



**Third Joint ACPR/AMF
Report
October 2022**

**Monitoring and assessing the
climate commitments made by
French financial institutions**



Foreword by the Chairmen

For the past three years, the ACPR and the AMF have published a joint annual report focusing on the commitments of French financial institutions to combating climate change and achieving carbon neutrality by 2050. This third report provides an opportunity to take stock at the end of this three-year period.

The objective of the monitoring exercise, which was set up in 2019 at the same time as the ACPR's and AMF's Climate and Sustainable Finance Advisory Commissions (CCFD in French), is to measure the evolution of financial institutions' commitments to combating climate change, as well as the credibility of their fossil fuel policies and their implementation.

The first report published in 2020 made several key points, first among which was the recognition that financial sector participants have a responsibility in fighting climate change, even though they cannot substitute for public policies. We nonetheless identified some important avenues for progress regarding coal financing exit strategies and made a set of recommendations encouraging financial institutions to make voluntary commitments that are rigorous, clear and comparable.

The second report published in 2021 covered a broader scope, including sector-wide policies on hydrocarbons in general. While highlighting a few improvements that had been made, it also stressed that several recommendations made in the previous report still needed to be addressed. This observation was echoed by the Minister for the Economy, Finance and the Recovery, who urged the financial sector to move further and faster on the issue.

This year, the third edition of the report includes a focus on the governance frameworks set up by sector participants to monitor their climate commitments.

Following the analyses conducted by the two Authorities, and the work of their respective Climate and Sustainable Advisory Commissions who helped in preparing this report, several areas of improvement were identified.

Furthermore, the ACPR and AMF found that a significant number of financial institutions have committed to net zero initiatives, grouped together under the "Glasgow Alliance", the evolution and impacts of which will need to be monitored. However, over the past few years, financial players have reduced their coal financing at varying rates, and there has been no notable change in sector policies on other fossil fuels. Moreover, approaches continue to differ widely, commitments have not been sufficiently implemented on an operational level, and many of the previous reports' recommendations can thus be reiterated.

European and global standards on non-financial reporting, particularly relating to climate, are set to evolve significantly thanks to the efforts of the European Financial Reporting Advisory Group (EFRAG) and the International Sustainability Standards Board (ISSB). Over the next two years, the regulatory texts should strengthen requirements for financial players to report non-financial information on their environmental and climate policies. We are therefore taking the opportunity, with this third report, to encourage French financial institutions to increase their efforts and transparency regarding the implementation of their voluntary commitments and the requirements arising from current and future regulations.



François Villeroy de Galhau, Chairman of the *Autorité de contrôle prudentiel et de résolution* (ACPR – Prudential Supervision and Resolution Authority) and Governor of the Banque de France



Jean-Claude Hassan, Interim Chairman of the *Autorité des marchés financiers* (AMF – Financial Markets Authority)

Background

At a meeting with the Paris financial centre on 2 July 2019, chaired by Bruno Le Maire, Minister for the Economy and Finance, financial sector participants (banks, insurers and asset managers) made a series of commitments to combating climate change and meeting the goal of net zero carbon emissions by 2050. They notably agreed to end the financing of thermal coal according to a defined divestment timetable and, more generally, to put in place solid sector-wide policies on fossil fuels.¹ In addition, in October 2020, the Minister for the Economy and Finance and Minister of State for the Social, Solidarity and Responsible Economy asked the financial community to develop a strategy for exiting the financing of non-conventional activities.

In parallel, the *Autorité de contrôle prudentiel et de résolution* (ACPR – Prudential Supervision and Resolution Authority) and *Autorité des marchés financiers* (AMF – Financial Markets Authority) took the opportunity to set up a framework for monitoring and evaluating these commitments. This led to the publication of two assessment reports, in 2020 and 2021.² The reports summarised the results of the monitoring exercise and proposed a number of recommendations aimed at increasing the transparency of the information published by financial sector participants, and making their commitments regarding fossil fuel policies more credible. They also included a detailed analysis of financial institutions' fossil fuel exit strategies and their implementation.

In this report, we continue this assessment by providing an overview of banks and insurers' commitments using the inventory compiled by the Sustainable Finance Observatory. We supplement this overview by a review of the governance of all market players' commitments. Like the previous editions, this report examines the fossil fuel policies (coal, oil and gas) of the main financial institutions, and provides new estimates of their exposure. It also assesses the implementation of the 2021 recommendations, and makes a number of new recommendations.

The work was carried out by the Authorities based on publicly available information and detailed questionnaires sent out to the largest financial sector participants (9 banks, 17 insurers and 18 asset managers).³ This was supplemented with bilateral discussions and exchanges.

¹ See [Declaration of the Paris Financial Centre_07022019.pdf \(financefortomorrow.com\)](#)

² [First Joint ACPR/AMF Report, 2020](#) and [Second Joint ACPR/AMF Report, December 2021](#) ».

See list in the Appendix 1.

Main conclusions

After three years of monitoring, the results remain mixed and further progress is still needed. While the successive reports confirm a strong mobilisation of financial sector participants, with advances noted over the first two years, especially regarding exit dates and exclusion criteria, approaches nonetheless remain heterogeneous. Overall, institutions haven't sufficiently addressed the recommendations made in previous reports. Moreover, the operational implementation of institutions' commitments remains insufficient. The changes in the European regulatory framework and strengthening of requirements for non-financial reporting are liable to lead to changes in the format and scope of the Authorities' next joint reports. In light of this, this report is also an appeal to financial institutions to quickly close the gap between the level of transparency currently observed on their voluntary commitments and the current and forthcoming regulatory requirements.

Regarding the monitoring of commitments

This year again, while banks and insurers essentially communicated on their exit from fossil fuels, the majority of commitments identified by the Observatory for Sustainable Development⁴ fall under the category "participation in environmental initiatives".⁵ New categories have also emerged, relating notably to biodiversity. This development is in part attributable to the entry into force of Article 29 of the Energy and Climate Law (here after Article 29 LEC) which requires institutions to disclose their biodiversity footprint.

Overall, the analyses show that commitments are more detailed. However, further efforts must be made to provide greater detail: regarding commitments related to coal in particular, more detail is needed on the value chain involved in order to meet the "scope of application" criteria defined by the Observatory. In addition, regarding commitments to "green" or "sustainable" financing and investments, there is an overuse of generic terms such as "ecological transition" and "investments with a positive impact", which are explained in the CSR reports but not directly in the commitment description submitted to the Observatory for Sustainable Finance.

The ACPR therefore recommends that institutions continue the observed efforts to improve the quality of their public commitments, particularly in terms of the details provided to the Observatory. Financial sector participants also need to systematically incorporate monitoring indicators for their commitments, to make it easier to steer them over time and determine whether they can be met.

Regarding the governance of commitments

In general, several observations can be made that apply to the majority of financial sector participants (banks, insurers, asset managers):

- regarding institutions' internal organisation, the governance of commitments relies on systems of varying complexity where responsibilities are shared between different departments (CSR, sustainable development, operational departments), with regular progress reports submitted to the general management;
- in certain cases, this organisation is supplemented with internal controls, and even with inspections of climate commitments in the case of banks and insurers;
The indicators for monitoring progress on commitments are most often mentioned in ad hoc presentations and are not incorporated into the risk mapping presented to the board of directors;
- nearly all surveyed banks and insurers, but few asset managers, say they include non-financial criteria in their remuneration policy, especially for managers. However, the achievement of climate commitments is

⁴ [Observatory for Sustainable Finance homepage](#)

⁵ This category (see body of report) groups together commitments based on participation in environmental initiatives or membership of financial centre environmental groups such as the TCFD, the NZA, Climate Action 100+, the TNFD, or Act4Nature.

too often “buried” amongst the other non-financial targets, raising the question of what weighting the different objectives are given in variable remuneration, and to what extent the latter is directly linked to purely environmental commitments. In general, there is a lack of detail on how exactly remuneration is indexed to the adopted ESG or climate criteria.

More specifically, regarding the governance of banks’ and insurers’ commitments on coal and net zero, the main findings are as follows:

- only a few banks and insurers have put in place precise quantitative interim targets setting out a trajectory for exiting coal financing by 2030 or 2040, even if this is more or less mitigated by the inclusion of more qualitative criteria, for example references to their divestment from companies that do not publish an exit plan;
- aside from the fact that a majority of financial institutions have joined global alliances aimed at achieving net zero by 2050, whose actual effectiveness it will be interesting to observe over the coming years, the question of how to measure carbon neutrality remains crucial. Existing metrics are not only biased, they also suffer from methodological gaps and a lack of harmonisation.

The ACPR and AMF therefore urge financial institutions to continue their efforts to properly manage their climate commitments. This notably means reinforcing their governance frameworks by taking better account of environmental policies in staff remuneration, or by broadening the scope of internal audits to include environmental policies. Moreover, the two Authorities recommend greater transparency in the calculation of fossil fuel exposures and of indicators showing how institutions’ portfolios are aligned with a trajectory of net zero greenhouse gas emissions, a temperature trajectory or compliance with the Paris Agreement. They also recommend that financial institutions publish interim targets to assess the progress made on their exclusion commitments, as well as interim targets for their clients, with, for example, details of the escalation policy in the event of insufficient progress.

Regarding fossil fuel policies

While the 2021 report found that financial players had made genuine efforts to update and even reinforce their “coal” policies, this year no such trend could be observed.

Admittedly, all banks and insurers, and a little over half of the major asset managers in the French financial sector, have set a deadline for exiting the coal industry – generally 2030 for countries in the Organisation for Economic Co-operation and Development (OECD) and 2040 for the rest of the world. However, as in 2021, even though nearly all banks and insurers analysed and half of asset managers refuse to finance companies in the coal industry that are developing new projects, in line with the recommendations of the International Energy Agency (IEA),⁶ the exclusion thresholds and criteria incorporated into coal policies have barely changed.

Furthermore, these exit targets are still very rarely accompanied by interim targets. Clearly, the majority of actors consider that the policies currently in place are sufficient to meet their targets, and that the levels of requirement do not need to be revised or reinforced.

For oil and gas, the assessments made in 2021 remain largely valid. Policies in these two areas, for both bank and non-bank players, tend to focus solely on certain non-conventional energies, the definitions of which continue to differ significantly across institutions, despite the efforts observed, for example at banks, to define a common classification. Some institutions have published exclusion policies for conventional hydrocarbons or commitments

⁶ [Net Zero in 2050](#) report: “Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required”.

to reducing their exposure, but these players often have very little exposure to the sector or business model in question. There has also been an improvement in the quality of certain insurers' policies, but this remains limited.

Regarding exposures to fossil fuels

Banks and insurers are continuing their efforts to define a common methodology for measuring their fossil fuel exposure. The exercise remains complex, however, due to difficulties in compiling past data and biases stemming from the choice of database or methodology. In addition, some of the data collected from institutions is of limited quality. Consequently, the results presented in this report aim to describe an overall trend rather than giving a precise appraisal of the situation.

The overall exposure of financial sector participants to companies in the coal sector remains low. However, French funds' exposure increased from 2020 to 2021, rising by between 10% and 26% in absolute terms, depending on the method used. Their exposure nonetheless remains low when measured as a share of total assets under management, accounting for between 0.5% and 3.1%, with disparities across funds. Banks' exposure fell slightly between 2015 and 2021 (by 3.5%) and is residual when measured as a share of total outstanding loans or total balance sheet. Insurers' exposure to the coal industry also fell between 2015 and 2021, to an average of less than 0.6% of their investments, although again with disparities across firms. In the period 2020-21, insurers' investments linked to the coal industry fell by between 11% and 15% (in absolute value). In addition, more than half of the firms surveyed say they have put in place policies and tools aimed at excluding coal from their subscription policies. Nonetheless, only one insurer was able to provide details of a coal industry exposure on the liabilities side.

Insurers' exposure to oil and gas remained relatively stable from 2015 to 2021 at between 1.1% and 1.6% of total investment holdings. Banks' exposure as a share of the total exposure of all institutions analysed declined over the same period, falling from 3.8% to 3%, and remained stable between 2020 and 2021. Measured in absolute amounts, their exposure nonetheless increased over 2015-21, rising by between 22% (based on reported figures) and 57% (based on statements of large exposures). This disparity stems in part from methodological biases and illustrates the uncertainties associated with using the Urgewald lists.⁷ Regarding the increase calculated on the basis of the prudential reporting of large exposures, this reflects an acceleration in 2021 when bank balance sheets expanded sharply. The exposure of French funds, which accounts for 2.2-4.4% of total assets under management, also increased by around 20% in absolute terms between 2020 and 2021. These figures are interim values, and upper and lower ranges are provided in the body of this report, depending on the method of calculation and data source used.

With regard to both climate risk monitoring and compliance with the reporting obligations set out in the regulatory texts (notably the Sustainable Finance Disclosure Regulation (SFDR) and Article 29 LEC, financial institutions must step up their efforts to take more robust, transparent and homogeneous account of their exposure to fossil fuels.

Overall, many of the recommendations made in the previous report on fossil fuel policies and the measurement of exposures remain valid. As in the previous reports, the Authorities urge Paris financial centre participants to increase their efforts to better identify their exposures to these fuels and to make their ambitious climate targets fully credible. These policies are an important aspect of the texts that recently came into force (e.g. Article 29 LEC) or are due to come into force – and of the European Banking Authority's technical standards – and will make it possible to clearly explain and implement approaches aimed at meeting the Paris Agreement targets.

⁷ Urgewald is a German environmental NGO created in 1992 that studies actors involved in the coal, oil and gas value chains. It regularly publishes a list of these actors: the Global Coal Exit List (GCEL) for coal and the Global Oil and Gas Exit List (GOGEL) for oil and gas.

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Chapter 1 - Governance and monitoring of the climate commitments made by financial players of the Paris financial centre

While the previous two reports provide an inventory of all commitments made by financial institutions with a view to mitigation and adaptation to climate change, as well as an assessment of these commitments, this third edition tackles governance practices in line with those objectives. This choice reflects the conviction that a sound management of climate risk entails the existence of an appropriate governance framework, a clear allocation of responsibilities within the management bodies of financial institutions, a detailed definition of the strategy and commitments made, and lastly, the disclosure of information and indicators that make it possible to assess the degree of achievement of these commitments and to provide appropriate incentives to senior management. The work recently carried out by the ACPR on the subject in close cooperation with the major players of the Paris financial centre from both the banking and the insurance sectors⁸, the publication of the supervisory expectations of the European Central Bank, as well as the instructional work carried out by the AMF on taxonomy-related disclosures, carbon neutrality and the supervisory expectations of the European Securities and Markets Authority all demonstrate the prime degree of importance given to climate risk governance by supervisors.

Concerning banking institutions and insurers, and following a comprehensive review of the governance of their climate-related commitments, two types of commitments are subjected to an in-depth analysis in this report: on the one hand, commitments relating to coal exclusion policies (including commitments related to accompanying measures for players involved in the coal sector), and on the other hand, commitments related to portfolio carbon neutrality targets by 2050, irrespective of their being made within the framework of alliances aimed at aligning portfolios with the Paris Agreement (refer to the box below for a definition of these alliances) or separately.

As a matter of fact:

- all the surveyed entities have policies in place for their coal exit strategies, and a vast majority of them also made commitments towards reducing their greenhouse gas emissions or aligning with the Paris Agreement targets;
- a growing number of financial institutions have joined alliances aiming to achieve carbon neutrality by 2050 with a particular focus on strategy and governance.

From a methodological standpoint, the governance applied to these commitments was assessed in light of various criteria the financial institutions involved were surveyed about, such as (i) information on the development, monitoring and update of commitments, (ii) detailed description of intermediate steps set for the monitoring and achievement of these commitments with a long-term perspective, (iii) type of monitoring indicators in place and (iv) internal control procedures attached to the monitoring of these commitments and their potential link with the remuneration policy.

Lastly, the overall monitoring of commitments made by financial institutions in terms of climate change mitigation and adaptation, which includes establishing their list, ensuring their coherence and verifying they are correctly classified in categories, relies for this year's issue on the inventory made by the Sustainable Finance Observatory using information collected on a voluntary basis⁹.

⁸ See the following reports "[Governance and management of climate-related risks by French banking institutions: some good practices](#)" and "[Climate change risk governance](#)".

⁹ The method used to carry out such monitoring is described in the [Commitment Guide of the Sustainable Finance Observatory](#).

For asset management companies, we have focused our analysis on three aspects relating to the governance of climate commitments: divestment and exclusion policies, shareholder engagement and portfolio decarbonisation in line with carbon neutrality targets where appropriate.

Governance was analysed in light of the following elements: governing bodies tasked with monitoring, monitoring frequency, dedicated human resources, frequency of the transmission of information to effective managers and indicators used for such transmission, regular and ongoing control mechanisms in place, role of service providers, intermediate targets and remediation actions, and inclusion in remuneration policy.

1. Scope of analysis

As for previous years, the sample analysed by the ACPR includes nine French banking groups and seventeen French insurance groups (see Annex 1), thus accounting for more than 85% of banking groups' total balance sheet, and close to 90% of insurers' total balance sheet.

For asset management companies, the selected sample differs from that of 2020 and 2019. Indeed, 18 of the leading 20 asset management companies in terms of assets under management have been retained. Lyxor Asset Management S.A.S and Lyxor International Asset Management (LAM & LIAM) have been excluded from the scope of analysis this year, due to their merger with Amundi Asset Management and the resulting changes. The 18 asset management companies retained represent approximately 63% of the French market's total assets under management at the end of 2021 (collective and discretionary portfolio management).

2. Monitoring and governance of the individual climate commitments made by banks and insurers

2.1 Monitoring of the commitments

In line with previous reports, the analysis of the monitoring of commitments is structured around ten categories of commitments. The first six categories¹⁰ that were used in the first two reports have been progressively supplemented by four others, covering successively (vii) involvement in environmental initiatives, (viii) climate risk assessment, (ix) other environmental exclusion policies and, in 2021 (x) biodiversity. The selected sample is purposely wide to allow for an overview of the various actions undertaken and points of concern, particularly with regard to the information provided by financial institutions. However, the commitments made by market players at an individual or collective level vary in scope, and the implementation of these commitments shows contrasting degrees of ambition.

2.1.1 Compliance of the commitments

The analysis of the compliance of commitments was carried out by the Sustainable Finance Observatory (*Observatoire de la Finance Durable*), which collects and compiles information provided on a voluntary basis by stakeholders in the Paris financial centre on the commitments they made. The definition of a compliant commitment is based on 5 criteria laid down in the Observatory's Commitment Guide¹¹. The scope of the analysis includes 24 of the 26 players covered in the previous reports (8 banks and 16 insurers), as one bank responded too

¹⁰ (i) internal policy and carbon footprint of the entity; (ii) divestment and exclusion policies; (iii) policies in favour of green finance and investment; (iv) shareholder engagement on climate issues; (v) reduction of GHG emissions from the portfolio or alignment with the objectives of the Paris Agreement; (vi) transparency of information on the consideration of climate issues.

¹¹ The Observatory's method incorporates 5 criteria: the commitment must be directly related to one of the ESG components; the activity of the actor concerned must be specified; the scope of the commitment; the inclusion of a specific timeframe; and the measurability of the commitment. A detailed presentation of the methodology is available on the Observatory's website: [Individual commitments guide - Sustainable finance \(observatoiredefinancedurable.com\)](https://www.observatoiredefinancedurable.com/individual-commitments-guide).

late to be included in this analysis and one insurance company did not wish to participate in this year's study. This year's data collection was supplemented by a questionnaire, and bilateral exchanges are still underway to clarify some of these commitments. The findings presented below are therefore only preliminary.

Overall, the published commitments appear to be more comprehensive than last year and take into account the comments made by the Observatory in 2021. However, some commitments are still in the process of being approved for compliance by the Observatory. Specifically, the criterion relating to the "scope of commitment" often appears to be non-compliant. Indeed, for commitments related to coal, oil and gas, institutions are expected to specify the activities in the value chain concerned, particularly where the commitment refers to the exclusion of any non-conventional oil and gas or coal-related companies or projects (for instance, whether they involve extraction, production or transport activities). This also applies to commitments made in favour of 'green' or 'sustainable' finance and investment. Stakeholders use generic terms such as "ecological transition" and "investments with a positive impact" which are somewhat imprecise and the specifics of which are not directly explained in the commitment communicated to the Observatory. However, these terms are often clarified in the institutions' CSR reports.

2.2.1 Overview of the commitments

The Observatory collected 406 commitments this year, with an average of 16 to 17 commitments per participant. Last year, 431 commitments had been collected and included in the scope of analysis covered by the ACPR. This lower number of commitments reflects the absence of information on two stakeholders that were previously included in the ACPR's sample. It is also the consequence of the willingness of some stakeholders to better target publicly disclosed commitments in order to improve the quality of the information published.

Furthermore, a very small number of players - four out of the 24 studied - have made commitments on biodiversity issues, which has been added to the number of categories retained until now. The largest number of commitments concerns "involvement in environmental initiatives". Apart from this category, which does not require analysis, the most represented category is "fossil fuel exit", 52% of which concerns coal and 48% of which concerns oil and gas (similar proportions to last year).

2.1.3 Reading grids

In addition to identifying and analysing the compliance of commitments, the Observatory uses reading grids covering shareholder engagement, governance and biodiversity with, for certain categories, specific details for green investments and financing, as well as labelled funds. At the time of the analysis, the Observatory had analysed approximately twenty reading grids, mostly from insurance organisations.

The analysis revealed that insurers often rely on several different methodologies and data providers to calculate their carbon footprint. In addition, the Observatory notes that some institutions have also been experimenting with methodologies for calculating their biodiversity footprint with a view to implementing a biodiversity strategy as of next year. However, there are still shortcomings regarding the internal footprint, as only a minority of players make and publish systematic calculations. On the latter topic, it appears that banks are more often taking action and making commitments towards reducing their own emissions (building, energy, digital, etc.).

2.2 A strengthening of governance is needed to improve the monitoring of climate commitments

In 2019, the ACPR published two issues of "*Analyses et Synthèses*" on banks and insurers facing risks associated with climate change¹². Only half of the insurers had implemented tools and a governance framework to improve

¹² See "[Analyses et synthèses report No 101: "French banking groups facing climate change-related risks"](#)" and "[Analyses et synthèses No 102: French insurers facing climate change risks](#)".

the consideration and effective integration of climate change risks; while for banks, governance bodies were increasingly involved at the highest decision-making level, and some institutions were beginning to conduct climate change sensitivity analyses on their portfolios. However, the strategic objectives set in this area were not monitored with dedicated tools, nor were they integrated into operational practices.

This report notes the implementation of good governance practices in relation to (i) coal exclusion policy commitments and (ii) the carbon neutrality commitments for portfolios by 2050, but it also identifies areas of concern, which are addressed through recommendations.

2.2.1 Global review of the governance of climate commitments

Governance bodies

For all the banking and insurance undertakings included in our sample, the governance of commitments is no longer carried out solely by the sustainable development or communications departments. In some financial institutions, a relatively complex governance system has been put in place, involving both CSR and operational departments. For instance, AXA has set up a "Role In Society Steering Committee", which reports directly to the Board of Directors. This committee brings together the communication and sustainable development departments as well as the group's operational departments. This committee allows for the involvement of various stakeholders and oversees sub-committees: the "Responsible Investment Committee" for commitments on the investment side, and the "Group Underwriting Committee" for commitments concerning the underwriting of insurance products. On the banking side, BPCE's governance of its climate commitments is split between a "CSR General Management Committee", which steers and monitors the group's environmental transition and CSR strategy, a "Strategic Environmental Transition Committee", which plays a more operational role, and a "Climate Risk Committee", which examines the main areas of climate-related risk and monitors the progress of regulatory projects associated with these risks.

In all the institutions surveyed, senior management is kept informed of progress made in fulfilling commitments. For example, BNP PARIBAS has set up a strategic committee for sustainable finance, chaired by the Chief Executive Officer, and tasked with validating the group's strategy and commitments in the area of sustainable finance. Similarly, in 2021, SOCIETE GENERALE appointed a censor specifically dedicated to CSR issues within its Board of Directors, who gives an opinion on energy transition issues.

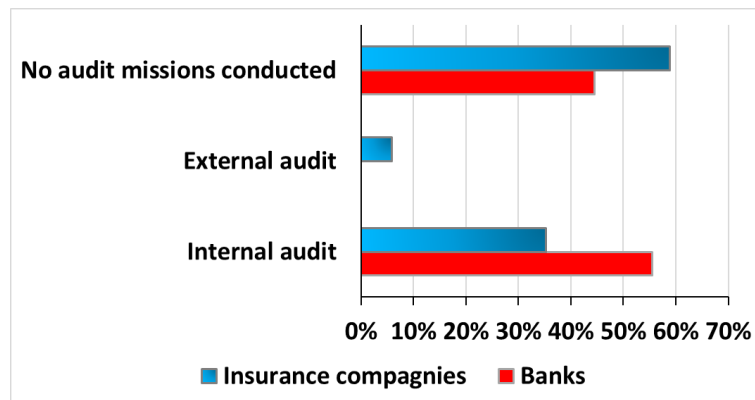
Most banks and insurance companies, with the exception of CREDIT AGRICOLE, do not use the services of a scientific committee¹³, but they do occasionally call on external networks or committees and conduct research on the methods used to achieve climate objectives. CREDIT AGRICOLE's scientific committee brings together internal and external experts in charge of reflecting on the group's climate strategy and sectoral policies, in coordination with the "Operational Monitoring Committee for the Climate Strategy" and the "Group Societal Project Committee". Other types of committees may be used to conduct a more global reflection, separately from the operational monitoring of commitments. For example, BNP PARIBAS has set up a Climate Analytics and Alignment team, which is responsible for examining the methodologies used for climate risk monitoring indicators, as well as their standardisation within the group.

¹³ Scientific committee refers to a committee bringing together experts on climate issues as an aid to decision making, tasked with supplementing their data and comparing the efficiency and relevance of the methods used.

Control mechanisms in place

A number of financial institutions have chosen to involve internal control departments in the governance of those commitments, in spite of the fact that the scope of internal control mechanisms is broader than coal-related or carbon neutrality commitments. For example, one institution explains that it carried out an inspection mission on "climate risks" and "greenwashing risks", including an audit of the "thermal coal" policy. Among the financial institutions that have not conducted inspection missions, a majority mention the use of the traditional "three lines of defence"¹⁴. Nevertheless, the degree of technicality associated with certain commitments (notably those relating to carbon neutrality) cannot be supervised by traditional monitoring methods only, given the current methodological issues surrounding the choice and calculation of monitoring indicators (see below).

Chart 1 - Audit missions conducted on climate risks with a focus on carbon neutrality commitments and/or coal policy



The blue bar chart represents insurance undertakings, the red bar chart represents banking institutions
Y-axis legend, top to bottom: no audit missions carried out, external audit mission, internal audit mission.

Indicators used to monitor commitments

The indicators used to monitor the level of achievement of commitments are not always mentioned in the risk map presented to the Board of Directors, but are instead included in presentations made on an ad hoc basis. For example, one organisation explains that "the risk map does not include any reference to coal exit commitments", as the board is informed "in the framework of periodic reporting in its sustainable investment report". Other organisations, such as ALLIANZ, have chosen to include climate risks in the risk strategy documentation of their various insurance entities, such as in their ORSA¹⁵.

¹⁴ The operational line, the first line of defence, is responsible for taking into account and controlling the risks to which its activities are exposed. The second line of defence is the risk management function, which is responsible for identifying, measuring, monitoring and reporting on risks across the company. The compliance function also falls under the second line of defence. The third line of defence is provided by the internal audit function, which conducts risk-based audits and reviews.

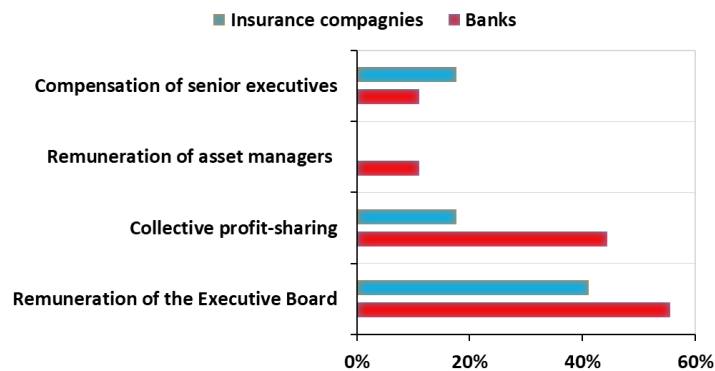
¹⁵ *Own risk and solvency assessment*, see *Opinion of the supervision of the use of climate change risk scenarios in ORSA*, EIPOA 2021.

Remuneration policies

Almost all the banks and insurance companies included in our sample indicate that they take extra-financial considerations into account in their remuneration policy. For example, in the case of insurers, the revision of the Solvency II Delegated Regulation, which came into force in August 2022, has led to the integration of environmental criteria in the remuneration of senior management. However, while sustainability criteria seem to be taken into account for remuneration purposes, these criteria do not always, or not solely, include the achievement of specific coal or carbon neutrality commitments. Furthermore, the share of variable remuneration (including that linked to non-financial criteria) in total remuneration is not specified in the reports published by most institutions. Similarly, where some financial institutions choose to implement two distinct policies, a profit-sharing policy for employees and a remuneration policy for senior management, the associated non-financial criteria are only disclosed for the profit-sharing policy.

Variable remuneration components do not only include climate targets, but also environmental, social and governance (ESG) targets. This raises the question of the relative weight given to these ESG objectives. In addition, climate objectives are sometimes combined with the achievement of purely financial results. For example, one organisation reports that it has introduced variable remuneration to which the following weighting is applied: 70% of the remuneration total is linked to the attainment of a given level of financial performance measured by indicators and 30% of the variable share of remuneration is linked to the attainment of non-financial targets measures by indicators (including the attainment of climate targets).

Chart 2 - Integration of environmental objectives into the remuneration policy



The blue bar chart represents insurance undertakings, the red bar chart represents banking institutions
Y-axis legend, top to bottom: remuneration of senior management, remuneration of asset managers, collective profit-sharing, remuneration of executive management.

2.2.2 Focus on the governance of coal-related commitments

Only a few financial institutions have set detailed intermediate targets for phasing out coal financing in the EU and OECD by 2030, and in the rest of the world by 2040. 71% of insurers and 78% of banks have yet to set quantified intermediate targets, although they do have a number of more qualitative criteria in place to limit reinvestment in the sector. For example, in 2020 AG2R has banned the financing of companies "where more than 25% of electricity production is generated from coal" or "where more than 25% of turnover is generated from coal", with this threshold being progressively lowered until the financing is fully phased out in 2030. Where quantified intermediate targets are not mentioned, criteria of a more qualitative nature are. Some banks and insurance companies mention, for example, the exclusion of companies that do not publish an exit strategy.

The main monitoring indicator is the share of the amount invested in issuers that are tied to coal relative to total assets. Nevertheless, this metric may be biased, particularly when the scope of its calculation does not take into account all the subsidiaries of the group. In addition, the identification of issuers is based on lists established by external entities such as URGEWALD or TRUCOST, or on lists established directly by the bank or insurer. Moreover, indirect exposure (linked to the holding of fund units) is not usually measured. Similarly, for some insurers, the exposure related to unit-linked assets is not taken into account in the calculation metrics and the decarbonisation targets.

2.2.3 Focus on the governance of carbon neutrality commitments

The entry into force of regulations at national and European level has led to progress in the governance of climate risks, particularly with regard to carbon neutrality. The entry into force of both the decree implementing Article 29 of the French Energy and Climate Law (Article 29 LEC) and the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR) in 2021 will increase the level of requirements concerning the publication of non-financial information. Furthermore, in line with Article 449a of the Capital Requirements Regulation (CRR), which covers ESG risk reporting, and following the implementation of the Implementing Technical Standards (ITS) developed by the European Banking Authority and published in January 2022, it is expected that the publication of these indicators will be implemented gradually, starting in the first half of 2023 (based on 2022 data) until June 2024, when the publication of all indicators will be expected.

At the same time, the membership of financial institutions in international alliances working towards achieving carbon neutrality by 2050 (Net Zero Alliances) is certainly noteworthy, as it involves binding commitments to which most of the entities surveyed have adhered. These alliances are expected to influence the definition of sectoral policies and to advance the convergence of practices, all the while providing their members with a research platform. The Net Zero Asset Owner Alliance (NZAOA), for instance, requires that its members publish information on progress made towards the achievement of their commitments (see the box below). In their answers to the ACPR survey, banking and insurance undertakings have explained that they review their commitments every year, at the time of publication of their commitment reports. Similarly, the Net Zero Banking Alliance (NZBA) requires that its members publish annual reports on their progress and associated action plans¹⁶.

The actual impact of these new alliances, which complement the voluntary membership in the Task Force on Climate-Related Financial Disclosures (TCFD) - a private sector initiative supported by the Financial Stability Board which seeks to increase the transparency regarding extra-financial information and the exposure of financial institutions to climate risk using a demanding set of specifications- has yet to be assessed. As a reminder, the analysis of TCFD reports issued by French players, which was presented in a previous report¹⁷, showed that although these reports had played a structuring role, they had not necessarily led to the standardisation of metrics, or to

¹⁶ The publication of these climate analysis and alignment reports is expected by 2022, with some institutions, such as BNPP, having already published theirs.

¹⁷ See the first ACPR-AMF joint report on commitments (pp. 39 to 41): https://acpr.banque-france.fr/sites/default/files/medias/documents/20201218_rapport_vf.pdf.

greater transparency on climate risk exposure. The recommendations made at the end of the aforementioned study especially emphasised the need to increase the evidential value and consistency of the information published across the various pillars of the TCFD, in relation to the business model of the entity concerned, as well as transparency as regards the use and limitations of the tools and methodologies and the scopes concerned.

As far as the monitoring of commitments by governance bodies is concerned, the implementation of the metrics associated with carbon neutrality is complex for financial institutions. The two main metrics used are: i) the absolute amount of emissions financed by a given portfolio; and ii) the calculation of the carbon intensity (i.e. the quantity of CO₂ emitted, expressed in tonnes, per million dollar of revenue), which can sometimes be weighted by the turnover of companies operating in emitting sectors. However, these various metrics present several biases. The first difficulty concerns the selection of the most appropriate way to calculate one's exposure, without a single harmonised method or a consensus on the matter. Indeed, these metrics are sometimes calculated only for certain specific sectors of activity (electricity production, oil and gas, automotive) or for specific portfolios (such as listed companies), or even with a limited scope that does not take into account all entities within a given group. Data access is another barrier to monitoring carbon neutrality commitments. The calculation of these metrics requires access to external data sources relating to the carbon emissions of financed entities. These databases are still fragmentary and should be gradually enriched, notably thanks to ongoing European work such as the Corporate Sustainability Reporting Directive (CSRD)¹⁸ which will allow for the collection of information at company level.

Additionally, metrics are not harmonised yet, and the methodology for a given metric can vary significantly from one institution to another. Indeed, the alliances provide some indications of a general nature but no detailed methodology to be followed by their members. For instance, the NZAO considers that so-called "scope 3" emissions must be integrated "to the extent possible" whereas the NZBA considers these emissions should be included if they are "significant". Furthermore, the methods used to calculate emissions generated by some sectors are left to the discretion of financial institutions

3. French fund managers continue to make climate-related commitments in a rapidly growing market for responsible investment

3.1 The organisation and means for monitoring climate commitments still need to be strengthened

Out of the sample covering the 18 main French asset management companies, only Fédéral Finance Gestion did not volunteer for the voluntary survey, although the management company has made public climate commitments.

The analysis of the governance, organisation and mechanisms implemented by asset management companies to monitor their climate commitments was carried out based on the answers submitted to the AMF survey.

In some cases (including membership in collective initiatives, but also, more broadly speaking, stated objectives for portfolio decarbonisation), more perspective is needed in order to be able to assess their real impacts, all the more so as the methodologies involved are often still at the draft stage, particularly with regard to the so-called "Net-Zero" commitments. The survey carried out below should therefore, in the long term, be supplemented by other work making it possible to assess the actual impact on the mitigation of global warming, in particular through the evolution over time of the carbon intensity of assets and financed emissions.

17 out of the 18 asset management companies surveyed indicated that they had a dedicated organisational structure in place, even though the state of development and quality level of their respective processes still vary.

¹⁸ Draft directive on extra-financial reporting which will replace the Non-Financial Reporting Directive (NFRD) adopted in 2014 and will strengthen the requirements associated with the publication of extra-financial information for large and medium-sized companies, its entry into force being scheduled for January 1, 2024.

One asset management company only did not respond to the survey, having made no commitment and not planning to make any owing to its securitisation activity. Overall, 16 asset management companies made a commitment towards sectoral exclusions, 12 committed in favour of environmental shareholder engagement and 7 towards reducing greenhouse gas emissions.

The analysis of the answers to this survey highlighted several areas for improvement and a real need to strengthen the organisational structure and resources allocated by asset management companies to monitor their climate commitments. A breakdown of these elements is presented in the sections below.

3.1.1 Governance bodies

Within the panel of asset management companies, several organisational methods exist that are dedicated to the monitoring of commitments. Some have a single governance body in charge of monitoring all climate commitments, across all themes covered, others have set up a dedicated team for each theme.

These bodies often take the form of ESG/CSR committees, and ad hoc committees dedicated to the themes concerned (meaning exclusion committees, commitment committees, etc.) have also been identified.

Out of the 17 asset management companies with climate commitments and associated governance, 16 also report information on the monitoring and implementation of their climate commitments to their effective managers at least once a year. The frequency of this reporting may vary depending on the type of commitment. Compliance with exclusion policies is often discussed on a monthly or quarterly basis, whereas ten of the twelve asset management companies with a commitment towards shareholder engagement report on this subject annually. Only one player, which only has a sectoral exclusion policy, has not established a minimum reporting frequency to its senior management.

The indicators subject to reporting are, with only a few exceptions, identical to those reviewed in the framework of the monitoring bodies and detailed below.

Senior management involvement is essential to ensure the proper implementation of commitments. In this perspective, further training of senior managers on ESG issues and on the climate and environmental commitments of Asset Management Companies is a strategic issue.

The existence of a body dedicated to monitoring climate commitments does not mean that this body plays a decision-making role or impacts the strategic orientations of asset management companies on these matters. In fact, some of these monitoring bodies are only called upon for information purposes to present the rate of progress and the state of advancement of commitments.

Some commitments are not followed up by an official, formalised monitoring body. These commitments are mainly greenhouse gas (GHG) emission reduction commitments undertaken in the context of the NZAMI¹⁹ (Net Zero Asset Managers Initiative). The initiative requires its signatories to adopt GHG emission reduction targets by 2030 and 2050, and gives its members one year following their adhesion to formalise and elaborate on these commitments. This deadline may explain why the establishment of the body that will be dedicated to monitoring and the implementation of the GHG emission reduction targets required by the initiative in the investment policies are still in progress. However, the fact that three of the six management companies involved in the initiative have overrun this deadline tends to undermine this assumption.

¹⁹ The six asset management companies in the sample that had joined the NZAMI initiative by 30 June 2022 are AMUNDI, AXA IM, BNP ASSET MANAGEMENT, HSBC ASSET MANAGEMENT, LA BANQUE POSTALE ASSET MANAGEMENT, SWISS LIFE ASSET MANAGERS, list available [here](#).

Concerning shareholder engagement, several asset management companies have a governance structure in place dedicated to ensuring compliance with the commitment and with the voting and engagement process, but as mentioned above, the lack of precision of these policies regarding their level of commitment explains the absence of a formalised structure dedicated to monitoring the climate commitments made with issuers within the framework of shareholder dialogue, or the absence of monitoring of progress made by the issuers involved. This monitoring is generally carried out on a case-by-case basis depending on the issuers concerned and the topics addressed.

Lastly, most asset management companies have the same monitoring body in place for individual commitments and for those made as part of collective initiatives. Those that have separate governance structures in place for these two types of commitment did not provide any information on how the two bodies might be coordinated in order to ensure consistency in the asset management company's positioning on identical issues.

3.1.2 Human resources

Identifying the exact number of full-time equivalents ("FTEs") responsible for monitoring climate and environmental commitments within asset management companies proved to be a complex endeavour, which some players were unable to achieve. Several challenges have been identified:

- in their respective answers, several asset management companies confused the FTEs in charge of monitoring commitments with those responsible for their implementation and deployment, which may have led to an overestimation of the number of FTEs reported, but also to doubts on the part of the asset management companies about the actual distinction between these two dimensions;
- for some asset management companies, proved difficult to distinguish between the FTEs reported as monitoring individual and/or collective commitments and those who monitor ESG issues in a broader sense.

On the basis of these considerations, it is difficult to assess the actual number of FTEs allocated to monitoring climate commitments within the asset management companies and thus to assess the volume of resources mobilised and their adequacy with the commitments made. It should be noted that the adequacy assessment depends on the type of commitment made; for instance, a comparatively low level of resources associated with exclusion policies might be acceptable if blocking control mechanisms are set up in the management systems.

The difficulties encountered by the asset management companies in addressing these questions highlight a need for clarification of the actual organisational structure and allocation of tasks within the asset management companies. Nevertheless, it is worth noting that the human resources associated with the monitoring of commitments are assessed in relation to the type of commitment under consideration. Indeed, the monitoring of exclusion policies combined with blocking control mechanisms set up in the management systems both pre-trade and post-trade would not necessarily require significant human resources.

3.1.3 Remuneration

Indexing part of the remuneration of employees or senior managers to the achievement of the company's climate and environmental commitments can be an indication that the company is serious about these commitments. More broadly, this is in line with the requirements of European and national regulations on this subject; Article 5 of the Sustainable Finance Disclosure Regulation (SFDR) as well as Article III-3°-b) of Article 29 LEC require stakeholders to include in their remuneration policies information on the integration of sustainability risks in these policies and on their connection to extra-financial performance indicators.

Ten asset management companies out of the 17 who reported climate and environmental commitments indicate that they take into account at least one element relating to their climate commitments in their remuneration policy. And six of them include all of their climate commitment themes.

The commitment most frequently taken into account concerns sectoral exclusions (sectoral policies on fossil fuel); this can be explained by the fact that this type of commitment is easier to control and monitor than shareholder engagement or the reduction of GHG emissions, which are, moreover, linked to varying time frames. The classification of funds as "Article 8" or "Article 9" funds also forms part of the criteria taken into account by some asset management companies.

The specifics of climate commitments and the way they are taken into account in remuneration policies are unclear and remain generic, and do not specifically target climate and environmental commitments.

3.1.4 Indicators used to monitor commitments

The 17 asset management companies that have made climate commitments indicate that they have associated monitoring indicators. However, the quality and relevance of these indicators vary from one AMC to another and also according to the themes within the same AMC. Overall, the indicators actually used by the AMCs to monitor their various climate commitments need to be clarified and formalised in their processes.

The analysis of the survey responses corroborates this finding:

- **Divestment and exclusion policies:** seven out of the sixteen AMCs that have a coal policy in place monitor issuers on the exclusion list; these answers are not sufficiently detailed to allow identification of the exact indicators that are monitored and to understand whether non-compliance, remediation deadlines, etc. are actually being properly monitored. With this level of information, it is therefore difficult to comment on the relevance of these indicators.
Only one AMC has not defined specific indicators;
- **Shareholder engagement:** ten asset management companies have indicators in place to monitor their shareholder engagement and voting policy (total number of votes, number of votes for or against climate resolutions, etc.).
Because shareholder engagement and voting policies are not detailed, no asset management company has defined dedicated monitoring indicators for shareholder dialogue initiated with issuers, notably as regards climate and environment-related topics. Monitoring is carried out on a case-by-case basis depending on the specific topic and the profile of the issuer. Only two of the twelve asset management companies with a commitment toward shareholder engagement (either individual or collective) have set up a manual tracking file for all shareholder commitments made with issuers. And only one AMC is still in the process of establishing its dedicated monitoring framework on the matter.
With the increase in the number of asset managers communicating on their shareholder engagement, this lack of precision regarding engagement and voting policies, particularly for climate and environmental topics, generates deficiencies in the effective monitoring of dialogues initiated with issuers;
- **Reduction of the GHG emissions of portfolios and alignment policies:** the carbon intensity or carbon footprint of funds is the indicator most often used by players. As the six AMCs that have joined the NZAMI are still in the process of defining their organisational structure and processes in connection with this initiative, new indicators could emerge.
As was the case with divestment and exclusion commitments, almost no AMC explains the specifics of the implementation of GHG emission reduction requirements in their investment and monitoring tools. Yet, this type of commitment could result in the setup of constraints similar to those implemented by asset managers for the other extra-financial requirements used for their funds: for instance, constraints associated with the French ISR (socially responsible investment) label...

More broadly speaking, as any commitment can be implemented by way of integrating operational constraints in the fund management tools usually used for financial commitments, these control mechanisms should be set up.

This would allow for the implementation of identical monitoring processes, including tracking of breaches as well as their reporting to the relevant internal bodies.

3.1.5 Intermediate targets

Twelve out of the sixteen AMC's that have a sectoral policy in place regarding fossil fuel have set quantified targets as part of their individual commitments towards divestment and exclusion. These objectives consist mainly of exiting the fossil fuel sector, especially coal, by 2030 / 2040.

Five of the eleven AMC's having made at least one individual or collective commitment towards the reduction of the GHG emissions of their portfolios or towards alignment with externally defined goals have set up specific targets, which materialise as the reduction of a given GHG emission percentage in their funds within a fixed time frame. The number of AMC's with specific end targets is expected to increase with the implementation of AMC's net zero strategies pursuant to the NZAMI initiative they joined.

As for the targets set in the context of shareholder engagement commitments (fifteen AMC's have made individual and collective commitments on this matter), only three AMC's (members of the same group) have set an overall target for themselves in terms of the number of issuers to be approached. Five other AMC's nevertheless indicate that they have defined specific targets for issuers involved in climate and environmental shareholder dialogue. These targets are defined on a case-by-case basis depending on the specific topic and the issuer concerned.

AMC's that have already set quantified end targets and then define intermediate short or medium-term targets guaranteeing both the achievement of these end targets and their ability to report on their implementation to the public seem to belong to a very small minority. Indeed, only three AMC's have defined such targets as part of their exclusion policies, four AMC's did so for their shareholder engagement commitments, and three of them did so for their commitments towards the reduction of GHG emissions. Not all of the AMC's involved in the NZAMI have reported on the intermediate targets required by the initiative (NZAMI requires the definition of an intermediate target to be reached by 2030). Three AMC's out of the seven that are members of the NZAMI had still not set these intermediate targets, although they were required to as part of the initiative, more than a year after signing.

Now, besides the regulatory stakes and the challenges associated with compliance with the specifications of voluntary initiatives, the lack of intermediate targets hinders the formalised and regular monitoring of compliance with the projected path set for the achievement of the end target, as well as the proper implementation of corrective actions where applicable. Setting a single end target does not allow players to identify any potential shortcomings, and does not contribute to guaranteeing the quality of practices applied by them during the intermediate period. Beyond a potential deviation from the target set for the long term, that would not be detected (or disclosed) upstream, another side effect would be a tendency to carry on business as usual throughout of the intermediate phase, with real changes in practices occurring only as the deadline approaches. Breaking down long-term objectives into short- and medium-term intermediate targets is therefore paramount.

3.1.6 Use of external service providers

The data used for the implementation and monitoring of their climate and environmental commitments rarely comes solely from the AMC's themselves. Indeed, the latter make significant use of one or more external data service providers or data suppliers such as S&P Trucost, MSCI, SUSTAINALYTICS, the NGO Urgewald, ISS, PROXINVEST, ICEBERG DATALAB, etc. Some of the data collected is raw data that is integrated into the analysis and calculation models of the AMC's, while other collected data is outcome data that is directly used by the AMC's for the application of their climate policies and commitments. As required by law, the majority of AMC's carry out due diligence on the external service provider at the time of the call for tenders prior to the associated contract being signed, but few are those which carry out regular and formalised checks on the data provided. Some AMC's nevertheless reprocess such data in order to better identify any errors.

In any case, it appears necessary for AMCs not to mechanically rely on their service providers without control mechanisms, in particular when they only use one, since these service providers are not systematically able to address the specific climate issues targeted by AMCs.

As a reminder, the AMF clarified its data control doctrine in last year's commitment monitoring report:
"In order to have reliable data at their disposal, AMCs that have defined policies applicable to fossil fuels shall put in place a control mechanism to check the quality and consistency of such data, in a manner that is proportionate to the degree of significance of such data's uses and to the level of risk associated with mistakenly continuing to hold exposures to an issuer that should be excluded in application of the policies".
These clarifications applicable to AMCs licensed in France remain valid, and stakeholders are required to comply with them.

3.1.7 Control mechanisms in place

Ongoing control mechanisms

The majority of the sixteen AMCs with **exclusion policies** in place have implemented ongoing control mechanisms to monitor these policies. This monitoring takes the form of "pre-trade" control mechanisms (i.e. prior to the transaction) configured in the management tools associated with "post-trade" control mechanisms (i.e. after the transaction) to ensure that the securities held in portfolios belong to the eligible universe after application of the exclusion policy.

- Thirteen AMCs out of these sixteen have set up pre-trade control mechanisms that automatically block the transaction concerned, i.e. the tools do not allow asset managers to select issuers that belong to the exclusion list. The remaining three have also set up pre-trade control mechanisms in their tools, but these controls do not restrict the issuer list, which means the asset manager would still have the option of investing in issuers supposed to be excluded. The configuration of integrated control mechanisms in asset management tools is a good practice since it significantly reduces the risk of breach of exclusion policies, although their impact is significantly lessened if these mechanisms do not prevent the selection of excluded issuers and only trigger an alert to the attention of asset managers when they select prohibited values.
- As regards post-trade control mechanisms, fourteen AMCs have configured such mechanisms so that they are carried out daily, and the remaining two configured them to be triggered each time a net asset value is calculated.
- Some AMCs have explicitly indicated that they monitor passive and active breaches of their policies, overrun times, etc. This type of indicator and this monitoring mechanism seem adapted to the constraints associated with disinvestment and exclusion as they are configured in the tools used by the AMCs. Consequently, the AMF expected that more AMCs would mention them in their responses.

Among the seven AMCs with an individual **commitment** towards **the reduction of the GHG emissions of their portfolios**, four have implemented ongoing control mechanisms that are often configured in their management tools since these commitments apply at portfolio level. As for collective commitments, although ten AMCs indicate that they have made such commitments, only three of them have ongoing control mechanisms in place in relation to them. For several AMCs for which this commitment translates into membership in the NZAMI (which grants players a period of one year from the date of membership to define specific targets and set up the appropriate control mechanisms and processes), the expected ongoing control mechanisms are still under development.

Regarding **individual shareholder engagement commitments**, five of the twelve AMCs that made this type of commitment monitor the proper implementation of their engagement and voting policy. Three of them regularly monitor the progress of shareholder engagement initiated with issuers and two do so using a dedicated manual file or internal databases. Four AMCs do not carry out any checks at this stage. The existence of control mechanisms associated with the implementation of these commitments also depends on the level of precision to which the

stakeholders commit in their voting policies. In fact, and as illustrated below in relation to sectoral exclusion policies, there is still only a small number of policies that provide for maximum time limits beyond which the lack of response to engagement procedures may trigger exclusion, thus requiring more precise monitoring of the actions taken.

For collective commitments made on the same theme (joining coalitions), among the twelve AMC's that report that they have become members, four have set up a control mechanism on the topic. Commitments linked to membership in organisations rarely entail commitments to quantifiable results, which may justify the use of more proportionate monitoring mechanisms.

Periodic control mechanisms

Some AMC's have not included aspects related to their climate commitments in their periodic control plan. Only ten AMC's indicate that they have carried out internal audits on their climate and environmental commitments (all commitments combined) on an annual basis or every three years. At this stage, the audits that have been presented to AMF are essentially focused on a broad review of the processes related to "ESG" matters as a whole, without specific attention paid to the public climate or environmental commitments made by AMC's or to the internal organisational structure associated with them. This shows that there is a considerable need to improve and strengthen the practices of stakeholders in this area of monitoring.

Box 1: Remuneration policies

With the entry into force in March 2021 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, the Sustainable Finance Disclosure Regulation (SFDR), financial market participants and financial advisors are required, under Article 5, to include in their remuneration policies information on the consistency of these policies with the integration of sustainability risks. They are required to publish this information on their website.

Article 29 of the Energy and Climate Law (Article 29 LEC) goes a step further as it provides for the inclusion, in the non-financial reports published by French institutions subject to such reporting, of the information required by Article 5 of the European Regulation by specifying "the criteria used to link the remuneration policy to performance indicators". Thus, reporting institutions are expected to indicate whether part of the variable component of remuneration is indexed to the attainment of objectives related to ESG issues.

For insurers, the amendment to the Solvency II Delegated Regulation, which came into force in August 2022, also states that the remuneration policy must contain evidence of its compatibility with the integration of sustainability risks in risk management. Indeed, the provisions regarding remuneration were introduced by the Solvency II level II regulation on the grounds that they contribute to ensuring the sound and prudent management of business. These provisions are applicable to a wide range of persons: senior managers, managers of key functions but also all persons who may affect the risk profile of the organisation (market operators, key account underwriters, etc.).

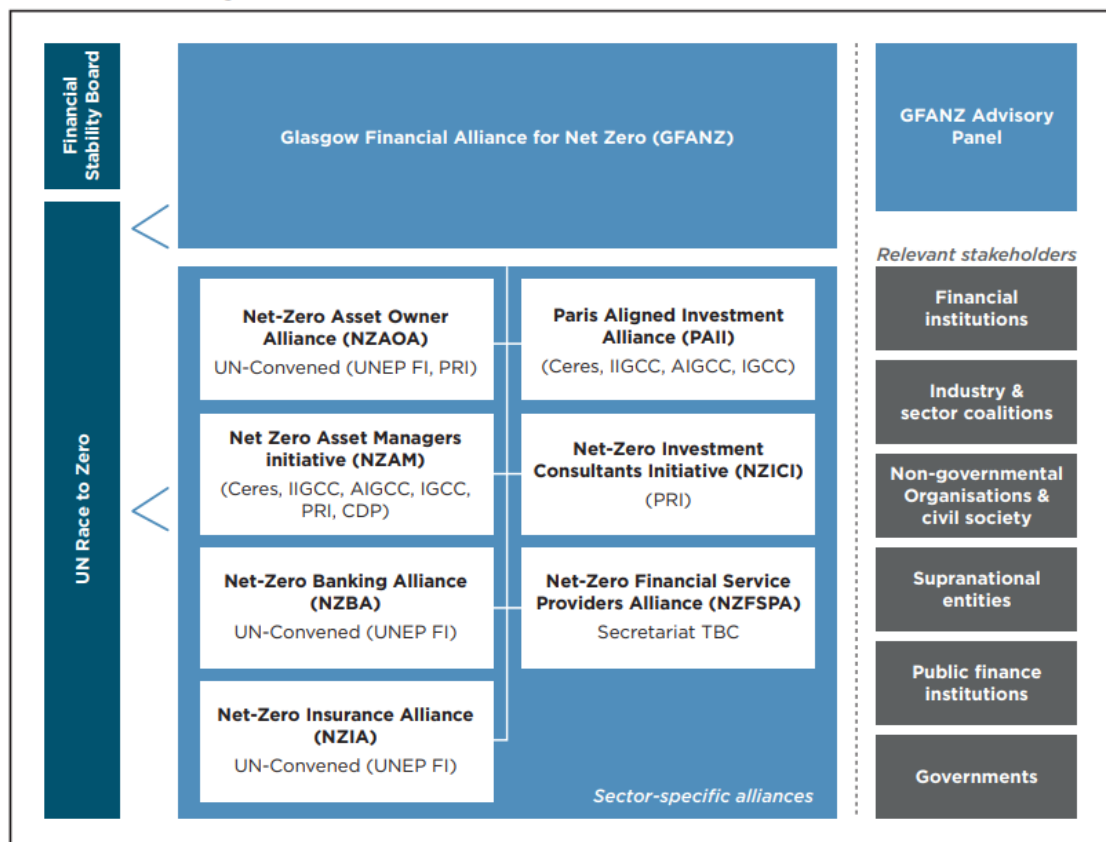
Finally, EFRAG, which is responsible for defining the European reporting standard required by the CSRD, sets out its expectations in the [Draft European Sustainability Reporting Standards](#) published in April 2022 (see the ESRS1 standard on climate change). Likewise, in May 2022 the IFRS Foundation published a first version of its Sustainability Disclosure Taxonomy proposing the integration of climate criteria into the remuneration policy. The publication of the final document is expected in December 2022.

Box 2: Net-Zero Alliances in the financial sector

Net-Zero Alliances are a UN initiative, led by the financial industry and organised by sector they cover. These alliances aim to achieve carbon neutrality for portfolios under management by 2050, and to contribute to limiting global warming to 1.5°C by 2100, above pre-industrial levels.

Established in April 2021, the “**Glasgow Financial Alliance for Net Zero**” (GFANZ) aims to design the tools and methods that will be mobilised as part of the global *Race to Zero* campaign aimed at achieving net zero carbon emissions by 2050 at the latest. The organisation, chaired by Michael Bloomberg and Mark Carney, currently comprises seven alliances specialising in various areas of financial business, including NZAOA (institutional investors), NZIA (insurers), NZBA (banks) and NZAMI (asset management). The diagram below summarises the organisational structure of these alliances.

GFANZ structure diagram¹⁹



Source: [GFANZ](#)

Established in 2019, the **Net Zero Asset Owner Alliance (NZAOA)** brings together asset owners. It has 74 members, representing USD 10.6 trillion in assets under management across the world (i.e., about 10% of assets under management at global level). In 2021, two other alliances were formed: the **Net Zero Insurance Alliance (NZIA)** and the **Net Zero Banking Alliance (NZBA)**. They respectively represent 11% of the insurance premium volume collected at global level, and 40% of total banking assets held at global level. In total, ten out of the 74 asset management companies that have joined the NZAOA²⁰; four out of the 29 insurance undertakings that have joined the NZIA²¹, and six of the 90 banks that have joined the NZBA²² are French organisations.

²⁰ AXA, CARDIF, CAISSE DES DEPOTS, CNP ASSURANCES, CREDIT AGRICOLE ASSURANCES, RAFF, FRR, MAIF, SCOR SE, SOCIETE GENERALE.

²¹ AXA, CREDIT AGRICOLE ASSURANCES, MATMUT, SCOR SE.

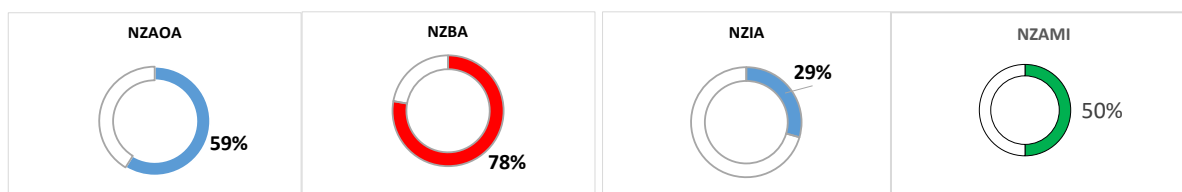
²² BNP PARIBAS, CREDIT AGRICOLE SA, CREDIT MUTUEL, BPCE GROUP, LA BANQUE POSTALE, SOCIETE GENERALE.

Launched in 2020, the **Net Zero Asset Managers Initiative (NZAMI)** has 273 signatories and represents USD 61.3 trillion in assets as of 31 May 2022. It is also an international coalition of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or earlier, in line with global efforts to limit global warming to 1.5 degrees Celsius; and to supporting investments aligned with the goal of net zero emissions by 2050 or earlier. Members commit to a series of commitments and initiatives, including setting intermediate targets and publishing an annual TCFD Report to present their progress.

However, the degree of rigour varies from one alliance to another. As some alliances were formed more recently than others, they do not set the same targets for their members. For example, the NZBA leaves the definition of decarbonisation targets to its members, although it requires the publication of their targets by 2030. Unlike the NZBA, the NZAOA sets absolute emissions reduction targets to be reached between 2022 and 2025. Finally, the NZIA, which is still at an early stage of development, does not impose any requirements on its members until its target-setting protocol is published in January 2023.

The NZAOA provides asset owners with a clear timeline, reviewed every five years, incorporating targets to be reached by 2050. The target set requires reducing by 22-32% emissions from listed companies' portfolios by 2025, with 2020 as a starting point. Similarly, asset managers are expected to reduce the financing of the 20 most polluting companies or of those representing 65% of the emissions in a given portfolio.

Chart No 3 - Share of the total of French financial institutions surveyed that are members of “net zero” alliances



Box 3: links with the report pursuant to the implementing decree of Article 29 of the French Energy and Climate Law (“Article 29 LEC”)

Several of the elements analysed in the sections above form part of the information required by the implementing decree of Article 29 of the Energy and Climate Law²³ published in May 2021. In particular, sections III.2°, 3°, 4°, etc. of Article 1 of the decree require, among other things, that stakeholders publish:

- Information relating to the internal resources deployed by the entity to take into account non-financial criteria, particularly environmental criteria. These resources include human resources, dedicated FTEs, the use to external service providers, etc.;
- Information on the involvement of governance in taking ESG criteria into account, including aspects on the remuneration of the members of these bodies;
- Information on the AMC's shareholder engagement and voting strategy.

Section III.5°b) of the decree requires the publication of the share of assets held in companies carrying activities in the fossil fuel sector (e.g. coal and oil and gas).

The decree also requires, pursuant to Article 4 that the AMF and the ACPR to publish a joint report on the application of Decree 29LEC in 2023. This forthcoming report will cover almost all of the topics addressed in 3.1 above, and will assess the practices and levels of progress of the players involved.

²³ <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000043541738>

Chapter 2 - The fossil fuel policies set by banking institutions

1. Sectoral policies and exclusion policies

1.1 The monitoring of coal policies

The previous edition of the joint report, published in December 2021, noted that most banks had updated their coal policy. Although this did not always involve a change in policy, the ACPR noted that, compared with the previous year, one-third of the institutions analysed had tightened their thresholds or exclusion criteria, either by lowering one or more of the thresholds already in place or by adding additional thresholds. Moreover, while in 2020 four institutions had not communicated an exit date for coal, in 2021 all the banks surveyed had communicated such a date, with CREDIT MUTUEL ARKEA even deciding to move its exit date forward to 2027 instead of 2030.

According to observations made in the present report, this trend did not continue. Indeed, the exit dates have not changed and remain, at the time of drafting of this report, set to 2030 for the European Union and OECD, and 2040 for the rest of the world²⁴.

Moreover, the few updates of coal policies that have been made since July 2021 have not, on the whole, been associated with a tightening of the existing requirements, either in terms of thresholds or exclusion criteria. When queried on this point, most institutions felt that the current criteria allowed them to achieve the stated exit targets as they stood. However, these policies could be revised as necessary, if a deviation from the planned targets were to be observed.

As a result, none of the banks analysed in this report have integrated intermediate stages to their coal exit strategy. When such a sequencing exists, with, for example, a regular reduction of exclusion thresholds for new investments or stock, it only applies to asset management: for example, at a player whose investment strategy provides for a gradual tightening of the exclusion thresholds for coal in the energy mix of the companies in its asset management portfolio.

Moreover, these "coal" policies are still quite disparate: this variation concerns both the type of exclusion criteria adopted -the majority of the banks concerned retain only two, most often the share of turnover related to thermal coal and the production of coal for extraction in millions of tonnes - or the commercial activities concerned by the "coal" policy - as in previous reports, some institutions retain only the main segments of the value chain, such as extraction and production of electricity based on coal, while others have a broader approach.

²⁴ As a reminder:

Institution	Type of coal concerned	Exit date: Europe/OECD countries	Exit date: Rest of the world
AFD	Thermal	2013	2013
BNP PARIBAS	Thermal	2030	2040
BPCE NATIXIS	Thermal	2030	2040
CA SA	Thermal	2030	2040
SG	Thermal	2030	2040
CDC	Thermal	2030	2040
CM AF	Thermal	2030	2030
CM ARKEA	Thermal	2027	2027
HSBC	Thermal	2030	2030
LBP	Thermal	2030	2030

Finally, the thresholds or limiting criteria in place can vary significantly depending on the type of customer or financing involved. Stricter thresholds will be applied to new customers than to existing customers within a given bank. For example, one bank has a 40% exclusion criterion for total revenue generated from thermal coal for an existing customer in the mining sector, but that criterion is set to 10% for a "prospect". Similarly, other institutions have different sectoral policies for dedicated transactions, asset management and asset acquisition.

1.2 The monitoring practices applied by French banks for petrol and gas-related policies

The main characteristics that defined the oil and gas policies of the nine banking institutions surveyed in the previous report can, for the most part, be reiterated in this one.

While all banks surveyed still have an oil and gas policy in place, the envisaged limits or exclusion thresholds still relate primarily to "unconventional" hydrocarbons (used here in their broadest definition and as they appear, for example, in the recommendations of the Scientific Committee of the Sustainable Finance Observatory, published on 22 September 2021²⁵).

As a consequence, "conventional" oil and gas is rarely associated with specific thresholds or policies. However, a few players stand out by implementing restrictive policies on all hydrocarbons: these are primarily institutions with a distinctive business model or relatively little involvement in the sector. For example, the Agence Française de Développement (AFD) mainly operates in developing and emerging countries and in relation to dedicated and non-corporate financing, which therefore excludes from its financing a wide range of activity sectors related to these types of energy²⁶; CREDIT MUTUEL ALLIANCE FEDERALE (CM AF) has, for its part, announced that since 26 October 2021 it no longer finances any new oil and gas exploration, production or infrastructure project. The BANQUE POSTALE has already decided to stop financing exploration, production and infrastructure projects, while at the same time committing itself not to hold in its portfolio any company in that sector that does not have a transition plan to move away from these energies by 2030.

Other players, such as CAISSE DES DEPOTS, target new projects or projects dedicated to the exploitation of new reserves.

As was noted in the 2021 report, for the purposes of their policies, the remainder of the institutions surveyed most often adopt an approach to 'conventional' oil and gas that is confined to immediate environmental risks: therefore, their framework policies for the management of these energies are concerned with avoiding gas flaring, recovering methane emissions, and complying with international principles or charters, such as the Equator Principles. The institutions most often justify such policies by insisting on the need to finance the real economy on the one hand, and to support stakeholders in their energy transition on the other, two actions that make it particularly difficult or even illusive to implement an exclusion policy in the short or medium term.

Policies on so-called unconventional hydrocarbons continue to be very uneven across institutions.

As a result, there is still no common definition of "unconventional" oil and gas, as the all-encompassing term "unconventional" may itself cover a variety of concerns, some of which are technical and operational, some of which are simply classification concerns, and some of which are communication concerns. Several institutions, such

²⁵ [Reco n2 du Comite Scientifique et dExpertise de lObservatoire de la finance du Gpww13W \(1\).pdf](#)

²⁶ As a reminder: construction, expansion or renovation projects involving fossil-fuelled power plants, including natural gas, with the exception of mini-grid projects fed by hybrid power plants, construction, renovation and expansion projects involving new fossil-fuelled heat production plants (excluding the industrial and building sectors); construction, extension or renovation projects involving cogeneration or trigeneration plants based on fossil fuels, as well as exploration, production, transformation or transport projects dedicated to fossil fuels and the associated infrastructures. Moreover, at the time of drafting of the previous report, this exclusion was still combined with limits linked to the geographical area concerned - the possibility of considering "the financing of the production of electricity connected to the national network from natural gas in LDCs or countries in crisis, located in Africa, the Middle East and the Caribbean, and only if the project fits into the country's energy transition", it should be noted that in 2021, this exception has disappeared.

as the International Energy Agency (IEA) or the Society of Petroleum Engineers (SPE), not to mention, at the national level, the Scientific Committee of the Sustainable Finance Observatory, have nevertheless provided definitions²⁷ that are seldom used by banks. In addition, despite the definition provided by the French Banking Federation (FBF), which includes shale oil and gas, as well as oil sands, each institution continues to use its own definition. Some even prefer to avoid using the term "unconventional" and rather use a list of categories to which specific exclusions are applied, either on the grounds of "specific extraction techniques" or on the grounds of the vulnerability of the geographical environment where the extraction/production takes place (such as the Arctic²⁸ or the Amazon region), with these distinctions sometimes covering, depending on the bank, different types of oil and gas.

This discrepancy in approaches used is matched by an equally significant diversity in the types of thresholds or exclusion criteria put in place, beyond the joint commitment made within the FBF to exclude from corporate finance counterparties whose production of non-conventional hydrocarbons²⁹ exceeds 30%. Thus, while the AFD and LA BANQUE POSTALE (LBP) continue to exclude all of these types of hydrocarbons from their financing, and CREDIT MUTUEL ARKEA plans to have done so by 2030³⁰, other institutions have more targeted policies in place: some focus on developers, some on the proportion of counterparty revenue generated from non-conventional oil and gas - in some cases the threshold is 30%, in others 10%, with this limit being applied variably to all or some of the so-called non-conventional oils and gases - others focus on the total exclusion of oil sands and shale oil and gas, while some banks elected to apply a variable threshold to the same category.

All in all, as mentioned above, most institutions' policies emphasise dialogue with the counterparty rather than exclusion. This dialogue, which is the basis of the relationship with the customer, thus structures the policies, whether they are dedicated to coal or hydrocarbons.

For instance, in the case of coal, this dialogue is combined, for all the institutions concerned, with a request for the development of an exit strategy, the implementation of which may, where appropriate, lead the bank not to exclude a company on account of the time required to develop this strategy and obtain new information. A similar approach is also taken for unconventional oil and gas: for some institutions, the exclusion criteria related to these energy sources may not apply to companies that, for example, have adopted plans deemed credible by the bank in terms of transitioning to the net zero target by 2050³¹.

2. Banks' exposure to fossil fuels (coal, oil and gas)

2.1 The reporting-based approach and its limitations

Building on the lessons learned from the previous two years, discussions continued with the French financial community in 2022 to adopt a common calculation method aimed at achieving greater consistency and comparability in reporting.

- With regard to the definition of the business activities included in the calculation, and in line with what was initially defined in the previous report, institutions were required not to exclude any segment of the fossil fuel

²⁷See the Second ACPR/AMF joint report December 2021: https://acpr.banque-france.fr/sites/default/files/medias/documents/20211223_rapport_commun_acpr_amf.pdf, pp. 31-32

²⁸ The definition of the Arctic region itself also varies across institutions. For more information on the various definitions used, see the Second joint ACPR/AMF report December 2021: https://acpr.banque-france.fr/sites/default/files/medias/documents/20211223_rapport_commun_acpr_amf.pdf, p. 31, note 45.

²⁹ Non-conventional refers to shale oil and gas as well as oil sands (cf. previous section).

³⁰ Since 1 January 2022, this includes gas produced from fracking (shale oil, shale gas, tight gas and tight gas liquids), but also oil sands, offshore deep-sea extraction, heavy crude oil, coal-bed methane, methane hydrates and hydrocarbons from the Arctic region.

³¹ The criteria put forward by institutions to assess the credibility of such plans include, for example, a public commitment to align with a 1.5°C strategy, intermediate emission reduction targets, an investment programme that is consistent with supporting a diversification strategy shifting away from fossil fuel production, yearly measurement and publication of GHG emission levels, as well as a climate strategy.

value chain from their own accounting and to include upstream, midstream, downstream³², and trading activities;

- With regard to the scope of financial activities, and given the wide variety of interpretations and approaches observed at the end of the 2021 report, a spreadsheet containing the required on- and off-balance sheet items, with the corresponding FINREP codes, was sent to the institutions in order to achieve uniformity in terms of the data collected.
- Furthermore, given the lack of a single public list that would allow for an accurate assessment of a company's actual, or at least close to accurate, exposure to coal, oil or gas, it was requested that the Global Coal Exit List (GCEL) be used for the calculation of coal exposure, and that the URGEWALD Global Oil and Gas Exit List (GOGEL) be used for oil and gas³³.

The ACPR is aware of the methodological biases induced by these two lists.

- The main limitation therefore lies in the approach provided by URGEWALD in providing a range rather than an exact figure, unlike other data providers: this choice may, in some cases, lead to substantial overexposure. For instance, the GCEL list indicates that the share of revenue generated from coal is lower than 20% for the company Électricité de France (EDF) and for ENEL. Should we follow the recommended methodology, this 20% figure (i.e. the upper limit) would be the one used to weight exposure, so as to adopt a conservative assessment of exposure, while the actual share of revenue generated from coal accounts for less than 1% for EDF and, according to the banks, around 2% for ENEL. Similar observations were also made in relation to the GOGEL list, the first version of which was published in November 2021.
- In addition, the definition of the share of revenue generated from fossil fuels included in the GOGEL list, which also encompasses the share of revenue generated from coal, leads to double counting for coal exposures.
- Lastly, the GOGEL list is still vastly incomplete: many subsidiaries are not currently taken into account. As a result, the estimate obtained from the cross-referencing of data from the institutions concerned and from the list provided by URGEWALD gives an exposure result that is a priori significantly lower than the actual exposure.

Nevertheless, in the absence of any common and public reference list, this approach now allows for more harmonised, if not more accurate, assessments. Using it allows for provided data to be aggregated without concerns for conflicting input data, leading to the identification of a more reliable pattern.

In addition, in order to allow for comparisons between the valuation obtained using this "homogeneous" method and the valuation derived from the institutions' internal data, the banking groups were invited to make their own calculations, provided that they describe and explain the method they used. The ACPR regrets that two institutions only elected to use of this option. Such an assessment would make it possible to better measure the difference between an internal assessment and one resulting from the use of databases that have yet to be perfected, such as GCEL and GOGEL lists, improving the measurement of exposures on a consistent basis.

³² The value chain of the fossil fuel energy sector (conventional and non-conventional coal, oil and gas) can be divided into three main types of activities: (i) upstream, which refers to the activities pertaining to production, extraction, exploration, drilling, (ii) midstream, which covers the activities relating to transport including all means of transportation, as well as storage and export, and (iii) downstream, which essentially refers to refining (in the case of oil), distribution and sales.

³³ As the GCEL list is an exclusion list and currently only provides a range of exposure, usually expressed as a percentage, e.g. of turnover, it was suggested that, where a percentage is used, the upper figure of the range should be used and, where no data is available, 100% of the exposure should be used.

2.2 Results

2.2.1 A first assessment was made based on the reporting submitted by institutions

Several important methodological changes should be noted in relation to the reporting data published in the previous report.

Although the initial figures are, theoretically, more homogeneous than those collected in 2021 due to the standardisation of the requests made to institutions, those figures have been cross-referenced with a GCEL list updated in October 2021 for coal, and in addition, as mentioned above, with the GOGEL list for hydrocarbon data, the second list introducing a weighting applied to hydrocarbon data that did not exist in 2021. It is therefore logical that the figures produced for this edition vary considerably from those of the previous report.

Furthermore, the reconstruction of the 2015 figures for both coal and oil and gas, which gave rise to extensive dialogue with the institutions, must be viewed with particular caution in light of both the changes made between the two dates in terms of scope and the challenges encountered by several stakeholders in the reconstruction of such data.

Table 1: Fossil fuel exposures reported by banks (expressed in EUR million)

	<i>Coal</i>		<i>Hydrocarbon total</i>		<i>Share of non-conventional hydrocarbons in hydrocarbon total</i>	
	2015*	2021	2015	2021	2015	2021
<i>Balance sheet total (loans – securities)</i>	3056	2016	25181	23381	5537	6314
<i>Off-balance sheet positions (funding facilities provided, guarantees given or received)</i>	3626	4434	35620	50887	11116	13503
TOTAL	6682	6450	60801	74268	16653	19817

Source: ACPR, based on the reporting statements submitted by the banking institutions included in the sample.

*: Data reconstructed in an attempt to measure developments; however, some information was unclear or even missing, especially, for the banks concerned, information on debt securities or equity instruments held in their trading book, which was regularly reported as unavailable, making it difficult to compare these figures with those of the 2021 financial year.

Several findings can be derived from the submitted reporting statements and the method used:

Generally speaking:

- As was already the case in 2021, this data may not be entirely reliable, and it should be understood as providing a trend as well as an order of magnitude. As has been pointed out on numerous occasions, methodological biases can lead to significant discrepancies between actual exposure and that reflected by the calculation method used, as shown in the example of the two institutions which, while submitting data according to the proposed method, also made the effort to calculate an estimate based on their own data, and whose own estimates have resulted in exposures between two and three times higher than those obtained when cross-referencing using the GOGEL list. Additionally, one institution was unable to reconstruct its data for the "non-conventional" category in 2015, while their numbers for the same category in 2021 were fairly insignificant. Furthermore, some of the data provided by institutions - admittedly a small

proportion - does not cover the entire group, but rather one of its components, most often the investment banking one, which inevitably introduces a distortion in the aggregation of the provided figures and an underestimation of the group's exposures;

- the reporting-based approach used here does not take a number of financial activities into account, such as derivatives, for which scope variations - such as changes in commodity prices, the business volumes that is often highly dependent on the economic context, or the acquisition of new customers to the detriment of other institutions- would require more extensive analyses which, within the framework of this report, could not be carried out in order to give a fair interpretation of the data provided, particularly in terms of supporting the sector;
- Disparities in the methods and scope used by the banks for the non-conventional category do not allow for a clear picture of this category;

Beyond these preliminary remarks, the trends observed in 2020 seem to hold true in 2021:

- Overall exposure to coal, albeit showing a slight decrease -down 3.5% over 6 years - remains stable overall in terms of amounts - EUR 6.4 billion in 2021 compared to 6.6 billion in 2015. Once again, the share of off-balance sheet exposure in total exposure is strikingly high: it even increases by around 22% between 2015 and 2021, with the share of balance sheet exposure and especially loans decreasing by an even greater proportion (35%) over the period;

The share of coal, however, remains negligible if we consider the proportion of loans granted to the sector in relation to the total loans made to non-financial companies (0.001% in 2021) and, a fortiori, the proportion of exposure in relation to the total balance sheet of the institutions included in this analysis (0.0008% in 2021). This proportion, which is already very low, decreases between 2015 and 2021 due to the strong growth of banks' balance sheets (+38%) and loans (+42%) over the period.

- The analysis of exposure to hydrocarbons shows an increase in exposure by approximately 22% over the period in amounts (which means around 74.2 billion in 2021). As has already been pointed out, this figure most certainly underestimates the real exposure in view of the shortcomings of the GOGEL list in relation to oil and gas³⁴. Nevertheless, the growth in exposure over the period should be treated with caution owing to the challenges associated with reconstructing the data provided by the banks for 2015, as previously mentioned;
- As in the case of coal, the share of off-balance sheet exposure is significant (nearly 60% of total exposure in 2015 and 70% in 2021), while on-balance sheet exposure tends to decrease between the two dates (down by about 7%), with some institutions even posting a decrease in the share of their lending to the sector, in amounts, by almost 30%. However, once again, the GOGEL list carries an undeniable methodological bias;
- The totals presented here show major disparities: for coal, three institutions accounted for three quarters of the total in 2015, both on and off the balance sheet, and this proportion still lies between 72% and 81% for the year 2021; for hydrocarbons, the heterogeneity is even more pronounced: one institution accounts for more than 40% of the total on-balance sheet exposure in both 2015 and 2021, and even for up to two-thirds of the total off-balance sheet exposure in 2021 (54% for 2015), with this proportion rising to 90% for the three most exposed institutions.

³⁴ See the example where one institution noted the difference between its own assessment and the assessment made using data cross-referenced with the Urgewald lists for oil and gas.

2.2.2 Measuring exposure using the "large exposure" reporting statement

In order to supplement the information gathered from the reporting data, and as was done in the first two editions, the ACPR carried out its own assessment of the fossil fuel exposure of seven banking institutions³⁵ in 2022 based on their "large exposure" statement. This approach also carries several methodological biases: on the one hand, given that it draws on customer groups provided by institutions which for a long time did not have a LEI, this data source does not provide a very detailed picture, which may, theoretically, lead to amounts in the high end of the estimate; on the other hand, only taking into account exposures exceeding EUR 300 million clearly leads to under-exposure, and this effect outweighs the first. Despite its shortcomings, this method has the added benefit of providing a more detailed history than the admittedly more detailed LEI code approach.

Results

Table 2: Exposure to coal of the seven leading banks according to the "large exposure" database cross-referenced with the GCEL list, from the 31 December 2015 to 31 December 2021.

	2015	2016	2017	2018	2019	2020	2021
Amounts (in million EUR)	7050	8906	7495	7235	7518	6032	6934
As a % (exposure as a proportion of total weighted exposures - excluding financial and sovereign related activities)	1.1	1.3	1.2	1.0	1.0	0.7	0.7
As a % (of total exposure)	0.3	0.4	0.3	0.3	0.3	0.2	0.2

Source: ACPR

³⁵ As was the case in 2021, the sample included BNP PARIBAS, CREDIT AGRICOLE SA, BPCE, LA BANQUE POSTALE, GROUPE CREDIT MUTUEL, SOCIETE GENERALE, HSBC, the respective data of which is analysed here for years 2015 to 2021. As in previous surveys, the AFD and CAISSE DES DEPOTS are not included.

Table 3: Exposure to oil and gas of the seven leading banking institutions according to the “large exposure” database, weighted by the percentage of revenue generated from fossil fuel (GOGEL list for 2021), expressed in EUR million and as a percentage of total exposure.

	2015	2016	2017	2018	2019	2020	2021
Exposure of the 7 banks (in EUR million)	76407	82593	67646	79589	87989	91583	120122
As a % ((exposure as a proportion of total weighted exposures - excluding financial companies and sovereigns)	13.0	13.1	11.5	12.2	12.1	11.7	13.1
As a % (of total weighted exposure)	3.8	3.9	3.2	3.6	3.7	3.0	3.0

Source: ACPR

The results obtained for coal, with all the methodological caveats outlined above, confirm the trend described in previous reports:

- Institutions the level of exposure of which was already low in 2015 have reduced their exposure further over the period. This reduction remains marginal in terms of amounts (less than 2%, a trend consistent with that observed using the reporting-based approach).
- However, the decrease is more significant when considered in relation to the exposure reported in the large exposure statement (down about 35%, considered in relation to total exposure or to exposure excluding financial companies and sovereigns).

Regarding exposure to oil and gas:

- Unsurprisingly, applying the GOGEL list’s weighting to the data obtained from the "large exposure" database mechanically leads, as with the reporting-based approach, to reducing by about 25 to 30% the amounts compared with those recorded in the previous report;
- As was also expected, given the methodological differences between the “large exposure”-based calculation and the institutions' reporting statements - recognition by groups of customers rather than by subsidiary - the amounts obtained are much higher than those obtained using the reporting-based approach (+61%), primarily because the GOGEL method excluded a significant number of subsidiaries;
- These results remain consistent in light of the biases induced by the use of the list and of the variation noted with one institution between the reported exposure, cross-referenced with the URGEWALD list, and the exposure calculated on the basis of its own data, which was found to be between 2.3 and 2.5 times the amount of the former (see above);
- Beyond these wording precautions, and even when using the GOGEL list, the trend stays identical to that described in the previous report: an increase in exposure to hydrocarbons by approximately +20% between 2015 and 2020. This increase is more significant when considering the period between 2015 and 2021 (+57%, which represents around EUR 120 billion in exposure in 2021). This increase is partly due to an acceleration in 2021 against a background of strong growth in banking balance sheets. However, over the whole period (2015-2021), when compared to total exposure, exposure to the sector appears to be stable (exposure excluding financial companies and sovereigns is almost stable at 13%).

Chapter 3 - The fossil fuel policies set by insurance companies

1. Sectoral and exclusion policies

1.1 The monitoring of coal policies

- Updates of policies since the previous report

Since the previous joint report, most surveyed companies have left their coal exclusion policies unchanged. Indeed, **only five out of the 17 insurers included in the sample have added further restrictions to their policy.** This tightening takes the form of lowered quantitative thresholds (for four insurers), and/or new qualitative criteria (for two insurers), and/or clarification regarding the exit date set for thermal coal financing (for two insurers).

The generalisation of the use of "absolute" criteria in relation to annual coal production (expressed in millions of tonnes) or to installed capacity³⁶ of coal-fired power plants (expressed in gigawatt) continued this year. **All of the insurers surveyed now take at least one such criterion into account**, and a large majority of them (15 out of the 17 surveyed) indicate that both criteria are monitored.

Lastly, as far as the exclusion criteria involving developers³⁷ are concerned, only one company does not make any reference to them.

Regarding insurance business (liability side of the balance sheet), **the number of insurance companies stating that they have a coal exclusion policy for policyholders remains unchanged compared to last year (seven undertakings).** The remaining insurers cite structural factors as the reason for not applying such a policy on the liabilities side (customer base, sectoral specialisation or product offerings).

- Soundness of current policies

In light of the answers to the survey and of publicly available documentation, **the findings are essentially identical to those reported last year.** Indeed, the information provided by the insurers concerning the segment(s) of the "coal" value chain to which their exclusion policy applies still lacks precision and makes it difficult to compare the various policies implemented by the different undertakings surveyed. Similarly, very few organisations mention the area of application of their exclusion policy, namely whether it applies to the existing portfolio or only to new investments.

As in 2021, the defined thresholds above which companies are excluded from the portfolio vary significantly from one organisation to another. For instance, the thresholds that apply to production or exploration activities vary between 10% and 30% of revenue and between 10% and 30% of the energy mix for electricity or energy production activities. As for the absolute criteria, again, the thresholds reported range from 10 to 100 million tonnes of yearly coal production, and from 5 to 10 gigawatts of installed capacity.

Lastly, it should be noted that the number of insurance companies providing a detailed pathway for their exclusion thresholds by 2030 (Europe or OECD) or 2040 (rest of the world) remains low. Only three of them have provided a phased timeline.

³⁶ Installed capacity (or power) refers to the electrical production capacity of a facility. Most often expressed in Megawatt or in Gigawatt, it can be generated by hydro, nuclear, thermal, solar or wind power.

³⁷ These are companies that are developing or planning new infrastructure or installed capacity expansion plans (mines or thermal coal plants).

1.2 Oil and gas policies (both conventional and unconventional)

For oil and gas policies - and irrespective of whether they target conventional or unconventional oil and gas - **an overall improvement has been noticed concerning the quality of information provided, as well as a tightening of exclusion policies**, either through the introduction of quantitative exclusion thresholds where they did not exist the previous year, or through the lowering of existing thresholds. However, **other elements either still lack an appropriate degree of precision or are not included at all**, such as an exit date for financing - only three entities explicitly mention it - and a harmonised definition of non-conventional hydrocarbons. Furthermore, most undertakings (thirteen out of seventeen) do not have a policy in place specifically devoted to the exclusion of conventional hydrocarbons.

1.2.1 Conventional hydrocarbons

There have been some changes in the sectoral policies dedicated to conventional oil and gas compared to the previous joint report. This year, four undertakings reported that they have a policy in place to reduce their exposure to conventional oil and gas (excluding coal), compared to three previously. The policy of the new reporting entity (ALLIANZ) covers both its assets and liabilities, and targets both new projects and companies: the undertaking is committed to excluding new exploration and development projects, new infrastructures and new power plants. At the same time, it has committed to starting requiring, by 2025, from companies with the largest hydrocarbon production that they achieve a zero greenhouse gas emissions target by 2050. The latter target applies to both the asset side (investments) and the liabilities side (insurance) of the organisation. The distinction made by the undertaking between projects and companies also applies to the value chain, restrictions applied to projects are focused upstream and midstream, while restrictions applied to companies cover the entire value chain.

Among the three other companies that have a policy in place dedicated to conventional hydrocarbons (CNP, SCOR and SOGECAP), only CNP has strengthened its exclusion criteria compared to last year, mainly by mentioning (i) the eviction of financing related to new exploration or production projects, and (ii) the exclusion of direct investments in companies from this sector that are still developing new exploration or production projects.

1.2.2 Non-conventional hydrocarbons

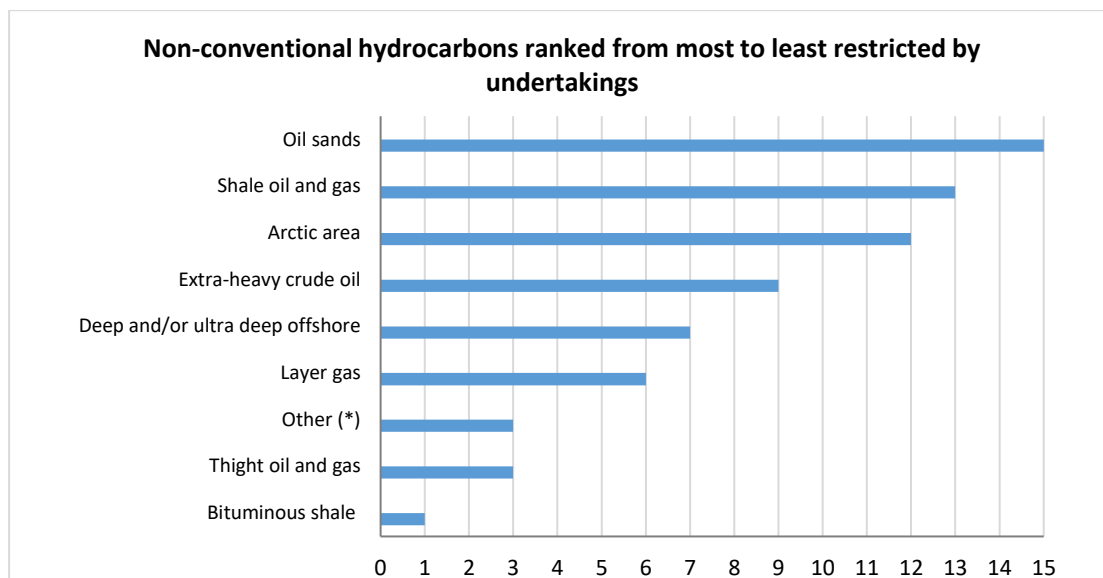
Despite the lack of a consensus on the definition of 'unconventional' fossil fuels, **15 of the 17 surveyed companies indicate that they have adopted a policy excluding hydrocarbons that they consider as unconventional**, an increase by three companies compared to last year. The two undertakings that do not have such a policy in place nevertheless indicate that such a policy is in the process of being developed or designed.

Seven out of the 15 undertakings that apply an exclusion policy include at least five categories of unconventional fossil fuels out of the eight categories established by the Observatory for sustainable finance³⁸; for seven other entities, this number varies between three and four; lastly one organisation targets only one type of non-conventional hydrocarbon.

The categories of unconventional hydrocarbons that are most frequently targeted by exclusion policies are primarily oil sands (entire sample), shale oil and gas (thirteen insurers), oil and gas resources in the Arctic region (twelve insurers), extra-heavy crude oil (nine insurers) and deep-sea oil (seven insurers, see Figure 4).

Chart 4: Non-conventional hydrocarbons ranked from most to least restricted by insurers

³⁸ Refer to the table included in the annex

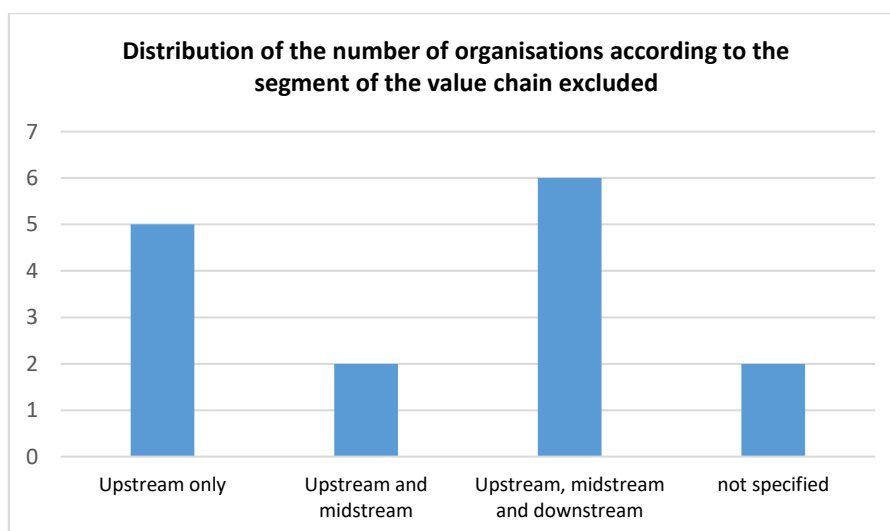


(*) Others: Antarctica, coal-bed methane, the Amazon region
 Source: ACPR survey and publicly disclosed information from insurers

Progress has been made in terms of policy coverage by taking into account new categories of unconventional fossil fuels, such as resources located in the Arctic zone (twelve insurers, compared to seven last year), or shale oil and gas (thirteen insurers instead of five previously).

Information on the value chain is also provided in most cases. Among the 15 organisations with an exclusion policy in place, 13 refer to the segment of the value chain targeted by the concerned entity (see Figure 5 below). Almost 40% of them, which amounts to six undertakings, exclude activities in the entire value chain (upstream, midstream and downstream), while 33% target only the upstream segment.

Chart 5: Distribution of the number of companies according to the segment of the value chain excluded



Source: ACPR survey and publicly disclosed information from insurers

The exclusion criteria for non-conventional oil and gas policies are based on both quantitative and qualitative criteria: **twelve companies apply at least one quantitative exclusion threshold**, which takes the form of a percentage of revenue (nine companies), of production (three companies) and/or of reserves (three companies). **Six companies have also taken steps to strengthen their exclusion criteria**, either by disclosing a quantitative

threshold where none existed before, or by lowering the threshold, adding a timeline or providing other clarifications (for instance regarding asset/liability side distinctions).

The qualitative criteria, applied by eleven companies, mainly refer to (i) **geographical exclusions**, which sometimes extend beyond the Arctic zone as defined by the Sustainable Finance Observatory, including for example the Amazon region, Ecuador and Antarctica, (ii) exclusions of new infrastructure or exploration projects, and (iii) exclusions of companies that do not comply with or do not commit to **a sound approach to energy transition**.

2. Exposures to fossil fuels (coal, oil and gas)

2.1.1 Methodological framework

The analyses conducted to calculate these exposures are based on two databases: a reporting database (data collected from the 17 companies) and the insurers' "investment" database available to the ACPR.

Contrary to the methodology used for previous joint reports, and for the sake of consistency, the ACPR suggested a method for calculating exposures based on public data: the Global Coal Exit List (GCEL) for coal, and the Global Oil and Gas Exit List for oil and gas, both of which were developed by the NGO URGEWALD and updated in 2021.

In addition, the organisations were asked:

- For coal, not to exclude segments of the value chain (meaning taking into account the upstream, midstream, downstream segments as well as trading). Exposures are weighted by the percentage of revenue issued from coal business where this is available, the upper limit where this percentage is provided as a range or, in the absence of data on this proportion of revenue, to retain 100% of the exposure.
- For the measurement of oil and gas exposure, to retain 100% of the exposure to the concerned companies.

The method used by the ACPR is based on exposures measured at group level.

Despite the fact that the method was suggested before the exercise was carried out, results provided by companies cannot be reliably compared with the exposures estimated by the ACPR because the methods used are too different. In fact, a small number of companies applied the proposed weighting of exposure based on the revenue generated by the coal business. In addition, the majority of organisations surveyed were unable to provide consolidated figures at group level. The ACPR's calculation method is therefore based on exposures not weighted by revenue, in order to get closer to the method actually used by the insurers.

2.1.2 Coal exposure

This exercise both confirms the low level of exposure of insurers to the coal sector and the continuing trend towards a reduction of their exposure from one year to the next.

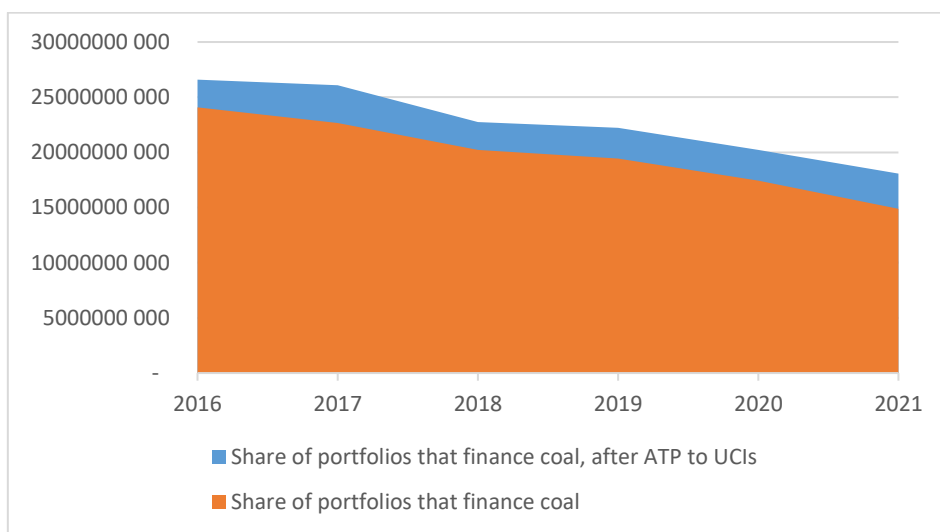
Based on reporting statements, the coal exposure of insurers ranges from 0% to 1.6% of their total assets, accounting for around EUR 9.5 billion outstanding in 2021, compared to a coal exposure totalling EUR 14.9 billion outstanding in 2020.

The coal exposure calculated by the ACPR on the basis of insurers' investments (updated with the new 2021 URGEWALD list) also confirms this downward trend, with exposure decreasing from 0.6% of total assets in 2020 to 0.5% of total assets in 2021 before application of the transparency principles to UCIs, and a decreasing from 0.7% to 0.6% after application of the transparency principles to UCIs.

The total coal exposures of all insurers, calculated using ACPR securities database would represent approximately EUR 14.8 billion in 2021 before application of the transparency principles to UCIs, and approximately EUR 18.1 billion after application of the transparency principles to UCIs, after EUR 17.4 billion and EUR 20.2 billion³⁹ respectively in 2020.

Over a longer period, insurers' exposure to coal-related assets therefore remains very low and is steadily decreasing, with the exposure of all insurers decreasing from less than 1% of debt outstanding in 2016 to 0.5% in 2021, before application of the transparency principles to UCIs (respectively 1.1% and 0.6% after transparency, see Chart 6):

Chart 6: Share of French insurers' investments financing coal



**ATP: Application of transparency principles to UCIs
Source: securities database of the ACPR, based on the URGEWALD list.*

One insurer only was able to provide us with data on their coal exposure on the liabilities side of their balance sheet. Yet 41% of the insurers in the sample claim to have a policy or tools in place aimed at excluding coal from their underwriting policies. Monitoring and measuring the effectiveness of such a policy seems complicated, however, if exposure is not calculated.

2.1.3 Oil and gas exposure

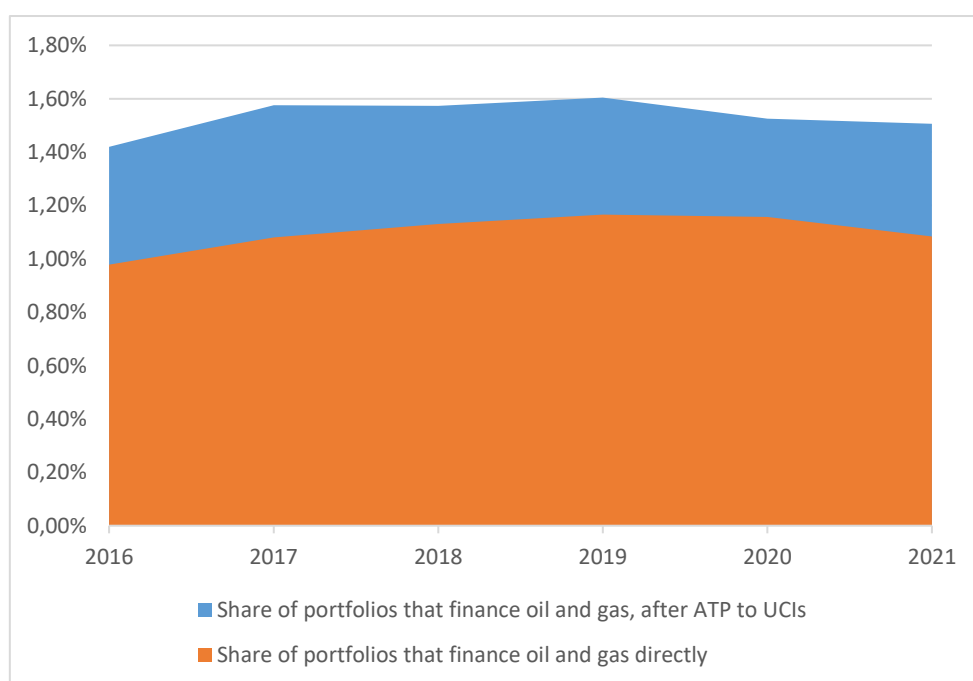
³⁹ These figures are slightly higher than those reported in the 2021 report due to changes made to the GCEL list between updates.

To analyse oil and gas exposures, we used the GOGEL 2021 list⁴⁰. On a reporting basis, only 3 organisations used an in-house method and did not provide a measurement of their exposure to this list.

On a reporting basis, organisations invested an estimated EUR 36 billion outstanding amount in oil and gas in 2021. By comparison, in 2020, insurance undertakings reported €29.4 billion, but there were fewer of them involved (12 entities compared with 17 in 2021). A total of 4 insurance companies reported exposure in 2015 based on the GOGEL 2021 list.

Based on ACPR securities data, we estimate the amount of oil and gas exposure to around EUR 44 billion for the whole market in 2021, compared to EUR 36 billion in 2016 (after application of the transparency principles to UCIs). However, the outstanding amount invested has remained stable since 2019 as a percentage of the balance sheet total, and as a share held in the portfolio, with around 1.1% of financing since 2018 held directly, compared to between 1.5% and 1.6% after application of the transparency principles to UCIs since 2017 (see Chart 7).

Chart 7: Share of French insurers' investments financing oil and gas



Source: securities database of the ACPR, based on the GOGEL list

Insurers face methodological challenges in calculating their exposure on the liabilities side of the balance sheet. Two insurers provided us with their oil and gas exposure on the liabilities side, using the percentage of technical provisions without making a distinction between conventional and non-conventional. One insurer provided us with the share of premiums linked to conventional and non-conventional hydrocarbons in the property and casualty and health insurance classes. Out of the 17 insurers surveyed, 10 stated that they had either no exposure to oil and gas on the liabilities side, or that such exposure was "negligible". Five of them were unable to provide this information.

⁴⁰Upstream and Midstream segments adjusted for duplicates.

2.1.4 Projects related to the exploitation of new fossil fuel reserves

Companies were asked about the amount and percentage of underwriting and investment dedicated to new fossil fuel development projects. The conclusion remains the same as last year: most insurers are not able to distinguish between investments in the exploitation of new fossil fuel reserves and investments in the improvement of existing fossil fuel reserves as an investor (both for coal and oil and gas). Only one organisation was able to provide us with this information in relation to their coal exposure on the asset side, and 3 organisations in relation to oil/gas.

Notwithstanding the methodological differences and challenges mentioned previously, insurers' coal exposures continue to decline this year, while their oil and gas exposures expressed as a percentage of their total balance sheet have stagnated.

Chapter 4 - The "fossil fuel" policies of French fund managers

The scope analysed here is identical to that described in Chapter 1, section 1, and concerns the 18⁴¹ leading AMCs in terms of assets under management.

3. Sector and exclusion policies

3.1 Monitoring of "coal" policies

As at 30 June 2022, 16 AMCs out of the 18 largest participants in the Paris marketplace in terms of assets under management had published a thermal coal exit policy.

3.1.1 Updating of coal-related policies and consideration of a coal exit date

Since the publication of the preceding report, **two AMCs have issued a thermal coal exit policy**. Moreover, one AMC, previously considered as having an exclusion policy, is at present one of those which have none and is currently developing its fossil fuel policy. **A total of sixteen** out of the 18 AMCs considered thus have a coal policy, versus fifteen in 2021 (this 2021 figure excludes LAM and LIAM⁴² for sake of comparability). The two AMCs that have no coal exit strategy do not publicly state the reasons for this, but one of them indicated to the AMF staff that it is currently developing its policy.

The AMF observes a certain stagnation in the levels of requirement and precision of the policies: **the latter have on the whole not been strengthened by comparison with those of 2021, although no deterioration was detected in the level of requirement.**

Ten of the AMCs having a coal exit policy indicate **a final exit date**. Three AMCs commit themselves to an exit date but do not mention it in their policy applicable at 30/06/2022 because they mention it in a separate document. Most of the asset management companies have chosen 2030 as the coal exit date in OECD countries, and 2040 in non-OECD countries. Two AMCs define earlier dates for all issuers, namely 2027 and 2030 respectively. The definition of an explicit coal exit date is a response to the recommendations of the Authorities and the appeals made to the Paris marketplace at the end of 2019.

⁴¹ It should be noted that the fact that certain AMCs belong to the same group means that, in the statistics relating to policies or follow-up of recommendations, the procedures of the groups in question (Amundi and AXA) are overweighted.

⁴² Lyxor Asset Management and Lyxor International Asset Management respectively

Table 4: Coal exit dates announced by asset management companies in disclosed policies

ASSET MANAGEMENT COMPANY	Date of exit: Europe/OECD	Date of exit: Rest of the world	Comments
AMUNDI SOCIÉTÉ GÉNÉRALE GESTION CPR ASSET MANAGEMENT	2030	2040	-
ABEILLE AM	No exit date	No exit date	New policy without an exit date
AXA INVESTMENT MANAGEMENT AXA REAL ESTATE INVESTMENT MANAGERS	2030	2040	-
BNP PARIBAS ASSET MANAGEMENT	2030	2040	-
COVÉA FINANCE	2030	2040	-
CRÉDIT MUTUEL AM	2030	2030	Introduction of an exit date
EUROTITRISATION	No policy as at 01/09/2022	No policy as at 01/09/2022	-
FEDERAL FINANCE GESTION	2027	2027	-
GROUPAMA ASSET MANAGEMENT	2030	2040	-
HSBC GLOBAL ASSET MANAGEMENT FRANCE	No policy as at 01/09/2022	No policy as at 01/09/2022	-
LA BANQUE POSTALE ASSET MANAGEMENT	2030	2040	-
NATIXIS INVESTMENT MANAGEMENT INTERNATIONAL	No exit date	No exit date	New policy without an exit date
OFI AM	2030	2030	-
OSTRUM	2030	2040	-
SWISS LIFE ASSET MANAGEMENT	No exit date	No exit date	-

Of the 18 AMCs in the sample, two have no coal policy as at 30/06/22

Only seven AMCs provide for the exclusion of any firm developing new coal-related capacity, in line with the conclusions of the IEA. Indeed, in its "Net Zero by 2050" report which builds a roadmap for carbon neutrality in the energy sector, the IEA prohibits any financing of new capacity, with no notion of a threshold (i.e. as of the first euro of financing, as of the first tonne extracted, as of the first prospection project, etc.). Most of these seven AMCs undertake to exclude companies developing new capacity when the projects exceed a certain threshold (e.g. exclusion of firms developing mines whose projected annual coal production exceeds 1m tonnes whereas the IEA requires a threshold of 0).

Most of the AMCs (fifteen) state that they now systematically propose to their clients dedicated funds or mandates to apply their policy (without this proposal meaning that their clients accept, e.g. when they have their own coal exit policy).

3.1.2 Exclusion criteria and thresholds adopted

In general, the criteria adopted for the exclusion policies remain very heterogeneous. A notable common factor is that a large number of AMCs use the Global Coal Exit List (GCEL) of the German NGO URGEWALD as a source of data (exclusively or supplemented by another source) to assess issuers against the thresholds defined by their policy. Table 5 below shows the main criteria used by the AMCs, and their recurrence.

Table 5: Main criteria used by the AMCs and their recurrence

Identified criteria	Number of AMCs 2022*	Min. threshold 2022	Max. threshold 2022	GCEL thresholds 2022 (2021)
Mining operations				
Thermal coal as a proportion of revenues (%)	15	10%	30%	20% (20%)
Thermal coal production (m tonnes extracted)	13	10m tonnes	100m tonnes	10m tonnes (10m tonnes)
Company developing projects	14	0m tonnes	Not specified	1m tonnes
Electricity production				
Thermal coal as a proportion of revenues (%)	14	10%	50%	20% (20%)
Electricity production capacity based on coal (GW)	9	5 GW	10 GW	5 GW (5 GW)
Proportion of electricity/energy based on coal (as a % of production or installed capacity)	6	10%	20%	20% (20%)
Carbon intensity (gCO ₂ /kWh, 2020 threshold)	1	463**		N/A
Company developing power plant projects	13	0 MW	300 MW	100 MW (300 MW)
Other activities (transport infrastructure and/or trading and/or processing and/or service companies)				
Company developing projects	8	"irrespective of the project size"	Not specified	-

*Number of AMCs out of the sixteen policies analysed that adopt this criterion in their coal policy; of these sixteen AMCs, one AMC does not define quantitative criteria in its policy. ** This threshold chosen by one AMC is set to evolve in accordance with the IEA's sustainable development scenario ("SDS"). The value applied is that of 2020. Source: AMF, based on the public policies of the AMCs in the sample.*

With a view to assisting firms' transition, put forward by several AMCs, issuers exceeding these thresholds may be kept in portfolio by derogation subject to certain conditions. This generally means the existence of a transition plan, the main expectations for which are only seldom described in the policies, and/or a shareholder engagement policy. More information on shareholder engagement practices within the framework of fossil fuel policies is given at the bottom of page 49 and shows practices which still require substantial progress.

3.2 Sector policies devoted to oil and gas

Of the 18 AMCs in the sample, only six have a policy relating to fossil energies other than coal which is published as at 30/06/2022; two of these AMCs published their policy recently. These AMCs represent 17% of the assets invested in French CIUs.

Several AMCs which did not have a public oil and gas policy at that date have already disclosed their exclusion commitments in this respect. Others say they are conducting work on potential oil and gas policy, with varying levels of progress. These statements should be considered cautiously, because firms may lag far behind in the publication of their fossil fuel policy by comparison with what they had reported elsewhere (e.g. one firm had publicly announced the publication of its oil and gas policy for the start of 2022 and finally did so only in Q3 2022). One AMC indicated to the AMF in 2021 that it wanted to apply the oil and gas policy of its group (which explicitly covers the asset management business) as of the release of the GOGEL (published in November 2021), but so far that has still not been done.

Four AMCs do not want to produce a policy concerning the oil and gas sector.

Despite the significant efforts of a few first AMCs and an increase in the number of firms wanting to work actively on the issue, it is clear in practice that firms are very slow to become effectively organised with regard to fossil energies excluding coal.

Some progress is also noted for the few existing policies with exclusion lists which have expanded slightly by comparison with last year.

Table 6: AMCs having an oil and gas sector policy published as at 30/06/2022

ASSET MANAGEMENT COMPANY	Policy in 2022	Policy in 2021
AMUNDI *		
SOCIÉTÉ GÉNÉRALE GESTION*	NO	NO
CPR ASSET MANAGEMENT*		
ABEILLE AM	NO	NO
AXA INVESTMENT MANAGEMENT		
AXA REAL ESTATE INVESTMENT MANAGERS	YES	YES
BNP PARIBAS ASSET MANAGEMENT	YES	YES
COVÉA FINANCE	YES	NO
CRÉDIT MUTUEL AM	NO	NO
EUROTITRISATION	NO	NO
FEDERAL FINANCE GESTION	YES	NO
GROUPAMA ASSET MANAGEMENT	NO	NO
HSBC GLOBAL ASSET MANAGEMENT FRANCE	NO	NO
LA BANQUE POSTALE ASSET MANAGEMENT**	NO	NO
NATIXIS INVESTMENT MANAGEMENT INTERNATIONAL	NO	NO
OFI AM	YES	YES
OSTRUM***	NO	NO
SWISS LIFE ASSET MANAGEMENT	NO	NO

In bold: the two AMCs having published a policy since the publication of the preceding report in December 2021

** Publication of a policy relating to unconventional hydrocarbons in July 2022*

*** Publication of a policy relating to unconventional hydrocarbons in September 2022*

**** Publication of a policy relating to unconventional hydrocarbons in August 2022*

3.2.1 Policies that are generally not very precise and still restricted

The formalisation and degree of precision of oil and gas policies are considerably less than what is observed for thermal coal policies despite the recommendations expressed in the 2021 report. **Fund managers should take into consideration the recommendations expressed by the authorities and capitalise on the experience acquired through the efforts made for the drafting of coal policies when they are producing an exit or regulation strategy for other fossil energies** to ensure not only the clear, accurate and non-misleading nature of the information communicated but also the effective impact of the policies.

Strictly the same as for last year, the policies focus mostly on two types of fuels commonly regarded as unconventional:

- bituminous sands, which the six AMCs address in their policy;
- shale oil and/or gas to a lesser extent.

Table 7: Fuels covered by the "oil" and "gas" policies of the asset management companies

Fuel covered by the policy	Oil from bituminous sands	Shale gas	Extra-heavy oil	Bituminous shales and shale oil	Coalbed methane or coalbed gas	Liquefied natural gas	Arctic region
Number of AMCs	6	3	1	3	1	1	3

Source: AMF, based on analysis of the six policies identified. List of fuels taken from the recommendations of the Scientific Committee of the Sustainable Finance Observatory available [here](#).

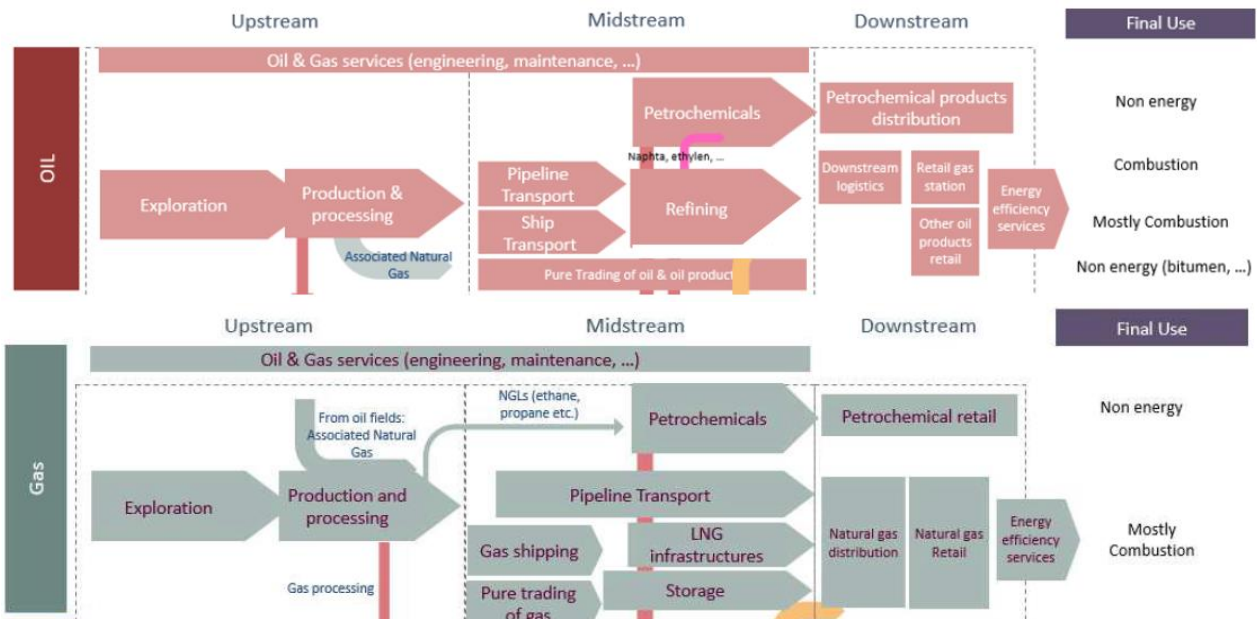
The coverage of these policies is still limited, which reflects the complexity of value chains in the gas and oil sectors (see the work on the value chain by the Scientific Committee of the Sustainable Finance Observatory). The policies are currently focused on **exploration, extraction and transport**. Processing is mentioned by only one manager. The consideration of the supply of transport infrastructure and the type of infrastructure covered in this way vary from one AMC to another.

Table 8: Segments of the "oil" and "gas" value chain covered by the AMCs' policies

Segment of the value chain covered	Exploration/drilling	Extraction/production	Downstream Transport/Export (of which storage)	Downstream Other	Infrastructure excluding transport
Number of AMCs	2	6	1	5	2

Source: AMF, based on analysis of the 6 policies identified.

8.1 : Detailed extract from the value chain of the oil and gas sector



Source: ADEME (ACT Methodology), replicated by the Scientific Committee of the Sustainable Finance Observatory

The corresponding NACE codes are shown in **Annex 14**.

Three AMCs indicate an oil and gas sector exit date in their policies, two on the 2030 horizon and one by 2050. **At this stage no policy includes the question of a halt to the development of new oil and gas capacity as of 2021**, as recommended by the IEA and as emphasised in the recommendations of the 2021 report.

Moreover, four AMCs clearly state a criterion and stipulate a threshold above which the firm will be excluded. These three policies are largely built around quantitative criteria, chiefly the proportion of revenues derived from a specific activity (or reserves). They can then be subdivided into various policies depending on the activities in question:

- Mining: % of revenues derived from the extraction of bituminous sands or shale oil and gas;
- Mining: proportion of unconventional fossil fuels in the production of hydrocarbons; pipeline company: % of revenues derived from the transport of bituminous sands;
- The development of new unconventional capacity therefore remains possible for the whole sample subject to certain conditions. The development of conventional capacity is addressed by no company in the sample.

One of these four AMCs gives no information regarding the definition of "unconventional hydrocarbons" in its policy, making it impossible to understand clearly and precisely the scope covered. These indicators are sometimes replaced by a subjective threshold (e.g., "significant" volume of unconventional fuels transported).

Table 9: Types of companies and criteria identified

Identified criteria*	Number of AMCs	Min. threshold	Max. threshold
Proportion of revenues derived from the transport of bituminous sands	2	20%	
Proportion of revenues derived from the extraction of bituminous sands	2	20%	
Proportion of revenues derived from the <u>extraction</u> of shale oil and gas and bituminous sands	2	10%	"Significant part"
Trading companies: "Significant part of their business"	1	"Significant part"	
Exploration and production firms: Proportion of revenues derived from exploration and production of unconventional oil and gas	1	"Significant part"	
Exploration and production firms: Proportion of unconventional oil and gas in total reserves	1	"Significant part"	
Proportion of unconventional energy in production	2	25%	30%

* Since the definitions are either non-existent or different depending on the AMC, the thresholds listed here apply to different hydrocarbons.

Source: AMF, based on analysis of the six AMCs that have defined a policy on fossil energies other than coal.

The **definition adopted for unconventional hydrocarbons** also has a significant impact on the issuers covered by the policies (see box 4 and Annex 12 for an illustration concerning the "Arctic" definition). Depending on the level of detail of the definitions used, significant issuers and production and expansion projects related to oil and gas could continue to be financed. This is blatantly obvious in particular for the definition of the "Arctic" adopted by the AMCs. Indeed, it is subject to very diverse interpretations and levels of precision which may result in major differences in the percentage of issuers' operations in the Arctic region. For example, depending on the definition adopted for the term "Arctic", Gazprom sees its percentage of "unconventional" operations vary by a factor of 2.5: 30% according to a first definition and 75% according to a second one.

At this stage, only two of the six AMCs with an oil and gas exclusion policy have adopted the definition of "unconventional" given by the Scientific Committee of the Sustainable Finance Observatory. The four others are developing their own definitions, which exacerbates the risk described above of divergences in the treatment of a given issuer from one AMC to another, and imprecision of the policies in question.

While **shareholder engagement** is frequently emphasised by asset management companies in sector policies, as a means for assisting the sector's transition, as a key aspect of the sustainable investor's role or as a reason justifying keeping an issuer in the portfolio even if it exceeds the set thresholds, **the data disclosed by the asset management companies illustrates, on the contrary, a low intensity of engagement activities.**

This engagement may take a great variety of forms: from simply sending emails, written letters, appointments on various hierarchic levels, the submission of resolutions, and voting. Regular monitoring over time of the progress made by the issuer is an important practice applied diversely (e.g. annual or three-yearly monitoring, no monitoring).

Thus, pursuant to the coal policy (oil and gas respectively), the companies of the survey sample say that they conduct engagement activities with on average 19 issuers (7 issuers respectively). One AMC states that it engaged with 189 issuers concerning coal, while the other AMCs all established contact with 18 issuers or fewer. Four engaged with no issuer relating to coal. The AMC that stated 189 counted the mere sending of emails, even those remaining without a reply, as an engagement activity.

Dialogue and engagement started as of 2014/2015 for the oldest cases, out of the issuers still currently engaged with by certain AMCs. Several define no time limit for these activities, in the same way as escalation processes that could result in votes against an issuer or its exclusion are seldom defined. Regarding coal, four AMCs limit these activities until 2030 for the OECD region and 2040 for the rest of the world.

3.2.2 Observations regarding implementation: policies that have been revised but are still not very incisive

The Oil and Gas exclusion lists of each AMC are of highly variable size, but a slight improvement is noted relative to 2021, which may partly be explained by the publication of the GOGEL (Global Oil and Gas Exit List) by URGEWALD in November 2021. Some lists have less than 100 issuers (1 AMC vs 3 in 2021), while others have about 400 (1 AMC) or 600 issuers (2 AMCs).

By comparison, coal policies, most of which depend directly on the GCEL, result in exclusion lists comprising between 1,000 and 3,000 issuers, even though some firms state that they have only between 100 and 400 issuers on their lists.

Box 4: Distinction made by AMCs between "conventional" and "unconventional"

Several AMCs that have an oil and gas policy present conventional and unconventional fossil energies in it so as to give details of the harmful environmental impact of those energies, even though in fact their policy only covers a restricted category of unconventional fuels.

To define unconventional, the AMCs and the Scientific Committee of the Observatory adopt as a basis the type of fuel and/or the extraction techniques. Although the Observatory gives an exhaustive list of the hydrocarbons concerned, together with detailed technical criteria, this practice is not very widespread among the AMCs in the sample. For example, the policies list non-exhaustive examples of techniques and fuels considered as unconventional.

None of the AMCs' definitions covers the exhaustive list of fuels identified by the Scientific Committee of the Observatory as constituting unconventional energies:

- All the AMCs include bituminous sands;
- Three also include shale oil and gas;
- Only one AMC also includes heavy/extra-heavy oils; another includes natural gas liquefaction terminals;
- Three include oil shales;
- No manager includes coalbed methane, methane hydrates, or tight oil and gas.

Finally, no AMC indicates that its policy applies to all unconventional energies, but only to the fuels and extraction techniques referred to explicitly, which makes it possible to be more explicit regarding the fossil energies concerned.

No AMC looks for the exclusion of entities developing new conventional fossil energy capacity, even though this is a key point in the report published by the International Energy Agency in 2021.

4. Exposure of French funds, and changes

This year, the assessment of French CIUs' exposure to fossil energies underwent **several significant methodological improvements**.

The exposure estimates were made based on two separate sources of data: URGEWALD, the source already used in the previous reports, and TRUCOST.⁴³ Lastly, methodological improvements allowed more precise identification of portfolio securities: the data repositories used were enriched, for example, and transparency was established concerning the funds in portfolios.⁴⁴ These developments automatically lead to a very significant revision of the overall exposure of French CIUs compared with the figures published last year. However, the N-1 data was recalculated on a like-for-like basis to permit comparability of the trajectories and monitoring over time, and to eliminate any base effect.

For each data source, several methods and options are proposed with a concern for scientific precision and transparency. Accordingly, ranges of estimates are presented. Whenever possible⁴⁵, exposures are presented with and without weighting. The weighting reflects the level of a company's involvement in the fossil fuel activity in question: for example, a €100 investment in a company for which 90% of its revenues are related to coal will therefore translate into a weighted coal exposure of €90. Likewise, €100 invested in a company whose coal activities are limited to 10% of its revenues will translate into a weighted exposure of only €10.

The exposures are calculated based on the valuation of the securities held in the portfolios of French CIUs at end of period, and the comparisons are made between 31/12/2020 and 31/12/2021.

Main results:

Exposure to coal

With the data from URGEWALD, the unweighted exposure of French CIUs as at 31/12/2021 is assessed, by the central estimate, at €18 billion, **up 24.5% in absolute value** from 2020. **Relative to the total assets under management of French funds, however, it remains limited, at about 1% of total AUM**. Moreover, the analysis of the main issuers concerned shows a **high concentration of the exposure**: the six leading coal-sector issuers present in the French CIUs accounted for 90% of the total coal exposure of French funds in 2021 and two issuers, EDF and Enel, together by themselves accounted for three-quarters of the exposures. While the weight of Enel group in the portfolios decreased significantly in 2021 (-13 pps), conversely EDF, RWE and Fortum Oyi saw their relative significance increase (+11 pps, +6 pps and +1 pp respectively).

With the data from TRUCOST, in 2021, the unweighted exposure of French funds to the coal sector is €43 billion, or 2.6% of total assets under management. The weighted exposure relating to the proportion of the company's revenues generated by coal activities is far lower: it stood at **€13 billion in 2021, or about 0.8% of total assets under management**.

Whatever the data source and the estimation method used, the number of funds exposed to the coal sector decreased between 2020 and 2021. On the other hand, the exposure of French funds to companies related to the coal business, whether in absolute value terms or relative to total assets under management, increased during the period under review.

⁴³ This is the TRUCOST Environmental database of S&P Global Sustainable, which analyses more than 16,800 companies.

⁴⁴ Transparency of the funds makes it possible to assess funds' exposure to fossil energies measured indirectly through funds in their portfolios, whether they be French or foreign, on a single level.

⁴⁵ The data provided by TRUCOST gives the percentage of revenues related to the coal, oil and gas value chain, so the exposures calculated with this data source are presented with and without weighting. URGEWALD gives ranges (< 20%, [20%-30%], etc.), so it was not possible to perform weighting with this data source.

Exposure to oil and gas

With the data from URGEWALD, the unweighted exposure of French funds to the oil and gas sector stood at **€56 billion at end-2021 (3.4% of total AUM)**. This amount is up 21% from end-2020. The five leading groups (TotalEnergies, Veolia Environnement, Enel, Engie and Snam) account for around three-quarters of the Oil & Gas assets under management of French funds.

With the data from TRUCOST, the unweighted estimates show that, in 2021, the Oil & Gas sector represented about €105 billion in 2021 (6.3% of total AUM). The weighted exposure relating to the proportion of the company's revenues generated by oil and gas activities is almost two times lower: it stood at **€57 billion in 2021 (3.4% of total assets under management)**.

As in the case of coal, all the estimation methods indicate an increase in French funds' exposure to the Oil & Gas sector in absolute and relative terms between 2020 and 2021, while the number of funds concerned tends to decrease. The increase in exposure affects nearly all categories of funds. Only bond funds seem to have started reducing their exposure to the Oil & Gas sector.

The aggregate amounts of exposure, which are very dependent on the data sources used and the method applied, should be interpreted cautiously. These estimates make it possible to determine general trends; they do not aim to provide a single precise figure regarding exposures. It should also be noted that some issuers may have expressed their intention of pulling out of the fossil fuel value chain, while others on the contrary may continue to have plans for expansion of these activities without these parameters being taken into consideration in the estimates. The leading individual issuers constituting these exposures are shown below, enabling readers to pursue their own qualitative analysis of the environmental and climate policies of these companies. As an indication, public assessments of the transition plans of these firms by two methods are mentioned in the report (ACT methodology and assessment by the "Climate Action 100+" investor coalition of which about three-quarters of the firms in the sample are members).

4.1 Methodological notes

The general principle for the calculation of fossil fuel exposures is to take the sum of the assets held in securities identified as belonging to an entity that is active in fossil energies. Several different estimates have been made to identify the firms involved in fossil energies. Since transparency regarding the methodology is of fundamental importance, a complete technical description is given in Annex 13, specifying all the stages of adjustment of the data and the assumptions made. For the sake of readability, only a summary is presented in the body of the report.

4.1.1 Source and weighting of the data used

Scope of funds analysed and portfolio securities covered

Like in the previous reports, the exposure of French CIUs to fossil fuel industries was measured using the database established by Banque de France, which traces the details, security by security, of the funds' portfolios. The database used in this report inventories the portfolios of French CIUs at end-2020 and end-2021.

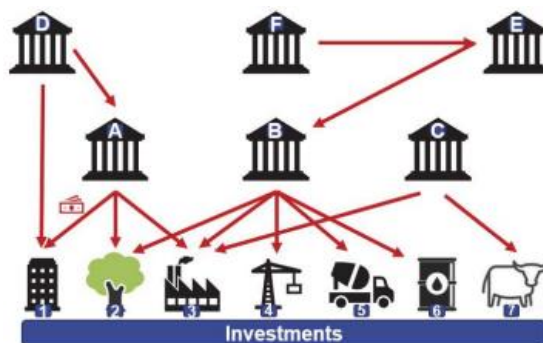
The study covers the securities having an ISIN code⁴⁶ and held by French CIUs. It therefore does not cover, in particular, investments in private equity or corporate debt, credit, loans and exposures via derivatives instruments or via indices. Moreover, management mandates are not included in the scope of analysis.

⁴⁶ The ISIN code (International Securities Identification Numbers) is a standardised 12-character code enabling a financial security to be identified uniquely.

The assets under management analysed are therefore €1,656 billion as at 31/12/21, having grown 9% from end-2020.

Unlike in previous years, **look-through transparency was established** for the funds present in the portfolios of French funds. This operation makes it possible to assess funds' exposure to fossil energies measured indirectly through funds in their portfolios, whether French or foreign. These represent about 20% of the funds and of the volumes under management (€365 billion in AUM in 2021). About one third of them are foreign funds whose assets under management were valued at €120 billion at end-2021.

Diagram 1: Illustration of the look-through transparency stage



Source: ESMA.

Source: *Fund portfolio networks: a climate risk perspective, ESMA 2021*

Adopting the indications of the above diagram, the exposure calculations take into account the indirect exposure of fund D to companies 1, 2 and 3 via fund A, i.e. a first-order exposure (fund of funds). Following a one-step look-through transparency stage, the second-order indirect exposure of fund F to companies 2 to 6 is not taken into account.

Data concerning coal, oil and gas

Two data sources were used to calculate exposures to coal on the one hand, and to oil and gas companies on the other hand: the data from **URGEWALD** (*Global Coal Exit List* for coal, *Global Oil and Gas Exit List* for oil and gas) and those from **TRUCOST** (see methodological annex 13 for details of the tables used and the adjustments performed).

Identification of ISIN codes

The most exhaustive identification of the ISIN codes of the issuers involved in coal, oil and gas is a stage which greatly and directly influences the amount of exposures. Therefore, three different methods were employed and the ranges given in the remainder of the report correspond to the following estimates:

- Low estimate: This method is kept for the sake of comparability, despite its shortcomings. It corresponds to that employed in the previous reports. With this method, **only the ISIN codes identified directly by Urgewald (Trucost respectively) are taken into account in calculating** exposure. It may therefore lead to underestimation of exposure to fossil energies, because some securities (in particular short-term securities) are poorly referenced by traditional financial information providers (Bloomberg, TR, etc.).
This low estimate is produced without look-through transparency, thereby reducing exposures;
- Central estimate: The **list of ISIN codes identified by Urgewald (Trucost respectively) is enriched**. This work can reduce the mentioned risk of underestimation, but nevertheless cannot achieve an exhaustive identification of the ISIN codes related to fossil energies (see annexes).
The figures given below with this central estimate are **calculated with a stage of look-through transparency**;
- High estimate: The assumption adopted here is that if a group has a subsidiary involved in fossil energies, then the group as a whole constitutes an exposure to fossil energies. This estimate, which tends to increase exposures, is justified by the existence of intra-group loans. It also makes it possible to take into account any issuers not identified by the data providers.
The corresponding figures given below are **calculated following a stage of look-through transparency**.

The methodological annex specifies in a detailed, transparent manner the operations performed.

"Weighted exposure" and "unweighted exposure"

The TRUCOST data makes it possible to weight the exposure for certain levels of consolidation (see methodological annex). The unweighted exposure designates the sum of the assets held by French funds in all the identified ISIN codes. Weighting refers to a consideration of the degree of the issuer's involvement in the fossil energy considered. Thus, TRUCOST indicates the proportion of revenues related to coal, oil and gas. This percentage is applied to holdings of the securities issued by this issuer to give the "weighted exposure". For example, a €100 investment in a company for which 90% of its revenues are related to coal will therefore translate into a coal exposure of €90, while €100 invested in a company whose coal activities are limited to 10% of its revenues will translate into an exposure of only €10. This method provides useful information, but also presents difficulties and raises theoretical issues: it requires data that is not necessarily available for all the companies present in the portfolio (which means that it can only be applied for certain methods) and, where it does exist, the data itself is made up of estimates of unknown accuracy. Moreover, it is not certain that the proportion of fossil activities in the company's revenues is the most appropriate weighting factor. One could, for example, imagine the proportion of coal in the company's turnover or capital expenditure at the date of issuance of the security.

4.2 Exposure of French funds to firms in the coal sector

4.2.1 Identification via the URGEWALD GCEL

Amount of exposure

The GCEL identifies firms active in the upstream and midstream coal chain. More precisely, those in question are firms having activities related to coal exploration, processing and trading, coal transport and the supply chain, and equipment manufacture, operating and maintenance services and EPC services (Engineering, Procurement and Construction). Companies developing new capacity are also identified by this data provider. All the criteria analysed are available [here](#).

Using the URGEWALD data, the coal exposure of French funds stood at **€18 billion at end-2021** (central estimate). Relative to the total assets under management of French funds, this exposure remains limited, at around 1% (central estimate) (Table 10).

Table 10: Unweighted coal exposure – GCEL list

	2020		2021		Change 2021/2020 as %	
	Exposure (€bn)	Exposure (as % of AUM)	Exposure (€bn)	Exposure (as % of AUM)	Chg in exposure	Chg in exposure/AUM (in pp)
Low estimate	6.7	0.4%	7.5	0.5%	+11.9%	+0.1 pp
Central estimate	14.7	1.0%	18.3	1.1%	+24.5%	+0.1 pp
High estimate	27.8	1.8%	34.9	2.1%	+25.5%	+0.3 pp

Source: Banque de France ("OPC" database), URGEWALD (GCEL), AMF calculations

Breakdown by type of fund

Analysis of the coal exposure of funds according to their classification shows that the overall increase observed between 2020 and 2021 is mostly attributable to money market funds for which the exposure has practically doubled, whatever the estimate considered (see Chart 8 and Chart 9). For other fund categories, one observes a more moderate increase in exposures, or even a decrease in the particular case of equity funds.

Chart 8: Exposure of French funds to GCEL securities, by classification, amounts in billion euros

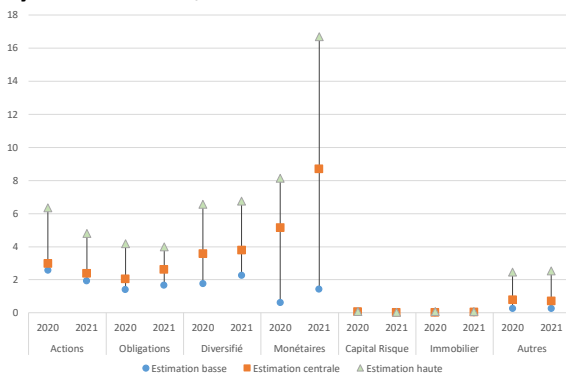
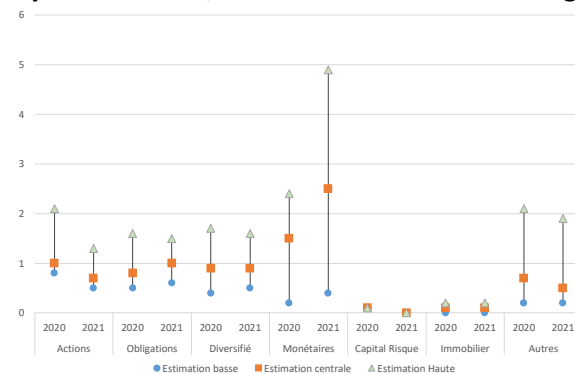


Chart 9: Exposure of French funds to GCEL securities, by classification, as a % of assets under management

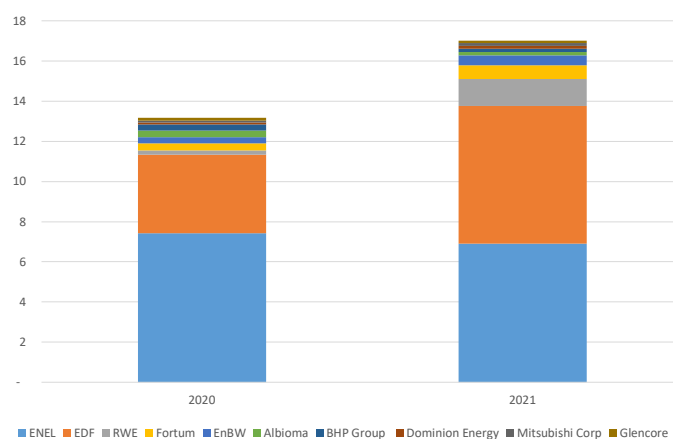


Source: Banque de France ("OPC" database), URGEWALD (GCEL), AMF calculations

This increase in the exposure of money market funds mainly concerns EDF (about 30% of the change) and, to a lesser extent, RWE (about 10% of the change).

Breakdown by group (central estimate)

Chart 10: Main issuers having a coal business in the portfolio of French funds – Urgewald data



Amounts in €bn

Source: Banque de France ("OPC" database), URGEWALD (GCEL), Lipper, AMF calculations

The composition of the exposure has been similar on the whole since the start of the work carried out on coal exposure in 2019 and remains highly concentrated on a limited number of firms. The five leading groups present in French CIUs accounted for more than 85% of the total coal exposure of French funds in 2021 and two issuers, EDF and Enel, together by themselves accounted for three-quarters of the exposures. The proportions represented by these issuers have changed somewhat, however: while **the weight of Enel group in the portfolios decreased significantly in 2021 (-13 pps), conversely EDF, RWE and Fortum Oyi saw their relative significance increase (+11 pps, +6 pps and +1 pp respectively).**⁴⁷

The strategies of these firms, their degree of involvement in coal and their transition dynamic are heterogeneous. As a consequence, an analysis of the transition plans of these companies usefully supplements the figure for exposure. The assessment of these transition plans by the investors of the *Climate Action 100+* coalition, which includes 15 of the 18 AMCs in the sample, is indicated at the end of this section for all useful purposes, as well as the analysis according to the ACT methodology.

⁴⁷ The exposures, for all asset classes, as amounts concerning EDF, RWE and Fortum, increased by 75% (i.e. +€3bn), 536% (i.e. +€1.1bn) and 93% (i.e. +€0.3bn) respectively between end-2020 and end-2021. At the same time, the EDF share price fell 20%, while the share prices of RWE and Fortum increased by 3% and 31% respectively.

4.2.2 Identification via TRUCOST

Amount of exposure

The unweighted estimates obtained with TRUCOST are higher than those calculated with the URGEWALD data. That is partly due to partial upstreaming to the intermediate parents or group parent companies (see methodological details appended).

The unweighted exposure of French funds to the coal sector was between €36 billion and €51 billion in 2021, i.e. between 2.6% and 3.1% of total assets under management. The weighted exposure relating to the proportion of the company's revenues generated by coal activities is far lower by definition: it was between €11 billion and €13 billion in 2021, or about 0.7% of total assets under management (Table 11). It should be remembered that their calculation requires data that is not necessarily available for all the companies present in the portfolio and, where it does exist, this data is made up of estimates of unknown accuracy (see details in the methodological annex).

As with the URGEWALD data, the total exposure increases in absolute and relative value terms, whatever the estimation method considered (high, core, low).

Table 11: Unweighted coal exposure, Trucost database

	2020		2021		Change 2021/2020 as %	
	Exposure (€bn)	Exposure (as % of AUM)	Exposure (€bn)	Exposure (as % of AUM)	Chg in exposure	Chg in exposure/AUM (in pp)
Low estimate	28.9	1.9%	36.5	2.2%	+26.30%	+0.3 pp
Central estimate	33.9	2.2%	42.9	2.6%	+26.55%	+0.4 pp
High estimate	40.3	2.6%	50.6	3.1%	+25.56%	+0.5 pp

Source: Banque de France ("OPC" database), S&P TRUCOST, AMF calculations

Table 12: Weighted coal exposure, TRUCOST database

	2020		2021		Change 2021/2020 as %	
	Exposure (€bn)	Exposure (as % of AUM)	Exposure (€bn)	Exposure (as % of AUM)	Chg in exposure	Chg in exposure/AUM (in pp)
Low estimate	9.2	0.6%	11.2	0.7%	+21.74%	+0.1
High estimate	10.7	0.7%	13.1	0.8%	+22.43%	+0.1

Source: Banque de France ("OPC" database), S&P TRUCOST, AMF calculations.

Breakdown by type of fund

Analysis of the coal exposure of French funds according to their classification also confirms the results obtained based on the URGEWALD data: coal exposure is concentrated more in money market funds. The exposure of money market funds practically doubled between 2020 and 2021 moreover, whatever the method used (Chart 11 and Chart 12).

Chart 11: Coal exposure of French funds, Trucost data, by classification, amounts in €billion

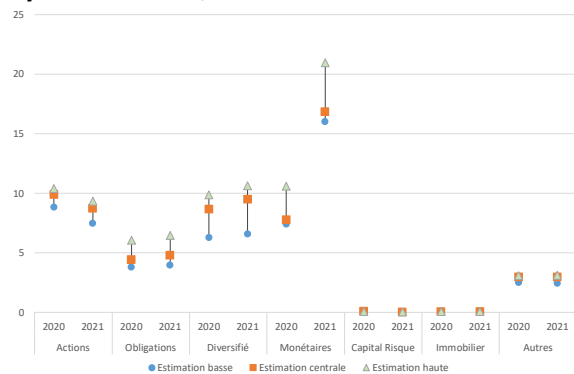
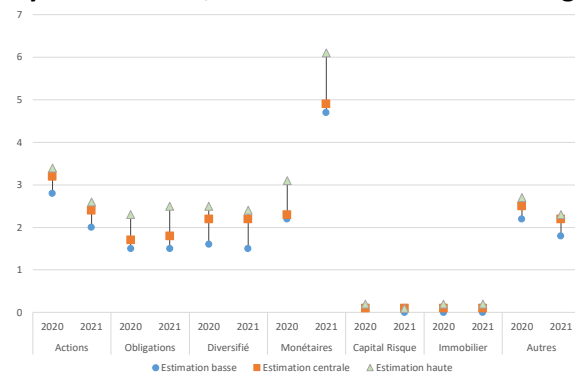


Chart 12: Coal exposure of French funds, Trucost data, by classification, as a % of assets under management



Source: Banque de France ("OPC" database), S&P TRUCOST, AMF calculations

But here, this trend in money market funds reflects a sharp increase in exposures to a greater variety of issuers: in addition to EDF and RWE, which had already been identified by the Urgewald data, Engie, Iberdrola, Enel and E.ON are also found. This increase in the exposure of money market funds largely accounts for the increase in the overall coal exposure of French funds.

Breakdown by group (central estimate)

Chart 13: Main groups having a coal business in the portfolio of French funds (unweighted central estimate)

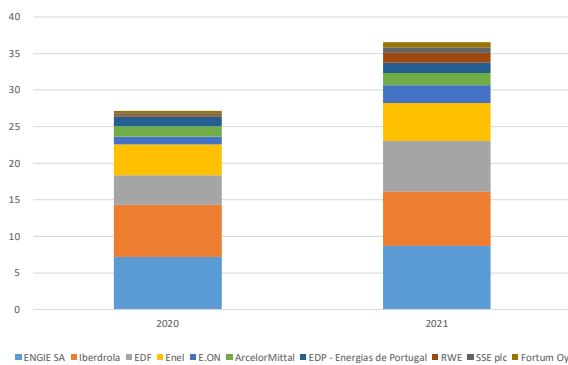
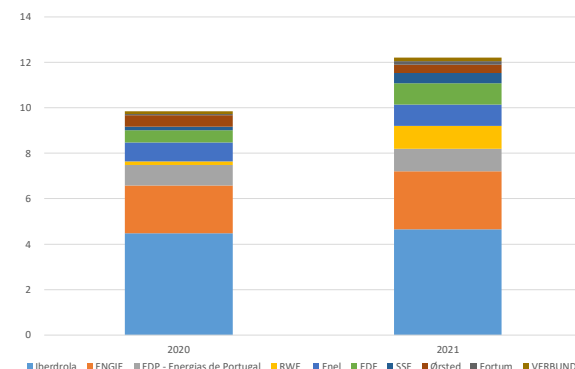


Chart 14: Main groups having a coal business in the portfolio of French funds (weighted high estimate)



Source: Banque de France ("OPC" database), TRUCOST, Lipper, AMF calculations

The unweighted exposures calculated with TRUCOST give a different composition of the Top10 50% from that calculated with URGEWALD. Issuers such as Engie, Iberdrola, E.ON and ArcelorMittal enter the ranking of the highest exposures, replacing EnBW, Albioma, BHP and Air Product. The funds' exposure is, moreover, less concentrated with the Trucost data than with the URGEWALD data: at end-2021, the five leading groups accounted for 70% of exposures, versus 86% for URGEWALD.

This difference in the composition of the Top10 illustrates the importance of the consolidation level for which the information is available. For example, URGEWALD identifies only the Chilean subsidiary of Engie, which exploits the group's coal assets, whereas TRUCOST identifies the group more generally in the coal business, entailing an automatically higher exposure with TRUCOST.

The differences between the composition of the weighted exposure and unweighted exposure are relatively small: 8 of the 10 main issuers are common to both rankings. The difference concerns rather the order of the issuers

common to these two Top10 rankings. To illustrate, the unweighted exposure to EDF, the third main issuer on Chart 13, is €7bn. After weighting by the proportion of turnover derived from coal activities, it decreases to €0.9bn, i.e. the sixth largest weighted exposure appearing on Chart 14. This reflects the consideration of electricity distribution activities when the product energy mix includes coal.

4.2.3 Transition plans (asset management companies)

To better reflect the dynamics and better determine the quantitative data on exposure, the reader may supplement the figures published here with their own assessment of the issuers constituting the exposure. For all useful purposes, and without this assuming any opinion of the AMF concerning these issuers or the two data repositories mentioned, this section recaps the public assessments made by the *Climate Action 100+* investor coalition and according to the ACT methodology (*Assessing low Carbon Transition*) developed by ADEME and the CDP.

Climate Action 100+

This initiative includes 15 of the 18 asset management companies of this sample and aims to "ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change".⁴⁸ For this purpose, the coalition acts through dialogue and engagement with the 166 largest private greenhouse gas emitters. In March 2021, the initiative launched the *Net Zero Company Benchmark*, to assess these emitters regarding three aspects: emission mitigation, governance and transparency. These items are refined by nine criteria which are themselves broken down into sub-criteria. The score indicates simply whether the sub-criteria have been met or not. The complete assessment methodology [can be accessed by following this link](https://www.climateaction100.org/). The following table lists the scores as at 31/12/2021 of the main issuers constituting the coal exposure of French funds:

⁴⁸ <https://www.climateaction100.org/>

Table 13: Scores of the main issuers constituting the coal exposure of French funds as at 31/12/2021

Rang Urgewald	Rang Trucost non pondéré	Rang Trucost pondéré	Emetteur	Net-zero GHG		Long-term (2036-2050)		Medium-term (2026)		Short-term (up to)		Decarbonisation		Capital Alignment		Climate Policy		Climate Governance		TCFD Disclosure		
				2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress ?	
1	5	4	Enel	Y	+	Y	N/A	Y	N/A	Partial	N/A	Y	+	Partial	+	Partial	=	Y	=	Partial	=	
2	6	3	EDF	Y	=	Partial	N/A	Y	N/A	Y	N/A	Partial	=	N	=	Partial	=	Y	=	Partial	=	
3	4	8	RWE	Y	+	Y	N/A	Partial	N/A	Partial	N/A	Y	+	Partial	=	Y	+	Partial	-	Partial	=	
4	9	10	Fortum	Y	=	Partial	N/A	Partial	N/A	Partial	N/A	Partial	=	N	=	Partial	=	Partial	=	Y	=	
7	24	28	BHP Group	Y	+	Y	N/A	Partial	N/A	Partial	N/A	Y	=	N	=	Y	+	Y	=	Y	=	
9	N/A	N/A	Glencore	Y	=	Partial	N/A	Partial	N/A	Partial	N/A	Partial	=	Partial	+	Y	+	Y	+	Y	=	
10	42	26	Dominion Energy	Partial	=	Partial	N/A	Partial	N/A	Partial	N/A	Partial	-	N	=	Partial	+	Partial	=	Y	+	
48	N/A	5	E.ON	Y	=	Y	N/A	Y	N/A	Partial	N/A	N	-	N	=	N	=	Partial	=	Partial	=	
136	2	1	Engie	Y	+	Partial	N/A	Partial	N/A	Partial	N/A	Partial	=	N	=	Partial	+	Y	=	Partial	=	
N/A	47	6	Arcelor Mittal	Y	=	Y	N/A	Partial	N/A	N	N/A	Partial	+	N	=	Y	+	Y	+	Partial	=	
N/A	1	2	Iberdrola	Y	+	Partial	N/A	Y	N/A	Y	N/A	Partial	=	N	=	Partial	=	Y	Y	=	Y	+

Source: Net Zero Company Benchmark, Climate Action 100+

Legend: Y= Yes, meets all the sub-criteria for the indicator, Partial = meets some sub-criteria for the indicator, N = No, does not meet any criteria. "+" improvement in the score vs N-1, "=" same score vs N-1, "-" deterioration of the score vs N-1

The CA100+ team published an update of the scores in October 2022, accessible [here](#).

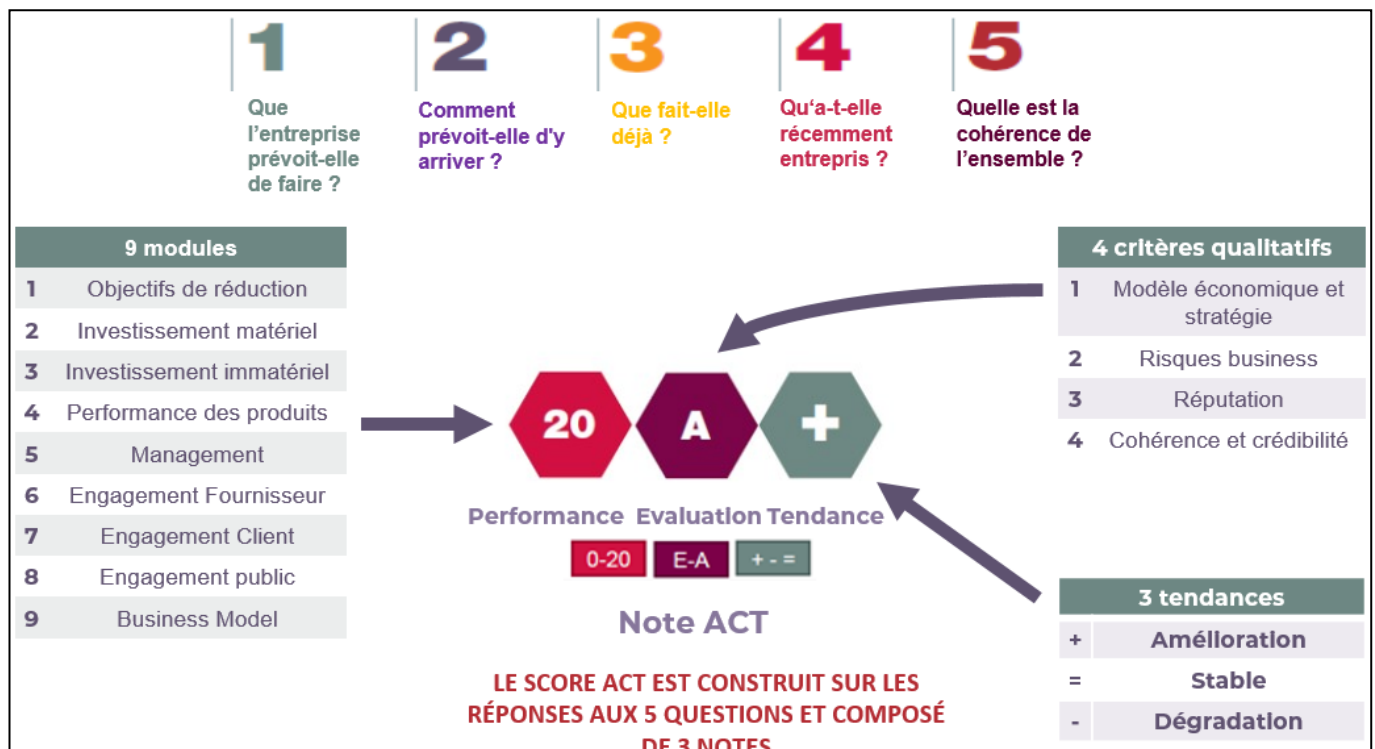
ACT methodology – "Assessing Low Carbon Transition"

Another analysis grid that can be used here is the ACT methodology. This is an initiative of the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) - Global Climate Action Agenda, produced jointly by ADEME⁴⁹ and the CDP.⁵⁰ This sector-based methodology proposes a framework for the assessment of corporate transition plans. The ACT rating is transcribed as a score consisting of 3 parts:

- a performance measurement / 20: synthesis of the assessment of 9 criteria listed below;
- a qualitative measurement (letter between A and E) of the 4 elements illustrated below;
- an assessment of the issuer's prospects for change (+ / = / -).

In the following table of results, a synthetic score out of 100 is also presented.

Diagram 2: Criteria assessed with the ACT methodology



Source: ADEME

⁴⁹ ADEME (ecological transition agency) is a public industrial and commercial establishment ("EPIC") under the supervision of the Ministries for the Ecological Transition and Territorial Cohesion, the Energy Transition and Higher Education and Research.

⁵⁰ The CDP, formerly Carbon Disclosure Project, is an organisation based in the United Kingdom which publishes data concerning the environmental impact of the largest companies.

The results of these analyses, prepared by the World Benchmarking Alliance, are presented below:

Table 14: ACT scoring of issuers

Urgewald rank	Unweighted Trucost rank	Weighted Trucost rank	Issuer	Total Score score between 1 & 100	Performance Score between 1 & 20	Narrative Score A to E	Trend Score + / = / -	Source
1	5	4	Enel	74.3	14.2	B	+	Link
2	6	3	EDF	66.9	11.1	B	+	Link
3	4	8	RWE	40	10.8	D	=	Link
4	9	10	Fortum	19.8	8.3	E	-	Link
5	15	22	EnBW Energie Baden-W	48.3	10.3	C	-	Link
7	24	28	BHP Group	22.1	4.3	D	-	Link
10	42	26	Dominion Energy	49.3	9.7	C	=	Link
48	N/A	5	E.ON	78.8	12.1	A	=	Link
136	2	1	Engie	56.9	7.9	B	=	Link
182	3	7	EDP Energias de Portugal	77.1	15.4	B	+	Link
N/A	1	2	Iberdrola	69.3	13.1	B	=	Link

The other main issuers of the various Top10 rankings which do not appear in this table are not assessed by WBA.

Source: World Benchmarking Alliance

4.3 Exposure of French funds to firms in the oil and gas sector

4.3.1 Identification via the URGEWALD GOGEL

Amount of exposure

The GOGEL produced by URGEWALD is a public database covering 887 oil and gas firms operating in the upstream and/or midstream sectors of the industry. It lists firms which have, for example, produced more than 20 million barrels of oil equivalent (oil and gas), more than 2 mmboe of unconventional oil or gas,⁵¹ etc. All the criteria are accessible [here](#), and also cover the exploration or development of transport infrastructure for these energies.

At the end of 2021, the exposure of French funds to companies associated by the GOGEL with the oil and gas business was estimated at between 36 and 75 billion euros, i.e. between 2.2% and 4.5% of the total assets under management (Table 15).

As in the case of coal, the various estimation methods indicate an increase in French funds' exposure to the oil and gas sector in absolute and relative terms between 2020 and 2021.

⁵¹ Definition consistent with that of the Sustainable Finance Observatory, excluding extra-heavy oil: threshold of 14° API for the Observatory, threshold of 15° API for Urgewald.

Table 15: Exposure to oil and gas, unweighted – GOGEL list

	2020		2021		Change 2021/2020 as %	
	Exposure (€bn)	Exposure (as % of AUM)	Exposure (€bn)	Exposure (as % of AUM)	Chg in exposure	Chg in exposure/AUM (in pp)
Low estimate	29.0	1.9%	36.7	2.2%	+26.55%	+0.3
Central estimate	45.9	3.0%	55.7	3.4%	+21.35%	+0.4
High estimate	60.5	4.0%	74.8	4.5%	+23.64%	+0.5

Source: Banque de France ("OPC" database), URGEWALD (GOGEL), AMF calculations

Breakdown by type of fund

Analysis of the exposure of French funds to the oil and gas sector according to their classification shows that this upward trend concerns practically all categories of funds. Only bond funds saw their exposure decline during the period studied.

Chart 15: Exposure of French funds to GOGEL securities, by classification, amounts in billion euros

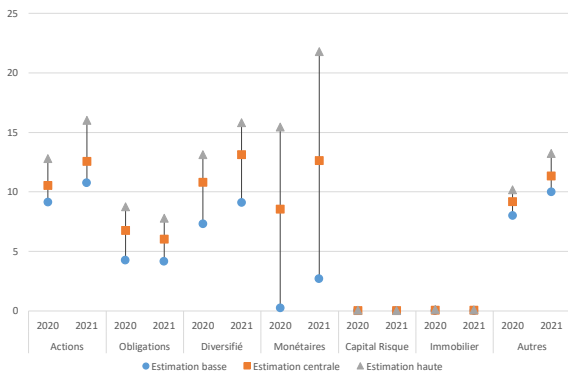
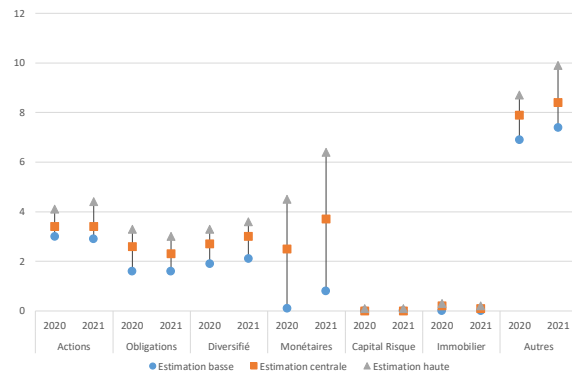


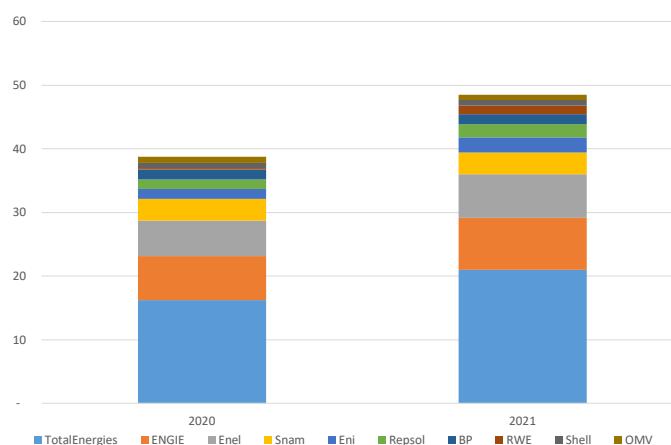
Figure 16: Exposure of French funds to GOGEL securities, by classification, as a % of assets under management



Source: Banque de France ("OPC" database), URGEWALD (GOGEL), AMF calculations

Breakdown by issuer (central estimate)

Chart 17: Main issuers of the oil and gas sector in the portfolio of French funds (consolidated data)



Source: Banque de France ("OPC" database), URGEWALD (GOGEL), Lipper, AMF calculations

Exposures increased by €10bn in all (+21%). The main perceptible changes are an increase in the exposure of TotalEnergies (+€4.7bn, +29%), Engie (+€1.3bn, +19%), Enel (+€1.3bn, +23%) and RWE (+€1.1bn, +536%). The order and composition of the Top10 changes relatively little between 2020 and 2021, with the notable exception of the increase in positions on RWE which goes from 24th to 8th position, in a context of an increase in the exposures of nearly all the Top10 issuers of 2020.

4.3.2 Identification via TRUCOST

Amount of exposure

Like for coal, the unweighted estimates obtained with TRUCOST are higher than those calculated with the URGEWALD data. **The unweighted exposure of French funds to the oil and gas sector amounted to €105 billion in 2021** (central estimate), or around 6% of the total assets under management (Table 16). The weighted exposure relating to the proportion of the company's revenues generated by oil and gas activities was about **€57 billion in 2021**, or 3.4% of the total assets under management (Table 17). Here again, whatever the method adopted, the exposures increase, in absolute value and in relative value.

Table 16: Unweighted oil and gas exposure – TRUCOST database

	2020		2021		Change 2021/2020 as %	
	Exposure (€bn)	Exposure (as % of AUM)	Exposure (€bn)	Exposure (as % of AUM)	Chg in exposure	Chg in exposure/AUM (in pp)
Low estimate	73.1	4.8%	88.7	5.4%	+21.34%	+0.6
Central estimate	86.2	5.7%	104.7	6.3%	+21.46%	+0.6
High estimate	99.0	6.5%	118.0	7.1%	+19.19%	+0.6

Source: Banque de France ("OPC" database), S&P TRUCOST, AMF calculations

Table 17: Weighted oil and gas exposure – TRUCOST database

	2020		2021		Change 2021/2020 as %	
	Exposure (€bn)	Exposure (as % of AUM)	Exposure (€bn)	Exposure (as % of AUM)	Chg in exposure	Chg in exposure/AUM (in pp)
Low estimate	40.2	2.6%	48.7	2.9%	+21.14%	+0.3
High estimate	46.1	3.0%	56.2	3.4%	+21.91%	+0.4

Source: Banque de France ("OPC" database), S&P TRUCOST, AMF calculations. TRUCOST data for the weighted central estimate not available

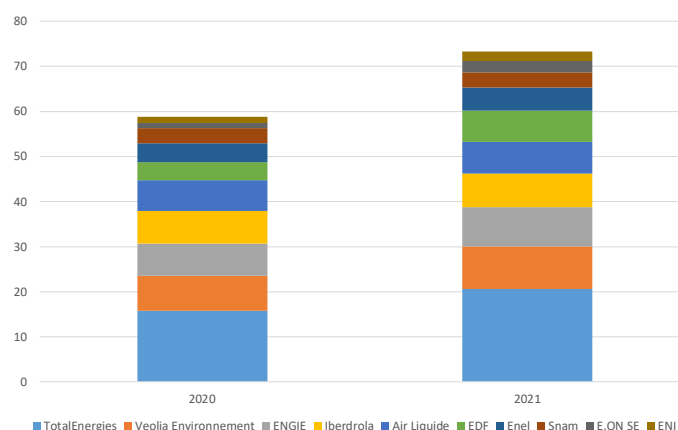
Breakdown by type of fund

In a similar manner with the URGEWALD data, all fund categories are concerned by the increase in exposure except for bond funds.

Breakdown by group (central estimate)

Unweighted

Chart 18: Main issuers of the oil and gas sector in the portfolio of French funds (unweighted central estimate, Trucost data, consolidated level)



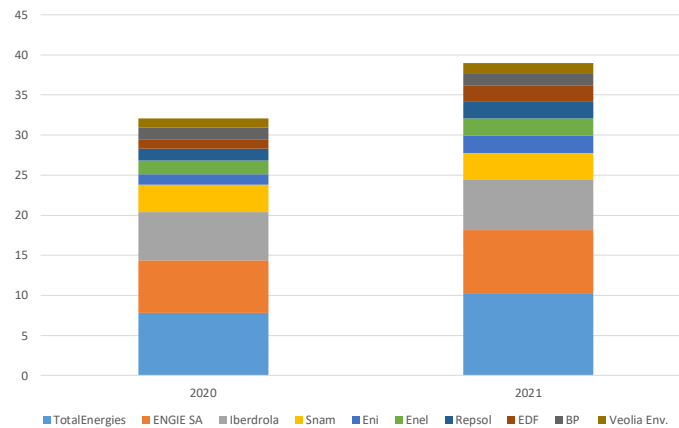
Source: Banque de France ("OPC" database), Trucost, Lipper, AMF calculations

The unweighted exposures calculated with TRUCOST give a different composition of the Top10 50% from that calculated with URGEWALD. The five main issuers forming the URGEWALD exposure are all found in the TRUCOST Top10, although other issuers appear in this ranking: Veolia, Iberdrola, Air Liquide, EDF and E.ON. Here again, the consolidation levels selected by the data providers apparently account for part of this change.

The funds' exposure is, moreover, less concentrated with the TRUCOST data than with the URGEWALD data: at end-2021, the five leading groups via TRUCOST accounted for 51% of exposures, versus 75% with URGEWALD.

Weighted

Chart 19: Main issuers of the oil and gas sector in the portfolio of French funds



Source: Banque de France ("OPC" database), Trucost, Lipper, AMF calculations

Here too, the difference between the composition of the weighted and unweighted Top10 is very slight: 8 issuers are common to the two rankings. The order also changes, reflecting the different levels of involvement in the oil and gas activity, distinguishing clearly between the majors and pure players and the diversified players. Thus, very few changes are noted in the weighting of the exposure for Repsol, Snam and BP, but Veolia's exposure goes from €9.5bn unweighted to €1.3bn after weighting, while that of EDF goes from €6.9bn to €2bn.

4.3.3 Transition plans

Like for coal exposure, the quantitative data concerning exposure to groups active in the oil and gas sector can be supplemented by an analysis of the profile of those issuers. The assessments of the Climate Action 100+ investor coalition and according to the ACT methodology are therefore also shown here for all useful purposes.

Table 18: Assessments of the Climate Action 100+ investor coalition according to the ACT methodology

Rang Urgewald	Rang Trucost non pondéré	Rang Trucost pondéré	Emetteur	Net-zero GHG		Long-term (2036-2050)		Medium-term (2026-2035)		Short-term (up to 2025)		Decarbonisation		Capital Alignment		Climate Policy		Climate Governance		TCFD Disclosure	
				2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress	2022	Progress
1	1	1	TotalEnergies	Y	+	Y	N/A	Partial	N/A	Partial	N/A	Partial	=	N	-	Partial	=	Y	=	Partial	=
2	2	3	Engie	Y	+	Partial	N/A	Partial	N/A	Partial	N/A	Partial	=	N	=	Partial	+	Y	=	Partial	=
3	6	7	Enel	Y	+	Y	N/A	Y	N/A	Partial	N/A	Y	+	Partial	+	Partial	=	Y	=	Partial	=
5	5	10	ENI	Y	+	Y	N/A	Partial	N/A	Partial	N/A	Partial	-	Partial	+	Partial	-	Y	=	Partial	=
6	7	11	Repsol	Partial	=	Partial	N/A	Partial	N/A	Partial	N/A	Y	+	N	-	Y	=	Y	=	Y	=
7	9	13	BP	Partial	=	Partial	N/A	Partial	N/A	Partial	N/A	Partial	=	N	-	Partial	=	Partial	=	Partial	=
8	13	15	RWE	Y	+	Y	N/A	Partial	N/A	Partial	N/A	Y	+	Partial	=	Y	+	Partial	-	Partial	=
9	15	17	Shell	Y	+	Partial	N/A	Partial	N/A	Partial	N/A	Partial	=	N	=	Y	=	Y	=	Partial	=
10	16	18	OMV	Partial	=	Partial	N/A	N	N/A	Partial	N/A	N	=	N	=	Partial	=	Partial	=	Y	+
85	11	9	E.ON	Y	=	Y	N/A	Y	N/A	Partial	N/A	N	-	N	=	N	=	Partial	=	Partial	=
176	8	6	EDF	Y	=	Partial	N/A	Y	N/A	Y	N/A	Partial	=	N	=	Partial	=	Y	=	Partial	=
NA	3	4	Iberdrola	Y	+	Partial	N/A	Y	N/A	Y	N/A	Partial	=	N	=	Partial	=	Y	=	Y	+
NA	39	5	L'Air Liquide S.A.	Partial	+	Partial	N/A	Partial	N/A	Partial	N/A	N	=	N	=	N	=	Partial	=	Partial	=

Source: Net Zero Company Benchmark, Climate Action 100+

Legend: Y= Yes, meets all the sub-criteria for the indicator, Partial = meets some sub-criteria for the indicator, N = No, does not meet any criteria. "+" improvement in the score vs N-1, "=" same score vs N-1, "-" deterioration of the score vs N-1

Table 19: Scores according to the ACT methodology

Urgewald rank	Unweighted Trucost rank	Weighted Trucost rank	Issuer	Total Score <i>score between 1 & 100</i>	Performance Score <i>score between 1 & 20</i>	Narrative Score <i>A to E</i>	Trend Score <i>+ / = / -</i>	Source Link
1	1	1	TotalEnergies	40.7	6.1	C	=	Link
2	2	3	Engie	55.9	7.9	B	=	Link
3	6	7	Enel	74.3	14.2	B	+	Link
5	5	10	ENI	43.6	7.3	C	=	Link
6	7	11	Repsol	38.1	5	C	=	Link
7	9	13	BP	42.9	6	C	+	Link
8	13	15	RWE	40	10.8	D	=	Link
9	15	17	Shell	34.3	3.4	C	=	Link
10	16	18	OMV	20.7	3.7	D	-	Link
85	11	9	E.ON	78.8	12.1	A	=	Link
176	8	6	EDF	66.9	11.1	B	+	Link
Not classified	3	4	Iberdrola	69.3	13.1	B	=	Link

The other main issuers of the various Top10 rankings which do not appear in this table are not assessed by WBA.

Source: World Benchmarking Alliance

Chapter 5 - Follow-up on previous recommendations and additional recommendations

Overall, the **recommendations made in the previous report remain both relevant and valid.**

1. Main recommendations for banking and insurance undertakings

1.1 Monitoring and governance of commitments

In the light of this finding, the ACPR reiterates its call for the implementation of the recommendations published in the 2021 ACPR/AMF joint report. The ACPR stresses the importance of the following recommendations in particular:

- contributing to the Observatory's compilation of the public commitments of Paris financial market participants and ensuring that one's commitments comply with the Observatory's criteria;
- maintaining the efforts made to improve the quality of public commitments, particularly in terms of the accuracy and precision of the information published and sent to the Observatory;
- integrating the topic of biodiversity into strategic thinking and decision-making, and following through on efforts to implement commitments on this topic;
- systematically including monitoring indicators in the risk map presented to the Board of Directors, to ensure that the commitment is fulfilled on the specified date, and fully integrating environmental risks into risk management monitoring.

The latest review of commitments also calls for additional recommendations:

- improving the inclusion of environmental policies in remuneration policies, striving for greater transparency on the weighting assigned to environmental targets as well as on the criteria used to assess their fulfilment;
- extending the scope of internal audit to environmental policies.

With regard to the commitment to phase out coal by 2030 in OECD countries and by 2040 worldwide, the ACPR especially advocates for:

- publishing intermediate targets that allow for an assessment of the degree of achievement of the targets by the specified date, while ensuring that one's coal exit strategy does not solely rely on the guiding policies set by their individual clients and partners;
- improving transparency on the metrics used, namely by providing a clearer view of the methodology used to calculate exposures.

1.2 Fossil fuel policies

Focused on coal:

The previous two reports had shown a marked effort on the part of the Paris financial centre to limit the exposure of its players to coal, in particular through the implementation of exclusion policies that had been consolidated over time; for instance, by adopting more stringent thresholds or phase-out deadlines for coal, which have now been adopted by all the entities analysed. These policies, which are still often divided into a number of separate documents covering energy policy, mining policy and coal policy, are evidence of a growing awareness of the climate impact of coal as well as of the willingness to step up efforts to curb coal financing.

However, this momentum has stalled.

It is true that the level of coal exposure of banks and insurers remains very low, both relative to the size of their balance sheet, which has been growing steadily, and, for banks, relative to their loan portfolio. However, barring a few exceptions for insurers, coal policies have not evolved since the last two reports: the exit dates have not changed and the levels or number of exclusion thresholds implemented have remained virtually identical.

This suggests that surveyed institutions consider that the level of requirement implemented in previous years does not need to be increased, as it already allows them to meet their stated targets - most often an exit deadline in 2030 for Europe and the OECD, and in 2040 for the rest of the world.

Beyond that, the policies observed are still strikingly disparate: while the types of criteria or thresholds are often the same across players (absolute or relative criteria relating to installed capacity, the quantity of ore extracted, revenue and/or power generation), their practical implementation may vary depending on the financial transactions concerned or the type of customer considered.

Focused on oil and gas:

The salient features identified in the previous report, as noted above, remain valid in this one.

For the time being, the banks, which all have "oil and gas" policies in place, demonstrate considerable methodological differences. The same is true of insurance companies, despite the fact that two of them still do not have an oil and gas policy in place.

While some of these institutions, which have limited or no related exposure, have a proactive policy aimed at reducing their involvement in the oil and gas sector (whether conventional or not), most institutions, banks and insurance companies alike, are still restricting their exclusion policies to energy sources that they consider to be unconventional.

These policies remain very inconsistent, both owing to the absence of a commonly agreed definition of what does and does not qualify as an unconventional energy source, despite the efforts made by the FBF in that regard⁵², and due to the wide variety of individual practices that make it virtually impossible to make comparisons for this segment.

In light of these facts, the ACPR issues or reiterates, as applicable, the following recommendations to banking and insurance institutions:

Concerning policies related to "fossil fuels" (coal, oil and gas):

- continuing to favour the presentation of fossil fuel policies in a dedicated document;

⁵² As mentioned earlier, the French Banking Federation is currently recommending that shale oil and gas and oil sands be considered as unconventional hydrocarbons.

- systematically and clearly specifying the scope of financial transactions covered by these policies;
- systematically specifying whether the exclusion criteria provided in the policies apply to both new investments and existing stock (divestment) or whether they only apply to one of these two scopes; although insurance companies have improved in this regard, the progress made remains insufficient.
- mentioning, in the case of insurance undertakings, whether the exclusion criteria apply to both the asset side (investment activity) and the liability side (insurance activity) of their balance sheet, or whether they apply only to one of these two areas. The improvements made in that regard remain limited as far as insurance undertakings are concerned.

Concerning exposure calculations:

- at a time when European regulations are being finalised or gradually coming into force, stepping up the work being done to provide a more robust measure of institutions' exposure to fossil fuels, in particular through the introduction of transparent and verifiable methods, in line with methodological advances made on the subject, and taking into account the entire value chain and the broadest possible scope of business (for banks, including at least loans, investments and off-balance sheet items). As mentioned in the previous report, professional federations play a fundamental role in this process, not only in terms of developing a coordinated and harmonised approach but also in terms of disseminating good practices;
- quantifying, as far as insurers are concerned, the exposure to liabilities over the entire oil and gas value chain. Clarifying the specifics of this exposure on the various non-life insurance classes.

Concerning the coal exit strategy:

- providing a more comprehensive description of the steps leading to the announced exit.

Concerning “unconventional” fossil fuels:

- to intensify dialogue with a view to reaching a more comprehensive common definition of "unconventional" hydrocarbons, in order to achieve greater comparability and thus fully comply with the provisions of Article 29 LEC, as mentioned in the previous report, which aim to provide an account of the measures "implemented with a view to gradually phasing out [...] unconventional hydrocarbons, specifying the timetable selected for their phasing out as well as the proportion of the total outstanding amounts managed or held by the entity covered by these policies".

Overall, the ACPR calls on banking and insurance undertakings to close the gap between the current level of transparency achieved through voluntary commitments and the regulatory requirements either currently being implemented or forthcoming.

2. Main recommendations for asset management companies

2.1 The Commitments

Monitoring of asset management companies' implementation of the recommendations is based on self-assessments by the firms in the sample.⁵³

Like last year, **the AMCs say they are continuing to progress on most of the recommendations made by the AMF.** However, the AMF calls for an extra effort by the AMCs regarding three recommendations:

- The explicit identification and presentation of the commitments made under collective initiatives, their goal, level of progress, etc. At this stage, the firms often merely mention the collective initiatives of which they are members, although without providing more details concerning the commitments actually made;
- The inclusion, even partial, of scope 3 emissions for calculation of portfolios' carbon footprint as required in the SFDR implementing acts;
- The publication of a policy on risks with respect to biodiversity. This subject is nevertheless covered by regulatory demands in the publications required under the decree of Article 29 LEC.

Based on these self-assessments, the AMF reiterates its expectations regarding the following aspects:

- Enhance the traceability, transparency and satisfactory understanding of the commitments by indicating the dates of entry into force, any schedule arranged, the scope of the entities and investments concerned and a quantified commitment to means and/or results whenever possible;
- Improve communication regarding the state of progress on the commitments over time using quantitative indicators or qualitative comments;
- Define and make public a policy on biodiversity risks, specifying in particular the strategic guidelines adopted in this respect and the efforts undertaken. As a reminder, the entry into force of Article 29 LEC will require that asset management companies whose assets under management exceed €500 million publish a strategy for alignment with the international objectives for the protection of biodiversity, with quantified objectives, and associated methodological details.

All the other recommendations, not recapped here, remain relevant and topical.

2.2 Regarding coal

In 2020 the AMF had issued several recommendations concerning coal policies. Some of these recommendations were revised and reworded in 2021 and they were also all extended to oil and gas policies. They address general aspects of the **definition of fossil energy exit policies** and information for **measuring exposure** and **strengthening transparency**.

As a reminder, 16 of the 18 AMCs solicited have a coal sector policy and 6 have oil and gas policies.

The following tables summarise the implementation of these recommendations by the large marketplace participants. **The rate of application of the recommendations remains low on the whole, and few significant improvements were identified.** This observation is confirmed especially for several critical recommendations:

⁵³ These self-assessments were not the subject of subsequent discussions with the AMCs concerned.

- Take into account the conclusions of the International Energy Agency⁵⁴ concerning the termination of financing for any new fossil fuel capacity. Only 7 of the 16 AMCs having a coal policy undertake to exclude issuers from any new capacity, while none of those having an oil and gas policy does so;
- Develop a policy covering the entire value chain of the fossil fuel sectors. The AMCs generally tend to cover only certain activities of the value chain regarded as more material and do not specify explicitly the activities that can still be financed;
- Publicly explain the thresholds adopted (notably by publishing examples of the main issuers that can still be financed as a result of these thresholds) and apply thresholds in absolute value ensuring the coverage of issuers of significant size and having diversified activities;
- Roll out an appropriate operational process ensuring the consistency of the AMC's fossil fuel policies with those of its parent Group. These practices remain very exceptional, whether for coal or oil and gas policies. But this inconsistency harms the readability and understanding of implementation of financial groups' climate commitments and engenders differences of treatment for a given issuer;
- Clarify the criteria for assessment of the robustness and quality of the exit plans of issuers exceeding the thresholds defined by the policy in cases of run-off management or a shareholder engagement approach. A large number of policies at this stage leave great leeway for managers to judge the reliability and credibility of these exit plans with assessment criteria that are very seldom made public;
- Monitor and where applicable exclude issuers resorting to disposals of their thermal coal assets without a shutdown plan. Only one AMC explicitly requires in its coal policy that coal assets should be **shut down and not sold. As a reminder, the sale of a coal asset has no effect on greenhouse gas (GHG) emissions on the global level**, which means that their shutdown is necessary.

⁵⁴ <https://www.iea.org/reports/net-zero-by-2050>

Table 20: Follow-up of recommendations on fossil energy policies and their transparency

These recommendations are applicable to coal policies on the one hand (left-hand column), and oil and gas policies on the other hand (right-hand column).

RECOMMENDATIONS	Coal: Acted on by the AMCs (% and number/total)	Oil and gas: Acted on by the AMCs (% and number/total)
General characteristics of fossil fuel policies		
Do you have a clear policy on "unconventional" fossil fuels and indicate, on this occasion, as provided for in Article 29 of the LEC, the measures "adopted with a view to a gradual exit (...) from unconventional hydrocarbons, specifying the exit timetable adopted and the proportion of total assets under management or held by the entity covered by these policies"?	-	12 % (2/17)
Does the policy cover the entire "coal, oil and gas" value chain and does it specify the scope of the assets under management to which it applies?	31% (5/16)	17% (1/6)
Do you have clear pullout policies specifying a final date for exit from thermal coal and specifying the exit strategy by describing the manner and the steps for preparing the announced exit?	63% (10/16)	-
In line with the IEA's conclusions, do you describe in your policies relating to fossil energies (coal, oil and gas) the approach adopted notably with regard to investments implying new projects for development of the supply of coal, gas and oil, and those planning to open new coal-fired power stations?	44% (7/16)	0% (0/6)
Do you always propose to the clients of your dedicated funds or to mandators that do not have their own policies to apply your fossil fuel policies?	94% (15/16)	100% (6/6)
If you do not want to put in place policies relating to fossil energies (exit from coal and conventional and/or unconventional oil and gas), do you publicly state the reasons for this choice?	0% (0/2)	0% (0/12)
Are the policies applicable to fossil energies presented in a single dedicated document to facilitate their access and follow-up?	63% (10/16)	83% (5/6)
Chosen criteria and thresholds		
Did you adopt the common definition of unconventional hydrocarbons proposed by the Scientific Committee of the Sustainable Finance Observatory)?	-	33% (2/6)
Do you publicly explain the chosen thresholds and criteria by mentioning the main players that will continue to receive investment?	0% (0/15*)	0% (0/6)
And do you plan to gradually tighten the policies, e.g. via the introduction of thresholds in absolute value terms, in line with the specified exit dates?	53% (8/15*)	33% (2/6)
When formally defining or revising your policies, do you disclose the estimated impact of the commitment made, e.g. in light of exposure to the sector?	13% (2/16)	33% (2/6)
Treatment of issuers stating their intention of exiting fossil energies		
Do you publicly clarify the criteria justifying that an issuer exceeding the thresholds defined by the policies: <ul style="list-style-type: none"> • Is kept in run-off management; • Is kept as part of a shareholder engagement approach and the conditions in which this approach may end with an exclusion (e.g., beyond a maximum deadline)? 	0% (0/15*)	33% (2/6)
Do you undertake to perform surveillance which may lead to an exclusion of issuers stating their intention of exiting thermal coal by disposing of their assets without a shutdown plan or continuing at the same time to carry out projects for the development of new capacity, contrary to the IEA recommendations?	6% (1/16)	-

Data used by the fund managers		
Do you specify in the sector policies the data sources used for application of the policies and the identification of the issuers concerned?	56% (9/16)	67% (4/6)
In the case of implementation of your policies relating to fossil energies at the level of your group, do you establish a consistent approach concerning the data used and the adjustments performed?	19% (3/16)	17% (1/6)
Calculation of fossil fuel exposures		
Do you measure the exposure to fossil energies (coal, and conventional and/or unconventional oil and gas) in particular by putting in place transparent and verifiable methods, in line with methodological progress on the subject, and taking into account the entire value chain in order to ensure: <ul style="list-style-type: none"> • Correct application of the policy; and • Good risk management? 	25% (4/16)	50% (3/6)

* One AMC has adopted a policy which is not based on the application of thresholds.

2.3 Revised recommendations for asset management companies

On the basis of these observations, the AMF has chosen to update the recommendations concerning asset management companies, with a view to improved prioritisation and readability, and in order to take into consideration changes in the French and European legislative and regulatory frameworks. This approach led the AMF to summarise and reformulate the recommendations, thereby reducing their number from 15 to 10.

Like the ACPR for banks and insurers, in this way the AMF wants to assist and encourage the fund managers of the Paris marketplace to swiftly put in place robust, transparent and comparable policies, not only on coal but also on oil and gas.

Paragraph III-6° of Article D533-16-1 of the Monetary and Financial Code requires that the firms and products which are subject to it should publish a "*strategy of alignment with the long-term objectives of Articles 2 and 4 of the Paris Agreement relating to the mitigation of greenhouse gas emissions*".

Since these alignment strategies inevitably require the definition (i) of a coal exit policy and (ii) of an oil and gas exit policy, the AMF recommends showing in these public policies the following information:

1. A clear **definition** of the terms used, preferably based on the marketplace work carried out in the **Sustainable Finance Observatory**;⁵⁵
2. The planned exit date⁵⁶ together with a **gradual exit timeline** (i.e. the **interim stages** in the short and medium term planned up to the long-term exit date, such as, for example, the gradual lowering of thresholds for the policies or projections of the reduction in exposure);
3. The segments of the fossil energy **value chain** targeted by the policy (see the diagram produced by the Scientific Committee of the Paris Marketplace Finance Observatory repeated in appendix to facilitate convergence on the underlying concepts). Also, **indicate explicitly** whether the exploration/mining or energy production sectors are concerned or not and any reasons that could have led to a failure to take into account certain segments of the value chain;

⁵⁵ For example, specify whether the coal policy applies to thermal or metallurgical coal, the precise characteristics defining unconventional hydrocarbons if they are specifically targeted by the policy (this work of definition having already been performed [here](#), the replication of this information will permit a welcome convergence and comparability of practices).

⁵⁶ This date being understood as a date from which the AMCs will no longer have any exposure to issuers part of whose business is linked to the value chain of the fossil energy considered.

4. Treatment, in the policy, of the case of companies that do not obey the conclusions of the IEA⁵⁷ and have continued to **develop fossil fuel capacity** (new or existing) since 2022;
5. Where applicable, exclusion thresholds in **absolute value**;⁵⁸
6. The **processes** used for application of the policy and monitoring of its application: governance established, exhaustiveness of data sources used, adjustments performed, control and remediation environment, etc.;
7. Whether these policies are proposed to clients (existing and new) on an **opt-in or opt-out basis**;⁵⁹
8. When formally defining or revising policies, **disclose the estimated impact of the commitment made** (e.g., quantification of the exposure newly concerned by the new thresholds or the change of data provider).

The AMF recommends that the following information concerning the **treatment of exceptions** (i.e. maintaining possible investment in a security by exemption from application of the fossil fuel policy, e.g. if the issuer is above the selected thresholds) and the **modalities of dialogue and engagement** with issuers be clearly explained:

9. The process of **management of exceptions**, the criteria for analysis of transition plans and of issuers held onto or invested in by derogation, the data sources used in this framework, the requirements concerning the exit from fossil fuel assets (closure/reconversion of assets vs sale, management of the consequences for the personnel) and their monitoring over time in order to ensure consistency with the final exit date, where applicable;
10. The maximum possible duration of dialogue and engagement activities, with the objectives set, the stakeholders met (board of directors, management team, line managers, other) and the procedures for exchanges, the associated escalation process if there is no change by the issuer, specifying, *inter alia*, the associated voting policy and the escalation procedures during the interim stages, possibly including permanent exclusion.

The adoption of these recommendations will be analysed by the AMF separately for coal policies on the one hand and oil and gas on the other hand. A recommendation is deemed to be complied with if **all** its component parts are effectively present in the published policy.

Finally, it should be noted that the **AMF's 2020 position paper on data controls** applicable to asset management companies authorised in France, was extended in 2021 as follows:

"In order to have reliable data, AMCs which have defined policies applicable to fossil energies should put in place a system for checking the quality and consistency of these data, proportional to the importance of the use of those data and to the risk of continuing to hold by mistake exposures to an issuer which should be excluded through application of the policies".

⁵⁷ <https://www.iea.org/reports/net-zero-by-2050>: "Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required"

⁵⁸ Non-exhaustive examples: X gigawatts of installed coal-fired electric production capacity, annual production of Xm tonnes of thermal coal (or "coal" in the absence of information concerning the use), annual production of X mboe of oil or gas, production of Y mboe of unconventional hydrocarbons, average annual budget for the period 2019-2021 of €Xm dedicated to exploration, etc.

⁵⁹ Opt-in: clients must positively indicate their desire to have the sector policy applied to them. Opt-out: clients who do not want the policy to apply to their investments must positively indicate this to the asset management company.

Annex 1 – List of participating institutions

BANKS

1. AGENCE FRANCAISE DE DEVELOPPEMENT (AFD)
2. BNP PARIBAS GROUP
3. BPCE GROUP
4. CRÉDIT AGRICOLE SA GROUP
5. CAISSE DES DEPÔTS GROUP
6. CRÉDIT MUTUEL (CREDIT MUTUEL ARKEA, CREDIT MUTUEL AF) GROUP
7. HSBC France
8. LA BANQUE POSTALE
9. SOCIÉTÉ GÉNÉRALE GROUP

INSURANCE UNDERTAKINGS:

1. ALLIANZ HOLDING France
2. AVIVA France
3. AXA SA
4. BNP PARIBAS CARDIF
5. CCR
6. CNP ASSURANCES
7. COVÉA
8. CRÉDIT AGRICOLE ASSURANCES
9. GENERALI France
10. GROUPAMA SA
11. GROUPE DES ASSURANCES DU CREDIT MUTUEL
12. MACSF SGAM
13. MUTUELLE ASSURANCE DES COMMERÇANTS ET INDUSTRIELS DE FRANCE ET DES CADRES ET SALARIÉS DE L'INDUSTRIE ET DU COMMERCE
14. NATIXIS ASSURANCES
15. SCOR SE
16. SGAM AG2R LA MONDIALE
17. SOGECAP

ASSET MANAGEMENT COMPANIES:

1. AMUNDI ASSET MANAGEMENT
2. AVIVA INVESTORS France
3. AXA INVESTMENT MANAGERS PARIS
4. AXA REIM
5. BNP PARIBAS ASSET MANAGEMENT
6. CM-CIC ASSET MANAGEMENT
7. COVÉA FINANCE
8. CPR ASSET MANAGEMENT
9. EUROTITRISATION
10. FEDERAL FINANCE GESTION
11. GROUPAMA ASSET MANAGEMENT
12. HSBC GLOBAL AM France
13. LA BANQUE POSTALE ASSET MANAGEMENT
14. NATIXIS INVESTMENT MANAGERS INTERNATIONAL
15. OFI ASSET MANAGEMENT
16. OSTRUM ASSET MANAGEMENT
17. SOCIÉTÉ GÉNÉRALE GESTION
18. SWISS LIFE ASSET MANAGEMENT FRANCE

Annex 2 – List of commitment categories

The classification of commitments retained serves as a common denominator for the three populations (banks, insurance companies, asset management companies) involved in this work aimed at identifying and monitoring climate commitments as of 31 December 2021. It is based on the classification used in the first report published by the authorities in December 2020 (*op. cit.*). A distinction is made between the following categories:

- The entity's **internal policy and carbon footprint, which includes commitments** relating, for example, to targets for reducing or offsetting the institution's greenhouse gas (GHG) emissions or to waste treatment, directly related to the entity's day-to-day operations and not covering the entity's credit or investment portfolios or its assets under management;
- **Sectoral policies and fossil fuel exit strategies:**
 - divestment policies: commitments to divest certain assets because of their contribution to global warming (coal, other fossil fuels: oil, gas, oil sands, etc.),
 - exclusion policies: commitments to stop financing certain assets because of their contribution to global warming (coal, other fossil fuels: oil, gas, tar sands, etc.).
- **Commitments to green financing and investment or to the insurance of green activities:** objectives associated with the financing, developing and marketing of "green" or climate-oriented financial products (investment or exposure) or with the insurance of green or climate-related activities;
- **Commitments made towards shareholder engagement and any other commitment in support of stakeholders** aimed at encouraging an issuer to take better account of climate issues, improving prevention or enhancing the environmental qualities of an asset; participation in public or private international initiatives;
- **Commitments to reduce GHG emissions or to align with the targets set out in the Paris Agreement:** setting targets for the carbon footprint or carbon intensity of portfolios, joining collective initiatives aligned with science and incorporating methodological work, etc;
- **Transparency of information on the integration of climate issues:** adherence to the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), application of the European Commission's guidelines on climate reporting and other transparency initiatives.

Annex 3 – Exclusion thresholds and criteria for thermal coal applied by the nine banks.

Banking group	Existence of a public coal policy	Communication of a final end date for the financing of thermal coal	Database used	Exclusion thresholds included in the coal policies				Exclusion criteria included in the coal policies	Other:
				Production/exploration activities:	Power/energy generation activities:	Annual coal production	Installed capacity:		
AFD	Yes	Europe/OECD: 2021 Rest of the world: 2021	No indication on the database used					<p>Exclusion of: "In the case of coal-fired power plants, is excluded the financing of coal-fired power plants, with the exception of plants that include an operational CO2 capture and storage system".</p> <p>Exclusion of "exploration or production projects, as well as of projects dedicated exclusively to the transportation of coal, gas and oil, infrastructures associated with fossil fuel exploration, production or storage units (mines, treatment facilities, refineries, storage, etc.) or fossil fuel-based electricity production units, if the relevant unit is deemed ineligible for AFD financing pursuant to its Climate and Energy Transition strategies".</p>	
BNP Paribas	Yes	Europe/OECD: 2030 Rest of the world: 2040	No indication on the database used	50% of revenue for new customers	At least 30% of installed capacity (in MW)			Exclusion of "financing dedicated to new coal-fired power plant projects" and of "financing of mining projects dedicated to thermal coal extraction"	
BPCE Natixis	Yes	Europe/OECD: 2030	<i>Ad hoc</i> analysis, Global Coal	50% of revenue (since 2015)			50% of installed capacity (since 2015)	Exclusion of "any new coal-fired power plant or thermal coal mine project"	25% of revenue from port or rail infrastructure or from any

		Rest of the world: 2040	Exit List, ISS Ethics	25% of revenue (since 2019)			25% of installed capacity (since 2019)		other thermal coal related equipment or facilities
CA SA	Yes	Europe/OECD: 2030 Rest of the world: 2040	TRUCOST updated in 2021: establishment of an in-house list	50% of revenue (since 2018) If >20% of revenue, the transition path is assessed (2020) - 20% therefore does not constitute an exclusion threshold.			Exclusion of developers of power plants over 300 MW	Exclusion of developers of power plants over 300 MW Total exclusion of developers of new coal capacity with the exception of existing customers, for which a gradual exclusion process is in place (communication of a coal phase-out plan by 2021)	
CDC	Yes	2030 for OECD countries, 2040 for the rest of the world. Communication on updates made in 2021: Since 15 January 2022, Caisse des Dépôts, La Banque Postale, La Banque Postale AM and Bpifrance no longer hold shares in companies the revenue of which is exposed to thermal coal and which have not announced a plan to withdraw from thermal coal by 2030 in OECD countries and by 2040 in the rest of the world.* <i>*With the exception of a residual share, in a developing country, held in a company, which, due to local specificities, cannot announce an exit plan at this stage and is currently the focus of a dedicated shareholder</i>	TRUCOST	20% of revenue (2015-2018) 10% revenue (since 2019)		10 Mt	10 GW and new developments with a capacity at or above 300 MW	Total exclusion of all developers	Encourage all power generation and mineral extraction companies in which CDC is a shareholder and the revenue of which depends on thermal coal to reduce their thermal coal activities in order to aim for near-zero coal-based electricity generation by 2030 (OECD)/2050 (rest of the world)

		<i>dialogue procedure with a view to resolving this situation.</i>							
CM AF	Yes	2030	GCEL (since 2020)	50% of revenue (2018-2019) 20% of revenue (since 2020)	20% of the energy mix (since 2020)	10 MT (2020)	5 GW (2020)	The policy applies to the entire value chain. Incidentally: Exclusion of developers	
CM Arkea	Yes	2027 for the financing of activities targeting professionals and companies carried out by CM Bretagne, CM Sud Ouest, Arlea Banque Entreprises et Institutionnels; private equity activities managed by Arlea Capital; asset management activities carried out by Federal Finance Gestion and Schelcher Prince; investment management carried out by Suravenir and Suravenir Assurances; cash investments of CM arkea's trading rooms excluding formula-based funds, index funds, structured funds, external funds as part of the group's equity investments; and also: dedicated funds or mandates for which constraints are imposed by customers; indirect outstanding for which Suravenir's control ratio is below 50%; excluding also external unit-linked funds.	GCEL Update made in 2021: TRUCOST	30% of revenue (since 2019) 10% in 2020	30% of the energy mix (since 2019) 10% of the energy mix	20 MT (2019) 10 MT (2020)	10,000 MW (2019) 5 GW (2020)	Total exclusion for: New development projects	The thresholds mentioned here for the year 2020 apply to new investments and bank finance
HSBC	Yes	Change made in 2021: 2030 - EU 2040 - all markets	Updates made in 2021: URGEWALD / Pacta /TRUCOST /	Change made in 2021: New customers: 10% of revenue		Change made in 2021: New customers: 5Mt	Change made in 2021: New customers: 3 GW	Changes made in 2021 Exclusion of new customers developing new coal-related assets decided after January	Differentiated policy between new and existing customers.

			Refinitiv/ Carbon Disclosure Project (CPD)	Current exposures: Due Diligence if >20% of revenue		Current exposures: Due Diligence if > 5GW	2021. No financing for existing customers for development projects in the coal industry.	
LBP	Yes	2030 - world	Update made in 2021: GCEL	10%	10%	5GW (and gradual divestment starting in 2022)	Reduction of current exposures to achieve coal phase-out in 2020. Exclusion of any new coal-related projects.	It should be noted that the policy allows for the continued financing or investment in companies if they have committed to a credible and detailed public coal exit strategy by 2030.
SG	Yes	Europe/OECD: 2030 Rest of the world: 2040	Global Data (2 degrees investing);	20% of revenue or		10 MT	Prospects and existing customers who are developing or planning to	

			TRUCOST; GCEL. Data supplemented / compared with internal information.	<p>prospect: Thermal coal developers or companies that generate more than 25% of their revenue from thermal coal or companies that have not disclosed a transition plan consistent with SG's coal exit targets.</p> <p>or</p> <p>Existing customer: 25% of the customer's revenue is related to the thermal coal sector and that customer has not announced a transition plan with an exit date from that sector</p>			develop new thermal coal mining capacity and who have not disclosed a transition plan consistent with SG's thermal coal exit targets are excluded.	
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Annex 4 – Oil and gas policies of the banking institutions analysed: definition of unconventional oil and gas

Definitions of non-conventional oil and gas used by the banking institutions surveyed										
	Categories according to geological features*						Additional categories*		Other	Comments
	coalbed methane	tight oil and gas	shale oil	shale gas	oil sands	extra heavy oil = API ≤ 14°C	deep water offshore oil and gas (> 1500 m)	Arctic oil and gas resources		
Observatory for Sustainable Finance	X	X	X	X	X	X	X	X		
AFD			X	X						No detailed information: “Notably includes shale oil and gas”. The institution excludes conventional and non-conventional fossil resource exploration activities from its scope.
BNPP			X	X	X			X	Amazon region, projects that require thorough due diligence measures	Arctic region: AMAP definition, excluding offshore exploited areas off the coast of Norway. Plus Amazonian IUCN zones I to IV (Brazil, Ecuador, Bolivia, Colombia, Venezuela) and projects requiring in-depth due diligence due to their technical features, their environmental and social impacts (expected and potential, for instance in case of accidents), or the credibility of the operator's transition plan towards a low-carbon economy.
BPCE			X	X	X	X				Threshold for extra-heavy crude oil : API ≤ to 10°C
CA SA			X	X	X	X		X		(i) shale oil and gas: hydrocarbons found in compact, low-porosity reservoirs (bedrock) that require the use of hydraulic fracturing for extraction, (ii) oil sands: petroleum resources in which a small amount of bitumen (API gravity <10°) is mixed with sand, clay and water, and which require thermal processing for oil recovery

*Criteria selected based on the definition of the Observatory for Sustainable Finance (Sept. 2021).
https://observatoiredelafinancedurable.com/documents/70/Reco_n2_du_Comite_Scientifique_et_dExpertise_de_lObservatoire_de_la_finance_du_Gpww13W.pdf

CDC			X	X	X			X		
CM (Alliance Fédérale)			X	X	X	X	X	X		
CM (Arkéa)			X	X	X	X	X	X	Coalbed methane, methane hydrates	
HSBC			X	X	X		X			
LBP	X		X	X	X	X	X	X		
SOCGEN			X	X	X	X		X	Ecuadorian Amazon region	Threshold for extra-heavy crude oil : API ≤ to 10°C

Annex 5 – Exclusion thresholds and exclusion criteria retained for the oil and gas policies applied by the banking institutions analysed

Thresholds and exclusion criteria for oil and gas policies of surveyed banks																						
Credit institution	Policy update since July 2021 ?	Type of fossil energy targeted by the policy												Value chain		Complete end of the funding for this type of fuel ?	Exclusion criteria					
		Conventional oil	Conventional gas	Coalbed gas	Methane hydrate	Shale oil and gas	Tight oil and gas	Bituminous shale	Shale sands	Heavy crude oil	Liquefied natural gas	Deep and/or ultra deep offshore	Other sensitive areas (Amazonia...)	Exploration / drilling	Extraction / production		Downstream	Transport / Export (including storage)	Other facilities	% total reserve	% revenue	Development of new capacities
AFD	Yes	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Achieved but "corporate risk" of indirect financing	Total exclusion (see previous column)	Total exclusion	Total exclusion
BNPP	No					x				x				x	x				"important part"	"significant part of their income"		
LBP	Yes	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	2030 world			Exclusion	
CDC	No					x				x				x							10% of revenue for non-conventional	
SG	Yes	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	No planned exit date but gradual reduction of the oil and gas extraction portfolio by at least 10% between 2019 and 2025			Threshold of 30% of total revenue for the non-conventional and "atypical areas".	Exclusion for non-conventional or "atypical area".
GCM (Alliance Fédérale)	Yes	x	x			x				x	x			x	x			Exit from non-conventional energy in 2030		10% of revenue for non-conventional	Exclusion of business and project financing/investment.	
BPCE	No					x				x	x			x						30% of revenue for non-conventional		
CA SA	Yes	x	x			x				x	x	x		x						Oil and shale gas: 30% of total revenue	Partial exclusion Exclusion of direct funding for shale oil and gas.	
HSBC	Yes					x				x				x								

Note: developments since the publication of the 2021 report are highlighted in blue.

Annex 6 – Exclusion thresholds and exclusion criteria applied by the 17 insurance undertakings analysed in relation to thermal coal

Insurance group	Existence of a public coal policy	Communication of a final end date for the financing of thermal coal	Database used	Exclusion thresholds included in the coal policies				Exclusion criteria included in the coal policies	Other
				Production/exploration activities:	Power/energy generation activities:	Annual coal production	Installed capacity:		
ACM	Yes	2030	GCEL	20% of revenue	20% of the energy mix	10Mt	5 GW	Exclusion of any infrastructure included in the thermal coal value chain; Exclusion of new coal-fired power plants	
AG2R	Yes	2030	GCEL	25% of revenue	25% of the energy mix (since 2018: 30% of the energy mix)	10Mt	10 GW	Total exclusion of developers	Lowering of these thresholds by 5% every two years
Allianz	Yes	2040	MSCI, 2dii	30% of revenue (exceptions are allowed if there is a strategy in place to reduce the coal share)	30% of the energy mix 25% starting in 2023 15% in 2026 0% in 2040	Absolute threshold for coal energy production and (Companies with an annual coal production exceeding 10M tonnes)	Absolute threshold in terms of installed capacity (Companies with installed coal-fired capacity exceeding 5GW)	Exclusion of developers (all projects in 2023), coal-related infrastructure (mines, ports, railways) Since 2020: exclusion if new or planned capacity exceeds 0.3 GW	Commits to lowering thresholds to 25% of revenue and energy mix from 31.12.2022
Aviva	Yes	Exit planned in 2030	GCEL	20% of revenue + divestment of all companies with more than 5% of their revenue dependent on coal; with a target by end 2022 (02/2021) = EUR 31m impacted in 2020	20% of the energy mix	10 Mt	5000 MW	Exclusion of companies that are developing or planning new infrastructure expansion plans or installed capacity expansion plans (mines or plants)	
AXA	Yes	Europe/OECD: 2030 Rest of the world: 2040	TRUCOST (2015-2017), then GCEL	Went from 50% of revenue in 2015 to 30% of revenue in 2017 25% as at 05/2020	Went from 50% to 30% of energy mix in 2017	Introduction of 20Mt annual production threshold in 2017	(Since 2019) 10 GW threshold for installed capacity	Exclusion of any company developing more than 300MW (0.3GW) in new coal capacity.	

BNP Cardif	Yes	Europe/OECD: 2030 Rest of the world: 2040	Vigeo-Eiris / GCEL (top 120 developers)	10% of revenue from thermal coal 20% of revenue	30% of the energy mix since 2018 in 2020, 30% of the energy mix For stock and 20% of the energy mix for new investments	For mining activities: exclusion of all companies producing more than 10 million tonnes of thermal coal per year.	For electricity producers: exclusion of all companies producing more than 10 Gigawatts of electricity per year from coal.	Coal-fired power plant projects Companies in the coal-fired power generation sector	Addition of service activities: exclusion of all companies with more than 20% of revenue generated from coal.
CA Assurances	Yes	Europe/OECD: 2030 Rest of the world: 2040	Various external suppliers (GCEL, TRUCOST,...), internal analyses	25% of revenue (50% in 2016, 30% in 2017, then 25% in 2018) if transition rating downgraded	50% of the energy mix (since 2019)	100 M tonnes (since 2017)	Exclusion of developers on the investment side (plants > 300 MW, mine holdings > 20%)	End of investment flows to issuers that are not considered as coal developers by the Group but are included in the GCEL list.	
CCR	Yes	Envisaged exit date 2030	Sustainalytics data	10% of revenue (exclusion of I)			10 GW (2026 5GW)	From 2020, the CCR Group will no longer invest in companies developing projects involving the increase of coal production capacities (mines, power plants, infrastructure)	
CNP Assurances	Yes	Europe/OECD: 2030 Rest of the world: 2040	GCEL, TRUCOST	10% of revenue (exclusion of I) 20% (divestment) (Since 2017, 15 % in 2015 and 2016)		Exclusion of I at 10M tonnes and above (starting in July 2020)	Exclusion of I starting at 5 GW (Starting in July 2020)	Exclusion of I for all developers of new coal-fired power plants, coal mines or infrastructure contributing to the use of thermal coal	Shareholder engagement policy: requires all companies to which CNP Assurances has direct exposure to publish, by 2021, a thermal coal exit plan aligned with an exit by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world, relying on the closure rather than the sale of assets

COVEA	Yes	2030 OECD 2040 for non-OECD countries	GCEL, ISS ESG	30% of revenue for companies generating a share of revenue from coal - gradually decreasing thresholds, from 30% in 2020, to 15% 2025 and 0% 2030 for OECD countries - gradually decreasing thresholds, from 30% in 2020, to 20% in 2025, 10% in 2030 and 0% in 2040 for non-OECD countries	Energy players: Regarding coal-fired power generation and/or installed capacity fuelled by coal (energy producers): - gradually decreasing thresholds, from 30% in 2020, to 15% 2025 and 0% 2030 for OECD countries - gradually decreasing thresholds, from 30% in 2020, to 20% in 2025, 10% in 2030 and 0% in 2040 for non-OECD countries	for extractors with higher extraction capacities 10Mt Exclusion with progressive lowering of thresholds: - 10 Mt since 2020 then 0Mt in 2030 for OECD countries - 10 Mt since 2020 then 0Mt in 2040 for non-OECD countries	for energy producers with more than 5GW in capacity coal-fired installations Exclusion with progressive lowering of thresholds: - 5 GW since 2020 then 0 GW in 2030 for OECD countries - 5 GW since 2020 then 0 GW in 2040 for non-OECD countries	- Exclusion of all companies active in developing new coal capacity. New coal capacity development can be understood as new coal-fired power plants as well as new coal mining capacity. The exclusion applies if the value of coal-related infrastructure projects exceeds the threshold of 25% of the tangible assets on the company's balance sheet. This threshold will fall to 0% in 2030 for OECD companies, and in 2040 for non-OECD countries. -	
Generali (June 2021)	Yes	2030/2040	GCEL	30% of revenue 20%	30% of the energy mix 20% of electricity production	Greater than or equal to 20 Mt 10MT	5 GW	New coal-fired power generation projects > 0.3 GW	
Groupama	Yes	No specific time frame provided 2030 for EU and OECD, 2040 for the rest of the world	GCEL	30% of revenue 20%	30% of the energy mix 20%	20 MT	10 GW	Since 2017, Groupama Group has elected to progressively divest from companies planning to develop new coal capacities	

MACIF	Yes	2030	MSCI index, GCEL	30% of revenue Threshold changed since 2021: 20%	30% of the energy mix Threshold changed since 2021: 20%	Greater than or equal to 20 Mt Threshold updated since 2021: 10 Mt	10 GW threshold for installed capacity Threshold changed since 2021: 5 GW	Exclusion starting in 2020 of companies that do not meet the thresholds, set in 2019, of the Global Coal Exit List (GCEL) established by the NGO URGEWALD. Except for companies that can demonstrate alignment with a "Well-below 2°C" pathway as defined by the "Science-based Targets" initiative. Updated with the GCEL published in 2020	
MACSF	Yes	2030	GCEL	30% of revenue Threshold changed since 2021: 20%	30% of the energy mix Threshold changed since 2021: 20%	20 Mt Threshold changed since 2021: 10 Mt	10 GW Threshold changed since 2021: 5 GW	Exclusion of companies developing new coal projects	
Natixis Assurances	Yes	No specific time frame provided EUROPE/OECD 2030 Rest of the world 2040	GCEL	as of 2017: exclusion of any company generating more than 50% of its revenue and/or energy mix from coal 2019: threshold changed to 25% of revenue and/or energy mix 2020: threshold changed to 10% of revenue and/or energy mix, with the addition of new criteria	50% in 2017 25% in 2019 10% in 2020	 2020: 10 Mt	exclusion of companies developing coal-fired power plants with an installed capacity >300 MW and >5GW of coal-fired electricity generation for existing plants	exclusion of coal mine and power plant developers	

SCOR	Yes	Europe/OECD: 2030 Rest of the world: 2040	Bloomberg and Norwegian Wealth fund exclusion list until 2017, then GCEL	30% of revenue (50% in 2015 and 2016, then 30% in 2017-2018) Threshold changed since 2021: 10%	30% of the energy mix Threshold changed since 2021: 10%	Greater than 20 Mt	5 GW	all developers are equally excluded (regardless of the type of project)	
Société Générale Assurances	Yes	Europe/OECD: 2030 Rest of the world: 2040	MSCI Index URGEWALD GCEL	10% of revenue (to be compared with 25% in 2018)	30% of the energy mix	Greater than or equal to 100 Mt in 2018			

Annex 7 – Oil and gas policies of the insurance undertakings analysed: definition of unconventional oil and gas

Definitions of non-conventional oil and gas used by the insurance undertakings surveyed										
	Categories according to geological features*						Additional categories*		Other	Comments
	coalbed methane	tight oil and gas	shale oil	shale gas	oil sands	extra heavy oil = API ≤ 14°C	deep water offshore oil and gas (> 1500 m)	Arctic oil and gas resources		
Observatory for Sustainable Finance	X	X	X	X	X	X	X	X		
ACM				X	X	X	X	X		
AG2R										The definition of the oil exclusion policy is under development and should be based on the URGEWALD data and definitions.
ALLIANZ	X				X	X	X	X	Antarctica	Arctic region as defined by AMAP (excluding Norwegian regions)
AVIVA/ABEILLES	X			X	X	X	X	X		No commitment, Work is underway
AXA				X	X			X		
BNPPC				X	X			X	Amazon region, projects that require thorough due diligence measures	Arctic region: AMAP definition, excluding offshore exploited areas off the coast of Norway. Plus Amazonian IUCN zones I to IV (Brazil, Ecuador, Bolivia, Colombia, Venezuela) and projects requiring in-depth due diligence due to their technical features, their environmental and social impacts (expected and potential, for instance in case of accidents), or the credibility of the operator's transition plan towards a low-carbon economy.
CAA										Under development.

*Criteria selected based on the definition of the Observatory for Sustainable Finance (Sept. 2021). https://observatoiredelafinancedurable.com/documents/70/Reco_n2_du_Comite_Scientifique_et_dExpertise_de_lObservatoire_de_la_finance_du_Gpfw13W.pdf

CCR	X	X	X	X	X	X	X	X		
CNP				X	X			X		
COVEA				X	X	X			Coalbed methane	Addition of the Arctic region in 2026
GENERALI	X	X		X	X	X	X	X		URGEWALD data
GROUPAMA					X					URGEWALD data
MACIF	X			X	X	X	X	X		URGEWALD data
MACSF	X	X		X	X	X	X	X		URGEWALD data
NATIXIS ASSURANCES				X	X	X				
SCOR				X	X			X		URGEWALD data
SOGECAP				X	X			X	oil produced in the Ecuadorian Amazon region	

CCR	Yes				X	X	X	X	X	X	X	X	X	X		X		U		full exit in 2030			Exclusion of companies developing exploration or production projects in addition to their existing capacity.	Actors committed to a greenhouse gas reduction trajectory compatible with the Paris Agreement's objective of limiting global warming to below 2°C, as well as subsidiaries, projects and financing vehicles dedicated to the energy transition (notably green bonds) are not concerned.	GOGEL
CNP	Yes		X	X		X		X								X	X	X	X	UMD		10%	New criteria/2021: financing of all new fossil oil and gas exploration or production projects (conventional and non-conventional); direct investment in a company in the sector as long as it develops new fossil oil and gas exploration or production projects (conventional and non-conventional, excluding subsidiaries or green bonds dedicated to renewable energy). Criterion already existing in 2021: Direct investment in companies in the oil and gas sector (exploration, drilling, extraction, processing, refining) where more than 10% of turnover is linked to non-conventional fossil fuels (oil sands, shale oil and gas, Arctic oil and gas).	GOGEL and ISS ESG	
COVEA	Yes				X	X		X	X							X		U		2030	>25% in 2022 (shale, sand, methane and extra heavy oil); >25% from 2026 (same + Arctic); total exclusion in 2030	Exclusion from 2022: companies with more than 25% of their annual production from shale, oil sands, coal bed methane and extra heavy oil. Exclusion from 2026: companies with more than 25% of their annual production linked to shale, oil sands, coal bed methane, extra heavy oil and the Arctic. From 2030: total exclusion.	GOGEL and ISS		
GENERALI	Yes				X	X	X	X	X	X	X	X	X	X		X	X	X	UM				Investment side: Oil sands, upstream segment: revenue from exploitation and P >5%; Fracking, upstream segment: CA from exploitation and P >10%; Arctic upstream: revenue from exploitation and P >10%. Insurance side: conventional and unconventional upstream: no exclusion threshold => all clients in this sector are excluded; oil sands pipeline and fracking (midstream): idem.	Investment side: Since November 2019, the Group has not made any new investments in oil sands exploration and production projects and issuers, including operators of related pipelines identified as controversial. At the same time, it is disposing of assets already in the portfolio that fall within this scope. As of 1 January 2023, Generali extends the exclusion policy to issuers involved in the exploration and production of oil and gas extracted by fracking (shale oil, shale gas, tight oil, tight gas) and to issuers with exploration and production activities that are located in the Arctic. On the insurance side: The Generali Group does not insure clients involved in conventional and unconventional oil and gas exploration and extraction activities. With regard to oil sands and oil and gas fracking, the restrictions also apply to the midstream segment. Insurance cover for operators of related pipelines is excluded.	
GROUPAMA	Yes								X									ND		15%		Non-conventional: no more direct financing of new issuer projects. Any issuer with new projects identified by Urgewald is excluded. Bond investments are not renewed if the issuer has not made progress in its transition.			
MACIF	Yes					X		X										ND			10%	Exclusion of issuers that derive more than 10% of their turnover from shale oil and tar sands, as well as those that initiate projects in the Arctic.			
MACSF	Yes				X	X	X		X	X						X		U				Companies whose non-conventional fossil fuel production accounts for more than 30% of annual fossil fuel production.			
Natixis	Yes					X		X	X							X	X	X	UM		25%	Conventional: Stop financing the Ecuadorian oil trade. Stop financing onshore and offshore oil exploration and production projects in the Arctic. Non-conventional: Stopping the financing of exploration, production, transport, storage or export terminal projects for oil from tar sands and extra-heavy oil; Stopping general purpose corporate financing and investments in any company whose activities (see above) represent 25% or more of its overall activity; Stopping the financing of exploration and production projects for shale oil and gas.	"exclusions are defined and specified in the public policy that applies strictly"	Internal analysis by adhoc calculation	
SCOR	Yes		X	X		X		X								X		U			10% Sables bitum; 10% pétrole et gaz de schiste; 10% pétrole Arctique	"SCOR does not invest in oil & gas companies except if they have taken commitments to align with the Paris Agreement"	Conventional: Investment allowed if the companies have taken or will take SBTi targets or meet certain criteria of the CA100+ Net-Zero benchmark; Unconventional: If the issuer is in an active phase of exiting this type of unconventional hydrocarbons or if the issuer has taken or will take SBTi targets or meets certain criteria of the CA100+ Net-Zero benchmark, it may be allowed in the portfolio of assets, after internal analysis.	SBTi and CA100+ Net-Zero Benchmark	
SOGECAP	Yes		X	X		X		X	X							X	X	X	UMD		Reduction of global exposure to the oil and gas extraction sector by at least 10% by 2025.	>10% for existing holdings; >5% for new investments	The conditions relating to hydrocarbons may be broadly similar to those listed for coal (but with the share of activity carried out on the categories of hydrocarbons falling within the scope of the exclusion), with the exception of an exit timetable which is not required at this stage: - A controlled reduction in its hydrocarbon activity. - The client's significant participation in activities that contribute materially to the energy transition. - A commitment by the client to align with the Paris Agreement. - The provision by the Group of dedicated products and services with a traceable energy transition objective. - Restrictions in the commercial relationship. These conditions are monitored by CORESP according to the deadline set when the exception was validated.	Sustainalytics + GOGEL	

[*] from 2026

Annex 9 – Thresholds and exclusion criteria of the coal policies of the 20 asset management companies studied

AMC	Existence of a public coal policy	Type	Disclosure of a date for the total end of financing of thermal coal	Coal policy exclusion criteria							Other types of exclusion
				All sectors	Mining	Energy			-All sectors		
				Thermal coal as a proportion of revenues (%)	Thermal coal production (in millions of tonnes)	Electricity production capacity based on coal (in GWatts)	Proportion of electricity produced from coal (as a %)	Proportion of energy produced from coal (as a %)	Exceptions to the thresholds by considering intentions or the existence of exit plans	Consideration of the development of new capacity	
AMUNDI ASSET MANAGEMENT	Yes	Responsible investment policy which contains exclusions, particularly regarding coal	-	25% (mining) 50% (extraction and electricity production)	100 MT + with no intention of reduction				Yes	Yes Exclusion of companies developing or planning to develop new thermal coal capacity over the entire value chain	Companies deriving between 25% and 50% of their revenues from coal-fired electricity production or coal mining with a deteriorating energy transition score
Except for companies extracting 100 MT or more of thermal coal having an intention of reduction											
AVIVA (Abeille)	Yes	Responsible and sustainable investment report, containing the coal exclusions	Exit from all its positions related to thermal coal by 2030 at the latest	20%	10m tonnes	5 GW				Yes Exclusion of companies developing new coal mining projects	
AXA INVESTMENT MANAGERS PARIS	Yes	Climate Risk Policy which contains exclusions, particularly regarding coal	2030 in OECD countries, 2040 in other countries	30%	20m tonnes	10 GW			Yes	Yes Exclusion of: - Electricity producers planning to increase their coal-fired energy production capacity by more than 300	

AXA REIM										MW - Mining companies which are launching new coal mining projects and partners of the coal industry (equipment suppliers or infrastructure managers) which are developing major new coal assets (identified by URGEWALD as building new mines or infrastructure dedicated to coal)	
BNP PARIBAS ASSET MANAGEMENT FRANCE	Yes	Responsible investment policy which contains exclusions, particularly regarding coal	2030 for European countries and OECD countries, and by 2040 for the rest of the world	10% (mining)	10m tonnes 1% of global production of thermal coal	-	-		Yes	Yes Exclusion of companies building new coal-fired electric power stations or new thermal coal mines	- Exclusion of companies significantly involved in the mountain removal technique - Exclusion of electricity producers based on carbon intensity: 491 gCo2/kWh in 2019, with a reduction to around 327 gCo2/kWh in 2025 (current SDS scenario of the IEA)
COVEA FINANCE	Yes	Exclusion policy with a coal theme	2040	30%	10m tonnes	5 GW	30%		Yes	Yes Exclusion of companies if the value of their coal-related infrastructure projects exceeds the threshold of 25% of tangible assets on the balance sheet. This threshold will fall to 0% in 2030 for companies in the OECD, and in 2040 for non-OECD countries.	
CREDIT MUTUEL ASSET MANAGEMENT	Yes	Generalist	2030	20%	10m tonnes	5 GW		Proportion of coal in the energy mix strictly less than 20%	Yes	Yes Exclusion of all issuers developing new capacity and exclusion of developers according to GCEL concept	

FEDERAL FINANCE GESTION	Yes	Generalist	Ambition of total exit in 2027	10%	10m tonnes	5 GW		10%	Yes	Yes Exclusion of companies which: - have plans for expansion of their coal-based energy production capacity over the next 5 years; - are doing capital spending in coal mining	
GROUPAMA ASSET MANAGEMENT	Yes	Generalist	2030 in OECD countries, 2040 in other countries	20%	20m tonnes	10 GW	20%		Yes	Yes Exclusion of companies which are planning new coal-fired electric power station projects, or coal mines or infrastructure	
LA BANQUE POSTALE ASSET MANAGEMENT	Yes	Exclusion policy with a coal theme	2030 in OECD countries, 2040 in other countries (in electricity production)	20% (services)					No exception but the exclusion policy includes the existence of an exit plan as a condition for not being excluded	Yes Issuers involved in coal-related development projects are systematically excluded	Exclusion of mining or electricity production companies which have not undertaken to eliminate thermal coal from their operations
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Yes	Generalist	No	25%					Yes	No	Exclusion of companies involved in the mountain removal technique
OFI	Yes	Generalist	Before 2030	20%	10m tonnes	5 GW	20%		Yes	Yes Exclusion of any issuer developing new coal projects involving the use of thermal coal whatever the project's size	

OSTRUM ASSET MANAGEMENT	Yes	Generalist	2030 in OECD countries, 2040 in other countries	20%	10m tonnes	5 GW		20%	Yes	Yes Exclusion of companies developing new coal capacity (including infrastructure developers)	Exclusion of companies involved in the mountain removal technique Exclusion of companies which have not defined a coal exit plan in line with the Paris Agreement
SWISS LIFE ASSET MANAGERS FRANCE	Yes	Responsible investment policy which contains exclusions, particularly regarding coal	No	10%						No	

Annex 10 – Conditions of implementation of the coal-related policies of the 20 asset management companies studied

	1	2	3	4	5	6	7
AMC	Exception for new investments in players supposed to be excluded?	Treatment of the stock of assets in players exceeding the thresholds?	Application of the iron and steel coal policy?	Treatment of issuers having coal exit plans considered credible?	Application to part of the assets under management?	Application to only certain types of asset holdings (equities, bonds, etc.)	Treatment of subsidiaries, shareholders or sister companies of excluded companies?
AMUNDI ASSET MANAGEMENT				All coal-fired electricity production or coal mining companies with a threshold between 25% and 50% of their revenues <u>and a deteriorated energy transition score</u> are excluded. This transition score measures companies' level of commitment and their capacity for adapting their business model to the challenges of the energy transition and the fight against climate change.	The sector exclusions applies to active management. For passive management: - Passive ESG funds: whenever possible, all the ESG ETFs and index funds apply Amundi's coal sector exclusion policy (except for the highly concentrated indices). - Passive non-ESG funds: the fiduciary obligation in passive management is to replicate an index as faithfully as possible. The portfolio manager therefore has limited freedom of initiative and must meet the contractual objectives to obtain a passive exposure fully in compliance with the required benchmark index. Accordingly, Amundi's index funds		
CPR ASSET MANAGEMENT	-	-	Thermal coal only			-	-

					and ETFs replicating standard (non-ESG) benchmark indices cannot apply systematic sector exclusions. However, in the case of securities excluded from the "thermal coal policy" in Amundi's active investment universe but which could be present in passive non-ESG funds, Amundi has stepped up its voting and engagement actions which could take the form of a vote "against" the management of the companies concerned.		
AVIVA (ABEILLE)	-	-	Thermal coal only	-	All its positions related to thermal coal	All its positions related to thermal coal	-
AXA INVESTMENT MANAGERS PARIS	-	The fund managers pull out within 30 days. Some of the instruments concerned could continue to appear in the funds or discretionary portfolios for some time if the manager considers this justified in the interest of his clients. However, these stakes cannot be added to	Thermal coal only	AXA IM may consider exceptions to these exclusion rules for issuers (close to the exclusion threshold) having defined robust transition plans implemented successfully	This policy applies in theory to all the portfolios managed by AXA IM, including dedicated funds and third-party mandates, unless the client has instructed otherwise or if the fund has been exempted on risk management grounds. The following are excluded from the policy: - funds which are not managed by AXA IM; - index funds; - funds of hedge funds;	The policy concerns all the individual financial instruments issued by the identified companies or offering exposure to them	The affiliates of excluded companies can also be excluded if they act as entities issuing securities
AXA REIM							

		<p>In the case of certain structured assets such as collateralised loan obligations (CLOs), securitisation mutual funds (Fonds Communs de Titrisation - FCT) and other securitization products, if a sale is considered impossible, these securities may be held in the portfolio until maturity following an internal approval process.</p>			- the tenants of real estate portfolios.		
<p>BNP PARIBAS ASSET MANAGEMENT FRANCE</p>	<p>The investment teams must not initiate new investments in excluded companies</p>	<p>The existing investments must be removed from the portfolios concerned depending on market conditions, but no later than three months after the announcement.</p>	<p>Thermal coal only</p>	<p>Exceptions granted to coal producing companies which credibly undertake to reduce the proportion of their revenues related to the extraction of thermal coal below 10% and/or their share in the global production of thermal coal to less than 10m tonnes per year within a period of two years from the date on which an exception has been granted to them.</p> <p>Exceptions granted to electricity producers who</p>	<p>The policy applies to all open-ended funds managed actively by BNP AM and will become the standard for dedicated mandates</p>	<p>The exclusion list applies to all types of assets (equities, bonds, convertible bonds, etc.) issued by excluded issuers. It also applies to the participation certificates and derivative products issued by third parties on these securities.</p>	<p>The policy also applies to bonds issued by financial vehicles related to excluded issuers</p>

				credibly undertake to reduce their carbon intensity to a level consistent with the roadmap aligned with the Paris Agreement of the IEA within a period of two years from the date on which an exception has been granted to them			
COVEA FINANCE	Ceases any further equity and bond investments in excluded issuers	The following can be kept in the portfolio: - equities of issuers exceeding the thresholds which have made clear public commitments to a reduction below the Covéa thresholds by 2025; - bonds of issuers exceeding the thresholds until maturity, if said maturity date is at most 2025	Thermal coal only	Covéa Finance will verify, via shareholder dialogue, the reduction in the coal exposure of the firms to which it has granted an exception and compliance with their commitments at least once a year	Covéa Finance undertakes to comply with this exclusion policy in all its CIUs and discretionary portfolios	Covéa Finance undertakes to comply with this exclusion policy for any direct equity or bond investment in the identified companies	The exclusion covers the securities issued by the company, regardless of the other companies of the parent Group (parent company, subsidiaries).
CREDIT MUTUEL ASSET MANAGEMENT	-	After announcement of the Committee's decisions, fund managers have one month to apply the decisions made (barring exceptions decided by the CSR Committee)	Thermal coal only	If an issuer (not complying with the thresholds) has established and disclosed a dated plan for a complete exit from coal assets by 2030 at the latest, it may be reinstated in the investment universe if this plan appears credible (cf.	The present sector policy applies to all the CIUs, except for: - services of reception and transmission of orders; - index funds; - formula funds; - ETFs	The assets concerned by the policy are directly held securities within the universe of "Corporate" issuers	

				<p>ESG rating, controversy monitoring, possible dialogue with the issuer aimed at clarifying their exit strategy by describing the manner and the stages for preparing the announced exit).</p> <p>The issuer will undergo annual monitoring by the FReD team to verify compliance with its commitments.</p>			
EUROTITRISATION	-	-	-	-	-	-	-
FEDERAL FINANCE GESTION	<p>New investments in companies not exceeding the criteria, for maturities beyond 2027 (date of the objective of complete exit from coal), could in exceptional cases be made upon <u>presentation of a reasoned case</u></p>	<p>The equities in the portfolio issued by companies exceeding the thresholds were sold at the end of June 2021.</p> <p>The bonds in the portfolio issued by companies exceeding the thresholds are managed in run-off mode.</p>	<p>Thermal coal only</p>	<p>Reasoned file (for maturities extending beyond 2027) providing a reasonable assurance of a plan for a pullout from coal by the firm by around 2027</p>	<p>The policy excludes:</p> <ul style="list-style-type: none"> - Formula funds and index funds, funds of funds in asset management; - Dedicated funds and discretionary portfolios for which the constraints are decided by our clients. <p>In this case, FFG proposes to its clients adopting the principles applied by the present policy.</p>	-	-

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An exemption may be requested of the Sustainability Risks Committee to authorise the NDIs of an issuer for which the maturity is less than one year. This exemption can only apply to money market funds which do not have the SRI label.

Thermal coal only

Groupama AM reserves the right to recalculate the exclusion criteria taken into account and to analyse the coal exit strategy of certain companies present on the Global Coal Exit List.
 - If the stated objectives are sufficiently precise and allow compliance with a 2°C scenario, the security is placed under surveillance and not excluded. The company's coal exit strategy and its compliance with our policy are reviewed once a year. In this case, the company is informed and dialogue is established with a defined schedule. The proposal for removal of a company from the exclusion list to be placed under surveillance - and the dialogue conducted - are documented by Internal Research.
 - If the objectives are not sufficiently convincing, an exemption may also be requested of the

The policy applies in principle to all the portfolios managed by Groupama AM and its subsidiaries, including dedicated funds and third-party mandates, unless instructed otherwise by the client.

The policy does not apply to funds of funds comprising funds not managed by Groupama AM and funds whose management is delegated to a third-party company.

				<p>Sustainability Risks Committee to authorise the NDIs of such an issuer for which the maturity is less than one year. This exemption can only apply to money market funds which do not have the SRI label. At the same time, dialogue will be entered into with the issuer, which will be documented by Internal Research.</p>			
HSBC GLOBAL ASSET MANAGEMENT	-	-	-	-	-	-	-
LA BANQUE POSTALE ASSET MANAGEMENT	-	-	Thermal coal only	<p>Issuers can be kept in portfolios, despite revenues exceeding the 20% threshold, if their coal exit date is aligned with the Climate Analytics timeline</p> <p>LBPAM commits issuers:</p> <ul style="list-style-type: none"> - having communicated concerning a coal exit but without a clear timetable - if applicable, a commitment opened in Q1 of 	<p>The policy applies to 100% of the open-ended funds managed by LBPAM.</p> <p>For dedicated funds and mandates, the exclusion policy applies depending on investors' choice</p>	-	-

				year N with the objective of deciding to hold or divest the security on 31/12 at the latest			
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	-	If an excess is detected, divestment in the fund concerned will take place within a period of three months	Thermal coal only	Exception requests must be accompanied by a preliminary in-depth analysis capable of demonstrating a strong commitment to a credible exit scenario (e.g. consideration of specific geographic features, plan based on the shutdown or conversion of assets, and not their sale, consideration of the social and societal impacts of the shutdown of sites, etc.).	The policy applies to all the open-ended funds for which NIM International is the financial management company The policy excludes: - External CIUs, FCPRs (venture capital funds), real estate CIUs and derivative products and ETFs using a synthetic replication that can be selected by the fund managers - Structured products, corporate debt funds and the portfolios of Natixis Assurance (exclusively RTO)	-	-
OFI	-	-	Thermal coal only	Exclusion, except if they can provide evidence of a policy of alignment with a "Well-below 2°C" trajectory approved by the "Science-based Target" initiative	The policy applies to open-ended funds (excluding funds of funds) which are managed by OFI Asset Management. Concerning the white label funds managed by OFI AM and marketed by its insurer partners, discretionary management portfolios and dedicated funds, the policy will be systematically	The complete stoppage of coal financing by 2030 at the latest concerns all asset classes In the case of Green Bonds issued by one of the companies present in the GCEL, OFI AM may subscribe	-

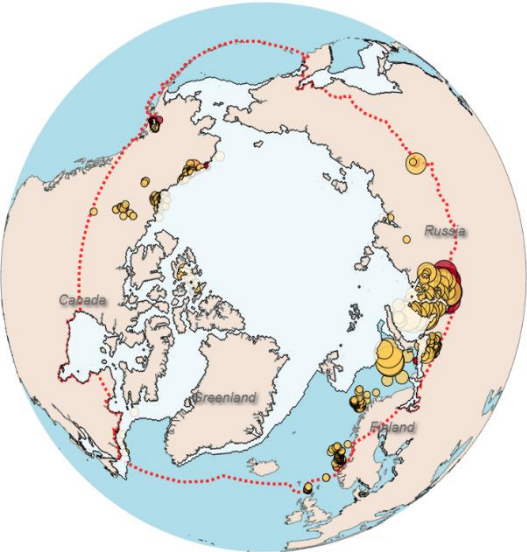
					presented and applied unless otherwise stipulated by the investor or the partners concerned.		
OSTRUM ASSET MANAGEMENT	Provision is made for possible exceptions, duly justified. For this purpose, we have created a Coal Exception Committee.	Divestments of the capital of the companies concerned take place within a period of six months	Thermal coal only	<p>Exclusion of companies which have not defined a coal exit plan in line with the Paris Agreement. An exit plan regarded as credible may justify an exception to the exclusion thresholds.</p> <p>An exit plan is regarded as credible if an analysis can demonstrate a strong commitment to an exit scenario in accordance with the following indicators:</p> <ul style="list-style-type: none"> - Include short-, medium- and long-term milestones of the exit strategy; - Each year, update the company's progress on this exit plan for investors' information; - Use precise scientific measurements (Ostrum recommends 	<p>Applies to all the funds for which Ostrum Asset Management is the management company, lead company or delegated company and all the open-ended funds whose financial management has been delegated to Ostrum Asset Management.</p> <p>For the management of dedicated funds or funds under mandate, Ostrum Asset Management will apply this new policy (unless otherwise stipulated by its clients) so as to take it into account in future portfolio management (and, where applicable, in the case of delegated management, will inform the delegatee).</p>	-	-

				using the SBTi) - Explain the investments made by the company and the transition costs which are needed to implement the exit plan			
SWISS LIFE ASSET MANAGERS FRANCE	-	-	Use of the term "coal" without precise details in certain exclusions.	-	-	-	-

Annex 11 – Thresholds and exclusion criteria of the Oil and Gas policies of the 20 AMCs studied

SGP	Hydrocarbure visé par la politique										Chaîne de valeur				Date de fin totale du financement de ce type d'hydrocarbure ?	Définitions		Critères analysés			Commentaires		
	Pétrole conventionnel	Gas conventionnel	Gas de couche ou gaz de k	Hydrates de méthane	Pétrole et gaz de schiste	Éthanol et gaz de schiste	Arctique bitumineux et sub	Pétrole lourd de sable bitu	Pétrole extra lourd	Gas naturel liquéfié (GNL)	Zone arctique	Exploration / forage	Extraction / production	Nivel		Transport / Export (débüt)	Autres infrastructures	% CA	Part des fossiles non conventionnels dans la production d'hydrocarbures	Développement de nouvelles capacités	Autre		
AXA IM					X	X				X	X		X				Non	Uniq. mention des sables bitumineux	-	Miniers : 20% (extraction) Société de pipeline : 20% (transport de sable b.)	aucune mention		
AXA REIM					X	X				X	X		X				Non	Oui	Oui	"Part importante"	Au niveau projet, mais NA pour BNPAM Le reste s'entend Exploration and production companies for which unconventional oil and gas represent a significant part of their total reserves	La note de bas de page définissant la zone arctique indique que celle-ci se limite à l'offshore. Critères émetteurs supplémentaires • Producteurs : "part importante" des réserves d'hydrocarbures non conventionnels dans le total des réserves d'hydrocarbures • Sociétés de trading : exclusion si "les ressources pétrolières et gazières non conventionnelles représentent une part importante de leur portefeuille d'activités" • Société détenant ou opérant des pipelines ou des terminaux d'exportation de GNL : exclusion si "alimentés par un volume important de pétrole et gaz non conventionnels" • Des critères existent également au niveau projet : pas de produit ou services financiers pour les projets suivants : - exploration et production de ressources pétrolières et gazières non-conventionnelles; - pipelines transportant un volume important de pétrole et gaz non conventionnels ;	
BNP Paribas Asset Management France			X		X	X	X		X		X	X	X				Non	Oui	Oui	"Part importante"	Au niveau projet, mais NA pour BNPAM Le reste s'entend Exploration and production companies for which unconventional oil and gas represent a significant part of their total reserves	La note de bas de page définissant la zone arctique indique que celle-ci se limite à l'offshore. Critères émetteurs supplémentaires • Producteurs : "part importante" des réserves d'hydrocarbures non conventionnels dans le total des réserves d'hydrocarbures • Sociétés de trading : exclusion si "les ressources pétrolières et gazières non conventionnelles représentent une part importante de leur portefeuille d'activités" • Société détenant ou opérant des pipelines ou des terminaux d'exportation de GNL : exclusion si "alimentés par un volume important de pétrole et gaz non conventionnels" • Des critères existent également au niveau projet : pas de produit ou services financiers pour les projets suivants : - exploration et production de ressources pétrolières et gazières non-conventionnelles; - pipelines transportant un volume important de pétrole et gaz non conventionnels ;	
Covea Finance	X	X	X	X	X	X					X						2030	Listing des hydrocarbures visés, sans précision sur les définitions	Oui	-	25%	aucune mention	Engagement à élargir la définition du non conventionnel et abaisser les seuils
Federal Finance Gestion	Pas de précision sur le périmètre d'hydrocarbures visés										X	X	X	X	X		2030 pour les producteurs dont plus de 10% production d'hydrocarbure dépend du non conventionnel	Non	-	30%	Sortie de ces acteurs d'ici 2030	- Sortie des acteurs dont prod NC > 10% d'ici 2030 Les principes d'exclusion s'appliquent à chaque émetteur identifié ainsi qu'à ses filiales. - Green bonds et sustainability bonds possibles, tout comme les financements de méthanisation, biomasse, distribution d'hydrogène, GNV, BioGNV, GNC, GNL, réseaux de chaleurs urbains et réseaux de chaleurs industriels qui pourraient être financés par des acteurs. - Sortie progressive jusqu'en 2030 avec un taux passant de 30% de la production annuelle en 2022 à 10% en 2030	
OFI (schiste)			X		X						X						2030	Oui	Non	10% (extraction)	-		
HSBC Global AM France	Pas de politique dédiée au secteur O&G																						
Amundi Asset Management	Pas de politique dédiée au secteur O&G																						
CPR Asset Management	Pas de politique dédiée au secteur O&G																						
Ostrum Asset Management	Pas de politique dédiée au secteur O&G																						
La Banque Postale Asset Management	Pas de politique dédiée au secteur O&G																						
Swiss Life Asset Managers France	Pas de politique dédiée au secteur O&G																						
Eurotitrisation	Pas de politique dédiée au secteur O&G																						
Natixis Investment Managers International	Pas de politique dédiée au secteur O&G																						
Abeille AM	Pas de politique dédiée au secteur O&G																						
Groupama Asset Management	Pas de politique dédiée au secteur O&G																						

Annex 12 –Arctic Region: a definition which significantly influences the scope of a policy: Illustration with the policies of two asset management companies

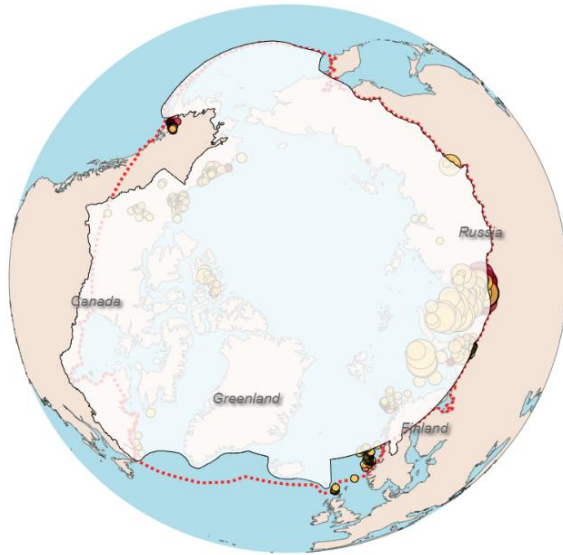


Keys

Geographical limits:
□ Area covered by the policy of the selected financial actor
▣ Boundary of the Arctic area covered by the AMAP

Oil and gas field status:
● Discovered
● Under further evaluation
● Under development
● Producing

Scope adopted by AMC 1: maximum extent of sea ice over twelve months.
It covers 17% of the discovered production assets identified by Rystad Energy UCube.



Scope adopted by AMC 2: Conservation of Arctic Flora and Fauna

It covers 80% of the discovered production assets identified by Rystad Energy UCube.

Source: Interactive appendix to the "Drill, baby, drill" report, Reclaim Finance, Sept. 2021, with data from Rystad Energy

Definitions of the terms "Arctic", "deepwater" and "heavy oil" adopted by fund managers

Definition of the "Arctic region"

The definitions of the "Arctic" region adopted by the AMCs are very different. The first one refers to an organisation created following the Declaration on Protection of the Arctic Environment. The definition of the Conservation of Arctic Flora and Fauna (CAFF) referred to covers both onshore areas and offshore areas. The second AMC adopts only the maritime area covered by the ice at the time when its extent is maximum (indicative period: February/March). This results in a reduction in the region concerned by comparison with the definition of the Sustainable Finance Observatory or that presented above and adopted by another AMC. The Barents Sea and Norwegian Sea are excluded in particular. These two maritime areas represent a total of more than 20 production sites

(see below). This region covered by ice will decrease year after year as a result of global warming, correspondingly restricting the area covered by this definition.

Definition of "deepwater oil"

This criterion is present in two policies, but only one AMC defines it as "*exploration, development and production operations on offshore oil fields located at depths exceeding 5,000 feet (1,500 m)*", a definition consistent with that of the Scientific Committee of the Sustainable Finance Observatory.

Definition of "heavy and extra-heavy oils"

This criterion is present in two policies. Only one AMC defines the properties of heavy oil ("*density ranging between 22.3° and 10° API*" (American Petroleum Institute)) and extra-heavy oil ("*density less than 10° API*"). Heavy oil is not defined by the Scientific Committee of the Sustainable Finance Observatory. On the other hand, it stipulates a higher density threshold for extra-heavy oils: 14° API, thereby broadening the range of oils coming within the "extra-heavy" category by comparison with the definition adopted by the AMC.

Annex 13 – Exposure of French funds, and changes: methodological details concerning look-through transparency by the funds

Like in the previous reports, the exposure of French CIUs to fossil fuel industries was measured using the database established by Banque de France, which traces the details, security by security, of the funds' portfolios. The database used in this report inventories the portfolios of French CIUs at end-2020 and end-2021. It comprises around 9,000 separate funds. The number of CIUs under review declined sharply between end-2020 and end-2021 (-2%), while the total assets under management increased by 9% over the same period, to €1,656 billion at end-2021⁶².

Structure of the "OPC titres" security fund database

	Number of funds	Assets under management (billions of euros)
31/12/2020	8,313	€1,525bn
31/12/2021	8,169	€1,656bn
Cumulative total	8,953	

Source: Banque de France, AMF calculations

Unlike in previous years, **look-through transparency was established** for the funds present in the portfolios of French funds. This operation makes it possible to assess funds' exposure to fossil energies measured indirectly through funds in their portfolios, whether French or foreign. These represent about 20% in terms of their number and the volume under management (€365 billion in AUM in 2021). Two-thirds of them are foreign funds whose assets under management were valued at €120 billion at end-2021. For foreign funds, transparency was established using the Refinitiv Lipper tool. Given the complexity of the operation, criteria were applied for selection of the funds. The funds selected were those meeting at least one of the following criteria: (i) have more than €20 million in assets under management; (ii) account for more than 50% of the portfolio of the French fund which holds it; (iii) belong to the Lipper "energy" classification. The look-through transparency therefore covered around 1500 funds accounting for 20% of the number, but 90% of the assets, of foreign funds present in the portfolio of the French funds⁶³.

Sources of data concerning coal, oil and gas

⁶² Note that the study covers the securities having an ISIN code and held by French CIUs. It therefore does not cover, in particular, investments in private equity or corporate debt, credit, cash loans and exposures via derivatives instruments or via indices. Moreover, management mandates are not included in the scope of analysis. The ISIN code (*International Securities Identification Numbers*) is a standardised 12-character code enabling a financial security to be identified uniquely.

⁶³ See Annex 13

Like in previous years, the AMF estimated the coal exposure of French funds by comparing the portfolio securities with the list of companies established by the German NGO **URGEWALD** (the GCEL – *Global Coal Exit List*⁶⁴). Moreover, since in November 2021 URGEWALD published for the first time a list of companies present in the oil and gas sector, measures of exposures to this sector were able to be calculated^{65 66}.

⁶⁴ Two versions of the GCEL were used for this report. The estimates for 2020 were produced based on the list dated 12 November 2020 and those for 2021 using the list dated 7 October 2021.

⁶⁵ The list was updated in March 2022. It is the latter version that was used for the analysis.

⁶⁶ The green bonds included in Urgewald's GCEL and GOGEL lists are counted in fossil fuel exposures. This case represents a very limited proportion of exposures: 3% for coal and 1% for oil and gas.

Structure of the data in the URGEWALD GCEL (Global Coal Exit List) and GOGEL (Global Oil & Gas Exit List)

	Year	# ISIN	# companies	# LEI
GCEL	2020	8,127	837	517
	2021	9,687	837	566
GOGEL	2022	4,140	478	405

Source: URGEWALD, AMF calculations

To be able to compare the exposure calculation results with other data sources, the AMF used the **TRUCOST** database of *Standard and Poor's*⁶⁷. This lists, in particular, information concerning the share of the revenue of more than 20,000 companies attributable to fossil energies, enabling the AMF to identify around 1,400 companies involved in the activities of extraction, refining, transport and distribution of hydrocarbons and in the production and distribution of carbon-emitting electricity in the portfolios of French funds.

It should be noted that, unlike URGEWALD, TRUCOST identifies companies by the ISIN code of their main activity. An extra step is therefore necessary in order to link the companies listed in TRUCOST to all the securities present in the portfolios of French funds. The S&P TRUCOST personnel produced for the AMF a bridge table indicating for each of the ISIN codes present in the portfolios of French funds the identifier of the company, or of its direct parent or the group parent company according to a principle of subsidiarity (i.e. the lowest level for which TRUCOST has information). Accordingly, for all the estimates made based on the information provided by TRUCOST, a certain amount of analysis of the capital ownership chain is introduced.

Structure of the Trucost EDX_27 database (revenue by sector of activity)

	# ISIN	# companies (TCUID)	Coal (# TCUID)	Oil & Gas (# TCUID)
EDX_27 (all sectors) – the latest data available for each company is kept	19,470	19,532		
Coal / Oil / Gas (excluding petrochemicals/asphalt)	1,364	1,369	413	1,173
Crude petroleum and Natural gas extraction	211111	384		384
Tar sands extraction	211111A	0		0
Natural gas liquid extraction	211112	151		151
Bituminous Coal and Lignite Surface Mining	212111	158	158	
Bituminous Coal Underground Mining	212112	121	121	
Drilling oil and gas wells	213111	58		58
Support activities for oil and gas operations	213112	127		127
Support activities for other mining	213113	40		
→ Restricted based on GICS sub-industry*		13	10	13
Coal Power Generation	221122A	263	263	
Natural Gas Power Generation	221122B	282		282
Petroleum Power Generation	221122C	120		120
Electric Bulk Power Transmission and Control	221121	117		
→ Restricted to entities producing power from Coal / Natural Gas / Petroleum **		79	61	69
Electric Power Distribution	221123	235		
→ Restricted to entities producing power from Coal / Natural Gas / Petroleum **		164	118	151
Natural gas distribution	221200	232		232
Other nonresidential structures	250103	651		
→ Restricted based on GICS sub-industry*		57 (50)	12	49
Petroleum refineries	324110	134		134

⁶⁷ The database is updated each week and the exposure analyses presented here are based on the version dated 17 July 2022.

Mining and oil and gas field machinery manufacturing	333130		66		66
Petroleum, Chemical, and Allied Products Wholesalers	424700A		0		0
Gasoline Stations	447000		77		77
Nonstore Retailers		290			
→ Restricted based on GICS sub-industry*			3 (2)	0	2
Rail transportation (Electric)			0	0	0
Rail transportation (Diesel)			0	0	0
Water transportation		213			
→ Restricted based on GICS sub-industry*			60	60	60
Truck transportation		91			
→ Restricted based on GICS sub-industry*			6	6	6
Pipeline transportation	486000		142		142
Warehousing and storage		123			
→ Restricted based on GICS sub-industry*			10 (10)	3	10

Source: S&P Trucost, AMF calculations

* The scope is restricted to the following 10 GICS sub-industry sectors: Coal & Consumable Fuels / Integrated Oil & Gas / Oil & Gas Drilling / Oil & Gas Equipment & Services / Oil & Gas Exploration & Production / Oil & Gas Refining & Marketing / Oil & Gas Storage & Transportation / Electric Utilities / Gas Utilities / Independent Power Producers & Energy Traders. Moreover, for Electric Utilities and for Independent Power Producers & Energy Traders, the only entities kept are those involved in the production of energy based on coal, oil or natural gas (-> figures in brackets where applicable). NB: for transport, we are unable to make a distinction between Coal and Oil & Gas.

** Regarding electricity transport and distribution, the choice is restricted to entities which produced energy based on hydrocarbons (394 companies in all: 263 produce based on coal, and 298 based on oil or natural gas).

Exposure measurement

Unlike in previous years, several methods were employed to assess French funds' exposure to the actors involved in fossil-fuel sectors.

Identification via the URGEWALD⁶⁸ GCEL and GOGEL

Several methods were employed to assess French funds' exposure to the actors of the coal sector as identified by URGEWALD.

- Method U1: This method corresponds to that applied in the previous two reports. The estimates of exposure to coal (oil and gas respectively) are based on a comparison of the lists of ISIN codes of securities identified by the URGEWALD GCEL (GOGEL respectively) with the list of portfolio securities of French funds. This strategy has the advantage of simplicity and makes it possible to establish a link with the results presented in the previous reports. However, it may lead to underestimation of exposure to fossil energies to the extent that some securities (in particular short-term securities) are poorly referenced by commercial data providers.
- Method U2: This method is able to correct the disadvantage of the preceding method. It consists in identifying the companies present in fossil energies by their ISIN code, but also their LEI (Legal Entity Identifier), data now frequently indicated by URGEWALD⁶⁹. Therefore, work was done to enrich the data on the funds' portfolios in order to identify the LEI for the greatest possible number of securities and thus fully exploit the information contained

⁶⁸ NB: In this section, we compare the 2020 GCEL list with the reported portfolios at 31/12/2020, and the 2021 GCEL list with the reported portfolios at 31/12/2021.

⁶⁹ "The Legal Entity Identifier (LEI) is a 20-character alphanumeric code based on ISO Standard 17442. It is linked to key reference information making it possible to identify clearly and uniquely legal entities taking part in financial transactions." See the [GLEIF website](#).

in the URGEWALD database. This method can thus greatly increase the number of securities identified, even though it is not exhaustive insofar as the ISIN codes in portfolios are not always associated with an LEI.

- Method U3: This method makes it possible to take into account the capital structure of security issuers, and consider that if a group has a subsidiary involved in fossil energies, then the group as a whole is exposed. While this assessment constitutes a high estimate of exposures, it is justified by the existence of intra-group loans. It can also provide some elements for comparison with assessments calculated on the basis of TRUCOST data, which take into account the capital ties between companies.

These estimates are unweighted by the proportion of carbon-emitting activities of the security issuers: An investment of €100 in a company deriving 90% of its revenues from the use of coal is considered equivalent to €100 invested in a company whose coal activities are limited to 10% of its revenues.

Identification via TRUCOST

With the data from TRUCOST also, several estimation methods can be applied to measure the exposure of French funds to actors in fossil energy sectors.

- Method T1 measures the funds' unweighted exposures to 414 companies for which TRUCOST was able to determine the share represented by coal in their mining or electricity generation revenues. This method is therefore applied only for exposures to the coal sector.
- Method T2: This method consists in measuring exposures to companies for which TRUCOST has estimated non-null revenues from the coal sector and from oil and gas. The proportion of revenues attributable to each given sector of activity being known, it is possible to estimate French funds' exposures by introducing a weighting by the proportion of the security issuer's revenues resulting from carbon-emitting activities: this weighted approach is called Method T2 bis. Hence, a €100 investment in a company for which 90% of its revenues come from the use of coal will translate into a coal exposure of €90, whereas the same €100 invested in a company whose coal activities are limited to 10% of its revenues would result in an exposure of only €10.
- Method T3: The analysis can again be supplemented by adding the companies not covered by the TRUCOST database but that it has been possible to associate with fossil energy sectors via other sources⁷⁰.
- Method T4: Finally, like for the work performed on the URGEWALD databases, it is possible to perform tracing to the group parent company to calculate exposures.

Exposures to the coal sector

Identification via the URGEWALD GCEL

Using the URGEWALD data, the coal exposure of French funds is estimated at between €7.5 billion and €35 billion at end-2021. Relative to the total assets under management of French funds, this exposure remains limited, ranging between 0.5% and 2.1%.

Whatever the method used, the number of funds exposed to the coal sector decreased between 2020 and 2021, as did the number of securities identified by URGEWALD and present in the funds' portfolios. On the other hand, the exposure of French funds to companies related to the coal business, not only in absolute value terms but also relative to total assets under management, increased during the period under review.

⁷⁰ For the coal sector, the companies added are those coming under the GICS sub-sector "Coal and Consumable Fuels" and, in the case of the Oil and Gas sector, the "Gas Utilities", "Integrated Oil and Gas", " Oil and Gas Drilling", "Oil and Gas Equipment and Services", "Oil and Gas Exploration and Production", " Oil and Gas Refining and Marketing", and "Oil and Gas Storage and Transportation" sub-sectors.

Coal exposure – GCEL list – without look-through transparency

	2020				2021				% change			
	# identified securities	# exposed funds	Exposure (€bn)	Exposure (as a %)	# identified securities	# exposed funds	Exposure (€bn)	Exposure (as % of AUM)	# identified securities	# exposed funds	Exposure	Exposure/AUM (chg in pp)
Method U1	378	1,563	6.7	0.4%	361	1,597	7.5	0.5%	-4.50%	+2.18%	+11.94%	+0.1 pt
Method U2	520	1,780	13.8	0.9%	469	1,671	15.7	1.0%	-9.81%	-6.12%	+13.77%	+0.1 pt
Method U3	866	2,445	24.1	1.6%	794	2,197	30.1	1.8%	-8.31%	-10.14%	+24.90%	+0.2 pp

Source: Banque de France ("OPC" database), Urgewald (GCEL), AMF calculations

Coal exposure – GCEL list – with look-through transparency

	2020				2021				Change (%)			
	# identified securities	# exposed funds	Exposure (€bn)	Exposure (as a %)	# identified securities	# exposed funds	Exposure (€bn)	Exposure (as a %)	# identified securities	# exposed funds	Exposure	Exposure/AUM (chg in pp)
Method U1	731	4,037	7.8	0.5%	841	3,964	9.1	0.5%	+15.05%	-1.81%	+16.67%	+0.0 pp
Method U2	959	4,879	14.7	1.0%	1,020	4,425	18.3	1.1%	+6.36%	-9.31%	+24.49%	+0.1 pt
Method U3	1,531	5,331	27.8	1.8%	1,688	4,924	34.9	2.1%	+10.25%	-7.63%	+25.54%	+0.3 pt

Source: Banque de France ("OPC" database), Urgewald (GCEL), AMF calculations

Analysis of the coal exposure of funds according to their classification shows that the overall increase observed between 2020 and 2021 is mostly attributable to money market funds for which the exposure has practically doubled, whatever the estimate considered. For other fund categories, one observes a more moderate increase in exposures, or even a decrease as in the case of equity funds.

Sans mise en transparence

Type de fonds	2020		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	AuM déclaré Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	M€	%
ACTION	309 700	313 700	2 577	0.8%	2 693	0.9%	5 670	1.8%		
OBLIGATAIRE	261 800	271 500	1 405	0.5%	1 841	0.7%	3 793	1.4%		
DIVERSIFIE	395 300	408 900	1 759	0.4%	2 639	0.7%	4 737	1.2%		
MONETAIRES-MMF	343 300	407 300	625	0.2%	4 917	1.4%	7 673	2.2%		
RISQUE	56 000	56 950	46	0.1%	46	0.1%	46	0.1%		
IMMOBILIERS	42 900	61 580	3	0.0%	3	0.0%	5	0.0%		
AUTRES	116 464	118 056	262	0.2%	645	0.6%	2 137	1.8%		

Type de fonds	2021		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	AuM déclaré Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	M€	%
ACTION	365 900	370 100	1 920	0.5%	2 006	0.5%	4 048	1.1%		
OBLIGATAIRE	259 500	270 800	1 668	0.6%	2 312	0.9%	3 432	1.3%		
DIVERSIFIE	436 500	451 500	2 262	0.5%	2 511	0.6%	4 642	1.1%		
MONETAIRES-MMF	342 300	391 800	1 417	0.4%	8 269	2.4%	15 870	4.6%		
RISQUE	71 330	72 450	0	0.0%	0	0.0%	0	0.0%		
IMMOBILIERS	45 930	65 470	3	0.0%	3	0.0%	4	0.0%		
AUTRES	134 512	136 248	252	0.2%	555	0.4%	2 113	1.6%		

Avec une étape de mise en transparence

Type de fonds	2020		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	AuM déclaré Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	M€	%
ACTION	309 400	313 700	2 835	0.9%	2 986	1.0%	6 343	2.1%		
OBLIGATAIRE	261 700	271 500	1 512	0.6%	2 044	0.8%	4 179	1.6%		
DIVERSIFIE	394 600	408 900	2 378	0.6%	3 583	0.9%	6 556	1.7%		
MONETAIRES-MMF	342 800	407 300	666	0.2%	5 155	1.5%	8 136	2.4%		
RISQUE	56 000	56 950	48	0.1%	68	0.1%	78	0.1%		
IMMOBILIERS	42 900	61 580	8	0.0%	33	0.1%	71	0.2%		
AUTRES	116 457	118 056	341	0.3%	791	0.7%	2 461	2.1%		

Type de fonds	2021		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	AuM déclaré Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	M€	%
ACTION	365 300	370 100	2 240	0.6%	2 387	0.7%	4 802	1.3%		
OBLIGATAIRE	259 400	270 800	1 817	0.7%	2 623	1.0%	3 995	1.5%		
DIVERSIFIE	434 700	451 500	3 189	0.7%	3 779	0.9%	6 764	1.6%		
MONETAIRES-MMF	342 100	391 800	1 495	0.4%	8 700	2.5%	16 690	4.9%		
RISQUE	71 330	72 450	6	0.0%	18	0.0%	33	0.0%		
IMMOBILIERS	46 080	65 470	13	0.0%	34	0.1%	74	0.2%		
AUTRES	134 298	136 248	348	0.3%	711	0.5%	2 542	1.9%		

Exposure of French funds to securities of the GCEL, by classification

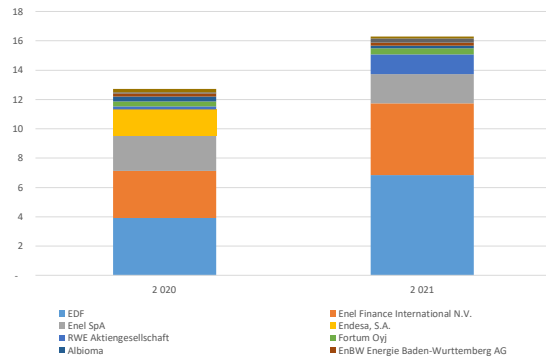
Source: Banque de France ("OPC" database), Urgewald (GCEL), AMF calculations

This increase in the exposure of money market funds mainly concerns EDF (about 30% of the change) and, to a lesser extent, RWE (about 10% of the change).

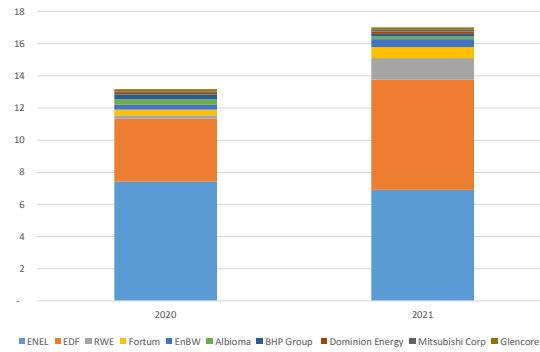
Concentration of exposures according to the securities and issuers

According to the central estimate, the five leading groups present in French CIUs accounted for more than 85% of the total coal exposure of French funds in 2021 and two issuers, EDF and Enel, together by themselves accounted for three-quarters of the exposures. The proportions represented by these issuers have changed somewhat, however: while the weight of Enel group in the portfolios decreased significantly in 2021 (-13 pps), conversely EDF, RWE and Fortum Oyi saw their relative significance increase (+11 pps, +6 pps and +1 pp respectively).

Main issuers having a coal business in the portfolio of French funds (central estimate*)



Main groups having a coal business in the portfolio of French funds (central estimate*)



(* Method U2 with look-through transparency)

Source: Banque de France ("OPC" database), Urgewald (GCEL), Lipper, AMF calculations

A more precise analysis by issuer company and by security shows that, in 2021, the decline in investment in Enel equities was partly offset by an increase in investments in short- and medium-term debt securities issued by Enel's financial subsidiary. It also shows that, in addition to the concentration of investments on a few issuers, coal investment is also concentrated on a limited number of securities: the 15 main ones account for around half of French funds' exposure to securities of the GCEL.

Main securities of the GCEL found in the portfolio of French funds (central estimate*)

Principaux titres 'GCEL' en portefeuille - 2020				
ISIN	Émetteur	Nature	Détention cumulée (M€)	Détention cumulée (%)
Total Général Méthode U2			14 660	100 %
IT0003128367	ENEL SPA	Equity	2 125	14 %
FR0013534518	ELECTRICITE DE FRANCE SA	Bond	741	5 %
FR0011635515	ELECTRICITE DE FRANCE SA	Equity	560	4 %
ES0530670XN4	ENDESA SA	MMI-MTN	490	3 %
FR0010242511	ELECTRICITE DE FRANCE SA	Equity	358	2 %
ES0530670XE3	ENDESA SA	MMI-MTN	356	2 %
XS2276545626	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	343	2 %
FR0000060402	ALBIOMA SA	Equity	337	2 %
ES0530670XA1	ENDESA SA	MMI-MTN	326	2 %
XS2276545386	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	319	2 %
XS2276542367	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	278	2 %
FR0126230962	ELECTRICITE DE FRANCE SA	MMI-MTN	232	2 %
XS2279392653	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	227	2 %
XS2276541633	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	212	1 %
DE0007037129	RWE AG	Equity	212	1 %

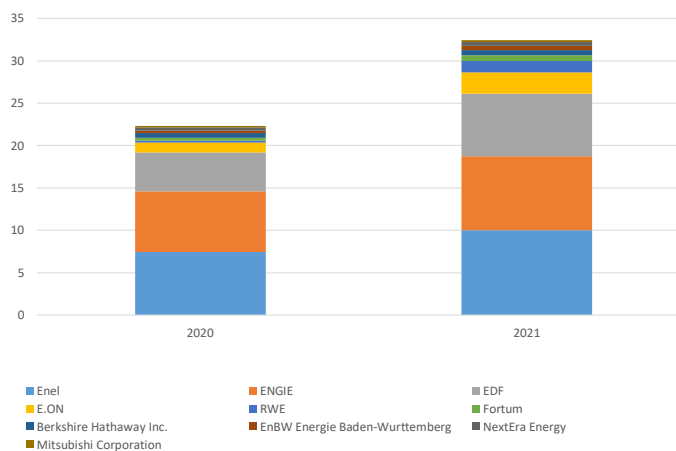
Principaux titres 'GCEL' en portefeuille - 2021				
ISIN	Émetteur	Nature	Détention cumulée (M€)	Détention cumulée (%)
Total Général Méthode U2			18 251	100 %
IT0003128367	ENEL SPA	Equity	1 651	9 %
XS2427857979	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	890	5 %
FR0127108951	ELECTRICITE DE FRANCE SA	MMI-MTN	835	5 %
FR0126534884	ELECTRICITE DE FRANCE SA	MMI-MTN	825	5 %
XS2425835159	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	750	4 %
DE0007037129	RWE AG	Equity	569	3 %
FR0013534518	ELECTRICITE DE FRANCE SA	Bond	564	3 %
FR0126534892	ELECTRICITE DE FRANCE SA	MMI-MTN	478	3 %
FR0011635515	ELECTRICITE DE FRANCE SA	Equity	440	2 %
FR0127109033	ELECTRICITE DE FRANCE SA	MMI-MTN	342	2 %
XS2427860502	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	316	2 %
XS2401564310	RWE AG	MMI-MTN	304	2 %
FR0010242511	ELECTRICITE DE FRANCE SA	Equity	279	2 %
FR0127102780	ELECTRICITE DE FRANCE SA	MMI-MTN	257	1 %
XS2427875013	ENEL FINANCE INTERNATIONAL NV	MMI-MTN	254	1 %

(*) Method U2 with look-through transparency

Source: Banque de France ("OPC" database), Urgewald (GCEL), Lipper, AMF calculations

Referring to the top of the range of estimates and aggregating the cumulative exposures at each group parent company, one observes a concentration on the Enel and Engie groups which accounted for over half of the "coal" assets of French funds in 2021. Moreover, the concentration of the exposure has increased significantly: the five main groups for which at least one of their subsidiaries was involved in the coal business accounted for 81% of the coal exposure of French funds in 2020. This ratio increased to 86% in 2021.

Main groups having a coal business in the portfolio of French funds (high estimate*)



Source: Banque de France ("OPC" database), Urgewald (GCEL), Lipper, AMF calculations

() Method U3 with look-through transparency*

Identification via TRUCOST

The unweighted estimates obtained with TRUCOST are higher than those calculated with the URGEWALD data. That is partly due to partial upstreaming to the intermediate parents or group parent companies discussed earlier. The unweighted exposure of French funds to the coal sector was estimated at between 36 and 51 billion euros in 2021, i.e. between 2.6% and 3.1% of total assets under management. The weighted exposure relating to the proportion of the company's revenues generated by coal activities is far lower by definition: it was estimated at between 11 and 13 billion euros in 2021, or about 0.7% of total assets under management (Table). It should be noted that their calculation requires data that is not necessarily available for all the companies present in the portfolio and, where it does exist, this data is made up of estimates of unknown accuracy.

As with the URGEWALD data, we note a decrease in the number of funds exposed to coal and an increase in the total exposure in absolute and relative value terms, whatever the estimation method considered. On the other hand, unlike the estimates made with the URGEWALD data, the number of issuers involved in coal and present in the portfolio of French funds tends to increase.

Unweighted coal exposure – Trucost database – without look-through transparency

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	pp
Method T1	716	2,551	28.8	1.9%	762	2,438	36.5	2.2%	+6.42%	-4.43%	+26.74%	+0.3
Method T2	720	2,552	28.9	1.9%	765	2,438	36.5	2.2%	+6.25%	-4.47%	+26.30%	+0.3
Method T3	730	2,585	29.3	1.9%	774	2,465	36.8	2.2%	+6.03%	-4.64%	+25.60%	+0.3
Method T4	1,095	2,671	34.7	2.3%	1,097	2,573	43.6	2.6%	+0.18%	-3.67%	+25.65%	+0.3

Source: Banque de France ("OPC" database), S&P Trucost, AMF calculations

Unweighted coal exposure – Trucost database – with look-through transparency

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	Pp
Method T1	1,096	5,388	33.3	2.2%	1,204	5,085	42.6	2.6%	+9.85%	-5.62%	+27.93%	+0.4
Method T2	1,110	5,389	33.5	2.2%	1,214	5,085	42.6	2.6%	+9.37%	-5.64%	+27.16%	+0.4
Method T3	1,123	5,407	33.9	2.2%	1,226	5,100	42.9	2.6%	+9.17%	-5.68%	+26.55%	+0.4
Method T4	1,911	5,534	40.3	2.6%	2,177	5,214	50.6	3.1%	+13.92%	-5.78%	+25.56%	+0.5

Source: Banque de France ("OPC" database), S&P Trucost, AMF calculations

Weighted coal exposure, Trucost database

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	pp

without look-through transparency	666	2,506	9.2	0.6%	711	2,375	11.2	0.7%	+6.76%	-5.23%	+21.74%	+0.1
with look-through transparency	1,015	5,359	10.7	0.7%	1,109	5,049	13.1	0.8%	+9.26%	-5.78%	+22.43%	+0.1

Note: Low/high estimate = Method T2bis without/with look-through transparency

Source: Banque de France ("OPC" database), S&P Trucost, AMF calculations

Analysis of the coal exposure of French funds according to their classification also confirms the results obtained based on the URGEWALD data: coal exposure is concentrated more in money market and equity funds. But whereas coal exposure decreased in 2021 for equity funds, it practically doubled for money market funds, whatever the method used.

Exposure of French funds to companies in the coal sector, by classification

Sans mise en transparence

2020												2021													
Type de fonds	AuM déclaré Base OPC (M€)	Actif net déclaré Base OPC (M€)	Méthode T1		Méthode T2		Méthode T2bis		Méthode T3		Méthode T4		Type de fonds	AuM déclaré Base OPC (M€)	Actif net déclaré Base OPC (M€)	Méthode T1		Méthode T2		Méthode T2bis		Méthode T3		Méthode T4	
			M€	%	M€	%	M€	%	M€	%	M€	%				M€	%	M€	%	M€	%	M€	%	M€	%
ACTION	309 711	313 721	8 818	2,8%	8 818	2,8%	3 151	1,0%	8 818	2,8%	9 299	3,0%	ACTION	365 879	370 063	7 479	2,0%	7 479	2,0%	2 523	0,7%	7 480	2,0%	8 016	2,2%
OBLIGATAIRE	261 778	271 478	3 794	1,4%	3 817	1,5%	956	0,4%	4 019	1,5%	5 507	2,1%	OBLIGATAIRE	259 545	270 844	3 969	1,5%	3 980	1,5%	1 155	0,4%	4 165	1,6%	5 652	2,2%
DIVERSIFIE	395 305	408 873	6 278	1,6%	6 293	1,6%	1 927	0,5%	6 432	1,6%	7 226	1,8%	DIVERSIFIE	436 488	451 480	6 589	1,5%	6 598	1,5%	2 114	0,5%	6 707	1,5%	7 418	1,7%
MONETAIRES-MMF	343 287	407 255	7 328	2,1%	7 401	2,2%	2 418	0,7%	7 412	2,2%	10 048	2,9%	MONETAIRES-MMF	342 256	391 841	16 011	4,7%	16 011	4,7%	4 739	1,4%	16 011	4,7%	19 936	5,8%
RISQUE	55 998	56 950	46	0,1%	46	0,1%	20	0,0%	46	0,1%	46	0,1%	RISQUE	71 328	72 453	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
IMMOBILIERS	42 896	61 585	5	0,0%	5	0,0%	1	0,0%	5	0,0%	6	0,0%	IMMOBILIERS	45 931	65 474	5	0,0%	5	0,0%	1	0,0%	5	0,0%	6	0,0%
AUTRES	116 473	118 055	2 525	2,2%	2 525	2,2%	686	0,6%	2 530	2,2%	2 612	2,2%	AUTRES	134 504	136 241	2 440	1,8%	2 440	1,8%	620	0,5%	2 451	1,8%	2 539	1,9%

Avec une étape de mise en transparence

2020												2021													
Type de fonds	AuM déclaré Base OPC (M€)	Actif net déclaré Base OPC (M€)	Méthode T1		Méthode T2		Méthode T2bis		Méthode T3		Méthode T4		Type de fonds	AuM déclaré Base OPC (M€)	Actif net déclaré Base OPC (M€)	Méthode T1		Méthode T2		Méthode T2bis		Méthode T3		Méthode T4	
			M€	%	M€	%	M€	%	M€	%	M€	%				M€	%	M€	%	M€	%	M€	%	M€	%
ACTION	309 711	313 721	9 882	3,2%	9 883	3,2%	3 567	1,2%	9 884	3,2%	10 434	3,4%	ACTION	365 879	370 063	8 725	2,4%	8 726	2,4%	2 919	0,8%	8 728	2,4%	9 342	2,6%
OBLIGATAIRE	261 778	271 478	4 206	1,6%	4 234	1,6%	1 082	0,4%	4 446	1,7%	6 076	2,3%	OBLIGATAIRE	259 545	270 844	4 591	1,8%	4 603	1,8%	1 345	0,5%	4 792	1,8%	6 464	2,5%
DIVERSIFIE	395 305	408 873	8 458	2,1%	8 483	2,1%	2 663	0,7%	8 656	2,2%	9 882	2,5%	DIVERSIFIE	436 488	451 480	9 356	2,1%	9 368	2,1%	3 056	0,7%	9 510	2,2%	10 624	2,4%
MONETAIRES-MMF	343 287	407 255	7 704	2,2%	7 779	2,3%	2 542	0,7%	7 790	2,3%	10 602	3,1%	MONETAIRES-MMF	342 256	391 841	16 846	4,9%	16 846	4,9%	4 972	1,5%	16 846	4,9%	20 964	6,1%
RISQUE	55 998	56 950	79	0,1%	79	0,1%	30	0,1%	80	0,1%	91	0,2%	RISQUE	71 328	72 453	36	0,0%	36	0,0%	10	0,0%	36	0,1%	44	0,1%
IMMOBILIERS	42 896	61 585	54	0,1%	54	0,1%	13	0,0%	54	0,1%	89	0,2%	IMMOBILIERS	45 931	65 474	64	0,1%	64	0,1%	14	0,0%	65	0,1%	88	0,2%
AUTRES	116 473	118 055	2 950	2,5%	2 955	2,5%	834	0,7%	2 961	2,5%	3 097	2,7%	AUTRES	134 504	136 241	2 952	2,2%	2 952	2,2%	780	0,6%	2 964	2,2%	3 116	2,3%

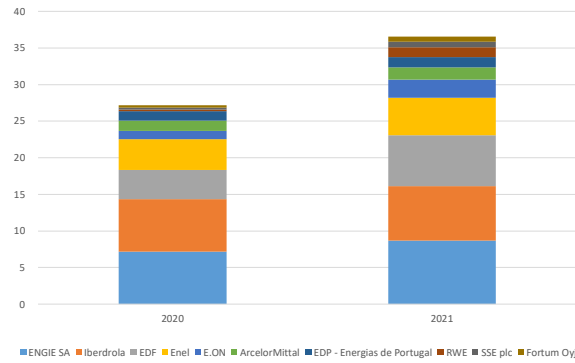
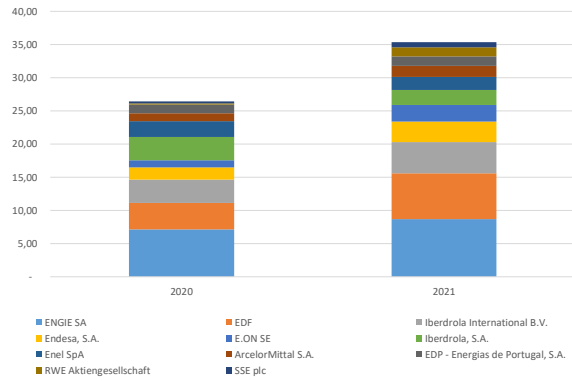
Source: Banque de France ("OPC" database), S&P Trucost, AMF calculations

Concentration of exposures according to the issuers

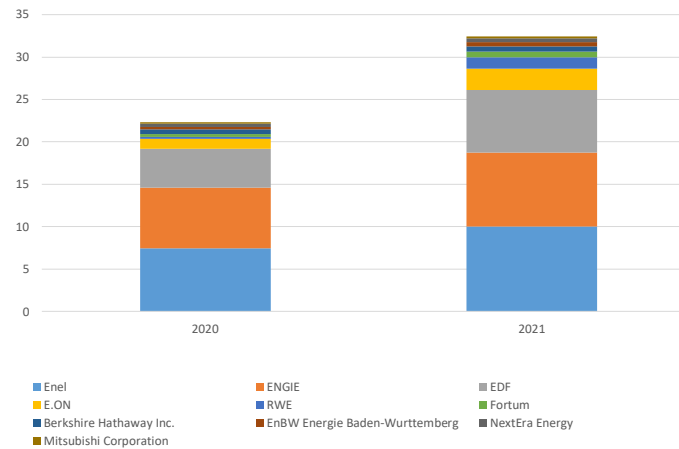
If we aggregate the cumulative exposures for each issuer or their group parent company, we note that several issuers such as Iberdrola and Arcelor Mittal make an entry into the TRUCOST ranking. The funds' exposure is, moreover, less concentrated with the TRUCOST data than with the URGEWALD data: in 2021, the five leading groups accounted for 70% of exposures, versus 86% for URGEWALD.

Main issuers having a coal business in the portfolio of French funds (central estimate*)

Main groups having a coal business in the portfolio of French funds (central estimate*)



Main groups having a coal business in the portfolio of French funds (TRUCOST data; high estimate*)



(* Central estimate = Method T3 with look-through transparency; high estimate = Method T4 with look-through transparency
Source: Banque de France ("OPC" database), Urgewald (GCEL), Lipper, AMF calculations

Exposure of French funds to firms in the oil and gas sector

Exposure of French funds to firms in the oil and gas sector (identification via GOGEL)⁷¹

⁷¹ NB: We have only one version of GOGEL (March 2022). As a consequence, in this section, we compare this single file with the reported portfolios at 31/12/2020 and 31/12/2021.

At the end of 2021, the exposure of French funds to companies associated by the GOGEL with the oil and gas business was estimated at between 36 and 75 billion euros, i.e. between 2.2% and 4.5% of the total assets under management.

As in the case of coal, the various estimation methods generally point to an increase in French funds' exposure to the oil and gas sector in absolute and relative terms between 2020 and 2021, while the number of funds concerned tends to decrease. The number of securities in the portfolio, for its part, is relatively stable.

Oil and gas exposure – GOGEL list – without look-through transparency

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	pp
Method U1	664	2,549	29.0	1.9%	651	2,519	36.7	2.2%	-1.96%	-1.18%	+26.55%	+0.3
Method U2	1,019	2,694	40.8	2.7%	977	2,604	49.0	3.0%	-4.12%	-3.34%	+20.10%	+0.3
Method U3	1,446	2,863	53.6	3.5%	1,368	2,810	65.9	4.0%	-5.39%	-1.85%	+22.95%	+0.5

Source: Banque de France ("OPC" database), Urgewald (GOGEL), AMF calculations

Oil & Gas exposure – GOGEL list – with look-through transparency

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	Pp
Method U1	1,126	4,593	32.5	2.1%	1,183	4,899	41.8	2.5%	+5.06%	+6.66%	+28.62%	+0.4
Method U2	1,618	5,412	45.9	3.0%	1,649	5,085	55.7	3.4%	+1.92%	-6.04%	+21.35%	+0.4
Method U3	2,349	5,522	60.5	4.0%	2,372	5,224	74.8	4.5%	+0.98%	-5.40%	+23.64%	+0.5

Source: Banque de France ("OPC" database), Urgewald (GOGEL), AMF calculations

Analysis of the exposure of French funds to the oil and gas sector according to their classification shows that this upward trend concerns practically all categories of funds. Only bond funds seem to have started reducing their exposure to the sector.

Exposure of French funds to securities of the GOGEL, by classification

Sans mise en transparence

2020	AuM déclaré		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	Type de fonds	Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	
ACTION	309 700	313 700	9 146	3.0%	9 413	3.0%	11 490	3.7%		
OBLIGATAIRE	261 800	271 500	4 271	1.6%	6 251	2.4%	8 017	3.1%		
DIVERSIFIE	395 300	408 900	7 324	1.9%	8 385	2.1%	9 952	2.5%		
MONETAIRES-MMF	343 300	407 300	242	0.1%	8 104	2.4%	14 660	4.3%		
RISQUE	56 000	56 950		0.0%		0.0%		0.0%		
IMMOBILIERS	42 900	61 580	5	0.0%	6	0.0%	8	0.0%		
AUTRES	116 464	118 056	8 003	6.9%	8 630	7.4%	9 484	8.1%		

2021	AuM déclaré		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	Type de fonds	Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	
ACTION	365 900	370 100	10 760	2.9%	10 950	3.0%	14 060	3.8%		
OBLIGATAIRE	259 500	270 800	4 157	1.6%	5 447	2.1%	6 944	2.7%		
DIVERSIFIE	436 500	451 500	9 087	2.1%	10 050	2.3%	11 890	2.7%		
MONETAIRES-MMF	342 300	391 800	2 692	0.8%	12 000	3.5%	20 760	6.1%		
RISQUE	71 330	72 450		0.0%		0.0%		0.0%		
IMMOBILIERS	45 930	65 470	4	0.0%	5	0.0%	7	0.0%		
AUTRES	134 512	136 248	10 007	7.4%	10 593	7.9%	12 225	9.1%		

Avec une étape de mise en transparence

2020	AuM post-TR		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	Type de fonds	Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	
ACTION	309 400	313 700	10 140	3.3%	10 540	3.4%	12 790	4.1%		
OBLIGATAIRE	261 700	271 500	4 491	1.7%	6 757	2.6%	8 765	3.3%		
DIVERSIFIE	394 600	408 900	9 098	2.3%	10 800	2.7%	13 120	3.3%		
MONETAIRES-MMF	342 800	407 300	254	0.1%	8 566	2.5%	15 450	4.5%		
RISQUE	56 000	56 950	3	0.0%	27	0.0%	54	0.1%		
IMMOBILIERS	42 900	61 580	31	0.1%	74	0.2%	136	0.3%		
AUTRES	116 457	118 056	8 440	7.2%	9 171	7.9%	10 181	8.7%		

2021	AuM post-TR		Actif net déclaré		Méthode U1		Méthode U2		Méthode U3	
	Type de fonds	Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	
ACTION	365 300	370 100	12 250	3.4%	12 560	3.4%	16 010	4.4%		
OBLIGATAIRE	259 400	270 800	4 473	1.7%	6 022	2.3%	7 772	3.0%		
DIVERSIFIE	434 700	451 500	11 580	2.7%	13 120	3.0%	15 820	3.6%		
MONETAIRES-MMF	342 100	391 800	2 843	0.8%	12 620	3.7%	21 800	6.4%		
RISQUE	71 330	72 450	7	0.0%	23	0.0%	40	0.1%		
IMMOBILIERS	46 080	65 470	31	0.1%	54	0.1%	92	0.2%		
AUTRES	134 298	136 248	10 653	7.9%	11 336	8.4%	13 230	9.9%		

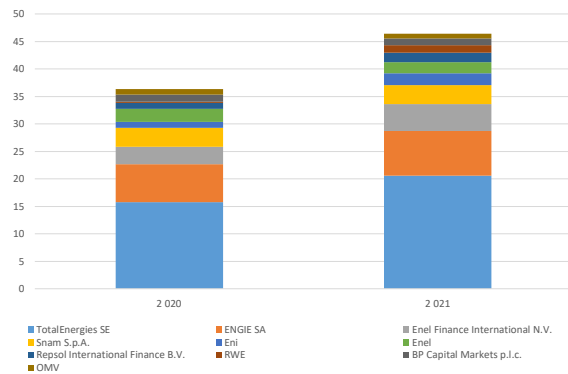
Source: Banque de France ("OPC" database),

Urgewald (GOGEL), AMF calculations

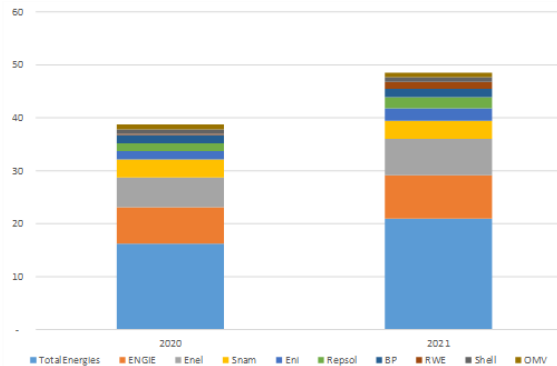
Analysis by issuer

According to the central estimate, the five leading issuers present in French CIUs accounted for two-thirds of the total exposure to the oil and gas sector in 2021 and two issuers, TotalEnergies and Engie, together by themselves accounted for half of the exposures.

Main issuers of the oil and gas sector in the portfolio of French funds (central estimate*)



Main groups having an Oil & Gas business in the portfolio of French funds (central estimate*)

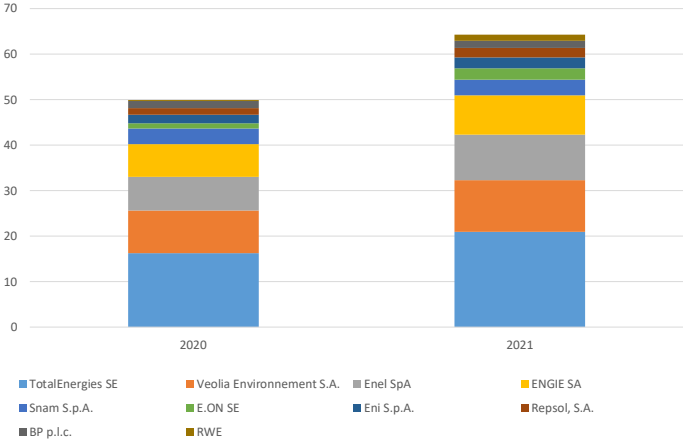


Note: Central estimate = Method U2 with look-through transparency. High estimate = Method U3 with look-through transparency.

Source: Banque de France ("OPC" database), Urgewald (GOGEL), Lipper, AMF calculations

Referring to the top of the range of estimates and aggregating the cumulative exposures at each group parent company, one observes that the five leading groups (TotalEnergies, Veolia Environnement, Enel, Engie and Snam) accounted for around three-quarters of the oil and gas assets of French funds in 2021, a proportion that remained stable compared with 2020.

Main groups having an oil and gas business in the portfolio of French funds (high estimate*)



Source: Banque de France ("OPC" database), Urgewald (GOGEL), Lipper, AMF calculations

Exposure of French funds to firms in the oil and gas sector (identification via TRUCOST)

Like for coal, the unweighted estimates obtained with TRUCOST are higher than those calculated with the URGEWALD data. The unweighted exposure of French funds to the coal sector was estimated at between 88 and 118 billion euros in 2021, i.e. between 5.4% and 7.1% of total assets under management. The weighted exposure relating to the proportion of the company's revenues generated by oil and gas activities is estimated, for its part, at between 48 and 57 billion euros in 2021, or between 2.9% and 3.4% of total assets under management.

As with the URGEWALD data, we note a decrease in the number of funds exposed to the oil and gas sector and an increase in the total exposure in absolute and relative value terms, whatever the estimation method considered. On the other hand, unlike the estimates made with the URGEWALD data, the number of issuers involved in coal and present in the portfolio of French funds tends to increase significantly for the middle and high end of the range of estimates.

Unweighted oil and gas exposure – TRUCOST database – without look-through transparency

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	pp
Method T2	1,824	3,242	73.1	4.8%	1,834	3,164	88.7	5.4%	+0.55%	-2.41%	+21.34%	+0.6
Method T3	2,097	3,295	75.8	5.0%	2,090	3,211	91.4	5.5%	-0.33%	-2.55%	+20.58%	+0.5
Method T4	2,759	3,584	87.7	5.8%	2,705	3,481	103.7	6.3%	-1.96%	-2.87%	+18.24%	+0.5

Source: Banque de France ("OPC" database), S&P Trucost, AMF calculations

Unweighted oil and gas exposure – TRUCOST database – with a stage of look-through transparency

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	pp
Method T2	2,984	5,776	83.2	5.5%	3,108	5,568	101.7	6.2%	+4.16%	-3.60%	+22.24%	+0.7
Method T3	3,477	5,819	86.2	5.7%	3,637	5,623	104.7	6.3%	+4.60%	-3.37%	+21.46%	+0.6
Method T4	4,816	5,946	99.0	6.5%	5,206	5,710	118.0	7.1%	+8.10%	-3.97%	+19.19%	+0.6

Source: Banque de France ("OPC" database), S&P Trucost, AMF calculations

Weighted oil and gas exposure – TRUCOST database

	2020				2021				Change			
	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Cumulative exposure (€bn)	%	# identified securities	# exposed funds	Exposure	pp
Unweighted estimate	1,824	3,242	40.2	2.6%	1,834	3,164	48.7	2.9%	+0.55%	-2.41%	+21.14%	+0.3
Weighted estimate	2,984	5,776	46.1	3.0%	3,108	5,568	56.2	3.4%	+4.16%	-3.60%	+21.91%	+0.4

Note: Low/high estimate = Method T2bis without/with look-through transparency

Source: Banque de France ("OPC" database), S&P Trucost, AMF calculations

Analysis of the results by types of funds also confirms the results obtained with the URGEWALD data: the increase in the exposure of French funds to the oil and gas sector in 2021 is observed for all categories except bond funds. The increase is, moreover, especially pronounced for money market funds.

Exposure of French funds to Oil & Gas securities, by classification

Sans mise en transparence

2020	AuM déclaré		Actif net déclaré		Méthode T2		Méthode T2bis		Méthode T3		Méthode T4	
	Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	M€	%	M€	%
TYPE DE FONDS	309 711	313 721	22 407	7.2%	11 154	3.6%	22 668	7.3%	24 064	7.8%		
ACTION	309 711	313 721	22 407	7.2%	11 154	3.6%	22 668	7.3%	24 064	7.8%		
OBLIGATAIRE	261 778	271 478	8 936	3.4%	6 085	2.3%	10 113	3.9%	13 323	5.1%		
DIVERSIFIE	395 305	408 873	15 280	3.9%	8 410	2.1%	16 253	4.1%	18 775	4.7%		
MONETAIRES-MMF	343 287	407 255	15 462	4.5%	9 048	2.6%	15 655	4.6%	19 934	5.8%		
RISQUE	55 998	56 950	0	0.0%	0	0.0%	8	0.0%	8	0.0%		
IMMOBILIERS	42 896	61 585	10	0.0%	6	0.0%	10	0.0%	14	0.0%		
AUTRES	116 473	118 055	10 999	9.4%	5 544	4.8%	11 123	9.6%	11 612	10.0%		

Avec une étape de mise en transparence

2020	AuM déclaré		Actif net déclaré		Méthode T2		Méthode T2bis		Méthode T3		Méthode T4	
	Base OPC (M€)	Base OPC (M€)	M€	%	M€	%	M€	%	M€	%	M€	%
TYPE DE FONDS	309 711	313 721	24 834	8.0%	12 468	4.0%	25 110	8.1%	26 395	8.5%		
ACTION	309 711	313 721	24 834	8.0%	12 468	4.0%	25 110	8.1%	26 395	8.5%		
OBLIGATAIRE	261 778	271 478	9 836	3.8%	6 685	2.6%	11 078	4.2%	14 509	5.5%		
DIVERSIFIE	395 305	408 873	20 098	5.1%	11 217	2.8%	21 246	5.4%	24 101	6.1%		
MONETAIRES-MMF	343 287	407 255	16 276	4.7%	9 527	2.8%	16 520	4.8%	21 048	6.1%		
RISQUE	55 998	56 950	59	0.1%	36	0.1%	69	0.1%	87	0.2%		
IMMOBILIERS	42 896	61 585	122	0.3%	82	0.2%	125	0.3%	181	0.4%		
AUTRES	116 473	118 055	11 929	10.2%	6 111	5.2%	12 064	10.4%	12 652	10.9%		

Source: Banque de France ("OPC" database), S&P Trucost, Lipper, AMF calculations

Analysis by issuer

This is perfectly illustrated in the table listing the main oil and gas securities according to the TRUCOST database. In 2021, a few short- and medium-term negotiable debt instruments entered the rankings. In 2020, according to the URGEWALD estimates, French CIUs seemed more exposed to equity securities.

Main securities – Trucost database – found in the portfolio of French funds (Method T2 – after look-through transparency)

Principaux titres 'OIL & GAS' en portefeuille - 2020				
ISIN	Émetteur	Nature	Détention cumulée (M€)	Détention cumulée (%)
Total Général Méthode T2			83 154	100 %
FR0000120271	TOTALENERGIES SE	Equity	14 765	18 %
FR0000120073	L'AIR LIQUIDE SOCIETE ANONYME	Equity	4 579	6 %
ES0144580Y14	IBERDROLA SA	Equity	3 465	4 %
FR0010208488	ENGIE	Equity	2 546	3 %
IT0003128367	ENEL SPA	Equity	2 125	3 %
FR0000124141	VEOLIA ENVIRONNEMENT	Equity	1 968	2 %
FR0000053951	L'AIR LIQUIDE SOCIETE ANONYME	Equity	1 565	2 %
FI0009013296	NESTE OYJ	Equity	1 305	2 %
PTEDP0AM0009	EDP ENERGIAS DE PORTUGAL SA	Equity	1 064	1 %
FR0012757854	SPIE SA	Equity	1 000	1 %
FR0013215407	ENGIE	Equity	898	1 %
FR0013534518	ELECTRICITE DE FRANCE SA	Bond	741	1 %
DK0060094928	ORSTED A/S	Equity	641	1 %
FR0011635515	ELECTRICITE DE FRANCE SA	Equity	560	1 %
FI0009005987	UPM-KYMMENE OYJ	Equity	492	1 %

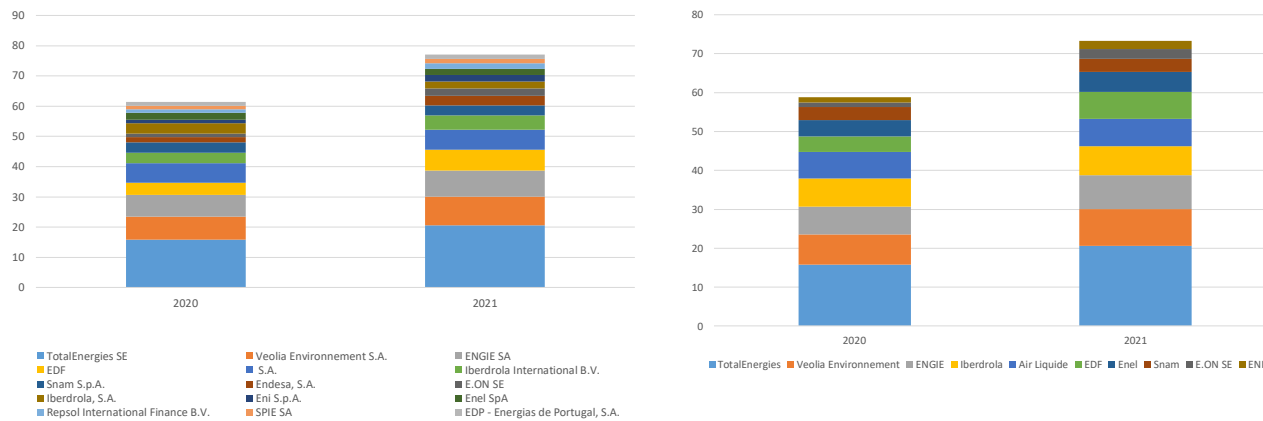
Principaux titres 'OIL & GAS' en portefeuille - 2021				
ISIN	Émetteur	Nature	Détention cumulée (M€)	Détention cumulée (%)
Total Général Méthode T2			101 685	100 %
FR0000120271	TOTALENERGIES SE	Equity	19 476	19 %
FR0000120073	L'AIR LIQUIDE SOCIETE ANONYME	Equity	4 256	4 %
FR0000124141	VEOLIA ENVIRONNEMENT	Equity	3 597	4 %
FR0010208488	ENGIE	Equity	2 618	3 %
ES0144580Y14	IBERDROLA SA	Equity	2 271	2 %
FR0000053951	L'AIR LIQUIDE SOCIETE ANONYME	Equity	1 727	2 %
IT0003128367	ENEL SPA	Equity	1 651	2 %
FR0012757854	SPIE SA	Equity	1 340	1 %
PTEDP0AM0009	EDP ENERGIAS DE PORTUGAL SA	Equity	1 050	1 %
IT0003132476	ENI SPA	Equity	1 023	1 %
FI0009013296	NESTE OYJ	Equity	979	1 %
XS2428293281	E ON SE	MMI-MTN	905	1 %
FR0013215407	ENGIE	Equity	878	1 %
ES0530670ZJ7	ENDESA SA	MMI-MTN	876	1 %
FR0127108951	ELECTRICITE DE FRANCE SA	MMI-MTN	835	1 %

Source: Banque de France ("OPC" database), S&P Trucost, Lipper, AMF calculations

Finally, if we consider the estimates aggregated at the level of each group parent company, it appears that the amounts invested in the main oil sector issuers identified by URGEWALD are in line with those derived from TRUCOST. However, Iberdrola, EDF and Air Liquide enter the TRUCOST rankings. As a consequence, the funds' exposure is less concentrated with the TRUCOST data than with the URGEWALD data: the five leading groups account for half of exposures, versus three-quarters for URGEWALD.

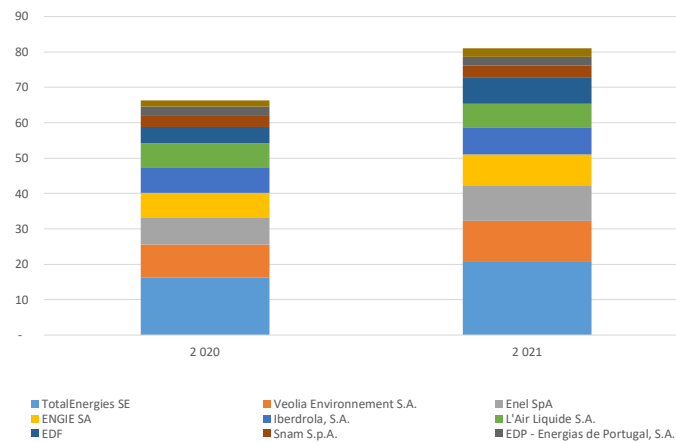
Main issuers of the oil and gas sector in the portfolio of French funds (unweighted central estimate, Trucost data, non-consolidated level)

Main issuers of the oil and gas sector in the portfolio of French funds (unweighted central estimate, TRUCOST data, consolidated level)



Source: Banque de France ("OPC" database), Trucost, Lipper, AMF calculations

Main issuers having an oil and gas business in the portfolio of French funds (high estimate*)



(*) High estimate = Method T4 with look-through transparency
 Source: Banque de France ("OPC" database), Trucost, Lipper, AMF calculations

Annex 14 – NACE codes identified by the ACT methodology for the oil and gas value chain

FIGURE 2 - ACTIVITIES OF THE GAS VALUE CHAIN

The activities of the **O&G Upstream segment** included within the ACT scope are the following:

1. Oil & Gas Exploration [NACE - 09.10]
2. Oil & Gas Production [NACE Rev2 – 06]
3. Biomass production (agriculture, forest, ...) [NACE A]

Oil and Gas equipment and services activities (engineering, maintenance, etc.) [NACE 09.10] are excluded from the ACT O&G scope of activities because although they play an enabling role they do not hold the final decision on climate impacting investments.

The activities of the **O&G Midstream segment** included in the ACT scope are listed in Table 2.

TABLE 2: ACTIVITIES INCLUDED IN O&G MIDSTREAM SEGMENT

Oil value chain	Gas value chain
<ul style="list-style-type: none"> ▪ Oil transport (mainly ship and pipeline) [NACE 50.20 (transport) / 49.50 (pipeline)] ▪ Oil Refining [NACE 19.20] ▪ Biofuel production and blending (solid, liquid, gaseous) [NACE 19.20] ▪ Production of bio-sourced gases and production of low carbon hydrogen [NACE 35.21] 	<ul style="list-style-type: none"> ▪ Pipeline transport [NACE 49.50] ▪ Gas shipping (LNG) [NACE 35.22] ▪ Gas storage [NACE 25.29] ▪ LNG infrastructure [NACE 25.29] ▪ Production of bio-sourced gases and production of low carbon hydrogen [NACE 35.21]
<ul style="list-style-type: none"> ▪ Electricity production [NACE 35.11] 	

Petrochemicals activities [NACE 19.20] are excluded from the ACT O&G scope of activities because they cover processes and products with no final combustion use and have therefore different issues than those relating to the O&G transition. Most petrochemical activities produce "raw materials" (e.g. like plastics) instead of "energy carriers": only energy related products are part of the scope. Petrochemical activities will be treated in separate ACT and SBT methodologies.

Pure trading activities [NACE 35.23 (gas) / 35.14 (electricity)] are also excluded from the ACT O&G scope of activities. “Pure trading” activities are defined as buying and selling products without transforming them. These sales are not to end consumers. Indeed, these are short-term activities with limited levers on the low carbon transition as well as few locked-in assets.

The activities of the **O&G Downstream segment** included in the ACT scope are listed in Table 3.

TABLE 3: ACTIVITES INCLUDED IN O&G DOWNSTREAM SEGMENT

Oil value chain	Gas value chain
<ul style="list-style-type: none"> ▪ Downstream oil products logistics [NACE 50.20] ▪ Retail automotive fuels stations [NACE 46.71] ▪ Marketing and distribution of other oil products [NACE 46.71] ▪ Distribution and retail of biofuels [NACE 46.71] ▪ Distribution and Retail of bio-sourced gases and low carbon Hydrogen [NACE 35.23] 	<ul style="list-style-type: none"> ▪ Gas distribution & logistics (pipeline, trucks) [NACE 35.22] ▪ Gas retail (Natural Gas, LPG) [NACE 35.23] ▪ Distribution and Retail of bio-sourced gases and low carbon Hydrogen [NACE 35.23]
<ul style="list-style-type: none"> ▪ Energy efficiency services [NACE 84.13] <ul style="list-style-type: none"> ▪ Electricity retail [NACE 35.14] 	

Source : https://actinitiative.org/wp-content/uploads/pdf/act_og_methodology.pdf

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