



DECLARATION ON CLIMATE CHANGE BY THE PARIS FINANCIAL MARKETPLACE



As major professional organizations representing the Paris financial marketplace, and in keeping with the Declaration adopted at the United Nations Climate Summit of September 2014, we adhere to the broad scientific consensus on the impact of greenhouse gases on the climate.

We believe that **climate change will have significant consequences for human society, the world economy and ecosystems** and that it presents a series of **risks and opportunities for businesses and financial operators** that they must provide responses to.

With this in mind, we believe that consideration must be given to this issue and that **measures** shall be defined as of now **to substantially reduce worldwide greenhouse gas emissions and the risk of their impact worsening, and we support the target of limiting global warming to 2 degrees.**

In our view, **it is the responsibility of regulators to create a framework of incentives** aimed at developing financing and investments for businesses and individuals. At the same time, we would like to stress **the role that financial operators** have to play in responding to climate change issues, as lender, arranger and asset manager, investor and insurer. As financial broker and risk manager, our action aims to optimize the risk/return ratio.

Whatever action we take must be collective and internationally coordinated in order to be effective. We are therefore willing to work with international bodies, the public authorities, non-governmental organisations and businesses and individuals to develop appropriate solutions that meet the environmental and economic challenges that we must all face.

This declaration sets out our position regarding the role of financial operators in response to climate change. It is based on the Principles of the United Nations Global Compact and the Equator Principles, as well as the Principles for Responsible Investment defined by the United Nations and the Principles for Sustainable Insurance established by the United Nations Environment Programme Finance Initiative (UNEP FI).

As professional organizations, we encourage the Paris financial center marketplayers, in an international context, to support this declaration and contribute towards its implementation and we undertake to urge our members to:

1-Establish a constructive and sustainable dialogue, under the French Presidency of the Annual United Nations Climate Change Conference (COP21), between the financial community, businesses and governments.

We welcome the **launching of an open and constructive dialogue as part of the organisation of the COP21 and after the Conference.** The aim is to build a long-term institutional relationship, the implementation of a new agreement being expected in December 2015.

This continuous dialogue will take a major step forward with the "*Business and Climate Summit*" organised on May 20 and 21, to be attended by numerous political figures and financial operators from all over the world, and the "*Climate Finance Day*" organised on **May 22**, whose goal is to **showcase pioneering initiatives to reduce the carbon footprint of asset portfolios, help mobilize the financial sector and evidence relevant private climate finance solutions, both developed and developing countries, for the fight against climate change.**

2-Foster investments, financing and insurance products focused on low-carbon solutions and technologies

The financing granted, insurance services provided and investments made today will have a major role to play in the transition to a less carbon-intensive economy. It is vital to improve the capacity to assess the implications of climate change in these three fields and to strive to minimise their negative impact and optimise their positive effect on greenhouse gas emissions.

We believe particularly that investors and financial brokers must above all:

- **Highlight and develop their investments and investment offerings incorporating ESG (Environmental, Social and Governance) criteria**, the more so as the Paris marketplace is one of the global forerunners in ESG management and several players of the Paris marketplace have committed to a decarbonization of their portfolios;
- **Highlight and develop their financing and financing offerings with environmental and social added value**, especially as the Paris marketplace is a world leader in the sustainable bond segment and has just published a document on the French expertise on "Green Bonds";
- **enter into a dialogue with their clients about more effective consideration of the climate**, particularly as the Paris marketplace is a global leader in sector policies that

define ESG (Environmental, Social and Governance) criteria and has recently published the first methodological guide to greenhouse gas (GHG) emissions for the financial sector so that it can measure its carbon footprint;

- **continue to develop insurance products** that allow economic participants to protect themselves against climate risk, which is a major resilience factor.

3-Step up R&D, innovation and the development of cutting-edge technologies

To understand and consider the consequences of climate change, in terms especially of **risk and solutions** to adapt to it, **R&D and industrial innovation efforts must be stepped up**. Incentive measures aimed at businesses must be taken.

At the same time, the financial sector must also **devise financing, insurance and investment solutions** that support the development of advanced technologies by their clients.

This prevention effort must be fostered by a dynamic research and development policy, as witnessed by the initiatives introduced by the asset management, banking and insurance sectors. The strong involvement of the insurance and reinsurance sectors in combating climate change and the assessment of its consequences is intended particularly to **reach a more accurate estimation of clients' future needs**, in order to **provide them with an offering suited to the new climate-related risks**.

4- Step up collaboration with businesses to reduce the threat and effects of climate change.

By working together, financial operators and their business clients can create an environment conducive to financing, insurance and investment, to more effectively manage the transition to a low-carbon economy.

As professional federations, we intend to urge our members to continue their dialogue with their business clients in order to encourage them to:

- **incorporate the risks and opportunities related to the carbon risk** within their global strategy;
- **make strong commitments** to support climate change action and particularly action aimed at reducing their greenhouse gas emissions;
- **communicate about the risks and opportunities** related to climate change so as to allow financial operators to assess its financial implications;
- use their best efforts to **measure their greenhouse gas emissions** in order to assess their past performance and provide information on the change in their emissions going forward;
- **incorporate climate change** in their operations and the design of their products;
- **actively work with political decision-makers and other stakeholders** to support measures intended to reduce greenhouse gas emissions.

5- Step up collaboration with the public authorities and regulators to create a framework conducive to the fight against climate change.

We expect the public authorities and/or regulators to define a political framework setting clear and ambitious, but realistic, international targets for the reduction of greenhouse gas emissions in the short, medium and long term, and particularly:

- **incentive measures, especially regarding the fixing of a carbon price, in order to reduce greenhouse gas emissions and stimulate the devising of appropriate economic solutions to the consequences of climate change;**
- **an international prudential framework conducive to financing and investment to further the transition to a low-carbon economy;**
- **international regulations conducive, for example, to the development and implementation of more energy-efficient low-carbon technologies and other forms of emission reduction contributing to combating global warming.**