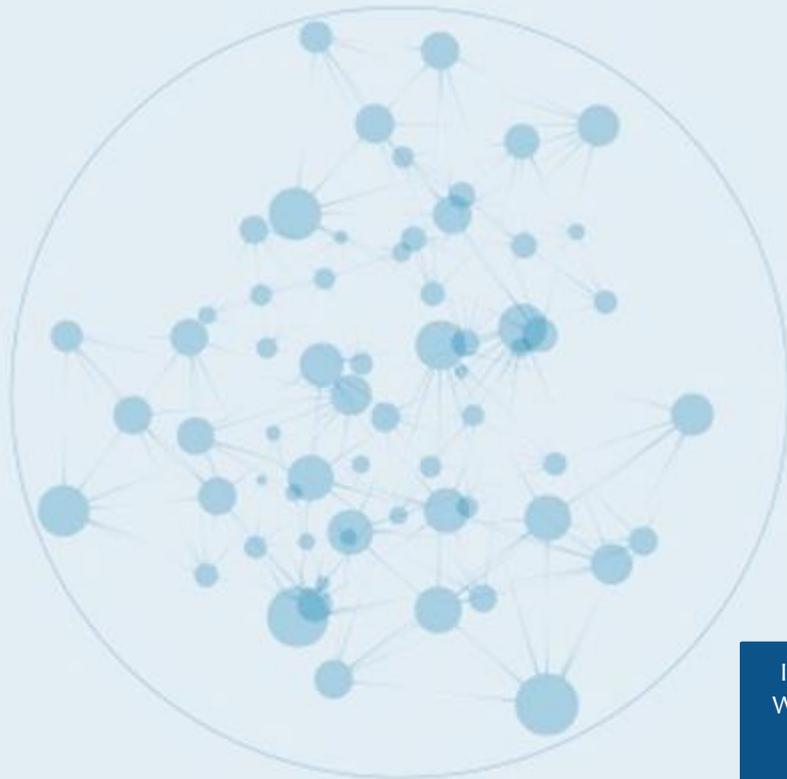




# HOW PARIS BECAME THE CAPITAL OF CLIMATE FINANCE



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## The UNEP Inquiry

The Inquiry into the Design of a Sustainable Financial System has been initiated by the United Nations Environment Programme to advance policy options to improve the financial system's effectiveness in mobilizing capital towards a green and inclusive economy—in other words, sustainable development. Established in January 2014, it published its first global report, *The Financial System We Need*, in October 2015 and is currently focused on actions to take forward its findings.

More information on the Inquiry is at: [www.unep.org/inquiry](http://www.unep.org/inquiry) and [www.unepinquiry.org](http://www.unepinquiry.org) or from: Ms. Mahenau Agha, Director of Outreach [mahenau.gha@unep.org](mailto:mahenau.gha@unep.org).

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## From La Bourse to Le Bourget

Ten kilometres north-east from the place de la Bourse, the historic epicentre of France's financial system, lies the airport of Le Bourget. It was here on 12 December 2015 that the Paris Agreement on Climate Change was gavelled to conclusion with a striking green hammer by France's Foreign Minister Laurent Fabius. From the beginning, money has loomed large in global climate negotiations, focusing on two tightly interlinked questions: first, how to raise the capital needed to decarbonize the global economy, one that is also protected from the impacts of a disrupted climate; and second, who should pay for this transition both within and between nations?

This time around, the matter of finance also dominated proceedings at Paris, but with new dynamics in play. The outcome was a package of commitments and pledges that straddled both the traditional government negotiations and the wider financial system. As a result, the future of world finance will now need to be looked at afresh in the context of cutting net emissions from fossil fuels to zero this century – a huge goal, but one that could help renew the underlying purpose of the financial system: to serve society's greatest ambitions.

This working paper traces the evolution of the 'networked solution' to finance that came together at Paris, linking the formal negotiations with a broader set of actions by financial regulators, by financial institutions and also by civil society. It explores the creative dynamic between France's efforts to stimulate action within its own domestic financial system, and the international steps harnessing the financial system for climate security. It closes with reflections on how this new approach can be deepened in the year ahead.

## Old arguments, new dynamics

For much of the past quarter century, the finance agenda in the UN climate negotiations had boiled down to the transfer of public funds from richer industrialized countries to poorer developing nations. The rationale was two-fold. First, industrialized countries had contributed the bulk of the stock of carbon pollution in the atmosphere and, according to the 'polluter pays principle', should therefore support those developing countries most impacted by climate shocks. The second reason was that underlying poverty in developing countries can be a major constraint to the adoption of higher capital cost low-carbon technologies, a viability gap that international transfers could help overcome. In 2009, this highly politicized agenda achieved new clarity with the adoption of a commitment to transfer US\$100 billion each year from industrialized to developing countries by 2020 from a variety of sources.

This commitment covered a multitude of uncertainties and disagreements, however: how much money should be public and how much private? Should it be new money and in addition to existing flows of development aid? And what should count as climate finance anyway? Bringing in private capital from banks, insurers and investors was also considered in these discussions – but generally in indirect ways, as a by-product of putting a price on carbon pollution or introducing policies to promote low-carbon alternatives such as renewables and energy efficiency.

The Paris negotiations were designed to reach the first global agreement on climate change since the Kyoto Protocol of 1997. After the failed talks in Copenhagen in 2009, a more expansive view of climate finance began to be taken, one that encompassed the global financial system, with its more than US\$300 trillion in assets. This reflected the realization that holding global warming below the accepted 2°C target would require an unprecedented reallocation of capital. Estimates suggested that over US\$1.1 trillion per year would need to be invested in clean energy alone (most notably in energy efficiency).<sup>1</sup> Funds would

also have to flow away from carbon-intensive assets, most notably coal, oil and gas. If existing investment patterns did not change, then the financial system could be left with as much as US\$100 trillion in stranded fossil fuel assets by 2050, according to US investment bank Citigroup.<sup>2</sup> Extra investment was also required to protect communities from increasing natural hazards exacerbated by climate change. Ultimately, if these reallocations were not made, then the financial system would be on the road to ruin. According to an assessment made by the Economist Intelligence Unit, a worst-case scenario of 6°C warming could lead to a present value loss of US\$13.8 trillion of manageable financial assets, roughly 10% of the global total.<sup>3</sup>

This refocusing of the climate finance agenda from the billions to the trillions meant a broadening of the ambition for Paris. It meant not just getting agreement from governments on the traditional public finance priorities, but also winning real commitments from new actors such as central banks and financial regulators as well as commercial banks, investors and insurers. All of this came as the financial system itself was undergoing major repair and reorganization following the credit crisis of 2007-8. After an initial phase of fiscal stimulus – including ‘green stimulus’ efforts notably in China and the US – governments were clamping down on public spending through a new wave of austerity measures. Clearly one target for these cutbacks could be – and was – the US\$452 billion in subsidies that G20 countries provide each year for fossil fuels, many multiples of what is given to the clean energy sector.<sup>4</sup>

If finance was going to be found for the climate transition, it would mostly have to be private capital and channelled through a new set of market rules. Early in 2015, Fabius made his intentions clear for the year ahead: “it is essential that the financial system as a whole takes climate risk into account, anticipates ambitious targets and integrates this into investment decisions”. So, around the traditional hub of the financial negotiations within the UN Framework Convention on Climate Change (UNFCCC), a novel model of reform was carefully constructed. For France, finance was a key part of the ‘action agenda’ that it wanted to develop alongside the formal government to government talks. This chimed well with the active cultivation of the financial community by the UNFCCC, notably by its Executive Secretary Christiana Figueres, who appreciated that the owners, bankers and insurers of capital were one of the key swing factors in the process of change. Back in 2014, she had warned institutional investors that ignoring climate risk could increasingly be seen as breaching their fiduciary duty to ultimate savers and beneficiaries.<sup>5</sup>

## France’s Financial (Eco)system<sup>6</sup>

A powerful dynamic was now set in motion between France’s actions to green its own financial system at the domestic level and its wider efforts to place climate factors as part of the overall architecture of global finance en route to Paris.

From the turn of the century onwards, France had taken steps to make its financial institutions take account of environmental and social factors. As in other industrialized countries, these steps were tentative at first, focused mostly on improving corporate disclosure of sustainability issues – so that financial institutions could make better decisions. In 2010, asset managers in France were required to report on the ways they tackled the trinity of Environmental, Social and Governance (ESG) issues.

Beyond these regulatory steps, a distinctive financial ecosystem was also evolving in France, gathering together the buying power of public pension funds, the creativity of commercial players as well as the stimulus of social enterprises and think tanks.<sup>7</sup> To take one example, Paris was not the first financial centre in Europe to promote sustainable and responsible investment (SRI). But over the last decade,

Paris had overtaken London in terms of the volume of SRI funds under management, which had reached EUR22 billion by May 2015.<sup>8</sup> Paris was now also home to the top three banks rated by European investors in terms of their investment research on sustainability issues.

The approach of the Paris negotiations galvanized this process in two main ways: first, the sheer scale of the climate challenge meant that private finance could no longer be regarded as a sideshow to the traditional policy focus on setting carbon prices and subsidizing clean energy; and second, France itself felt it needed to demonstrate that it was a leader across the climate finance agenda in order to accumulate the political capital required to close the deal.

Certainly, France scaled up its commitments of public climate finance to developing countries, pledging that it would increase its spending to EUR5 billion per year by 2020. More broadly, in February 2015, France's President François Hollande commissioned a rapid review of how to find new ways to mobilize climate finance, co-chaired by former Development Minister Pascal Canfin and the economist Alain Grandjean. The commission looked far beyond the traditional confines of the UNFCCC to explore how the key institutions that govern the financial system – such as the International Monetary Fund (IMF) and the World Bank – needed to raise their game. The report laid down 10 ways in which this could happen – from making all development banks develop a '2°C investment roadmap' to requesting the Basel-based Bank for International Settlements to include climate risks in its rules for banks and insurance companies.<sup>9</sup> And by the time their report was published in the middle of June, major steps forward had already been made both at home and abroad.

With growing numbers of investors recognizing the strategic nature of climate change, in April France's Finance Minister Michel Sapin requested that the Financial Stability Board (FSB) should examine how global warming could affect the fate of finance. Set up in the wake of the 2008 credit crunch to restore integrity and credibility to global capital markets, the FSB had never before looked at the environmental agenda. Yet by the start of 2015, climate was increasingly viewed as a potentially transformational issue for financial management. What made Sapin's intervention significant was that the chair of the FSB was the Bank of England's Governor Mark Carney. Back in the autumn of 2014, Carney had admitted that the "vast majority of fossil fuel reserves are unburnable" if the world was to meet the 2°C target. Recognizing that both financial institutions and regulators suffer from a 'tragedy of the horizon' that constrained their ability to deal with long-term threats such as climate change, Carney initiated the world's first assessment of the implications of climate change for financial safety and soundness, focusing on the UK's insurance sector. Sapin's diplomatic *démarche* bore fruit and in Washington, D.C., G20 finance ministers gave their approval for a FSB stocktaking exercise.

Back in France, the final revisions were made to a far-reaching package of legislation to drive the transition to a low-carbon energy system. The law contained many innovative measures – not least setting a trajectory for the country's carbon tax for the next 15 years, rising to EUR100 per ton in 2030. Importantly, measures to harness the financial sector were viewed as a core part of the reforms. Again, improving disclosure was the focus both on the corporate and the investor sides. Climate reporting requirements by companies were tightened to ensure that investors had the information to make informed choices on firms' exposure to and management of climate-related issues. Disclosure was also extended for investors themselves, with new requirements to report their own exposure to climate-related risks and the alignment of their portfolios with the 2°C target.

Disclosure is the first step in a process of change in financial behaviour, however. This data then needs to be analysed and assets reallocated. The new French law also included a commitment to develop 'stress

tests' which would incorporate climate factors, which would assess how the lending books of banks could be impacted by changing physical, political and technological scenarios, and eventually lay out the exposure of France's banking sector to climate developments. Alongside these institutional actions, other steps were taken to enable individual citizens to play their part through the development of consumer-facing labels for investment funds, one focused on the 'energy transition' and another more broadly on social responsibility.<sup>10</sup>

What helped to bring these measures onto the statute book was a leading group of French financial institutions that demonstrated it was practically possible to reflect climate factors in investment decisions. For example, Europe's largest fund manager, Amundi, had pioneered new ways for cautious pension funds to cut the exposure to carbon risk in their portfolios, while maintaining the risk and reward profile of mainstream indices. Importantly, these steps within France were part of much wider changes in the international financial community, where leading institutions were starting to reduce their holdings in fossil fuels, boost allocations to sustainable investments (such as green bonds) and push for greater climate accountability from corporations. Behind these moves lay a surge in smart analytics and public advocacy from global groups ranging from Carbon Tracker to Greenpeace and 350.org, all highlighting the seismic shifts in capital required for climate security to be achieved.

In France, these efforts came together on 22 May, less than six months before COP21. At a global climate finance conference hosted in Paris, Sapin was able to declare that the National Assembly had just passed – in an all-night sitting – the new disclosure requirements. Minutes later, Henri de Castries, CEO of insurance giant Axa, announced a wide-ranging package of measures, including exiting EUR500 million of coal-related investments, a tripling of green investments to EUR3 billion by 2020 and the publication of a carbon footprint of all its investments. Castries also released new measures to extend insurance protection in developing countries, making it clear that “2°C world might be insurable, a 4°C world certainly would not be.”

## A networked solution

So by the time the formal climate negotiations took place at Le Bourget in the first two weeks of December, the three key aspects of this new model of climate finance were coming together: the inner circle of the formal negotiations, the next ring of actions from financial system regulators and the outer circle of actions from the financial sector itself.

The multilayered Paris Agreement gavelled to conclusion by Fabius on 12 December included right up front the goal of “making financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.<sup>11</sup> This explicit focus on finance was then reinforced by a set of strategic signals to bring finance behind this twin task of decarbonization and resilience.

The first signal was the agreement of the long-term goal to hold the increase in global average temperatures to “well below 2°C above pre-industrial levels”, with the aspiration to pursue “efforts to limit temperature increase to 1.5°C”. The practical implication of this is the need to bring net emissions from fossil fuels down to zero well before the end of the century.<sup>12</sup> In a net-zero world, for every ton of carbon dioxide released, a ton must be permanently removed from the atmosphere. Decarbonization was thus confirmed as a mega-trend that would reshape the world's capital markets, throwing into doubt conventional financial projections that extrapolate today's energy system into the future.

What made this long-term goal credible for global markets was the presentation of national climate plans by nearly every country, known as the Intended Nationally Determined Contributions (INDCs). The

Agreement was clear that these plans would not deliver the 2°C goal, let alone the 1.5°C ambition. Analysis produced by UNEP suggested that full implementation of current commitments would result in 3°C of warming. Yet, even if the pledges contained within the INDCs were not enough to deliver climate security, they were a substantial improvement on the 4°C feared when the Paris process began.<sup>13</sup> And for the financial world, the divergence from a ‘business as usual’ pathway was clear. One estimate suggested that by 2030, even the insufficient pledges contained within the INDCs could deliver a 5% contraction in global coal demand by 2030 from 2012 levels.<sup>14</sup>

The Agreement also set out steps to refocus the financial system so that it responds to the increasing impacts of climate change, particularly in developing countries. One growing concern was that the growing physical impacts of climate change could result in increased risk aversion by global investors, cutting developing countries off from capital markets. A new alliance of finance ministers from developing countries had formed the Vulnerable 20 group (V20) in October 2015 just before COP21. Chaired by the Philippines, the V20 brought together countries from all continents – from Afghanistan through Kenya to St Lucia and Tuvalu. Their collective experience was stark: climate shocks were already exceeding their national capacity to respond, bringing annual losses from climate change of at least 2.5% of their GDP. Financial losses were estimated at US\$45 billion a year since 2010 – a number expected to increase nearly tenfold to close to US\$400 billion by 2030.<sup>15</sup> Based on existing regional initiatives in Africa and the Caribbean, the V20 committed to create a new climate risk pooling mechanism. This focus on blending private expertise from the insurance sector with public purpose was ultimately reflected in the Agreement itself.<sup>16</sup> In addition, all major national and international financial institutions were asked to report on how their programmes incorporated climate-proofing measures.<sup>17</sup>

Reducing the consequences of climate impacts was one thing, identifying who might be liable is quite another. In unusually clear text, the Agreement stated that there was no basis for “any liability or compensation” between states for loss and damage caused by the adverse impacts of climate change.<sup>18</sup> Litigation has been a major tool within nations to drive governments and business to take action on climate change.<sup>19</sup> It is also rising up the financial agenda as a risk for banks, pension funds and insurance companies that fail to take climate risk seriously – with the potential to become a new asbestos-scale threat.

In terms of hard cash, the road to Paris generated a growing chorus of public finance pledges from industrialized countries and the world’s development banks: in October, for example, the World Bank committed to boost climate finance to US\$16 billion per annum by 2020, some 28% of all lending. By the time of Paris, the new Green Climate Fund had received US\$10 billion in pledges from 40 countries. A review by the OECD suggested that climate finance flows mobilized by developed countries in 2014 had reached US\$62 billion a year.<sup>20</sup> However, many developing countries, notably India, challenged this estimate on both analytical and process grounds.<sup>21</sup> In the end, the Paris Agreement shifted the way in which the iconic US\$100 billion target was seen – no longer as the ceiling, but now as a floor for international flows. Industrialized countries committed to continue mobilizing the iconic US\$100 billion and a new goal would be set in 2025.

Financial innovation got a bad name following the credit crisis, but the Paris Agreement also held out the prospect of new thinking to realize the “social, economic and environmental value of voluntary mitigation actions and their co-benefits for adaptation, health and sustainable development.”<sup>22</sup> In France, debate was already under way on the innovative potential for monetary policy to support the energy transition. For example, in February 2015, France Stratégie – the former Commissariat au Plan and think

tank of the Prime Minister – published a proposal for financing low-carbon investment in Europe using the quantitative easing programme of the European Central Bank (ECB).<sup>23</sup>

Looking just at the text of the Agreement, however, misses much of the significance of the overall Paris package on climate finance. The second ring of action involved financial system rule-makers – and Paris became the symbolic location for the launch of a new FSB task force on climate disclosure. On the back of the G20's mandate to explore climate risks back in April, the FSB held a consultation with governments and private sector experts in London in September. Drawing heavily on the Bank of England's identification of three key climate risks facing the financial system – physical, transition and litigation risks – in November, the FSB's Chair Mark Carney proposed the creation of a new industry-led disclosure task force to enable a better understanding of these risks.<sup>24</sup> The task force was modelled on the FSB's Enhanced Disclosure Task Force (EDTF) that had been set up to bring clarity to often opaque financial reporting after the crisis. The new climate disclosure task force would also be industry-led and focus on drawing up voluntary guidelines to bring consistency to the world of reporting so that it was useful to lenders, insurers, investors and also financial regulators.<sup>25</sup> For Carney, “companies would disclose not only what they are emitting today, but how they plan their transition to the net-zero world of the future”.<sup>26</sup>

After overcoming initial doubts from some members, the G20 gave the go ahead at its summit in Antalya. The task force was then announced by Carney within the Le Bourget negotiating halls, under the chairmanship of former New York mayor and financial information guru Michael Bloomberg. Nowhere in the Paris Agreement is there any mention of the new FSB task force or the role of financial regulation. But financial regulation was now accepted as a critical dimension of the overall solution set, something unthinkable a year earlier. The governor of the Banque de France, François Villeroy de Galhau, also chose the Paris negotiations as the moment to give his own perspective of the implications of climate change for central banking for the first time. For him, the challenge boiled down to two key questions: “how to ensure that investors and financial intermediaries are aware of their actual exposure to risks? And how to prevent a misallocation of capital to carbon-intensive sectors or stranded assets?”<sup>27</sup> Importantly, Villeroy de Galhau went beyond the normal discussions of climate finance to explore the implications for monetary policy, arguing that “climate change is likely to affect the price of goods and services... and monetary policy will have to play its role of contributing to a smoother rebalancing of price structures, in line with its price stability mandate”. He also highlighted that responding to environmental factors is already part of the mandate for the eurozone.<sup>28</sup> Until now, however, this explicit requirement on the ECB to align its policies to sustainable growth ‘respecting the environment’ had not led to any formal policy moves.

And beyond these first steps from the regulatory community lay the third circle of commitments from financial institutions themselves. Collective action by investors to support global climate policy had started in the late 2000s in the run-up to the 2009 Copenhagen negotiations.<sup>29</sup> Now, institutional investors with assets of more than US\$24 trillion gave their backing to an ambitious deal in Paris, including the introduction of far-reaching carbon pricing. On top of this statement of strategic intent, financiers launched a host of more specific initiatives to change the actual allocation of capital.

Twenty-eight leading billionaire investors – such as Bill Gates, Vinod Khosla, Jack Ma and George Soros – came together in the Breakthrough Energy Coalition to place private capital behind innovative clean technologies coming out of the public research pipeline.<sup>30</sup> A further US\$11 trillion of investment capital also pledged to support policies to grow the green bond market, which had emerged as one of the most

promising ways of allocating capital for specific climate finance solutions.<sup>31</sup> French bond issuers, including municipalities such as the Île de France and corporations like EDF, had been in the vanguard of the green bond growth, supported by French banks such as Crédit Agricole.

Investors were also opening up to greater scrutiny of their own climate performance. Just 10 years earlier in 2005, the first carbon footprint of an investment fund had been published. Now in Paris, institutions with more than US\$10 trillion in assets committed themselves to this basic step in transparency, with the first signatory to this pledge being a French pension fund (ERAFP).<sup>32</sup> Going beyond this, the Portfolio Decarbonization Coalition (PDC) had mobilized an alliance of 25 investors committing to reduce the carbon footprint of US\$600 billion of assets under management. Initiated by a Swedish and a French pension fund (AP4 and FRR) along with a French asset manager (Amundi) and managed by UNEP's Finance Initiative, the PDC had gathered more than six times the amount expected when the Coalition had been launched in September 2014.<sup>33</sup> All of this was part of the NAZCA platform of pledges made by non-state actors – with 425 of the more than 10,000 pledges made by financial institutions.<sup>34</sup>

## Financing the Transition

As 2016 started, trading screens across the world initially turned red not green as markets took fright over the prospects for the global economy. Little connection was made between these short-term fears and the long-term climate agreement reached just weeks before.

Yet what came out of Paris can be seen not just as an environmental deal, but as the outline of a strategy for harnessing the financial system behind a new phase of global development. Looking back, the networked solution on financing climate action is a powerful expression of Nobel Prize-winning economist Elinor Ostrom's insight that the future lay in a 'polycentric' model of governance.<sup>35</sup> In Paris, the package of solutions came not just from different levels of government, but also from different parts of the policy arena, stretching far beyond classic climate policies to the public and private rules that govern global capital.

Clearly, the value of this networked model of financing climate action will be shown in how capital is actually deployed in the real world far from the conference hall. As President Hollande highlighted: "the agreement is not an end, but just a beginning." Its elements remain new and fragile – and subject to the usual problems of any negotiated agreement: backtracking, inertia and relegation by other newer issues on the political agenda. Yet at its heart, the package is based on the recognition that the structure of the financial response to climate change must reflect both the hard logic of climate science as well as the complexity of the financial system itself.

The likely resilience of the Paris financial package to the normal battering that comes to any climate agreement lies in its networked model, drawing on the dynamic, distributed nature of global finance. Much still needs to be done to make climate a routine factor in the work of central banks, financial regulators, commercial banks and insurance companies. Most central banks and regulators have yet to work through their role in enabling the orderly transition to a zero carbon, zero damage world. But the sense of a new agenda is apparent both among policymakers and capital markets. China has placed green finance at the heart of its 13<sup>th</sup> Five-Year Plan – and across the Channel, the City of London has launched its own Green Finance Initiative to rapidly expand issuance of green bonds and other instruments.

2015 showed that a new strategic approach to financing climate action was possible. For 2016, a number of actions can be taken to accelerate the momentum to make financial flows 'climate consistent'. In Paris

itself, a key focus for 2016 will be on implementing the new Energy Transition law, both the new investor disclosure requirements as well as setting out how climate factors could be included in banking sector stress tests. France will also continue to be president of the climate negotiations until it passes the baton on to Morocco at the Marrakech COP22 in November 2016.

At the system level, this embryonic networked approach needs to be fleshed out and deepened. Internationally, three priorities stand out: strategy, tools and rules. An ungainly phrase, but the INDCs were one of the real successes of COP21. The next step is to take the high-level policy directions and translate them into more detailed ‘green finance strategies’, working through the specific mix of incentives, standards, regulations and alliances needed to mobilize both domestic and international capital, particularly for developing countries.<sup>36</sup> Here, the new Green Infrastructure Investment Coalition is one expression of a new desire from both governments and investors to develop long-term pipelines of green assets that simultaneously support national ambitions and also meet investors’ risk:return requirements.<sup>37</sup>

To deliver these strategies, financial institutions and policymakers will need new tools to make climate and wider sustainability factors a routine part of financial decisions. Markets work best when the right information is available – and the new FSB task force has moved quickly to set out its initial thoughts on the fundamental principles of effective disclosures. In its first report, the Task Force made clear that transparency can reduce the potential for large, abrupt corrections in asset values that can destabilize financial markets.<sup>38</sup> The FSB task force will publish its final report in February 2017. Better disclosure will also be essential to build confidence in the new wave of commitments that financial institutions have made on carbon footprinting and carbon reduction. And tools need capacity – pointing to the importance of building the right skills and behaviours among the hundreds of thousands of financial professionals across the world.

Beyond disclosure, new rules of the road are also needed to place climate change at the heart of the financial governance. The road to Paris helped to fundamentally shift the burden of proof on how environmental, social and governance factors, exemplified by climate change, relate to core investor responsibilities such as fiduciary duty. Based on real world experience, the new consensus is that “a failure to consider long-term drivers of investment value including environmental, social and governance issues in investment practice is a failure of fiduciary duty”.<sup>39</sup> This conclusion has ramifications beyond common law jurisdictions where fiduciary duty drives investment practice – and speaks to the structural task of making sure that the consideration of climate factors becomes part of the governance of all financial institutions. For example, traditional definitions of prudence in banking will need to be rethought so that climate factors become part of routine definitions of risk appetite, prefigured by France’s extension of conventional stress tests to the environmental sphere. This question of governance also has a profound social dimension. Inclusion has become an accepted goal of global financial policy – for climate action, the challenge is to now think through the changes in financial incentives and duties so that the capital required becomes accessible to all.

The networked solution that came together in Paris needs all these elements to work together – markets that anticipate future shocks, public finance that pulls forward private capital and regulation that extends the notion of financial stability to incorporate the new imperative of decarbonization and resilience. In the end, the Paris package does not guarantee that the finance will flow. But it makes it possible – in a new framework that has a real potential to shift the trillions.

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- <sup>13</sup> See UNFCCC (2015). Synthesis report on the aggregate effect of the INDCs. <http://unfccc.int/resource/docs/2015/cop21/eng/07.pdf> and also UNEP (2015). The Emission Gap Report. [http://uneplive.unep.org/media/docs/theme/13/EGR\\_2015\\_301115\\_lores.pdf](http://uneplive.unep.org/media/docs/theme/13/EGR_2015_301115_lores.pdf)
- <sup>14</sup> Spencer, T. (2015). The future of coal: the long comedown <http://www.energypost.eu/future-coal-long-comedown/>
- <sup>15</sup> See V20 Communiqué, October 2015 <http://www.v-20.org/v20-communique/>
- <sup>16</sup> Paris Agreement, Article 8
- <sup>17</sup> COP 21 Decision, Article 43
- <sup>18</sup> COP21 Decision, Article 52
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- <sup>25</sup> FSB (2015). Proposal for a disclosure task force on climate-related risks. <http://www.fsb.org/wp-content/uploads/Disclosure-task-force-on-climate-related-risks.pdf>
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- <sup>28</sup> Article 2 of the European System of Central Banks statute states “Without prejudice to the objective of price stability, the European System of Central Banks (ESCB) shall support the general economic policies in the Community, with a view to contributing to the achievement of the objectives of the Community [economic activities, sustainable and non-inflationary growth respecting the environment-the raising of the standard of living and quality of life].”
- <sup>29</sup> See for example [http://www.iigcc.org/files/publication-files/Investor\\_statement\\_on\\_a\\_global\\_agreement\\_2008.pdf](http://www.iigcc.org/files/publication-files/Investor_statement_on_a_global_agreement_2008.pdf)
- <sup>30</sup> <http://www.breakthroughenergycoalition.com/en/index.html>
- <sup>31</sup> <http://www.climatebonds.net/resources/press-releases/Paris-Green-Bonds-Statement>
- <sup>32</sup> See Montreal Climate Pledge: <http://montrealpledge.org/>
- <sup>33</sup> <http://unepfi.org/pdc/category/news/>
- <sup>34</sup> NAZCA is organized by the Lima-Paris Action Agenda, co-hosted by the UN Secretary General, the UNFCCC as well as the governments of Peru and France. <http://climateaction.unfccc.int/>
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