Organization & Environment
2016, Vol. 29(4) 529–532

DOI: 10.1177/1086026616679299
oae.sagepub.com

Call for Papers: Special Issue on "Financial Markets and the Transition to a Low-Carbon Economy"

Guest Editors
Céline Louche, Audencia Business School
Timo Busch, University of Hamburg
Patricia Crifo, University Paris X, Ecole Polytechnique
Alfred Marcus, Carlson School of Management, University of Minnesota
Submission Deadline: April 28, 2017

Topic of the Special Issue

This special issue of *Organization & Environment* seeks to advance an emerging field of research on the financial sector and the transition to a low-carbon economy.

The COP 21 in November 2015 in Paris has intensified the reciprocal influences between the financial world and issues around climate change. Even the 2°C threshold has been discussed, and it is now acknowledged that "efforts [should be pursued] to limit the temperature increase to 1.5°C above pre-industrial levels" (UNFCCC, 2015). One of the main efforts consists in a cumulative investment of $53 trillion in energy supply and energy efficiency over the period from 2014 to 2035 (International Energy Agency, 2014). This consists not only in a shift from fossil fuels to renewable energy investments but also in much more investments in energy efficiency.

If the objectives in terms of carbon emissions and technologies deployment to keep the global average rise in temperature below 2°C are well defined (International Energy Agency, 2014; Meinshausen et al., 2009)—even if some space remains for alternative scenarios regarding specific technologies like Nuclear or Carbon Capture and Storage—the process to get there is not yet clear.

Governments can stimulate these changes notably through regulations. However, governmental actions might represent a long and cumbersome process. One may also question the feasibility to see widespread and significant actions from policy makers, which might not be enough to meet the ambitious climate objectives. If strong climate change–related regulatory actions seems to be emerging, investors already face substantial financial risks to see their assets become stranded in the context of a transition to a low-carbon economy (Ansar, Caldecott, & Tilbury, 2013; Leaton, 2013). This already calls for new ways of integrating climate change–related financial risk for investors.

If immediate and effective action cannot be expected to come from policy makers, financial markets could step in and play a significant role in the transition to a low-carbon economy. Indeed, they have the ability to massively redirect capital toward players that positively contribute to a climate-resilient economy, be it through dedicated financial instruments or the allocation choices investors make. Many indicators show that there is already a strong interaction between financial markets and the issues around climate change. Voluntary initiatives have emerged from the financial sector, like the Montreal Pledge or the Portfolio Decarbonization Coalition. New institutions addressing the need for climate-related data have emerged like CDP (Carbon Disclosure Project) and divestment or divest/invest campaigns such as the Fossil Free Campaign lead by 350.org. Financial services providers are also starting to handle the question by designing so-called "low-carbon" or "carbon-efficient" financial products. The regulatory body is also acknowledging the potential role of the financial market. As an illustration, in May 2015, France passed a new law—the French legislation on climate reporting for investors[1]—requiring mandatory ESG and climate policy reporting to all asset owners on a "comply or explain" basis. Another example is the Financial Stability Board's Climate Disclosure Taskforce founded by Michael Bloomberg, whose objective is to give recommendations on what and how information should be disclosed by companies to better inform investors, lenders, and insurers about climate-related financial risk (Task Force on Climate-Related Financial Disclosures, 2016).

With or without regulation, the financial markets will play a crucial role in the transition toward the low-carbon society of the future. In addition to disclosure and portfolio adjustment issues, the financial sector can drive all other sectors' transitions by discriminating the access to funding in the banking, insurance, and capital markets as a function of firms' sustainability performance. However, the lack of research in this area is prevalent and many questions remain to be explored. Given the urgency of the climate change problem, further contributions in this area are both timely and needed.

Despite many initiatives to assess the performance of corporates regarding climate change, it appears that it is still extremely difficult to assess the contribution of a financial portfolio or an investment strategy to the energy transition. The indicators available to measure the alignment of the financial sector with those needs are far from clear and harmonized. Some work has already been done on the potential roles the financial sector can play for sustainability (Busch, Bauer, & Orlitzky, 2015) and on the ability of a given investment strategy to "hedge against climate risk" based on lower scopes 1 and 2 carbon intensity (Andersson, Bolton, & Samama, 2014; Schoenmaker & van Tilburg, 2016). Also, there is very little research on the potential contribution of financing streams to climate change mitigation and the transition to a low-carbon economy.

This Special Issue therefore addresses the variety of ways in which financial markets are already paving this way ahead and could or should do in future. Contributions to the Special Issue may cover (but are not limited to) the following research questions:

- Which are the key stakeholders in the financial industry`s value chain for fostering a low-carbon economy? What are their barriers/motivations for accelerated action?
- What is the potential leverage of different asset classes for financing of the energy transition?
- What is the impact of current low-carbon investment practices regarding their contribution to climate change mitigation? Which challenges remain?
- Which new institutions are required/likely to emerge for fostering the energy transition through financial markets?
- What is the capacity of nonregularity initiatives like CDP or divesting movement in influencing the financial markets to engage in the transition to a low-carbon economy?
- What is the financial relevance of climate effective investment strategies? Can current assessment tools fully capture related risks?
- Are long-term climate goals coherent with short-term and/or long-term financial strategies?
- What are the main drivers for low-carbon strategies in financial markets: regulatory pressure, underestimated risks, underestimated opportunities, and/or new social movements?
- What are emerging practices in low-carbon finance, including the suitability and inclusivity of methodologies, tools, and metrics? What theories are emerging from those emerging practices?

- What are the behavioral impediments of investors, asset managers, investor advisers, and other financial market actors to the development and adoption of low-carbon investment practices?
- What are the enabling and hindering factors influencing financial institutions' capacity to change and adapt their portfolio allocations, as well as their internal decision processes leading to pricing and capital access choices related to clients' environmental performance?

Submission Process and Deadlines

- Authors should submit their full manuscripts through ScholarOne Manuscripts by **April 28, 2017,** through http://mc.manuscriptcentral.com/oe
- Be sure to specify in the cover letter document that the manuscript is for the special issue on "Financial Markets and the Transition to a Low-Carbon Economy."
- Manuscripts should be prepared following the *Organization & Environment* author guidelines, available at http://oae.sagepub.com/
- After an initial screening by the guest editors, all articles will be subject to double-blind peer reviewing by a minimum of two anonymous referees and editorial process in accordance with the policies of *Organization & Environment*.
- Authors who are invited to revise and resubmit their papers will be invited for a manuscript **development workshop** (expected date and location: Fall 2017, Paris). Acceptance for presentation at the workshop does not guarantee acceptance of the paper for publication in *Organization & Environment.*

About the Journal

Organization & Environment is recognized as a SAGE leading international journal, unique in its emphasis on the connection between management of organizations and sustainability, in its social, environmental, and economic dimensions. It publishes quarterly peer-reviewed research. The journal is indexed by multiple databases including, among others, the Journal Citation Report, Scopus, and EconLit. *Organization & Environment* is now ranked in the first quartile of the "management" and "environmental studies" fields in the prestigious Journal Citation Report thanks to a 2.65 impact factor over two years.

Further Information and Guest Editors

- **Céline Louche**, Audencia Business School, e-mail: clouche@audencia.com
- **Timo Busch**, University of Hamburg, e-mail: timo.busch@wiso.uni-hamburg.de
- **Patricia Crifo**, University Paris X, Ecole Polytechnique, e-mail: patricia.crifo@polytechnique.edu
- **Alfred Marcus**, Carlson School of Management, University of Minnesota, e-mail: amarcus@umn.edu

Please do not hesitate to contact the guest editors for any inquiries or suggestions for this special issue.

Note

1. Article 173 of "Law on Energy Transition for Green Growth," which became applicable in January 2016.

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