SCORE LCA

**STUDY N° 2018-04**

# SUSTAINABLE FINANCE AND LIFE CYCLE ASSESSMENTS (LCAS): HOW DO MARKETS INTEGRATE THE ENVIRONMENT, AND MORE PRECISELY THE CONCEPT OF LCA?

## Executive summary

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The SCORE LCA association is a research structure dedicated to Life Cycle Assessments (LCA) and environmental quantification. It aims to promote and organize cooperation between industrial, institutional or scientific actors in order to foster a shared and recognized evolution, at the European and international level, of the Life Cycle Assessment methodology and its implementation.

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- ✓ The views and recommendations expressed in this document are solely those of the authors and do not necessarily represent, unless otherwise stated, the opinion of all SCORE LCA members.

- ✓ The information and conclusions presented in this document have been drawn up on the basis of scientific and technical data and existing regulatory and normative framework at the time of the publication of the document.

# Executive summary

The financial sector will have to play an increasingly important role in the transition to a sustainable, low-carbon climate-resilient economy. To this end, the financial instruments must allow for the development of more environmentally-friendly products. It is therefore key to take into account the environmental impacts of products throughout their entire life cycle in order to identify and finance these products.

In this context, xthe SCORE LCA association, which aims to promote and organize cooperation between industrial, institutional or scientific actors in order to foster a shared and recognized evolution, at the European and international level, of the Life Cycle Assessment methodology and its implementation, wished to carry out a study on the integration of the concept of LCA by financial markets.

The goal of this study is to identify the European regulatory work on this topic; analyze and map the main financial mechanisms (indicators, products, tools, etc.) that include an environmental impact dimension; and finally, to make recommendations in order to promote the use and integration of LCA within these mechanisms.

This document summarizes the main elements of the report in the following way:

I. **Current work of the European Commission: an action plan on sustainable finance;**
II. **Summary of the existing financial norms;**
III. **Description of the financial mechanisms analyzed;**
IV. **Mapping of mechanisms: analysis methodology and results;**
V. **Practical recommendations.**

## I. Current work of the European Commission: an action plan on sustainable finance

Following the publication in early 2018 of the Final report of the High-Level Expert Group on Sustainable Finance, which presented recommendations to encourage the financial sector to support the energy and ecological transition, the European Commission has drafted an action plan addressing three objectives:




These objectives are relevant for the key actors of the financial system and encourage them to integrate the principles of sustainable development into their activities and thus participate in the reduction of greenhouse gas emissions.

The main actions are:

- Establish a **unified classification system for sustainable activities ('taxonomy')** to define what can be considered a sustainable economic activity and what cannot;
- Create **labels and standards** that help identify green financial products;
- Clarify **institutional investors'** obligation to include sustainability criteria in decision-making;
- Ensure that **banks and insurance companies** incorporate **environmental and climate risks** into capital requirements;
- Strengthen the transparency by improving the quality of **non-financial information published by companies.**

## II. Summary of the existing financial standards

### i. Principles for Responsible Investment (PRI)

- Level of constraint: voluntary commitment
- Geographical scope of application: worldwide
- Mechanism(s) concerned: all mechanisms
- Actors concerned: asset managers and investors

Launched by the UN in 2006, the PRI is a voluntary commitment for the financial sector and encourages the investors to incorporate the ESG (Environment, Social, Governance) dimensions into portfolio management.

The investors commit to respect six principles:

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Incorporate ESG issues into their ownership policies and practices;
3. Seek appropriate disclosure on ESG issues by the entities in which they invest (transparency);
4. Promote acceptance and implementation of the PRI within the investment industry;
5. Work together to enhance their effectiveness in implementing the PRI;
6. Report on their activities and progress towards implementing the PRI.

The signatories must annually report a set of indicators to the organization. Since 2018, some indicators have been brought into line with the TCFD (Task Force on Climate related Financial Disclosure) recommendations, but their reporting remains voluntary. Starting from 2020 it will become mandatory to report on these indicators although publication will remain voluntary.

### ii. Green Bonds Principles et Climate Bond Standard

- Level of constraint: voluntary commitment
- Geographical scope of application: worldwide
- Mechanism(s) concerned: green bonds
- Actors concerned: issuers, investors and specialized intermediaries

- **Green Bonds Principles**

It is a voluntary standard of transparency for the issuance of green bonds[1]. It aims to clarify the approach necessary to issue a green bond and was developed by the International Capital Market Association (ICMA) and updated in 2018.

These principles apply to the issuers of green bonds – by indicating the key components to consider when structuring bonds – and to investors – by ensuring that information is available and therefore the environmental impact of the bond can be correctly evaluated.

- **Climate Bond Standard**

Developed by the Climate Bond Initiative, this standard is a labelling scheme which includes a taxonomy that identifies the projects that are eligible to receive a “green bond” label (low-carbon infrastructure, waste management, renewable energy, energy efficiency…). Several criteria exist for each category in order to determine the eligibility of projects for the certification.

[1] A green bond is a « debt instrument issued on a financial market and dedicated to finance projects that combat climate change, support the energy transition, etc. » (*Novethic*)

### iii. The OECD Guidelines for Multinational Enterprises

- Level of constraint: voluntary commitment
- Geographical scope of application: worldwide
- Mechanism(s) concerned: environmental reporting
- Actors concerned: multinational enterprises

The OECD (Organization for Economic Co-operation and Development) Guidelines for Multinational Enterprises, updated in 2011, are a set of references for private action. It consists of fifteen principles that enterprises “should” respect and two principles that they “are encouraged to” respect. With this document, the governments address the multinational enterprises operating in or from the OECD member countries.

### iv. Implementation decree for Article 173 of the French Energy Transition for Green Growth Act

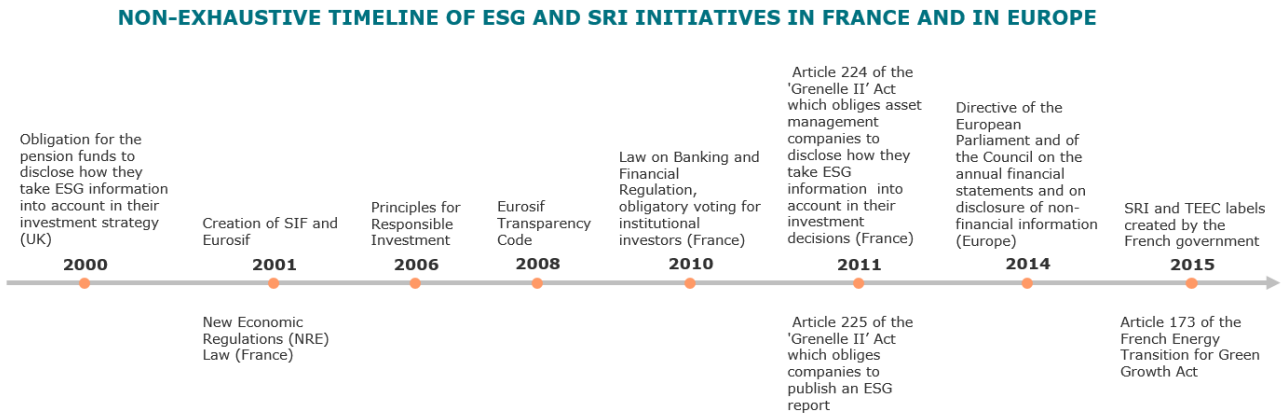
- Level of constraint: legally binding (Act n° 2015-992 of 17 august 2015)
- Geographical scope of application: France
- Mechanism(s) concerned: environmental reporting
- Actors concerned: French institutional investors and asset management companies

This article and its implementation decree lay different reporting obligations depending on the size of financial institutions:

- Obligations to report on the integration of ESG criteria into their investment policy;
- Obligations to report on the climate risk management and their contribution to the financing of the green economy.

It is a "comply or explain" type of transparency obligation. The investors are thus able to choose the best way to meet the objectives of the Act. The decree contains a full list of information that can be included in the reporting, but it is only cited as an example of good practice and is not mandatory.

It is not the first legally binding document on transparency in France. Binding laws on the integration of ESG criteria had already been adopted before (see figure below).




## v. Task Force on Climate-related Financial Disclosure (TCFD)

- Level of constraint: voluntary commitment
- Geographical scope of application: worldwide
- Mechanism(s) concerned: corporate reporting
- Actors concerned: issuers and investors

Created in 2015 by the Financial Stability Board and chaired by Michael Bloomberg, the TCFD is a working group which formulates recommendations on voluntary reporting of financial information related to climate change. These recommendations encourage transparency in order to provide lenders and insurers with comparable, clear and reliable elements of information. TCFD's goal is for the majority of enterprises to adopt this financial reporting methodology, so that investors can compare enterprises within the same sector and favour those that contribute the least to climate change.

The recommendations are centered around 4 core elements of actors' operational activities: governance, strategy, risk management, and metrics and targets. It is recommended to disclose whether the company's strategy takes into consideration climate-related scenarios. In 2018 nearly 500 enterprises and international investors representing more than a hundred thousand billion dollars of assets under management, had expressed their support to the TCFD[2].

## vi. ISO 14097 et ISO 14030 projects

- Level of constraint: voluntary commitment
- Geographical scope of application: worldwide
- Mechanism(s) concerned: green bonds / environmental reporting
- Actors concerned: all types of enterprises

Two international standards are currently under development by the International Organization for Standardization (ISO):

- ISO 14097: Framework and principles for assessing and reporting investments and financing activities related to climate change – Expected publication in 2020;

[2] https://www.fsb-tcfd.org/publications/tcfd-2018-status-report/#

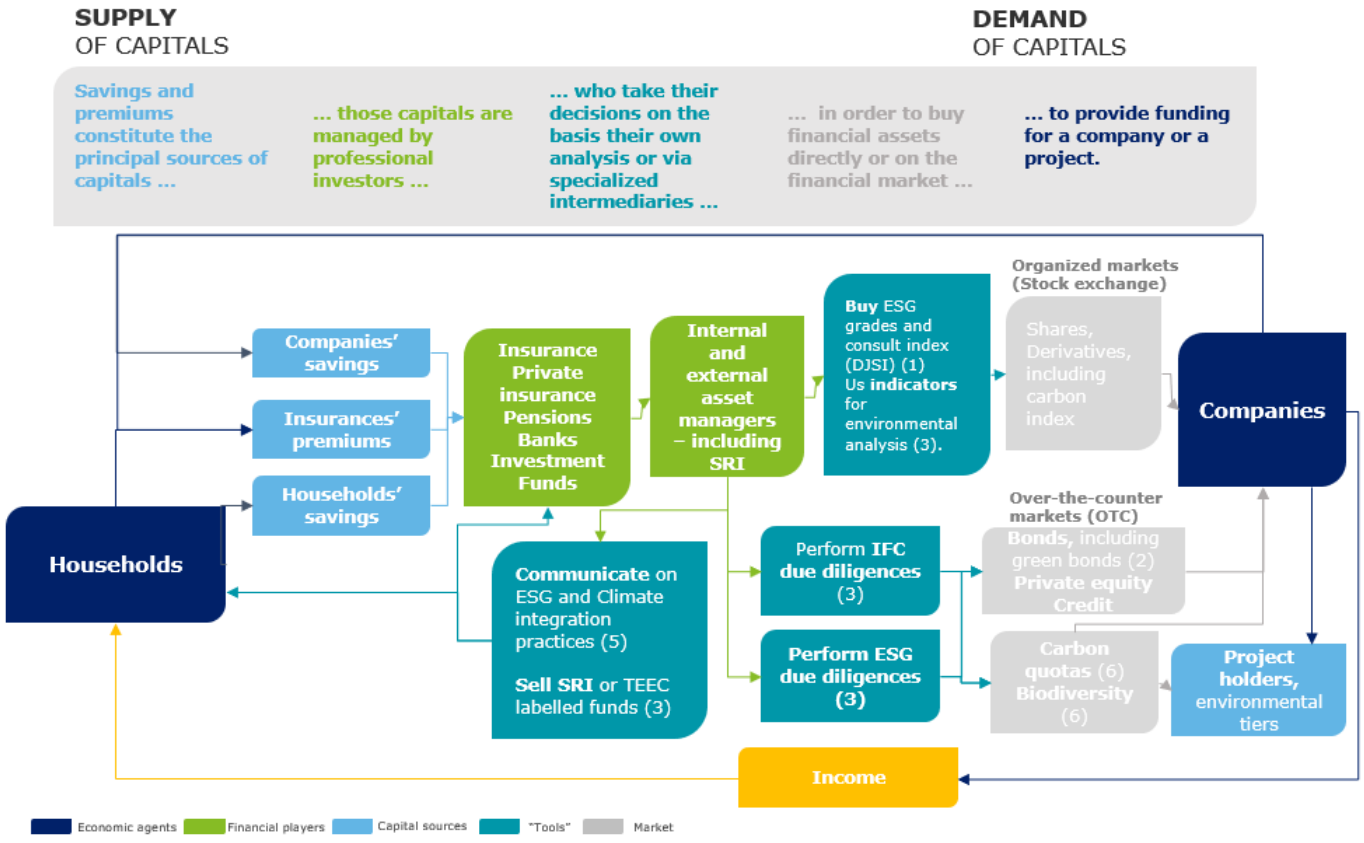
- ISO 14030: Green bonds –. Environmental performance of nominated projects and assets – Expected publication in 2019. This standard will consist of four parts (14030-1 on process for green bonds; 14030-2 on process for green loans; 14030-3 on taxonomy; 14030-4 on verification).

The first one will provide investors with guidance on the evaluation of climate-related risks. The second will give a clear definition of what can be considered a green bond. For instance, it will provide a taxonomy of projects that can be financed with green bonds.

## III. Description of the financial mechanisms analyzed

In order to understand how LCA methodology and the resulting data can be integrated in the tools used by the financial market players, it is necessary, first of all, to analyze the different mechanisms.

These mechanisms are different in nature and follow different objectives. For instance, green bonds and carbon quotas are exchanged on the over-the-counter market, while the SRI funds make equity investments through the stock markets. Moreover, some mechanisms use multicriteria environmental analysis, while others focus solely on carbon.




*Mapping of financial mechanisms that may be influenced by the environmental footprint (source: Deloitte and I Care & Consult).*

The table below summarizes the information necessary to understand the components and objectives of each mechanism. A more detailed analysis is available in the final report.

| Mechanisms | Key elements |
|---|---|
| **Carbon footprint** | • Used to identify the level of greenhouse gas emissions of investments<br>• One of the first environmental indicators used by the financial sector to evaluate the climate impact of investments<br>• Carbon footprint is measured by:<br>➔ total quantity of $CO_2$ in absolute value and/or;<br>➔ a ratio of the amount of $CO_2$ generated (in tons) to its monetary value.<br>• Usually calculated by the company itself, either according to international standards (ISO 14064 et ISO 14069), or other carbon measurement methods, such as the GHG Protocol<br>• Ways to reduce the carbon footprint of a portfolio:<br>➔ Sectoral reallocation, considering that some sectors such as energy, chemistry, industry or construction emit the most $CO_2$ and/or<br>➔ Guiding these sectors towards a transition of their activities |
| **Green share** | • Used to identify activities considered as environmentally friendly and contributing to the energy and ecological transition<br>• Binary approach: either an asset or an activity is considered to be green, or not<br>• No definition or common taxonomy to establish whether an activity is green of not.<br>• Indicator frequently used by the actors that report on the environmental impact of their portfolio<br>• Objectives:<br>➔ Allow investors to show their commitment to the energy and environmental transition and comply with the French regulation.<br>➔ Allow assets managers to differentiate themselves from their competitors.<br>➔ Send a message to the business – divestment from multiple funding sources could influence enterprises' strategies. |
| **Net Environmental Contribution (NEC)** | • Evaluates, on a scale from -100% to +100%, how much an asset contributes to the energy and environmental transition<br>• Methodology based on the life cycle assessment approach<br>• Evaluation criteria vary depending on the business sector<br>• Methodology:<br>1. Based on the life cycle assessment approach, it analyses the key environmental issues of a sector<br>2. A company with multiple activities receives a consolidated NEC scoring comprised of scores for each segment weighted by the corresponding revenue it generated<br>• Currently used by a limited number of investors<br>• Objectives: similar to the Green share (see above) |
| **2°C Alignment** | • Indicator aiming to measure the commitment and performance of a company against a sectoral trajectory represented by an increase in temperature<br>• Numerous methodologies for 2°C Alignment exist, although all of them are based on IEA scenarios<br>• Methodology:<br>1. Evaluation of the climate-related performance of the company<br>2. Choice of the 2°C benchmark and scenario<br>3. Definition of the alignment metrics<br>4. Conversion into temperature<br>• Objectives:<br>➔ Evaluate whether the investments are compatible with the Paris Agreement objectives, that is, the limitation of the temperature increase to 2°C<br>➔ Evaluate the level of transition risks to which the concerned assets are exposed |

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|---|---|
| | ➔ Normative indicator<br>➔ Strategic tool for the companies who wish to improve their environmental strategy |
| **SRI financial indicators** | • A ranking of companies which takes into consideration the ESG criteria, unlike the traditional indices, which only use the financial criteria<br>• Method for selecting companies generally based on two analyses:<br>1. A negative filtering excluding certain industries (tobacco, weapons, …) or certain behaviours (non-ratification of certain international treaties)<br>2. A positive filtering, or best-in-class method, retaining the companies which perform the best according to certain ESG criteria<br>• Applies to listed companies which publish non-financial data<br>• Examples: Dow Jones Sustainable Indices (DJSI); FTSE4Good ; Euronext Vigeo<br>• Objectives:<br>➔ Gives visibility to the companies by highlighting their CSR performance<br>➔ To a lesser extent, serves as a comparison tool for the investors concerned about ESG topics |
| **Companies' external communications** | • Tools:<br>➔ SRI labels and similar ones<br>➔ Environmental reporting of the companies<br>➔ Environmental reporting of asset managers<br>• Examples: SRI label, TEEC label, requirements of Article 173, recommendations of the Task-Force on Climate-related Disclosure, Sustainable Development Goals, EU Ecolabel for green financial products<br>• Objectives:<br>➔ Provides investors with a simple way to report on their environmental performance<br>➔ Offers management tools and decision-support tools for their investment strategy<br>➔ Allows them to comply with the regulatory obligations |
| **Green Bonds** | • Definition: a bond is a tradable debenture certificate which companies, states, or territories use to raise money. A green bond is different in that it requires detailed reporting on the financed investments and on the "green" nature of the financed projects<br>• There is no common definition of a green bond, which results in a considerable heterogeneity of selected projects and funding traceability<br>• Methodology: specification drafting by the holder of the green bond<br>➔ The project should have a positive impact within the sustainable development topic<br>➔ The project should demonstrate additionality compared to the "business as usual" activities<br>• Objectives:<br>➔ Increase the visibility (for investors) of the projects that have a positive impact<br>➔ Certification of the impact of the funds invested<br>➔ Mutualization and reduction of risks related to certain projects |
| **Due Diligence** | • Exercise of care and audit of various elements of the target company during financial operations<br>• In addition to a systematic analysis of the financial situation of the enterprise, it involves an analysis of the tax, strategic, and ESG position of the company<br>• Voluntary exercise – there is no legal obligation concerning due diligence, but it is based nevertheless on the existing analysis toolkits which vary depending on the country and the type of due diligence<br>• Carried out upon demand of the potential buyers or sellers<br>• Objectives: allows buyers to gather all the information necessary to take an investment decision, including the CSR risks or performance of the company |
| **Biodiversity compensation** | • Funding mechanism allowing to slow the biodiversity loss while building the infrastructure for the economic activity development at the same time<br>• Compensation would be paid if the reduction and avoidance measures fail to mitigate all the impact on biodiversity |

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| | • Actors concerned: actors of real estate industry, infrastructure and urban planning<br>• Objectives:<br>➔ Regulatory compliance<br>➔ Added value in terms of image for the companies which compensate |
| **Voluntary carbon offsetting** | • Mechanism which provides, via purchasing carbon credits, to fund the projects that help avoid greenhouse gas emissions<br>• Each metric ton of CO2 equivalent is certified by issuing a "carbon credit", but no certification is imposed on traded carbon credits<br>• Objectives:<br>➔ Allows the actors subject to mandatory offsetting to go beyond the minimal legal requirements<br>➔ Allows actors to achieve carbon neutrality and thus gain a comparative advantage over their competitors |

## IV. Cartography of mechanisms: analysis methodology and results

In this study, we analyzed the main financial mechanisms (indicators, products, etc.) that contribute to the integration of the environmental impact. For each mechanism, we analyzed two dimensions:

- ✓ The first one is the **"effective capacity to influence investment"**, i.e. to what extent the indicator or the product is likely to have a financial impact that is significant in terms of volume of investment and actors' behavior.

- ✓ The second dimension is **"LCA integration level"**, i.e. to what extent the mechanism is consistent with the principles of LCA (multicriteria, quantitative, life-cycle approach)

The criteria have an equal weight in the mapping (see below) and therefore are not weighted.

These analyses allowed us to create a mapping of the mechanisms and position them relative to one another (see the graphic below, in part V)

## V. Practical recommendations

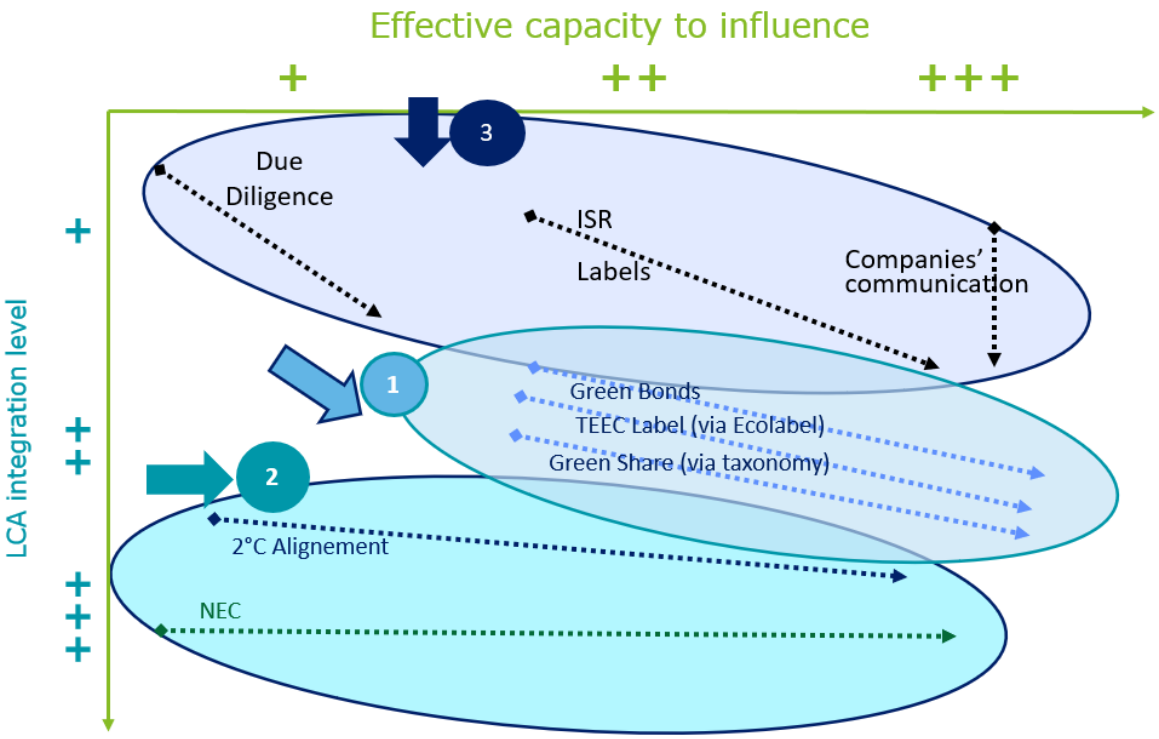
### i. Objectives of the study

This study addressed several objectives, speaking to the interests and sensitivities of both SCORE LCA members, and financial players willing to integrate the principles of sustainable development into their activities:

- ➔ Ensure that LCA is a tool well-known and understood by everyone, especially by financial players
- ➔ Enable financial players to take investment decisions based on practical and scientifically proven information
- ➔ Direct investment decisions towards products with proven and positive environmental impacts
- ➔ Promote LCA as the reference method for the evaluation of environmental impacts
- ➔ Promote the use of LCA within the mechanisms or tools which have the strongest potential to impact the environment and the lowest implementation cost (cost/benefit approach)

We consider that these objectives can be achieved in three different ways:

a) **Promote** the life-cycle assessments in **the marketplace works**
b) **Support** the expansion of the mechanisms **already integrating some LCA criteria**
c) **Promote** the use of LCA criteria for **traditional mechanisms** which do not yet integrate them




## ii. Our recommendations to achieve these objectives

### a) Promote the life-cycle assessments in the marketplace works

The mechanisms below fit into a framework conditioning their use. This framework may be regulatory (European Commission measures) or voluntary (Climate Bond Standard conditions) and have a regional (European Union) or an international scope (Green Bond Principles). Although these mechanisms already exist, their use could be modified depending on the regulatory changes and review of conditions/obligations. We therefore recommend the SCORE LCA members to participate in various ongoing projects and to support the use of LCA as a reference methodology and/or a criteria to be met in order to use the mechanisms.

**Taxonomy and Green share**

**Priority for action:** 1

**Actors concerned:** European Commission

**Recommendations**:

To date, there is no precise definition (taxonomy) of what is the Green share and, a fortiori, no elements to take into consideration when defining it

- ✓ We recommend participating in the European Commission's work on the definition of common criteria of so-called sustainable economic activities (taxonomy) promoting the consideration of LCA in these criteria. Integrating an LCA component, they could be then used to determine the Green share of economic activities and be harmonized at the European level.
- ✓ By supporting the creation of a taxonomy at the European level, the Green share evaluation method will gain relevance and may be used for significant sums of money

## Green Bonds

**Priority for action:** 1

**Actors concerned**:

- ✓ Enterprises issuing green bonds
- ✓ European Commission
- ✓ Green Bond Principles (ICMA)

**Recommendations**:

Green bonds allow to fund projects that meet pre-defined specifications. However, one of the limits to their expansion is the absence of a universal definition and the deviations that happen when the projects funded with the obligations do not demonstrate a real environmental impact

- ✓ We recommend sensitizing the companies issuing green bonds and encouraging them to integrate the LCA criteria in their specifications in order to select the projects with a proven environmental impact over the course of the entire life cycle.
- ✓ We also recommend promoting LCA as criteria to identify the bonds eligible for the Climate Bond Standard or within the Green Bond Principles. This can also be done by participating in the work currently undertaken by the organizations in question and the European Commission.

## SRI labels and the like

**Priority for action:** 1

**Actors concerned**:

- ✓ Companies which are part of SRI funds
- ✓ Asset managers
- ✓ Ministry of Finance
- ✓ European Commission

**Recommendations:**

- ✓ We recommend participating in the development and to support the emergence of the EU Ecolabel for green financial products (integral part of the Action Plan on Financing Sustainable Growth), promoting the integration of LCA criteria. The characteristics of this ecolabel will be determined definitively in 2020. The participation of actors from the LCA field will not only enlarge the vision when determining the selection criteria (more trustworthy/demanding than these of the current French SRI label), but will also foster a creation of a European ecolabel of a substantial significance (in terms of the financial flows concerned)
- ✓ The asset managers who wish to create one or more funds with an SRI label conduct very detailed analyses on a company and its ESG performance before they can incorporate it in the SRI fund. These analyses are largely based on publicly available information. We recommend the companies to highlight, in the data they publish, the existence and the results of LCA studies of their products

and services, so that asset managers can have access to them – these studies can be a competitive advantage when being chosen to integrate a fund.

- ✓ The SRI label reference frame is defined by order of the Minister of Finance[3]. We recommend issuing guidelines (for the government or directly for the enterprises) on how to meet the criteria to receive the SRI label. In particular, LCA could be put forward as a reference methodology for the environmental criteria of companies' activities

## b) Support the expansion of the mechanisms already integrating LCA

The mechanisms below already incorporate some criteria similar to those used in LCA. However, their effective capacity to influence investment is relatively limited, while the potential capacity to influence is higher. All of them demonstrate a significant scope for further progress. Our main recommendation is thus to support the expansion potential of these mechanisms in order to ensure that the mechanisms that already incorporate this type of impact analysis can grow and gain significant visibility. The level of difficulty and the time horizon (short- or long-term) are also taken into consideration in our recommendations.

### NEC

**Priority for action:** 1

**Actors concerned**:

- ✓ Asset managers and enterprises

**Recommendations**:

- ✓ We recommend promoting the use of this evaluation method by asset managers and concerning a greater variety of sectors. This method, based on the LCA approach could help better understand the need to further integrate the environmental impacts along the entire life cycle of a product or service by asset managers, and thus encourage its widespread use. More specifically, we recommend strengthening communication on the NEC methodology by working on four dimensions:
  1) improving transparency concerning the evaluation methodology,
  2) sharing of methods of sectoral evaluation,
  3) transparency concerning the data necessary to calculate the NEC,
  4) interactions between the evaluator and the evaluated company.

- ✓ We recommend analyzing whether a link could be made between the NEC scoring, the 2°C alignment, and the financial performance of a company;

- ✓ Finally, it seems necessary to give a dynamic vision of the NEC scoring, because currently, the NEC is based on the reported and past data and does not include a forward-looking vision.

[3] Décret n° 2016-10 du 8 janvier 2016 relatif au label « investissement socialement responsable »

**2 degree alignment**

**Priority for action:** 1

**Actors concerned**:

- ✓ Asset managers and enterprises

**Recommendations**:

- ✓ Support the expansion of this mechanism (and therefore the use of LCA in the scenarios=;
- ✓ Better integrate LCA in the evaluation of 2°C trajectory alignment. For example, by integrating other environmental constrains in the 2°C scenarios, in order to limit the transfer of pollution (biodiversity, air quality, …)
- ✓ Contribute to converging the different existing methods of 2°C alignment and equivalent temperature, and establish a system of certification/validation which would help ensure consistency of calculations, hypotheses, and data coming from different actors (companies, analysts, …);
- ✓ Extend the application of the 2°C alignment beyond the few sectors, and onto all sizes of companies:
  - Quickly extend the methodology onto all sectors in order to achieve real, strong impetus;
  - Keep the strong feature of "sectoral neutrality": each "macro-sector" should be able to name the "good" and the "bad" students (running ahead or lagging behind in terms of low carbon transition of the sector);
  - Guarantee the extension of SBT/ACT methodologies onto the small and medium-sized enterprises so that alignment doesn't solely apply to very large companies.

### b) Promote the use of LCA criteria for traditional mechanisms

As of now, the traditional mechanisms do not, or only to a limited extent, include the criteria characteristic of LCA. Our main recommendation is to promote greater use of such criteria, while making sure that they are applied where relevant (where they can influence the investment decision).

**Companies' external communications**

**Priority for action:** 2

**Actors concerned**:

- ✓ Enterprises which have the means to carry out LCAs

**Recommendations**:

- ✓ We recommend the companies to promote the reporting of indicators for multi-environment issues and to ensure that the provided information is clear, understandable and comparable in the eyes of investors;
- ✓ We recommend, as a first step, to guide the companies through the LCA process, starting with a small perimeter (a product line), or relative to trajectory, to "planet boundaries", or with a comparison to a usual situation. It may be relevant to highlight the avoidance procedure deployed by the company and its global societal impact.
- ✓ As a second step, we recommend publishing the results (entirely or partly) within the annual report or a CSR report, in an understandable way, so that the investors unfamiliar with the LCA practices can quickly draw conclusions from it. We recommend working on the intelligibility of this data for the

market, in particular the comparison of this data to the normative reference (e.g. taxonomy) or to a market average. This effort towards transparency will allow investors to compare companies operating in similar sectors and make informed decisions.

## Asset management communications

**Priority for action:** 3

**Actors concerned**:

- ✓ Enterprises

**Recommendations**:

- ✓ We recommend sensitizing the companies to the growing need of analysts/investors for LCA type of data (value chain, multi-impact), be it on the organization of the company, or its products and services. It would be relevant to include the results of LCA in the environmental and climate-related reporting. Being more transparent and citing concrete and quantified elements of information, these two tools could produce a bigger impact and help the investors' decision-making.

## Due Diligence

**Priority for action:** 3

**Actors concerned**:

- ✓ Enterprises – Financial players (private equity and fusion/acquisition)

**Recommendations**:

- ✓ Financial players, just like enterprises, do not always notice the added value of LCA-type analyses for financial operations, although they could easily be used, given that due diligence is not conditioned by regulatory criteria. We recommend sensitizing the companies to carry out LCAs outside the sale/acquisition periods (so that the reports are ready by the moment due diligence is carried out) and include a section on identification and estimates of direct and indirect financial consequences on the identified issues and to convince financial players to take the results of these analyses into consideration while making a fusion or acquisition decision. The LCA procedure can be a tool for dialogue with the investors about the materiality of environmental risks and opportunities for the business model. From the risk point of view, LCA could in particular allow to identify the risks of stranded assets.