
**UNCTAD, OECD, CDSB and GRI Workshop on
Climate Change Reporting**

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SESSION II

**INFORMATION NEEDS OF A GREEN ECONOMY:
PROMOTING NEW PRACTICES, ALIGNING EXISTING
PRACTICES**

PRESENTED BY

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IIGCC

Institutional Investors Group on Climate Change

IIGCC Mission/Purpose

IIGCC's ambition is to provide European investors with a voice on climate change, to engage with government and investors on addressing long-term risks and opportunities associated with climate change and to improve the disclosure, reporting and management of investments.

IIGCC's approach

- IIGCC encourages *policymakers* to provide policy frameworks that facilitate the move to a low carbon economy and are consistent with the long term investment objectives.
- IIGCC encourages *investors* to take on a pro-active approach on climate change through adapting their own investment activities and processes in order to enhance and preserve long-term investment values.
- IIGCC seeks to improve the disclosure, reporting and management of climate-related risks and opportunities by *companies*.

IIGCC Members

IIGCC currently has 77 members with over €7.5 trillion assets under management

Amundi	Environment Agency Pension Fund	Mn Service
AP1 (First Swedish National Pension Fund)	Environmental Technologies Fund	Northern Trust
AP2 (Second Swedish National Pension Fund)	Ethos Foundation	Nordea Investment Funds
AP3 (Third Swedish National Pension Fund)	F&C Management Ltd	Osmosis Investment Management
AP4 (Fourth Swedish National Pension Fund)	Five Oceans Asset Management	PGGM Investments
APG Asset Management	Generation Investment Management LLP	PKA
ATP	Greater Manchester Pension Fund	Platina Partners
Aviva Investors	Grosvenor Fund Management Limited	PRUPIM
Baptist Union of Great Britain	Henderson Global Investors	Railpen Investments
BBC Pension Trust	Hermes	Robeco
Bedfordshire Pension Fund	HgCapital	Sampension
BlackRock	HSBC Investments	Sarasin & Partners LLP
BMS World Mission	Hudson Clean Energy Partners	Scottish Widows Investment Partnership
BNP Paribas Investment Partners	Impax Asset Management	South Yorkshire Pensions Authority
BT Pension Scheme	Insight Investment	Temporis Capital
CB Richard Ellis	Joseph Rowntree Charitable Trust	The Church of England Pensions Board
CCLA Investment Management	Kent County Council Pension Fund	The Church in Wales
Central Finance Board of the Methodist Church	Kleinwort Benson Investors	The Roman Catholic Diocese of Plymouth
CF Partners (UK) LLP	Legal & General Investment Management	The Roman Catholic Diocese of Portsmouth
Church Commissioners for England	London Borough of Hounslow Pension Fund	The Roman Catholic Diocese of Salford
Church of Sweden	London Borough of Islington Pension Fund	United Reformed Church
Climate Change Capital	London Borough of Newham Pension Fund	Universities Superannuation Scheme
Co-operative Asset Management	London Pensions Fund Authority	West Midlands Pension Fund
Corporation of London Pension Fund	Low Carbon Investors Pte Ltd	West Yorkshire Pension Fund
Dragon Capital Group Ltd.	Merseyside Pension Fund	William Leech Charitable Trust
Earth Capital Partners	Mercer Global Investments Europe Limited	

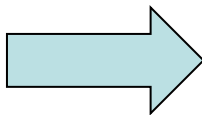
IIGCC action with Companies



Institutional Investors' Expectations of Corporate Climate Risk Management |

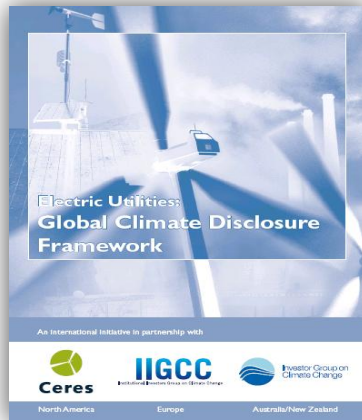
We expect companies to take the following steps:

- **Governance.** Clearly define board and senior management responsibilities and accountability processes for managing climate change risks and opportunities;
- **Strategy.** Integrate the management of climate change risks and opportunities into the company's business strategy;
- **Goals.** Make commitments to mitigate climate change risks: define key performance metrics and set quantified and time-bound goals to improve energy efficiency and reduce greenhouse gas emissions in a cost-effective manner; and set goals to address vulnerabilities to climate change;
- **Implementation.** Make a systematic review of cost-effective opportunities to improve energy efficiency, reduce emissions, utilize renewable energy and adapt to climate change impacts. Where relevant, integrate climate change considerations into research and development, product design, procurement and supply chains.
- **Emissions inventories.** Prepare and report comprehensive inventories of greenhouse gas emissions; data should be presented to allow trends in performance to be assessed and it should include projections of likely changes in future emissions.
- **Disclosure.** Disclose and integrate into annual reports and financial filings, the company's view of and response to its material climate change risks and opportunities, including those arising from carbon regulations, and physical climate change risks.
- **Public policy.** Engage with public policy makers and other stakeholders in support of effective policy measures to mitigate climate change risks. Ensure there is board oversight and transparency about the company's lobbying activity and political expenditures on this topic.

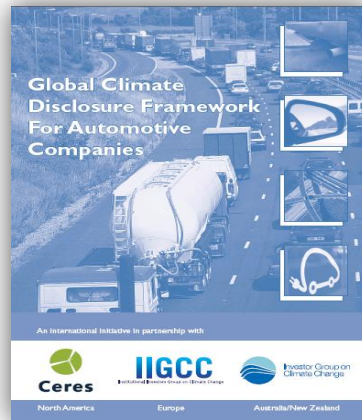


Improving disclosure and reporting

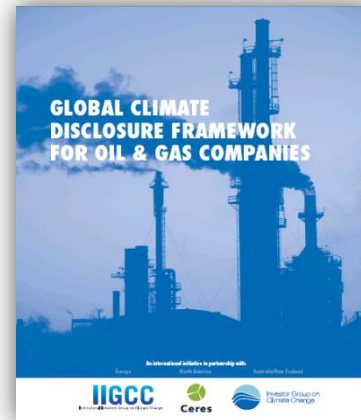
- Aim to provide investors with data essential to making informed investment decisions, and provide a basis for engaging with companies that do not report adequately.
- Focus on carbon intensive sectors



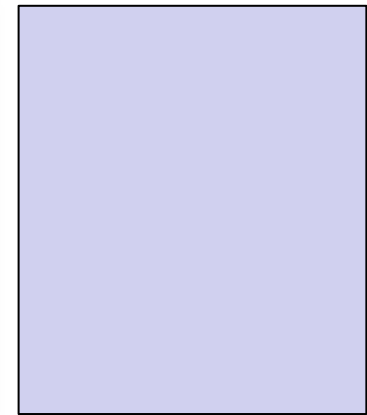
1. Electric Utilities



2. Automotive



3. Oil & Gas



4. Mining

- Global project conducted in collaboration with INCR (US) and IGCC Australia/New Zealand
- Disclosure frameworks have been adopted by the Carbon Disclosure Project in “sector modules”

Case Study 1. Electric Utilities

- Focus on European utilities
- Commissioned by IIGCC
- Conducted by CA Cheuvreux
- Based on CDP data and annual/sustainability reports
- *“The level of transparency on basic carbon data has dramatically increased in the sector since the publication of the IIGCC framework in 2007”*
- **Areas for improvement remain**
 - Consolidation method of CO2 emissions and allowances
 - Portfolios of carbon offsets
 - Emission reduction targets

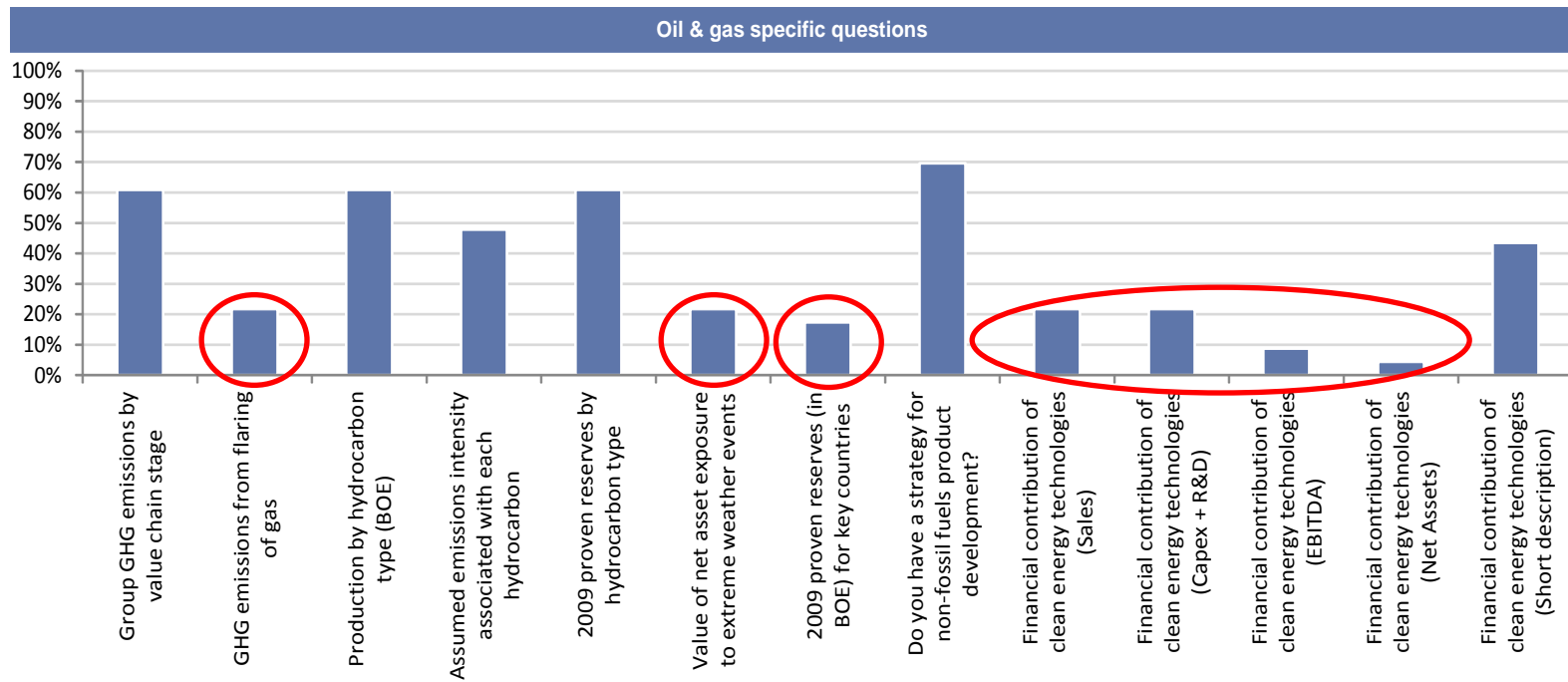
DISCLOSURE OF EMISSIONS REDUCTION TARGETS

	Compliance with IIGCC guidelines	Comment
A2A	N	Target for absolute emissions only. Base year data not provided.
ACEA	N	Target for absolute emissions only. Base year data and track record provided
Centrica	Y	For UK only but UK represents 78% of group emissions
CEZ	Y	Warns than absolute emissions will increase by 2015
E.ON	Y -	For Europe only (58% of group emissions)
Edison	N -	No target
EDP	Y +	Best practice. Group-wide mid and long-term targets
EDF	N	No group-wide target but targets for EDF France and EDF Energy
EnBW	N	To stay below the German average in specific CO ₂ -emission
ENEL	N -	No target. Previous one expired in 2006.
Fortum	Y -	For Europe power generation only (scope is <38% of group emissions only)
GDF Suez	N	Absolute target for Electrabel Belgium only
Iberdrola	Y	All generation facilities worldwide covered
MW Energie	N	Compliance with German emission reduction targets
PPC	Y	Guidance on CO ₂ -intensity (0.9tCO ₂ /MWh) in 2015E
RWE	Y +	Group-wide mid and long-term targets. Target includes the use of offsets
Scottish & Southern Energy	Y	-
Vattenfall	Y +	Guidance on CO ₂ -intensity until 2030. Target for absolute emissions.
Verbund	N	No group-wide target. Target for thermal capacities only

Source: CA Cheuvreux, company disclosure

Case Study 2. Oil & Gas

- Covers 25 largest O&G companies globally
- Research financed by IIGCC member APG
- Based on public data and Goldman Sachs research
- Report to be released Q2 2012



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