

Session 12:
Finance for Sustainable Investing

Sustainable Investments Strategies for Banque de France Reserve Portfolios

Mr. Frédéric Guevel
Banque de France

**2026 ASIAN REGIONAL FORUM
ON INVESTMENT MANAGEMENT
OF FOREIGN EXCHANGE RESERVES**

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FINANCE FOR SUSTAINABLE INVESTING

*SUSTAINABLE INVESTMENTS
STRATEGIES FOR BANQUE DE FRANCE
RESERVE PORTFOLIOS*

FRÉDÉRIC GUEVEL
HEAD OF ASSET MANAGEMENT DIVISION
BANQUE DE FRANCE



INCLUDING RESERVE PORTFOLIOS IN THE RESPONSIBLE INVESTMENT STRATEGY

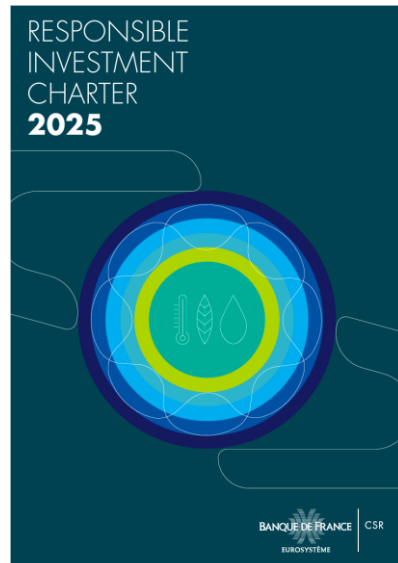
The Initial RI strategy covered own funds and pension liabilities investments portfolios

22 Bn EUR at end 2025

Extended to Euro and foreign currency reserves portfolios (non monetary policy portfolios)

153 Bn EUR at end 2025

High level principles defined in the responsible investment charter



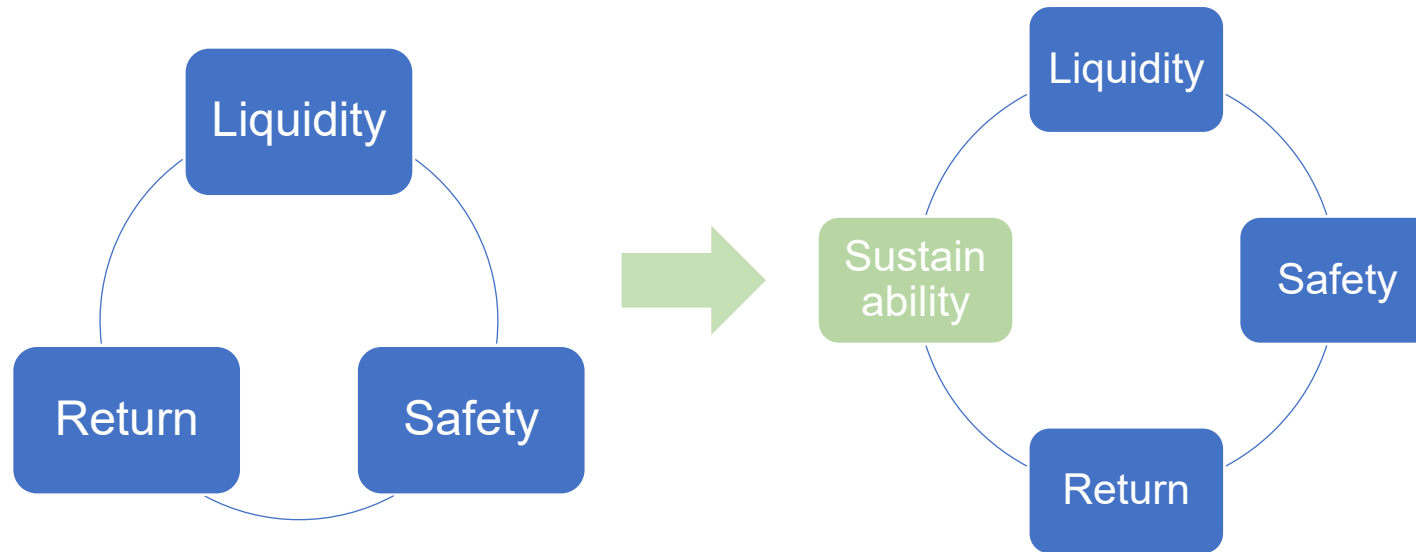
3 pillars of BDF responsible investment policy

PILLAR 1 Align investments with France's climate commitments

PILLAR 2 Include environmental, social and governance criteria (ESG) in asset management

PILLAR 3 Exercise voting rights and engage with issuers

RESPONSIBLE INVESTMENT IN RESERVE PORTFOLIOS : AMBITION VS. CHALLENGES



Obstacles

Primary
mandate
conflicts

Limited
Investment
universe

ESG analysis
less mature for
sovereign
issuers

Green asset
scarcity

Measurement
and data
limitations

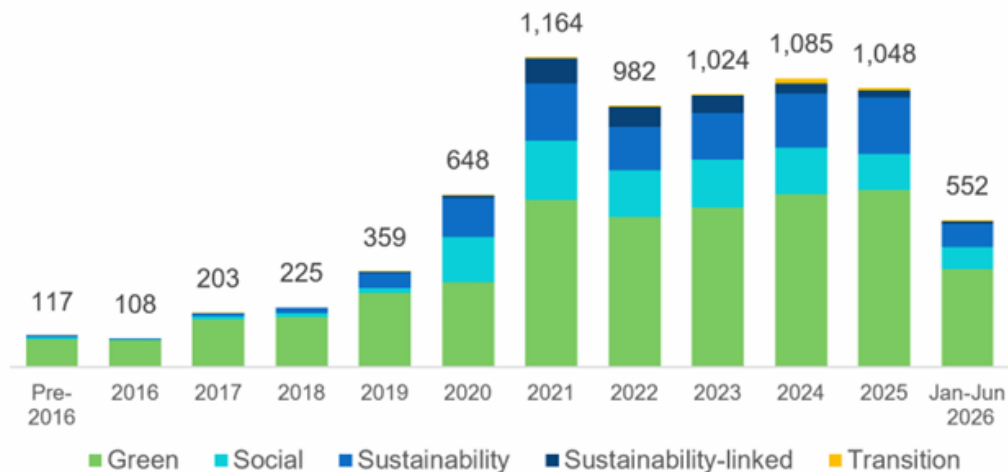
ALIGNING RESPONSIBLE INVESTMENT STRATEGIES WITH EACH PORTFOLIO CONSTRAINTS

FX reserves tranching at Banque de France

Tranche	Priorities and constraints	Sustainability strategies
Liquidity Tranche	• Liquidity • Capital preservation	• Tranche not well suited to sustainable investment by nature, except for specific opportunities
Investment Tranche	• Capital preservation • Ensure a minimal accounting result • Bond held to maturity with longer investment horizons	• Financing transition through labelled bonds as a long term investor • Taking into account carbon metrics in long term investment decisions
Diversification Tranche	• Risk-reward optimization • Diversification • Skills and knowledge enhancement	• Favor Best-in-class issuers taking into account carbon metrics in investment decisions • Impact investments on best effort basis

STRATEGY 1: LABELLED SUSTAINABLE BONDS INVESTING

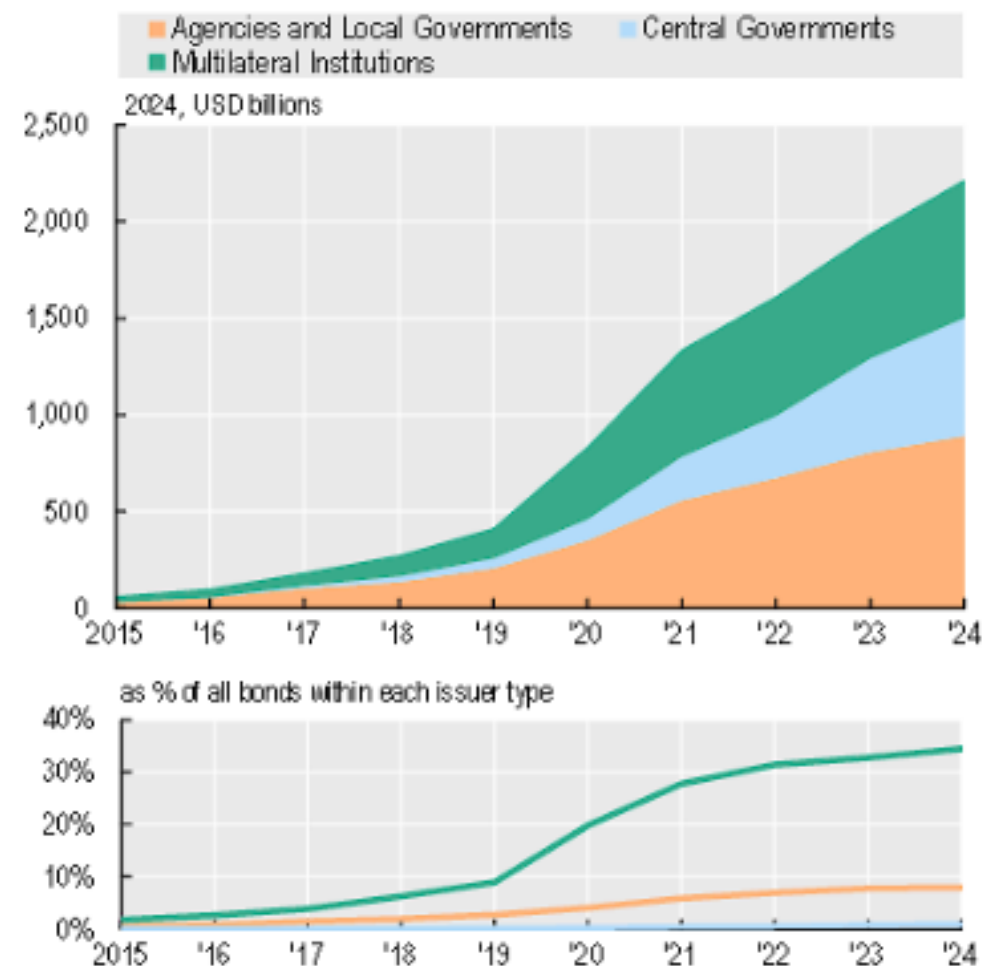
Global labeled sustainable bond annual issuance. USD bn



Source: World Bank

European issuers lead sustainable bond issuance in the official sector

Official sector outstanding sustainable bonds by issuer, USD bn



Source: OECD

STRATEGY 1: LABELLED SUSTAINABLE BONDS INVESTING

Targets for labeled bonds in the Investment Tranche :

- Objective to increase the investment in labelled bonds in reserves portfolio
- Minimum labelled bond allocation for new investments (SAA)
- Financial Markets Directorate is in charge of security selection and execution
- Focus on labels that guaranty the use of proceeds for environmental/social projects : **ICMA principles** ; **European Green Bonds Standard** (EU GBS)

STRATEGY 1: LABELLED SUSTAINABLE BONDS INVESTING

Investments in labelled bonds in Euro and FX portfolios held against the monetary base (end 2025, in billions euros)

19.1 Bn

• Green bonds

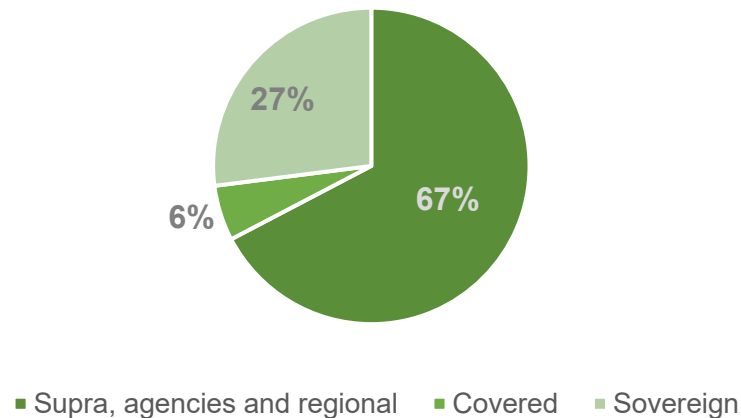
3.7 Bn

• Social bonds

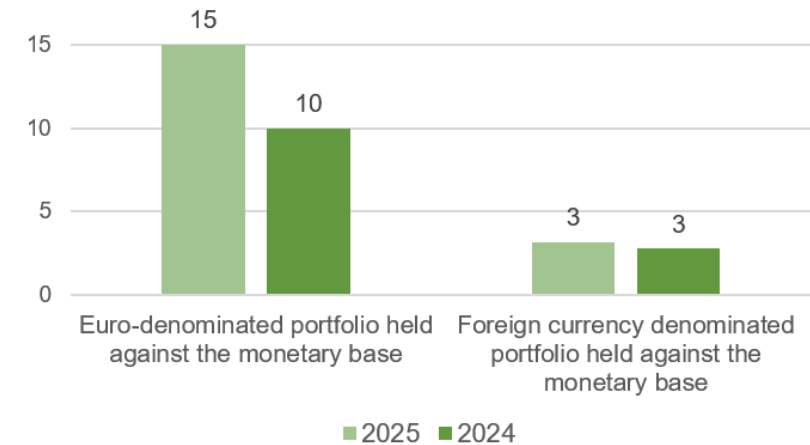
3.6 Bn

• Sustainable bonds

Labelled sustainable bonds by issuer type (end 2025, %)



Proportion of green bonds in the portfolios

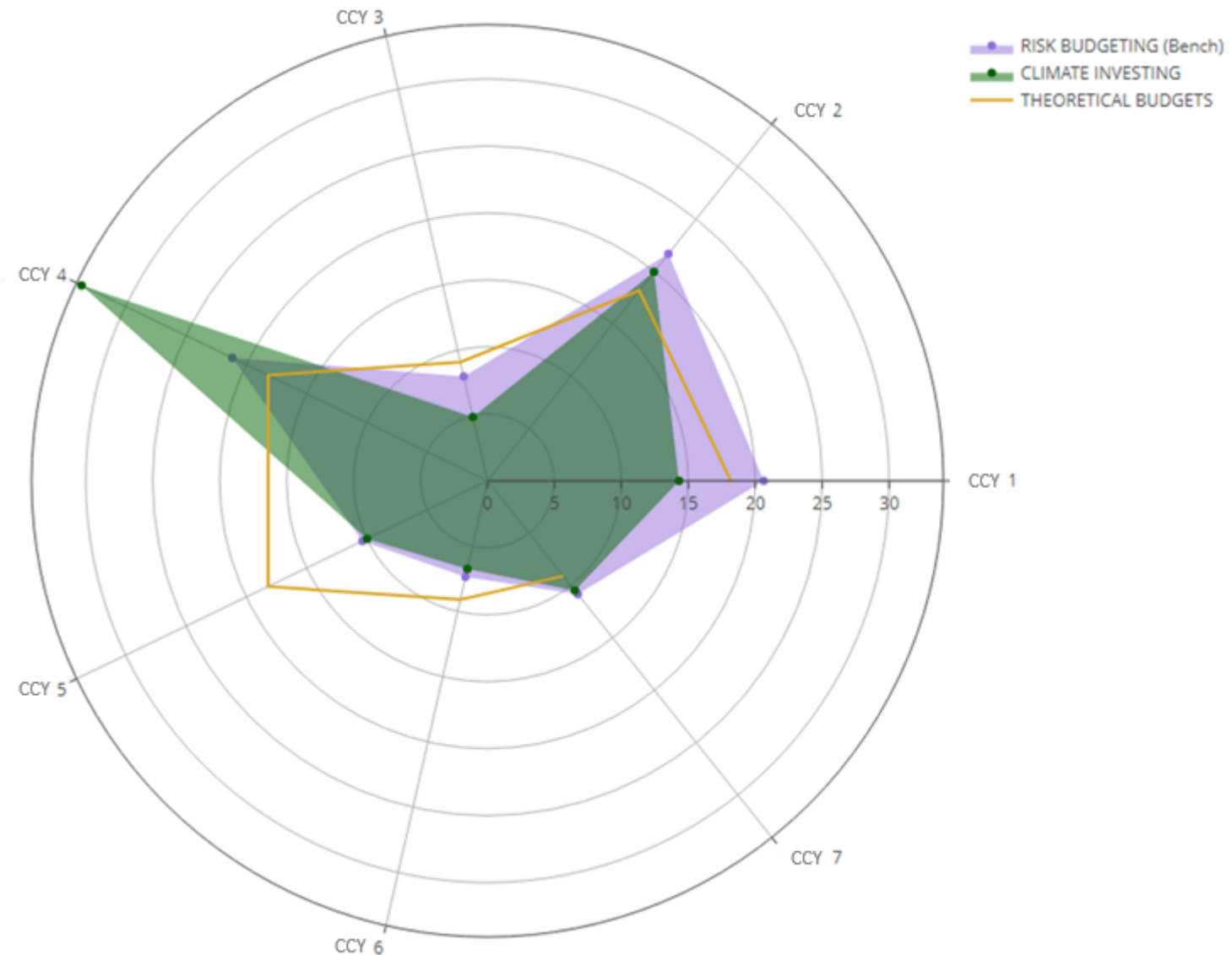


Source: Banque de France, Sustainability Report 2025

STRATEGY 2: GREEN TILT IN CURRENCY ALLOCATION (BEST-IN-CLASS APPROACH)

CLIMATE INVESTING VS RISK BUDGETING INDIVIDUAL ASSET RISK CONTRIBUTION

Since 2024, the strategic asset allocation of **a share of BDF FX reserves integrates a green titling** to favor *best-in class* countries



STRATEGY 2: GREEN TILT IN CURRENCY ALLOCATION (BEST-IN-CLASS APPROACH)

The green tilting is based on an **internal indicator for rating sovereign states on their climate performance** :

- The climate indicator combines the **carbon intensity of production** (domestic emissions) and **consumption** (domestic emissions + imported emissions - exported emissions)
- It takes into account both the **static carbon intensity data** for production and consumption **and their evolution over time**
- It also take into account a component measuring **countries' medium-term climate ambition** (Projected differences in emissions in 2030 with an IPCC 1.5°C compatible scenario)
- It takes the form of a z score, which represents the number of standard deviations from the population average
- The data sources are recommended by ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) and are based on reliable public information, with a historical horizon long enough

DISCLOSURE OF EXTRA-FINANCIAL METRICS IN BANQUE DE FRANCE'S SUSTAINABILITY REPORT

- **Consolidated publication** gathering BDF and ACPR's TCFD report and BDF responsible investment report
- **Regulation framework / guidelines followed**
 - **TCFD** (Task-force on climate-related financial disclosures) recommendations
 - **NGFS** (Network for Greening the Financial System) [Guide on climate-related disclosure for central banks](#)
- **First Publication for FX Reserves in 2024**



EUROSYSTEM HARMONISED CLIMATE METRICS

- **First coordinated reporting exercise in 2023** (end-2022 data)
- Same data providers and methodologies for every central bank
- **Indicators discussed and defined by a Eurosystem task-force:**
 - Total CO2 emissions
 - WACI (Weighted Average Carbon Intensity)
 - Carbon footprint
 - Share of green / social / sustainable bonds ...

BDF VOLUNTARY CLIMATE, NATURE AND ESG METRICS

- Temperature alignment (implied temperature rise)
- Exposure to physical risks
- Biodiversity impact
- ESG scores
- Voting statistics

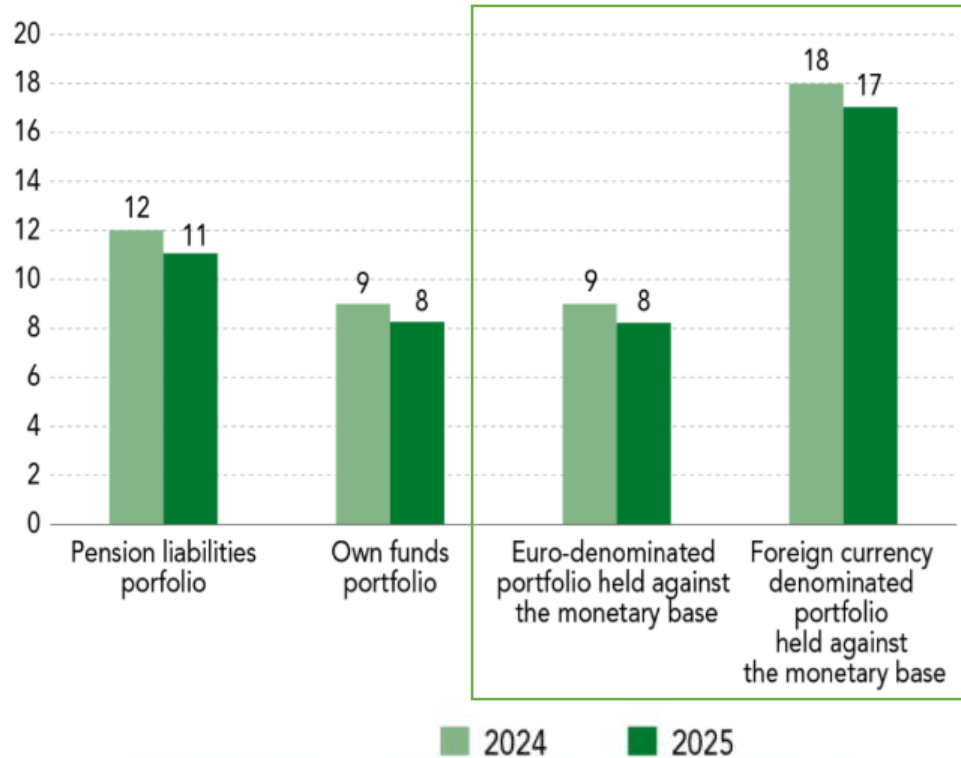


Main indicators are reviewed and certified by our statutory auditors.

Weighted average carbon intensity (Scope 1 and 2 emissions)

In units of GDP – sovereign bond components
(consumption approach)

(in tCO₂eq/EUR million of GDP)



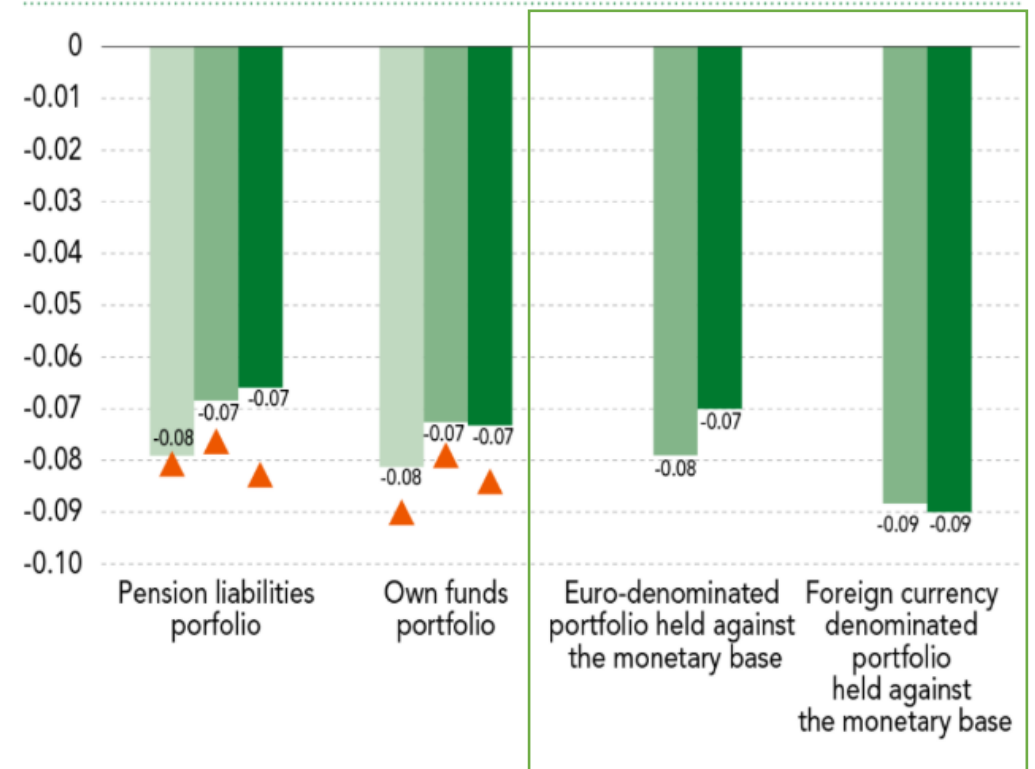
World Bank; Banque de France calculations.

Note: tCO₂eq, tonnes of carbon dioxide equivalent.

Biodiversity footprint

(MSA.km²/EUR million invested)

Sovereign bond components



Note: MSA, Mean Species Abundance.

Sources: Iceberg Data Lab; Banque de France calculations.

