

Green Finance Alliance

Together towards 1.5 °C

December 2024

Legal notice

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The Green Finance Alliance (GFA)



The Green Finance Alliance (GFA) is a voluntary initiative of the Federal Ministry of Climate Action (BMK) aimed at cultivating a sustainable financial market in Austria. It is geared towards financial companies headquartered in Austria.

Members of the GFA pledge to align their core business portfolios and operational ecology with defined climate targets.

The GFA accompanies the transition of its members step-by-step into a Paris-compatible business model.

Members of the Green Finance Alliance



Green Finance Alliance – facts & figures

11
members

~ 13 %
share of the Austrian
financial market**

~ 177 billion
total assets (in euros)*

~ 23,000
employees***

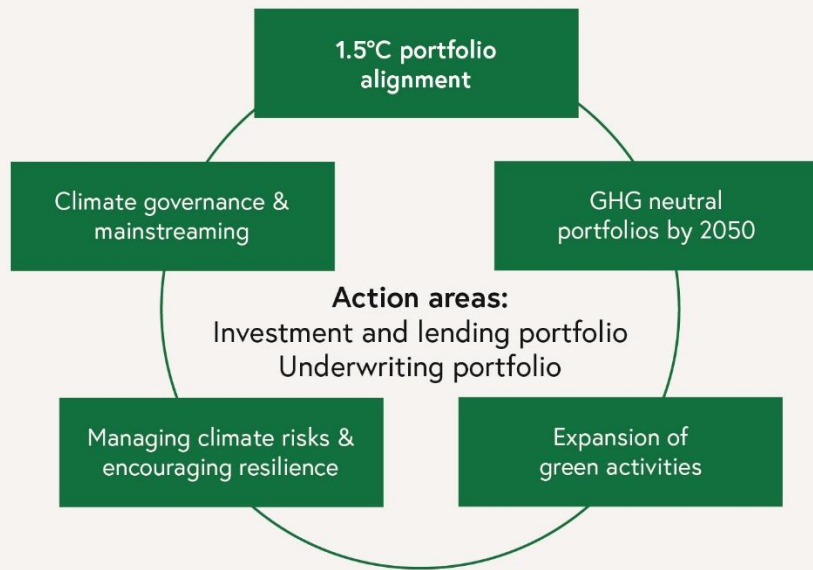
* Source: Publications of the GFA members.

** Source: Own calculations based on publicly available sources (share measured by the total assets of banks, insurance companies, pension funds and corporate provision funds).

*** Source: Publications of the GFA members as well as own calculations based on them.

Data sources as of December 31, 2023.

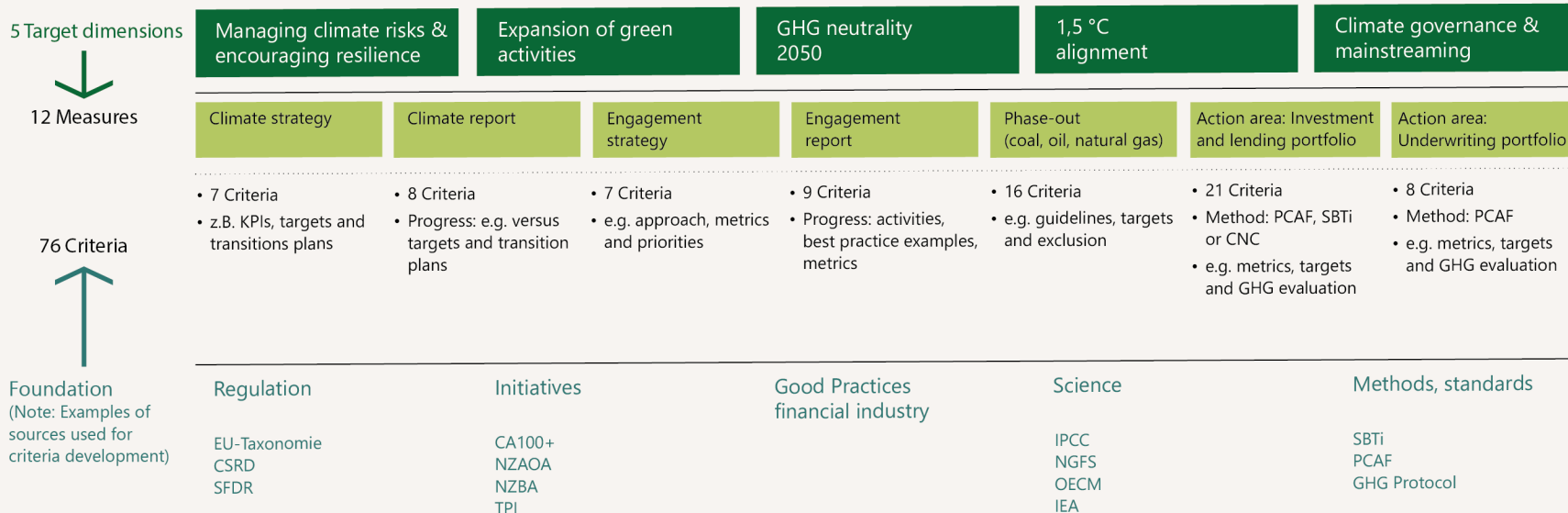
Target dimensions & action areas of the GFA



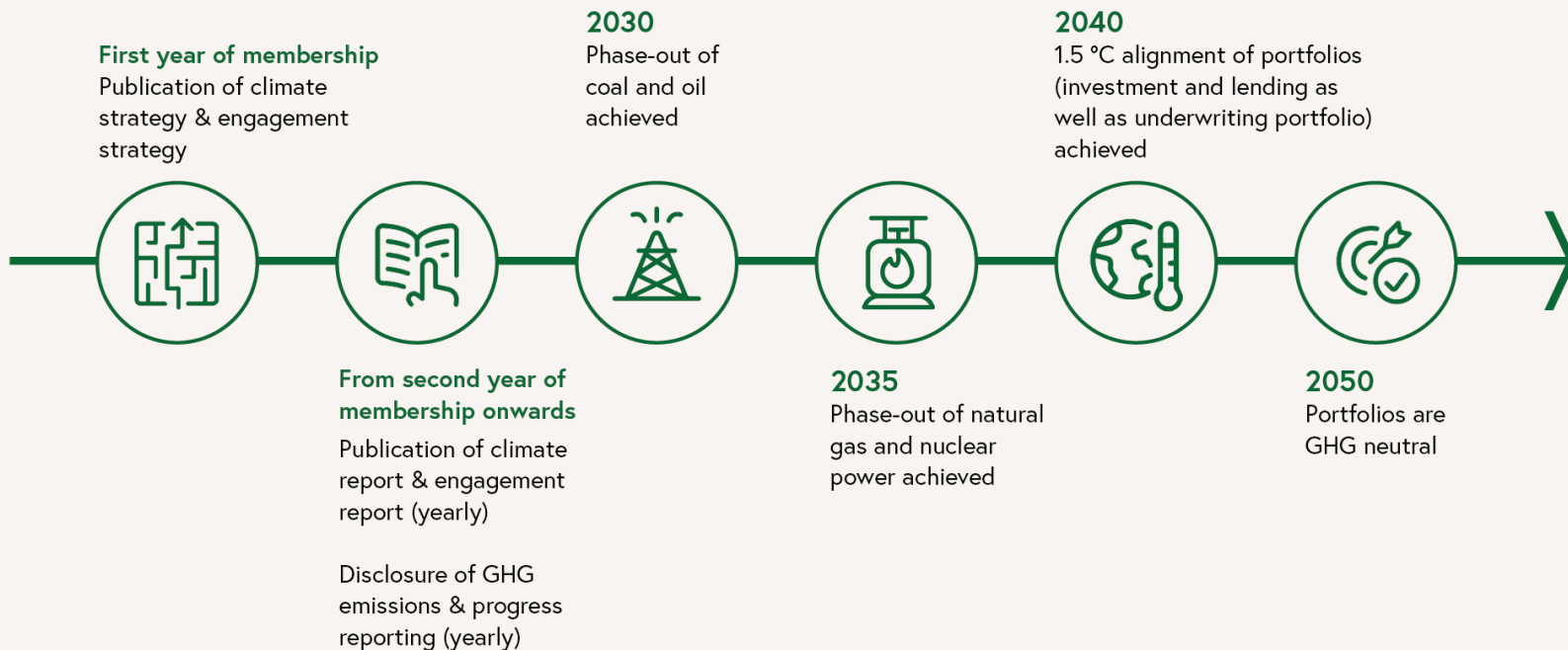
additional action area:
operational ecology

- Travel policy for climate-friendly business travel
- Climate-friendly procurement guideline
- Purchase of UZ46 certified green electricity for locations in Austria
- Implementation of an operational environmental management system (EMAS)

Core business: From high level targets to detailed criteria



Milestones on the way to Paris



Fossil fuel phase-out

Short-term requirements – applicable only to new business activities:

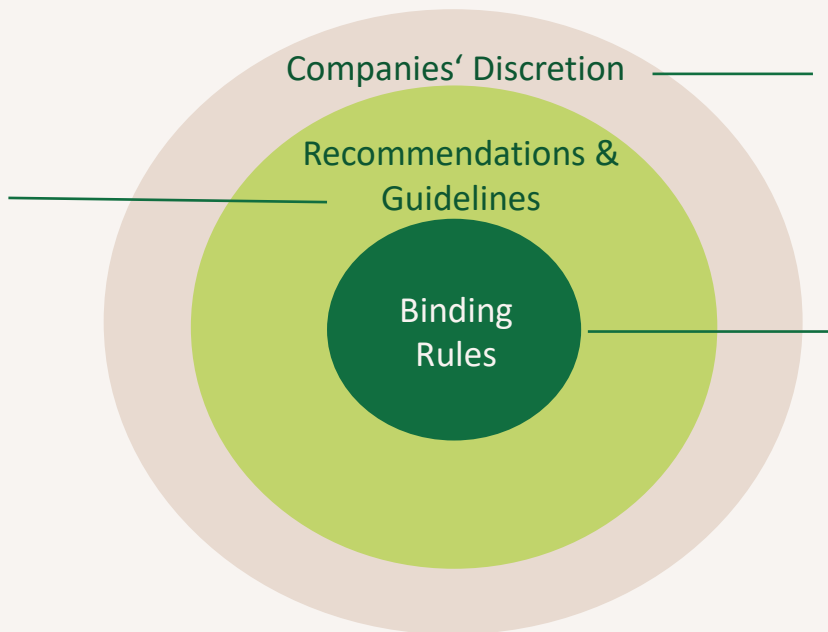
- New business activities with fossil fuel companies are only permitted if the companies are committed to climate neutrality and the 1.5 °C target. 1.5 °C climate scenarios (e.g. IPCC, IEA) clearly state that **no expansion of fossil fuel infrastructure** (coal, oil and natural gas) is permitted.
- The GFA brings together the information to enable financial institutions to actively support fossil fuel companies in their transition.
 - For example, the GFA published a guideline on transition support for oil companies in the downstream sector (decarbonisation of road transport). This is the basis for active engagement with affected companies and for building up technical know-how.
- The GFA is a voluntary initiative and relies on the commitment of its members. Since not all criteria can always be implemented in a timely manner, the GFA provides a “comply or explain” exception for justifiable cases.

Long-term targets - applicable to new business and the legacy portfolio:

- Phase-out from coal and oil by 2030 and from natural gas by 2035.
- Portfolio positions in fossil fuel activities are only allowed in the long-term, if they are aligned with a decarbonisation pathway.

Obligation – Orientation – Own Discretion

- Handbook and Guidelines
- Orientation with methodological questions
- Support for criteria-fulfillment



- Implementation customised to the members' business & portfolio structure
- Handbook incl. list of criteria
- Yearly review of criteria
- Yearly monitoring & publication of progress report
- „Comply or explain“ approach

Good to know...

Scope for GFA reporting obligations

Topic areas are specified for the publications. However, the specific content design is up to the financial company, e.g. with the climate report.

No "double reporting"

If elements required by the GFA 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 standardised, time-efficient questionnaire to determine whether criteria have been met.

„Comply or explain“ approach

Consideration of individual challenges and/or limitations for meeting criteria (methodological restrictions, legal obligations, etc.)

No regulatory reporting

No regulatory consequences.

Added value of a GFA membership



Supporting transition

Know-how building for the transition through guidelines, GFA academy, webinars, etc.

Taking advantage of opportunities

Aligning portfolio with 1.5 °C target, opening up and tapping new areas of business

Managing portfolio risks

Reducing effects of physical and transition risks on core business

Facilitating guidance

Knowledge building and dialogue for implementation of regulatory requirements

Strengthening trust

Positioning as a pioneer in green finance

Professional transition support and guidance for members

Handbook with clear criteria for a step-by-step portfolio decarbonisation.

Technical guidelines as a practical basis for the transition process.

Professional support by green finance experts of the Coordinating Office.

Webinars and workshops to support the building of know-how and foster exchange between the sustainability experts.

Rail-Shows and GFA academy to leverage climate knowledge throughout the GFA member companies.

Taking advantage of opportunities

To limit global climate change,

- investment in the expansion of existing research and financing of new research for green technologies must be increased.
- the decarbonisation of emission-intensive economic activities must be a priority.

To prepare and adapt to the unavoidable consequences of climate change,

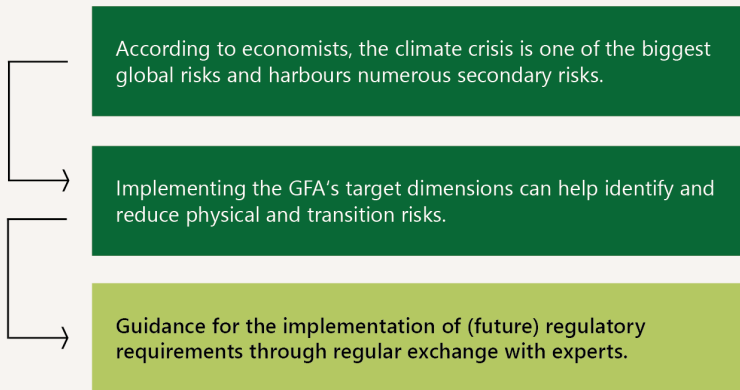
- investments for climate change adaption have to increase (e.g., in the real estate or agricultural sector) .

This opens up new business opportunities.



Financial companies play a key role through their investment, lending and underwriting portfolios.

Managing portfolio risks



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

- | | |
|---|--|
| 1. Extreme weather events | 6. Adverse outcomes of AI technologies |
| 2. Critical change to Earth systems | 7. Involuntary migration |
| 3. Biodiversity loss and ecosystem collapse | 8. Cyber insecurity |
| 4. Natural resource shortages | 9. Societal polarization |
| 5. Misinformation and disinformation | 10. Pollution |

Quelle: World Economic Forum. „The Global Risks Report 2023“. 10. Jänner 2024, [weforum.org/publications/global-risks-report-2024/](https://www.weforum.org/publications/global-risks-report-2024/)

Facilitating guidance

Implementing the target dimensions can help GFA members meet the requirements of current and future EU regulations.

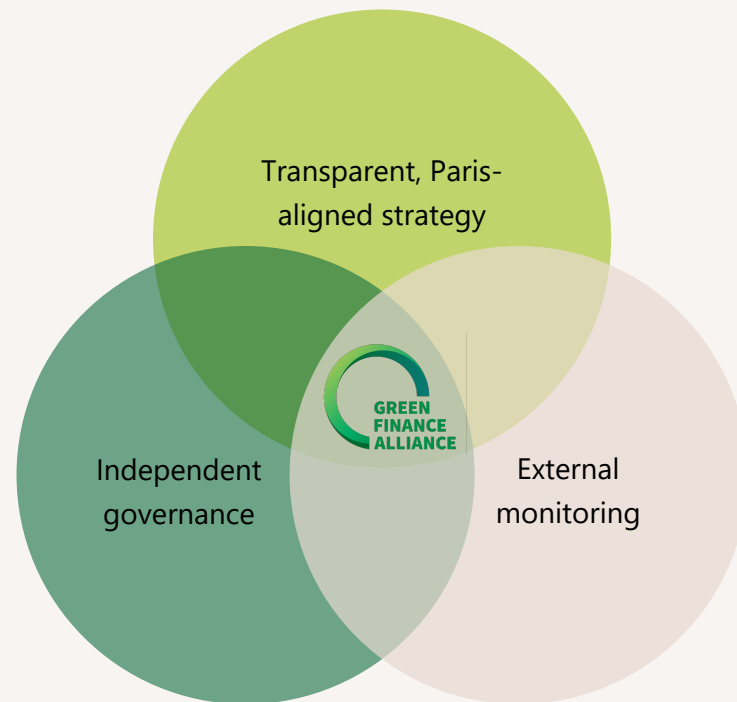


Examples: (future) regulations and standards

Taxonomy	SFDR	CSRD
MiFID II amendment	IDD amendment	EU Climate Benchmarks
EU Green Bond Standard	Ecolabel	[...]

Membership fosters trust and credibility

- An increasing number of customers and business partners questions the credibility of sustainability-related information and self-presentations of financial companies.
- The membership in the GFA contributes to building trust and increase credibility through its monitoring process and member-independent governance.
- With the support of the GFA, the members develop a Paris-aligned sustainability strategy. The strategy and its content are communicated transparently.



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)

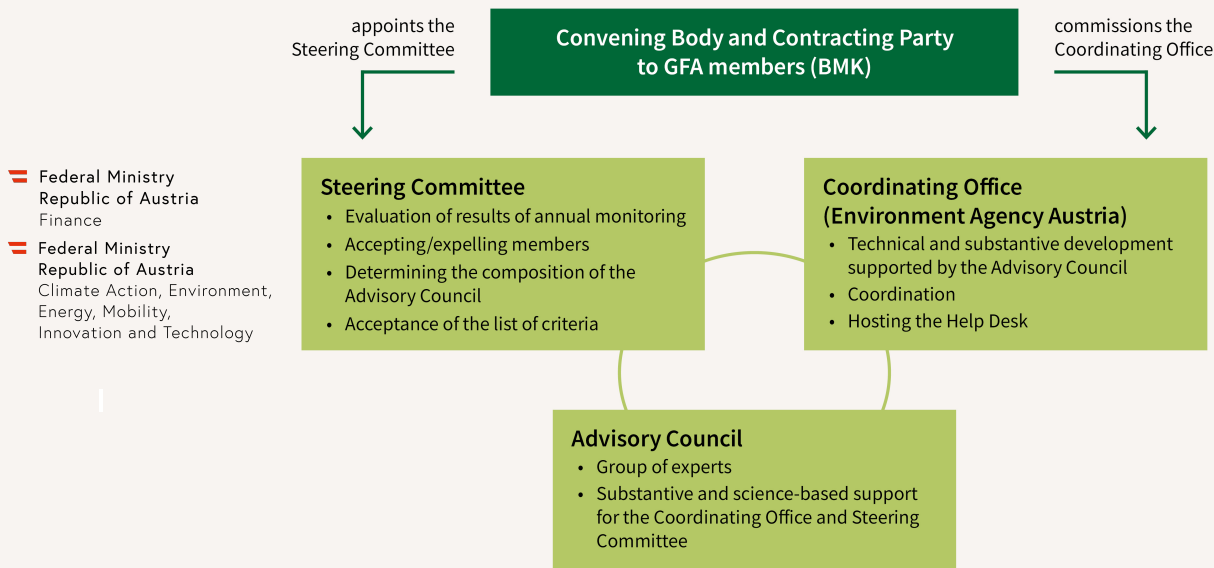


Communication/PR/CSR

Positioning as credible pioneer in green finance

Member-independent governance

The governance structure of the Green Finance Alliance



umweltbundesamt[®]

Advisory Council Members

- Nate Aden Science Based Targets initiative (Finance Lead)
- Angélica Afanador Partnership Carbon Accounting Financials (PCAF) (Executive Director)
- Jesica Andrews Head of Climate Accountability and Associate Climate Team Lead, UNEP FI
- Andreas Breitenfellner Oesterreichische Nationalbank (Lead Economist)
- Claudia Florowski Net Zero Sector Pathways and Engagement Lead Consultant, UNEP FI
- 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 Theia Finance Labs (Co-Founder and Research Director)
- Andreas Wollein VERBUND (Head of Group Finance and Investor Relations)

GFA membership dues

By paying membership dues, GFA members provide financial support to cover a portion of the costs incurred.

Sliding scale based on total assets (banks) or invested assets (insurance companies, pension funds, corporate provision funds, investment fund management companies) p.a.:

- EUR 1,500 for financial companies < EUR 1 bn
- EUR 4,652 for financial companies < EUR 5 bn
- EUR 6,979 for financial companies EUR 5 to 30 bn
- EUR 10,468 for financial companies > EUR 30 bn

Note: The indicated amounts for membership dues apply to the membership year 2024/25.

Checklist: What do I have to do?

- ✓ In-depth review of GFA documents (especially the handbook and list of criteria).
- ✓ Subscribe to the [green finance newsletter](#) and to the [GFA observer group](#) 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).
- ✓ Submission of completed application documents.

What do I need to know about the membership agreement?

After a successful application the membership contract and the commitment letter are signed:

- Contracting parties: BMK and financial company
- Term of contract: 2030
- Key obligations of the GFA 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 dues
 - Not engaging in any conduct that harms the reputation of the GFA

Strategic Management

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Green Finance Alliance publications:

umweltbundesamt.at/en/green-finance-alliance/publications