

Expert Discussion on Carbon Disclosure Project Data – Validation and Analysis

Germanwatch and Heinrich-Boell-Foundation in Collaboration with
Carbon Disclosure Project and Institutional Investors Group on Climate Change

14 February 2006, Frankfurt am Main, Germany

Background and Idea

Climate change is widely recognised as the most significant environmental issue facing the global economy. 2004 so far has been the year with the highest losses caused by heavy weather, 2005 will be the next record year. 2005 has set the course with regulatory controls on carbon tightening and discussions starting on global carbon reductions after 2012. The 157 countries that have ratified the Kyoto Protocol agreed at the recently concluded United Nations climate conference in Montreal to continue their path on reducing greenhouse gas emissions.

Investors are interested in knowing how climate change affects investment risk and to what extent their investments contribute to climate change. The Carbon Disclosure Project (CDP) provides a secretariat for the world's largest institutional investor collaboration on the business implications of climate change. The 211 investors with assets of US\$31 trillion under management (as of 1 Feb 2006) collectively sign a single global request at regular intervals for disclosure of information on Greenhouse Gas Emissions. CDP sends this request to the largest companies in the world (FT500, S&P500 etc.). Hundreds of corporations currently report their emissions and how they deal with it. CDP's 2006 information request is addressing 1.800 companies worldwide.

Financial experts also see big risks, e.g. for the automotive sector: David Wyss, chief economist for Standard & Poor's, states that automobile manufacturers with more energy efficient models are in a better position to defy competition.

The raw data available through providers such as the CDP needs to be assessed in relation to industry benchmarks or to its contribution to climate change, in order that financial analysts are in a position to assess financial impacts. Financial analysts, therefore, need analytical frameworks and the support of specialists in order to do their job properly. Without this additional validation and interpretation, the link to financial analysis cannot be established. At the same time, the impact of regulatory frameworks and market-based mechanisms on financial analysis of companies also needs to be explored in more detail, in order to assess, for instance, the implications of voluntary or binding agreement targets on specific companies.

Expert Discussion

As a first step in tackling this topic, Germanwatch, in collaboration with CDP, Heinrich-Boell-Foundation and the Institutional Investors Group on Climate Change, organises an expert discussion on the topic of validation and analysis gathering with relevant players, such as investors (mainstream and SRI), analysts, asset managers and service providers.

Long-term objectives

- Providing investors with better analytical frameworks and decision making tools
- Improving both the raw data and the information needed to interpret it
- Demonstrating the value-added of such information and therefore incentivising both companies and investors to provide and use the data

Short-term objectives

- Finding adequate methods for validation and analysis of data provided within the Carbon Disclosure Project, e.g. by sectors
- Finding ways of organising validation

Dialogue Partners

Dialogue partners are investors, analysts, service providers and asset managers preferably belonging to one or all of the following initiatives: Carbon Disclosure Project, Enhanced Analytics Initiative, Institutional Investors Group on Climate Change, Investor Network on Climate Risk. Additionally, experts for certain sectors are invited.

The meeting will be an invitation-only event with limited number of participants.

Please direct any enquiries to:

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Programme, Closed Workshop

1.00 pm **Arrival and Welcome**

1.30 pm **Lunch**

Introductory Presentations

2.30 pm **Expansion of Carbon Disclosure Project in 2006 and Questions for Future Direction**

Paul Dickinson, Carbon Disclosure Project, London

3.00 pm **Current use of Carbon Data by Financial Analysts and Fund Managers
and How it Could be Improved**

Dr. Ivo Knoepfel, onValues Investment Strategies and Research, Zürich

Plenary Discussion with Practitioners

3.30 pm **Value Added for Investors and Asset Managers with Carbon Data**

With Inputs by Portfolio Managers, Analysts, Investors, Service Providers including

Felix Schnell, dit/ Allianz Dresdner Global Investors

David Russell, USS Universities Superannuation Scheme, London

Gisela Scheibert, Hauck & Aufhäuser Privatbankiers

Dr. Ingeborg Schumacher (via email), UBS

Paul Watchman, Freshfields Bruckhaus Deringer, London

Perrine Dutronc, Innovest Strategic Value Advisors, Paris

5.15 pm **Conclusions**

Christoph Bals, Germanwatch

5.30 pm **End**