

Understanding the issues around quantifying GHG emissions in the financial sector

Executive Summary

In the face of climate change, the financial sector has expressed the need to have access to appropriate tools for quantifying and monitoring greenhouse gas (GHG) emissions.

L'ORSE, l'ADEME, l'Association Bilan Carbone (ABC) and la Caisse des Dépôts, with the technical expertise of Carbone 4, have developed methodological guide to GHG emissions in the financial sector with the participation of around twenty financial institutions, NGOs and experts.

The purpose of this guide is to assist a wide range of players in the financial sector (banks, insurers, asset managers) in measuring their direct and indirect GHG emissions.

It offers an overview of the issues, identifies and analyses a range of existing tools and methodologies and provides examples of good practice.

In the face of climate change which is creating a need to reduce greenhouse gas (GHG) emissions on the one hand, and for the adaptation of society on the other, the financial sector appears to be a key player, both in terms of its economic weight and its ability to influence investment strategies.

One of the sector's primary objectives is to be in a position to assess its impact and capacities for action in the face of climate change.

Against this backdrop, le Club Finance de l'Observatoire sur la Responsabilité Sociétale des Entreprises (ORSE), l'Agence De l'Environnement et de la Maîtrise de l'Énergie (ADEME) and the Association Bilan Carbone (ABC) and la Caisse des Dépôts, with the technical expertise of Carbone 4, have launched a sectoral approach resulting in the publication of a practical guide cataloguing methodologies and tools to help a range of players in the finance sector (banks, insurance companies, asset managers) to assess their direct and indirect GHG emissions.

A DUAL OBJECTIVE

To make methodological recommendations for quantifying organisations' emissions from operations. Here, the aim of the guide is to highlight the methods and tools used to quantify GHG emissions.

To make methodological recommendations for quantifying financed emissions (Scope 3 – Category 15 'Investments'). The wide range of players, objectives and methodologies that may be chosen restricts any attempts at standardisation in the short-term. This guide is not intended to be used as an off-the-shelf, universal method.

A PARTICIPATORY AND COLLABORATIVE APPROACH

This guide is the result of a collaborative effort by a wide range of experts and stakeholders: some twenty financial institutions, several consultancy firms, NGOs and associations, that is seventy participants of the course of a year.

A PROCESS TO DRIVE SECTOR-WIDE MOMENTUM AND ESTABLISH A COMMON LANGUAGE

The needs of various businesses and financial institutions (investment banks, insurance companies, retail banks, commercial banks, asset managers etc.) may differ in terms of quantifying financed emissions. This guide presents a range of methods, tools and good practice to establish a common language in order to drive sector-wide momentum. The aim of the approach is to have a guide for wide circulation to improve the consistency and transparency of any GHG reports produced by this sector.

A GUIDE IN THREE PARTS

For maximum readability, the guide is split into three sections. The first section gives background, details the climate change issues facing the sector and offers an overview of the main existing quantification methods and tools. The second section offers practical and operational guidance for estimating emissions from operations within the sector. The third section offers a case study of a 'Top-down' method for quantifying financed emissions.

A LIVING DOCUMENT WITH A UNIVERSAL PURPOSE

This guide is a living document to be regularly updated as advances on carbon accounting are made. This document will be enriched with complementary work so as to meet the various needs of the sector. It has a European and international outlook and as such, the work presented draws on the main internationally-recognised frameworks.

Whereas discussions and actions are under way to better understand the role of the financial sector and help it to get to grips with the issues around climate change, this guide is a practical first step to be built on in order to support this momentum.

Link to download the guide:

http://www.orse.org/realisation_d_un_bilan_des_émissions_de_gaz_a_effet_de_serre_pour_le_secteur_financier-52-335.html

About ORSE:

ORSE – Observatoire de la Responsabilité Sociétale des Entreprises, works on behalf of its members (major asset management companies, companies and professional and employment bodies) to monitor corporate social and environmental responsibility, sustainable development and socially responsible investment (SRI) in France, Europe and worldwide.

For more information: <http://www.orse.org> -

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About ADEME:

L'Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME) helps to implement public policy in the areas of the environment, energy and sustainable development. The agency offers its expertise and advice to businesses, local government, public authorities and the general public to help them progress on environmental issues. It also helps them to finance projects and conduct research in the following fields: waste management, soil conservation, energy savings and renewable energies, air quality and noise control.

ADEME is a public agency under the joint authority of the Ministry for Ecology, Sustainable Development and Energy and the Ministry for Higher Education and Research.

For more information: www.ademe.fr

About the Association Bilan Carbone:

L'ABC is the organisation responsible for delivering the Bilan Carbone® method in France and worldwide since October 2011. It brings together private and public sector players and is developing the Bilan Carbone® with a particular focus on the managerial and strategic approach.

In this way, l'ABC and its partners are working on developing and circulating the methodological and operational solutions for reducing Greenhouse Gas (GHG) emissions in order to support the transition to a low-carbon society.

For more information: <http://www.associationbilancarbonate.fr>

About Caisse des Dépôts:

La Caisse des Dépôts and its subsidiaries are a public group delivering long term investment in the public interest and to promote the economic development of the country. Its remit was written into the law on economic modernisation of 4 August 2008.

The Group is recognised for its expertise in managing public mandates and works in four strategic priority areas to create employment and promote ambition in industry and innovation: business development, the energy transition, housing, infrastructures and sustainable mobility.

For more information: <http://www.caissedesdepots.fr>

About Carbone 4:

Carbone 4 is a consulting firm specialised in the issues around the energy transition and climate change. Carbone 4 works with the public and private sectors and, in particular, supports the financial sector in understanding the risks and opportunities associated with the energy transition. Carbone 4's expertise lies both in developing environmental methodologies and in designing products to finance the energy transition.

For more information: <http://www.carbone4.com>