



Press Release

Climate Finance Day:

The financial industry is stepping up its efforts in the fight against global warming

Paris, 22 May 2015 - On 22 May, over 1,000 international finance professionals came together for The Climate Finance Day, the culmination of Climate Week Paris.

During the day, jointly organised by Caisse des Dépôts Group, The European Investment Bank and Paris EUROPLACE, around thirty of the financial world's movers and shakers set out the finance sector's best practices, commitments and innovative thinking and their support for public and private investment in favour of climate action. To achieve the goal of limiting global warming to 2°C and directing capital into an extensive overhaul of our economic models, these pioneer moves must become standard practice in the financial sector.

As Chairman of Paris EUROPLACE, Gérard Mestrallet emphasised the financial world's capacity to act autonomously to address climate matters, and stressed that worldwide acceptance of a meaningful carbon price would greatly facilitate this task.

He also announced the signature, by Paris EUROPLACE and the leading professional associations that represent the Paris financial market (AFA, AFG, AFIC, FBF, ORSE and SFAF), of a *"new collective engagement to increase their contribution to the International Climate change initiative"*.

Michel Sapin, Minister of Finance and Public Accounts opened the meeting by restating the goal of achieving a Paris Alliance on climate matters: *"We are moving into a phase where the entire financial system must take climate risks into account in its activities"*.

He stated that the role of the authorities is to send out the right economic signals over the long term, stressing that France's draft law on energy transition currently going through parliament will require French investors, both public and private, to calculate and publish their portfolios' carbon footprints.

Christiana Figueres, Secretary General of the United Nations Framework Convention on Climate Change, welcomed France's commitment to climate action, and this measure that is *"a game-changer - the more investors get involved, the sooner we will achieve the goal."*

This day showed that the financial techniques, tools and products are already available in all areas of finance for the transition, in both developed economies and in developing countries, towards a lower carbon-emissions model that is more resilient to climate change.

Different methods for low-carbon investing

Investors have various options open to them for reorienting their portfolios in a direction compatible with objective of 2°C, depending on their size and their strategies. Coalitions such as the **Portfolio Decarbonisation Coalition**, for example, supported by Swedish pension fund **AP4** and asset managers **Amundi** and **Mirova**, offers investors a methodological framework to help them to reduce the carbon intensity of their portfolios. To make these commitments

more transparent, an **Investors Platform for Climate Action** was launched on The Climate Finance Day. It already lists the climate action of over 400 investors from 30 countries, covering 25 billion dollars, and is a testimony to civil society and to negotiators on the integrity of investors' climate action and the progress that will be made.

Pierre-René Lemas, CEO of Caisse des Dépôts Group, confirmed that Caisse des Dépôts Group is going to set aside EUR 15 billion between now and 2017 for investments that encourage ecological and energy transition. He announced that it has signed up for the **Montreal Pledge**, a coalition of investors that requires them between now and COP21 to measure, publish and reduce the carbon footprints of its financial investment portfolios. He added *"I want to start an ongoing dialogue with shareholders on climate matters with the companies in which we invest. I am willing to bet that this dialogue will help us to reduce the carbon footprint of our equity portfolio. We will measure the progress made and if the results are not as expected, we will reallocate our investments within the portfolio."*

Jonathan Taylor, Vice Chairman of the EIB, said *"It is essential to maintain the impetus to mobilise all kinds of finance to help the climate. It is by sharing technical and financial expertise as much as possible that we can guarantee that the necessary investment to reduce emissions and the impact of climate change is not delayed. The European Investment Bank has solid experience in supporting climate investment throughout Europe and worldwide. We are happy to have played a leading role in mobilising investors through green bonds. This support includes the support for the Green Bonds Principles which are essential for guaranteeing investor confidence in this new asset class. An ongoing cooperation is essential in order to meet challenges of this size and the EIB, as one of the largest lenders, is determined to continue this resolute commitment and to contribute **over €50 billion to climate investment over the next 3 years**, on the request of our shareholders, the 28 EU member states"*.

The insurance sector has also registered the paradigm shift represented by climate risks. Very innovative solutions have been deployed over large geographical areas in order to pool risks posed by climate disasters. This has been shown by the **African Risk Capacity**.

A variety of tools to surmount obstacles to the financing of the climate transition

The day has also shown that the obstacles to the financing of transition projects and infrastructures, towards a low-carbon economy, such as renewable energies, energy efficiency or sustainable infrastructure, still considered to be risky and costly, can now be lifted. The example of **Yesbank**, which finances solar energy programmes in India by issuing green bonds, has shown that this strongly growing market is extending to the private banks in emerging countries. Thanks to the development banks and public banks, innovative tools for cooperation, on an international, bilateral or national scale, are facilitating the involvement of banks and private finance providers in projects, both in developing countries and in economies in transition.

At the same time, Purna Saggurti, Global Chairman of Corporate and Investment Banking, Bank of America Merrill Lynch, a pioneer of green financing on a global scale, starter of the Catalytic Finance Initiative, has highlighted the will of private banks to work in partnership with public banks to accelerate green financing.

Henri de Castries, Chairman and CEO of AXA, one of the main global insurers, has announced its disposal of investments in companies which are most exposed to carbon-related activities, i.e. over €500 million, and that it will introduce ESG (environmental, social and governance) criteria into all of its *"general funds"* portfolios. He added that AXA will dedicate over €3 billion to this by 2020, a tripling of its green investments. It has also been announced that AXA is joining the Montreal Pledge and the African Risk Capacity.

UNEP FI PSI launched, during the Climate Finance Day, the preparation of a platform entitled **"Insurance industry commitments to build disaster resilience and promote sustainable development"**, which encourages insurers worldwide to make public their commitment to the climate.

Towards a new financial climate

Finally, the subject of how regulators should incorporate sustainability factors into financial systems has been dealt with on an international scale for the first time. Using the vast survey currently under way, led by the **UNEP Inquiry into a sustainable financial system**, the national examples, the most innovative of which come from emerging countries such as India or China, are pushing regulators to extend the scope of risk management, and to direct capital better.

At the end of the Climate Finance Day, all the conditions for a mobilisation of private finance are in place, both to implement the tools available and to voluntarily commit under entirely transparent conditions. This mobilisation will be essential as we head towards the COP21 and beyond.

