

## **Carbon reporting for French institutionals – Tobam reacts**

By Adrien Paredes-Vanheule



France has recently become the first country to require a carbon reporting obligation from institutional investors.

This requirement has been enshrined in a law setting up the energy transition in France which was passed by the French National Assembly and will be soon discussed by the Senate.

The article 48 of the law states that institutional investors shall disclose in their annual reports:

- the financial risks linked to the effects of climate change
- the measures they have adopted to reduce those risks
- and the consequences on climate change of the company's activities, that includes the use of goods and services produced.

The law sets the 31st December 2016 as the latest deadline to implement these requirements.

Institutional investors shall also inform its shareholders on how they deal with the ESG criteria within their investment decision-making process and on the means implemented in order to contribute to the financing of the energy transition.

If the targets set are not met, institutional investors shall explain the reasons.

Yves ChouEIFaty (*pictured*), CEO and founder of Tobam, whose company is fully implicated in socially responsible investment, expresses reservations about the law.

“While the carbon footprint of human activities is of crucial importance, I am not sure it is the job of legislator to do that. Their first priority must be reforming the country. The least sustainable specificity of the country is probably the size of the public spending when compared to the size of the economy,” he says to *InvestmentEurope*.

“I believe and see on a day to day basis, that long term investors are very aware of the steps to take and know what they need to do, and have already asked the companies they own to provide them with the data they need.

“Implementing this kind of simplistic norms will probably often lead to perverse result, the same way electric cars are being encouraged when their lifecycle carbon footprint most often exceeds by far that of conventional cars...

“Measuring carbon footprints could be one step, but it will also depends on the conclusion you make out of these measures,” Choueifaty adds.

Tobam has started to measure its carbon footprint a few years ago. It finances programs aiming at reducing carbon emissions, offsetting 125% of Tobam’s actual emissions.

“What would be the point of outperforming the market for the next three months by 2%, if in exchange we burned the planet? Here is the driver of Tobam’s sustainable investment policy. We have to ensure performance in a context of high sustainability,” argues Choueifaty.

The firm’s clients, being mostly long-term investors, have already integrated ESG criteria. Choueifaty spots that investors’ interest raises for SRI strategies but according to him, they are not interested enough. “There is still a lot of work,” he says.

The Anti-Benchmark manager also points out that passive management is “absolute negation of SRI criteria.”

<http://www.investmenteurope.net/regions/france/carbon-reporting-for-french-institutionals-tobam-reacts/>