Annual Report 2020

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Foreword

Dear partners, members, and friends:

We have now marked the five-year anniversary of COP21 and nearly 10 years since the launch of the 2° Investing Initiative (2DII). Now more than ever before, it is critical to drastically reduce greenhouse gas (GHG) emissions to attain a carbon-neutral economy by 2050. Momentum towards this goal is growing, with private finance squarely on the agenda of COP26 at Glasgow.

However, while there has been a surge in financial sector initiatives focused on climate-related targets or strategies, with a number of big industry names making Net-Zero commitments in the past few months alone, a key challenge remains: understanding how these kinds of initiatives will contribute to impact, that is, GHG emissions reductions in the real economy. This question has become even more urgent, as COVID-19 has derailed efforts to accelerate the low-carbon transition. So, too, 2DII's mission to align financial markets with climate goals has become more pressing.

Since our founding, our research has continued to evolve, contributing and responding to the latest developments in sustainable finance. In spite of the pandemic, 2020 marked a number of milestones:

- With funding from the German Environment Ministry's National Climate Initiative, we successfully launched MeinFairMögen ("MyFairMoney"), a first-of-its-kind sustainable investing platform for German consumers. In 2021, we plan to launch the platform in English and French, to serve retail investors across Europe;
- We collaborated in portfolio analysis, stress-testing and other initiatives with the European Insurance & Occupational Pensions Authority (EIOPA), as well as supervisors in Switzerland, France, Colombia, and more;
- In September, we extended the PACTA climate scenario analysis methodology to the banking sector, following a road testing period with 17 major global banks. More than 2,000 financial institutions worldwide are now using our portfolio alignment methodologies and tools. In addition, 2DII is coordinating portfolio analyses at national level in more than 10 different countries as part of the PACTA COP Initiative.
- In addition, 2DII has continued playing a key role in the development of country- and EU-level sustainable finance policy. For instance, 2DII was an active player in the EU Ecolabel consultation and was a key contributor to the impact related criteria in its latest technical report.

All of these achievements form part of 2DII's long-term efforts to make finance more sustainable at every level, from individual to institutional. In order to better meet the challenges ahead, in 2020 we also undertook a reorganization to group our work under four core research programs: PACTA, Retail Investing, Impact, and the 1in1000 Program on Long-term Risks. Each program is led by a dedicated research head, allowing us to adapt to our growth as we approach the milestone of 50 staff members in 2021. In addition, we created a dedicated team focusing on Emerging Markets, where we won five new grants in 2020 and have undertaken projects from Brazil to South Africa to the Philippines.

As a multi-stakeholder think tank, we are incredibly grateful to our partners across the NGO, academic, government, and financial sectors who have supported our work, as well as to our members. With COP26 ahead, we look forward to continue working with you to accelerate more rapid changes in the real economy.

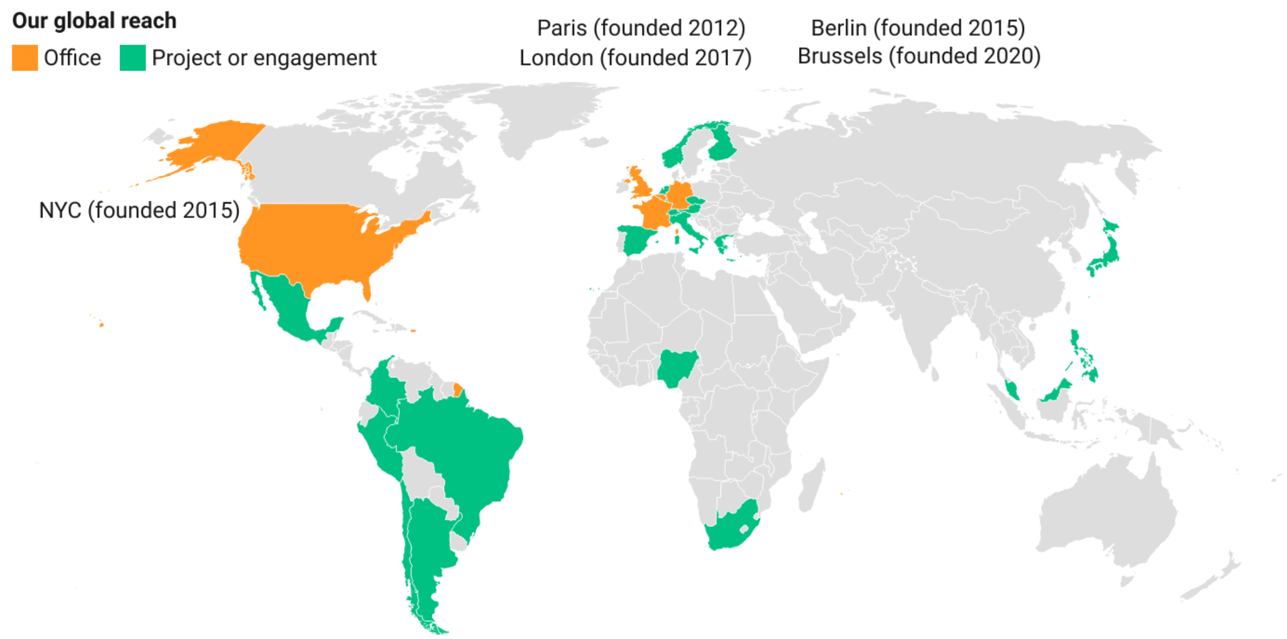
Section 1

Introduction

The goal of this report is to outline our main achievements and areas of work in 2020, to explain how it articulates with our mission, and to share key financial and operational information about the network.

1. The 2° Investing Initiative (2DII) network at a glance

2DII is an independent, non-profit think tank working to align financial markets and regulations with the Paris Agreement goals. 2DII functions as an integrated network consisting of three main entities (in France, Germany, and the US). With offices based in Paris, Berlin, New York, Brussels and London, as well as a network of close partners located around the globe, we coordinate some of the world's largest research projects on climate finance.



2. Our core values

Non-commercial & committed to the public good: We have no commercial contracts and provide all our research open source and intellectual property-rights free. This policy minimizes financial conflicts of interest and help ensure the public good driven nature of our work.

Interest neutral: Our governance and our funding structure is designed to be diversified and multi-stakeholder. This ensures that our research is not designed to represent a particular interest group.

Science and evidence based: Our research is meant to be science based; we are constantly aiming to improve the evidence base on which key regulatory and market decisions are made.

3. Making an impact in the real economy: an overview of our key achievements in 2020

In 2020, as outlined in our Foreword, we made significant progress across our four research programs, (PACTA, Retail Investing, Impact, and 1in1000) with the goal of maximizing financial institutions' contributions to international climate goals.

In mid-2020, former EU policy expert Maarten Vleeschhouwer joined 2DII to lead the PACTA research program, where he acts as strategic lead for 2DII's flagship portfolio analysis methodology. During the year, the PACTA program achieved a number of important developments, including inking a new research collaboration with Carbon Tracker Initiative to strengthen our climate scenario analysis abilities; launching PACTA for Banks; and carrying out national-level portfolio alignment assessments in partnership with Switzerland and other governments.

As part of the Retail Investing Program, 2DII published a series of reports analyzing consumers' sustainability investment preferences, the prevalence of greenwashing in the market, an analysis of retail investors' support for climate-related shareholder resolutions, and more. The end of the year also saw the launch of MeinFairMögen ("MyFairMoney"), a first-of-its-kind sustainable investing platform for German consumers.

Under the Impact Program, we led a number of initiatives to help financial institutions devise and implement impactful climate action strategies. This includes the new Climate Impact Management System to guide FIs in setting up science-based climate contribution strategies, a Climate Action Guide, and the creation of an "Evidence for Impact" working group to engage with key financial industry players. On the policy side, 2DII's feedback was a significant factor in steering the EU Ecolabel to focus more on impact-related criteria. A great deal of this work was achieved through Finance ClimAct, one of 2DII's flagship projects.

As part of the 1in1000 Program, 2DII collaborated with major supervisors such as EIOPA on sensitivity analyses, stress-testing and other initiatives, as well as developing the first stress-test scenarios related to COVID-19. The program also carried out firsthand research on topics such as financial resilience and corporate bailouts.

In addition, as we continued expanding our focus in emerging markets, we published the first quantitative assessments of Latin American financial institutions' potential exposure to transition risks. As part of this work, we partnered with four industry associations and two supervisors in the region, including the Colombian Insurers Association (Fasecolda), Colombian Financial Superintendence (SFC), and Mexican Pension Funds Association (AMAFORE).

Finally, as a multi-stakeholder think tank, 2DII continued to develop high-level collaborations with various research organizations (HEC, the University of Zurich, etc.), public authorities (ADEME, Ministère de la

Transitions Ecologique et Sociale, etc.), regulators (EIOPA), Autorité des Marchés Financiers (AMF), etc.), as well as other NGOs. We also strengthened our engagement with financial institutions (such as BNP Paribas, Société Générale, BPCE, Allianz, Mirova, etc.), FinTech (Helios, Goodvest etc.) and new types of actors such as Rift. Finally, we continue to refine and implement our policy outreach, with a view towards leveraging our research in support of the evolving sustainable finance agenda at EU and Member State level.

4. The year in numbers (as of December 2020)

3,000+ individuals from more than **1,800** institutions who used the PACTA scenario analysis tool to conduct **over 12,000** tests

70+ countries represented among PACTA users

12+ governments coordinating scenario analysis

20 reports published

11 responses to critical policy consultation for sustainable finance

38 staff from **12+** nationalities

Section 2

Our impact in 2020

1. 2DII's four core research programs and achievements

Introduction: Restructuring 2DII's research programs to keep pace with our growth

As the 2DII network continued to expand, as described in the Foreword, in 2020 we undertook an internal reorganization to improve our efficiency and effectiveness. All research activities conducted at 2DII are now grouped under four programs, each led by a dedicated research head and tackling a major debate in the sustainable finance sector: PACTA/Portfolio Alignment, Retail Investing, Impact, and 1in1000/Long-term Risk Management and Supervision. Find out more about each program and its key achievements in 2020 below, as well as 2DII's other initiatives.

PACTA: From alignment to impact

Since our founding in 2012, our mission has been to align financial markets and regulations with climate goals. The need to align financial flows with a pathway towards lower greenhouse gas emissions is also explicitly recognized in the Paris Agreement in Article 2.1.(c). To help support this objective, in 2015, 2DII began developing the first approach to measuring portfolio alignment with climate benchmarks, called the Paris Agreement Capital Transition Assessment. PACTA measures the alignment of investments in eight climate-critical economic sectors (power, oil & gas, coal, automotive, cement, steel, aviation, and shipping) with various climate scenarios consistent with the Paris Agreement. Its mission is to empower financial institutions, supervisors, and governments to actively monitor the achievement of Paris-alignment commitments and to help steer financial institutions' balance sheets in a greener direction.

The PACTA team is led by Maarten Vleeschhouwer, former European Commission and Dutch Central Bank policy officer, with a team based across Europe and North America and working across the globe.

Sampling of key achievements in 2020

As of 2020, PACTA has been **used by more than 4,500 individuals from over 3,000 institutions worldwide**, as well as by governments, supervisors, regulators, and NGOs. This year also marked the launch of **PACTA for Banks**, a stand-alone software package and toolkit that enables banks to apply the methodology to their loan books. 2DII developed and refined PACTA for Banks in partnership with 17 global banks, BNP Paribas, Citi, Credit Suisse, ING, Société Générale, Standard Chartered, and more, in addition to reviews by dozens of academic institutions, NGOs and industry experts.

Banks can now use the toolkit to help steer their lending in line with climate scenarios; to inform their decisions around climate target-setting; and to gain insights into their engagement with clients on their climate-related expenditure plans and other issues. It complements PACTA for Investors, an online interactive tool for equity and corporate bond portfolios that was launched in 2018.

The PACTA program also works with numerous governments and supervisors, notably through the **PACTA COP Initiative** in which 2DII assesses portfolio alignment at a national scale. The goal of this initiative is to measure the alignment of the entire financial sector as well as the individual participating institutions, helping governments, supervisors, and participating FIs inform and improve their climate finance strategies.

In 2020, 2DII carried out this initiative in Switzerland, Austria and Liechtenstein as well as with the Swedish insurance supervisor. The **Swiss results** were particularly revealing: For the first time, 2DII and its partners were able to measure progress across a vast swathe of the financial sector over the past three years, shedding light on the distinction between portfolio reallocation and real-world emissions reductions. Notably, while the Swiss financial sector became more aligned with the Paris Agreement, this was mostly a result of divestments – not because companies became greener. These results have given further impetus to 2DII's focus on connecting alignment to real world impact.

In addition to these initiatives, 2DII is currently working with the governments of Norway and Luxembourg to apply PACTA to the national financial system, the New York State Department of Financial Services to carry out an assessment of the insurance sector, as well as pension funds in Peru and Mexico, banking groups in Mexico and Malaysia, and an insurance trade association in Colombia.

We also have a special focus on France as part of the Finance ClimAct project, which aims to implement the the French National Low-Carbon Strategy and the European Union's Sustainable Finance Action Plan. As part of this project, 2DII has been engaging closely with trade associations and federations in France to explain the PACTA methodology and PACTA COP initiative. 2DII and ADEME also provided recommendations for the first report of the Finance for Tomorrow Sustainable Finance Observatory, which was launched in October 2020. Our recommendations focused on the need for consolidated indicators on the technological alignment and exposure of the financial center and its sub-sectors, the inclusion of impact mechanisms and company level information to improve engagement and increase the probability of real-world impact, among others. In the recommendations, the Finance ClimAct consortium highlighted that some of these points could be addressed as part of PACTA COP.

Multiple federations showed their interest in 2DII's work following presentations to the scientific committee and the COPIL of the Finance for Tomorrow Observatory. Currently, 2DII is in advanced conversations with one federation. If their participation is confirmed, we will implement the PACTA methodology and generate a grouped report that would ideally be published on the observatory website. As a result of this first exercise in France, the participants and the federation will learn the current climate alignment of the portfolios of this sector at a national level, and it will ease the identification of the climate actions that should be implemented.

After completing this first exercise in France, we expect to keep working with this association to repeat the analysis each year and involve other federations to leverage our Climate Impact Management System and connect the results from the PACTA analysis with the changes in the real economy through the PACTACT approach.

The PACTA work in 2020 was made possible through subsidies and donations from the Swiss, Austrian and Liechtenstein government, as well as through European Union's Life program under LIFE Action grant No. GIC/FR/00061 PACTA and PACTA has also received funding from the International Climate Initiative (IKI).

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Retail Investing: Giving a voice to individual investors

2DII's Retail Investing Program has a clear mission: empowering individual investors to contribute to the fight against climate change, as well as aligning retail investing industry practices with the Paris Agreement goals. The program employs data-driven research, legal analysis, product development, and communications tools to integrate sustainability into the retail investing market. To achieve this, we focus on supporting retail investors in their efforts to invest sustainably; helping financial institutions improve the sustainability of their product offering; and devising policy recommendations for governments and regulators, with a special focus on Europe.

The program strives to address a fundamental question: to what extent can retail investors have a real impact by investing in "green" funds? By constantly drawing on the state of the art of academic research, we aim to provide individuals with the tools to distinguish between funds with demonstrable impact, as opposed to those making questionable or even misleading claims.

The Retail Investing Program is led by behavioral economist Dr. Mickael Mangot with support from Nicola Koch and a team of legal, research, data analysis, and communications specialists.

Sampling of key achievements in 2020

Retail investors have great potential to contribute to the green transition – with European households holding some 40% of financial assets – and research by 2DII and other organizations shows that most of them want to make a positive impact with their money. However, there are a number of issues that prevent them from achieving these objectives, including lack of information, vulnerability to "greenwashing," and mismatched supply and demand. And while the European Commission is introducing a series of reforms on this issue, such as an obligation for financial advisors to consider their clients' non-financial investment objectives, the regulatory environment is still in the early stages.

To tackle this, in 2020 2DII carried out a number of initiatives, including **firsthand research, analysis and publications; stakeholder engagement; and development of new consumer-focused resources.**

Notably, we published **a series of reports and consumer-focused surveys**, showing that European retail investors are ready to invest sustainably but face multiple obstacles in doing so. This research was designed to help shape the financial reform agenda in the European Green Deal and policy initiatives under the Sustainable Finance Action Plan (namely the Ecolabel for Financial Products and revisions under the Markets in Financial Instruments Directive (MiFiD)).

According to this work, we found that two-thirds of French and German retail investors say they want to invest in an environmentally responsible manner. But most consumers face major roadblocks in fulfilling their sustainability objectives. According to preliminary results from 100 mystery shopping visits in France, financial advisors almost never ask about clients' sustainability preferences and frequently offered them unsuitable products. In another analysis of more than 200 sustainably-themed European funds, 2DII found that 52% made environmental impact claims of some kind. 99% of these claims were misaligned with guidance that requires them to be specific, unambiguous, and substantiated. In another study, we found that most retail investors would support climate-related shareholder resolutions, but this level of support is not replicated in the votes cast at company general meetings by financial institutions.

Together, this work showed the importance of tackling this issue from multiple sides: strengthening the regulatory environment to crack down on greenwashing, improving financial advisors' ability to meet consumers' sustainability objectives, and empowering retail investors with the resources they need to invest sustainably.

In support of this last vein, in 2020 2DII launched MeinFairMögen.de (MyFairMoney), an online resource hub for German retail investors. The platform's mission is to cut through the noise and provide consumers and advisors with independent, trustworthy information on the world of ESG investing. In the long run, not only will this help empower sustainably minded consumers, but it will also help divert more resources into funds that could contribute to climate change mitigation.

MyFairMoney offers three key benefits:

1. A suite of educational videos, tips, and other resources for retail investors to find out more about sustainable investing, better understand their own preferences, and avoid falling victim to misleading marketing
2. A questionnaire for investors to determine their personal sustainability profile, which they can use to inform consultations with their bank and/or financial advisor
3. An extensive database of 8,000+ funds, which provides detailed, independent information on the sustainability of various investment products. Users can search for individual funds and filter them in terms of certain sustainability criteria, for example, by Paris Agreement alignment score or exclusion of arms production.

MyFairMoney also takes into account the new EU regulatory requirements on investment advice for non-financial preferences (MiFID II). Thanks to the platform's questionnaire, financial advisors can now ask their clients about their long-term investment preferences and factor the results into their advice. This is a first step towards helping advisors to identify – and better respond to – their clients' non-financial preferences.

2DII is in the process of developing English and French versions of the platform, which will be launched in 2021 in order to reach all European retail investors.

In 2020, our retail investing work received support from the Hewlett Foundation, EIT Climate-KIC, and the KR Foundation.

WILLIAM + FLORA Hewlett Foundation

eit Climate-KIC

Co-funded by the European Union

KR FOUNDATION

MeinFairMögen is funded by the National Climate Initiative (NKI) of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). The BMU supports this initiative on the basis of a decision adopted by the German Bundestag.

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NATIONALE KLIMASCHUTZ INITIATIVE

Impact: Maximizing the potential for impact on climate change mitigation

Article 2.1c of the Paris Agreement calls upon the world to "make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.", while Article 2.1a focuses on the need to drastically reduce real world GHG emissions.

If the financial sector is to meet the Paris Agreement ambitions, then, it will need to answer the following question: how can financial institutions affect real world GHG emissions? 2DII's Impact Program aims to help financial sector players answer this question – building the knowledge base, lowering transaction costs for the implementation of impact-based climate strategies, and engaging with all relevant actors to foster the development and adoption of such strategies. These objectives are summarized below.

Identifying impactful actions	**Operationalizing** impact	**Incentivizing** impactful practices
Research work to identify climate actions that allow FIs to positively impact the real economy. Knowledge sharing with FIs and regulators.	Development of frameworks and associated tools to guide FIs in developing science-based impactful climate strategies.	Mobilization all possible channels (e.g., consumer demand, regulation, peer-pressure) to incentivize market actors to apply best practices.

Both FIs' practices and recent regulatory developments suggest that the above question has not yet been cracked. While many financial institutions claim impact (see Sustainable Finance and Market Integrity: Promise Only What You Can Deliver, 2021), they often do so without adequate evidence or understanding of the notion of impact. Meanwhile, as our Retail Investing Program has shown, the majority of consumers are eager to invest their money in funds that can have a positive impact. This misalignment between the climate urgency, investors' expectations, and current market and regulatory practices is the challenge that this program aims to tackle.

The Impact Program is led by Soline Ralite and supported by a team of stakeholder engagement and sustainable finance experts.

Sampling of key achievements in 2020

In 2020, the Impact Program focused on developing new tools for financial institutions as well as engaging with industry players and policymakers on regulatory issues.

Notably, over the course of the year, the team worked with ADEME to devise a new **Climate Impact Management System (CIMS) as part of the Finance ClimAct project.** The CIMS provides financial actors with a clear roadmap to developing, refining, and communicating about their climate impact strategies, with the goal of maximizing GHG emissions reductions in the real economy. It is primarily for financial institutions (of any kind or impact potential) but can also inform the development of labelling or certification schemes for financial products. The framework can be applied at the product, business line, or institutional level.

The CIMS was developed in the context of a growing number of financial sector initiatives focused on climate targets (e.g. Net Zero Asset Owner Alliance, Science-based Targets Initiative) or specific climate-related strategies (e.g. CoalDivest, Climate Action 100+ for engagement). However, some commitments have centered on targets that are decades away, with little clarity on the near-term actions that will be undertaken to meet these targets. Additionally, there has been limited focus on understanding how these kinds of initiatives will contribute to impact – that is, greenhouse gas emissions reductions – in the real economy (see our previous report, *On the Road to Paris*). The CIMS aims to fill this gap, providing FIs with guidelines to develop, refine, and communicate on impactful climate strategies. It was released for consultation in April 2021 and the final version will be published in late 2021.

In addition to the CIMS, 2DII worked on other impact tools such as the **Climate Action Guide**, an interactive guide summarizing currently available knowledge about actions that financial institutions can take to contribute to emissions reductions in the real world. The beta version of the guide was published in November 2020 and will be pilot-tested over the course of 2021.

Complementing the development of these tools, the team carried out a number of engagement and regulatory initiatives. This includes the launch of the Evidence for Impact working group, which brings together 45 participants from the financial, academic, think tank, NGO and supervisory sectors. The goal of the working group is to help devise best practices, road-test the tools developed by the Impact Program, and help improve market standards.

2DIII also successfully highlighted its concerns about impact during the development of the European Ecolabel for Financial Products. In June 2019, we started engaging with the European Joint Research Center on the proposal for the ecolabel. Our early work underscored the lack of scientific foundation for the first version of the criteria first developed and advocated for factoring in impact considerations. Following year and a half of engagement, the Ecolabel is now ready to be adopted and extensively takes into account the notion of impact in the real economy.

About our funders: This work has received funding from, among others, the European Climate Foundation and the KR Foundation. It is also part of the International Climate Initiative (IKI). The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) supports this initiative on the basis of a decision adopted by the German Bundestag. It is additionally supported by Finance ClimAct, which has received funding from the European Union's Life IP programme under grant agreement No LIFE18/IPC/FR/000010 A.F.F.A.P.

This work reflects 2DII's view only, and the funders and other Finance ClimAct consortium members are not responsible for any use that may be made of the information it contains.

European Climate Foundation

KR FOUNDATION

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1in1000: Integrating future risks into financial and government decision-making

1in1000 is a new research program by 2DII that aims to integrate future risks and challenges, notably those related to climate change, ecosystem service loss, and social resilience, into financial processes and regulations. The program acts as host to 2DII's research and partnerships with financial institutions, central banks, NGOs, academia, and financial policymakers on three key areas:

- Developing performance standards and metrics to define what is a 'long-term investor' and a 'long-term bank';
- Designing risk management tools and frameworks to quantify climate change-related risks and related issues, notably ecosystem service and biodiversity loss, and threats to social cohesion & resilience;
- Building capacity, policies, and incentives to help financial institutions and supervisors mitigate and adapt to future risks and challenges.

1in1000 brings together several new and existing research initiatives, including 2DII's stress-testing work with financial supervisors, its "Tragedy of the Horizons" publication series on long-termism, and its policy analysis on incorporating future risks into private and government practices. Building off years' work of research on these topics, 2DII developed the program brand in late 2020 prior to launching it in June 2021.

1in1000 aims to address a critical gap in the financial and policy sectors, where short time horizons have prevented the integration of long-term risks into investment metrics, processes, and regulations. Its name represents three concepts: first, the challenge of dealing with improbable but potentially high-impact events, which are not incorporated into the 3–5-year time horizons that dominate financial decision-making. Second, the inevitability that these risks will materialize at some point in the future. And third, financial markets' lack of capacity and resilience, which prevents them from delivering an adequate response when these events do occur.

The project is led by Jakob Thomä and Anne Schönauer, with team members from multidisciplinary backgrounds (software development, stress-testing, data analysis and more).

For more information, read the concept note here and visit the 1in1000 website here.

Sampling of key achievements in 2020

In 2020, 2DII published a number of research reports on risk management, supervision and stress testing, in addition to working with major government institutions on these topics.

Our publications included a primer on the materiality of long-term risks, which can create significant financial stability risks to financial markets while being outside the time horizon of financial supervision. The primer recommended several ways for financial supervisors to integrate long-term risks into their oversight frameworks. We also published **a study on corporate rainy-day funds**, with insights on ensuring financial resilience in the face of future risks. In addition, shortly after the outbreak of the COVID-19 pandemic, our team devised a stress-test template for financial supervisors to simulate potential losses on banks' and insurers' balance sheets under six different COVID-19 pandemic scenarios. To our knowledge, these were **the first stress-test scenarios for COVID-19** that have been developed.

Throughout the year, the 1in1000 team also worked closely with supervisors around the globe on measuring, managing, and mitigating climate-related and other risks. For instance, in partnership with the **European Insurance and Occupational Pensions Authority (EIOPA)**, we published a sensitivity analysis of climate-change related transition risks in the investment portfolio of European insurers. Their report builds on 2° Investing Initiative's PACTA methodology and the climate risk sensitivity scenarios developed by 2DII to quantify potential financial losses under a range of different circumstances. The scenarios use the concept of a delayed "Inevitable Policy Response" (IPR) and also include the Forecast Policy Scenario developed by the IPR consortium, convened by UN Principles for Responsible Investment. 2DII also developed a free, online tool for French financial institutions to understand their portfolios' exposure to climate change-related transition risks. Road-tested in partnership with Allianz, the tool is intended to help investors implement the climate exercise developed by the French Prudential Supervision and Resolution Authority / l'Autorité de contrôle prudentiel et de resolution (ACPR)), which was due by the end of 2020.

We also worked with supervisors further afield, notably in collaboration with 2DII's Emerging Markets team. In 2020, we undertook the **first quantitative assessments of Latin American financial institutions' potential exposure to transition risks.** To carry out this work, we partnered with four industry associations and two supervisors in the region.

Funder information: The program is part of the International Climate Initiative (IKI). The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) supports this initiative on the basis of a decision adopted by the German Bundestag. This project has received funding from the European Union's Life NGO program under Grant Numbers LIFE20 NGO/SGA/DE/200040 and LIFE19/NGO/SGA/DE/100040. This research has also been funded by the International Network for Sustainable Financial Policy Insights, Research and Exchange (INSPIRE). INSPIRE is a global research stakeholder of the Network for Greening the Financial System (NGFS); it is philanthropically funded through the ClimateWorks Foundation and co-hosted by ClimateWorks and the Grantham Research Institute on Climate Change and the Environment at the London School of Economics. This program has also received funding from EIT Climate-KIC.

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2. Our transversal initiatives

Expanding our presence in emerging markets

2DII's work in emerging markets aims to help financial institutions and governments hasten the energy transition, as well as respond to climate-related risks.

Many emerging markets are at the front lines of climate change, but they lack the capacity and financing needed to speed up the energy transition. To help address this shortfall, 2DII has been expanding its work in emerging markets with an initial focus on Latin America. Thus far, we have led projects in Brazil, Chile, Colombia, Malaysia, Mexico, Nigeria, Peru, the Philippines, and South Africa, among other countries. Our mission is to help close the gap in regions that are especially vulnerable to the physical and transition risks associated with climate change.

As part of these efforts, 2DII works in close collaboration with financial institutions, supervisors, regulators, NGOs, and trade associations in these regions, such as the Colombian Financial Superintendence (SFC), Asia Sustainable Finance Initiative (ASFI), and Mexican Pension Funds Association (AMAFORE). In addition, we partner with high-level international organizations such as the UN Environment Program Finance Initiative, UN PRI, and WWF.

Spanning all of 2DII's research programs, our emerging markets team leads capacity-building, climate risk assessment, policy analysis, and other initiatives across Latin America, Asia, and Africa. 2DII's emerging markets work was led by Laura Ramirez in 2020 and is now led by Deputy Director Edgi De Los Santos Jiménez.

Sampling of key achievements in 2020

In 2020, 2DII conducted several analyses and projects Latin American financial institutions' exposure to and management of climate-related risks. The results of these analyses were published in three main reports, which provide critical evidence to policy makers, supervisory authorities, investors, and banks on the need to quantify, manage, and disclose climate-related risks.

The first report, Transition Risk Assessment of Latin American Financial Institutions and the use of Scenario Analysis, focuses on the five largest financial markets in the region (Argentina, Brazil, Chile, Colombia, & Mexico). Using the PACTA climate scenario analysis methodology and proxy metrics, the report highlights the extent to which both banks and investors could be potentially exposed to transition risks.

Gauging the Exposure to Transition Risks of Colombian Insurers' Investment Portfolios through the Use of Climate Scenario Analysis was August 2020, in partnership with the Colombian Insurers Federation FASECOLDA. It presents the results of a climate scenario analysis conducted on Colombian insurance sector's listed equity and corporate bond portfolios, representing a total of US$14.9 billion of assets under management (AuM). It was one of the first exercises of its kind in Latin America and the second in the world with a sector association.

Risk or Opportunity? An Analysis of the Performance of Colombia's Collective Investment Funds regarding Climate Change was published in December 2020. The study presents the results of the application of the PACTA climate scenario analysis methodology to the portfolios of trust companies in Colombia, carried out by 2DII and the Asociación de Fiduciarias de Colombia (Asofiduciarias). The analysis covers the portfolios of 11 fiduciaries, which represent 75% in AuM of the total of the collective investment funds managed by this type of institutions in Colombia, representing more than USD 9 trillion.

2DII's work was also presented in nine major events targeting institutions present in emerging markets, organized by or co-organized with Asofiduciarias, the Inter-American Development Bank (IDB), the Principles for Responsible Investment (PRI), etc.

Thanks to funding from entities such as the Inter-American Development Bank (IDB), the International Climate Initiative (IKI), and UK PACT, 2DII is working to continue expanding its partnerships with regional industry associations, supervisory authorities, and NGOs, aiming to accelerate the uptake of climate scenario analysis and transition risk stress testing in emerging markets.

The expansion of 2DII's work to emerging markets not only poses an opportunity to help align financial systems in less developed countries with global climate goals, but also identify challenges specific to these markets related to data coverage, policy and legal context. We will be further expanding our work with FIs and organizations in these markets to better identify these challenges, find ways to improve our existing work, and integrate these considerations in the development of new tools.

Funding information: This program receives funding from the International Climate Initiative of the German Ministry of Environment. The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) supports this initiative on the basis of a decision adopted by the German Bundestag. Other components of this program are funded by the Inter-American Development Bank, UK PACT Malaysia, the UK PACT Green Recovery Challenge Fund, and UK PACT Colombia. This work reflects 2DII's views only, and the funders are not responsible for any use that may be made of the information it contains.

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IDB Inter-American Development Bank

UK PACT

The International Climate Reporting Awards: promoting best reporting practices

The International Climate Reporting Awards (Climate Awards) are jointly organized by 2DII, the French Ministry for the Ecological and Inclusive Transition (CGDD) and the French Ecological Transition Agency (ADEME). The first edition of the awards was organized in 2016.

The Climate Awards build on leading global standards, including the Task force on Climate-related Financial Disclosures (TCFD), the Corporate Sustainability Reporting Directive (CSRD), the Sustainable Finance Disclosure Regulation (SFDR), as well as French legal standards (such as Article 29). They recognize financial institutions that integrate climate-related considerations into their reporting and business practices, with the goal of:

- Raising awareness and promoting best practices and innovation in climate reporting and disclosures;
- Building capacity, sharing expertise, and identifying remaining challenges;
- And providing the opportunity for applicants to receive detailed feedback on their current reporting.

In 2020, the top prizes went to four financial institutions from the US, UK, and France. Barclays, AXA, Federated Hermes won in their respective categories, while ERAFP won the Jury's Special Prize for its impressive overall performance.

The organization of the Climate Awards is an important way for 2DII to promote climate transparency, as well as our concept of impact. Notably, the Climate Transparency Hub, launched in November 2020 by the EU-funded Finance ClimAct project, built in large part on the work carried out by 2DII and other organizers of the Climate Awards. Having studied best reporting practices over the past few years in the framework of the Awards, the analytical framework we co-developed for the Awards will now serve as the basis for analyses carried out by the Climate Transparency Hub.

Finalizing the spin-off of Asset Resolution

Asset Resolution (AR) provides financial institutions with asset-based indicators for climate action.

These indicators link financial portfolios with the real economy by mapping 300,000+ physical assets across 9 sectors to 56,000+ companies. AR's geolocated data covers the most carbon-intensive sectors of the economy, including oil and gas, coal, power, automotive, aviation, shipping, steel, and cement sectors. Through AR's database of Physical Assets Matched with Securities (PAMS) developed in partnership with leading asset-level data providers, AR's clients can access forward-looking indicators at the asset, corporate, and security level. These asset-based indicators include capacity, production, greenhouse gas emissions intensity, absolute emissions, and geolocation, and cover up to 10 years of data, both historical and forward-looking.

Financial institutions use AR's data to assess the alignment of their portfolios' alignment with the Paris Agreement (e.g., PACTA), calculate the carbon footprint of their portfolios (e.g. PCAF, Barclays BlueTrackTM), assess transition and physical risks (e.g. PwC's ClimateExcellence Tool), and engage with their counterparties to support their climate transition.

2DII France set up AR as a data spin-off in late 2018 to make the PAMS database available to the market, as well as to improve and expand it. In 2020, the spin-off process was completed, and AR expanded its product offering and its client base. AR now serves some of the largest banks in the world including HSBC, BNP Paribas, Banco Santander, Société Générale, Barclays, and ING Bank. It also works with other actors in the financial sector such as asset managers, export credit agencies, ESG data providers, consultancy companies, governmental agencies, and research organizations. AR delivers data to 2DII for its research and, together with 2DII, offers free data to banks and investors to run the PACTA tool.

Now that the spin-off process has been completed, AR has four strategic objectives:

1. Increasing the coverage of its PAMS database (e.g. additional sectors and companies) to cover a larger share of its clients' portfolios,
2. Expanding its suite of indicators and its services (e.g. new climate indicators) to enable its clients to deepen their climate-related analyses,

3. Enhancing transparency (e.g. reconciliation with corporate disclosures) to facilitate the engagement of financial institutions with their counterparties, and
4. Improving access to its data (e.g. through an API and a visualization platform) to increase the efficiency of its clients' data management.

Finance ClimAct: 2DII France's flagship project

The Finance ClimAct project, initiated by 2DII with the support of ADEME and the main French institutional financial market players, aims to align the European and French sustainable finance action plans. Running from 2019-2024, it has a total budget of €18 million, including €10 million co-financed by the European Commission. With €2.8 million granted to 2DII, Finance ClimAct is our network's most significant project.

2DII plays a key role in the project, with 15+ staff working across numerous workstreams in close collaboration with ADEME, the project coordinator. Other project partners are the Ministry of Ecological and Solidarity Transition (MTES), the Autorité des marchés financiers (AMF), the Autorité de contrôle prudentiel et de résolution (ACPR), the Institute for Climate Economics (I4CE), Finance For Tomorrow (F4T) and Greenflex.

2DII's strategy with this project is to i) continue implementing PACTA in France, studying the results at financial sector-level, and sharing the results through the Sustainable Finance Observatory; ii) helping financial institutions move from portfolio alignment to impact, by implementing climate actions that can generate changes in the real economy; and iii) working with the AMF to support the development of financial products that can address consumers' desire for more sustainable investments. In 2020, we carried out three main activities as part of Finance ClimAct:

- Developing new knowledge, methodologies, and tools such as the analysis of retail investors' non-financial expectations, a Climate Impact Management System, and the PACTA for Banks toolkit;
- Engaging with stakeholders and supporting their capacity building, for example training sessions for the AMF and ACPR, working groups (on the MiFID suitability questionnaire, impact methodologies, PACTA, etc.) and webinars;
- Raising awareness of project-related topics and outcomes via communications work, conferences (such as during EU Green Week), and leveraging our network to replicate our activities in other countries.

Policy work and thought leadership

Getting to net zero: from portfolio alignment to real-economy changes

The concept of "net zero" for financial institutions is under widespread discussion, with a growing number of FIs and governments setting new net-zero commitments. It is also the first objective of COP26: "Ensuring Net-Zero by the middle of the 21st century." Going beyond recent announcements, at 2DII we believe it's critical to examine financial institutions' practices and ask ourselves: what does being net zero really mean?

The transition to a carbon-neutral economy implies a radical change in the underlying business. Financial institutions, because of their strong influence on actors in the real economy, are well placed to drive and catalyze these changes. Currently, a large proportion of their neutrality commitments is aimed primarily at portfolio level. The question is: Are such commitments sufficient to make a real contribution to international net-zero goals? A number of research studies have been conducted on this question of how financial institutions can influence the real economy (Kölbel & Heeb, 2019; 2DII, 2020 etc.). The conclusions of these studies are often similar: it will be necessary to go beyond the portfolio perspective, accompanying portfolio reallocation processes, if financial institutions are to implement the climate actions that will allow them to maximize their contributions to net-zero goals.

With PACTA, 2DII has played a pioneering role in portfolio alignment methodologies, with its approach centered on physical assets and the real economy. Today, despite a multiplication of methodologies (more than fifteen to date), this approach remains distinct. While the alignment methodology is a key tool in our arsenal, we recognize that a net zero target at the portfolio level is not systematically equivalent to a net zero target in the real economy. Decarbonizing the real economy should remain our priority. Well aware of this issue, 2DII has repeatedly highlighted the difference between aligning portfolios vs. enacting change in the real economy. Operationally, one of our priorities is articulating the connection between our PACTA and Impact Research Programs. These efforts are at the core of the Finance ClimAct grant and are embedded across most of our projects.

Contributing to the inclusion of impact considerations in the EU Ecolabel for Financial Products

As our quantitative and qualitative surveys demonstrate, 65 to 85% of retail investors in Germany and France say they want to invest more sustainably when they are asked. Our research has also enabled us to establish four main profiles of retail investors: those who have no interest in ESG, those who look for optimized returns via ESG, those who want to invest in ESG funds as symbolic actions to do no harm, and those who look for an environmental impact (A Large Majority of Retail Clients Want to Invest Sustainably, 2019). The largest of these groups – comprising 40% of retail investors – is made up of impact investors who want to make a difference in the real economy by influencing companies' behavior.

In this context, the EU Commission's work to develop an Ecolabel for financial products (one of the retail-focused actions under the 2018 Action Plan on Financing Sustainable Growth) is of critical importance. The Ecolabel is a benchmark for consumers and identifies the most environmentally friendly consumer products (paper, dishwashing liquid, etc.). The Ecolabel for financial products should thus identify those products which have the most positive environmental impact.

The EC Joint Research Center (JRC) has been responsible for developing the technical criteria for the Ecolabel for financial products. 2DII has participated in the stakeholder group established to accompany the development of this technical criteria since the outset.

At the start of this process, 2DII observed that there were several inconsistencies between the notional objective to identify those financial products which have the most positive environmental impact and the technical criteria being proposed. Our contributions and advocacy to the stakeholder group and the associated consultations on the technical criteria drew heavily from the research insights developed under both the Impact and Retail programs and focused on including technical criteria which reflect a genuine notion of investor impact. Only through reflecting a genuine notion of investor impact in the technical criteria will it be possible for the Ecolabel to identify those financial products which have the most positive environmental impact.

The technical criteria are now finalized and awaiting adoption by the Commission. Our future work on the ecolabel will include seeking to ensure successful implementation of the technical criteria and taking learnings from this process to the design of other Ecolabels for financial products.

We will also seek to target broader environmental impact claims associated with (non-Ecolabelled) financial products. Our research has revealed that there is currently a significant gap in the regulatory framework which applies to these claims, and furthermore a lack of real regulatory oversight and understanding of the extent of the problem. We plan to draw attention to this issue in our market and policy outreach and develop principles for responsible marketing in the finance sector which will articulate best practice in this area.

Helping to shape the sustainable finance policy agenda

Over the course of 2020, 2DII's policy outreach covered 11 strategically important consultations where the insights developed through our research programs is critical to shaping the final regulation. In addition to our contribution to developing the EU Ecolabel criteria, we also responded to consultations covering:

- Review of the MiFID II/MiFIR regulatory framework (May 2020)
- Revision of the non-financial reporting directive (June 2020)
- 6 X delegated acts relating to suitability assessment and investor duties (July 2020)
- Renewed sustainable finance strategy (July 2020)
- Joint ESAs consultation on Regulatory Technical Standards under SFDR (September 2020)
- Delegated regulation for minimum climate benchmark standards (May 2020)

Generally, these consultations relate to policy files under the Action Plan on Financing Sustainable Growth. While the consultation in relation to review of the MiFID II/MiFIR regulatory framework is independent of the Action Plan, as the key regulatory framework governing retail investment, it is critical that this review incorporates sustainable finance thinking. Our response to the consultation on the delegated acts relating to suitability assessment and investor duties sought to ensure the best regulatory set up for incorporating retail investor sustainability objectives in the suitability assessment and investor duties and drew heavily on the research insights developed through the Retail Investing Program.

3. Four strategic areas for the two years to come

We have identified four strategic topics that will be key to maximizing our impact and contribution to the fight against climate change.

Continue developing research and tools to support financial institutions in maximizing their impact

Now that our new organizational structure has been fully implemented, we will focus on optimizing the articulation between the several research programs to support the implementation of our new strategy: Net-Zero – from portfolio alignment to changes in the real economy.

PACTA will still play a key role in this approach and will remain the first step for FIs to implement their climate strategies. We will strengthen the articulation between PACTA and our impact tools and methodologies to allow FIs to move from a portfolio-focused perspective to one that is centered on companies and physical asset level. To achieve this, we will leverage our Climate Impact Management System, our collaboration with the ACT methodology by ADEME (also known as PACTACT) and our existing asset database. A final version of the CIMS will be updated for the COP 26 and pilot tested with the E4I Working Group and FIs in Switzerland. We will launch the version 2.0 of our Climate Action Guide and have already engaged with several FIs to road test it. We will also leverage those tools and methodology to fuel our Retail Investing Program, more specifically when it comes to the assessment of the impact potential of financial products and ultimately the development of an impact-score. We are convinced that such an articulation will allow us to effectively support financial institutions in maximizing their impact.

Maintaining strong political influence to push for science-based regulations

2021 is a critical year for sustainable finance policy and the much-anticipated Renewed Sustainable Finance Strategy will shape the EU policy agenda for some years to come. At a time when the EU is setting the bar for sustainable finance policies that could ripple far beyond Europe it is an understatement to say that policy making under this strategy needs to be optimal.

2DII is well positioned to contribute to this evolving policy agenda. Our research programs continue to develop new insights to shape the policy discourse. In addition, a new research topic will focus on improvements to the procedural framework for developing sustainable finance policy.

We are also taking steps to recruit more team members who will focus on policy and legal work. Further to the implementation of our new organizational structure, we strengthened the role of our Policy Manager who is now the Law and Policy Lead of the 2DII network. We also hired a new manager with a strong legal background to support him with a focus on retail aspects.

While policy considerations were already playing an important role in most of our research grants, we will reinforce this by ensuring that this new team will systematically be involved in the drafting of new proposals and in the implementation of the related grants. One of the objectives in the coming years will be to maintain a strong political influence, both at EU and country level, to ensure that new regulations will systematically rely on science-based approaches.

Boosting our communications efforts at the civil society level

With the expansion of our Retail Investing program, we are now directly targeting retail investors and civil society, which is a new type of audience for us. To optimize our outreach efforts, we are undertaking a multi-pronged approach:

- Launching a digital communication campaign with a focus on retail investors;
- Replicating the MyFairMoney platform across Europe and strengthening our partnership with RIFT;
- Exploring new communication tools such as documentaries, podcasts, etc.

To effectively support this plan, we are currently recruiting new profiles as part of our communication team who will focus on retail topics and work in close articulation with the retail team.

Expanding our geographical footprint to put sustainable finance at the top of emerging markets' agenda

In 2020, we successfully boosted our fundraising efforts with a special focus on emerging markets. To maintain this trend, we decided to strengthen our team with the recruitment of a dedicated manager and a deputy director. They will be in charge of managing existing grants, finding new develop opportunities, expanding the team, and ultimately opening a new entity dedicated to those markets. It will also be their responsibility to expand the scope of the countries covered, including in Asia, and to optimize the implementation of our research programs by taking into account local constraints. While our focus has historically been on portfolio alignment and risk management for these areas, we have been seeing growing interest in the topic of impact. Consequently, we already started implementing impact-related projects in Latin America and are planning to do more fundraising on this topic.

Section 3

Strengthening our governance in 2020

1. Revisiting the governance principles – the network boards prepare the future of 2DII

As a network, 2DII is governed by the meeting of the boards of each local entity. This meeting is known as the Global Steering Committee (GSC). In 2020, the GSC met on average once per quarter, multiplying fourfold the number of meetings from the previous years.

The meetings focused on preparing the future of 2DII, anticipate operational challenges and define the strategic orientation to follow to maximize the impact of our actions worldwide.

As of December 31st, 2020, the GSC was composed of 10 members:

French board members	US board members	German board members
• Robin Edme (Chairman) • Olivier Irisson (Treasurer) • Institut Louis Bachelier (represented by Stéphane Voisin)	• Gabriel Thoumi (Chairman) • Tricia Jamison (Treasurer) • Dave Jones • Sue Reid	• Raphaël Schoettler (Treasurer) • Nicole Röttmer • José Gabriel Delgado Jiménez

The Network Governance in numbers:

	2020	2019
Number of meetings	5	1

Section 4

Communications: new approaches in a new context

1. Strengthening our presence in the media and public debate

An important part of 2DII's mission involves disseminating its research, policy recommendations and insights using traditional and digital communications tools. In 2020, despite the challenges posed by the pandemic, 2DII continued to improve its global media presence, engagement with stakeholders, and voice in the public debate.

For instance, 2020 saw growing media interest in one of 2DII's key concerns: the risk of greenwashing in the rapidly expanding ESG investing market. Throughout the year, 2DII experts were regularly cited on this topic in outlets such as Environmental Finance, Novethic, and Investment & Pensions Europe.

2DII also continued to make the case for financial institutions and companies to align their investment and production plans with the Paris Agreement objectives. We often employ a data-driven approach to boost our arguments, drawing on insights from proprietary tools such as PACTA. For instance, a report published in partnership with the Institutional Investors Group on Climate Change (IIGCC) received coverage from Reuters as well as reprints in the outlets such as the New York Times, US News & World Report, and Financial Post.

Of course, 2DII did not focus solely on raising awareness of key issues in the sustainable finance sector, but also on developing new solutions for the financial industry to contribute to the fight against climate change. In September 2020, 2DII launched the PACTA methodology for Banks after road-testing the tool in partnership with Société Générale, BNP Paribas, BPCE, and other global banks. The release of the tool gained coverage from Business Green, Responsible Investor, and more, as well as a dedicated op-ed by Head of PACTA Maarten Vleeschhouwer and BBVA's Global Head of Responsible Business, Antoni Ballabriga.

Alongside tools for financial industry players, we also focused on developing new resources for sustainably minded retail investors. In October, we launched the German version of the retail investing website MeinFairMögen/"MyFairMoney," which is set to be launched in France and other European countries in 2021. The launch gained coverage across German Tier 1 outlets including Süddeutsche Zeitung, Handelsblatt, and FAZ.

Finally, we made sure to take into account the lessons posed by COVID-19 in both our research and communications efforts – acknowledging that the lack of preparedness for the pandemic is both a harbinger and a warning of what's to come if we do not take more concerted action against climate change. In March 2020, we published the first-ever stress-testing scenarios for COVID-19, which received widespread coverage in Bloomberg and other news outlets. In addition, in an piece on the International Climate Reporting Awards organized by 2DII and the French government, Novethic highlighted how the pandemic has shown more than ever how investors must help hasten the transition to a sustainable, low-carbon economy.

Boosting our engagement with stakeholders despite a difficult context

In 2020, in the context of the pandemic, stakeholder engagement was more important than ever. To maintain strong relations with the media, policy, and financial sectors we learned to work differently, developing new tools and boosting our digital communications and social media presence.

The launch of our newly branded, revamped website, which was finalized by January 2020, provided a significant boost to our digital communications and outreach efforts. By the end of 2020, website visitors had increased dramatically from the previous year to 45,000 unique users, in addition to improvements on other metrics such as time spent on site, return rate, etc.

Over the course of the year, newsletter open rates hit a new record of 40%, with an average of ~30% across all campaigns; LinkedIn followers nearly doubled, with 6% average engagement and wide representation across our target sectors; and we hit a new record in monthly Twitter impressions (over 25k).

2020: shifting to virtual or online events

With the pandemic's impact on in-person events, we moved many of our events online and continued to present our research findings in virtual settings to the extent possible. Over the course of 2020, we organized or presented at more than 80 events, in countries including France, Switzerland, UK, US, Spain, Belgium, and Mexico at the beginning of the year, quickly shifting to online-only after March. However, a number of our previously planned events were curtailed or postponed to 2021, due to the difficulties of organizing large conferences online and to "Zoom fatigue" amongst our audiences. Instead, we focused on producing fewer high quality and impactful conferences and webinars, a selection of which is below.

Substantiating environmental claims in the finance sector

This hybrid event gathered almost 40 experts, academics, and government representatives of the retail finance sector to share and discuss the latest research on impact mechanisms. The event featured a presentation by Pablo Felma Roa from 2DII on the compliance of environmental impact claims associated with 'sustainable' retail funds. Julian Kölbel of the University of Zurich also presented his state-of-the art review of academic papers on the ex-ante evidence available for investors who want to deliver environmental impacts in the real economy.

Sustainable finance and consumer protection webinar

Prior to the European Commission's stakeholder meeting on the Ecolabel for Financial Products on 25 March, 2DII and Better Finance hosted an all-day webinar to discuss critical sustainable finance and consumer protection issues. Panelists included representatives from the European Commission, the Maastricht University, WWF, the University of Zurich, and Hermes Asset Management. They discussed issues including retail funds' misleading marketing claims, challenges associated with environmental impact assessment, consumers' sustainable investment preferences, shareholder voting rights, and European policy responses. In total, 125 participants took part in the webinar.

Asset-Level Data Annual Meeting

In June 2020, 2DII partnered with the Spatial Finance Initiative at the University of Oxford to host an online meeting on asset-level data. This conference brought together investment professionals, policymakers and regulators, and geospatial data and data science specialists from around the world. They discussed the latest developments in spatial finance online and ways to rapidly and comprehensively mainstream geospatial data into financial decision-making. 2DII speakers included Noémie Klein, CEO of Asset Resolution, and PACTA specialists from across the network.

How do climate reporting & transparency shape climate action?

Ahead of the closing of applications for the 2020 International Climate Reporting Awards, 2DII organized a high-level webinar to discuss how climate disclosures are key to advancing meaningful climate commitments and action. The webinar featured representatives from last year's winning financial institutions, Reclaim Finance, as well as one of the co-organizers of the Awards, the Sustainability Accounting Standards Board (SASB).

Finance ClimAct, tools and services to support public and private initiatives

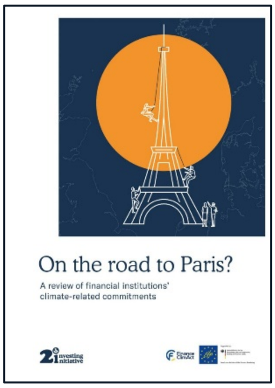
To celebrate the first anniversary of Finance ClimAct, 2DII co-organized an all-day event with Ademe to disseminate the first outputs of the project. The event gathered speakers from all the consortium members including MTES, AMF, ACPR, F4T, I4CE and Greenflex to cover topics such as:

- Climate goals: From target to implementation – what actions for which impact?
- Climate disclosure: Current climate reporting practices and evolutions
- Retail investors: Empowering them so they can contribute to the green transition

A total of 200 people attended the event of the course of the day.

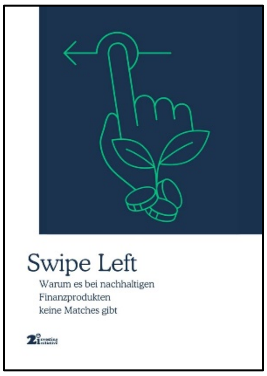
2. Our publications

In 2020, the 2DII published 20 reports, many in partners with other major organizations including the Swiss Environment Ministry, the Katowice Banks, Colombian Insurance Federation, BlackRock, and more.



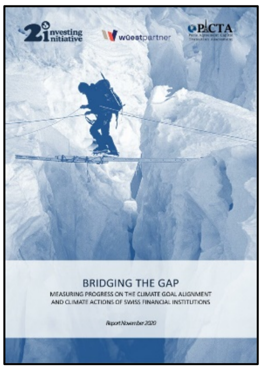
On the Road to Paris? A Review of Financial Institutions' Climate-Related Commitments

A Corporate Rainy-Day Fund



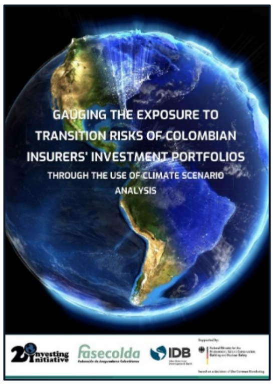
"Swipe Left:" Warum es bei nachhaltigen Finanzprodukten keine Matches gibt

Bridging the Gap: Measuring Progress on the Climate Goal Alignment & Climate Actions of Swiss Financial Institutions

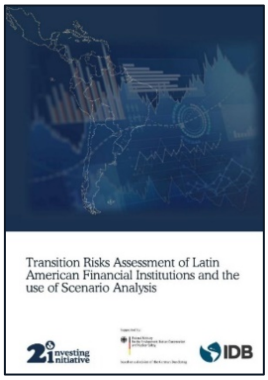


[Credit Portfolio Alignment: An application of the PACTA methodology by Katowice Banks in partnership with 2DII]

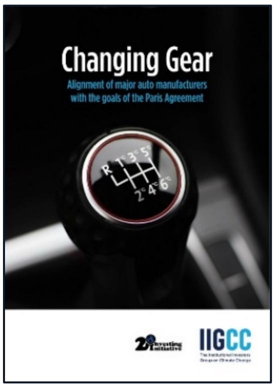
[Science-based Targets for Financial Institutions: Position Deck & Stakeholder Survey]



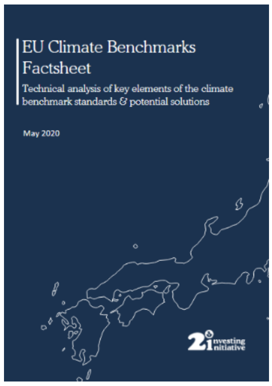
[Transition Risks Assessment of Latin American Financial Institutions & the use of Scenario Analysis]



[Gauging the Exposure to Transition Risks of Colombian Insurers' Investment Portfolios]



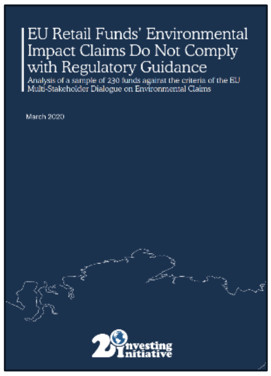
[Changing Gear: Alignment of major auto manufacturers with the goals of the Paris Agreement]



[EU Climate Benchmarks Factsheet]

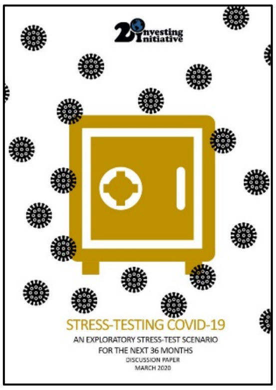
A Large Majority of Retail Clients Want to Invest Sustainably

EU Retail Funds' Environmental Impact Claims Do Not Comply with Regulatory Guidance



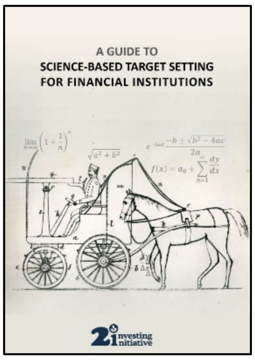
Retail Clients Want to Vote for Paris

Feedback on the Second Version of the Ecolabel Criteria for Financial Products



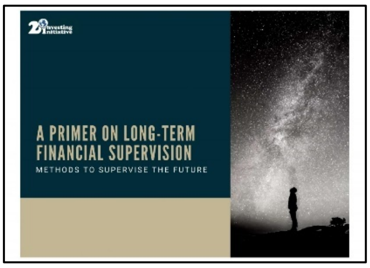
Stress-testing COVID-19

(Nachhaltig) Sein oder nicht sein… das ist hier die Frage



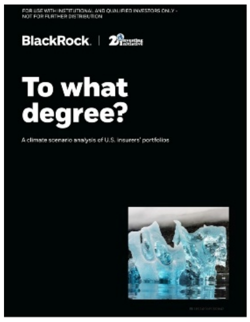
A Guide to Science-Based Target Setting for Financial Institutions

"Science-Based Targets" for Financial Institutions: Position & Consultation Deck



A Primer on Long-Term Financial Supervision

To What Degree? A Climate Scenario Analysis of U.S. Insurers' Portfolios



Section 5

Operations: Overview of 2020

1. Human resources

On 31 December 2020, the network counted **38 full-time team members hailing from more than a dozen different countries,** supported by the staff of the network and by a close cohort of external consultants, advisors, and interns. They are listed below by office.

Not listed below: external consultants, advisors, and interns.

Paris (14 staff)

- **Thibaut Ghirardi**, Deputy Director (now Managing Director)
- **Gabrielle Couderc**, Director France (now Director of Administration and Finance)
- **Yoni Attali-Dujon**, Office Manager
- **David Cooke**, Policy Manager
- **Noémie Klein**, CEO Asset Resolution
- **Catherine McNally**, Communications Manager
- **Jean-François Cancel,** Advisor to the board
- **Laura Ramirez**, Head of Emerging Markets workstream
- **Pablo Felmer Roa**, Senior Legal Advisor
- **Thierry Santacruz**, Analyst
- **Emmeline Stein**, Analyst
- **Soline Ralite,** Analyst
- **Ruiqi Li,** Junior Analyst and Project Assistant
- **Riwan Driouich,** Analyst

Berlin (18 staff)

- **Jakob Thomä**, Managing Director
- **Andreas Büchler**, Deputy Director
- **Constanze Bayer**, Analyst
- **Klaus Hagedorn**, Head of Impact research stream
- **Jackson Hoffart**, Analyst
- **Vincent Jerosch-Herold**, Analyst
- **Nicola Koch**, Project Manager, NKI Retail
- **Clare Murray**, Analyst - Project Manager
- **CJ Yetman**, Software Developer
- **Fiona Spuler,** Analyst
- **Frederick Fabian,** Analyst
- **Daisy Pacheco,** Analyst

- **Jacob Kastl,** Senior Data Scientist
- **Sandra Distl**, Office Manager
- **Monika Furdyna,** Data Visualization Analyst
- **Catarina Braga,** Analyst
- **Anne Schönauer,** Senior Analyst

New York (4 staff)

- **Alex Axthelm**, Data Scientist
- **Mauro Lepore**, Software Developer
- **Sarah Mendelsohn**, Project Manager
- **Taylor Posey**, Data Engineer

Brussels (1 staff)

- **Maarten Vleeschhouwer,** Head of PACTA

London (1 staff)

- **George Harris**, Analyst

Section 6

Finances: Overview of 2020

The financial report for 2 Degrees Investing Initiative Germany is below. Full financial statements are available upon request.

2° Investing Initiative Deutschland e.V., Berlin
Bilanz zum 31. Dezember 2020

AKTIVA

		EUR	31.12.2020 EUR	31.12.2019 EUR
A.	Anlagevermögen			
I.	Sachanlagen			
1.	Andere Anlagen, Betriebs- und Geschäftsausstattung		25.042,00	17.475,00
II.	Finanzanlagen			
1.	Sonstige Ausleihungen		24.079,08	9.282,00
B.	Umlaufvermögen			
I.	Forderungen, sonstige Vermögensgegenstände			
1.	Forderungen aus Lieferungen und Leistungen	1.230.143,19		291.598,60
2.	Sonstige Vermögensgegenstände	10.497,38		5.301,99
			1.240.640,57	296.900,59
II.	Kasse, Bank		843.470,46	119.980,11
C.	Aktive Rechnungsabgrenzungsposten		29.322,17	23.024,17
			2.162.554,28	466.661,87

PASSIVA

		EUR	31.12.2020 EUR	31.12.2019 EUR
A.	Vereinsvermögen			
I.	Gewinnrücklagen			
1.	Gebundene Gewinnrücklagen	0,00		160.000,00
2.	Freie Gewinnrücklagen	0,00		27.395,47
			0,00	187.395,47
II.	Ergebnisvorträge			
1.	Ideeller Bereich		948,18	1,00
III.	Jahresergebnis		5.654,50	947,18
B.	Rückstellunen			
1.	sonstige Rückstellungen		64.478,55	10.213,30
C.	VERBINDLICHKEITEN			
1.	Verbindlichkeiten aus Lieferungen und Leistungen	325.994,82		76.970,11
2.	Sonstige Verbindlichkeiten	968.953,85		85.506,41
			1.294.948,67	162.476,52
D.	Passive Rechnungsabgrenzungsposten		796.524,38	105.628,40
			2.162.554,28	466.661,87

Contact

General: contact@2degrees-investing.org

https://2degrees-investing.org/

Paris

15 rue des Halles, 75001 Paris (legal address)

2 rue Dieu, 75010 Paris (office address)

Berlin

Schönhauser Allee 188, 10119 Berlin

New York

110 Wall St, New York, NY 10005

London

40 Bermondsey St, London SE1 3UD

Brussels

Rue des Poissonniers 13, 1000 Bruxelles