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Analysis of the ‘Art. 29 LEC’ / SFDR 2025 reports of French investors

Maturity of climate and biodiversity practices among
asset managers and owners

24 April 2026

This report is an informal translation made with DeepL of the French report available on the [CTH website](#). The reader is advised that typos and mistakes might remain. In case of discrepancies between the current report and the French report, the latter shall prevail.

About the Climate Transparency Hub (CTH)

Operated by ADEME in partnership with the SFO, the CTH is the regulatory platform for the submission of “Art. 29 LEC” reports by financial institutions, which describe their sustainability practices. By publishing the “Art. 29 LEC” reports of all French financial institutions, the CTH meets the need for visibility and perspective on sustainability practices, particularly those relating to climate.

About ADEME

ADEME is a public institution under the joint supervision of the Ministry for Ecological and Solidarity Transition and the Ministry of Higher Education, Research and Innovation. The Agency contributes to the implementation of public policies in the fields of the environment, energy and sustainable development. It makes its expertise and advisory services available to businesses, local authorities, public bodies and the general public, to help them advance their environmental initiatives. The Agency also assists with the financing of projects, from research through to implementation.

About the Sustainable Finance Observatory

The Sustainable Finance Observatory (SFO) is an independent international think tank specialising in mobilising private finance for a sustainable transition. Since 2025, the organisation has emerged from the merger of the 2 Degrees Investing Initiative – 2DII (a pioneering think tank supporting private financiers in climate alignment and impact investing since 2012) and the Sustainable Finance Observatory (created by the French Minister for the Economy and Finance in 2019 to monitor the ESG commitments of the Paris financial centre). Its activities aim to remove barriers to private financing for the transition, focusing on three fundamental pillars: transparency, impact and sustainable bankable solutions (financial engineering), operating across the entire financial value chain. The Chairman of the Board of Directors is François Gemenne, lead co-author of the IPCC’s Sixth Assessment Report.

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Summary

Subject of the study

The 'Article 29 LEC' mechanism, in force in France since the 2021 financial year, requires investors to publish an annual report describing their practices regarding the consideration of sustainability aspects. To provide an overview of this work and facilitate its analysis, the French law entrusts [ADEME](#), a government agency specialising in climate-related matters, with the task of publishing these reports centrally on a publicly accessible website, the [Climate Transparency Hub](#) (CTH). ADEME, in partnership with the [Sustainable Finance Observatory](#), conducts an annual analysis of these reports.

This study focuses on the 'Article 29 LEC' 2025 submissions for the 2024 financial year. It is based primarily on **a qualitative analysis of a sample of 50 market participants** (16 insurers, 20 general asset management companies, 8 private equity firms and 6 real estate investment firms). In addition, a **statistical analysis** was carried out **of the 228 standardised annex submissions made to the ACPR** by insurers. This standardised submission mechanism was not renewed this year by the AMF for portfolio management companies and banks.

The objectives of the study are as follows:

1. To compare the practices of market participants with environmental strategy best practices, and to deliver advises for their improvement. This year, the analysis relied in particular on an expanded use of the [ACT Finance](#) methodology to compare practices with expectations.
2. To identify trends, where applicable, in relation to [the previous year's study](#).

It should be noted that ADEME has no supervisory powers; these lie with the ACPR and the AMF respectively within their supervisory perimeter. The messages in this report are under the sole responsibility of ADEME and are in no way binding.

Caveats regarding the analyses conducted

The submission of data to the ACPR in a standardised format allows for the statistical processing of insurers' submissions. However, the quality of the submissions **remains open to improvement**, mainly due to non-compliance with the submission formats in percentage points and varying interpretations of the expected data, particularly regarding fossil fuel components. The figures produced should therefore be treated with caution.

Frameworks displayed by market participants were analyzed through the lens of the ACT Finance methodology as they were described in the Article 29 LEC reports or related documents (climate policy, responsible investment policy, etc.). The analysis revealed that it was sometimes difficult to clearly position the actors on a particular level of the assessment grid, which led to proposing an aggregated interpretation of certain results (notably the engagement framework) rather than line-by line. Regarding aspects subject to individual reporting (notably the quality of exclusion policies), it is possible that, despite the checks carried out, errors or differences in interpretation may remain. **In such cases, companies are invited to contact the authors of the report.** The authors may, where appropriate, make a correction, the reason for which may be contextualised: factual error, difficulties in interpreting the information due to ambiguity or lack of clarity, unidentified supporting document, etc.

Submission rate

842 reports from reporting entities were submitted via the [CTH website](#) in 2025, compared with 814 last year, representing **a 3% increase in submissions**, a rise linked in particular to insurers. **The overall submission rate rose by 12 percentage points (88% compared with 76%).** The improvement is mainly due to the reduction in the number of reporting entities identified by the AMF on the banking side¹.

¹ This reduction is linked in particular to a clarification of the eligibility criteria and a more detailed monitoring of activities; see Section 2 for further details.

State of current practices

The primary objective of private finance is to maximise its risk-return profile. In practical terms, this involves prioritising the investor's financial interests in decision-making, as well as generally maintaining a limited appetite for risk, with expectations of a strong correlation with market trends in most cases. Under this paradigm, the consideration of non-financial factors – in particular the integration of aspects contributing to national and international climate and biodiversity objectives – can only take place to the extent that the two objectives are compatible, without one undermining the other.

The 'Article 29 LEC' framework has the merit and originality of directly asking stakeholders about their strategy for aligning with these objectives, in a 'semi-directive' format that structures the discussion and provides avenues for action, whilst leaving stakeholders free to make their own choices. This framework is therefore only relevant to the extent that it is analysed and facilitated in order to highlight and advance both the practices and the framework itself. In certain respects, the reporting framework may appear outdated, particularly with an approach that does not address the need to analyse the transition plans of the companies involved. Nevertheless, the insights drawn from the analysis remain valuable, ranging from the fundamental structural shifts observed (notably the development of methodologies for analysing and engaging with the transition plans required by [the French SRI label framework](#)), the observation of 'glass ceilings' in various areas: oil and gas exclusion policies, engagement, and the documentation of the limitations of certain mechanisms: aggregated biodiversity footprint metrics, taxonomic rates and fossil fuel rates.

On climate strategies

The expected contribution of finance to climate transition objectives is to channel financial flows towards the investments necessary for the transition, and to prevent continued investment in activities that delay or hinder this transition. In operational terms, this contribution must first and foremost rely on the ability of financial actors to assess the degree of climate alignment of the economic entity in which they invest: company, project, asset, etc. This analysis enables them to act in an informed manner, taking into account their specific constraints. In practical terms, this may involve setting 'green' financing targets, limits on 'brown' financing, dedicated products, a targeted engagement strategy or an exclusion policy, integration into the risk management framework... whilst sometimes recognising that, given the volume of funds to be invested, it is inevitable to continue financing that is insufficiently or even not at all aligned. The clarity provided by the analysis makes it possible, in such cases, to discerning how to communicate and to adopt, in terms of investment policy, the 'least bad solutions'.

Analysis of industry practices reveals a **positive trend** in the implementation of **methodologies for analysing transition plans**, the presence of which is confirmed in the majority of 29 LEC reports from general asset management firms and a substantial number of insurers in the sample studied. This trend is driven in particular by the SRI label's [framework](#)², which makes such a methodology mandatory. Nevertheless, there are still hurdles to overcome before these methodologies are widely adopted in line with the target vision described above. Analysis of the financing targets and, above all, the underlying definitions they entail reveals a problematic lack of consistency in approaches to what is considered 'green'. Furthermore, whilst certain **categorisation systems** are emerging, inspired in particular by the Net Zero Investment Framework ([NZIF](#)), these mechanisms do not yet appear to be based on an in-depth analysis of stakeholders' transition plans, but rather proceed by applying decision rules based on widely available indicators, which can sometimes be to the detriment of quality.

Analysis of the **commitment mechanisms** reveals that their transformative potential **appears to be generally limited**, or at any rate difficult to demonstrate on the basis of the available information. Several 'glass ceilings' have been identified, in terms of engagement objectives (a minimal agenda tailored to the fossil fuel sectors, particularly oil and gas), or in terms of escalation processes (where no firm and systematic mechanism has been identified). Here too, the framework proposed by the SRI label's framework would benefit from being more widely implemented at the entity level. Failing that, and despite the various good practices noted (structured escalation levers, even if not systematic; presentation of case studies; the emergence of 'climate red lines' in certain voting policies), the current assessment is that this lever's capacity to drive change in the real economy **remains very limited**.

Exclusion policies are most often focused on coal, which is naturally under-represented in the investment universe of the players in question. **Oil and gas policies are often limited to unconventional activities**, which do not differ fundamentally from conventional ones in terms of climate

² Around 1,000 funds managed by some 150 portfolio management companies were certified by the end of February 2026 (see [key figures](#)), two-thirds of which are included in the sample covered by the report.

impact. This highlights the limitations of this lever, where excluding these players would have the effect of altering investors' expectations and financial balances too profoundly. Explicitly acknowledging this situation in reports would improve the clarity of the information, where ambiguous justifications have sometimes been identified (e.g. stating that oil and gas contribute to the aligned energy mix, without specifying that a very rapid fall in their consumption is necessary). Some stakeholders emphasise that engagement is preferred over exclusion. This approach may be legitimate provided that the engagement framework is relevant and robust, based in particular on a detailed analysis of companies' transition plans. In practice, this does not generally appear to be the case at present (see above).

Decarbonisation targets are very widespread, particularly among insurers. Analysis of their ambition and current results show that, whilst these targets are generally all aligned with 1.5°C transition scenarios and have generally all already been met years ahead of schedule, **the decarbonisation trajectories of portfolios do not reflect the trends observed in the real economy**. This observation reinforces a growing realisation within the financial sector that these targets alone cannot underpin a meaningful climate strategy. Notwithstanding this criticism, the efforts made by certain players, who are aware of these limitations, to streamline their monitoring of these metrics (forward-looking emissions projections, work on the factor attribution of past variations) are highlighted.

On biodiversity and deforestation strategies

A review of the biodiversity analysis carried out last year reveals a broadly similar situation, with signs of progress in the maturity of certain stakeholders' systems. In light of this situation, the need **to pursue continuous improvement** is reiterated, and therefore not to wait until reliable aggregate indicators are available – which may never emerge in time to address the ecological crisis – before taking action. In this regard, it is recommended that granular approaches be implemented across critical sectors and practices (engagement, exclusion, and support for solution providers). Points of caution regarding aggregated footprint metrics derived from MSA (*Mean Species Abundance*), which are still widely used, are reiterated. Regarding collective commitment, the report highlights the value of the *Finance for Biodiversity Pledge* initiative and the fact that not all the information to be published is available on its public *repository*. Finally, an updated review of a number of funds aimed at the general public (open funds) highlights the existence of so-called '*best-in-class*' approaches, where it appears more or less difficult, depending on the case, to discern the actual contribution to biodiversity objectives. **It seems unrealistic to assume that the adviser distributing the product, let alone the retail investor, will be able to appreciate the nuance of a product making a genuine contribution, raising the issue of greenwashing.**

For the first time this year, **deforestation policies** have been analysed. The results show that most schemes remain limited in scope (areas covered and value chain). Whilst the value chain is beginning to be addressed, the heart of the matter (notably the food sector) is not covered, highlighting – as with oil and gas – the difficulty of implementing more ambitious measures if these result in a reduction in the investment universe.

On taxonomic reporting and fossil fuel exposure

The analysis carried out allows us to update the orders of magnitude: approximately 5% for alignment, 20% for taxonomic eligibility, and shares ranging from 0 to 12% depending on the definition used for fossil fuels, where the indicator continues to suffer from significant methodological heterogeneity. These indicators are rarely used for management purposes, though they may be used to illustrate the outcome of actions (increase in the alignment rate or decrease in the fossil fuel share). In this period of regulatory overhaul, this situation may prompt reflection on the future of these mechanisms.

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1. Introduction

1.1. Background to the provisions of Article 29 of the Energy and Climate Law

For several years now, investors have been required, under what was initially the ‘Art. 173 LTECV ’ (Energy Transition for Green Growth Act) and is now the “Article 29 LEC” provision, to publish an annual report describing their practices for taking into account sustainability aspects in the broadest sense (environmental, social and governance criteria) in their management/investment activities. This obligation is set out in [Article 29 of the Energy and Climate Act](#). It is codified in Article [L. 533-22-1 of the Monetary and Financial Code](#), with the implementing decree codified in Article [D. 533-16-1 of the Monetary and Financial Code](#). It applies to three main categories of entities, subject to two supervisory authorities:

- Portfolio management companies, supervised by the AMF
- Insurance organisations, supervised by the ACPR
- Credit institutions and investment firms, solely in respect of their discretionary management and investment advisory activities. Given this specific feature, the supervisory authority responsible for obligations under Article 29 of the LEC is the AMF, and not the ACPR, which grants the general authorisation.

This national framework extends the European regulatory framework, the [Sustainable Finance Disclosure Regulation](#) (SFDR), by requiring detailed information on aspects such as the strategy for alignment with the Paris Agreement, biodiversity conservation objectives and the integration of ESG criteria into risk management.

In terms of ambition, the framework establishes a ‘*comply or improve*’ principle, which requires, in addition to an explanation for any failure to publish, a detailed improvement plan³. Furthermore, in addition to publication on the entity’s website, systematic submission is required (i) to ADEME, via the [Climate Transparency Hub](#) (CTH) platform, and (ii) where applicable, to the supervisory authorities in accordance with the procedures they have defined. In practice, at this stage, the AMF relies on reports being submitted via the CTH, whilst the ACPR requires a dedicated submission via its own platform. Finally, since 2023, the ACPR has implemented a standardised data collection mechanism⁴ for insurers to provide the required information, enabling aggregated statistical analysis. The AMF, which carried out such a collection in 2023 and 2024 for asset management companies and banks⁵, did not repeat this exercise in 2025.

European priorities (implementation and subsequent review of the CSRD, overhaul of the SFDR, revision of the Green Taxonomy criteria) and national priorities (succession of different governments) have so far prevented any development of the framework. Its flexible nature nevertheless allows stakeholders to communicate on their practices, even if these are not explicitly mentioned in the decree (typically the implementation of methodologies for analysing transition plans, as required in particular by [the SRI label framework](#)).

1.2. Objectives of this study

To encourage improvements in the practices of financial actors, ADEME produces annual analytical reports on ‘Article 29 LEC’ reports, initially with the support of the European Union via a LIFE [Finance ClimAct](#) programme and, since 2024, in partnership with the SFO (Sustainable Finance Observatory). The objectives are as follows:

- To present a statistical overview of submissions by number and type of actor, as well as the rate relative to the total number of entities required to submit;
- On various key topics of the decree (climate and biodiversity strategies, exclusion policies, fossil fuel share indicators and taxonomy), to compare the practices of market participants with

³ See Article [D. 533-16-1\(III\)\(9\) of the Monetary and Financial Code](#): “Where the entity does not publish certain information referred to in points 1 to 8 bis of Section III, it shall, where applicable, publish a continuous improvement plan that includes [identification of opportunities for improvement and actions, effective implementation and implementation timetable]”.

⁴ See ACPR: [Instruction No. 2024-I-01](#)

⁵ See AMF: [Instructions DOC-2008-03 and DOC-2014-01](#)

expectations regarding contributing strategies, formulated in particular through the ACT Finance methodology;

- Identify trends in these areas compared with last year (see [previous report](#)). This year, however, the AMF's failure to collect submissions in a standardised format has significantly limited the scope of the statistical analyses.

1.3. Analysis process

The information submitted to the CTH takes the form of narrative reports. Since 2023, thanks to standardised submissions, the ACPR has also been sharing aggregated files with ADEME, enabling the bulk processing of various quantitative indicators.

A qualitative analysis framework has been developed and 50 reports from insurance and asset management companies have been scrutinised in relation to the following aspects:

- Climate strategy: financing objectives, temperature alignment, decarbonisation targets.
- Treatment of key scopes (unit-linked products for insurers, dedicated funds and mandates for asset managers).
- Taxonomy and fossil fuel information
- Biodiversity practices

The players were selected based on the size of their assets under management, ensuring a minimum level of representation across different profiles (16 insurers, 20 general asset managers, 8 private equity firms and 6 real estate firms). 'Building blocks' from the [ACT Finance](#) methodology were used to analyse the following aspects:

- Level of alignment of carbon footprint reduction targets. Compared to the analyses conducted last year, the benchmark has evolved to incorporate the latest trajectory published by the SBTi CNZ 2.0 framework⁶. This has resulted in a slight decline in scores compared to last year.
- The 'quality' of the definition of green, sustainable and aligned assets, etc., used by financial institutions in their reports, whether linked to investment objectives or simply providing an overview of their 'climate' contribution.
- Quality of the engagement strategy. As detailed in the relevant section, the nature of the information—based on public data and therefore less comprehensive than in the context of internal monitoring—led us to prioritise aggregated reporting rather than individual reporting.
- Quality of exclusion policies regarding coal, oil and gas and, where applicable, deforestation.

It should be noted that some reports were provided as 'raw' PDFs without the option to use the manual text search function ('CTRL+F'), which significantly complicates the analysis and may have resulted in some information being overlooked. The organisations are therefore invited, in the interests of transparency, to ensure that this search functionality is retained when generating PDFs.

Furthermore, discussions were held with 10% of the stakeholders in the sample to present the analyses carried out or to discuss certain points in the report and the methodologies employed. We would like to thank the stakeholders here for their availability and the fruitful nature of the discussions.

Note on potential errors and typos

This report presents aggregated statistics as well as, in some cases, line-by-line information on the 29 LEC reports analysed. Given, on the one hand, the nature of the information (textual) and, on the other hand, the nature of the analysis (qualitative assessment of systems), it is possible that, despite the checks carried out, errors or discrepancies in interpretation may remain. In such cases, companies are invited to contact the authors of the report. The authors may, where appropriate, make a correction, the reason for which may be contextualised: a factual reading error on the part of the authors, difficulties in reading the information due to ambiguity or lack of clarity, an unidentified annexed document, etc.

For the insurers' population, the analysis was supplemented by a repeat of the statistical analyses carried out last year on various aspects such as climate, biodiversity, the fossil fuel share, etc. In this regard, analyses were occasionally carried out on the narrative reports where context was required or

⁶ See [Draft SBTi CNZ 2.0](#), Table F.1.

doubts arose (regarding taxonomy or the fossil fuel share, understanding a metric for monitoring climate or biodiversity strategy, etc.). For this third round of standardised data submission, there are still few formal requirements or checks. Doubts regarding data quality are therefore highlighted here and throughout the document, and are sometimes illustrated where particular difficulties arise.

It should be noted regarding these statistical analyses that a distinction must be made between the two groups of stakeholders: (i) insurers with a balance sheet total of over €500 million, who are required to publish all the provisions of the decree (ii) insurers with a balance sheet total of less than €500 million, who are required to publish only general policy information, although the latter have the option of submitting the remaining information on a voluntary basis. In practice, the majority of the statistics relate to the group with a balance sheet total of over €500 million.

Due to a lack of time and data, analyses on private equity and real estate could not be pursued in depth. Interested readers may therefore refer to the in-depth analyses of ESG practices in certain asset classes conducted by other organisations (see, in particular, the ESG studies published by [France Invest](#) and by [the OID](#) in conjunction with the ASPIM).

This report is structured as follows:

- A general section providing an overview of the state of submissions (see [2. Overview of submissions](#));
- A review of current practices by theme, analysed in greater detail (climate strategies, biodiversity, deforestation, reporting on taxonomic and fossil fuel holdings, etc.) (see [3. State of Practices](#));
- A statistical review of insurers' contributions (see [4. Statistical analysis of insurers' contributions](#)).

2. Overview of submissions

1.4. Reminder of the disclosure framework

The regulatory disclosures associated with Article 29 of the LEC consist, on the one hand, of a public narrative report and, on the other hand, since 2023 (for the 2022 financial year), of the submission of a standardised annex to the supervised entity's supervisor, which only the ACPR carried out in 2025⁷. The reporting requirements based on the size of the population are summarised in the table below.

Type of regulated entity	Credit Institution (CI) Investment Firm (IF) ⁸	Portfolio Management Company (PMC)	Insurance Organisation	Other entities subject to regulation
Supervisor	AMF		ACPR	?
Report submission	CTH		CTH ACPR	CTH
Submission of annex	NA in 2025		ACPR	NA

1.5. Summary

The main findings from the submissions are as follows:

- An overall submission rate to the CTH of 88% (2025 submissions for the 2024 financial year), an improvement on last year's rate (76%);
- Among insurers, an increase thanks to ACPR reminders (from 74% to 89%);
- For AM, overall stability (86% to 88%) was observed, with cases of non-submission mainly linked to situations involving the start or end of authorisation, and to group-level versus entity-level submissions – it should be noted that group-level submissions are subject to the conditions specified in the [Treasury's FAQ](#) and to duplicate submissions on [the CTH](#). A number of players therefore made a group remission without an entity remission.
- For banks, the number of supervised entities was adjusted to account for a misreading of the decree, resulting in a remission rate similar in magnitude to that of the other categories (80%).

1.6. Submission statistics

1.6.1. Submission of reports to the CTH

As at 31/12/2025, the overall tracking of submissions on the CTH website is as follows, with 897 submissions.

The submission rates for all groups thus exceed 80%. The detailed framework for submissions by category provided for by the CTH is set out in the annex.

It is reminded that reports must be submitted within six months of the end of the financial year, which corresponds, for almost all those subject to the requirement, to 30 June 2025⁹. By that date, approximately 640 reports had been submitted (600 last year). Thus, nearly **30% of the reports were submitted late via the CTH platform**, 20% of which were submitted during July and August and 10% thereafter.

⁷ See ACPR [Instruction 2024-I-01](#), Annexes C-D-E-G to view the data templates to be submitted. In 2024, AMF data was submitted via the ROSA extranet, and its submission is provided for in [Instructions DOC-2008-03 and DOC-2014-01](#).

⁸ For their portfolio management activities on behalf of third parties and investment advisory activities only (see [Article L. 511-4-3 of the Monetary and Financial Code](#)).

⁹ It is possible for an entity to close its accounts on a date other than 31/12/N, for example on 30/06/N, in which case the submission is due on 31/12/N. This situation has been encountered very rarely in practice by ADEME among the entities subject to the requirements.

	Insurers	AM	Banks	Total
Total number of supervised entities	239	666	55	960
Number of remissions	213	589	44	846
Compliance rate	89%	88%	80%	88%
Voluntary settlements				
Groups	26			
Other volunteers	15	Non-life insurers, or life insurers in run-off, banks without mobile services, etc.		
Other mandatory items				
	10	CDC, IRCANTEC, IRP, ...		

Furthermore, the new feature on the CTH website allowing supervised entities to submit amended returns themselves was used by around 10% of them, mainly for layout issues, additional figures or corrections of typographical errors. In the statistics, it is the original submission date that has been recorded.

Compared with last year, **an improvement in submission statistics has been observed**, particularly among insurers, as the obligation to submit to the CTH was once again highlighted by the supervisor.

Submission monitoring	Financial year (31/12)	2022	2023	2024
Subjected basis	Insurers	244	239	239
	AM	687	682	666
	Banks	283*	156*	55
	Total	1,214	1,077	960
Submitters	Insurers	95	176	213
	AM	579	587	589
	Banks	45	51	44
	Total	719	814	846
Submission rate	Insurers	39%	74%	89%
	AM	84%	86%	88%
	Banks	N/A	N/A	80%
	Total	59%	76%	88%

*With regard to banks (credit institutions and investment firms), the rate has increased due to a **reduction in the number of entities subject to the requirement**, following further clarification provided by the AMF regarding the scope of the requirement: consequently, only banks that actually carry out asset management activities on behalf of third parties are subject to the requirement, but not those that exclusively provide investment advice. This results in a reduction in the number of entities considered liable from 156 to 55 between the 2023 and 2024 financial years. The previous year's change was linked to a clarification provided by the [Treasury's FAQ](#) in April 2024, stating that only firms actually carrying out the activities covered by the scheme were required to submit a report¹⁰.

Among the cases of non-submission, the following are observed:

- Situations relating to the 'life cycle' of organisations, notably mergers or the dissolution of portfolio management companies during 2025
- 'Group' remissions that are not identified as valid remissions at the level of each constituent entity, in particular with regard to compliance with the conditions set out in question 13 of the

¹⁰ The nature of the available data did not allow for a *pro forma* calculation to be made.

Treasury's April 2024 [FAQ](#)¹¹ and the requirement set out in question 5 of the [CTH's FAQ](#) to make duplicate remissions for each entity. As a result, the associated remissions have been classified as 'group' voluntary remissions and the underlying entities as non-remitting.

Conversely, various cases of 'voluntary' submissions have been identified:

- Group submissions, including cases where a report per entity is produced in addition to the group report;
- Non-life insurers and banks engaged exclusively in advisory activities or not actually carrying out advisory or management activities on behalf of third parties
- Life insurers in *run-off*, i.e. insurers that no longer take on new contracts and manage existing commitments on a 'run-off' basis.

Finally, it is noted that the number of submissions concerning 'non-supervised' entities (supplementary pension institutions, Caisse des Dépôts et Consignations, etc.) remains stable compared with last year (10), with two entities not having renewed their submission and two new ones having submitted one. However, ADEME is unable to assess the completeness of the submissions in the absence of an exhaustive list of the entities subject to the requirements.

The complete list of entities that were subject to a qualitative analysis, which served as the basis for the section presenting the state of practices (see3.), is available in the appendix (see5.3).

1.6.2. Submission of annexes to the ACPR

The table below provides an overview of the annexes submitted to the ACPR and forwarded to ADEME via aggregated files:

		Number of submissions	of which mandatory > €500m	of which mandatory < €500m	of which voluntary ¹²
Insurance	Number	228	138	77	13
	%		60.5%	33.8%	5.7%
	Outstanding (€m)	2,814,460	2,802,754	11,706	
	%		99.6%	0.4%	

It can thus be seen that entities exceeding the €500 million threshold account for the majority of total submissions. The analysis identified 13 voluntary submissions, which were provided by non-life insurers and group parent companies.

The analyses carried out on this database are presented in part 4.

¹¹ In particular, the last paragraph: "The publication of a single report at group level is permitted provided that it does not result in any loss of accuracy of information compared to the publication of reports by each constituent entity."

¹² Outstanding amounts are not specified for this column, as voluntary submissions are not subject to differentiated reporting based on the €500m threshold.

3. Analysis of practices

This section presents the analyses carried out, in particular, on the qualitative sample of 50 players described in the appendix 5.3 . Where relevant, it is informed by the insights drawn from the statistical analysis of insurers (see section 4.). It is divided by theme:

- analysis of climate strategies from various angles: a discussion of the scope of action, a description of the types of objectives set, followed by a breakdown by lever (carbon metrics, financing, engagement, exclusion);
- analysis of biodiversity strategies;
- analysis of deforestation strategies;
- An analysis of various aspects of reporting, including in particular taxonomy and fossil fuel reporting.

3.1. Climate strategies

3.1.1. Summary

The role expected of the financial sector in supporting climate transition objectives is to channel financial flows towards the investments necessary for the transition, and to prevent further investment in activities that delay or hinder this transition. In practical terms, this contribution must first and foremost rely on the ability of financial actors to assess the degree of climate alignment of the economic entity in which they are investing: a company, a project, an asset, etc. This analysis enables them to act in an informed manner, taking into account their specific constraints. In practical terms, this may involve setting 'green' financing targets, limits on 'brown' financing, dedicated products, a targeted engagement strategy or an exclusion policy, integration into the risk management framework... whilst sometimes recognising that, given the volume of funds to be invested, it is inevitable that some financing will remain insufficiently or even entirely misaligned. The clarity provided by the analysis allows, in such cases, for the adaptation of communication to the general public.

Analysis of industry practices reveals a **positive trend** in the implementation of **methodologies for analysing transition plans**, the presence of which is confirmed in the majority of 29 LEC reports from general asset management firms and in those of a substantial number of insurers in the sample studied. This momentum is driven in particular by the implementation of the third version of the French SRI label [framework](#), which makes such a methodology mandatory, with most large asset management firms offering SRI-labelled funds¹³ .

However, there are still steps to be taken before these methodologies are widely adopted in line with the target vision described above. An analysis of **investment targets** and, above all, the underlying definitions they entail reveals a wide variety of approaches to what is considered 'green', 'responsible', 'sustainable', 'supporting the transition', etc. The majority of the assets covered appear in practice to be *Green Bonds*, adhering to various standards, whilst the fragility of some has prompted the European Union to develop a regulatory standard with [the EU GBS](#). It is also emphasised that considering a *green bond* in isolation from any assessment of the underlying issuer may undermine the validity of the asset's 'green' classification, both in terms of its contribution (for example, if the issue serves only to replace other corporate financing, which continues to be invested in projects incompatible with the transition) and from a risk perspective (the '*green bond*' status does not in itself protect against the risk of default). The indiscriminate use of product categorisation (Art. 8/9 SFDR) or labels (generic real estate labels) without regard to their climate contribution is also a point of concern.

Furthermore, certain **categorisation systems** are emerging, inspired in particular by the NZIF framework. However, the approaches observed do not appear to be based on an in-depth analysis of the stakeholders' transition plans, but rather seek to meet the criteria set out by the framework using widely available sources, even if their relevance is questionable (for example, TPI analyses do not measure performance). In the absence of readily available specific, a temptation that has been identified is to simply omit the criterion in question (see MSCI and capital allocation). This situation does not allow

¹³ Around 1,000 funds managed by some 150 portfolio management companies were certified as at the end of February 2026 (see [key figures](#)), two-thirds of the sample covered by the report.

for a clear account of the company's positioning. In such cases, it is preferable, as one stakeholder does, to refrain from considering the higher-level categories of the framework, or *at the very least* to propose specific labels that highlight the identified shortcomings.

Analyses of **engagement mechanisms**, conducted in particular using the ACT Finance methodology, highlight that their transformative capacity appears generally weak, or at least difficult to demonstrate on the basis of the available information. Several 'glass ceilings' have been identified, in terms of engagement objectives (where stakeholders do not appear to be expected to clearly request that a given priority area adopt a credible transition plan), or in terms of escalation processes (where no firm and systematic mechanism has been identified). Here again, the framework proposed by the SRI label's [guidelines](#) would benefit from being more widely implemented at the entity level. Failing that, and despite the various good practices identified (structured escalation levers, even if they are not systematic; the presentation of case studies; the emergence of 'climate red lines' in certain voting policies), the current observation is that the use of this lever to drive change in the real economy **remains very limited**.

The climate part of 29 LEC reports of a significant number of stakeholders still confine themselves to setting out exclusion policies, measuring the portfolio's carbon footprint and tracking overall decarbonisation targets.

As regards exclusion policies, these are most often focused on coal, which is naturally under-represented in the investment portfolios of the relevant players. **Oil and gas policies**, which are less widespread, **are very often limited to unconventional activities**, which certainly raise related issues (particularly in terms of biodiversity and pollution) but do not fundamentally differ from conventional extractive activities in terms of climate impact, whereas the scientific consensus is unequivocal regarding the future of these resources in a decarbonised world. This highlights the **limitations of the exclusion framework**, where these energy players carry such weight in the general investment universe that they are very difficult to ignore in a context where financial institutions are compelled to aim for capturing the main market trends (alpha). In this case, it is important to emphasise, on the one hand, the need for clarity and consistency in communication when choosing to continue investing in this sector, and on the other hand, the potential shift that can occur between exclusion and engagement. However, this requires significantly strengthening the latter lever, given the observations made above.

As for decarbonisation targets, these are particularly widespread among insurers. An analysis of their ambition and current results shows that, whilst these targets are generally all aligned with 1.5°C transition scenarios and have generally all already been met years ahead of schedule, **the decarbonisation trajectories of portfolios do not reflect the trends observed in the real economy**. This observation reinforces a growing realisation within the financial sector that these targets alone cannot underpin a meaningful climate strategy. Notwithstanding this criticism of aggregated carbon approaches as the central metric for steering climate strategy, the efforts made by certain players—who are aware of these limitations—to streamline their monitoring (prospective view of emissions, work on the factor-based attribution of past variations) should be commended.

To enable significant progress in practices, and as the 2030 deadline set by the European decarbonisation strategy draws nearer, stakeholders must develop and rely on their systems for analysing corporate transition plans.

3.1.2. Global context

Article [D. 533-16-1\(III-6\) of the Monetary and Financial Code](#) requires detailed information on the strategy adopted by the regulated entity to align itself with the objectives for limiting global warming. The framework sets out (i) a timeframe (reduction targets for 2030 and every five years until 2050) and (ii) guidelines for certain metrics, prioritising those relating to greenhouse gas emissions or an implicit measure of temperature rise. The development of alternative frameworks remains possible. Furthermore, details are requested on various aspects, such as the policies put in place for a phased-out of coal and unconventional hydrocarbons. These elements are further supplemented by the requirements of III-4° relating to engagement policy.

The analyses conducted focus on a sample of 50 actors. They involved:

- Reflecting on the scope of action of the various actors and the differentiated levers depending on these (general assets vs. unit-linked products for insurers, open-ended funds vs. dedicated funds and mandates for asset management companies);
- Identifying the climate objectives presented by financial institutions according to their different types;
- Exploring aspects of carbon metrics (targets and monitoring), financing (targets and definition), engagement (overall quality of mechanisms) and fossil fuel exclusions (quality of exclusion policies). Where relevant, these analyses were informed by various indicators from the [ACT Finance](#) methodology, which aims to assess the climate strategy of financial institutions. (see 5.4);

As in the previous year, a more qualitative section sets out the challenges and prospects relating to the various metrics and indicators supporting the implementation of a financial institution's climate strategy: carbon metrics and financial metrics.

3.1.3. Scope of action

For a financial institution, the levers for action vary depending on the type of activity, which can lead to strategies with different approaches and ambitions: this applies to unit-linked products for life insurers, but also to dedicated funds and mandates for portfolio management firms. This section, which is new compared to last year's report, aims to briefly describe the main challenges by type of actor and the macro-practices observed. It concludes by setting out a number of proposals for greater transparency on the part of the actors, particularly regarding dedicated funds and mandates.

3.1.3.1. Scope of unit-linked products (insurers)

Principles

The investments on a life insurer's balance sheet can broadly be divided into three main categories:

- On the one hand, assets corresponding to equity, which constitute the insurer's own capital;
- Secondly, assets corresponding to commitments made to policyholders (euro funds or general assets);
- And finally, assets representing unit-linked products (UL), which are recorded on the insurer's balance sheet and for which the insurer guarantees liquidity to the policyholder, but where the market risk is borne entirely by the latter.

In practice, the first two categories may be treated as one and the same, as the distinction is analytical rather than accounting.

As described in [the Crédit Mutuel Insurance Group's 29 LEC report](#), *'Unit-linked products (UL) are financial vehicles offered within life insurance and retirement savings policies, enabling policyholders to diversify their investments and invest in the financial markets in a more or less dynamic and risky manner, depending on their risk profile. These vehicles do not offer a capital guarantee (unlike euro-denominated funds); their value rises or falls in line with movements in the financial markets. The insurer is only liable for the number of units net of fees in the policy and not for the value of the units. [...] When investing in unit-linked products, the policyholder has the choice of either selecting the investment vehicles for their policy themselves, or investing in delegated management options (unit-linked packages or managed accounts), where the underlying funds are selected [by the insurer]'.*

Thus, the insurer is not primarily exposed from a 'risk' perspective. However, it remains potentially exposed (i) to the direct performance of the products if its remuneration structure (fees) is wholly or partly indexed to the amount of assets under management and (ii) to a broader business model risk if the referenced products are underperforming overall.

In terms of impact, the influence is less direct than on the general assets, as the insurer is not responsible for the choice of investments made, except where authority has been delegated. However, various levers are available to the insurer. The insurer **remains responsible for the selection of investable financial products** (primarily funds, but also equities or structured products), for which, in addition to the obligation introduced in 2020 by the PACTE Act of 22 May 2019 to offer at least one responsible product, it may draw up a set of specifications including minimum non-financial requirements. They may also support investors in their choices by providing information, or even incentivise them, for example through a flexible pricing policy.

The implementation of these levers may depend on various factors: the ability to gather high-quality information on financial products (one of the objectives of the SFDR), the ability to present the information in a form that is understandable to the investor, the institution's bargaining power to impose its specifications, and strategic guidelines enabling it to take the step of introducing flexible pricing or stricter product selection criteria. Finally, it is necessary to address the issue of existing contract portfolios, and the legal and operational capacity to halt or encourage a reallocation of investment flows from products deemed incompatible with an aligned trajectory towards more virtuous alternatives.

Practices

Most of the 16 insurers in the sample have a unit-linked portfolio share of between 15% and 40%. Their 29 LEC reports were analysed to identify the prominence given to unit-linked products. Most players include sections and paragraphs dedicated to unit-linked products, often treated as a distinct asset class¹⁴, to describe the specific actions taken regarding this class, which facilitates reading and analysis.

The analysis reveals three main types of practice, which vary as much as the number of providers:

- For around 20% of insurers, unit-linked products are subject to **a dedicated and tailored strategy**, with clearly stated minimum requirements, notably the application of an exclusion policy for the referenced product that is at least equivalent to that of the insurer;
- For just over half, unit-linked products are the subject of **particular attention**, demonstrated in particular by an ESG *due diligence* process, which remains, however, described in general terms. Any actions taken may be on a best-efforts basis (phrasing such as 'the insurer will, where possible, give preference to responsible investments');
- For just over a quarter, the insurer remains at the stage of **gathering ESG information** (notably monitoring financed emissions) and monitoring/highlighting the labelled portion of unit-linked funds, without it being possible to identify any specific strategy or action aimed at encouraging a reallocation of financial flows

The following noteworthy practices were identified:

Compared with other reports that are largely policy-based, [Suravenir's](#) report describes in greater detail (p. 77 et seq.) the assessment framework for new portfolio management companies. In particular, it requests information on sectoral policies regarding fossil fuels and an analysis of discrepancies with the insurer's policy.

Several players emphasise that they are considering the issue in order to improve their systems, for example [Predica](#): *"Aware of the growing importance of unit-linked products in clients' savings, Crédit Agricole Assurances is committed to strengthening the consideration of ESG criteria in the selection of these products. A process to harmonise non-financial indicators is underway across international entities to provide a consolidated view. Furthermore, the unit-linked product selection policy will be reviewed to ensure consistency with the investment strategy applied to equity funds and euro-denominated funds."*

¹⁴ This implies a need for granularity in the information pursuant to Article [D. 533-16-1\(II\)\(1\) of the Monetary and Financial Code](#): "1° Information shall be published by distinguishing between asset classes."

At least two insurers have committed to offering only Art. 8 or 9 SFDR products via their unit-linked funds, which is a systematically restrictive approach but which, given the self-declaratory nature and the lack of operational clarity of the regulatory definitions currently set out by the SFDR (notably the concept of 'sustainable investment'), does not in itself guarantee that the associated product will contribute positively to the climate transition or biodiversity, for example.

Finally, no practices were identified in this sample relating to measures targeting the investor themselves:

- Information/warnings regarding the potential incompatibility of certain products/securities with climate transition or biodiversity requirements;
- Preferential pricing based on the climate profile or, more broadly, the non-financial profile of the financial product.

Stakeholders are invited to explore these areas, which can contribute significantly to the reallocation of capital flows whilst enabling insurers to improve their capacity to analyse financial products.

3.1.3.2. Scope of dedicated funds and mandates (asset managers and insurers)

Principles

On the one hand, asset management companies offer 'open-ended funds', in which various stakeholders, whether retail or professional investors, can invest, and where the management of the fund – including its sustainability aspects – is entirely in the hands of the asset management company, with the investor having the choice of whether or not to invest.

On the other hand, management companies may be called upon to manage investment mandates or dedicated funds. They then respond to calls for tenders and the specifications of the delegating entity (generally an *asset owner*: insurer, pension fund, etc.). The various aspects of fund management, including sustainability aspects, must then be discussed with the client.

Within this specific scope of dedicated funds and mandates, management companies have various levers at their disposal to contribute to climate and biodiversity objectives, notably:

- Providing expertise and proposing solutions, particularly when *the asset owner* requests this when setting out their requirements, in accordance with their own policy;
- In the absence of a specific request, engaging with the client to raise awareness of these issues and proposing a solution that takes them into account;
- Setting red lines in terms of *business conduct* and declining to respond to calls for tenders that refuse to take into account aspects of compatibility with the achievement of international agreements on climate and biodiversity (whether through exclusion or engagement).

Thus, **an asset management company cannot absolve itself of responsibility within the scope of dedicated funds and mandates**: agreeing to manage a client's interests, even where these are incompatible with the objectives of the Paris Agreement, constitutes a conscious choice in terms of *business model*. For its part, *the asset owner* remains, of course, primarily responsible for its choice and must ensure it expresses its expectations, as required by the decree on mandates¹⁵.

The report wishes to emphasise this point because, beyond the fact that any asset management firm is entitled to choose its business model according to its constraints, certain combined exchanges with various stakeholders sometimes give the impression of a '**dilution of responsibility**' where:

- on the one hand, *the asset owner* does not develop their own strategy for delegated investments, or, not being an expert themselves, indicates that they will leave it to *the asset manager*;
- on the other hand, *the asset manager* hides behind the *asset owner's* unspoken expectations to justify a lack of action.

Practices in asset management companies' reports

The treatment of dedicated funds and mandates by asset management companies in their 29 LEC reports is difficult to discern in most reports, which either do not address the subject (a CTRL+F search for 'mandates' or 'dedicated funds' returns nothing, potentially because they do not actually have any), or simply mention it to state that the indicators cover this scope, without identifying any specific actions

¹⁵ See Article D. 533-16-1(III-1)(d) of the [Monetary and Financial Code](#): "[information relating to] d) Taking into account environmental, social and governance criteria in the decision-making process for the award of new management mandates by the entities referred to in Articles L. 310-1-1-3 and L. 385-7-2 of the Insurance Code;"

in this regard. Out of 20 generalist players, the proportion represented by mandates was identified in only one report.

This situation may be linked in particular to the fact that mandates and dedicated funds are not necessarily considered a separate asset class¹⁶, as well as to confidentiality considerations. Furthermore, depending on the type of operator, some may have very little activity of this kind, or may operate as a ‘special-purpose subsidiary’ within a group, and therefore apply the same policy consistently with the group entity they serve, which does not require specification.

In reports where information could be identified, and without claiming to be exhaustive, the observed practice is that the ESG approach applied by the asset management company to its open-ended funds, including any climate-related exclusions, is presented to the client, with a degree of systematic application varying according to the wording:

- “These policies are also offered to our clients of portfolio management services or dedicated funds, who are free to adopt them or not”,
- “The Fossil Fuels Policy applies to all directly managed portfolios [...], including dedicated funds and third-party mandates, unless otherwise instructed by the client”,
- “This policy applies to all actively managed open-ended funds [...] and becomes the standard for new mandates and dedicated funds.”

It therefore appears that the client always has the option to reject the proposed approach without having to provide an equivalent or minimum alternative. This practice is likely applied much more widely by all players who do not explicitly address the issue (see above). This could therefore be **potentially problematic in terms of transparency**. Indeed, stating that a policy applies to all open-ended funds without specifying that there are also mandates or dedicated funds—and, crucially, the proportion of the latter—gives the uninformed reader a false impression of comprehensiveness.

In terms of specific points of attention, it has been noted that one player distinguishes between two levels of approach in its exclusion policies, one of which has more flexible exclusion thresholds for ‘*certain UCITS and mandates*’, without, however, indicating whether every UCITS/mandate applies this second approach *as a minimum*.

Another states that, whilst it excludes dedicated funds and mandates from its climate objectives, it systematically shares its research on the subject with its clients: “*Monitoring of CO2 emissions reductions will focus on open-ended funds [...] as these are the portfolios over which the management company exercises full responsibility and makes its own choices. Indeed, we are dependent on the objectives and constraints set by clients for discretionary mandates and dedicated funds. However, we systematically present the status of our approaches and methodologies to encourage our clients to adopt them.*”

Finally, regarding voting policy, most players state that they apply their global voting policy “*unless otherwise agreed with the client*”.

Practices in insurers’ reports

The issue of engagement by portfolio management firms as a whole (whether within the unit-linked scope or in dedicated funds and mandates) is not always addressed, and when it is, it is usually only in principle (ESG questionnaire/due diligence without a clearly stated minimum standard). The sustainability approach adopted by *the asset manager* for a particular dedicated fund is sometimes reproduced verbatim in the insurer’s report without any identification of a coherent overall strategy on the part of the insurer or any analysis by the insurer of the quality of the framework.

¹⁶ As the assessment is left to the discretion of the relevant body according to criteria to be justified, this has not been observed in practice at this stage by ADEME, cf. II-1° of Article [D. 533-16-1 of the Monetary and Financial Code](#): “*1° The information is published by distinguishing between asset classes. The entity shall describe how this distinction has been made [...]*”.

3.1.3.3. Proposals to stakeholders

Given the challenges and the current state of affairs, particularly regarding the scope of dedicated funds and mandates, the following proposals are made to stakeholders with a view to improving practices:

For asset management companies:

- Where applicable, the fact that the client's best interests must take precedence and that this implies not setting any minimum conditions must be stated **clearly and unambiguously** in the report;
- Transparency would be enhanced if asset management companies specified, as is the case with unit-linked products for insurers, the strategy (or lack thereof) applied within this scope, and the scale of the latter. In this regard, the discretion granted to the regulated entity to describe its approach by 'asset class'¹⁷ could be usefully employed to highlight the efforts of market participants;
- Indeed, regarding the strategy itself, there is a range of levers for action: information, engagement, collaborative market dialogue, etc., of which setting 'red lines' (refusing to comply with a client's request that would undermine the achievement of climate and biodiversity objectives) is merely the last lever;
- In order to guide, in particular, their engagement policy towards their *asset owner* clients, asset management companies could usefully assess the proportion of assets under management in discretionary mandates/dedicated funds that are subject to a specific climate strategy, and the overall quality of these strategies, which would enable them to identify priority engagement actions, or even assess the lack of immediate impact in terms of business volume that would result from excluding the few funds and mandates that do not offer a satisfactory minimum approach. For the sake of transparency, the size of dedicated assets under management that do not meet a satisfactory minimum climate approach could be disclosed.

For insurers:

- Clearly identify the proportion of 'indirect' investments (dedicated funds, mandates) entrusted to asset managers;
- Describe the strategy and engagement actions undertaken with asset managers, and in particular detail the expectations – or lack thereof – regarding climate strategy or biodiversity for this portfolio;
- In particular, specify whether there is a potential *trade-off* with financial performance requirements (are there sustainability red lines, even if this comes at the cost of a fraction of financial performance or market decoupling, or is the latter systematically the primary objective?);
- Assess the quality of the climate initiatives adopted by managers across the various delegated asset pockets, whether through dedicated funds or mandates.

Taking a step back to consider the overall market picture, it is worth noting that, given the number of entities – both insurers and asset management firms – which state, in their 29 LEC reports or other communications, that the climate transition is a 'pillar' or 'at the heart' of their approach, it would indeed seem curious to observe that the proportion of assets under management in mandates or dedicated funds lacking a climate approach of minimum quality is significant.

¹⁷ Article [D. 533-16-1\(II-1\) of the Monetary and Financial Code](#): "The entity may make further distinctions by business activity, investment portfolio, issuer, sector or any other relevant distinction."

3.1.3.4. Other aspects: index replication, funds of funds, etc.

Some players justify the lack of a specific ESG approach on the grounds of the specific nature of their activities: replication of an index containing 'carbon-intensive' assets or passive management more generally, securitisation or fund-of-funds activities with difficulties in accessing the underlying assets, pure quantitative management, etc.

Regarding these activities, the comments from previous years' reports are reiterated and supplemented: the nature of the activity **does not imply that it is impossible to implement an ESG approach, but rather that the levers must be adapted**. Thus:

- Funds of funds: the implementation of a *due diligence* and engagement process with asset management companies, which is still rarely mentioned and even less detailed in 29 LEC reports, enables funds of funds to be covered in a relevant manner;
- Index-based products: 'traditional' indices, which reflect the economy, are likely to include components that are not, or not yet sufficiently, aligned with the Paris Agreement. In addition to the fact that a particularly robust engagement policy can be implemented, it is emphasised that the development of 'non-financial' indices incorporating various approaches, including positive screening or exclusion policies, can offer an alternative and help to reallocate capital flows.
- Securitisation. There is technically no obstacle to adding extra-financial filters to securitised financial instruments. It is therefore a choice left to the discretion of the securitisation entities and/or their shareholders. The implementation of filters can send an incentive signal regarding the expected underlying assets to all affected business lines.
- Derivatives. Provided that contracts clearly identify a single underlying asset, there is no inherent impossibility or even any technical difficulty in implementing a 'traditional' non-financial approach. Furthermore, with the rise of non-financial indices, it is also possible to apply a non-financial policy to index-based instruments.

Generally speaking, quantitative approaches can be configured to incorporate extra-financial constraints, which will simply be added to the other rules. There is therefore not necessarily a technical challenge, but rather a limitation on flexibility and thus on profit prospects (though it should be noted that these have been achieved at the expense of contributing to the transition). One market participant thus highlights the inclusion of a 'Do not Overweight' principle, ensuring that no issuer is overweighted relative to a benchmark index across all its products.

3.1.4. Setting climate targets

Various types of objectives have been identified. It should be noted that, in practice, there are subtle differences in the strength of their wording ('I commit to', 'I aim to') and varying degrees of specificity (stating the starting point, monitoring expressed on an annual basis, etc.). The concept of a target has been interpreted broadly in order to best illustrate current practices. The categories of targets selected are as follows:

- **Targets for reducing greenhouse gas emissions** (for example: "I commit to reducing the carbon footprint of my portfolio by 30%, expressed in tCO₂e/€m invested, between 2019 and 2025");
- **Targets expressed in terms of temperature alignment** (e.g. "I have an implicit temperature target for my securities portfolios of 2.5°C by 2030"), generally accompanied by a specific description of the methodology adopted;
- **Financing, investment or alignment targets** (e.g. "I aim to inject an additional €XX billion into the ecological and energy transition", "our ambition is for XX% of our assets under management to be invested in companies with targets aligned with a 1.5°C scenario");
- **Engagement targets** (e.g. "Our objective is to engage with the 20 highest-emitting companies in our investment portfolio.");
- **Fossil fuel exclusion policies**, whether relating to coal or oil and gas;
- **Any other commitments** that could not be linked to any of the above categories.

It should be noted that it is the presence of an element that is taken into account, and not its quality, which is discussed in the relevant sections.

Analysis of the 29 LEC reports from the 50 organisations yields the following summary table:

Type of commitment	Insurer	AM GEN	AM PE	AM RE	Total
GHG target	94%	50%	25%	67%	62%
Temperature target	13%	25%	25%	17%	20%
Investment target	69%	35%	50%	0%	44%
Engagement target	38%	40%	25%	0%	32%
No commitments identified – excluding exclusions	0%	15%	25%	17%	12%
Fossil fuel exclusion policy	100%	95%	88%	0%	84%
No commitments identified	0%	5%	0%	17%	4%
Reminder: sample size	16	20	8	6	50

The vast majority of stakeholders, and in particular all insurers in the sample, have adopted at least one target. Excluding exclusion policies, greenhouse gas (GHG) emission targets are the most common, particularly among insurers (the entire sample except one, which has a temperature target) and real estate asset management companies. Targets expressed as an implicit temperature increase are less common (20%) and are generally used as an alternative to GHG targets.

Financing targets are mainly reported by insurers and private equity firms and take various forms, as detailed below (see 0). Engagement targets tend to relate to a defined scope (the top 20 emitters in line with insurers' NZAOA engagement, or a percentage of financed emissions for certain generalist asset management firms).

The implementation of coal or oil exclusion policies is systematic or almost systematic for insurers and generalist asset management firms. It remains very common among private equity firms, which operate in a more specialised investment universe. No such policies were identified among real estate firms. An analysis of the quality of the policies in place is presented in the section 3.1.10.

Among the 'other' commitments identified, [Lazard Frères Gestion](#) proposes a series of medium- to long-term commitments, based primarily on their temperature alignment metric:

"Medium-term objectives | 2024–2030

- *Publish our alignment levels for each SRI fund*
- *Limit (or even exclude) issuers whose temperature level exceeds 5°C*
- *Support the companies and projects in which we invest towards a path to alignment by 2050 through engagement*
- *100% of our open-ended funds below 2°C (+/- 10%)*
- *100% of the companies we invest in have a climate target*
- *Join the 'Net Zero Asset Manager Initiative'*

Long-term objectives | 2030 and beyond

- *2030 target: publish our alignment levels for all funds*
- *2035 target: align all open-ended funds with the Paris Agreement*
- *2040 target: align all funds and dedicated mandates with the Paris Agreement*
- *2045 target: 100% of portfolio companies have a decarbonisation pathway / validated 2°C alignment*
- *2050 target: 100% of portfolio companies have a validated decarbonisation pathway / alignment below 2°C"*

The financial institutions for which no targets or coal or oil exclusion policies have been identified are:

- **BlackRock France S.A.S** (GEN)
- **La Française Real Estate Manager** (RE). In the absence of a report at entity level, no specific commitment or commitment specifically applicable to the entity could be identified in the group report.

Furthermore, for four other entities, the only commitments identified relate to an exclusion policy:

- **Amundi Private Equity Funds** (PE). In the absence of a report at entity level, it could not be identified in the group's report as a specific commitment or one specifically applicable to the entity.
- **Ardian France** (PE)
- **Natixis IM International** (GEN)
- **Ostrum AM** (GEN)

It should be noted that this absence of targets does not imply a lack of measurement and monitoring of the portfolio's climate performance using carbon, financial or other metrics, nor does it imply a lack of *due diligence* procedures (for *private equity*) or a lack of engagement with the companies and assets in which the portfolio invests, all of these elements generally being taken into account from a risk/opportunity perspective, but the absence in the reports of formalised climate-related targets at entity level relating to these elements.

Furthermore, [Ardian France](#) states in its report that it is *"simultaneously developing a climate strategy with the aim of formalising a holistic strategy including greenhouse gas emission reduction targets and quantitative targets at the level of the management company and for its investment activities. Ardian's climate strategy is a long-term project and the conclusions are currently being finalised. The preliminary information in response to the disclosure requirements set out in Article D. 533-16-1(III)(6) of the Monetary and Financial Code will be provided once the strategy has been approved."*

It is noted, however, that the [2021 report](#) of the same entity contains more or less the same statement, thus highlighting a clear lack of visible progress on the subject: *"A carbon reduction plan in line with the Paris Agreement using science-based methodologies is expected to be defined, including quantitative reduction targets with specific time horizons. This strategy aims to maximise Ardian's leadership and contribution to the transition of the real economy towards a low-carbon and socially inclusive society, whilst complying with the most robust international regulations and being based on the most relevant industry standards."*

Apart from certain specific cases (Natixis IMI operates primarily by delegating various other asset managers within a ‘multi-boutique’ group structure, Amundi PEF and La Française Real Estate Manager are part of a group), the presence of a minority of asset management companies without any specific stated objectives may be due in particular to an overarching positioning philosophy whereby the asset manager considers that it must act by executing its clients’ objectives, which implies a lack of commitment at the entity level, but potential commitments at the level of certain funds.

Thus, [Ostrum AM](#), which also offers SRI funds requiring the analysis of the transition plans of companies in its portfolio (see 3.1.8.2), states that it contributes to meeting its clients’ commitments:

LA MISE EN ŒUVRE DES ENGAGEMENTS DE NOS CLIENTS

Certains de nos clients institutionnels sont signataires de la *Net Zero Asset Owner Alliance* (NZAOA) de l’ONU.

Lancée en septembre 2019 lors du Sommet Action Climat des Nations Unies, l’Alliance NZAO rassemble des investisseurs institutionnels ayant pris l’engagement d’assurer la transition de leur portefeuille d’investissements vers la neutralité carbone d’ici 2050. L’Alliance fonde son action sur une volonté de mise en œuvre de l’Accord de Paris, ayant pour principal objectif de limiter la hausse de la température moyenne globale à 1,5°C.

Les membres de l’Alliance sont les premiers du secteur financier à fixer des objectifs intermédiaires, qui comprennent des fourchettes de réduction des émissions de CO₂ pour 2025 (22 %-32 %) et pour 2030 (40 %-60 %).

D’autres clients se sont également fixés des objectifs climatiques ambitieux qu’Ostrum Asset Management s’engage à respecter.

[BlackRock France](#), for its part, refers explicitly to its clients’ choices, whatever their orientation, within a framework focused on risk/return prospects. Its ‘climate’ section thus consists solely of the following paragraph:

7. Alignment with the Paris Agreement

The money BlackRock manages is not its own – it belongs to BlackRock’s clients, many of whom make their own asset allocation and portfolio construction decisions. As a fiduciary, BlackRock invests on clients’ behalf to help them meet their investment objectives. The firm does this by understanding clients’ long-term investment objectives and offering choice on how and where they wish to invest their money. BlackRock then helps clients seek the best risk-adjusted returns based on those choices, underpinning this work with research, data and analytics.

For clients interested in sustainability and the transition to a low-carbon economy, BlackRock offers a wide range of investment products, analytics and research to help them achieve their chosen investment objectives. BlackRock’s sustainable and transition investing platform is driven by clients’ needs, along with BlackRock’s continued investment conviction that the energy transition is a mega force shaping economies and markets. Further information on BlackRock’s sustainable and transition investing platform is available in section 2.1, above.

At an entity level, BFS does not set climate-related targets for the AUM it manages on behalf of clients due to BlackRock’s role as a fiduciary, delivering on the instructions and guidelines that clients ultimately select. For additional detail relating to product specific sustainability objectives, please refer to the relevant fund prospectuses, product briefs and fact sheets available on public fund websites.

As specified in the section 3.1.3.2, this choice of business model positioning **is not neutral in terms of its contribution to the ecological transition**: in certain circumstances, it may amount to delaying or preventing the latter, by providing a client with services that enable them to continue financing activities incompatible with achieving the Paris Agreement according to the scientific consensus. It is therefore particularly incumbent upon the AM to ensure consistency in its communications to avoid any ambiguity. Typically, in such a situation, it would have been inappropriate to display ‘environmental’ imagery (e.g. photos of forests, wind turbines, etc.) in association with this section of the report, which was not the case here.

The following sections focus on each type of commitment and the nature of the monitoring carried out.

3.1.5. Greenhouse gas emission targets

3.1.5.1. Overview

As mentioned *above*, the majority of stakeholders in the sample analysed have at least one decarbonisation target.

Type of actor	No. of actors with a target	Sample proportion
Insurer	15	94%
GEN	10	50%
PE	2	25%
RE	4	67%
Total	31	62%

Some have several targets:

- In terms of **units** (e.g. in absolute emissions and intensity)
- In terms of **scope** (for example, across the equity and bond portfolio and across real estate).
- Furthermore, a single target may be broken down into two time **horizons** (for example, a target for 2025 and one for 2030).

A list of the units used has been compiled:

Target units	Insurers (AO)	Asset managers	Total
tCO ₂ e	2	1	3
tCO ₂ e per €1 million in turnover	3	5	8
tCO ₂ e/€m EVIC	0	1	1
tCO ₂ e/€m invested	12	8	20
kgCO ₂ e/MWh	1	0	1
kgCO ₂ e/m ²	2	5	7
N/A	0	1	1
Total	20	21	41

Consistent with what is observed across all insurers (see0), the carbon footprint (tCO₂e/€m invested) thus appears to be the most common metric in this sample, allowing both a cross-sectoral approach and the exclusion of the effects of inflows and outflows. Real estate asset management companies use the dedicated physical intensity in kgCO₂e/m².

One asset manager ([BNPP AM](#)) is unique in that it uses a 'capital-based' carbon intensity, in that it is expressed, at the level of each company, not in terms of turnover but in terms of EVIC¹⁸ (tCO₂e/m€ EVIC). The notation "ND" refers to the real estate asset manager [AEW](#), which states in its report that "in 2024, AEW made a commitment to decarbonise its institutional portfolio in Europe by 2050", without the nature of the commitment being identified more precisely.

As in the previous year, a record was compiled of the various climate targets set by the players, including:

- Information relating to the target itself: base year, target year, ambition, unit
- Its context:
 - The GHG scope considered (scopes, and where applicable, types of gases not taken into account, although this was not encountered in practice) and associated size,
 - Financial scope considered (asset class) and associated size;
- Monitoring of the target: observed performance and the presence of explanations regarding this.

¹⁸ Enterprise Value Including Cash. This measure, defined in particular by the [PCAF](#) framework for accounting for financed emissions, serves as the "denominator" for determining the proportion of the company's emissions attributed to the portfolio of assets in question. In practice, EVIC covers the shares and debt issued by a given company, at their market values. Adjustments are provided for, particularly for unlisted companies.

For non-specific targets (i.e. those not based on physical intensity, expressed in MWh or m²), alignment scores with a 1.5°C pathway have been compiled using the methodology set out in ACT Finance’s indicator 1.1 (see Annex).

Unlike last year, it was decided not to publish the information on a line-by-line basis. This is due, on the one hand, to **the varying availability of contextual information** and, on the other hand, to **the high degree of uncertainty regarding the extent to which a portfolio’s decarbonisation contributes to the Paris Agreement**. Indeed, it seems counterproductive to propose scores that allow for comparison between actors—even if the aim is not to rank them—without the difference reflecting, in any meaningful way, a distinction in the quality of the climate approach.

The aggregated findings are described in the following sections.

3.1.5.2. Quality of contextual information

The reference year: The years observed span from 2018 to 2023, with a strong concentration around 2020, which is, however, rarely used as a reference as it was an atypical year (low emissions in the global economy due to Covid). Thus, 2019 is the most frequently used year, ahead of 2021

Reference date	Proportion
2018	11%
2019	56%
2020	8%
2021	19%
2022	3%
2023	3%

Target year: The 2030 deadline is widely supported by stakeholders (with some variation between 31 December 2029 and the year 2030), with some already having a first or even a second set of targets due to be met by 2024–2025.

Target date	Proportion
2024	6%
2025	14%
2029	19%
2030	75%
2050	3%

Ambition: The ambition of the ‘generic’ GHG targets ’ (tCO₂e, tCO₂e/€m of turnover, EVIC or invested) ranges from -20% to -65%, with an average of -46%, with many targets set at -50% by 2030 compared to a 2019–2021 baseline. See below for an alignment analysis. The ambition of the targets in kgCO₂e/m² ranges from -10% to -60%, for similar timeframes.

GHG scope: Most organisations cover only Scopes 1 and 2, which overlooks key impacts in certain sectors such as the automotive, oil and construction industries, where Scope 3 emissions are generated not primarily by other companies within the portfolio but by private individuals. When Scope 3 is stated as being covered, it is sometimes done so within a narrow upstream perspective, at the level of the first-tier supplier (the ‘Trucost’ approach). This approach, whose main merit is to ensure a degree of reliability in reporting, nevertheless generates significant distortions regarding the reality and scale of indirect emissions, depending on the various structures of the value chains. Finally, in around 10% of cases, the information did not appear to be specified. Half of these cases relate to targets expressed in kgCO₂e/m², where the calculation method is likely considered standardised, and probably covers exclusively the building’s heating aspect, which accounts for the bulk of emissions. Conversely, some cases of ‘traditional’ targets remain without associated information.

GHG scope	Proportion
Scope 1+2	66%
Scope 1+2+3	23%
N/A	11%

Information regarding the percentage of financed emissions covered was not found in practice.

Financial scope: The wording varies, but analysis shows that most of the scopes covered by insurers and general asset management firms relate, either alternatively or cumulatively, to:

- Listed or private equities and bonds, sometimes only bonds.
- Directly managed assets
- Real estate is sometimes covered, where applicable as a separate target.

No particular points of attention were noted regarding private equity. Regarding real estate, one player excludes residential property from its scope, without any reason having been identified (significance of outstanding amounts, difficulty accessing data, leverage considered weaker, etc.). In two cases, the information was not described.

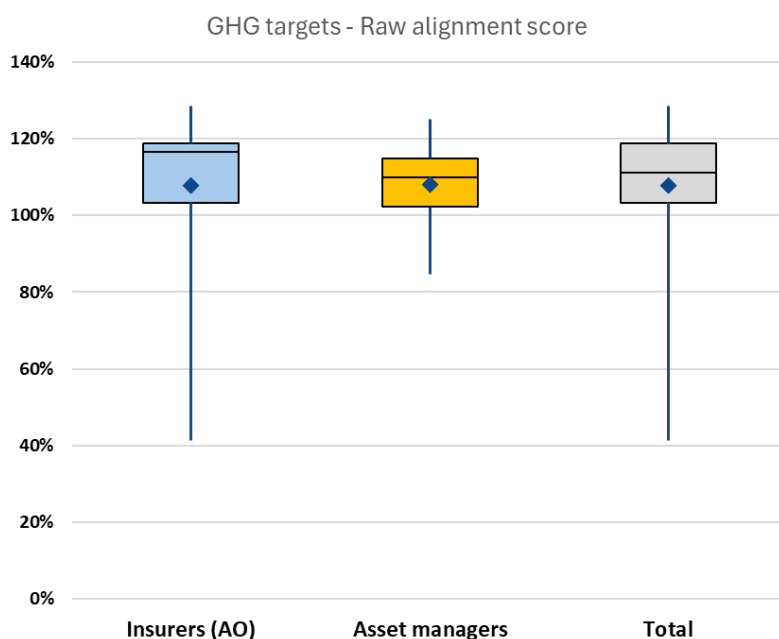
Regarding the proportion of assets this represents, in around 40% of cases the information could not be found or estimated. In a number of situations, the information is not directly provided but can be reasonably inferred from the information in the report (the respective amounts of the different asset classes disclosed, including those assumed to be covered by the target). The thresholds can sometimes be low (below 50% or even 30%), particularly for insurers that exclude sovereign securities and delegated assets from the base.

Action plan for achieving the objective: In practice, this element has rarely been highlighted. Where present, it relies primarily on the general mention of levers: strengthening the exclusion policy, arbitrage, and corporate selection/engagement to focus on those companies that will reduce their emissions.

3.1.5.3. Alignment of targets

Notwithstanding the contextual factors (GHG coverage, asset coverage), the ambition of the various targets—expressed in absolute terms or in monetary intensity—has been compared against a 1.5°C-aligned emissions reduction benchmark, derived from the IEA's NZE 2050 report and adopted by the SBTi CNZ 2.0 framework (see 5.4.1). As actual emissions reductions are not occurring at the pace required by the various aligned benchmarks, this benchmark is slightly more demanding than the previous one, which may theoretically imply a decline in the scores of financial actors' targets compared to last year. The score is calculated as the ratio, for a given time frame, between the financial institution's ambition on the one hand and the reduction required by the theoretical alignment benchmark¹⁹ on the other. A score of 100% alignment corresponds to a reduction in line with the benchmark's expectations. The following results are observed:

¹⁹ For example, for a target set between 2020 and 2030, the benchmark requires a reduction of approximately 46%. A target of a 50% reduction in emissions over this period will therefore result in a score slightly above 100%.



We thus observe good overall alignment of targets, with financial actors generally adopting market benchmarks regarding global decarbonisation requirements. Only one insurer set a target of -20% for the 2019–2030 period, resulting in an alignment score of just 40%.

3.1.5.4. Performance observed

Performance monitoring: In 37% of cases, no explicit monitoring of the set target was observed in the reports, which is all the more problematic given that most of these targets have reference dates in 2019 or 2021 for a deadline in 2030, meaning we are already halfway through the journey.

In 60% of cases, the information remains incomplete. In particular, there appears to be some confusion between, on the one hand, the reporting of emissions metrics for the portfolio itself, and, on the other hand, the monitoring of a target that may potentially cover only part of the portfolio.

Finally, [CNP Assurances](#) publishes not a tracking of the target itself but a level of target achievement, which, when presented in isolation, is not immediately clear:

CNP Assurances publie chaque année le niveau d'atteinte de ces objectifs :

Taux d'atteinte des objectifs	2022	2023	2024
Réduire de 25 % l'empreinte carbone du portefeuille actions et obligations d'entreprise et infrastructures ⁽¹⁾ détenues en direct sur la période 2019-2024	196 % *	222 % *	233 % *
Réduire de 53 % l'empreinte carbone du portefeuille actions et obligations d'entreprise et infrastructures ⁽¹⁾ détenues en direct sur la période 2019-2029	92 % *	105 % *	110 % *
Réduire de 32 % l'empreinte carbone du portefeuille immobilier détenu en direct, via les clubs deals et le fonds Lamartine sur la période 2019-2029 ⁽¹⁾	N/A	N/A	18 % *
Réduire de 17 % l'intensité carbone des producteurs d'électricité détenus en direct sur la période 2019-2024	230 % *	274 % *	321 % *

⁽¹⁾ Cet objectif remplace l'objectif précédent de réduction de 10 % de l'empreinte carbone scope 1 et 2 du portefeuille immobilier de CNP Assurances SA et ses filiales françaises détenus en direct entre 2019 et 2024. Cet objectif a été atteint fin 2021, puis confirmé en 2022 et 2023

It is clear from a table presented elsewhere that the rate of 233% in 2024 means that a decrease of -58% (~233% x (-25%)) was observed for the first target, which was therefore achieved twice over by 2022.

Presence of explanations: Beyond simply tracking a target (for example via a graph or table), the element that seems most important in practice is understanding how and why emissions have changed. Such explanatory elements were found in only 15% of cases, with varying degrees of detail.

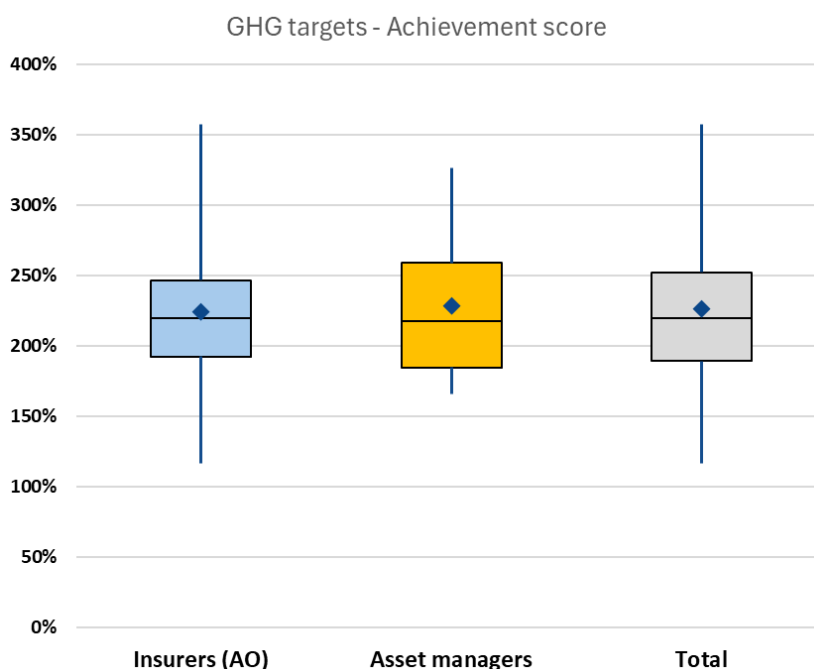
For example, there are references to policy principles, such as Sogecap: *“This reduction, which exceeds the target set for 2025, is explained in particular by:*

- *the exclusions implemented in the investment policy, particularly regarding fossil fuels (see section 7.3);*
- *a proactive investment policy prioritising assets with a low carbon footprint;*
- *the general reduction in the carbon footprint of issuers in the portfolio”*

Others, such as [SwissLife AM France](#), stress the need for caution when interpreting the results: *“Whilst this trend may be viewed as positive, caution is nevertheless required, as the carbon footprint of portfolios may be subject to a degree of volatility given changes in the carbon footprint of the companies within the portfolios and the transactions carried out.”*

Finally, as shown below in the section 3.1.6, [Abeille Assurances](#) provides a factor-by-factor breakdown of the year-on-year variability in carbon intensity.

Where information was available, the ‘performance’ of the targets themselves was assessed using a single scale derived from the ACT Finance methodology, which involves comparing the actual observed variation with the theoretical *pro rata temporis* variation in target achievement²⁰. The results have been compiled in the graphs below:



It can thus be seen that all financial actors for whom information is available are ‘ahead’ or even well ahead of a linear trajectory of reductions. Given that most targets are approximately halfway through their lifespan, the average score of over 200% highlights the fact that most of them have already been met, as mentioned in several reports.

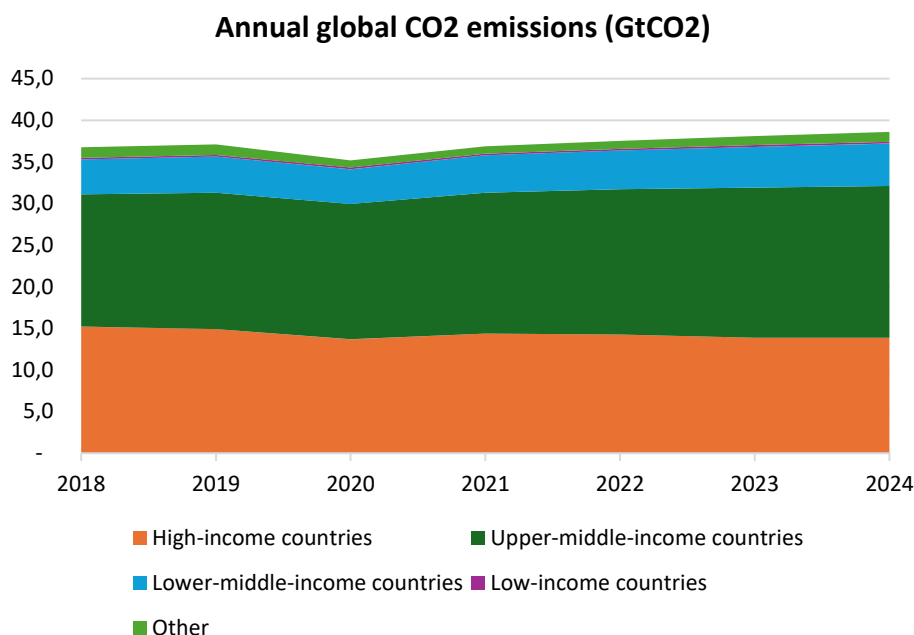
²⁰ For example, for a target spanning 2019 to 2029 with a 40% reduction ambition, an observed actual reduction of 30% by 2024 is compared to the theoretical linear reduction after five years (-20%), yielding a score of $30/20=150\%$.

3.1.5.5. Conclusions on GHG targets

The analysis presented in the preceding sections shows that:

- On the one hand, many market players have set targets for greenhouse gas emissions or derivatives (monetary intensity in €m invested, in €m of turnover, in particular) in accordance with principles 'aligned' with the reduction rates required to meet the Paris Agreement;
- On the other hand, the GHG targets of financial players are occasionally poorly defined, sometimes not monitored, and rarely commented on, both prospectively and retrospectively²¹ ;
- Despite this, most of these targets have already been met or are well on the way to being met.

However, the global assessment is that global emissions continue to rise, with the reduction observed in the richest countries being insufficient:



Source: [Our World in Data](#). The data covers CO2 alone, which accounts for around 75% of emissions.

Thus, global annual emissions rose by 5% between 2018 and 2024, whilst annual emissions in high-income countries fell by 9% over the same period. In the European Union in particular (including the United Kingdom), emissions fell by 20% (18% for France). These trends should be viewed in the context of the rate of reduction required under an aligned transition scenario, which is approximately 25% over the period.

There is therefore **a substantial gap** between the trajectory of financial portfolios (progressing at twice the required rate) and the trajectory of actual economic emissions (where even the best performers are approaching, but not quite reaching, the required rate). Yet it is the latter that *ultimately* matter.

In practice, the reasons for the strong performance observed are likely due to the following factors, although it is not possible to rank them based on the available information:

- An actual reduction in emissions in geographical areas close to our financial universe (France, Europe, high-income countries). However, this effect is undoubtedly artificially amplified by the fact that most targets do not account for Scope 3 emissions, which would otherwise reflect the trends observed in lower-income countries—where many of the underlying emission-generating processes on which our economy depends are concentrated;
- The strengthening of exclusion policies, particularly regarding coal, which has enabled the removal from portfolios of issuers that are likely to have low financial standing but a very high carbon footprint;

²¹ [Comgest](#) thus transparently emphasises in its report that the carbon metric is not actively managed but observed *retrospectively*: “It should also be noted that a target for reducing the Portfolio’s carbon footprint is not set a priori, but rather results from Comgest’s investment process. Indeed, companies involved in high-carbon-emitting activities are under-represented in this Portfolio.”

- Other factors may have played a role: methodological choices optimising the carbon footprint at company level, or the effects of inflation on monetary intensity metrics, the impact of which can be material²².

The most ‘active’ lever for achieving these targets is the exclusion policy. Whilst policies are expected to become stricter year on year, certain glass ceilings have been identified, particularly regarding oil and gas (see section 3.1.10). It therefore appears that **this primary lever has largely been exhausted.**

These various findings raise **questions about the relevance** of the widespread use of this type of target in contributing to the climate objective of achieving the Paris Agreement.

This situation is highlighted in particular by [Tikehau Capital](#) in its report:

“Tikehau Capital considers that the reduction of GHG emissions is not relevant as a primary target indicator for its activities. As identified by the IIGCC²³, a portfolio decarbonisation benchmark (i.e. a GHG emissions reduction target) ‘is not intended to be used or recommended for portfolio optimisation, investment decision-making, or as a tool for setting targets to reduce financed emissions through year-on-year reductions. The use of financed indicators alone may lead to decisions that are not aligned with net-zero targets.”

Underlying this, it appears necessary:

- At the very least, to update targets much more regularly to ensure they remain relevant, in particular by linking them to the identified levers for action (typically, divesting from certain highly concentrated players does not provide the same insight as supporting the actual reduction of the same player retained in the portfolio);
- And, rather than observing *ex post* developments that are outdated (sometimes by two years) and of uncertain quality (integrity of companies’ time series), to focus instead on analysing the prospective capacity of the economic actors in which investments are made to implement the required emissions reductions.

3.1.6. Monitoring greenhouse gas emissions metrics

Beyond the question of whether or not to set targets, most financial institutions report in their reports on the monitoring of financed emissions (in absolute terms – tCO₂e) or a derived carbon indicator (footprint – tCO₂e/€m invested or intensity – tCO₂e/€m turnover or EVIC). The analyses sought to assess the extent to which these metrics appear to be observed and monitored by the financial institution, in particular through the following questions:

- is the metric reported with historical data or only for the year in question;
- Are there any descriptive explanations accompanying this variation?
- has a factor decomposition analysis of the variation been carried out: methodological effects, coverage effects, market effects, variation in company reporting.

The monitoring statistics are as follows:

Monitoring	Insurer	AM GEN	AM PE	AM RE	Total
GHG footprint?	94%	70%	38%	50%	70%
Among entities publishing a metric:					
Change in GHG metric y/y?	87%	50%	33%	33%	63%
Presence of narrative explanations?	40%	21%	0%	33%	29%
Breakdown into factors explaining the year-on-year change?	20%	7%	0%	0%	11%

It is noted:

²² For example, given that the Eurostoxx 50 has risen by approximately +60% over five years, the carbon intensity of a portfolio tracking the performance of the Eurostoxx 50, all other things being equal, would decrease by -37.5%, or -7.5% per annum, which corresponds, for context, to the reduction required for a PAB/CTB index.

²³ Institutional Investor’s Group on Climate Change, 2024. Net Zero Investment Framework 2.0.

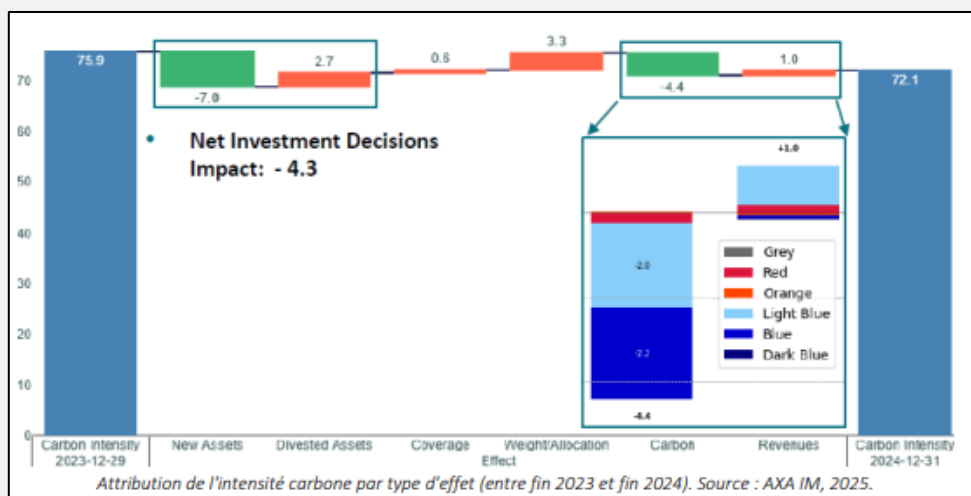
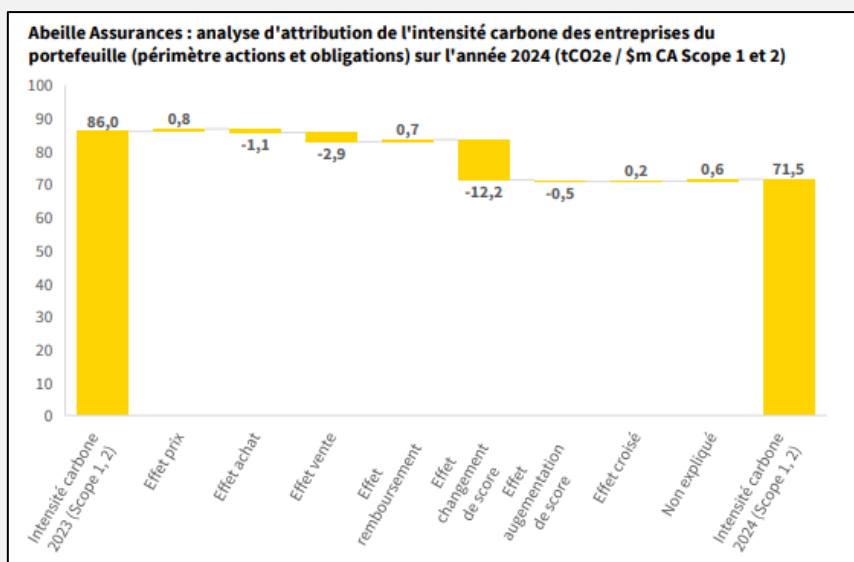
- that, given the conceptual weaknesses of financed emissions, the presence or absence of such a metric is not necessarily perceived as positive or negative in terms of informing a relevant climate strategy: rather, it is how it is used that will determine the relevance of the approach;
- that some players have GHG targets but only report on the achievement of the target in relative terms.

Most insurers and a majority of general asset managers publish a portfolio carbon metric, although this practice is less common among private equity and real estate asset managers.

Methodological explanations of how the metrics are calculated vary in quality. They nevertheless appear necessary given the variety of practices observed. An example of a detailed description of the calculation methods is provided by [HSBC AM France](#) for carbon intensity.

Year-on-year monitoring is an almost universal practice among insurers, though less common among asset managers. Narrative explanations are rarer. The points highlighted mainly concern the implementation of exclusion policies, investment in less carbon-intensive entities, or methodological/scope-related aspects. Finally, the breakdown into explanatory factors remains a minority practice.

We observe broadly similar decomposition practices but with some nuances, as shown below with [Abeille Assurances](#) and [AXA IM](#) respectively, where the latter distinguishes between numerator and denominator effects on carbon intensity:

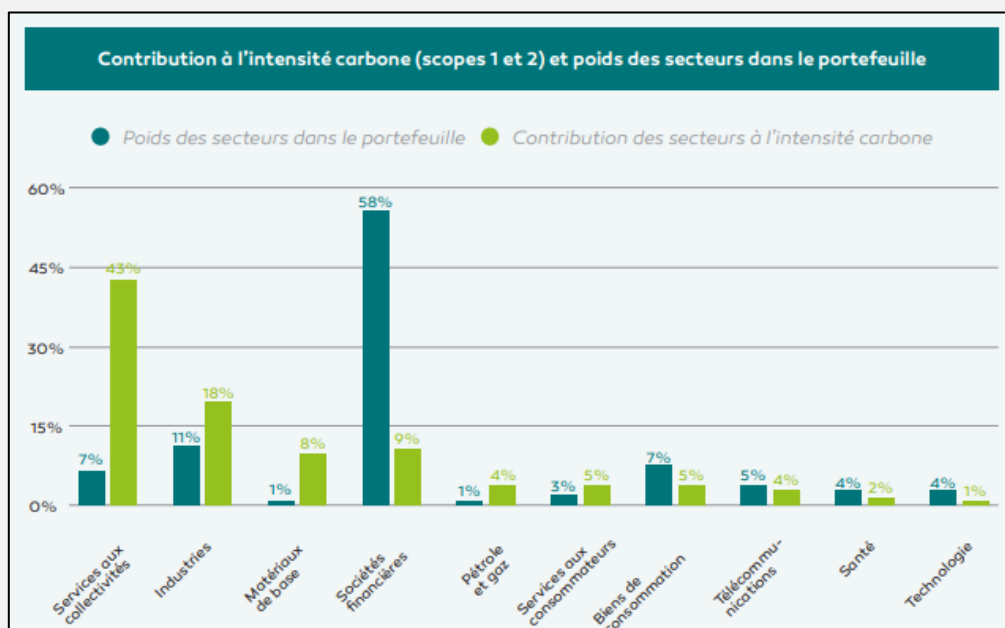


Furthermore, [BNPP AM](#), which calculates the change in its tCO₂e/m€ EVIC indicator, observes a change of -8.8% **even though the company data itself has been updated**²⁴. This variation, when compared with the annual -7% required by the PAB/CTB indices, illustrates the scale of the impact that the selection/reweighting effect alone can have.

Another example is [Groupama AM](#), which, unusually, has taken the trouble to carry out a *pro forma* calculation following a change of data provider for its Scope 1 and 2 tCO₂e/€m revenue figures. The metric drops from 80 to 54 as a result of this single factor alone, representing a **decrease of 32%** for a metric covering scopes 1 and 2, which are nevertheless considered reliable in terms of data quality, unlike scope 3.

In practice, discussions with certain stakeholders show that such data exists internally but is not published, the argument put forward being the degree of uncertainty associated with the metrics, which the two examples mentioned above can confirm. It is emphasised that, if the metric and its historical data are to be published, it seems all the more important to publish a variability analysis to assess the uncertainty.

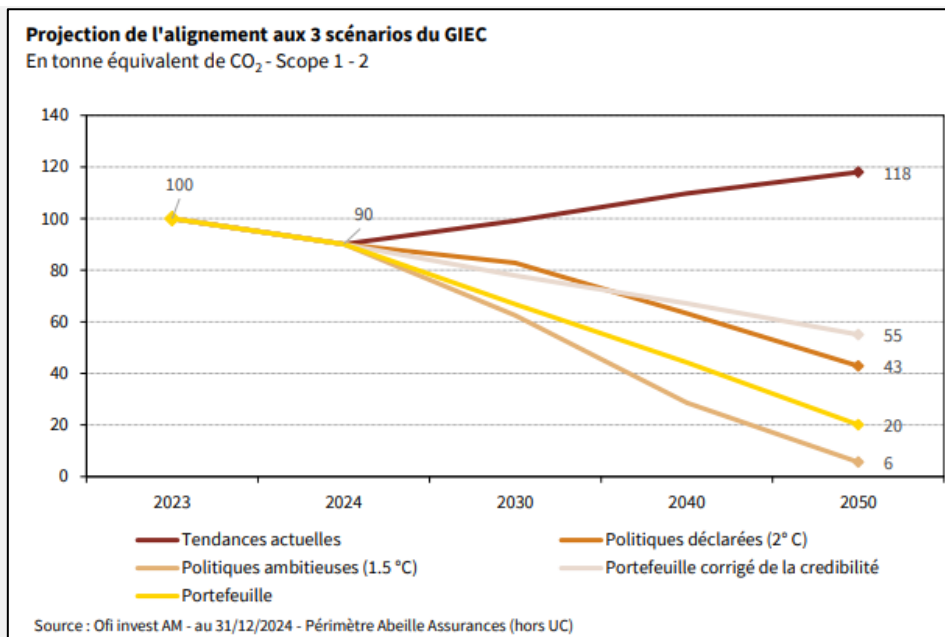
Furthermore, it is noted that certain players, such as [Groupama GAN Vie](#), present sectoral analyses of their portfolio, which in particular allows for an account to be taken of concentration effects, either in terms of financial exposure (here, the portfolio's exposure to the financial sector) or in terms of carbon intensity (here, whilst only Scopes 1 and 2 are considered, services to local authorities):



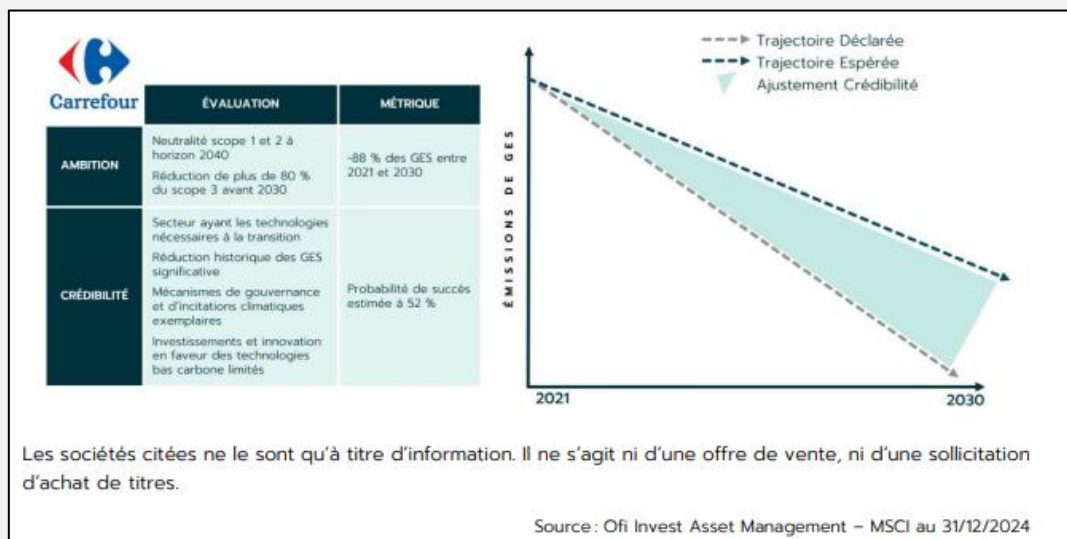
Finally, some players, such as [Abeille Assurances](#), which relies on [OFI Invest AM](#), carry out projections of future emissions from their current portfolio by combining the targets set by the companies in the portfolio with an assessment of their degree of credibility:

Overview of the Abeille Assurances portfolio:

²⁴ "Due to production delays at our carbon data providers, we have not yet been able to update our carbon emissions data. This means that the reduction in the carbon footprint we observe in 2024 reflects a selection effect (for example, a reduced weighting in high-carbon-intensity companies) rather than a change in the carbon emissions of the investee companies themselves."



The methodological details of the approach are set out in the [OFIAM](#) report, with explanatory notes:



This approach is not without its limitations (finely qualifying credibility using a score from 0 to 100% directly applied to a quantitative metric can create an illusion of precision and a degree of nuance that is difficult to achieve in practice). Nevertheless, this approach allows us to assess the realistic nature of achieving the portfolio's decarbonisation target, and can serve as a basis for prioritising and measuring the intensity of the selection/engagement efforts to be undertaken.

In the same vein, [Suravenir](#), for example, also presents a carbon footprint projection for *run-off*.

3.1.7. 'Climate' finance and its underlying definitions

3.1.7.1. Overview

For a financial institution, contributing to the transition means, first and foremost, enabling economic actors to finance the transformations necessary for their transition. As seen in part 3.1.3, nearly half of the actors, mainly insurers, have set a financing target. The limited presence of asset management companies (AMCs) can be explained by an approach where the choice of investment *ultimately* rests with the investor, even though, as with insurers in relation to their unit-linked products, they do have the choice regarding the types of products and services they offer or are prepared to provide.

Type of commitment	Insurer	AM GEN	AM PE	AM RE	Total
Funding target	69%	35%	50%	0%	44%
Sample size	16	20	8	6	50

The form that the objective may take is varied:

- In terms of scope: annual net investment or total balance sheet amount, expressed in monetary units or as a proportion of outstanding amounts;
- In terms of timing: a future target or a minimum investment rule applicable immediately;
- And above all in terms of what is measured: 'sustainable' investment, 'green assets', investment in 'climate solutions' or 'in support of the transition', 'outstanding amounts with aligned objectives', the proportion of companies in the portfolio meeting certain climate-related criteria, etc.

The table in the following section presents, for each actor, the wording of the objectives set out, either in their Article 29 LEC report or, more broadly, in other documents cited therein. It is accompanied by the defining elements found in these documents or in dedicated documents (some actors provide separate methodological documents relating to the identification of assets within the scope, a sign that they are aware of the importance of the issue). These definitions have been assessed against the methodological framework proposed by ACT Finance (see 5.4.3), which, in principle:

- Ideally calls for the recognition of 'contributing' assets based, for general financing, on an analysis of the entity's transition plan, and for specific financing on a science-based taxonomic analysis;
- Recognises the partial value of certain key frameworks: SBTi (50%) for assessing a company's climate alignment, ICMA/CBI (50%/75%) for the value of a specifically climate-related *green bond* without an underlying analysis of the economic actor;
- Penalises approaches based, for example, on a classification of funds that is not robust from a climate perspective (0% for Art. 8 SFDR / 25% for Art. 9) or on aggregated approaches of limited significance such as PAB/CTB funds (25%).
- Generally returns 0% when information could not be found, which is the case for certain entities in the analysed sample.

Where a multi-faceted definition framework is applied—which is necessary to accommodate different asset classes in particular—a score weighted by assets under management is proposed.

The aim is not to make a precise comparison between specific players – particularly as the methodology lacks a certain degree of nuance – but rather to provide an overall assessment of **the diversity of practices and the difficulties that are often encountered in establishing a tangible link between the stated objective and the climate-related topic** covered in the relevant section of the report. Indeed, as the table below shows, the maximum score does not exceed 33% for insurers and 75% for portfolio management firms. Generally speaking, the high quality of the asset managers' definitions is driven, on the one hand, by players—particularly in *private equity*—who rely partly on the SBTi framework, rated at 50% (Antin, Eurazéo, LBP AM, Rothschild&Co), and on the other hand on a structured categorisation framework (BNPP AM, AXA IM, Comgest SA, Tikehau), weighted between 50% and 75% depending on the case.

	Insurers	AM	GEN	PE	Total
Average	19%	39%	39%	41%	30%
Median	25%	50%	50%	50%	25%
Min	0%	0%	0%	0%	0%
Max	33%	75%	75%	63%	75%
Reminder: sample size	12	13	9	4	25

The difference in sample size compared with the target tracking table is due to the fact that some stakeholders are monitored without a funding target.

The reader is here reminded that this English version of the report is an informal translation made with DeepL of the French report available on the [CTH website](#). Thus, the following quotes from financial institutions' targets might contain discrepancies between the translation and the content of their original French '29 LEC' reports.

3.1.7.2. Survey and analysis of definitions

Despite the review process, errors may have been made. As indicated in the '1.3' section, stakeholders are invited to contact the authors for any necessary corrections, which may, where appropriate, be accompanied by a note regarding the clarity of the original information.

Entity	Objective / Definition	ACT Score	Comment
Abeille Assurances Holding / Insurer	<p>Objective: "In 2023, we have decided to raise our annual sustainable investment target to €750m."</p> <p>Definition: p. 23, box on "our definition of sustainable investment" via an internal taxonomy of investments in transitions and solutions. Includes:</p> <ul style="list-style-type: none"> - Article 9 SFDR funds - Infrastructure projects financed through equity investments supporting the transition (such as renewable energy, for example), as well as funds with a social, environmental or SSE impact - CBI green bonds - ICMA social and sustainable bonds - Sustainable Linked Loans - Real estate: 'Market-recognised' environmental certification rated 'Very Good'. 'Loans financing real estate assets with market-recognised environmental certification' 	25%	Generally clear definitions, broken down by asset class, have been established. Some are of high quality from a climate perspective (CBI green bonds), whilst others are less so (SFDR Article 9 without any additional checks mentioned). Generally speaking, as the entity has chosen to set a 'sustainable' target covering all environmental, social and governance aspects, it is not possible to identify minimum climate-related expectations. The overall score set is 25%.

Entity	Objective / Definition	ACT Score	Comment
Allianz France / Insurer	<p>Objective: A non-binding objective is included in the Allianz Group's transition plan:</p> <p>The target is not specific to Allianz France or its entities. It is cited in the PAI annex of the 29 LEC report and is reproduced here to illustrate the types of definitions of sustainable assets used:</p> <p>"Allianz aims to increase investment in climate solutions by at least €20 billion compared to the current level (€43.5 billion as at 31 December 2024) by 2030, subject to market conditions and group-level constraints."</p> <p>Definition: Allianz's Net Zero Transition Plan, also cited in 29 LEC, proposes the following definition:</p> <p>"Climate Solutions are defined as economic activities contributing to climate change mitigation (including transition enabling) and adaptation, in alignment with existing climate-related sustainability taxonomies: the EU taxonomy on sustainable finance climate category as well as SFDR Article 9 and beyond."</p>	0%	The definition provided was not directly available in the report. The definition found is a general one and is based in particular on the concept of SFDR Article 9 without additional safeguards.

Entity	Objective / Definition	ACT Score	Comment
AXA France Vie / Insurer	<p>Objective: "AXA has set a transition financing target from 2024 onwards. The objective is to invest at least €5 billion per year until 2030 in climate transition initiatives."</p> <p>Definition: A complete list of investment categories classified as "green" is available on page 229 of AXA's 2024 Universal Registration Document</p> <p>p. 230 for transition:</p> <p>Transition finance investments To ensure its investments qualify as "transition finance assets", AXA applies its standards to each of the following asset classes:</p> <ul style="list-style-type: none"> - green and transition bonds on listed assets: independently labelled based on Bloomberg indicators; - infrastructure: this includes assets compliant with the green sector classification defined by the Climate Bonds Initiative; - real estate: investments meeting the criteria for "sustainable investments", capital expenditure linked to compliance with environmental regulations and a "1.5°C" pathway, and "green/ESG" capital expenditure improving energy efficiency; and <p>private equity and private debt: commitments to private equity and private debt funds with clear climate transition objectives</p>	25%	<p>The information identified in the 2024 DEU provides partial information with no guarantee of quality (notably independent labels not mentioned, despite the existence of varying standards of quality; sector-specific references for infrastructure; a "clear" climate transition objective without an assessment of credibility or relevance).</p>

Entity	Objective / Definition	ACT Score	Comment
BPCE Vie / Insurer	<p>Target: "At least 15% of Green Assets in inflows per year"</p> <p>Definition: "By 'Green Assets', we mean green bonds whose use of proceeds has been verified by our asset managers Ostrum and Mirova, Greenfin-labelled funds, and environmental theme funds validated as green by the investment validation committee."</p>	25%	Principle of identifying "Green Bonds" through a verification process led by the asset managers, though this is not explained in detail. In terms of communication, there is some ambiguity between the use of the term "Green Asset" (p. 11), which appears to focus on environmental issues, and "Earmarked Bond" (pp. 52–53), which covers all ESG themes.
Cardif Assurance Vie / Insurer	<p>Objective: "To invest at least €800 million per year in environmentally themed investments."</p> <p>"To reach at least €20 billion (in balance sheet value) in environmentally themed investments by the end of 2029."</p> <p>Definition: These investments include green bonds, real estate assets demonstrating best market practices in terms of environmental performance⁶¹, and renewable energy infrastructure.</p> <p>61 Certified assets that have met the 2030 tertiary sector decree target and are aligned with the criteria of the European Taxonomy...</p>	25%	General definition focused on the environment. No details on the framework for recognising green bonds. The definition of real estate assets is potentially very diverse in quality, placing taxonomic criteria and compliance with the tertiary sector decree on the same level as labels.
CNP Assurances / Insurer	<p>Target: No target, but monitoring. "By the end of 2024, approximately 36% of CNP Assurances' investment portfolio will be covered by a target aligned with the Paris Agreement"</p> <p>Definition: no definition identified</p>	0%	The concept of a target aligned with the Paris Agreement is not explained in the report

Entity	Objective / Definition	ACT Score	Comment
Generali Vie / Insurer	<p>Target: The Generali Group has set itself the target of making new green and sustainable investments of between €8.5 billion and €9.5 billion by 2025, in addition to those already held in its portfolio at the end of 2020.</p> <p>Definition: The target has been defined with reference to so-called green, social and sustainability-linked bonds issued by companies or governments that comply with the principles of the ICMA (International Capital Market Association) and which are selected according to an internal methodology whose main purpose is to assess the robustness of the sustainability framework of these bond issues as well as their level of transparency vis-à-vis the market, and to monitor the activities being financed.</p>	25%	The definition is not explicitly focused on climate / there is no sub-target dedicated to climate, hence a rating of 25%.
Groupama GAN Vie / Insurer	<p>Target: “€1.2 billion in sustainable investment between 2024 and 2027.”</p> <p>Definition: A table describing different types of environmental investments</p> <p>Equities – Strategic equity investments aligned with the European Taxonomy Corporate bonds – Green Bonds aligned with the Green Bond Principles or the European Green Bond Standard validated by the GAM methodology Sovereign bonds – Green bonds aligned with the Green Bond Principles Corporate private equity – Environmental assets held by an Article 9 fund Infrastructure – Environmental infrastructure linked to activities eligible under the taxonomy (without technical criteria) Real estate - Assets with an environmental or energy label or certification Projects aligned with the European Taxonomy Real estate funds – Real estate assets held by Article 9 funds</p>	33%	<p>The financial institution provides a detailed table by asset type of sustainable investments, broken down by environmental or social theme, with the associated amounts in stock and net flows, which is commendable. The score was obtained by weighting the various elements cited according to outstanding amounts.</p> <p>The quality of environmental definitions varies (EU GBS standard, ‘Article 9 SFDR’ funds, property labels). It sometimes lacks operational detail. A weighted average score was calculated based on the amounts provided.</p>

Entity	Objective / Definition	ACT Score	Comment
MACSF Retirement Savings / Insurer	<p>Objective: “By the end of 2024, the MACSF group has approved an increase in the proportion of responsible bonds to 25%, of which at least 80% will be green bonds”</p> <p>Additional objectives have been set, notably to invest in cash, non-emerging market listed funds and property, and to distribute via unit-linked products only SFDR Article 8 or 9 funds.</p> <p>Definition: "Responsible investments contribute positively to the achievement of at least one of the SDGs and may take the following forms: green bonds, social bonds, and bonds indexed to sustainability targets"</p>	0%	The definition does not specify how the "green" nature of a bond is defined. SFDR Article 8 or 9 status does not in itself allow for the determination of a climate contribution.
Malakoff Humanis Prévoyance / Insurer	<p>Objective: [Group objective] “A four-year objective (2023–2026) is therefore in place and monitored monthly to promote investments with a positive environmental or social impact by Malakoff Humanis: +€1.5 billion.”</p> <p>Definition: As part of the greening strategy, the following investments are eligible:</p> <ul style="list-style-type: none"> • Private equity and private debt with an environmental objective; • Real estate with environmental additionality; • Infrastructure linked to the energy transition; • Green and sustainable bonds; • Equity funds with an environmental theme. 	25%	<p>The target is set at group level; monitoring is described in the group report (€1.1 billion in 2024).</p> <p>The environmental theme is clearly stated, but there is some ambiguity in the group report regarding the sometimes social nature of the investments. Furthermore, there is a lack of operational detail regarding the definition; only examples, which may be less representative in terms of assets under management, are provided.</p>

Entity	Objective / Definition	ACT Score	Comment
Sogecap / Insurer	<p>Target: "The target set by the Sogécap Group was to double its climate-related assets under management between 2020 and 2025. This target has been achieved, as total assets under management stood at €7.6 billion in market value (2.7 times that of 2020) and €7 billion in balance sheet value (2.6 times that of 2020) at the end of 2024."</p> <p>"To triple its climate-related assets between 2020 and 2030."</p> <p>Definition: "These assets comprise: - equity funds aligned with the objectives of the Paris Agreement(3): EUR 2,617 million; - green bonds(4): €2,270 million; - climate-themed bond funds(5): €608 million; - certified(1) funds focused on climate and energy transition: €359 million; - direct investments in infrastructure dedicated to the energy transition or renewable energy: €583 million; - private infrastructure debt: EUR 191 million."</p> <p>Footnotes: "(3) Funds/ETFs aligned with the 'Paris-Aligned Benchmark' (PAB), a benchmark aligned with the objectives of the Paris Climate Agreement. PAB-aligned funds have strict carbon intensity reduction targets, as well as sectoral exclusions targeting fossil fuels (oil, coal, natural gas, etc.). (4) Bond issues following the principles defined by the ICMA (International Capital Market Association) and financing exclusively environmentally friendly projects. (5) Funds whose investment strategy explicitly includes an approach to reducing the portfolio's carbon footprint and/or supporting the energy transition (in particular funds investing in renewable energy, energy efficiency or the circular economy). (1) Or similar"</p>	24%	<p>The rating was calculated by weighting the various factors listed according to the value of assets under management. In some cases, the criteria identified are not particularly practical ("labelled funds or similar") or are too broad ("funds whose investment strategy explicitly includes an approach to reducing the portfolio's carbon footprint"), and do not guarantee that all the assets included are "climate-positive"</p>

Entity	Objective / Definition	ACT Score	Comment
Suravenir / Insurer	<p>Objective: “As part of its climate strategy, Suravenir is committed to promoting an increase in investments that can be classified as green and that should support the energy transition, with a particular focus on solution-oriented companies seeking to have a positive and innovative impact on the social and territorial dimensions of the transition in growth models. Suravenir has also set itself sustainable environmental investment targets within the meaning of the SFDR regulations, covering both the stock and the flow of investments in its euro-denominated funds (associated indicators: sustainable environmental investment²⁰ within the meaning of the SFDR regulations, covering both the stock and the flow of investments in its euro-denominated funds).”</p> <p>Definition: [...] Suravenir has decided to replace, from 2023, its historical definition of a ‘green unit’ with the concept of Sustainable Investment as defined by European Regulation (EU) No 2019/2088 (SFDR) and, in particular, Environmental Sustainable Investment. As indicated, the following investments are therefore taken into account for this monitoring:</p> <ul style="list-style-type: none"> ● bonds intended to finance environmental projects (energy efficiency in buildings, development of renewable electricity generation capacity, etc.) ● companies where more than half of turnover is clearly linked to environmental issues (such as renewable energy, water management, energy efficiency or green buildings). <p>Green bonds account for nearly 83% of sustainable environmental investment (€2,070 million). At the end of 2023, outstanding amounts for this type of bond stood at €1,844 million, representing a significant increase of 12%. These green bonds include “Green Bonds”, as well as “Sustainability Bonds” and “Sustainability-Linked Bonds”. Arkéa Asset Management analyses each investment in “Sustainability Bonds” or “Sustainability-Linked Bonds” to determine whether the investments meet the criteria for environmentally sustainable investment.</p>	25%	<p>The definition provided contains potentially weak concepts:</p> <ul style="list-style-type: none"> - sustainability-linked bonds, where it cannot necessarily be assumed that the principal is used for projects supporting the transition, even if the associated return is. - the analysis at issuer level does not appear to include “DNSH” aspects, which means it is not possible, on the one hand, to guarantee that the additional activity does not harm the environment, and on the other hand, to guarantee that the revenue “linked to environmental issues” is positively rather than negatively linked to them.

Entity	Objective / Definition	ACT Score	Comment
Antin Infrastructure Partners / PE	<p>Objective: "At portfolio level, Antin's decarbonisation objective is to have 100% of capital invested in portfolio companies that have set science-based emission reduction targets (SBTs) approved by the SBTi by 2040."</p> <p>Definition: companies that have set science-based emission reduction targets (SBTs) approved by the SBTi</p>	50%	Issuers with SBTi targets
BPI France Investissement / PE	<p>Objective: "Between 2020 and 2023, €20.3 billion was deployed by the Bpifrance Group. By 2028, the Bpifrance Group aims to inject nearly €35 billion more into the ecological and energy transition and to accelerate the transition of 20,000 companies. In 2024, Bpifrance's support for the Ecological and Energy Transition (TEE) amounts to nearly €7 billion (compared with €5.8 billion in 2022 and €7.1 billion in 2023), including €990 million invested directly in the TEE of businesses and green tech, and €440 million invested in TEE partner funds."</p> <p>Definition: No definition found</p>	0%	The concept of support for TEE is not clarified by an operational definition
Eurazeo Global Investors / PE	<p>Target: "For the eligible private equity portfolio: 100% of capital invested in companies with SBTi-validated targets by 2030, with an interim target of 25% by 2025."</p> <p>Definition: Companies with SBTi targets</p>	50%	Issuers with SBTi targets
Tikehau Investment Manager / PE	<p>Objective: "In line with its commitment to NZAM, Tikehau Capital3 has set a management target of approximately 40% of its assets under management (including those of Tikehau IM) in line with the global net-zero emissions target by 2050. This target is broken down into interim targets for 2030, defined by asset class using the Net Zero Investment Framework and the Science Based Targets initiative ('SBTi') for Private Equity."</p> <p>Definition: A table for each business line details the associated target and the framework used (NZIF 1.0 or SBTi for private equity).</p>	63%	The NZIF framework used is not the most recent, but it incorporates the principle of categorising issuers based on various factors beyond merely setting aligned decarbonisation targets, which is weighted at 75%. The SBTi framework is weighted at 50%. In the absence of information on the respective weightings of the business lines, a median score is proposed

Entity	Objective / Definition	ACT Score	Comment
Amundi AM / GEN	<p>Objective: "Amundi has set an ambitious target whereby, by 2025, 18% of its assets under management will consist of funds and mandates with objectives aligned with a Net Zero target"</p> <p>Definition: "This objective is constructed as follows: – In the numerator, only asset classes with Net Zero standards recognised by Amundi and applicable are taken into account: listed equities, corporate bonds and real estate. In addition, only investment strategies with alignment objectives or constraints set out in their reference documents will be counted. [...] – The following assets are not included in the denominator: [...] fund hosting and specific advisory mandates for which Amundi does not have full management discretion."</p> <p>The NZ standards consist, on the one hand, of Net Zero Transition solutions and, on the other, of Net Zero Contribution solutions. The definitions do not appear to be fully explained.</p> <p>NZ Transition: appears to cover PAB/CTB funds and funds with minimum decarbonisation targets (-16%/-41% in 2025–2030 in absolute terms and -30%/-60% in intensity compared to 2019). Minimum sector deviation constraints (exposure to high-impact sectors representing at least 75% of that of the investment universe) are stipulated, as well as an exclusion policy regarding companies with a "significant negative impact" on the portfolio's reduction target.</p> <p>NZ solutions: "Net Zero contribution solutions aim to invest in projects or companies that make a significant contribution to the goal of energy and ecological transition. Amundi has defined the following eligibility rule for contribution strategies: a NZ contribution strategy must have both ① a sustainable investment objective and ② a focus on themes relating to the energy and ecological transition. To be considered as having a sustainable investment objective, a NZ contribution strategy must be eligible for at least one of the following categories: – Impact fund in accordance with the framework established by Amundi, – Greenfin-labelled fund,</p>	25%	<p>The operational framework for recognising a Net Zero asset does not appear to be exhaustively set out. It seems to cover a variety of situations, some of which are based on classifications of varying quality (Greenfin vs. Art. 9 SFDR) and funds driven by overall decarbonisation objectives.</p>

Entity	Objective / Definition	ACT Score	Comment
	<p>– Article 9 under the Sustainable Finance Disclosure Regulation (SFDR). To be considered as having a focus on themes relating to the energy and ecological transition, a NZ contribution strategy must be eligible for at least one of the following categories (according to Amundi's internal classification):</p> <ul style="list-style-type: none"> – Green alternative investment strategy, – Green bonds, – Green thematic equities." 		

Entity	Objective / Definition	ACT Score	Comment
Arkea AM / GEN	<p>Objective: N/A</p> <p>Definition: Climate Policy: "As part of our ESG policy, we consider an issuer to be sustainable if it has its climate trajectory certified by the SBTi, or if 50% of its turnover comes from a sustainable activity, or if it is an impact bond (green bond or social bond, etc.), whilst ensuring that it does not violate human rights (the 'Do No Significant Harm' principle)."</p>	25%	The definition of a sustainable asset does not consist solely of climate-related elements

Entity	Objective / Definition	ACT Score	Comment
Axa IM Paris / GEN	<p>Target: 2 targets, one for assets under management and the other for financed emissions:</p> <p>"Proportion of companies held in material sectors that are already net zero, already aligned or will be aligned by 2040": 100% "% of assets under management in 'net zero' companies within essential sectors, already aligned or in the process of alignment according to the AXA IM climate colour code"</p> <p>Proportion of financed issues in companies in material sectors that are already net zero or already aligned "% of issues financed by companies operating in essential sectors that are already 'net zero' or aligned with this target according to the AXA IM climate colour code"</p> <p>Definition: AXA IM categorises issuers using a colour-coded system. The methodology is inspired by the NZIF framework's target-setting guidelines. Only the "dark blue", "blue" and "light blue" categories may be considered in AXA IM's net-zero target share.</p> <p>"• Companies already well-positioned to achieve carbon neutrality, with a carbon intensity currently in line with the 2050 sectoral target, are 'dark blue'; • Next come companies that are on track relative to their sector. They have carbon targets approved by the SBTi, or are well-rated by the TPI, or achieve a carbon intensity close to the sector's decarbonisation trajectory, or are seeing their carbon intensity decrease at a rate compatible with the 'net zero' target. These companies are classified in the 'blue' category; • Companies with credible decarbonisation targets and/or participating in the SBTi initiative are classified in the 'light blue' category. Climate solution providers are also classified in the 'light blue' category; • Companies that demonstrate a commitment to achieving the 'net-zero' target but have not provided sufficient and credible information on their intended pathway are classified in the 'orange' category; and • Finally, companies that have not set any targets are classified in the 'red' category. • Companies not covered or with no carbon data are classified in the 'grey' category."</p>	50%	<p>The "alignment" of an asset contributing to the coverage objective is determined by a colour code described in the report (p. 97) and further detailed in a dedicated document: https://www.axa-im.fr/document/7421/view. The framework combines quantitative analyses with qualitative supplements. Companies eligible for the "net zero emissions" designation are divided into three categories. The last category (light blue) requires, from a quantitative perspective, that the company has a minimum TPI score (greater than or equal to 3/4), an SBTi "commitment" (not necessarily a validated target, it seems) or a SDG contribution score above certain thresholds set by service providers. Companies with a Scope 1+2 carbon intensity below their benchmark are placed in the first "dark blue" category.</p> <p>Whilst the categorisation framework is conceptually robust, it should be noted that biases may exist, particularly in the case of a company with a structurally lower intensity than its benchmark due to a specific market position, which might appear to qualify as "dark blue" without a transition plan, even though it should, in theory, also contribute its fair share to reducing emissions. Furthermore, the failure to capture Scope 3 emissions renders the approach unsuitable for certain sectors (oil, automotive manufacturers). Finally, a purely intensity-based approach fails to capture the changes in business models (typically the modal shift in transport) necessary to achieve the underlying transition scenarios.</p>

Entity	Objective / Definition	ACT Score	Comment
BNP Paribas AM / GEN	<p>Objective: "To align our investments with the goal of carbon neutrality, by targeting 60% of our investment portfolio towards companies that have already achieved carbon neutrality, are aligned with this goal, or are in the process of aligning by 2030; with the aim of reaching 100% of the portfolio by 2040"</p> <p>"By the end of 2024, the scope of our Net Zero commitments represented EUR 300.3 billion in assets under management, or approximately 50% of BNPP AM's assets."</p> <p>"Based on our current asset allocation and due to the lack of available data and methodologies in certain asset classes, we have decided to focus, initially, on publicly traded equities and corporate bonds."</p> <p>Definition: "• Companies where at least 50% of revenue is aligned with the European Taxonomy OR • Companies where at least 50% of turnover is aligned with the Sustainable Development Goals (SDGs) related to climate change mitigation and where less than 20% of their turnover hinders the achievement of other SDGs OR • Companies that have committed to achieving carbon neutrality AND whose carbon performance is in line (or close to) that required by 2050 for their sector to achieve carbon neutrality"</p>	50%	50% - The definition framework is structured and refers to various 50% average value benchmarks (SBTi at 50%, taxonomic analysis without DNSH filtering on the remainder closer to 75%, SDG contribution analysis closer to 25% due to methodological difficulties in quantifying any contributory link)

Entity	Objective / Definition	ACT Score	Comment
Comgest SA / GEN	<p>Objective: NZIF methodology.</p> <p>"The 2030 target we have submitted to the NZAMI at Comgest Group level involves achieving 50% of our listed equity AUM invested in so-called material sectors, classified as:</p> <ul style="list-style-type: none"> - Achieving a net-zero target; or - Aligned with a net-zero trajectory." <p>"As described in the NZIF methodology, we aim to have 100% of our listed equity AUM invested in companies classified as 'achieving a net-zero target' and 'aligned with a net-zero pathway' by 2040."</p> <p>Definition: "Company classification: We apply the NZIF's six mandatory alignment criteria to assess companies' alignment categories.</p> <ul style="list-style-type: none"> — Data sources: We use several sources to assess performance against each NZIF criterion. These sources include: SBTi, CDP, Climate Action 100+ and MSCI. Our ESG analysts review the companies' alignment categories. — Aggregation: We have aggregated the data based on the respective weightings of the companies held 	75%	<p>Comgest uses the NZIF's conceptually robust categorisation framework and includes only the "Aligned" and "Achieved" categories in its target (no target for "Aligning").</p> <p>Whilst this framework provides a clear set of criteria for these categories, it nevertheless leaves it up to investors to determine, in practical terms, how the criteria are assessed. No description has been found beyond the citation of data sources, which may raise several questions (assessment of the Scope 3 completeness criterion, actual expectations associated with the decarbonisation plan, measurement of past emissions, coverage of targets, etc.).</p>

Entity	Objective / Definition	ACT Score	Comment
Groupama AM / GEN	<p>Objective: "As the first additional [green] investment target of €1.2 billion over three years (2022–2024) was achieved a year ahead of schedule, by the end of 2023, it was decided to renew the effort with a new equivalent target of €1.2 billion for the period 2024–2027."</p> <p>Definition: We have not found a definition of the term "green investment" or even "sustainable investment" in the 29 LEC report.</p> <p>A reference is made at the end of a section to a document on ESG methodologies, from which it appears that AM seems to be conducting a proprietary analysis based in particular on the rates at which companies' turnover contributes to the SDGs, but without an explicit link enabling the determination of the level or characteristics of contribution at which an investment is deemed sustainable or green.</p> <p>Furthermore, a proprietary methodological framework identifying sustainable bonds (understood as green or social) is presented, based on the Green, Social and Sustainable Bond Principles (ICMA) as well as the Greenfin classification of activities.</p> <p>No details were found regarding real estate and infrastructure aspects.</p>	0%	Lack of a clear definition.

Entity	Objective / Definition	ACT Score	Comment
LBP AM / GEN	<p>Target: "To date, this target is defined at group level, without specific implementation at LBP AM"</p> <p>2030: 80% of total assets under management in line with the carbon neutrality target by 2050. 2040: 100%</p> <p>"This overall trajectory for aligning the LBP AM Group's assets under management is complemented by a sub-target, set independently as part of its sectoral policy and in support of the aforementioned overall target, to ensure that 100% of total assets under management have a GHG emissions trajectory compatible with achieving the Paris Agreement targets within the oil and gas sector by 2030"</p> <p>Definition:</p> <p>"The methodology currently adopted by the LBP AM group to define and assess the overall alignment of its assets invested in listed equities and corporate bonds is the methodology proposed by the SBTi, known as 'portfolio coverage', which consists of counting as aligned those investments in companies that have themselves set science-based decarbonisation targets."</p> <p>"LBP AM also developed an innovative proprietary model for assessing transition plans at the end of 2024, which will be rolled out to support company selection and engagement in the coming months"</p>	50%	<p>Alignment is presumed when the company has itself set SBTi targets, which is assessed as a 50% quality rating by the ACT Finance framework (setting ambitious targets is a necessary but not sufficient condition for demonstrating the robustness and credibility of a company's transition plan).</p>

Entity	Objective / Definition	ACT Score	Comment
Ostrum AM / GEN	<p>Objective: No specific targets, but the following indicators are monitored (p. 25)</p> <ul style="list-style-type: none"> - 844 green bonds (€30.3 billion) - 191 sustainable bonds (€6.1 billion) - 146 social bonds (€4.5 billion) - 103 sustainable development bonds (€1.5 billion) <p>Definition: Green bonds: enable the raising of capital and investment in [new and existing] projects aimed at the green transition.</p> <p>Sustainable bonds: bonds where the funds raised will be used to finance or refinance a combination of green and social projects.</p> <p>Social bonds: use bond products to raise funds for [new and existing] projects aimed at resolving or mitigating social issues.</p> <p>Sustainable Development Bonds: aim to finance the company's general needs whilst promoting its CSR ambitions.</p>	25%	The asset management company relies on a proprietary methodology to identify green, social and sustainable bonds. The analysis covers both the issuer and the instrument. The lack of public detail on the nature of the methodology and the absence of reference to external frameworks considered robust (notably CBI or EU GBS) means a rating cannot be assigned above 25%
Rothschild & Co AM / GEN	<p>Objective: "We have set an interim target for 2030, and our ambition is for 75% of our assets under management to be invested in companies with objectives aligned with a 1.5°C scenario, within the basket of assets held through our directly managed open-ended funds."</p> <p>Definition: "To achieve this, we have adopted the 'Portfolio Coverage' methodology of the Science Based Targets initiative (SBTi), namely, the percentage of companies with climate science-based targets aligned with a 1.5°C temperature rise scenario."</p>	50%	Definition based on SBTi

3.1.7.3. Key findings on financing targets

The variety of formulations and realities captured, and the lack of clear identification of needs, makes it impossible to assess the extent to which these commitments contribute to transition objectives. Is it better to set a broad target whose actual contribution to climate or environmental aspects is vague and uncertain, but which, by its scale, can drive a cultural shift within the financial institution? Or a target centred on a strict climate definition that will ensure a degree of relevance but whose scope will be limited by the reality of the state of the economy?

The answer to these questions is not obvious. In any case, it is up to the financial institution:

- Be clear-sighted about the strengths and limitations of the objectives it sets;
- Adapt its communication accordingly, particularly with regard to the general public;
- Beyond its external commitments, to have the internal capacity to assess the climate positioning of the entities in which it invests (see 3.1.8).

Based in particular on the survey conducted (see 3.1.7.2), the following key points are brought to the attention of stakeholders:

- **A benchmark against the SBTi.** The SBTi's [FINZ](#) framework, applicable to financial institutions, provides benchmarks within the context of its *portfolio target alignment* (see Metric FINZ.2) which can **serve as a reference** for stakeholders wishing to make a financing commitment:
 - Both in terms of quantifying the proportion of aligned investments, particularly by company type and region (see Table 3);
 - But also in terms of the quality of the scope (see Table 4.2 of the standard, supplemented by the [list of recognised methodologies](#) for determining whether a given company is in transition or not in relation to the standard).

In this regard, it is emphasised that some of the approaches cited by the framework are considered by ACT to be sub-optimal (in particular, most metrics focus on having aligned targets, not on the credibility of achieving them) or 'black box'. Nevertheless, the very design of the approach remains interesting and can serve as an initial benchmark.

- **Distinguishing between climate, environment and ESG.** Whilst it is legitimate to consider that climate is not the only factor deserving attention in terms of investment flows, the adoption of very broad 'sustainable' targets without specific detail does not allow us to distinguish cases where all issues are taken into account simultaneously from those where each individual issue is diluted into a broad 'responsible' category where it is very difficult to identify the minimum expectations, particularly when the details of the composition are not available. It is suggested, as [Groupama GAN Vie](#) does, to explicitly distinguish between different positions according to themes, as the information is in any case necessarily collected as part of a robust process. Furthermore, the use of SFDR classifications, which are self-declared and do not necessarily entail a tangible climate commitment, does not in itself guarantee the quality of the contribution to the climate agenda.
- **Focusing on funding flows versus incentives.** *Sustainability-linked* bonds (SLBs) are sometimes cited as assets that qualify as 'green' assets. In short, this type of product involves linking the level of remuneration (typically the interest rate) to a given ESG metric, potentially climate-related (typically a measure of greenhouse gas emissions). However, it potentially says nothing about the use of the funds. From a strictly climate-alignment perspective, this type of product poses two problems:
 - Firstly, the lack of a systematic link between the return and the use of the funds can lead to completely unrelated situations: cynically, one could put forward a theoretical example where the financing of an oil exploration project—which will result in significant future absolute Scope 1 and 3 emissions—would be channelled through an SLB indexed to the reduction in the company's Scope 1+2 emissions, expressed in terms of intensity.

- On the other hand, the investor's interest is aligned with the failure to meet the criterion in question. It may be argued that the financial impact is generally low. In that case, it could be countered that the incentive nature of the product is equally weak.
- **Avoid transparent approaches.** Whilst the taxonomic regulatory framework itself proceeds by aggregating 'aligned shares' of companies in a portfolio, this type of construction shares certain conceptual weaknesses with aggregated emissions calculations, and results in an abstract indicator that is uninterpretable and, *ultimately*, unmanageable. It is reiterated that the relevance of a cash flow allocation is measured at the level of the economic actor benefiting from it, or where applicable at the level of the specific project that it implements using that cash flow. It is therefore not advisable to calculate a green share or proportion of outstanding assets by referring to a breakdown of positions, where 30% of outstanding assets would be green because 30% of the company's activity is green. Insofar as the remaining 70% are potentially 'brown', the approach may even have a potentially counterproductive effect.
- **Beyond highlighting references, explain how the framework is put into practice.** Mere reference to a framework does not necessarily enable an understanding of how it is applied, and may yield results of varying quality. For example, stating that an investment is 'green' by indicating that a taxonomic analysis has been carried out without specifying its nature—and in particular which criteria were applied or whether a DNSH analysis was conducted on the complementary activity. The lack of information will not allow the mechanism to be distinguished between, for example, an actor who essentially adopts the requirements of a label such as Greenfin and another who uses a *'best-in-class'* approach to establish a minimalist threshold but without any intrinsic minimum guarantee (for example, assuming a 'green' status for any taxonomic turnover exceeding 5% without analysing the rest of the business).

3.1.8. Challenges and prospects for metrics and indicators supporting climate strategy

As in previous reports, this ‘theoretical’ section serves as a reminder of the need to identify the various strengths and weaknesses of the main metrics used: metrics derived from greenhouse gas emissions, and financing metrics. This year, in light of practices observed among certain stakeholders, a focus has been placed on property labels (see 3.1.8.3).

This section therefore provides a clear overview of the characteristics of the various types of metrics and explains how, in order to ensure the effectiveness of a financial institution’s strategy for aligning itself with the Paris Agreement, it is necessary to have both forward-looking metrics—based in particular on the analysis of the transition plans of the companies in which the institution invests—and backward-looking metrics enabling verification, by relevant emitting sector, of the effective decarbonisation of the economic activities underlying the investments.

These elements are supported by various developments in market-based approaches, such as the work of [UNEP-FI](#), [SBTi](#), [GFANZ](#), [CBI](#) and ADEME ([ACT Finance](#)).

3.1.8.1. ‘Carbon’ metrics

Metrics derived from emissions inventories: data that is publicly available but has conceptual weaknesses

Four main types of targets based on greenhouse gas (GHG) emission inventories of financed emissions have been identified among stakeholders:

- “Absolute” targets
 - For example, “I commit to reducing the financed emissions of my portfolio by 40% between 2019 and 2030”,
 - Which in practical terms means that if I was at 1,000 tCO₂e in 2019, I must be below 600 tCO₂e in 2030.
- “Physical intensity” targets, where, for the relevant sector, GHG emissions are reported per unit of product (tonne of cement, aluminium, kWh of electricity). Intensities are calculated for each company in the sector in which we invest and aggregated as a weighted average based on investments in each of these companies.
 - For example, “in the cement sector, I commit to reducing the physical intensity of my portfolio, expressed in tCO₂e/t cement, by 25% by 2030 from a 2018 baseline.”
 - In practical terms, this means that if in 2018 I have a physical intensity of 0.8 tCO₂e/t cement as the weighted average of my investments in cement companies, I must be at 0.6 tCO₂e/t cement or less by 2030.
- ‘Carbon footprint’ targets, where the amount of GHG emissions is related to the amount invested, which makes it possible, in particular, to account for simple fluctuations in the inflows of a fund or a life insurance product.
 - For example: “I commit to reducing the carbon footprint of my portfolio by 30% by 2025, starting from a baseline in 2020.”
 - In practical terms, this means that if in 2020 I have a carbon footprint of 100 tCO₂e per million euros invested, I must be at 70 tCO₂e per million euros invested by 2025 at the latest.
- ‘Carbon intensity’ targets, where, for each company, the amount of GHG emissions is reported relative to turnover, or more rarely to market capitalisation/EV/EBITDA. At portfolio level, an average of this indicator, weighted by investment, is then calculated.
 - For example: “I commit to reducing my portfolio’s carbon footprint by 30% by 2030, starting from a baseline in 2020.”
 - In practical terms, this means that if in 2020 I have a carbon intensity of 50 tCO₂e/€m of turnover, I must be at 35 tCO₂e/€m of turnover by 2030 at the latest.

The distinction between the last two metrics (carbon footprint and carbon intensity, terms defined by the SFDR²⁵) is not always clear when reading reports, as stakeholders may refer to ‘intensity’ and targets in tCO2/m€, without specifying whether this refers to millions of euros invested or millions of euros in turnover.

Each type of target has advantages and disadvantages, a summary of which is provided in the table below.

Target type	Advantages	Disadvantages
Absolute (tCO2e)	Direct correlation with ‘actual’ emissions	Handling of multiple readings ²⁶ No management of collection effects
Physical intensity (tCO2e/physical unit)	Granular physical interpretability Link/comparability with transition scenario work, notably IAE Less sensitive than others to sectoral portfolio reallocations.	Requires a granular sector-by-sector view. Not applicable to sectors with non-homogeneous physical products. No insight into activity data to reconcile with actual emissions ²⁷ Borderline effects on multi-activity companies.
Carbon footprint (tCO2e/€m invested)	Neutralisation of collection effects	Variability due to non-climate factors (market value of assets) ²⁸
Carbon intensity (tCO2e/€m turnover or /€m EVIC)	Cross-sector comparability Data availability	No physical interpretability Very strong assumption of sector homogeneity (the ‘Renault vs Ferrari’ paradox ²⁹) Variability due to non-climate factors (inflation) ³⁰

²⁵ SFDR Delegated Regulation [1288/2022](#), Annex I, Formulas 2 and 3.

²⁶ Across the economy as a whole, the total amount of GHG emissions simply corresponds to the sum of the Scope 1 emissions of each relevant actor. Scopes 2 and 3 are *ultimately* just the Scope 1 emissions of one or more other actors. Whilst in some cases the entity responsible for the emissions is not a company (for example, downstream Scope 3 emissions linked to a private individual’s use of a vehicle in the context of a car manufacturer), in other cases there will be ‘stacking’ of emissions (for example, a raw material extracted by one company, processed by another and used by a third: the emissions associated with extraction will be accounted for at the level of each company: as Scope 1 for the producer and then as upstream Scope 3 for the other two. Furthermore, cross-shareholdings between companies can also create complications.

²⁷ If, for example, physical intensity decreases by 20% but at the same time the company produces twice as many goods, all other things being equal, overall emissions will have increased by 60%.

²⁸ Thus, by mid-November 2023, with the Eurostoxx having fluctuated by around +35% over five years, a financial manager overseeing a Eurostoxx 50 index fund could, without the cumulative emissions of the companies comprising this index having changed one iota, report a reduction of 1–1.35 ~ -25% in the intensity of their portfolio per million euros invested.

²⁹ Carbon intensity is based on the underlying assumption that one euro of revenue or one euro of ‘financing’ (EVIC) between two companies is equivalent in terms of GHG emissions. Comparing, within the same sector, a niche company focused on luxury or high value-added products versus a ‘generalist’ company highlights a significant bias that can send the wrong message. For example, in 2022 Ferrari sold 13,221 vehicles per year, generating revenue of €5.1 billion and 0.3 MtCO2e of emissions, whereas Renault sold 2.7 million vehicles, generating revenue of €46 billion and 57 MtCO2e of emissions. Ferrari’s carbon intensity is thus 65 tCO2e/€m in turnover, whilst Renault’s is 1,230 tCO2e/€m in turnover – **nearly 20 times higher** – even though the environmental performance of a Ferrari, focused on its sporting aspects, is generally inferior to that of a Renault model.

³⁰ The phenomenon of inflation automatically leads, all other things being equal, to an increase in companies’ turnover and therefore a decrease in carbon intensity relative to that turnover, regardless of any concrete action taken on greenhouse gas emissions

Various market initiatives (notably the Net Zero alliances, particularly the [NZBA](#) banking alliance) have issued guidelines based on these different metrics. The relatively good availability of carbon data, the possibility of building on existing frameworks established for setting targets (IEA scenarios, SBTi standard) and, to a certain extent, the scope for management, particularly regarding liquid asset classes (through buying/selling or reviewing the weighting of high- or low-carbon exposures), make these metrics attractive for underpinning a climate strategy with a commitment.

However, all these metrics share the common feature of being based on carbon accounting applied to finance, which entails the following limitations:

- i. Reliability of GHG data at company level: underlying choices made by each company in selecting its significant emission sources, emission factors and associated activity data, modelling, completion and verification work potentially carried out by third-party service providers using models that will vary from one provider to another, ...
- ii. Apart from physical intensity, biases associated with aggregating the metric at portfolio level; see the drawbacks mentioned in the table above;
- iii. *Backward-looking* nature of the indicator: it is only *ex post* that it can be established that the company, whose financial assets have already been invested, has actually reduced its emissions, which does not allow financial flows to be allocated according to actual transition prospects, hence a contributory aspect that is difficult to demonstrate. Due to the time taken to collect information, the lag between the portfolio and the company's data is sometimes as long as two years.
- iv. The possibility of carrying out '*paper decarbonisation*' (*paper decarbonization*), which allows for a significant drop in the emissions tracking metric with limited financial impact, and thus an easy achievement of set targets **without actual emissions reductions in the economy** or tangible financial impact that would influence economic actors³¹.

Various initiatives have worked on developing *forward-looking* emissions metrics (accounting for expected emissions reductions or expected avoided emissions). Whilst these metrics help to overcome the drawbacks of a *backward-looking* system, a number of limitations remain (comparability, stability), whilst new difficulties arise (definition of reference scenarios, credibility of future trajectories).

Finally, the Austrian [GFA](#) initiative has worked on developing [I-PEPs](#) indicators focused not on the metric itself but on its variation, which presents an interesting alternative. However, this approach retains biases depending on usage, particularly in the choice of weighting for variations and in the stability of portfolios over time.

The conclusions of the '0' section highlight the significant limitations of these metrics and associated targets, particularly in the absence of robust tools such as a factor decomposition of the metric's past trends and projection models.

ADEME emphasises the value for investors, should they wish to adopt management approaches or commitments based on GHG metrics, of implementing **sector-specific emissions monitoring**, expressed both in absolute terms and in physical intensity where possible, and of enriching their perspective through the use of complementary indicators such as I-PEPs. This enables the establishment of safeguards to verify *ex post* the effective decarbonisation of these sectors, thereby mitigating some of the shortcomings associated with monitoring expressed in absolute or monetary emissions. However, the setting of greenhouse gas emission reduction targets is not in itself sufficient

³¹ So let us assume a portfolio 90% exposed to low-emission companies (say 1 tCO₂e/€m invested) and 10% to high-emission companies (say 100 tCO₂e/€m invested). A change of +/-1% in the portfolio's composition in favour of the low-emission sector is sufficient to reduce the carbon metric by nearly 10%. This mechanism can even apply within the same sector, as the orders of magnitude can vary depending on the precise positioning in the value chain and the metric used. Such variations are sufficient to offset or even negate the changes resulting from companies' actual decarbonisation efforts.

to ensure that the investment strategy is aligned with the Paris Agreement: metrics enabling an *ex ante* assessment of the emitting economic actor's positioning are necessary.

The implicit temperature approach: a potentially relevant 'scoring' approach, but one that is difficult to substantiate scientifically

The implicit temperature targets identified among the sample of 50 actors represent a significant minority (10 actors, or 20%). The main point of attention regarding this metric is that it has **a strong evocative power for physical interpretability**, in a context where, given the limitations of carbon accounting, of science in general, and the conceptual complexity involved in individually attributing a phenomenon that is by its very nature collective, the proposed methodological approaches necessarily rely on strong model assumptions.

The appeal of this metric can be illustrated by the following comment from a market participant: *"This new indicator, aggregated at fund and asset management firm level, has the advantage of being a meaningful metric for assessing a portfolio's alignment with the Paris Agreement. Easily linked to global issues, it effectively bridges the gap between companies, portfolios and climate science."*

Among the key points for attention, some of which may overlap with those raised regarding the MSA biodiversity metric (see 3.1.10.7), the following aspects can be identified:

- There appears to be a general consensus on a methodological principle: interpreting alignment at the company level as alignment 'as if the entire economy were acting in the same way';
- Furthermore, two very different families of methodologies can be observed: some methodologies calculate a score (Carbon 4's [CIA](#)) and then convert it into a temperature using a formula that is more mathematical than physical (see [Mirova's report](#)), whilst others work on the concept of comparing a company's emissions projection with an aligned trajectory to deduce a gap (MSCI ITR, CDP WWF Temperature score);
- Even in the latter cases, methodologies can remain very different in their design, resulting in potentially divergent scores for the same company even though they are displayed using the same 'physical' metric: purely quantitative aspects or varying degrees of integration of qualitative aspects, categories of emissions/scopes selected, whether or not past performance is taken into account, whether or not the credibility of the targets set is discussed, absolute or intensity-based approaches, etc.
- Aggregate aspects at portfolio level raise the necessary question of weighting, particularly across sectors, with potentially inadequate approaches.

It can therefore be assumed that achieving '1.5°C alignment' will be easier for a service company than for a carbon-intensive company. Yet the financial footprint of the former is much larger than that of the latter within the investment universes of French players. It therefore seems straightforward, by weighting results against assets under management, to achieve a positive result³². In this regard, it is noted in particular that the CDP WWF *'temperature score'* methodology discusses this subject at length (section 7: *weighting options*) and more or less recommends certain weighting methodologies depending on the intended use. However, it does not formally advise against any of them. In practice, **the chosen weighting metric seems rarely to be explicitly stated, let alone discussed**. In most cases, the application of weighting by financial size appears most likely due to its practicality of implementation (no need for additional data).

The reports from the various players sometimes, but not always, highlight these limitations. For instance, the reports from [La Mondiale](#) or [BpCE Vie](#), which use the CIA score converted into a temperature scale, do not appear to mention them, whilst [Mirova](#) tends to cite areas for development rather than limitations. [ODDO BHF](#), which uses the MSCI ITR, includes a paragraph on the subject:

³² For example, with 5% of exposure to companies at 3°C and 95% to service companies at 2°C, the alignment would be 2.05°C, which is a rather favourable result. If financed emissions are taken into account, subject to a certain methodological robustness, it is plausible that the ratio of proportions is reversed (95% of financed emissions coming from carbon-intensive sectors, 5% from the rest), resulting in an average temperature of 2.95°C.

“The implied temperature rise, like any methodology, has its limitations. Its main limitation is that carbon overshoot is based on projections, yet actual outcomes may differ from these. Furthermore, for a long time, the methodology covered only companies and not sovereigns. However, a temperature methodology for sovereigns was published by MSCI in 2025, which we are currently reviewing. Consequently, this could lead us to reconsider our commitment to the alignment trajectory defined in our objectives.”

The concept of a ‘temperature score’ rather than ‘portfolio temperature’ helps to mitigate the ‘physical data’ aspect. Nevertheless, there remains a nuance that will likely escape the novice reader if these elements are used in relation to the general public. In particular, the commercial use of this type of metric, which appears scientific, may prove detrimental.

Thus, without questioning the potential merits of these methodologies as indicators for selection, prioritisation, awareness-raising, etc., it is emphasised:

- that it is necessary to take into account the weaknesses of these indicators, which are not physically interpretable, **and to focus on their ‘score’ aspect**. This implies that it is not immediately possible, without evidence provided by the financial institution, to deduce from a temperature score close to 1.5°C that the underlying companies in the portfolio are effectively contributing in a manner aligned with international climate objectives;
- that certain methodological choices with a potentially significant impact must be explained or even discussed, in particular the weighting choices used in the aggregation;
- that any communication should be accompanied by explanations of the limitations.

3.1.8.2. ‘Finance’ metrics: the categorisation of actors and the analysis of their transition plans

The theoretical framework

Various initiatives (the [ACT Finance](#) methodology developed by ADEME, the SBTi’s [FINZ standard](#), [GFANZ](#), the [UNEP-FI](#) document, the [CBI](#) framework, the [NZIF](#) framework), aware of the limitations of the carbon metrics-only approach, are pushing to refocus the management of financial institutions’ transition on what they do: investing (or ceasing to invest) and using their influence as investors (engagement, including proposing resolutions, voting, dialogue, and support and escalation processes). This requires identifying which are the ‘right’ actors and projects, and those that do not, in practice, adopt a transition approach, or one that is sufficiently credible and ambitious.

In this regard, the use of the SBTi standard for non-financial companies³³ may prove useful, by measuring, possibly by relevant sector of activity, the proportion of companies with such targets. It should be noted, however, that the setting of an ambitious decarbonisation target by a company **does not guarantee** (i) an analysis of the credibility of the measures it has put in place to achieve it, nor (ii) its actual achievement of the target. The approach can therefore be considered a first step in the right direction but insufficient in relation to the overall objective of adopting a climate strategy aligned with the Paris Agreement.

ADEME therefore recommends that **financial institutions adopt a framework for analysing companies’ transition plans and the ‘low-carbon’ nature of the projects in which they invest, enabling issuers and projects to be categorised according to their climate profile.**

³³ The [SBTi](#) initiative provides a validation and certification framework for companies’ emission reduction targets. This framework is tailored to the challenges of each sector with the aim of (i) covering relevant greenhouse gas emission sources, (ii) expressing the target in a relevant format (physical intensity or absolute reduction target), and (iii) to ensure the ambition of the target in relation to transition scenarios compatible with the Paris Agreement, with two types of targets: on the one hand, targets for 2030 (*near-term targets*) and, on the other hand, ‘net zero’ targets for 2040–2050. The SBTi is currently reviewing its framework, particularly in relation to financial institutions.

This categorisation enables the development of associated 'financing' metrics and targets (expressed as a share of the portfolio or in terms of amounts invested, either overall or by sector³⁴), allowing for the **ex ante** definition of the appropriate allocation of investments, in addition to 'technical' greenhouse gas metrics, which enable **ex post** verification of an actual reduction in greenhouse gas emissions. This categorisation framework could be combined with differentiated strategic priorities. An **illustrative** example is provided below:

Strategic priority	Category of actor/asset	Management lever	Comment - Example
Mitigation	Activities inconsistent with the objectives of the Paris Agreement	Exclusion	The targeted activity significantly undermines efforts to combat global warming (typically a new coal mining project)
	Not aligned	Engagement, Exclusion	The target company has not made a climate commitment / its approach is not credible. It is recommended to set a maximum commitment period (e.g. 2 years) before deciding that, as the company is not credible, the process is escalated to exclusion.
	To be aligned	Engagement	The actor has set targets, but they are partial / the action plan is not substantiated. Here too, a support strategy accompanied by a waiting period (e.g. 4 years) before 'downgrading' helps to lend credibility to the financial institution's commitment.
Mitigation, contribution	Aligned	Investment	The actor has made commitments aligned with the Paris Agreement and has set out a credible and robust action plan to meet them.
Contribution	Climate solution	Investment	The targeted activity contributes to a climate change mitigation/adaptation objective and does not undermine other objectives.
Combating greenwashing.	A stakeholder for whom climate change is not a material issue	NA	Focusing one's strategy or communicating heavily on actions taken by entities for which climate change is not a material issue may detract from priority issues.

It is emphasised that the approach is not simply a binary choice of invest or do not invest, but that the financial actor potentially has a key role to play in supporting and providing solutions to companies that are currently insufficiently committed to the transition, in particular to encourage them to formalise a credible transition plan.

The key to this approach remains the rules for categorising the various actors and assets. These must be transparent. In the absence of a global consensus to date on what constitutes a 'good' virtuous company (whether in transition or already green), the following main points can be highlighted:

- While relevant for assessing the alignment of a specific activity (typically a 'climate solution'), the **taxonomic framework** alone will be **insufficient** to determine whether a company is 'in transition' or 'green' overall³⁵.

³⁴ In this regard, it is emphasised that the [ACT Finance](#) methodology, to avoid strategies that concentrate the portfolio on sectors with low climate risk where it would be 'easy' to demonstrate that they are in transition or compatible with a low-carbon world, weights the portfolio shares of the various sectors based on a combination of their financial weight and their weight in terms of global greenhouse gas emissions, rather than financial weight alone.

³⁵ For example, if an energy producer has a mix comprising 60% renewable energy and 40% coal, its very high taxonomic alignment rate of 60% does not imply alignment if the company shows no intention of ceasing or transforming its coal-related activities within the remaining 40%.

- The **CSRD regulations** are intended to provide relevant and, *at the very least*, comparable information regarding companies' transition plans and the measures they intend to implement to achieve them. Here too, however, it is not the CSRD itself that determines whether a company is in transition or not, but **the analysis of the reporting**.
- In this regard, it is worth noting that ADEME has developed the [ACT](#) initiative, which enables (i) a company to draw up a transition plan using the 'ACT Step-by-Step' approach and (ii) a third party to assess the quality of a company's transition plan using the sector-specific 'ACT Evaluation' methodologies. To date, around [15 sectors of activity](#) are covered by ACT Evaluation, and work is underway to align it with the CSRD (see [webinar](#)).

Finally, ADEME lists here **various resources** available for developing analytical frameworks and categorising companies, which may assist financial institutions in their approach:

- The [NZIF](#) conceptual framework, which proposes categorisation criteria (see focus *below*).
- [An IFD guide](#) for analysing companies' performance in terms of the carbon transition;
- The [guidelines](#) issued by the ATP-Col expert group proposing a framework of common principles for assessing the credibility of companies' transition plans.
- The CBI's document '[Navigating Corporate Transitions](#)', which sets out proposed criteria for categorising companies and a cross-reference table of categories across different initiatives;
- ADEME's [ACT Finance](#) methodology, which proposes, in indicator 4.1 (p. 90 et seq.), a maturity matrix assessing the quality of the transition plan analysis framework put in place and reflecting expectations in this area, as well as the [ACT categorisation framework](#), which proposes determining, based on an ACT assessment, whether or not the company is undergoing a credible transition;
- The [SBTi FINZ](#), which proposes a standard for financial institutions.

Some categorisation practices observed, structured in particular using the NZIF framework

Some organisations in the sample have developed a framework for categorising stakeholders. For example, [BNPP AM Europe](#) describes, as it did last year, a framework – NZ:AAA – based on the categories 'aligned', 'in the process of alignment', 'not aligned' and 'carbon neutrality achieved'. Attention is drawn to the fact that this framework sets out definitions that could be improved (for example, assuming carbon neutrality has been achieved once 50% of taxonomic revenue is aligned, relying on concepts of revenue contributions to the SDGs, or presuming alignment based solely on decarbonisation targets). AM also emphasises that improving its methodology is one of its areas for progress ("*This proprietary framework [...] Net Zero Achieving, Aligned or Aligning [...] is based on various sources: the Transition Pathway Initiative (TPI), the Science Based Targets Initiative (SBTi), Climate Action 100+ and the Carbon Disclosure Project (CDP). Most of these sources are publicly available and have objectives related to classifying companies into categories based on their level of alignment with carbon neutrality. We intend to further refine our method for assessing Net Zero alignment in the future*").

Other stakeholders have also highlighted a direct reference to, or inspiration from, the Net Zero Investment Framework ([NZIF](#)), developed by *the Institutional Investors Group on Climate Change (IIGC)* and designed specifically to integrate with the requirements of the NZAM. This framework sets out:

- A principle for categorising companies according to their climate alignment, by asset class;
- And key criteria determining eligibility for each category.

However, **the operationalisation of the criteria is left to the investors themselves**. The following table presents a summary of the criteria required to achieve each category, in ascending order of alignment: *Committed, Aligning, Aligned, Achieving*. Each higher category must meet all the criteria of the lower categories in addition to its own.

Criteria	Listed	Sovereign	Real Estate	Infrastructure	Private Equity	Private debt
1. Ambition	Committed	Committed	Committed	Committed	Committed	Committed
2. Targets	Aligning	Aligning	Aligning	Aligning	Aligning	Aligning
3. Emissions performance	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
4. Disclosure	Aligning	Aligning	Aligning	Aligning	Aligning	Aligning
5. Decarbonisation plan	Aligning*	Aligning	Aligning	Aligned	Aligned	Aligned*
6. Capital allocation alignment	Aligned*	Achieving	NA	NA	NA	NA
7. Engagement with climate policy	NA	NA	NA	NA	NA	NA
8. Climate governance	NA	NA	Aligning	Aligning	Committed	Committed*
9. Just transition	NA	NA	NA	NA	NA	NA
10. Climate risk and accounting	NA	NA	NA	NA	NA	NA

* for high-impact material sectors (HIM sectors)³⁶.

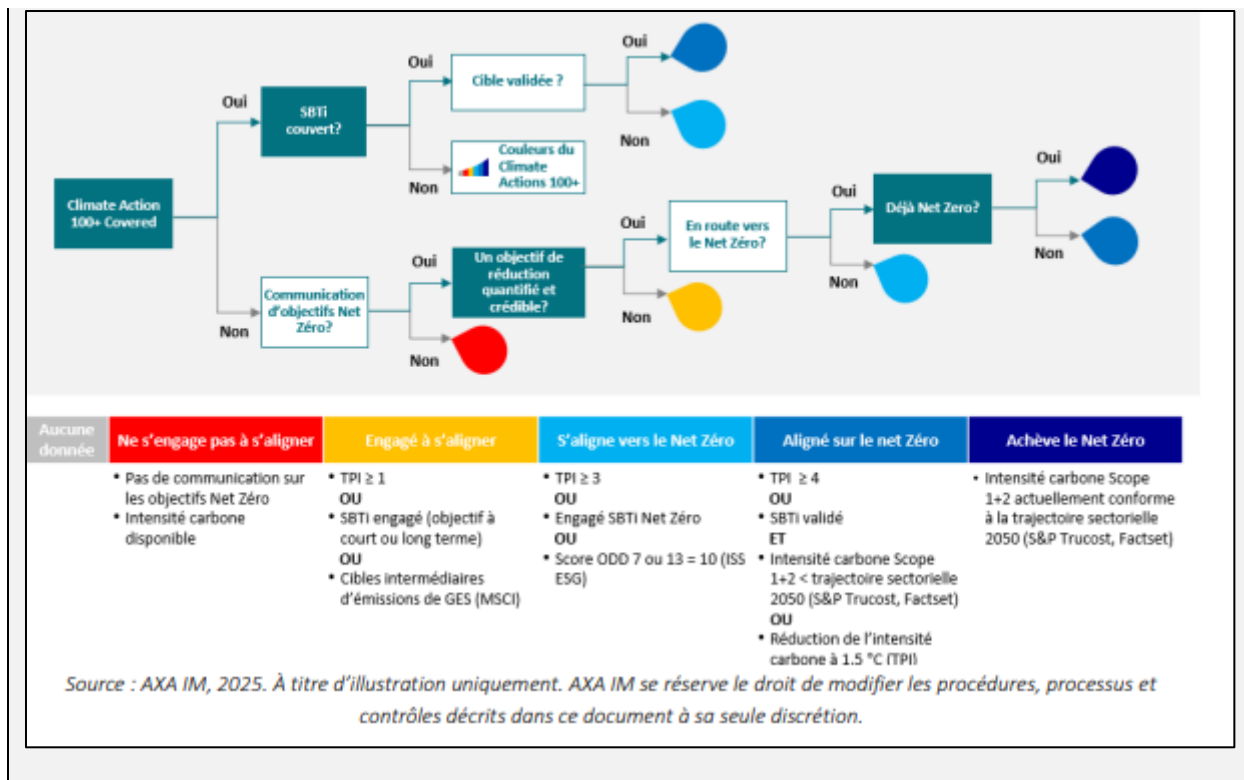
Asset manager [Comgest SA](#) states that it uses the NZIF coverage ratio as a complementary indicator to temperature alignment, alongside an engagement threshold, with the following 2030 target: “The 2030 target we have submitted to the NZAMI at Comgest Group level involves having 50% of our listed equity AUM invested in so-called material sectors, classified as: – Achieving a net-zero target; or – Aligned with a net-zero trajectory.” Comgest’s implementation of the NZIF framework is set out in a [case study](#), which clearly specifies the criteria and data sources.

The following points for attention can be highlighted:

- The assessment of the performance criterion, required to move into the two higher categories (*aligned* or *achieving*), is not taken into account due to analytical difficulties. Consequently, these two categories are not ‘activated’, which is a conservative approach;
- Regarding the ‘disclosure’ criterion, which is necessary to reach the ‘Aligning’ category, checks on Scope 3 disclosures are carried out for certain categories and only for companies in high-impact sectors, with the others being presumed non-material.

[AXA IM](#) (since acquired by the BNP Group) presents in its report a colour-coded categorisation framework “inspired by NZIF”. The framework is described in detail, with a distinction between a ‘quantitative’ layer based on criteria and a more ‘qualitative’ layer focusing on a limited number of companies deemed to be of particular concern. The quantitative approach is illustrated by a decision tree:

³⁶ The list of sectors is as follows: Agriculture, forestry, and fishing; Airlines; Aluminium; Automobiles; Banking; Cement; Chemicals; Consumer goods & services; Coal and diversified mining; Electric utilities; Food producers; Industrials; Oil and gas (excluding distribution); Paper; Real estate; Shipping; Steel; Transportation. Notes are provided where necessary to supplement the definition of the sectors.



The descriptive effort is commendable. Regarding the substance of the methodology, discussed in particular in the section 3.1.7.2, the following points for attention may be reiterated or added concerning this quantitative aspect:

- The **TPI** initiative cited proposes, on the one hand, an assessment of 'carbon performance', which in practice amounts to measuring the ambition of decarbonisation targets without discussing the credibility of their achievement and without examining past carbon performance (which may render the chosen term 'performance' counter-intuitive or even misleading), and, on the other hand, 'management quality', which, through a series of detailed questions, provides an assessment on a scale of 0 to 5 of the quality of the company's management. However, this latter dimension also does not address the company's actual performance, whether past, present or future. It is this latter dimension that appears to be captured by the AXA IM framework, and which may seem open to improvement when it comes to characterising the attainment of the higher categories
- The aspects relating to contribution or SDG scores may be open to question, both in terms of the reliability of the link that can be established between an activity and a relevant theme, and in terms of assessing whether a contribution is positive or negative with regard to the SDGs. In this regard, ESMA published [a study](#) in 2024 on 'SDG' funds which highlights the weaknesses of the approaches observed: "Our results highlight some of the challenges in assessing real-world impact claims and show that SDG funds do not significantly differ from non-SDG counterparts or ESG peers regarding their alignment with the United Nations SDGs. This raises questions as to whether funds claiming to contribute to the SDGs are actually fulfilling their promise to investors."
- The case of a company with a structurally lower intensity than its benchmark, due to a particular position in the value chain, may lead it to be assigned the highest category without having a transition plan, even though it is likely to need to contribute its fair share to reducing emissions.
- Furthermore, the failure to capture Scope 3 emissions renders the approach unsuitable for certain sectors (e.g. oil, automotive manufacturers).
- Finally, a purely intensity-based approach fails to capture the need to make changes to *business models* (typically modal shift in transport) in line with the expectations of the underlying transition scenarios.

The qualitative approach is then described in principle, drawing on the fundamental criteria of the NZIF and specifying that these are subject to sector-specific variations. The relationship with the quantitative

approach is not clarified (in which cases to use the qualitative approach, what degree of constraint exists between quantitative and qualitative).

Finally, [Tikehau IM](#), which uses an NZIF (v1) approach within its *Capital Markets Strategies* scope, takes the time in its report to detail, sector by sector, the monitoring of objectives and the methodological difficulties encountered, for example: *“From September 2024, methodological difficulties arose in identifying companies aligned with the net-zero objective in high-impact sectors due to the lack of available data on criterion 5 – alignment of equity allocation with the achievement of the net-zero objective by 2050”*. However, the precise manner in which the various categorisation criteria are operationalised is not detailed in the 29 LEC report or in the [universal registration document](#) to which it refers.

Furthermore, it is noted that a provider such as MSCI proposes a [categorisation framework](#) applied by the NZIF. The main shortcoming of this proposal is that it does not implement all the criteria, notably the criterion relating to capital alignment (*“Rather than using poor data point approximations, MSCI S&C prefers to omit this criterion from the list of criteria defining the Aligned category for higher-impact companies. This approach may change in the future as comprehensive, modelled and relevant Capex data may become available at scale.”*). Whilst data collection and its relevance are indeed a challenge, choosing to simply remove the criterion in order to assign the higher categories provided for by this framework is likely to lead to greenwashing and may call into question the framework’s robustness. The use of methodologies of this type should, at the very least, be accompanied by a systematic warning regarding the lack of full compliance with the framework, and could, for example, involve using different names for the higher categories.

These criticisms and points of concern regarding the limitations do not call into question the fundamentally sound nature of the stakeholders’ approaches, particularly when they are aware that the proposed approaches are open to improvement. The work carried out here highlights the need for reflection and continuous improvement on these issues, on which ADEME has developed particular expertise through the sector-specific methodologies of [the ACT initiative](#).

Analysis of transition plans: a practice gaining ground thanks to the SRI label

The key question underlying the categorisation framework set out in this section is that of the ability to analyse the climate alignment of the economic agent in question, particularly carbon-intensive companies that need to undertake their transition. The 29 LEC reports were analysed to determine whether the stakeholders appeared to have explicitly adopted such an analytical framework in respect of any of these aspects. The results, excluding real estate AM, are as follows:

Monitoring	Insurer	GEN	PE	Total
Is there an analysis of corporate transition plans?	25%	70%	13%	43%
Reminder: sample size	16	20	8	44

The proportion is not insignificant, particularly for generalist asset managers. In the latter case, the trend is driven in particular by the fact that the need to analyse transition plans **has been explicitly included** in the third version of [the SRI label framework](#). This states that *‘In order to demonstrate how climate issues are taken into account, the management company of the candidate fund must demonstrate that it has implemented a method for assessing the climate transition strategies of the issuers analysed under ESG criteria’*, with a minimum coverage requirement for enhanced due diligence (sectors with high climate impact – HICS according to the SFDR) and in terms of outcomes (in particular, 15% of this enhanced due diligence portfolio must have a ‘credible’ transition plan, and 20% must be subject to an engagement). Various milestones and reference frameworks are set out to guide portfolio management firms in developing their methodology (analysis of reduction targets, measures implemented, and governance).

Whilst mention is made of the existence of an analytical methodology, the description is often limited to an outline of principles and data sources. Furthermore, its use currently appears to be restricted mainly to SRI funds. This is likely due to the need to refine and improve these methodologies, which are still relatively new, as there is inherent efficiency in reusing the results of these methodologies across a wide

range of cross-cutting processes, such as risk management or supporting more robust engagement, by being able to identify specific areas for improvement.

Among the players mentioning the existence of such methodologies is Lazard Frères, which publishes a framework for analysing corporate transition plans on its [website](#). Others highlight this as an area for improvement (**Generali**: “*The assessment of transition plans for companies in the portfolio, based on ADEME’s ‘Accelerating Climate Transition’ (ACT) methodology and the Science Based Targets initiative (SBTi), for example, will need to be strengthened.*”).

It is interesting to note that most organisations appear to be developing their own proprietary methodology, based on data from service providers where applicable, rather than simply adopting a service provider’s assessment directly. Based on the available information, these approaches appear to vary considerably in their design. A proprietary approach ensures a degree of control over a complex issue such as measuring a company’s climate alignment. However, it is important to emphasise:

- That finance’s contribution to the transition requires the alignment of capital flows to ensure they are allocated to the efforts needed to transform the economy. Too great a divergence in the signals provided by different methodologies would, in practice, negate any form of effectiveness (typically if the same company is considered to be in transition by one stakeholder but not by another).
- That whilst the assessment is complex, there are robust objective foundations that must underpin the analysis of a transition plan’s quality: objectives set against market decarbonisation scenarios, announcements made tangible through action plans, governance, etc. – all elements shared in particular by the [ATP-Col](#) reference framework cited *above*, which stakeholders are encouraged to draw upon.

Thus, the following pillars are highlighted by ADEME as relevant for analysing a transition plan, in conjunction with the CSRD/VSME references, which show that the information should reasonably be available from European companies subject to the CSRD, whilst EFRAG emphasised that around 55% of them (60% of which are French) have a transition plan.

A differentiated approach could be considered depending on the size of the company and its compliance status, focusing on certain core aspects (balance sheet, targets and action plan) for the smallest companies.

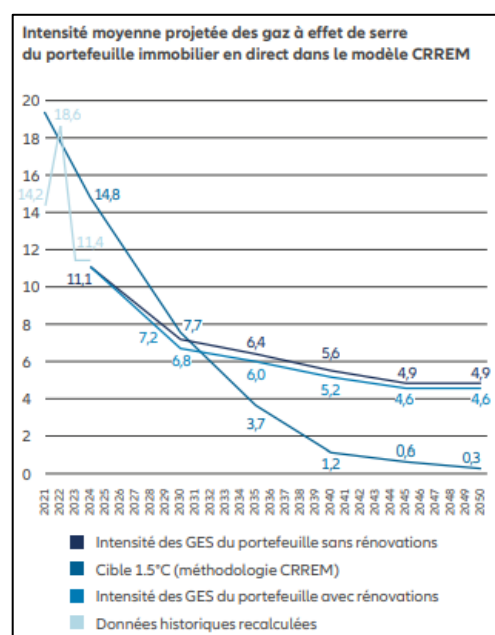
Topic	Expected	Expected data ³⁷	CSRD (EFRAG Draft E1)	VSME draft
GHG emissions inventory	Completeness and quality of reporting	Details of the inventory by category, methodology and justification for aspects not covered	E1-8	B3
Decarbonisation targets	Coverage of the material scope through targets aligned with national Paris Agreement objectives / robust transition scenarios	Information on GHG targets required by the CSRD: scope, ambition, timeframe, monitoring	11a) E1-6	B2-C3
Decarbonisation levers	The targets are underpinned by an action plan detailing the key elements: nature of the lever, associated financial resources, estimated expected emission reductions, locked-in emissions;	Overview and details of the main actions.	11a) E1-5	B2 (C3 224)
Value chain engagement	Where relevant, the company has implemented a strategy to engage its carbon-intensive value chain (support, positive/negative levers with an escalation mechanism).	Where material, description of the engagement policy and actions taken	11a) AR2 (b)	(C3 225)
Governance	The transition plan is integrated into the company's overall strategy, as part of a long-term vision.	Organisation of climate governance, plan monitoring process	11 a) and e)	C2 213 C3 225
		Comprehensive review of the business model	11a)	C1-C2
External dependencies	The company provides feedback on what it needs in terms of public policy to implement its transition plan.	Identification of the main external dependencies of the company's transition plan.	11(c)	N/A

3.1.8.3. Approaches to real estate by generic players

A brief analysis of the real estate practices of generic players (insurers and generic asset management companies) was carried out. It revealed:

- on the one hand, fairly widespread use of the [CRREM](#) (Carbon Risk Real Estate Monitor) tool;
- on the other hand, the repeated highlighting of various certifications and labels in the context of contributing to climate objectives: HQE, BREEAM, etc.

Regarding [CRREM](#), in practice, data relating to the real estate portfolio is collected or modelled, and entered, most often by a specialist service provider (among various licensed partners, Deepki is frequently mentioned). These elements make it possible, in relation to a carbon intensity reduction trajectory aligned with the 1.5°C target³⁸, to identify the trajectory of the building stock (see example with the [Allianz France](#) report):



³⁷ Where applicable, in a simplified version in the VSME standard compared to the CSRD.

³⁸ A fairly detailed [breakdown](#) by building type and country has been developed by CRREM in its scenarios.

This work, carried out at both a macro and micro level, can help prioritise the renovation works to be undertaken or the engagement actions to be taken. It should be noted that in the example above, Allianz France does not take into account any potential intensity reductions linked to external dependencies such as biogas heating.

The main points of attention regarding this tool and its use are, on the one hand, the quality of the input data and, on the other, the integrity and comparability of the ways in which it is populated, particularly when modelling future works and their impact on carbon intensity.

Regarding labels and certifications, highlighting these in a climate or environmental context may raise questions due to the variety of labels and their intended purposes. Thus, [HQE](#), [LEED](#) and [BREEAM](#) certifications, which are frequently cited and constitute a significant proportion of certain building stock, are classified as generic (ESG) labels rather than specifically environmental ones by the OID; see its 2024 [guide to building labels and certifications](#).

As the acronym 'HQE' has historically been associated with the concept of 'High Environmental Quality', the term is particularly likely to be misleading, given that the [HQE Sustainable Building](#) standard³⁹ sets out certification levels based on a weighted average score across various categories, of which environmental performance **accounts for only 40%**. In particular, carbon and energy performance each account for 6.67%. Minimum thresholds are set for each theme, but in practice these appear rather unambitious: for instance, a minimum threshold of 10% is set for the 'Carbon' criterion, whilst the underlying *scoring* system jumps directly from 0% to 20% for this criterion. In practice, this means that **only properties with the worst carbon performance are excluded** from the highest certification classes: for example, over 100kgCO₂/m² GFA.year for Group A (offices), whereas the CRREM's 1.5°C scenario proposes an average value of 60 for offices across various European countries by 2020 (24 for France, 99 for Ireland, 149 for Poland). With regard to a French standard, the threshold therefore does not appear to be particularly discriminatory.

Without calling into question the overall ESG relevance of this type of label, this example illustrates the need to conduct **a genuine environmental and, in particular, climate analysis of properties**, rather than merely relying on general display information, and to adapt communication as necessary. In this regard, the definition of 'green real estate' set out by France Assureurs in its [2024 key figures on sustainable insurance and finance](#) ('*real estate with environmental certifications, such as LEED, BREEAM or HQE*') is questionable, as it uses 'generic' references to underpin a 'green' definition.

³⁹ Available on the [Certivéa website](#).

3.1.9. Climate engagement

3.1.9.1. Summary

The analysis of engagement practices is particularly complex due to several factors:

- Reflecting the cross-cutting nature of this lever, a variety of ways of presenting information is observed: across different sections, externalised into a dedicated policy and engagement report, with multi-criteria aspects or a thematic focus, etc.
- Given the potentially sensitive nature of the implementation of bilateral relations between the investee company and the financial actor, the transparency of the information varies depending on the reports regarding what is actually being implemented;
- Finally, due to the qualitative nature of the approach, it is difficult to readily discern the effects—or lack thereof—of the measures implemented.

The analysis was structured around the following areas:

- The use of the ACT Finance methodology to assess the robustness and relevance of engagement mechanisms with a view to securing an effective contribution to the climate transition. This analysis is presented in aggregate form rather than on a line-by-line basis, given the uncertainties associated with the nature of the information processed;
- A focus on various collective engagement practices.

Due to time constraints, the arrangements of real estate asset management companies, which have specific stakeholders (real estate management), were not examined.

The main finding of the analysis is that ACT Finance's ratings for the assessment of stakeholders' engagement strategies **are generally low** (15% on average on a net basis, 27% excluding scope changes). This is due, on the one hand, to the structure of the information (see *above*), which does not necessarily allow for a distinction to be made between a stakeholder who might merely pile up superficial engagement measures and another who might adopt a rigorous, in-depth qualitative approach, leading to certain assessments being carried out conservatively. Furthermore, 'glass ceilings' have been identified, which do not appear to guarantee the transformative capacity of the engagement mechanism. In particular, with regard to insurers and generalist asset management firms:

- In terms of engagement objectives, no actor was found to explicitly require priority companies within its engagement scope to adopt an aligned transition plan;
- In terms of escalation processes, no firm mechanism has been identified which, in the absence of favourable progress, would lead to the deployment—according to a pre-established organised process—of a series of measures extending as far as divestment. The wording identified reflects a degree of flexibility and discretion that makes implementation dependent on financial considerations, which appear to take precedence systematically.

Furthermore, the scope of engagement is rarely clarified. However, structured market expectations are set via the NZAOA engagement targets, to which more than half of insurers claim to adhere (engagement monitored for the 20 largest issuers in the portfolio). Despite this, the existence of elements such as rules for identifying the scope, the nature of engagement elements and, above all, the presence of systematic monitoring—whether published or confined to the internal senior management of the financial institution—has not been noted. Publicly available information relates primarily to discretionary examples. Nevertheless, various good practices are noted:

- Mention of relevant escalation mechanisms, even if these are not systematised;
- Presentation of case studies justifying positive or negative votes in Say on Climate initiatives, or penalty voting mechanisms in the event of failure to meet climate targets;
- Without going so far as to demand transition plans, setting 'SBTi' decarbonisation targets;
- The presence of 'climate red lines' that influence aspects of re-election or remuneration.

Furthermore, aspects of collective engagement are explored, highlighting a need for greater alignment between commitments—particularly NZAOA—and the content observed in reports. Finally, the possibility of engaging *proxy advisers*, key players in voting on listed companies, is raised.

3.1.9.2. Context

Article D. 533-16-1(III-4) of the Monetary and Financial Code requires detailed information on the stakeholder's engagement and voting strategy in relation to issuers or asset managers: the scope of the companies concerned, an assessment of the engagement and voting strategy, its implementation, and decisions taken regarding investment strategy. In practice, stakeholders may provide general information or information broken down by theme, including climate, refer to a dedicated engagement or voting report, etc. Some will, within the sections dedicated to strategies for contributing to climate and biodiversity objectives, provide specific information on how the engagement strategy contributes to the strategy, either by providing their own information or by referring to the dedicated engagement section or to external resources.

This year, the analyses carried out involved using indicator 7.1 of the ACT Finance methodology to compare engagement strategies towards issuers against the methodology's expectations, focusing on insurers and non-real estate portfolio management companies, as the module is not suitable for them. Private equity asset management firms were assessed even though the module is less directly suited to them, as detailed below.

The underlying methodological details are provided in the appendix 5.4.4. In principle, the ACT Finance methodology poses a series of key questions, with varying weightings, and associates each with a maturity grid allowing a score between 0% and 100% to be assigned. The aim is to assess the extent to which the engagement framework can contribute effectively to achieving the Paris Agreement, with the following key expectations in particular:

- Ability to identify a clear and relevant scope of priority engagement: the score obtained for this question factors into the overall indicator score;
- Ability to define clear objectives aligned with expectations (implementation of transition plans aligned beyond mere decarbonisation targets, for carbon-intensive companies);
- Ability to link expectations to an operational response mechanism based on results (escalation process);
- (where applicable) policy on voting and tabling climate-related resolutions.

Given the residual uncertainty in the assessment due to the ambiguity of certain formulations, the decision was made not to report scores line by line but in aggregate form, in order to draw out the key lessons.

3.1.9.3. Key findings of the analysis

3.1.9.3.1. ACT assessment of engagement mechanisms

Overall view

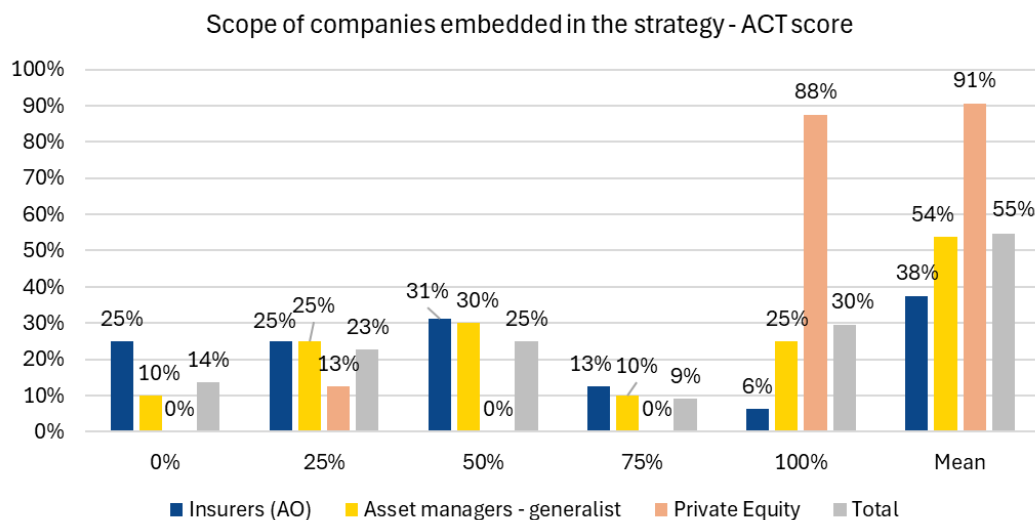
The average net score for the entire sample is 16%, which indicates, based on the available information, **a low capacity for the engagement to have an effective impact on achieving climate targets** within the sample under consideration. This finding should, however, be qualified by the following points:

- The information available from public databases is often rather general in nature, whereas the methodology operates with clear thresholds and criteria, which has led to a generally conservative analysis;
- The methodological construction of the score involves weighting the various key aspects of the framework (framework, objective, escalation process) by the scope score, which leads to the scores being 'flattened' (see the out-of-scope score below).



A trend is nevertheless emerging, with portfolio management firms that are closer to the companies and therefore achieve generally higher scores (over 60% for the best). Private equity benefits from a scope coverage score that is more easily attainable

Scope of engagement



How to read the data: the proportion of players having reached each level of the maturity matrix (from 0% to 100%) is shown, by population type. The overall average is provided on the far right.

The underlying principle is that it is better to focus efforts on a limited number of companies than to spread them thinly across a wide range of companies in a systematic but superficial manner. Thus, to achieve a 100% score, it is required **to engage with at least the 20 priority companies**⁴⁰, including all companies in the fossil fuel sector. The figure of 20 companies is conceptually derived from the principles of *net-zero* alliances, notably the NZAOA.

The 'prioritisation' metric may vary: contribution in terms of financed emissions, carbon intensity, categorisation in terms of climate alignment, etc. Lower scores result from a weaker engagement in terms of the number of entities or quantitative or sectoral coverage. Thus, a score of 50% is achieved if

⁴⁰ The case of a very high concentration of emissions in the portfolio is covered by an alternative coverage criterion of at least 80% of financed emissions, even if fewer than 20 issuers are covered.

the actor covers *at least* one-third of its emissions or the majority of companies in the fossil fuel sectors to which it is exposed, regardless of the corresponding amount of emissions covered.

In practice, most reports address the subject from a broad ESG perspective and provide generic prioritisation principles combining various aspects. Although engagement targets are mentioned fairly frequently (see 3.1.4.), it is therefore rare to be able to determine which purely climate-related criteria are likely to trigger an engagement, whether in terms of sector, prioritisation metrics or the number of companies involved: this explains why most ratings remain, out of caution, limited. The fact that a company claims to belong to a *net-zero* alliance – which, in theory, guarantees compliance with minimum engagement criteria – is not taken into account as such, as the translation of this engagement into concrete actions is not always available.

In its report, [Rothschild&Co AM](#) focuses on the engagement of players in the fossil fuel sectors, combining a presentation of the methods used with a focus on the main contributors to fossil fuel exposure. This focus makes it possible to quickly and easily identify that efforts are concentrated on relevant areas of focus, regardless of the quality of the proposed framework.

Furthermore, *private equity* firms, whose engagement process is intrinsic to the investment, mostly achieve the maximum score for this criterion.

Explanations are generally more detailed among general asset managers than among insurers, hence the higher score.

To better reflect their actual efforts, market participants are encouraged to clarify in their reports:

- The specific climate criteria that determine the prioritisation of engagement;
- The expression, ideally in the form of a target, of a coverage rate in terms of interest, for example via financed emissions or carbon intensity, or even better *via* a system for categorising corporate alignment, prioritising non-aligned companies in carbon-intensive sectors.

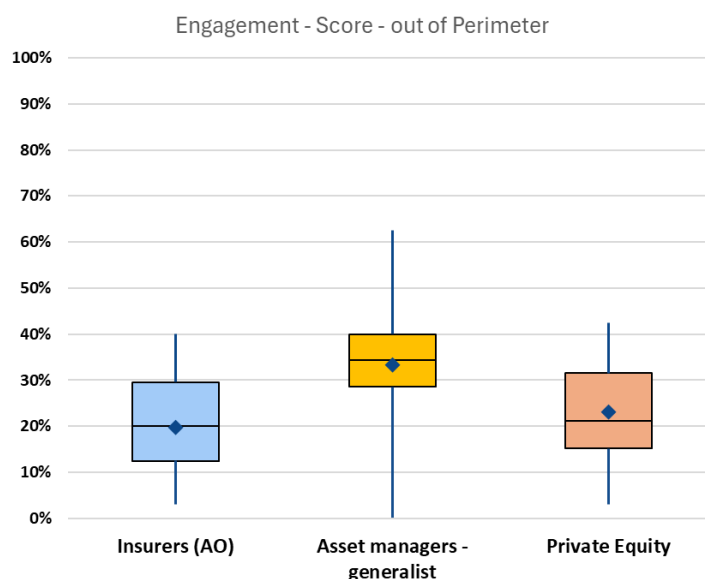
This approach can be applied to any relevant non-financial issue, such as biodiversity.

Gross engagement score

The 'scope' score has a significant impact on the final score (for example, if the out-of-scope score is 60%, a scope score of 50% will result in a final score of 30%). As seen above, this may be due more to a lack of information than to an actual situation where there is no substantial coverage. It is therefore relevant to also examine the 'raw' scores that do not take this scope effect into account (chart below).

As described above, the 'crushing' effect is particularly pronounced for insurers and generalist asset management firms. The dominance of generalist asset management firms is maintained, but the mean and median scores remain below 50%, which is usually used in methodological calibration as a benchmark for a satisfactory situation. The average score, excluding the scope of the analysis, rises from 16% to 27%, **which remains low**, for the reasons set out below, by major themes addressed by the methodology:

- The engagement framework
- The objectives of the engagement
- The existence of an escalation process
- Climate voting policy



Engagement framework

The purpose of this indicator is to determine whether the institution has established a formalised engagement framework regarding climate issues. To achieve 100%, a formalised strategy is required, with clear, time-bound targets in terms of coverage and explicit monitoring. Here again, the ‘public’ nature of the reports does not allow for a comprehensive understanding of all aspects specifically related to climate: it is rare for targets and monitoring to be clearly set out.

As a best practice, [AXA IM](#) proposes in its report to cover 70% by 2025 and 90% by 2030 of “*financed emissions from companies operating in key sectors*”, with associated monitoring.

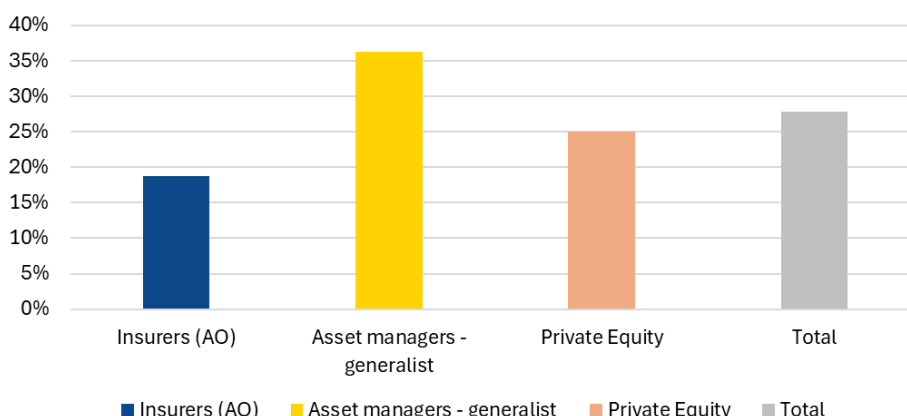
Other players stick to phrases that remain vague insofar as they are not backed up by a clear process. For example: “*The theme of the energy transition is a central element of our approach, in line with [our] purpose*”.

Finally, conversely, other stakeholders claim not to set predefined criteria and limit the scope of their engagement: “*We firmly believe in a stakeholder-focused management philosophy and, in terms of engagement, we engage in dialogue with company management teams, board members, sector experts and other stakeholders regarding our equity and bond positions. As such, the engagement policy [...] has not defined any pre-set criteria to identify a narrow scope of companies on which to focus our strategy. Consequently, it applies to all companies in our portfolios. However, whilst engagement can be the catalyst for real change in companies’ ESG ambitions and performance, we recognise that engagement is not always successful. Without seeking to micromanage or steer companies by telling them what to do, we consider our role to be that of a capital manager, helping companies define their direction in order to support a positive trajectory.*”

Without in any way questioning the actors making these choices, the logical consequence of such an approach is a structural weakness in the potential impact that an engagement strategy developed under these auspices can deliver.

These two factors—the lack of public information and the choice of a restrictive stance—explain the overall low scores on this criterion.

Engagement framework - ACT score

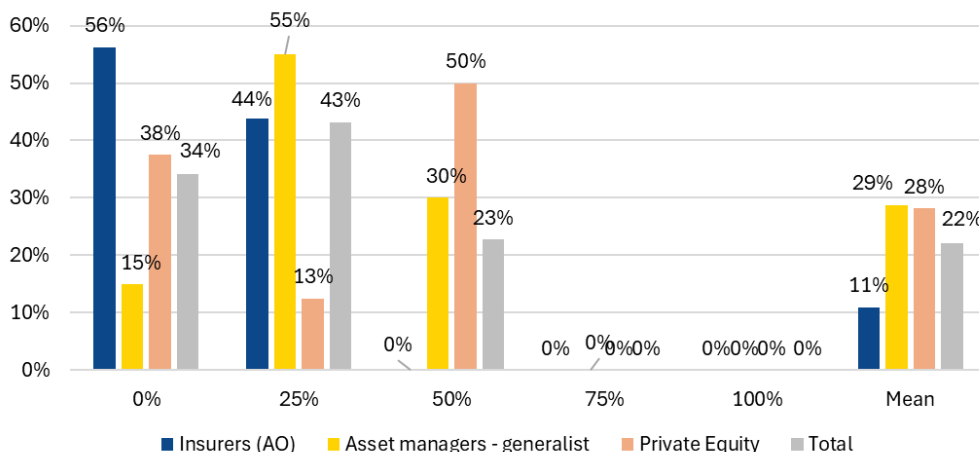


Here again, in order to better reflect their actual efforts, market participants are encouraged to clarify in their reports the climate targets set and how they are monitored.

Engagement objective

The nature of the engagement objectives is assessed: is the aim to improve the publication of company data? To call for ambitious decarbonisation targets? Accompanied by a transition plan? Whilst the answer will naturally depend on the maturity of the company in question, it is considered that the most relevant objective for the largest companies in carbon-intensive sectors – which form part of the investment universe of most of the players in the sample – is to urgently put in place a transition plan. For companies in the fossil fuel sectors, halting the expansion of resources should also be a priority objective. In relation to these factors, requesting a ‘simple’ decarbonisation target aligned with its peers, without the associated transition plan, is weighted at 50% by the methodology. In practice, a ‘glass ceiling’ is observed at this level, as shown in the graph below.

Objectives/ambition - ACT score



In a significant number of reports, specific climate engagement topics are not mentioned, or only as isolated examples. Various reports present objectives that remain at a general level or are limited to the disclosure of information, such as encouraging companies to:

- “implement ambitious decisions to combat climate change and adapt to it
- publish their GHG emissions
- communicate the risks associated with climate change, support for employees during the transition, and biodiversity loss
- implement ambitious decisions regarding the protection and restoration of biodiversity, and to publish their impacts on biodiversity and the risks associated with biodiversity loss to which they are exposed

- implement ambitious measures to protect human rights, disclose their impact on human rights and the risks associated with human rights abuses to which they are exposed
- improve corporate governance”






The absence of a minimum structural ambition therefore limits the score achieved. Some players outline the need to adopt a transition plan, but none of the players studied appear to have established this as a core objective, with specific expectations regarding the content of the plans.

Whilst the indicator is less well calibrated for *private equity* as it focuses on more realistic expectations than for large companies, it is this sector that has the highest proportion of top scores (half of the sample at 50%). This is due to several players structuring their approach around the SBTi initiative.

Thus, [Antin Infrastructure Partners](#)⁴¹ “now requires all its portfolio companies to measure their Scope 1, 2 and 3 emissions annually within two years of acquisition, and to define a decarbonisation plan using, where possible, SBTi methodologies as the standard. Since January 2024, Antin has also required that all pre-investment due diligence processes assess the target company’s carbon footprint and the decarbonisation initiatives it has put in place, as well as the feasibility of setting and achieving SBTs during the holding period.”

Furthermore, Tikehau sets out transition objectives in its [engagement and voting policy](#):

For all funds launched since 2022, the Private Equity team collaborates with the ESG team to implement Tikehau Private Equity’s Sustainability Must-Haves. These consist of five key objectives outlined below:

TOPIC	TIMELINE IMPLEMENTATION	FOR	TARGET COVERAGE
 At least one external board member ¹	-	-	100%
 A Sustainability roadmap	In the 12 months following the acquisition, where we hold more than 25% of the equity	-	100%
 Discussing sustainability topics at board level at least annually	Annual	-	100%
 Carbon footprint assessment	In the 12 months following the acquisition	-	100%
 Carbon reduction plan, aligned with Science-based targets where possible	In the 24 months following the acquisition starting with 2022 investments, where we hold more than 25% of the equity	-	100%

(1) To be considered External Board Member, the person shall not be employed by Tikehau Capital, nor the Company, and shall not own more than 10% of the Company’s shares. The member may be voting or non-voting.

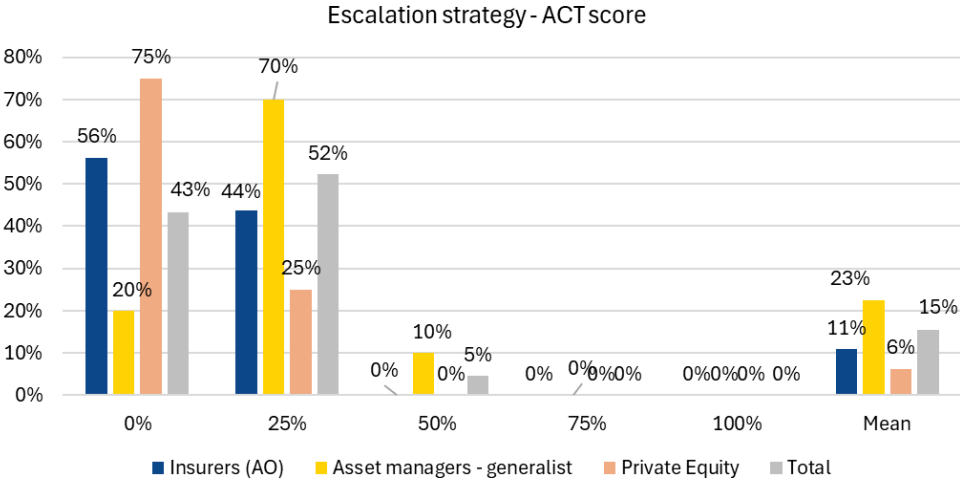
There is no guarantee that the Sustainability Must-Haves will be achieved, but Tikehau Capital deploys best efforts to encourage portfolio companies to adopt these standards.

Escalation process

An engagement cannot be considered effective unless it is followed up with action, particularly when the company for which a target has been set is not making satisfactory progress. This indicator therefore assesses the quality of the ‘escalation process’ put in place, i.e. the measures envisaged and known in advance by the company in the event of non-compliance. To achieve the maximum score, this process must be systematic, extend to the possibility of divestment, and be implemented within a reasonable timeframe. The systematic nature of the process, in particular, is essential to ensure the mechanism has

⁴¹ Which has the specific feature of seeking a majority stake or joint control of the companies invested in.

a minimum level of credibility (50%). In practice, we therefore observe once again a **‘glass ceiling’**, as illustrated by the graph below.



Nevertheless, most of the reports or engagement policies to which they refer do address the issue (see the 25% proportion of stakeholders assessed), which shows that it is not being ignored.

Various interesting measures are cited by the stakeholders; see, for example, Crédit Mutuel Asset Management’s framework in its [engagement policy](#):

“Each formalised engagement will be reviewed annually to determine whether a level of escalation needs to be triggered. The first two levels are available and actionable during the three-year engagement period. At the end of the three years, the assessment phase may lead to various actions:

1. Enhanced dialogue – possibly with representatives at board level
2. Open letter/public article on the engagement
3. Questions and a vote at the Annual General Meeting
4. Filing or co-filing of a resolution
5. Halting investments/underweighting the issuer
6. Divestment with a restriction on reinvestment

Not all of these steps will necessarily be implemented in sequence for each of our engagements, but they form part of the toolkit at our disposal. For most engagements, we will apply step 1, and for engagements where failure is evident, we may proceed as far as step 6, divestment. In all cases, steps 2 to 6 must be discussed and approved by the members of the Stewardship Committee.”

Among the players implementing an explicitly monitored process, [AXA IM](#) describes a ‘3 strikes or you’re out’ policy, which ‘[is] a vigorous and proactive climate engagement policy. [...] It includes a selection of companies that have no carbon neutrality commitment, or that have set quantified emissions reduction targets which are not considered credible or sufficiently ambitious. Clear targets are defined for each of these companies, which align with our climate risk and engagement policies, are tailored to their activities, and are communicated to their management upon engagement. AXA IM regularly engages with these companies to guide them towards progress on these targets, using escalation techniques where necessary (for example, by voting against management). If our most significant requests are not addressed satisfactorily after three years, we divest.

Like the previous one, this indicator is not entirely suitable for *private equity*, insofar as, on the one hand, the pre-investment *due diligence* process already allows for the exclusion of potential targets that would not meet expectations—particularly regarding climate issues—and, on the other hand, divestment from a highly illiquid asset raises questions. On the other hand, the application of significant escalation clauses to various aspects, including in particular the remuneration of the management team, seems entirely possible in theory, but has not yet been observed.

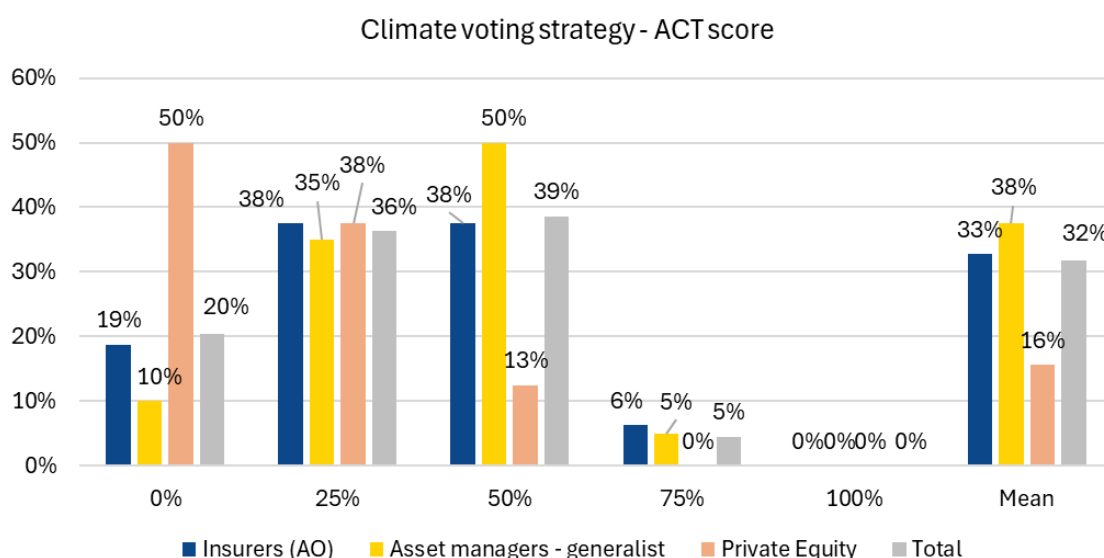
Voting policy

This indicator is triggered only if the financial institution invests in equities, which is the case in practice for the entire sample excluding real estate asset management companies.

The aim of the indicator is to identify the extent to which the financial institution uses its voting strategy and, more broadly, its strategy for engagement at general meetings to support the climate transition. The different levels recognise the structuring of the framework and the integration of climate requirements, typically the establishment of guidelines on what may constitute ‘red lines’ triggering protest votes, ideally broken down by sector, or participation in the tabling or supporting of climate resolutions.

The results reveal varying degrees of maturity: some reports discuss voting policy from a purely quantitative perspective (number of votes, resolutions, possibly with an environmental focus) without providing specific information on climate-related aspects, whilst others address the subject from a principled standpoint⁴². Still others refer to or link to dedicated sections of the voting policy, which often simply include notions of favouring certain resolutions⁴³, but sometimes go as far as setting out specific expectations. Finally, some mention that they are in the process of developing a dedicated policy.

Here again, general or non-binding descriptions (‘favours’, ‘supports’) may potentially cover sophisticated practices and in-depth qualitative analysis, but may also reflect a simple adherence to a service provider’s guidelines (typically ISS) without the financial institution taking ownership of them. In the absence of any means to distinguish between these, a conservative rating is applied. This context leads, as a precaution, to no cases being awarded the highest rating.



Private Equity maintains a specific report on voting policy: given the smaller and more ‘active’ shareholder base, issues will not necessarily be raised at general meetings. Nevertheless, the issue of climate change is noted in the voting policy for half of the sample, with no particular specifics identified (potentially covering the larger-cap assets invested in by these players).

⁴² For example, stating that the financial institution “is committed to ensuring that environmental resolutions are addressed in a way that reduces negative environmental impacts and provides a concrete response to a company’s climate strategy in accordance with the highest standards (TCFD standards). Thus, [the financial institution] will vote in favour of resolutions aimed at increasing corporate transparency on climate targets (transparency regarding the scenarios used, alignment with the Paris Climate Agreement). Furthermore, to be supported, the resolution must have ambitious and achievable targets; the final voting decision is also made in light of the company’s ESG quality.”

⁴³ For example, a stakeholder’s voting policy may state that it is “in favour of regular consultation with shareholders via resolutions on the group’s climate and/or biodiversity strategy” or that it “will support shareholder resolutions aimed at disclosing more information on the company’s environmental practices”.

In terms of notable practices, the following points can be highlighted:

Introducing a protest vote on the approval of financial statements, the re-election of directors or executive remuneration in the event of non-compliance with certain climate-related requirements. Even if the resolutions are not passed, a significant level of opposition can send a signal to the market and to management.

For example, Crédit Mutuel Asset Management's [voting policy](#) provides for a sanction vote on the financial statements.

CHANGEMENT CLIMATIQUE

Crédit Mutuel Asset Management accorde une importance particulière à la lutte contre le changement climatique. C'est un des thèmes d'engagement auprès de certaines entreprises en direct ou au sein de coalitions. Cet engagement est appuyé par une politique de vote exigeante qui fait de la lutte contre le changement climatique l'affaire de tous, en distinguant cependant les potentiels d'action selon le secteur et la taille des entreprises. Les critères examinés sont de 3 ordres :

Réponse au questionnaire du CDP	Engagement sur des objectifs de réduction des émissions CO2 validés par le SBTi	Présentation en Assemblée Générale d'un 'Say on Climate' ou d'un 'Progress Report' sur le climat
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- Crédit Mutuel demande aux grandes entreprises (Large caps) des secteurs les plus carbo intensifs de respecter 2 des 3 critères.
- Crédit Mutuel Asset Management demande aux entreprises des autres secteurs (moins émetteurs de CO2) ou aux petites et moyennes entreprises (Small & Mid caps) de respecter 1 des 3 critères énoncés.

Si ces critères ne sont pas respectés Crédit Mutuel Asset Management votera contre l'approbation des comptes financiers.

It should nevertheless be noted that the three alternative conditions are not of equal 'weight' (in ascending order of importance: a 'disclosure' issue, a consultative governance issue, and a third-party-validated decarbonisation commitment):

Arkea AM, for its part, votes against the person deemed to be in charge in the absence of a net-zero target for CA100+ companies or those in climate-exposed sectors, cf. its [voting policy](#):

"For companies included in Climate Action 100+ and those operating in the sectors most financially exposed according to the Sustainability Accounting Standards Board (SASB), the policy votes against the chair of the board of directors if a company has not adopted a net-zero emissions target or ambition. For other companies, the policy votes against the chair of the board of directors in cases where companies have not set forward-looking targets for reducing GHG emissions. In both cases, if the chair of the board of directors is also the company's chief executive officer, the policy will vote against the chair of the audit committee instead."

More generally, the pre-published voting intention is one of the escalation techniques cited by certain stakeholders, in this case AXA IM in its engagement policy: *"Making our approach public, in particular by disclosing our voting intentions prior to the company's Annual General Meeting, by asking a question at the meeting or by issuing an official statement to set out our concerns."*

BNP Paribas AM's [voting policy](#) sets out in greater detail the guidelines for voting in favour, against or abstaining on various criteria, including the integration of climate criteria into executive remuneration (p. 16) and the tabling of Say on Climate resolutions (p. 20).

Finally, several stakeholders provide detailed post-vote analyses of specific case studies and publicly state whether they voted for or against certain resolutions, notably the 'Say on Climate' resolutions. This is particularly true of [Generali Vie](#), which explains in its report the reasons for voting against certain 'Say on Climate' resolutions:

Say-on-Climate

Generali Vie a soutenu les plans de transition climatique soumis par la direction des entreprises pour Amundi, National Grid et Unilever mais Generali Vie a voté contre les plans de transition de TotalEnergies, Repsol, Shell et SSE PLC. Ils sont justifiés par les évaluations du Groupe Generali sur la base de critères décrits ci-dessous :

	Repsol	Shell	TotalEnergies
Engagement Net-Zero d'ici 2050			
Progression dans le référentiel CA100+ Net-Zero			
Trajectoire de réduction des GES sur des données scientifiques en ligne avec 1,5°C			
% du chiffre d'affaires & croissance des CAPEX alignés à la taxonomie			
Lobbying en ligne avec l'Accord de Paris			
Soutien aux mécanismes de tarification du CO ₂			
Commencer à réduire les émissions sans tarder			
Alignement sur la TCFD			

Critères respectés
 Critères partiellement respectés
 Critères non respectés

When presenting examples, it is particularly helpful to know the final outcome of the vote. For example, [Swiss Life Assurance et Patrimoine](#), like others, presents the case of a resolution tabled by 27 institutional investors asking “the company to align its medium-term greenhouse gas (GHG) emission reduction targets, specifically Scope 3 emissions arising from the use of its products, with the objectives of the Paris Agreement”. The reasons given by the shareholder are specified, as is the result (“The proposal received the support of 18.6% of shareholders”).

3.1.9.3.2. Collective engagement

Global levers

Some stakeholders clearly distinguish in their reports between individual engagement and collective or collaborative engagement.

Among the latter, [Groupama GAN Vie](#) provides a summary table detailing the initiative joined, the target set and the result achieved:

L'engagement collaboratif

Participer à des initiatives collectives permet à la fois de mutualiser les ressources et de parler d'une seule voix aux entreprises. En effet, la clarté du message vis-à-vis des dirigeants peut être renforcée et le dialogue plus efficace lorsqu'un groupe d'investisseurs partage une même analyse sur des sujets ESG. **En 2024, Groupama AM était associé à 6 initiatives collaboratives, dont 5 nouvelles :**

Initiative	Objectif	Résultat	Statut
Coordination Phitrust - Résolution en AG - TotalEnergies	Demander à consacrer les actions rachetées ou financement des énergies renouvelables au lieu de les annuler.	Le quorum n'a pas été atteint.	Clôturé
FollowThis - AG Shell 2024 - Co dépôt de résolution	Participer au dépôt d'une résolution commune à l'AG 2024 de Shell visant à, via un vote consultatif, obtenir de la société d'aligner ses objectifs de réduction d'émissions à moyen terme couvrant les émissions de gaz à effet de serre (GES) liées à l'utilisation de ses produits énergétiques (Scope 3) avec l'objectif de l'Accord de Paris sur le Climat.	La résolution a reçu un taux de vote favorable de près de 20%.	Clôturé
Courrier adressé à ENI, Shell, BP	Co-signature d'une lettre adressée à ENI, Shell et BP avec Candriam/Reclaim Finance sur leur stratégie d'expansion des énergies fossiles au détriment des énergies renouvelables, assortie d'un vote d'opposition en cas de renouvellement du président du CA selon notre politique de vote.	Vote contre le cas échéant contre les réélections des présidents du CA en cas de renouvellement en cas d'absence de progrès.	Clôturé
PRI - Say on climate - Footsie 100	Signature d'une lettre commune adressée aux sociétés du Footsie 100 n'ayant pas soumis de Say on climate en AG depuis 2022 pour les inciter à débattre en AG de leur plan climat.	A observer durant période AG 2025.	En cours
FIR - Club SMID / Gouvernance	Adresser ID Logistics sur des sujets de Gouvernance.	Société relancée plusieurs fois.	En cours

Unfortunately, this practice remains too uncommon. In particular, certain levers are regularly cited by stakeholders:

- campaigns to encourage companies to respond to CDP questionnaires;
- campaigns to encourage companies to adopt SBTi-validated decarbonisation targets;
- actions carried out under the CA 100+ initiative, with investor relations duties shared among members.

Systematically presenting or referring to the results of these efforts and their potential impact on investor relations helps to make the efforts undertaken more tangible. Furthermore, in the event of mixed results, it may be worthwhile to provide explanations regarding any reluctance on the part of certain companies, and how acceptable this is from the financial institution's perspective: *the business model* underlying the CDP and SBTi initiatives and potential alternatives identified by the company, factual situations where the analytical framework is not suited to the company, etc.

Net Zero Alliances

A large majority of insurance companies and general asset managers state in their reports that they are members of 'Net Zero' alliances (NZAM, NZAOA). The overall trajectory of these alliances has been significantly disrupted in 2025, with the NZBA having announced the cessation of its operations in October 2025, whilst the [NZAM](#) is currently undergoing a restructuring. The NZAOA, however, does not appear to have suffered any repercussions from this situation in terms of its institutional functioning.

The latter [requires its members](#) to engage with the 20 highest-emitting companies in the portfolio or those accounting for 65% of the portfolio. In practice, however, this principle is not consistently reflected in members' 29 LEC reports. Furthermore, when the information is presented, it is often in general terms, without providing details:

- The metric or overall process used to identify these 20 companies (financed emissions, absolute emissions, carbon intensity, a combination of several qualitative or quantitative criteria?)
- The list of companies involved, or at least the sectors to which they belong
- What is specifically required of them in terms of targets
- The monitoring of this engagement.

The absence of these various elements – which are largely incorporated into the structure of the ACT Finance assessment (see *above*) and which, in particular, explains the low scores – is highly detrimental to the member insurers' ability to demonstrate the effectiveness of their transition plans.

More generally, the 29 LEC reports from members of the Net Zero Alliance would benefit from presenting, more explicitly in the relevant sections, these alliances, the targets set in this context and the monitoring of these targets.

In this regard, the example of [Predica's](#) report can be highlighted, with a dedicated section within the climate section:

6.4 ADHÉSION À LA NET ZERO ASSET OWNER ALLIANCE

La Net Zero Asset Owner Alliance réunit des investisseurs institutionnels s'engageant pour la neutralité carbone de leur portefeuille d'investissements, avec pour objectif principal de limiter la hausse de la température moyenne globale à 1,5°C. L'adhésion à cette alliance implique de s'engager dans une transition des portefeuilles alignée avec les objectifs de l'Accord de Paris, de rendre compte régulièrement des progrès accomplis et d'établir des objectifs intermédiaires tous les 5 ans. Ces engagements sont encadrés par le TSP (Target Setting Protocol) révisé chaque année et dont la mise en œuvre par les membres de l'alliance est attendue dans les 12 mois suivants la publication de chaque révision.

Sur une matrice de quatre types d'objectifs, le signataire doit en définir trois :

- ✓ Un objectif de réduction d'émissions de CO₂ au niveau des portefeuilles,
- ✓ Un objectif de réduction d'émissions de CO₂ au niveau des secteurs,
- ✓ Un objectif d'engagement (obligatoire pour tous les membres),
- ✓ Un objectif de financement de la transition.

Dans le cadre de ses engagements climatiques, le Crédit Agricole Assurances a intégré la NZAOA en octobre 2021 et s'est engagé en octobre 2022 (selon la première version du TSP de 2021), à réduire les émissions de CO₂ dans ses portefeuilles. Crédit Agricole Assurances a défini comme objectif une réduction de l'empreinte carbone de -16 % à -29 % d'ici 2025 (par rapport à 2019), notamment en dialoguant avec les entreprises les plus émettrices et en investissant dans les énergies renouvelables. Ces engagements ont été réhaussés à horizon 2030 et seront a minima revus tous les 5 ans.

ADHÉSION À L'ALLIANCE NET-ZERO ASSET OWNER

Objectif : limiter la hausse de la température moyenne globale à 1,5°C.

	Objectifs 2025	Objectifs 2030
<p>S'engager vers une transition des portefeuilles d'investissement à émission Net zero de GES à 2050</p>	<p>1/ Baisser l'empreinte carbone de 25% (par million d'euro investi) du portefeuille d'investissement en actions et obligations corporates cotées et immobilier détenu en direct d'ici 2025 (2019 année de référence).</p>	<p>1/ Baisser de 50% l'empreinte carbone (par million d'euro investi, scopes 1 et 2) de son portefeuille d'investissement en actions et obligations corporates cotées et immobilier détenu en direct d'ici fin 2029 (2019 année de référence).</p>
<p>Rendre compte régulièrement des progrès accomplis</p>	<p>2/ Augmenter la capacité de production des installations d'énergies renouvelables, en contribuant au financement de 14GW d'ici 2025.</p>	<p>2/ Effectuer un reporting annuel des progrès réalisés en matière d'investissements favorables au climat et participer activement aux travaux et groupes de discussion du « Transition Financing Track » de la NZAOA relatifs aux investissements dans des solutions favorables au climat. Crédit Agricole Assurances s'engage en effet à ce qu'un collaborateur participe à ces travaux jusqu'en 2030.</p>
<p>Établir des objectifs intermédiaires tous les 5 ans</p>	<p>3/ Engager le dialogue actionnarial avec au moins 20 entreprises en portefeuille, parmi les plus émettrices.</p>	<p>3/ Poursuivre l'engagement des 20 entreprises les plus émettrices du portefeuille.</p>

6.4.1 ATTEINTE DES OBJECTIFS NZAOA

Crédit Agricole Assurances s'est engagé à réduire l'empreinte carbone de son portefeuille d'actions, d'obligations cotées d'entreprises et d'actifs immobiliers en direct de 25% entre 2019 et 2024. Ce portefeuille représente 129,5 Mds€ soit 43% des encours totaux (299 Mds€). A fin 2024, l'empreinte carbone du portefeuille d'actions cotées, d'obligations cotées d'entreprises et d'actifs immobiliers détenus en direct s'élève à 38 teqCO₂/M€ investis (vs 87,3 teqCO₂/M€ investis en 2019) soit une baisse de 56,5%.

It is worth noting that the engagement objective is also mentioned as an area for improvement in the 'engagement' section, which suggests that it had not yet been fully achieved or implemented at the time of writing the report:

4.3 PLAN D'AMÉLIORATION CONTINUE

L'année 2024 a été le premier exercice d'application du processus opérationnel de la politique de vote de Crédit Agricole Assurances. Un retour d'expérience avec les différents interlocuteurs, notamment les gérants et administrateurs représentants et également les membres de l'équipe RSE a pu être réalisé.

Pour 2025, Crédit Agricole Assurances poursuit ses efforts pour développer son engagement et ses pratiques de vote auprès des émetteurs et des administrateurs représentants. Un travail est notamment prévu pour définir et mettre à disposition des administrateurs représentants des guides adaptés, suivant le secteur des émetteurs, regroupant les meilleures pratiques. L'objectif est d'enrichir le savoir et les pratiques des administrateurs représentants sur les thématiques extra-financières, pour qu'ils puissent accompagner au mieux les participations stratégiques.

En parallèle, Crédit Agricole Assurances poursuit son travail avec Amundi, pour assurer au mieux son engagement auprès des émetteurs faisant partie des 20 plus gros émetteurs de CO₂, dans le cadre de son adhésion à la NZAOA.

3.1.9.3.3. Stakeholder engagement

Engagement of AM by AO

See the '3.1.3.2' section.

Engagement of proxies

In practice, to guide them in their decisions, particularly regarding voting at general meetings, financial institutions rely on specialist *service* providers (known as '*proxy* advisors' or '*proxies*'). Whilst Glass Lewis and ISS share the bulk of the global market, ISS is the most frequently cited in 29 LEC reports.

The high concentration in the sector makes these players' influence very significant. However, and when they are cited, they appear to be perceived in the reports as mere service providers. Whilst some reports highlight the need to not always follow the recommendations made, backed by statistics, no substantive discussion has been noted regarding the quality of the advice they provide on climate issues, *let alone* any evidence of a commitment on their part to improve their practices.

This report therefore highlights the significant value of questioning and engaging the various stakeholders on their advisory practices regarding votes on sustainability issues, particularly climate-related ones. As this lever for action is both powerful and indirect, it appears straightforward for financial institutions to implement in terms of resources. In very concrete terms, the following engagement themes can be envisaged:

- Taking climate considerations into account in executive remuneration, notably by requiring genuine safeguards rather than the achievement of averaged ESG results that mix highly disparate issues;
- Taking climate considerations into account in the election or re-election of members of the company's governance body;
- The opportunity to propose 'Say on Climate' resolutions and voting criteria to assess them, particularly in a European context where CSRD information is available;
- Consistency or, conversely, fragmentation in the services offered by these players to cater to different profiles (for example, the development of advisory profiles for players who wish specifically to take climate considerations into account, or conversely to reject them, which would result in overall inconsistency and the emergence of 'misaligned' *business models* among these *proxy advisors*⁴⁴).

Among the possible levers for escalation, diversifying advisory sources in the event of shortcomings on the part of the major players could be considered, which would go hand in hand with a form of regaining sovereignty over these sensitive issues, given that the two major players are American.

3.1.9.3.4. Proposals to stakeholders

Whilst the '29 LEC' framework provides, in its section on environmental, social and governance issues, for the provision of information without explicitly naming each of the underlying issues, it should be noted that, to be effective, an engagement cannot remain at a general level of expressing a desire to contribute to the SDGs or to encourage environmental practices without explicitly naming the issues in question and the underlying objectives.

Thus, market participants who have not already done so are encouraged **to expand the description of their engagement and voting framework** to include clear sections relating to each issue in question, including in particular climate change. They are invited, as some already do, to explicitly comply with the sub-sections of Section III-4 of the Decree, including in particular the provision 'e) *Decisions taken regarding investment strategy, particularly regarding sectoral divestment*'.

In order to structure their climate engagement, and in particular to ensure relevant requests, the analysis of transition plans, based on the various pillars (objectives, action plan, engagement, governance, etc. – see 3.1.8), is the most appropriate way forward for the most critical stakeholders, who must be at the heart of the framework. If a financial institution feels it is too small to make any meaningful impact, it can encourage the formation of a strong and coherent collective engagement based on these principles.

⁴⁴ See, in particular, the strategic change announced by [Glass Lewis](#).

Furthermore, the engagement of smaller stakeholders remains relevant, particularly if the financial institution's influence becomes more significant. It is therefore important to adapt the nature of the requests to the size and criticality of the engaged company. To this end, the following target vision can be proposed as a first step:

Engagement objective		Negative climate impact		
		High	Medium	Low
Size	High	Implement a robust, aligned transition plan	Establish a transition plan	Set aligned decarbonisation targets
	Medium	Establish a transition plan	Set aligned decarbonisation targets	Carry out a carbon assessment
	Small	Set aligned decarbonisation targets	Set aligned decarbonisation targets	Carrying out a carbon assessment

Beyond simply formulating the request, the financial institution can act as a partner to the business and direct it towards the various resources that can assist it on its journey, such as:

- BPI's [Diag Decarbon'Action](#) to set an initial milestone
- the implementation of a [step-by-step ACT](#) to develop a transition plan, including aligned targets (for which the SBTi initiative can also provide guidance)
- Conducting an [ACT assessment](#) to obtain a detailed analysis of the various strengths and weaknesses of the existing transition plan.

3.1.10. Phasing out fossil fuels

3.1.10.1. Summary

This section reviews the coal, oil and gas exclusion policies of the organisations in the sample, notably using the ACT Finance methodology to assess their relevance. The findings are broadly in line with those set out in the various reports monitoring the commitments of the French supervisory authorities (see [the fourth](#) and final report published in April 2025): regular updates to policies, but a lack of consistency in practices (thresholds, scope). The following points are particularly worth highlighting:

- Coal policies are generally in place and of good quality (the ACPR/AMF report highlighted a decline in coal exposures, particularly among insurers);
- Oil and gas policies, which are the majority but less common, often confine themselves to so-called 'unconventional' activities, which are only peripheral to the issue in terms of the effort required for the Transition, since it must be remembered that they emit as much GHG upon consumption as so-called 'conventional' oil and gas, but also pose additional challenges given the specific nature of their extraction methods and the environmental risks associated with extraction.

With regard to oil and gas policies, **highly questionable justifications** for limiting their ambition have occasionally been noted: invoking the recommendations of regulators to justify late deadlines and a narrow scope, or arguing that oil and gas are part of the aligned energy mix without contextualising the need for a drastic reduction in consumption.

Furthermore, it is sometimes mentioned that exclusion remains one lever among others, and is potentially counterproductive (it no longer allows for engagement, and prevents the operator from proceeding with its transition). Whilst there is some truth to this reasoning, it is emphasised that, overall, stakeholders are not implementing mechanisms that would enable them to ensure that the residual allowances are allocated to entities actually undergoing transition, or to set minimum conditions. The analysis carried out on engagement mechanisms (see 3.1.9) also highlights the limitations of this lever in terms of potential impact. In the absence of a broadly coherent approach linking exclusion, commitment and analysis of stakeholders' climate alignment, such an argument therefore appears **untenable**.

These recurring comments have, however, not led to any significant improvement in practices over recent years. One potential point of tension could be highlighted: going further in terms of exclusion or conditions would amount to affecting the investment universe of market participants too substantially, given that coal has historically had a smaller presence than the Oil & Gas sector. In light of this situation, the need to act with clarity (i.e. to be able to discern the degree of (non-)alignment of stakeholders), pragmatism (striving to choose the least worst options) and, above all, consistency in communication – particularly towards the general public – is reiterated. Thus, whilst it does not appear possible to raise the ambition of oil and gas policies, it seems appropriate **for stakeholders to clarify in their forthcoming Art. 29 LEC reports** the gap observed between the expectations of an aligned world and their own room for manoeuvre regarding the oil and gas sector, in order to explain the limits of their current policy. The section on improvements could help identify external dependencies, which would enable them, where appropriate, to make progress in this area.

On a more positive note, the following practices are highlighted:

- The gradual harmonisation of the use of Urgewald;
- Interesting approaches to identifying non-aligned oil and gas actors, such as that developed by Abeille Assurances based on the 'brown' CPAEXs identified by the CA100+;
- Linking engagement and exclusion levers more explicitly within comprehensive policies, based on relevant analyses of stakeholders: transition plan, *phase-out* plan.

3.1.10.2. Context

The provisions of Article 29 of the LEC Article D. 533-16-1(III-6)(f) of the Monetary and Financial Code requires information on “Changes made to the investment strategy in relation to the strategy for alignment with the Paris Agreement, and in particular the policies put in place with a view to a phased exit from coal and unconventional hydrocarbons, specifying the chosen exit timetable as well as the proportion of total assets under management or held by the entity covered by these policies”.

The following analysis aims to present the main features of the policies implemented in the coal and hydrocarbon sectors. To assess the quality and comprehensiveness of these policies, the dedicated modules of the ACT Finance methodology were used. These are broadly consistent with the methodologies and frameworks developed respectively by the NGOs Reclaim Finance⁴⁵ and Urgewald⁴⁶. As described in the appendix 5.4.2, the modules consist of maturity matrices based on the following indicators:

Coal		Oil and Gas	
Indicators	Weighting	Indicators	Weighting
- Project expansion exclusion	25%	- Project expansion exclusion	25%
- Company expansion exclusion	25%	- Company expansion exclusion	25%
- Relative threshold	10%	- Phase-out	25%
- Absolute threshold	10%	- Unconventional Arctic	5%
- Phase-out strategy	25%	- Unconventional Fracking	5%
- MRV	5%	- Unconventional Tar Sands	5%
		- Unconventional Ultra-deep water	5%
		- MRV	5%
Contextual factors		Contextual factors	
- Scope of application	50%	- Scope of application	50%
- Existence and management of exceptions	50%	- Existence and management of exceptions	50%

The expectations are broadly as follows:

- To set out a roadmap for phasing out these sectors that is consistent with the expectations of the NZE 2050 scenario (2030 for OECD countries / 2040 for non-OECD countries) and to cease supporting expansion activities deemed unnecessary according to the scientific consensus;
- Be able to capture all entities referenced in the Urgewald GOGEL and GCEL databases;
- With regard to oil and gas, particular attention is paid to unconventional activities.
- In this context, policies must apply to all assets (whether managed directly or indirectly, in open-ended or dedicated funds, general assets or unit trusts). Furthermore, any exceptions must be managed and justified (typically, assets should not be excluded but rather supported if a credible and robust transition plan is presented).

Each indicator is assessed on a scale of 0 to 100%. The weighted total score is first expressed as a gross figure, before being prorated by a composite of the two policy context indicators. The tables listing individual investors at the end of this section show the gross and final scores.

The results of these analyses by investor are presented in the tables at the end of this section.

3.1.10.3. Presence of a sectoral policy

The table below shows the frequency of sector-specific policies relating to coal or oil and gas.

⁴⁵ [Coal Policy Tracker](#) and [Oil and Gas Policy Tracker](#)

⁴⁶ [Global Coal Exit List \(GCEL\)](#) and [Global Oil and Gas Exit List \(GOGEL\)](#)

Policy	Insurers	Asset managers	PE	GEN	RE	Total
Coal	100%	76%	88%	95%	0%	84%
Oil & Gas	100%	59%	75%	70%	0%	72%
Reminder: sample size	16	34	8	20	6	50

Although in theory they may be affected (notably through the ownership of petrol stations or depot infrastructure), no exclusion policy was identified among real estate asset management companies, which were therefore excluded from the rest of the study.

The presence of a coal policy is almost universal, whilst an oil and gas policy is common. No cases of an oil and gas policy without a coal policy were identified.

Among the reasons cited for the absence of a policy is the lack of inherent exposure to the investment universe. For example, [Ardian](#), a private equity asset management firm which does, however, have a coal policy, states: “ARDIAN has not formalised a commitment regarding the phasing out of unconventional hydrocarbons from its portfolio as ARDIAN’s exposure is considered insignificant.” The wording could be improved to clarify how “significant” is assessed, particularly given the information on the level of coal exposure: “Based on an analysis conducted in 2025 using 2024 data, ARDIAN generally has no exposure to thermal coal for direct investments, and for indirect investments, exposure is generally limited (generally <1% of assets under management for the funds tracked, based on available data).” It may therefore be appropriate to clarify the content of the statement, for example by providing a statistic on a given fund’s maximum exposure to the sector, accompanied by any relevant justifications.

The following sections detail the overall score of the policies analysed using the ACT methodology, first as an overview, then by explanatory factors (contextual indicators, indicators contributing to the raw score).

3.1.10.4. Overview of policy scores

The results of the analyses are summarised by type of actor in the tables below. Real estate asset management companies are not included in this analysis, even if they have formulated a policy (only a small minority have done so), as their inherent exposure to fossil fuels is virtually zero (with the exception of infrastructure such as petrol stations). It should be noted that the scores presented are net scores, i.e. they take into account the contextual factors detailed below.

ACT Finance final score – Sectoral exclusion policy: Coal

Coal	Insurers	Asset managers	Asset Management Companies (AMCs)	GEN	Total
Average	38%	37%	43%	34%	37%
Median	30%	40%	42%	38%	33%
Min	12%	6%	9%	6%	6%
Max	99%	86%	86%	71%	99%

ACT Finance final score – Sector exclusion policy: Oil and gas

Oil and gas	Insurers	Asset management firms	Asset Management Companies	GEN	Total
Average	13%	12%	27%	6%	13%
Median	9%	4%	33%	4%	7%
Min	2%	1%	1%	1%	1%
Max	36%	48%	48%	17%	48%

The following general conclusions emerge from these analyses:

- An insurer and an asset management company achieved final scores of 99% and 86% respectively on coal, demonstrating that the expected level of ambition is realistic for this sector. However, the average scores do not exceed 50% for any category of stakeholders, which is linked in particular to the application of context indicators regarding the scope and the management of exceptions (see *below*).
- Regarding oil and gas, the maximum score does not exceed 50%, which is explained by the context indicators but also by a general scarcity of policies outside of unconventional aspects.

3.1.10.5. Contextual indicators

Prior to the detailed analysis of policies, the assessment of the ‘effectiveness’ of these policies, measured respectively by portfolio coverage and exception management, must be discussed. Indeed, the average scores for the coal and oil and gas modules are roughly halved when contextualised by coverage and exception management. For these two indicators, the scores are therefore relatively low, as illustrated by the following statistics:

	Coal		Oil and gas	
	Coverage	Exceptions	Coverage	Exceptions
Average	55%	68%	47%	62%
Median	50%	50%	50%	50%
Min	25%	25%	25%	25%
Max	100%	100%	100%	100%

With regard to coverage, as discussed in part 3.1.3, the most common scenario leading to a low score for an insurer is when it applies its policy solely to its general assets, without taking unit-linked products into account. For an asset manager, the equivalent scenario is applying the policy only to open-ended funds, in other words, excluding dedicated funds and discretionary mandates. In both cases, the proportion of assets not covered by the policy is therefore significant and results in a maximum score of 50% on this criterion. The following cases, contrary to the majority, include requirements regarding the listing of unit-linked products – these requirements vary, ranging from general principles to the outright transposition of the insurer’s policy:

Suravenir: “In addition, to validate the listing of a management company, a questionnaire containing an ESG section is completed by the management company and then analysed by the Multi-Asset Management team at Arkéa Asset Management. The following elements, amongst others, are examined: [...] **the existence of sectoral exclusion policies compatible with Suravenir’s commitments** (notably coal, oil, gas and tobacco)”

Predica: “• *Use of due diligence [...] on external management companies and funds,*
 • Systematic integration of ESG criteria and Crédit Agricole Group exclusions in fund selection,
 • Use of Predica’s reference database to ensure the selection of funds meeting Predica’s requirements on non-financial criteria,
 • Internal verification of SFDR fund classifications,
 • Use of the human and technical resources of the relevant departments to complete the analyses.”

- With regard to exceptions, the maturity matrix seeks to assess how well-defined and ambitious they are, ranging from ‘significant potential exceptions and no exception process’ to ‘exceptions conditional on assets being low-carbon or in transition, or no exceptions’⁴⁷. The most common reason for a low rating is the existence of exceptions to the exclusion policy that are not subject to a defined framework process, or are discretionary in nature. Furthermore, many asset

⁴⁷ See 5.4.2 for further details.

managers explicitly state that the policy can be disabled entirely upon simple request from the client.

In this regard, the most common practice is to authorise new investments in *green bonds*, subsidiaries dedicated to renewable energy projects, or holdings in companies with transition plans, without the precise conditions for considering these plans credible and robust always being set out. For example, one of the most precisely described conditions among the policies analysed is as follows:

Ofi Invest AM: “Ofi Invest Asset Management may invest in issuers associated with coal but which are in a transition phase. An exclusion policy exists and sets exclusion thresholds. In addition to the exclusion criteria, a qualitative review of issuers’ transition plans could allow certain investments to be reinstated where these are deemed satisfactory and credible. Nevertheless, under no circumstances may companies be reinstated if they:

- Are pursuing expansion projects;
- Adopt phase-out plans extending beyond 2030;
- Sell sites instead of decommissioning them;
- Engage in questionable lobbying practices.”

It is noted that, in the absence of information, a conservative score of 25% may have been applied to certain entities within the scope.

3.1.10.6. Assessment of exclusion policies – raw scores

The summary tables of raw scores, i.e. those not taking into account the context indicators mentioned above, are as follows:

Raw score – Coal

Coal	Insurers	AM	PE	GEN	Total
Average	77%	71%	71%	71%	74%
Median	83%	73%	84%	73%	73%
Min	45%	8%	19%	8%	8%
Max	99%	100%	89%	100%	100%

Raw score – Oil and gas

Oil and gas	Insurers	AM	PE	GEN	Total
Average	30%	24%	43%	16%	27%
Median	35%	16%	41%	14%	21%
Min	5%	3%	3%	3%	3%
Max	61%	96%	96%	34%	96%

The following conclusions can be drawn:

- The ambition of coal policies appears, on average, to be adequate (mean and median above 70%). However, there are some scores below 40%, where the policy consists mainly of either excluding sector players with a particularly high activity threshold (e.g. 25%), or establishing the principle of eventual sectoral divestment without specifying the conditions, or a combination of both. In certain situations, it is possible that the financial institution has been assessed conservatively on the criterion in question in the absence of an explicit mention of the exclusion of companies and projects developing new capacity.
- The ambition of oil and gas policies, however, often remains limited to aspects of long-term principled commitment and measures taken regarding unconventional resources (20% of the score). Nevertheless, two insurers score above 50%, as do three private equity asset managers.

- A significant number of players also achieve very low scores on their oil and gas policies (below 20% or even 10%) due to policies focused exclusively on unconventional aspects, with relatively high thresholds (above 20%).
- Private equity asset managers have significantly more robust oil and gas policies than generalist asset managers (average score 43% vs 16%), whilst their native exposure is lower than that of generalist asset managers, a potential sign that a limit is being reached in terms of the impact on the investment universe for generalist asset managers.

The remainder of this section focuses on a number of assessment criteria.

Coal exclusion thresholds

With regard to coal, exclusion thresholds, expressed in relative or absolute terms, are proposed by ACT Finance. These are consistent with the methodology of the Global Coal Exit List (GCEL)⁴⁸ :

	The company has a ...
Relative thresholds	Share of coal in turnover \geq 10% “Coal share of revenue (csr)” or Share of coal in electricity generation \geq 10% “Coal share of power production (cspp)”
Absolute thresholds	Annual thermal coal production \geq 10 million tonnes or Coal-fired electricity generation capacity \geq 5 GW

Compliance with these thresholds in the investor’s policy results in the maximum score for the criterion in question (100%) on the two indicators relating to the thresholds. The percentage of entities scoring 100% on each of the indicators is shown below

	Insurers	Asset management companies	Asset management firms	Asset management firms (GEN)	Total
Relative thresholds	56%	47%	38%	65%	50%
Absolute thresholds	81%	32%	13%	50%	48%

We observe that:

- The rates for insurers are better. In particular, most insurers achieve a score of 100% on the absolute thresholds.
- Across the entire sample, however, the rate of compliance with Urgewald’s thresholds is broadly the same, at around 50% of the organisations in the sample with a coal policy.

Beyond the table, it is observed that most players set a dual threshold, both absolute and relative. Some players, whose policies are generally rated lower, make do with a relative threshold. No cases were found of players setting only an absolute threshold without a relative one.

Coal phase-out timeline

The key requirement for this criterion is that the financial institution commits to a coal phase-out timeline by 2030 for OECD countries and 2040 for non-OECD countries (aligned with the NZE 2050 scenario). The minimum score is 50%, and may increase to 100% depending on the activities covered. It is noted that this timeline may appear overly conservative since, as highlighted by the fourth supervisory monitoring report and last year’s CTH report, these deadlines relate to production, whereas we are

⁴⁸ [Global Coal Exit List, Methodology](#)

discussing here financing flows (which, for investments, will precede the production phase, and be more concurrent with the current expenditure phase). The results for companies that scored at least 50% on this criterion are as follows:

	Insurers	Asset management companies	Asset Management Companies (AMCs)	GEN Asset Management Companies	Total
Phase-out	94%	79%	88%	75%	84%

Of the sample of 44 investors (excluding real estate asset management companies), 84% have committed to a coal phase-out timetable in line with standard recommendations.

Exclusion of expansion projects and the companies behind them – coal and oil & gas

The following charts show the distribution of scores for the exclusion indicators relating to companies contributing to the expansion of coal/oil and gas production capacity. The methodology initially distinguishes between projects and companies. In practice, the granularity of information at project level was not always available or clear. It was therefore considered that the score for this criterion was equivalent to that for the company criterion. Consequently, only the distribution of scores for the company criterion is presented. The main findings of these analyses are as follows:

- With regard to coal, approaches are relatively consistent across the various players (insurers, private equity asset managers and generalist asset managers), with generally satisfactory scores. However, some insurers and asset managers still do not have any exclusion principles of this kind.
- Restrictions on oil and gas are significantly less ambitious, particularly for generalist asset managers, who have an average score of 5% and of whom only two are not rated at 0% on the company criterion (and four on the ‘project’ criterion).

On this aspect of excluding expansion, the entities of the [Abeille Assurances](#) group adopt an approach not seen elsewhere, where an exclusion/engagement mechanism is implemented through the identification of ‘brown’ Capex.

In order to comply with the IEA’s recommendations, the entities are implementing a strategy of gradually excluding issuers developing new oil and gas exploration or production projects. Since July 2022, oil and gas sector issuers have been ranked according to the proportion of their capital expenditure (CAPEX) considered to exceed the IEA’s Net Zero scenario¹⁹, based on the ranking established in 2022 by Climate Actions 100+.

- Issuers in the top two tertiles of this ranking will be excluded from our investment universe as of 1 July 2022;
- Issuers in the bottom tertile of this ranking will be subject to an engagement process. Following this engagement, and no later than 2025, issuers that have not demonstrated the tangibility of their energy transition approach will be excluded from our investment universe.

The approach is interesting in that it combines exclusion with engagement and seeks to link action to a situation where the company is not aligned with Net Zero scenarios. According to publicly available data (see the downloadable [Climate Action 100+](#) database, ‘Alignment Oil & Gas’ tab (CTI)), this would result in the exclusion of 12 or 13 companies and the engagement of 6 or 7.

Policy on unconventional oil and gas

The weakness of oil and gas policies is mainly due to the fact that, in the majority of cases, particularly among AM, they only address unconventional fossil fuels. Here again, the methodology is based in particular on the Urgewald methodology, proposing activity thresholds of 2 mmbœ (million barrels of oil equivalent) for any type of unconventional activity, or 5% of turnover. However, as illustrated by the average scores below, the way in which policies incorporate unconventional oil and gas remains fragmented.

	Insurers	Asset Management Companies	PE	GEN	Total
Arctic	48%	36%	41%	34%	40%
Fracking	38%	36%	44%	33%	36%
Tar Sands	45%	38%	44%	36%	41%
Ultra Deep Water	34%	23%	31%	20%	27%

Only one insurer and two asset management companies, both private equity firms, achieved a score of 100% across all four activities. It is also worth noting that ultra-deepwater drilling is the activity least frequently mentioned in policies, with 21 (out of 36) policies failing to include it, compared with 13, 13 and 10 respectively for the Arctic, hydraulic fracturing and oil sands. Data collection does not appear to be the sole explanation, since a provider such as [MSCI, for example](#), does not seem to include either deep-water or Arctic operations in its definition of unconventional activities, yet no drop-off is observed for the latter.

As with coal exclusion thresholds, unconventional fossil fuels require both relative and absolute exclusion thresholds. Most of the policies analysed include relative exclusion thresholds of 10% or 20% of turnover, whilst absolute thresholds expressed in *mboe* are less common.

3.1.10.7. Detailed scores: ACT Finance – coal exclusion policy

Entity	Type	ACT score (gross)	ACT score
Abeille Assurances Holding	Insurer	98%	49%
Allianz France	Insurer	65%	33%
Axa France Life	Insurer	68%	34%
BPCE Vie	Insurer	66%	47%
Cardif Life Insurance	Insurer	95%	24%
CNP Insurance	Insurer	96%	24%
Generali Life	Insurer	96%	24%
Groupama GAN Life	Insurer	45%	16%
Crédit Mutuel Insurance Group	Insurer	48%	12%
La Mondiale	Insurer	91%	68%
MACSF Retirement Savings	Insurer	95%	71%
Malakoff Humanis Personal Protection	Insurer	99%	99%
Predica	Insurer	55%	28%
Sogecap	Insurer	74%	37%
Suravenir	Insurer	96%	24%
SwissLife Insurance and Wealth Management	Insurer	53%	13%
Amundi Private Equity Funds	AM PE	63%	31%
Antin Infrastructure Partners	AM PE	NA	NA
Ardian France	AM PE	19%	9%
BPI France Investissement	AM PE	71%	50%
Eurazeo Global Investors	AM PE	89%	63%
Mirova	AM PE	86%	86%
Oddo BHF AM	AM PE	89%	22%
Tikehau Investment Manager	AM PE	84%	42%
AG2R La Mondiale Asset Management	AM GEN	91%	46%
Amundi AM	AM GEN	63%	31%
Arkea AM	AM GEN	88%	44%
Axa IM Paris	AM GEN	68%	17%
BlackRock France S.A.S.	AM GEN	NA	NA
BNP Paribas AM	AM GEN	68%	17%
Carmignac Gestion	AM GEN	54%	13%
Comgest SA	AM GEN	73%	51%
Crédit Mutuel AM (La Française Group)	AM GEN	100%	50%
DNCA Finance	AM GEN	36%	9%
Edmond de Rothschild AM (France)	AM GEN	75%	38%
Groupama AM	AM GEN	95%	71%
HSBC Global AM (France)	AM GEN	50%	25%
Lazard Frères Gestion	AM GEN	71%	50%
LBP AM	AM GEN	96%	48%
Natixis Investment Managers International	AM GEN	8%	6%
Ofi Invest AM	AM GEN	55%	14%
Ostrum AM	AM GEN	96%	24%
Rothschild & Co AM	AM GEN	73%	51%
SwissLife AM France	AM GEN	99%	49%

3.1.10.8. Detailed scores: ACT Finance – oil and gas exclusion policy

Entity	Type	ACT score (gross)	ACT score
Abeille Assurances Holding	Insurer	46%	23%
Allianz France	Insurer	48%	24%
Axa France Life	Insurer	9%	4%
BPCE Vie	Insurer	36%	36%
Cardif Life Insurance	Insurer	10%	5%
CNP Insurance	Insurer	36%	9%
Generali Life	Insurer	11%	3%
Groupama GAN Life	Insurer	55%	14%
Crédit Mutuel Insurance Group	Insurer	35%	9%
La Mondiale	Insurer	6%	2%
MACSF Retirement Savings	Insurer	43%	32%
Malakoff Humanis Personal Protection	Insurer	5%	3%
Predica	Insurer	23%	8%
Sogecap	Insurer	35%	18%
Suravenir	Insurer	61%	15%
SwissLife Insurance and Wealth Management	Insurer	18%	4%
Amundi Private Equity Funds	AM PE	3%	1%
Antin Infrastructure Partners	AM PE	NA	NA
Ardian France	AM PE	NA	NA
BPI France Investissement	AM PE	51%	44%
Eurazeo Global Investors	AM PE	96%	48%
Mirova	AM PE	30%	30%
Oddo BHF AM	AM PE	8%	2%
Tikehau Investment Manager	AM PE	71%	36%
AG2R La Mondiale Asset Management	AM GEN	19%	5%
Amundi AM	AM GEN	3%	1%
Arkea AM	AM GEN	34%	17%
Axa IM Paris	AM GEN	9%	2%
BlackRock France S.A.S.	AM GEN	NA	NA
BNP Paribas AM	AM GEN	10%	3%
Carmignac Gestion	AM GEN	NA	NA
Comgest SA	AM GEN	NA	NA
Crédit Mutuel AM (La Française Group)	AM GEN	31%	16%
DNCA Finance	AM GEN	16%	4%
Edmond de Rothschild AM (France)	AM GEN	8%	2%
Groupama AM	AM GEN	13%	9%
HSBC Global AM (France)	AM GEN	5%	3%
Lazard Frères Gestion	AM GEN	NA	NA
LBP AM	AM GEN	30%	15%
Natixis Investment Managers International	AM GEN	NA	NA
Ofi Invest AM	AM GEN	28%	7%
Ostrum AM	AM GEN	16%	4%
Rothschild & Co AM	AM GEN	NA	NA
SwissLife AM France	AM GEN	6%	2%

3.1.10.9. Justifications regarding oil and gas

The relative weakness of policies regarding the oil and gas sector has been the subject of various explanations or justifications. For instance, a generalist AM cite the recommendations of the regulators in its exclusion policy in the following terms to justify a phase-out date for unconventional hydrocarbons:

“Furthermore, in accordance with the recommendations of the AMF and the ACPR(18), [the AM] undertakes to phase out unconventional hydrocarbons completely by 2040”

(18) [Second ACPR/AMF report on the monitoring and assessment of climate commitments by market participants: sectoral policies and participants’ exposure to fossil fuels](#)

This refers to the second joint report by the AMF and the ACPR on the monitoring of French financial sector players’ climate commitments, dating from 2021 and updated twice in 2022 and 2024. However, no such recommendation was found in the 2021 report, nor in the subsequent reports. More generally, the AMF [made](#) the following statement upon the release of the 2021 report:

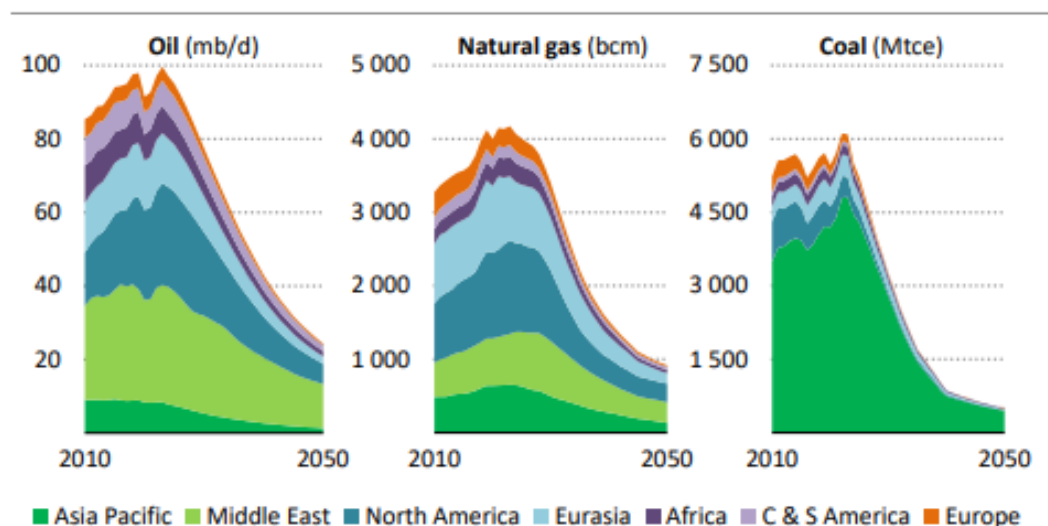
“With regard to policies relating to other fossil fuels [other than coal], asset management companies must take decisive action. Where such policies exist, they are limited to oil sands and, where applicable, shale gas and oil, and often remain vague.”

Another AM justifies the scope of its Oil & Gas policy to unconventional activities by stating in its responsible investment policy:

“natural gas or oil [...] are expected to continue contributing to the global energy mix in the coming years under both the IEA ‘Sustainable Development Scenario’ and the IEA ‘NZE 2050 Scenario’.”

It should be noted that the NZE 2050 scenario forecasts, as with coal (albeit at a slower pace), a sharp and immediate reduction in oil and gas supply; see Figure 2.12 of [the NZE 2023 update](#):

Figure 2.12 ▶ Oil, natural gas and coal supply by region in the NZE Scenario, 2010-2050



It should therefore be noted that scenarios aligned with limiting global warming to 1.5°C foresee a very sharp decline in the consumption of oil, gas and coal. By comparing the available reserves of these resources in 2022 (see Table 6.1 of the NZE 2050 [documentation](#)) with the NZE 2050 scenario (see above), we can estimate the order of magnitude of the ‘unburnable’ reserves. The results are as follows:

Resource	% 'unburnable' – based on 2022 data
Coal	95%
Oil	80%
Gas	70%

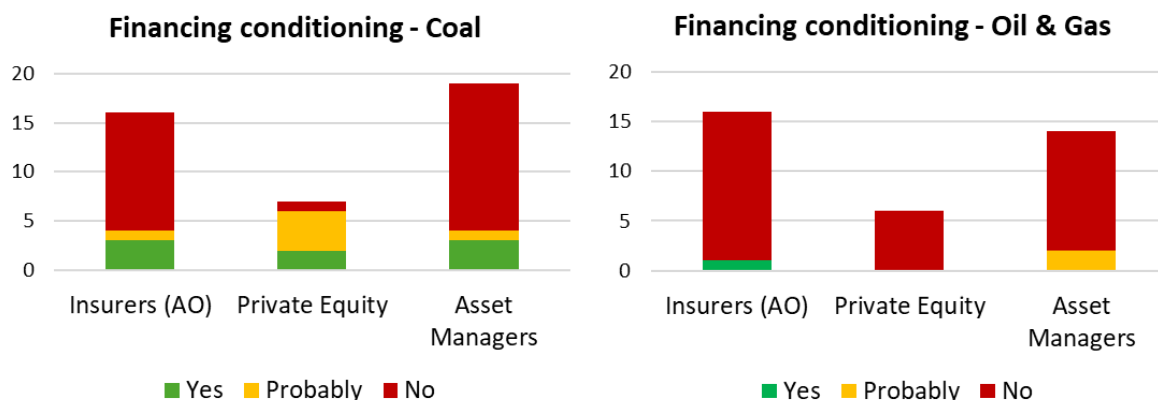
To argue that a resource forms part of the energy mix within the framework of an aligned scenario, in order to justify, in particular, the failure to implement measures regarding the exploration of new resources, thus seems **profoundly inappropriate**.

3.1.10.10. Conditions for continued funding of stakeholders

Analysis of coal and oil exclusion policies has identified a number of weaknesses and biases, particularly regarding oil and gas. One aspect frequently highlighted by stakeholders is that exclusion is not necessarily the only solution. On the one hand, maintaining exposure allows for continued engagement. On the other hand, there is a case for supporting stakeholders who are actively driving the transition.

This argument, which is fundamentally sound, was put to the test through a fairly straightforward analysis. The sample of reports was analysed to identify which actors made continued funding conditional on tangible climate-related requirements: *phasing out* activities, setting targets, having a credible and robust transition plan, the assessment of which requires a relevant analysis – this being the key to legitimising continued funding, or *at the very least* establishing a concrete engagement strategy.

The results are provided in the table below. 'Probably' corresponds to a situation where attention to the subject is noted, without it being clear that there is any conditioning⁴⁹. It was nevertheless important to distinguish potential measures taken, even if incomplete.



Thus, and beyond the intrinsic quality of the mechanisms, which may vary (see 3.1.8.2), few investors clearly state this type of condition. Whilst the statistics on coal may be linked in particular to a near-total exclusion that justifies not having to ask the question, the statistics on oil and gas are more telling: in reality, the absence of an exclusion policy is not offset by a mechanism imposing conditions on the sector. The majority of the financial market therefore continues to invest in and finance an economy that is not aligned, without any real transformative action.

As examples of existing good practices, the following reports are highlighted:

⁴⁹ For example: "The Group calls on companies with significant operations in the thermal coal sector to draw up a plan to exit this sector, in line with the 2030/2040 exit timeline. The Group's assessment varies depending on whether the exit plan is public or not. As part of its analysis of this exit plan, the Group favours the closure of coal assets over their sale. This analytical parameter, combined with the threshold for revenue derived from coal, determines whether or not Group entities may include a company active in thermal coal within their portfolios and offer these companies the Services described above."

Abeille Assurances Holding (on coal): “In the absence of a clear commitment from the company, validated by the ‘Science Based Targets’ initiative as meeting the objective of alignment with a ‘well below 2°C’ pathway, as well as the publication of a credible plan for an effective exit from coal by 2030 at the latest, the company is excluded from the entities’ investment portfolios. For energy companies, we require the closure of sites to be included in phase-out plans. Where the company proposes other strategies such as divestment or conversion to other fossil fuels, a commitment will be agreed with the energy company.”

CNP Assurances (on coal): “In 2020 and 2021, CNP Assurances and its French subsidiaries asked all directly held companies to publish, by the end of 2021, a plan to phase out thermal coal by 2030 in European Union and OECD countries, and by 2040 in the rest of the world. In 2021, ten companies did not have a compliant phase-out plan. By the end of 2024, of these ten companies, six had a compliant phase-out plan, one had an insufficient phase-out plan and three had been divested from the portfolio.”

Rothschild&Co AM (on coal): “These companies, in which we are invested, have a credible coal exit plan according to our analysis and the criteria defined above. Annual monitoring is carried out to ensure the plan is being properly implemented.”

Abeille Assurances Holding (on oil and gas): see 3.1.10.6 for the exclusion/engagement framework based on the identification of ‘brown’ capex.

Certain practices show promising potential, but the wording used is too generic to provide any tangible assurance of effective action.

HSBC AM (p. 54, on coal, oil and gas): “Where issuers’ transition plans fall short of our expectations following the dialogue we have engaged in, and where progress is insufficient to meet the targets set, we may need to step up our initiatives as outlined in our Shareholder Engagement Plan. We are likely to reduce the exposure of our actively managed funds to issuers whose transition plans are not compatible with the net-zero emissions target.”

3.2. Biodiversity strategies

3.2.1. Summary

A review of the analytical work carried out last year reveals a broadly similar situation, with signs of progress in the maturity of certain stakeholders' frameworks.

Thus, given methodological difficulties that are more frequently acknowledged and described transparently, stakeholders still struggle to **translate the efforts made** (impact and dependency measures, initiatives) **into objectives supported by tangible actions**.

In response to this situation, various resources are highlighted, including the CGDD-ADEME biodiversity guide. This guide emphasises the need **to move forward through continuous improvement**, and therefore not to wait until reliable aggregate indicators are available—which may never emerge in time to address the ecological crisis—before taking action. In this regard, it is recommended to implement granular approaches focused on critical sectors and practices (engagement, exclusion, and support for solution providers). BNPP AM, for example, provides a very specific example of action in its report.

The points of caution regarding aggregated footprint metrics derived from MSA (Mean Species Abundance), which are still widely used, are reiterated, particularly given their frequent inclusion in the construction of certain financial products labelled 'Biodiversity'. These metrics have the advantage of producing a single aggregated indicator of biodiversity pressure, but at the cost of a large number of conceptual simplifications and approximations in the absence of data, which makes it impossible to interpret them physically or even to understand their year-on-year variations.

Exclusion policies remain unsystematic and limited to a few issues (deforestation, pesticides). However, Mirova has enhanced its minimum standards with a requirement concerning the downstream value chain, a key point marking an important step towards a more realistic assessment of our economy (where primary actors do not fall within the traditional investment universe but mostly in the upstream value chain).

The market-wide 'Biodiversity Objective' initiative is progressing and, in 2025, led to the selection of a manager for the unlisted fund created as part of the initiative, following last year's launch of the listed fund (each with a target size of around €100m). As no public information has been identified regarding the detailed operation of these funds, which are confidential in nature (unauthorised FPS format), this report is unable to assess the intrinsic quality of the approach. Furthermore, whilst stakeholders generally appear cautious in their 29 LEC reports when highlighting investments that 'contribute' to biodiversity, an updated review of a number of funds aimed at the general public (open funds) shows the existence of so-called 'best-in-class' approaches, where it is more or less difficult, depending on the case, to discern the actual contributory aspect. **It seems unrealistic to assume that the adviser distributing the product, let alone the retail investor, will be able to appreciate the nuance of a product making a genuine contribution, raising concerns about greenwashing.**

Signs of progress have been identified in practices relating to engagement. However, there remains significant scope for ensuring that this lever is effectively activated in terms of actual contribution, particularly given the lack of a defined strategic scope and clear associated objectives. The report highlights the value of the *Finance for Biodiversity Pledge* initiative and the fact that not all the information to be published is available on its public *repository*. ADEME calls for vigilance and stresses the need to ensure that such initiatives operate in an exemplary manner, in a context where *Net Zero* climate alliances have significantly scaled back their activities and/or ambitions, raising questions about the credibility of the financial sector's commitment.

3.2.2. Context

Article D. 533-16-1(III-7) of the Monetary and Financial Code requires detailed information on the actor's alignment strategy, with targets for 2030 and every five years thereafter regarding (i) a measure of compliance with the objectives of the [Convention on Biological Diversity](#); (ii) an analysis of the contribution to reducing the main pressures and impacts as defined by [IPBES](#); and (iii) a reference to the use of a biodiversity footprint indicator.

Given that this is a relatively new field, a range of resources is available to help financial sector stakeholders make progress, including:

- [a guide](#) for financial institutions was published in February 2024 by the CGDD and ADEME, to provide stakeholders with guidance on how to better understand the issue.
- The IFD has published [an overview](#) of the Paris financial centre's strategies for combating deforestation.
- Various professional associations have published biodiversity guides:
 - AFG ([Biodiversity and Investment: A Practical Guide for Asset Management Companies](#), January 2025),
 - France Invest ([Integrating Biodiversity into Private Equity](#), February 2024),
 - OID ([Developing a biodiversity strategy in real estate](#), January 2024)
 - France Assureurs ([Insurance and Biodiversity: Challenges and Prospects 2025](#), November 2025)
- Finally, the international foundation [Finance for Biodiversity](#) publishes various resources, including a [guide](#) to setting 'nature' targets.

The analyses carried out focused primarily, using a sample of 50 insurers and asset management firms, on reviewing the main practices relating to the various elements of the biodiversity approach: the operational nature of the strategies described, consideration of the Kunming-Montreal Targets, indicators used, exclusions, engagement and positive investments. Particular attention is paid to the commitment of certain stakeholders to the [Finance for Biodiversity Pledge](#).

The issue of deforestation is addressed specifically in the dedicated section 3.3 .

3.2.3. Lessons from the analysis

3.2.3.1. Regarding the strategy

Nearly 40% of the stakeholders in the sample explicitly refer to the [Kunming-Montreal](#) targets. Stakeholders cite up to 8 targets⁵⁰ , with an average of 4.6 targets. Four targets are cited by more than half of the stakeholders who mention them. These targets were already highlighted in last year's report:

- Target 15 (83%): Business impact and dependencies, particularly regarding a commitment to transparency
- Target 8 (72%): Minimising the impacts of climate change, which constitute one of the pressures on biodiversity;
- Target 19 (67%): Mobilisation of financial resources (including private resources, 19c: 'encourage the private sector to invest in biodiversity, in particular through impact funds and other instruments')
- Target 7 (50%): Reducing pollution, in particular reducing risks associated with pesticides and chemicals by at least half, reducing nutrient losses by at least half, and preventing plastic pollution.

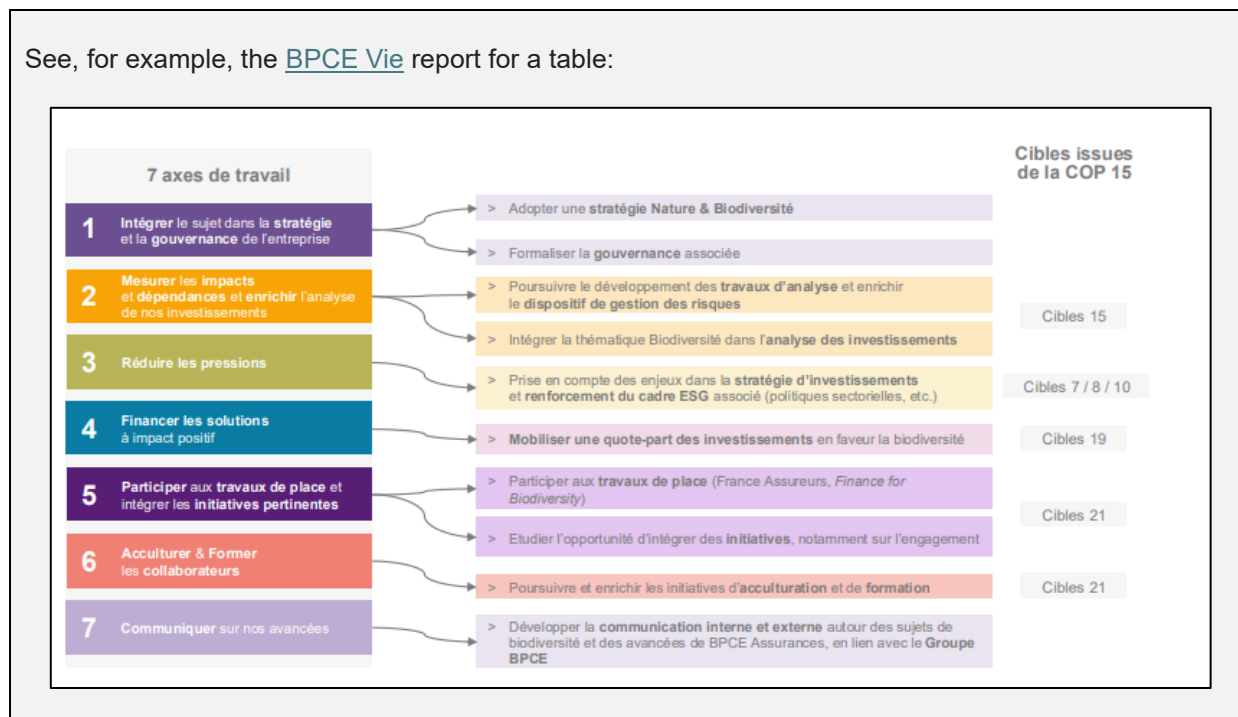
Of these targets, two are 'supporting' targets (requests for information from businesses and the establishment of financing solutions), whilst a third (climate) is linked to the climate strategy that must also be implemented. The last target may relate, in particular, sometimes but not always, to a policy of phasing out pesticides.

⁵⁰ One stakeholder states that "the measures taken under the biodiversity policy [...] contribute to 19 of the 23 target actions defined in the Kunming-Montreal Global Biodiversity Framework," without elaborating on this point for each specific target.

Five targets are not mentioned by any stakeholder in the sample: targets 9 and 13 (concepts of benefit-sharing in sustainable management), 17 (biotechnology), 22 (inclusion) and 23 (gender). As only 50 reports were reviewed, this does not necessarily mean that other reports do not mention them.

Several financial institutions have drawn up, as recommended by the [guide](#), a table comparing the Kunming-Montreal targets with planned actions for which a ‘contribution’ to the target can be highlighted (exclusion policies, thematic funds, engagement, ...), or resource-based objectives (measuring dependence and impact, conducting targeted biodiversity engagement with x companies⁵¹) or policy-based objectives (“investing in biodiversity-related thematic funds”).

See, for example, the [BPCE Vie](#) report for a table:



However, as was the case last year, **no concrete biodiversity target linked to the contribution strategy has yet been identified** that meets the standards observed for climate (indicator, performance target, baseline year, target year).

3.2.3.2. Regarding the measurement of impacts, dependencies and pressures

Of the 50 organisations in the sample, 8 do not appear to include any concrete measures of impact, dependency or pressure in their reports, particularly in the case of real estate asset management companies. Among these, some indicate that they carry out internal monitoring of metrics (for example, the surface biotope coefficient for one real estate management company, or a ‘biodiversity’ score per building for another in the context of the SRI label). This does not necessarily mean that there is no monitoring by indicator, but rather that it is not published.

The main resources cited are:

- The [ENCORE](#) database, used in its raw form or to derive scores.
- The MSA aggregate footprint indicator, in various derivatives, forms and levels of detail depending on the service provider used and the financial institution’s choice. This indicator is particularly used by insurers, as shown by the statistical analysis carried out in the ‘4.6’ section;
- On a more ad hoc basis, scores and data from various ESG providers, the [NEC](#) score, SFDR PAI 7 (biodiversity-sensitive areas) and 8 (water stress), or even ‘in-house’ biodiversity scores are mentioned;

⁵¹ See, for example, [Arkéa Asset Management](#): “We plan to engage in dialogue each year with at least 15 companies representing at least 50% of assets under management in priority sectors, in line with the work of the TNFD and FFB.”

- The 'nature' framework developed by the Science-Based Targets Network (which recently launched the '[Step Up for Nature](#)' initiative) is cited by at least one asset management firm to identify processes with a high impact on nature, in order to establish a link with the companies involved in these processes in terms of risk exposure.
- In the real estate portfolio, the surface biotope coefficient is cited on several occasions;
- Finally, some players cite underlying pressure indicators such as water consumption and land use for agricultural or forestry production.

There were more frequent instances than last year (in around ten cases) of presentations showing year-on-year variations in the metric(s) used, and, above all, the inclusion of explanations commenting on these variations or justifying the non-publication of results. Furthermore, the limitations of the metrics used are frequently mentioned. Where explanations are provided, they may highlight various factors, which often relate to methodological adjustments or the coverage of issuers, based on data that is still in its infancy, but sometimes also to variations within the portfolio itself.

For example, [DNCA Finance](#), here in its analysis of changes in the water consumption footprint:

"The environmental footprint relating to water consumption increased between 2023 and 2024. This is mainly due to the increased weighting of Bureau Veritas in DNCA's assets, as this issuer accounts for the largest share of water consumption (around 60%). Two other companies, Mersen and Clariane, also saw their water consumption rise over the period and now account for 20% of the total. Coverage has increased, both in terms of the amount covered and the number of issuers publishing data, rising from 144 in 2023 to nearly 220 in 2024. "We note that the CDP's environmental data collection process requires consistency checks. We have implemented such checks, and the figures presented incorporate adjustments to the CDP data. Our checks are, however, partial, and we are continuing our efforts to improve data quality."

[Groupama GAN Vie](#), which was already mentioned last year, has, for its part, strengthened its analysis of variations in the MSA metric, including an analysis of the extent of variations at portfolio level and broken down by sector, and a comparison with the indicator's limitations, justifying the decision not to publish the data itself.

These different approaches enable stakeholders to fully understand the difficulties faced by market participants and thus contribute to a better collective understanding of the subject.

In most cases, no link has yet been identified between this measurement exercise and concrete elements of the action plan, investment policy or strategy. Most reports remain silent on the subject, whilst some highlight work in progress. However, a gradual improvement in the maturity of certain players' practices can be observed.

[Groupama GAN Vie](#) presents a biodiversity *scorecard* system developed in 2024 (see section D 1) which uses a dependency/pressure analysis to identify companies' exposure to priority issues (water, deforestation, pollution) and links the system's vision to engagement and financing actions.

[BPCE Vie](#), for its part, has updated its focus compared to last year on the priority themes identified through the analysis of dependencies and pressures, specifying the actions taken and to be taken on each: pesticides, plastic use, deforestation, water.

As things stand, this identification phase **remains largely non-operational overall, but areas for improvement have been identified**. Identifying impacts, dependencies and pressures contributes to a phase of learning and continuous progress for stakeholders. ADEME reiterates, as the guide emphasises, that given the urgency of the issues, we must not wait until fully reliable metrics are available – which may never be available given the complexity of the subject – in order to take concrete and progressive action on investment and engagement policy, addressing the issues as they arise, as some stakeholders are already doing.

3.2.3.3. Regarding investment policy

As highlighted in the CGDD-ADEME guide, a full range of management tools is available to investors: exclusion, selection or support approaches, positive financing, analysis of transition plans, and engagement.

Exclusion

The exclusion lever was explicitly mentioned by 16 stakeholders, representing 36% of stakeholders excluding real estate asset management companies. In practice, these policies address the following themes in particular, which remain stable compared to last year:

- Deforestation in general (see the relevant section), with varying degrees of focus on specific sectors: palm oil, soya, livestock farming, timber production, and paper or cardboard;
- Pesticides, generally specified for certain products;
- Biodiversity controversies, identified in particular via specialist service providers;

The inclusion of climate or ESG exclusions from a 'biodiversity' perspective: coal (climate impact) and tobacco (deforestation) were noted less frequently than last year. It is reiterated, as required by the CGDD-ADEME guide, that in such cases it is necessary to state transparently that this type of exclusion considers biodiversity only as a secondary consideration.

The report reiterates the example cited last year of AM *Mirova*, which has a [minimum standards](#) policy, the '*criteria of which immediately exclude from our investment universes issuers whose practices are deemed incompatible with nature conservation objectives, without a credible intention to transition*'. The following activities are notably subject to exclusion:

- Agricultural commodities posing a risk of deforestation: soya and beef producers without zero-deforestation targets, and palm oil producers who are not members of the RSPO (Roundtable on Sustainable Palm Oil) and do not have their entire production certified. See the section 3.3 for a more detailed analysis of the RSPO framework.
- Pollutants: manufacturers of PFAS (*per- and polyfluoroalkyl substances*, synthetic compounds also known as 'forever chemicals', initially used in particular for their non-stick or water-repellent properties in various processes, but which can be highly toxic);
- Plastic: a case-by-case analysis of single-use plastic companies is carried out, with a focus on recycled content targets;

However, the AM does not specify whether these various exclusions are 'stringent' or not (i.e. the indicative number of companies in the initial investment universe filtered out as a result of this minimum standard policy).

Positive financing

With regard to positive financing (investments in companies and activities that contribute to the restoration/preservation of biodiversity, or to the reduction of negative pressures), 40% of the players in the sample mention at least one investment (nearly two-thirds of insurers, one-third of general asset managers, two private equity asset managers and none in the real estate sector).

The various investment levers used by insurers are as follows:

- The implementation of direct investments. Some insurers were able to highlight a specific investment, not necessarily representative in terms of size but relevant in terms of impact. This year, no particular focus was identified within the selected sample.
- The establishment of dedicated funds. This concept potentially covers a variety of operational realities in the absence of a regulatory framework. In practice, the reports do not detail the operating procedures or selection processes for the underlying assets invested in by these funds.

- Investment in ‘biodiversity’ thematic funds managed by *asset managers*. In the latter case, and without questioning the potential relevance of the target fund, the guide highlights a risk of dilution of responsibility where the insurer would invest based on the fund’s stated claims, without verifying the robustness of the underlying approach adopted by the fund in terms of its contribution to the preservation or restoration of biodiversity.

Regarding this last point, it was noted that one insurer removed the names of the “biodiversity” funds in which it invests from its report this year (some of these funds having also been criticised for their actual contribution to biodiversity in our report last year). However, it retained a statement on investment in thematic funds within the ‘biodiversity’ section of the report, without highlighting any potential limitations. This report reiterates the importance of **conducting a clear analysis** of the funds’ actual contribution to objectives beyond the thematic focus, in order to ensure transparent and high-quality information.

Furthermore, some stakeholders report broadly on a portfolio or investments with a positive biodiversity impact, combining these three approaches. The nature of the positions and the operational method used to characterise the positive contribution are not necessarily specified, which makes it impossible to assess the quality of the system in place.

For example, one actor states that: *“In 2024, [the actor] continued its work in support of biodiversity by investing over €140 million directly or via funds in companies offering solutions for the protection of resources against depletion (sustainable agriculture, industrial process efficiency, product lifespan, recovery of waste energy), in protection against digital pollution (cybersecurity and asset protection, material traceability) and in waste management (recycling, construction and operation of organic waste treatment plants).”*

Finally, the main development since the previous report is the launch of the ‘Biodiversity Objective’ initiative, now supported by some fifteen institutional investors⁵², which has taken the form of two market funds:

- an equity fund focusing on listed assets, initially capitalised at over €100m, managed by Mirova⁵³
- a fund for unlisted assets, with a target size of €150m and an initial investment horizon of 10 years, managed by Starquest-Montefiore⁵⁴.

The nature of the funds means that their documentation is not publicly available. The Mirova report states, regarding the listed fund: *“With over €100 million in assets, this European thematic fund aims to support sustainable and innovative SMEs that contribute to nature conservation. The portfolio is structured according to the solution/transition typology, and is accompanied by enhanced impact monitoring via CDP data, biodiversity performance indicators and an independent scientific committee comprising researchers, public sector experts and NGOs. Support for innovation is validated by the fund’s TIBI certification⁵⁵.”*

As regards asset management firms, the lower number of entities mentioning this type of lever can be explained in particular by the fact that, as the asset manager manages its investors’ money, it is more difficult for them to specifically allocate a portion of the assets under management to a single theme, unlike a leading insurer which can devote tens of millions of euros from its general assets to the issue whilst accepting a lower return on that portion.

In practice, asset management companies highlight:

⁵² An initiative supported by the AFG, the Institute for Sustainable Finance, France Invest and France Assureurs, and launched with the backing of Af2i, which currently comprises some fifteen institutional investors: Abeille Assurances, AÉSIO mutuelle and MACIF (Aéma Groupe), Allianz France, AXA, BNP Paribas Cardif, BPCE Assurances, Caisse des Dépôts, CARAC, Caisse Générale de Prévoyance des Caisses d’Épargne (CGP), CNP Assurances, Crédit Agricole Assurances, EDF Gestion, MAIF, Malakoff Humanis, Pro BTP, Société Générale Assurances.

⁵³ Selected in October 2024.

⁵⁴ Selected in September 2025.

⁵⁵ “Launched in 2019, the Tibi initiative (named after the economist behind the project) aims to increase the financing capacity of technology companies by mobilising the savings of institutional investors, particularly those of insurers.”

- On the one hand, the launch of funds or ranges of funds focused on biodiversity (see examples below);
- On the other hand, on a more ad hoc basis, by reporting investments that have a positive impact in relation to the biodiversity objective. Thus, [Mirova](#) has developed an internal taxonomy of biodiversity solutions and best practices and reports on (i) the ‘Amount of investments deployed for nature-related opportunities’ and (ii) amounts that ‘have been invested (or committed) in projects generating positive impacts on biodiversity, such as sustainable land management or restoration activities’. The operational details of the taxonomy, including the consideration of potential DNSH effects or the absence of offsetting when measuring impacts, are not specified.

With regard to “biodiversity” funds, the analyses carried out last year on some of them are repeated here in order to highlight the importance of looking beyond the mere label to assess whether or not the fund has a genuine capacity to contribute.

The Euronext ESG Eurozone Biodiversity Leaders PAB Index

This index, which can be passively tracked, for example via the [BNP Paribas Easy ESG Eurozone Biodiversity Leaders PAB](#) ETF (€17m in assets under management), combines a ‘PAB’ strategy of constrained decoupling of financed emissions within the portfolio described by the index with a sector-specific ‘best-in-class’ approach (top 30% by biodiversity macro-sector) based on an indicator derived from the MSA. In practice, [as at 30/09/2025](#), the top holdings (>5%) in this index include companies such as:

- ASML (12.75% as at 30/09/2025). The company states that biodiversity **is not a material** issue for it in its [2024 CSRD report](#);
- Schneider Electric (8.08%), LVMH (8.02%) and L’Oréal (5.87%).

As was the case last year, as of September 2025 the index shows low taxonomic eligibility for biodiversity-related issues, and lower than its benchmark (28% vs. 37%). Once again, it is reiterated that it appears **very difficult** to discern the contribution of this type of hybrid quantitative approach to the achievement of biodiversity objectives.

The CPR Invest - Biodiversity Fund

The fund has approximately €160m in assets under management. It is an Art. 8 SFDR-classified diversified international equity fund (between 80 and 150 holdings) whose objective is to outperform the MSCI World, selecting “*shares of companies across all sectors (with the exception of fossil fuels) and all countries which, according to the management company’s analysis, offer the best prospects for financial appreciation amongst those best placed to reduce pressure on biodiversity within their sector.*” In practical terms, the sub-fund operates on its non-financial aspects with:

- an initial environmental/ESG exclusion,
- a specific biodiversity exclusion: controversies surrounding biodiversity issues, “activities harmful to biodiversity (underwater mining, palm oil, pesticides, intensive deforestation, etc.)”, “the most significant bad practices concerning forests, water and climate are analysed and excluded on the basis of data provided by external suppliers”
- a *best-in-class* analysis based on three pillars, enabling – in a manner not explicitly detailed – the derivation of scores for the following indicators: (i) MSA.km² footprint, (ii) the company’s past performance on various criteria: energy consumption, water usage, waste generated, etc., and (iii) companies’ biodiversity policies and initiatives based on 25 questions.

The overall selection rate is at least 30% on a capitalised basis, and it is guaranteed that ‘*at least 75% of assets are invested in issuers belonging to sectors with high biodiversity challenges*’⁵⁶. It is also possible to select securities from ‘solution’ companies outside the investment universe, which must comply with the filters described above.

The product is designed to be conceptually robust. However, several factors may raise questions about its actual ability to deliver:

⁵⁶ The list is not specified, but the prospectus describes a sector selection process: “Pending an official definition of issuers with significant biodiversity-related challenges, the Management Company takes into account both the sectors targeted by the Finance for Biodiversity Foundation (‘FBF’) and, amongst the sectors that the European Commission considers to have a significant climate impact, those with a high biodiversity footprint.” In practice, according to the impact report, 22 GICS-3 sectors from [the FBF’s](#) priority and secondary lists have been selected, representing 40% of the MSCI World Index, to which are added 34 sectors with high climate risks and a “high” MSA.

- the fund's [DICI](#) makes no mention of specific limits. Given the criticisms highlighted elsewhere in the various 29 LEC reports regarding the stability of the MSA indicator, and the general criticisms regarding the availability and quality of biodiversity data from companies, it may seem surprising that the issue of the quality of the underlying data, its processing and the possible use of estimates is not mentioned⁵⁷.
- Beyond data quality considerations, the relative selection nature inherent to *'best-in-class'* approaches does not guarantee a minimum intrinsic improvement, whether in terms of the aggregate footprint (MSA.km²) or any of the company's 'biodiversity' data: waste production, water consumption, etc.
- Finally, in terms of [composition](#), as of November 2025, the fund appears to be primarily exposed to the information technology sector (nearly 30%), ahead of industry (16%) and finance (15%). High-stakes sectors such as agriculture, chemicals, construction or mining do not therefore appear to be priorities. The issue is clearly the limited financial weight of these sectors within the chosen investment universe, but this illustrates the difficulty of implementing a truly impactful approach under these conditions.

The SLF (LUX) Equity Environment and Biodiversity Impact Fund

The fund has approximately €200m in assets under management. It is an Article 9 SFD equity fund that "aims for long-term capital growth". The fund invests or allocates at least 80% of its assets to equities "whose economic activity contributes to preventing and controlling pollution, protecting marine and terrestrial ecosystems or preserving biodiversity, and does not cause significant harm to environmental or social objectives, whilst ensuring that the companies in the portfolio adhere to good governance practices". The methodology used to determine which companies meet this definition is not set out in full detail but combines various criteria, including:

- contribution to Sustainable Development Goals 12 (responsible consumption and production), 14 (life below water) and 15 (life on land), via revenue deemed to contribute positively to these goals by more than 5% or the existence of a credible plan to reduce negative environmental impacts
- various indicators, including the portfolio's carbon footprint, the percentage of turnover derived from recycling services, and the MSA indicator.

In terms of current composition (November 2025), the fund is mainly exposed to industry (52%), information technology (16%) and community services (7%). These main holdings, above 5%, are NGK Insulators Ltd (6.82%, a Japanese company primarily involved in industrial ceramics, batteries and semiconductors) and Xylem Inc (5.48%, an American water management company).

Thus, regarding the thematic funds established, and without calling into question the genuine 'biodiversity' identity of the funds mentioned above by way of illustration, it is worth noting, as stated in the guide, **that there is a distinction between a 'thematic' fund** that might operate, for example, via a *'best-in-class'* or *'best in universe'* mechanism without any guarantee of a minimum standard, **and a fund that would 'contribute' to biodiversity objectives**, for example by being underpinned by an analysis of the positive contribution of the company or project in which the investment is made, or conversely by a significant reduction in the negative pressures exerted.

Regarding funds operating on a *'best-in-class'* basis, the following elements are suggested, which could help to reinforce the 'biodiversity' aspect where appropriate:

- Communicate and put into perspective the biodiversity performance of actors 'on the cusp' of selection (e.g. the waste output of the last actor selected according to this criterion, i.e. the 70th percentile if the selection rate is 70%)
- Communicate the percentage that sectors with a high biodiversity impact *ultimately* represent in the portfolio.

⁵⁷ The prospectus states that "companies without analysis" on MSA/trajectory aspects "are not eligible for the portfolio". However, it is not specified whether companies that do not report or are subject to partial reporting are not analysed or are subject to approximations. Furthermore, the case where the metrics taken into account are not deemed material/relevant by the company (typically pollutants discharged into water) is not clarified.

Engagement

Most stakeholders' engagement strategies address various climate issues, including the biodiversity aspect.

In terms of collective engagement, the Finance for Biodiversity Pledge, Nature Action 100 and Act 4 Nature initiatives are regularly cited. In particular, the "[Finance for Biodiversity Pledge](#)" (FBF) initiative, launched in 2020 and now boasting 200 signatories, sets out five commitments: collaboration and knowledge sharing, engagement with companies, impact assessment, setting targets and public reporting. A public database (*repository*) enables stakeholders to report centrally on these commitments. Of the 50 organisations in the sample, 23 are signatories, either in their own name or on behalf of their group (nearly half of the insurers and more than half of the general asset management companies, four private equity firms and one real estate company). Of the signatories, only 10 have provided information to the FBF's public database (notably via references, where applicable, to their Art. 29 LEC report). Of the remaining 13, 4 joined the initiative less than two years ago⁵⁸. A longer-standing member indicated that online publication was not "explicitly" mandatory and that the system had only recently been put in place. The member intended to provide the information next year. The need to honour commitments made in order to lend credibility to the process is emphasised.

In terms of individual engagement, the reporting structure is broadly similar to last year: several asset managers detail their strategies, resources and actions in a dedicated engagement/voting report, often providing examples of engagement, usually anonymised. The identification and prioritisation of companies to engage with is still presented in general terms, as is the nature of the discussions. Impact/dependency analysis work (ENCORE database, MSA) is sometimes cited as a source for prioritisation.

It is therefore a pity that one rarely finds:

- specific objectives to engage a minimum number of companies according to a defined strategy, for example all companies relevant to a particular harmful issue or practice, or the top X companies selected through a given process). One notable exception is [Abeille Assurances](#), which launched last year and is continuing an assessment campaign on *'companies that are currently significant suppliers of biocides (>10% of turnover) and issuers subject to high-severity controversies due to the environmental and health impacts caused by the manufacture, use or release of hazardous or toxic chemical products or substances'*. Four companies were thus interviewed, with the report providing a concrete example of discussions with Arkema;
- standardised wording for requests ("I have such-and-such a minimum expectation of all companies in this sector/regarding this practice"). In the latter case, the fragmented nature of biodiversity compared to climate (where the demand for decarbonisation targets/action plans is an easy common denominator) is not helpful, and the diversity of situations likely leads to a simplification of the report's content that does not fully reflect the quality of the granular monitoring carried out by the engagement teams. However, as the CGDD-ADEME guide emphasises, stakeholders are encouraged to focus on a few practices or sectors in order to explore them effectively rather than spreading their efforts too thinly.

Finally, some stakeholders present initiatives targeted at specific themes, such as [BNPP AM](#), which details the history of a commitment measure against global pharmaceutical dependence on [horseshoe crabs](#)⁵⁹, comprising, from 2021 to 2024:

- an initial appeal to pharmaceutical companies;
- a working group for a global pharmaceutical industry initiative (PSCI) was formed and led to the publication [of a position paper](#) setting out best practices to limit the use of horseshoe crabs (phasing out use for a particularly endangered species, using alternatives, and closely managing the impacts of residual consumption);

⁵⁸ The initiative's website states: "We have created a central repository of the reported data to enhance the visibility and transparency of biodiversity-related reporting across the industry. Pledge signatories have committed to reporting in 2025 (with 2024 data), or within two years of signing."

⁵⁹ A species of arthropod whose blood can be used in the healthcare sector to detect the presence of bacteria. Although collection is potentially non-lethal, high demand poses a threat to its survival and that of the ecosystem that depends on it.

- this work enabled the launch of a second campaign targeting companies, underpinned by the practices described in the paper. A specific initiative involving one company (Amgen) is described in detail.

This example illustrates in particular how, when the technological and market conditions are right, a financial institution's engagement with a specific issue enables it to help accelerate the emergence of best practices, through a more precise and relevant commitment, drawing on peer emulation.

With regard to insurers, information on their engagement with *asset managers* to whom they delegate all or part of their assets remains rather limited. As a sign of improvement, however, one player states that it is in the process of defining a biodiversity engagement roadmap for *asset managers*.

It should be noted that this element is essential to inform the insurer's strategy, particularly in a context where certain *asset managers* emphasise that the ambition of their policy depends on the wishes of the institutional investor entrusting them with its assets.

Analysis of economic actors

As was the case last year, no analytical framework has yet been identified that aims to categorise investee companies according to biodiversity challenges, based in particular on companies' biodiversity transition plans. The messages conveyed in particular by the CGDD-ADEME guide are reiterated here:

- The requirements for biodiversity targets rely primarily on ceasing to fund harmful practices rather than on funding positive activities. The information available at company level is still patchy (notably, there is no mandatory 'biodiversity' transition plan under the CSRD), but this presents opportunities for engagement. **To help achieve international biodiversity targets, financial institutions must urge companies with problematic practices to propose a transition plan, or at the very least set targets in this area;**
- To avoid the implementation of hollow mechanisms, where, for example, a company with established harmful practices would simply be asked to communicate better about its impacts, it is important that financial institutions establish a framework enabling them to set relevant targets based on the maturity of the company in question and the criticality of the biodiversity issue for it. The outcome of such a framework would then be to ask key companies to define targets for reducing the negative pressures their activities exert on biodiversity, aligned with international targets, accompanied by a transition plan. For the companies concerned, this may involve an analysis and substantiated expectations regarding the reporting framework set out in CSRD ESRS E4

3.3. Deforestation

3.3.1. Summary

An analysis was carried out of the potential deforestation policies of the stakeholders, notably using a dedicated indicator from the ACT Finance methodology. The results show that most schemes remain limited in scope (areas covered and value chain). Whilst the issue of the value chain is beginning to be addressed on an ad hoc basis, the core of the matter remains largely unaddressed or unchallenged (particularly in the food sector), even though it is likely to have the most tangible impact on investment universes. Thus:

- A minority but significant proportion of investors have formalised a policy to combat deforestation (15 out of 44, excluding real estate asset managers). However, these remain piecemeal, with an average of 2.6 activities responsible for deforestation taken into account out of the 7 usually recommended. The majority of policies (9 out of 16) target only palm oil, or indeed no specific activity at all, referring merely to 'increased vigilance' regarding controversies linked to deforestation.
- The challenge of deforestation lies less in the companies invested in by French investors than in those companies' value chains: 4 policies explicitly mention value chains, without, however, providing specific criteria for assessing their quality.
- Finally, for most activities posing a risk of deforestation, the most accessible tool for investors to 'screen' assets is often certification. For palm oil, the majority of stakeholders rely on the RSPO. However, this certification scheme, which also comprises several certification levels, has been the subject of significant criticism, illustrating the difficulties of relying on a certification framework without ensuring its accuracy, reliability or relevance.

3.3.2. Context

The implementing decree for Article 29 of the LEC does not explicitly mention the issue of deforestation. Nevertheless, forests play a crucial role at the intersection of numerous interconnected environmental and social issues: carbon sinks, biodiversity, the water cycle, climate risk prevention, soil erosion, the spread of disease, etc.⁶⁰ Deforestation (land-use change) accounts for 12% of global GHG emissions according to the IPCC⁶¹, nearly 10 million hectares of forest are lost each year⁶², and the destruction and urbanisation of natural habitats, primarily forests, are the leading cause of biodiversity loss⁶³.

Thus, whether through the lens of climate change or biodiversity, financial actors are compelled to address the issue. In order to document more comprehensively the strategies and practices of French investors subject to Article 29 of the LEC regarding their climate and biodiversity strategies, it is therefore necessary to examine the initiatives taken in this area.

As with fossil fuel policies, the deforestation policies of insurers and asset management companies have been analysed using a dedicated ACT Finance indicator (see 5.4.2). In addition to indicators relating to the policy's scope of application and the exceptions allowing for a 'net' score, this indicator is based on the following indicators. It should be noted that, as this area is less developed than that of fossil fuels, the ACT Finance methodology is less detailed at this stage.

⁶⁰ [Destruction of ecosystems, loss of biodiversity, carbon release, disruption of the water cycle, spread of disease, social repercussions... Deforestation leads to a cascade of consequences: an overview.](#)

⁶¹ [IPCC Sixth Assessment Report - Working Group III: Mitigation of Climate Change](#)

⁶² [Global Forest Resources Assessment 2020, Food and Agriculture Organization of the United Nations](#)

⁶³ [The 5 pressures responsible for the collapse of biodiversity](#)

Deforestation	
Indicators	Weighting
- Deforestation and degradation of natural systems activity list	15%
- Requirements from portfolio companies	15%
- Portfolio companies included	15%
- Phase-out strategy	40%
- Commitment date	10%
- MRV ⁶⁴	5%

Finally, it should be noted that the European regulation⁶⁵ has drawn up a list of the main activities responsible for deforestation: palm oil, soya, cattle farming, cocoa, coffee, timber, and rubber. The ACT methodology relies in particular on this list to assess the scope of practices. Ideally, the following is required:

- comprehensive coverage of activities likely to cause deforestation;
- requests for zero-deforestation commitments from companies, supported where appropriate by action plans;
- broad coverage in terms of geographical, legal and value chain scope;
- a monitoring mechanism that includes an escalation process.

3.3.3. Key findings of the analysis

Of the 50 entities in the analysis sample, 15 have a formalised policy on deforestation. Among the asset managers, there are six generalist firms and two classified as private equity firms. The table below outlines the topics covered by the various policies.

Deforestation	Insurers	Asset management firms	Total
Have a policy	7	8	15
including:			
- palm oil	5	5	11
- wood and/or paper	2	5	7
- rubber tree	1	1	2
- soya	1	4	5
- cattle farming	1	4	5
- cocoa	1	2	3
- coffee	1	2	3

Only 3 entities cover a large proportion of the list of activities identified as responsible for deforestation under European regulations (at least five out of seven activities), 3 cover at least two activities, 5 cover only one activity, palm oil, and 4 do not mention any of the 7 activities. In such cases, financial institutions mostly resort to 'enhanced due diligence' on controversies linked to deforestation, such as land-related disputes (expropriation, etc.). On average, existing policies cover only 2.6 out of 7 activities. It should be noted that some institutions appear to have an internal policy but have not published it.

The scores from the analyses carried out using ACT Finance's *INV 1.4 Engagement Targets – Deforestation and degradation of natural ecosystems*⁶⁶ module are summarised in the following table:

⁶⁴ Monitoring, Reporting and Verification process.

⁶⁵ Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023

⁶⁶ ACT Finance Investing Methodology, p. 60

	ACT score (raw)	ACT score
Average	29%	16%
Median	29%	11%
Min	0%	0%
Max	64%	49%

Accounting for value chains

The main limitation of these policies lies in the fact that the activities likely to cause deforestation do not take place within the companies – mostly listed and largely European – in which French institutions invest, but in local subsidiaries and subcontractors located in the regions of the world most affected, primarily South America. Addressing the full value chain of companies through deforestation policy is therefore an *essential* prerequisite for its effectiveness.

Thus, of the 15 anti-deforestation policies identified and analysed, only four explicitly mention the value chains of portfolio companies. Whilst some policies do incorporate the concept of the value chain, thereby demonstrating the importance of understanding deforestation from this perspective, their wording does not always make it possible to ascertain precisely what requirements the investor imposes on its portfolio companies regarding their value chains.

GACM (Crédit Mutuel Alliance Fédérale Deforestation Policy): *“The actors covered by this policy present a high risk of deforestation within the value chain: producers of one or more relevant raw materials, traders and manufacturers directly using one or more relevant raw materials.”*

Some stakeholders only mention the value chain to define the scope of their policy, often in a restrictive manner, effectively sidelining those most directly involved in the natural investment universe of French investors.

BNP Paribas AM (Responsible Business Conduct Policy): *“This policy applies to companies directly involved in the upstream and downstream palm oil value chain and companies for which it represents a significant part of their activities: ‘Upstream’ refers to crude palm oil production (plantations and/or mills). ‘Downstream’ refers to crude palm oil refining and/or trading. Other companies further down the value chain (producers or traders of palm oil derivatives, or manufacturers and retailers of ingredients and products containing palm oil) are not within the scope of this policy.”*

Other stakeholders set out more clearly how the value chains of the companies in which they invest are addressed by the anti-deforestation policy and what is expected of companies with regard to their value chains. This approach, although often lacking in precision, appears best placed to have an impact on the companies responsible for deforestation.

Predica (Credit Agricole Group Deforestation Policy): *“Clients covered by this Policy are expected to have a monitoring plan covering all operations and the value chain, as well as compliance with their anti-deforestation commitments. The scope in question will be determined by the various entities of Crédit Agricole S.A. Each entity will be able to assess the credibility and robustness of the monitoring plan of the various clients.”*

Eurazeo (Exclusion policy): *“Consequently, Eurazeo may invest in such companies provided that the company has a formalised plan to diversify away from high-impact agricultural commodity value chains.”*

Mirova (Minimum standards): *“For companies operating in the downstream value chain of the aforementioned main commodities, we expect companies to implement credible supply chain*

traceability systems right back to the farm or point of production. We also expect transparency regarding controls, audits and grievance mechanisms.”

One stakeholder refers to the French National Strategy against Imported Deforestation⁶⁷ as a complement to the aforementioned European regulations. This document notably acknowledges the difficulty of tracing complex processing chains and provides insights likely to guide financial stakeholders in their methodological approach to this challenge.

Some examples of measures

With a view to encouraging an overall improvement in practices, this section details the expectations set out by Mirova and La Banque Postale Asset Management respectively in relation to deforestation.

In its [Minimum Standards](#), **Mirova** sets out specific criteria for each type of activity. For palm oil, continued investment is conditional upon RSPO (Roundtable on Sustainable Palm Oil) certification. For ‘food and farming’ activities, including soya, cattle farming and timber, four generic criteria are established and supplemented by specific criteria:

“We apply a case-by-case analysis for beef, soya, timber, cocoa, coffee, or rubber producers. We expect companies and projects to meet the following criteria:

- *Existing robust policies on zero deforestation, zero peatland conversion, zero conversion of biodiversity-sensitive areas and zero conversion of high biodiversity value land;*
- *Existing audit processes and effective grievance mechanisms to identify and remedy adverse social and environmental practices;*
- *Transparent reporting on the governance of the deforestation policy, its implementation, verification tools and impact KPIs.*

For companies operating in the downstream value chain of the main commodities mentioned, we expect companies to implement credible supply chain traceability systems right back to the farm or point of production. We also expect transparency regarding controls, audits and grievance mechanisms.

[...] In addition to the criteria mentioned for main commodities, we apply a case-by-case analysis and expect soy producers to commit to ending sourcing from the Brazilian Amazon.

[...] and expect companies involved in expanding beef production capacity to implement a convincing strategy focused on ecosystem protection and to demonstrate a strong rationale for the environmental benefits of this strategy.

[...] and expect companies to commit to banning the operation of plantations in tropical High Conservation Value areas and/or the logging of tropical timber from natural forests. For companies operating in the downstream value chain, we expect them to implement credible supply chain traceability systems right back to the farm or point of production. We expect transparency regarding controls, audits and grievance mechanisms.”

In its [exclusion policy](#), **LPB AM** also adopts an exclusion approach based on external standards:

“Companies producing or trading high-risk agricultural commodities are excluded unless they have implemented a deforestation prevention policy aligned with the principles of the Accountability Framework and supported by external certifications (RSPO, RTRS, FSC, etc.). Mining companies exposed to significant controversy are excluded unless they have implemented remediation and compensation measures, as well as measures to prevent deforestation in their operations.”

“Exclusion of producers and traders of agricultural commodities deemed to pose a high risk of deforestation under the European ‘EU Deforestation-Free Regulation ’, having been the subject of controversy regarding a significant impact on deforestation and having failed to commit to corrective measures, or having failed to implement risk identification principles with corresponding formalised objectives.”

⁶⁷ [National Strategy to Combat Imported Deforestation \(SNDI\)](#), March 2025

In addition to these exclusion criteria, LPB AM states that it is undertaking targeted engagement initiatives on the issue of deforestation:

“An engagement initiative was conducted with Inditex, a company specialising in the production and distribution of textiles for the fast fashion market, as part of the Valuing Water Initiative campaign. As the company’s responses to the bilateral questions posed by the LPB AM group regarding water management were evasive, the LPB AM group wished to escalate the engagement by participating in and organising this collaborative engagement, focusing on the following expectations by 2030”

“Rainforest Investor Coalition: A collaborative initiative between investors, coordinated by Storebrand AM in partnership with the NGO Rainforest Foundation Norway, which aims to tackle deforestation in the automotive supply chain. The LBP AM group acted as lead investor in the engagement with Forvia. By 2024, the company had demonstrated progress in transparency and communication regarding its leather suppliers.”

The use of certifications – Focus on palm oil

In its 2024 report on combating deforestation⁶⁸, the Institute for Sustainable Finance noted that 90% of the financial actors studied relied on certifications to identify activities driving deforestation. This finding of widespread, even systematic, reliance on certifications also holds true for the present study sample.

With regard to palm oil – the activity most frequently cited in deforestation policies – RSPO certification is the most commonly used by investors to condition continued investment in oil palm cultivation activities. However, this certification has been criticised by various environmental and social NGOs: Greenpeace, Rainforest Action Network, ECCHR, etc. According to the NGO Greenpeace in 2019: “It took 14 years for the RSPO to ban its members from destroying forests – which it finally did in November 2018. It still hasn’t enforced this new rule – and RSPO members are still destroying forests and getting away with it.”⁶⁹. The RSPO responded by highlighting the positive contributions of the label, particularly in its 2018 revision, without formally refuting all the accusations (“The allegations of misconduct by our members identified in the report are in no way representative of our standards”). Furthermore, research into the impacts of this certification seems to focus primarily on social and local aspects⁷⁰, following revelations of human rights violations on certified plantations in 2013⁷¹. Finally, a study cited in 2017 showed that whilst certification is indeed associated with lower deforestation, certified plantations are generally the oldest, in other words those where deforestation took place largely prior to the certification process. According to the study’s authors, “wider adoption by palm oil producers will likely be necessary for certification to have a significant impact on the total area of forest lost to the expansion of oil palm cultivation.”⁷².

It is also emphasised, on the one hand, that certification comprises several levels, only one of which guarantees traceability (*Identity Preserved*), and, on the other hand, that a producer may not have 100% of their production certified. Selection and engagement efforts therefore amount to requiring that only a portion of production (for example, at least 50%) be certified.

The ability of this certification to combat deforestation in a fully satisfactory manner therefore does not appear to be guaranteed. Financial actors must therefore be aware of these limitations and, if they are unable to set requirements that are fully in line with expectations regarding the fight against deforestation, communicate adequately on the limitations of the approaches they adopt.

⁶⁸ [Combating deforestation – Overview of strategies in the Paris financial centre](#), IFD, March 2024

⁶⁹ [5 problems with ‘sustainable’ palm oil](#)

⁷⁰ Santika, T., Wilson, K.A., Law, E.A. et al. Impact of palm oil sustainability certification on village well-being and poverty in Indonesia. *Nat Sustain* 4, 109–119 (2021). <https://doi.org/10.1038/s41893-020-00630-1>

⁷¹ Empty Assurances: The human cost of palm oil (Report). International Labor Rights Forum and Sawit Watch. 14 November 2013. Retrieved 15 November 2013.

⁷² K.M. Carlson, R. Heilmayr, H.K. Gibbs, P. Noojipady, D.N. Burns, D.C. Morton, N.F. Walker, G.D. Paoli, & C. Kremen, ‘Effect of oil palm sustainability certification on deforestation and fire in Indonesia’, *Proc. Natl. Acad. Sci. U.S.A.* 115 (1) 121–126, <https://doi.org/10.1073/pnas.1704728114> (2018).

3.4. Reporting aspects

This section focuses on an analysis, within the scope of the sample of 50 entities, of the ‘reporting’ aspects of Article 29 of the Energy Act: taxonomy and fossil fuel shares.

3.4.1. Taxonomy

3.4.1.1. Summary

Analysis of the taxonomy reporting by the 50 entities shows that, given the vagueness of the text, most of them provide at least one taxonomy alignment rate, with some simply copying and pasting the regulatory tables required by the legislation. Most of them endeavour to provide educational explanations on the role and functioning of the taxonomy. Some entities still fail to provide the required data.

The fundamental biases in the data (partial coverage of activities, partial coverage of the portfolio where data is available only for European positions), transitional aspects (extension of reporting to all six environmental objectives) and difficulties in capturing data (fund transparency, units of account) result in rates which, taken out of context, are not necessarily representative of the economy’s state of transition, either in terms of level (less than 5% alignment, 20% eligibility on a weighted basis) or trend (slight growth in alignment, stability in eligibility).

Reporting is thus viewed primarily as a compliance exercise regarding the information to be provided, and the taxonomic rate does not appear to be used for management purposes. Only one player ([Rothschild & Co](#), which is also conducting a comprehensive review of the level of alignment theoretically possible given the structure of its portfolio) indicates in its report that the stabilisation suggests the possibility of using it for target-setting purposes (minimum level of alignment) on certain portfolios.

This situation, which has persisted for several years, may prompt a broader reflection on the nature of this type of reporting regulation. The complexity and gradual nature of the regulation’s roll-out are compounded by a market discipline that takes time to establish itself without targeted, binding supervisory measures, such as the imposition of penalties. These factors appear incompatible with the pace of change brought about by the current geopolitical context. Whilst the text has conceptual flaws (taxonomic reporting at portfolio level shares some of the weaknesses of funded emissions by abstractly aggregating metrics that only make sense at the level of economic agents), the manner of its implementation renders it useless from the outset. There is therefore potentially a lesson to be learnt for the roll-out of future regulations of this type, which should:

- Be rolled out more immediately (no or less of a *phase-in*, even if this requires more preparation in advance and ‘test runs’);
- Be accompanied by expectations that are clearly monitored by the supervisory authority, with more systematic enforcement mechanisms, in order to ensure market discipline from the outset.

3.4.1.2. Background

Article D. 533-16-1(III-5) of the Monetary and Financial Code requires the “*Proportion of outstanding amounts relating to activities in compliance with the technical assessment criteria [of the taxonomy]*”⁷³. This provision is mandatory for entities with outstanding amounts exceeding €500m (asset management companies) or balance sheet totals exceeding €500m (insurers).

Thus, the information provided at the decree level does not go into detail regarding taxonomic concepts such as eligibility and alignment, the underlying indicator (turnover, CAPEX or OPEX) or the extension of the taxonomy to climate objectives other than climate change mitigation and adaptation. In practice, it has been observed that reporting entities include in their reports:

⁷³ ‘Proportion of outstanding amounts relating to activities in compliance with the technical assessment criteria set out in the delegated acts relating to Articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088, in accordance with the delegated act adopted pursuant to Article 8 of that Regulation;’

- Either the tables required under taxonomy regulations, with varying degrees of detail;
- Or simplified, educational information, with variations. Thus, entities may sometimes report solely on the alignment ratio in terms of turnover, which can be considered to correspond in substance to the provisions of the decree, or they may sometimes provide more detailed information: breakdown by turnover, CAPEX, OPEX, by objective, with additional information on eligibility or otherwise.

3.4.1.3. Findings of the analysis

The analyses carried out on the sample consisted of taking stock of the taxonomic reporting levels identified, both in absolute terms and comparatively between alignment and eligibility, and attempting to identify trends. A focus was also placed on real estate portfolio management companies, which are unique in their reporting levels compared to others.

Submission rates

% Publication	Insurers	AM	Real estate investment managers	GEN	RE	Total
Eligibility	88%	62%	85%	50%	80%	70%
Alignment	100%	85%	94%	75%	95%	90%
Reminder: sample size	16	34	8	20	6	50

Overall, in their 29 LEC reports, most of the entities in the sample disclose at least their eligibility and alignment rates, expressed as a percentage of turnover. Some disclose only alignment. Finally, no information could be found for 5 entities (10% of the sample), for various reasons:

- No portfolio entity subject to taxonomy reporting
 - [Eurazeo Global Investors](#)⁷⁴.
- Context of a merger between two entities
 - [Arkea AM](#), which does, however, provide alignment figures for its two merged sub-portfolios, Federal Finance Gestion and Schelcher Prince Gestion. No aggregate calculation was performed as a precaution, given the low coverage rates and the methodological difficulties transparently reported regarding the data collection process;
- Entities within a group, with no specific explanation provided
 - [Amundi Private Equity](#) (within the Amundi group's overall submission)
 - [AXA REIM](#) (within the AXA IM aggregate submission)
- Information provided only at the level of a fund with a taxonomic objective, which is not, a priori, the scope required by the 29 LEC framework.
 - [BlackRock France](#)⁷⁵

The difficulty in collecting information is sometimes highlighted in the reports. The high rates of disclosure across the market show that such an approach is by no means insurmountable, although it remains relevant to specify, where applicable, the difficulties encountered. It is particularly emphasised that, as such information is a regulatory requirement for companies, the issue relates more to the method of collection (and the resources the financial institution deigns to deploy to achieve this) than to the actual availability of the data. It seems surprising that there is no data provider offering a service of

⁷⁴ "As the portfolio companies of the alternative investment funds under management are not themselves subject to Article 8 of the Taxonomy Regulation, Eurazeo has not been able to provide the percentage of investments (turnover, Opex, Capex) that are eligible and aligned with the European Taxonomy. Eurazeo has adopted a conservative approach, excluding the use of estimated data that proved to be either non-existent, incomplete or unreliable (see section 3.1.1.1 in the 2024 URD)."

⁷⁵ "The BFS Global Renewable Power Infrastructure Fund III includes investments that align with the European Taxonomy and, specifically, Article 10 of the European Taxonomy in relation to climate change mitigation. As at 31 December 2024, the value of all assets held in the Global Renewable Power Infrastructure Fund III was €2.3 billion, of which 27.22% was aligned with Article 10 of the European Taxonomy. Whilst other BFS products may include investments that are aligned with the European taxonomy, BFS does not currently have the requisite data to report the percentage alignment; this reflects the challenge associated with obtaining such data in respect of private market investments."

satisfactory quality on this subject. At worst, given the overall overlap in the investment universes of the various players, pooling collection efforts at industry level seems feasible at a moderate cost (a few FTE research staff shared across the entire market).

Level of submissions

The overall statistics are presented in the following tables. Average rates of around 20% eligibility and 5% alignment are recorded, broadly consistent with the analysis carried out on insurers at 0. Real estate asset management companies stand out with an eligibility rate close to 100% due to the nature of their business (see below)

Eligibility ratios – Statistics:

	Insurers	Asset management companies	Real estate asset management companies	GEN asset management companies	RE	Total
Average	15%	29%	15%	23%	94%	23%
Median	12%	17%	17%	14%	94%	14%
Min	4%	3%	3%	5%	94%	3%
Max	41%	95%	25%	65%	95%	95%
Standard deviation	11%	27%	9%	18%	0%	23%
Reminder: sample size	16	34	8	20	6	50

It is noted that the average is logically consistent with that observed on a weighted basis across the entire sample of insurers, see 4.3.1. The weighted rate is, however, higher (nearly 20%), which may suggest that a large number of small insurance firms have higher eligibility rates.

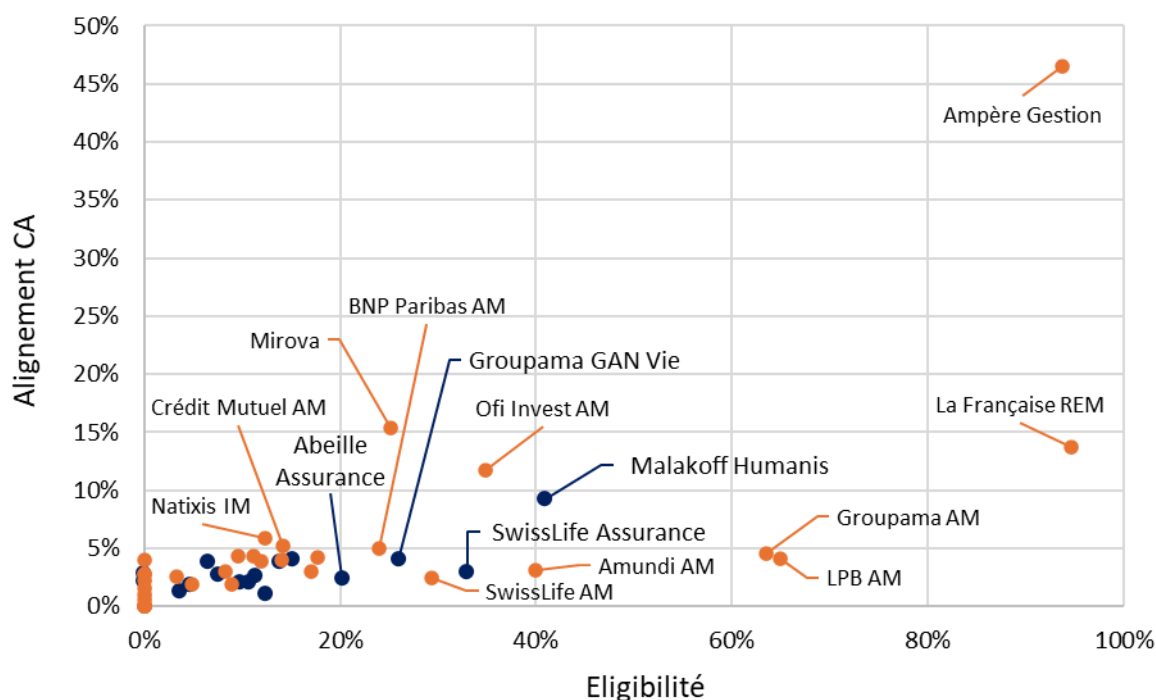
Alignment ratios – Statistics:

	Insurers	AM	PE	GEN	RE	Total
Average	3.1%	5.7%	4.1%	4.1%	13.4%	4.8%
Median	2.7%	3.9%	2.7%	4.1%	4.0%	3.0%
Min	1.0%	0.0%	0.0%	1.9%	1.0%	0.0%
Max	9.2%	46.5%	15.4%	11.8%	46.5%	46.5%
Standard deviation	1.8%	8.5%	5.2%	2.2%	17.2%	7.0%
Reminder: sample size	16	34	8	20	6	50

Eligibility vs. Alignment

As illustrated in the chart below, the vast majority of alignment ratios (44, or 88% of the sample) fall between 0 and 5%. Eligibility ratios, on the other hand, show greater dispersion, with a standard deviation of over 20% compared to 7% for alignment ratios.

Eligibility vs. alignment ratios (turnover) for insurers (in blue) and asset management companies (in orange):



For the sake of clarity, only those entities with an eligibility ratio above 20% or an alignment ratio above 5% are shown on the graph.

The chart also shows a number of players at 0% on the x-axis; these are those who, in their 29 LEC report, **do not publish an eligibility ratio but only their alignment ratio**.

Trends vs. N-1 (2024 vs. 2023)

Of the 50 entities in the sample, 13 reports allow us to plot the trend for the eligibility ratio and 16 for the alignment ratios, representing just over a third of the entities reporting these respective ratios.

In the majority of cases, alignment ratios are on the rise (up to +3 points), whilst a 30% decline or stability is observed (down to -4 points).

Nearly half (6/13) of the eligibility ratios show a decline, generally moderate but up to -10 points, whilst the increase remains limited to +8 points.

Explanations for these variations remain rare (only three instances noted, two of which relate to the most significant changes mentioned above). [AXA IM](#), for instance, cites the extension of reporting to all six environmental objectives and companies' greater familiarity with the framework to explain the observed rise in these rates. [Mirova](#), which has seen a decrease in rates for both eligibility and alignment, notes a lack of comparability in the figures without, however, specifying the reason or providing *pro forma* calculations. Finally, [Abeille Assurances](#), which has seen moderate changes (a slight decrease in eligibility, a slight increase in alignment), points to a change in scope.

Mirova: "These figures are not comparable to those presented in 2023 due to a change in methodology."

Abeille Assurances: "In 2024, we are expanding the taxonomy reporting scope to include assets held in unit-linked policies within our clients' life insurance contracts. [...]"

This ratio has risen slightly [...] notably due to efforts to hedge securities in the portfolio made during 2024. This ratio remains low for several reasons:

- The unavailability of information regarding the alignment of portfolio companies: data is available for only 66% of the investments analysed at the end of 2024; [...]
- The relatively low alignment of the economy with the European taxonomy."

AXA IM: "The observed increase in data on eligibility and alignment with the EU Taxonomy between 2023 and 2024 is mainly due to the gradual implementation of the EU Taxonomy's disclosure requirements for companies. In 2023, companies were only required to report on the first two

environmental objectives (climate change mitigation and adaptation). From 2024, they must report eligibility data for the other four environmental objectives (sustainable use and protection of aquatic and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems) [...]

Companies have also become familiar with the EU Taxonomy framework and reporting templates. Consequently, they now publish more granular data at the activity level, apply the various EU Taxonomy criteria more consistently, and have certainly improved the alignment of internal data systems with the requirements of the EU Taxonomy”

Without weighting by outstanding amounts, the average rate of change in alignment is +0.5 percentage points, whilst that for eligibility remains virtually stable (+0.02 percentage points).

It remains difficult, however, to draw any conclusions regarding underlying trends in taxonomy reporting, partly due to a general lack of explanations and partly because of the technical nature of such explanations when they are available.

This scarcity of n-1 data reflects, more profoundly, that from a qualitative perspective, the 29 LEC reports analysed almost systematically fail to put taxonomic ratios into perspective, analyse their evolution over time, or contextualise them in relation to any specific characteristics of the asset portfolios. Another notable point is that the proportion of estimated data compared to reported data at issuer level is rarely addressed, and even more rarely quantified.

Voluntary or alternative indicators

In addition to taxonomy-based ratios, a small number of market participants have been observed to use, on the one hand, voluntary indicators incorporating alignment estimates that allow for the inclusion of companies not subject to the taxonomy (through the provision of data), and, on the other hand, alternative indicators aimed at approximating the ‘green share’ of portfolios, the most common of which is the proportion of green bonds in the portfolio. Notably, [Mirova](#) highlights its use of an internal taxonomy, the outline of which is presented in the biodiversity section.

Use for strategic steering purposes?

The analysis sought to determine, based on the information in the 29 LEC reports, whether the entity indicates that it uses or plans to use these indicators for the purposes of steering its climate strategy and asset allocation. For three entities—one insurer and two asset management firms—references were noted to the interaction between the taxonomy and the investment strategy. This analysis is without prejudice to the possibility that certain funds managed by asset management firms may have their own taxonomic objective.

A degree of variation can be observed among the players: Rothschild & Co indicates that the situation could be sufficiently stabilised to allow for the indicator’s practical application in the future to set minimum levels for certain portfolios, Arkea AM emphasises that it is a ‘benchmark’, and Malakoff Humanis appears to approach taxonomy reporting more as an expected outcome confirming the validity of the choices made than as an indicator enabling *ex ante* analysis.

Rothschild & Co AM: “The improvement in coverage ratios and levels reported by issuers in 2024 suggests the possibility of reconsidering the setting of minimum alignment levels for the revenues of some of our portfolios. In 2024, this approach was implemented across our two ‘Net Zero’ funds.

We are convinced that the taxonomy is our best tool for ensuring consistency and objectively assessing the contribution of an activity to the transition, thereby guaranteeing better comparability of financial products. The taxonomy also enables us to recognise the efforts made and to be made by a number of industries and economic actors, whom we seek to support through our investments and our transition approach. This is why, in these uncertain times caused by the discussions surrounding the Omnibus Directive, we have committed ourselves to the European Taxonomy, particularly within the AFG. To date, we remain attentive to developments in reporting obligations for European companies, which are expected to come into force as early as 2026.

The taxonomy remains an essential part of our sustainable approach. Indeed, it constitutes one of the key areas of analysis for transition plans, and one of the main themes of the engagement activities we carry out with the companies in which we are invested.”

Arkea AM: *“In order to contribute to meeting the objectives of the Paris Agreement (which aim to limit global warming to 2 degrees by 2050) and to support the shift towards a low-carbon economy, Arkéa Asset Management wishes to participate in financing the energy transition by investing in activities with a positive environmental impact. To measure this, we use the benchmarks provided by the European taxonomy.”*

Malkoff Humanis: *“Given its investment strategy, Malkoff Humanis anticipates continued growth in the proportion of its eligible assets aligned with the European taxonomy, thanks to an investment selection process focused on environmental themes and dialogue with asset managers to offer more aligned financial products.”*

Focus on real estate management companies

The entities showing the greatest variation in their ratios—both eligibility and alignment—are real estate asset management companies. In the CTH's 2024 annual report⁷⁶, an in-depth analysis of the taxonomic data for this type of entity was carried out on the basis of standardised data provided by the supervisory authorities (covering taxonomic indicators for 105 insurers and 291 asset management companies with assets under management/balance sheets exceeding €500 million, including 51 real estate asset management companies). The main conclusions drawn were as follows:

- Real estate asset management companies had, on average, significantly higher eligibility rates than other types of asset management companies (56% of assets under management compared with 13.4% for all asset management companies).
- Of the 52 real estate asset management companies concerned, 31 reported a rate of over 85%, including 19 with a rate of 100%. This approach is consistent with an interpretation of the taxonomy delegated regulation⁷⁷, which would treat the AM as a 'traditional' company that measures the eligibility rate of its activities by recognising eligibility via activity 7.7 'Acquisition and ownership of buildings'.
- Their alignment ratios, however, were relatively consistent with those of other types of AM: the majority of entities reported a zero ratio and the majority of assets under management fell between 0 and 5%. This result is considered consistent given that the Taxonomy Delegated Regulation is primarily suited to buildings that are already low-carbon rather than those in transition, whereas the majority of the building stock requires renovation.

Given the limited number of real estate AM in the sample analysed in this report, and in the absence of comprehensive AMF data this year, it is difficult to assess how these findings have evolved, particularly as only two of them have published their eligibility ratios. Nevertheless, for these two, the reported eligibility exceeds 90%, a result therefore close to last year's analysis. Regarding alignment, however, the ratios are significantly higher: 46.50% and 13.70%, whilst for the three other asset management companies in the sample that reported only the alignment rate, this stands at or below the average for all asset management companies.

The first of the three technical criteria for activity 7.7 'Acquisition and ownership of buildings' is therefore reiterated:

“For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15 % of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.”⁷⁸

⁷⁶ [Analysis of the 'Article 29 LEC' 2024 submissions relating to the 2023 financial year, Climate Transparency Hub](#)

⁷⁷ [Commission Delegated Regulation \(EU\) 2021/2139 of 4 June 2021](#)

⁷⁸ *Ibid.*

The heterogeneity of the taxonomic information published by real estate asset managers therefore confirms the challenges already outlined regarding the interpretation of regulatory texts and, likely, access to data, particularly concerning the primary energy consumption figures of assets. For example, one of the asset managers in the sample describes this obstacle as follows:

Praemia REIM France: “As a real estate fund manager, Praemia REIM France assesses the alignment of assets with the European Union taxonomy in relation to the ‘Climate Change Mitigation’ objective, for which the technical assessment criteria for existing assets are:

- An Energy Performance Certificate (EPC) rated Class A, expressed in primary energy, or
- A property that ranks among the top 15% of the national property stock in terms of primary energy consumption within its asset class.

[...]

In 2023, primary energy data was unavailable for certain assets, for which the taxonomy analysis could therefore not be carried out. Furthermore, the primary energy measurement required by the EU taxonomy limits the ability to demonstrate the alignment of assets that are, in fact, low-carbon. Additionally, the majority of assets comprising the portfolio are existing properties, built before 2010. Achieving an A energy performance certificate or ranking top 15% in primary energy consumption among assets in France (ESG Index, Deepki) requires the implementation of improvement plans aimed at mitigating climate change.”

Taxonomy ratios for insurers and asset management companies:

Entity	Type	AM type	Eligibility (n)	Alignment (n)	Coverage (n)	Eligibility (n-1)	Alignment (n-1)	Coverage (n-1)
Abeille Assurances Holding	Insurer	-	20.20%	2.40%	65.70%	22.00%	2.00%	N/A
Allianz France	Insurer	-	N/A	2.86%	72.31%	N/A	N/A	N/A
Axa France Vie	Insurer	-	3.65%	1.29%	72.95%	N/A	N/A	N/A
BPCE Vie	Insurer	-	4.63%	1.83%	N/A	N/A	N/A	N/A
Cardif Assurance Vie	Insurer	-	10.70%	2.10%	N/A	15.80%	2.30%	N/A
CNP Assurances	Insurer	-	13.80%	3.80%	73.00%	N/A	N/A	N/A
Generali Vie	Insurer	-	N/A	2.18%	N/A	N/A	N/A	N/A
Groupama GAN Vie	Insurer	-	26.00%	4.00%	70.00%	N/A	2.00%	69.00%
Groupe des Assurances du Crédit Mutuel	Insurer	-	9.80%	2.10%	26.00%	3.32%	1.60%	25.00%
La Mondiale	Insurer	-	6.52%	3.81%	73.73%	N/A	N/A	N/A
MACSF Epargne Retraite	Insurer	-	7.51%	2.70%	85.50%	N/A	N/A	N/A
Malakoff Humanis Prévoyance	Insurer	-	40.92%	9.20%	59.67%	N/A	N/A	N/A
Predica	Insurer	-	15.12%	4.04%	82.09%	14.94%	2.65%	80.53%
Sogecap	Insurer	-	11.30%	2.60%	79.00%	N/A	N/A	N/A
Suravenir	Insurer	-	12.40%	1.04%	86.36%	8.89%	0.87%	N/A
SwissLife Assurance et Patrimoine	Insurer	-	33.00%	3.00%	66.00%	32.00%	3.00%	32.00%
Amundi Private Equity Funds	AM	PE	N/A	N/A	N/A	N/A	N/A	N/A
Antin Infrastructure Partners	AM	PE	N/A	0.00%	100.00%	0.00%	0.00%	0.00%
Ardian France	AM	PE	3.28%	2.53%	N/A	N/A	N/A	N/A
BPI France Investissement	AM	PE	17.00%	3.00%	42.00%	N/A	N/A	N/A
Eurazeo Global Investors	AM	PE	ND	N/A	N/A	N/A	N/A	N/A
Mirova	AM	PE	25.19%	15.39%	N/A	32.28%	19.07%	N/A
Oddo BHF AM	AM	PE	N/A	2.80%	N/A	N/A	N/A	N/A
Tikehau Investment Manager	AM	PE	N/A	0.59%	N/A	N/A	N/A	N/A
AG2R La Mondiale Gestion d'Actifs	AM	GEN	8.26%	2.96%	72.61%	N/A	N/A	N/A
Amundi AM	AM	GEN	40.00%	3.06%	N/A	N/A	N/A	N/A
Arkea AM	AM	GEN	N/A	N/A	N/A	N/A	N/A	N/A
Axa IM Paris	AM	GEN	9.65%	4.32%	25.00%	4.26%	1.46%	22.00%
BlackRock France S.A.S.	AM	GEN	N/A	N/A	N/A	N/A	N/A	N/A
BNP Paribas AM	AM	GEN	24.00%	5.00%	N/A	35.10%	3.90%	N/A
Carmignac Gestion	AM	GEN	8.90%	1.89%	N/A	N/A	N/A	N/A
Comgest SA	AM	GEN	11.11%	4.29%	37.00%	N/A	1.80%	31.00%
Crédit Mutuel AM (Groupe La Française)	AM	GEN	14.20%	5.20%	63.00%	N/A	ND	N/A
DNCA Finance	AM	GEN	N/A	2.81%	30.59%	N/A	N/A	N/A
Edmond de Rothschild AM (France)	AM	GEN	12.00%	3.92%	9.30%	N/A	N/A	N/A
Groupama AM	AM	GEN	63.50%	4.50%	87.60%	63.60%	2.80%	0.00%
HSBC Global AM (France)	AM	GEN	4.93%	1.85%	12.45%	N/A	N/A	N/A
Lazard Frères Gestion	AM	GEN	N/A	2.20%	N/A	N/A	3.80%	N/A
LBP AM	AM	GEN	64.92%	4.09%	N/A	N/A	N/A	N/A
Natixis Investment Managers International	AM	GEN	12.30%	5.90%	67.00%	N/A	N/A	N/A
Ofi Invest AM	AM	GEN	34.91%	11.77%	45.85%	38.41%	11.52%	46.58%
Ostrum AM	AM	GEN	14.07%	4.02%	N/A	N/A	N/A	N/A
Rothschild & Co AM	AM	GEN	17.70%	4.20%	64.00%	9.50%	3.10%	N/A
SwissLife AM France	AM	GEN	29.40%	2.50%	N/A	25.20%	2.50%	N/A
AEW	AM	IMM	N/A	1.60%	76.92%	N/A	N/A	N/A
Ampère Gestion	AM	IMM	93.70%	46.50%	N/A	N/A	N/A	N/A
AXA REIM SGP	AM	IMM	N/A	N/A	N/A	N/A	N/A	N/A
BNP Paribas REIM France	AM	IMM	N/A	4.04%	N/A	N/A	N/A	N/A
La Française Real Estate Managers	AM	IMM	94.60%	13.70%	63.00%	N/A	N/A	N/A
PRAEMIA REIM France	AM	IMM	N/A	0.99%	N/A	N/A	N/A	N/A

3.4.2. Fossil fuel share

3.4.2.1. Summary

This indicator has posed significant conceptual problems for several financial years now, due to its very broad scope. For instance, a general transport operator such as the SNCF Group, which transports fossil fuels amongst other things, would fall within the definition set out, for 100% of its operations.

This situation leads to persistent discrepancies in the practices observed between those who, at least in their disclosures, adhere strictly to the definition; those who limit exposure to the main companies (either via the activity code or, even more specifically, via the lists provided by the NGO Urgewald); and those who, mirroring the taxonomic indicator, apply a transparency-based approach.

This section therefore outlines the variety of practices observed and highlights, in order of magnitude, exposures that are usually below 5% or even very low for 'restrictive' approaches, and which can rise to as much as 12% for approaches that appear to be more compliant with regulations.

Beyond issues of metrics, it can be noted that this identification work can help prioritise actions and establish a framework for analysis, exclusion, engagement and conditioning. In this regard, and notwithstanding the improvements that could be made—as is the case for any player—to the quality of the analytical framework itself, [Rothschild&Co AM](#)'s particularly comprehensive report is worthy of note.

3.4.2.2. Context

Article D. 533-16-1(III-5) of the Monetary and Financial Code requires the proportion of outstanding investments in companies active in the fossil fuels sector⁷⁹. It is thus specified that it is **the issuer's total investment in the company** that is targeted, regardless of its nature (green bonds, generic assets, ...), regardless of the company's situation (with or without a transition plan deemed credible and robust by the taxpayer), and regardless of the company's actual share in the sector in question (100%, 50%, 3%, ...). Thus, it is not possible to carry out an 'ex-transparency' exposure reduction where, in a manner analogous to the taxonomic share, one would calculate a 'brown share' of the portfolio company's activities. Nor is it possible to limit exposure to specific entities, such as companies listed in the Urgewald GOGEL or GCEL benchmarks.

It is, however, possible to propose, in addition and whilst clearly distinguishing between the indicators and the regulatory nature of the former, alternative indicators that are more relevant in the eyes of the financial institution.

3.4.2.3. Lessons from the analysis

Submission rates

% Publication	Insurers	AM	PE	GEN	RE	Total
Value n	100%	100%	100%	100%	100%	100%
Value n-1	31%	41%	50%	40%	33%	38%
Attendance explanations	19%	6%	0%	10%	0%	10%
Alternative indicator	44%	3%	13%	0%	0%	16%
Reminder: sample size	16	34	8	20	6	50

⁷⁹ The definition of an undertaking active in the fossil fuel sector is set out in the European SFDR, see [Regulation \(EU\) 2022/1288](#), Annex I – 5): “companies active in the fossil fuel sector”: companies that derive revenue from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transport, warehousing and trading, of fossil fuels within the meaning of Article 2(62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council (3);”

All stakeholders provide historical data, although the methods used may vary significantly; see below. However, the previous year's figure is rarely included (in less than half of cases, sometimes because PAI reporting, where such information is mandatory, is appended to the 29 LEC report), and the associated explanations even less so (in a quarter of those reporting the change). Finally, the use of an alternative indicator is frequently observed, particularly among insurers.

Issues regarding compliance with the definition

The analysis of fossil fuel holdings as published by entities in their 29 LEC reports requires certain points of attention regarding methodology and compliance.

Indeed, a significant proportion of entities do not report their exposures to companies active in the fossil fuel sector in accordance with the definition in PAI 4 (SFDR). The implementing decree for Article 29 of the Energy and Climate Act⁸⁰ clearly states in paragraph 5.b that the proportion of outstanding assets must be calculated in accordance with Article 4 of the SFDR, which refers to its [delegated regulation](#), in which the definition of 'companies active in the fossil fuel sector' is as follows: *'companies that derive revenue from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transport, warehousing and trading, of fossil fuels within the meaning of Article 2(62) of Regulation (EU) 2018/1999 of the European Parliament and of the Council (3).'*'

When asked about the application of the definition, the *Joint Committee* of European authorities clarified in its [Q&A on the SFDR](#) that it is not possible to rely on threshold-based or transparency-based approaches:

26. Should PAI indicator 4 in Table 1, Annex I of the SFDR Delegated Regulation ("Exposure to companies active in the fossil fuel sector") be calculated on a look-through (i.e. share of fossil fuel activities) or pass/fail (i.e. whole company active within the fossil fuel sector) basis? I.e., is there a threshold level of fossil fuel-related economic activity required before a company becomes "active in the fossil fuel sector", or is any activity sufficient to make a company "active in the fossil fuel sector"?

In accordance with the definition set out in point (5) of Annex I to the SFDR Delegated Regulation, companies qualify as "companies active in the fossil fuel sector" when they "derive any revenues from exploration, [...] of fossil fuels [...]". Thus, it follows that:

- the calculation of PAI indicator 4 should be performed on a pass/fail basis; and
- a company is considered to be active in the fossil fuel sector as soon as it derives any revenues from any of the activities mentioned in the definition".

The financial market participant must therefore include the aggregated investments in all companies active in the fossil fuel sector (i.e. "failing" companies) in its disclosure of PAI indicator 4 in Table 1 of Annex I to the SFDR Delegated Regulation.

(Answer provided by the ESAs on the application of the SFDR Delegated Regulation, published on 25 July 2024)

Nevertheless, a significant proportion of stakeholders (at least 20%) appear to use different definitions, with several approaches observed, which it is not intellectually impossible to combine:

- A 'transparency' approach mirroring the taxonomy, which weights their exposure to companies according to the proportion of revenue derived from fossil fuel-related activities. This transparency approach is commonly referred to as the 'brown share' approach.
- An approach limited to the most active players, based in particular on companies featured in the [Global Coal Exit List](#) (GCEL) and [Global Oil and Gas Exit List](#) (GOGEL) compiled by the NGO Urgewald. Following discussions with a stakeholder, it appears that this persistent practice among insurers is linked to the first commitment monitoring reports from supervisors, where exposure to this database was requested by the ACPR to carry out its work. Without calling into question the relevance of this indicator in itself, it should be noted that **it is indeed the SFDR definition** that is required by the decree in the 29 LEC reports

⁸⁰ [Article D533-16-1 – Monetary and Financial Code](#)

- An approach based on the main sector of activity (GICS code), which would capture most market participants but leave out those with a minority activity.

All these approaches automatically underestimate the indicator in its required definition. Furthermore, the proportion of entities proposing a different definition is underestimated because not all reports will necessarily describe the methodology used, which will not allow verification of whether the correct definition is indeed being applied.

Another approach that has not been explicitly identified but which would be possible is for the financial actor to report the residual exposure amount of companies excluded from its investment universe following the application of its policy. This information is, again, relevant in itself, but should not be confused with the regulatory information requested here, as the level will depend on the exclusion policy and the thresholds and activities it targets.

The table at the end of this section lists the fossil fuel shares reported by each entity in the analysis sample. It shows the exposures for the current and previous financial years, as well as the **presumed** calculation method used by the entity, as inferred from the available information. **This information is inherently uncertain** but may prompt entities to improve their disclosures in their next report on this issue, which has persisted for several years.

Assumed methodology	Insurers	Asset management companies	Asset management firms (CI)	GEN asset managers	RE	Total
SFDR	38%	44%	63%	50%	0%	42%
Urgewald / GICS	44%	3%	0%	5%	0%	16%
Brown fraction	6%	3%	0%	5%	0%	4%
Uncertain	13%	50%	38%	40%	100%	38%
Reminder: sample size	16	34	8	20	6	50

This analysis shows that:

- The 'SFDR' calculation method appears to be reasonably applied by only 21 out of 50 entities (42%) (explicit reference to the PAI and SFDR regulations, sometimes accompanied by explanatory notes or even an alternative indicator to account for the very broad and potentially unrepresentative nature of the indicator); It is, however, possible that in practice some of these entities apply a methodology or, in practice, identify their exposures solely through a macro approach, such as identification via NACE or GICS codes.
- For nearly 40% of entities, the information remains even more uncertain: for around half of them, given the context or the relatively high level of submission, it can be assumed that the SFDR definition is indeed being applied, but with a lower degree of confidence than in the previous case. This uncertainty is all the more likely where the recorded level is zero and therefore does not warrant any specific comment (see, in particular, real estate asset management companies).
- The 'Urgewald' approach, possibly supplemented by an analysis of the main activity codes in the case of an asset management company, is adopted by nearly half of the insurance sector players, a likely sign of a continuing misunderstanding linked to the initial request made by the ACPR in the context of its commitment and monitoring reports.
- The 'brown share' approach, which prorates positions, is even less common, being explicitly the subject of the Q&A question mentioned *above*. It may, however, be the subject of a supplementary indicator

Methodological confusion can also arise at the individual level. Some entities state that they use one definition, whilst the details of their 29 LEC report indicate that another is in fact employed; see the example below.

"Mirroring the green share, [the financial institution] is working on defining the brown share in accordance with SFDR regulations. In addition to extraction, exploration, mining, production and processing

activities, this includes activities related to storage, refining or distribution, including the transport, storage and trade of fossil fuels.

Operationally, [the financial institution] has decided to use PAI 4 'Exposure to companies active in the fossil fuel sector'. This indicator, provided by Sustainalytics, enables the identification of the brown share in the portfolio and the pro-rating of exposures based on the relevant companies' share of activity in the targeted sectors. The scope eligible for the SFDR "brown share" calculation therefore covers investments in corporate shares and bonds.

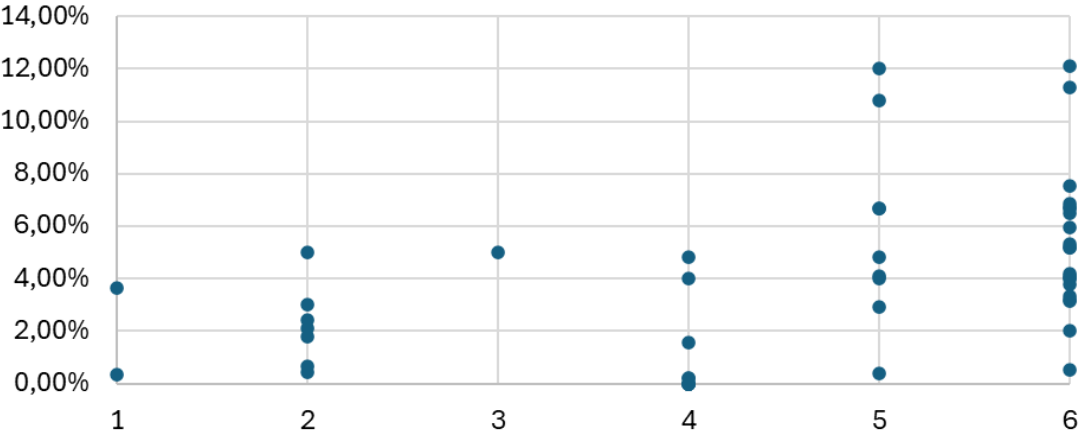
Thus, as at 31 December 2024:
 - the proportion of assets classified as "brown" [...] stands at 3.63% [...].

These factors demonstrate a **persistent lack of consistency** in the way market participants comply with regulatory requirements. This situation prevents meaningful comparison and drags the market down, as those who adhere strictly to the rules inevitably end up with higher rates.

Magnitude of exposure levels

Having taken these factors of variability into account, we can now examine the magnitude of the reported amounts. These are summarised below according to the methodology used:

Exposure vs. presumed methodology



The codes are as follows:

1	Brown share
2	Urgewald
3	Urgewald + GICS
4	No information
5	Uncertain – presumed SFDR
6	SFDR – tangible confidence level

In this sample, exposure ranges from 0 to 12%. The highest thresholds (above 5%) are only exceeded when the methodology is presumed to be consistent with the regulatory definition, which may give an idea of the levels that could be reached by other players if they used the same definition.

However, low levels persist for generalist players, including for definitions presumed to be compliant. It is therefore particularly striking to note a proportion of just 0.50% for a generalist asset manager that has neither a coal exclusion policy nor an oil and gas exclusion policy and which appears to declare that it applies the SFDR definition.

Trends vs. N-1 (2024 vs. 2023)

Beyond methodological issues, the trend data reveal an overall decline in the indicators, averaging -0.9 points. Out of 19 available data points (including three reset to 0%), only one shows a moderate increase (+0.2 points). However, there may be a representativeness bias in that entities observing an increase might choose not to publish the previous year's value of the indicator in the 29 LEC report, as they are not obliged to do so, unlike SFDR PAI reporting.

When an explanation for a change is provided—which is rare—changes in scope are sometimes observed (such as the addition of positions made transparent), as well as the natural expiry of existing bond positions excluded by exclusion policies, or the strengthening of such policies, without, however, specifying the number or identity of the entities divested.

Used for strategic steering purposes?

As with taxonomy ratios, the review of fossil fuel holdings led to an assessment of whether the investor indicates that it uses this indicator to steer its strategy regarding the fossil fuel sector and its asset allocation. Cases of such use are rare and, quite logically, cover situations where an alternative indicator is generally employed instead.

Furthermore, the broader work carried out to identify companies in the fossil fuel sector can help to prioritise actions. For instance, [Rothschild&Co AM](#) devotes a detailed section of its report to fossil fuels, presenting various indicators by type of exposure and activity, specifying the nature of residual exposures and any actions taken, and providing an in-depth look at the main contributors to the PAI indicator.

Rothschild&Co AM:

On thermal coal: *“These companies, in which we are invested, have a credible coal exit plan according to our analysis and the criteria defined above. Annual monitoring is carried out to ensure the plan is being properly implemented. [...] Through these various indicators, we aim to demonstrate that the companies active in the thermal coal sector in which we are invested – representing 2.2% of our assets under management – will in fact derive only a marginal portion of their revenue from this activity by 2024 – 0.1% of our assets under management. These figures thus demonstrate the dilution of this activity and this resource within the business model and energy mix of companies that are implementing their transition and their plan to phase out thermal coal.”*

On the companies contributing most to exposure to fossil fuels (PAI4):

Services aux collectivités	Production d'électricité à base de charbon thermique (% CA)	Alignement taxonomique 2024 (revenus)	Alignement taxonomique 2024 (Capex)	Nombre d'interactions 2021 - 2024	Nombre d'interactions 2024	Vote - Say on Climate
Iberdrola	0%	55,8%	89,0%	8	3	Non applicable
Engie	0,3%	19,0%	62,0%	3	3	* Pour + - 2022 Vote prévu en 2025
Floene Energias	N/A	Non éligible	Non éligible	0	0	-

Energie	Extraction et production de Pétrole et Gaz (%CA)	Alignement taxonomique 2024 (revenus)	Alignement taxonomique 2024 (Capex)	Nombre d'interactions 2021 - 2024	Nombre d'interactions 2024	Vote - Say on Climate
Schlumberger	6,0%	Non éligible	Non éligible	4	1	Non applicable
Eni	11,6%	0,9%	7,9%	3	2	Non applicable
TotalEnergies	4,8%	1,9%	15,5%	22	5	* Abstention + - 2024 * Pour + - 2023 * Abstention + - 2022 * Contre + - 2021

Source: MSCI ESG Research, Rothschild & Co Asset Management, 10/12/2024.

With a focus on analysing climate transition plans.

This approach thus demonstrates a stakeholder's proactivity in investigating a significant portion of its portfolio.

Disclosure of fossil fuel holdings in 29 LEC reports:

It should be noted that the assessment of the methodology used is subjective.

Entity	Type	AM type	Fossil share	Fossil fuel	Assumed methodology
Abeille Assurances Holding	Insurer	-	0.66%	1.03%	Urgewald
Allianz France	Insurer	-	1.79%	N/A	Urgewald
Axa France Vie	Insurer	-	0.42%	N/A	Urgewald
BPCE Vie	Insurer	-	2.40%	N/A	Urgewald
Cardif Life Insurance	Insurer	-	5.20%	8.30%	SFDR
CNP Assurances	Insurer	-	3.31%	3.74%	SFDR
Generali Life	Insurer	-	10.80%	11.20%	Uncertain
Groupama GAN Vie	Insurer	-	2.09%	2.74%	Urgewald
Crédit Mutuel Insurance Group	Insurer	-	3.80%	N/A	SFDR
La Mondiale	Insurer	-	6.48%	N/A	SFDR
MACSF Retirement Savings	Insurer	-	4.00%	N/A	SFDR
Malakoff Humanis Prévoyance	Insurer	-	6.70%	N/A	Uncertain
Predica	Insurer	-	4.20%	N/A	SFDR
Sogecap	Insurer	-	3.00%	N/A	Urgewald
Suravenir	Insurer	-	0.35%	N/A	Brown share
SwissLife Insurance and Wealth	Insurer	-	5.00%	N/A	Urgewald
Amundi Private Equity Funds	AM	PE	4.00%	N/A	Uncertain
Antin Infrastructure Partners	AM	PE	11.30%	12.90%	SFDR
Ardian France	AM	PE	5.94%	N/A	SFDR
BPI France Investissement	AM	PE	0.37%	0.78%	Uncertain
Eurazeo Global Investors	AM	PE	0.00%	0.00%	Uncertain
Mirova	AM	PE	3.14%	3.72%	SFDR
Oddo BHF AM	AM	PE	4.10%	N/A	SFDR
Tikehau Investment Manager	AM	PE	2.00%	N/A	SFDR
AG2R La Mondiale Asset	AM	GEN	5.20%	N/A	SFDR
Amundi AM	AM	GEN	6.70%	N/A	Uncertain
Arkea AM	AM	GEN	3.63%	N/A	Brown share
Axa IM Paris	AM	GEN	1.58%	2.15%	Uncertain
BlackRock France S.A.S.	AM	GEN	0.50%	N/A	SFDR
BNP Paribas AM	AM	GEN	4.00%	5.00%	SFDR
Carmignac Gestion	AM	GEN	12.01%	N/A	Uncertain
Comgest SA	AM	GEN	0.20%	2.18%	Uncertain
Crédit Mutuel AM (La Française)	AM	GEN	4.83%	N/A	Uncertain
DNCA Finance	AM	GEN	3.17%	N/A	SFDR
Edmond de Rothschild AM	AM	GEN	6.88%	N/A	SFDR
Groupama AM	AM	GEN	5.00%	8.20%	Urgewald + GICS
HSBC Global AM (France)	AM	GEN	6.72%	N/A	SFDR
Lazard Frères Gestion	AM	GEN	4.00%	4.10%	Uncertain
LBP AM	AM	GEN	6.68%	7.50%	SFDR
Natixis Investment Managers	AM	GEN	7.53%	4.68%	SFDR
Ofi Invest AM	AM	GEN	12.13%	N/A	SFDR
Ostrum AM	AM	GEN	4.10%	6.41%	Uncertain
Rothschild & Co AM	AM	GEN	5.30%	N/A	SFDR
SwissLife AM France	AM	GEN	2.90%	2.70%	Uncertain
AEW	AM	RE	0.20%	N/A	Uncertain
Ampère Gestion	AM	RE	0.00%	N/A	Uncertain
AXA REIM AM	AM	RE	0.00%	0.00%	Uncertain
BNP Paribas REIM France	AM	RE	0.00%	0.00%	Uncertain
La Française Real Estate	AM	RE	4.80%	N/A	Uncertain
PRAEMIA REIM France	AM	RE	0.00%	N/A	Uncertain

4. Statistical analysis of insurers' submissions

As explained in the '1.1' section, the ACPR has established a standardised data collection mechanism for insurers, enabling aggregated statistical analysis covering not only the 'Article 29 LEC' framework but also the 'PAI' reporting required by the European SFDR regulations. The AMF, which carried out such a collection in 2023 and 2024 for asset management companies and banks, did not repeat this work in 2025. Consequently, this report has been unable to replicate the analyses conducted last year comparing the different populations.

This section presents the work carried out on the population of insurers alone. Before presenting the results, it should be noted that the data is of variable quality due to the absence of upstream consistency checks and, in some cases, a lack of standardisation (typically a single submission field for multiple pieces of information on certain PAI). In the absence of AMF submissions, the analytical work—including the time spent improving data quality—was significantly reduced. The annual caveat regarding the quality of the figures presented here **is therefore reinforced**.

4.1. Scope

228 submissions from insurance organisations were received, broken down as follows. Outstanding amounts were derived from the balance sheet figures available in the database provided by the ACPR, and where these were unavailable, from the information reported to the CTH at the time of filing the report. Voluntary submissions were not taken into account.

Category	#	% #	Related balance sheet (€m)	Balance sheet %
Number of submissions	228		2,814,460	
of which mandatory > declared threshold > €500m	138	60.5%	2,802,754	99.58%
of which mandatory < declared threshold > €500m	77	33.8%	11,706	0.42%
of which voluntary	13	5.7		

Voluntary disclosures are group disclosures or, more occasionally, disclosures by non-life insurers within a group. Insurers with a balance sheet total exceeding €500 million, and therefore required to provide full disclosure, account for a substantial majority of disclosures (60%) and the overwhelming majority in terms of balance sheet size (>99%).

A cross-analysis of the submissions with the CTH submissions shows good overall alignment, with some players submitting to one but not the other.

		Supervisory Annex	
		Submission	Non-remitted
CTH	Submitted	202	10
	Not remitted	13	14

Submission rate (Supervisor's appendix)	90%
CTH submission rate	89%

4.2. Climate strategies

As in the previous year, the analysis involved compiling a list of the types of entities cited in the context of decarbonisation targets. In the absence of standardised data, a manual cross-reference was carried out across 90 distinct instances (out of 140 submissions, which gives an idea of the degree of variation). This mapping is subject to interpretation errors. The results, applied to entities that reported exceeding the €500m threshold and contextualised by last year's results, are as follows. It should be noted that the mapping has been adapted to specifically distinguish units in tCO₂e/M€ EVIC (financial carbon intensity) from other metrics:

Category	Insurance organisation			N-1	
	Number	% (weighted #)	% (weighting of outstanding amounts)	% (No.)	% weight
Absolute	24	17%	9%	16%	6%
Carbon footprint	71	51%	40%	64%	39%
Carbon intensity	20	14%	5%	12%	6%
Carbon intensity	16	12%	4%	NA	NA
Degree	64	46%	29%	47%	33%
Physical intensity	9	7%	8%	5%	9%
Physical metrics excluding GHGs	2	1%	1%	2%	1%
Portfolio share or amount	5	4%	4%	3%	5%
Emissions avoided	0	0%	0%	0%	0%
Score	0	0%	0%	0%	0%
Multiple	1	1%	1%	0%	0%
Uncertain	61	44%	40%	24%	33%
no metric cited	46	33%	30%	35%	40%

Please note that as a single entity may cite several metrics, the total does not add up to 100%. The trends are similar to last year:

- The various carbon metrics (absolute, footprint, intensity – and this year, intensity in EVIC specifically distinguished) are the most commonly cited, particularly the carbon footprint (tCO₂e/€m invested), which allows for a 'neutralised' absolute view of the effects of fundraising.
- The weighting of the "degree" measure remains, surprisingly, high, especially as the analysis of the sample of 50 (see0) shows lower rates (20% overall, 13% for insurers)
- Physical aspects (physical intensity, physical metrics) are driven mainly by real estate activities (kgCO₂e/m²) but also, at times, by specific targets for electricity producers (in tCO₂e/GWh produced or in MWh).
- Targets set as a proportion of emissions or similar (a target expressed in €m) remain low, but are not representative of actual practice, as shown by the occurrence rates in the qualitative sample (see0), which seems to indicate that reporting does not appear to provide an incentive to report this type of target.
- The number of organisations not citing any specific metric has fallen slightly, to around a third.

Finally, the number of 'uncertain' entries is on the rise due to less focus on data quality, driven by the well-known 'tCO₂e/M€' and its various graphical variations, where it is unclear whether these refer to amounts invested, turnover, EVIC, etc.

4.3. Taxonomy

Last year's detailed analyses have not been reproduced due to the complexity of the reporting elements.

4.3.1. Eligibility ratios

The average eligibility rates observed are as follows:

Category	2024	2023
Publication information (#)	113	105
% share	81.9%	92.9%
% outstanding	93.1%	93.7%
Of which number of write-offs	3	1
% share	2.7%	1.0%
% outstanding	0.0%	4.7%
Average % (weighted)	19.4%	15.4%
Average % excluding 0 (weighted)	19.9%	15.5
Average % (weighted by outstanding amount)	15.4%	14.1%
Average % excluding 0 (weighted by outstanding amount)	15.4%	14.8%

Guide to reading quantitative analysis tables

Reading this table, which describes a quantitative variable (in this case a number between 0% and 100%), is divided into two parts:

- Firstly, a 'descriptive' section indicating how many entities provided a quantified submission and, of these entities, how many submitted a figure of 0⁸¹, thereby raising doubts as to whether this represents an actual submission or a lack of information.

- Secondly, the calculation of the averages obtained for each of the populations.

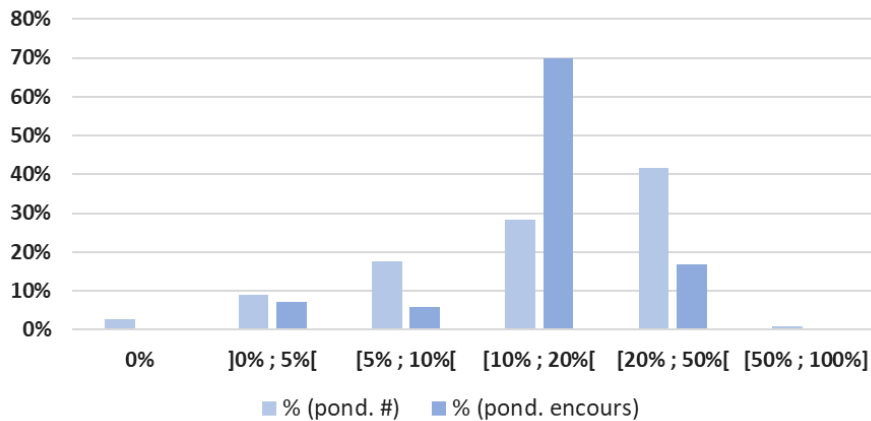
The figures are reported both weighted by outstanding amounts and weighted by number, to enable the assessment of any potential bias where a large number of small players might behave differently from a few large ones. Furthermore, the averages are reported both including and excluding zero submissions: in this way, the reader can assess the range of uncertainty in the metric.

We thus observe an overall increase of 1 percentage point when weighted by balance sheets (from 14% to 15%) and a more pronounced increase, from 15% to nearly 20%, when equally weighted.

The difference between the two is indeed particularly marked, as shown in the graph below, suggesting higher eligibility submissions for many players, which may, however, also be linked to more significant methodological and data quality issues.

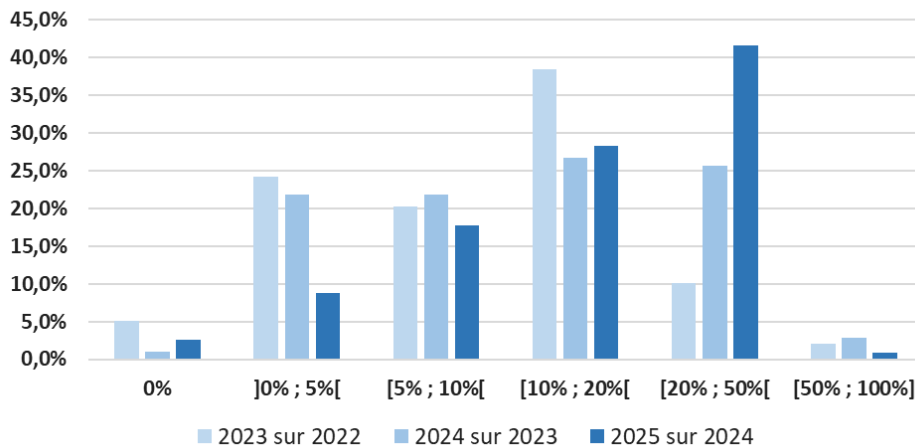
⁸¹ The percentage is calculated based on the number of respondents and not on the sample size. Thus, out of a sample of 100, if 80 have submitted information and 10 have submitted 0, the percentage of responses of 0 will be $10/80 = 12.5\%$.

Assurances - % éligibilité taxonomie_final - Classification - sup. 500m€ - remises 2024 sur ex. 2023



When examining the variations over time, a shift is observed between instances of submissions below and above 20%, confirming the observation of a slight upward trend in the rate, which, as highlighted in one stakeholder's report, can be explained by the extension of the taxonomy to include four additional environmental objectives and companies becoming more familiar with the framework:

Assurances - % éligibilité taxonomie -sup. 500m€ (% pond. #)



4.3.2. Alignment ratios

The following statistics have been compiled on alignment rates. To avoid unduly skewing the statistics, a quick data quality analysis led to:

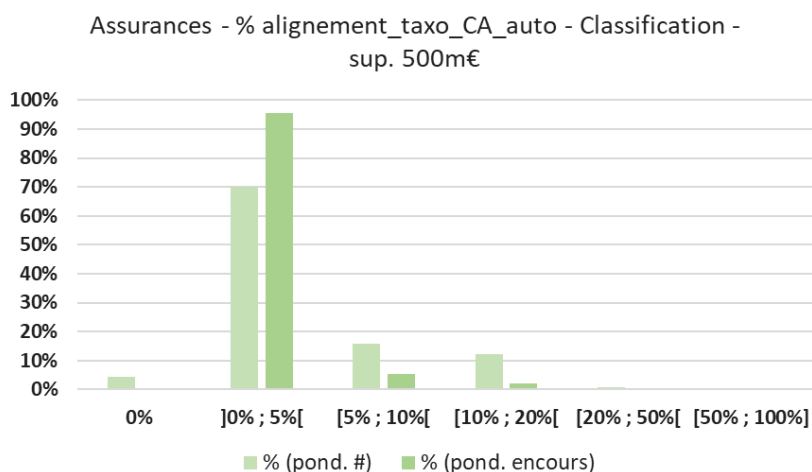
- Classifying half a dozen stakeholders who submitted amounts rather than percentages as 'not submitted';
- Correcting two actors by a factor of 100 where their rates appeared too high;
- Correcting one entity that had clearly confused eligibility and alignment rates

However, the value for one participant with a high rate (>20%) was retained. Their report showed that they had taken into account not the regulatory indicator but estimates provided by MSCI, with amounts and scopes that did not correspond exactly to the supervisory submission but were of the same order of magnitude. As this approach is likely not an isolated case, it was retained.

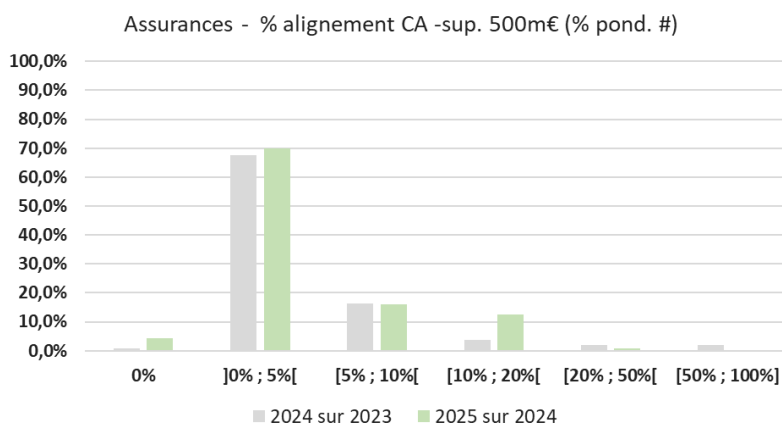
Category	Insurance organisation	2023
Information publication (#)	117	97
% share	84.8%	85.8%
% outstanding	96.5%	84.9%
Of which number of write-offs	5	1
% share	4.3%	1.0%
% outstanding	0.1%	0.1%
Average % (weighted)	4.8%	5.8%
Average % excluding 0 (weighted)	5.0%	5.9%
Average % (weighted by outstanding amount)	3.2%	2.6%
Average % excluding 0 (weighted by outstanding amount)	3.2%	2.6%

The orders of magnitude are broadly stable compared with last year: the average increase in outstanding amounts of 0.6 percentage points is offset by a fall of nearly 1 percentage point on an equally weighted basis, perhaps a sign that new players are setting very low figures as a precaution or have switched from an estimated approach to a regulatory one. It is also possible that the reduced restatement of data has had an influence.

The breakdown by class also shows a discrepancy between the view based on outstanding amounts and that based on numbers of institutions, with most 'large' players remaining between 0 and 5%, whilst a larger proportion of smaller players appear to have risen above 10%.



On the other hand, there is considerable stability compared with last year, with changes being too small to allow for observable shifts in class.



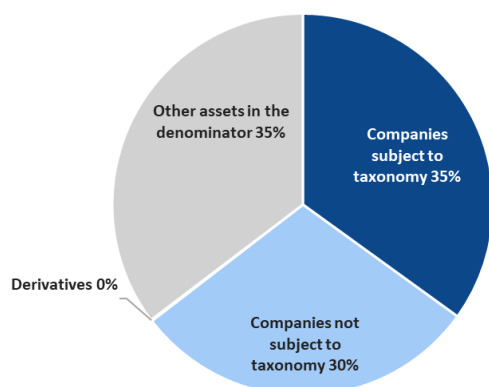
4.3.3. State of portfolios

The analysis of the taxonomic status of the portfolios of the largest insurers has been repeated. 91 submissions were observed (compared with 80 last year). Their aggregate portfolio has been reconstructed below. It should be noted that various factors may skew the results, including:

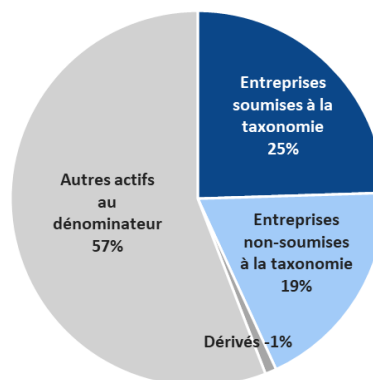
- Errors in currency units (reporting in K€ or m€ instead of euros, reducing the weighting of the relevant player);
- ‘Duplicated’ submissions from players within the same group, which artificially increase that player’s weighting;
- A counter-intuitive presentation of the regulatory taxonomy statement regarding the distinction between companies not subject to the taxonomy in Europe and those elsewhere, which may have led to double-counting in the denominator;
- Situations of partial reporting where, for example, the alignment rate is reported but not the eligibility rate, or vice versa.

A quick consistency check of the reported amounts against the entity’s overall balance sheet was carried out to ensure that situations of the first type were ruled out; the second and third types are assumed to introduce only minor biases, and for the last type, it is assumed that the various situations will allow for a form of compensation.

It is noted that, in accordance with the taxonomic disclosure rules (see Art. 7 [RD 2021/2178](#)), sovereign exposures are excluded from both the numerator and the denominator of taxonomic calculations, and are therefore not included in the positions.



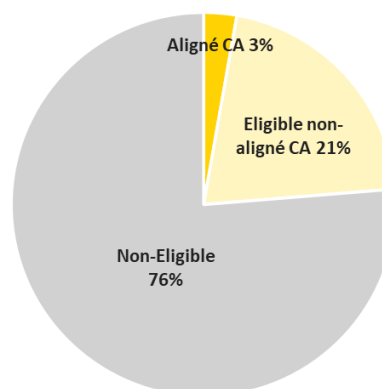
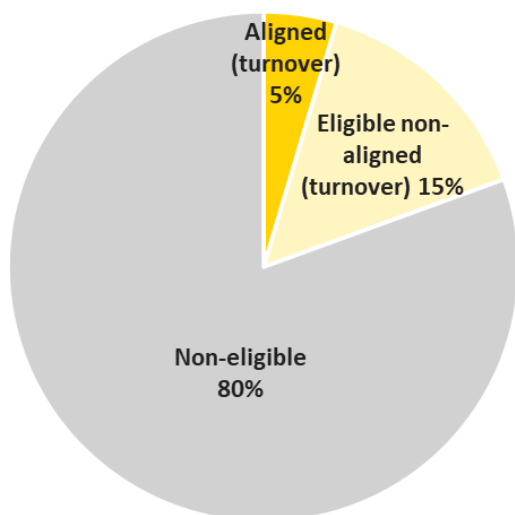
Aggregated breakdown of the insurers’ portfolio – Aggregation of denominator data from reporting table C.2



Reminder of the chart in [last year’s report](#)

The reduction in the volume of ‘other assets’ is significant and benefits the other two categories: companies subject to and not subject to the taxonomy. Notwithstanding data quality issues, the reason may lie in progress made in increasing the transparency of insurers’ various positions (funds held in general assets, unit-linked positions as mentioned by certain players analysed within the sample). These factors may have contributed to the improvement in eligibility and alignment rates observed above.

Conceptually, the graph below zooms in on the positions of companies subject to the taxonomy. Overall consistency is not, however, fully guaranteed given the way the reporting system operates: it is possible that certain ‘other’ positions that are not disclosed may, in practice, still contribute to the alignment and eligibility figures.



Recap of the chart in [last year's report](#)

Aggregated breakdown of the insurers' portfolio – Eligibility

The aggregated analysis of the numerator – which, it should be noted, is conceptually complex due to the structure of the financial statements – shows an increase in the proportion of ineligible positions, but also an increase in alignment rates, which therefore results in a significant decrease in the proportion of eligible but non-aligned positions.

In theory, this signal should be interpreted positively (activities subject to a detailed taxonomic analysis would be more likely to meet the taxonomy criteria); however, given the numerous methodological difficulties, various contextual factors (data quality, scope effect, firms' learning effect, particularly in securing their DNSH) may also play a role.

In more detail, the aggregated figures reported are as follows, first for the numerator and then for the denominator. The proportions differ due to uncertainties regarding the internal consistency of the reporting files.

2024 data

Numerator	Exposure category	Amount (€m)	%	Comment
Assets in the numerator	Revenue alignment	38,232	3.2%	The rate differs from the graph above because the base here is the regulatory base rather than the total assets subject to taxonomic reporting.
	CAPEX alignment	49,876	4.2	The ratio remains generally higher than that of turnover, a trend similar to last year.
Coverage ratio	CPI coverage	1,181,572		Difference from the total denominator below

2023 data

Numerator	Exposure category	Amount (€m)	%
Assets in the numerator	Revenue alignment	8,811	2.2%
	CAPEX alignment	15,662	3.9%
Coverage ratio	CPI coverage	401,577	

Despite a moderate increase in the number of submitters, the amounts reported, whether for the indicator coverage (KPI, key performance indicator) or for alignment, have skyrocketed compared to last year (nearly *3 for the KPI, 3–4 times for revenue and CAPEX alignments). In the absence of any identified monetary error, and in line with the reduction in 'other assets' observed above, it is assumed that this is linked to improved transparency in asset coverage.

2024 data

Denominator	Exposure category	Amount (€m)	%	Comment
Denominator	Companies subject to the taxonomy	388,190	35.0%	A significant increase compared with last year in terms of both proportion and amount.
	of which non-financial	217,298	19.6	The ratio of non-financial to financial assets is broadly the same as last year.
	of which financial	170,893	15.4%	
	Companies not subject to the taxonomy	328,891	29.7	Significant increase at the expense of 'other assets'. Uncertainty regarding data on 'EU' companies (see below). The orders of magnitude remain broadly the same as last year: slightly more non-financial than financial, more third countries than EU.
	of which EU (proxy)	153,065	13.8%	
	of which non-financial	81,885	7.4%	
	of which financial	71,181	6.4%	
	of which third countries	175,826	15.9%	
	of which non-financial	108,314	9.8%	
	of which financial	67,512	6.1%	
	Derivatives	-1,196	-0.1%	
Other assets in the denominator	392,216	35.4	Relatively speaking, a sharp reduction compared with last year. But an increase in volume. See below for the presumed composition of this line.	
Total	1,108,102		A moderate deviation from the CPI coverage mentioned above	

Non-eligible assets	669,080	60%
Non-aligned eligible assets	123,082	11%

2023 data

Denominator	Exposure category	Amount (€m)	%	Comment
Denominator	Companies subject to the taxonomy	116,865	24.3%	
	of which non-financial	69,118	14.4%	
	of which financial	47,747	9.9%	
	Companies not subject to the taxonomy	93,576	19.5	See below for comments on the exposure to EU companies not subject to taxonomy reporting.
	of which EU (proxy)	32,089	6.7	
	of which non-financial	16,677	3.5%	
	of which financial	15,412	3.2%	
	of which third countries	61,487	12.8%	
	of which non-financial	39,752	8.3%	
	of which financial	21,736	4.5%	
	Derivatives	-2,430	-0.5%	
	Other assets in the denominator	272,588	56.7%	See below for the presumed composition of this line.
Total	480,599		This differs from the CPI coverage mentioned above.	

Non-eligible assets	243,199	51%
Non-aligned eligible assets	66,742	14

These various tables give rise to several observations:

- The CAPEX alignment rate remains higher than that of turnover. As noted last year, however, one should not immediately conclude that the underlying companies are investing more in the transition. Indeed, there are several types of CAPEX that may qualify for alignment (CAPEX relating to: a) activities already aligned, b) a development plan for aligned activities or the alignment of existing eligible activities, and c) expenditure linked to ‘individual measures’, typically the insulation of a company’s buildings⁸²). However, according to an AMF report⁸³ , type b CAPEX, which are the most relevant in terms of the needs of the transition, are in practice rarely recorded⁸⁴ .
- A still significant proportion of positions are classified as ‘other assets’. It should be noted that the definition set out in Annex IX of [RD 2021/2178](#) is indeed quite broad⁸⁵ . There are, however, uncertainties regarding the precise reporting rules applied by market participants, although the situation may be improving compared to last year:
 - Indirect investments (e.g. via funds) potentially account for a very significant proportion of investments. In principle, a taxonomy analysis is required for these assets. However, their treatment in this reporting may vary: either they are included ‘by way of pass-

⁸² See Annex I 1.1.2.2 of [RD 2021/2178](#).

⁸³ [AMF report of November 2023 on taxonomic submissions by non-financial firms](#)

⁸⁴ “The two types of CapEx most frequently identified by the companies in the sample relate to type a) CapEx, i.e. capital expenditure incurred on activities already aligned, and type c) CapEx relating to individual expenditure. Few companies have disclosed CapEx plans (type b) and, where they have, the required contextual information has not always been provided by the companies concerned. This highlights significant room for improvement in the use and identification of CapEx plans, against a backdrop of growing needs for the transition to sustainable activities.”

⁸⁵ “The term ‘investments’ refers to all direct and indirect investments, including investments in collective investment schemes, equity interests, loans and mortgages, tangible assets and, where applicable, intangible assets.”

- through' in corporate exposures (which appears to be the most relevant approach in terms of analysis), or they are included under the 'other assets' line⁸⁶ ;
 - Furthermore, some financial institutions may have chosen to classify in this category all exposures to companies subject to taxonomic reporting obligations, but for which the information is not available or has not been collected;
 - This may also include own-use property portfolios or cash holdings. To a lesser extent, items such as receivables and miscellaneous assets, or sovereign positions that should normally be excluded, may have been reported.
- Regarding exposures to companies not subject to the taxonomy, the wording of the cells could have been confusing. Thus, whilst Article 7 of RD 2021/2178 indicates that a distinction between exposures to the European Union and third countries is expected, the wording of the fields concerning European exposures does not include the term 'EU', which may have misled some reporting entities. It was nevertheless considered that most respondents reported in the first row only on EU companies not subject to taxonomy reporting requirements. This type of exposure may have been slightly overestimated due to the imprecise wording of the field.
 - The proportion of ineligible assets should, *in principle*, relate solely to assets for which taxonomic information is required by regulation. It is, however, possible that some institutions chose to include all assets in the denominator, which would result in an overestimation of the amounts. Furthermore, some institutions may have excluded from this line assets for which taxonomic information should have been available but was not provided (not collected by the financial institution, not produced by the company). This would result in an underestimation of the amounts.
 - It is not specified which underlying indicator (revenue or CAPEX) the 'eligible non-aligned' line refers to. It is assumed that most financial institutions considered this to be revenue.

Finally, it should be noted that the portfolios are significantly exposed to financial firms (over 40% of the overall corporate portfolio described above). These financial firms, when subject to taxonomic reporting, are subject to the same rate dilution effects presented, and thus potentially to the same data collection difficulties as those highlighted by [the AMF report](#).

Thus, the key lessons regarding the 'dilutive' nature of taxonomic ratios for financial firms remain valid.

⁸⁶ There is therefore uncertainty as to whether a more or less significant portion of this asset pool could contribute to the eligibility analysis. Exposures to companies subject to reporting would then not be the sole source of eligible and aligned positions.

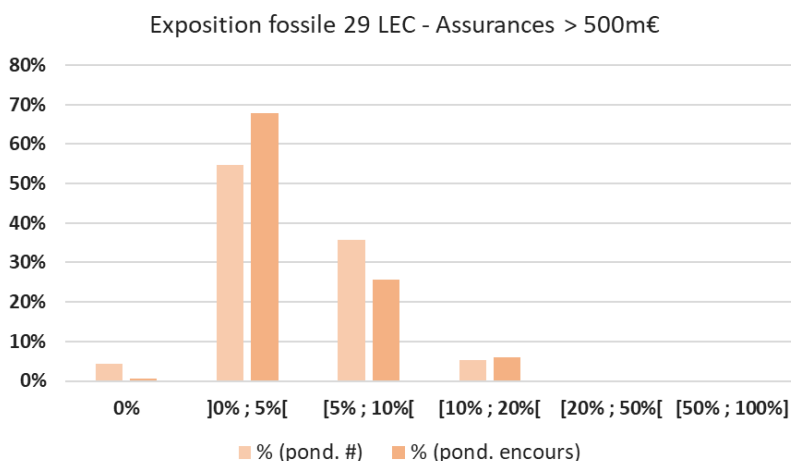
4.4. Fossil fuel exposure

The analysis of the sample of 50 entities (see 3.4.2) highlighted the very significant methodological variations observed between entities. Analyses in terms of magnitude should therefore be treated with caution.

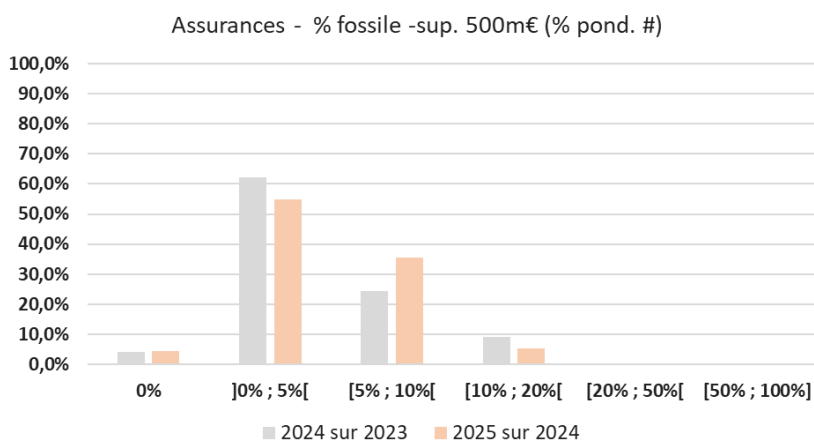
A rapid quality check was carried out on the players showing 'very' high rates (>15%) to apply a division by 100 following the check.

Overall, the following major trends can be observed, which remain stable compared to last year:

- A 'flattening' effect linked to the application of a weighted reading of the reported rates, where most major players report figures between 0 and 5%:



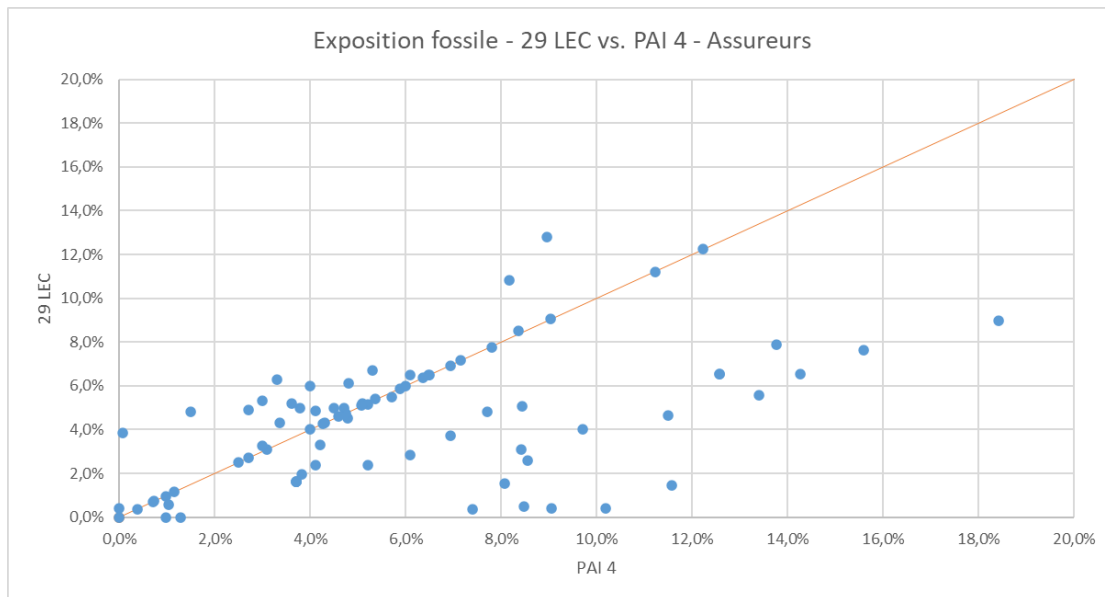
- Looking at the trend, there is a greater presence of players in the 5% to 10% range. Rather than viewing this as a resurgence in exposures, we can hope that it represents a realignment of players towards a methodology more in line with the expectations of the SFDR and Article 29 of the LEC.



Variability study: Art. 29 LEC vs. PAI 4

Fossil fuel exposure data reported under Article 29 LEC and PAI 4 SFDR respectively, which are supposed to be identical, were compared across the insurer population. Given that many financial institutions do not comply with the definition set out in the SFDR regulations when calculating their Article 29 LEC submissions, the purpose of this study is to determine whether they comply with this definition in the context of SFDR submissions.

The result is as follows (on the x-axis, the value reported under SFDR PAI 4; on the y-axis, the value reported under Article 29 of the LEC).



Variability in fossil exposure data reported under Annexes 29 LEC and SFDR PAI

A point on the red curve indicates that the PAI 4 SFDR disclosure and the Article 29 LEC disclosure are identical. Points in the lower part of the curve (indicating that the PAI 4 disclosure is higher than the Article 29 LEC disclosure) potentially indicate compliance with the regulatory definition for the former but not for the latter.

The finding is similar to last year's (which focused on asset management companies): there are a significant number of discrepancies, and not necessarily in favour of the PAI, which means the comparability of the methodology used cannot be guaranteed.

4.5. Phase-out of fossil fuels

The analysis of coal phase-out dates (the only data available from the ACPR submissions) leads to the same conclusion as last year, with a strong concentration around the 2030 and 2040 deadlines within Europe and the rest of the world (which may be interpreted as OECD/non-OECD given market practices). Most major players have a coal policy (percentage difference between number of companies and balance sheet total). The statistic is calculated for companies with a balance sheet total exceeding €500 million.

Insurer	Coal	
	Europe	Outside Europe
> €500m		
Exclusion policy (#)	89	85
Exclusion policy (% #)	64%	62%
Exclusion policy (weighted %)	92%	79%
<2025	6	6
<2030	3	3
2030	77	33
2040	2	42
NC	49	53

4.6. Biodiversity

Compilation of indicators

As with climate indicators (see0), the mapping of unit types was carried out manually, with around forty observed occurrences categorised into 10 possibilities. The results, applied to insurers who reported exceeding the €500m threshold, are presented below.

The inclusion of a metric does not necessarily imply an associated target. Furthermore, the value of the metric itself has not been investigated, given the diversity of indicator formats and the lack of a benchmark for the range of metrics.

Category	Insurance organisation			N-1		
	Number	% (weighting #)	% (weighting of outstanding amounts)	#	% (No.)	% weight
MSA	59	43%	65%	53	47%	79%
Quantitative score excluding MSA	0	0%	0%	5	4%	1%
Scale	0	0%	0%	3	3%	1%
Portfolio share	17	12%	16%	3	3%	1%
Monetary impact/company turnover	3	2%	0%	2	2%	0%
Physical measurement	0	0%	0%	0	0%	0%
Number of occurrences	0	0%	0%	0	0%	0%
Multiple	6	4%	0%	4	4%	0%
Uncertain	2	1%	0%	5	4%	2%
N/A	51	37%	18%	38	34%	16%

The predominance of the MSA indicator remains strong (43% of 63% of submitters, i.e. more than two-thirds of submissions) and is increasing in number. However, it is slightly lower in proportion, due to a greater occurrence of indicators expressed as a share of the portfolio. A more detailed analysis revealed that this is due in particular to submissions from various entities within the same group. Nevertheless, nine distinct occurrences have been identified, representing:

- Presumed percentages of sectoral exposures with an impact (notably using the ENCORE database)
- Data from a provider (MSCI) on companies having an impact on biodiversity areas. It is not clarified in the explanations provided whether this indicator can be directly linked to PAI 7 SFDR

Indicator for the National Biodiversity Strategy

In order to meet one of the objectives of the National Biodiversity Strategy, the number of insurers that have reported a biodiversity indicator is provided below, both for the population exceeding the €500m threshold and for the entire population. Information could not be collected for asset management companies (AM) and banks in the absence of AMF filings.

Reporting of a biodiversity indicator (SNB)	Insurance		
	#	% (#)	Weighted %
Pop. > €500m	87	63%	82%
Total population	94	41%	81%

As a reminder, last year's figures were as follows:

Reporting of a biodiversity indicator (SNB)	Insurance			Asset management firms			Banks			Total		
	#	% (#)	Weighted %	#	% (#)	% weight	#	% (#)	% weight	#	% (#)	% weight
Pop. > €500m	75	66%	84%	107	36%	77%	6	58%	22%	188	46%	79%
Total population	86	38%	84%	108	17%	76%	6	9%	20%	200	24%	44%

Within the insurer population, trends are stable; the slight decline observed may be linked to the higher number of submissions this year, from potentially less mature players.

4.7. Outstanding amounts under Articles 8 and 9 (SFDR)

The ACPR requires a detailed breakdown of reported Article 8 and 9 SFDR assets between euro funds (€) and unit-linked funds (UC), expressed as a percentage of total assets. A declaration of the total amount of euro and unit-linked funds is then used to reconstruct the amounts reported under Articles 8 or 9, yielding the following results:

Breakdown of insurers' assets		Euro funds	UC	Total
Declared amount (m€)		1,368,92	580,172	1,949,092
% Art. 8 (weighting: declared outstanding amount)		46%	47%	47%
% Art. 9 (weighting: reported outstanding amount)		0.4%	2.8%	1.1%
N-1	Declared amount (€m)	965,691	372,181	1,337,872
	% Art. 8 (weighting of declared outstanding amounts)	67%	46%	61%
	% Art. 9 (weighting: declared outstanding amount)	0.3%	4.5%	1.5%

It should be noted that errors may occur, particularly in the reporting format (as a percentage or in points, meaning that 0.1 could represent 0.1% or 10%). Adjustments have been made where, based on last year's trends, it was assumed that a reported figure of less than 1 for 'Article 8' outstanding amounts meant a submission in % rather than in points, and therefore a multiplication by 100 of the reported share⁸⁷.

Nevertheless, errors may remain (submissions set to 0 due to 'oversight', potential unit errors in the reported amounts, even though consistency checks were carried out without revealing any obvious discrepancies). These figures and trends should therefore be interpreted **with particular caution**.

Thus, the declared amounts have increased significantly (in line with the rise in the number of write-offs), rising from €1.3 billion to nearly €2 billion. It should be noted that, as was the case last year, certain write-offs by entities within the same group have been 'duplicated', leading to an overestimation of the actual total amount and a distortion of the distribution of outstanding amounts.

The trends in outstanding amounts under Articles 8 and 9 are varied, without it being possible to determine whether this reflects actual behaviour or whether the trend is simply due to 'noise' in the submissions (changes in scope, submission errors):

- On Art. 8 outstanding amounts
 - Stability in the proportion of Article 8 assets in unit-linked funds (slightly below 50%)
 - Significant decrease in euro-denominated funds (from 67% to 46%), with a very slight decline to around €640 billion in value.

⁸⁷ In this case, the reported 'Art. 9' share was also multiplied by 100, on the assumption that the transfers had been made in a consistent format. It was verified that this situation did not result in unusually high reported Art. 9 outstanding amounts.

- On Article 9 assets
 - Decrease in the proportion of Article 9 unit-linked assets (2.8% compared with 4.5%) but a slight erosion in the total amount of assets (around €16.5 billion)
 - Relative and absolute increase in euro-denominated funds (from €2.9bn to €5.1bn).

Beyond these fluctuations, the fundamental breakdown (significantly more Article 8 than Article 9, more Article 9 assets in unit-linked funds compared to euro funds) remains identical to last year.

5. Appendices

5.1. Regulatory reminder

This section provides a regulatory reminder regarding organisations subject to the provisions of Article 29 of the LEC, supplemented by a reminder of the procedures for reporting to the supervisory authorities and ADEME.

Scope of application

The table below summarises the scope of application of Article 29 of the LEC and the associated regulatory sources⁸⁸.

Entities subject to the provisions	Regulatory reference	Clarification of scope	Supervisor
Investment firms and credit institutions	L. 511-4-3 CoMoFi	For their portfolio management activities carried out on behalf of third parties	AMF
Portfolio management company	Article L. 533-22-1 CoMoFi	All activities	AMF
Mutual societies Mutual Societies Code	Article 114-46-3 of the Mutual Insurance Code	Life insurance organisations subject to the Mutual Insurance Code	ACPR
Provident Institutions	Article 931-3-8 of the Social Security Code	Life insurance organisations subject to the Social Security Code	ACPR
IRPS and IRC	Article 942-6-1 of the Social Security Code	Life insurance organisations subject to the Social Security Code	ACPR
Insurance organisations governed by the Insurance Code	Article 310-1-1-3 of the Insurance Code	Life insurance companies or reinsurers of life insurance commitments	ACPR

In an [FAQ](#) dated April 2024, the Treasury clarified the procedures for submissions by groups versus their entities (question 13). For operational reasons, the CTH requires submissions to be duplicated for each entity within the group (see Q5 of the [CTH FAQ](#)) to enable monitoring of submissions at the entity level. Groups, regardless of the requirements set out in the Treasury's FAQ, also have the option of making 'voluntary' submissions at their consolidated level.

Submission of reports

Types of subjected entities	Credit Institution (CI) and Investment Firm (IF)	Portfolio Management Companies (PMCs)	Insurance organisations	Other entities subject to regulation ⁸⁹
Supervisory authority	AMF		ACPR	?
Submission of report	CTH		CTH OneGate	CTH
Submission of annex	NA in 2025		OneGate Excel file	Not applicable

⁸⁸ Entities that are explicitly subject to reporting on an individual basis, such as the Caisse des Dépôts et Consignations or IRCANTEC, have not been included in this table.

⁸⁹ In particular, the Caisse des Dépôts et Consignations, IRCANTEC, ERAFP, the National Pension Fund for Local Authority Employees and supplementary occupational pension institutions.

The regulatory submissions associated with the provisions of Article 29 of the LEC consist, on the one hand, of a public narrative report and, on the other hand, since 2023 (for the 2022 financial year), of the submission of a standardised annex to the supervisor of the reporting entity. The submission requirements based on population size are summarised in the table above. The AMF has decided not to collect data in 2025.

Finally, it should be noted that all reporting entities must publish the report on their own website⁹⁰.

5.2. Table of CTH report submissions by category

The submission statistics are as at 31 December 2025.

	Category	Total
Bank	01. Credit Institution	36
	02. Investment firm	8
Asset Management Company	03. Portfolio management company	589
Insurer	04. Mutual insurance company under Book II (Mutual Insurance Code) – Life or Combined	73
	05. Book II mutual insurance association (Mutual Insurance Code) – Life or Combined	9
	06. Provident institution – Life or Mixed	27
	07. Association of provident institutions – Life or Mixed	2
	08. Insurance company – public limited company – Life or Mixed	55
	09. Insurance company – mutual insurance company – Life or Mixed	20
	10. Insurance company – European company – Life or Combined	1
	11. Reinsurance company – Life or Mixed	7
	12. Supplementary Occupational Pension Fund (SOPF)	17
	13. Supplementary occupational pension mutual (MRPS)	1
	14. Supplementary Occupational Pension Union (URPS)	0
	15. Supplementary occupational pension institution (IRPS)	1
	16. Other insurance company – Life or Mixed	0
Other mandatory schemes	17. Supplementary pension institution	6
	18. Other body managing statutory supplementary pension schemes	3
	19. Public financial institution	1
Other voluntary organisations	20. Insurance group (voluntary submission)	19
	21. Asset management group (voluntary submission)	2
	22. Banking group (voluntary submission)	1
	23. Mixed group (voluntary submission)	4
	24. Other voluntary	15
	Total	897

⁹⁰ See the third paragraph of Article [D. 533-16-1 of the Monetary and Financial Code](#): “[This report] is published on a page of the entity’s website dedicated to environmental, social and governance information, in the same way as the information required by Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 referred to above”.

5.3. List of stakeholders in the ‘ ’ analysis sample

Entity	Type	Link to the 29 LEC report (CTH)
Abeille Assurances Holding	Insurer	Report 29 LEC
Allianz France	Insurer	Report 29 LEC
Axa France Vie	Insurer	Report 29 LEC
BPCE Vie	Insurer	Report 29 LEC
Cardif Assurance Vie	Insurer	Report 29 LEC
CNP Assurances	Insurer	Report 29 LEC
Generali Vie	Insurer	Report 29 LEC
Groupama GAN Vie	Insurer	Report 29 LEC
Groupe des Assurances du Crédit Mutuel	Insurer	Report 29 LEC
La Mondiale	Insurer	Report 29 LEC
MACSF Epargne Retraite	Insurer	Report 29 LEC
Malakoff Humanis Prévoyance	Insurer	Report 29 LEC
Predica	Insurer	Report 29 LEC
Sogecap	Insurer	Report 29 LEC
Suravenir	Insurer	Report 29 LEC
SwissLife Assurance et Patrimoine	Insurer	Report 29 LEC
Amundi Private Equity Funds	Private Equity Asset Manager	Report 29 LEC
Antin Infrastructure Partners	Private Equity Asset Manager	Report 29 LEC
Ardian France	Private Equity Asset Manager	Report 29 LEC
BPI France Investissement	Private Equity Asset Manager	Report 29 LEC
Eurazeo Global Investors	Private Equity Asset Manager	Report 29 LEC
Mirova	Private Equity Asset Manager	Report 29 LEC
Oddo BHF AM	Private Equity Asset Manager	Report 29 LEC
Tikehau Investment Manager	Private Equity Asset Manager	Report 29 LEC
AG2R La Mondiale Gestion d'Actifs	Generalist Asset Manager	Report 29 LEC
Amundi AM	Generalist Asset Manager	Report 29 LEC
Arkea AM	Generalist Asset Manager	Report 29 LEC
Axa IM Paris	Generalist Asset Manager	Report 29 LEC
BlackRock France S.A.S.	Generalist Asset Manager	Report 29 LEC
BNP Paribas AM	Generalist Asset Manager	Report 29 LEC
Carmignac Gestion	Generalist Asset Manager	Report 29 LEC
Comgest SA	Generalist Asset Manager	Report 29 LEC
Crédit Mutuel AM (Groupe La Française)	Generalist Asset Manager	Report 29 LEC
DNCA Finance	Generalist Asset Manager	Report 29 LEC
Edmond de Rothschild AM (France)	Generalist Asset Manager	Report 29 LEC
Groupama AM	Generalist Asset Manager	Report 29 LEC
HSBC Global AM (France)	Generalist Asset Manager	Report 29 LEC
Lazard Frères Gestion	Generalist Asset Manager	Report 29 LEC
LBP AM	Generalist Asset Manager	Report 29 LEC
Natixis Investment Managers International	Generalist Asset Manager	Report 29 LEC
Ofi Invest AM	Generalist Asset Manager	Report 29 LEC
Ostrum AM	Generalist Asset Manager	Report 29 LEC
Rothschild & Co AM	Generalist Asset Manager	Report 29 LEC
SwissLife AM France	Generalist Asset Manager	Report 29 LEC
AEW	Real Estate Asset Manager	Report 29 LEC
Ampère Gestion	Real Estate Asset Manager	Report 29 LEC
AXA REIM SGP	Real Estate Asset Manager	Report 29 LEC
BNP Paribas REIM France	Real Estate Asset Manager	Report 29 LEC
La Française Real Estate Managers	Real Estate Asset Manager	Report 29 LEC
PRAEMIA REIM France	Real Estate Asset Manager	Report 29 LEC

5.4. ACT Finance analysis

The [ACT Finance](#) methodology, developed by ADEME, assesses the alignment of financial institutions with the Paris Agreement. It is therefore an ideal tool for analysing the climate strategy of financial institutions, elements of which are published in the Article 29 LEC reports.

This report expands on the use of the methodology employed in the previous report by utilising specific components of this method to assess various key elements of the climate strategies of the sample of financial institutions:

- the ambition of the decarbonisation targets set (see 3.1.5.3);
- the quality of policies excluding coal, oil and gas (3.1.10), as well as deforestation (3.3);
- the quality of the definitions established by stakeholders when they make financing/investment commitments for the transition (3.1.7.2);
- the quality of the commitment framework (3.1.9.3.1).

This annex briefly outlines the underlying methodological principles used, a comprehensive description of which is provided in the [ACT Finance](#) methodology.

5.4.1. Assessment of the alignment of decarbonisation targets

Indicator 1.1 of the ACT Finance methodology assesses the alignment of greenhouse gas emission targets set by financial institutions⁹¹. In practical terms, these targets are compared against an emissions reduction pathway, which last year was based on the ACA methodology⁹² developed by the [SBTi](#), and this year has been updated using the reference pathway from the IEA's NZE 2050 report presented in their first consultation for the CNZ 2.0 standard (see [Table F.1.](#) of the March 2025 draft of CNZ 2.0).

Using this approach, it is possible to derive a target alignment score regardless of the reference year and the chosen ambition (see illustrative example below).

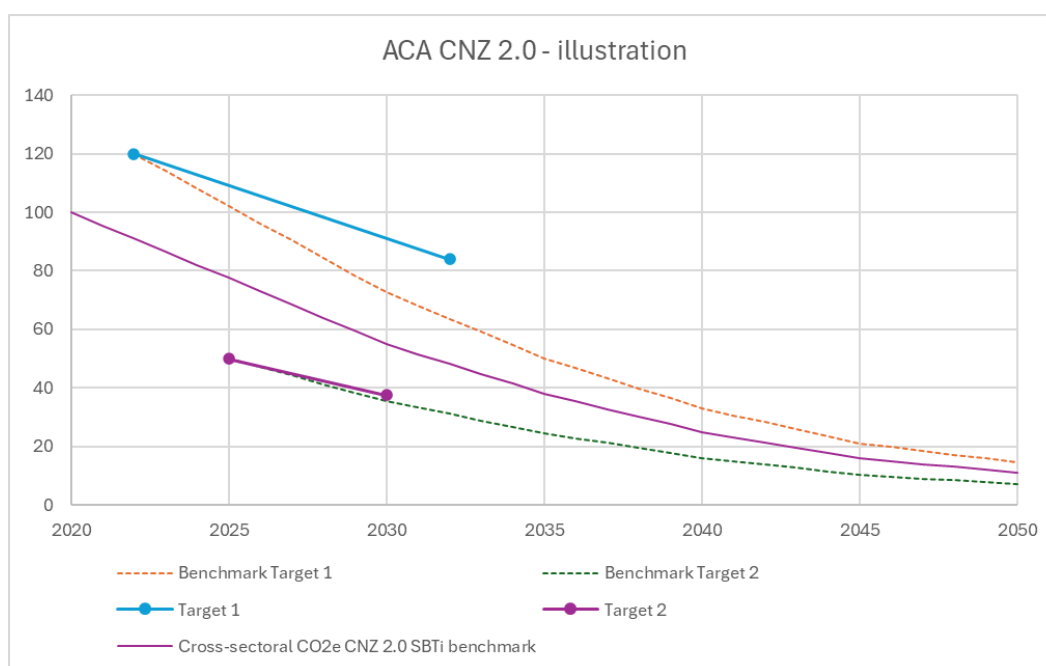


Figure 21: Assessment of portfolio decarbonisation targets

100% corresponds to a target aligned with the *benchmark* (the aligned reduction trajectory, as is practically the case in Example 2 above). A score between 0 and 100% corresponds to a reduction

⁹¹ The weighting of the target alignment indicator, expressed in terms of financed emissions, is 7% of the overall score, which reflects the complementary and *backward-looking* nature of such targets in a financial institution's strategy for contributing to climate objectives (see section 5.4.1).

⁹² Absolute Contraction Approach

target that is proportionally lower than expected (approximately a 60% score in Example 1 above, given that the financial institution commits to covering more than 'half' the distance compared to a business-as-usual emissions scenario). A score of over 100% (in practice capped at 100% in the methodology, but left as such here to show the gap with the *benchmark*) corresponds to a requirement exceeding that of the *benchmark*⁹³.

This approach has numerous biases (in particular, depending on the underlying economic sectors, the expected decarbonisation curve is not the same). It is, however, particularly well-suited to financial institutions where, in practice, the observed targets correspond to global, multi-sectoral targets.

In the methodology, **this alignment score is contextualised by various factors**: the quality of the GHG data used, the GHG scope and financial scope applied, and the structure and unit of the targets (sectoral targets in physical intensity are preferred). These various elements **are not included in the analysis conducted here**, as the necessary precise information is often lacking.

The benchmark used is slightly more demanding than the previous one (as the gap with transition targets widens, the requirements become stricter. Thus, the requirement shifts from -42% to -45% between 2030 and 2020). A slight decline in scores compared to last year is therefore observed at the individual level, but this does not call into question the key messages of the relevant section.

⁹³ As a 45% reduction is expected between 2020 and 2030, the alignment score achieved for a 2030 reduction target relative to 2020 will be, depending on the level of reduction: 50% for a target of -22.5%, 100% for a target of -45%, and 150% for a target of -67.5%.

5.4.2. Assessment of coal phase-out policies

5.4.2.1. Coal phase-out policy

The assessment of the quality of the coal exclusion policy is divided into two parts:

- On the one hand, an assessment of the policy itself (cessation of funding for expansion projects, application thresholds, phase-out dates, monitoring of residual positions);
- On the other hand, contextual elements regarding the application of the policy itself: its scope of application, and the existence/management of exceptions.

This second section acts as a multiplier for the score obtained in the first section.

Question	Label	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weight
Associated score		0%	25%	50%	75%	100%	
Has the financial institution stopped financing new project expansion?	Exclusion of project expansion	No policy or partial exclusions of coal mines or coal-fired power stations.	Exclusion of all new thermal coal mines OR Exclusion of all new coal-fired power plants in developed countries and non-ultra-supercritical new coal-fired power plants in developing countries	Full exclusion of new thermal coal mines and power stations, but with potentially significant exceptions	Full exclusion of new thermal coal mines and power stations, with the exception of those using carbon capture and storage (CCS)	Complete ban on new coal mines, power stations and infrastructure	25%
Has the financial institution stopped financing companies' expansion?	Exclusion of companies' expansion	No exclusion of companies due to coal development plans	Limited exclusion of some companies planning the development of new coal projects or in conjunction with other criteria.	Exclusion of companies planning the construction of more than 300 MW of new coal-fired power capacity	Exclusion of companies planning the construction or development of new coal mines/plants (>100 MW planned)	Exclusion of companies expanding their coal capacity (due to construction plans for new coal mines/plants/infrastructure); purchase of existing coal assets without a clear commitment to phase them out by the deadlines indicated by climate science (2030/2040); sale of equipment for new coal projects).	25%
Has the financial institution set a	Relative threshold	No exclusion of companies due to their relative exposure to coal,	Limited exclusion for existing investees in both coal mining and	Exclusion of companies with a coal share of revenues (CSR) or	Exclusion of companies with > 20% CSR or CSPP	Exclusion of companies with a coal share of revenues (CSR) or coal share of power	10%

relative threshold?		or limited exclusions for coal mining OR coal-fired power companies	coal-fired power companies	a coal share of power production (CSPP) exceeding 30%		production (CSPP) exceeding 10%	
Has the financial institution set an absolute threshold?	Absolute threshold	No exclusion of companies due to their absolute exposure to coal	Exclusion of mining companies producing more than 50 million tonnes of coal per year	Exclusion of mining companies producing at least 20 MT of coal a year and some power companies based on certain absolute criteria OR > 10GW	Exclusion of mining companies > 20 MT and power companies > 10 GW	Exclusion of mining companies > 10 MT and power companies > 5 GW	10%
Has the financial institution announced a coal phase-out?	Phase-out strategy	Has not announced a coal phase-out	Has announced a global coal phase-out by 2050 for coal mining and coal-fired power generation	Has announced a global coal phase-out by 2050 with an interim target of 2030 for the EU/OECD, or a global coal phase-out by 2040, for coal mining and coal-fired power generation; exclusion of certain coal developers; at least one of the following two elements: – requirement for an exit plan – reduction of the exclusion threshold over time OR Has announced a global coal phase-	Has announced a global coal phase-out by 2040 with an interim target of 2030 for Europe/OECD for coal mining and coal power; exclusion of coal mine developers and coal plant developers OR Has announced a global coal phase-out by 2040 with an interim target of 2030 for Europe/OECD for coal mining and coal power; exclusion of all coal plant developers; at least 1 of the following 2 elements: – requirement for an exit plan – reduction of the exclusion threshold over time	FULL EXCLUSION - Has announced a global coal phase-out by 2040 with an interim target of 2030 for the EU/OECD regarding coal mining and coal-fired power; exclusion of all coal developers; requirement for a closure plan and exclusion process if companies fail to adopt a closure plan OR a reduction in the exclusion threshold over time	25%

				out by 2040 with an interim target of 2030 for the EU/OECD for coal mining and coal power; exclusion of some coal developers			
What is the MRV process in place	Monitoring, Reporting and Verification (MRV)	No MRV in place	The residual position amount is not explicitly disclosed, but it is clear that the exclusion policy is actually enforced	The residual position amount is disclosed	<p>Possible residual position amount is disclosed AND Rationale is provided regarding these residual positions OR future outlook.</p> <p>OR</p> <p>There is no residual position</p>	<p>The potential residual position amount is disclosed in detail (names of issuers quoted) AND Reasons are given for these residual positions AND future prospects.</p> <p>OR</p> <p>There is no residual position and this is clearly stated.</p>	5%

Question	Sub-dimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		0%	25%	50%	75%	100%	
Does the financial institution have a consistent scope of exclusion?	Scope of exclusion & consistency	No clear scope for the exclusion strategy AND/OR the exclusion strategy applies to only a marginal proportion of activities.	The exclusion strategy applies to >50% of investment activities in terms of assets under management OR The scope covers only	The exclusion strategy applies to >75% of investment activities in terms of assets under management OR All products except unit-linked products offered by insurers are included.	The exclusion strategy applies to over 90% of investment activities in terms of assets under management.	The exclusion strategy applies to all activities, including, where relevant, passive funds, mandates and unit-linked products...	The score for this category will account for 1.4 of the final score. Coal score*

			general assets for asset owners or open-ended funds for asset managers				
Does the financial institution have specific exceptions (e.g. green bonds, credible and robust transition plan)?	Exceptions and loopholes in the coal policy	The financial institution has unclear and potentially significant exceptions and does not specify the process for handling exceptions.	<p>The financial institution has potentially significant exceptions, but it specifies the process for integrating exceptions</p> <p>OR</p> <p>The process is not specified, but the analyst is able to demonstrate that the exception process has actually been activated.</p>	<p>The financial institution has set clear, limited conditions.</p> <p>These conditions do not refer to the recognition of a 'low-carbon' or 'transitioning' status for the undertaking/asset, or a quality equivalent to at least an 'Advanced' level according to the maturity matrix used to determine the assessment framework maturity factors (see Erreur ! Source du renvoi introuvable.)</p> <p>OR</p> <p>The financial institution sets exceptions based on the presence of SBTi-validated targets.</p>	<p>The financial institution makes the exception conditional upon the undertaking/asset being recognised as having a "low-carbon" or "transitioning" status of a quality equivalent to an "Advanced" level according to the maturity matrix used for determining the assessment framework maturity factors (see Erreur ! Source du renvoi introuvable.)</p>	<p>The financial institution makes the exception to the recognition of a "low-carbon" or "transitioning" status conditional upon the undertaking/asset having a quality equivalent to at least a "Next practice" level according to the maturity matrix used to determine the assessment framework maturity factors (see Erreur ! Source du renvoi introuvable.)</p> <p>OR</p> <p>There is no exception.</p>	The score for this category will account for 1.4 of the final score. Coal score*

*using the formula $weighting\ factor = \min(score_{p\acute{e}rim\grave{e}tre}; \sqrt{score_{p\acute{e}rim\grave{e}tre}; score_{exceptions}})$

5.4.2.2. Oil & Gas Exclusion Policy

The assessment of the quality of the oil and gas exclusion policy is divided into two parts:

- On the one hand, an assessment of the policy itself (cessation of funding for expansion projects, phase-out dates, unconventional activities, monitoring of residual positions);
- On the other hand, contextual factors regarding the application of the policy itself: its scope of application, and the existence/management of exceptions.

This second section acts as a multiplier for the score obtained in the first section.

Question	Label	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weight
		0%	25%	50%	75%	100%	
Has the financial institution stopped financing new project expansion?	Exclusion of project expansion	No public policy	<p>Exclusion of financial services dedicated to all unconventional* oil AND gas upstream projects.</p> <p>OR Exclusion of financial services dedicated to upstream and midstream (infrastructure exclusively or mostly dedicated to unconventional) projects in 3/4 unconventional sectors*</p> <p>OR Exclusion of some conventional and unconventional oil AND/OR gas projects: geographical disparities, potentially large exceptions, partial value chain, new fields only.</p> <p>* Unconventional oil and gas refers to Arctic oil and gas, tar sands, shale oil and gas, ultra-deepwater oil and gas, extra-heavy oil and coalbed methane.</p>	<p>Exclusion of financial services dedicated to oil and gas upstream projects.</p> <p>OR Exclusion of financial services dedicated to oil OR gas upstream and midstream projects.</p> <p>OR</p> <p>Exclusion of greenfield projects only</p>	Exclusion of financial services dedicated to oil and gas projects: upstream projects and midstream projects.	Exclusion of financial services dedicated to oil and gas projects: upstream projects, midstream projects, refineries, oil-fired power plants and gas power plants.	25%

<p>Has the financial institution stopped financing company expansion?</p>	<p>Exclusion of expanding companies</p>	<p>No public policy. OR The policy does not explicitly mention the exclusion of companies with expansion plans.</p>	<p>Explicit exclusion of companies accounting for at least 30% of global resources under development.*</p> <p>* Each policy is assessed based on the Global Oil & Gas Exit List, developed by Urgewald</p>	<p>Explicit exclusion of companies accounting for at least 50% of global resources under development. OR Exclusion of all companies developing pipelines and LNG terminals.*</p> <p>* Each policy is assessed based on the Global Oil & Gas Exit List, developed by Urgewald</p>	<p>Explicit exclusion of companies accounting for at least 80% of global resources under development and certain pipeline projects*</p> <p>* Each policy is assessed based on the Global Oil & Gas Exit List, developed by Urgewald</p>	<p>Explicit exclusion of 100% of companies with upstream and/or midstream expansion plans. OR Exclusion of all companies listed in the Global Oil & Gas Exit List*</p> <p>* Each policy is assessed based on the Global Oil & Gas Exit List, developed by Urgewald</p>	<p>25%</p>
<p>Has the financial institution announced an oil and gas phase-out strategy?</p>	<p>Phase-out strategy</p>	<p>Has not announced an oil AND/OR gas phase-out.</p>	<p>Has announced a phase-out strategy for three unconventional sectors relating to upstream oil and gas activities by 2030 OR has announced an incomplete phase-out strategy for oil and gas aligned with the principles of equity and a 1.5°C timeline</p>	<p>Has announced a phase-out strategy for all unconventional oil AND gas upstream activities by 2030; explicit exclusion of some companies with unconventional oil and gas expansion plans</p>	<p>Has announced a phase-out strategy for oil AND gas upstream activities aligned with principles of equity and a 1.5°C timeline, with an interim target of 2030 for all unconventional oil AND gas; explicit exclusion of all companies with unconventional oil and gas expansion plans. OR Has announced a phase-out strategy for oil AND gas upstream, midstream and downstream activities aligned with principles of equity and a 1.5°C timeline; explicit exclusion of all companies with expansion plans.”</p>	<p>Has announced a phase-out strategy for oil AND gas upstream, midstream and downstream activities aligned with principles of equity and a 1.5°C timeline, with an interim target of 2030 for all unconventional oil AND gas; explicit exclusion of all companies with expansion plans; requirement for a closure plan and exclusion process if companies fail to adopt a closure plan</p>	<p>25%</p>

<p>Does the financial institution have a public policy regarding unconventional oil sectors?</p>	<p>Unconventional sectors Arctic</p>	<p>No public policy regarding this sector</p>	<p>Very partial exclusion of oil or gas activities in this sector: relative or absolute threshold too high, phase-out date too far away</p> <p>OR</p> <p>Definition of the underlying activity is too vague</p>	<p>Uses the GOGEL database by excluding any company with an activity threshold of $\geq 20\%$ in unconventional production</p> <p>OR</p> <p>Exclusion threshold of 20% or less of one of the following: revenue, production, expansion or any equivalent cumulative threshold for activities in this sector;</p> <p>OR</p> <p>Has announced a strategy to completely phase out oil and gas activities in this sector by 2030</p> <p>AND</p> <p>Has adopted at least a relative exclusion threshold;</p> <p>There may remain some uncertainty regarding the definition and scope of the exclusion (e.g. in the case of exploration)</p>	<p>Uses the GOGEL database or equivalent, excluding any company with an activity threshold of ≥ 2 mmboe in unconventional production</p> <p>OR</p> <p>Uses the GOGEL database by excluding any company with an activity threshold of ≥ 20 mmboe and 10% in all unconventional thresholds (production, expansion, and any other unconventional value)</p> <p>AND</p> <p>Exclude any company with $\geq 10\%$ of revenue from unconventional activities</p> <p>OR</p> <p>Exclusion threshold of 20 mmboe or less and 10% of revenues, production, expansion or any equivalent cumulative threshold for activities in this sector;</p> <p>AND</p> <p>Has adopted a comprehensive definition of the Arctic region: the AMAP* definition or another definition covering</p>	<p>Uses the GOGEL database by excluding any company with an activity threshold of ≥ 2 mmboe and 5% in all unconventional thresholds (production, expansion, and any other unconventional value)</p> <p>AND</p> <p>Excludes any company with $\geq 5\%$ of revenues from unconventional activities</p> <p>OR</p> <p>Exclusion threshold of 2 mmboe or less and 5% of revenues, production, expansion or any equivalent cumulative threshold for activities in this sector;</p> <p>AND</p> <p>Has adopted a comprehensive definition of the</p>	<p>5%</p>
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					at least 75% of the AMAP region.	Arctic region: the AMAP* definition or another definition covering at least 75% of the AMAP region.	
Does the financial institution have a public policy regarding unconventional oil sectors?	Unconventional sectors Fracking	Same as above	Same as above	Same as above	Same as above	Same as above	5%
Does the financial institution have a public policy regarding unconventional oil sectors?	Unconventional sectors Tar sands	Same as above	Same as above	Same as above	Same as above	Same as above	5%
Does the financial institution have a public policy regarding unconventional oil sectors?	Unconventional sectors Ultra-deep water	Same as above	Same as above	Same as above	Same as above	Same as above	5%

What is the MRV process in place?	Monitoring, Reporting and Verification (MRV)	No MRV in place	The residual position amount is not explicitly disclosed, but it is clear that the exclusion policy is actually enforced	The residual position amount is disclosed	<p>Possible residual position amount is disclosed AND An explanation is provided regarding these remaining positions OR future prospects.</p> <p>OR</p> <p>There is no residual position</p>	<p>The potential amount of the residual position is disclosed in detail AND Rationale is provided regarding these residual positions AND future prospects.</p> <p>OR</p> <p>There is no residual position and this is clearly stated.</p>	5%
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Question	Sub-dimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		0%	50%	75%	90%	100%	
Does the financial institution have a consistent scope of exclusion?	Scope of exclusion & consistency	No clear scope for the exclusion strategy AND/OR the exclusion strategy applies to only a marginal proportion of activities.	The exclusion strategy applies to >50% of investment activities in terms of assets under management OR The scope covers only general assets for asset	The exclusion strategy applies to >75% of investment activities in terms of assets under management OR All scope, except unit-linked products for insurers, is taken into account.	The exclusion strategy applies to >90% of investment activities in terms of assets under management.	The exclusion strategy applies to all activities, including, where relevant, passive funds, mandates, unit-linked products...	The score for this category will contribute 1.4 to the final score. Oil & Gas score*

			owners or open-ended funds for asset managers				
Does the financial institution have specific exceptions (e.g. green bonds, credible and robust transition plan)?	Exceptions and loopholes in the O&G policy	The financial institution has unclear and potentially significant exceptions and does not specify the process for handling exceptions.	<p>The financial institution has potentially significant exceptions, but it specifies the process for handling exceptions</p> <p>OR</p> <p>The process is not specified, but the analyst is able to demonstrate that the exception process has actually been activated.</p>	<p>The financial institution has set clear, limited conditions.</p> <p>These conditions do not refer to the recognition of a 'low-carbon' or 'transitioning' status for the undertaking/asset, or a quality equivalent to at least an 'Advanced' level according to the maturity matrix used to determine the assessment framework maturity factors (see Erreur ! Source du renvoi introuvable.)</p> <p>OR</p> <p>The financial institution sets exceptions based on the presence of SBTi-validated targets.</p>	<p>The financial institution makes the exception conditional upon the undertaking/asset being recognised as having a "low-carbon" or "transitioning" status of a quality equivalent to an "Advanced" level according to the maturity matrix used for determining the assessment framework maturity factors (see Erreur ! Source du renvoi introuvable.)</p>	<p>The financial institution makes the exception to the recognition of a "low-carbon" or "transitioning" status conditional upon the undertaking/asset having a quality equivalent to at least a "Next practice" level according to the maturity matrix used to determine the assessment framework maturity factors (see Erreur ! Source du renvoi introuvable.)</p> <p>OR</p> <p>There is no exception.</p>	The score will be weighted to determine the final 1.4 Oil and Gas score**

*using the formula $weighting\ factor = \min(score_{p\acute{e}rim\grave{e}tre}; \sqrt{score_{p\acute{e}rim\grave{e}tre}; score_{exceptions}})$

5.4.2.3. Deforestation policy

The assessment of the quality of the deforestation exclusion policy is divided into two parts:

- On the one hand, an assessment of the policy itself (list of contributing activities, requests made, geographical and value chain aspects, monitoring);
- On the other hand, a contextualisation of the scope of application of the policy itself, the score for which is multiplied by the score obtained in the first section.

Question	Sub-dimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		0%	25%	50%	75%	100%	
Has the financial institution drawn up a list of harmful deforestation activities?	List of activities causing deforestation and degradation of natural systems	No list	Covers controversies	<p>Has defined a limited list of activities (e.g. palm oil) with low activity thresholds (5% or less)</p> <p>OR</p> <p>Has defined a broader list but with loose thresholds (cumulative thresholds of more than 20%)</p>	<p>Has defined a list of several activities but is missing one or two significant ones according to best practice (see higher grade) with low cumulative activity thresholds (5% or less)</p> <p>OR</p> <p>Has defined an exhaustive list of harmful deforestation activities covering the main ones identified by key regulations and initiatives (e.g. see products listed in European Regulation 2023/1115, or GFANZ, https://forestsandfinance.org/)</p> <p>BUT</p> <p>The cumulative activity threshold is between 5% and 20%</p>	<p>Has defined an exhaustive list of harmful deforestation activities covering the main ones identified by key regulations and initiatives (e.g. see products listed in European Regulation 2023/1115, or GFANZ, https://forestsandfinance.org/)</p> <p>AND</p> <p>The cumulative activity threshold is 5% or less.</p>	15%
What are the deforestation commitments?	Requirements for portfolio companies.	No overarching deforestation commitment	Commodity-specific commitment – which does not apply to all	Zero deforestation OR, for soy, palm oil, leather and beef companies only, no	Zero deforestation/Deforestation-free commitment OR, for timber, pulp & paper companies only, commitment	Conversion-free commitment OR a zero deforestation/deforestation-free commitment that	15%

			commodities to which the company is exposed	deforestation of HCV and HCS forests	to well-implemented sustainable forest management and no deforestation of HCV & HCS areas	explicitly includes all other natural ecosystems	
Which companies are covered by the deforestation policy?	Portfolio companies' scope included.	No public policy	Commitment covers a small part of the value chain (e.g. applies to producers or dealers only) and may have limitations in terms of geography and company boundaries	The commitment covers a significant part of the scope in terms of the following dimensions: - Value chain (applies at least to producers and dealers) - Geography (at least one significant region covered) There may be limitations in terms of company boundaries	The commitment covers the main scope in terms of the following dimensions: - Geography (one significant region may be missing) - Value chain (applies to producer, dealer, processors. End users may be missing) There may be limitations in terms of company boundaries	Commitment covers the entire scope in terms of the following dimensions: - Geography (covering all regions) - Value chain (applies to producers, distributors, processors and users of the final product) - Company boundaries (including subsidiaries and joint ventures)	15%
Has the financial institution announced an anti-deforestation strategy?	Phase-out strategy	No strategy.	Has publicly announced deforestation requirements.	Requires a sourcing change plan from companies involved in deforestation.		Requires a sourcing change plan from companies involved in deforestation AND has an exclusion process if companies do not currently have one AND has excluded all companies with plans to expand their sourcing activities that involve deforestation.	40%

What is the target date for the commitments?	Commitment date	No commitment expected / Commitment expected for 2030 or later	Commitment expected in more than one year but within three years.	Commitment expected in more than one year and within three years.	Commitment expected within the next year	Already committed	10%
What is the MRV process in place?	Monitoring, Reporting and Verification (MRV)	No MRV in place	Assessing/tracking progress made against the commitment made	Assessing/tracking progress made against the commitment made AND publicly disclosing it	Assessing progress against the commitment AND updating the commitment in accordance with the results AND publicly disclosing it	Assessing progress against the commitment and updating the commitment in accordance with the results AND publicly disclosing it AND tracking the achievement of impacts	5%
Does the financial institution have a consistent scope of exclusion?	Scope of exclusion & consistency	No clear scope for the exclusion strategy AND/OR the exclusion strategy applies to only a marginal proportion of activities.	The exclusion strategy applies to >50% of investment activities in terms of assets under management OR The scope covers only general assets for asset owners or open-ended funds for asset managers	The exclusion strategy applies to >75% of investment activities in terms of assets under management OR All scope, except unit-linked products for insurers, is taken into account.	The exclusion strategy applies to >90% of investment activities in terms of assets under management.	The exclusion strategy applies to all activities, including, where relevant, passive funds, mandates, unit-linked products...	The score for this category will be weighted in the final score 1.4. Deforestation score*

5.4.3. Assessment of the definition of 'low-carbon' assets and 'transitioning' companies

The ACT Finance methodology measures the climate performance of a financial institution's portfolio primarily on the basis of the proportion of its portfolio allocated to companies in transition/low-carbon companies, or to low-carbon activities and projects (see indicator 4.2, dimension 3 of the [Investing](#) methodology).

This approach requires the ability to identify low-carbon assets and companies in transition. This is why the methodology provides a framework for analysing the definitions of these concepts provided by the stakeholders themselves. Presented in the form of a 'maturity matrix', the analysis allows the 'quality' of the definition proposed by the stakeholder to be classified according to various criteria, or by reference to a particular standard. Thanks to this approach, it is possible to gain an objective view of the quality of the definition proposed by a stakeholder – and thus of the commitment they have made.

The maturity matrix used to analyse the quality of the definition of a 'low-carbon' asset, as well as the one analysing the definition of a 'transitioning company', are presented below. The latter itself refers to various criteria that more or less reflect the methodological principles of ACT.

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	0%	25%	50%	75%	100%	
Does the FI use and disclose an established definition of low-carbon activities?	No definition	The FI uses an internal definition without drawing on higher-quality definitions OR The FI uses a reference framework (e.g. ICMA Green Bonds Principles) without demonstrating a clear link to climate-related issues.	The FI uses an internal definition based on science-based climate taxonomies. Taxonomies should be published by a national, regional or global governing body. However, the implementation of the definition is not publicly accessible. OR The FI uses the ICMA Green Bonds Principles or an equivalent framework, with evidence of a clear link to climate-related issues.	The FI uses an internal definition based on science-based climate taxonomies to categorise sustainable activities. Taxonomies should be published by a national, regional or global governing body. The definition's implementation is publicly accessible. OR The FI uses the Climate Bond Initiative framework or the EU Green Bond Standard framework or other recognised equivalents	The FI uses an internal definition based on science-based climate taxonomies to categorise sustainable activities. Taxonomies should be published by a national, regional or global governing body OR The FI uses the Climate Bond Initiative framework or the EU Green Bond Standard framework or other recognised equivalents AND The company carrying out the activity is either considered low-carbon or in transition. Information is publicly available. The information collected is challenged/verified.	100%

Question	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score	0%	25%	50%	75%	100%	
Does the FI use an effective transition assessment framework for its investees?	<p>Not using any standard or framework that makes it possible to identify the “transitioning” entities in the portfolio</p> <p>OR</p> <p>The FI has a transition assessment framework that has significant loopholes, particularly regarding the aforementioned standards (e.g. leading to the conclusion that a company with a very poor score against one of the aforementioned standards is transitioning).</p>	<p>A climate framework exists for assessing the counterparty’s transition plan.</p> <p>The disclosure regarding the framework used by the FI is unclear.</p> <p>The framework relies on metrics/principles whose compliance with the aforementioned qualitative principles is not ensured (e.g. broad ESG scores or climate scores based solely on assessing disclosure or a tick-the-box approach).</p>	<p>A climate framework exists for assessing the counterparty’s transition plan.</p> <p>The disclosure regarding the framework used by the FI is clear.</p> <p>The framework for defining a “transitioning entity” meets at least criteria 1.1, 2.1 and 3.1</p>	<p>A climate framework exists for assessing the counterparty’s transition plan.</p> <p>The disclosure regarding the framework used by the FI is clear.</p> <p>The framework for defining a “transitioning entity” meets at least criteria 1, 2, 3 and 4.</p>	<p>A climate framework is in place for assessing the counterparty’s transition plan.</p> <p>The disclosure regarding the framework used by the FI is clear.</p> <p>The framework for defining a “transitioning entity” meets all criteria.</p>	100%

In principle, a sound transition assessment framework should verify that the assessed transition plan meets minimum requirements, notably:

1. Targets

- 1.1 Ambition/Targets' alignment: decarbonisation targets aligned with a 1.5°C trajectory (based on a 1.5°C scenario with no/low overshoot and limited reliance on negative emissions). These targets must cover all significant scopes of emissions and disclose the expected contribution of negative emission technologies. They cannot rely on carbon offsets.
- 1.2 Time horizon of targets: The ideal set of targets is forward-looking enough to include a long-term horizon that covers the majority of a company's asset lifetimes, but also includes short- and medium-term targets that incentivise action in the present and planning for the near future.

2. Decarbonisation strategy

- 2.1 Scope of the transition plan: the transition plan should address all relevant areas concerning climate issues, particularly the phasing out of highly emitting processes and operations.
- 2.2 Decarbonisation levers identified, along with planned key actions, shall be provided, as well as the associated financial resources. Explanations provided regarding decarbonisation levers shall be clear and credible, with particular caution regarding future technologies, including carbon capture and storage. The expected contribution of negative emission technologies shall be disclosed, whilst the transition plan cannot rely on carbon offsets. There should be a clear link between financing needs and levers.
- 2.3 Locked-in GHG emissions: An analysis of the company's current locked-in trajectory (i.e., emissions implied by its current productive assets and near-term business projections) that ensures its consistency with the proposed decarbonisation pathway. Alongside this analysis, the company should explain how it will manage its high-emission processes and operations in line with its targets. For activities that must be significantly scaled down or phased out, it should also provide a timetable for the closure of relevant facilities.

3. Management

- 3.1 Clear oversight of climate change issues (net-zero transition planning) and approval of the transition plan at Board level.
- 3.2 A risk framework identifying the key sensitivities and risks to the transition plan that have the potential to decisively impact its delivery.

4. Value chain engagement

- 4.1 Defining a strategy and associated actions to engage the entire value chain (customers and suppliers) in the net-zero journey.

5. Policy Engagement

- 5.1 Aligning lobbying activities with the Paris Agreement.

6. Monitoring, reporting and verification process:

- 6.1 Control/Validation: any factor indicating a lack of robustness or credibility in the transition plan should be taken into account, such as controversies, certification issues relating to climate-related reporting, or misalignment between lobbying activities or remuneration incentives and the goal of limiting global warming to 1.5°C...
- 6.2 Effective implementation of the transition plan should be monitored; any overshoot requiring due explanation and adaptation of the transition plan.

5.4.4. Assessment of the engagement strategy

The ACT Finance methodology distinguishes between strategic aspects and actual operational aspects. Here, the decision was made to focus on the strategy indicator (7.1). A variant of the indicator exists to address engagement more specifically in the context of indirect ownership (via asset managers). This variant was not used, partly to avoid bias between different types of actors, and partly due to the limited information available in insurers' reports on the subject. The objective of the indicator is to assess the strategy's ability to contribute to the Paris Agreement, taking various aspects into account:

- Ability to identify a clear and relevant scope of priority engagement: the score obtained for this question factors into the overall indicator score;
- Ability to define clear objectives aligned with expectations (implementation of transition plans aligned with more than just decarbonisation targets, for carbon-intensive companies);
- Ability to link expectations to an effective response mechanism based on the outcome (escalation process);
- (where applicable) policy on voting and submitting climate-related resolutions.

Question	Sub-dimension	Basic	Standard	Advanced	Next practice	Low-carbon aligned	Weighting
Associated score		0%	25%	50%	75%	100%	
What is the scope of the engagement strategy?	Scope of companies covered by the strategy	No strategy defined.	Engage with fewer than 20 companies AND those responsible for less than 33% of the portfolio's emissions (either directly or collectively)	Engage with the majority of companies in the portfolio from the fossil fuel sectors (upstream and midstream) OR Engage with 20 companies (or more) OR those responsible for at least 33% but less than 65% of the portfolio's emissions (either directly or collectively)	Engage with almost all the companies in the portfolio from the fossil fuel sectors (upstream and midstream) AND Engage with 20 companies (or more), focusing on those with the highest owned emissions or the highest ranking in terms of contribution to the portfolio's emissions OR those responsible for at least 65% of the portfolio's emissions (either directly or collectively)	Engage with all companies in the portfolio from the fossil fuel sectors (upstream and midstream) AND Engage with 20 companies (or more), focusing on those with the highest owned emissions or those ranking highest in terms of their contribution to the portfolio's emissions, OR those responsible for at least 80% of the portfolio's emissions (either directly or collectively)	This category will determine the final score of this matrix

<p>Has the financial institution established a structured engagement strategy?</p>	<p>Engagement framework</p>	<p>No engagement policy</p>	<p>Sporadic references to engagement objectives with limited or low detail regarding the engagement strategy (sectors, geography, size of the companies targeted) and timeline</p>	<p>Has established a structured engagement approach: a focus is placed on those generating the highest owned emissions, with an associated timeline.</p> <p>Has established its own outcome-based KPIs from its engagement framework (evidence of an existing framework must be provided)</p>		<p>Has defined an engagement strategy and associated framework comprising (i) time-bound engagement objectives, (ii) associated tools for measuring and tracking the implementation of the engagement policy, (iii) a voting policy/strategy, and (iv) disclosure relating to this engagement strategy</p>	<p>15%[†]</p>
<p>Does the financial institution follow recommendations on existing impact management standards?</p>	<p>Impact management system</p>	<p>No evidence</p>		<p>Has defined an internal impact management standard. The financial institution demonstrates the ability to identify relevant climate actions and their relative impact using the approach or metrics best suited to its organisational</p>		<p>Demonstrates compliance with or draws on an impact-oriented framework to design its engagement strategy (e.g., ISO 14097, ISO 14001, EMAS, Climate Impact Management System (CIMS))</p> <p>OR</p> <p>Has defined an impact</p>	<p>5%[†]</p>

				context or capabilities.		management standard that includes at least the following regarding a given engagement action (conditions notably set by the reference framework of the French SRI label): i. an explicitly formulated request to the engagee; ii. a clear objective, allowing for an assessment of its degree of success; iii. a predefined timeframe, at the end of which a formal evaluation is conducted; iv. where applicable, follow-up and escalation actions.	
What are the objectives of this engagement strategy?	Objectives/ambition	None OR General principles such as improving dialogue and climate awareness among counterparties	Improving governance of climate risks and opportunities AND/OR enhancing the alignment of counterparties' disclosures with recognised regulatory frameworks (e.g. TCFD, CSRD and the EU Taxonomy)	Request counterparties to set GHG reduction targets (e.g. set SBTi targets) OR Request relevant counterparties not to undertake new fossil fuel production	Request counterparties to set GHG reduction targets (e.g. set SBTi targets) AND Request relevant counterparties not to undertake new fossil fuel production projects or coal mines OR Request	Has defined a global objective framework: Requests counterparties to establish third-party-approved 1.5°C transition plans AND Has a sectoral engagement policy on the fossil fuels sector (upstream and midstream), including a ban on	25%†

				projects or coal mines	counterparties to set third-party-approved 1.5°C transition plans	new fossil fuel production projects or coal mines and a date for the full phase-out of non-aligned activities AND Influences the use of financing (breakdown of CAPEX and OPEX) and/or its allocation	
What are the characteristics of the financial institution's escalation strategy?	Escalation strategy	No evidence of an existing escalation strategy.	There is an escalation strategy. It does not include any milestones that would lead to a financial penalty or the termination of the relationship (often referred to as a 'Tea-&-Cookies' engagement approach). OR such milestones exist but no clear timeline is provided in the strategy.	There is an escalation strategy, with a gradual process incorporating milestones that would lead at least to a financial penalty, but no scheduled termination of the investment relationship. AND There is an associated timeline for reaching this final milestone OR There is an escalation strategy, with a gradual process	There is an escalation strategy, with a step-by-step process involving milestones leading to the termination of the investment relationship. AND There is a timeline for reaching this final milestone	The escalation strategy includes: (i) A list of increasingly restrictive sanctions; (ii) Deadlines backed by clear criteria enabling progression to the next stage of sanctions; (iii) The possibility of terminating the relationship or imposing another significant penalty (with a short timeframe already determined) in the event of a breakdown in dialogue, in order to prevent the engagement process from stalling; Two years is not considered a short timeframe.	25%†

				involving milestones leading up to the termination of the investment relationship. BUT There is no associated timeline for reaching this final milestone			
What levers for action are embedded in the financial institution's engagement strategy to encourage investees to reduce their emissions?	Action levers* embedded in strategy - CDP set	No action levers embedded in strategy	Strategy includes action lever(s) from two of the engagement types (C-FS12.1b).	Strategy includes action lever(s) from three of the engagement types (C-FS12.1b) and must include actions from the "Engagement & incentivisation" category	Strategy includes action lever(s) from four of the engagement types (C-FS12.1b) and must include actions from the "Engagement & incentivisation" category	Strategy includes action lever(s) from all engagement types (C-FS12.1b) with prioritisation among the most impactful categories according to its business specificities and objectives, i.e. the "Engagement & incentivisation" category	12.5% [†]
To what extent are other recommendations related to the low-carbon transition integrated into the engagement strategy?	Other low-carbon transition-related levers**	No other low-carbon transition-related levers* included in the client engagement strategy.				One or more other low-carbon transition-related levers* included in the client engagement strategy.	2.5% [†]
What is the asset manager's overall approach to climate (proxy) voting?	Climate voting strategy (22)	None	Evidence of the integration of climate considerations into its global voting strategy.	Draws on widely recognised and accepted frameworks, such as the NZAOA, TCFD,	Clear Climate Voting organisation AND Sector-specific voting guidance linked to red lines triggering sanction	A clear climate-voting organisation that demonstrates its ability to identify, evaluate and implement climate-related voting	15% [†]

				<p>CA+100, TPI (among others), to integrate a range of different climate-related factors into their voting strategy AND a monitoring, reporting and verification process has been established.</p>	<p>votes and the type of votes used</p> <p>AND</p> <p>Involvement of a climate or ESG expert (internal or external)</p> <p>AND</p> <p>Monitoring, reporting and verification process</p>	<p>AND</p> <p>Sector-specific voting guidance setting out red lines that trigger sanction votes and the types of votes used, as well as evaluation criteria covering common topics in climate voting (e.g., transparency, capital alignment, setting emission targets, disclosure of lobbying activities, scenario analyses, etc.)</p> <p>AND</p> <p>Has defined an external climate resolutions strategy: participating in the submission of resolutions on climate topics and/or supporting other shareholders' climate resolutions</p> <p>AND</p> <p>Has defined a strategy to integrate climate considerations into other topics:</p>	
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						discharge of directors, accounts and dividends, board remuneration, and director nominations AND Monitoring, reporting and verification process	
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† Weights of the first questions assuming the financial institution invests in equities. If the financial institution does not invest in equities, each question’s weight will be adjusted proportionally to reach 100%.

* “Action levers” include the following individual action levers, which are grouped into five engagement types (sources: 2022 CDP climate change questionnaire CDP 12.1b (C-FS12.1b) (Banking/Asset manager):

- Education/information sharing
 - Run an engagement campaign to educate companies about your climate change performance and strategy
 - Share and disclose climate information about your portfolios and relevant certification schemes (e.g. taxonomic performance, Taxonomic Alignment Ratio, carbon portfolio performance)
 - Provide companies with information and analytics regarding their business-specific climate risks and opportunities
- Collaboration & innovation
 - Run a campaign to encourage innovation to reduce the impacts of climate change (e.g. climate solutions)
 - Work in partnership with companies on decarbonisation goals, consistent with an ambition to achieve net-zero emissions by 2050 or sooner across all assets
 - Incorporate climate risks into asset pricing models (awards a +25% bonus in the assessed category)
 - Engage with portfolio companies collaboratively through initiatives or coalitions consistent with an ambition to reach net zero emissions by 2050
 - Engage simultaneously with numerous companies and stakeholders from the same sector or value chain (8)
 - Collaborative engagement with the management of publicly listed firms and private firms (23) .
 - The asset owner, either individually or jointly with others, endorses or publishes position papers on relevant climate topics that benefit from asset owner commitments in line with the Alliance’s ambitions to guide net-zero engagement activities or topics; (8)
 - Provide specific climate-related products (e.g., climate-themed funds for an asset manager)
- Compliance & onboarding

- Assess the asset manager’s efforts to mitigate climate change, their management of climate risks and opportunities, and ensure that their stewardship activities and public communications are aligned with the Alliance’s long-term climate interests (e.g., NZAOA) regarding climate change. (8)
 - Climate change considerations in the mechanism for addressing investees’ management positions
 - Climate-related criteria in investment selection, screening and decision-making
 - Enhanced climate due diligence
 - Signalling effects of public engagement with, and/or divestment from, companies that do not adequately alter, or commit to altering, corporate practices (23) .
- Information collection (understanding investee behaviour)
 - Collect climate-related and emissions information from companies as part of due diligence
 - Collect climate-related and emissions information at least annually from long-term investments
- Engagement & incentivisation (changing investee behaviour)
 - Holding meetings with management, meeting the chair or other board members
 - Raising key issues through a company’s advisers
 - Writing letters to a company to raise concerns about its climate/transition plan
 - Incorporating climate considerations into other types of resolutions (lobbying, reporting, remuneration)
 - Supporting climate-related issues in proxy voting (the proxy voting policy draws on widely recognised and accepted frameworks, such as the TCFD, to assess a range of different climate-related factors for voting at their portfolio companies)
 - Initiating and supporting dialogue with investee boards to establish Paris Agreement-aligned strategies
 - Vote and propose climate resolutions in favour of climate-related disclosure practices among investees
 - Vote and propose climate resolutions in favour of investees establishing a robust and credible transition plan
 - Investors engage simultaneously with numerous companies and stakeholders from the same sector or value chain (8)
 - Sectoral exclusion and divestment
 - Publish its approach to integrating climate risks and opportunities (both transition and physical) across their portfolio management and stewardship team’s training and activities (8)

**“Other low-carbon transition-related recommendations” refers to key aspects of a company’s low-carbon transition, beyond emissions reductions and targets, that financial institutions can engage them on. These aspects can include performance indicators from any ACT performance modules, such as:

- Intangible investment



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