Forensic Finance and Climate Finance: An In-Depth Analysis

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1. Introduction

In this thought-provoking and insightful essay, Bruun Jensen and Vilslev meticulously delve into the intricacies of conducting forensic financial investigations. They thoroughly examine economies, infrastructures, financial products, and complex situations with precision and expertise. Their objective is to unravel the enigmatic inner workings of these systems, shedding light on the multifaceted layers that comprise them. Focusing on a compelling case study within the realm of climate finance, the authors masterfully illustrate the immense potential of forensic finance. Rather than scrutinising climate finance's quantitative aspects and relying solely on empirical evidence, Jensen and Vilslev encourage us to adopt a wider lens. By exploring the social-ontological and socio-economic infrastructures and entities that underpin climate finance, they uncover a wealth of crucial insights. In the authors' profound exploration, forensic finance emerges as a formidable tool that can interrogate not only the chains of financial transformations but also the exceptions, anomalies, loan leaders, and ever-evolving value propositions that define the complex world of finance. By adopting this holistic approach, Jensen and Vilslev showcase the power of forensic finance to bring forth a comprehensive understanding of the intricate web of financial intricacies. This enlightening essay serves as a testament to the transformative potential of forensic financial investigations. It challenges the conventional boundaries of financial inquiry and encourages a shift towards a more nuanced and comprehensive analysis. Jensen and Vilslev's work invites us to reconsider how we perceive and approach financial investigations, unveiling new dimensions and opportunities for exploration in this vital field. (Fortier, 2021)(Khan, 2021)

In greater detail, the term "Forensic Finance" has, in several ways, been used to describe the detailed examination of the economies, infrastructures, financial products or situations to explain what goes into them, go along with them, or

how they work. Forensic finance describes a method where financial markets are parsed in multiple ways by investigating the composition approaches preferred by traders in their day-to-day activities. Others have built their methods by turning to credit reference archives and have spent time learning to perform credit checks and debt profiles. What all of these methods share is a commitment to showing in-depth rather than explaining away actual practices and people participating in them. Understanding what people care about, what is absorbed into those concerns, and how that absorption occurs can thus tell us much that the essential facts and figures of trading for, say, a carbon derivative price will not.

1.1. Background and Significance

The power of finance has become increasingly evident in recent years. Despite playing a significant role in the 2008 global financial crisis, it extends far beyond the economic system. It shapes society, politics, and, perhaps most significantly, the environment.

In response to this, forensic finance and climate finance have developed. Forensic finance investigates the financial system and its misdeeds, while climate finance considers how finance may be harnessed to build a low-carbon economy. These two fields are significant for several reasons.

First, both are relatively new innovations that emerged as a response to the tumult of the 2008 crisis. Forensic finance developed partially as a reaction to the financial practices that caused the crisis. In contrast, climate finance emerged as a new set of financial "solutions" developed to confront that crisis's social and environmental fallout.

Second, both fields effectively employ the analytic tools of traditional finance to produce alternatives. Forensic finance scholars have mined and critiqued finance's primary indicators of health and wealth - hyper-innovative, risk-based pricing systems - that have driven new financial products and services in recently exploding global markets in credit, insurance, and reinsurance. Through this "double movement," forensic finance and climate finance become fields of "re-asset-ment" that help create vibrant and dynamic new sites of political-economic governance. In this land and resource concretisation phase of financialisation, they help define a domain of action for a range of theorists and practitioners who globally attend to the adverse effects of financialisation.

Finally, forensic finance and climate finance may exacerbate the problems they set out to remedy. In the face of critique, both from outside and within their respective disciplines, forensic and climate finance may expedite expropriation and loss by integrating ever more wealth, land, and labour into the system.

In conclusion, while nothing special or new, they play essential roles that deserve a more profound and substantial critique.

1.2. Research Objectives and Methodology

The analysis of climate finance from the perspective of forensic finance represents an original intellectual contribution of this paper. This relationship has important implications for theory and contemporary eco-policymaking. In this study, we will analyse the consequences of these developments and their implications for understanding the functions of financial markets and the design of global finance from the perspective of forensic finance. Applying this concept will help evaluate the potential and actual achievements of the functioning of climate finance institutions and the enhancement of their anti-collusion safeguards.

The main research objective of this study is to analyse the relationships between forensic finance and climate finance. To do so, three major operational tasks can be distinguished. First, it is necessary to explain the concept of forensic finance in climate studies and to outline the main theoretical foundations for such an analysis. We would like to understand the relationship between the financial system and the global climate. Next, we will systematise and critically evaluate the current state of research in the climate finance literature about forensic finance. Additionally, we will present the current state of the application of forensic finance in climate finance. In conclusion, we will identify perspectives for future research into the relationship between forensic finance and climate finance. In the study, the document selection technique is used. In the first phase, fifty-nine documents are screened and analysed to study the relationship between forensic finance and climate finance. Climate economics and forensic finance perspectives are compared to the causes of increased CO2 emissions and new regulations (in climate policy and legal acts) between the two parties. An in-depth analysis is conducted for those documents that review the topic directly or indirectly.

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2. Part I: Forensic Finance

The idea that major criminal activities tend to "puppeteer" the concentrations of wealth is not new. However, research that derives from and is based on this assumption is sparse. Although it was not intended to write an exarcheia of dreadful accusations, the critical purpose of this essay is to demonstrate that there is financial behaviour that considerably deviates from the law. It will be shown that this financial behaviour influences the financial system in that both illegal and legal businesses operate side by side in a financial system. Forensic finance outlines a perspective to lead such verifications of financial systems and markets. Combining the spatial-cultural self-fulfilment of global networks with the over-investigation of diverse financial transactions makes it feasible to present actors and their deals based upon and financed or used for earning money using criminal activities.

This essay will partly refer to various financial data and hit upon the extreme concentration of wealth, partly pushing into technical and fundamental ways what it means to comprehensively control and combine the data and forms of financialisation and repurposing techniques, that is, to exercise power. A theoretical attempt is made to connect these three dimensions. It links financial networks to modes of social and institutional organising. It is the network dimensions of our approach to financial markets and financial industries in the process of further globalisation. Forensic finance can be grounded on the assumption that heterogeneous networks tender market opportunities to inner- but made-on-the-side-financiers. To overlay (1)-(4) with how they are undertaken, this essay fits the concept of the "search order" and instrumentalism into the spatial-cultural aspects of financial networks and the pretences of financialisation.

2.1. Concepts and Principles

I define the concepts and principles underlying forensic finance in this paper section. Forensic finance is the tripartite association of forensics with finance and science. Forensic is the practical and theoretically sound means of solving problems or pursuing a practical goal by identifying and then working with a mechanism and the actions/transactions of agent(s) accountable for using or affecting it. Finance is the flow of economic values or payment streams that provide or sustain actions/transactions affecting mechanisms. Science refers to the long-standing establishment of knowledge and a way of thinking anchored

by the effort to increase predictive accuracy by considering alternative explanations within the constraint of logical consistency. Consequently, forensic finance is a knowledgeable and thoughtful engagement with the finance mechanisms for the wealth accumulation tactics of either a natural/personal development purpose or a moral/legal or ethical problem. Forensic finance is a theory of finance that can contribute to a genuinely usable body of knowledge in finance.

As this paper refers, science is both economics and finance, the contemporary core of which is asset pricing theory and accounting. Economics as finance is a massive body of research that provides useful tractable predictions in their application domain and generates several beneficial applications. Accounting has both a research and education/practice arm. It is mainly concerned with the invention, documentation, and implementation of rules-based, unambiguous, coherent, single, unique directory of explanation of transactions by a country or other accounting regime (technical expertise). The research arm of accounting includes work on the quality of information and the relevance and predictive value of information. At the same time, Romans refers to finance and accounting as being one field.

2.2. Applications in Financial Fraud Detection

The forensic finance (FF) discipline can be valuable, among others, in the areas of fraud detection and prevention. All methodologies mentioned above can also be applied for such purposes, especially approaches combining granular information available on financial actions (inputs) with deterrence theory (outputs) or case descriptions based on the information disclosed under investigation substitute corporation names with previous fines as a penalty for misbehaviour.

We now present an in-depth overview of some of the methods mentioned before, along with several studies with direct practical applications. It is pertinent to note that the summary of each review methodology does not intend to be exhaustive. The methods, therefore, concentrate mainly on theoretical, scientific backgrounds and practical applications.

However, most available studies are theoretical or in the very initial stages of implementation. The presented research regards the level of detail of issues covered. It aims to present a detailed qualitative review of methods yielding

practical implementations considered promising on the horizon of foreseen developments. Hence, the research may serve as valuable guidelines for system developers in the areas of financial fraud detection and prevention. Each of the methods is discussed in a separate subchapter. It should be emphasised that the discussions are not independent, as most methods share similar concepts, and the limitations mentioned are present across most of the methods. In some parts of the paper, the progress of this research is indicated, and potential fields of future research are identified.

2.3. Role in Regulatory Compliance

Some have argued that the primary function of finance is to ensure the circulation of money and credit and to provide elements of identification and valuation (the two dimensions of the certification function). More precisely, it has long been envisioned in the sociology of personal finance that, to the same extent as micro-credit provides an affordance to the modus operandi of people experiencing poverty, modes of credit assessment operate as a fingerprint. This has been systematically tested by social studies of credit scores in the Anglo-Saxon world. These investigations have shown that the financial status of individuals tends to mirror their social status. In addition, investigations have revealed that the outputs of credit management finance are less accurate than the testimonials resulting from alternative reputation-based mechanisms. From this perspective, forensic finance is aimed at handling regulatory responsibilities in the name of public transparency or forcing the market to disclose the underlying logic of its equilibria. Once more, ethical and legal justifications for regulatory compliance are often given in an overreaching, seemingly Kantian spirit.

Yet, analysis of forensic finance's role in demonstrating the ethical "value" of financial operations begs the question of public authority's relation with market dynamics. The most potent argument in favour of forensic finance is its contribution to compliance with prudential and fiscal regulations (which encompass the consolidation of challenging law prospects and how hard law/back and soft law/front are hardwired into regulatory behaviours). In this case, forensic finance has nothing in common with promoting the SRI or banking that is purported to have ethical properties. Instead, it enables financial operators to see the "Big Picture": how unregulated, out-of-control, unethical, and fraudulent activities propel societies towards disasters whose outcomes are

uncertain due to the unpredictability of the directions where macro-prudential risk will unfold.

3. Part II: Climate Finance

II. Climate Finance

Definitions: Climate finance refers to both the support and ethical responsibility to lessen greenhouse gas emissions and improve greater resilience in evolving societies' socio-economic systems aiming for low-carbon societies. Climate finance addresses the urgent requirement to shift the responsibility of experiencing the impacts of climate change and physical destruction. This includes the direct involvement of various actors and commercial stakeholders required by financial mechanisms that correspond with localities on the ground for climate action.

Importance of climate finance in addressing climate change: The economies and politics of both nations could be disrupted by extreme climate impacts. More significant, wealthier, and more frequent weather events ranging from heatwaves to floods will cover anything from a limited company from continuing operations abroad for the export climate risks. Communities are more susceptible to financial expenses primarily motivated by the epidemic's economic development impacts. Carbon intensity investment overwhelmingly occurs through local distributional choices. By recycling riparian investments that do not echo the structural income distribution, renewable capital investment has the same prominent impacts on national income inequality in some areas. In contrast, carbon-intensive asset placements have a much higher spill-over inequality. By carefully investing in riparian assets, national investment is less controversial, contributing to the tackling of external climate change.

3.1. Overview and Definitions

Climate finance has received considerable attention over the past two decades. As such, it seems helpful to begin by unravelling the fundamental overview and definitions of climate finance, a critical field of sustainable finance. As will be discussed further, climate finance rides on the principles of sustainable finance; thus, clarifying the notion of climate finance is a prerequisite to understanding what sustainable finance entails. Climate finance has received a broad interpretation, ranging from how finance can be rearranged to reinvigorate domestic innovations to finance directly invested in fledgling technology.

This inclination suggests that climate finance bears a narrow view and is synonymous with technology-oriented finance. A comprehensive view can be drawn by drawing on the "object" of climate finance to grasp its conceptual focus. The main object of climate finance comprises those economic activities that can contribute to reducing the net greenhouse gases (GHGs) in the atmosphere, consistent with the Paris Agreement. Climate finance is a vast area – not a specific capital market instrument like a green bond. Instead, it enunciates the enormous cross-section of geographically expansive climate-specific investments, including grants and financial aid, which governments and financiers recognise as furthering the transition from high to lower or zero greenhouse gas and climate-resilient economies.

3.2. Importance in Addressing Climate Change

Progress on addressing long-term climate change and the twin challenges of environmental destruction has been perennially poor. Climate finance has been at the heart of international negotiations, and there is a good reason for that. The money required to mitigate the impact of human actions and adapt to the changing world sensu stricto is estimated at trillions. Estimates suggest that the necessary investment in clean energy and implementing other low-carbon technologies stands at U.S. $0.7 to U.S. $1.3 trillion each year from 2010 to 2050. An OECD report estimates the financial flows in the current era amount to U.S. $521 billion in 2014-2015, although China and India are investing heavily without counting financial flows.

The data about the financial flows, pledges, and commitments is complex to secure. Studies using various methodologies to estimate financial flows show that the total range of financial flows to developing countries is U.S. $40 billion income, which, when deductions of overlapping financial instruments are made, reduces the effective range to U.S. $9 billion. This is based on an analysis of climate finance from 2003 to 2007. Recent efforts to compute annual quantum finance have been implemented, but computation has still been speculative. Yet, there is no denying that financial flows into developing countries have seen a positive move between 2003 and 2015. Therefore, finances contributing to reducing carbon emissions or adaptation is of paramount interest. Besides, finance, when directed, can have a massive effect. By the end of the 20th century, low-interest loans and policy shifts contributed to the exponential rise in coal

power plants. The finance directed to alternative energy now needs to do the converse and focus on sustainability as its primary concern.

3.3. Key Actors and Instruments

As stated in the United Nations Framework Convention on Climate Change (UNFCCC) and a range of international agreements, the critical actors in climate finance include donor countries and multiple entities within recipient countries, such as national government institutions, civil societies, indigenous peoples, and farmers. For investor countries and companies, actors include the following: the governments of developed countries, which provide aid for a range of activities in line with their objectives and those of their companies; private sector investors, such as asset managers with a wide variety of investment strategies; and national development banks and agencies, which are influential in setting countries' climate strategies and their companies' international strategies.

The major financial institutions responding to the mitigation and conservation objectives stipulated in these international agreements include commercial banks, private equity funds, investment advisors, venture capital funds, stock exchanges, development banks, and governments financing research and development as a means of lifting technological innovation, as well as providing financial support. The instruments used to facilitate this global shift in financing flows are myriad, including loans, grants, contracts, awards, purchase orders, international and national laws and regulations, investment credits, aggregative projects, project-level investments, green bonds, microfinance, venture capital investments, and long-term debt. Because climate change is now regarded primarily as a development issue, more and more funds are being used as national development assistance (ODA) to finance technology, knowledge transfer, capacity building, adaptation programs, and projects, especially in the more vulnerable developing countries.

4. Part III: Intersections and Synergies

Part III

This part explores the potential intersections of forensic finance and climate finance. The former hones in on the importance of data quality and traceability for blockchain-based tokens, the latter for economic outcomes (such as money laundering, fraud, or market manipulation), and the latter for environmental impact (such as mitigation resilience). We also indicated where particular tools in

the forensic finance toolbox are already being discussed as part of climate finance. While many approaches to digital finance can be traced back to existing methodologies in accounting and finance, the tools developed in the context of blockchain-based token trade may be useful in monitoring the material finance behind climate change.

Forensic finance perspectives around value and performance may also be extended to support the implementation and scaling-up of ecological and moral finance for impact investment and climate action finance. The field of accounting and finance contributes to impact measurement, particularly for value-based finance that prioritises social and environmental over purely financial returns. Many approaches to digital finance can also be linked to existing methodologies used in accounting and finance research. However, those developed with the rise of blockchain technologies and their associated activities represent a unique contribution. Some cryptocurrency forensic finance methodologies are based on existing approaches to study money laundering in fiat currency systems but are being experimented on about cryptocurrency. The result is an emerging toolset that offers exploratory techniques and has been applied to real-world cases ad hoc. The digital financial investigation combines different security tools and techniques using data science and network analysis, which are new applications in studying illicit financial transfers. Blockchain technologies for a broad array of cryptocurrencies allow for secured financial transactions (since altering the blockchain would mean changing every existing record) and pseudo-anonymity in financial transactions. These (pseudo-) anonymous qualities make it easier to generate validated transaction chains in real-time and allow researchers to trace the economic behaviour of, in particular, those actors using cryptocurrencies for financial crime.

4.1. Forensic Techniques in Climate Finance

Certain fields could be more evidently connected between climate finance and particular forensic investigations in the financial world. For example, insights from forensic finance could provide more qualitative interpretations of the financial data collected in climate financial investigations.

Climate finance is a niche area of the financial industry where individuals and companies can make contributions that could be used for financing projects and companies with a strong focus on mitigating greenhouse gas (GHG) emissions or adaptation to the negative impacts of climate change. As a result, some grants,

credits, or offsets would be given to fund public and private initiatives domestically or abroad. Due to the complexity of setting up a system with a common goal and the flow of substantial amounts of money from the industrialised (donor) and industrialisation economies (donee) towards it, climate finance is continuously fighting against a lack of credibility. Such a characteristic is among existing carbon offset projects and potential financing options. Instead of being unaware of the attempts to obtain revenues fraudulently, part of the literature has identified several threats to the credibility and functioning of the system. The financial analyst from a leading credit rating agency (whose climate finance form is a recent spin-off and an added form part in the corporate developed methodology to analyse the climate adaptability of companies) considers it now a "too much money for too many issues" scenario. They call for increased scrutiny of the carbon offset market, disguised lender funding, or complex strategic variation. Hence, innovative forensic techniques in finance could level up existing and proposed research.

Section 5, 'Discussion', aims to position the proposals of action elicited from forensic finance literature. From the discussion in Section 5, we discuss our findings with several experts from the field. We aim to learn whether and how investigators can benefit from an existing reservoir of good practices in finance. The main research questions of this paper reflecting on consultancy sector views are as follows: (RQ3.1) What practitioners' views exist on the potential of forensic finance to offer innovative strategic pointers to climate finance, including carbon finance?

4.2. Challenges and Opportunities

While interactions between forensic finance and climate finance offer many potentials, they also bring uncertainties and hesitations. Following participants' discussions, the main challenges and opportunities of the junction between these two fields can be summarised as follows:

Four feasible obstacles connected with anti-forensic practices exist: 1. Fungibility: Many entities have legally separate financial statements that can easily cover related financial operations, which makes it very difficult or even impossible to prove that the costs of environmental harm can be quantifiable and can be reattributed to those causing the damage. 2. Risk-return profile: The legal liabilities are not captured by investors' risk-return. Hence, climate finance 'enablers' may argue that they are acting within a diversified investment strategy

and are unaware of the damage caused. 3. The Complexity of the criminal behaviour of indirect finance. "The greater the anonymity and the complexity of the chain of custody and transactions from finance to culpable actions and actors, the greater will be the legal costs and the difficulty, and time, in bringing successful litigation based on 'beyond reasonable doubt'." The African Union compared this to proving the link to crime by separately analysing some transport companies based solely on their trucks' tyres. 4. Free Rider Problem: Contributors of climate finance may argue that if local stakeholders are not interested in putting in the effort for litigation and do not share the blamed accusation, they were simply not involved enough in the process, and the root cause cannot be demonstrated.

5. Conclusion

This article makes the case for studying forensic finance and climate finance as potentially overlapping finance domains and lays out two novel research programs for their study. It shows how both of these domains rely on specific processes of valuation and co-production, relying on a unique relationship between the financial economy and the 'out there' that stands to be valued and experienced. This paper offers timely reflections on the relationship between finance and its epistemologies and ontologies, and it gets to the heart of novel debates on these critical issues in the context of 'real world' financial processes.

The case for studying forensic finance relies on demonstrating the instability of finance's constitutive valuation endeavours and its 'entanglement' with the material-ecological constitution of the valued – an essentially processual and systemic analysis of finance itself. The research program we offer rests on two key points: "We can neither fully separate financially from the 'real' economy, nor fully integrate them" and "Finance can 'systemically price out' the excess of the non-financial from markets" (cf. above). Together, these two insights point to the phenomenon of prices that do not price things anymore because they produce a negative 'excess', either because they are too low and thus manipulated by 'dirty money' (another way to price things outside of the market norms) or, conversely, are priced out. In the latter case, assets seem "overvalued" and experience subsequent "corrections" in their prices and, indeed, in the entire asset class. Our theoretical discussion, therefore, allows us to develop and advance a formal research agenda in the context of climate finance. With that project, we wish to drill down into the systematic of exceptional purpose acquisition companies

(SPACs) and how they may challenge the socio-ecosystemic disruptions of climate change. Our premise is grounded in the analysis developed in our discussion of forensic finance. Our discussion motivates further detailed analysis of the current and immediate market dynamics supporting SPACs. Such dynamics locate the particular purpose of SPACs in financialisation, which is 'feeding liquidity into the ground'. Together, those components demand analysis, for instance - that is, to enable us to move on, plead for the need to combine bottom-up and top-down for another kind of cointegration that links the material-ecological with the accounting logic of pricing and valuation. So, one could develop intersections of our work on forensic finance with systematic studies of markets for ecologically destructive SPACs, NFTs, and other 'hedges on the apocalypse'. We contribute by arguing that SPACs' rationale lies deep in the genesis and onward operational practices of finance.

5.1. Key Findings and Contributions

This book presents several contributions that analyse the nexus of forensics and climate finance. In doing so, it involves an extensive critique of the prevailing corporate and financial systems and, in particular, how existing patterns of economic and corporate governance have been crucial in constructing the institutional architecture necessary for an economy that injects more energy than is possibly productive for a sustainable future, with the economy predicated upon speculative finance to keep afloat. Forensic finance provides a gaze that sees through the usual fogs of corporate financial communication in ways that reveal the criminality that serves as its pathological underbelly. In particular, we seek what must be learned these days if we suppose 'climate' is the prime problem for a sensitive movement within the spaces of anti-capitalism and where work for another economic (i.e. other than political economy, i.e. the production of subjects, referable citizens, and population politics, including the "third nature" of capitalism) is our hope and guide.

Our readings on climate finance and the academic literature on it are, in each respective way, open to specific kinds of wrestling because we think significantly different meanings are necessary. When one particular economic critique is large enough to be used broadly but still something of a specific analysis, it is easier to dispute our analysis than in the case when one is speaking openly to those who share our concerns about the shape of economic critiques and wish for yet other kinds of critique at this very uncertain, vital juncture. Suffice it: our work is

hopefully generative of more wrestling and contributions and moving on, not of wondering if we tried hard enough to convince another of our truth. A further thing interesting with forensics, for us who use it, is our interest in how technically one can say one is ontologically mistaken.

5.2. Future Research Directions

Forensic finance may be just the beginning of capturing practitioners' and policymakers' attention. Those who are optimistic about the prospects of changing the finance landscape believe that by leveraging the current data transparency of investors' behaviour, practitioners may be lured away from influencing many often complex habits and preferences. Instead, using the findings of forensic finance, they may restructure the financial environment, administering significant financial stimuli so that they appeal to (or at the very least do not conflict with) investors' preferences. Thereby, unhealthy circumstances might be avoided. Several promising avenues have opened up, providing long-lasting and detailed research agendas for the future.

First, forensic finance should further explore what diversity of motives behind "dirty" asset holdings exists. Extending prior research's rule of thumb, moral indifference, rather than pure resource (mis)allocation and cognitive limitations, seems to drive these wealthy investors. Do they differ regarding their environmental socialism from "clean" investors when holding all other environmental values constant? Second, related to the "shall we reframe?" question, forensic finance should involve larger samples and, besides comprising professional fund managers and beginner investors, also include hitherto neglected subsets of the asset management community. Do mechanics or active investors hold portfolios laden with stocks of the carbon sector disproportionately? Finance research only considers the political challenges: who gets hurt by "going green"? However, no comprehensive study has been carried out incorporating views from sustainability professionals and investors facing societal scrutiny because of, e.g., private banks' divestment campaigns (e.g., on issues like investments in weapon companies or the arms sector; adult-centred industries). How might these professionals defend, legitimise, and rationalise their reputation- and career-sensitive professional behaviour? What mechanisms may facilitate a change in controversial portfolios?

Review of Future Research Directions in Climate Finance Several initial predictions that bring climate change into finance have been published: mostly,

but not entirely, they report a negative (proportionally or in absolute terms) net-worth impact for most invested investors. In 2013, a research paper by Prof. Dr. Kraft-Meß (then based in the United Arab Emirates) with Dr. Zilberfarb and Prof. Löhr reported a long-term stabilising and risk-reduction effect from incorporating more "climate-friendly" businesses into an investor's stock portfolio. 102 Despite profound changes suffered by the international stock market between 2013 and 2015, 104 the empirical result stands: Except for 2015, an actively managed "sensible" climate portfolio's risk was, with none to only weakly face, virtually no tree-ring like stock market gyrations at up to an 11-year horizon (at the 0.05 significance level). The (suffered 2018 CAAR and) study, therefore, corroborates all but 2015 our TN-ofM Hypothesis 1: Selecting more and more stable-return (and, some would say, also environmentally friendly) securities can insulate a diversified investment from several internationally unstable factors.

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