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ESG and sustainable finance

RI Workshops ESG Solutions



Decarbonise 2.0 Workbook



WELCOME TO DECARBONISE 2.0

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The inaugural Decarbonise Workshops in 2016 were an enormous success, attracting more than 200+ asset owners across Europe and North America from 147 organisations.

In 2017 we are responding to requests for “more” by taking the Decarbonise Workshops back to several key markets, while producing a Workshop in Switzerland for the first time.

The Decarbonise Workshops in 2016 taught us that delegates like to explore ideas as they arise within each Workgroup. It makes for a more interesting and informative experience. So going “off-piste” is definitely something we encourage.

We also discovered that it’s exceptionally difficult to cover all the ground in one workshop, which is why we were asked to include a second UK event in 2016, and to come back to The Netherlands, Sweden and the USA in 2017.

The purpose of this Decarbonise 2.0 Workbook is to act as continuing ‘food for thought’ for the themes most likely to be discussed during each session. But nothing is carved in stone!

Format

The Workshops are split into themes which are discussed during three 70-minute sessions:

1. Identifying carbon risk
2. Asset allocation
3. Future portfolio transitioning

Delegates sit in Workgroups to discuss each theme:

- Each Workgroup of up to 10 delegates is run by one or two expert moderators
- Delegates switch Workgroups after each session so there’s an opportunity to mix with as many of your peers as possible
- A rapporteur from each Workgroup will synthesize the main points discussed and briefly report back to the whole workshop at the end of each session

Agenda

08:00 Registration and networking
08:30 Introduction and overview
08:40 Session 1: Identifying carbon risk
09:50 Networking Break
10:10 Session 2: Asset allocation
11:20 Networking Break
11:40 Session 3: Future portfolio transitioning
12:50 Closing Remarks
13:00 Networking lunch

INTRODUCTION

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Investors have been grappling with the serious environmental, social and financial implications of climate change for a number of years now, with some (notably among the largest pension schemes) having taken steps to address the issue, while many others are considering their position or have yet to respond. A large number are now asking preliminary and more developed questions on how they might do so.

This is in part due to the December 2015 Paris COP21 climate change agreement, which looks likely to represent a tipping point for green finance. In Paris, 195 countries agreed to work together to substantially curb global warming by limiting it to a maximum of 2°C, possibly 1.5°C, and aim for net zero carbon emissions by the second half of the 21st century.

The conference reached a number of important conclusions on climate change that was ratified by 133 Parties as of 4 November 2016. In September 2016, both China and the US signed up.

Subsequent to COP21, the Financial Stability Board's (central banks, finance ministries and regulators) Task Force on Climate-related Financial Disclosures (TCFD) published its recommendations on carbon reporting for corporates and investors. Legal obligations on investors are also proliferating, such as Article 173 in France under the country's energy and ecology transition law, which requires asset owners and managers to outline the greenhouse gas (GHG) emissions of their investments and contribute to the financing of a low carbon economy. The European Union is carrying out a consultation on the same theme.

In addition, the G20 group of the world's leading economies, indicated at their September 5, 2016 Summit in Hangzhou, China, that they would back the COP21 Agreement by scaling up green financing and removing challenges to deployment, especially around long-term incentives and carbon data measurement.

The economic and social implications of these policy shifts will be significant in the short, medium and longer term. The implications are manifold and complex.

These factors continue to make Decarbonise Workshops highly topical to all investors.



RI Workshops ESG Solutions 2017

Decarbonise 2.0

Amsterdam	25 April
Stockholm	27 April
Zurich	11 May
New York	16 May

Real Assets

London	19 October
Amsterdam	31 October

Passive Investing

Paris	21 November
London	23 November

RI Decarbonise Workshop Series 2016

Paris ♦ The Hague ♦ Stockholm ♦ London ♦ Toronto ♦ New York ♦ San Francisco ♦ Copenhagen ♦ Frankfurt

Session 1.

Workshop questions:

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1. How can investors begin to assess the urgency of a response to climate change as a risk to their investments? Where can relevant research and data be sourced? What should the first steps be in thinking about decarbonisation?
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2. What should investors know about the carbon, water and pollution measurement of their investee companies, and why? What should they know about their own carbon footprint, and why? What are the relevant local and international regulations on related reporting? Where is this reporting heading as a result of the FSB's work?
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3. How relevant is carbon pricing now for investors, and how might this change? How should investors report their carbon footprint?
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4. How are investors responding to fossil fuel divestment challenges? How are these campaigns developing? What is the credible way to respond?

Session 2.

Workshop questions:

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1. What are the advantages/disadvantages of the four main outlined decarbonisation strategies? Are there other strategies that are rising in profile? How to invest: equity or debt, active or passive, pure-play/hybrid, generalist or specialist funds, green bonds?
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NOTES:

2. How should asset owners look at climate related company and sector research; and how might they respond? What are the investment implications of different low carbon strategies? Will investors miss out on high returns from fossil fuels?
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3. Which asset classes should be prioritised and how (i.e. real estate is one of the biggest contributors to CO2 emissions) How should/could climate change be looked at and reported in an ESG integration strategy across asset classes?
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4. How do low carbon indices work? What do they hedge and what do they change in terms of investment profile?

Session 3.

Workshop questions:

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1. How should a low carbon voting/corporate engagement strategy be approached, how does it work, how is success judged and over what time frame?

2. What should investors know about current geopolitics, new technology and disruption on the future energy mix: what are the potential implications for investment strategies and over what timeframe?

3. How robust is the Stranded Assets thesis? What could it really mean for investments? How might investors respond?

4. What are the investment risks and opportunities of the INDCs and how should investors assess/measure these and invest against them? How is carbon pricing evolving globally and what?

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