

# Climate Change Tracker: Europe

## Introduction

This paper identifies countries and sectors that stand out as the leaders and laggards in their climate change response and management strategies. It focuses on observed and expected corporate responses together with current European climate change policies and initiatives. The paper concludes with suggestions for investor strategies on climate change.

The challenges presented by climate change are widely accepted and as the global economy grapples with responding to the financial downturn, this environmental crisis presents investors with unique opportunities to address both issues.

European countries play a significant role in the attempts to address climate change. At the United Nations Copenhagen Conference of Parties (COP) in December 2009, the European Union (EU) joined the Copenhagen Accord. The EU committed to a conditional offer to move to a 30% reduction in greenhouse gas (GHG) emissions by 2020 compared to 1990 levels, provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities. Although no legally binding document was established at the conference, a consensus among leaders was apparent for a collective, long-term response to climate change and the agreement will likely affect the business community's response to the environmental crisis<sup>1</sup>. Amongst the outcomes from the COP, the provision of short-term funding for immediate mechanisms to support technology transfer and forestry, could have an impact on business strategies<sup>2</sup>. The focus now turns to seeing how governments address the challenges of climate change (including the role given to business), and to the next round of international negotiations in Mexico scheduled for November – December 2010.

A recent study by Ernst & Young analysed the views of 300 global executives from companies in 18 different sectors (including automotive, chemicals, mining and metals, oil & gas and transport). Encouraging results were found, suggesting companies are increasingly looking to invest in climate change initiatives. The regional sphere of this study covered 16 countries, including Denmark, Finland, France, Germany and Switzerland. 70% of those surveyed intend to increase investment in climate change initiatives, such as energy efficiency and product development, over the next two years. This suggests, despite regulatory uncertainty post-Copenhagen, there is an environment for climate change solutions investment<sup>3</sup>.

### Key Findings:

- Large impact companies, representing **EUR 1.2 trillion** by market capitalization, **are not adequately addressing climate change**. This equates to 26.2% of companies included in the FTSE Eurofirst 300 Index by market capitalization.
- **Worst performers** are in sectors with the **highest climate change impact**. Investors have an opportunity to reduce their portfolios' unmanaged risks by identifying laggards and encouraging them to adopt risk management strategies.
- **62%** of large impact companies in the FTSE Eurofirst 300 already **link executive remuneration** to carbon emission reductions.
- **55%** of large impact companies in the FTSE Eurofirst 300 have **long-term targets** in place.
- **Corporate response to climate change** varies between European countries. The best companies are from the most economically powerful European countries, namely the UK, Germany and France; however these regions also contribute the most to GHG emissions due to energy intensive industries.
- Companies offering **climate change solutions** provide investor opportunities and are most notable among French, German and small cap companies.

**Section 1: Tracking European corporate performance trends**

**1a) Climate change impact**

In April 2010, EIRIS assessed the climate change risk and management response of the companies on the FTSE Eurofirst 300 Index.

**Assessment approach**

With input from investor groups, NGOs and others (including WWF, Climate Group, Carbon Trust and IIGCC), EIRIS developed indicators to assess how companies should best address their climate change impacts and risks.

Assessment grades are based on EIRIS indicators covering aspects such as:

- **Governance** - e.g. does the company have a corporate-wide climate change policy, or is board remuneration linked to climate change performance.
- **Strategy** – e.g. has the company set targets?
- **Disclosure** - covering the quality of carbon data, or quantified disclosure risks or opportunities.
- **Performance** - e.g. year on year reduction in GHG emissions or transformational initiatives such as large scale investment in carbon capture and storage.

These indicators are aggregated into five assessment grades ranging from *no evidence*, to *limited*, *intermediate*, *good* or *advanced* where *good* is considered to be the level at which companies are adequately addressing the issue of climate change.

Key findings are highlighted below.

**Climate change risk of European companies**

EIRIS has classified companies into over 50 sectors (and sub-sectors), based on business activities, to identify overall climate change impact. Each sector is classified as very high (VH), high (H), medium (M) or low (L) impact based on direct (e.g. operational) and

indirect (e.g. supply chain and product) emissions. Examples of very high impact sectors include oil & gas and mining. These sectors have an average carbon intensity (relative to turnover) of 125 times that of low impact sectors. High impact sectors such as automobile manufacturers are on average five times as carbon intensive. Medium impact sectors such as consumer electronics are three times as carbon intensive. EIRIS uses company data and independent sources to assess carbon risk management.

**Fig. 1 Regional climate change impact by % market capitalization**

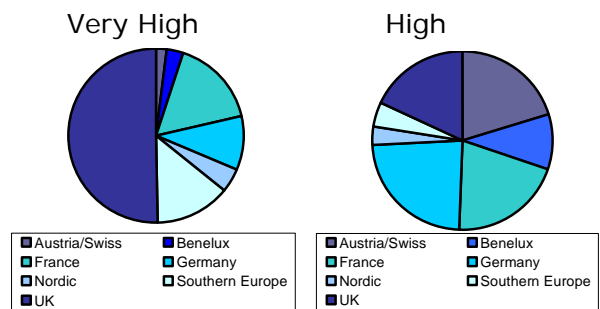
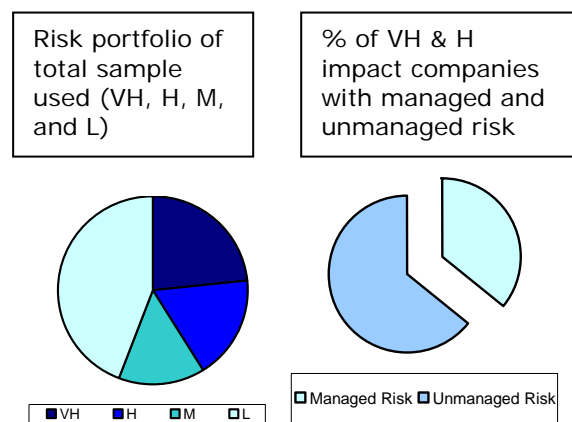


Figure 1 shows that regionally, from the sample of European top 300 companies studied, the greatest proportion (50%) of very high impact companies were located in the United Kingdom (UK), while the greatest proportion of high impact companies were in Germany (23%).

**Fig. 2 Climate change impact companies and proportion of VH & H with managed and unmanaged risk (by % market cap)**

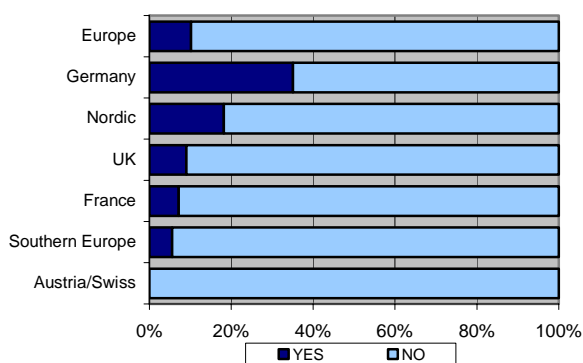


Within the European top 300 companies, 41% have a very high or high impact for climate change risk, shown in figure 2. Of

this 41%, approximately two thirds (64%) of companies by market capitalisation do not manage their climate change risk adequately, with the remaining 36% found to have managed this risk adequately. Of the FTSE Eurofirst 300 companies therefore, 26.2% do not adequately manage their risk, by market capitalization.

**Product Impact**

**Fig. 3 Provision of product targets by market cap (% VH & H, impact companies with product impact)**



From the sample of FTSE Eurofirst 300 companies, 29% of the very high and high impact companies are classified in sectors with associated climate change product impacts. Although products are a key contributor to climate change, due to their consumption of fuels and energy, there are fewer commitments from companies to address this impact. Although 97% of the European companies with potential product impact have a product policy commitment, only 10% of these have product targets in place, as shown in figure 3. German companies, including its dominant automotive industry, have made the greatest commitment with respect to product targets (35%). The transport industry in general, including the automobile and aircraft manufacturing sectors, has the highest proportion of product targets. This industry represents a large proportion of European energy use. Transport-related companies may be more likely to set product targets as there are financial incentives for the automotive industry (for example through multiple scrapping schemes) and stringent legislative requirements for aeroplane emissions and automobile specifications (see figure 4)<sup>4</sup>.

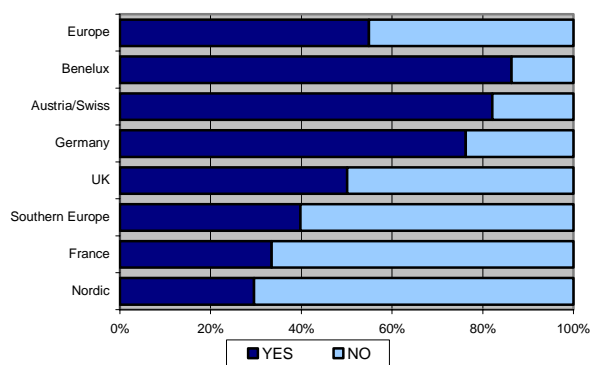
**Fig. 4 EU legislation affecting automobiles instituted under the Vehicle Emissions Standards**

- New passenger cars' CO<sub>2</sub> emissions limited to 120g CO<sub>2</sub>/km for 65% of new car fleets in 2012
- Fines to be imposed on carmakers breaching limits (starting at EUR 20/gram of CO<sub>2</sub> that each car emits over the target in 2012; rising to EUR 95 in 2015)
- Long-term target for average emissions - 95g/km for new cars in 2020
- Suppliers to reduce GHG emissions from entire fuel production chain by 6% by 2020

**1b) Climate change response**

**Long term targets**

**Fig. 5 Provision of long-term targets by European companies (% VH & H impact companies by market cap)**

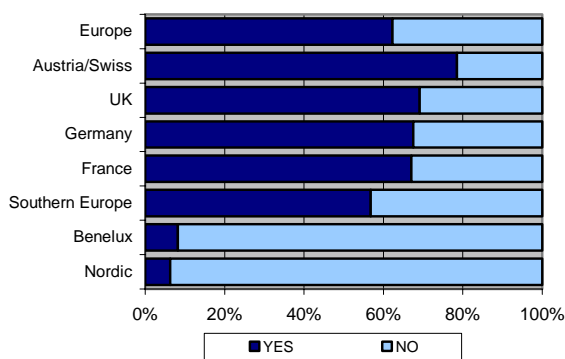


Long-term targets (more than 5 years), assist the challenge of adequately addressing climate change. Figure 5 suggests corporate responses from the Nordic countries, Southern Europe and France all lag in this area. The oil & gas and electricity industries represent the highest proportion of FTSE Eurofirst 300 companies, without long-term targets. This highlights the need for investors to engage with those companies for the setting of targets, given the very high impact if those sectors. Benelux, Germany and Austria/Switzerland have a high percentage of food producer/supermarket and chemical companies, which are sectors with the highest proportion of long term targets. An interesting finding from this analysis is the correlation between market

capitalization and the setting of long term targets. Although 41% of companies in the very high and high impact sectors have set up long term targets, the percentage of market capitalization that these companies represent is around 55% of the same sample. For example, two out of the nine companies in the Austria/Switzerland group have set up long-term targets. This represents 82% of the market capitalization of that region's VH and H companies.

**Remuneration**

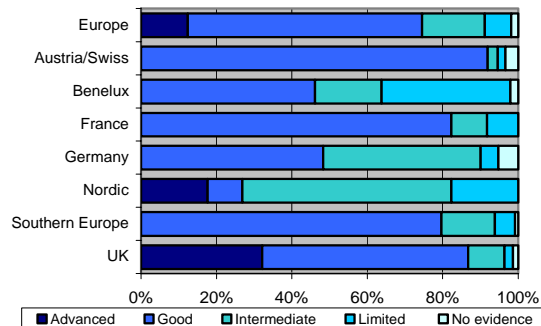
**Fig. 6 Remuneration linked to carbon emissions (% VH & H impact companies by market cap)**



Performance-based compensation incentivises company leaders to improve corporate climate change policies. Figure 6 highlights that 62% of very high and high impact companies are already linking performance-based remuneration with emissions reduction initiatives. It also suggests that a substantial number of companies acknowledge the necessity to reduce carbon emissions and institute structural changes to tackle climate change, with responsibility residing at director level. In addition, the companies that tie remuneration with operational carbon emissions are considered to have *good* or *advanced* senior management engagement with general company-wide ESG risks and opportunities. However, the companies listed in the Benelux and Nordic regions, clearly lag in this area, with the highest proportion of companies lacking climate change linked remuneration in the specialty chemicals sector<sup>5</sup>.

**Disclosure**

**Fig. 7 Climate Change disclosure by % market cap of European countries (VH & H)**



European companies generally provide good emissions disclosure.

Figure 7 above indicates that relative to market capitalization alone, the UK and France are the leading regions, in terms of *advanced* and/or *good* responses, while the Nordic region has the greatest proportion of companies with lower quality disclosure. Germany has the largest proportion of companies with *no evidence* (5%) and Benelux the greatest in terms of a *limited* response (34%).

In addition a large percentage of companies are disclosing either absolute emissions (97%) or normalised emissions<sup>6</sup> (92%) with many publishing both. However, they may be less transparent in other areas, such as risk disclosure and reporting against targets.

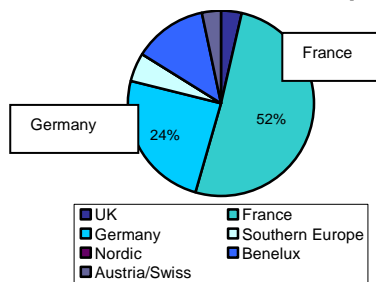
By sector, the best performers overall (very high and high impact companies) by market capitalization, consist of delivery services, other building materials and waste. Amongst the highest impact companies (very high only), electricity generation is the leading sector for disclosure. Of the highest impact companies, the metals sectors present the greatest room for improvement. These companies fail to disclose sufficient information or have poorer performance. They represent an opportunity for investors to engage for improved disclosure and enhanced performance.

**1c) Environmental solutions companies**

EIRIS has identified four environmental solutions category areas: related to climate

change; water scarcity; waste; and provision of environmental advice. EIRIS has also identified five types of industries contributing to addressing the climate challenge, namely renewable energy, energy management, sustainable transport, climate change technologies and financial services. Of the FTSE Eurofirst 300 companies, 6.3% by market capitalization are considered by EIRIS to provide environmental solutions. Of these, 74% are specifically involved in climate change solutions. In this sample, energy management is the most significant industry (59%), followed by sustainable transport (21%) and renewable energy (20%). This distribution is consistent with the sustainable strategies set up by the European Union.

**Fig. 8 Proportion of FTSE Eurofirst 300 companies with EIRIS climate change solution activities (% market cap)**



As shown in figure 8, 52% of companies from the FTSE Eurofirst 300 index involved in climate change solutions are located in France. EIRIS has identified only two companies (EDP Renovaveis – Iberia and Vestas Wind Systems – Nordic region), which are considered pure climate change solutions players as they derive over 90% of turnover from these activities. The UK lags behind in this field, with only 3% of companies from the sample used. It is important to note that some significant European environmental solutions companies have not been captured by this analysis because their market capitalization was below that required to join the top 300. Investors have an opportunity to increase investment in smaller but growing companies, thus increasing their likelihood of being included in indices, such as the FTSE Eurofirst 300, in the future. Such an approach could reduce the overall risk profile of investor portfolios.

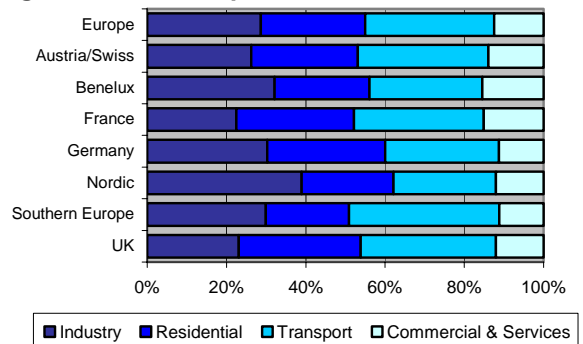
**Section 2: Context**

Whilst this paper highlights the existing corporate response to the important challenges posed by climate change, the wider European energy and climate change policy framework can assist the investor to appreciate the wider context within which company initiatives will develop.

**Energy use composition**

The International Energy Agency (IEA) predicts that while European energy use was set to decrease in 2009 as a result of the financial recession, an upward trend will shortly resume with an average 1.5% increase per year between 2007 and 2030<sup>7</sup>. Due to the stringent targets set up by the European Commission, more rigorous regional and national regulations could be expected.

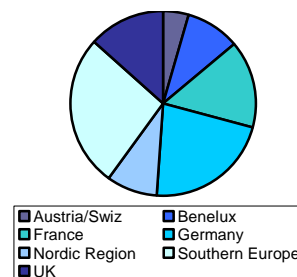
**Fig. 9 Proportion of sectors' energy use Regional and Europe (2007)**



Source: IEA

Overall the transport sector in Europe accounted for 32% of the energy use in 2007. Energy consumption for the transport sector includes roads, air transport and railway, as defined by the IEA. Regionally, figure 9 shows this sector accounts for the largest proportion of energy consumption for four out of the seven main regions.

**Fig. 10 Total Final Consumption (TFC) of Regional countries (in thousand tonnes of oil equivalent (ktoe) on a net calorific value basis)**



Source: IEA

Southern Europe has the highest regional energy consumption<sup>8</sup>, mainly due to Italy and Spain being dominated by the transport industries, which are heavy energy users. Germany, France and the UK have the greatest individual energy consumption while Austria/Switzerland and the Benelux are the least energy-consuming regions by total final consumption (see figure 10 above). In Switzerland, the relative low emissions intensity is due to the economic significance of the low-carbon financial sector<sup>9</sup>.

### **European Union regional policies**

The EU has a Sustainable Development Strategy providing an overarching mechanism for all EU policies and includes topics such as climate change and clean energy, and sustainable transport. The European Commission claims that the EU has been at the forefront of the fight against climate change. The EU committed itself unilaterally to further reducing its overall emissions to 20% below 1990 levels by 2020 and to upgrading this effort to a 30% emission reduction in the event of a comprehensive international climate agreement. This agreement was proposed to take effect at the start of 2013 when the Kyoto Protocol's first commitment period will have expired. The Copenhagen Accord reached in December 2009 represents a step toward such an agreement.

The future development for the EU Sustainable Development strategy includes the contribution of a rapid shift to a low-carbon economy, based on energy efficient technologies and sustainable transport<sup>10</sup>.

Between 1990 and 2007, some of the largest absolute emission reductions took place in Germany and the UK. In Germany this was partly due to lower use of fossil fuels and in the UK during that period, reductions occurred mainly in the energy, manufacturing industries and other energy sectors, due to a switch from solid fuels to gaseous fuels<sup>11</sup>. In this period, absolute emissions increased most in the Southern Europe region which includes Spain, Italy, Greece and Portugal. In general, countries are making varied progress towards emissions reduction. However, it should be

expected that further national measures will be put in place because of stringent European regional targets.

While both Germany and the UK have a significant potential impact with regards to climate change and emissions, these regions can also be seen as leaders in addressing this area. The UK was one of the first countries in the world to commit to legally binding GHG emissions reductions. Germany has accomplished significant emissions reductions in its energy and manufacturing industries. Alongside these countries, Norway has made a political pledge to achieve carbon neutrality, undertaking to reduce global GHG emissions by the equivalent of 100% of its own emissions by 2050 at the latest<sup>12</sup>. This will be achieved through each tonne of GHG emitted being offset by an equivalent reduction elsewhere. This totals to zero emissions increase. Denmark, coupled with having relatively low energy consumption, can also be seen as one of the most efficient users of energy, with significant CO<sub>2</sub> reductions in relation to production. Since 1980, the Danish economy has grown by 78%, while energy consumption has remained fairly constant and CO<sub>2</sub> emissions have been reduced<sup>13</sup>. CO<sub>2</sub> emissions reduced by 20.5% in 2007 compared to 1980 levels<sup>14</sup>.

Countries have set up a number of initiatives to provide incentives to industries to reduce their energy consumption and emissions and to increase their energy efficiency. For example, the UK set up a Low Carbon Transition Plan<sup>15</sup> including Low Carbon Transport, Low Carbon Industrial and Renewable Energy Strategies<sup>16</sup>. In April 2010, the Carbon Reduction Commitment Energy Efficient Scheme (CRC) was adopted in the UK, requiring companies to purchase allowances to emit carbon dioxide annually.

In February 2010, the UK government announced the UK's Feed-in-Tariff (FiT), or 'Clean Energy Cashback' scheme which pays homeowners and businesses for the generation of their own electricity through low-carbon means. Germany also supports climate policy mechanisms such as carbon price and advanced Feed-in-Tariffs<sup>17</sup>. Since 2002, Sweden has increased the CO<sub>2</sub> tax and

launched climate information initiatives and special climate investment subsidies. Switzerland also implements a CO<sub>2</sub> tax, where voluntary measures do not have the desired effect. Likewise, Greece is offering some of the most generous and lucrative solar Feed-in-Tariffs (FiT) launching a FiT for rooftop installations of photovoltaic solar energy systems.

In March 2010, the French government withdrew its proposed carbon tax reform, due to extensive public pressure from business lobbies, associations and major French Unions, such as General Federation of Labour (CGT)<sup>18</sup>. The government was criticised for exposing France to competitive disadvantage if a carbon tax was not a formal agreement between all other European countries<sup>19</sup>. This demonstrates a need for legislation and regulation to be adopted at a European level and not relying on national policies alone.

The EU has made advances in renewable energy targets agreeing to boost renewable energy use to 20% by 2020, based on 1990 levels. In April 2009, the EU adopted a new Renewable Directive to set individual targets for each member state, based on per capital gross domestic product (GDP). See figure 11 below.

**Fig. 11 Summary of regional requirements to increase share of renewables based on 2005 levels.**

Member State	Share of renewables in 2005	Share required by 2020
Austria	23.3%	34%
Belgium	2.2%	13%
Denmark	17%	30%
Finland	28.5%	38%
France	10.3%	23%
Germany	5.8%	18%
Greece	6.9%	18%
Italy	5.2%	17%
The Netherlands	2.4%	14%
Portugal	20.5%	31%
Spain	8.7%	20%
Sweden	39.8%	49%
United Kingdom	1.3%	15%

Source: EuroActiv<sup>20</sup>

Spain and Portugal are notably contributing to renewable energy production and use. The world's largest solar power tower began operations in Spain in 2009, and Portugal has become a growing provider in renewable energy with up to 10KW in generation capacity. Additionally, Spain continues to

generate high levels of electricity from wind turbines. Increased capacity for electricity generation from combined renewable energy sources in Germany increased from 1990 levels by 88% in 2008 to account for 9.5% of its energy mix. Although government announcements were made in January 2010 to cut feed-in-tariffs in solar power by 15% from April, Germany has built a large capacity for solar energy in the last few years, with more than a third of the global cumulative photovoltaic power installed<sup>21</sup>. Similarly, the Green Electricity Act of 2008 committed Austria to increase the share of renewable energy in electricity production and plans to meet its target through large installations including wind, hydro, and biomass sources<sup>22</sup>. Denmark's reduction in CO<sub>2</sub> emissions relates to its energy policy measures to promote the use of renewable energy, such as the Energy Agreement of 21 February 2008. CO<sub>2</sub> emissions reduced by 20.5% in 2007 compared to 1980 levels. In 2007, renewable energy accounted for 19% of total final energy consumption. The Danish government aims to achieve a 33% share of renewable energy from final energy consumption by 2025, based on 2008 levels<sup>23</sup>. Through the development of new energy technologies, Denmark is a leading player in wind turbine production, and covers about one-third of the global wind turbine market<sup>24</sup>.

Some European countries have significant stimulus packages in place, to help drive incentives to address climate change. In the UK's 2009 stimulus measures, approximately EUR 492m was allocated to low-carbon power and EUR 1.1bn to energy efficiency measures. However, these packages may be affected by the change of government in May 2010. Germany's stimulus package focuses on transport efficiency, its sector of highest energy consumption (see figure 9), through an efficient car replacement scheme. In France, in December 2008, the government unveiled a EUR 26bn stimulus plan including, EUR 1.4bn allocated to support the transformation of its automobile sector through a car scrapping programme and EUR 11.4bn allocated to infrastructure projects.

### **Section 3: Conclusions and Recommendations for investors**

#### ***i) Engage to encourage long-term targets***

Companies are uncertain of future regulatory requirements. This is particularly true as the Kyoto commitments draw to an end and weaker promises of the Copenhagen Accord have yet to compel the business community to set concrete emissions reductions targets. However, European companies are strategically positioned to set up targets as their regulatory framework is more predictable and reliable than their global peers. Investors should encourage companies, including small caps, to set long-standing targets, as part of an overall climate response. This will support a three-pronged strategy:

- respond to regulatory requirements and anticipate future legislation
- benefit from broadly offered governmental support and incentives
- mitigate long-term sector-specific risks associated with climate change.

These combined efforts could significantly enhance shareholder value.

#### ***ii) Identify and respond to risk in your portfolio***

26.2% of the FTSE Eurofirst 300 companies by market capitalization, identified as the worst performers in terms of climate change management response, were very high and high impact companies (see figure 2). Investors should be aware of the level of increased risk exposure of their portfolios and adopt mitigating measures.

#### ***iii) Engage to encourage climate change commitments and strategies in relation to product***

Product impact is an often overlooked element of corporate climate policies. Many European companies report operational targets and greenhouse gas emissions, but fail to account for product impacts. Considering the EU's increasingly stringent climate change targets and how products can contribute to fulfil those, investors should demand further disclosure associated with main product lines. This will also help

companies benefit from stimulus packages directed at product-related improvements, providing opportunities for a formal strategy to be set up, which includes product targets and monitoring product emissions. As a result any hidden risks associated with product impacts may be minimized, thus supporting companies' competitive advantage strategies and their market value.

#### ***iv) Increase investment in climate change solution companies***

EIRIS identified a small proportion of companies involved in climate change solutions, as shown in figure 8. Investors have an opportunity to increase investment in smaller but emergent companies, and thus reduce the overall exposure of their portfolios to climate change risks.

#### ***v) Use voting to encourage improvements***

Shareholders are encouraged to disclose their views about companies when exercising their voting rights. At annual meetings companies that have implemented comprehensive climate strategies could expect the support of their shareholders, while laggards ought to respond to their critics.

#### ***In summary***

Investors can use the above strategies, assessed through EIRIS criteria to conduct due diligence and identify market risks and potential investment opportunities. For investors the transparency and timescale of companies' climate change response and management strategies are pivotal.

#### **Notes**

<sup>1</sup> 'After Copenhagen', Yvo de Boer, 27/01/2010, <http://www.europeanvoice.com/article/2010/01/after-copenhagen/66978.aspx>, website accessed 03/06/2010

<sup>2</sup> European Commission, [http://ec.europa.eu/news/environment/091221\\_en.htm](http://ec.europa.eu/news/environment/091221_en.htm), website accessed 02/06/2010

<sup>3</sup> 'Investment in climate change to risk in 70% of firms', The Corporate Social Responsibility Newswire, 03/06/2010

<sup>4</sup> EuroActiv website, <http://www.euractiv.com/en/transport/competition-plans-co2-fines-carmakers/article-169288>, website accessed 03/06/2010

<sup>5</sup> From the sample used, both the Benelux and Nordic countries represent one company each. This is to note as effects the graphical depiction of results.

<sup>6</sup> Normalized emissions are defined as emissions expressed in terms of output (this can be in physical units e.g. tonnes, barrels or kilowatt-hours), or in terms of monetary value (e.g. emissions per revenue of sales)

<sup>7</sup> International Energy Agency (IEA) (2009) 'World Energy Outlook Executive Summary 2009' and International Energy Agency (IEA), <http://www.iea.org/stats/prodresult.asp?PRODUCTION=Balances>, website accessed 03/06/2010

<sup>8</sup> Total final consumption (TFC) is the sum of consumption by the different end-use sectors. Backflows from the petrochemical industry are not included in final consumption

<sup>9</sup> European Commission, [http://ec.europa.eu/news/environment/091221\\_en.htm](http://ec.europa.eu/news/environment/091221_en.htm), website accessed 26/05/2010

<sup>10</sup> European Union (EUROPA) website, [http://ec.europa.eu/environment/climate/climate\\_action.htm](http://ec.europa.eu/environment/climate/climate_action.htm), website accessed 28/05/2010

<sup>11</sup> 'Greenhouse gas emissions trends and projections in Europe 2009: Tracking progress towards Kyoto targets ', European Environment Agency (EEA)

<sup>12</sup> Norwegian Ministry of the Environment: <http://www.regjeringen.no/en/dep/md/Selected-topics/climate.html?id=1307>, website accessed 03/06/2010

<sup>13</sup> Ministry of Climate and Energy, <http://www.kemin.dk/Documents/Publikationer%20HTML/The%20Danish%20Example/html/kap01.html>, website accessed 02/06/2010

<sup>14</sup> European Energy Council, *Renewable Energy Policy Review: Denmark, 2009*, [http://www.erec.org/fileadmin/erec\\_docs/Project\\_Documents/RES2020/DENMARK\\_RES\\_Policy\\_Review\\_09\\_Final.pdf](http://www.erec.org/fileadmin/erec_docs/Project_Documents/RES2020/DENMARK_RES_Policy_Review_09_Final.pdf), website accessed 03/06/2010

<sup>15</sup> Department of Energy and Climate Change, [http://www.decc.gov.uk/en/content/cms/publications/lc\\_trans\\_plan/lc\\_trans\\_plan.aspx](http://www.decc.gov.uk/en/content/cms/publications/lc_trans_plan/lc_trans_plan.aspx) and European Environment Agency (EEA), *Greenhouse gas emission trends and projections in Europe 2009*, page 27

<sup>16</sup> UK Department of Energy and Climate Change, <http://www.decc.gov.uk/>, website accessed 07/06/2010

<sup>17</sup> Global Climate Change Policy Tracker, *The Green Economy: The Race is On; March 2010*, Deutsche Bank Group

<sup>18</sup> 'France backs down on Carbon tax' article, <http://www.google.com/hostednews/afp/article/ALeqM5iqlWaYJZL-4TxvZopu3B562kpOA> and <http://www.dw-world.de/dw/article/0,,5383942,00.html>, websites accessed 03/06/2010

<sup>19</sup> 'France backs down on Carbon tax plan' article, <http://www.google.com/hostednews/afp/article/ALeqM5iqlWaYJZL-4TxvZopu3B562kpOA>, website accessed 26/05/2010

<sup>20</sup> EuroActiv website, <http://www.euractiv.com/en/energy/eu-renewable-energy-policy/article-117536>, website accessed 26/05/2010

<sup>21</sup> European PhotoVoltaic Industry Association (EPIA) website, <http://www.epia.org/policy/national-policies/germany/germ-pv-market.html>, website accessed 01/05/2010

<sup>22</sup> International Energy Agency (IEA), <http://www.iea.org/textbase/pm/?mode=cc&id=4432&action=detail>, website accessed 27/05/2010

<sup>23</sup> Ministry of Climate and Energy, <http://www.kemin.dk/Documents/Publikationer%20HTML/The%20Danish%20Example/ht>

[ml/kap01.html](#), website accessed  
03/06/2010

<sup>24</sup> Ministry of Climate and Energy,  
<http://www.kemin.dk/Documents/Publikationer%20HTML/The%20Danish%20Example/html/kap01.html>, website accessed  
03/06/2010

### **How we can help – EIRIS Climate Change Toolkit for Investors**

EIRIS has developed a comprehensive suite of products to help investors assess their portfolios and design investment strategies in response to the challenge of a carbon-constrained economy.

- **EIRIS Carbon Profile** - assesses the climate change performance of a portfolio against major market indices by considering both climate change impact and company responses. It is designed to help investors understand the quantitative climate change impact of their portfolios. It provides a qualitative assessment of company responses to climate change.
- **EIRIS Carbon Engager** – helps investors to target their engagement on climate change and identify key priorities. It provides detailed reports on individual company performance and best practice examples to support a variety of engagement approaches.
- **EIRIS Carbon Risk Factor** - quantifies individual company performance on climate change. It provides a risk-weighted score based on each company's carbon impact and management response to climate change. It is designed to be easily integrated into analysts' models.

For further information contact Lisa Hayles: [lisa.hayles@eiris.org](mailto:lisa.hayles@eiris.org) 020 7840 5727 (direct line)

#### **About EIRIS**

EIRIS is a leading global provider of independent research into the environmental, social, and governance, (ESG), and ethical performance of companies. With over 25 years experience of conducting research and promoting responsible investment strategies, EIRIS now provides services to more than 100 asset owners and asset managers globally. In the last ten years new EIRIS research has focussed on the risks and exposure of companies in key ESG areas, and how companies are responding. EIRIS works with clients to create their own ESG ratings and rankings, to engage with companies and to create specific funds for their clients. EIRIS has a multinational team of over 50 staff in London, together with offices in Boston and Paris. The EIRIS network includes research organisations in Australia, France, Israel,

**Author: Charlotte Hine** with thanks to **Kathryn Allan**, Carlota Garcia-Manas, David Tozer, Stephen Hine, Mark Robertson, Kazutaka Kuroda and Yumika Mochizuki.

Contact us: 020 7840 5700 or [clients@eiris.org](mailto:clients@eiris.org) [www.eiris.org](http://www.eiris.org)

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