

Carbon4 Finance – Carbon Impact Analytics

Organization

Carbon 4 Consulting
Carbon4 Finance

Partner organizations

MIROVA
MAIF

Summary

Transition risks are financial risks associated with the process of adjusting to a low-carbon economy (e.g., regulatory changes, new technologies, new market trends). To address the need to understand and measure these risks, Carbon 4 developed the Carbon Impact Analytics (CIA) methodology in 2015, capitalizing on its expertise and experience in consulting with private clients from various industries.

Since then, this methodology is used by Carbon4 Finance to measure the carbon footprint and assess the exposure to transition risk of public and private companies (both equity and debt instruments, including green bonds), as well as sovereigns. The CIA methodology also measures a company’s and portfolio’s contribution to the low-carbon transition.

CIA performs a “bottom-up” analysis of a portfolio carbon performance, meaning that each underlying asset is analyzed by a dedicated analyst, then results are consolidated at the portfolio level. This approach allows for a comparison of the carbon performance of assets within the same sector, unlike methodologies that calculate the scope 3 carbon footprint based on sectoral ratios.

Climate Focus

Alignment	Impact	Risk
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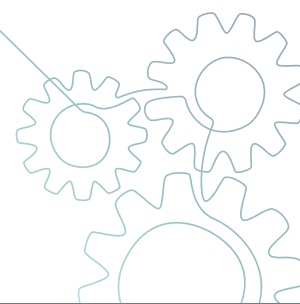
Resource Type

Data & Metrics	Pathways & Scenarios	Assessment Tools	Methodology	Target Setting Guidelines & Verification	Reporting Frameworks & Guidelines	Collaborative Initiatives
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Intended Users

Banks	Investors	Insurers	Central Banks	Regulators
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<p>WHO</p>	<p><i>This tool can be used by:</i></p> <ul style="list-style-type: none"> • Banks • Investors • Insurers • Central Banks • Regulators • FinTech
<p>WHAT</p>	<ul style="list-style-type: none"> • Have direct advice from a climate analyst • Have access to the full database with all climate indicators such as emissions induced/savings (scope 1,2,3), forward-looking analysis, overall rating, portfolio alignment, green/brown shares • Identify corporates and sovereigns that have a high transition risk • Identify best-in-class corporates or companies that strongly contribute to decarbonization and will create value
<p>WHEN</p>	<p>This tool should be used when a financial institution wants to better understand and act on its climate impact and risk.</p>
<p>WHERE</p>	<ul style="list-style-type: none"> • The tool can be used for all asset classes across all sectors. • It covers a large range of equity and fixed-income products such as corporates, sovereigns, bonds, and stocks. • We developed specific methodology for sovereigns, supra nationals, financial institutions, and green bonds. • In partnership with our sister company Carbone 4 we can also cover non-listed assets.
<p>WHY</p>	<p><i>CIA can be used for:</i></p> <ul style="list-style-type: none"> • Reporting • Investment strategies based on thematic or sector-specific investments • Integration in a platform of ESG providers • Stewardship • Climate integration • Assessment and monitoring of climate risk in loan books or investment portfolios • Evaluating Green Bonds • Portfolio alignment with the Paris Agreement • Index or benchmark creation based on climate performance • Research
<p>HOW</p>	<p>More information can be found on Carbon4's website, including a guide on the tool's methodology.</p>