas (> 50% of revenue). The Banque de France has opted to go even further, by totally excluding companies involved in the extraction of coal or unconventional hydrocarbons or their use in energy production.<sup>30</sup> In addition, any company developing new fossil fuel extraction projects is also excluded from the portfolios (see *infographic below on the Banque de France's climate-related exclusion and alignment policies*).

Besides these alignment and exclusion objectives, the Banque de France also seeks to contribute directly to financing the energy and ecological transition (EET) and preserving biodiversity by buying green bonds and investing in thematic funds with an EET focus (Objective 3). At the end of 2024, total green bonds held amounted to EUR 10.2 billion,<sup>31</sup> while investments in EET-thematic funds came to EUR 837 million, up EUR 223 million year-on-year.

The share of green bonds held in the portfolios at year-end 2024 is shown in Tables 4a and 4b. Through these investments, the Banque de France finances the production of renewable energies, energy refits for buildings, as well as small and medium-sized enterprises (SMEs) that are EET innovators (in energy storage and waste management, for example). To improve its biodiversity impact, in 2022 the Banque de France invested in a fund financing solutions to preserve marine biodiversity, and is continuing to explore opportunities for the preservation of natural capital and terrestrial ecosystems. In 2024, joint work with Groupe Caisse des Dépôts led to the launch of a listed-equity fund whose strategy is centred on biodiversity (see *Supplement, Focus 7*).

**The second pillar focuses on integrating ESG criteria more broadly into asset management:** since 2024, the Banque de France has excluded 30% of its investment universe based on ESG criteria and scores (Objective 4). The Bank thereby complies with the minimum exclusion ratio required by the French Ministry for the Economy and Finance's Socially Responsible Investment (SRI) label, which was raised from 20% to 30% following its revision at the end of 2023. To implement these ESG-based filters, the Banque de France leverages information supplied by its external data providers. In addition to fossil fuel-based exclusions, the Banque de France also applies norm-based exclusions (e.g. compliance with international conventions),<sup>32</sup> sector-based exclusions (tobacco cultivation and production) and exclusions relating to companies involved in controversies. The social dimension of the investment policy has also been gradually expanded, notably by extending the bond purchase programme to include social and sustainability bonds worth EUR 5.5 billion at the end of 2024<sup>33</sup> – see Tables 4a and 4b for their portfolio shares – and by investing in thematic funds that prioritise social inclusion (Objective 5).

29 The April 2022 report by the Intergovernmental Panel on Climate Change stresses the need to reduce fossil fuel use in order to limit global warming: See <https://www.ipcc.ch/2022/>

30 Their exclusion threshold had been set since 2021 at 2% of revenue for coal and 10% of revenue for unconventional hydrocarbons. Unconventional hydrocarbons include shale oil, shale gas, oil sands or Arctic or deepwater exploration-development. They are often extracted by means of fracking.

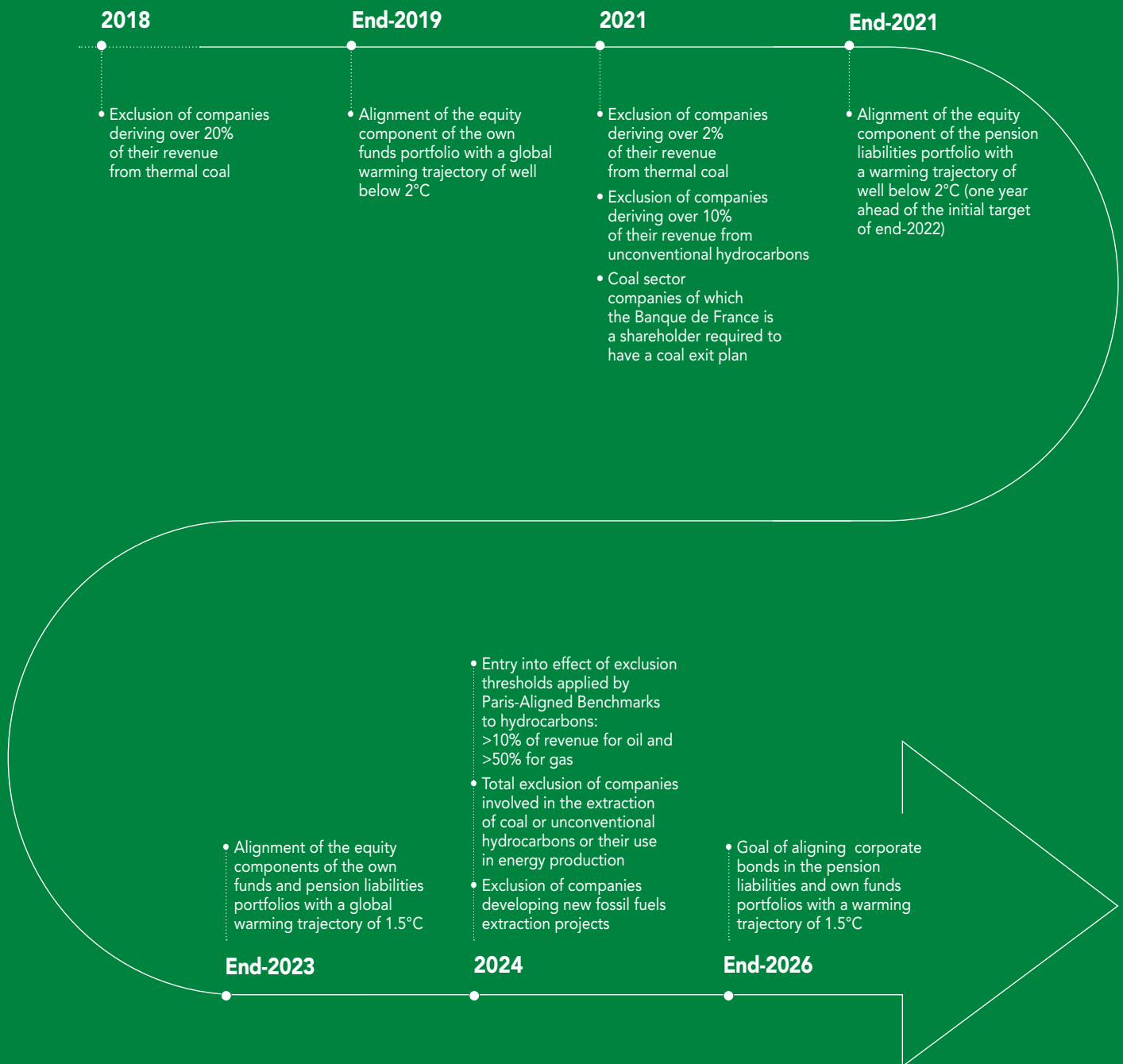
31 This is the total value of green bonds held in the pension liabilities

(EUR 0.5 billion) and own funds (EUR 1.5 billion) portfolios and in the portfolios held against the monetary base (EUR 8.3 billion).

32 In particular, the Bank will not invest in companies that do not comply with the Ottawa Convention (1999) and the Oslo Convention (2010), which ban the production, use, storage, sale and transfer of anti-personnel mines and cluster bombs.

33 This is the total value of social and sustainability bonds held in the own funds and pension liabilities portfolios (EUR 0.2 billion) and in the portfolios held against the monetary base (EUR 5.3 billion).

# BANQUE DE FRANCE CLIMATE-BASED EXCLUSION AND ALIGNMENT POLICIES



Source: Banque de France.

In 2024, the Banque de France thus invested in a fund financing social impact bonds, which enable companies operating in the social and solidarity sector to trial innovative projects in areas such as employment integration, child protection, inclusion, health and education.

### The third pillar concerns the Banque de France's engagement with companies in which it holds shares.

In 2019, the Banque de France adopted a voting policy including provisions on good governance and recognition of extra-financial objectives by companies (Objective 6). It is by this means in particular that the Banque de France aims to integrate the "governance" dimension of ESG.

The voting policy is a freely accessible document posted on the Banque de France's website.<sup>34</sup> It sets, among other things, independence and diversity criteria for corporate management bodies. The Banque de France also expects companies to disclose information about the environmental impact of their activities and to recognise extra-financial performances when awarding executive remuneration. In line with its policy of fossil fuel exclusions, the Banque de France will oppose any new development project involving fossil fuels and will vote against approving the accounts if this requirement is not met. With the rise in recent years of Say on Climate resolutions covering corporate climate action plans, the Banque de France now analyses such resolutions on a case-by-case basis to assess the level of ambition of companies' climate action plans. Since 2023, the voting policy has incorporated new provisions designed to oppose the excessive remuneration that can sometimes be awarded to senior executives. In order to wield maximum influence as a shareholder, the Banque de France targets a general meeting attendance rate of at least 80% across all the companies in its portfolios (Objective 7).<sup>35</sup>

### SPECIFIC RESPONSIBLE INVESTMENT GOVERNANCE ARRANGEMENTS

The Banque de France's responsible investment strategy is implemented by the Finance Directorate, which is part of the General Secretariat, for the Banque de France's pension liabilities and own funds portfolios, and by the Financial Markets Directorate, within the Directorate General, Financial Stability and Operations, for other own portfolios held against the monetary base.

The responsible investment strategy is presented at least once a year to the General Council and determined by the Banque de France's decision-making bodies, namely the Asset-Liability Committee and the Pension Plan Strategic

Committee. Operational implementation of the responsible investment strategy is steered by an investment committee on which the Risk Directorate sits alongside the Directorate and the Directorate General tasked with managing the different portfolios.

### 2024 RESULTS

In 2024, the Banque de France **fully met its commitments and took its responsible investment approach to the next level**: it implemented enhanced fossil fuel exclusion thresholds, which included exiting coal totally, and lifted the exclusion threshold from 20% to 30% of issuers based on ESG criteria.<sup>36</sup> Furthermore, having reached its target of a warming trajectory of no more than 1.5°C for its equity portfolios, the Banque de France decided in 2024 to commit itself to aligning the corporate bond component of the own funds and pension liabilities portfolios with the same temperature trajectory by the end of 2026. Progress had already been made towards this goal by the end of 2024 (see Table 6 on performance indicators).

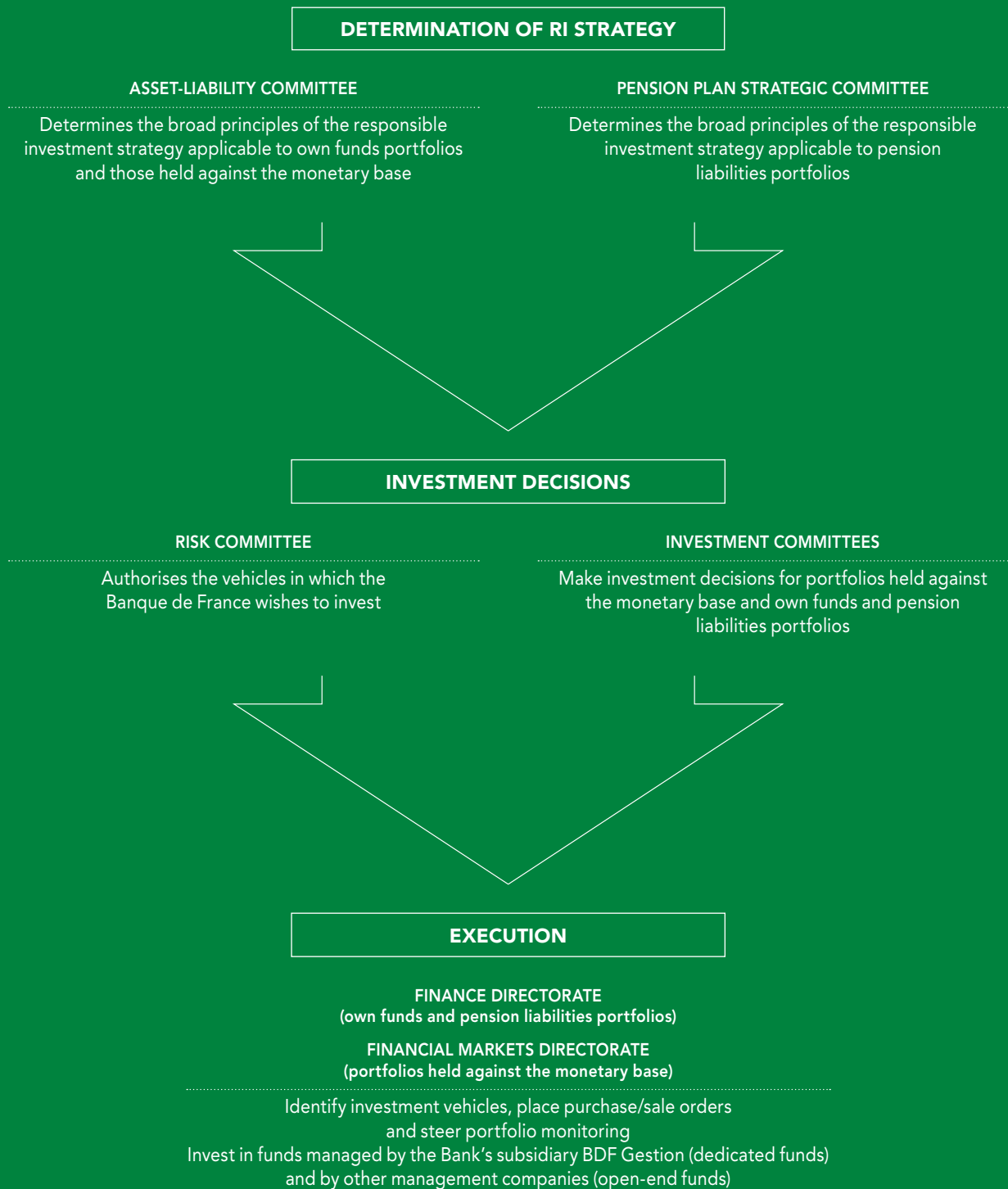
Besides hitting its targets, the Banque de France improved the **overall environmental and ESG performances of its portfolios**.

<sup>34</sup> [https://www.banque-france.fr/system/files/2025-06/BdF\\_Politique-de-%20vote-%20BdF\\_2023.pdf](https://www.banque-france.fr/system/files/2025-06/BdF_Politique-de-%20vote-%20BdF_2023.pdf)

<sup>35</sup> Including those that are held indirectly via the funds of its asset management subsidiary, BDF Gestion. Implementation of the voting policy is entrusted to ISS, a proxy voting services provider.

<sup>36</sup> The Banque de France applies the exclusion criterion of the French SRI label. In practice, all sector- and norm-based exclusions applied need to result in the elimination of 30% of companies from the initial investment universe based on ESG underperformance.

## RESPONSIBLE INVESTMENT (RI) GOVERNANCE



Source: Banque de France.

### Climate indicators:

- **The carbon impact** of own portfolios is measured using the data and methodologies put in place as part of the Eurosystem reporting exercise (see Tables 4a and 4b, and Supplement, Focus 2). Like for like (scopes 1+2), **for the own funds and pension liabilities portfolios**, the capital carbon footprint, which measures the portfolios' footprint in tonnes of carbon equivalent per EUR million invested, fell considerably in 2024 across virtually all asset classes. In equity portfolios especially, the implementation of enhanced fossil fuel exclusion thresholds paved the way to materially improve all indicators used in the Eurosystem harmonised disclosure exercise, owing to the exit of several major emitters. In the sovereign bond components, the reduction in the carbon footprint was due to the smaller proportion of US bonds in the portfolios, and to the decrease in the emissions of several European Union countries, including France.

**As regards own account portfolios held against the monetary base**, the carbon footprint was also down relative to 2023, a fact that held true for euro-denominated assets (−9.5%) as well as those denominated in foreign currencies (−9.1%). While emissions per point of GDP were down for some sovereign issuers, the observed decrease in the carbon footprint resulted directly from the application of a responsible investment strategy to investment choices. As a result, issuers with smaller carbon footprints were given priority in 2024 long-term investments.

- Besides the indicators used in the Eurosystem disclosure exercise, in 2023 the Banque de France developed a new indicator to measure **the climate impact of the sovereign exposures** of its portfolios, which is expressed as a z-score combining consumption and production carbon intensities. In the sovereign portfolios managed by the Banque de France, the aggregate z-score was −0.17 at the end of 2024, compared with +0.10 in 2022, illustrating the greening trend that is underway (the greener the z-score, the greener the country).

In addition to the climate indicators published as part of the common Eurosystem disclosure exercise, the Banque de France also tracks **the extra-financial performances** of its portfolios **by means of metrics covering physical risks, biodiversity footprint and ESG scores** (see Table 6). These supplementary indicators, which are monitored for each portfolio and asset class and compared against benchmarks, are being published for the first time this year for portfolios held against the monetary base, with a focus on sovereign bond and equivalent components,

all of whose issuers are covered. These holdings are worth more than EUR 85 billion.

### For pension liabilities and own funds portfolios:

- **Exposure to physical risks**, which measures the physical climate-related risks to which portfolios are exposed, fell for most portfolios in 2024. This year, the main physical risk to which the portfolios were exposed remained the risk of flooding, followed by the risk of rising sea levels;
- The **biodiversity footprint**, which measures the negative impact on biodiversity per EUR million invested, was stable and beat its benchmarks;
- The **ESG performances** of the Banque de France's portfolios either remained stable or improved overall, and outperformed their benchmarks, with the exception of the sovereign bond component of the pension liabilities portfolio, which was hurt by exposure to US securities that do not feature in the benchmark index.

## T5 Assessment of execution of the Banque de France's responsible investment strategy at 31 December 2024

| TARGETS                                                                                                                                                                                                                                                                                                                                                                          | MILESTONES                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PILLAR 1 → Align investments with France's climate commitments</b>                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Objective No. 1</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Align the equity component with a 1.5°C trajectory. Horizon set at end-2023 for the own funds portfolio and European equities in the pension liabilities portfolio, and end-2025 for all equities in the pension liabilities portfolio. Extend the 1.5°C alignment objective to the corporate bond component of own funds and pension liabilities portfolios by the end of 2026. | <ul style="list-style-type: none"> <li>• &lt;1.5°C alignment for the equity component of the own funds and pension liabilities portfolios from end-2023</li> <li>• The temperature of the corporate bond component of the pension liabilities portfolio was just below 2°C at end-2024</li> </ul>                                                                                                                            |
| <b>Objective No. 2</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Exclude issuers whose involvement in fossil fuels exceeds the thresholds set by the Paris-Aligned Benchmark                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>• Since 2021, issuers deriving over 2% of revenue from thermal coal or 10% from unconventional hydrocarbons have been excluded</li> <li>• From end-2024, the coal and unconventional hydrocarbon threshold was lowered to 0%, thresholds were applied for oil (&gt;10% of revenue) and gas (&gt;50% of revenue), and firms developing new extraction projects are excluded</li> </ul> |
| <b>Objective No. 3</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Contribute to financing the energy and ecological transition (EET) and to preserving biodiversity by investing in green bonds and thematic funds                                                                                                                                                                                                                                 | <p>At 31 December 2024:</p> <ul style="list-style-type: none"> <li>• EUR 10.2 billion invested in green bonds</li> <li>• EUR 837 million invested in EET thematic funds</li> <li>• Investment in a fund devoted to preserving marine biodiversity</li> <li>• Joint launch with Groupe Caisse des Dépôts of a listed-equity fund with a biodiversity-focused strategy</li> </ul>                                              |
| <b>PILLAR 2 → Include environmental, social and governance (ESG) criteria in asset management</b>                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Objective No. 4</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Exclude 30% of the equity and corporate bond investment universe based on ESG criteria, in compliance with the requirements of Pillar III of France's Socially Responsible Investment (SRI) label                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• 20% of issuers excluded on the basis of ESG criteria since end-2019</li> <li>• 30% of issuers excluded as of 2024 in order to align with the SRI label reform published at end-2023</li> </ul>                                                                                                                                                                                      |
| <b>Objective No. 5</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Contribute to financing social challenges by investing in impact funds and social and sustainability bonds                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• EUR 3.1 billion invested in social bonds at end-2024</li> <li>• EUR 2.4 billion invested in sustainability bonds at end-2024</li> <li>• Investment in a fund supporting affordable housing and a fund backing the social and solidarity sector in 2023. Investment in a fund financing social impact bonds in 2024</li> </ul>                                                       |
| <b>PILLAR 3 → Exercise voting rights and engage with issuers</b>                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Objective No. 6</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Apply a regularly updated voting policy that includes extra-financial provisions                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Voting policy adopted in 2019</li> <li>• Adjustments made to reflect new fossil fuel exclusions and limit excessive executive pay (provisions in force since 2023)</li> </ul>                                                                                                                                                                                                       |
| <b>Objective No. 7</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Maintain a general meeting attendance rate of at least 80%                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• Attendance rate of 95% in 2024</li> </ul>                                                                                                                                                                                                                                                                                                                                           |

Source: Banque de France.

## T6 Climate and ESG performance indicators for portfolios at end-2024

| ASSET CLASS                   | INDICATOR CATEGORY | INDICATOR                               | PORTFOLIO 2024                      | PORTFOLIO 2023 <sup>a)</sup>        | COVERAGE (% of the asset class) | BENCHMARK <sup>b)</sup>             |
|-------------------------------|--------------------|-----------------------------------------|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| PENSION LIABILITIES PORTFOLIO |                    |                                         |                                     |                                     |                                 |                                     |
| Sovereign bond component      | Climate            | Exposure to physical risks              | 70/100                              | 71.9/100                            | 100                             | 73.1/100                            |
|                               | Biodiversity       | Total absolute biodiversity impact      | -386 km².MSA                        | -484 km².MSA                        | 100                             | -431 km².MSA                        |
|                               |                    | Biodiversity footprint                  | -0.07 km².MSA/EURm invested         | -0.08 km².MSA/EURm invested         | 100                             | -0.08 km².MSA/EURm invested         |
|                               |                    | Weighted average biodiversity intensity | -0.07 km².MSA/EURm of GDP           | -0.08 km².MSA/EURm of GDP           | 100                             | -0.08 km².MSA/EURm of GDP           |
| ESG                           | ESG score          | 75.2/100                                | 73.8/100                            | 100                                 | 79.2/100                        |                                     |
| Equity component              | Climate            | Temperature pathway                     | <1.5°C                              | <1.5°C                              | 100                             | <1.5°C                              |
|                               |                    | Exposure to physical risks              | 50.4/100                            | 50.7/100                            | 99                              | 48.9/100                            |
|                               | Biodiversity       | Total absolute biodiversity impact      | -142 km².MSA                        | -139 km².MSA                        | 97                              | -126 km².MSA                        |
|                               |                    | Biodiversity footprint                  | -0.03 km².MSA/EURm invested         | -0.03 km².MSA/EURm invested         | 97                              | -0.03 km².MSA/EURm invested         |
|                               |                    | Weighted average biodiversity intensity | -0.08 km².MSA/EURm capital employed | -0.12 km².MSA/EURm capital employed | 95                              | -0.08 km².MSA/EURm capital employed |
|                               | ESG                | ESG score                               | 50.7/100                            | 50.5/100                            | 97                              | 48.8/100                            |
| Corporate bond component      | Climate            | Temperature pathway                     | 1.5°C-2°C                           | 2°C-3°C                             | 79                              | 1.5°C-2°C                           |
|                               |                    | Exposure to physical risks              | 32.2/100                            | 33.6/100                            | 91                              | 33.4/100                            |
|                               | Biodiversity       | Total absolute biodiversity impact      | -62 km².MSA                         | -77 km².MSA                         | 67                              | -98 km².MSA                         |
|                               |                    | Biodiversity footprint                  | -0.04 km².MSA/EURm invested         | -0.04 km².MSA/EURm invested         | 67                              | -0.06 km².MSA/EURm invested         |
|                               |                    | Weighted average biodiversity intensity | -0.05 km².MSA/EURm capital employed | -0.06 km².MSA/EURm capital employed | 89                              | -0.06 km².MSA/EURm capital employed |
|                               | ESG                | ESG score                               | 58.3/100                            | 57.3/100                            | 89                              | 55.5/100                            |
| OWN FUNDS PORTFOLIO           |                    |                                         |                                     |                                     |                                 |                                     |
| Sovereign bond component      | Climate            | Exposure to physical risks              | 70.1/100                            | 68.0/100                            | 100                             | 59.6/100                            |
|                               | Biodiversity       | Total absolute biodiversity impact      | -408 km².MSA                        | -480 km².MSA                        | 100                             | -443 km².MSA                        |
|                               |                    | Biodiversity footprint                  | -0.07 km².MSA/EURm invested         | -0.08 km².MSA/EURm invested         | 100                             | -0.08 km².MSA/EURm invested         |
|                               |                    | Weighted average biodiversity intensity | -0.07 km².MSA/EURm of GDP           | -0.08 km².MSA/EURm of GDP           | 100                             | -0.08 km².MSA/EURm of GDP           |
| ESG                           | ESG score          | 78.7/100                                | 78.8/100                            | 98                                  | 79.4/100                        |                                     |
| Equity component              | Climate            | Temperature pathway                     | <1.5°C                              | <1.5°C                              | 99                              | 1.5°C-2°C                           |
|                               |                    | Exposure to physical risks              | 43/100                              | 43.5/100                            | 99                              | 37.2/100                            |
|                               | Biodiversity       | Total absolute biodiversity impact      | -79 km².MSA                         | -78 km².MSA                         | 99                              | -79 km².MSA                         |
|                               |                    | Biodiversity footprint                  | -0.03 km².MSA/EURm invested         | -0.03 km².MSA/EURm invested         | 99                              | -0.03 km².MSA/EURm invested         |
|                               |                    | Weighted average biodiversity intensity | -0.06 km².MSA/EURm capital employed | -0.11 km².MSA/EURm capital employed | 98                              | -0.07 km².MSA/EURm capital employed |
|                               | ESG                | ESG score                               | 61.3/100                            | 61.3/100                            | 99                              | 55.7/100                            |
| Corporate bond component      | Climate            | Temperature pathway                     | <1.5°C                              | <1.5°C                              | 51                              | 1.5°C-2°C                           |
|                               |                    | Exposure to physical risks              | 23.5/100                            | 25.6/100                            | 97                              | 33.4/100                            |
|                               | Biodiversity       | Total absolute biodiversity impact      | -42 km².MSA                         | -9 km².MSA                          | 51                              | -62 km².MSA                         |
|                               |                    | Biodiversity footprint                  | -0.04 km².MSA/EURm invested         | -0.02 km².MSA/EURm invested         | 51                              | -0.06 km².MSA/EURm invested         |
|                               |                    | Weighted average biodiversity intensity | -0.01 km².MSA/EURm capital employed | -0.01 km².MSA/EURm capital employed | 56                              | -0.06 km².MSA/EURm capital employed |
|                               | ESG                | ESG score                               | 61.6/100                            | 62.7/100                            | 97                              | 55.5/100                            |

## T6 Climate and ESG performance indicators for portfolios at end-2024 (continued)

| ASSET CLASS                               | INDICATOR CATEGORY | INDICATOR                               | PORTFOLIO 2024              | COVERAGE (% of the asset class) |
|-------------------------------------------|--------------------|-----------------------------------------|-----------------------------|---------------------------------|
| PORTFOLIOS HELD AGAINST THE MONETARY BASE |                    |                                         |                             |                                 |
| Euro denominated portfolios               |                    |                                         |                             |                                 |
| Sovereign bond component                  | Climate            | Exposure to physical risks              | 73/100                      | 100                             |
|                                           | Biodiversity       | Total absolute biodiversity impact      | -4,895 km².MSA              | 100                             |
|                                           |                    | Biodiversity footprint                  | -0,08 km².MSA/EURm invested | 100                             |
|                                           |                    | Weighted average biodiversity intensity | -0,08 km².MSA/EURm of GDP   | 100                             |
|                                           | ESG                | ESG score                               | 79/100                      | 100                             |
| Foreign currency denominated portfolios   |                    |                                         |                             |                                 |
| Sovereign bond component                  | Climate            | Exposure to physical risks              | 88/100                      | 100                             |
|                                           | Biodiversity       | Total absolute biodiversity impact      | -2,158 km².MSA              | 100                             |
|                                           |                    | Biodiversity footprint                  | -0,09 km².MSA/EURm invested | 100                             |
|                                           |                    | Weighted average biodiversity intensity | -0,09 km².MSA/EURm of GDP   | 100                             |
|                                           | ESG                | ESG score                               | 61/100                      | 100                             |

Sources: S&P Global Sustainable1, Moody's ESG, Iceberg Data Lab.

a) Some 2023 data were reassessed using a more exhaustive scope, thanks to improved correspondence between issuers and assets.

b) See Supplement, Focus 4.

Notes: In green: performances are better than or in line with those of the benchmark; in orange: performances are below those of the benchmark.

ESG – environmental, social and governance criteria; MSA, Mean Species Abundance; EURm – million euro.

## RISK MANAGEMENT

In accordance with the double materiality principle, the Banque de France's responsible investment strategy involves **monitoring and steering the climate risks** (physical and transition risks) to which the asset portfolios are exposed. Physical risks, such as heat stress, are measured using a composite forward-looking indicator covering sovereign issuers and the entire value chain of portfolio companies. Exposure to transition risk is measured based on the share of revenue that portfolio companies derive from fossil fuels.

In addition, the responsible investment strategy is integrated in the three lines of defence of the Banque de France's **risk management system**.<sup>37</sup> In particular, the Risk Committee regularly monitors the recognition of climate risks in the Bank's risk management system, with a view to strengthening the integration and monitoring of these risks in the asset portfolios managed for own account (non-monetary policy). As part of this, all vehicles in which the Bank is planning to invest are submitted for approval to the Risk Committee.

In terms of investments in unlisted funds, the Banque de France also relies on labels granted by independent third parties,<sup>38</sup> which ensure that ESG criteria are a decisive factor throughout the investment process and that efforts are being made to achieve an environmental or social impact.

In 2023 and 2024, work was done to green the foreign exchange reserves at the request of the Asset-Liability Committee: the allocation model for a portion of the reserves, which was developed by the Risk Directorate, was expanded to include a climate dimension linked to the carbon intensity of asset portfolios managed for own account (non-monetary policy). The allocation parameters now include a constraint covering the reduction in this intensity based on an indicator developed in-house and measuring the carbon impact of sovereign portfolios. This z-score considers past production and consumption emissions and was expanded in 2024 to include a component measuring countries' medium-term climate ambitions (see *Supplement, Focus 5*).

<sup>37</sup> First line: asset management departments; second line: risk and permanent control managers; third line: internal audit.

<sup>38</sup> Non-profit entities in the case of the LuxFLAG and Towards Sustainability labels, or a certification body in the case of the SRI and Greenfin labels, for example.



## APPENDIX

### Limited assurance report from the Statutory Auditors on the verification of a selection of environmental information included in the sustainability report – Financial year 2024

**Deloitte & Associés**  
Tour Majunga  
6 place de la Pyramide  
92908 Paris la Défense Cedex

**Banque de France**  
31 rue Croix-des-Petits-Champs  
75001 Paris

**Forvis Mazars**  
Tour Exaltis  
61 rue Henri Regnault  
92400 Courbevoie

#### **LIMITED ASSURANCE REPORT FROM THE STATUTORY AUDITORS ON THE VERIFICATION OF A SELECTION OF ENVIRONMENTAL INFORMATION INCLUDED IN THE SUSTAINABILITY REPORT FINANCIAL YEAR 2024**

Dear Sir or Madam,

In our capacity as statutory auditors of the Banque de France (hereinafter the "Entity"), we have carried out work to express a limited assurance conclusion on a selection of environmental information for the financial year ended 31 December 2024, selected by the Entity on a voluntary basis and prepared in accordance with the principles of the "Guide on climate-related disclosure for central banks – Second edition" issued by the NGFS (Network for Greening the Financial System) (hereinafter the "Framework").

The selected Information is as follows:

- 1.5°C alignment for equity portfolios linked to own funds and pension commitments;
- Four climate impact indicators harmonized with Eurosystem central banks (WACI, carbon footprint and carbon intensity in tCO<sub>2</sub>e/€m, total emissions in tCO<sub>2</sub>e) for the own funds investment portfolio, the portfolio linked to pension commitments, and other proprietary portfolios in euros and foreign currencies backed by the monetary base;
- The proportion of green, social, and sustainable bonds in the bond securities portfolios.

The conclusion set out below relates solely to this selected Information and not to all the information presented in the sustainability report.

#### **Our Limited Assurance Conclusion**

Based on the procedures we performed, as described in the section "Nature and extent of work", and on the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information has not been prepared, in all material respects, in accordance with the Framework.

#### **Preparation of the Information**

The absence of a generally accepted and commonly used framework or established practices on which to base the evaluation and measurement of the Information allows for the use of different, yet acceptable, measurement techniques, which may affect comparability between entities and over time.

Consequently, the Information should be read and understood with reference to the Framework, the key elements of which are presented in the Report.

.../...

### Inherent Limitations in Preparing the Information

The Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and in the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions, or estimates applied in its preparation.

In addition, the quantification of greenhouse gases is subject to inherent uncertainty due to incomplete scientific knowledge used to determine emission factors and the values needed to combine the emissions of different gases.

### Responsibility of the entity

Management of Banque de France is responsible for:

- Selecting or establishing appropriate criteria for the preparation of the Information;
- Preparing the Information in accordance with the Framework;
- Designing, implementing, and maintaining internal control as deemed necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Information was prepared under the responsibility of the Finance Directorate, which is part of the General Secretariat, for the Banque de France's pension liabilities and own funds portfolios, and by the Financial Markets Directorate, within the Financial Stability and Operations General Directorate, for other own-portfolios backed by the monetary base.

### Responsibility of the Statutory Auditor

It is our responsibility, based on our work:

- To express a limited assurance conclusion as to whether the Information has been prepared, in all material respects, in accordance with the Framework and is free from material misstatement, whether due to fraud or error;
- To provide an independent conclusion, based on the evidence we have obtained; and
- To share our conclusion with the management of the Entity.

As we are responsible for providing an independent conclusion on the Information, we are not permitted to be involved in the preparation of such Information, as this could compromise our independence.

### Applicable professional guidance

Our work described below was performed in accordance with the international standard ISAE 3000 (Revised) "Assurance Engagements Other than Audits and Reviews of Historical Financial Information" issued by the IAASB (International Auditing and Assurance Standards Board).

### Means and Resources

Our work involved a team of four people and was carried out between March and May 2025.

We engaged our specialists in sustainable development and corporate social responsibility to assist us in performing our work.

### Our Independence and Quality Control

Our independence is defined by the provisions set out in Article L. 821-18 of the French Commercial Code and the profession's code of ethics. In addition, we have implemented a quality control system that includes documented policies and procedures designed to ensure compliance with applicable legal and regulatory requirements, ethical rules, and the professional standards of the *Compagnie nationale des commissaires aux comptes*.

### Nature and extent of work

We planned and performed our work taking into account the risk of material misstatements in the Information.

We believe that the procedures we have carried out, exercising our professional judgment, enable us to express a limited assurance conclusion:

.../...

- We obtained an understanding of the context of the Banque de France's operations and the framework in which this Information is published;
- We assessed the appropriateness of the Reporting Framework with regard to its relevance, completeness, reliability, neutrality, and understandability, taking into account, where applicable, industry best practices;
- We reviewed the procedures implemented by the Banque de France to produce the Information and assessed the data collection process to ensure the conformity of the Information. For the selected Information, we:
  - performed analytical procedures aimed at verifying the correct consolidation of the collected data,
  - verified on a sample basis and using other selection methods the correct application of definitions and procedures and the consistency of the underlying data with the supporting documentation.

Regarding the work relating to the 1.5°C alignment for equity portfolios linked to own funds and pension commitments, we are not responsible for expressing an opinion on S&P's methodology.

The procedures performed in the context of a limited assurance engagement are less extensive than those required for a reasonable assurance engagement conducted in accordance with ISAE 3000 (Revised), both in terms of risk assessment procedures, including understanding internal control, and the procedures performed in response to the assessed risks. As a result, the level of assurance obtained in a limited assurance engagement is lower than that which would have been obtained in a reasonable assurance engagement; a higher level of assurance would have required more extensive verification work.

Any reproduction of the statutory auditors limited assurance report in any document of the entity must be done in full, strictly replicating the content of said report, including footnotes and any appendices.

Paris La Défense, June 2, 2025

**Deloitte & Associés**

Marjorie Blanc Lourme  
Partner

Amandine Huet  
Partner – ESG Expert

**Forvis Mazars**

Franck Boyer  
Partner

Natacha André  
Partner – ESG Expert

**PUBLISHED BY**

Banque de France  
39 rue Croix-des-Petits-Champs  
75001 Paris

**DIRECTOR OF PUBLICATION**

Bertrand Peyret

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Banque de France

**CONTACT**

Financial Management Division  
31 rue Croix-des-Petits-Champs  
75049 Paris Cedex 01, France

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