




# Green Finance – A New Frontier for the 21<sup>st</sup> Century

International Climate Risk Conference for Supervisors  
Amsterdam, 6 April 2018

François VILLEROY de GALHAU, Governor of the Banque de France

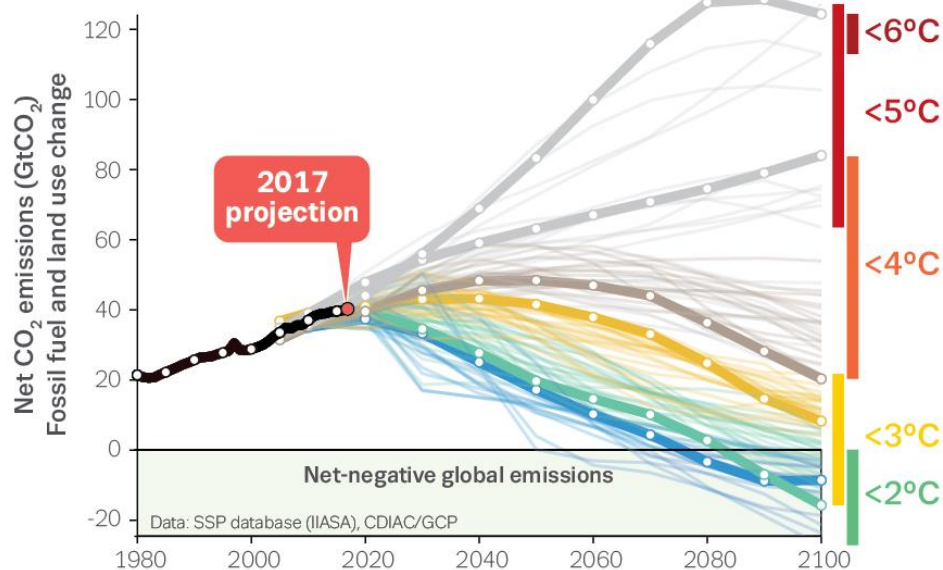
- 
- 1. From physical risks to transition risks,  
and from a snapshot to a video**
  - 2. Converting our quantitative and qualitative  
challenges into unprecedented opportunities**



# FINANCIAL RISKS ARISING FROM CLIMATE CHANGE ARE RELEVANT

*Physical risks are more visible but transition risks may be more financially relevant*

Climate projections extracted from the latest IPCC report



## Physical risks

Risks linked to the exposure to the physical consequences of climate change  
(sea level rise, heatwaves, droughts, ...)

Less relevant for banks and developed countries but mind the protection gap

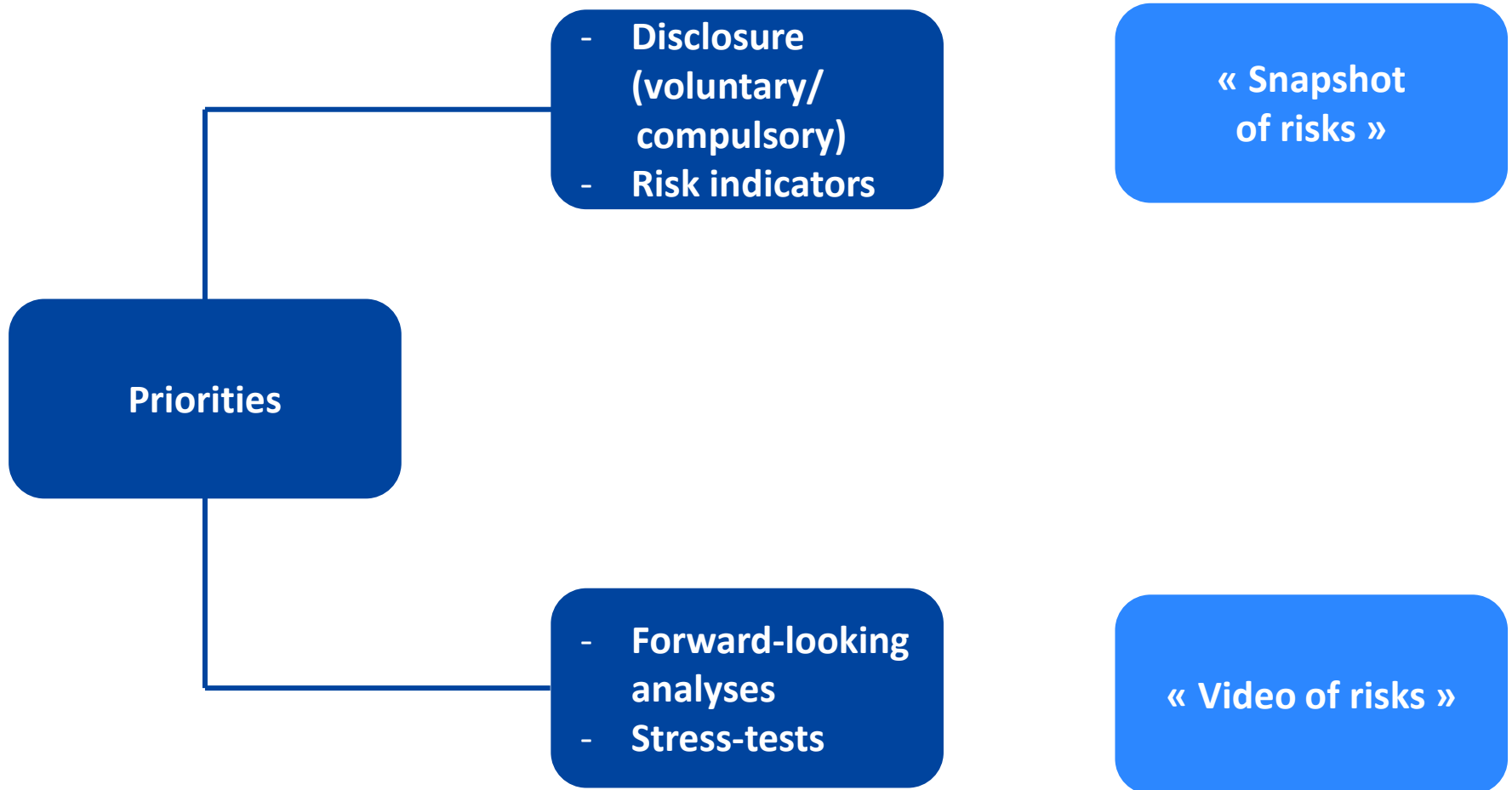
## Transition risks

Risks induced by the transition towards a low-carbon economy  
(evolution in regulations, mitigation policies, markets, ...)

Exposures of banks and insurers are significant



# TACKLING CLIMATE-RELATED RISKS IN THE FINANCIAL SECTOR





# THE QUALITATIVE CHALLENGE: PREVENTING GREEN WASHING AND LEADING BY EXAMPLE

## Harmonized taxonomy and common standards

- A very much welcome EU Action Plan proposal for a common taxonomy
- The purpose is to reconcile the different standards & labels: CBP + CPI + independent evaluation of impact

## Central Banks should infuse sustainability into their own activities

- An illustration with the Banque de France Responsible Investment Charter