

This document sets out CDP's response to the Standing Committee on Finance call for evidence: information and data for the preparation of the 2020 Biennial Assessment and Overview of Climate Finance Flows. It includes information relevant to making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development (Article 2, paragraph 1(c) of the Paris Agreement), including:

- Information on emerging methodologies relevant to tracking consistency with the long-term goal outlines in Article 2, paragraph 1(c), of the Paris Agreement
- Available datasets that integrate climate change considerations into insurance, lending, and investment decision-making processes that include information relevant to tracking consistency with the long-term goal outlined in the Paris Agreement.
- Information on ongoing activities related to managing investment portfolios, regulatory frameworks, disclosures and integration of climate risk in investments
- Metrics for assessing progress in making investment portfolios of international financial institutions, institutional investors and other financial actors consistent with a pathway towards low GHG emissions and climate-resilient development.
- Systems and tools for integrating climate change considerations into investment strategies and decision-making processes in the mainstream investment, lending and insurance sectors.

[CDP](#) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP's questionnaires, guidance and scoring methodology guide companies towards best practices in environmental management. Disclosure to CDP results in self-reported environmental data, which is used by cities, companies and investors to take urgent action to build a sustainable economy.

CDP data is used in a multitude of different ways by other actors, including helping to power UN Climate Change's [Global Climate Action](#) portal.

In 2019, 215 of the world's largest companies estimated US\$970bn at risk from climate change in their reporting to CDP. Over half of these were said to be likely or almost certain to materialise in the next 5 years. Some \$250bn of this was linked to write-offs, asset impairment or stranding.

1. [Global Climate Change Analysis can be found here.](#)
2. [Global Climate Change full report can be found here.](#)

In 2020 CDP launched its first questionnaire focusing on publicly listed financial services companies. CDP already works with major investors and financial institutions, many of whom disclose the direct climate impacts of their operations. This year, CDP will also gather data on the environmental impacts these companies finance in the wider economy. [More information can be found here.](#)

Achieving the goals of the Paris Agreement will require massive investment in low carbon technologies and sustainable business. If they plan for it, financial services companies can trigger a huge leap towards carbon neutral economies. Disclosing and understanding their current impacts is the key first step to addressing existing risks and identifying opportunities, and ultimately ensuring finance flows towards low greenhouse gas emissions and climate-resilient development.

In 2020, CDP will publish analysis based on the information gathered, including:

1. The lending, investment and underwriting portfolios of companies in the financial services sector;
2. The steps asset managers, banks and insurance companies are taking to assess their portfolio's exposure to climate-related risks and opportunities;
3. Whether companies are actively engaging with their clients and investees on climate-related issues;
4. Whether climate-related information is requested during initial due diligence and risk assessment practices with clients and investees;
5. Whether companies integrate climate-related issues into their existing policy frameworks, for example implementing climate-related exclusions when lending, investing or underwriting insurance;
6. Whether companies are conducting analysis to understand how their portfolio impacts the climate, particularly whether they calculate and report the emissions affiliated with their portfolio, also known as "Scope 3 emissions (Category 15 "investments)";
7. To what extent the company's portfolio is aligned with the Paris Agreement's goal of a well below 2-degree world.

CDP's new questionnaire on financial services fills a critical data gap on climate reporting, as identified by the industry-led Task Force on Climate-related Financial Disclosures (TCFD). The TCFD has specifically highlighted that the financial services sector needs to be seen as producers of data, as well as users. CDP's has integrated the TCFD's recommendations into the climate change questionnaire. More information can be found here about how [CDP's disclosure system is aligned with the TCFD recommendations](#).

The Science Based Targets initiative is developing criteria and resources for financial institutions to set emissions reduction targets covering the emissions associated with their investment and lending activities. More than 50 financial institutions have already publicly committed to setting science-based targets. [More information on Science-Based Targets for the financial sector can be found here](#).

Climetrics enables fund investors to integrate climate change into their investment decisions and make well informed decisions; finding funds that invest in companies better at managing material issues related to climate change, water security and deforestation. Please see the Climetrics web-page for more information: <https://www.cdp.net/en/investor/climetrics>

CDP welcomes further discussion with the Standing Committee on Finance as you explore information relevant to making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development (Article 2, paragraph 1(c) of the Paris Agreement). Please contact Jennie Gleed, Senior Policy Manager – [jennie.gleed@cdp.net](mailto:jennie.gleed@cdp.net)