
Developing Sustainable Energy Investment (SEI) Metrics, Benchmarks, and Assessment Tools for the Financial Sector

The SEI Metrics research project aims to develop a climate performance framework and associated investment products that measure the exposure of financial portfolios to the new climate economy. The metrics, benchmarks, and tools will enable investors to align their portfolio with energy-technology roadmaps, such as those published by International Energy Agency (IEA) in the annual World Energy Outlook. Key outputs of the project include 2° investing criteria and benchmarks for financial assets and portfolios. The project runs from March 2015 to March 2018 and mobilises over €2.5m in funding, notably from the European Commission Horizon 2020 program.

By working across the entire sector from corporates to asset owners, as well as involving policy makers, the SEI Metrics project will impact trends in capital allocation and ensure optimal exposure of financial institutions to climate change.

The project will enable:

- **Public financial institutions and development banks** to set climate finance targets and report on their performance;
- **Asset managers** to develop 2° investing funds and develop green marketing strategies;
- **Index providers** to develop diversified 2° investing benchmark indices for long-term investors;
- **Asset owners** and banks to set quantifiable progress targets on climate performance and assess the exposure of their portfolios to energy transition scenarios;
- **Public authorities** to integrate climate performance metrics into disclosure requirements and finance sector incentives.

Consortium Members

The SEI Metrics research consortium is led by the 2° Investing Initiative (2°ii). It comprises:

- Universities and public research laboratories: Frankfurt School of Finance & Management, Universität Zurich, Centre International de Recherche (CIRED),
- Financial services provider Kepler-Cheuvreux,
- The Climate Bonds Initiative (CBI),
- The CDP,
- WWF Germany and WWF European Policy Office.



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The 2° Investing Initiative [2°ii] is a multi-stakeholder think tank working to align the financial sector with 2°C climate goals. If you are interested in the project and want to find out more:

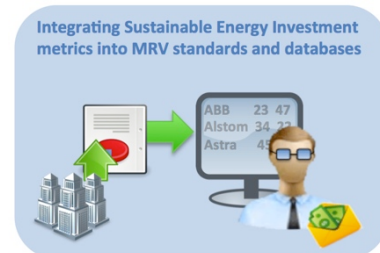
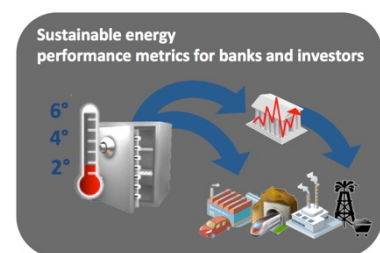
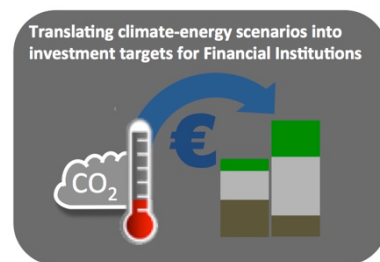
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Approach

- 1) Designing an **energy investment roadmap for the financial sector**, which will provide quantitative investment targets for financial institutions and translate investment roadmaps for the energy sector into climate financing roadmaps for the finance sector.
- 2) Developing a methodology to assess the **climate performance of financial assets**, which will be road-tested on companies and analysts from ten sectors and then adapted to real estate and other assets, including government bonds and consumer credit.
- 3) Creating an assessment framework to measure **the exposure of portfolios and loanbooks to the 2° C economy**. The assessment framework will be road-tested with financial institutions and inform technical annexes of climate-related investment mandates
- 4) Integrating **climate performance data** into the main measurement, reporting and verification standards and databases used by financial institutions.
- 5) Launching a standard **toolbox for investors**, including benchmark indices and portfolio optimization tools.



Project milestones

Report	Due Date
Draft guidance for institutional investors on setting climate performance targets	March 2015
Final guidance for institutional investors on setting climate performance targets	May 2015
Development of standardized technical annexes for climate-related investment mandates	October 2015
Study on carbon / climate reporting needs for investors	October 2015
A financing roadmap for the 2° C economy (in partnership with Accenture)	November 2015
Launch of 2° investing index	December 2015
Methodology for assessing the alignment of financial assets with the 2° C economy	March 2016
Methodology for assessing the alignment of financial portfolios and loan books with the 2° C economy	June 2016
Update: A financing roadmap for the 2° C economy	September 2016
Launch of 2° Investing investor ‘toolbox’	December 2016
Financial policy recommendation	June 2017

If you are interested in keeping up to date with the SEI Metrics project and getting involved, please refer to the contact details below.