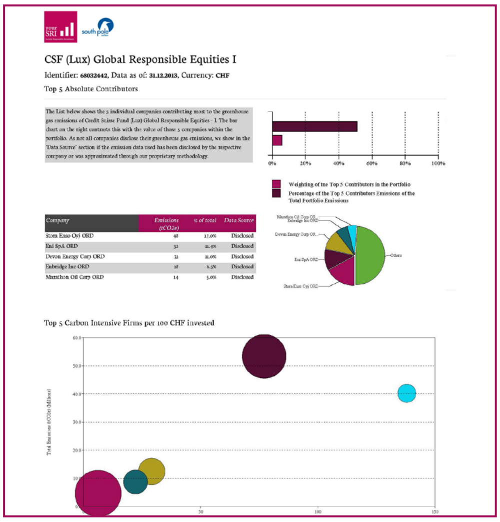
Portfolio Carbon Screener

Strengthen your climate risk and impact strategy

The innovative and easy to use Portfolio Carbon Screener is an online based tool, which allows investors to easily understand their investments' climate impact. The tool helps to minimize climate change related risks and recognize investment opportunities. It also enables climate impact screenings of bond portfolios.



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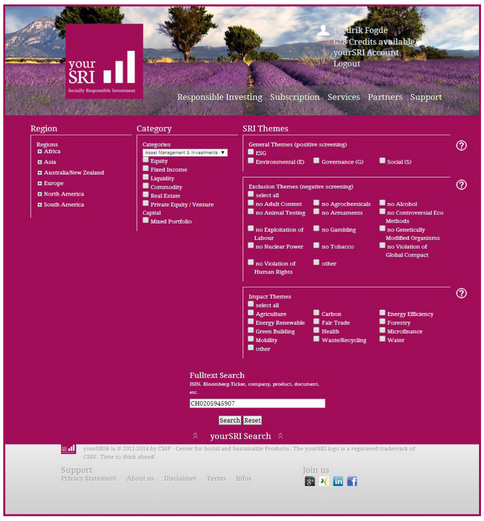
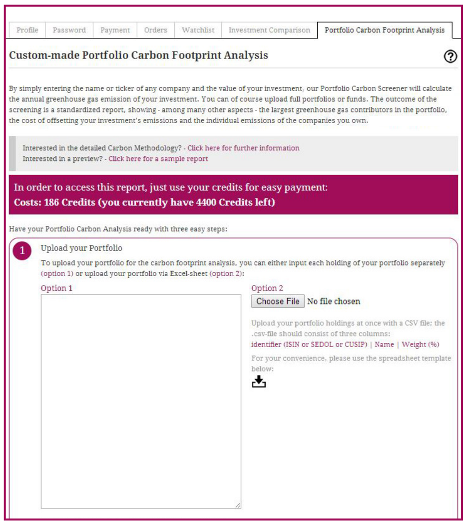


Comprehensive search function



Upload individual portfolios

Benefits at a glance

- **Beat the index by reducing climate impact**: A portfolio manager runs a portfolio against the respective benchmark to see if it out- or underperforms in terms of climate risk.
- **Run climate impact report on clients portfolio investments**: An investment advisor can quickly download a portfolio climate impact assessment for clients to address the issue of climate change.
- **Proof product attractiveness:** Run analysis to answer climate impact questions of clients. Strongly position product toward institutional investors.

The climate change caused by the increase of carbon dioxide in the atmosphere due to burning of fossil fuels concerns everybody. Both, private and institutional investors cannot deny their responsibility and have to increase their allocations to climate neutral investments. The Carbon Footprint Analysis on investment vehicles provides responsible investors with valuable information, transparency and guidance.

Alfonso Papa, *CEO ING Investment Management Switzerland Ltd.*

Measuring the effectiveness of foundations happens often only on the grant-giving side. It is however not recommendable to leave the impact of a foundation's assets behind. Otherwise, foundations run the risk of sabotaging the positive impacts of the grant-giving side through the investment side. A first substantial approach to measure the impact of assets is to measure the CO2 footprint. Well-established instruments are available and the topic has not only ecological but also social impact.

Lukas von Orelli, *Member of the Board of Swiss Foundations and Managing Director of Velux Stiftung*

Learn more at: www.yoursri.com/carbon-screener

www.southpolecarbon.com

Shining a spotlight on climate risk

With climate risk rising fast up the investment agenda, knowledge is power – and a new online tool on yourSRI provides investors the knowledge they need to begin addressing climate exposures. *Environmental Finance* talks to South Pole Carbon's Maximilian Horster

EF: What is the thinking behind the Portfolio Carbon Screener?
Maximilian Horster: The powerful tool allows any investor – from the largest institution to the high-net worth or even retail investor – to quickly measure the climate impact of his or her investment mix. It offers a first step to understanding climate exposures, allowing the investor to better manage their climate risk – or even entirely offset their portfolio's contribution to climate change.

EF: How does it work?
MH: The investor simply uploads a list of securities – either equity or debt – and the weightings, through the website yourSRI.com. Those are then cross checked against our database of emissions data for the global investible universe of 40,000 companies, from both developed and emerging markets. This database comprises verified data from the 3-4,000 companies that voluntarily report emissions numbers, and our rigorous approximations for the rest, which are based on 800 sub-sector models.

EF: What outputs does it generate?
MH: The investor receives a report that gives a figure for the absolute volume of annual emissions generated by the portfolio, the allocation of emissions from its various industry sectors (compared with their portfolio weightings), and data on the five largest contributors to portfolio emissions, in both relative and absolute terms. It also shows what percentage of holdings voluntarily report emissions data – which is a good proxy for carbon risk management.

EF: What can investors do with this information?
MH: In the first instance, it creates transparency around climate risk. Investors can see how their portfolio compares with a benchmark, for example, or in which sectors or stocks climate risk is concentrated. They can use it to communicate with stakeholders – such as a pension fund to its trustees or beneficiaries. Asset managers might use the information in RFPs or to market their products.

For investors who are looking to actively manage their climate exposures – such as by divestment, or rebalancing – the tool offers a first pass. We would recommend to them that they conduct a more in-depth, bespoke analysis. But the tool does offer a straightforward means to neutralise their environmental impacts.

EF: How so?
MH: As well as a number for absolute emissions, the Carbon Screener generates a 'total offsetting cost' figure, and what that represents as a percentage of the portfolio's value. Users can click through to South Pole Carbon's online carbon offset shop, which features a range of high-quality emission reduction projects in the developing world. We are the largest developer of such projects, and boast the world's largest pipeline of projects accredited to the Gold Standard.

The Portfolio Carbon Screener allows any investor to quickly measure the climate impact of their investment mix

EF: A portfolio's current emissions footprint only offers a snapshot – what about evolving climate risks?
MH: It's true – reported emissions data is by definition historic. We're working on two more forward-looking enhancements to the product. One is a way to assess whether a portfolio is consistent with holding global warming to the 2°C international target. We will take the global 'carbon budget' – that is, the amount of greenhouse gases that we can emit without exceeding the 2°C goal – and allocate the remaining allowable emissions across the world's investible securities to come to that assessment.

The second is an extension of some work we recently did with CDP, the Church of Sweden and the Church of Finland. We are looking at qualitative data collected by CDP, such as how companies are managing climate risks, whether they are setting and meeting reduction targets, what opportunities they see. We can then apply that to portfolios, identifying those companies who are doing well, and also equipping investors with very detailed information for company engagement on the issue. It is a very detailed assessment that no-one has done before.

Maximilian Horster is CEO of Climate Neutral Investments at South Pole Carbon.
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For more information, see: www.southpolecarbon.com
www.yoursri.com./services/carbon-reports-portfolio-assessments