2024 ANNUAL REPORT

Unlocking Private Capital for a Sustainable Transition

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Sustainable finance OBSERVATORY

About the Sustainable Finance Observatory

The Sustainable Finance Observatory is an international independent think tank specialised in mobilising private finance for a sustainable transition.

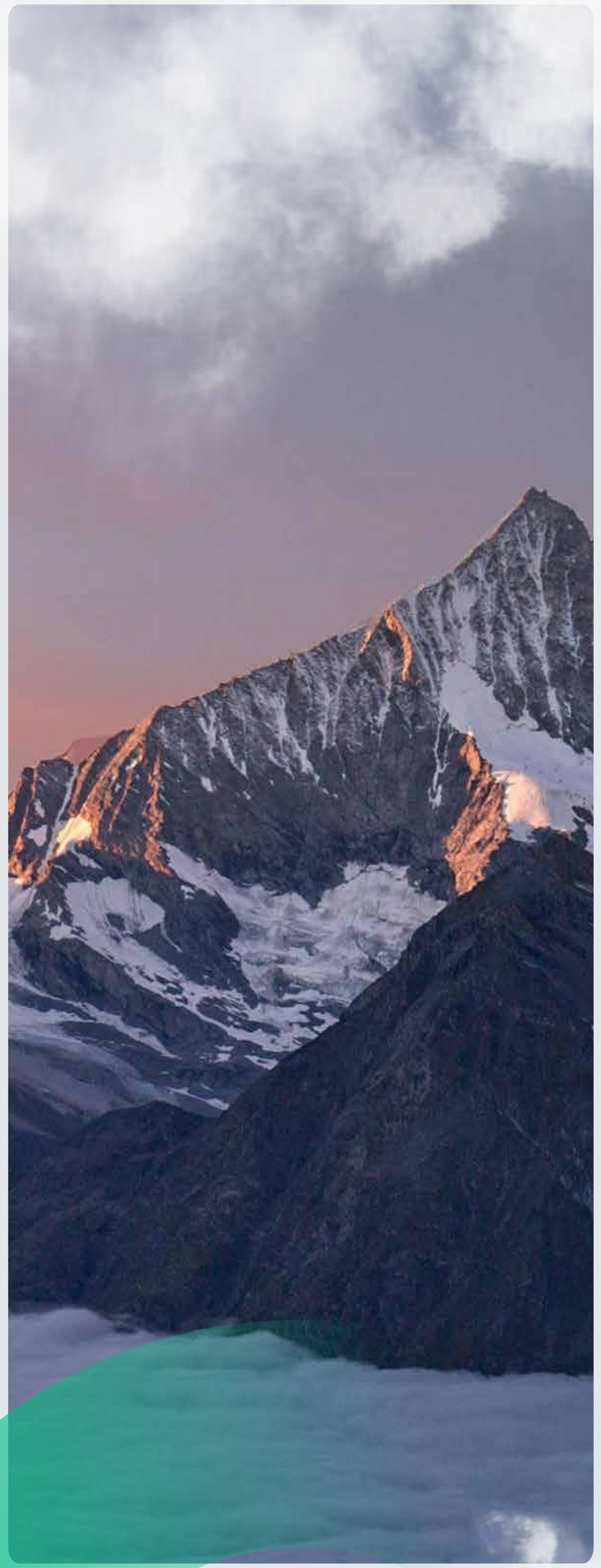
The organisation is the result of the merger of the international think tank 2° Investing Initiative which has been a pioneering think tank in supporting private financiers on climate alignment and impact investing since 2012 and the "Observatoire de la finance durable," an initiative of the French Finance and Economy Minister.

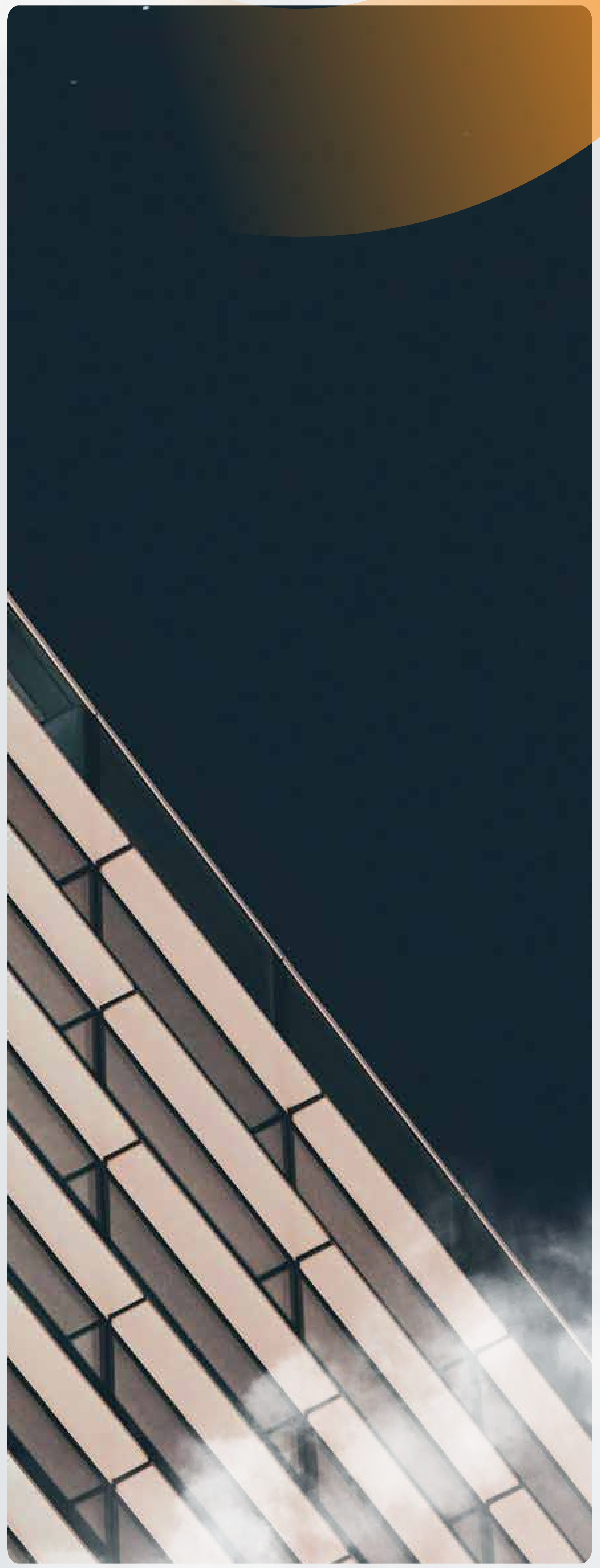
Our mission is to encourage changes in financial practices and develop financing solutions to support a sustainable, low-carbon economy.

We adopt a pragmatic approach based on studies, tools and methodologies to directly benefit public and private actors and make a real impact on the economy.

We deliver a wide range of activities, including conducting research, data analysis and tool development, expertise and capacity building, coordinating and participating in multistakeholder coalitions, as well as leading advocacy campaigns.

These activities are structured around three core pillars: Transparency, Impact and Bankable Sustainable Solutions.





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→ Message from Francois Gemenne, Chairman of the Board of Directors

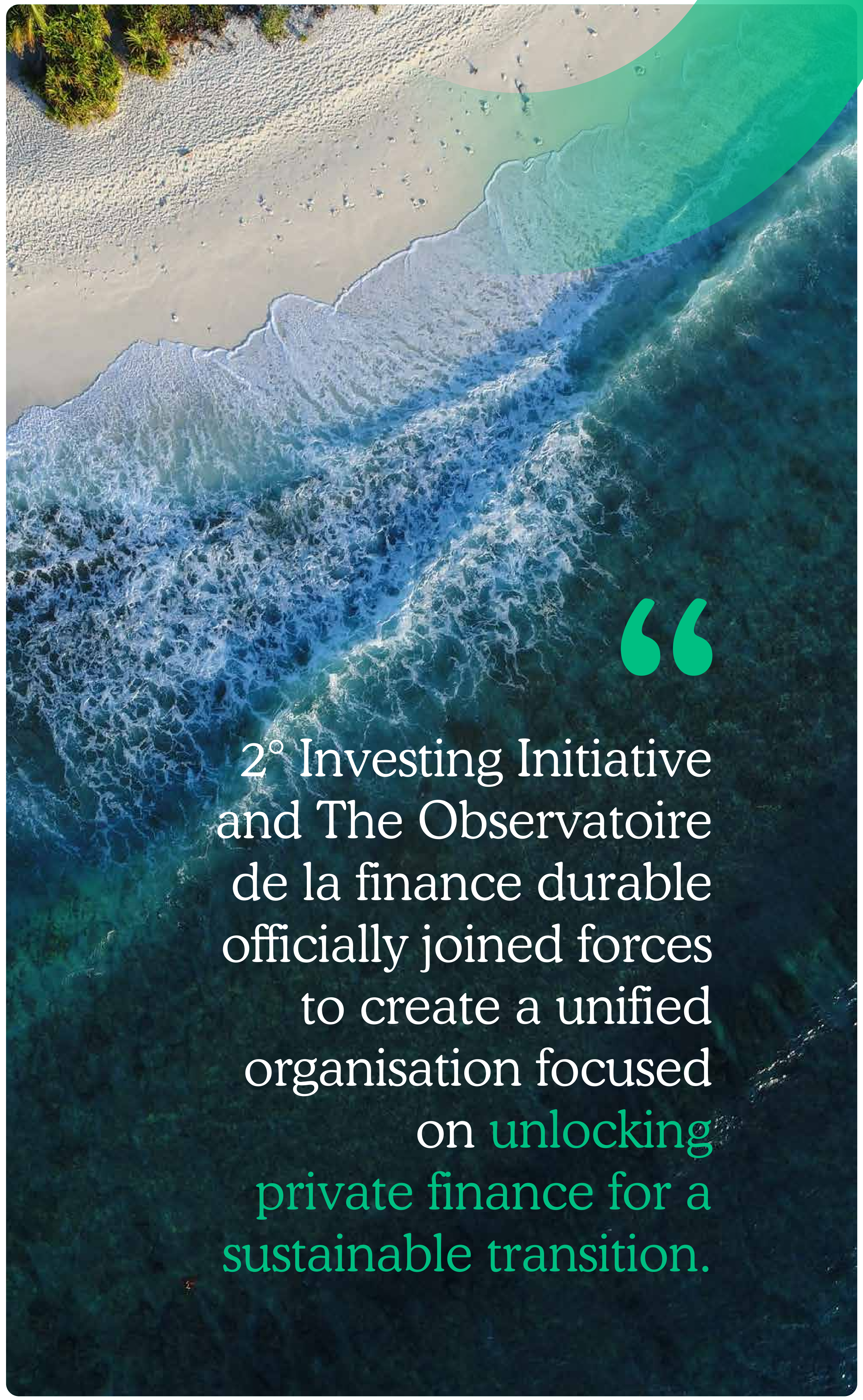
The past months have been challenging for sustainable finance. COP29, which was supposed to deliver on climate finance, did not meet the expectations and ended in bitter disappointment for countries of the global South. The US withdrawal from many processes of international cooperation – from the Paris Agreement to UNOC or the WHO – combined with the dismantling of US Aid, resulted in a sharp drop of the amount of funding available for development. All over Europe, policies for ecological transition are being paused or halted, for lack of funding.

This difficult context means that sustainable finance cannot just be public finance. The mobilisation of private finance is thus more crucial than ever, which makes the mission of our Observatory more relevant and salient than ever.

There are currently some strong headwinds against the ecological transition, and the very concept of sustainability, once consensual, has become for some an ideological marker. Yet opinion polls – included some we conducted ourselves – indicate that the ecological transition continues to enjoy a wide and strong support in public opinion. An overwhelming majority of people want more action against climate change, but they often feel like the minority. A fascinating experiment conducted in the US some time ago – at a time when it was still possible to conduct such experiments in the US – asked people how much of a pot of $450 they were willing to give to a charity that would invest the money in renewable energy, and how much they were willing to keep for themselves. On average, the majority of people were willing to give half of the money to the charity. But they were also convinced that the other participants had kept the money for themselves. And this is where it gets interesting: when they were told that this wasn't the case, participants were actually willing to give even more to the charity. The experiment reminds us that the transition is a collective process, at the end of the day. And this is the reason why leveraging private funds is so important.

Many studies and observers argue that we have now reached a point in public opinion where we needed to build a 'majority pivot', in order to empower this silent majority to take concrete action. The time is no longer about sounding the alarm or convincing everyone to take small steps: the time is about providing the tools that can catalyse collective action. And the Sustainable Finance Observatory strives to provide such essential tools, so as MyFairMoney.

This annual report highlights the work that was conducted in 2024, a year when investments in low-carbon energy sources amounted to approximately 2 trillion dollars. A lot remains to be done to catalyse collective action. In particular, the work of the Sustainable Finance Observatory needs to be made more visible, and more international. These will be the priorities for the coming year.



EDITORIAL

A New Chapter & an Ambitious Agenda

At the end of 2024, the French branch ot the international think tank 2° Investing Initiative and the Observatoire de la finance durable officially joined forces to create a unified organisation focused on **unlocking private finance for a sustainable transition**.

2° Investing Initiative has been a pioneering think tank in supporting private financiers on climate alignment and impact investing since 2012. The Observatoire de la finance durable was set up by the French Minister of Economy and Finance (2019) to monitor the ESG commitments and alignment of the Paris Financial Center with the goals of the Paris Agreement.

This gathering brings together two well-known organisations with complementary expertise, forging a stronger collective voice to advance sustainable finance practices and solutions worldwide.

The new organisation operates under the name **Sustainable Finance Observatory** and occupies **a unique position across the entire finance value chain on both, the supply side (financial institutions) and the demand side (real economy)**. We deliver data, analysis, tools, expertise and advocacy on both:

- **Transitioning finance** by supporting and monitoring private financial institutions' net-zero and ESG commitments, enhancing transparency, and assessing the impact of financial flows — including savings — on the real economy; and
- **Financing the transition** by deploying financial engineering to build sustainable bankable solutions to attract private capital at scale in key areas for climate mitigation and adaptation.

Our activities aim **to remove barriers to private financing through transparency, impact and bankability**.

The Sustainable Finance Observatory's team includes experienced former bankers and financiers, as well as sustainable finance and legal analysts. Our work is supported by a Scientific and Expert Committee composed of some fifty senior sustainable finance academics and practitioners. This specialised finance expertise is key to us being able to deliver high quality research and build bankable solutions for a transformative impact.

Achieving this transformative impact is now more critical than ever. Recent estimates identify that private capital accounts for 70-90% of the total global investment needs required to meet the objectives of the Paris Agreement and the Sustainable Development Goals. However, there is a huge systemic finance gap, and current financial practices do not sufficiently take planetary boundaries into account. This is the problem that our new organisation is focused on addressing.

HISTORY

Our Journey to the Sustainable Finance Observatory

A solid track record in mobilising capital for a sustainable transition.

2012

2DII is founded.

2017

2DII contributes to developing the international standard **ISO 14097**.

2018

PACTA & **Asset Resolution** are created by 2DII.

2019

The Observatoire de la finance durable (the Observatory) is set up by the French Minister of Economy and Finance.

2DII and the Observatory join the **Finance ClimAct EU project.**

2020

MyFairMoney is launched by 2DII.

The Observatory starts collaborating with the **ADEME** (the French Agency for Ecological Transition).

2021

1 in 1000 Programme is launched.

The One Planet Data Hub, now **Net-Zero Data Public Utility**, is created.

2022

PACTA is transferred to **RMI.**

The Observatory is mandated by the Paris Financial Center to disclose its aggregated fossil fuel exposure (coal, oil, and gas).

2023

Asset Resolution (now Asset Impact) is sold to **GRESB BV.**

The **Impact Potential Assessment Framework** (IPAF) is published by 2DII.

At COP28, the Observatory publishes its **exclusive tool of Net-Zero commitments** the "Net-Zero Donut®".

2024

The Observatory is **hosted by the PARC foundation** and joins the Institut Louis Bachelier research network.

The Observatory begins its collaboration with the Climate Transparency Hub to **collect and analyse the SFDR / 29 LEC reports** of French financial institutions.

Partnership with UNDP designing a taxonomy for an emerging country.

2025

L'Observatoire de la finance durable and 2DII merge and become the **Sustainable Finance Observatory** (SFO).

Partnership with **AFD and the Global Research Network** on Public Development Banks of **the Finance in common Summit**.

CHAPTER 01

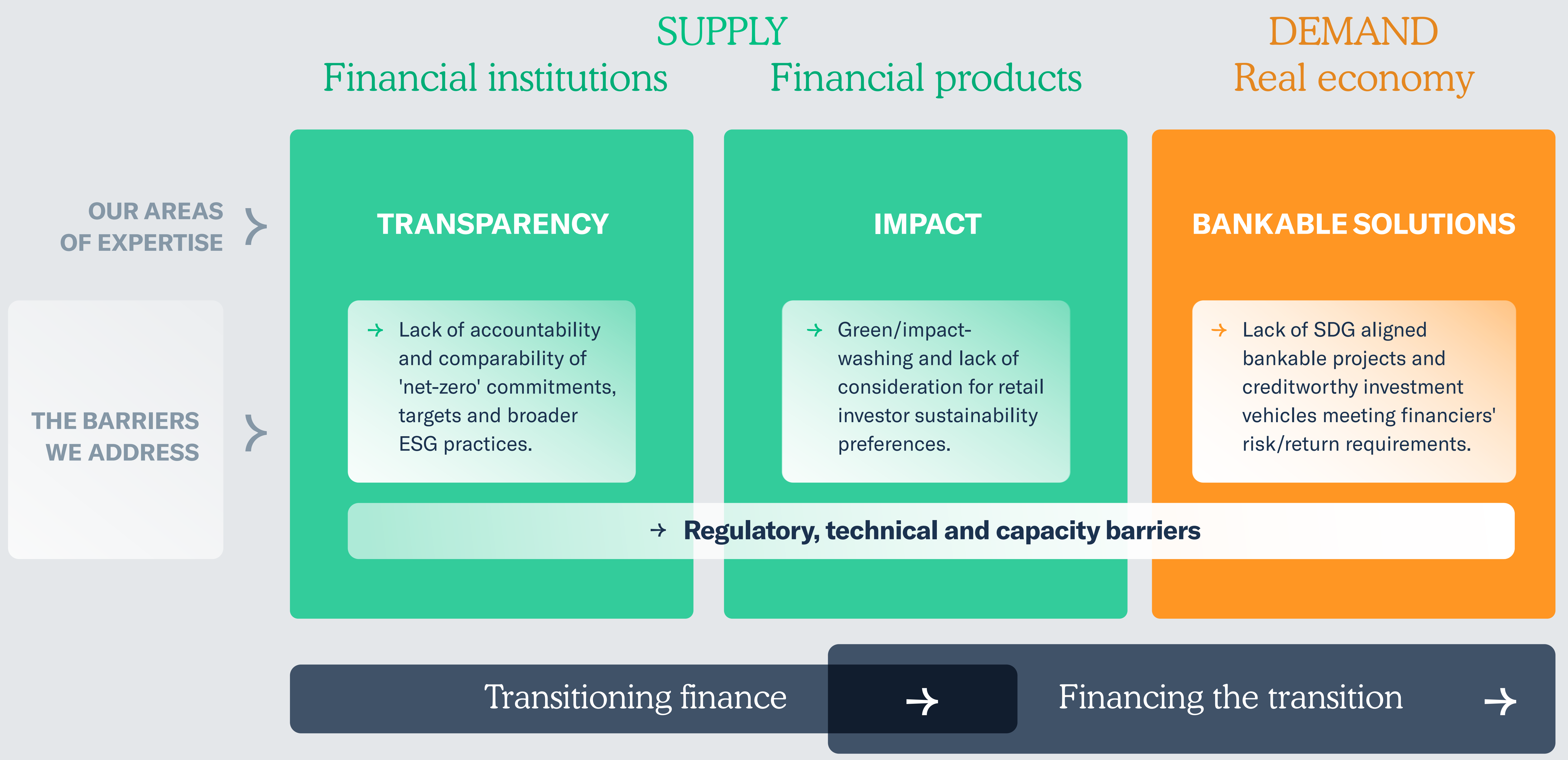
Who We Are

Over the last 13 years, the Sustainable Finance Observatory has achieved significant impact through fostering regulatory reforms and standards (including ISO standards, climate alignment methodologies endorsed worldwide, and national labels), enhancing transparency, improving financial management and supporting shifting private investments towards sustainability through robust analysis, data collection and monitoring of ESG disclosures.

PART 01

Our Three Pillars of Intervention

The Sustainable Finance Observatory delivers a wide range of activities including conducting research, developing tools, regulatory and data analysis, expertise and capacity building, coordinating and participating in multistakeholder coalitions as well as leading advocacy campaigns. These activities are now centred around three pillars of intervention which provide a unique positioning covering the entire financial value chain on both, the supply side (financial institutions) and the demand side (real economy).



01 Transparency

Focused on supply for finance, this pillar of activities monitors financial institutions' sustainability practices such as net-zero commitments.

Since 2020, the Sustainable Finance Observatory has been monitoring alignment, net-zero and ESG commitments of the Paris Financial Center (banks, asset owners, asset managers etc.).

We conduct a robust data-driven workstream based on a strong expertise in climate finance analysis, and contribute to improving science-based methodologies, as well as reliable and transparent frameworks at international level.

The Sustainable Finance Observatory has developed the Net-Zero Donut®, an exclusive analytical framework including data visualisation for monitoring and assessing the climate strategies of financial institutions.

We release official reports on financial disclosure at the French and European levels, such as the analysis of "net-zero" transition plans of European signatories of the Net-Zero Banking Alliance (NZBA).

We manage, together with ADEME, the Climate Transparency Hub, which collect and analyse SFDR / 29 LEC reports of French investors and produce an annual report reviewing 800+ financial institutions.

The Sustainable Finance Observatory provides extensive regulatory and policy analyses along with recommendations for sustainable finance frameworks, including the EU Taxonomy and other international standards.

02 Impact

Focused on the market, this pillar assesses the impact of financial products on the real economy.

Since 2017, the Sustainable Finance Observatory has conducted one of Europe's largest research programmes analysing retail investor demand, product supply and advisory practices across 14 Member States, revealing a structural misallocation of impact-oriented capital in the European Union. According to our estimates, this market failure leads to an unused multi-trillion market potential for financial products which can trigger real-world change as well as sever consumer protection risks. Our Retail Investing Programme employs data-driven research, legal analysis, product development and communication tools to integrate sustainability into the retail investing market. We support the reallocation of individual savings to finance the sustainable transition by helping financial institutions improve their distribution process and product offering and devising policy recommendations to meet European retail investor needs.

Our Impact Programme helps financial institutions strengthen their contribution to real-world climate outcomes. It does so by building a solid knowledge base, creating practical tools and frameworks, and engaging with key stakeholders to foster the adoption of evidence-based strategies. As part of this work, we developed the Climate Impact Management System (CIMS) to support the design and implementation of science-based climate strategies. We also created the Impact Potential Assessment Framework (IPAF) to assess the impact potential of financial products. We are currently working on Artificial Intelligence solutions for climate impact.

We have also contributed to developing an international standard for assessing and reporting green finance activities (ISO 14097).

> The Sustainable Finance Observatory has contributed to developing an international standard for assessing & reporting green finance activities.

03 Bankable Sustainable Solutions

Focused on building demand for finance by developing bankable solutions and financial models, this pillar aims to scale up pipelines of projects that meet investors' risk/return/impact profiles through financial engineering.

The Sustainable Finance Observatory supports the development of financial models through deploying financial engineering to build sustainable, bankable solutions to attract private capital at scale in key areas for climate mitigation and adaptation (sustainable cities, energy efficient building renovation, biodiversity preservation and restoration, and nature-based solutions).

We work on developing bankable models for Nature-Based Solutions (NBS) in cities alongside research and policy work to foster a Nature-Positive Economy.

We co-manage the national platform on financing energy efficient building renovation in collaboration with ADEME (the French Agency for Ecological Transition). This multistakeholder platform co-designed operational financing solutions, to which SFO contributed, unlocking an additional EUR 6.4 billion annually in private capital for energy-efficiency renovation in France.

In emerging markets and developing countries, we work on unlocking private investment through deploying finance expertise to scale up pipelines of bankable climate projects.

PART 02

What Makes Us Different

An eco-sytemic approach across the financing value chain

The Sustainable Finance Observatory has a unique positioning operating across the entire finance value-chain, both on the supply side (financial institutions) and the demand side (real economy).

A robust financial expertise

Supported by a Scientific Committee

Our team includes former experienced bankers and financiers, economists, as well as sustainable finance and legal analysts. Our work is supported by a Scientific and Expert Committee composed of some fifty senior sustainable finance academics and practitioners.

A focus on developing methodologies, tools and financing solutions

In all our programmes, we emphasise on providing useful and directly usable material for stakeholders.

Open data

Our Transparency and Impact works are fully accessible and designed to benefit all stakeholders through open data and data visualisation tools.

PART 03

Our Four Core Values

Independent

We collaborate with **stakeholders throughout the entire financial ecosystem** and receive support from public and private organisations. We maintain a position of independence regarding this wide range of different stakeholders.

Pragmatic & science-based

Our work results from research based on **practical and scientific methodologies** developed in close cooperation with top-ranking academic partners.

Innovation & solution-oriented

Resolutely driven by the desire to achieve a transformative impact, we strive to provide pioneering, practical, and **innovative solutions**.

Collective intelligence & general interest

We believe in **strength in numbers which is why we adopt a collaborative approach** and work with profiles from all walks of life to create intelligence that serves everyone.

→ Message from Raphaël Lebel, Executive Director

The year 2025 marks a pivotal moment in our collective journey towards the goals of the Paris Agreement — and, more broadly, the Sustainable Development Goals. It is a turning point: a moment to reflect on the limits of past strategies and to reimagine how we can contribute to transforming our societal model — through finance — in an increasingly complex and uncertain world.

The shift of initiatives such as GFANZ, marked by their withdrawal from net-zero ambitions, did not spell the end of all commitments. Indeed, many financial institutions have maintained their climate targets. Yet we are seeing growing political resistance to regulatory efforts, as well as many pushback — espacially in Europe on due diligence and sustainability reporting. This movement risks undermining the momentum of companies that are genuinely committed to long-term sustainable transformation and have developed robust transition plans.

It seems we are reaching the end of a particular era — one shaped dominantly by top-down regulation and "name and shame" tactics. Today, these approaches must be complemented by pragmatic, solution-level strategies, grounded in the real economy, which offer promising pathways to achieving sustainable development within planetary boundaries.

This next phase begins just as we exit three decades of relative geopolitical stability — arguably the most stable period in human history — and a time of energy abundance. The global economy has doubled in size, and yet deep inequalities persist between high-income and low-income countries. Meanwhile, public subsidies are shrinking, and the transition ahead cannot depend solely on public funding.

And yet — the need for transition has never been more urgent.

Scientists tell us this is our last window of opportunity.

Policymakers face ever tighter budget constraints.

Corporates and entrepreneurs are calling for investment to bring low-carbon and nature-based innovations to scale — the solutions exist, but finance is lacking.

Civil society organisations are under strain, struggling to sustain essential awareness-raising efforts.

Individual and private investors are increasingly looking to support meaningful projects with their capital. Our studies, based on five years of analysis across Europe, show that 74% of retail investors have sustainability-related objectives!

Academics report that younger generations are eager to contribute to the transition — yet research remains underfunded and career paths uncertain.

And funders, too, are seeking new, cross-cutting platforms to deliver real-world impact through sustainable finance — driven by innovation, transparency, and collaboration.

That's why we are taking a bold new step.

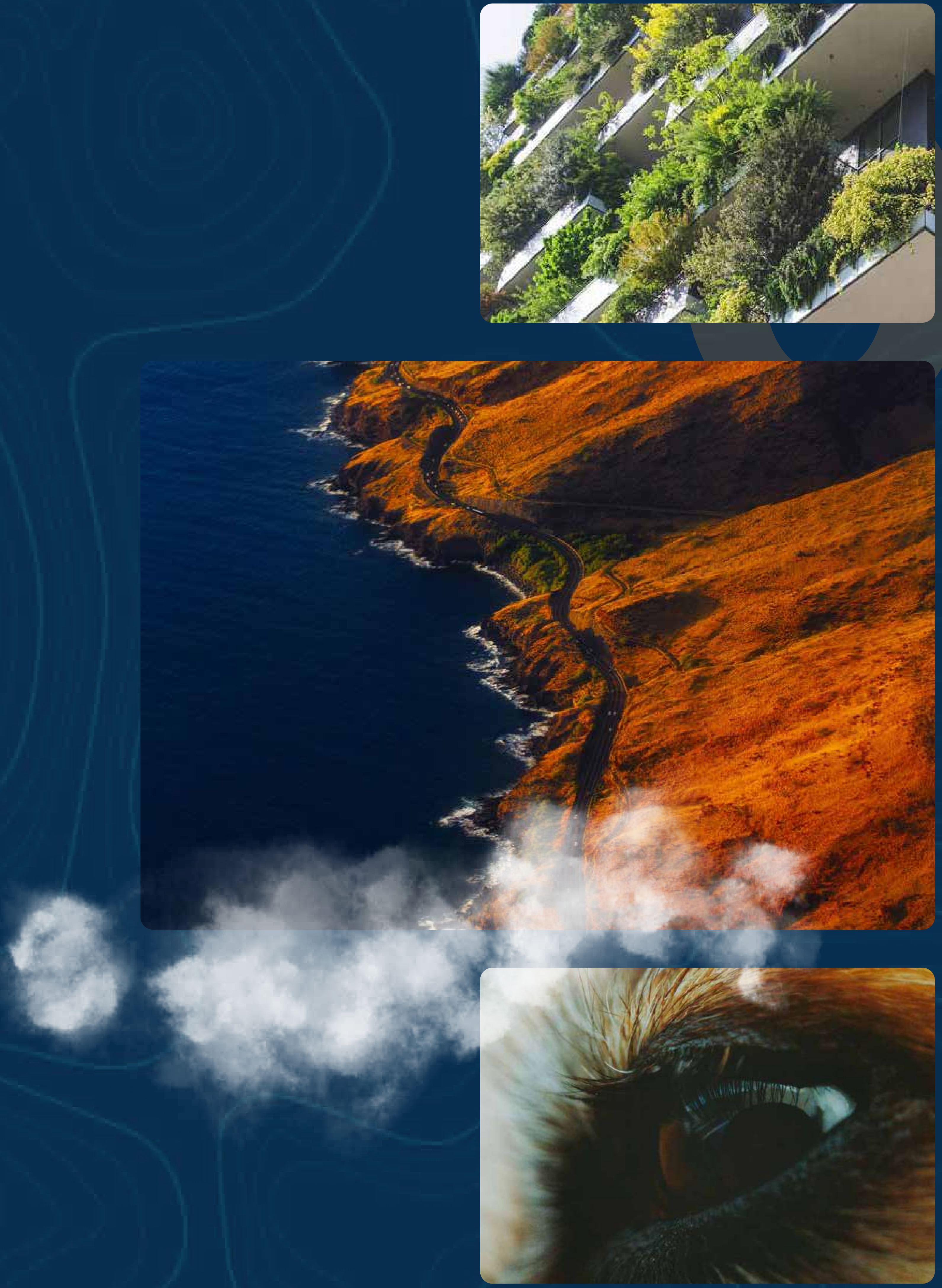
With the merger of 2DII and the Observatoire de la finance durable, we are launching a new, independent organisation, purpose-built for this new era — resilient, interdisciplinary, and mission-driven.

Like a trimaran, our structure rests on three complementary hulls:

- Transparency, to bring clarity and coherence to sustainability regulations and initiatives;
- Impact, to ensure better capital allocation aligned with the real economy and sustainability goals;
- Financial engineering, through a new department focused on developing bankable solutions to finance both the transition and adaptation using private capital.

We are entering a more complex time. But complexity does not mean impossibility. With the right expertise — we build on 13 years of experience engaging with private financial actors — and with the right tools, partnerships, and shared vision, we believe we can help make the financing of the transition a reality.

Let's work together in that direction!



CHAPTER 02

2024 Key Figures and Highlights

PART 01

Human Resources

17 people based in France

1 person in Berlin

8 women

10 men

(all staff including permanent and interns/apprentice)

Average age: 37 years

PART 02

Projects

in 2024

Participation in various projects funded by national and international – primarily public – contractors constitutes SFO's main activity and primary source of funding.

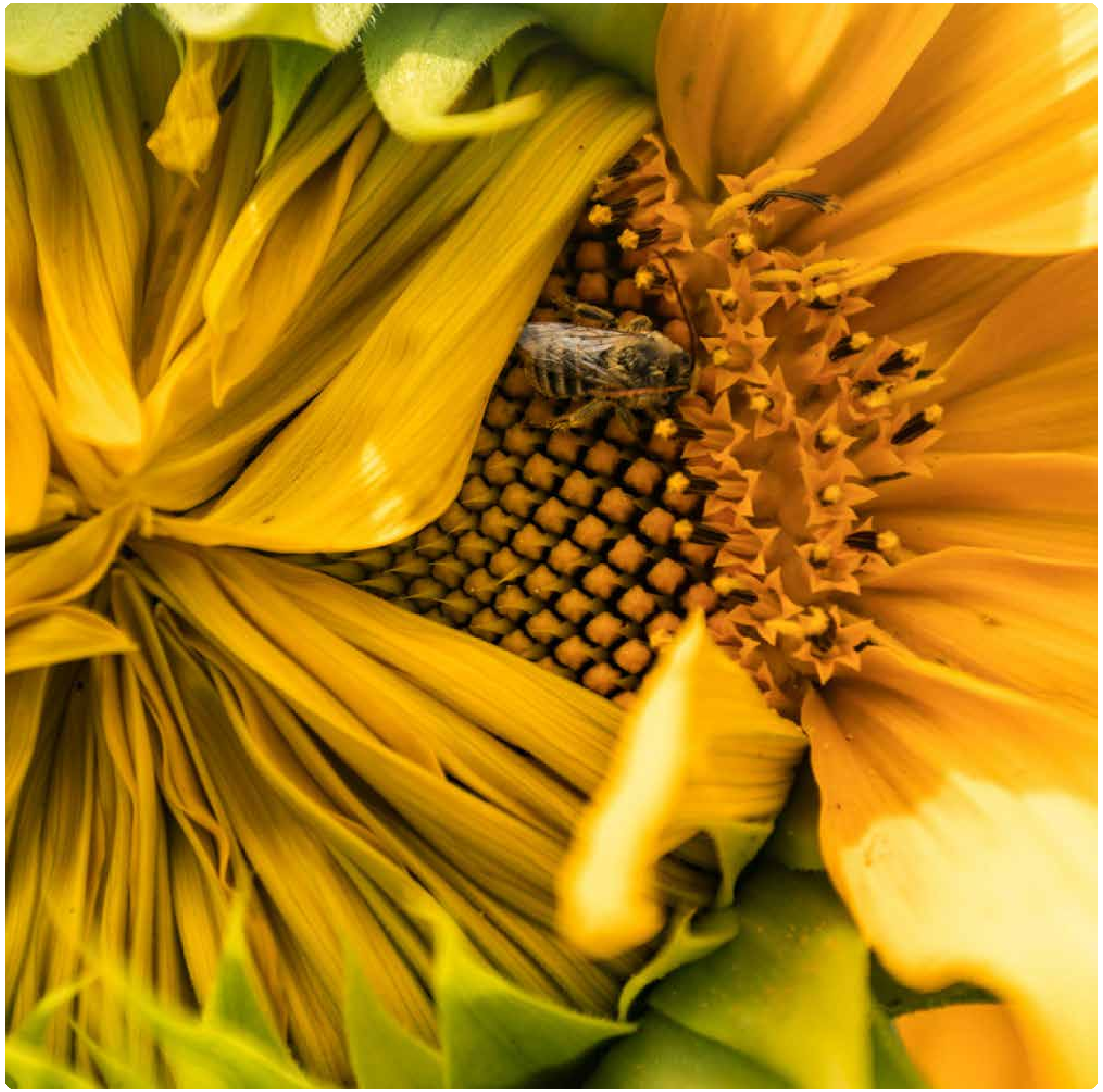
4 projects completed

14 projects submitted

11 onging projects

1 project renewed

5 new projects won



→ Message from Javier Sandin Llorente, Senior Lead Operations & Grant Management

The Finance ClimAct project has been a key enabler for us, allowing our team to design concrete solutions and strengthen our operational capacity to support the transition.

As we close this chapter, we're proud that operation learnings will continue to guide future projects and partnerships, both in Europe and internationally.

Finance ClimAct

Finance ClimAct was initiated by the Sustainable Finance Observatory (formerly 2° Investing Initiative), bringing together a consortium of eight partners to accelerate **the integration of climate objectives into the financial system**. With a total budget of €18 million — including €2.8 million dedicated to the think tank — the project aimed to equip financial institutions, regulators and savers with tools to align financial flows with the Paris Agreement.

Objectives

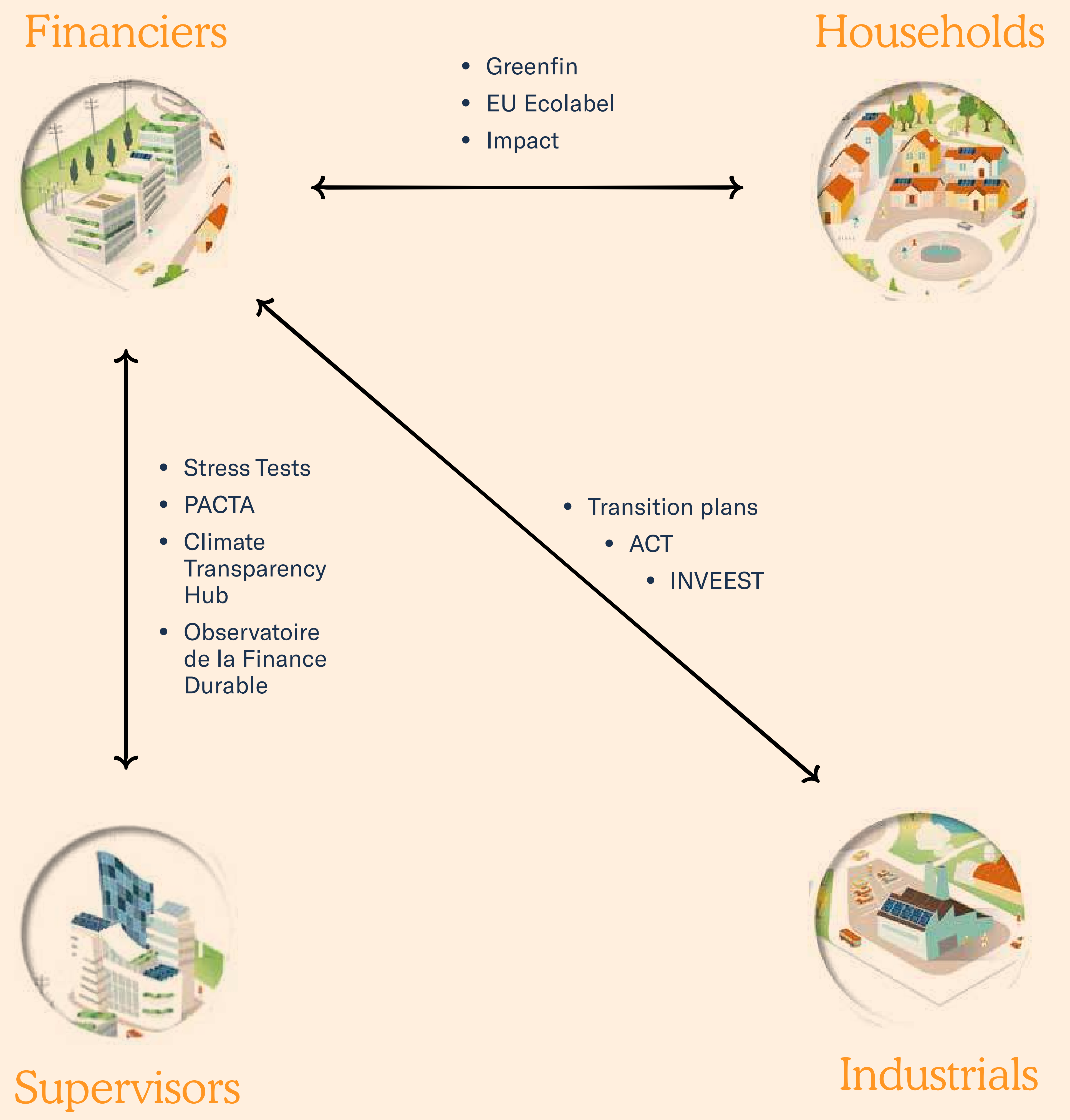
- Promoting investment in **energy efficiency** and the **low-carbon economy**
- **Facilitate investment decisions** based on environmental objectives
- **Taking climate change** into account in financial sector management and supervision

Composition

- ADEME (coordinator)
- CGDD (MTE)
- AMF
- ACPR
- Institut de la Finance Durable
- I4CE
- SFO (ex-2DII)
- RMI

Key Actions

- A programme with a budget of **€18 million**
- Generalisation of climate stress tests for financial institutions
- Implementation of a **sectoral transition plan for the 9 most energy-intensive French sectors**
- Development of the ACT and **ACT for finance** methodology to monitor transition plans
- **50 publications in 4 years**



Financiers & Supervisors

- Developed the **Net-Zero Donut®** framework in 2023 and 2024, a comprehensive tool designed to monitor and evaluate financial institutions' net-zero commitments, comprising over 220 indicators and validated by PARC's Scientific and Expertise Committee.
- Co-managed the **Climate Transparency Hub** with ADEME since 2024, a platform that collects and analyses reports from more than 800 French asset owners and managers under Article 29 LEC and SFDR, strengthening market transparency and accountability.

Supervisors

- Authored the research papers **Mind The Gap report** - Evidence from our last 7 years of research on the demand, supply and distribution of retail sustainable financial products in Europe and Market review of environmental impact claims in France.

Financiers

- **Conducted five years of systematic monitoring** (2020–2024) of ESG commitments by the Paris Financial Center's institutions, in close coordination with **national supervisors AMF and ACPR** (Banque de France), reinforcing the credibility and comparability of voluntary climate pledges.
- Developed a French suitability assessment questionnaire and guidance to help investment firms **better integrate clients' sustainability preferences**, supporting compliance with MiFID II and IDD regulatory requirements while aligning with evolving consumer expectations.
- Designed French guideline for **environmental impact**.
- Produced several research papers examining the **disclosure of transition plans** and **the role of net-zero financial alliances** in shaping these practices, contributing to informed policy and market debates.

Households

- Developed and launched, **MyFairMoney**, a free, independent, non-profit platform helping retail investors to take sustainability into account, and invest in line with their values.
- **Conceived educational communication campaigns** (documentary, social media, and influencers partnerships).

Impact

- Drafted a research paper analysing **the use of shareholder resolutions on climate issues** in France, highlighting their current limitations and proposing potential regulatory evolutions to enhance their impact.
- **Conceived Climate Impact Management System** (CIMS), a framework designed to help organisations, particularly financial institutions, develop and implement strategies to maximise their positive impact on climate change mitigation.
- Authored **Collective investor impact in secondary markets** - literature review of **approximately 300 papers** to provide an updated overview of what we know about collective investor impact in secondary markets through coordinated price signalling and collaborative engagement.

PART 03

Media & Events

In 2024, we started a **partnership with AEF Info**, a French media specialising in sustainable development. Every two months, we publish a column consisting in **deciphering an academic research paper** on sustainable finance. This partnership contributes to build bridges between cutting-edge reseach and finance practitioners.

LEARN MORE

Press Coverage

Jan. 2024
BFM Bourse - 'En bourse faut-il vendre quand on a atteint un nouveau record?'

Jan. 2024
AEF Info - 'Raphaël Lebel : « Nous voulons créer le tableau de bord international de la finance durable »'

May 2024
Finance4Future (Podcast) - 'Nachhatlig Investieren Verstehen mit Nicola Koch von der Sustainable Finance Observatory (ex 2DII)'

July 2024
L'AGEFI - 'L'Observatoire de la finance durable ouvre son comité exécutif aux candidats'

Sept. 2024
RSEDATANEWS - 'Finance durable : une feuille de route en préparation pour le nouveau gouvernement'

Sept. 2024
L'AGEFI - 'La société civile compte sur le levier fiscal pour flécher l'épargne vers l'économie verte'

Sept. 2024
ZOOM INVEST - 'L'Observatoire de la finance durable veut flécher l'épargne vers une économie plus verte'

Oct. 2024
L'AGEFI - 'L'Observatoire de la finance durable répond à SBTi sur son standard net-zero'

Nov. 2024
Voxeurop (Podcast) - 'POST COP29: "Green Investments," really?'

Dec. 2024
Novethic - 'Les banques européennes encore loin de respecter les limites du Net-Zero Donut®'

Dec. 2024
Citywire - 'Les banques ne priorisent pas l'analyse des plans de transition des entreprises qu'elles financent'

Dec. 2024
AEF Info - 'Net zero donut, réseau électrique, système alimentaire : l'actualité en data du 22 novembre au 6 décembre 2024'

Dec. 2024
DAF Mag - 'Finance durable : les banques européennes délaissent les plans de transition des entreprises financées'

Dec. 2024
AEF Info - 'L'Observatoire de la finance durable et 2DII fusionnent'

Dec. 2024
Novethic - 'Le Sustainable Finance Observatory relance la dynamique de la recherche sur la finance durable'

Examples of Key Conferences attended as Guest Speakers

Aug. 2024 — ‘**Université d’été de la finance de demain**’ by Mouvement Impact France

Oct. 2024 — ‘**UNDP sustainable taxonomy programme in Tunisia**’

Nov. 2024 — ‘**Pollutec**’ a reference international event for environmental solutions

Nov. 2024 — ‘**Global Virtual Conference on Climate Change**’ by Intellect Conferences Limited

Dec. 2024 — ‘**Finance ClimAct: Finances en transition(s)**’ by ADEME (The French Agency for Ecological Transition)

Jan. 2025 — ‘**Greenhouse Gases and Green Finance**’ Workshop by Institut Louis Bachelier, ENERGY4CLIMATE, IPSL

CHAPTER 03

Walking the Talk

The Sustainable Finance Observatory has a unique positioning. This enables the think tank to activate key levers for unlocking private finance for the transition: transparency, impact, and bankability. This positioning allows us to work with the entire ecosystem of actors involved in sustainable finance: public and private financial institutions, public authorities, regulators and supervisors, national and subnational governments, economic actors as beneficiaries of bankable sustainable solutions, as well as academia and civil society.

PART 01

The Actions We Take

	SUPPLY Financial institutions	SUPPLY Financial products	DEMAND Real economy
OUR AREAS OF EXPERTISE	TRANSPARENCY	IMPACT	BANKABLE SOLUTIONS
THE SOLUTIONS WE DEVELOP	→ Monitor and evaluate financial institutions' practices and commitments → Provide in-depth deciphering of regulatory and voluntary framework	→ Assess the impact of financial products on the real economy with robust methodologies → Contribute to reorienting financial flows → Fight green/impact-washing	→ Develop bankable solutions and financial models to scale up pipelines of projects meeting investors' risk/return profile through financial engineering
	Provide regulatory analysis / Take part in methodological improvements / Contribute to capacity building		
OUR CURRENT PROJECTS	→ Net Zero Donut® → CTH (with ADEME) → Alignment of PDBs (with AFD) → Coal Transition Accelerator → Taxonomy work (with UNDP)	→ MyFairMoney → IPAF → Sustainable Finance 3.0	→ FiRéno+ → Rise In → Go Nature Positive → PIISA → Unlocking private capital in developing and emerging countries

→ Message from Emilie Maehara, Deputy Executive Director

There is a growing consensus within the international community that unlocking private capital at scale is one of the most urgent and critical challenges — and prerequisites—for achieving the Sustainable Development Goals (SDGs) and the Paris Agreement objectives on climate change. Estimates from the UNFCCC and the IMF indicate that between 70% and 90% of the financing required to meet these goals must come from the private sector.

Since 2012, the Sustainable Finance Observatory has been a pioneering think tank dedicated to producing knowledge and actionable solutions on this issue. Building on over a decade of expertise, the Observatory is uniquely positioned to contribute by developing innovative financial engineering solutions to mobilise private capital at scale in underfinanced sectors such as adaptation and biodiversity, as well as in underfinanced geographies.

Removing the persistent barriers to private investment is essential. We live in an interdependent world, where the climate and energy transitions of developing countries, the preservation and restoration of biodiversity, and adaptation to climate change are all vital global public goods — critical to securing a sustainable future for both people and the planet.

Bridging the vast and systemic climate finance gap in developing and emerging countries has become a top priority for the international community, as evidenced by the endorsement of the New Collective Quantified Goal at COP29. The SDG financing gap in developing countries has now reached USD 4 trillion annually, with these countries (excluding China) representing 45% of global investment needs to achieve climate goals. Unlocking significantly more private capital is urgent, as many of these countries are trapped in a public financing deadlock caused by sovereign debt distress and a decline in Official Development Assistance (ODA). This means that many cannot increase their borrowing from multilateral or bilateral development banks, while only 5% of total international climate finance is delivered in the form of grants.

At the same time, these countries face structural challenges in accessing private capital, with 95% of global financial assets concentrated in developed countries and China. The issue is not a lack of available capital globally, but rather a lack of investable projects and vehicles that meet the credit and risk/return requirements of private investors — especially in the context of high perceived risks and high capital costs in developing markets.

This same diagnosis applies to key sectors suffering from chronic underfunding. For example:

- Adaptation to climate change requires a tenfold increase in current financing levels.
- Biodiversity conservation faces an annual financing gap of USD 700 billion.

The good news is that solutions exist. Proven financial techniques

— such as structured and project finance, blended finance, co-financing, credit enhancement mechanisms (e.g. guarantees), and insurance-based models — can be leveraged to close the gap. Financial engineering enables the transformation of non-bankable needs into bankable investment opportunities, as demonstrated by numerous innovative practices around the world that now need to be scaled.

The Sustainable Finance Observatory draws on the expertise of former senior bankers within its team and its Scientific Committee to develop bankability models tailored to diverse sectors and geographies. This form of financial engineering is more essential than ever to accelerate the transition by "doing more with less", optimising the use of scarce public resources.

For instance, the European Union's upcoming multiannual financial framework for 2028–2034 places a strong emphasis on attracting and maximising the mobilisation of private capital, using public funds as a catalyst.

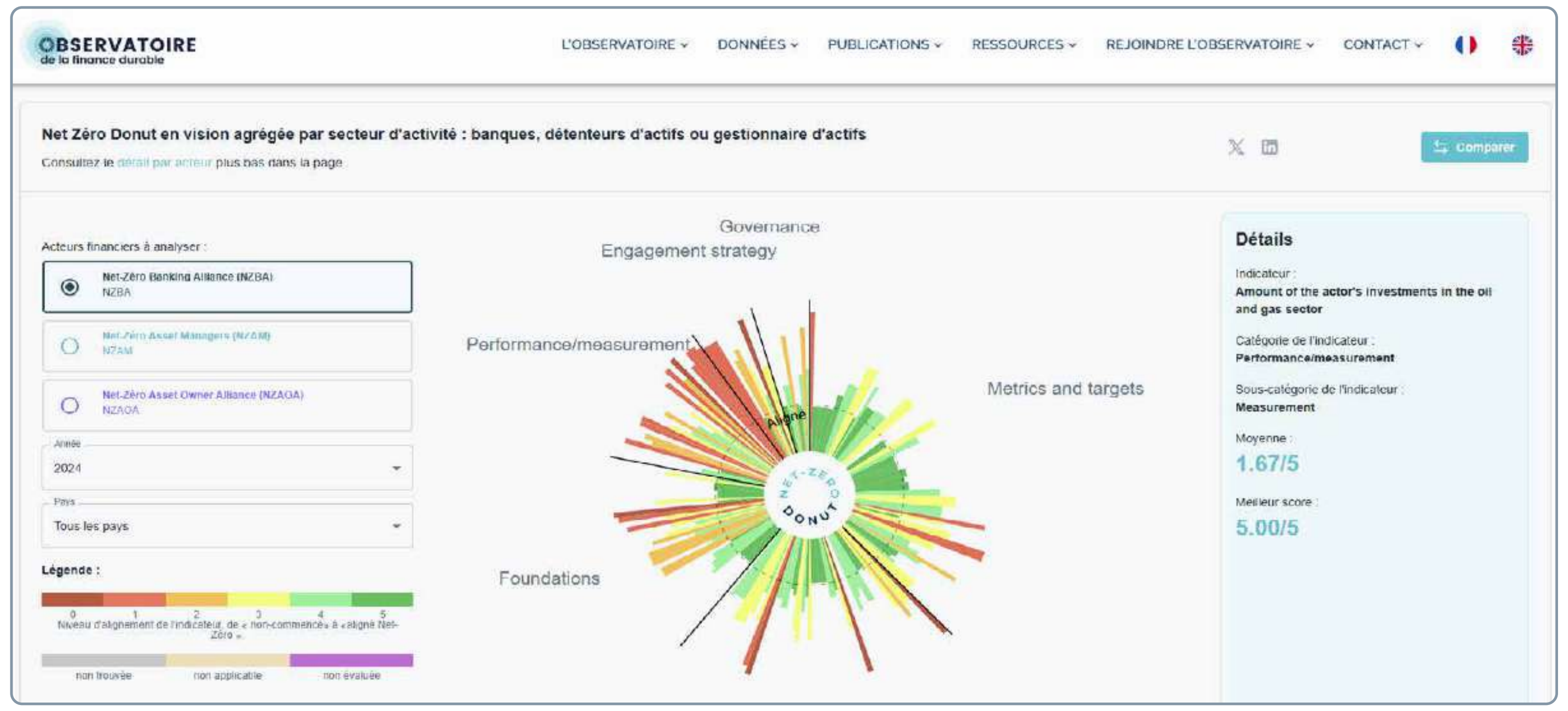
The Sustainable Finance Observatory is now fully equipped to contribute meaningfully to financial innovation aimed at unlocking private capital at scale for a sustainable transition, through its three interdependent pillars of action: Transparency, Impact, and Bankability.

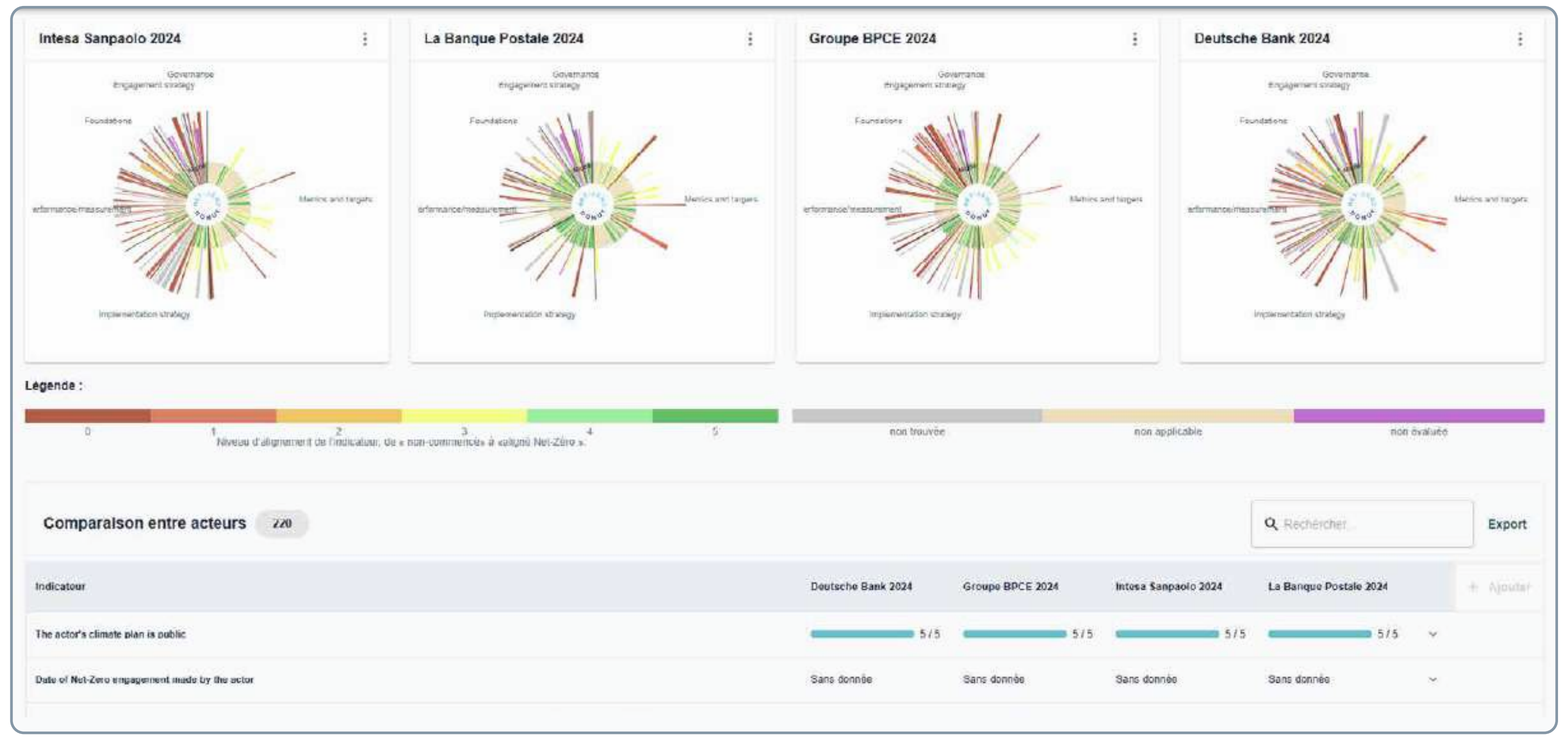
Bankability is inherently linked to impact. Without measurable impact — whether in the form of positive cash flows, cost avoidance, or other quantifiable benefits (with additionality as a key parameter) — there can be no monetisation. And these elements only carry true value when they are rooted in integrity and transparency.

There are many areas of financial innovation ahead, and the Sustainable Finance Observatory is fully committed to developing practical, immediately applicable solutions to accelerate the implementation of the SDGs, and climate and biodiversity goals.

PART 02

Our Current Projects





Transparency

Net-Zero Donut®

[Co-funded by ADEME – the French Agency for Ecological Transition –, Paris Agreement Reserach Commons – PARC – Sustainable Finance Observatory]

The Net-Zero Donut® is a tool designed by the Sustainable Finance Observatory to monitor and assess the robustness and ambition of 'net-zero' commitment implementation by financial institutions. It includes four components (i) an **exclusive framework** assessed by PARC's Scientific and Expertise Committee, (ii) an online interactive **data visualisation** tool, (iii) a **dataset** of currently 60+ financial institutions including 220+ indicators, (iv) annual **analysis reports** based on this data. It is co-funded by ADEME and led by the Sustainable Finance Observatory with the voluntary contribution of PARC's Scientific and Expertise Committee and members of the Observatory.

Climate Transparency Hub

LEARN MORE

[Co-funded by ADEME – the French Agency for Ecological Transition – and Sustainable Finance Observatory, since 2024]

Since the French **Energy and Climate Law of 8 November 2019** and the **decree implementing Article 29 thereof of 29 May 2021**, French investors have been required to publish annually, through what is known as '***Article 29 LEC***', a report describing their practices for taking into account sustainability aspects in the broadest sense (environmental, both climate and biodiversity, social and governance criteria) in their investment activities. This provision is an extension of the European **SFDR** regulation.

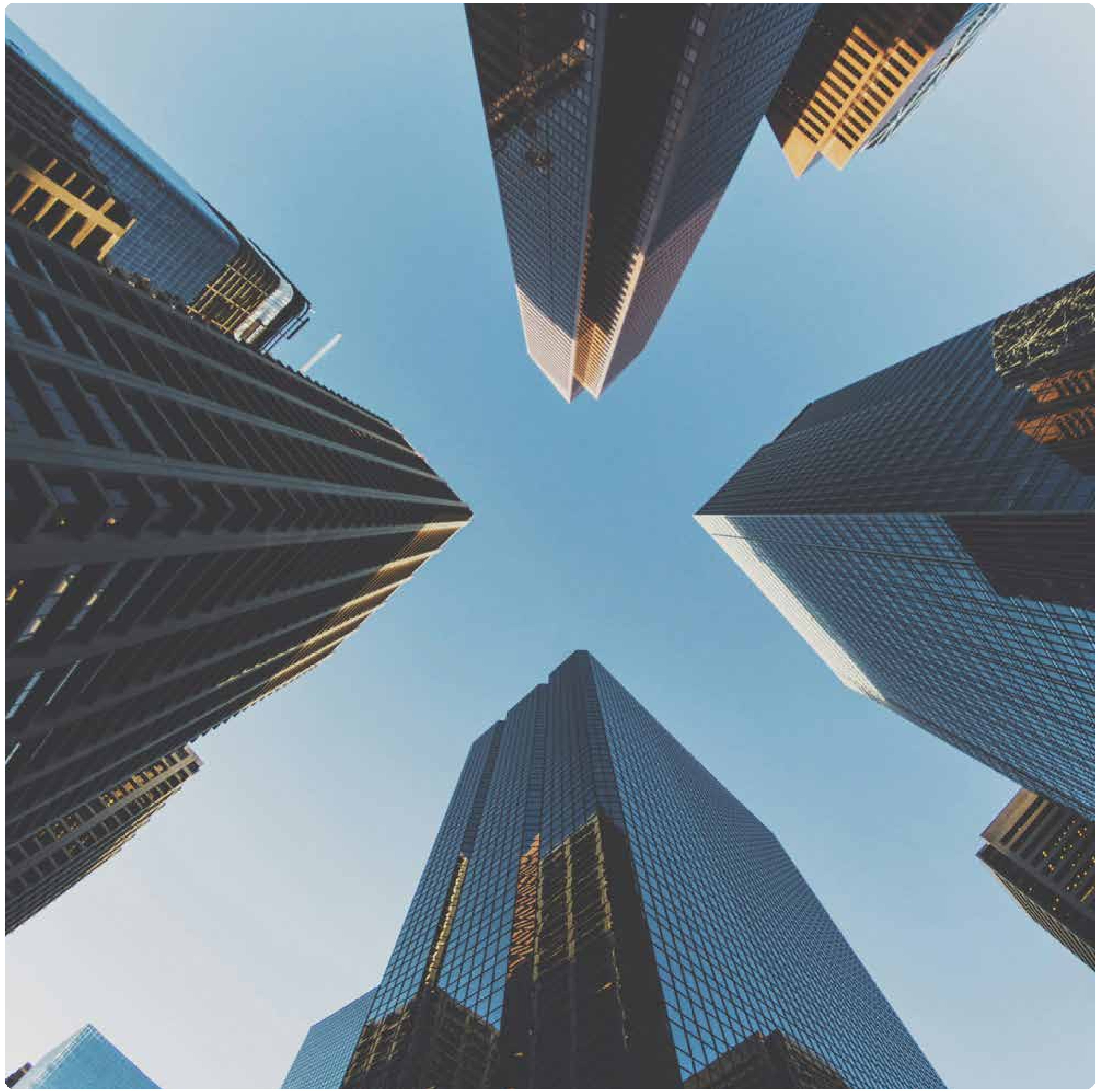
In order to give these reports greater visibility and facilitate their analysis, the law entrusts ADEME, the French government agency with expertise in climate-related issues, with the task of collecting and publishing these reports in a centralised manner on a publicly accessible website: the **Climate Transparency Hub** (CTH). ADEME, with the support of the SF Observatory, carries out an **annual analysis** of these reports, with the aim of identifying statistical trends in reporting and improving the practices of financial actors. Until 2024, this analysis was carried out with the contribution of the LIFE **Finance ClimAct** programme.

→ Message from Edouard Vilpoux, Lead Sustainable Finance Economist in charge of Transparency

The Sustainable Finance Observatory holds in its historic activities (and in its name) a key lever for improving the contribution of finance to the transition: providing independent and science-driven observations on financial institutions’ practices.

We believe transparency accountability, and efficient regulatory frameworks can guide the financial sector to better integrate sustainability issues and contribute positively to the transition of the real economy.

Scientific knowledge and advances, regulatory frameworks, voluntary initiatives, third-party methodologies and financial institutions practices are closely linked yet misaligned. This is why our studies emphasise on providing a demanding and standardised methodology.



Taxonomy in Tunisia

[UNDP, 2024]

In Tunisia, the Sustainable Finance Observatory is part of the consortium in charge of developing a sustainable taxonomy supported by UNDP, as well as building the capacity of financial institutions to measure their carbon footprint. This project builds on an international benchmark and analysis of existing taxonomies and related methodologies. It comprises a mitigation and an adaptation component. Besides, the elaboration process is based on a multistakeholder approach.

Study on Alignment of Public Development Banks and Private Financial Institutions in Developing and Emerging Countries

[AFD]

The joint study between the French Development Agency – AFD, the Finance in Common Summit (Global Research Network on PDBs) and the Sustainable Finance Observatory aims to understand the points of convergence and divergence of these respective alignment frameworks of public development banks and private financial institutions with a particular focus on their modes of implementation at the national level.

Impact

Sustainable Finance 3.0

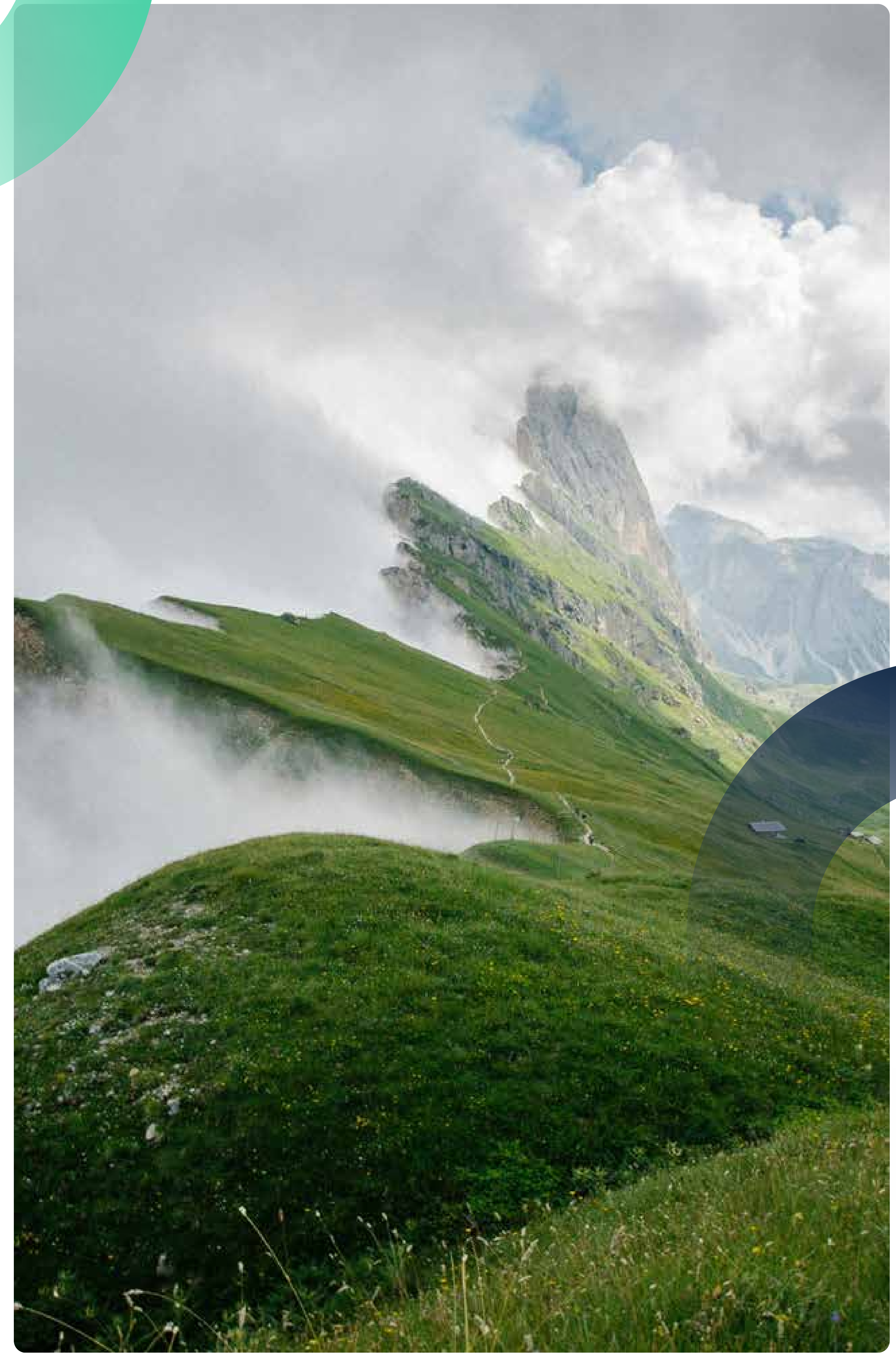
[EU-funded, until January 2028]

“**Sustainable Finance 3.0**” is a 33-month EU-funded project (to be rolled out until January 2028) aimed at strengthening the impact investment market by creating a science-based, reliable impact potential rating for financial products based on the SF Observatory's cutting-edge **Impact Potential Assessment Framework (IPAF)** and it's **testing**. The goal is to bridge the information gap in impact investing by providing investors with robust insights into the “impact potential” and “investor contribution” of different investment vehicles, thereby optimising capital allocation towards social enterprises and impact-driven firms/projects.

The project brings together three other organisations: **Advanced Impact Research** (AIR) as the coordinator (Germany), **University of Hamburg** (UHAM) (Germany), and **Generis Capital Partners** (GCP) (France). These partners combine their expertise from academia, think tanks, and investment practitioners.

The Sustainable Finance Observatory plays a key role in the consortium by actively contributing to the development and scaling of the impact potential rating methodology. Additionally, we are involved in the creation of a strategic framework to integrate impact information into investment decision-making. We also support efforts to ensure the credibility, usability, and market uptake of the ratings among financial actors.

To further enhance the impact, we are particularly focused on refining the strategy for engaging the financial sector and contributing to the development of policy and market recommendations.



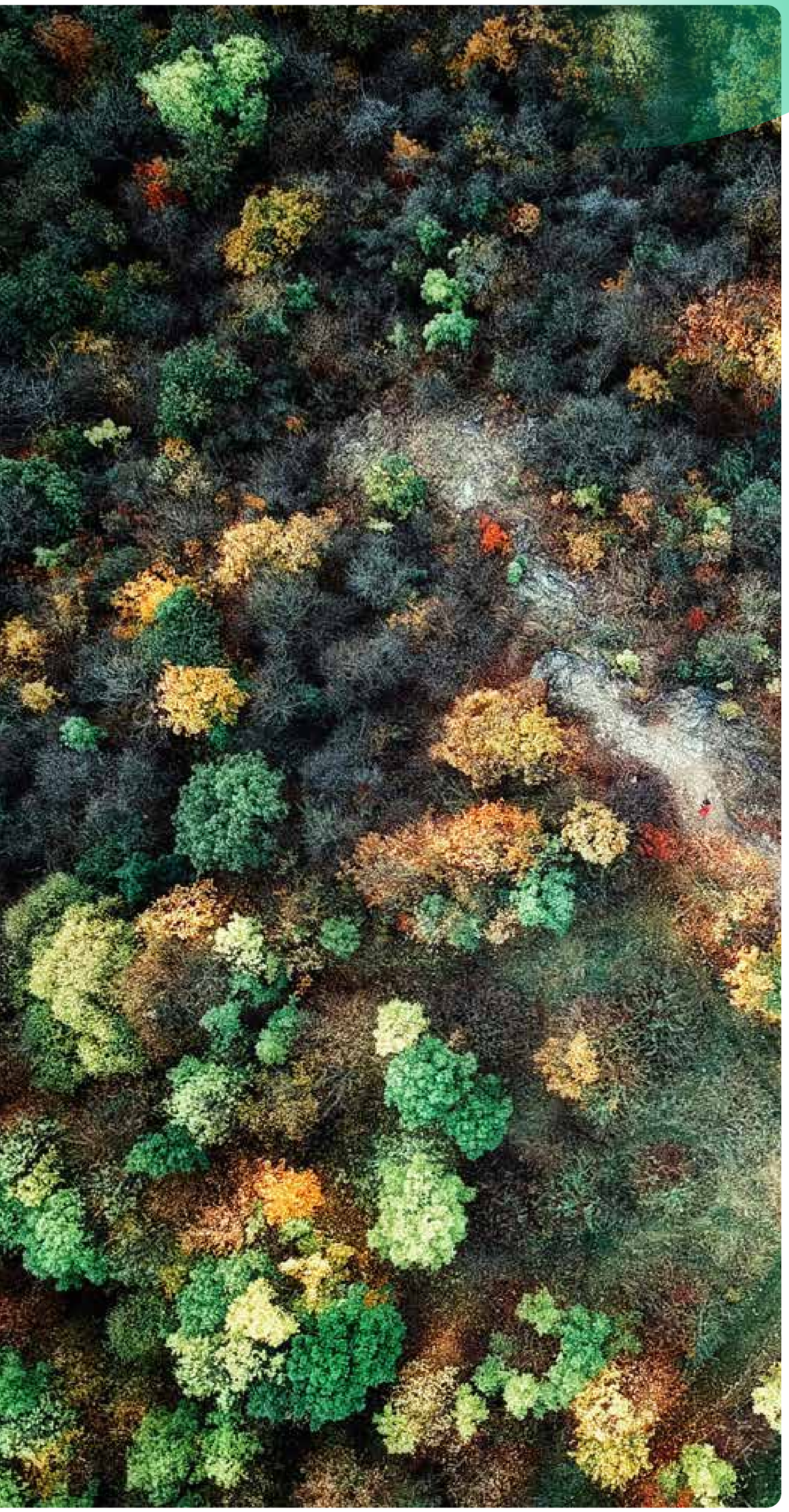
Implementation of the EU Reform on Retail Investing for the Green Transition

[EUKI-funded, end of 2022 – end of 2025]

This 26-month EUKI-funded project (to be conducted until December 2025) aims **to facilitate the implementation of EU regulations** (MiFID II and IDD) on sustainable retail investing in Bulgaria, Estonia, and Romania. It focuses on improving sustainable finance literacy among retail investors, increasing the supply and accessibility of environmentally impactful financial products, and enhancing the monitoring capacity of local financial supervisors. Through capacity-building, research replication, and dissemination, the project supports the green transition by channelling retail savings into financial products with demonstrable climate impact.

The project is led by the Sustainable Finance Observatory, in collaboration with national partners from Eastern Europe: **the Association of Bulgarian Investor Relations Directors** (Bulgaria), **the Institute of Baltic Studies** (Estonia), and **the Institute of Financial Studies and AURSF** (Romania).

The Sustainable Finance Observatory contributes to the project by advancing methodologies for detecting greenwashing and analysing impact products. It also supports the development of essential tools, such as the **MyFairMoney platform** and the impact-product database, to enhance the accessibility of sustainable finance resources. Additionally, we play a key role in strengthening the dissemination of information through offering training courses for advisers, certifications on impact, and strategies for engaging supervisors. Furthermore, we contribute to the creation of policy briefs and recommendations aimed at promoting the implementation of regulatory frameworks and driving market reform.



Preference Assessment Tool Development

[Swiss Environmental Agency (FOEN), mid- 2024 – end of 2025]

The project, funded by the Swiss Environmental Agency (FOEN), runs from mid-2024 until the end of 2025. It involves the development of an independent, non-licensed digital tool designed to systematically assess the financial and sustainability preferences of retail investors. The tool aims to ensure:

- **Integration** of financial and non-financial (sustainability) objectives (i.e. impact and/or value alignment).
- **Minimisation** of behavioural biases and advisory influence during preference elicitation.
- **Increased** alignment between investors true objectives and preferences and product recommendations.

This tool will be based on a novel choice-based conjoint analysis to robustly capture preference trade-offs; and will be simple, efficient, and independent from advisory services or existing product portfolios.

The project primarily targets retail clients, with a focus on qualified/private banking clients, small institutional investors, product developers, and client advisers. It is led by **Zürcher Hochschule für Angewandte Wissenschaften** (ZHAW) in collaboration with the Observatory.

We actively contribute to the project through the design of the preference assessment methodology, data analysis, and its integration into regulatory frameworks. Additionally, we provide strategic recommendations aimed at market adoption and fostering regulatory dialogue.

MyFairMoney AI Chatbot

[EUKI-funded, end of 2022 – end of 2025]

LEARN MORE

The project is **funded by ADEME** (the French Agency for Ecological Transition) for a period of 12 months, from **June 2024 to June 2025**. It involves the development of an open-source AI chatbot to enhance retail investors' understanding of sustainable finance.

The chatbot aims to bridge the knowledge gap by offering interactive and easily accessible educational support on sustainable investment topics, particularly the resources and tools available through the MyFairMoney platform.

The project is led by the Sustainable Finance Observatory as the sole participant.

MY FAIRMONEY

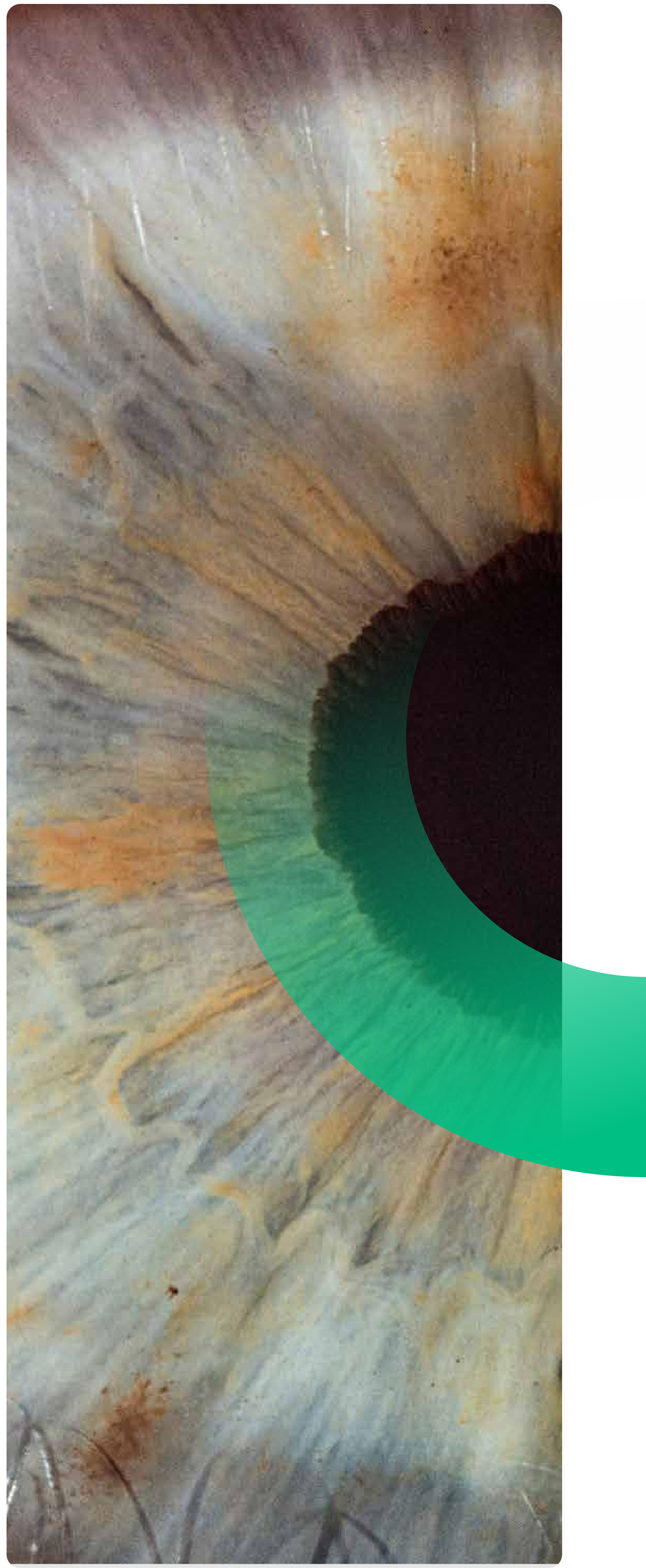
The chatbot will serve as a virtual assistant with the following functions:

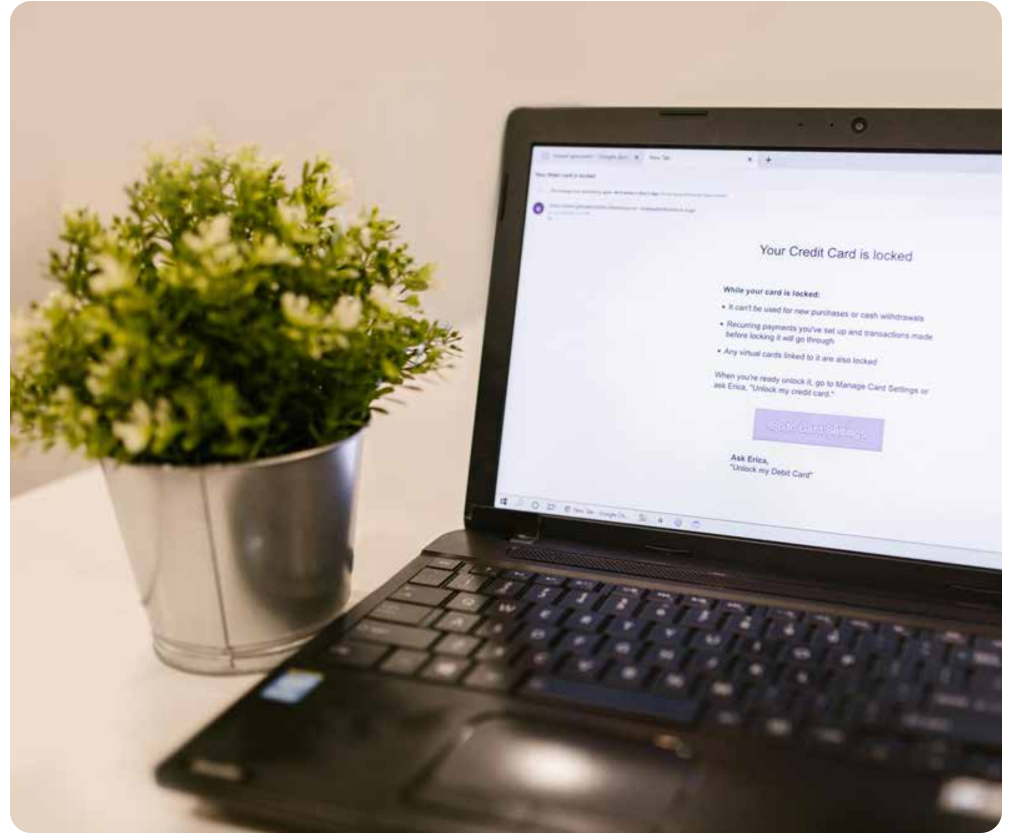
Explain Key Concepts:
Simplify complex sustainable finance terms and ideas

Personalise Learning:
Adapt content based on users' financial literacy levels and sustainability interests

Answer FAQs in Real-Time:
Provide instant and consistent answers to users' questions

Guide Platform Navigation:
Help users locate educational resources, databases, and tools within the MyFairMoney platform





About MyFairMoney

MyFairMoney is an independent, free-to-use platform created by the Sustainable Finance Observatory to support retail investors in making informed, sustainability-aligned financial decisions.

The platform features a comprehensive database covering over 15,000 European investment funds, each assessed against the climate objectives of the Paris Agreement. Users can explore detailed fund analyses to understand the real-world environmental and social impacts of their investment choices.

Available in English, French, German, Greek, and Czech, MyFairMoney is designed to be accessible to a broad European audience. Beyond fund data, the platform offers a rich array of educational resources — including beginner-friendly videos, podcasts, a documentary, and practical guides — to demystify sustainable finance and empower individuals at every stage of their investment journey.

Through its personal sustainability profile tool, MyFairMoney enables users to identify their individual sustainability preferences and find investment options that reflect their values.

By bridging the gap between complex financial products and everyday investors, MyFairMoney exemplifies the Sustainable Finance Observatory's mission to translate research and expertise into practical, impactful tools that foster a more sustainable and transparent financial system.

→ Message from Nicola Koch, Head of Retail and Impact Investing

Europe's sustainable finance framework has reached a turning point. ESG labels and alignment strategies have mobilised trillions, yet little evidence shows they deliver real-world change. To close the €1.2 trillion Green Deal gap, the EU must embrace Sustainable Finance 4.0 – the era of investor impact. This means shifting focus from what companies are to what investors cause: measurable changes driven by capital and stewardship.

Tools such as the Impact Potential Assessment Framework, AI-based impact assessments, and disclosure databases can distinguish genuine impact from impactwashing. Legal clarity, minimum standards, and a European Stewardship Code are essential to unlock multi-trillion demand for impact products. The SFDR review is Europe's chance to lead — clarity and credibility must replace confusion and complacency.

Bankable Sustainable Solutions

FiRéno+

[French multistakeholder platform for scaling up private finance for building efficient renovation, LIFE programme, Dec 2023 – Sept 2025]

LEARN MORE

The FiRéno+ project aims to unlock large-scale private investments in building renovations and renewable energy in France, key areas for achieving EU climate and energy goals.

Accounting for a quarter of France's greenhouse gas emissions, the building sector is a strategic one for achieving the objectives of the Paris Agreement. In order to reach the target of 700,000 climate-friendly renovations per year set by the national low-carbon strategy, **we need to remove the obstacles to mass financing of energy-efficient building renovation**. FiRéno+ acts as the national platform for financing energy efficient building renovation and supports a mutlistakeholder dialogue among key actors (public authorities, financiers, construction companies, and homeowners).

The project is expected **to unlock an additional €6.4 billion annually of private funding to support energy renovation financing**.

→ Message from Mathieu Garnero, Head of Economics and Finance Department, ADEME (The French Agency for Ecological Transition)

ADEME has been a partner of 2DII since 2013, and of the Observatoire de la finance durable since 2019. Our joint work as part of the European LIFE Finance ClimAct project has highlighted the systemic levers that will enable the financial sector to contribute to the Paris agreements: pushing the financial sector to make binding commitments, developing indicators and a framework for monitoring them, and integrating this approach into a transition plan that deals holistically and coherently with all sectors at stake and all financial activities.

In a recent context of “wait-and-see" climate policies, it is important to continue to identify the levers for action to implement the transition, both systemically and in a very specific and operational way. As part of the LIFE Programme, FiRéno+, ADEME and the Sustainable Finance Observatory have been working since 2 years to identify ways of massively increasing private financing for renovation in the residential and tertiary sectors.

Through dialogue with various stakeholders, identifying constraints and adjusting the sharing of risks and responsibilities as closely as possible, it is possible to combine technical expertise in renovation, energy efficiency gains, public subsidies, solvency for project owners and profitability for investors. There's no magic in this, just the idea of getting on the right side of the deal-breaker boundary to carry out as many renovations as possible and limit windfall effects.

With the new LIFE EEEFIN programme, the EU is giving us the opportunity to pursue the collaborative approach initiated by FiRéno+ to remove the obstacles to financing energy efficiency.

Unlocking Private Capital for Climate Action in Low and Middle Income Countries

[RMI, ADEME]

LEARN MORE

The Sustainable Finance Observatory launched a study on finance techniques and preconditions for success in **unlocking private capital in developing and emerging countries**. The aim of this study is to fill a knowledge gap at the international level, in order to help achieve the objectives agreed by the international community (target figure approved at COP29, the new collective quantified goal of minimum 300 billion USD and possibly up to USD 1.3 trillion).

Our paper advocates for establishing country-based **Finance Expertise Hubs, mobilising senior experts in private finance techniques, dedicated to developping pipelines of bankable projects** – to bridge the critical finance gap and massively scale up access to private sustainable international and domestic finance from commercial banks, institutional investors, stock markets, corporates, funds, and philanthropies.

Such country-based **Finance Expertise Hubs can support the country platforms currently being deployed**, helping them to make strategic use of the limited concessional funding available and increase their leverage effect. The specificity of this approach is that it can be immediately deployed for high impact, including in countries constrained by high debt levels and low institutional capacity.

RISE-IN

[Resilient Investment for Sustainable Environments, Horizon Europe programme, May 2025 – April 2030]

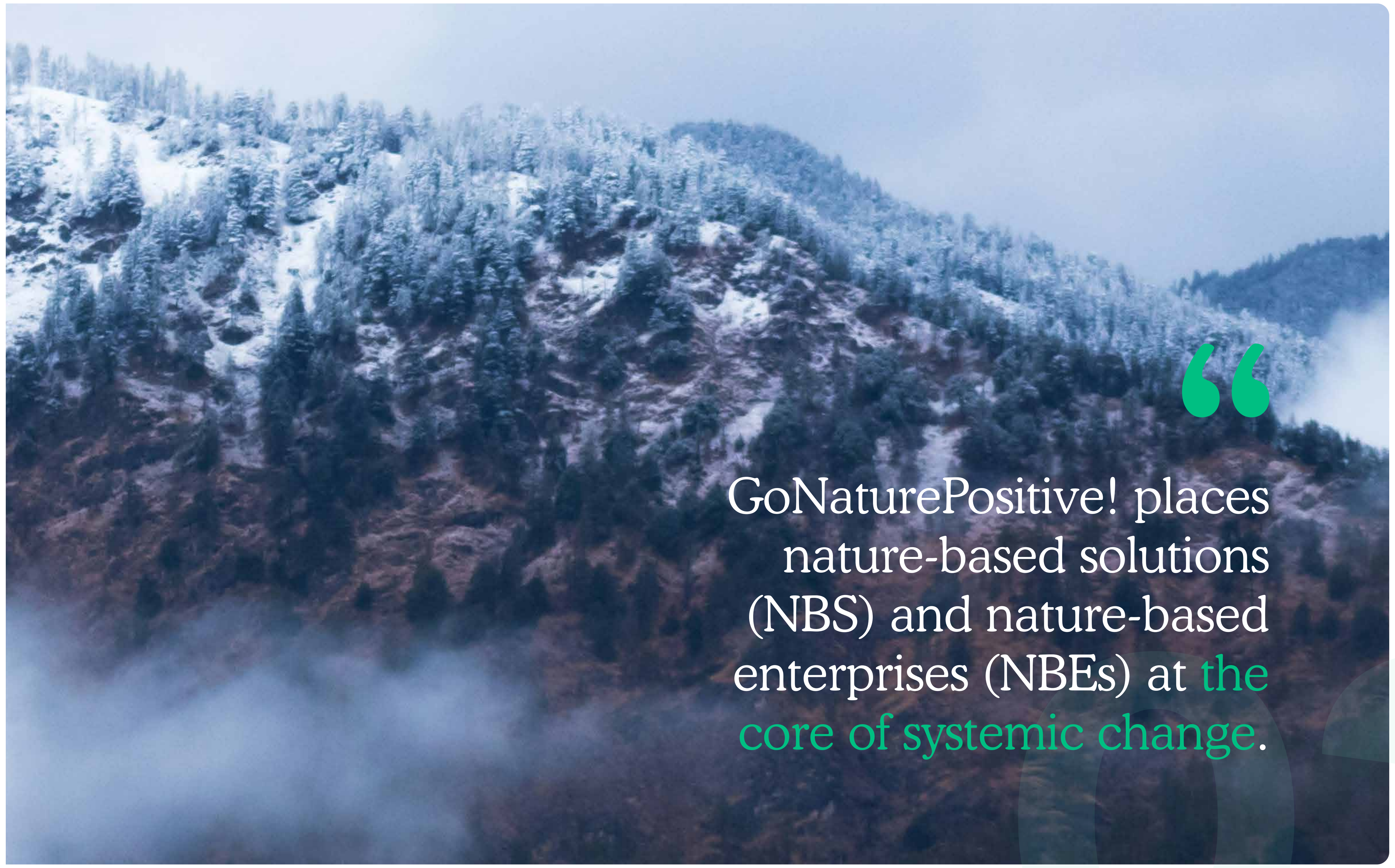
LEARN MORE

RISE-IN seeks to improve the bankability of climate-resilient solutions, with a focus on nature-based solutions (NBS), by integrating them with ecosystem-based, physical, and technological measures. Although NBS deliver significant co-benefits for climate, biodiversity, and human well-being, they often struggle to attract investment due to their limited scale, long investment horizons, and perceived high risks. To address these challenges, RISE-IN will map and quantify co-benefits, explore innovative financing mechanisms, and engage in participatory processes with local stakeholders to co-design site-specific, functional solutions.

The project will also employ climate risk assessment models to reduce uncertainty related to extreme events, water runoff, flooding and potential capital loss.

The project's overarching goal is to accelerate investment readiness and enable the scaling of resilient, equitable, and effective climate solutions across Europe and internationally. **Three pilot cities will initially be involved**: **Cesena** in Italy, **Póvoa de Varzim** in Portugal, and **Christchurch** in New Zealand. Replication is planned in three additionnal countries: Turkey, Belgium, and Ukraine.

We are responsible for establishing strong and lasting stakeholder engagement to ensure that RISE-IN reflects the needs and perspectives of all relevant actors. Additionally, we are contributing to the development of a comprehensive framework that integrates financial viability (bankability), risk assessment, and investment attractiveness into the design of climate-resilient solutions.



GoNaturePositive!

[GoNaturePositive!, Horizon Europe programme, Jan 2024 – Dec 2027]

LEARN MORE

GoNaturePositive! (GoNP) aims to define and advance the concept of a Nature-Positive Economy (NPE), an economic model that not only accounts for environmental impacts but actively improves the state of nature. Through a transdisciplinary, multistakeholder approach, GoNP places nature-based solutions (NBS) and nature-based enterprises (NBEs) at the core of systemic change. GoNP co-creates five European pilot actions and one global pilot action across key sectors: Agri-Food, Forestry, Blue Economy, Tourism, and the Built Environment. GoNP spotlights the role of NBEs, offering platforms and capacity-building tools to help them scale for greater impact. To drive long-term change, **GoNP fosters Nature-Positive leadership through an Impact Board of multiplier networks**, aligning diverse stakeholders behind a shared vision of a sustainable, nature-positive future.

We are responsible for establishing a panel of senior financial and investment stakeholders to identify and shortlist solutions addressing financing and investment challenges aligned with the EU taxonomy. Additionally, we conduct an in-depth analysis of potential financial instruments and interventions and delivers recommendations to investors and the insurance sector to facilitate the scaling of effective solutions.

→ Message from Guillaume Lorentz, Head of Bankable Sustainable Solutions

Enhancing the bankability of sustainable solutions, i.e. their ability to attract financing by reducing externalities or generating positive impacts, is key to unlocking sustainable finance. A key lever is to monetise impacts by translating them into measurable cash flows within investor-acceptable risk frameworks.

The building sector illustrates this well: deep renovation can reduce energy use, increase property value, and improve household solvency.

Bankability thus depends on converting impacts into credible financial flows and identifying which stakeholders are willing to reward them.

In adaptation and nature restoration, the challenge lies in the lack of revenue streams and market pricing of externalities, as they often involve public goods. The issue then is to assign value to co-benefits, such as disaster risk reduction or social wellbeing, using cost reduction models and other methods.

Our Workstreams

Transparency

Sustainability pratices
and commitments assessment

Impact

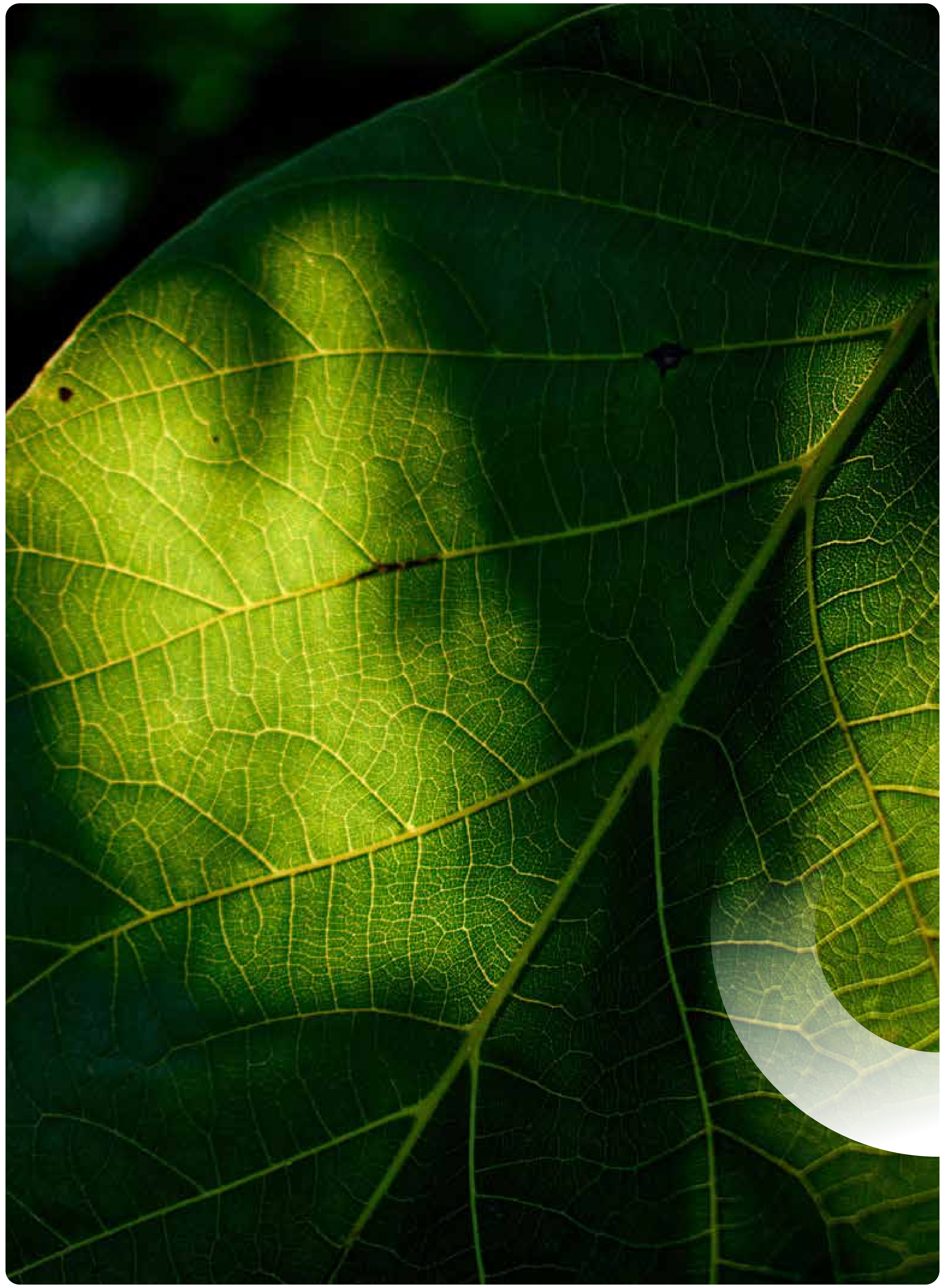
Retail investing and impact

Bankable solutions

Adaptation and biodiversity

Cities and building energy efficiency

Emerging markets and developing countries



Our Latest Publications

Find out more about the latest publications and reports of the Sustainable Finance Observatory **here**.

01 **CIMS Vs NZBA Climate Target Setting: Cross- fertilizing Best Practices**

02 **Nature Finance Stream**

03 **A changing climate... for investor engagement on transition plans in France**

04 **The Impact Potential Assessment Framework (IPAF) Pilot Test**

05 **FiRéno+ : Panorama des solutions de financement de la rénovation énergétique des bâtiments**

06 **Sustainable Finance Observatory's answer to SBTI public consultation on Financial Institutions Net-Zero**

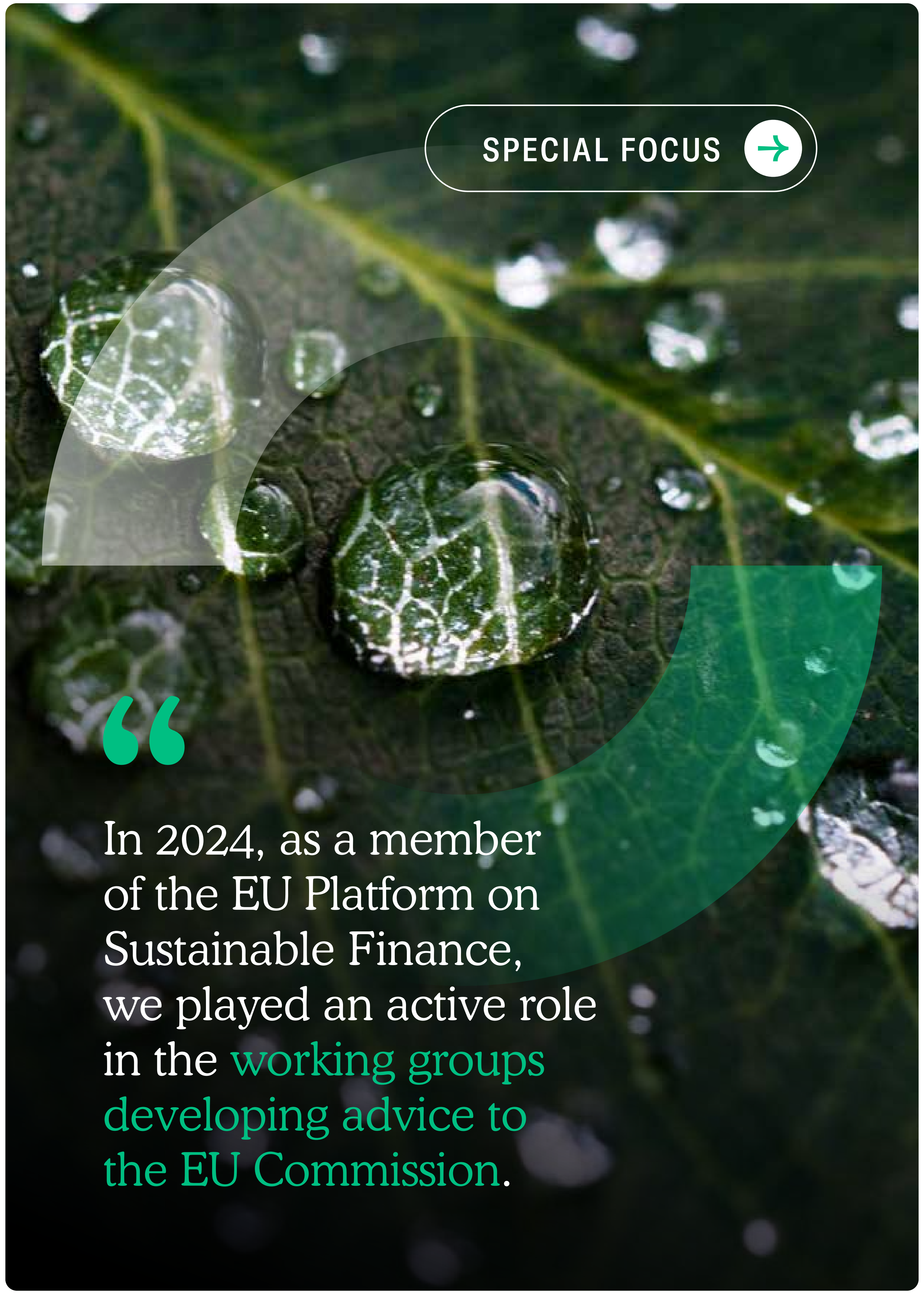
07 **Financing the Transition: Improving the effectiveness of the Net-Zero Alliances**

08 **Reframing the EU landscape for corporate sustainability information**

09 **Collective investor impact in secondary markets**

10 **Report on European Banks' 'Net Zero' Commitments**

11 **How to reveal nature negative investments and support their reduction?**



→ Advocacy and Engagement

The Sustainable Finance Observatory provides extensive regulatory and policy analyses along with recommendations on how to improve sustainable finance frameworks as well as financial solutions. **Our concrete actions consist in providing detailed research, evidence and policy briefs and promoting methodologies and tools** with regards to national and EU regulations and guidelines that support climate objectives.

We actively contributed to shaping the Sustainable Finance Agenda in Europe over the last decade.

The Sustainable Finance Observatory also took a leading role in co-initiating the first climate-related financial regulation in Europe – Article 173 of France's Energy Transition Law in 2015, updated by Article 29 of Energy-Climate Law in 2021 – which made climate change-related reporting for asset owners and asset managers mandatory.

Regarding methodologies and tools, the Sustainable Finance Observatory (as 2° Investing Initiative) has contributed to developing PACTA tool to measure the alignment of financial portfolios which is now a reference methodology used by over 3,000 financial institutions in more than 90 countries. It has also been adopted by supervisory authorities and central banks — including the European Central Bank — to assess the alignment of regulated entities. Between 2020 and 2022, over 30,000 portfolios have been assessed using the PACTA tool.

We also played a key role in designing the ISO 14097 Standard. This Standard specifies a general framework used by Financial Institutions for assessing, measuring, monitoring, and reporting on investments and financing activities in relation to climate change and the low-carbon transition.

We are currently supporting shaping EU regulation on sustainable finance including the implementation of the **MiFID II** requirements introducing a mandatory assessment of clients' sustainability preferences during the suitability assessment, as well as implementation of the SFDR framework. Our focus in the ongoing SFDR review is to ensure integration of an accurate conception of investor impact in this framework.

We lead and participate in advocacy campaigns targeting EU and national policymakers as well as financial regulators and supervisors. In 2024, **as a member of the EU Platform on Sustainable Finance, we played an active role in the working groups developing advice to the EU Commission**, especially on recent work regarding SFDR.

→ Nature-Finance

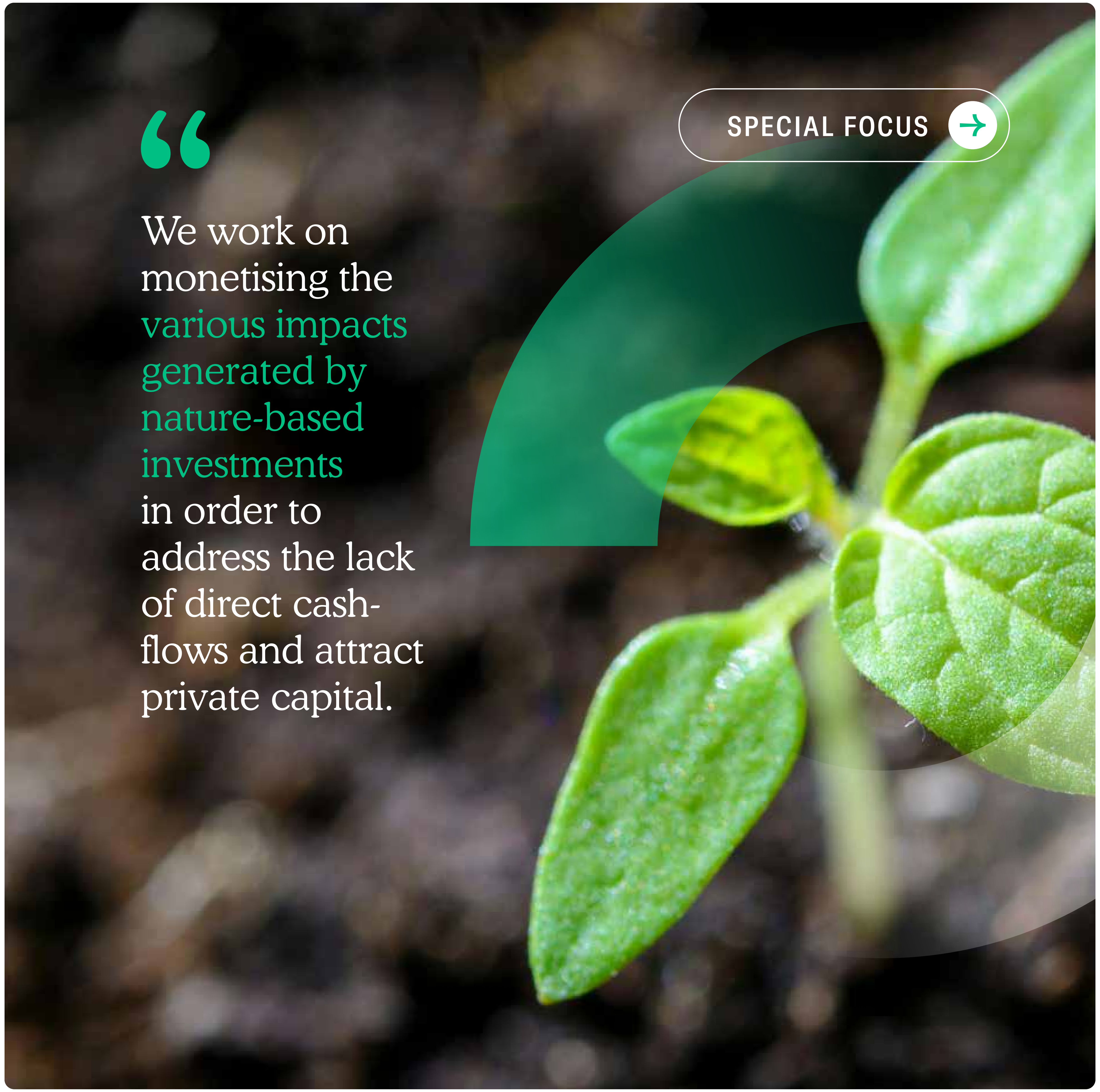
The Sustainable Finance Observatory works on developing innovative approaches related to nature finance.

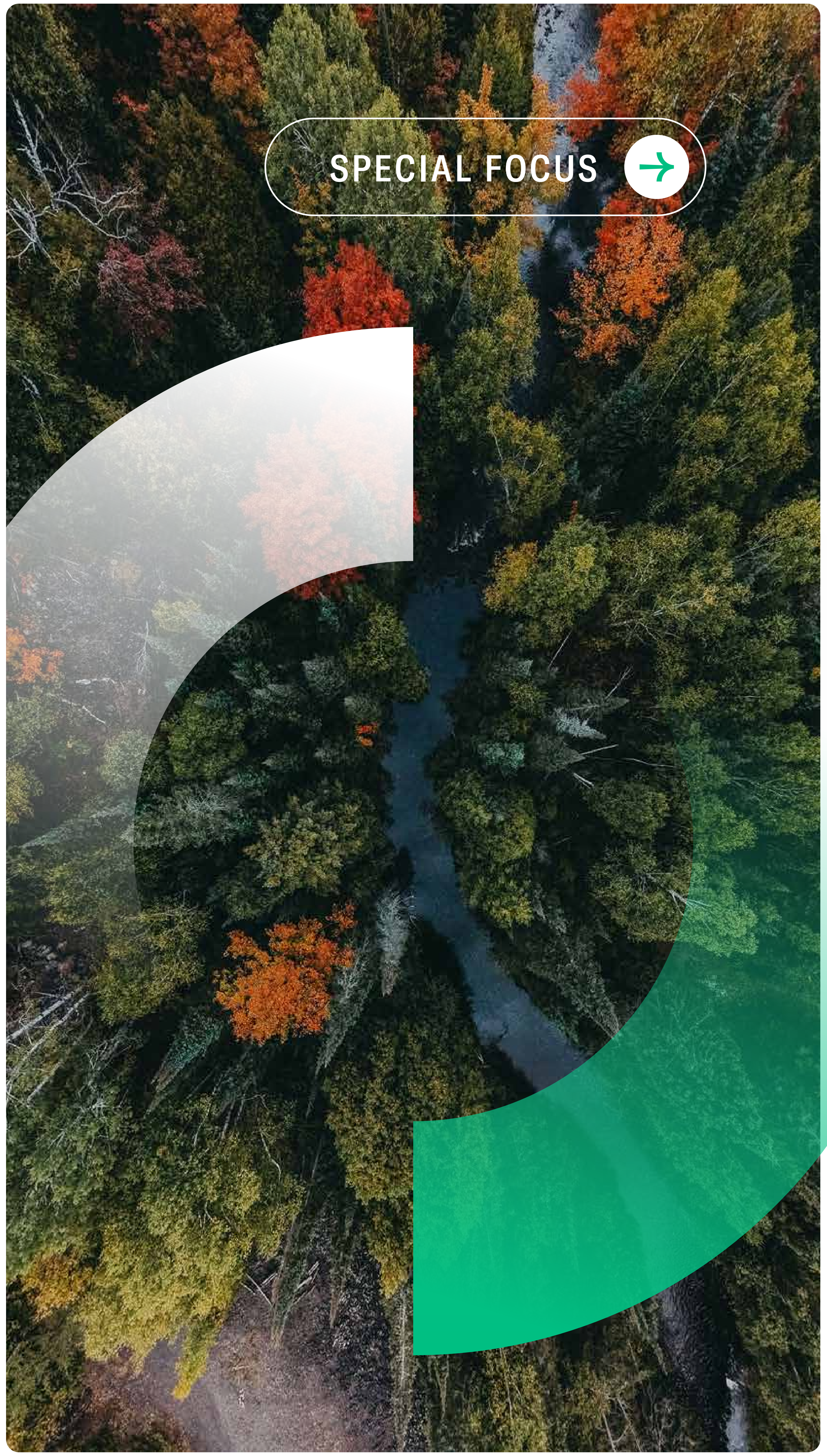
There is a **global consensus on the priority of preserving biodiversity, restoring nature, and developing nature-based solutions** which are fundamental approaches to climate change adaptation. However, financiers are faced with multiple challenges related to data collection and measurement as biodiversity is composed of complex and interdependent ecosystems. Moreover, these activities often do not generate revenue in the traditional sense.

That's why **financial innovation is needed** to develop viable financing solutions to attract private capital for nature at scale. The SFO directs its work towards quantifying the environmental, economic and social co-benefits of nature preservation and restoration, as well as the costs of inaction. **We work on monetising the various impacts generated by nature-based investments** in order to address the lack of direct cash flows and attract private capital.

Moreover, nature preservation and restoration can also be assessed in terms of their ability to reduce the physical and financial risks affecting assets. By enhancing the resilience of infrastructures and value chains in the face of extreme weather events, these solutions help avoid numerous costs. This reduction in financial risks can serve as a lever to mobilise private capital for nature restoration, as long as the avoided costs exceed the costs associated with anticipated damage.

Finally, **we explore social innovation methodologies to encourage the involvement of local communities and various stakeholders in biodiversity-related projects and to strengthen collective agency in climate action.**





Retail Investing

The Sustainable Finance Observatory’s Retail Investing Programme is dedicated to helping reallocate individual savings towards financing the low-carbon transition. By combining data-driven research, legal analysis, product development, and communication tools, **the Observatory seeks to align retail investing practices with the goals of the Paris Agreement**. Our approach focuses on supporting retail investors in making sustainable investment decisions, assisting financial institutions in developing high-impact financial products, and providing policy recommendations aimed at creating a more sustainable financial ecosystem, particularly in Europe.

Given the significant potential of retail investors to contribute to the green transition, **our programme addresses both the demand and supply sides of the market**. Many retail investors express a desire to invest sustainably, yet they face multiple barriers, such as limited understanding of ESG investing and difficulty finding suitable products. To bridge this gap, the Observatory launched **MyFairMoney**, an online platform designed to empower European retail investors and financial advisers with the resources they need to navigate the complexities of sustainable investing. **The platform offers educational tools, a sustainability questionnaire, and a comprehensive fund database to help investors identify funds aligned with their sustainability preferences.**

At the same time, we engage with financial institutions to improve the sustainability of their product offerings and tackle issues like greenwashing. Our ongoing research, such as the report "**Mind the Gap: Why European Retail Investors Don’t Get What They Want**" highlights the disconnect between investors' intentions and their actual investment choices.

Despite 74% of European retail investors expressing sustainability-related objectives, only a small fraction holds sustainable financial products, revealing a significant attitude-behaviour gap. This underscores the need for better financial products, more effective advisory practices, and clearer regulatory frameworks to support sustainable retail investing.

We continue to work towards bridging these gaps by fostering the development of sustainable investment solutions, improving financial literacy, and advocating for regulatory changes. By empowering retail investors with the knowledge and tools to make informed decisions, we are helping to drive the shift towards a low-carbon economy and unlock the full potential of private capital in support of climate goals.

→ Memberships

The Sustainable Finance Observatory engages in collective intelligence-driven initiatives such as technical working groups, stakeholder networks, and advocacy coalitions. Below are some of the structures we are involved in:

Fondation Paris Agreement Research Commons (PARC) – Member

Coal Transition Commission (CTC) of the Coal Transition Accelerator (CTA), hosted by Powering Past Coal Alliance (PPCA) – Working group member

French Sustainable Investment Forum (SIF) / Forum pour l'Investissement Responsable (FIR) – Member

Better Finance – Member

Mouvement Impact France - Member

European Platform on Sustainable Finance – Member

Global Alliance for Buildings and Construction – Member

Finance in Common's Global Research Network (GRN) – Working groups member

Institut de la Finance Durable (IFD) – Member in 2024

Université de la Finance de Demain - Co-organiser

PART 03

Key Achievements During 2024

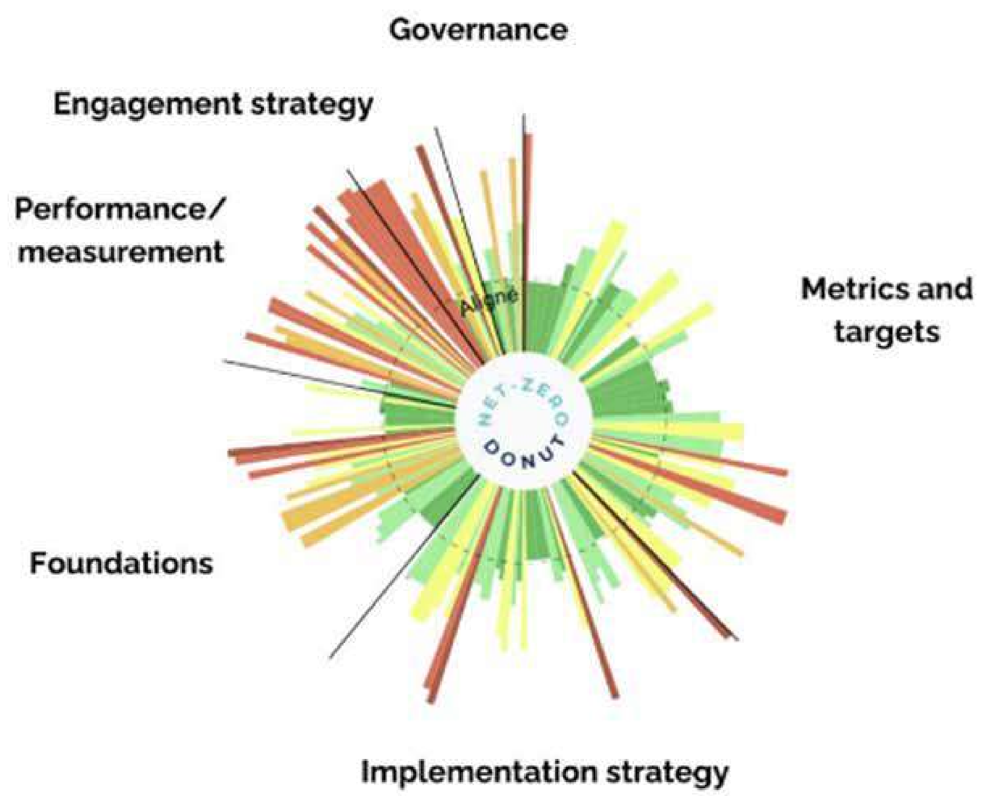
Transparency on Financial Institutions Sustainability Practices: the Net-Zero Donut® and Regulatory Data Analysis

The Observatory holds in its historic activies (and in its name) one key lever for improving the contribution of finance to the transition: providing independent and science-driven observations on financial institutions' practices. We believe transparency, accountability and efficient regulatory frameworks can guide the financial sector to better its integration of sustainability issues and contribute positively to the transition of the real economy.

In 2019, Bruno Le Maire, the French Finance Minister, gave the former Observatoire de la Finance Durable the mission of monitoring the ESG commitments made by the players of the Paris Financial Center, one of the first financial centres to disclose its exposure to fossil fuels. In 2023, at COP28 in Dubai, the *Observatoire* released the first edition of its exclusive Net-Zero Donut® tool.

The **Net-Zero Donut®** is a tool to monitor and evaluate the robustness and ambition of 'net-zero' commitment implementation of financial institutions (banks, asset managers, and asset owners). It consists in:

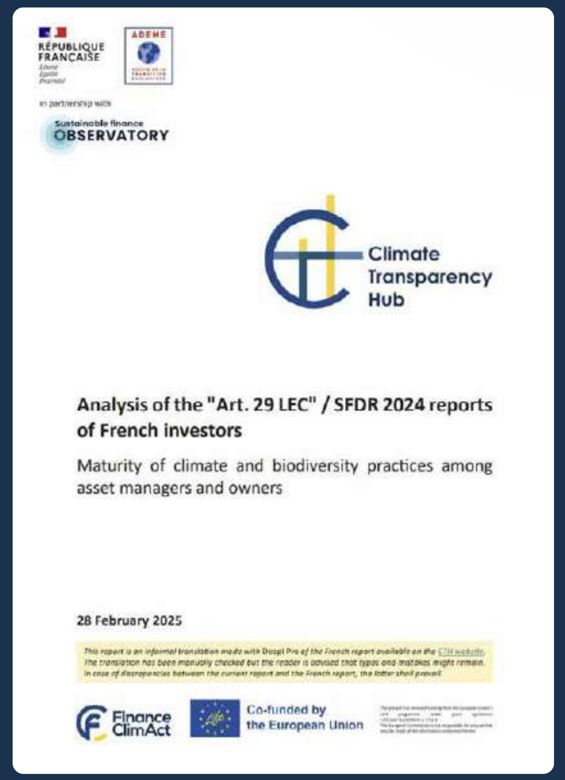
- An exclusive and comprehensive **framework**
- An online interactive **data visualisation** tool
- A **dataset** of currently 60+ financial institutions by 220+ indicators
- Annual **analysis reports** based on this data



Aiming to go beyond individual commitments, the Net-Zero Donut® builds on the GFANZ Net-Zero Transition Plan and complements it by addressing all components of financial institutions 'net-zero' commitments, from metrics and targets to engagement. It is made of more than 220 indicators, 90% of which comprise an evaluation framework directly sourced with external recognised frameworks and recommendations. This exclusive framework was developed with the contribution and assessment of **PARC**'s Scientific and Expertise Committee. In its **2024 report**, the Observatory focused on twenty major **European banks** that are members of the NZBA. In 2025 a report will be published covering thirty **European asset managers**. The framework will also be reviewed in light of recent evolutions within Net-Zero Alliances.

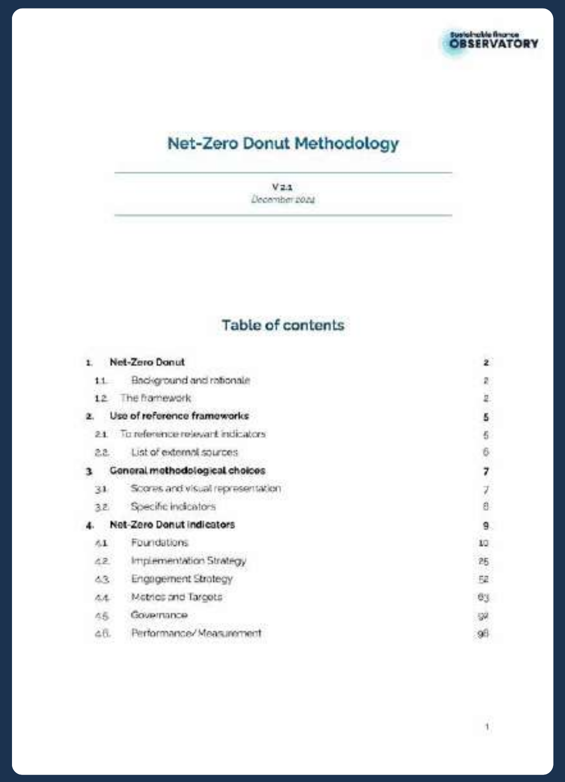
Besides, we provide analysis through another mean: **regulatory data**. Recent regulatory developments have unlocked new sources of information on financial institutions climate and ESG practices. Alongside ADEME, we manage the Climate Transparency Hub (CTH) which collects and analyses the "Article 29 LEC" reports of French investors (national extension of **SFDR**), covering more than 800 asset managers and asset owners. Ongoing work focusing on **Pillar 3 ESG** data from European banks will also lead to an annual report and open dataset. In addition, we provide in-depth **deciphering of regulation** and recommendations to improve them with a view to generate real improvements in financial practices.

2024 Net-Zero Donut® Report



2024 CTH Report with ADEME

Net-Zero Donut® Methodology Document

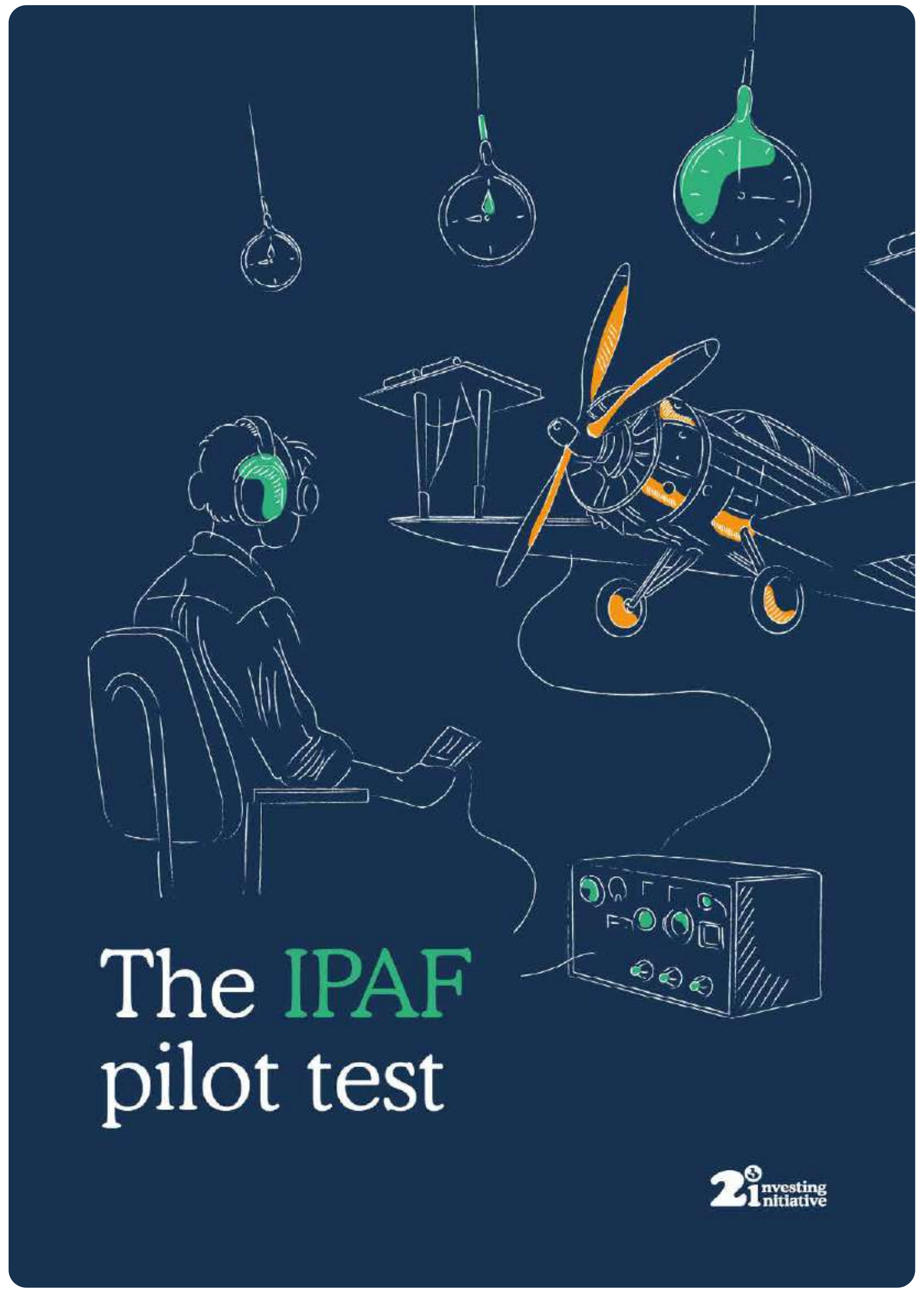


Note on the UE Taxonomy

Impact Potential Assessment Framework (IPAF)

LEARN MORE

In March 2023, the **Sustainable Finance Observatory** published the **Impact Potential Assessment Framework (IPAF)**, a unique methodology designed to assess the impact potential of financial products, including public and private market instruments, crowdfunding platforms, and savings accounts. Built on the best available scientific and industry knowledge, the IPAF identifies key success factors and evaluation criteria to qualitatively assess the main impact channels of financial products.



Surveys across 14 EU countries revealed that around 50% of European retail investors seek real-world impact from their savings, yet market reviews show that misleading impact claims are widespread. Mystery shopping in 9 EU countries found that only 6% of financial advisers were knowledgeable and transparent about the impact potential of their recommended products.

The first IPAF pilot test, conducted in 2024 and covering sustainable venture capital funds, private equity/debt funds, crowdfunding platforms, and savings accounts in **Germany, France, Switzerland, Spain, Sweden, and Ireland**, demonstrated that while the availability of high-impact products is limited, the IPAF is a valuable tool for distinguishing financial products based on scientific evidence. The IPAF's open-source nature makes it applicable to private investors, product manufacturers, distributors, standard setters, and regulatory authorities.

Source: 2DII (2023)

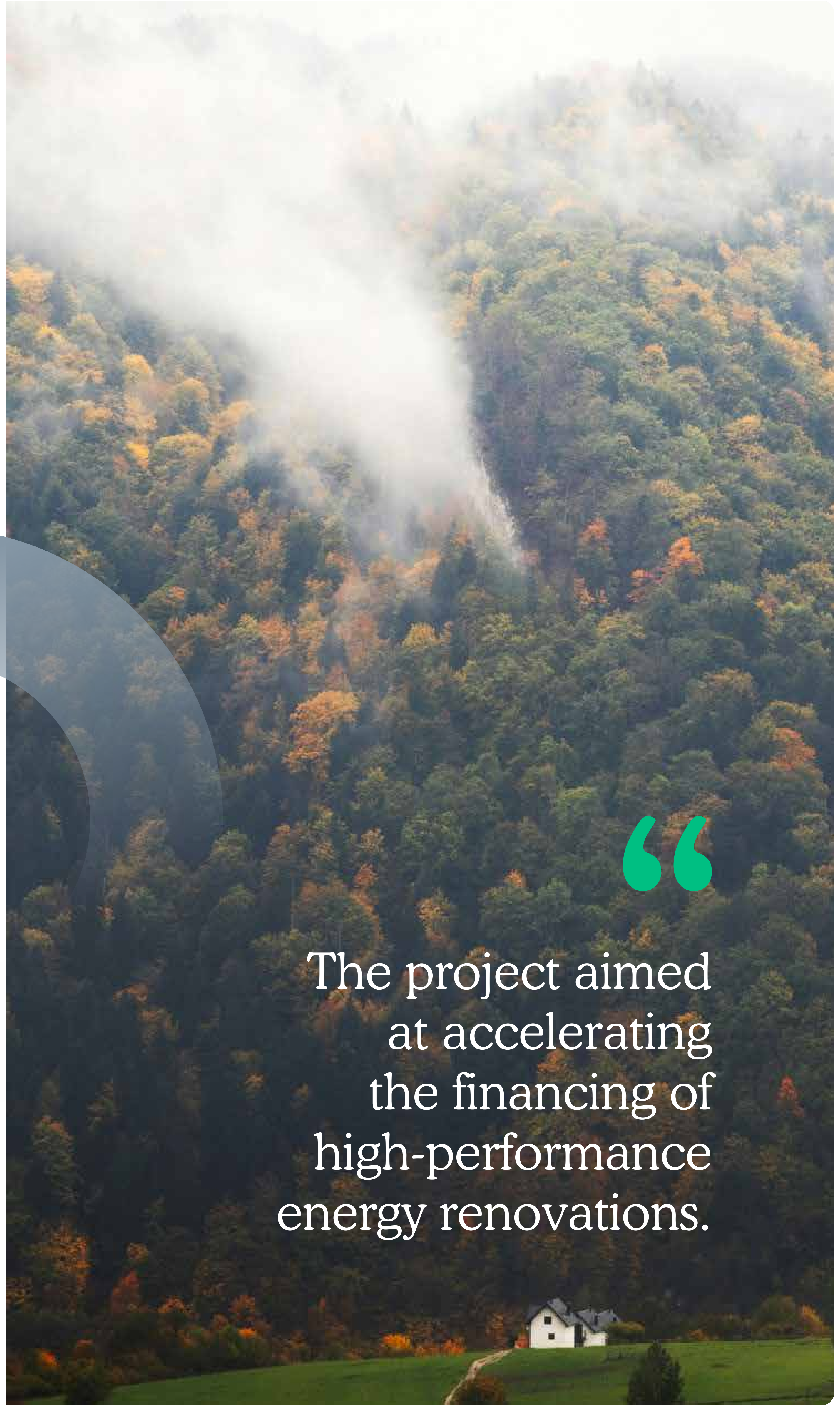
→ Conclusion

Our pilot also highlighted structural challenges, such as the lack of public impact databases and structured disclosures. We recommend integrating the concept of "investor impact" into product disclosure frameworks like SFDR and exploring further research into qualitative and quantitative indicators for assessing impact potential.

The IPAF has already been tested on 108 financial products, demonstrating that the framework can be used to qualitatively distinguish the impact potential of different financial products within and across product categories.

MFM DATABASE

IPAF DATABASE



Bankable Sustainable Solutions – FiRéno+

LEARN MORE

FiRéno+ has supported the development of the national platform on financing energy efficient building renovation supporting a multistakeholder dialogue among key actors (public authorities, financiers, construction companies, and homeowners).

The project aimed at accelerating the financing of high-performance energy renovations by integrating regulatory, financial, and operational dimensions.

More than just a project producing general recommendations, the Sustainable Finance Observatory’s role — as leader of the executive committee — is to propose concrete actions, backed by clear performance indicators.

Ultimately, **the project is expected to raise nearly EUR 6.4 billion annually in additional financing and 465 GWh in secondary energy savings on the residential side** (per year). These results are the outcome of close co-construction with over 150 community members: the 6 largest French banks covering nearly 80% of the banking market, government services (ANAH, DHUP, DG Trésor, Action Logement...), renovation professionals (Saint-Gobain, Homyos...), academic researchers, and non-profit organisations (Club de l'Amélioration de l'Habitat, Agir Pour Le Climat...).

This project has not only been conceived by everyone but also for everyone.

It allows banks to align their loans for high-performance energy renovations with the European Taxonomy, benefiting from preferential refinancing rates while reducing credit risks, improving real estate asset valuation, and meeting capital requirements (RWA).

It also supports companies in using renovation as a lever for employee attraction and retention by enhancing their employer brand and engaging in a social responsibility approach.

It enables legislators to bring together key stakeholders to create a shared, pragmatic framework consistent with ecological and social transition goals.

Finally, it offers households, particularly low-income and very low-income ones, enhanced support to access renovated, comfortable, and healthy housing. By removing financial, technical, and administrative barriers, the FiRéno+ project facilitates access to adapted, secure, and sustainable financing solutions. It thus contributes to combating energy poverty, improving the daily lives of families, and strengthening social justice in the transition.

It ensures greater control over France's energy sovereignty and fosters alignment with its sustainability objectives.

Rethink Sustainable Finance Together!

WATCH REPLAY

In December 2024, at the Cercle d'Aumale in Paris, the Sustainable Finance Observatory organised **Rethink Sustainable Finance Together! — an event designed to showcase groundbreaking projects and fostering connections among pioneering organisations transforming the financial sector.**

This event was targeted at funders seeking sustainable finance projects to support and non-profit organisations willing to present their most innovative projects. As such, twelve pitchers shared their vision through short presentations to help spark ongoing discussion beyond the event itself.

Far from traditional institutional formats, the event aimed to be open, creative, and collaborative. It brought together a diverse range of committed voices all united by a shared goal: **to surface fresh ideas, challenge the blind spots of today's financial system, and highlight tangible, forward-thinking initiatives**.

Through this format, the Sustainable Finance Observatory reaffirmed its ambition to **encourage critical thinking, elevate emerging voices, and support experimentation** — essential ingredients in a moment that calls for bold, alternative pathways to accelerate the transition.

Among the pitchers present were: Climate Policy Initiative, Climate Dividends, Data for Good, Net-Zero Tracker, ADEME (The French Agency for Ecological Transition), Institut Louis Bachelier, Icebreaker One, RMI, WWF, Nuclear Transparency Watch, European Environment Bureau.

→ Message from Bertrand Badré, Managing Partner and Founder of Blue like an Orange, Chairman of Paris Agreement Research Commons (PARC)

A marriage made in heaven : the strategic cooperation of the Sustainable Finance Observatory and the Paris Accord Research Commons. A great 2025 vintage.

The Sustainable Finance Observatory (SFO) plays a pivotal role for financial actors seeking to align their activities with global climate and sustainability goals. As a platform for transparency, evaluation, and accountability, the SFO enables engaged stakeholders to monitor progress and steer financial flows toward impactful, low-carbon development pathways.

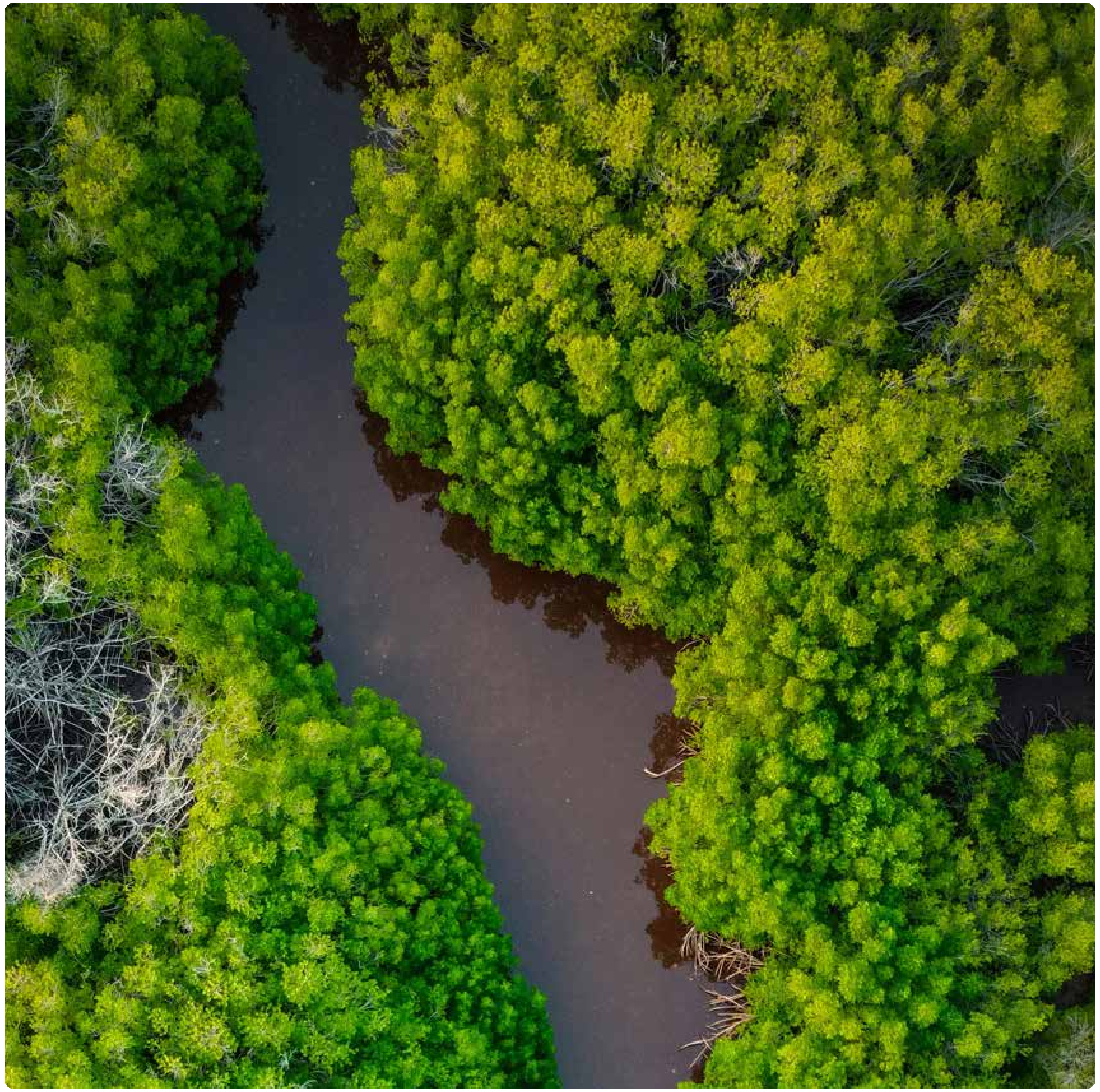
At the heart of this mission lies data — robust, reliable, and comparable data is essential to assess financial alignment with the Paris Agreement. This is where the expertise of the Paris Accord Research Commons (PARC), launched a year ago, which I am chairing, becomes critical. PARC brings together scientific, regulatory, and market knowledge to foster in particular a shared understanding of impact and of the role that finance can play. It is supported by an important scientific committee which keeps a clear eye on technological developments.

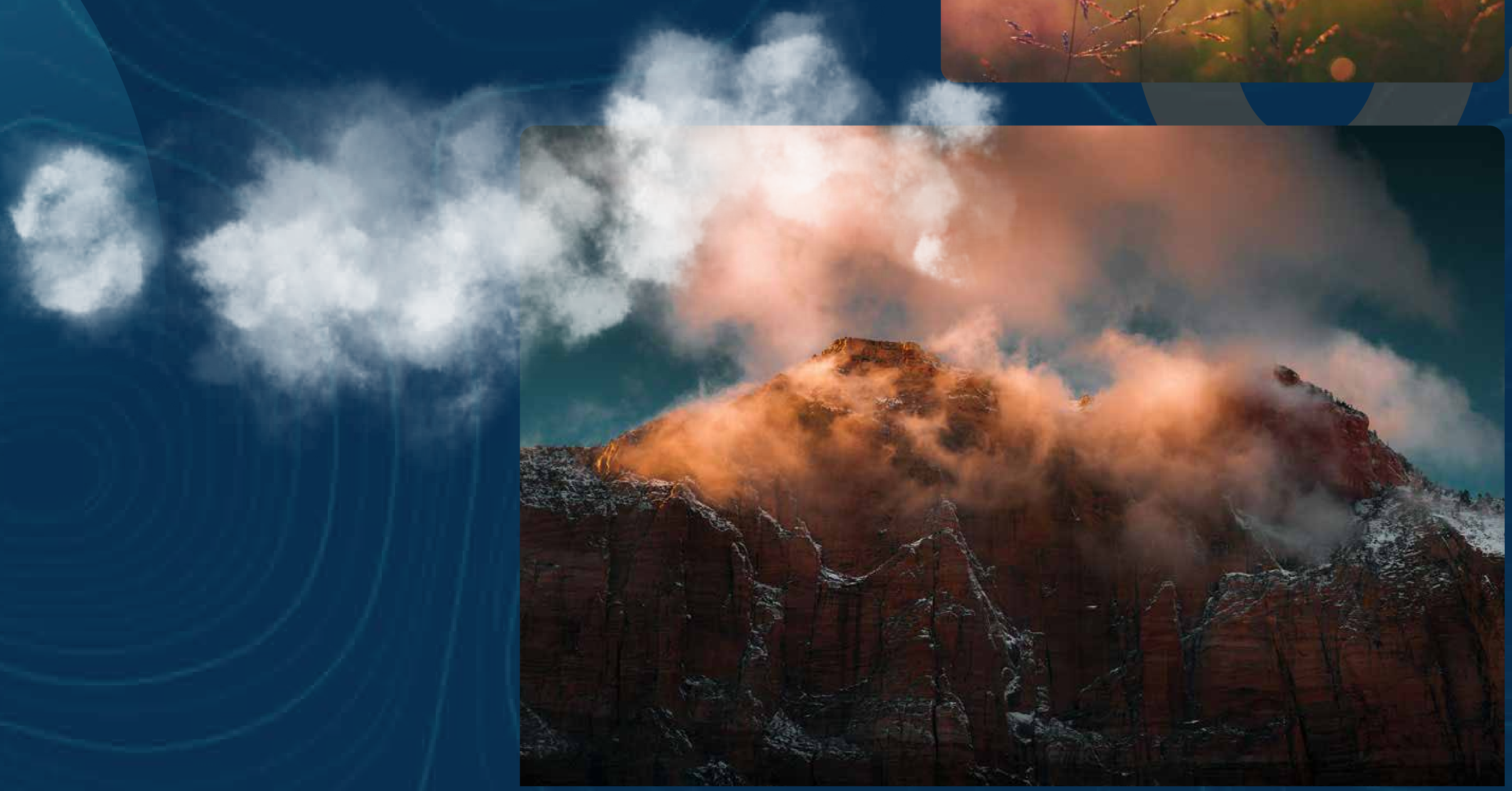
Our work supports the SFO – and SFO supports our work - and financial actors by providing methodologies and insights to evaluate climate and environmental outcomes, not just intentions.

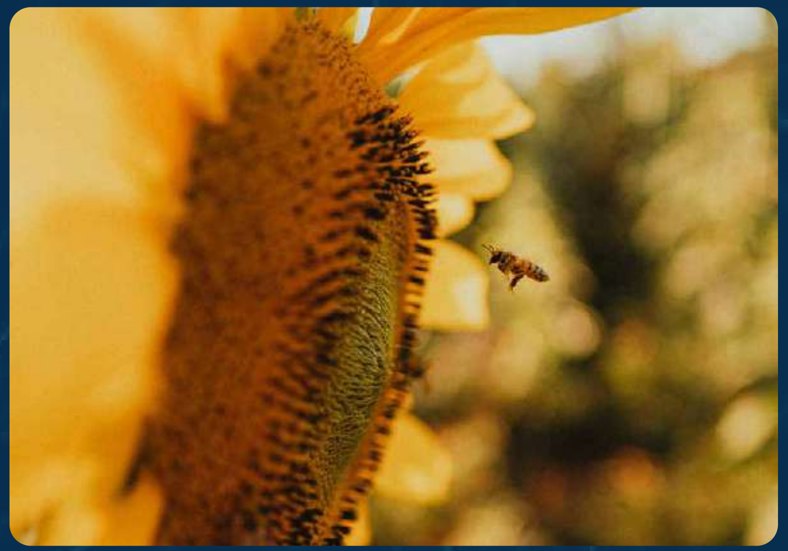
As we strengthen sustainable finance practices in France, we must also ensure that this knowledge and expertise benefit emerging and developing economies.

These countries are on the frontlines of climate risks and urgently need tools to mobilise capital toward sustainable and resilient development.

By connecting research, data, and financial practice, and by extending this effort globally, the SFO and PARC will contribute to shaping a financial system that serves both people and planet at a (very) turbulent time where it is more necessary than ever.



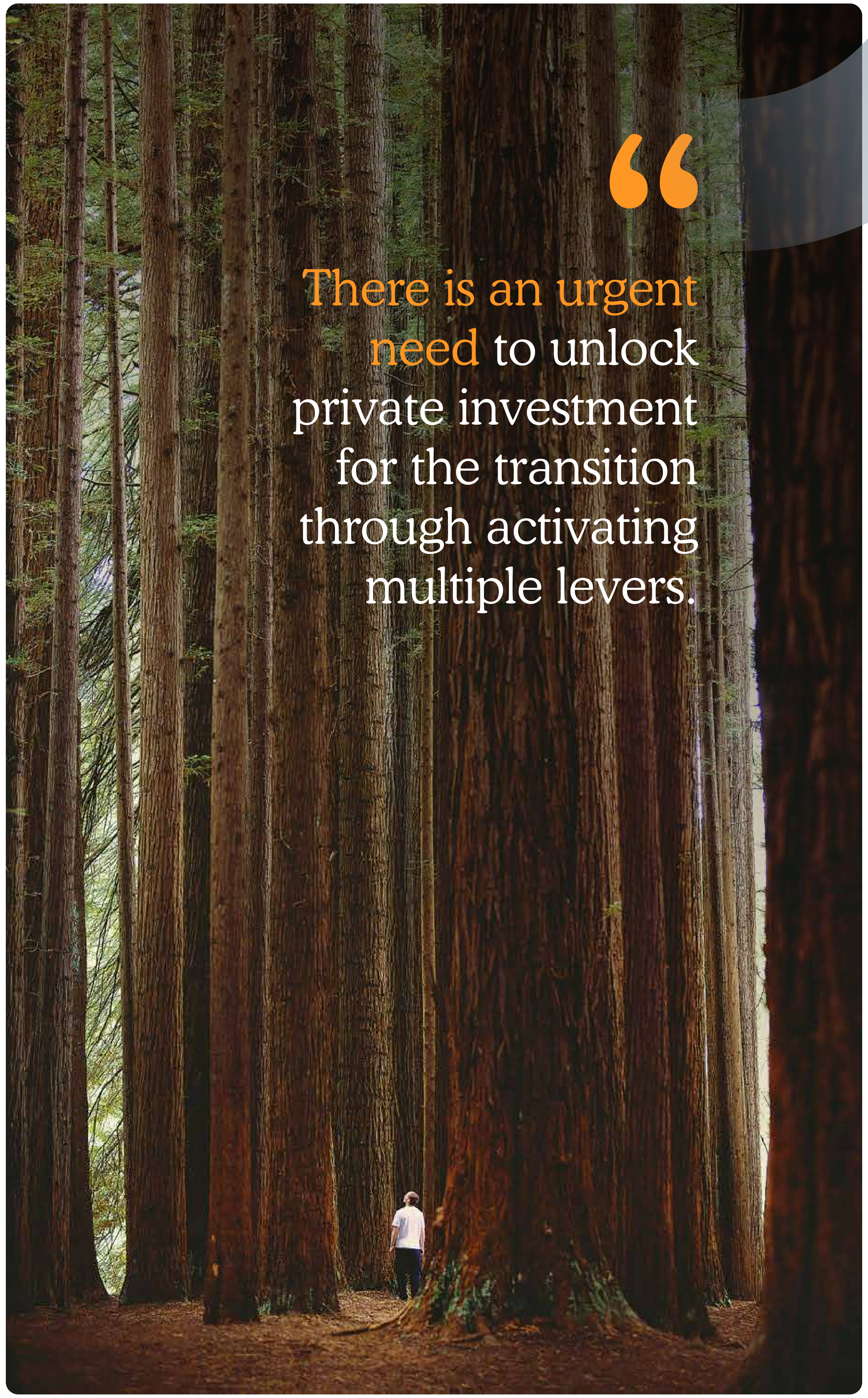




CHAPTER 04

Sustainable Finance Outlook, the Pathway to Transition

Part of our role is to analyse and identify key trends and early signals shaping the future of sustainable finance. This chapter delves into the evolving landscape, examining the forces driving the transition and highlighting the emerging opportunities and challenges that lie ahead.



There is no doubt that 2024 was a difficult year for sustainable finance with what has been termed the **"ESG backlash" gathering momentum**. Jurisdictions across the globe suffered significant setbacks in terms of policy ambition and direction, and an emerging market sentiment reflecting this ESG backlash.

In the EU any fears that the Commission's ambition to reduce the regulatory burden associated with reporting requirements by 25% would disproportionately affect sustainability reporting requirements appeared well founded. This was confirmed by the announcement of an omnibus legislative package to simplify the Taxonomy Regulation, Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive.

Meanwhile in the US, **legal action by state attorneys general in the wake of Trump's election** alleging that some of the largest asset managers had coordinated to reduce coal production has exerted significant pressure on the net zero financial alliances. Alongside legal action there have been a number of high-profile withdrawals of members from the net zero financial alliance and recalibration of the aims and objectives of the Glasgow Financial Alliance for Net Zero as the umbrella for these net zero financial alliances to accommodate this new context.

It is stating the obvious to say that **this political and market context is becoming increasingly at odds with the stark reality of what real world changes are required to meet the Paris Agreement objectives and Sustainable Development Goals**.

Of the US$ 6.2–7.3 trillion of global climate finance required annually, **the UNFCCC and IMF estimate that 70–90% must come from the private sector**. However, private investment mobilisation results to date have been lacklustre for countries on the frontline of climate mitigation and adaptation needs and which represent 45% of global climate investment needs ($2.3–2.5 trillion) excluding China and up to 60% including China.

The new finance goals agreed by Member States at COP 29 reflect the need for increased private finance, with new annual finance targets of US$ 300 billion provided by developed countries to developing countries and the much larger annual target of US$ 1.3 trillion.

Yet, the highest estimation of private investment mobilisation is provided in the OECD private investment mobilisation data: **only US$ 70 billion of private finance was mobilised in 2023 by official interventions in developing countries**.

Therefore, there is an urgent need to unlock private investment for the transition through activating multiple levers, including deploying financial engineering to scale up pipelines of bankable projects. **Our focus on both, transitioning finance and financing the transition** covers the entire financial value chain and means that we are uniquely positioned to bring our expertise to help address this systemic finance gap.

→ Interview of Cecile Martin-Phipps, Director, Institut de la Francophonie pour le Développement Durable (OIF) Board Member, Sustainable Finance Observatory

Joining the Sustainable Finance Observatory: Advancing a Shared Vision for Transformative Finance

What motivated you to join the Board of the Sustainable Finance Observatory at this particular time?

I am deeply honoured by the trust placed in me by the members of the Sustainable Finance Observatory, and thrilled to join its Board of Directors at such a pivotal moment for the global sustainable finance agenda. The Observatory has become an essential platform for accelerating financial transformation — one that is data-driven, impact-oriented, and unapologetically pragmatic. I look forward to contributing to its mission by bringing the voice of the Francophonie and the practical experience gained at the interface of public policy, institutional reform, and local needs.

As Director of the Francophonie Institute for Sustainable Development (IFDD), a subsidiary body of the Organisation internationale de la Francophonie (OIF), I work every day with countries facing the dual challenge of climate and development. Our mandate is clear: help member states access and mobilise climate, biodiversity and development finance more effectively, equitably, and strategically. In doing so, we support local and national reforms, foster cross-sectoral capacity, and promote greater alignment between domestic priorities and international financing flows.

Over the past two years, the OIF-IFDD has launched a flagship initiative to tackle these issues in depth. Through field missions, diagnostics and structured dialogue with partners, we are identifying the levers that can unlock finance at scale where it matters most — including in contexts of high debt, low institutional capacity, and fragmented donor landscapes. Our experience confirms what the Sustainable Finance Observatory has long advocated: finance for the transition must be not only transparent and science-based, but also bankable, tailored, and rooted in real-world constraints.

How do you see the complementarity between the Organisation Internationale de la Francophonie's work and SFO's activities?

The complementarity between our work and the Observatory's is evident. The SFO brings world-class expertise in financial engineering, regulatory analysis, and methodology design — from the Net-Zero Donut® and Climate Transparency Hub to impact assessment frameworks and nature-positive financing. These tools are crucial for shifting private capital towards sustainable investments.

But to be truly transformative, they must also be informed by the lived realities of countries on the frontline of climate and biodiversity risks. That's where the Francophonie, with its 93 member states spanning four continents, can play a key bridging role.

Through its work with governments, local actors, and multilateral institutions, the IFDD contributes to identifying and amplifying promising innovations — be it green budgeting, project pipelines, taxonomies, or integrated national financing frameworks. Yet these efforts remain too often disconnected from the global architecture of sustainable finance. By joining the Board of the Sustainable Finance Observatory, I hope to help close this gap and foster more inclusive pathways to implementation.

I also believe the Observatory has a unique role to play in advancing the new international financing goals adopted at COP29. With developed countries pledging to mobilise at least $300 billion annually, and the broader objective of $1.3 trillion in private finance, the challenge now lies in delivery. The Observatory's positioning — at the intersection of transparency, impact and bankability — equips it to be not just a technical hub, but a strategic catalyst. Supporting implementation through tools, alliances and capacity building must now go hand in hand with reshaping the way we assess, incentivise and scale financial flows.

Finally, I believe we must continue to fight the false trade-offs between impact and scale, between climate and development, between environmental ambition and institutional feasibility. The Sustainable Finance Observatory shows that it is possible — and necessary — to combine ambition with precision, innovation with accountability. I am proud to contribute to this collective effort and look forward to working alongside my fellow board members, the executive team, and our many partners to accelerate the just transition we so urgently need.

Together, let's unlock finance that serves both people and planet — not in theory, but in practice.

CHAPTER 05

Our Ecosystem

Our operational team, governance, and partners are mobilised daily to promote a more sustainable financial system.

PART 01

Our Team

BOARD

Raphaël Lebel
EXECUTIVE DIRECTOR

Emilie Maehara
DEPUTY EXECUTIVE DIRECTOR

Carole Dussartre
HEAD OF ADMINISTRATION, FINANCIAL AND HR

Nicola Koch
HEAD OF RETAIL AND IMPACT INVESTING

Ana Rivera
SENIOR SUSTAINABLE FINANCE ANALYST

Guillaume Lorentz
HEAD OF BANKABLE SUSTAINABLE SOLUTIONS

Mirindra Rabemanantsoa
INTERN ANALYST

David Cooke
LAW AND POLICY LEAD

Lisa Bacon
SUSTAINABLE FINANCE ANALYST

Edouard Vilpoux
LEAD SUSTAINABLE FINANCE ECONOMIST

Marguerite Laville
INTERN ANALYST

Armand Olivier
INTERN ANALYST

Laëtitia Kalonji
SENIOR COMMUNICATION MANAGER

Daniel Alvarez
COMMUNICATION APPRENTICE

Javier Sandin
SENIOR LEAD OPERATIONS AND GRANT MANAGEMENT

Marion Chapon
SENIOR PARTNERSHIP MANAGER LEAD

Thierry Santacruz
LEAD PROJECT MANAGER

Raphaël Tran
ANALYST AND SCIENTIFIC REFERENT

> We are committed to supporting our employees in their professional development and ensuring their well-being on a daily basis.

WORK-LIFE BALANCE, OUR ETHOS

Sustainability is, first and foremost, an internally driven concern. That's why, at the Sustainable Finance Observatory, we are committed to supporting our employees in their professional development and ensuring their well-being on a daily basis. We create a thriving environment for our employees, and promote in-house talent development through training and mentoring.

PROCESSES & TRANSPARENCY

Processes and transparency remained a priority in 2024. Following a transitional phase in 2023, during which we updated internal policies and continuously improved our procedures to meet funders' standards, we further streamlined our systems this year. These efforts enhanced overall transparency and strengthened accountability across all projects.

PART 02

Our Board & Governance

50
members
as of April 22nd, 2025

8 Board Members (as of April 22nd, 2025):

François Gemenne
CHAIRMAN OF THE BOARD OF DIRECTORS

Karen Degouve
SECRETARY

Stéphane Voisin

Jérome Courcier

Melissa Perez

Cécile Martin-Phipps

Romain Poivet

Guillaume Lorentz

Following the merger, the Sustainable Finance Observatory has implemented a new organisational structure, which includes the establishment of a new Board to guide the organisation's next chapter. This new leadership team brings together a diverse range of expertise and perspectives to steer the Observatory towards achieving renewed ambitious goals.

Board Members

Damo Menon (Board Member, Senior Strategic Advisor, Sustainability & Climate Finance, based in New-York) until May 2024

Robin Edme (Board member and former President) until May 2024

Raphaël Lebel (Board Member, Managing Director of the Observatoire de la Finance Durable) until December 2024

3 board meetings
in 2024

2 general meetings
and 1 Extraordinary General Meetings

2023
certified accounts
in the General Assembly on 12 September 2024

PART 03

Our Members

The Sustainable Finance Observatory brings together a uniquely diverse and engaged community — both individuals and institutions — committed to advancing the Observatory's mission through expertise sharing and collaborative action.

Organised into thirteen multidisciplinary colleges — including financial institutions, corporates, public administrations, academia, civil society, and international think tanks — this structure ensures that all key voices across the financial ecosystem are represented.

More than a governance framework, this community acts as a catalyst to develop pragmatic studies, tools, and methodologies designed to directly benefit public and private actors and generate measurable impact on the real-world economy. Through its members, the Observatory advances research, data analysis, tool development, capacity building, and multistakeholder coordination, while also driving advocacy initiatives.

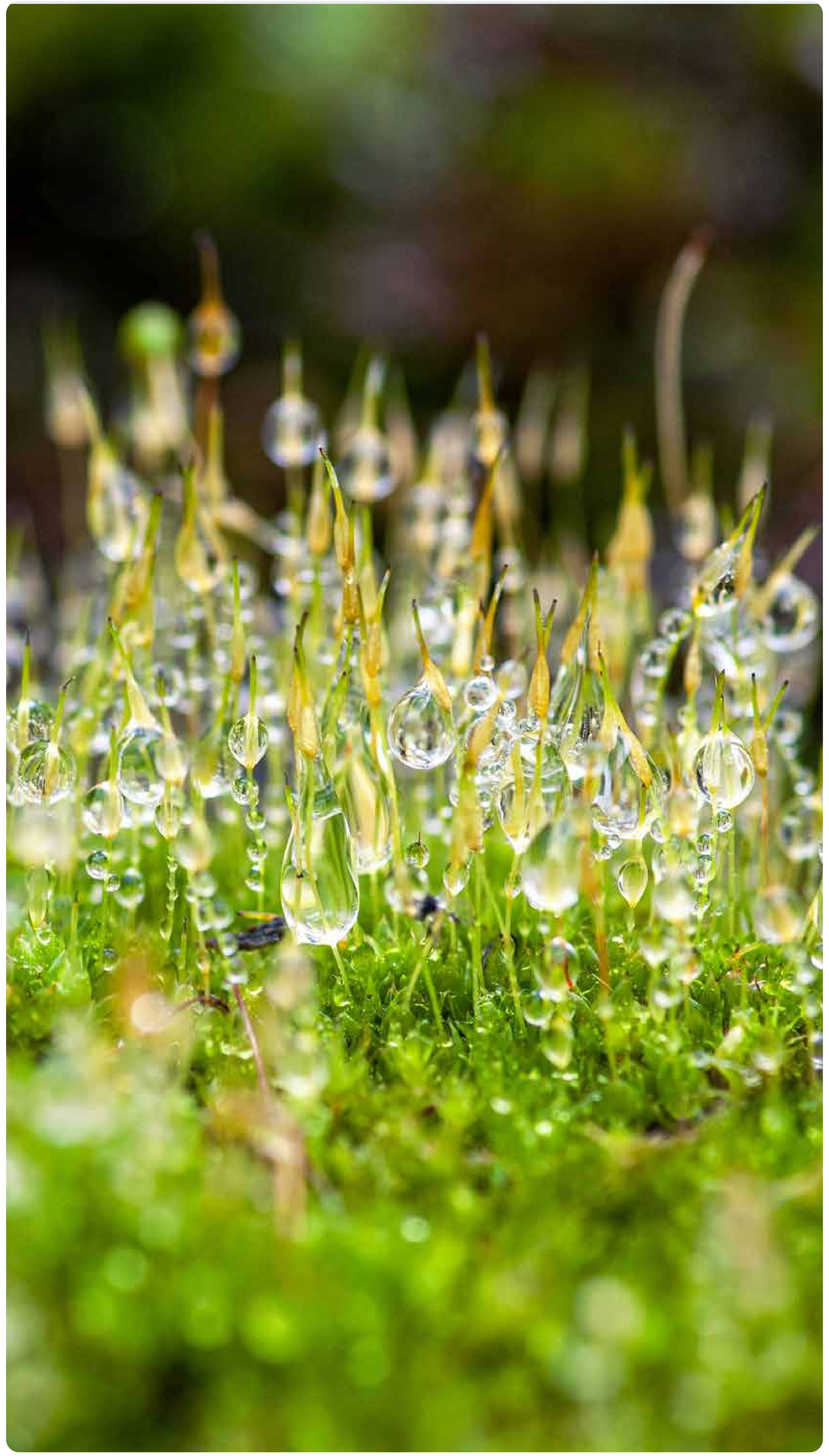
These collective activities are structured around our three core pillars:

1. **Transparency** — monitoring financial institutions' sustainability practices and commitments;
2. **Impact** — assessing the real economy outcomes of financial products; and
3. **Bankable Sustainable Solutions** — creating demand by developing scalable, bankable models that align with investors' requirements and objectives.

By fostering dialogue and joint initiatives among leading actors in France and internationally, SFO's membership structure not only ensures an inclusive governance but also amplifies collective impact, making it a unique platform for partners and funders seeking systemic change.

Our Members

- République Française – ADEME
- AEW
- AFD
- e!
- AXA Climate
- Caisse des Dépôts
- Climate Bonds Initiative
- Climate Policy Initiative
- Colombus Consulting
- ecoact
- EthiFinance
- FIR Forum pour l'Investissement Responsable
- I4CE Institute for Climate Economics
- Institut de la Francophonie pour le Développement Durable IFDD
- k
- La Banque Postale
- Lyon Place Financière
- Meridiam
- Mouvement Impact France
- NEC
- Nexialog Consulting
- NTW Nuclear Transparency Watch
- Oxfam France
- PARC
- PortailRSE
- re.boot
- Reclaim Finance
- Ring Capital
- TP ICAP
- tutélaire Mutuelle Humaniste
- urgewald
- Zencap Asset Management



PART 04

Our Partners

In 2024, the Sustainable Finance Observatory implemented 7 projects, spending over €1.6 million, in collaboration with more than 50 partners: international organisations, European Institutions, National governments, financial regulators, public and private financial institutions, corporates, academia, think tanks, civil society.

→ Message from Romain Poivet, Climate and Energy Engagement Lead, World Benchmarking Alliance // Board Member, Sustainable Finance Observatory

I'm really happy and honoured to join the Board of the Sustainable Finance Observatory which I attended the birth of this great unique organisation a few years ago through the Finance ClimAct project. While sustainable finance is so critical to support the overall transition of the economy everywhere in the world, I do encourage transition experts from different horizons to join the Sustainable Finance Observatory!

The new momentum and exciting projects of Sustainable Finance Observatory are critical to support the collective effort regarding transition finance acceleration. Combining transition finance expertise and observatory skills, the Sustainable Finance Observatory is an independent change-maker to support the transition finance challenges.

Sustainable finance OBSERVATORY

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