

Portfolio Decarbonization Coalition (PDC)

Member Benefits

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The PDC expects that having a critical mass of institutional investors – owners of large segments of the global economy – decarbonize their portfolios will send a strong and unequivocal signal to carbon-intensive companies that carbon-efficiency is now center-stage. By withdrawing capital from carbon-intensive companies, projects and technologies, and re-investing that capital into carbon-efficient companies, projects, and technologies of the same sector, or through targeted engagement with portfolio companies, it provides a strong incentive for those companies to re-channel their own investments from carbon-intensive to low-carbon activities, assets and technologies.

In addition to the above rationale, specific member benefits of the PDC have been identified:

- **visibility of leadership** – members of the PDC are required to demonstrate how they have, or how they plan to reduce the carbon intensity, or carbon risk exposure of their investment portfolio. This requirement sets the PDC apart from many investor collaborations, in that it actions practical steps, and capital reallocation, towards a low-carbon economy. Pioneers of decarbonization strategies will be able to demonstrate their leadership approach in a tangible and transparent manner, helping to expedite the proliferation of carbon risk analysis among mainstream institutional investors.
- **sharing best practice** – the most appropriate approach to reducing portfolio carbon exposure will vary among different asset owners and managers, depending on their investment mandates and the asset classes they invest in. The PDC is agnostic toward which approach should be employed, instead encouraging each member to identify which approach is best suited to their investment practices. This is facilitated by publishing each member's carbon reduction plan on the PDC website, and convening member networking events to enable the exchange of ideas and information.
- **signal to policy makers/regulators** – in addition to the strong and unequivocal signal sent to carbon-intensive companies, PDC members are delivering the same signal to policy makers and regulators around the world, that a transition toward a low-carbon economy is needed. The reallocation of capital from carbon-intensive to carbon-efficient companies and technologies reflects the desire of an increasingly significant proportion of institutional investors to have policies and regulations which reward companies that are conscious of their own carbon footprint, while encouraging all companies to reduce the carbon reliance of their operations and products. Furthermore, membership of the PDC allows access to the influential leverage of the UN on climate change policy. By demonstrating their carbon reduction strategies, members can help to shape the policies in UN-led campaigns which most effectively advocate for a transition to a low-carbon economy.
- **marketing to informed investors** – the growth of investors who wish to allocate their money to low-carbon companies, assets and technologies is inexorable. Membership of the PDC, with its clearly stated goal of mobilizing decarbonization commitments for \$100bn of institutional investments by the COP 21 in Paris at the end of 2015, validates the credentials of those asset owners and managers which seek to form part of that growth.

