

Green Finance Alliance: Together towards 1.5°C

Progress report 2024



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Foreword

The Green Finance Alliance (GFA) has entered its third year and continues to be the leading Austrian initiative for future-oriented financial companies. With ambitious implementation criteria and annual monitoring by independent experts, the GFA is the first government-led initiative of its kind to play a pioneering role globally.

The GFA breaks down the long-term 1.5°C Paris climate target for financial companies into concrete, short-term measures. Thereby, it outlines a practical way to achieve the Paris climate targets. Annual climate reporting and the gradual phasing out of coal, oil and gas in the core business constitute the framework.

Not only the climate crisis, but also the second major ecological challenge of our time, the loss of biodiversity, requires decisive action. This is why the GFA is dedicating a new focus to biodiversity. Although the area is receiving increasingly more attention from the financial sector, the implementation of biodiversity criteria for financial companies is still in its infancy. Therefore, the GFA is expanding its expertise in this area.

A great deal has happened in the GFA, and the upcoming year remains equally dynamic. In this second progress report, we invite our readers to learn about the aggregated evaluation results of the members, the new addition to the initiative, implemented flagship projects and our plans for the coming years.



Federal Minister
Leonore Gewessler

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Green finance drivers: regulatory developments

The Paris Agreement stipulates that financial flows must be aligned with low-emission and climate-resilient development. Austria is already implementing a number of concrete measures embedded in the EU Sustainable Finance Strategy.

The European Union wants to achieve climate neutrality by 2050. Austria has set itself the same target by 2040. The transition to a sustainable economy requires the mobilisation of considerable financial resources. According to a study conducted by the Environment Agency Austria in 2022, additional investments of around 16.2 billion euros per year will be required in Austria in the areas of mobility, buildings, energy and industry by 2030 in order to achieve the 2030 climate and energy targets. These funds cannot be raised exclusively by public finance. The financial system must play a central role in climate protection, which requires a clear political framework. Therefore, the Austrian Green Finance Agenda, which was published in autumn 2023, was developed by the Ministry for Climate Action (BMK) and the Ministry of Finance (BMF) with the involvement of relevant stakeholder groups. The Green Finance Agenda provides a framework for measures, initiatives and instruments in the area of green finance. Some have already been implemented successfully, while others are currently being enforced.

Activities in Austria

Green financing instruments of the Republic of Austria

Following the first government Green Bond in May 2022, the Republic of Austria issued further green financing instruments with an issue volume of 5.5 billion euros in 2023 in accordance with the Green Bond Framework. The aim of these instruments is to involve institutional investors in the financing of environmentally and climate-relevant measures, as the proceeds finance climate and environmental projects in Austria. The projects financed in 2023 will lead to a total reduction/avoidance of 4.4 million tons of greenhouse gas emissions over their lifecycle. In the areas of renewable energy and energy efficiency, the projects enabled annual energy savings of 1.5 million megawatt hours (MWh). Most recently, in April 2024, Austria launched the „Green Bundesschatz“ product, the world's first green product from a country in direct distribution for euro-private investors. Further details can be found on the OeBFA website: [Green Government Securities](#).

Imparting knowledge and creating expertise: green financial literacy

Green finance constitutes a priority topic in the Austrian financial literacy strategy. The activities of the BMK focus on integrating this topic into existing education and training formats for different target groups. One focus involves building knowledge in schools by providing teaching and working materials. The activities further seek to improve the skills and the understanding of experts whose decisions have a direct impact on the core business of financial companies. Therefore, the Ministry for Climate Action published a brochure for financial experts at the beginning of 2024: [Green Finance – a sustainable financial market for the green transformation](#).

Austrian Ecolabel: a label for sustainable financial products

The Austrian Ecolabel for Sustainable Financial Products (UZ 49) certifies those financial products that are more sustainable than comparable products on the market due to their investment strategies and management processes. The selection criteria for a sustainable financial product, the quality requirements and the selection process as well as transparency requirements constitute the key criteria of the UZ 49 guideline, which were revised and tightened last year. In addition to sustainable fund products, green bonds, sustainable savings and current account products, green loans can now also be certified with the label. Additionally, a binding taxonomy criterion was introduced for the first time and engagement requirements were expanded. Thus, it is now possible to earn bonus points by implementing impact measures. Further information can be found on the website of the Austrian Ecolabel: [Sustainable Financial Products UZ 49](#).

Regulatory developments in the EU

Regulation at a European level is a key basis for Austrian initiatives and defines the central set of rules for financial market participants. The Sustainable Finance Strategy of the European Commission (EC) contains measures that support the transition of the financial system to a sustainable, climate-neutral economy. The aim is to achieve the objectives of the European Green Deal. Two key cornerstones are the EU Taxonomy Regulation and the Corporate Sustainability Reporting Directive (CSRD).

EU Taxonomy Regulation

The EU Taxonomy Regulation obliges financial market players and large companies to disclose taxonomy-eligible and taxonomy-aligned turnover, capital expenditures (CapEx) and operating expenditures (OpEx). The first delegated act on climate-related environmental targets has been applicable since the beginning of 2022: It sets out criteria for economic activities that make a significant contribution to the environmental objectives of „climate change mitigation“ and „climate change adaptation“. In June 2023, the European Commission published the delegated act for the technical screening criteria for the remaining four environmental objectives (water and marine resources, circular

economy, pollution prevention/reduction, biodiversity and ecosystems) based on the recommendations of the EU Platform on Sustainable Finance, which entered into force in January 2024.

General information EU Taxonomy

General information on the EU Taxonomy Regulation can be found on the BMK website: [EU Taxonomy Regulation](#).

Corporate Sustainability Reporting Directive

In comparison to the Non-financial Reporting Directive (NFRD), which was replaced by the Corporate Sustainability Reporting Directive (CSRD), the CSRD expands the content-related requirements for mandatory reporting. Supplementary reporting standards (European Sustainability Reporting Standards, ESRS) concretise these report contents through two general, cross-cutting standards („conceptual frameworks‘), ESRS 1 and ESRS 2, as well as specific standards on the three ESG areas of environment, social and governance.

Under the CSRD, only the large companies covered by the NFRD will initially have to report for the first time in 2025 for the financial year 2024. The scope of application will be gradually expanded so that other large companies (for the first time in 2026) and listed small and medium-sized enterprises (SMEs, for the first time in 2027¹) will be required to report. Subsidiaries in the EU, whose parent companies are subject to the law of a third country, will also be required to report in the future (for the first time in 2029). In addition, auditors must carry out the audit of the non-financial statement with limited assurance.

Further information

Further information on disclosure requirements and the CSRD can be found on the BMK website: [Disclosure requirements](#).

1 The first report is planned for 2027, but includes an opt-out option. Therefore, listed SMEs can also prepare their first sustainability report for 2028.

The Green Finance Alliance at a glance

The GFA is an internationally unique pioneering initiative that is taking an important step towards a climate-friendly future for the Austrian financial market. Experts accompany the financial companies on their path to climate neutrality.

In May 2022, the BMK launched the GFA to gradually align the domestic financial market with the 1.5°C climate target. Banks, insurance companies, pension funds, corporate provision funds and investment companies can join the GFA. In doing so, they voluntarily commit to making their core business greenhouse gas-neutral and to expanding green products and activities. The GFA is one of the world's first government-led initiatives, which combines a financial company's voluntary commitment to the Paris climate goals with the fulfilment of specific criteria for its core business. With the ongoing alignment of the content of the criteria catalogue with scientific developments, the GFA continues to advance in its pioneering role.

Anchoring climate protection in the core business

The GFA helps to raise awareness of climate risks and build resilience on the basis of a science-based and transparent criteria catalogue. This provides members with guidance to help them to move more quickly from strategy to implementation. They also receive support through regular exchanges with experts from the BMK and the Environment Agency Austria. By conducting an annual monitoring process, the GFA makes sure members are meeting the criteria.

In the first year of membership, financial companies must develop their climate and engagement strategy. This strategy lays the foundation for achieving the objectives of the GFA. From the second year onwards, members must describe in detail in their annual climate and engagement reports how previously defined measures are implemented. Progress is evaluated during the annual monitoring process, which seeks to ensure that the climate performance of the core business is disclosed.

Phasing out fossil fuels step by step

GFA members are required to phase out coal and oil by 2030 as well as to phase out 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. On the way, financial companies are gradually phasing out climate-damaging activities and supporting their customers in the sustainable restructuring of their business activities.

The GFA criteria also include requirements for the expansion of green activities – in particular to promote the use of renewable energy. Sustainable behaviour is also required within the company itself. This includes, for example, the use of green electricity, the introduction of an environmental management system (EMAS), a climate-friendly travel policy and sustainable procurement.

Goals of the GFA

The activities of the GFA are based on six target dimensions, five of which relate to the core business of financial companies and one of which is aimed at operational ecology. The core business is divided into two fields of action, while operational ecology represents a separate field of action. This results in the following three fields of action, each of which comes with specific measures and criteria: investment and lending portfolio, underwriting portfolio (core business) as well as operational ecology.

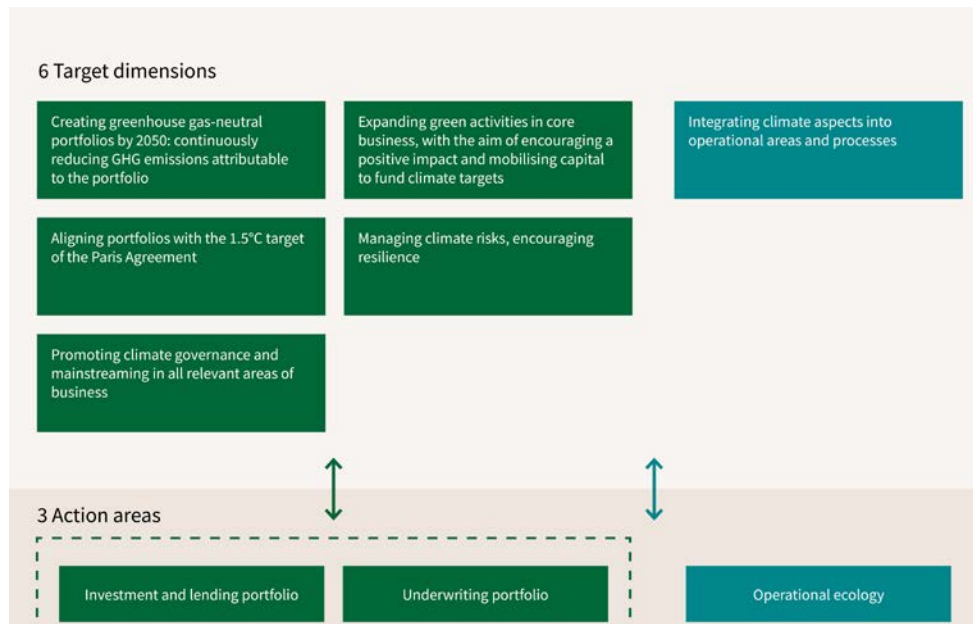
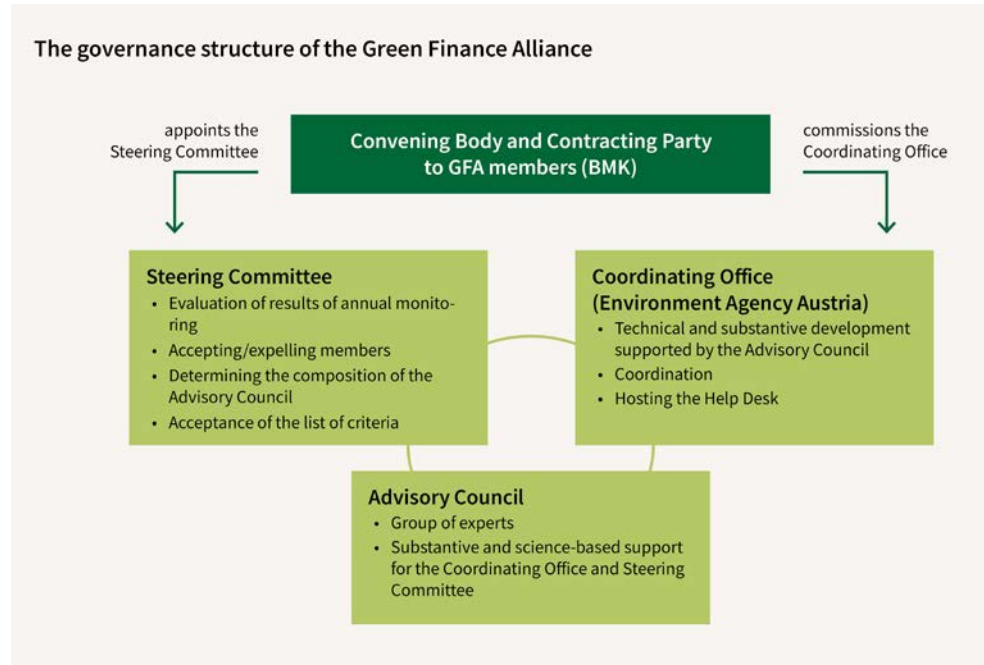


Figure 1
From core business to operational ecology: Clear target dimensions and fields of action are defined in the GFA.

Governance structure

The governance structure of the GFA consists of different organizational units with defined roles and areas of responsibility.

Figure 2
The governance structure, which is independent of the members, is one of the initiative's unique features.



Convening Body

The BMK is the convening body for the GFA. It is responsible for the strategic management of all GFA activities and for the contractual implementation. The BMK appoints the Steering Committee and assigns it decision-making authority. It commissions the Coordinating Office with the technical and content-related support of the initiative and is the contractual partner of each individual GFA member. Within the BMK, the Department for Green Finance and Sustainable Economy (VI/3) is responsible for the initiative.

Steering Committee

The Steering Committee is appointed by the Convening Body and consists of employees of the BMK and possibly third parties with expert knowledge (e.g. employees from other federal ministries). It is responsible for assessing the evaluation results of the annual monitoring, the admission of new members, the exclusion of existing members, the composition of the Advisory Council and the revisions of the criteria catalogue.

Members of the Steering Committee

- Jürgen Schneider, Head of Section VI – Climate and Energy, BMK
- Andreas Rajchl, Head of Department VI/3 – Green Finance and Sustainable Economy, BMK

- Caroline Vogl-Lang, Department VI/3 – Green Finance and Sustainable Economy, BMK
- Angelika Schlögel, Group III/B – Financial Markets, BMF

Coordinating Office

The Coordinating Office is responsible for the further development, operational implementation, coordination and hosting 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.



Figure 3
The GFA experts of the Convening Body and Coordinating Office; From left to right: Petra Ambros (BMK), Natalie Glas, Paul-Simon Glade, Nina Meyer, Christoph Frischer (Environment Agency Austria), Mabel Reitbauer (BMK), Stephan Li, Hannah Bartels (Environment Agency Austria), Caroline Vogl-Lang (BMK), Pedram Payami (Environment Agency Austria)
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Advisory Council

The GFA Advisory Council primarily supports the initiative in its science-based development and methodological issues. It consists of national and international green finance experts. These include, for example, representatives from universities, non-university scientific institutions, international initiatives as well as interest groups and NGOs. As a purely advisory body, the Advisory Council has no decision-making authority. The current 14 members can be found on the GFA website: [Members of the GFA Advisory Council](#).

Observer Group

Since the initiative was founded, various stakeholders have shown great interest in the GFA. Therefore, the GFA Observer Group was set up in February 2023 to ensure a regular exchange on GFA developments. There are currently over 60 observers from more than 35 different institutions, including financial companies, consulting firms and NGOs. Last year, the GFA experts presented the latest news on the initiative during two observer webinars.

Members in the spotlight

As pioneers, our members are driving the domestic financial market towards climate protection: 11 members, from regionally anchored to internationally active financial companies, show how every financial company can make its contribution to climate protection.

The members of the Green Finance Alliance

Six banks, two insurance companies, two corporate provision funds and one pension fund: The members of the GFA cover a broad spectrum of the Austrian financial market. In May 2024, Sparkasse Pöllau was accepted as the newest and first member from the Savings Banks Association.

Figure 4
The GFA initiative in figures



Allianz Austria

Allianz Austria is one of the country's leading insurance companies and part of the Allianz Group, which operates in almost 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 through 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 aims at responsibly investing all capital contributions paid into the legally mandated employee provision fund system in Austria, while generating a positive impact. fair-finance Vorsorgekasse is part of the Sinnova Group and currently manages around 1 billion euros in assets for almost 570,000 beneficiaries.

HYPO Oberösterreich

HYPO Oberösterreich has been in business for over 130 years and is one of the longest-standing banks in Austria. With total assets of 8.7 billion euros, it is one of the 20 largest financial companies in Austria. It is the main bank of the state 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.



Figure 5
Within the member companies, the sustainability and ESG experts, in particular, are those who are ambitiously driving the GFA forward. From left to right: Michaela Attermeyer (VBV-Vorsorgekasse AG), Caroline Vasconcelos Damitz and Andreas Hohensasser (Raiffeisenbank Günskirchen), Jürgen Flicker (Sparkasse Pöllau), Roman Jost (UniCredit Bank Austria), Johannes Kielhofer (Sparkasse Pöllau), Gunter Hanel (Allianz Elementar Versicherung), Sabrina Eder (UniCredit Bank Austria), Hans-Jörg Preining (HYPO Oberösterreich), Elisabeth Wagner (UNIQA), Jürgen Schneider (BMK), Tiina Heinberg and Bettina Riedl (VBV-Pensionskasse)
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Raiffeisenbank Günskirchen eGen

The independent bank Raiffeisenbank Günskirchen is active with five branches within and outside of the region. The „Umweltcenter“ (environmental center) 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 Günskirchen. As a green bank, it attracts the interest of environmentally conscious investors from all across Austria.

Raiffeisen Landesbank Vorarlberg

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.

Sparkasse Pöllau – the newest member of the GFA

Founded in 1872, Sparkasse Pöllau AG is an independent savings bank owned by the Sparkasse Pöllau private foundation. In 2003, the municipal savings bank was transformed into a public limited company with a charitable savings bank foundation. Sparkasse Pöllau is aware of the impacts on the environment and its responsibility towards it. For this reason, it defined sustainable measures in the areas of environment, social affairs and governance as a guideline for its daily activities at an early stage.

Joining the Green Finance Alliance is the perfect opportunity for us as a bank to work with experts to gradually make our portfolio climate-neutral. This membership offers us enormous added value, as we can draw on the existing expertise and experience of this initiative and receive the best possible support for the green transformation.

– Johannes Kielnhöfer and Jürgen Flicker, Board Directors of Sparkasse Pöllau

UniCredit Bank Austria

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

UNIQA Insurance 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 21,000 employees and exclusive sales partners, it serves almost 17 million customers in 17 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 to 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 investments, most recently in accordance with 'Paris-aligned' index criteria.

VBV-Vorsorgekasse

VBV-Vorsorgekasse is the largest corporate 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 catalogue of criteria.

Table 1: GFA members and their publications. Note: Whether climate-related publications have already been published depends on the start date of the GFA membership.

Member	Type	Member since	Climate strategy/report and other climate-related publications
Allianz Elementar Versicherung	Insurance company	2022	Website climate strategy/report and publications
BKS Bank	Bank	2022	Website climate strategy/report and publications
fair-finance Vorsorgekasse	Corporate provision fund	2022	Website climate strategy/report and publications
HYPO Oberösterreich	Bank	2022	Website climate strategy/report and publications
Raiffeisenbank Gunkskirchen eGen	Bank	2022	Website climate strategy/report and publications
Raiffeisen Landesbank Vorarlberg	Bank	2023	Website climate strategy and publications
Sparkasse Pöllau	Bank	2024	due 2024
UniCredit Bank Austria	Bank	2022	Website climate strategy/report and publications
UNIQA Insurance Group	Insurance company	2022	Website climate strategy/report and publications
VBV-Pensionskasse	Pension fund	2022	Website climate strategy/report and publications
VBV-Vorsorgekasse	Corporate provision fund	2022	Website climate strategy/report and publications

Creating impact through sustainable projects

From climate-friendly construction and renewable energy solutions to the expansion of green investment products: With concrete green projects, our GFA members demonstrate how active climate protection can work when ambitious financial companies get involved.

The projects presented here are examples of the many activities that our members are working on day to day to drive forward the green transformation. The three lighthouse projects were also presented at the GFA Impact Day. In the following section, members report on selected successful projects.

Sustainable real estate financing: HYPO Oberösterreich and the Free City

HYPO Oberösterreich is an enabler for sustainable real estate financing. The Free City in Freistadt, for example, is a flagship project in climate-friendly construction with state-of-the-art renewable energy solutions and storage options. Margit Märzinger, Sustainability Manager at HYPO Oberösterreich, gives insights into the project:

- The project impressed us because it is self-sufficient, free of CO2 emissions and free of restricted perspectives. As HYPO Oberösterreich, we were enthusiastic about it right from the start. It shows that climate-neutral construction and operation of buildings is possible! Unfortunately, there is still often a lack of courage to finance innovative and climate-neutral projects.
- The project's greatest moment of success for us was the commissioning. Here, we were able to see what can become of an idea and a good concept. Walter Kreisel as the mastermind and his colleagues, employees and many customers bring the necessary conviction and strategic vision to this topic.
- Our advice to other financial companies when implementing sustainable projects is to think in new and different ways. This is the only way we will succeed in the transformation to a green(er) economy.



Figure 6
The climate-friendly Free
City lighthouse project in
Freistadt, Upper Austria
©Free City

Green bond for the energy transition: BKS Bank and Kelag

In 2023, BKS Bank issued a green bond for private investors to finance photovoltaic systems (PV systems) in Carinthia. These PV systems are built by the energy service provider Kelag to generate electricity in the region. Karl-Heinz Samonig, expert on sustainable investments at BKS Bank, presents the project:

- The project impressed us because phasing out coal, oil and natural gas is one of the most important key factors in limiting global warming. Kelag is taking an important step in this direction with the installation of PV systems with an output of 8.6 megawatts peak (MWp).
- The greatest success of the project for us was the high interest shown by investors, as the green bond was successfully positioned within a few weeks with a total volume of 8 million euros. We were also particularly pleased with the bond's excellent rating of A- on a scale of A+ to C-.
- Our tips for other financial companies on implementing sustainable projects:
 - Prepare well, choose your cooperation partners carefully and always keep an eye on the long-term effects of the project.
 - Have experts accompany you and externally confirm the sustainability of the project. This increases credibility.
 - Keep at it despite the hurdles that inevitably arise over the course of a project. We all have to do our bit to keep this world worth living in.

Figure 7
Members of the Management Boards of BKS Bank and Kelag. From left to right: Nikolaus Juhász (Chairperson of the Management Board of BKS Bank), Herta Stockbauer (Chairperson of the Management Board of BKS Bank [until 30.06.2024]) and Danny Güthlein (Member of the Management Board of Kelag) © Helge Bauer



Sustainable infrastructure financing: Raiffeisenbank Gunkirchen and Well Pack

The best-practice example of Raiffeisenbank Gunkirchen shows the impact of sustainable infrastructure financing for the company Well Pack. Among other things, a PV system was implemented at the Wels site of Well Pack and a solar thermal system in Bad Fischau. Andreas Hohensasser, CEO of Raiffeisenbank Gunkirchen, on the success story:

- The project impressed us because we see Well Pack as a real hidden champion in the circular economy segment. They are helping to accelerate the phasing out of disposable cardboard packaging in the food retail sector. By financing the PV and solar thermal system, we are helping Well Pack not only to bring more sustainability to packaging in the food retail sector, but also to be more energy-efficient and sustainable at its own company sites.
- The greatest moment of success for us was that we were able to contribute our experience as a sparring partner in eco-financing to maximise sustainable impact.
- Our tips for other financial companies when implementing sustainable projects are: Keep at it, don't shy away from analysing new business models and explore new paths together with customers.

Activities and highlights 2023/2024

From Vienna, Linz and Gunskirchen to Bregenz and Klagenfurt: The GFA has built up a great deal of expertise among its members throughout Austria in recent years. For the GFA team, the ongoing exchange is valuable for the further development of the initiative.

Regular dialog and content-related support are central core elements and unique selling points of the GFA. This can also be tracked quantitatively: Since the last progress report in June 2023, numerous member formats have been offered – including six webinars and two full-day member workshops. In addition, the Coordinating Office has held many expert discussions as part of the GFA Rail Shows, i.e. on-site visits to members.

New specialist publications support members

In autumn 2023, the GFA handbook was revised and published as Handbook 3.0, supplemented by a shortened version in English. The list of criteria was also updated and expanded. New topics include the advisory business in the capital market/loan sector and the calculation and disclosure of insurance-related emissions. Although GFA members have no influence on the determination of criteria, they are prepared in advance for the introduction of new criteria.

The Coordinating Office develops the content revisions of the criteria catalogue independently of the members. Discussions with the experts on the GFA Advisory Council and the Convening Body are particularly important here. The revisions are then discussed and agreed with the Steering Committee.

A series of new publications provides members with the best possible support in implementing the criteria. Guidelines were developed as detailed orientation for implementing the criteria for phasing out oil in road transport and decarbonising the real estate lending portfolio. The factsheets, in turn, serve as a basis for a climate-related dialog with private and business customers.

New publications 2023/2024

- Guideline for phasing out fossil fuels in road transport
- Guideline for aligning the real estate lending portfolio with the 1.5-degree Paris target
- Factsheets “Climate crisis and the financial sector” – in each case, for banks, insurance companies, corporate provision funds and pension funds

Events and exchange formats for members and stakeholders

The transformation of the core business of financial companies requires a clear vision from the highest level. In February 2024, the Federal Minister for Climate Action, Leonore Gewessler, and the CEOs of GFA members met at the annual GFA High-Level Meeting. Opportunities and remaining challenges in the strategic implementation of climate protection were discussed. The meeting was accompanied by a keynote speech by Jesica Andrews, Head of Climate Accountability at the United Nations Environment Programme Finance Initiative (UNEP FI). Her input on setting and implementing climate targets in the financial sector delved into the current challenges and trends in this area.

Figure 8

The participants in the GFA High-Level Event. From left to right: Markus Zeilinger, David Stadlmayr (fair-finance), Gunter Hanel (Allianz), Herta Stockbauer and Nikolaus Juhász (BKS Bank), Leonore Gewessler, Gernot Heschl (VBV-Pensionskasse), Jesica Andrews (UNEP FI), Robert Zadrazil (Bank Austria), Manfred Miglar (Raiffeisen Landesbank Vorarlberg), Jakob Behrent (BKS Bank), Andreas Brandstetter (UNIQA), Andreas Hohensasser (Raiffeisenbank Gunkirchen), Andreas Rauter (UNIQA) © BMK/Viktoria Miess



Annual “Impact Day” event

The GFA’s annual event took place on May 14, 2024 for GFA members, interested stakeholders and the media. This year’s event was all about impact: Three members presented their successful projects together with partners from the real economy (more on this in the section [Creating impact through sustainable projects](#)). The accompanying panel discussion focused on issues relating to impact in the financial sector. In addition to representatives of our members, Jakob Thomä (Co-Founder and Research Director of Theia Finance Labs) and Jürgen Schneider (Head of the Climate and Energy Section at the BMK) took part. The official acceptance of Sparkasse Pöllau in the GFA, which was represented by its entire sustainability team, was also particularly welcomed. Another current topic in the initiative was highlighted with a scientific perspective: Nathalie Borgeaud from the Taskforce on Nature-related Financial Disclosures (TNFD) gave a current overview on biodiversity and its integration in the financial sector.



Figure 9
The panel discussion at the GFA annual event “Impact Day”. The GFA Impact Day panel discussion (from left to right): Hans-Jörg Preining (Head of Sustainability & Securities HYPO Oberösterreich), Michaela Attermeyer (Member of the Management Board VBV-Vorsorgekasse), Jürgen Schneider (Head of the Climate and Energy Section at the BMK), Jakob Thomä (Theia Finance Labs), Bettina Kerschbaumer (Moderator) © annarauchenberger.com/Anna Rauchenberger

New member formats to strengthen the development of expertise

In 2023, the focus for the founding year members was on implementing the climate strategies they had published in the previous year. The GFA supported the implementation process with two new additional member formats.

Start of the GFA Rail Shows

The implementation of the climate strategy in financial companies goes far beyond the involvement of the sustainability departments. From the management board to the division heads to sales, all stakeholders must be aware of the strategy and informed about the steps to be implemented. This is the only way to successfully integrate the climate strategy into the DNA of a financial company. The GFA helps sustainability departments to communicate this content through a new format: At the GFA Rail Shows, experts from the Convening Body and the Coordinating Office visit financial companies on site. In this way, exchanges can be held with different departments, according to the needs of the members. Bregenz, Klagenfurt, Linz and Gunskirchen were the first Rail Show stops. In the coming months, the Rail Show will continue.

Launch of the GFA Academy

The GFA Academy aims at enhancing the expertise of members' employees. Tailor-made content supports the targeted transfer of knowledge – from the role of the financial sector in climate protection to the GFA criteria catalogue. The roll-out is planned for autumn 2024. Further information can be found on the website: [Green Finance Alliance Academy](#)

Changes and activities in the organizational units

As the new head of the Department for Green Finance and Sustainable Economy at the BMK, Andreas Rajchl took over Stefan Sengelin's role on the Steering Committee. Angelika Schlögel (Group III/B – Financial Markets, BMF) was appointed as a new member of the Steering Committee, following the retirement of Alfred Lejsek. In this way, the BMF will continue to be represented on the GFA Steering Committee by an experienced expert. Since the last progress report in June 2023, a total of five meetings have been held, in which the Steering Committee was informed about current developments in the initiative and passed numerous resolutions.

The GFA Advisory Council also continues to grow and welcomes new experts: Based on the new cooperation between the GFA and the UN-convened Net-Zero Asset Owner Alliance, Jesica Andrews and Claudia Florowski have joined the Advisory Council as representatives of UNEP FI. In addition, the Taskforce on Nature-related Financial Disclosures (TNFD) joined the Advisory Council. Their expertise is of great importance in the field of biodiversity. In addition to the two Advisory Council meetings in autumn

2023 and spring 2024, numerous bilateral expert discussions were conducted with individual Advisory Council members. The purpose of these discussions was primarily to delve into the technical subjects on which the Coordinating Office is working for the further development of the criteria catalogue.

In order to maintain the high professional standard of the GFA and to cover new topics accordingly, the core team of the Coordinating Office has also been expanded.

Intensified stakeholder activities to scale GFA content

As a pioneering initiative, the GFA is interested in sharing the published content with different stakeholder groups to leverage its work. At the same time, the exchange formats provide the initiative with important input and suggestions for further development. The GFA uses an institutionalised exchange with stakeholders for this purpose. In addition, the GFA team is constantly taking advantage of opportunities to present the GFA's content at national and international level in presentations, panel discussions and webinars.

Observer Group continues to grow

The Observer Group, which has grown to over 35 institutions and almost 60 observers, is an important format for keeping domestic stakeholders and, in particular, interested financial companies (that are not yet part of the GFA) up to date on developments in the initiative. For this reason, two webinars have been held since last summer, in which the latest developments in the GFA were presented and questions answered. A new feature is the proactive offer to observers to take advantage of in-depth bilateral discussions with the Coordinating Office if required.

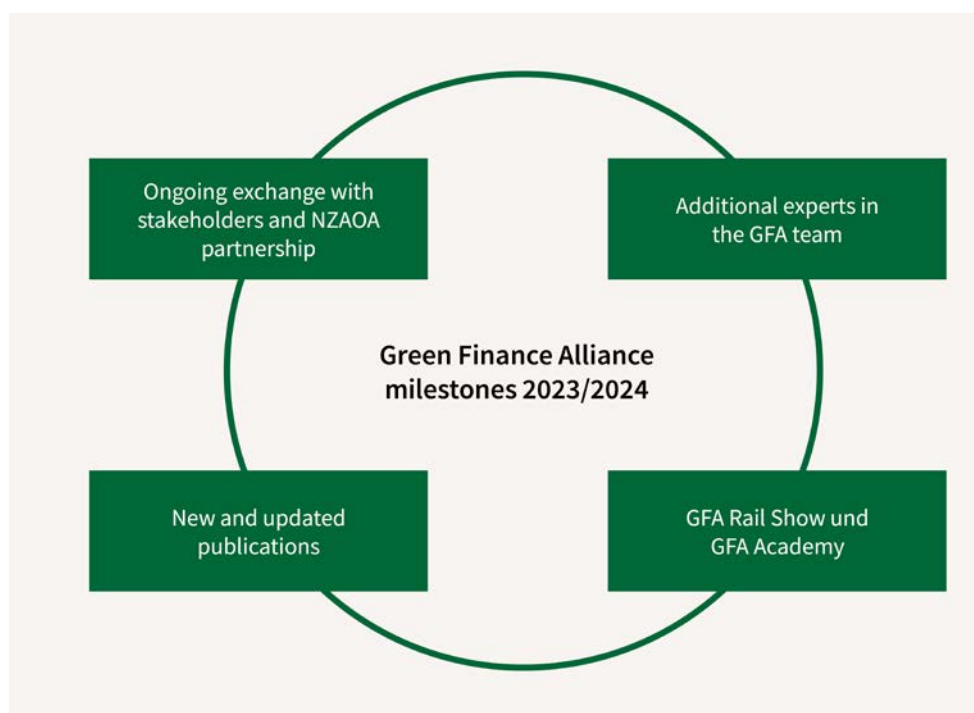
For the first time: NGO Roundtable

Environmental organisations from the NGO sector are an important stakeholder group for green finance. Through their own reports and analyses of the financial market, they provide an important base for demanding climate protection from financial companies. Transparency is a key concern of the GFA. For this reason, an NGO roundtable was organised in February 2024, in which representatives of six environmental organisations and initiatives took part. The exchange enabled the participants to present their own activities and gain an overview of the priorities of the other NGOs. The GFA was also discussed, in particular the handling of fossil fuels. As a result of the positive feedback, further NGO roundtables are planned for the future.

Cooperation with UN-convened Net-Zero Asset Owner Alliance

As one of the world's largest climate protection initiatives in the financial sector, the Net-Zero Asset Owner Alliance (NZAOA) is an important point of reference in the field of green finance. The initiative, which is coordinated by UNEP FI, is led by its members, primarily insurance companies and pension funds. It has the same long-term goal as the GFA: to achieve climate neutrality. The GFA has been an official supporter of the NZAOA since April 2024. As a pioneering government-led initiative, the GFA will now enter into an institutionalised dialogue with the NZAOA. This creates the basis for promising co-operation and a mutual exchange of experience.

Figure 10
GFA milestones 2023/2024



The evaluation process at a glance

Transparent, member-independent and resource-efficient: Monitoring the implementation of criteria is one of the core elements of the GFA. The evaluation process is kept as simple as possible for members.

The GFA evaluation process is characterised by its granularity and high level of transparency. It is important to note that the evaluation is not comparable with a due diligence review. This is because the fulfilment of the criteria is primarily checked on the basis of the disclosed information. No additional internal company checks or further analyses are carried out. Despite the mandatory nature of the monitoring, this process is an interactive dialogue between the Coordinating Office and the financial company. The added value for members is the independent, serious assessment by experts.

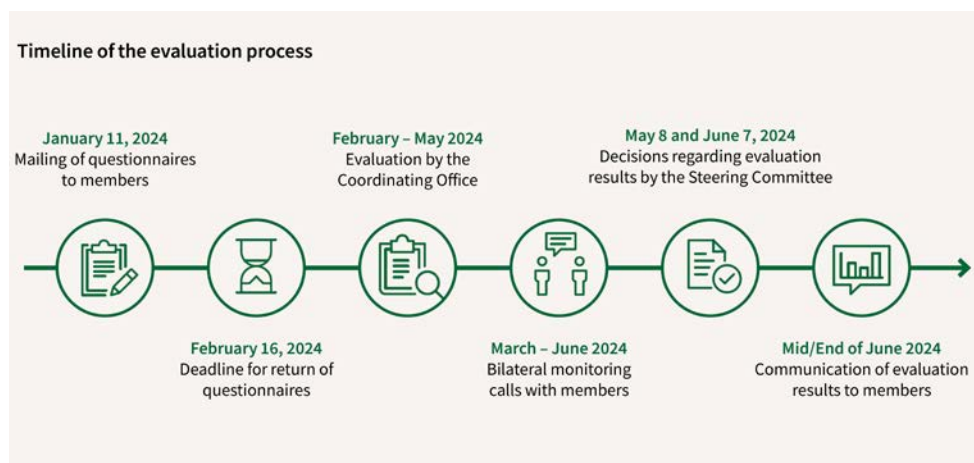


Figure 11
Timeline of the evaluation process

Evaluation process: from the questionnaire to the review of the criteria

The evaluation process was carried out by the Coordinating Office in accordance with the GFA's governance guidelines. Questionnaires were created as a basis for this with a structure that was presented to the members in advance. New members receive a questionnaire in their first year. Founding year members receive two questionnaires: one containing all the criteria and the criteria adjustments with a deadline of 2023 and one containing the individual assignments for improvements that resulted from the monitoring for the previous year and had to be fulfilled by the end of 2023. The completed questionnaires mirrored which criteria were met or not met. Members are also encouraged to proactively suggest improvements for criteria they did not fully

meet. This allows members to show how they will implement criteria that have not yet been met. The simple structure of the questionnaire ensures that it can be completed in a manageable timeframe.

The evaluation process is accompanied by bilateral discussions between the Coordinating Office and each member. This clarifies any ambiguities and questions that have arisen during the evaluation. It also gave the members a more detailed insight into the evaluation process.

The criteria analysis was carried out in a three-step process:

- Have the requirements of the criteria or assignments for improvement been met in full and on time? The degree of fulfilment is recorded accordingly as *fulfilled*, *partially fulfilled* or *not fulfilled*.
- Has the member submitted an adequate suggestion for improvement for those criteria/improvement assignments that were only partially met or not met? This is rated as *available*, *partially available* or *not available*.
- Improvement suggestions are defined by the Coordinating Office. These include suggestions for improvement assignments relating to criteria and previous improvement assignments that have not been fully met. In addition, non-binding recommendations are provided to members to support their sustainability efforts.

Based on the evaluation results of the individual criteria, an overall result is obtained for each member, which can be *positive*, *conditionally positive* or *negative*.

Table 2: Evaluation scale (overall result) for GFA monitoring

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

In individual cases, the “comply or explain” approach may be applied if there are justifiable restrictions on the member’s individual scope of action. This means that the fulfilment of the particular criteria affected may be excluded from monitoring and not evaluated. However, this must be communicated transparently and publicly by the member concerned, for example by means of a corresponding statement on the website.

Once the evaluation had been completed by the Coordinating Office, the results and suggestions for improvements were presented to the Steering Committee, which passed appropriate resolutions. In a final step, the evaluation results were communicated to the members by the Convening Body and communicated in greater detail through bilateral discussions.

The evaluation results at a glance

In their first year of membership, financial companies have to make important strategic decisions. From the second reporting year onwards, everything revolves around the progress made in implementing the strategy. It is pleasing to note that all members were able to achieve positive results. The aggregated results are presented in the following.

The majority of the criteria relate to annual reporting on climate-related activities. These had to be published by the members in a detailed climate and engagement report. In addition, there were up to eight measure-specific criteria, which were published in the climate report. In addition, the members were asked to implement the improvement assignments from the previous year. These assignments were communicated by the Convening Body in May 2023, based on the evaluation results for the 2022 financial year, with a deadline for improvement until the end of 2023. Another focus was the evaluation of criteria adjustments. These were part of the updates to the handbook and the criteria catalogue in autumn 2022 and had a deadline for implementation until the end of 2023.

A key feature of the initiative is that all GFA criteria are subject to strict deadlines. In order to give new members enough time to implement the criteria with an already expired or very close deadline, slightly adapted deadlines apply to them. For new members, the evaluation therefore only covers some of the criteria relevant for 2023. Instead, these new members must “retrospectively” fulfil criteria with a 2022 deadline.

Criteria overview

A detailed overview of the criteria catalogue can be found in the [GFA handbook](#).

Criteria fulfilment: overview of the evaluation

In sum, the evaluated members (founding year and new members) had to implement 290 criteria (including 41 criteria adjustments) for 2023 as well as 109 criteria-related improvements (including cross-criteria assignments for improvement) from the previous year. Overall, criteria fulfilment was better than in the previous year. Additionally, a high percentage of assignments for improvements were implemented.

Positive trend for the 2023 criteria

The requirements for 2023 were met in full for 64 percent of the criteria and criteria adjustments. This represents a pleasing increase of 19 percentage points compared to the previous year (45 percent). The requirements were partially met for a further 25 percent and were not met for 11 percent, for which requirements for improvement were issued. On a positive note, the proportion of unfulfilled criteria fell by 6 percentage points compared to the previous year (previous year: 17 percent). The clearly recognisable improvements made by members in fulfilling the criteria can be attributed to progress in all key areas.

For those criteria that were not fully met (around 36 percent), a review was carried out as to whether the member submitted a proactive suggestion for improvement. An adequate suggestion was available for 12 percent of the cases. For 29 percent of the criteria concerned, a suggestion was partially available, but additional elements had to be added for full compliance with the criteria. For around 59 percent of the criteria concerned, there was no proactive improvement suggestion. As this is an optional statement made by the member as part of the monitoring process, this result was not included in the overall evaluation and is therefore only of an informative nature.

The results presented here are an aggregated presentation of progress. It is important to emphasise that all members achieved a positive overall picture and thus received a conditionally positive evaluation decision from the Steering Committee. However, there were large differences in the degree of fulfilment of the criteria between members.

As some of the member-specific results vary, the extent of the improvement assignments may vary significantly as well. While some financial companies only have to make selective adjustments by the end of 2024, other members will have to carry out more extensive work in the upcoming months. All assignments for improvement must be fulfilled by the end of 2024. The Convening Body and the Coordinating Office will provide support in implementing the improvement requirements.

Evaluation results 2023 (aggregated) Number of criteria and criteria adjustments

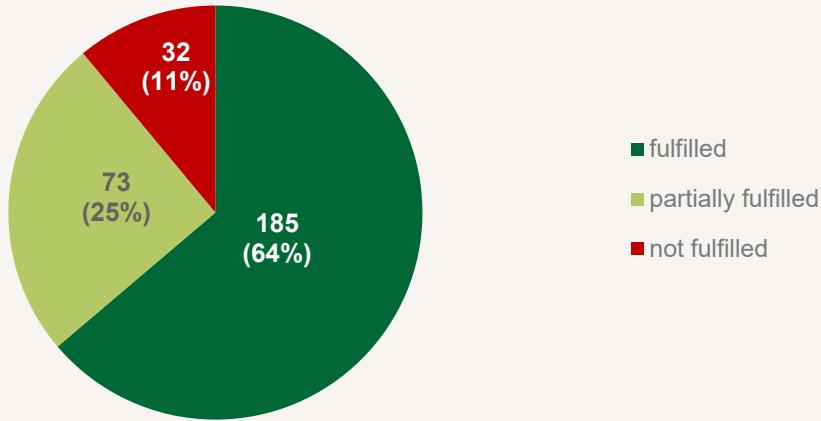


Figure 12
Evaluation results: Degree of fulfilment of criteria and criteria adjustments 2023

Necessary improvements 2023 (aggregated) Number of criteria and criteria adjustments

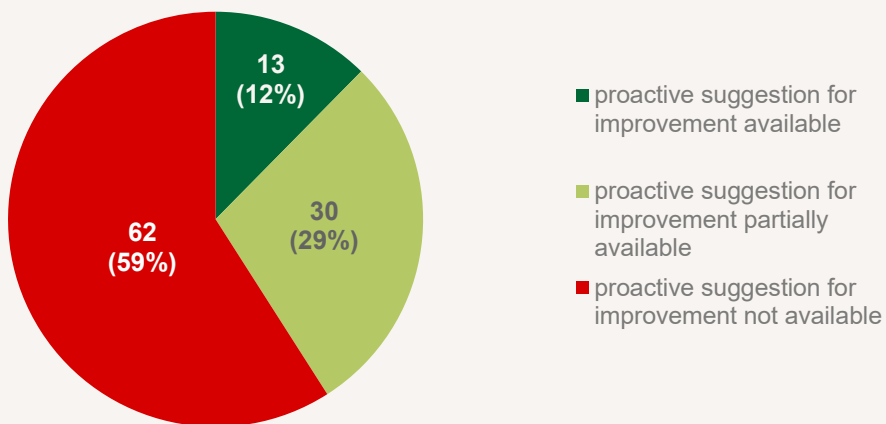
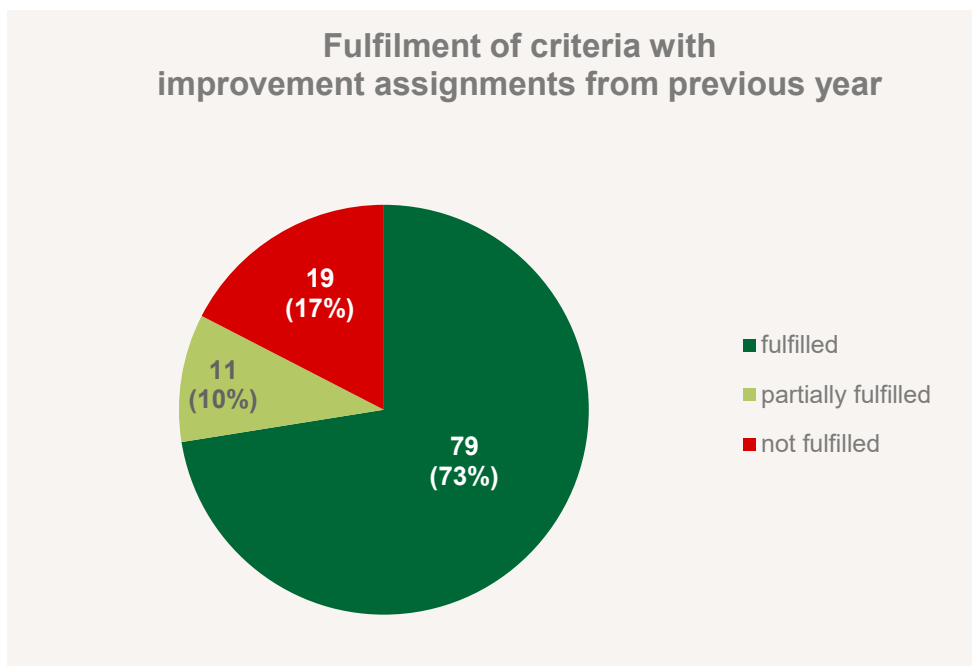


Figure 13
Criteria and criteria adjustments 2023 to be improved, broken down by proactive improvement suggestions

Assignments for improvement from the previous year

The fulfilment of improvement assignments is mandatory. By fulfilling them, members contribute to meeting the high level of ambition of the GFA. It is therefore pleasing to note that the overall picture for the fulfilment of the improvement assignments from the previous year is positive: 73 percent of the criteria for which improvements were requested were fulfilled completely and a further 10 percent were at least partially fulfilled.

Figure 14
Overview of the degree of fulfilment of criteria with improvement assignments from the previous year. Note: The figures include general improvement assignments as well as criteria with specific improvement assignments. Criteria whose improvement assignment was covered by a general improvement assignment are not included.



Results according to subgroups

This year, the members of the GFA had to fulfil an average of around 30 criteria (including criteria adjustments) from four sub-areas. In order to show the degree of fulfilment in these areas, the corresponding disaggregated partial results were determined and analysed in more detail.

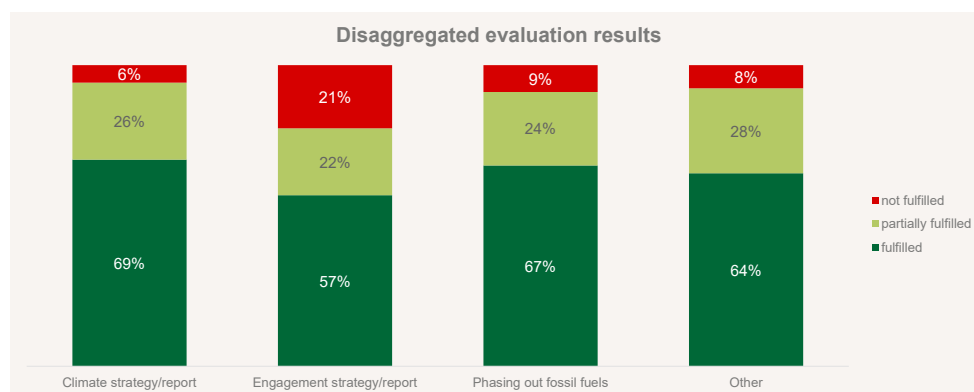


Figure 15
Degree of fulfilment of criteria and criteria adjustments (disaggregated; excluding previous year's improvement assignments). Note: Chart includes founding year members and new members until September 2023.

Climate strategy and climate report

This year, the climate reporting criteria were evaluated, i.e. the requirements that show the progress made in implementing the climate strategy. The criteria for the climate strategy were evaluated for the first time for new members as well as for existing members who had to fulfil assignments for improvement. The evaluation results of the assignments for improvement from the previous year have not been included in the aggregated results below.

As in the previous year, the partial result for the climate strategy/report subgroup was the best. Over 90 percent of the criteria were at least partially fulfilled and almost 70 percent were even completely fulfilled. Only 6 percent of the criteria were not implemented. Compared to the previous year (8 percent), this is a slight improvement. One reason for the high level of compliance is that both aspects (climate strategy/report) were prioritised by the financial companies.

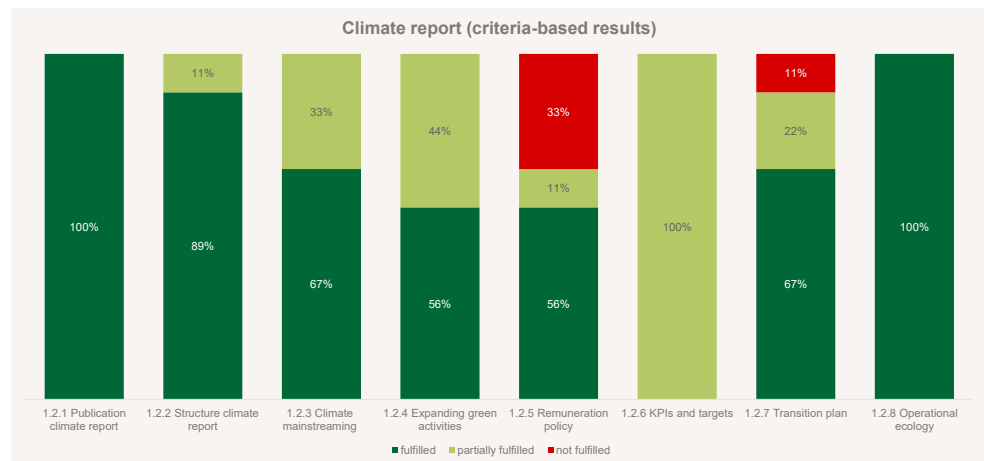
This overall picture is confirmed at the detailed level for the eight relevant climate report criteria: Seven of the eight criteria were fully met by more than half of the evaluated members and all eight criteria were at least partially met by two thirds. It should be emphasised that the reporting on operational ecology (1.2.8) was fully met by 100 percent of the members and the criteria for the structure of the climate report (1.2.2) was fully met by 90 percent.

As in the previous year, there was a major need for improvement in terms of KPIs and targets. The criterion was only partially fulfilled by all evaluated members. Although there have been positive developments in many areas, there are still deficits in some areas. This is often due to insufficient evidence of the 1.5°C alignment of the targets set, but also due to delays in the SBTi validation process. In summary, it can be

seen that progress has been made in the area of target setting. Nevertheless, there is still a need for action to bring the targets set in line with scientific findings and global climate targets.

Another aspect where a greater need for improvement was identified is the remuneration policy. A third of the members did not meet this criterion. One of the main deficits observed here was that no progress or plans for implementation were reported.

Figure 16
Evaluation results of the
climate report (aggregated)



Engagement strategy and engagement report

Similarly to the previous year, a lower degree of fulfilment was also noted this year in the engagement strategy and report subgroup. Fortunately, however, there were clearly recognisable improvements: While 29 percent of the criteria in this subgroup were not met in the previous year, this year the figure is 21 percent – an improvement of 8 percentage points, which implies that the members have focused more intensively on the topic of engagement.

The evaluation results for the degree of fulfilment of the engagement report criteria vary greatly in some cases: The greatest need for action exists in the illustration of best practice examples (1.4.7), where 50 percent of members did not meet the criterion. When describing the consequences of engagement activities (1.4.6), a third of members did not meet the criterion. Other requirements, such as the measurement of success (1.4.3) and the description of the prioritised companies (1.4.5) were only fully met by a third (33 percent) of the members. More than 60 percent of members are expected to make improvements in these criteria.

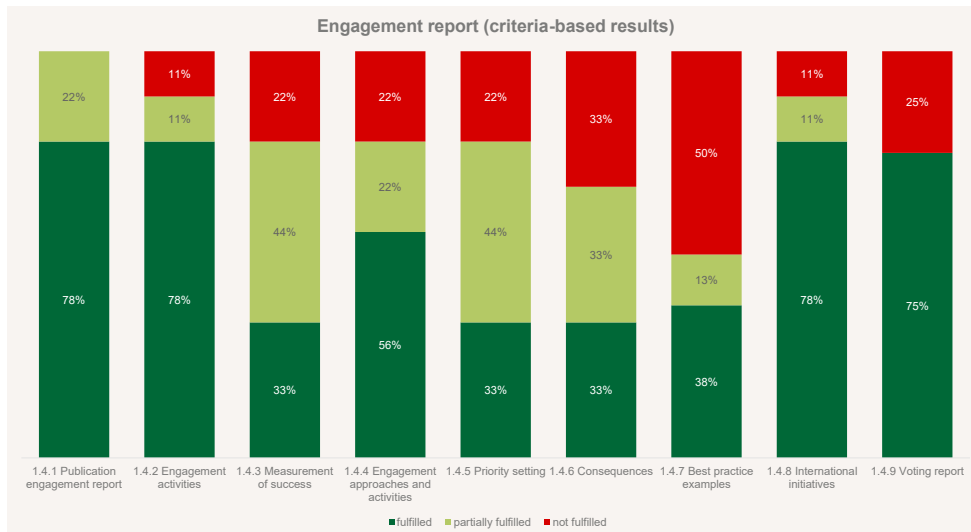


Figure 17
Evaluation results of the engagement report (aggregated)

Phasing out fossil fuels

The phase-out of fossil fuels is very important. This is also reflected in the figures: While only 13 percent of the fossil fuel phase-out criteria were fully met last year, this figure has risen to 67 percent. A further 24 percent were partially fulfilled. Only nine percent of the criteria were not met by the GFA members.

Detailed result: further criteria

A fourth subgroup (“Other”) summarises criteria relating to core business objectives, the phasing out of nuclear energy as well as operational ecology and social (minimum) requirements. Overall, the members recorded the second-best partial result here. At an aggregated level, 92 percent of all criteria were met in full (64 percent) or at least partially (28 percent).

The good result in this subgroup is due to the fact that many of the relevant criteria this year were closely linked to those of climate reporting: Publication of relevant GHG footprint metrics (2.2.1 to 2.2.4) and the 1.5°C alignment (2.1.3, 2.1.4, 2.1.6) of the core business. The intensive work that the members have devoted to this topic is evident.

Some of the criteria could not be met because the validation of climate targets by SBTi could not be completed. Selective improvements are also expected for the GHG footprint next year. This concerns, for example, the degree of coverage, the granularity or the general formal requirements for reporting in accordance with the PCAF standard.

Outlook: the next steps in the Green Finance Alliance

Embedded in regulatory requirements, scientific findings and feedback from members, the initiative will continue to develop dynamically in the coming year.

Revised and updated: from the handbook to the factsheets

Exciting developments will continue next year for the members and experts of the GFA. The list of criteria will be revised, expertise will continue to be built and a new set of KPIs will be developed. A revised version of the GFA handbook is planned to be published for the third time in autumn 2024. The criteria catalogue will also be reviewed to ensure it is up to date. Any necessary adjustments will be made in light of scientific and regulatory developments. As part of the newly developed climate navigation cockpit, the Coordinating Office is working on an innovative KPI set to steer the decarbonisation of financial companies.

Publications of the Coordinating Office

In addition to the publication of Handbook 4.0, the GFA develops other documents. These include, for example, guidelines to support members in implementing the GFA criteria. In the future, the GFA's technical documents and publications will be published collectively on a landing page of the Coordinating Office, which can be found via the GFA website. In addition, the member and observer newsletters will be handled by the GFA Coordinating Office.

Criteria revision and new topics

In addition to the revision of the GFA handbook, the criteria catalogue will be reviewed and necessary adjustments made: Existing criteria will be updated and new criteria and guidelines introduced. The main topics on the agenda are the climate navigation cockpit, biodiversity and the handling of third-party funds. The Coordinating Office is working on these updates and innovations with the technical support of the experts on the GFA Advisory Council and the Convening Body. The changes to the criteria are then approved by the Steering Committee as stipulated in the GFA governance structure.

In May 2024, meetings of the Steering Committee and the GFA Advisory Council were held to present and discuss the new topics. The experts of the Advisory Council shared their suggestions and perspectives and critically scrutinised certain approaches in the development of the topics. This process contributes to a science-based development of the initiative. Two specialised workstreams were set up to involve the Advisory Council experts and their wide-ranging expertise continuously. These deal specifically with the topics of the climate navigation cockpit and biodiversity. This ensures that the new topics are ambitious and science-based, as well as practical and therefore feasible.

During the summer months of 2024, the experts continued to work on the further development. The parallel exchange in the workstreams remains a central component of the process. The Steering Committee's decision on the final version of the updated criteria catalogue is planned for autumn 2024. Handbook 4.0 and the updated criteria catalogue will be published afterwards. With this member-independent process and the commitment of the Advisory Council, the GFA is ensuring that the development for the climate navigation cockpit, the handling of third-party funds and biodiversity make a positive contribution to a more sustainable financial sector.

Climate navigation cockpit

According to the current criteria, members must use [SBTi](#) or [PACTA](#) to analyse their portfolio alignment. Due to discussions about the methodology of PACTA, the use of PACTA was suspended in autumn 2023. After further discussions with RMI², RMI did not implement the GFA's methodological inputs. In order to continue to offer GFA members an alternative to SBTi, the experts at the GFA Coordinating Office are designing a climate navigation cockpit.

A cockpit for steering portfolios

The GFA's climate navigation cockpit is used for targeted portfolio management employing climate-relevant steering elements. It is designed to help members navigate their core business towards the GFA's long-term target dimensions. The climate-relevant steering elements have a modular structure. They contain key figures that can be applied depending on the size and portfolio structure of the GFA member. Three modules are currently planned for the climate navigation cockpit:

- Portfolio decarbonisation
- Expansion of green activities
- Impact engagement

2 Organization behind PACTA, formerly Rocky Mountain Institute

As part of the portfolio decarbonisation module, the Coordinating Office is working on a new, innovative set of KPIs. Financial companies can use this to steer the decarbonisation of their investment/lending portfolio. The set of indicators, called Indicators for Portfolio-weighted Emission Performances (I-PEPs), aims at measuring the GHG emission performance of the portfolio. I-PEPs are modular and require less external data than comparable indicators. They are therefore more robust with regard to unwanted external factors (such as EVIC³). The reduced data requirement can lead to a reduction in the personnel and financial costs required by financial companies, thus freeing up resources for portfolio steering.

A public information webinar on the I-PEPs took place at the beginning of August and the KPI set was publicly consulted from July 8 to August 30, 2024. This allows a broad range of expertise from national and international stakeholders to be taken into account. The aim is to ensure the robustness and applicability of the developed I-PEPs. The members of the Advisory Council are also involved in the development of the KPI set. The Steering Committee is informed about developments at regular meetings. In autumn 2024, the next steps concerning the new KPI set will be decided.

More comprehensive consideration of third-party funds

Due to the limited scope for direct influence on third-party funds, certain criteria were previously only to be applied selectively and were not mandatory, as described in Handbook 3.0 under section 1.6.1. As the investment portfolios of many financial companies consist of third-party funds to a significant extent, the entire inclusion of third-party funds in the criteria catalogue is an important issue. Some GFA members have already integrated this part of their investment portfolios into their climate strategies voluntarily. There is also increased international work on dealing with third-party funds, for example through initiatives such as the [NZAOA](#) and the [Paris Aligned Asset Owners \(PAAO\)](#). These developments show that it is time to integrate third-party funds more comprehensively into the GFA criteria.

With the publication of handbook version 4.0 planned for autumn 2024, the introduction of mandatory criteria and recommendations for third-party funds is envisaged. These measures will ensure that third-party funds are more closely involved in the climate efforts of all GFA members in the future. The rapid implementation of the topic will also further expand the initiative's pioneering role in the financial sector.

Handling of biodiversity

Current extinction rates are between 100 and 1,000 times higher than the natural extinction rate without human influence – this shows how urgently this loss of biodiversity needs to be addressed. As an important lever for the necessary transformation, biodiversity is becoming increasingly important for the financial sector.

3 Enterprise Value Including Cash

The GFA is therefore also looking at how to deal with biodiversity and is already supporting the development of expertise among its members through webinars and workshops. It will be decided in autumn 2024 how the GFA will deal with this important environmental topic in the future.

Events and training opportunities for members

There will once again be numerous information and exchange formats for GFA members in the coming year. While physical workshops will primarily focus on working on key topics, the emphasis will mainly be on knowledge transfer at webinars for members and the Observer Group. The GFA Rail Show, which has already been successfully launched, will continue as well. Here, members can exchange ideas with experts from the Convening Body and the Coordinating Office. If required, the GFA team is also available to members for bilateral discussions in order to help with specific questions.

The GFA Academy will be rolled out in autumn 2024. It will provide targeted support for the professional development of the members' employees free of charge. The primary target group is the members' sales employees with direct customer contact.

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