An inevitable risk, a proliferation of analysis methodologies

The "climate" risk is an urgent, global, systemic and irreversible one which is closely linked to fossil fuel use, a key driver of economic development. It can be broken down into the "physical risk" (the increasing number of extreme natural events), and the "transition risk" (relating to the constraints imposed on economic and political stakeholders to restrict greenhouse gas emissions).

Momentum around the climate issue has grown significantly since the signing of the Paris Agreement in December 2015. For instance, financial players are exerting constant pressure on companies to

prepare for the climate risk and develop their strategies and reporting mechanisms.

This has resulted in a proliferation of climate risk analysis methods and the emergence of new corporate measurement standards – standards which up to now have been broadly based on financial indicators alone.

Companies are increasingly questioning the maturity, relevance, complexity and heterogeneity of such analysis methods.

Aim and method of the study

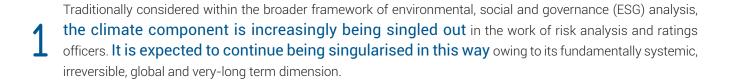
The French Association of Large Companies (AFEP, Association française des entreprises privées) asked the think tank *The Shift Project* to conduct an analysis of stakeholders in climate risk assessment, their choice of methodologies and key market trends. The aim was to help companies to more clearly understand the environment in which they were developing in terms of climate risk analysis.

The Shift Project team conducted:

 interviews with AFEP companies to clarify their questions about stakeholders in climate risk assessment and their methodologies, and to establish consensus with them;

- based on that consensus, exchange forums with the majority of stakeholders in climate risk analysis: financial and non-financial ratings agencies, carbon data providers, index providers;
- interviews with public stakeholders and national and international organizations (the French Treasury Department, the Task Force on Climate-related Financial Disclosures (TCFD), the High-Level Expert Group on Sustainable Finance (HLEG) and the French Financial Markets Authority (AMF) among others) to shed light on trends in the national and international regulatory environments.

Key learnings











While the climate issue is bound to become ever more central, in France remarkable consensus is emerging in political and economic spheres on the gravity of the matter, which could give rise to a long-term national ambition. In addition to largely decarbonised power generation and proactive legislation, **France** has a number of assets to help it overcome the climate challenge and become a leader of the low-carbon economy of the future in Europe and internationally.

afep.com

Association française des entreprises privées

Founded in 1982, the French Association of Large Companies (AFEP, Association française des entreprises privées) brings together major global private companies operating in France (121 members). Its aim is to help foster an environment conducive to the development of sustainable economic activity and to communicate the vision of its members to the French public authorities, the European institutions and international organisations.

theshiftproject.org

The Shift Project – Think tank de la transition carbone 54 rue de Clichy – 75009 Paris – +33(0) 1 76 21 10 20

The Shift Project is a think tank for the promotion of a post-carbon economy. Recognised as a general-interest association under French Act No. 1901 and guided by the demands of scientific rigour, its mission is to illuminate and influence debate on the energy shift in Europe.

Contacts

For AFEP:

François-Nicolas Boquet
Director for Environment and Energy issues

fn.boquet@afep.com environnement@afep.com For The Shift Project: Jean-Noël Geist

Responsible for Public Affairs

jean-noel.geist@theshiftproject.org



