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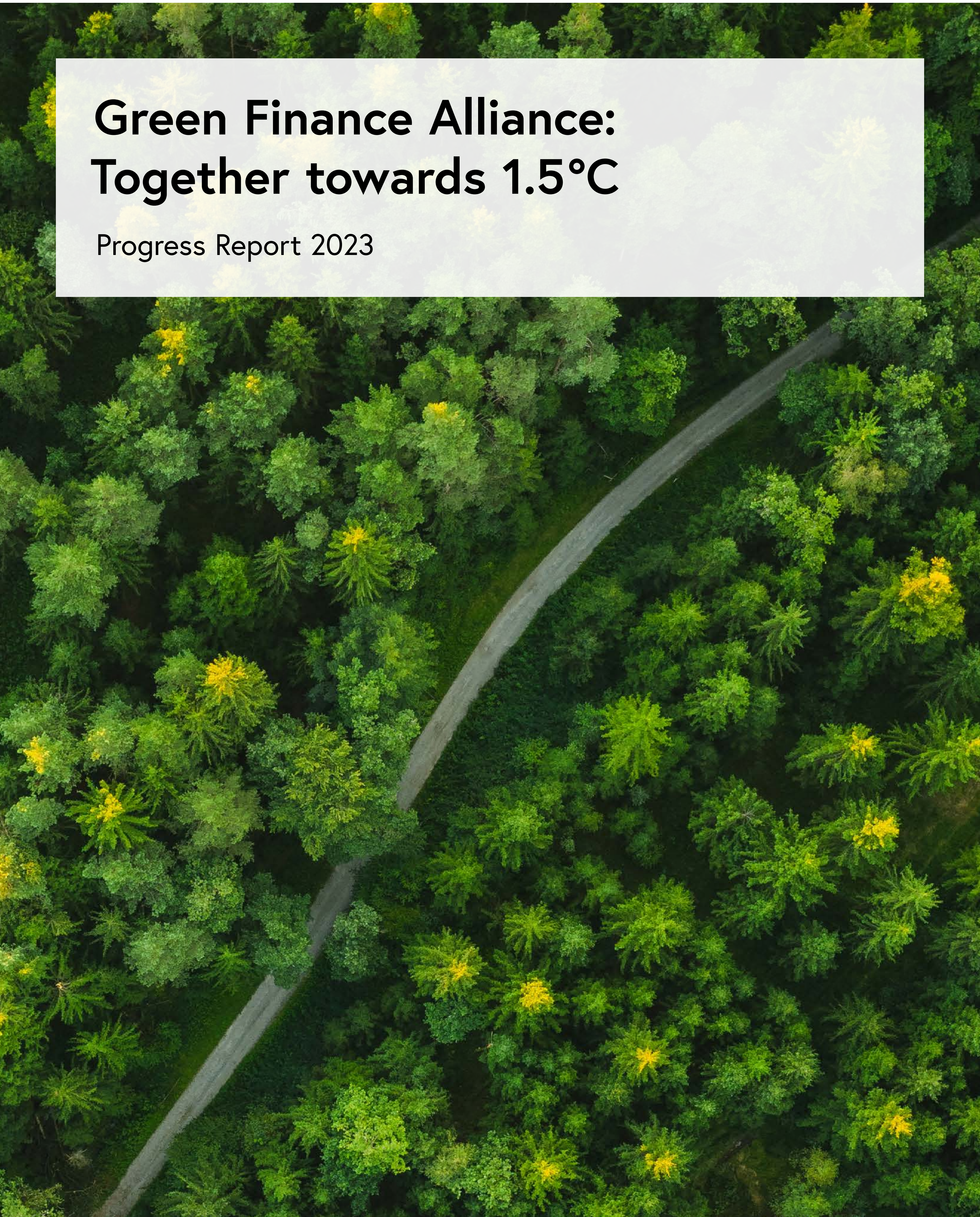

Green Finance Alliance: Together towards 1.5°C

Progress Report 2023

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Vienna, 2023

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Foreword

Federal Minister
Leonore Gewessler

The Green Finance Alliance aims at future-oriented financial companies, which are committed to align their core businesses with an 1.5 °C pathway. With its criteria and transparent governance structure, our Austrian initiative is a global pioneer. We see that investments in the expansion of renewable energies are increasing substantially around the globe. The transformation towards a more sustainable economic system offers vast employment and regional economic value-creation opportunities.

The green transition also pays off from an economic perspective. By integrating climate protection and sustainability, business models become resilient and sustainable in the long term. The EU Sustainable Finance Strategy, the Taxonomy Regulation and the Corporate Sustainability Reporting Directive provide the respective regulatory framework. It is now a matter of acting within these requirements and implementing measures as quickly as possible.

As the public sector, we are creating both financial and regulatory frameworks to encourage climate-friendly business practices. Collaboration between businesses, the public sector and private individuals are helping to accelerate the transformation towards climate neutrality. Initiatives like the Green Finance Alliance are prime examples of such collaborations.

A lot has happened since the launch of the Green Finance Alliance in 2022. Members were required to implement the first 25 criteria, thus have already taken an important step in the right direction. In addition, the Green Finance Alliance accepted another financial company as a new member. At the same time, the evaluation process took place for the first time this year: Monitoring is a central element of the Green Finance Alliance and determines whether the members are thoroughly implementing the criteria.

In this first progress report of the Green Finance Alliance, you will find profound information about the development of the initiative. Members' climate and engagement strategies guide the way to achieve climate neutrality in their core business. Accompanied by our experts, members continue to work towards achieving the initiative's climate goals.

Contents

Green finance drivers: regulatory developments in Austria and the EU

The Paris Agreement aims at 'making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development'. Embedded in the EU Sustainable Finance Strategy, Austria is already implementing a number of concrete measures.

The financial system is a key lever for climate protection. In Austria, additional investments of around 16.2 billion euros per year are needed in the sectors mobility, buildings, power and industry by 2030 to achieve the 2030 climate and energy targets. Public finance alone cannot provide these amounts. Therefore, a clear political framework is needed to mobilise private capital for climate protection. In cooperation between the Ministry for Climate Action (BMK) and the Ministry of Finance (BMF), an Austrian Green Finance Agenda (GFA) was developed in close cooperation with key stakeholders. The GFA provides a framework for measures and initiatives in the field of green finance. Some of which are already being implemented.

Activities in Austria

Austrian Green Bond

In May 2022, the Republic of Austria issued its first Green Government Bond with an issue volume of four billion euros. The aim of the Austrian green bond is to increase the participation of institutional investors in financing the transition to a low carbon and environmentally sustainable economy and society. The proceeds are used to finance climate and environmentally relevant projects in Austria. The green bond has been issued in accordance with the published Green Bond Framework of the Republic of Austria. The first Green Investor Report was published in June 2023.

A further milestone was set by Austria in October 2022 with the issuance of the first Green Treasury Bill: the treasury bill had a volume of one billion euros and a maturity of four months. Its issuance was the world's first issue of a Green Treasury Bill by a sovereign. In addition, with its placement of a Green Commercial Paper launched in March 2023, Austria became the first sovereign issuer in this area.

Green Financial Literacy

Green finance is considered a cross-cutting issue in the Austrian financial literacy strategy. Therefore, the BMK's activities focus on integrating the topic into existing education and training formats for different target groups. This includes knowledge building in schools by providing teaching materials. Another focus lies on capacity building of those experts whose decisions have a direct impact on the core business of financial companies.

Austrian Green Investment Pioneers Programme and klimaaktiv financing

The Austrian Green Investment Pioneers Programme of the climate protection initiative klimaaktiv aims at mobilising private capital to reach Austria's energy and climate goals. To achieve this, the program supports companies, banks, and investors in setting up a project entity to realise and bundle small-scale green projects. The early involvement of banks and investors enables structures that are „bankable". The new programme klima**aktiv** financing provides an information and networking platform for green financing opportunities, which seeks to facilitate access to green projects through targeted networking opportunities.

The climate and energy transition requires far-reaching public and private investments. (Photo: stock.adobe.com – Kampan)

Eco-label for sustainable financial products

The Austrian eco-label for sustainable financial products (UZ 49) certifies financial products that are more sustainable than comparable products on the market due to their investment strategies and management processes. The key criteria of the UZ 49 guideline for sustainable financial products are the selection criteria of a sustainable financial product, quality requirements for the inquiry and selection process, and transparency requirements. Currently, the UZ 49 criteria are being revised.

Regulatory developments in the EU

The regulatory framework at the European level guides Austrian initiatives and defines the central set of rules for financial market participants. The sustainable finance strategy of the European Commission (EC), published in July 2021, includes necessary measures for the financial system to support the transition towards a sustainable, climate-neutral economy in a targeted manner. Two key cornerstones are the Taxonomy Regulation and the Corporate Sustainability Reporting Directive (CSRD).

EU Taxonomy Regulation

The Taxonomy Regulation is a transparency instrument, which provides an uniform classification system for environmentally sustainable economic activities. The regulation specifies that only those economic activities that make a substantial contribution to at least one of the six environmental objectives of the EU Taxonomy are classified as environmentally sustainable. At the same time, they shall do no significant harm to other environmental objectives. Minimum social safeguards must also be met at the company level.

The regulation obliges financial market players and large companies to disclose taxonomy-eligible as well as taxonomy-aligned turnover, capital expenditure and operating expenditure. The respective technical screening criteria are provided through delegated acts. Based on these criteria, the environmental sustainability of economic activities is to be assessed. The first delegated act on the climate-related environmental targets applies since the beginning of 2022: It sets criteria for economic activities that make a substantial contribution to the environmental objectitves 'climate change mitigation' and 'climate change adaptation'.

As of April 2022, a complementary delegated act was adopted by the EC classifying activities related to nuclear energy and fossil gas. In addition, a delegated act under Article 8 („Disclosures-DA") establishes disclosure requirements for companies within the scope of the EU Non-Financial Reporting Directive (NFRD), extended and reviewed by the Corporate Sustainability Reporting Directive (CSRD) adopted in December 2022. It requires these companies to disclose in their non-financial statements how and to what extent their activities are associated with acitivites that qualify as environmentally sustainable under the Taxonomy Regulation. This applies to both financial and non-financial companies.

In June 2023, the EC published the delegated act for the technical screening criteria of the four environmental objectives (the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control as well as the protection and restoration of biodiversity and ecosystems) based on the recommendations of the EU Platform on Sustainable Finance. This is expected to come into force on January 1, 2024.

The European Commission's Sustainable Finance Strategy provides the roadmap to mobilise private capital for the transition to a carbon-neutral economy. (Photo: stock.adobe.com - finecki)

Corporate Sustainability Reporting Directive (CSRD)

The CSRD replaces the Non-Financial Reporting Directive (NFRD), which was implemented in Austria in 2017 through the Sustainability and Diversity Improvement Act (NaDiVeG). Similar to the NFRD, the CSRD includes an amendment to the Accounting Directive (2013/34/EU), which requires companies to include their operational reporting in the annual report. Through the CSRD, companies that meet certain criteria are required to incorporate a non-financial statement in their reporting. Compared to the NFRD, the CSRD's reporting requirements are more precise and extensive. In addition, the EC issues European Sustainability Reporting Standards (ESRS) through delegated acts. They specify the mandatory reporting content of the CSRD and are based on recommendations of the European Financial Reporting and Advisory Group (EFRAG). The ESRS contain two general, cross-thematic sets of standards („conceptual frameworks“), ESRS 1 and ESRS 2, as well as specific standards on the three ESG areas environment, social and governance.

Furthermore, the new directive will have a broader scope of application: In the first phase, companies that are already covered by the NFRD will report according to the directive in 2025 for the financial year 2024. However, the scope of application will be gradually extended to other large companies (2026), small and medium-sized enterprises (2027) and subsidiaries whose parent companies are subject to the law of a third country (2029). In addition, auditors are required to perform the audit of the non-financial statement with limited assurance.

The Green Finance Alliance at a glance

The Green Finance Alliance is a globally pioneering initiative that takes an important step towards a climate-friendly future for the Austrian financial market. The BMK initiative guides financial companies on their path to climate neutrality.

In May 2022, the BMK launched the Green Finance Alliance to align the Austrian financial market with the Paris climate targets. Banks, insurance companies, corporate provision funds, pension funds, and investment companies can join the Green Finance Alliance. The members voluntarily commit to making their core business greenhouse gas neutral and to expanding green products and activities. The Green Finance Alliance is one of the first government-led initiatives worldwide that calls for financial companies to commit to the Paris climate targets and thus to implement specific criteria for their core business.

Embedding climate protection in the core business

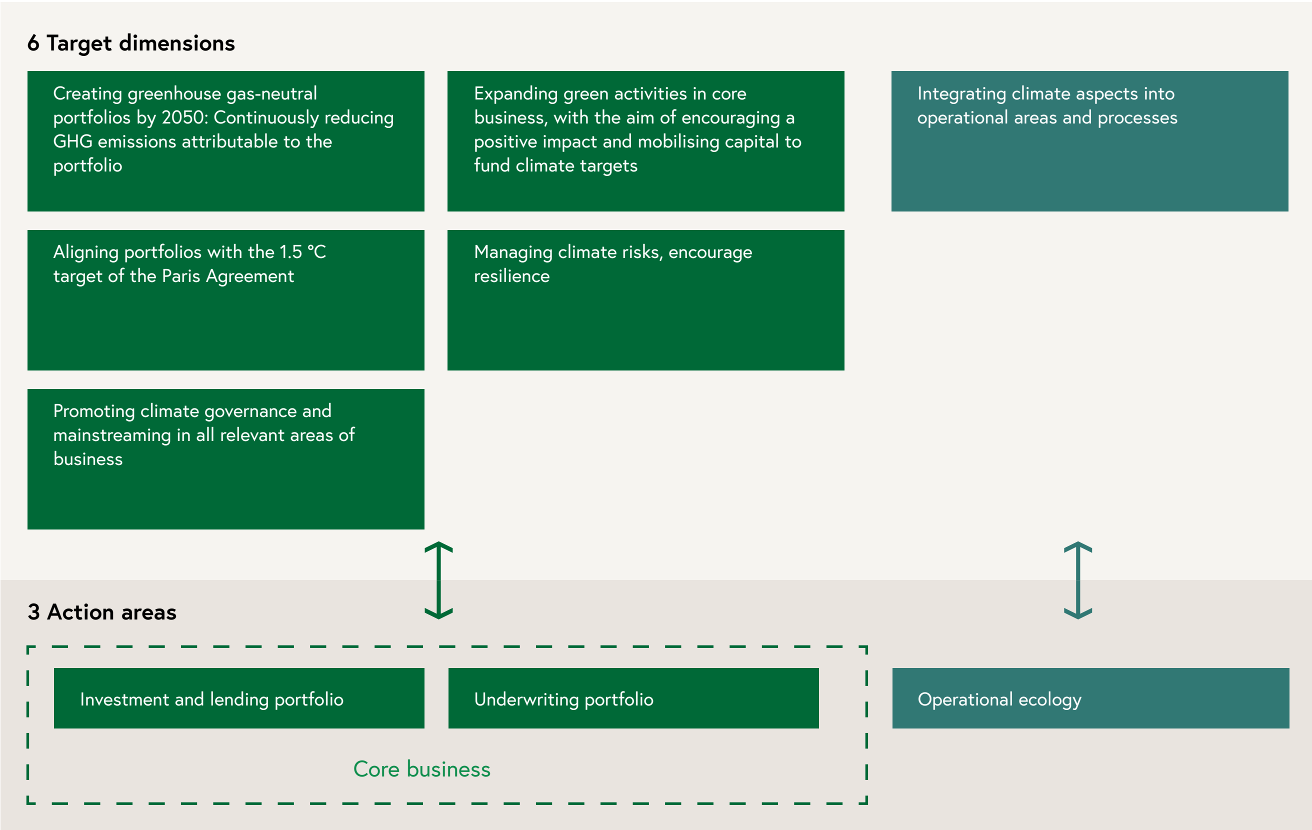
The Green Finance Alliance helps sharpen awareness for climate risks and build resilience. The initiative's framework is a science-based and transparent set of criteria. It provides members with guidance on how to move more swiftly from strategy to implementation. In addition, they receive support through regular exchanges with experts from the BMK and the Federal Environment Agency. The annual monitoring process assesses whether members meet these criteria.

During the first year of membership, the financial companies must develop their climate and engagement strategy detailing how the goals of the Green Finance Alliance will be achieved. The measures contained in the strategy must be implemented consistently. Specifically, this includes phasing out coal and oil by 2030 and natural gas and nuclear energy by 2035. By 2040 at the latest, the core business must be aligned with the 1.5°C target in order to achieve climate neutrality by 2050. As they move toward this goal, the financial companies are phasing out climate-damaging activities systematically and supporting their customers in the sustainable transformation of their business activities. Progress is evaluated through annual monitoring. This involves ensuring that the climate performance of the core business is disclosed.

There are also requirements in the criteria for the expansion of green activities, for example to promote the use of renewable energies. Additionally, sustainable behavior is required within the company itself. This includes, for instance, introducing an environmental management system, a climate-friendly travel policy or sustainable procurement.

Goals of the Green Finance Alliance

The activities of the Green Finance Alliance contain six target dimensions, five of which relate to the core business of the financial companies and one to operational ecology. The core business is divided into two fields while operational ecology constitutes a separate area. This results in the following three fields of action, with specific measures and criteria being assigned to each of them: investment and lending portfolio, underwriting portfolio (core business) and operational ecology.



Governance structure

From core business to operational ecology: clear target dimensions and fields of action are defined in the Green Finance Alliance.

The governance structure of the Green Finance Alliance consists of different organizational units with defined roles and areas of responsibility. The Convening Body is located in the Federal Ministry for Climate Action and is responsible for the strategic management of the Green Finance Alliance.

Convening Body

The Convening Body appoints the Committee and assigns decision-making authority to it. It also commissions the Coordinating Office to provide the technical and content-related support for the initiative. The Convening Body is responsible for the strategic management of all activities taking place within the framework of the Green Finance Alliance as well as for the contractual implementation. Therefore, the BMK is the bilateral contractual partner of each individual Green Finance Alliance member. Within the ministry, the department for green finance and sustainable economy (VI/3) is responsible for the initiative.

Steering Committee

The Steering Committee is responsible for the assessment of the evaluation results of the annual monitoring, the admission of new Green Finance Alliance members, the exclusion of Green Finance Alliance members as well as the composition of the Advisory Council and the revisions of the criteria catalogue. The Convening Body appoints it with members of the BMK as well as third party experts, for example from the Ministry of Finance or other federal ministries.

Members of the Steering Committee

- Jürgen Schneider, Head of Directorate General VI Climate and Energy (BMK)
- Stefan Sengelin, Head (interim.) of Department VI/3 Green Finance and Sustainable Economy (BMK)
- Caroline Vogl-Lang, Department VI/3 Green Finance and Sustainable Economy (BMK)
- Alfred Lejsek, Head of the Financial Markets Group (BMF)

Coordinating Office

The Coordination Office is responsible for the operational implementation, coordination, and the support of the help desk. It is located in the Environment Agency Austria. The Coordinating Office is also responsible for conducting the annual monitoring and compiling the evaluation results.

Advisory Council

The Advisory Council assists the Steering Committee and the Coordinating Office with the substantive and science-based development of the Green Finance Alliance and arising questions about methods. It is composed of national and international experts in the field of green finance. It includes stakeholders from universities, non-university scientific institutions, international initiatives, and interest groups. As a purely advisory body, the Advisory Council has no decision-making authority.

The governance structure of the Green Finance Alliance

Observer Group

During the first year of the initiative, different stakeholders expressed great interest in a regular exchange on developments within the Green Finance Alliance. Therefore, the observer group was established in February 2023. Currently, there are 50 observers from more than 30 different institutions including financial institutions, consulting firms and NGOs. Its main channel of communication are webinars, yet bilateral meetings are held on request.

The governance structure, which is independent of the Green Fiance Alliance members, is one of the initiative's unique features.

Pioneers in the spotlight

From large, international players to smaller and regionally focused financial companies: Our ten members are pionieers in driving the Austrian financial market towards more ambitious climate protection.

The members of the Green Finance Alliance

Five banks, two insurance companies, two corporate provision funds, and one pension fund: The pioneers of the Green Finance Alliance cover a broad spectrum of the Austrian financial market.

The Green Finance Alliance – facts & figures

10	~190 billion	~14 %	>23.000
members	total assets (in euros)*	share of the Austrian financial market**	employees***

* Source: Publications of the Green Finance Alliance 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 Green Finance Alliance members as well as own calculations based on them.
Data sources as of December 31, 2021

Raiffeisen Landesbank Vorarlberg – the newest member of the Green Finance Alliance

Raiffeisen Landesbank Vorarlberg is owned by the 16 independent, cooperatively organized Raiffeisen banks in Vorarlberg. At the same time, it operates as a regional bank itself. Over 80,000 members, more than 250,000 private and 19,000 corporate customers make Raiffeisen Vorarlberg the leading banking group in Vorarlberg.

> „Sustainability is particularly important to Raiffeisen. Therefore, we are convinced by the initiative: the criteria catalog and the support provided by experts help us to develop and implement our climate strategy and always leave us enough flexibility.“ — Michael Alge, Chairman of the Managing Board of Raiffeisen Landesbank Vorarlberg

Allianz Austria

Allianz Austria is one of the country's leading insurance companies and part of the Allianz Group, which operates in more than 70 countries worldwide. As a pioneer in the industry, Allianz Austria successfully anchored the topic of sustainability in its strategy years ago: from the sustainable investment of insurance premiums to sustainable products and services to social commitment.

BKS Bank

BKS Bank is a universal bank headquartered in Klagenfurt. It has 1,100 employees and successfully provides banking and leasing services in Austria, Slovakia, Slovenia, and Croatia. Founded in 1922 purely as a bank for corporate customers, the retail business was only added in the 1960s. Sustainability is an integral part of BKS Bank's corporate strategy. The integrated sustainability strategy focuses on expanding the range of sustainable products and on environmental and climate protection.

fair-finance Vorsorgekasse

fair-finance Vorsorgekasse was founded in Vienna in 2010 and aims at investing all capital contributions paid into the legally mandated employee provision fund system in Austria responsibly while generating a positive impact. fair-finance Vorsorgekasse AG is part of the Sinnova Group and currently manages around 900 million euros in assets for almost 500,000 beneficiaries.

HYPO Oberösterreich

Having been in business for over 130 years, HYPO Oberösterreich is one of the longest-standing banks in Austria. With total assets of 8.2 billion euros, it is one of the 20 largest financial institutions in Austria. It is the main bank of the provincial government of Upper Austria and specializes in housing construction financing. The bank covers the entire spectrum from public and non-profit to commercial, private and subsidized residential construction.

Raiffeisenbank Gunskirchen

The independent bank Raiffeisenbank Gunskirchen is active with five branches within and outside of the region. The "Umweltcenter" (environmental centre) that was founded in 2012 places its focus on environmental, social, and charitable financing and investments. In recent years, the "Umweltcenter" has become the most important growth driver of Raiffeisenbank Gunskirchen. As a green bank, it attracts the interest of environmentally conscious investors from all across Austria.

UniCredit Bank Austria

UniCredit Bank Austria is one of the leading and best-capitalized major banks in Austria. As part of UniCredit, it provides comprehensive service to more than 15 million customers around the world. Digitalisation and its commitment to ESG principles are important prerequisites for its services.

UNIQA Group

UNIQA Group is one of the leading insurance groups in its core markets in Austria as well as Central and Eastern Europe (CEE). With around 22,400 employees and exclusive sales partners, it serves almost 16 million customers in 18 countries. With UNIQA and Raiffeisen Versicherung, it owns the two strongest insurance brands in Austria and is well positioned in the CEE markets.

VBV-Pensionskasse

VBV stands for implemented sustainability, the best service for customers, a consistent information policy and high quality standards. VBV has been active in the area of sustainable investments since 2003. It is a signatory of the United Nations Principles for Responsible Investment (UN PRI) and was the first domestic pension fund to sign the Montréal Carbon Pledge in 2017. ESG criteria have been integrated into the investment process for many years. Since 2019, a climate protection focus has been implemented in the investment, most recently in accordance with 'Paris-aligned' index criteria.

VBV-Vorsorgekasse

VBV-Vorsorgekasse is the largest employee provision fund in Austria and serves every third employee and self-employed person with regard to the obligatory provision fund contributions. It administers and assesses the contributions of all beneficiaries in an investment community. Since the foundation of the company, VBV-Vorsorgekasse has committed itself to its stakeholders to invest the trust assets in a particularly forward-looking and sustainable manner in accordance with a strict catalog of criteria.

Federal Minister for Climate Action and the members of the Green Finance Alliance. Photo: BMK/Viktoria Miess.

Table 1: Overview of members and linked publications

Member	Type	Member since	Climate Strategy and related publications
Allianz Elementar Versicherung	Insurance company	2022	Climate strategy/publications
BKS Bank	Bank	2022	Climate strategy/publications
fair-finance Vorsorgekasse	Corporate provision fund	2022	Climate strategy/publications
HYPO Oberösterreich	Bank	2022	Climate strategy/publications
Raiffeisenbank Gunskirchen eGen	Bank	2022	Climate strategy/publications
Raiffeisen Landesbank Vorarlberg	Bank	2023	due 2023
UniCredit Bank Austria	Bank	2022	Climate strategy/publications
UNIQA Insurance Group	Insurance company	2022	Climate strategy/publications
VBV-Pensionskasse	Pension fund	2022	Climate strategy/publications
VBV-Vorsorgekasse	Corporate provision fund	2022	Climate strategy/publications

Activities and highlights in 2022/2023

One year Green Finance Alliance: Not only the members were challenged with the implementation of the due criteria but also the initiative itself has developed further – among others, the governance was extended, documents were updated and the observer group was launched.

Regular dialogue and substantive support are core elements and unique features of the Green Finance Alliance. Since the initiative was launched in May 2022, various member formats were held – including seven webinars and two full-day workshops. Since 2022, the Green Finance Alliance help desk has conducted over 100 dialogues with members as well as interested stakeholders. This included bilateral member discussions as well as presentations and lectures. Most exchange formats focused on inquiries related to the criteria as well as general questions concerning the structure and organization of the initiative.

Further developments in the initiative: publications and governance

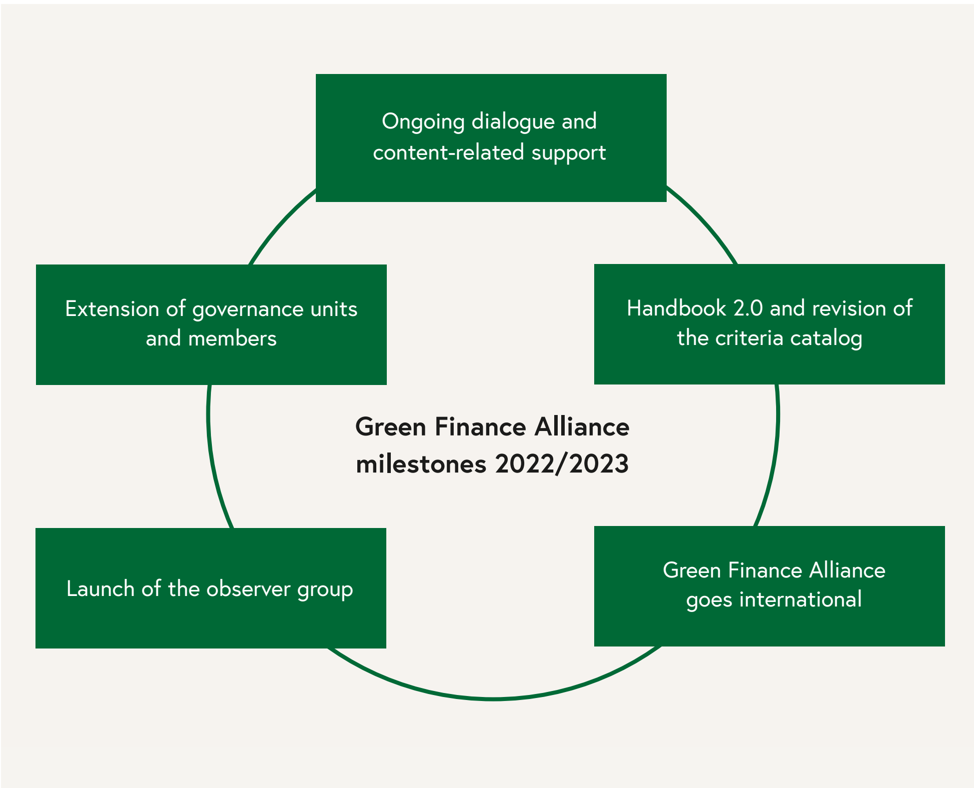
In fall 2022, the Green Finance Alliance Handbook was revised and published as Handbook 2.0. The criteria catalog was updated as well. Since transparency is crucial to this process, members are informed at an early stage about the upcoming changes. The technical and content-related revisions of the criteria catalog are developed by the Coordinating Office. This happens independently of the members and is evaluated with experts from the Advisory Council and the Convening Body. In a final step, the Steering Committee revises the further stages and takes an ultimate decision. An overview of the criteria and activities, as well as information on the initial members, is provided in the first annual report of the Green Finance Alliance. It was published in December 2022 and can be found, together with the other publications, in German and English on the BMK's Green Finance Alliance website.

Similarly, the initiative's governance has been subject to further developments. For the first time in 2023, the Steering Committee decided on the evaluation results of the members as well as welcomed a new member on board: Alfred Lejsek, Head of Group III/B Financial Markets at the BMF, moved from the Advisory Council to the Steering Committee. Thus, the BMF is now represented in the Steering Committee. The Green Finance Alliance Advisory Council also continues to grow and welcomes new experts: Due to changes at PCAF (Partnership for Carbon Accounting Financials), Angélica Afanador replaced Giel Linthorst. In addition, the Advisory Council welcomed Lisa Simon representing WWF and Catarina Braga representing RMI (head of PACTA COP) as new members. Three Advisory Council meetings were held during the reporting period. They mainly focused on methodological and technical issues.

Stakeholder interest and international developments

Since the start of the initiative, many stakeholders have expressed great interest in the initiative. In order to facilitate a regular exchange on developments within the Green Finance Alliance, the Observer Group was established in February 2023.

Green Finance Alliance goes international: The Green Finance Alliance also presents itself abroad as a global pioneer initiative. The growing international interest is reflected in numerous inquiries from ministries and interest groups as well as invitations to several international conferences: In May 2023, the Green Finance Alliance was presented as part of a keynote at the Sustainable Investment Forum Europe in Paris. At this event organised by Climate Action in partnership with UNEP FI, many international stakeholders expressed their interest in the Austrian initiative. The Green Finance Alliance was also presented at the Sustainable Finance Conference in Munich, organised by the German Environment Agency. Feedback from these international conferences, as well as from bilateral discussions, indicate that the initiative is perceived as a best practice for aligning the public sector and the financial industry in the fight against the climate crisis.



The initiative was able to develop significantly regarding its content and public visibility in its first year.

Evaluation: the monitoring process of the Green Finance Alliance

The first Green Finance Alliance members started with a sprint: Around 25 criteria had to be fulfilled in 2022. During the evaluation, members received feedback from experts on how well they met the criteria and were requested to implement improvements when necessary. The result: Many milestones have already been achieved, yet there is room for improvement.

The Green Finance Alliance evaluation process is characterised by its granularity and high transparency. Important to note: The evaluation is not comparable with a due diligence assessment. Primarily because a review of disclosures is not conducted. Despite the mandatory nature of the evaluation decisions, this process is a collaborative dialogue. One of the main benefits for members is thus the independent, constructive evaluation by experts.

Timing of the evaluation process

October 2022
Webinar presentation evaluation process

January 9, 2023
Mailing of questionnaire to members

February 17, 2023
Deadline for return of questionnaires

February - March 2023
Evaluation by the Coordinating Office

March 2023
Bilateral monitoring discussions with members

April 17, 2023
Evaluation decisions by the Steering Committee

April 18-28, 2023
Communication of evaluation results to members

May/June 2023
Bilateral member discussions on evaluation results

Evaluation process: from questionnaire to criteria review

In accordance with the governance requirements of the Green Finance Alliance, the evaluation process was carried out by the Coordinating Office by means of a questionnaire (MS Excel). The members received a draft version of the questionaire last year and were able to learn more about the process during a webinar. The questionnaire requires the members to indicate which criteria were met or not. Furthermore, they are encouraged to make suggestions for improvements in case they have not been able to fulfill the criteria so far. The simple structure of the questionnaire ensures its time efficient compilation.

After receiving the completed questionnaires on time, the Coordinating Office started with the evalution process. During the evaluation, bilateral discussions were carried out with each member. By doing so, any unclarities and inquieries that arose during the evaluation were clarified. In addition, this gave the members a more detailed insight of the evaluation process.

The criteria analysis was conducted in a three-step process: In the first step the Coordinating Office examined the extent to which the requirements of the criterion were met in a timely and complete manner. The degree of fulfillment of the criterion was indicated as 'completely fulfilled', 'partially fulfilled' or 'not fulfilled'. Secondly, the Coordinating Office assessed to what extent the member had submitted a sufficient proposal for improvement for the criteria that were only partially fulfilled or not fulfilled. The members could achieve a 'fulfilled', 'partially fulfilled, or 'not fulfilled' scoring. In a third step, requirements for improvement were defined with a concrete implementation deadline for those criteria that were partially fulfilled or not fulfilled. In addition, the Coordinating Office included recommendations for improvement. Based on the evaluation results of the individual criteria, an overall result was generated for each member, which can be 'positive', 'conditionally positive' or 'negative'.

Table 2: Evaluation scale (overall result)

Overall result	**Description**
Positive result	All criteria were fulfilled
Conditionally positive result	The majority of criteria was fulfilled, yet there are requirements for improvement
Negative result	The majority of criteria was not fulfilled

After completing the evaluation, both results and requirements for improvements were presented to the Steering Committee. As decision-making body of the Green Finance Alliance, it is their responsibility to pass the evaluation results. In a final step, the Coordinating Office communicated the evaluation results to the members. The results were then presented in more detail during bilateral meetings.

Evaluation results at a glance

In their first year of membership, the Green Finance Alliance members were required to focus primarily on strategic issues. The progress report presents the aggregated results of their performance against all criteria due by the end of 2022.

A total of 14 criteria refer to the development and disclosure of a climate strategy and an engagement strategy. The pressing issue of phasing out fossil fuels is covered by five criteria. Other criteria include targets for the core business, the phase-out of nuclear energy, and operational ecology as well as social (minimum) standards.

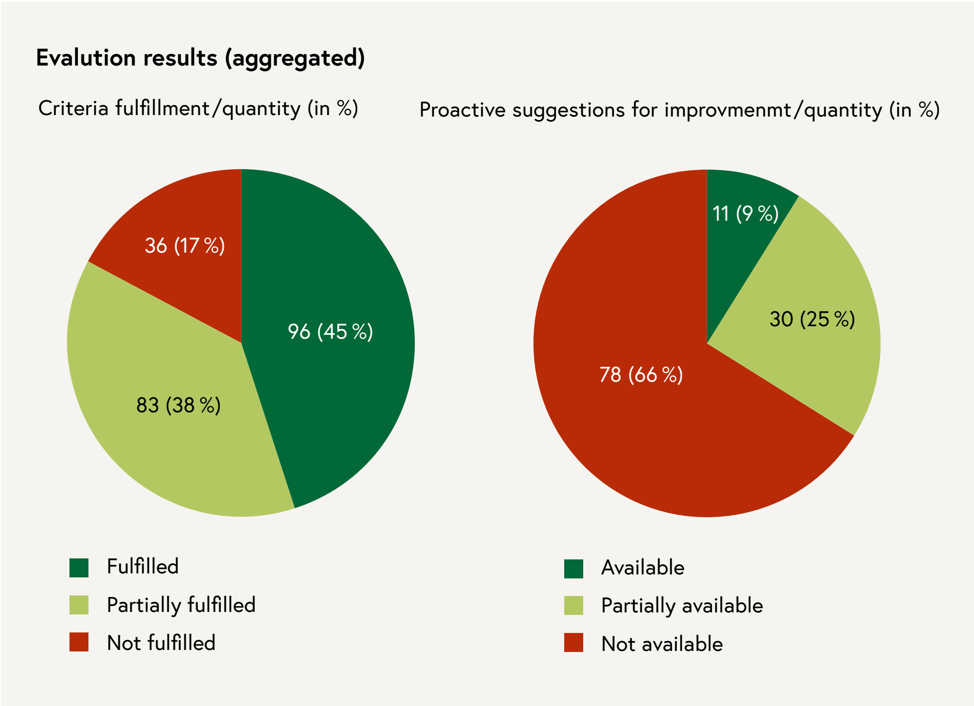
Criteria fulfillment: general overview

The first nine members of the Green Finance Alliance had to implement a total of 215 criteria in their first year. Almost half of the criteria (45 percent) already fully met the ambitious requirements. Another 38 percent partially met the requirements, which is why requirements for improvements were issued. The requirements for improvement varied significantly regarding scope, content and associated implementation effort: While only minor adjustments are required for some partially fulfilled criteria to subsequently meet the requirements in full, other improvement assignments involve work that is more extensive. Positively, despite the numerous requirements issued, only 17 percent of the criteria remained unfulfilled in the first year.

The hereby presented results, depict an aggregated status quo. It is crucial to mention that member-specific results varied widely in some cases, yet all members achieved a positive overall result, leading to a conditionally positive decision by the Steering Committee. However, there were wide variations among the members in the degree of fulfillment and the resulting amount of requirements for improvement. While some financial companies only have to fulfill selective improvements by the end of 2023, other members have to complete more extensive assignments in the upcoming months. It is important to note that almost all of the improvements must be fulfilled promptly by the end of 2023. Therefore, the Convening Body and the Coordinating Office provide ongoing technical support during implementation.

For criteria that were not fully met (around 55 percent), it was assessed whether the member had made a proactive proposal for improvement. This was not the case for around 66 percent of the criteria concerned. Since the submission of improvement suggestions is optional, this result has not been included in the overall evaluation. For 25 percent of the criteria, a proposal for improvement was partially available, yet additional requirements for improvements were issued to achieve full compliance with the criteria. For nine percent of the partially fulfilled criteria, a sufficient proactive proposal for improvement was available.

High degree of fulfillment: Over 80 percent of the criteria were at least partially fulfilled.



Results by criteria subgroups

For a more granular presentation of the results, the approximately 25 criteria were divided into four subgroups and therefore the corresponding disaggregated partial results could be determined.

Climate Strategy

Fulfillment was highest in the subgroup of climate strategy-related criteria. This includes criteria that specify the most important content-related elements of a climate strategy. The high degree of fulfillment associated with the fact that the development of a climate strategy was prioritised by the financial companies. The creation of a climate strategy is considered essential when integrating climate-related aspects into the company's core business. Thus, over 90 percent of the criteria in this subgroup were met at least partially, almost two-thirds were even fully met. Only eight percent of the criteria were not implemented.

Engagement strategy

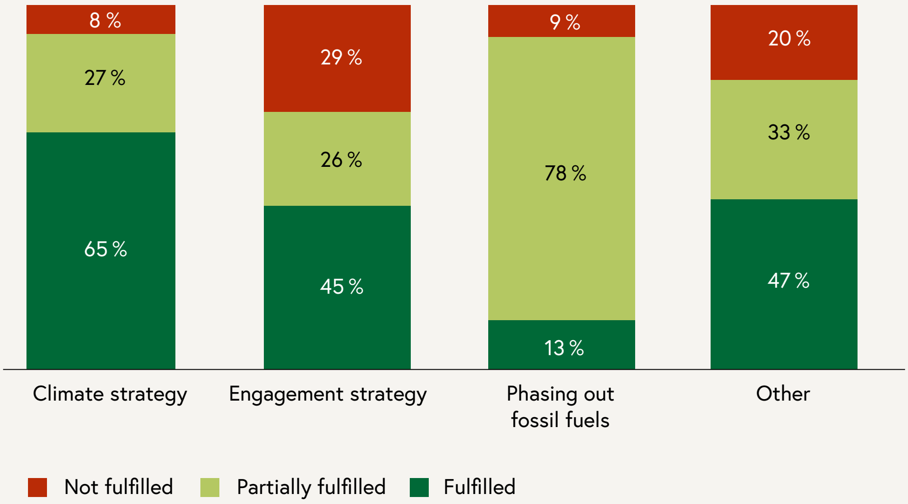
The drafting of the engagement strategy usually follows the development of the climate strategy. Therefore, a lower degree of fulfillment was found in this subgroup. 29 percent of the criteria in this subgroup are yet to be implemented. It is expected that members will address engagement requirements more extensively throughout this year.

Phasing out fossil fuels

The great importance of a fossil phase-out was reflected in the low percentage (nine percent) of unfulfilled criteria. Among others, the large proportion of partially fulfilled criteria is due to a lack of clear disclosure of existing policies: While some financial companies implemented the criteria in accordance with the requirements of the Green Finance Alliance, this was not displayed in their publicly available documents. Extensive improvements in this subgroup are necessary for those financial companies that have not yet introduced the criteria requirements for all fields of interest.

Varying results were achieved in this subgroup.

Disaggregated evaluations results



Subsequently, the evaluation results are presented at criteria level (according to the criteria identification number). All criteria definitions can be found in the Annex.

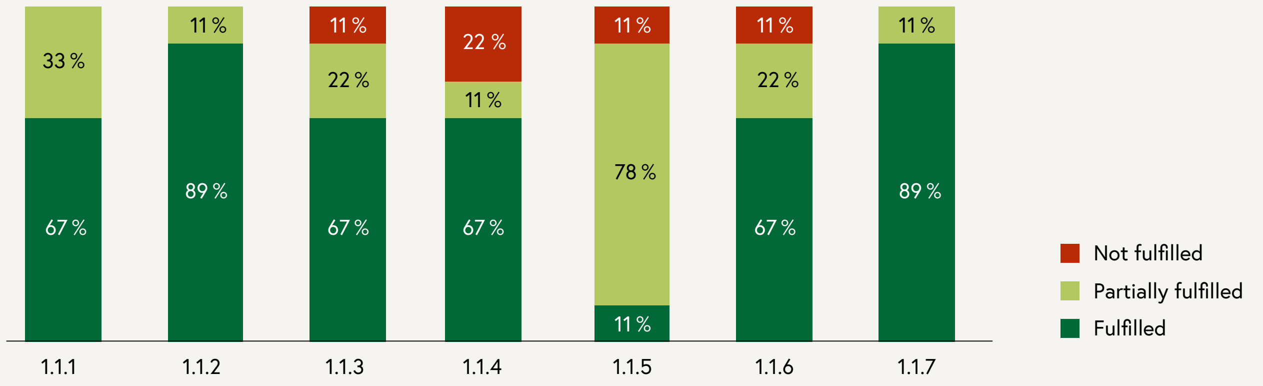
Results on criteria level: climate strategy

Overall, the members have achieved good evaluation results for the climate strategy criteria. The results at the criteria level confirm this overall picture. With 89 percent fulfillment, the internalization of the climate strategy in the own company (1.1.2) achieved highest fulfillment. For this criterion, members were asked to disclose how climate mainstreaming is carried out in their company (e.g., concerning governance and risk management) as well as disclose their future priorities. The strategy for operational ecology (1.1.7) scored a similar level of fulfillment.

Improvements are required when defining key performance indicators as well as short-, medium- and long-term company-specific objectives (1.1.5). The high rate of partial fulfillment can largely be explained by the fact that some financial companies have opted for the SBTi (Science Based Targets initiative) target validation process, which cannot be completed until 2023. Others chose to wait for the results of their greenhouse gas accounting based on the PCAF (Partnership for Carbon Accounting

Financials) standard, which is mandatory for 2023, before setting emissions-based targets. Therefore, the definition and disclosure of corresponding key figures and targets is expected by the end of 2023.

Climate strategy (criteria-based results)



Note: The three-digit identification numbers resemble the criteria as displayed in the annex.

Results on criteria level: engagement strategy

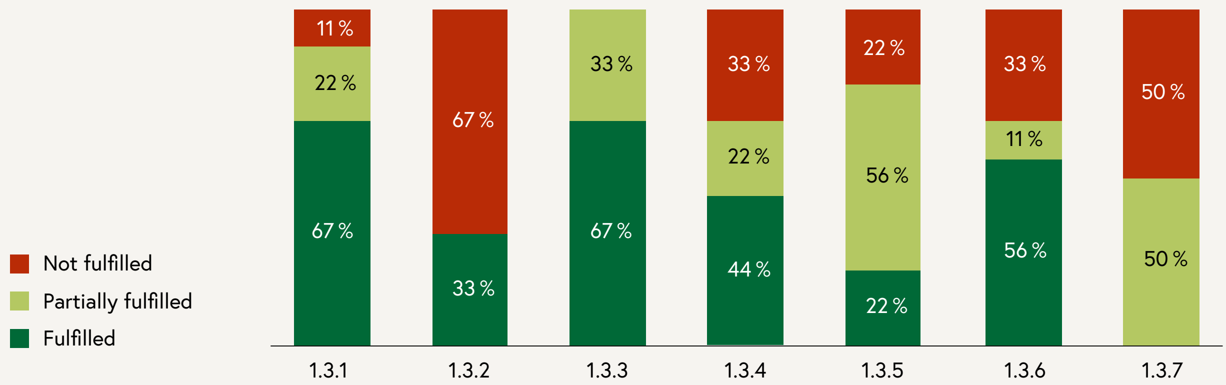
Climate strategy: a high degree of fulfillment.

The degree of fulfillment for engagement strategy related criteria greatly varied. Yet, all members at least partially fulfilled the disclosure requirements concerning their climate-related approaches used for the engagement with their invested, financed as well as insured companies (1.3.3). In particular, bilateral exchanges with these companies as well as (in the case of investments via third-party-funds) with asset managers were confirmed to be an important communication channel. Other requirements, such as the disclosure of the prioritisation approach (1.3.4) as well as possible consequences (1.3.6) for unsuccessful engagement, were not included by one-third of the members. Poor fulfillment concerned the lack of complete coverage of all fields of action (investment, credit and underwriting portfolio) relevant to enagegement related criteria.

The high level of insufficient fulfillment of criterion 1.3.2 is partially caused by its misinterpretation: The criterion requires that engagement activities are based on the „Three Asks" of the Climate Action 100+ initiative. These three key questions suggest that members demand companies they are invested in (and not their own firm) to integrate a strong governance, improve climate-related corporate reporting, and take clear action to to reduce greenhouse gas emissions.

Furthermore, improvements are required by 78 percent of members concerning the disclosure of metrics for measuring the success of engagement (1.3.5). Only if it is clear how the success or failure of engagement activities is determined (qualitatively or quantitatively), engagement and its consequences can be managed actively.

Engagement strategy (criteria-based results)



Note: The three-digit identification numbers resemble the criteria as displayed in the annex. Diviations from 100 percent due to rounding differences.

Engagement strategy: considerable backlog with very varying results.

Results on criteria level: phase-out of fossil fuels

Five fossil fuels phase-out related criteria were already due by the end of 2022: Two of them relate to the introduction of guidelines for phasing out coal (1.5.4) and oil (1.6.5), as well as halting the expansion of fossil infrastructure. Other criteria, primarily for conventional oil and natural gas, are due in the coming years.

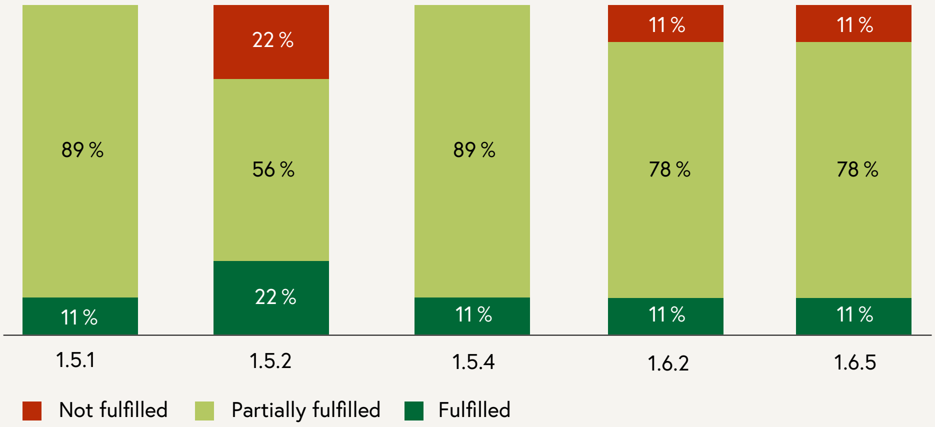
Criterion-related results in this subgroup were largely consistent: While very few members did not meet the criteria, the majority achieved a good level of compliance („partially met“). Surprisingly, only a few members fully met the criteria due to different reasons: Although some members included all elements of the fossil value chain affected by the phase-out in their internal processes, yet did not explicitly disclose this fact. In some cases, the existence and handling of the inventory portfolio was also not disclosed with sufficient clarity in the relevant documents. Other financial companies have indeed not implemented the fossil phase-out criteria for all relevant areas of their business activities. In those cases the scope of application has to be extended as part of the requirements for improvement submitted to the respective member.

Results on criteria level: additional measures

A fourth subgroup summarises criteria related to the core business, the phase-out of nuclear energy, operational ecology as well as social (minimum) requirements. Members achieved highest fulfillment in regard to social (minimum) requirements.

In sum, membership in the Green Finance Alliance means sharing a long-term and ambitious path. Assignments for improvement are intended as constructive and accompanying feedback to the members. They are essential to meeting the high ambitions set by the Green Finance Alliance, and consequently achieving progress on holding climate change.

Phasing out fossil fuels (criteria-based results)



Note: The three-digit identification numbers resemble the criteria as displayed in the annex.

Fossil phase-out: similar degree of fulfillment for all criteria.

Outlook: upcoming developments in the Green Finance Alliance

Expanding the criteria, integrating biodiversity aspects and kicking of a new application phase: The Green Finance Alliance continues to advance dynamically. Embedded in regulatory requirements, the initiative will continue to develop in the upcoming year.

The Sustainable Finance field is subject to multiple developments: New thematic areas are scientifically analysed and covered by innovative methods, tools and standards. At the same time, more and more regulatory requirements initiated in the past are coming into force that seek to enhance both disclosure and data availability. For the Green Finance Alliance, this poses the challenge of keeping up with various international developments, and further integrating them into the framework of the initiative.

Therefore, a revised version of the Green Finance Alliance Handbook is planned to be published for the second time in the fall of 2023. Similarly, the criteria catalog is currently under review to ensure its validity. Among other things, the integration of new topics, such as greenhouse gas accounting of insurance-related emissions, the coverage of advisory business (related to transactions on the capital market), and the consideration of biodiversity are under scrutiny. Regarding these aspects, the experts of the Green Finance Alliance Advisory Council, the Convening Body as well as the Coordinating Office are available for support.

In the upcoming months, members can expect multiple information and exchange formats. Workshops and webinars primarily focus on imparting knowledge as a basis for implementing the criteria. In bilateral expert discussions, members can ask their specific questions.

Interested financial companies will have the opportunity to apply for membership starting this fall. The most important change: There will no longer be a time-limited application period. This means that financial companies will have the opportunity to apply for a Green Finance Alliance membership on an ongoing basis. In preparation of their membership, interested companies have the opportunity to participate in the observer group and learn more about membership requirements in upcoming webinars. In addition, they are welcome to address any company-specific questions in a bilateral meeting with the Coordinating Office.

Excursus: integrating biodiversity into the core business of financial companies

From intensive land use and the exploitation of organisms to climate change and pollution, the loss of our environment is also reflected in a loss of species. Therefore, the financial sector must increasingly consider the biodiversity crisis as a central dimension.

Current extinction rates are between 100 and 1,000 times higher than the natural extinction rate without human impact.[1] This is leading some scientists to speak of a mass extinction, which so far has occurred only five times in Earth's geological history.[2] According to estimates, one million species are currently threatened by extinction, which corresponds to an average of 25 percent of most of the animal and plant groups studied.[3] Similarly, the conservation status of habitat types and species studied is insufficient in Austria: 44 percent of habitat types and 34 percent of species have an unfavorable to poor conservation status.[4]

Economic activities are increasingly limiting nature's ability to adequately provide services that contribute significantly to our survival and well-being. A first global report on the state and integrity of biodiversity and ecosystems released in 2019 shows that 14 out of 18 categories of these ecosystem services have been declining in the last 50 years. This mainly affects regulating and non-material eco-

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1 Science. "The Biodiversity of Species and their Rates of Extinction, Distribution, and Protection". 2014, researchgate.net/publication/262787160_The_biodiversity_of_species_and_their_rates_of_extinction_distribution_and_protection

2 Nature. *"Has the Earth's sixth mass extinction already arrived?"*. 2011, researchgate.net/publication/50267709_Has_the_Earth's_Sixth_Mass_Extinction_Already_Arrived_Nature
PNAS. *"Vertebrates on the brink as indicators of biological annihilation and the sixth mass extinction"*. 2020, pnas.org/doi/10.1073/pnas.1922686117

3 Science. "Pervasive human-driven decline of life on Earth points to the need for transformative change". 2019, researchgate.net/publication/337933460_Pervasive_human-driven_decline_of_life_on_Earth_points_to_the_need_for_transformative_change

4 Umweltbundesamt. „Erhebung und Bewertung von Lebensraumtypen und Arten von gemeinschaftlicher Bedeutung in Österreich, Berichtszeitraum 2013–2018 Endbericht – Kurzfassung". 2020, researchgate.net/publication/346393017_Erhebung_und_Bewertung_von_Lebensraumtypen_und_Arten_von_gemeinschaftlicher_Bedeutung_in_Osterreich_Berichtszeitraum_2013-2018_Endbericht_-Kurzfassung

system services.[5] For instance, pollination services in agriculture worth between 234 and 577 billion U.S. dollars are at risk.

Kunming-Montreal Global Biodiversity Framework.
In December 2022, a global framework[6] was adopted in Montreal, Canada, which for the first time officially spells out a vision of a society in harmony with nature by 2050. It further defines targets to be achieved along the way. Aligning all financial flows with the agreed targets is one of the framework's long-term measures. By 2030, an additional 200 billion U.S. dollars per year is to be mobilised for the protection and conservation of ecosystems and biodiversity. In addition, the abolishment of harmful subsidies of at least 500 billion U.S. dollars per year is deemed necessary.

Biodiversity and the financial sector

The financial sector constitutes an important lever for the required transformation.[7] Yet, it needs to recognise and analyse the accompanying opportunities and risks at an early stage in order to take appropriate action. Approximately half of global GDP is highly or moderately dependent on an intact environment and is particularly threatened by its continued distruction.[8] At the same time, there is a funding gap of 598 billion to 824 billion U.S. dollars per year to ensure the conservation of biodiversity and ecosystem services.[9]

However, the targeted protection of ecosystems can also create added value. For example, recent studies conclude that avoiding the crossing of a tipping point in the Amazon rainforest creates an economic added value of around 339.3 billion U.S.

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5 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). "Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services". 2019, ipbes.net/document-library-catalogue/summary-policymakers-global-assessment-laid-out

6 CBD. "Kunming-Montreal Global biodiversity framework". 2022, cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222

7 IPBES. "Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services". 2019, ipbes.net/document-library-catalogue/summary-policymakers-global-assessment-laid-out

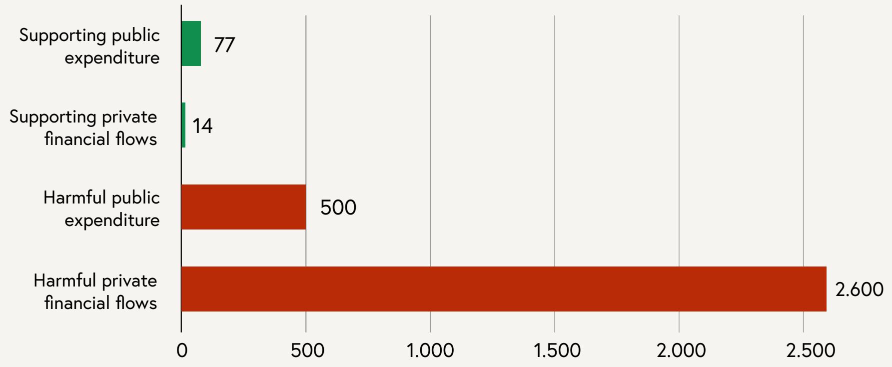
8 WEF. "Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy". 2022, weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy/

9 The Paulson Institute. "Financing Nature: Closing the global biodiversity financing gap". 2020, paulsoninstitute.org/conservation/financing-nature-report/

dollars.[10] The financial market has great potential to transform the economy towards a more sustainable direction. Nevertheless, a current comparison of financial flows that support the protection of species and ecosystems on the one hand and (indirectly) harm the environment on the other draws a devastating picture.

Harmful financial flows exceed supporting ones by far.

Biodiversity harming and supporting financial flows (in billion USD; own calculations based on OECD, 2020[11] und Dasgupta, 2021[12])



Financial market particpants are prone to two different hazards: the potential physical consequences of biodiversity loss including crop failures or supply chain disruptions, and the enormous overhang of biodiversity-damaging financial flows that can become stranded assets[13] in the wake of ambitious environmental policies. Civil society pressure will also increase as the biodiversity crisis proceeds. This in turn can lead to reputational risks for financial market participants. Thus, liability risks cannot be neglected either.[14] The Network for Greening the Financial System (NGFS) concludes that nature-related risks can jeopardize financial market stability.[15]

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10 IDB. "An Amazon Tipping Point: The Economic and Environmental Fallout". 2021, publications.iadb.org/en/amazon-tipping-point-economic-and-environmental-fallout

11 OECD. "A Comprehensive Overview of Global Biodiversity Finance". 2020, oecd.org/environment/resources/biodiversityfinance.htm

12 HM Treasury. "The Economics of Biodiversity: The Dasgupta Review". 2021, gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review

13 "Stranded", suddenly unproductive assets.

14 Compare, e.g., current crackdowns on greenwashing; morningstar.co.uk/uk/news/226564/dws-and-the-global-crackdown-on-greenwashing.aspx

15 NGFS. "NGFS acknowledges that nature-related risks could have significant macroeconomic and financial implications". 2022, ngfs.net/en/communique-de-presse/ngfs-acknowledges-nature-related-risks-could-have-significant-macroeconomic-and-financial

„Financial institutions are exposed to biodiversity-related risks. Any loss of intact nature has a negative financial impact. If financial institutions want to remain successful, they must systematically integrate both climate and biodiversity protection into their core business. It is essential to do business with nature, not against it.“ — Lisa Simon (WWF), member of the Green Finance Alliance Advisory Council.

Financial reporting frameworks on nature and biodiversity

In response to these challenges, several initiatives have formed that seek to integrate the consideration of nature-related risks and opportunities into standardised reporting frameworks. Two examples are addressed in the following: the Taskforce on Nature-related Financial Disclosures (TNFD[16]) and the Partnership for Biodiversity Accounting Financials (PBAF[17]).

The TNFD is a market-based initiative that aims at better integrating nature-related risks and opportunities, as well as dependencies and impacts, into financial and economic decision-making. The final framework will be published in September 2023. The centerpiece of the framework constitutes the LEAP approach (Locate, Evaluate, Assess, Prepare). The four-step process consists of the following:

- Locate: collect ecosystem-specific data at all company sites, where company activities affect the surrounding nature e.g., through the discharge of process water.
- Evaluate: evaluate ecosystem service dependencies and impacts on affected ecosystems in relation to the company's business activities.
- Assess: derive and evaluate resulting risks and opportunities.
- Prepare: adjustments in business strategy and reporting resulting from the previous steps.

For financial companies, LEAP offers a flexible approach to the selection of the business line or field to be analysed, the entry point to the analysis, and its methodological scope. For example, a bank can take a specific look at its portfolio of corporate loans (or only part of that portfolio) to begin with. The analysis may be conducted based on the geographic location of the companies involved, with regard to the asset class or the ecosystems involved.

Another market based initiative is PBAF. PBAF aims at developing a standard for surveying biodiversity impacts and dependencies. The PBAF approach differs from TNFD's framework as it was developed explicitly for financial companies. Overall, the PBAF standard focuses on biodiversity issues and describes approaches to biodiversity impact assessment and biodiversity footprinting.

16 TNFD. "Taskforce on Nature related Financial Disclosures". 2023, tnfd.global
17 PBAF. "A Biodiversity Accounting Standard for the Financial Industry". 2023, pbafglobal.com/standard

PBAF proposes a stepwise approach to biodiversity impact assessment: It suggests to begin with the identification of high-risk sectors and companies in the portfolio, then to compare financing and investments in these sectors and companies with geolocated data. Companies are further advised to quantify the potential impacts of their financing and investments using footprint measurement, and to finally determine the actual impact on the ground.

A key challenge is the usability of the generated data. Unlike climate scenarios, the development of biodiversity scenarios is still in its infancy. As a result, financial firms may find it difficult to set science-based targets in this area. A potential solution may lie in the close collaboration between TNFD and NGFS to develop respective scenarios for the financial sector.

Expectations and outlook

Driven by regulatory developments at EU level, data availability on biodiversity-related issues is foreseen to improve greatly in the upcoming years. Nevertheless, the challenge will remain to adequately analyse, aggregate and interpret this data at the level of an investment or loan portfolio. As a next step, it is crucial to decide how to go about the results derived by a biodiversity assessment and how they may inform management decisions. Ultimately, there is an urgent need to integrate biodiversity considerations into every business area of any (financial) company in order to keep economic activities within the planetary boundaries[18] and thus effectively contribute to the conservation of our planet's life-support systems.

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18 Stockholm Resilience Centre. "The Nine Planetary Boundaries". 2023, stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html

Annex

The following table displays all criteria due by the end of 2022.

Table 3: Overview criteria

ID	Criterion
1.1.1.	Introduction of a climate strategy whose essential components are publicly accessible on the GF-Alliance member's website. The structure of the climate strategy should follow the "Guidelines on reporting climate-related information" of the European Commission, which has specified the following five core elements of reporting: Business model; policies and due diligence processes; outcomes; principal risks and their management; key performance indicators. The strategy should provide an overview of the priorities and objectives of the GF-Alliance member. The climate strategy should include the following criteria:
1.1.2	Climate mainstreaming: Presentation of the planned priorities for internalising the climate strategy at the company (for example, governance, risk management and continued education).
1.1.3.	Expanding green activities: Presentation of planned priorities for expanding green activities and mobilising capital for climate targets (as part of the product strategy or projects for example).
1.1.4.	Remuneration policy: Presentation of how the climate strategy (in particular climate risks) are included in the remuneration policy of the GF-Alliance member.
1.1.5.	KPIs and targets: Introduction of climate-relevant KPIs and short, medium and long-term company-specific objectives based on these KPIs. Achieving these targets should make a relevant contribution to aligning core business with the 1.5 °C target. If climate scenarios are used, they must be aligned with a 1.5 °C scenario with no or low overshoot. Measures to achieve the targets should be outlined.
1.1.6.	Transition plan: Transition plans should reflect how the company intends to achieve the climate-relevant company-specific objectives. This includes planned measures and initiatives.
1.1.7.	Operational ecology: The strategy for operational ecology must be presented separately from the strategy for core business to ensure that a clear distinction is obvious.
1.3.1.	Introduction of an engagement strategy whose essential components are publicly accessible on the GF-Alliance member's website. The engagement strategy can be integrated into the climate strategy or be published in another document or as a separate document.

ID	Criterion
1.3.2.	In accordance with the agenda of the Climate Action 100+ initiative, the climate-related engagement efforts of the GF-Alliance member should be aligned with the following „three asks“ for the target orientation: • Implementation of a strong governance framework which clearly articulates the board’s accountability and oversight of climate change risk. • Action to reduce GHG emissions across the value chain, consistent with the Paris Agreement’s climate targets. • Enhancement of corporate disclosure in line with the final recommendations of the TCFD and sector-specific Global Investor Coalition on Climate Change (GIC) guidelines. The engagement strategy should include the following criteria:
1.3.3.	Disclosure of the climate-related engagement approach used and engagement activities, such as: use of external service providers, participation in international initiatives, company meetings, statements specific to climate targets at annual general meetings, voting behaviour, and direct letters to the company
1.3.4.	Disclosure of the approach to prioritising companies to achieve climate engagement, such as: • Prioritising companies with the highest GHG emissions • Prioritising certain GHG-intensive sectors and regions • Prioritising based on PACTA or SBTi evaluations • Prioritising based on the GHG footprint results based on the PCAF standard
1.3.5.	Measurement of success: What qualitative and/or quantitative metrics are used to measure the success of climate engagement activities, for example: • The company’s governance framework, which clearly articulates the board’s accountability and oversight of climate change risk, has improved. • The company has set climate targets compatible with the Paris Agreement and decided on a clear strategy for decarbonisation. • The company’s climate reporting has improved. • The company discloses its GHG emissions in accordance with the GHG Protocol (including Scope 3, where relevant)
1.3.6.	Consequences: What measures and escalation levels are used if climate engagement activities are not successful over a specific period of time (such as public letters, restricting customer relationships, voting behaviour or divestment)?
1.3.7.	Additional criterion for equity positions in investment portfolios: Voting strategy: • Who is responsible for voting decisions? (Portfolio managers? Is there a central department?) • Are proxy-voting providers used? If so, who? • Disclosure of general principles and criteria that are crucial for voting behaviour. • Disclosure of specific principles and criteria that are relevant to voting behaviour in climate issues. • If external asset managers are contracted, does the voting strategy apply to them?

ID	Criterion
1.5.1.	Members must make no new investments in or provide new funding for (investment and lending portfolio) or provide insurance for (underwriting portfolio) companies that generate more than 5 per cent of their turnover from activities in the coal sector (exploration, processing and production, distribution, conversion to electricity, heat production). Companies that do not invest in expanding their coal infrastructure are excluded. If the data needed to evaluate expansion is not available to the GF-Alliance member, companies must publicly commit to decarbonising their core business in line with the Paris Agreement.
1.5.2.	Members must make no new earmarked investments in or provide new earmarked funding for (investment and lending portfolio) or provide insurance for (underwriting portfolio) new coal projects involving activities in the coal sector (exploration, processing and production, distribution, conversion to electricity, heat production) that aim to expand coal infrastructure.
1.5.4.	Introduction of a guideline for coal, which includes a phase-out strategy disclosing the objective to phase out coal by 2030 (primarily in terms of existing portfolio positions). The guideline must include intermediate targets. The guideline can be integrated into the climate strategy or published in another document or as a separate document on the GF-Alliance member's website.
1.6.2.	Members must make no new earmarked investments in or provide new earmarked financing for (investment and lending portfolio) or provide insurance for (underwriting portfolio) new unconventional oil projects (shale oil, oil sands and Arctic oil) involving activities in the oil sector (exploration, production, processing, distribution, conversion to electricity, heat production) that aim to expand the oil infrastructure. Business activities possibly in compliance with EU taxonomy are excluded.
1.6.5.	Introduction of a guideline for oil, which includes a phase-out strategy disclosing the objective to phase out oil by 2030 (primarily in terms of the decarbonisation strategy for existing portfolio positions in oil companies). The guideline must include intermediate targets with clear specifications. The guideline can be integrated into the climate strategy or published in another document or as a separate document on the GF-Alliance member's website.
2.1.2.	The climate strategy (1.1) should disclose the method used and include more details and an outlook for implementing the method.
2.1.5.	In addition to the long-term target dimension, five-year intermediate targets for portfolio coverage should also be set (2025, 2030 and 2035) and published in the climate strategy (1.1) as part of the presentation of KPIs and targets. Intermediate targets can be both qualitative and quantitative and can refer to individual areas of business or sectors. However, the intermediate targets should make a relevant contribution to continuous improvement of the portfolio alignment with the aim of reaching the 1.5 °C target. If climate scenarios are used, they must be aligned with a 1.5°C scenario with no or low overshoot.
3.1.2.	The climate strategy (1.1) discloses measures (ideally divided into short, medium and long-term) that are planned to align the underwriting portfolio with the 1.5 °C target.

ID	Criterion
3.1.4.	In addition to the long-term target dimension, five-year intermediate targets for portfolio coverage should also be set (2025, 2030 and 2035) and published in the climate strategy (1.1) as part of the presentation of KPIs and targets. Intermediate targets can be both qualitative and quantitative and can refer to individual areas of business or sectors. However, the intermediate targets should make a relevant contribution to continuous improvement of the portfolio alignment with the aim of reaching the 1.5 °C target. If climate scenarios are used, they must be aligned with a 1.5 °C scenario with no or low overshoot.
5.1.1.	Introduction of a travel policy to account for climate aspects in business travel (avoiding, reducing and compensating for emissions)
6.1.3.	Introduction of a guideline for energy production (electricity, heat and process energy) from nuclear fission, which includes a phase-out strategy as described in 6.1.2 disclosing the objective to phase out nuclear power by 2035 (including in terms of the phase-out strategy for existing portfolio positions in companies that operate in the areas described in 6.1.1). The guideline must include intermediate targets with clear specifications.
6.2.1.	Introduction of a guideline relating to the compliance with standards on minimum social safeguards and establishment of the processes and measures needed to do so. The guideline can be published as a separate document or as part of another document and should be published on the GF-Alliance member's website.

Note: Changes made in the current version of the list of criteria compared to the previous version are marked in red. However, these changes have to be implemented only by the end of 2023.

Contacts

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