

Overview and scoping of the work on ISO 14097

Massamba Thioye

Manager SDM

Lead: Collaboration with financial sector under GCA

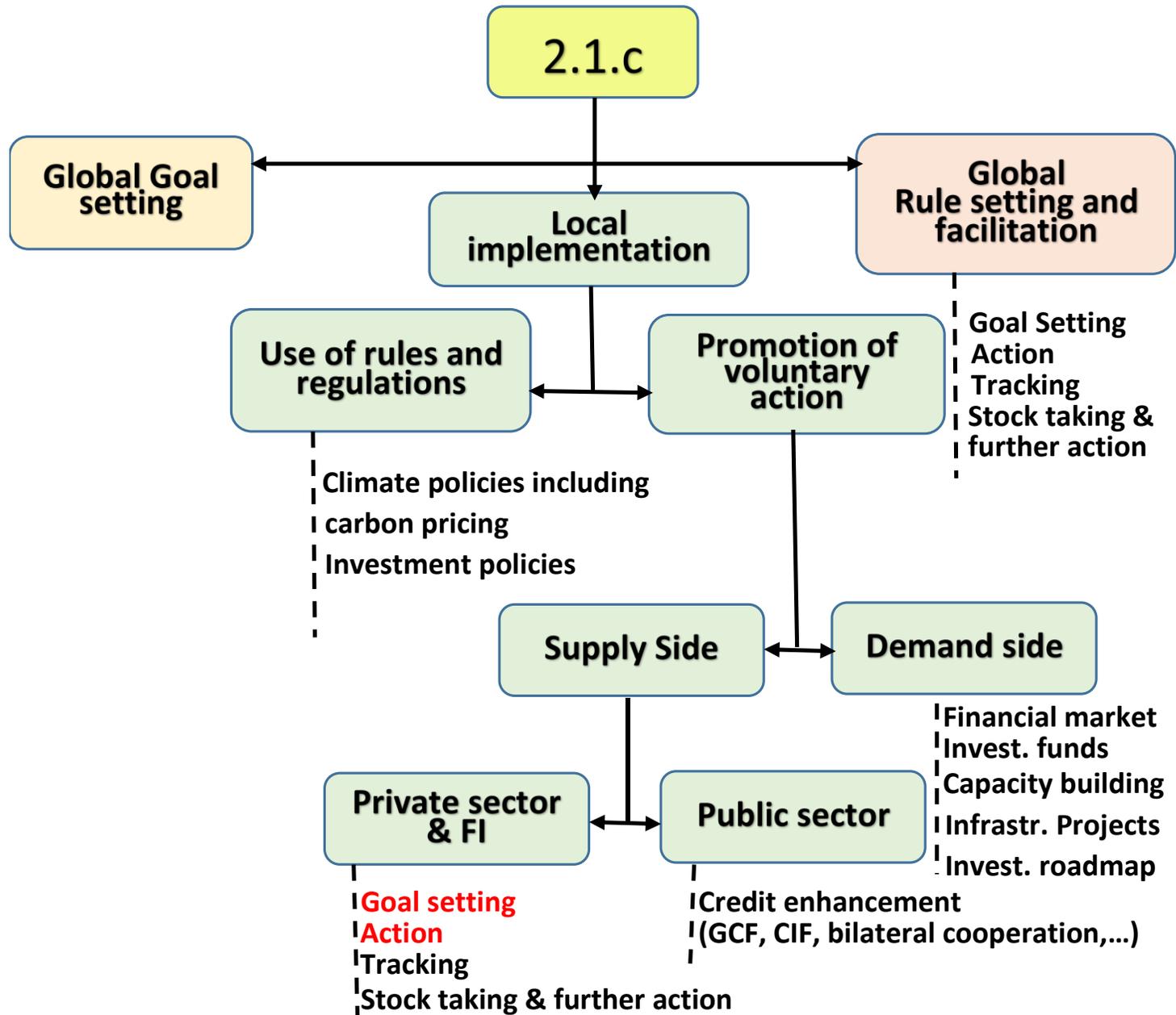
ISO 14097

ISO 14097: Framework and principles for assessing and reporting investments and financing activities related to climate change

Objective

To **contribute** in achieving the objective set in article 2 para 1(c) of the Paris Agreement:

“Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.



Support to private investors and/or FI in assessing alignment with PA

The Transition Pathway Initiative (TPI) is an asset owner initiative led by the Church of England and a group of other asset owners with £450bn under management.

It is supported by asset managers with over £1trn, including Aviva Investors, BNP Paribas. Its objective is to assess companies' progress toward a low-carbon economy. Investors are seeking response to the below two questions:

- o How can investors know whether companies are positioning themselves appropriately for a low carbon economy that allows to meet the goals of the PA?
- o How can investors demonstrate – to beneficiaries, to clients, to stakeholders – that their interventions are making a meaningful contribution to the goals of the Paris Agreement?

Support to private investors and/or FI in assessing alignment with PA

Private investors and financial institutions are looking for benchmark and/or forward looking baselines against which they can assess alignment of projects and portfolio with socially inclusive, low emissions and climate resilient economy.

The UNFCCC secretariat is supporting the TWG of the IFIs for the harmonization of their accounting standards with a reporting at the project level. GHG emission factors have been developed for the power sector of 146 countries.

The ISO standard 14097 aims at supporting private investors and FI in assessing alignment with the LT goals of the PA at the portfolio level.

Portfolio carbon foot printing

The Montréal Carbon Pledge is an initiative launched in September 2014 at the annual conference of the Principles for Responsible Investment (PRI) signatories.

As of 09/2016, it has been signed by 62 asset managers (4.2 trillions AuM), 36 Pension Funds (1.3 trillions), 11 Insurances (1.3 trillions), 2 Public FI.

It is led by the PRI and is supported by the UNEP FI.

The Pledge asks investors to (i) measure and disclose the carbon footprint of their investment portfolios annually and (ii) indicate the methodology used.

Portfolio carbon foot printing

On the 1st of June 2016, more than 80% of the signatories have disclosed data on their carbon footprint.

The pledge does not provide guidance on the methodology to use to calculate the carbon footprint therefore very diverse methodologies are used and each signatory has defined its own indicators.

The ISO standard 14097 aims at providing to private investors and FI harmonized approach to determining their portfolio's carbon footprint.

Climate related Financial Disclosure

The Financial Stability Board established a Task Force on Climate-related Financial Disclosures (TCFD) to help investors, lenders, and insurance underwriters identify the information they need to appropriately assess and price climate-related risks and opportunities.

The Task Force developed four recommendations and recommended disclosures that are applicable to financial sector organizations, including banks, insurance companies, asset managers, and asset owners.

Climate related Financial Disclosure

These recommendations and recommended disclosures requests these organizations to:

- (i) describe their processes for identifying, assessing and managing their climate related risks and opportunities and
- (ii) disclose the metrics used to assess as well as the targets used to manage these climates related risks and opportunities.

The TCFD does not provide guidance on how these processes have to be designed nor on how the metrics have to be developed.

The ISO standard 14097 aims at providing harmonized approach to private investors and FI for identifying, assessing and managing climate related risks.

Thank you for your attention