

## Agnès Bénassy-Quéré: Sustainable investing for public investors

Speech by Ms Agnès Bénassy-Quéré, Second Deputy Governor of the Bank of France, at the workshop "Sustainable investing for public investors", co-organised with the World Bank, Paris, 21 October 2025.

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Ladies and Gentlemen, Dear Colleagues,

It is my great honor to **welcome** you in Paris to the premises of the Banque de France for this workshop on "Sustainable Investing for Public Investors" co-organized with the World Bank.

I must admit that it is somewhat of a **relief** to see such a high-level gathering on the theme of sustainable investment in the current environment. After a period of great enthusiasm and widespread commitment, the tide has turned against the climate agenda in several parts of the world, challenged by geopolitical tensions, economic pressures, and shifting priorities.

Of course, the **reality** of climate change and nature degradation will not change its course. The window of opportunity to limit global warming to 1.5°C by the end of the century is now closing:

- Current Nationally Determined Contributions (NDCs) would instead lead us toward a 2.6 to 2.8°C temperature increase, according to the UN environment programme.<sup>[1](#)</sup>
- According to the Potsdam Institute for Climate Impact Research, the seventh (out of nine) planetary boundaries has now been breached, namely ocean acidification.<sup>[2](#)</sup>

**The temptation is strong to fall into either denial or paralysis.**

But as central banks and supervisors, we are guided by **a clear compass** - our mandate - and we are acting accordingly:

- We see climate change as a risk to price stability and financial stability;
- As investors ourselves, we try to protect our balance sheet and lead by example;
- We are also pushing in favor of credible standards and reporting practices for the financial sector at large, to protect it against systemic risks arising from climate change and from the transition.

**Why should we – central banks and supervisors – care about climate change and nature? The answer is crystal clear: we must act to protect our core mandate of price and financial stability.**

**Almost 150 other central banks and supervisors** around the globe – among whom many of you – share this concern and the willingness to better understand and assess climate and nature related risks.

These central banks and supervisors are the members of the **Network for Greening the Financial System**, NGFS. We at Banque de France are very proud to support the NGFS by hosting its Secretariat here in Paris, and to have the World Bank as an Observer seating at its Steering Committee.

In the Spring, for the first time, the NGFS published a series of **short-term scenarios** describing the economic impact of very severe but still plausible climate events, for each region, successively; a combination of heatwaves, droughts and wildfires, followed by floods the next year.<sup>[3](#)</sup>

In such event, **GDP** could fall by about 4 to 5 percent in just one year in Europe or North America, and as much as 12 percent in Africa, compared to a theoretical benchmark scenario with neither climate change nor mitigation policies.

Such severe hazards also affect **price stability**. A recent study led by Banque de France shows that temporary shocks to major crops due to nature degradation could raise food inflation by over 2 pp, and headline inflation by 0.5 pp within a two-year horizon.

Logically, these effects translate into losses for **financial institutions**, with clear systemic risks arising. According to a recent study by the ECB<sup>[5](#)</sup>, 72% of companies in the euro area exhibit a high dependency on at least one service provided by natural ecosystems, and nearly 60% of loans in the euro area are exposed to companies facing unmet flood protection needs.

**As public investors, central banks must walk the talk and lead the way towards responsible investment practices.**

Let me take this opportunity to to, again, highlight the work of the **NGFS** who has published several reports on **Sustainable and Responsible Investment**,<sup>[6](#)</sup> as well as on climate-related disclosure<sup>[7](#)</sup> for central banks. These reports offer recommendations for including sustainability considerations in governance frameworks, and for measuring the exposure to sustainability risks.

**At the Banque de France, we are taking our responsibility on this matter.** Our latest Sustainability Report (published in June this year) reiterates our resolve to incorporate sustainability issues, including those relating to climate change and nature degradation in a cross-cutting approach, into our strategy, missions and operations.<sup>[8](#)</sup>

Our efforts were recognized for the third time in a row as the Banque de France was ranked **number 1 in the G20 Green Central Banking Scorecard**.

**We have implemented "Paris aligned" fossil-fuel exclusion thresholds** for oil and gas and totally excluded coal and unconventional hydrocarbons from our portfolios.

Having already aligned our **equity portfolios** with a 1.5°C warming trajectory by the end of 2023, we have pledged to extend this temperature target to the **corporate bond component** by end-2026.

The scope of our sustainability strategy now extends to **nature and biodiversity**.

As an example, and thanks to a fruitful partnership with the Caisse des Dépôts, the Banque de France's asset management subsidiary now implements a **thematic management strategy for equities** by incorporating biodiversity analyses. These are not just words: we are closely monitoring the rise in the corresponding footprint in our portfolios.

We are also proud to be part of the **Eurosystem's harmonised climate-related disclosure exercise** since its beginning in 2021, as it is a practical application of the recommendations that have been made by the NGFS.

That said, while we're proud to stand strong on our principles and lead by example, central banks cannot navigate alone towards sustainable destination.

Just for **Europe**, the European Commission estimates that a total green investment of **around €1.2 trillion** each year is needed to reach its 2030 target. It is easy to understand that the contribution of central banks can only be a small part of the effort.

**Sustainable finance has gained significant traction in recent years but needs to be further amplified through adequate disclosure.**

**Global issuance of green bonds** has been multiplied by 30 in 10 years, increasing from 20 bn euros to around 600 bn euros between 2014 and 2024.<sup>9</sup>

The **massification of green finance** cannot rely only on volunteers. It needs (1) an adequate carbon pricing strategy that will help markets to internalize climate risks (but is beyond the reach of central banks and supervisors); and (2) a credible, verifiable set of standards and reporting requirements. Confidence is key in sustainable finance, as it has always been the case in "traditional" finance.

In Europe, the **recent Omnibus proposal** includes welcome simplifications, but they must not alter the high ambition level for the sustainable reporting framework.

Criticisms have been made regarding the **over-complexity** of the initial reporting rules, and now a trend of simplification has started. However, simplification does not mean deregulation.

If we manage to simplify the reporting framework while ensuring the availability of robust and comparable data necessary for the transition, we will have a **win-win** situation: our framework will gain in both efficiency and "acceptability."

## CONCLUSION

To conclude, sustainable finance and more broadly climate-related topics are now facing **headwinds**, at a time when they must still be amplified. This is why, now more than ever, we need to cooperate, to discuss and to share best practices.

And this is exactly what this kind of **seminar** is made for.

I can only hope that in the run-up to the COP 30, we will see **renewed commitment and concrete actions** from all stakeholders to accelerate the transition towards a more sustainable and resilient future.

Once again, I am delighted to see you all here and I wish you a very **fruitful seminar**.

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<sup>1</sup> UN environment programme, [Emissions Gap Report 2024 – No more hot air ... please!](#), October 2024.

<sup>2</sup> Potsdam Institute for Climate Impact Research, [Seven of nine planetary boundaries now breached – ocean acidification joins the danger zone](#), September 2025.

<sup>3</sup> NGFS [Short-term Climate Scenarios for central banks and supervisors](#), last updated 23rd July 2025.

<sup>4</sup> Wegner et al., [Seeds of Inflation: Macro Modelling of Nature-Related Risks through Agricultural Prices](#), Banque de France, 29th July 2025.

<sup>5</sup> Ceglar, A., Marques, A., Boldrini, S. *et al.* European banks face significant vulnerability to ecosystem degradation and climate change. *Commun Earth Environ* 6, 750 (2025).

<sup>6</sup> [NGFS publishes three reports on Sustainable and Responsible Investment for Central Banks](#), May 2024.

<sup>7</sup> [NGFS Guide on climate-related disclosure for central banks, Second edition](#), June 2024.

<sup>8</sup> Banque de France and ACPR, [2024 Sustainability Report](#) June 2025.

<sup>9</sup> Bloomberg ICMA.