RiskFinPorto ... leaving the bubble.

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This is a carbon bubble.

A carbon bubble is the overvaluation of companies which depend on fossil energy production. Such assets dwindle with fossil demand ...

... the bubble pops.

This is a 100 trillion dollar pop

Citigroup sees $100 trillion of stranded assets if Paris succeeds (RenewEconomy, 25 August 2015)

pop!

max + 2 °

Art 2.1 c Paris Agreement:

[...] making **finance flows consistent** with a pathway towards low greenhouse gas emissions and climate-resilient development.

PARIS2015 UN CLIMATE CHANGE CONFERENCE COP21·CMP11

Q: So, divestment protects both climate and portfolio, right? I'm an investor: what's the deal?

divestment: pulling out of GHG-heavy investments

Lose Portfolio Risk In 5 Easy Steps!

= RiskFinPorto project outcome

5. Eat Invest Lo-Carb

With all those insights gained, and more to come—how will actors benefit?

Actors / stakeholders are involved throughout the project ... to wrap it all up **into relevant and actionable recommendations.**

If climate change gives you lemons, divest them and mix a portfolio!

4. Size Up Your Risk

POP!

my Portfolio

What´s the risk—and from which angle?

Is it the dependency on fossils? Or will regulation curb CO_2 emission per unit production? Is there anything, like, a **taxonomy** to guide enterprises?

risky by all measures

carbon intensity

€CO_2

fossil dependency

€

etc.

3. Count Carbs

GHG Protocol

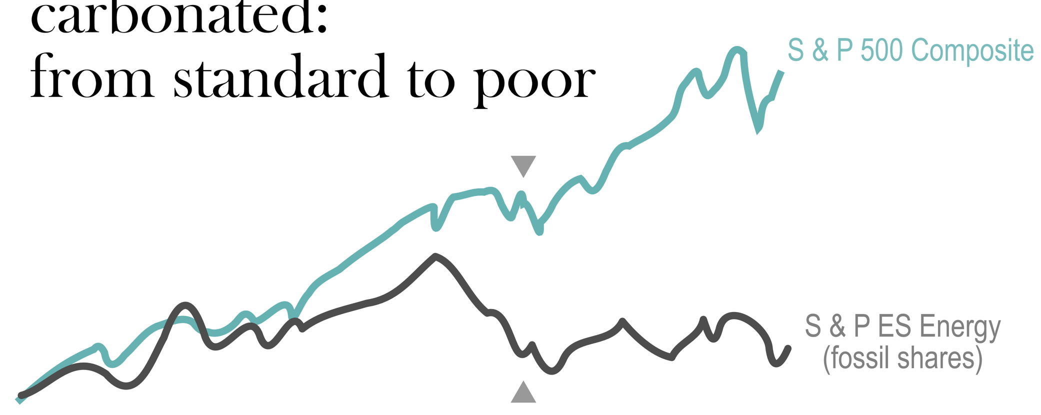
ISO 14064

Carbon-aware investment needs **disclosure** of the (fossil) CO_2 released by the companies invested in.

Currently, **different methods** can hamper comparability. But harmonisation is on its way... and **carbon intensity** looks promising.

performance

carbonated: from standard to poor



Q: Won't my fossil competitors make the race in the short run?

#1 worry

A: Not quite. The major S&P 500 Composite index clearly **outcompetes its fossil-invested** ES Energy companion.

2. Know The Law

key legislation

Here's some approaches to legislative support we've scouted so far ...

Rooms for improvement

best interest of unitholder §

risk spreading §

explicit rule of caution §

safeguarding duty §

obligatory risk management §§

Regulation can help pull out of fossil investments. Especially while **divestment** is still considered a "mere" morale rather than **fiduciary obligation**.

1. Be Aware

So climate change is **not an abstract future** risk any **longer**. But there's a (rather) new facet to it, at least for the financial market: **profits from burning fossils are at stake**—as a regulatory means to curb CO_2 emissions.

2010 2015 2020 2025 2030

"The **dominating strategy** seems to be **waiting things out** [...], not daring to move first"

2018 online survey among Austrian actors on the financial market

co₂gnitive gaps:

"Divestment", "2nd round effects", "decarbonization" ... are these terms known and relevant among market actors? **Are actors aware at all?**

100 % of actors from the Austrian financial market agree that risks (and opportunities) of climate change require foresightful management.

33 % have already taken countermeasures ... or report subject-matter management initiative

90 % are aware that climate change and the transition to a low carbon society may expose their business to higher risks

#1 worry: costs / competition

RiskFinPorto 2018 online survey among Austrian actors on the financial market

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