



Green Finance Alliance

Together towards 1.5 °C

Legal Notice

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The Green Finance Alliance (GF-Alliance)



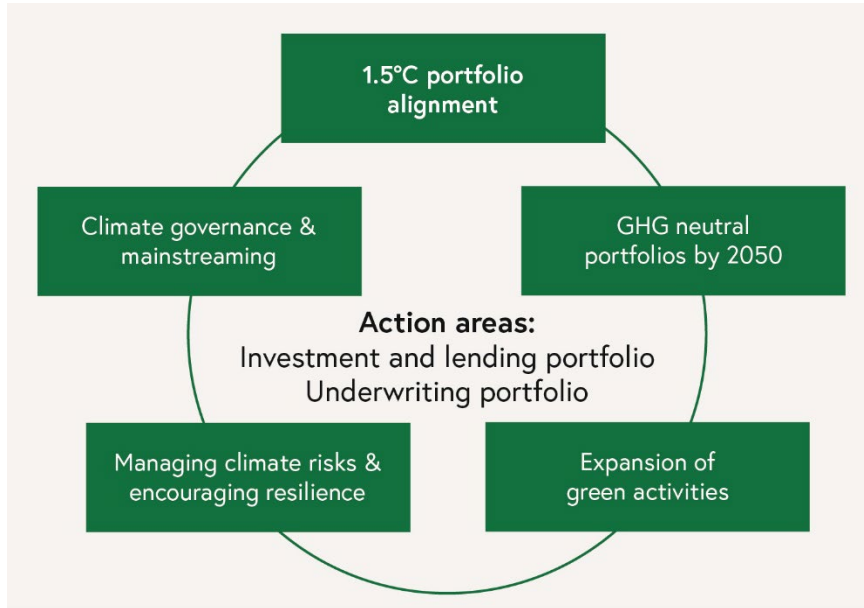
An initiative of the Federal Ministry of Climate Action (BMK) aimed at cultivating a sustainable financial market in Austria. Participation is voluntary and geared towards financial companies headquartered in Austria.

Members of the Green Finance Alliance (GF-Alliance) pledge to align their core business portfolios and operational ecology with defined climate targets.

GF-Alliance members become pioneers in the transformation of the Austrian financial industry into a Paris-compatible business model.

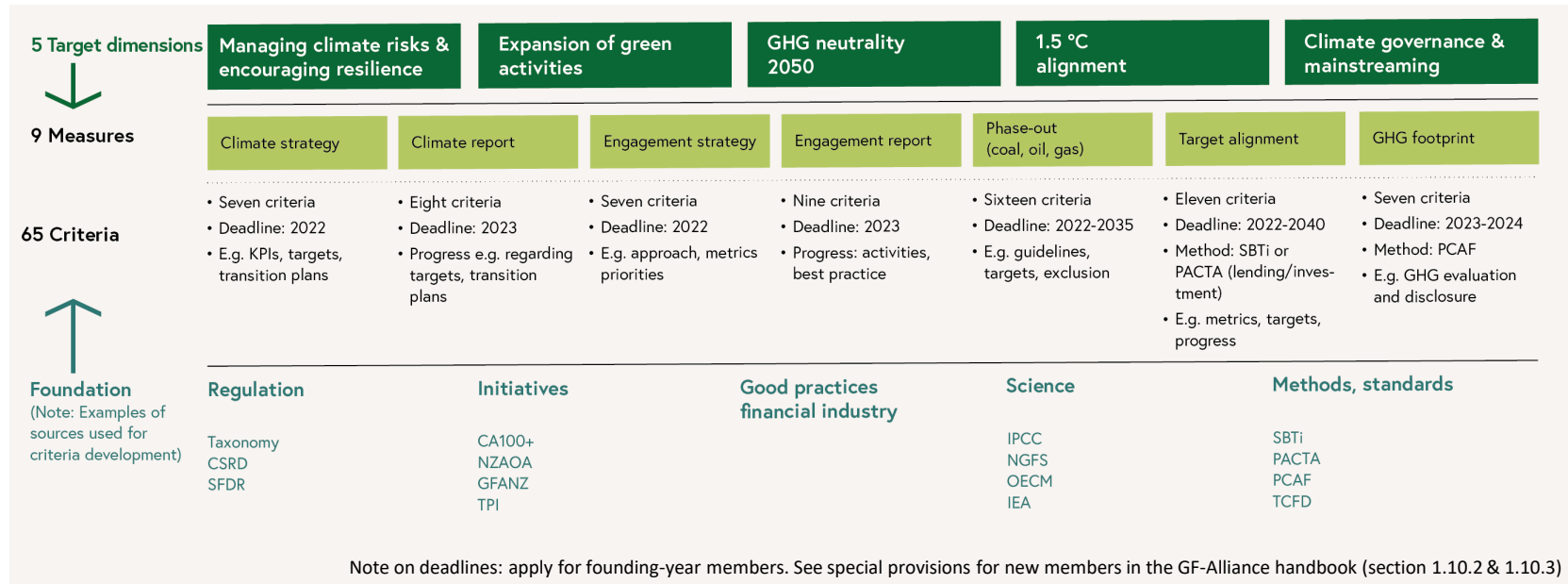
Members of the initiative have to meet predefined criteria. The GF-Alliance accompanies them step-by-step on the path to meeting their climate targets.

Core business: Five target dimensions & two action areas

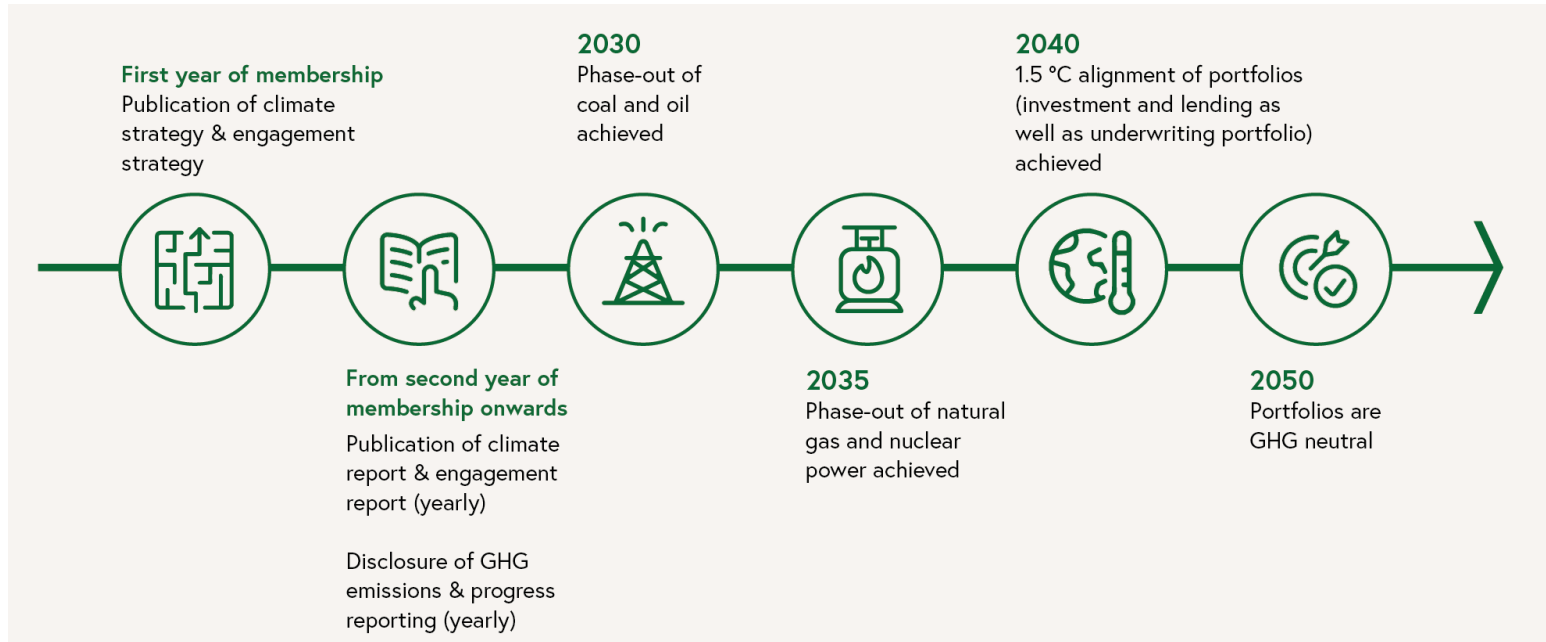


- Measures and detailed criteria are defined for each target dimension and action area.
- These criteria are based on current international climate protection standards and science-based methods.
- Annual monitoring and reporting by GF-Alliance members.
- The action areas investment and lending portfolio as well as underwriting portfolio are supplemented by the action area operational ecology.

Core business: From high level targets to detailed criteria



Milestones on the way to Paris



Milestones: Fossil fuel phase-out (summary)

	2022	2023	2024	2025	2026	2030	2035
Coal	No new business activities*: expanding coal infrastructure; Guideline introduction incl. intermediate targets	Climate report: Start of yearly progress reporting				Phase-out of all portfolio positions* Exception: activities or companies aligned with the Paris Agreement	
Fossil oil	No new earmarked business activities: expanding unconventional oil infrastructure; guideline introduction incl. intermediate targets	Climate report: Start of yearly progress reporting	No new business activities*: expanding oil infrastructure; business activities possibly in compliance with EU taxonomy are excluded			Phase-out of all portfolio positions* Exception: EU Taxonomy-aligned activities, companies with Paris-aligned science-based targets	
Natural gas			Guideline introduction incl. intermediate targets	No new business activities*: expanding gas infrastructure; business activities in compliance with EU taxonomy are excluded	Climate report: Start of yearly progress reporting		Phase-out of all portfolio positions* Exception: EU Taxonomy-aligned activities, companies with Paris-aligned science-based targets

For an overview of the detailed criteria requirements see GF-Alliance Executive Summary (chapter 2)
 *Refers to investments/lendings (investment and lending portfolio) and/or underwritings (underwriting portfolio)

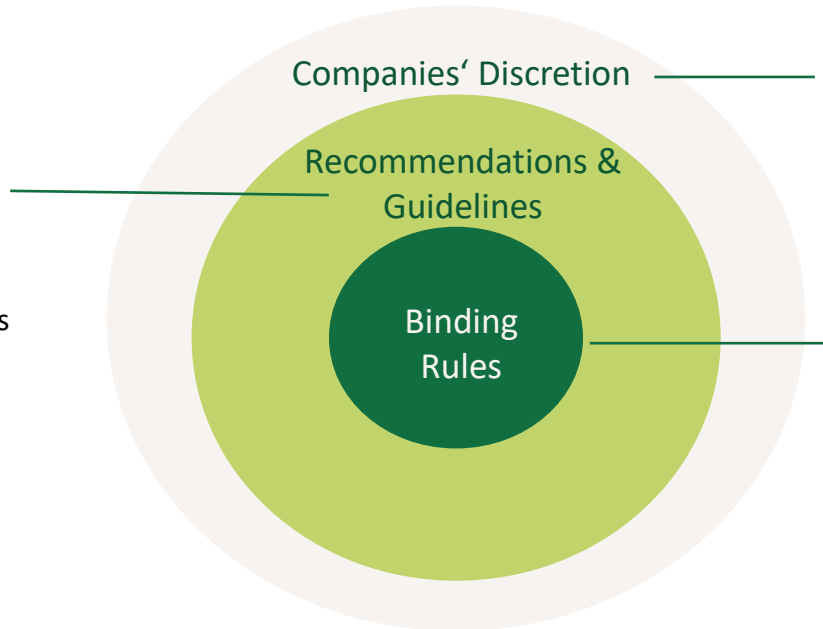
Note on deadlines: apply for founding-year members. See special provisions for new members in the GF-Alliance handbook (section 1.10.2 & 1.10.3)

Operational ecology: credibility in every area

- In addition to core business, the GF-Alliance stipulates certain criteria and measures related to operational ecology. This ensures credibility and an appropriate level of ambition for all relevant business units.
- Therefore, GF-Alliance members must proactively manage their operational climate and environmental risks:
 - Introduction of a travel policy to account for climate aspects in business travel
 - Climate-friendly procurement guideline
 - Purchasing of UZ 46-certified green electricity for locations in Austria
 - Implementation of an environmental management system (EMAS)
- It is also possible to join the BMK's klima**aktiv** Pakt to focus on operational climate protection.

Obligation – Orientation – Own Discretion

- Source: Handbook and Guidelines
- Regular updates
- Purpose: Providing orientation & supporting members



- Implementation customized to the members' business & portfolio structure
- Source: Handbook (incl. criteria catalogue)
- Yearly review (if required: amendment of existing criteria & addition of new criteria)
- Yearly monitoring & publication of progress report
- „Comply or explain“ approach

Good to know ...

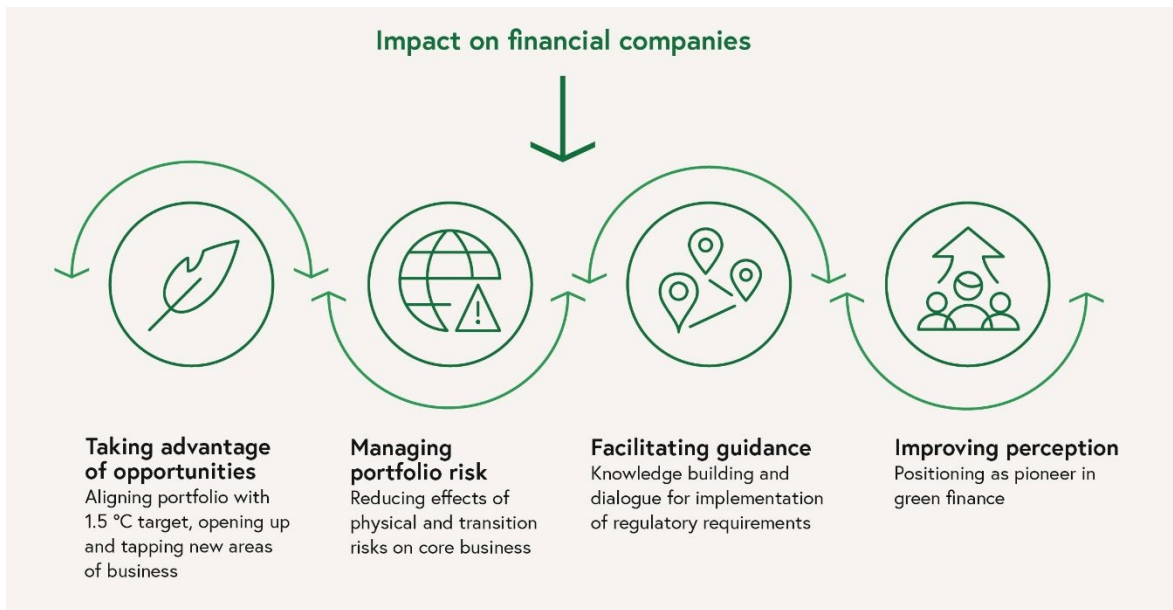
- **Scope for GF-Alliance reporting obligations:** Topic areas are specified for the publications (e.g. climate report), but the specific content design is up to the financial company.
- **No "double reporting":** If elements required by the GF-Alliance reporting obligations are already included in existing publications of the financial company, references can be made to these publications.
- **Streamlined annual monitoring:** Use of a standardized, time-efficient questionnaire to determine whether criteria have been met.
- **Consideration of (individual) challenges/limitations for meeting criteria:** "Comply or explain" principle (methodological restrictions, legal obligations, etc.)
- **No regulatory reporting:** No regulatory consequences, etc.

Added value through professional support

Members are supported in their criteria implementation step-by-step by a GF-Alliance team of experts

- **Regular webinars** enable members to get updates on the latest green finance developments in a time-efficient way.
- **All-day-workshops** support development of know-how on regulation, market standards and initiatives as well as on important climate- and environmental-related topics.
- **Bilaterals** give members the opportunity to discuss their company-specific climate-related challenges bilaterally with the GF-Alliance expert team.
- **Rail-Shows** are on-site visits by the GF-Alliance expert team at the members' headquarters. They help better internalise the members' climate ambitions by holding townhalls, presentations and other dialogue formats together.
- **Supporting materials:** Members have access to numerous information materials (like the handbook and technical guidelines) that guide them in the criteria implementation process.

Added value of a GF-Alliance membership



Taking advantage of opportunities

Global

In order to limit global warming to 2°C or 1.5°C, the corresponding investments have to be three to six times higher than the current level. The investment gaps for the limitation of climate change are still significant in all sectors.*

EU

Europe aims to become the first climate-neutral continent, and one trillion euros of capital will be mobilised for this purpose before the end of the decade.**

Austria

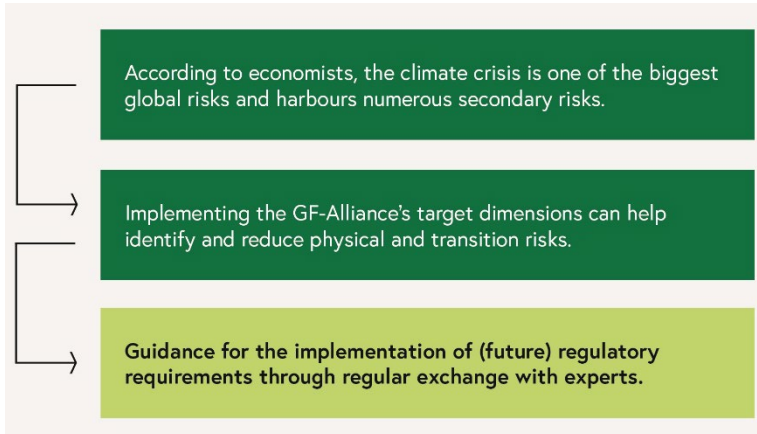
Initial estimates by the Environment Agency Austria indicate that the average additional investment needs for the four sectors of energy, industry, buildings and mobility alone come to EUR 16.2 billion per year between now and 2030 in order to advance on the path towards climate neutrality.***

* IPCC. "Summary for Policymakers (AR6; WGIII)". 2022, [ipcc.ch/report/ar6/wg3/](https://www.ipcc.ch/report/ar6/wg3/)

** European Commission. "The European Green Deal Investment Plan and Just Transition Mechanism Explained". 14 January 2020, ec.europa.eu/commission/presscorner/detail/en/qanda_20_24

*** Environment Agency Austria. "Potenzialanalyse der Investitionskosten (bis 2030) für die Transformation zur Klimaneutralität" (Potential Analysis of Investment Costs [until 2030] for the Transformation to Climate Neutrality). 17 May 2022, [umweltbundesamt.at/news/220517](https://www.umweltbundesamt.at/news/220517)

Managing portfolio risks

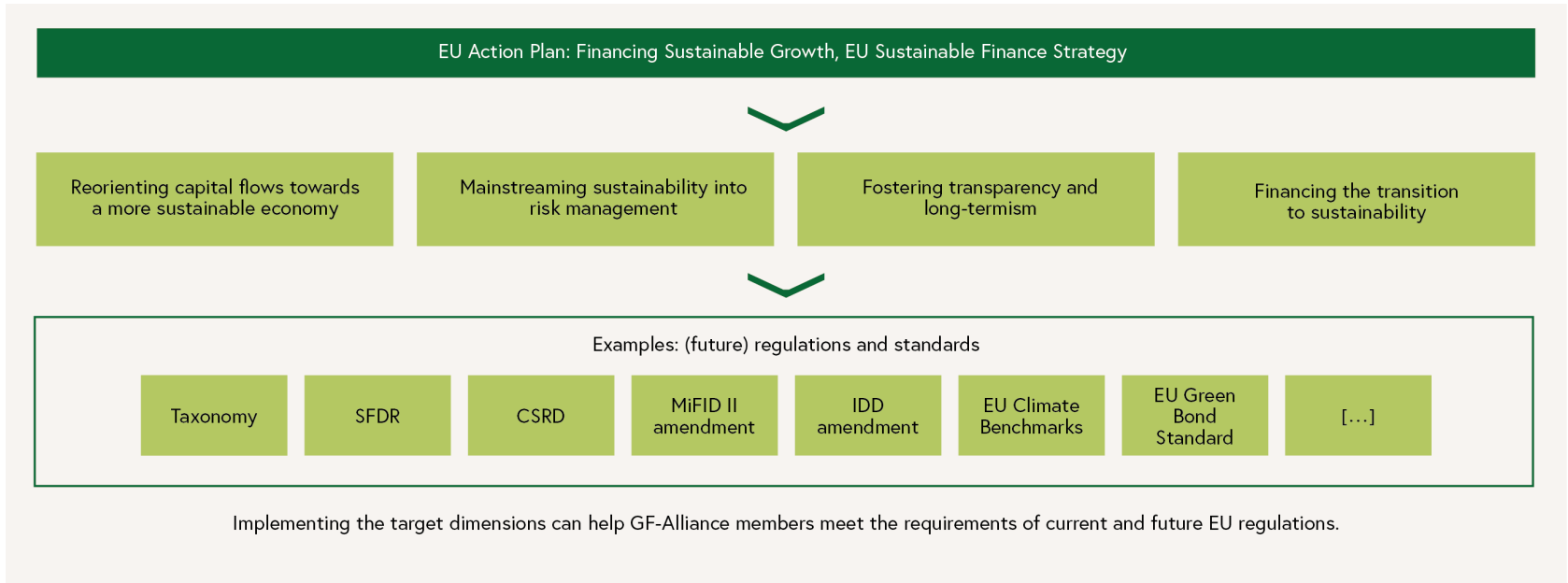


Top 10: Most severe risks on a global scale over the next 10 years

1. Failure to mitigate climate change	6. Natural resource crises
2. Failure of climate change adaptation	7. Erosion of social cohesion and societal polarization
3. Natural disasters and extreme weather events	8. Widespread cybercrime and cyber insecurity
4. Biodiversity loss and ecosystem collapse	9. Geoeconomic confrontation
5. Large-scale involuntary migration	10. Large-scale environmental damage incidents


Source: World Economic Forum. „*The Global Risks Report 2023*“. 11 January 2023, [weforum.org/reports/global-risks-report-2023/](https://www.weforum.org/reports/global-risks-report-2023/)

Facilitating guidance



Improving perception

- An increasing number of customers expect financial companies to take their responsibility in the fight against the climate crisis seriously and to implement necessary measures.
- At the same time, customers and business partners often question the quality and credibility of sustainability-related information and self-presentations by financial companies.

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- GF-Alliance members can position themselves as credible leaders with a transparent, Paris-compliant strategy.
 - Cooperation within the framework of an alliance initiated and led by a Federal Ministry can be communicated externally, thus increasing visibility and credibility.
 - The independent monitoring and communication activities of the GF-Alliance initiated by the BMK strengthen external perception.

Relevant across the business



Sales/product management

Tapping growth market and developing innovative solutions



Risk management

Practical guidance for the identification and management of climate risks



Treasury

Well-founded basis for the establishment of green emissions and product solutions



Controlling

Guide for the introduction of KPIs for the green transformation of the company



Legal/regulatory compliance

Support in meeting regulatory requirements



Reporting

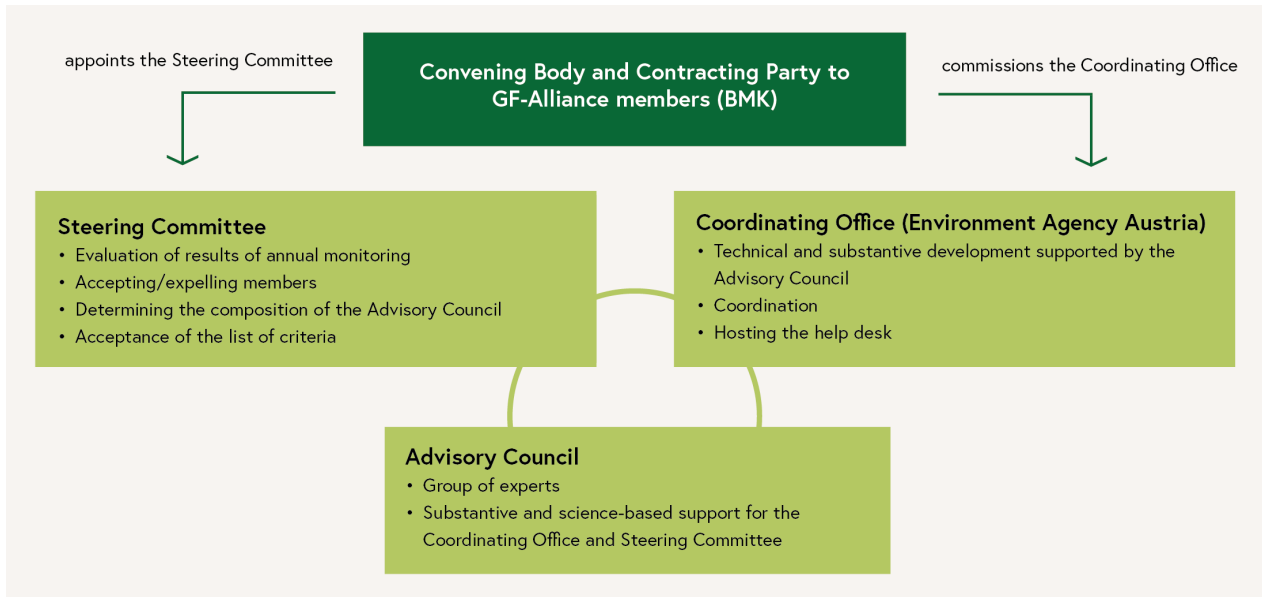
Guidelines for the introduction of climate reporting including important components (such as KPIs)



Communication/PR/CSR

Positioning as credible pioneer in green finance

Governance



- One of the unique characteristics of the GF-Alliance is its governance structure → it is independent of its members.
- Decision-making processes for setting criteria and the annual monitoring process are carried out without the influence of its members.

Advisory Council Members

- Nate Aden Science Based Targets initiative (Finance Lead)
- Angélica Afanador Partnership Carbon Accounting Financials (PCAF) (Executive Director)
- Andreas Breitenfellner Oesterreichische Nationalbank (Lead Economist)
- Nathalie Borgeaud Taskforce on Nature-related Financial Disclosures (Lead Financial Markets Stakeholder Engagement)
- Irene Monasterolo Utrecht University (Professor of Climate Finance)
- Matthias Pastl Voestalpine (SVP Group Environment)
- Keywan Riahi International Institute for Applied Systems Analysis (Director of Energy, Climate & Environment Program)
- Franz Rudorfer Austrian Federal Economic Chamber (Division Chairperson Bank and Insurance)
- Silvia Ruprecht Federal Office for the Environment FOEN – CH (Project Lead Climate and Financial Markets)
- Nancy Saich European Investment Bank (Chief Climate Change Expert)
- Lisa Simon WWF (Team Leader Climate Protection & Sustainable Financial Market)
- Jakob Thomä 2° Investing Initiative (Executive Director, 2DII Deutschland)
- Andreas Wollein VERBUND (Head of Group Finance and Investor Relations)

Green Finance Alliance membership dues

- By paying membership dues, GF-Alliance members provide financial support to cover a portion of the costs incurred.
- Sliding scale based on total assets (credit institutions) or invested assets (insurance companies, pension funds, corporate provision funds, investment fund management companies) p.a.:
 - EUR 4,405 for financial companies < EUR 5 bn
 - EUR 6,608 for financial companies EUR 5 to 30 bn
 - EUR 9,912 for financial companies > EUR 30 bn

Note: The indicated amounts for membership dues apply to the membership year 2023/24. They will be adjusted based on the development of the consumer price index for the membership year 2024/25. Additionally, starting 2024/25 a new sliding scale of membership dues of EUR 1,500 (< EUR 1 bn) will be introduced.

Checklist: What do I have to do?

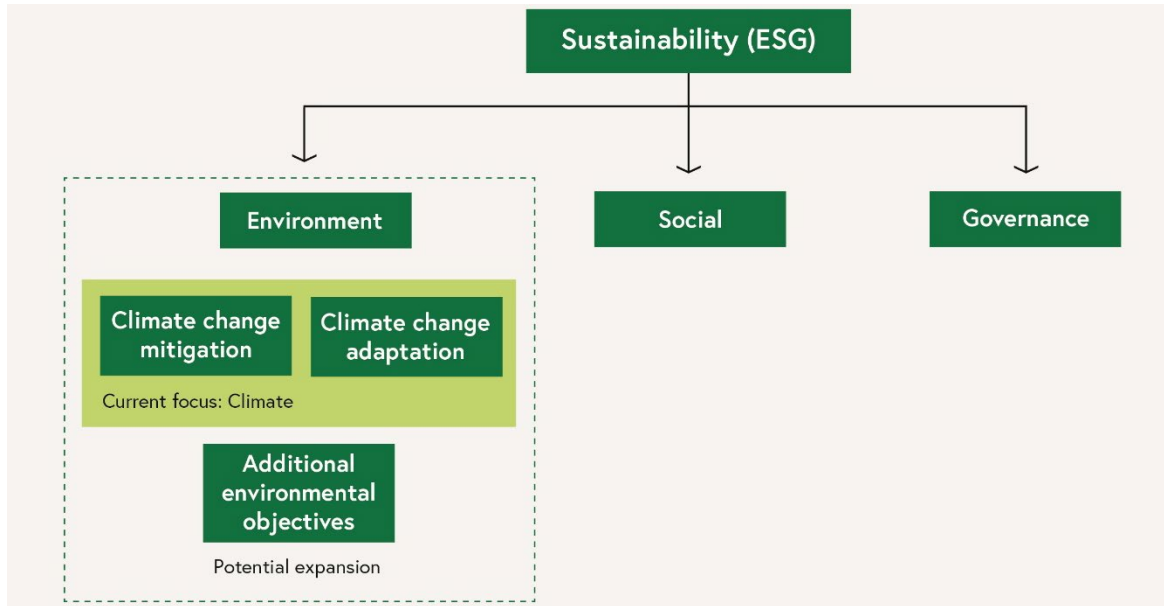
- ✓ In-depth review of GF-Alliance documents (especially the handbook and list of criteria)
- ✓ Subscribe to the [green finance newsletter](#) to receive updates on a regular basis (only in german)
- ✓ Bilateral calls with the Convening Body and the Coordinating Office to discuss remaining issues
- ✓ Internal coordination (including estimation of effort required) with all relevant departments, such as sales, portfolio management, communication, risk management, etc.
- ✓ Secure internal commitment (from management board and possibly supervisory board)
- ✓ Timely submission of completed application documents

Checklist: what has to be done? (membership agreement)

After approval of membership, signing of commitment letter and membership contract:

- Contracting parties: BMK and financial company
- Term of contract: 2030
- Key obligations of the GF-Alliance member:
 - Compliance with requirements of the commitment letter (especially compliance with the list of criteria in line with defined deadlines)
 - Payment of the annual membership fee
 - Not engaging in any conduct that harms the reputation of the GF-Alliance

Outlook: Potential focus of the Green Finance Alliance



- Current focus of the GF-Alliance lies on climate targets.
- In a next step, the GF-Alliance will look into adding additional environmental targets to the target dimension.
- For example, the introduction of criteria for the environmental target of biodiversity is planned for the revision of the list of criteria in 2024.

Strategic Management

Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology | Department VI/3 – Green Finance and Sustainable Economy



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Environment Agency Austria | Green Finance



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