



Article 173



Message  
not delivered!

SUMMARY OF WWF FRANCE'S SECOND REPORT ON FRENCH  
INSURER'S CLIMATE REPORTING UNDER ARTICLE 173

# EXECUTIVE SUMMARY<sup>1</sup>

*For the second time WWF France has analyzed climate-related financial disclosures of the top 17 French insurance companies according to Article 173 (vi) of the of the French Energy Transition Act. This year, the second since the new transparency requirements for institutional investors entered into force in 2017, WWF-France looks at insurance companies' climate-related financial disclosures from a fresh perspective: more than hundred WWF volunteers have conducted 180 interviews with sales representatives in local retail branches of their banks and insurance companies. The result is mixed: while it is noteworthy that disclosures have improved and new tools have emerged since last year, retail investors still don't have access to clear information about the link between their savings and climate change.*

## AFTER TWO YEARS OF REPORTING, TIME TO TAKE STOCK OF ARTICLE 173

Since July 2017 French institutional investors, including insurance companies, have been required to disclose information related to climate-related risks and opportunities under Article 173 (vi) of the French Energy Transition for Green Growth Act. Through a flexible approach, emphasising pilot testing, investors are required to comply with these new requirements or explain why they do not apply to them (approach called "comply or explain"), yet without the law imposing a prescriptive method.

With article 173(vi), France became the first country in the world requiring by law that institutional investors incorporate climate risk and environmental and social factors into their public communications. After two years of reporting, the French government is required to review institutional investors' implementation of these new reporting requirements by the end of 2018.

Following the publication of an initial report assessing French insurers' reporting practices in November 2017, WWF France has now attempted to analyse the progress made in one year but also to warn about the shortcomings of the measures.

## WWF FRANCE'S SECOND STUDY MAINTAINS THE SAME SCOPE AND DEEPENS ITS ANALYSIS WITH AN EXPERT VIEW AND INVESTIGATIONS CARRIED OUT BY WWF VOLUNTEERS

The second edition of the WWF France's study once again focuses on the 17 main French insurers<sup>2</sup>. This year, WWF France offers views from both experts and non-experts: climate finance experts from the thinktank *Institute for Climate Economics* (I4CE)<sup>3</sup> were commissioned to conduct a detailed technical analysis of insurers' publications alongside investigations carried out by WWF France volunteers on companies selling life insurance products, one of the most popular long-term savings products in France, accounting for over 40% of regulated savings.

The WWF France volunteers attempted to identify the information insurers are now required to make available to them: more than hundred WWF volunteers have searched information on the internet and conducted 180 interviews with sales representatives in local retail branches of their banks and insurance companies.

<sup>1</sup> Full version of report in French available on: <https://www.wwf.fr/vous-informer/actualites/reporting-climatique-des-assureurs-les-francais-ne-savent-toujours-pas-quel-monde-leur-epargne>

<sup>2</sup> AG2R La Mondiale, Allianz France, Assurances Crédit Mutuel, Aviva, France, AXA France, BNP Paribas Cardif, CNP, Covéa (MAAF, MMA et GMF), Crédit Agricole Assurances, Generali France, Groupama France, HSBC France, MACIF, MACSF, Natixis Assurances, Société Générale Assurances. SwissLife France was included in the scope of the study this year for the first time.

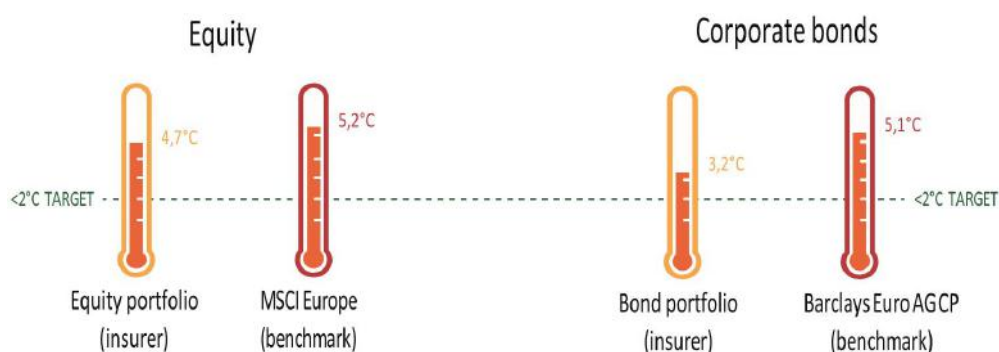
<sup>3</sup> Link to the [report on article 173 prepared by I4CE for WWF](#)

## WWF FRANCE FOUND THAT THE CLEAR IMPROVEMENT IN INSURERS' PRACTICES HAS BEEN ECLIPSED BY THE PROLIFERATION OF METHODOLOGIES AND HOW DIFFICULT IT IS FOR SAVERS TO UNDERSTAND THEM.

No stabilisation or development of relevant and consistent reporting methods concerning portfolios' alignment with 2°C targets. Few of the multiple methodologies used by the insurers are at the same time relevant and understandable. The I4CE thinktank classifies the methodologies into four main types, relating to sector, energy mix, geography and temperature increase, while emphasising that there is no standardised methodology accepted by stakeholders and that there are multiple variants within these methodologies. The data therefore cannot be compared. Moreover, the quality of the figures provided by the insurers is unsatisfactory, whatever the methodology used: one insurer considers that it is aligned but has not published its methodology (HSBC France at group level), others publish incomplete figures (Generali France), while others carry out calculations but do not publish the full results (Axa France and Natixis France) and some do not yet consider it (HSBC France at insurer level, Groupama France, Sogécap and SwissLife France).

Simple and relevant communication about portfolio alignment with the Paris Agreement is possible!

WWF France is pleased to see that in the second reporting round two insurance companies (BNP Paribas Cardif and AG2R La Mondiale) have used a 'thermometer' indicator to illustrate the alignment of their equity and fixed-income portfolios with the *well below 2°C* target in the Paris Agreement. Although the underlying methodologies used to calculate this performance metric could still be improved and better explained, the thermometer is an indicator that is compelling, relevant, and easy to understand.



Implementing the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the new reporting standard

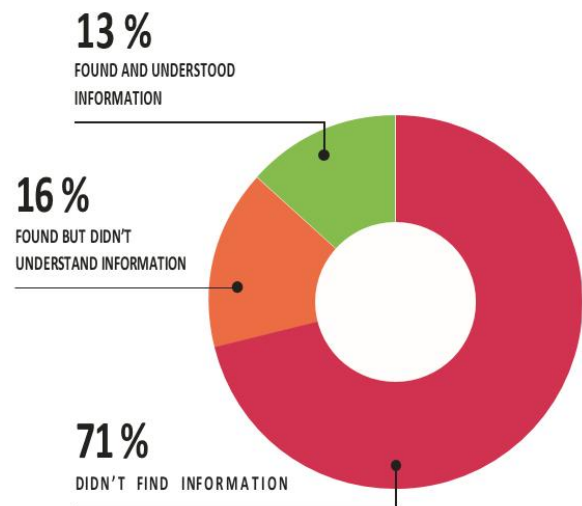
In less than one year, the number of companies that support the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) has grown to 513 companies, including 287 financial and 170 non-financial companies, with a combined market capitalization of \$7.9 trillion (€7 trillion). The supporting financial firms are responsible for assets of nearly \$100 trillion (€87,000 billion).

WWF-France applauds the small group of French insurance companies, mostly the French subsidiaries of multinational insurance groups (Allianz-France, Aviva-France, Axa-France, CNP), who have started to apply the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in their article 173 reports. Surprisingly, however, despite commitments made by several banking groups last year (BNP Paribas, Crédit Agricole, HSBC, Société Générale) TCFD recommendations have not yet been taken into account in their respective insurance subsidiaries' reports.

Institutional investors, including insurance companies, who take into account these recommendations in their climate-related disclosures facilitate convergence of methodologies towards internationally recognised standards and enable comparability of performance data

Despite progress, information made available to individual investors is still difficult to access and hard to understand. The results of investigations conducted by WWF volunteers are very clear: information made available to individual investors is difficult to access and hard to understand. For example, only 13% of the people who conducted the interviews found that the information made available to them under Article 173 allows them to answer relatively simple questions on the link between climate change and their savings, such as: 'Does climate change put my personal savings at risk?' or 'Is the insurance industry impacted by climate change?'.

As a result, French retail investors still don't know whether their savings are invested in a sustainable future!



*Results of surveys conducted WWF volunteers at retail bank and insurance branches in France (non-expert views)*

### IN VIEW OF THESE RESULTS, WWF FRANCE RECOMMENDS:




That French insurers provide detailed and relevant information to their retail investor clients in a targeted manner. They should also further improve how they make information available to savers by developing dedicated communication media and better training for sales agents. WWF France also reiterates its call for insurers to improve their understanding and ownership of the methodologies, particularly calculating the degree of portfolios' alignment via collective work by the whole insurance industry, in order to make the objectives, analysis methods, indicators and results obtained more relevant and more comparable.



That the French government take advantage of the revision of the decree to ratchet up the level of ambition of article 173. In particular, WWF France recommends that the revised decree lead to convergence with the TCFD benchmark and transparency about the methodologies used, particularly concerning portfolios' alignment, a key indicator. WWF France also recommends that standardised communications adapted to savers be defined and prepared, in order that clients' and prospects' sustainability preferences can be systematically and homogeneously taken into account so that financial products meet clients' needs and expectations.

As a result of ambitious implementation of these two strands of recommendations, it should be possible to shore up and accelerate the green finance dynamic under way in France and at the European level, particularly in terms of information provided to savers, while laying the foundations for developing standardised methodologies at financial market level.

## SUMMARY TABLE: IMPLEMENTATION OF ARTICLE 173 BY FRENCH INSURERS

As for its 2017 study, WWF has ranked the 17 insurers companies according based on the quality of the information provided, transparency about the methodologies and service providers used and the degree of implementation of the TCFD recommendations. The network strength symbol  indicates the insurer, which have made relevant attempts to 'connect' with savers through dedicated communication tools such as educational videos, graphics, fact-sheets etc. This rating has been carried out by WWF on the basis of the detailed analysis conducted by I4CE. The table below shows a summary the key findings.

Implementation of Article 173(vi) – Comparison 2017 / 2018	
<b>Beginner:</b> the publications do not show sufficient command of the subject in view of the issues	
<p><b>SwissLife</b> does not yet appear to have measured the level of requirement expected by article 173. Its CSR report barely has three pages on its responsible investment policy, which is described superficially, and using no supporting data.</p>	
<b>Evolving:</b> the publications demonstrate gradual awareness and/or a process of progress	
<p><b>Assurances Cr�dit Mutuel</b>, which had a very brief report (1 page) last year, has published a much more complete report this year.</p>	<p><b>Cr�dit Agricole Assurances</b> presents two carbon footprint methodologies with results that are difficult to understand and does not cover the TCFD. </p>
<p><b>HSBC Insurance</b> has published a brief report with few figures, not covering the green assets concept, or alignment, and does not include TCFD in its report, despite an undertaking at group level... </p>	<p><b>Natixis Assurances</b> presents a relevant and understandable approach to its ESG filter and its organisational implications but simply mentions the TCFD without going into operational details (despite parent company's undertakings).</p>
<p><b>Soci�t� G�n�rale Insurance</b> has improved the granularity of its figures but ignored key indicators such as portfolios' alignment (and more generally the TCFD recommendations, despite the parent company's undertakings) and the consideration of physical risks.</p>	
<b>Encouraging initiatives:</b> the publications demonstrate an understanding of the topic and show interesting initiatives, even though they can only be understood by an experienced audience	
<p><b>AG2R la Mondiale</b> has produced for the second year the extremely informative "asset thermometer" and a table of comparison with the decree, but it does not cover the TCFD.</p>	<p><b>BNP Paribas CARDIF</b> joins AG2R in using the "asset thermometer", but could cover more indicators (green and brown assets) and incorporate the TCFD recommendations, despite parent company's commitment.</p>
<p><b>Cov�a</b> provides most of the relevant figures but lacks transparency and information about the methods and service providers used and only uses the TCFD work superficially.</p>	<p><b>Generali</b> offers a useful glossary and covers most of the relevant metrics and in particular the portfolios' alignment, but only mentions the TCFD.</p>
<p><b>Groupama</b> has published an informative report (good background, multiple "focuses" on TCFD, coal, etc.) and a good description of the ESG filter methodology, but fails to provide data about portfolios' alignment.</p>	<p><b>MACIF</b> has made educational efforts (glossary), presents extensive data, including some of the green and brown assets, but could further to improve transparency about the methodologies and commit to implementing the TCFD work.</p>
<p><b>MACSF</b> has improved the quality of its reporting and has taken positive steps, particularly in publishing information on green and brown assets, but ignores the TCFD. </p>	
<b>Leading companies</b>	
<p><b>Allianz</b> provides a complete set of relevant data (except brown assets), offers an interesting qualitative presentation of the green assets of its portfolios ("green shade chart") and demonstrates that the TCFD has been taken into consideration sufficiently (risk management).</p>	<p><b>Aviva</b> presents a very complete report with all relevant data (except the brown part), aligned with the TCFD (plans to implement 2.5�C and 3�C alignment measures) and includes a CFD comparison table. </p>
<p><b>AXA</b> has adapted and structured its report according to the TCFD recommendations, demonstrates transparency as to the methodologies used, particularly concerning the ESG filter, but could make more progress by publishing data about portfolios' alignment and the brown assets. </p>	<p><b>CNP Assurances</b> provides a set of relevant indicators (except brown assets), follows a TCFD integrated approach (governance strategy, risk management and indicators), and stands out not only due to its educational efforts and transparency, but also its approach to portfolio alignment. </p>
<b>Meeting WWF expectations</b>	
<p><i>No French insurer identified at this time.</i></p>	

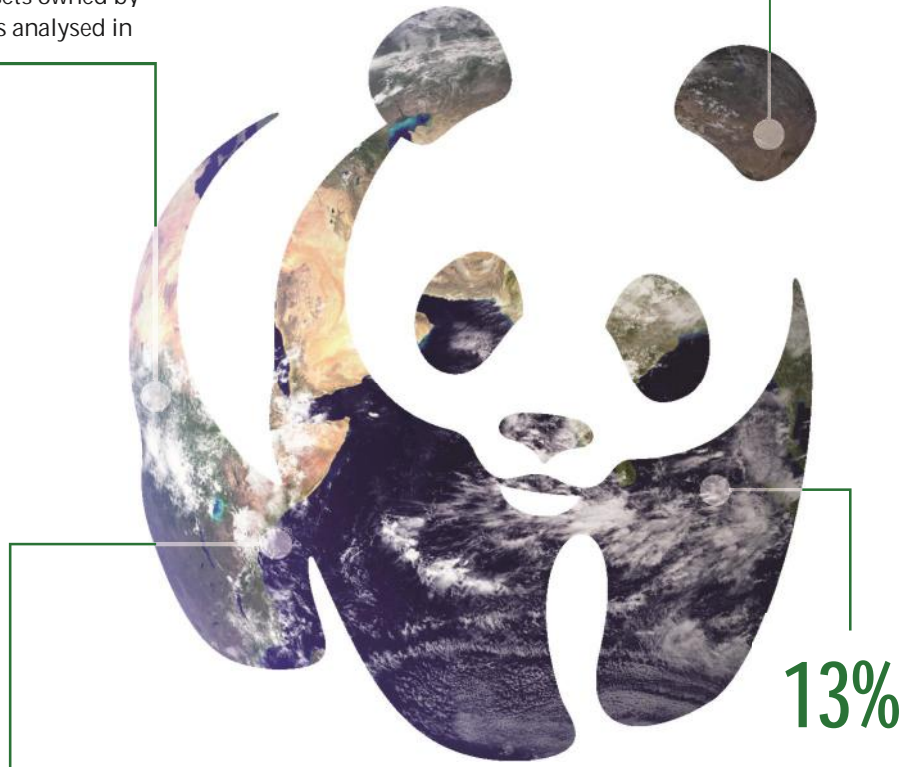
# Article 173: message not delivered!

## € 2 trillion

Amount of assets owned by top 17 insurers analysed in this report

## 37 million

Number of French people who invest savings in life-insurance contracts at the end of 2017



## 13%

## 89% of retail investors

consider that their bank or insurance company gives them little or no information about the impact of their savings on climate change

of investigators, only, found relevant climate-related information online and understood it