**ABOUT 2°ii**

**2011**
November 2011 – Inception of the 2° Investing concept: conference.

**2012**
October 2012 – Official creation of the 2° Investing Initiative

December 2012 – 2°ii first report release + launch conference at Caisse des Dépôts - ‘Connecting the dots between climate goals, portfolio allocation and financial regulation’.

**2013**

July 2013 – Launch conference of the ‘From financed emissions to long-term investing metrics’ report, in partnership with ADEME, AFD, Caisse des Dépôts, French Ministry of Environment, and with the support of UNEP-FI and ABC.

November 2013 – 2°ii concretizes its first step in China with 3 presentations during the Sustainable Finance Week in Beijing.

**2014**
June 2014 – Partnership to contribute to the IEA World Energy Investment Outlook.

November 2014 – 2° Investing Initiative gets the European Commission grant Horizon2020 – 2,3 Million Euros for 7 organizations with project SEI Metrics.

November 2014 – Launch of report “Energy Transition and Optimal Diversification: The role of equity benchmarks”.

November/December 2014 – 2° Investing Initiative receives funding from the Wallace Foundation and the V.K Rasmussen Foundation to develop operations, research and dissemination in the United States.

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The 2° Investing Initiative (2°ii) is an international think tank focused on connecting the dots between climate goals, investment frameworks and financial policies.

2°ii acts as a multi-stakeholder think tank bringing together financial institutions, issuers, policy makers, research institutes, experts, and NGOs. Dedicated to research, awareness raising, and advocacy in order to promote the integration of climate constraints in financial institutions’ investment strategies and financial regulation, 2°ii facilitates diffusion of knowledge and coordinates research projects.

**Status:** non profit, non-commercial, non-partisan, member-based organization  
**Offices:** office in Paris, New York and liaison in London open in 2015  
**Budget:** 617,000 Euros in 2014, 1.6-1.8 Million Euros in 2015

### Core concept: Connecting the dots between climate goals, investment frameworks, and financial policies

The financial sector (institutional investors, banks, and financial service providers) plays a key role in the reallocation of capital in line with 2°C climate goals. We call this mobilization and the related changes in investment frameworks ‘2° investing’. The role of the financial sector in this mobilization can be mapped as follows:

**Supplying investment capital to make the 2° transition happen:** Financial institutions and policy makers influence the supply of capital for both ‘green’ and ‘brown’ activities through their decisions framework.

**Anticipating changes in the demand of capital:** The introduction of more stringent carbon policies, new technologies, and the potential development of climate litigation will change the risk-adjusted returns of different financial assets, creating financial risk and opportunity.

### Identified barriers and related work streams

Public and private financial sector stakeholders face key barriers in response to these objectives. These barriers are grouped within three categories, tackled by 2°ii work streams: metrics, processes, and policies.

#### 2° investing metrics

Address the ability of the financial sector to measure their contribution to and/or alignment with financing the transition to a low-carbon economy, and the potential for associated financial risk and opportunity.

#### 2° investing processes

Focus on the role of mainstream practices, financial products, and institutions and the extent to which they create barriers and/or opportunities for 2° investing.

#### 2° investing policies

Address the financial sector-specific regulatory and policy framework influencing the incentives around financing the transition to a low-carbon economy.

### Mission and activities: Research & engagement

**Research activities** include multi-year research programs, thematic studies, and policy papers.

**Engagement activities** include workshops, seminars, etc. to support research; collaborative projects to build multi-stakeholder consortiums and raise funds; provision of free technical support to policy makers and NGOs, and dissemination of findings at conferences, seminars, bilateral briefings, etc.
**INCLUSIVENESS**

*We seek genuine inclusion of all stakeholder groups* in research projects, engagement activities, and governance of affiliated entities, including members and board members. By implementing this approach, we aim to ‘bridge the gap’ between groups that don’t traditionally work together and secure multilateral support as facilitators for soft or hard policy making (e.g. standard development, disclosure requirements).

At a governance level, these principles apply both to research activities and engagement activities that are core elements of all actions undertaken by existing 2° Investing entities. The principle is embedded in the bylaws: the board of the association is obliged to provide a public, detailed justifications if it declines a membership application. The board of the 2° Investing Initiative includes a diverse range of stakeholders that do not typically work together, including BankTrack (probably the most activist environmental group in the financial sector), Caisse des Dépôts, a government representative, and an asset manager.

At project a level, the participation of target stakeholder groups ensures buy-in for ideas and recommendations, and increases impact. For example, 2°ii created a panel of French economists and practitioners to get critical feedbacks on its project related to the inclusion of climate-related criteria in tax incentives on savings. To our knowledge we are the only organization in this industry with this governance model worldwide.

2°ii-Paris provides the services of a free technical back office for certain member organizations and partners, such as the French and German ministries of environment, environmental advocacy NGOs (Greenpeace, Climate Action Network, WWF France), standard-setting organizations (GHG Protocol), and international organizations (UNEP-F, UNEP Inquiry).

**NON-DUPLICATION**

Project development starts with a review of existing and upcoming work streams that might overlap with our work. 2° Investing Initiative then *systematically* engages with relevant stakeholders, regardless of their background (cf. inclusiveness principle) with the objective of avoiding duplication and creating economies of scale, opportunities for cross-fertilization, and trust between stakeholder groups.

This approach gives 2° Investing Initiative a research and activity focus on topics that are both *gaps* in the overall ecosystem research pipeline and *connectors* between different topics and disciplines. For example, the SEI metrics project that develops investor-oriented climate metrics bridges gaps between organizations specialised in climate modelling, policy-making and financial data analysis.

**RESEARCH INDEPENDENCE**

2° Investing Initiative’s research is unbiased and pursued independently from any of its stakeholders and financial contributors. All research projects are developed in line with 2° Investing Initiative’s mission. This status of independence is crucial to the development of objective approaches, acceptable to all stakeholders.
### ACTIVITIES

#### 2°ii IMPACT 2012-2015

**Dissemination of research and ideas:** what follows is a sample of studies produced by 2°ii between 2012 and 2015. These studies served as medium to back engagement activities on key 2°ii concepts. The 2014 studies are presented more in detail on page 11 and 12 of this report.

<table>
<thead>
<tr>
<th>Study title</th>
<th>Partners</th>
<th>Did the piece gain traction?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecting the dots between climate goals, portfolio allocation and financial regulation (2012)</td>
<td><strong>Funders:</strong> authors on personal funds</td>
<td>★★★★★ The report itself is never referenced and enjoyed limited readership, but it was the building block of 2°ii engagement activities. The French and German governments, the EU DG Climate report, and the UNEP Inquiry have largely adopted the original concept and endorsed at least in part the specific recommendations.</td>
</tr>
</tbody>
</table>
| From financed emissions to long-term investing metrics: State-of-the-art review of GHG-emissions accounting for the finance sector (2013) | **Funders:** ADEME (French Environment Agency), AFD (French public bank), Caisse des Depots  
**Partners:** UNEP-Fi, ABC | ★★★★★ The report is the international reference document on this topic, used as a basis to develop an international standard by the GHG-Protocol and UNEP-Fi. 2°ii has been invited to join GHG Protocol and UNEP-Fi to co-develop the standard and contribute its research. In the aftermath of this study, 2° Investing Initiative was invited to provide expert input by a number of parties, including French Members of the Parliament, NGOs, industry experts, and the French treasuries. In June 2015, the draft of the Law on the Energy Transition includes a number of points mentioned by 2°ii during these bilateral consultations (article 48, renamed article 173). A follow-up report to this 2013 study has been published in 2015. |
| Optimal Diversification and the Energy Transition: equity benchmarks and portfolio diversification (2014) | **Funders:** Allianz, HSBC  
**Partners:** MSCI ESG Research, Morningstar (providing data) | ★★★ Workshops have been organized in NYC and London gathering 100 key index providers and asset managers (e.g. MSCI, FTSE, Russell, S&P, Blackrock, Amundi, etc.). An internal seminar has been organized at Allianz group H.Q, involving representative from key business units to discuss the findings. The key findings are now part of the debate on low-carbon indices, raising crucial questions in the development of mainstream benchmarks. |
| Study on aligning fiscal incentives on savings with climate goals (to be published in July 2015) English summary | **Funder & partner:** French Prime Minister’s Office (France Stratégie), French Ministry of Environment [CGDD],  
ADEME (French Environment Agency), | ★★★ Report not yet published. All key stakeholders have been actively involved in research and review of preliminary findings including the Treasury, the Central Bank, market authorities, key economists from banking, the insurance sector and academia. The process helped mobilize the actors on the question of the introduction of tax incentives to serve a 2° investing scenario. The logical next step prior to the implement tax incentives would be mandatory disclosure. |
| Financial risk and the Transition to a low carbon Economy (to be published July 2015) and the related Climate Week seminar | **Funders:** French Ministry of Environment [CGDD], and European Investment Bank  
**Partners:** UNEP Inquiry, CDC Climat | ★★★ A discussion paper has been circulated and helped inform a one day seminar during Paris’ Climate Week, gathering all the global experts including Moody’s, S&P, Mercer, etc. It helped engage with the Bank of England and the FSB, and garnered an invitation to China by the ICBC to present our findings. The process also led to a partnership with S&P, Oxford, and CTI to integrate carbon risk in their S&P credit rating model and develop a ‘stranded asset’ global database. In June 2015, the projects has been presented to funders, the funding decision is to be confirmed in November 2015. |
Building capacities and skills: Based on our track record between 2012 and 2015, 2°ii assessed the number of organizations reached and engaged through conferences, workshops, and one-on-one meetings. Engagement activities in 2014 are presented more in detail on page 13 to 16 of this report.

Since its inception, 2°ii has reached approximately 190 stakeholders in Europe and partnered with more than 40 of them.

If ties between 2°ii and the SRI community are strong, an increasing number of mainstream financial organizations attend our events, showing evidence that 2°ii messages are spreading beyond mobilised groups.

2°ii also shows a good capacity to engage stakeholders with traditionally low levels of interest on the topic as project partners.

1) Reached – the representative of the organization has been exposed to a presentation or face-to-face meeting.
2) Contribute - the representative of the organization contributes as a speaker, takes part in working groups, and provides feedback on studies.
3) Partner – the organization becomes a member, co-author of a project, or participant in a research project.

Based on the 2012 to 2015 track record, 2°ii’s research and positions got traction in the policy field, with 2°ii input being reflected and sometimes mentioned at a global and local level.

<table>
<thead>
<tr>
<th>Stakeholder groups and organizations</th>
<th>Level of engagement reached in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reached¹</td>
</tr>
<tr>
<td>Target groups already mobilized on the topics</td>
<td></td>
</tr>
<tr>
<td>ESG data providers (about 10 – e.g. MSCI, Sustainalytics)</td>
<td>13</td>
</tr>
<tr>
<td>Index providers (about 5-7 – e.g. FTSE, MSCI, Solactive)</td>
<td>5</td>
</tr>
<tr>
<td>Asset managers SRI/SD teams¹</td>
<td>30-35</td>
</tr>
<tr>
<td>Asset Owners SRI/SD teams (public and private)</td>
<td>20-25</td>
</tr>
<tr>
<td>Banks SRI/SD teams (incl. public banks and country branches)</td>
<td>30-35</td>
</tr>
<tr>
<td>Targets groups showing interest on the topics</td>
<td></td>
</tr>
<tr>
<td>Environmental Ministries/Agencies</td>
<td>6</td>
</tr>
<tr>
<td>European DGs and agencies</td>
<td>3</td>
</tr>
<tr>
<td>Credit rating agencies (S&amp;P, Moody’s, Fitch)</td>
<td>3</td>
</tr>
<tr>
<td>Financial data providers (Bloomberg, T.Reuters, Factset…)</td>
<td>4</td>
</tr>
<tr>
<td>Sell-side equity research</td>
<td>5</td>
</tr>
<tr>
<td>Asset owners core ops teams</td>
<td>10</td>
</tr>
<tr>
<td>Asset managers core ops teams</td>
<td>15</td>
</tr>
<tr>
<td>Banks core ops teams</td>
<td>6</td>
</tr>
<tr>
<td>Investment/Generalist consultants (Mercer, Accenture, PWC)</td>
<td>12</td>
</tr>
<tr>
<td>Target groups showing no or very limited interest on the topic so far</td>
<td></td>
</tr>
<tr>
<td>Prime Ministers office / Presidency</td>
<td>2</td>
</tr>
<tr>
<td>National treasuries</td>
<td>6</td>
</tr>
<tr>
<td>Central Banks, Financial Market authorities &amp; Prudential authorities</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level of integration of knowledge</th>
<th>Mentioned¹</th>
<th>Referenced²</th>
<th>Collaboration³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption in high level statement and papers, demonstrating intent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International financial policy-makers (G7, G20, EC, etc.) or quotes from governments and regulators</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Integration of the topic in a working programme, demonstrating actual adoption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch of a dedicated white paper, working group…</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Integration of the topic in an existing work stream</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Integration in new policies actually implemented</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integration in an article of law</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Integration in mandatory implementation guidelines</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
In 2014, 2° Investing Initiative collaborated with 28 organizations and other stakeholders on research, studies, seminars and workshops.

### TECHNICAL PARTNERSHIPS

- ADEME
- CDC Climat Recherche
- CDP (Carbon Disclosure Project)
- Climate Bonds Initiative
- CGDD (French Ministry of the Environment)
- France Strategie (French Prime Minister’s Office)
- CIRED/SMASH
- European Commission
- GHG Protocol
- Frankfurt School
- Kepler Cheuvreux
- MSCI
- Morningstar
- IISD (International Institute for Sustainable Development).
- International Energy Agency
- University of Zurich
- UNEP Finance Initiative
- UNEP Inquiry
- WWF

### FUNDERS

- ADEME
- APREC/AFD
- Allianz Climate Solutions
- AXA Group
- CDC
- CDC Climat
- CGDD (French Ministry of the Environment)
- France Strategie, French Prime Minister’s Office
- CIRED/SMASH
- ERAFP
- Finance Watch
- HSBC
- UNEP Inquiry
- V. Kann Rasmussen Foundation
- Wallace Global Fund

### CO-ORGANISERS

- Carbon Tracker
- CDP
- Finance Watch
- Kepler Cheuvreux
- International Energy Agency
- UNEP Finance Initiative
- MSCI
- South Pole group
- WWF
Energy Transition and Optimal Diversification – The Role of Equity Benchmarks, supported by HSBC, Morningstar, and Allianz, Nov 2014.

Context
This study examines the influence of market-capitalization weighted indices and their use as “market proxies” for optimal diversification from a carbon perspective. It reviews the use of six large cap-weighted indices that are among the dominant equity indices used by funds today. The study concludes by mapping the way forward for investors, both in terms of the potential current alternatives and ‘new tools’ that are broadly diversified from an energy technology and sector perspective.

Key Findings
- Indices are used as sector allocation guidelines. They are identically replicated in portfolios by a growing share of investors called passive investors.
- Indices are meant to help investors ensure optimal diversification. However, they are not a suitable tool to manage energy technology diversification and tend to overweight high-carbon technologies.
- Conclusion: Investors using indices for investment decisions are not optimally diversified and are likely over-exposed to high-carbon technologies. Moreover, this exposure is not explicitly managed but rather an implicit result of investor’s investment processes. This may be a potent barrier in mobilizing private sector capital for climate finance.

Implications for Investors
- Investors that are not managing energy technology diversification can likely be exposed to significant idiosyncratic risk. Specifically, passive investors can be affected by this type of risk.
- Investors replicating these indices make a bet on a certain future, as reflected by the index constituents and their investment decisions in certain technologies representing that future.
- There is a need for new indices that allow investors to manage their energy technology exposure.

Carbon risk for financial institutions – Perspective on stress testing and related risk management tools, 2° Investing Initiative and UNEP Inquiry, October 2014
This working paper defines the concept of carbon risk, and identifies a number of gaps in the risk analysis of financial institutions. This paper paved the way to a longer study on risk assessment frameworks to be published by 2°ii and UNEP Inquiry in 2015.

The turtle become the hare – The implications of artificial short-termism for climate finance, 2° Investing Initiative, October 2014
This paper reviews the diversity of time horizons in the investment chain, from the lifespan of a physical asset to the turnover of a portfolio. It differentiates natural short-termism from artificial short-termism, the latter resulting from a number of current practices of financial actors, including rating agencies, data providers, and equity analysts.

2°ii provided data collection and analysis support for the energy roadmap’s sources of financing for the financial sector.

Alignment of Investment Strategies with Climate Scenarios: Perspectives for Financial Institutions. Chapter of the UNEP Inquiry and IISD’s “Greening the Chinese financial system” programme, November 2014
In a chapter on “Assessment Frameworks and Benchmarks,” 2°ii reviews policy debates on greening the financial system in Europe and China and explores how the two systems can complement each other.

2°ii collaborated with 40 experts on a green task force for the People’s Bank of China.
**Taxation on savings and investment allocation: What are the effects on long-term financing and the transition to a low-carbon economy?**

In collaboration with France Stratégie (CGSP), and supported by ADEME and CGDD/MEDDE, to be published in June 2015.

The study examines whether the French tax system on household savings contributes to financing long-term investments and the energy transition. It first traces back the composition of French households investment portfolios, thereby assessing the contribution of household savings to long-term financing. The study then reviews French tax breaks on savings. It analyses their consistency with the goal of financing the energy transition. A number of recommendations are formulated to improve tax breaks to better steer investments towards the energy transition.

**Shifting Private Capital towards Climate-Friendly Investment: The Role of Financial Regulatory Regimes**

In collaboration with Triple E Consulting, Frankfurt School of Finance and Management - UNEP, Climate Bonds Initiative, CDC Climat Research, Climate Policy Initiative, CDP, Climatekos, and Get2C, February 2015.

The report focuses on the recommended role the EU and its institutions can play in shifting private capital towards climate-friendly investments, via its budgetary, regulatory, and policy framework as well as engagement activities. It builds off a diverse existing body of literature, with the objective of linking existing analysis of barriers, proposing tools, and attempting to understand their potential to increase institutional investors’ portfolio exposure to green, low-carbon assets. In particular, this report demonstrates the linkages needed to bridge climate policy goals and institutional investor portfolios. The report examines the ‘state-of-play’ in terms of investor exposure to climate-friendly investments, as well as the main challenges in achieving a shift in capital. Solution pathways are explored through three investor lenses: “Business-As-Usual positioned investor”, “long-term risk aware investor”, and “climate-friendly investor”. The report was mandated by DG Clima and the European Commission, and written by a consortium of ten institutions, facilitated by 2° Investing Initiative.

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**2014 WORKING PAPERS AND CONTRIBUTIONS RELEASED IN 2015 AND 2016**

Chapter 4 of the Environomist report “China carbon market research” in collaboration with the IFC and Southpole for the Chinese financial sector. Published in February 2015.

**Contribution to the WRI and UNEP-FI paper “Carbon Asset Risk Guidance”**. Published in October 2015.

**Chapter “Alignment of Investment Strategies with Climate Scenarios: Perspectives for Financial Institutions”** as part of the UNEP Inquiry and IIID’s “Greening the Chinese financial system” programme.

**UNEP FI-GHG Protocol standardisation on financed emission methodology** written contribution. To be published in January 2016.
**ACTIVITIES**

**STAKEHOLDERS ENGAGEMENT**

**Conferences and Workshops**

*In 2014, 2° Investing Initiative organized and co-organized 16 workshops and conferences*


Morning session “State of the art of financed emissions methodologies” – 2°ii and MSCI ESG Research (25 February 2014, New York City) in collaboration with UNEP-FI, 55 participants.

**Speakers:**
Doug Cogan, MSCI ESG Research
Chris Fowle, Carbon Disclosure Project (CDP)
Annie Degen, UNEP
Cynthia Cummis, World Resources Institute (WRI)
Linda-Eling Lee, MSCI ESG Research
Stan Dupré, Executive Director, 2°ii

**Purpose & impact:** The conference marked the launch of the 2° Investing Initiative study “From financed emissions to long-term investing metrics: State-of-the-art review of GHG-emissions accounting for the financial sector in North America.” This conference was meant as a training session on carbon metrics for financial institutions, investment consultancies and data providers. The event allowed participants to understand the shortcomings of current carbon metrics and discuss the next steps.

**Workshop - afternoon session 1, “Defining carbon risks and exploring materiality for financial institutions.” organized by 2°ii and MSCI, in partnership with CDP and GHG Protocol (25 February 2014, New York City), moderated by Jakob Thomä (2°ii).**

**Purpose & impact:** Presentation of 2°ii working paper “Landscaping Carbon Risk.” With a discussion about future carbon metrics and carbon asset risks, the workshop introduced the idea that a risk material at company level is not automatically ‘transferred’ to the investor holding the related security.

**Workshop, afternoon session 2, “The use of benchmark indexes as investment guidance implications for risk exposure & climate finance.” organized by 2°ii and MSCI (25 February 2014, New York City), moderated by Ulf Clerwall (2°ii).**

**Purpose & impact:** Presentation of the first results of the study lead by 2°ii in collaboration with HSBC and Allianz. The workshop was designed to allow financial institutions to provide feedback on how and why mainstream indexes are used, and what the main obstacles to the alternative indices adoption are. The feedback received fed the study to be released later in 2014.

**Conference “Moving Toward Climate Resilient Investments,” WWF/UNEP-FI/2°ii, Climate KIC and South Pole Carbon (March 11-12, 2014, Zurich), 50 participants. Composed of 3 workshops:**

- **Workshop 1:** From status quo to state-of-the-art in climate impact measurement
- **Workshop 2:** Overcoming the main barriers to private capital reallocation
- **Workshop 3:** Opportunities in building climate resilient portfolios

**Speakers included:**
Maximillian Horster, South Pole Group
Matthias Kopp, WWF Germany
Gregory Elders, Bloomberg
Mats Andersson, AP4
Stan Dupré, 2°ii

**Purpose & impact:** The conference examined the business models of commercial and public banks, investment banks, asset managers and asset owners. 2°ii moderated a brainstorming session on the possible options to develop climate-friendly indices and presented the findings of the « landscaping carbon risk » paper.

15 Participants, including:
ASN Bank  Proundo
ING  La Francaise AM
La Banque postale

Purpose & impact: The Amsterdam workshop was part of the ‘roadshow’ set up in collaboration with CDP to discuss the outcome of 2°ii’s working paper, “Landscaping Carbon Risk”, after New York and Zurich.

From ESG corporate communication to ESG performance indicators: Boosting the impact, legitimacy, and market share of responsible investment” Finance Watch/2ii, (21 May 2014, London)

30 participants, including:
Pictet Asset Management
Caisse des Dépôts
Standard Life
Fidelity
GABV

Purpose & impact: The workshop was designed to collect input from industry leaders on SRI reporting practices, challenges, barriers, and evolution of the industry. Questions focused on reporting ESG impact, rather than practices and necessary regulatory developments. This workshop fed Finance Watch’s policy pipeline for a better reporting regulation. 2°ii’s role was to bring expertise on existing impact metrics and enhance understanding of the current regulatory frameworks around ESG disclosure.

Advisory panel meetings ”Taxation on savings and investment allocation: What are the effects on long-term financing and the transition to a low-carbon economy?” organized by France Stratégie and 2°ii (13 March 2014, 10 October 2014, 27 May 2014), [France Stratégie, Prime Minister Office]

32 members, including :
French Treasury
CEPII (research center)
Cour des Comptes (French Revenue Court)
French Ministry of the Environment
AXA
Banque de France (French Central Bank)

Purpose & impact: The advisory panels were designed to collect intermediary feedback on the research study “Taxation on savings and investment allocation: What are the effects on long-term financing and the transition to a low-carbon economy?” This workshop presented the opportunity to discuss the current inefficiencies of French tax breaks on savings to financing the energy transition with policy makers and regulators. The study is to be released and endorsed by France Stratégie in 2015.


20 participants, including:
European Commission DG ENER
European Commission, DG MARKT
European Commission, DG CLIMA
European Commission, DG ENV
OECD

Purpose & impact: These workshops were designed to collect intermediary feedback and present the final study ‘Shifting Capital to friendly investment’s to investors and the European Commission DGs. This study was commissioned by the European Commission and contains a number of recommendations.


20 participants, including:
ADEME
BPI France
Caisse des Dépôts
CDC Climat
Demeter Partners
Eurazeo PME
Canopée Finance Conseil
NEF
Novethic
PAM Partners
GIMV
Omnes Capital
Eurofide (Mirova)
123 Venture
Auriga

Purpose & impact: In the context of its study on “SMEs, Innovation, R&D, and financing the energy transition” and in partnership with ADEME, 2°ii presented the conclusion of a series of interviews and research on private equity and other investors’ integration of climate goals into investment strategies. The workshop highlighted the lack of existing metrics necessary to assess SMEs performance and innovative contribution to the energy transition. It also assessed the role that public policy has in signaling the transition, and its implication for receptive private actors. The outcome of this discussion is now informing 2°ii’s contribution to the French Ministry of the Environment’s upcoming policy recommendations for the energy transition.

Speakers included:
Malachy McAllister, HSBC
Fabian Kesicki, International Energy Agency
Christopher R. Kaminker, OECD
James Leaton, Carbon Tracker Initiative
Stan Dupré, Executive Director, 2°ii

Purpose & impact: The conference presented the World Energy Outlook 2014 special report on investment, which included contributions from 2° Investing Initiative. The purpose was to present the development of 2° investment roadmaps. The contribution was key to the development of the SEI metrics project, in partnership with the International Energy Agency.


21 participants, including:
FTSE PRI,
HSBC Amundi
Allianz WHEB,
BoFAML Standard Life
UNEP Inquiry Corporate Knights

Purpose & impact: Intermediary presentation of 2°ii working paper of the same name to involve market players on the incongruence of passive investing with financing the energy transition. This workshop fed knowledge into PRI (Principle for Responsible Investment) research on passive investments.


15 participants, including:
Allianz Global Investors
Allianz Climate Solutions
MSCI
Solactive
Ecofys
Frankfurt School

Purpose & impact: Presentation of optimal diversification report to funders, portfolio managers, and selected invites. The study challenges the current practices in the field of carbon-indices. The workshop allowed an in-depth technical conversation with practitioners on the various options available.


15 participants including:
MSCI
HSBC
ERAFP
Mirova
Caisse des Dépôts
CDC Climat

Purpose & impact: On the road to the COP 21 and after the Montreal and PDC decarbonisation pledges, the workshop was designed to discuss the role of carbon metrics, appropriate reporting strategies, and related reputational risk with a small number of practitioners. This workshop fed the « climate strategies and metrics » report published by 2°ii, GHG Protocol and UNEP-FI. Published in May 2015 and presented at the 19th of May 2ii conference (financed by Ademe and the European Commission).
Conference “Climate-related Investment Products and Indices, Options for Investors”, 2°ii/MSCI, in partnership with Carbon Tracker Initiative (Dec. 8, 2014, New York City) 92 participants.

**Morning session:** Managing Portfolio exposure to climate change.
**Workshop 1.** Climate-related equity indices and funds.
**Workshop 2.** Understanding climate exposure for bond portfolio.

**Speakers included:**
- Thomas Kuh, MSCI, ESG Indices
- John Wunderlin, Carbon Tracker Initiative
- Linda Eling Lee, MSCI, ESG Research
- Mariela Vagrova, Rockefeller & Co, Asset Management
- Stephen Freedman, UBS, Wealth Management
- Gabriel Thoumi, Calvert

**Purpose & impact:** This workshop presented the current challenges to measuring and understanding the carbon risk and climate performance of financial portfolios. The workshop educated key investors and market players about the different methodological approaches to integrating carbon criteria in asset management. It drew attention to related implications for financial practices and products, especially passive investment, index tracking, and the management of bond portfolios.

**CONSULTATIONS**

In 2014, 2° Investing Initiative provided expertise and insight on six high profile consultations

**The French Law on the Energy Transition (Spring 2014)**
2° Investing Initiative was invited to provide expert input by a number of parties, including French Members of the Parliament, NGOs, industry experts, and the French treasury. The final draft of the Law includes a number of points recommended by 2°ii during these bilateral consultations (article 48, renamed article 173). The outcome of these law have been widely shared by 2° Investing among its network of experts, practitioners, and journalists via its May 19, 2015 newsletter.

**Chinese public stakeholders (November 2014)**
2° Investing Initiative was invited to contribute to a small workshop on greening the financial system with the People’s Bank of China (Chinese central bank), the Development Research Center of State Council (DRC), and the Chinese Treasury, in collaboration with 10 other experts, in the context of the UNEP Inquiry. As an outcome of this meeting, the DRC and the People’s Bank of China have issued a green paper proposing up to 50 regulatory changes intended to green the financial system.

**European Investment Bank’s Board of Directors Seminar with Civil Society, EIB (February 3, 2014, Luxembourg).** This Seminar was the opportunity to expose 2°ii approach and concepts. As a result, the EIB board invited 2°ii the next year to speak in the panel.

**The new European Commission** requested 2°ii expertise on regulatory changes to mainstream SRI practices. Other invitees included Blackrock, Nordea, and Deutsche Bank (Oct. 8, 2014, Brussels).

**The Chinese and French governments**, requested 2°ii expertise and support to collaborate with French and Chinese NGOs on environmental challenges and preparation for COP21 in the Embassy of France in Beijing (9-10 Sept. 2014, Beijing)

**Finance Watch**, solicited two written contributions from 2°ii on “ESG reporting needs for corporates and regulators” and “Regulatory opportunities to increasing the impact of ESG reporting” to help build Finance Watch’s capacity on SRI practices and regulatory issues to feed their advocacy pipeline (May 2014).
**KNOWLEDGE SHARING**

*In 2014, 2°ii was invited to contribute to 7 working groups, attended 4 advisory committees and briefed 3 investors and foundations on 2° investing related topics*

**Contribution to working groups**

- Working group member of the Energy Transition Label (Label Transition Energétique) by the French Ministry of Ecology, Sustainable Development, and Energy.
- Working group member of Globe-EU European Parliamentarians expert group in collaboration with European partners for Environment and EuroSIF.
- Working group member on guidelines for GHG accounting for the financial sector, lead by ADEME, ORSE, and Association Bilan Carbone.

**Contribution to advisory committees**

- Advisory committee member of the project “Guidelines for the accounting and reporting of Scope 3 GHG emissions by financial intermediaries” from the GHG Protocol and UNEP-FI. 2°ii is now co-leader of the initiative with GHG Protocol and UNEP-FI.
- Advisory committee member of the “Stranded Assets Research Programme” of the Smith School for Enterprise and the Environment of the the University of Oxford.
- Advisory committee of the Carbon Tracker Initiative.
- Advisory committee member of the NYSE Euronext’s “Low Carbon Index.” 2°ii now ensures the technical secretariat of the index.

**Presentation of 2°ii research findings to investors and foundations:**

- Presentation of 2°ii to IRCANTEC administrators (30 September 2014, Angers).
- Presentation of 2°ii research pipeline to the Rasmussen Foundation (20 November 2014, Copenhagen).
ACTIVITIES

VISIBILITY AND DISSEMINATION

In 2014, 2°ii was invited speak in 13 events, and presented its research to 4 Master programmes

2°ii as speaker in conferences:

- Speaker at “Financing the Green Transformation” Symposium, Heinrich Böll Foundation (5 May 2014, Berlin).
- Speaker in a panel on the role of private finance for the European Horizon2030 policies organized by Scottish Enterprise in the context of the Sustainable Energy Week (24 June 2014, Brussels).
- 2°ii presentation at UniCredit Seminar (3 July 2014, Milan).
- Speaker in a seminar by the Rockefeller Brothers Foundation on finance and climate including, among others, Carbon Tracker, CDP, AODP, and Ceres (8 July 2014, Boston).
- Speaker at CDP Investor Roundtable co-organized by Kepler Cheuvreux (9 September 2014, Paris).
- Speaker at the PRI Academic Network meeting (22 September 2014, Montréal) presenting the 2°ii study “Carbon Bias: Implications of Benchmark Investing for Low-Carbon Finance”
- Speaker at meeting between UNEP Inquiry and the new European Commission presenting the 2°ii study “Carbon Bias: Implications of Benchmark Investing for Low-Carbon Finance” (6 October 2014, Brussels).
- Speaker in a panel on the Open Global Systems Sciences Conference on “The 2020 Triangle: Inequality, Systemic Risk, and Climate Change” (8 October 2014, Brussels).
- Speaker at the UNEP Inquiry Pocantico workshop on policy innovation and sustainable development (13-14 October 2014, Pocantico, US).
- Speaker at UNEP Inquiry Waterloo conference hosted jointly with CIGI (1-3 December 2014, Waterloo, Canada), included presentation of 2°ii’s paper on benchmark indices and optimal diversification.
- Speaker with WWF Switzerland, included presentation on financial risks associated with the carbon bubble, (24 February 2014, Zurich).

Attendance at key annual events in the 2° investing world

- RI Americas conference, organized by Responsible Investor and hosted at Bloomberg NYC (9-10 December 2014, New York City).
- Various events organized in parallel to the UN Climate Week (22-28 September 2014, New York City).
- Launch of the “China-India Low Carbon” study at the UNDP (March 17, 2014, Beijing).
- WWF, UNEP-Fi, WRI and CDP workshop on “Corporate Sciences-Based Target Setting” (16 May 2014, London).

Teaching

- Lecturer for masters level classes at the Université Paris Dauphine.
- Lecturer for masters level classes at Audencia Business School.
- Lecturer for masters level classes at Néoma Business School.
- Presentation of 2° Investing Initiative at a meeting with students from the Master Energie Finance Carbone of the Ecole Doctorale Université, Paris Dauphine (January 15, 2014, Paris).
INTERNATIONAL OUTREACH

In 2014, 2°ii Investing Initiative developed its connection to Chinese decision makers. Invited by the UNEP Inquiry, 2°ii took part in an international working group advising the Development Research Centre of the State Council and the People's Bank of China (p.13). In the course of two consultations, 2°ii contributed to the report “Establishing China's Green Financial System” by the People's Bank of China and UNEP Inquiry. Within the context of the collaboration with UNEP Inquiry and IISD, 2°ii also authored the study “Alignment of Investment Strategies with Climate Scenarios: Perspectives for Financial Institutions.” In 2015, the organization will publish the report “China Carbon Markets Research,” the leading guide on the development of Chinese carbon markets and is in a project together with, among others, the Environomist, the IFC, and the South Pole Group.

2°ii has increased its presence in the US during 2014. It co-organized two conferences together with MSCI, CDP, UNEP-FI, and GHG Protocol on “Carbon Metrics for Investors,” with over 60 participants from financial institutions. 2°ii also participated in a number of other events, including the RI America conference organized by Responsible Investor and hosted at Bloomberg in New York City (p.10 & p.13). The Wallace Foundation offered a grant to help develop activities in the US. The V.K Rasmussen Foundation financed the creation of 2° Investing America, opened in 2015.

ACADEMIC RESEARCH

In 2014, 2°ii developed three PhD projects, in partnership with ADEME, MIROVA, and CDC Climat Research. Two of these PhD projects are designed to feed the needs of the research project SEI metrics, which aims to develop a carbon assessment framework for investors. The third one contributes to our risk projects.

In partnership with ADEME, 2°ii is co-financing Jakob Thomä’s PhD project on developing metrics and tools to help align financial portfolios with climate and energy investment scenarios. The PhD is hosted by the Conservatoire National des Arts et Métiers, and supervised by Catherine Karyotis, Professor of Banking and Finance at NEOMA Business School. For his project, Jakob Thomä has received the FIR-PRI Award for Finance and Sustainability. Jakob is employed by ADEME but started to work for the association in 2013 and is fully integrated in our research team.

2°ii and MIROVA jointly developed the PhD project (CIFRE) of Manuel Coeslier on the design of forward-looking carbon indicators for corporations in the context of the SEI metrics project. This PhD is supervised by Audencia Business School and Ecole Centrale Nantes.

CDC Climat Research hired Romain Hubert as a PhD candidate to work on the integration of risk into financial decision-making and the potential of scaling up the financial flows contributing to the energy transition. 2°ii incepted the project and Romain is associated to 2°ii risk projects.
As of December 31, 2014, our association consists of 33 member organizations and 50 individual members. Members include representatives from financial institutions (banks, asset management, private equity, brokerage, etc.), and a wide variety of functions (consulting, accounting, extra-financial analysis, etc.), researchers (economy, climate economics), and public servants. Two of our members serve in the European Parliament.

**List of members**
(legal persons, as of 31 Dec. 2014)
- Association Bilan Carbon (ABC)
- Audencia Business School
- AXA
- Bank Track
- Beyond Financials
- Bio Intelligence Service
- Carbone 4
- Carbon Tracker
- Caisse des Dépôts (CDC)
- Centre International de Recherche sur l’Environnement et le Développement (CIRED/SMASH)
- Commissariat Général au Développement Durable, French Ministry of the Environment (CGDD/MEDDE)
- Compta Durable
- Ecoact
- Ethical Investors Services
- Eurosif
- Forum pour l’Investissement Responsable (FIR)
- HSBC France
- Inrate
- Lipton FIT
- Pair Conseil - Les cahiers de l’épargne
- Profundo
- Rainforest Action Network
- RCCEF (Research Center for Climate and Energy Finance), Central University; Beijing
- Réseau Action Climat – France
- Smith School of Enterprise and the Environment, University of Oxford
- South Pole Carbon
- Sustain
- Trucost
- Wildlife Works
The 2° Investing Initiative is directed by a Board of Administrators, represented by a Bureau. The Bureau is composed of the President and the Treasurer, and elected by the Board.

5 categories of members are present in the board (investors, associations of general interest, governmental organizations, research organizations experts, and individuals) represented by an administrator to the Board. An additional category “issuers [companies and regional authorities]” was created where no member currently seats. The first Board was elected on the 15th of April 2013.

Members of the Board

**CIRED**, represented by Jean-Charles Hourcade, Director of research at CNRS and Director of Studies at the EHESS. CIRED is elected in the “Research organizations and industry experts” section.

**Caisse des Dépôts (CDC)**, represented by Thomas Sanchez, Sustainability projects manager, Innovation Sustainability Dpt. CDC is a Benefactor Member, elected in the “Investors” section.

**BankTrack**, represented by Yann Louvel, Head of the Climate and Energy Campaign. BankTrack is elected in the “Associations of general interest” section.


**Hervé Guez**, Head of SRI Research at Mirova, Natixis AM. Hervé Guez is elected in the “Individual Members” section, and has been elected Treasurer by the Board.*

**Jean-Pierre Sicard**, Managing Director of CDC Climat, President and founder of Novethic. Founding member of the Association, Jean-Pierre Sicard has been elected President by the Board.

**CGDD (French Ministry of the Environment)**, represented by Robin Edme, Adviser Responsible Finance. CGDD is elected in the “Public and Governmental organizations” section.

*On the date of publication of this report (June 2015), Stéphane Voisin, Head Sustainability Research & Responsible Investment at Kepler Cheuvreux has replaced Hervé Guez.
In 2014, 2° Investing Initiative team was composed of 6 full time equivalent employees and supported by a number of contractors, interns and volunteers.

Stanislas Dupré, Founder and Managing Director of the 2° Investing Initiative. Previously, Stanislas Dupré was Executive Director of the CSR consultancy Utopies after a career as consultant and R&D manager. Stanislas has been working on 2° investing topics since 2007, when he developed the 1st ‘financed emissions’ assessment methodology for banks and diversified portfolios (with Caisses d’Epargne, ADEME, WWF, Friends of the Earth). In 2010, he wrote a book on the role of financial institutions in the energy transition. Stanislas is non-executive director of a green private equity fund (NEF-CEM).

Hugues Chenet, Co-founder and Research Director of the 2° Investing Initiative. Previously, Hugues Chenet worked as a sustainability expert for OTC Conseil (finance and management consultancy), where he developed and headed the sustainability team oriented towards the financial sector. In 2011 he authored a study for ADEME on valuation of climate change in financial analysis. Hugues holds a PhD in Geophysics and worked in academia for 7 years (Institute of Earth Physics of Paris [IPGP], Japan Aerospace Exploration Agency [JAXA]).

Diane Strauss, Policy Officer
Manuel Coeslier, Research Analyst
Fabien Hassan, Policy Analyst
Qimin Zhang, Intern
Agathe Pierot, Volunteer

Jakob Thomae, Programme manager
Miriam Gutzke, Consultant
Anna-Corinna Kulle, Intern
2° Investing Initiative is a non-profit membership organization. In this regards, 2°ii receives membership fees, grants, and donations.

**2014 RESOURCES**

2° Investing Initiative secured funding from its close supporters and broadened the fundraising search to non-French entities.

The table presents the 2014 grants, split *pro rata* between 2013, 2014 and 2015 based of the work achieved in 2014.

**COOPERATIVE APPROACH TO FUNDRAISING**

In 2014, 2°ii raised €3.5M. For every €1 raised by 2° Investing Initiative for its own research activities was associated with 75 cents raised by 2° Investing to finance third parties’ research teams (H2020 EC funding line included – transferred 2015). This collaborative approach to fundraising is motivated by the inclusive nature of 2°ii work, which strives to avoid duplication and to involve a diversity of stakeholders in common projects.

![2014 RESOURCES BY ORIGIN (617 k€)](chart)

The main share of 2°ii 2014 resources (70%) comes from grants of French public institutions (ADEME, Caisse des Dépôts, Commissariat Général à la Stratégie et à la Prospective, Commissariat Général au Développement Durable). Two investors (HSBC and Allianz) contributed as members.

We observe a growing share of sponsorships from other countries than France. This share of funding grows substantially in 2015 with the European grant Horizon 2020.

<table>
<thead>
<tr>
<th>Financing partners</th>
<th>2014 (€)</th>
<th>2013 (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADEME</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Allianz Climate Solutions GmbH</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>APREC/AFD</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>AXA Group (membership)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Caisse des Dépôts</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CDC Climat</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CGDD (MEDDE)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CGSP [France Stratégie, French Prime Minister Office]</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CIRED (via SMASH)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>ERAFP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Finance Watch</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>HSBC France (incl. membership)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>UNEP Inquiry</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>VK Rasmussen</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Wallace Global Fund</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Other Membership fees</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Other*</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

**Total membership and grants** 616 738 €  276 288€

* The category « Other » includes expenses covered by partners as well as remaining lines of the income statement

The full consolidated financial statements audited by E.Magnier / SiRIS are available upon request.
During 2014, the cost structure reflects the research and expertise activity of the association, with the largest item being long-term staff payroll (36% of the total) and contractors (22% of the total – reflected in non stored purchases).

### KEY FINANCIAL FIGURES

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>Audited resources (1-Jan-2014 / 31-Dec-2014)</th>
<th>Audited resources (1-Nov-2012 / 31-Dec-2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership fees</td>
<td>€62,860</td>
<td>€2,540</td>
</tr>
<tr>
<td>Operating grants</td>
<td>€553,875</td>
<td>€273,748</td>
</tr>
<tr>
<td>Other products</td>
<td>€357</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>€617,092</td>
<td>€276,288</td>
</tr>
</tbody>
</table>

**2014 EXPENSES (586k€)**

- **Salaries & freelance contractors**: 56%
- **Partners & contractors**: 32%
- **New York office (overheads & travel)**: 3%
- **Paris & London offices (overheads and travel in EU)**: 3%
- **Accountant, auditor, attorney**: 5%
- **Data**: 1%
- **Hardware amortization**: 0%
- **Expenses related to in-kind contributions (excl. data)**: 0%

### EXPENSES

<table>
<thead>
<tr>
<th>Audited expenses (1-Jan-2014 / 31-Dec-2014)</th>
<th>Audited expenses (1-Nov-2012 / 31-Dec-2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non stored purchases</td>
<td>€147,254</td>
</tr>
<tr>
<td>External services</td>
<td>€39,982</td>
</tr>
<tr>
<td>Other external services</td>
<td>€95,336</td>
</tr>
<tr>
<td>Taxes and similar payments</td>
<td>€5,526</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>€209,000</td>
</tr>
<tr>
<td>Social contributions</td>
<td>€87,078</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>-€762</td>
</tr>
<tr>
<td>Amortisation</td>
<td>€2,582</td>
</tr>
<tr>
<td>Other charges</td>
<td>€1</td>
</tr>
<tr>
<td>Total</td>
<td>€585,997</td>
</tr>
</tbody>
</table>

The full consolidated financial statements audited by E.Magnier / SIRIS are available upon request.
2°ii is leading a 3-year research project on sustainable energy investment (SEI) metrics funded by the European Union. The aim is to develop climate metrics that will inform investors on their alignment with a +2°C scenario. This is crucial because staying under +2°C will depend on the ability of the sector to mobilize sufficient capital to finance the transition to a low-carbon economy.

(1) Methodological Framework

During the first year, there will be a focus on the methodological framework. The work will be structured around the following three areas:

- **Energy investment roadmap for the financial sector** - translating existing climate-energy scenarios into financing targets for financial institutions aiming to finance the transition to a low carbon economy.
- **Climate performance of assets** – developing methodologies to assess the contribution of financial assets (equity, bond, credit line) to 2° investment roadmaps.
- **Climate performance of portfolios** – creating a framework to evaluate the alignment of a portfolio to 2° investment roadmaps.

(2) Tools’ Development

During the second year, emphasis will be put on translating the methodological framework into actual tools that allow investors to align their portfolios with climate goals. Specifically, the following two areas will be addressed:

- **Climate performance data** – integrating climate performance metrics into the main Measurement, Reporting and Verification (MRV) standards and databases used by financial institutions.
- **Toolbox for investors** – integrating SEI framework and data into key tools used by portfolio managers.

(3) Foster Dialogue

In the third year of the project, the core focus will be on facilitating dialogue around the possibilities offered by the project results. This will include the following:

- a study explaining the risk and returns of 2° C investment strategies and how they differ from other strategies.
- a review of financial policies in the context of the 2° investment roadmap.
- a dedicated team to help other research organizations exploit the findings.

Consortium members come from the entire sector, ranging from corporations to asset owners, as well as policy makers. The SEI Metrics project aims to impact trends in capital allocation and to ensure optimal exposure of financial institutions to climate change.
2015 HIGHLIGHTS

PARIS CLIMATE WEEK CONFERENCE

In the context of the Paris Climate Week, 2° Investing Initiative and Caisse des Dépôts jointly organized the conference “The financial sector and climate change: metrics” on May 19, 2015. The conference was a success, with 190 participants and very positive feedback.

This one-day conference presented the global standard on climate performance metrics and risk models for financial institutions.

The conference included presentations and contributions from over 30 leading organizations, including Moody’s, S&P, FTSE, MSCI, Solactive, Mercer, Accenture, Kepler-Cheuvreux, Mirova, Credit Agricole, Carbon Tracker Initiative, Asset Owner Disclosure Project, Council on Economic Policies, Global Footprint Network, New Climate, CO Firm, Ecofys, Beyond Ratings, UNEP-FI, WRI, and the IIGCC. In the morning session, the conference explored climate performance metrics for physical and financial assets, as well as financial portfolios, with a roundtable focused on low-carbon indices. The afternoon session focused on risk metrics, in the context of a transition to a low-carbon economy, for physical assets, financial assets, and financial portfolios.

Jean Boissinot, French Treasury: “Congratulations for the very dense and interesting seminar you organized a couple of weeks ago. As I mentioned in my concluding remarks, bringing together all the relevant teams working on analyzing “carbon risk” from a financial sector perspective is very timely from our perspective and really important.”

Related links:
- Paris Climate Week schedule of events: http://www.climateweekparis.org
- 2°ii webpage of the event with videos and material: http://parisclimateweek-2015-metrics.2degrees-investing.org/

CLIMATE STRATEGIES AND METRICS

In May 2015, 2°ii published the study “Climate strategies and metrics: exploring options for institutional investors.” Other publications are expected over the course of the year.

The study “Climate strategies and metrics: exploring options for institutional investors” takes place in a context where climate change is an increasingly prominent issue for institutional investors. In September 2014, two investor climate pledges were announced: UNPRI’s Montreal Pledge focuses on mobilizing investors to measure and disclose the carbon footprint of their portfolios, and the Portfolio Decarbonization Coalition (PDC), led by CDP and UNEP-FI, focuses on decarbonization commitments. These initiatives are complemented by a range of unilateral investor actions.

This report reviews the strategies and metrics available to investors seeking to measure and improve the climate friendliness of their portfolios, defined as the intent to reduce GHG emissions and aid the transition to a low-carbon economy through investment activities. It distinguishes this objective from carbon risk. It then explores different approaches by asset class and ways investors can position themselves to achieve a climate impact, defined as GHG emissions reductions in the real economy. Finally, the report assesses the landscape of available metrics and their suitability for each strategy and asset class. This report is realized in partnership with UNEP-FI and the GHG Protocol (World Resources Institute).

http://2degrees-investing.org/IMG/pdf/climate_targets_final.pdf
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