



With the contribution of the LIFE Programme of the European Union



Finance ClimAct: tools that fits our ambitions

The financial system needs to put climate considerations at the heart of its operations, in order to participate in the transition to a low-carbon and climate-resilient economy while managing the climate risks to which it is exposed. In order to achieve this objective, the Finance ClimAct project will develop the tools, methods and new knowledge that will make it possible:

- for savers to integrate environmental objectives into their investment choices,
- for financial institutions and their supervisors to

integrate climate issues into their decision-making processes and to align financial flows with energy-climate objectives

The project contributes to the implementation of French and European policies for sustainable finance, in line with the European Green Pact and France's National Low Carbon Strategy.

Finance ClimAct is an unprecedented programme with a total budget of €18 million, including €10 million in funding from the European Commission, which will run until 2024.

Project objectives



Regulation & supervision

French and EU plan on sustainable finance

Platform

Observatory

Stress-tests



Financial institutions

Taking climate change into account in financial sector management and supervision.

The project equips financial institutions and their supervisors to integrate climate into risk management while promoting long termism (PACTA and Climate Stress-Tests) and to encourage transparency regarding the contribution of institutions to the mitigation of climate change and their resilience to its consequences (Climate Reporting Platform and Sustainable Finance Observatory).

PACTA

Households

Facilitating retail investors' investment decisions based on environmental objectives.

The project supports our understanding of retail investors' expectations regarding sustainability and their ability to act upon them (Investors Preferences) and puts in place a clear and credible information to identify sustainable financial products (Labels).

Preference

Greenfin

European Ecolabel

Industry

Favour investment in energy efficiency and the low-carbon economy, in line with the National Low Carbon Strategy and the European Green Pact.

The project aims to train and equip companies and their financiers to develop low-carbon strategies (ACT) and enable the implementation of energy efficiency and low-carbon projects in the most emissive industrial sectors (INVEEST and Industrial Transition Plans).

ACT

INVEEST

Transition plans



Project tools

The ACT initiative

ACT is an accountability framework to assess companies' low carbon strategies. It allows a 360°, prospective and operational benchmark analysis of their greenhouse gas emissions reduction trajectory. It provides sector-based methodologies to measure companies' decarbonisation trajectory alignment with the Paris Agreement mitigation goal. ACT is a voluntary initiative of the UNFCCC (United Nations Framework Convention on Climate Change) Secretariat Global Climate Agenda.

ACT | ASSESSING LOW
CARBON TRANSITION

<https://actinitiative.org>

Industry transition plans^N

A support tool for prospective dialogue in the 9 most emissive industrial sectors (cement, steel, aluminium, ethylene, chlorine, ammonia, sugar, paper-cardboard, glass), built in consultation with sectoral stakeholders. They describe the technological choices consistent with France's energy-climate objectives for 2050, the associated investment needs and the changes in the job market.

The INVEEST training program

A programme to upgrade the skills of 1,000 professionals (bank advisers, financial directors, chartered accountants) in the field of energy efficiency and low-carbon energy financing in industrial sectors. It includes e-learning sessions, a 2-day training course, a tools hub and the animation of a community via the INVEEST platform.

INVEEST
Capitalisons sur nos énergies

<https://inveest.org>

PACTA program

PACTA is a free and open source analysis tool that allows users to study the alignment of their portfolios with climate benchmarks and see how to mobilize financial flows to align them with the Paris Agreement. It also includes a stress-test module that can be used by supervisors and their regulated entities. Already used by more than 1,000 institutions, PACTA is available for both investment and loan portfolios.

PACTA
Paris Agreement Capital
Transition Assessment

<https://transitionmonitor.com>

Project tools

Climate Reporting Platform^N

A tool for monitoring and identifying good practices in climate reporting, the platform covers all financial institutions (institutional investors, asset managers and banks) subject to regulatory obligations and makes this information available to the greatest number of people, in a centralized manner. It will also make it possible to benchmark best practices with a view to harmonising them and enhancing their quality and comparability.

Investors Preferences^N

An online tool allowing savers to express their environmental preferences and promote the corresponding financial products. The aim is to integrate sustainability considerations into financial advice, which requires a good understanding of individual preferences and a monitoring of financial advisors' practices.

Climate Stress-tests^N

Contribution to the design of tools to measure the physical and transition climate risks to which financial institutions are exposed via their portfolios: feedback on the French pilot exercise, publication of scientific articles and implementation of climate scenario analysis modules.

Development and promotion of labels^N

As a tool for guiding savings, labels provide clarity and environmental credibility to financial products offered to retail investors. Based on the monitoring of labelled products and an assessment of their impact in terms of achieving energy-climate goals, the label framework will be revised regularly. The deployment of labels will be accompanied by a campaign to promote ecolabelled financial products.



The Sustainable Finance Observatory^N

This tool will compile data aggregated for various segments within Paris financial centre regarding four areas: financing the transition to a low-carbon economy, coal divestment, responsible asset management and responsible products. Secondly, it will allow for the monitoring, on the basis of voluntary declaration by stakeholders, of individual commitments made by financial institutions for a more sustainable finance, with a focus on fighting climate change. Its objective is to contribute to a better understanding and assessment of the gradual transformation of the financial sector.

Key figures

Expected results



1,000 professionals
trained on energy efficiency
and low-carbon financing



Widespread use
of climate stress-tests
for financial institutions



14 most emissive
sectors covered by ACT



100% of savers
consulted on their environmental preferences
by their financial advisors



9 most energy-intensive
sectors covered by a national
transition plan



Financial authorities
trained and equipped to better
understand climate objectives



10% of the market
of financial products eligible
to the Eco-label



50% of retail investors
allocate part of their investments
to sustainable products

Resources



30 full-time staff
on the project



1 public campaign
to promote labelled products



18 million euros
of budget



1 tool to survey retail
investors' preferences
and compare products



20 million euros
budget for complementary actions*



750 "mystery" visits
to observe financial advisory practices



60 conferences,
webinars and workshops
to disseminate our work



1 documentary
for the general public on the environmental
preferences of savers

*Complementary actions are actions contributing to the implementation of the policies targeted by the project, but which are outside the strict perimeter of the Finance ClimAct project and the associated LIFE Financing.



Duration: 2019-2024

The project must contribute to the implementation of the French National Low Carbon Strategy and the European Union's Sustainable Finance Action Plan.

Funding body: European Commission (LIFE Climate Programme)

Beneficiaries: Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME), Ministère de la Transition Écologique et Solidaire (MTES), Autorité des marchés financiers (AMF), Autorité de contrôle prudentiel et de résolution (ACPR), 2^e Investing Initiative (2I²), Institut de l'Économie pour le Climat (I4CE), Finance for Tomorrow (F4T) and GreenFlex.

