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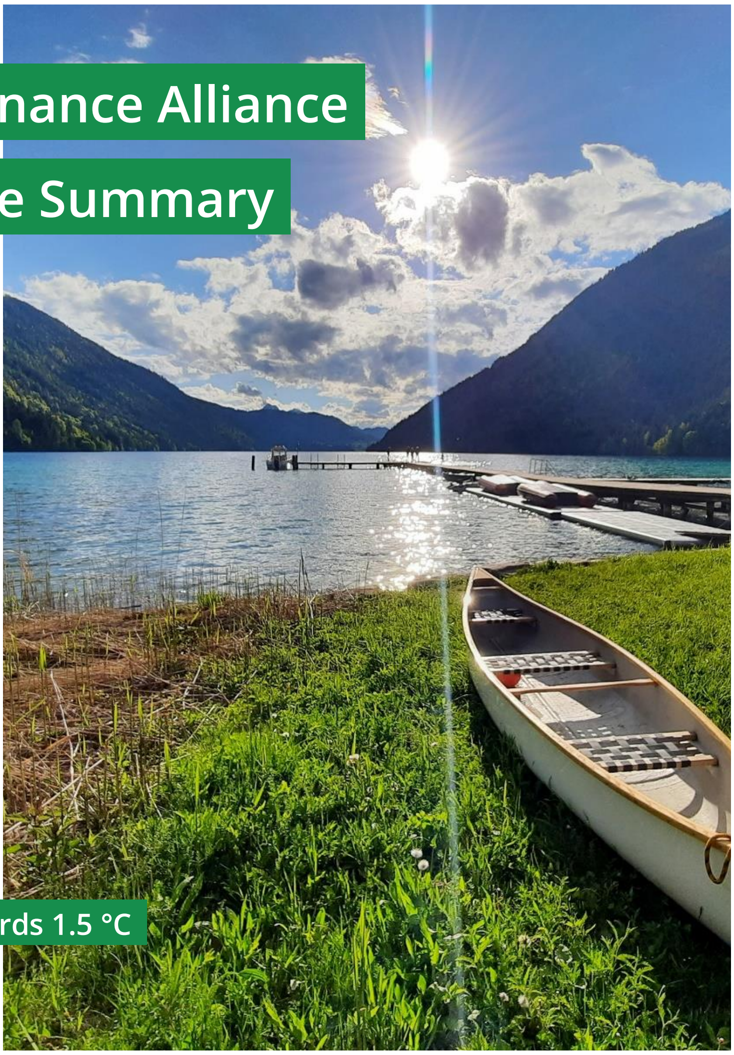

Green Finance Alliance

Executive Summary

Together towards 1.5 °C

Version 4.0

GREEN FINANCE ALLIANCE

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1.1 Introduction

The financial system has a profound leverage for climate protection. Investments required for the climate-friendly transformation of the economy will increase significantly compared to previous estimates due to the European Climate Law that was adopted in summer 2021 and its stipulated target of a greenhouse gas reduction (GHG reduction) of at least 55 per cent by 2030 (based on 1990 levels). The EU Effort Sharing Regulation[1] calls for Austria to reduce its national GHG emissions not covered by the EU emissions trading system by 48 per cent by 2030 (based on 2005 levels). Initial estimates by the Environment Agency Austria indicate that the average additional investment needed in Austria for the sectors energy, industry, buildings and mobility alone amount to EUR 16.2 billion per year between now and 2030 in order to advance on the path towards climate neutrality.[2] The public sector will have to take the necessary steps to reach these targets. However, a climate-friendly transformation of the economy and infrastructure also requires investment, financing and insurance solutions from the private sector.

Proactively aligning core business activities with climate targets can create important business opportunities while simultaneously reducing risks. This is highly important for a resilient economic and financial system. Once a certain ecological tipping point is reached, it will take enormous effort to restore stability in the system – if it can be restored at all. Moreover, as the climate crisis worsens, GHG emissions are increasingly becoming a risk and cost factor. The Green Finance Alliance (GFA) helps its members on their journey to a climate-friendly and sustainable future. Membership of the GFA offers value by helping companies align their own core business with resilient activities and thereby contributes to securing a liveable future for generations to come.

“We are playing Russian roulette with our planet. We need an exit ramp off the highway to climate hell. And the truth is … we have control of the wheel. The 1.5-degree limit is still just about possible.” UN Secretary-General António Guterres[3]

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[1] European Commission. *“Effort sharing 2021-2030: targets and flexibilities”.* August 2022, ec.europa.eu/clima/eu-action/effort-sharing-member-states-emission-targets/effort-sharing-2021-2030-targets-and-flexibilities_de

[2] Environment Agency Austria. *“Potenzialanalyse der Investitionskosten (bis 2030) für die Transformation zur Klimaneutralität” (Potential Analysis of Investment Costs [until 2030] for the Transformation to Climate Neutrality)*. May 2022, umweltbundesamt.at/news220517

[3] United Nations. *“Secretary-General’s special address on climate action “A Moment of Truth”.* 5 June 2024, un.org/sg/en/content/sg/statement/2024-06-05/secretary-generals-special-address-climate-action-moment-of-truth-delivered

1.2 Background of the GFA

The central element of the GFA is the integration of climate as a target dimension in the core business of financial companies – in combination with science-based targets. The focus is on developing strategies and implementing measures. At the same time, attention is paid to the monitoring, annual disclosure and continuous improvement of the climate performance of the core business. The GFA supports participating financial companies step by step in all these tasks and brings the pioneers and those who want to become pioneers into the spotlight.

The GFA members voluntarily but bindingly commit to aligning their portfolios with the 1.5 °C climate target in accordance with the Paris Agreement. This means that the national and EU-wide climate targets for 2030 and the EU's long-term goal of climate neutrality by 2050 are supported by reducing GHG emissions associated with the core business. The core business includes the investment and lending portfolio as well as the insurance-related underwriting portfolio. Due to the international orientation of many Austrian financial companies with a focus on Central and Eastern Europe, the long-term EU target of climate neutrality by 2050 is referenced instead of the Austrian target of climate neutrality by 2040. Given the urgency of the climate crisis, an earlier achievement of the target is highly welcomed. GFA members are positioning themselves as pioneers in this transformation process of the financial industry. By 2050 at the latest, financial companies shall achieve climate neutrality for their analysable portfolio.

With the GFA, the Austrian Ministry for Climate Action (BMK) is establishing an alliance of financial companies that consistently align their core business with climate targets. With the professional support of the Environment Agency Austria and national and international experts from the Advisory Council, members become public role models and pioneers in the sense of reconciling climate protection and sustainable economic activity.

1.3 Objectives of the GFA

Environmental, social and governance-related factors (ESG) are used to establish sustainability in the financial sector. The GFA focuses on the environmental dimension, which includes various ecological targets.

The GFA has identified **five target dimensions** for the core business as displayed below. In addition, the GFA includes operational ecology as an action area.

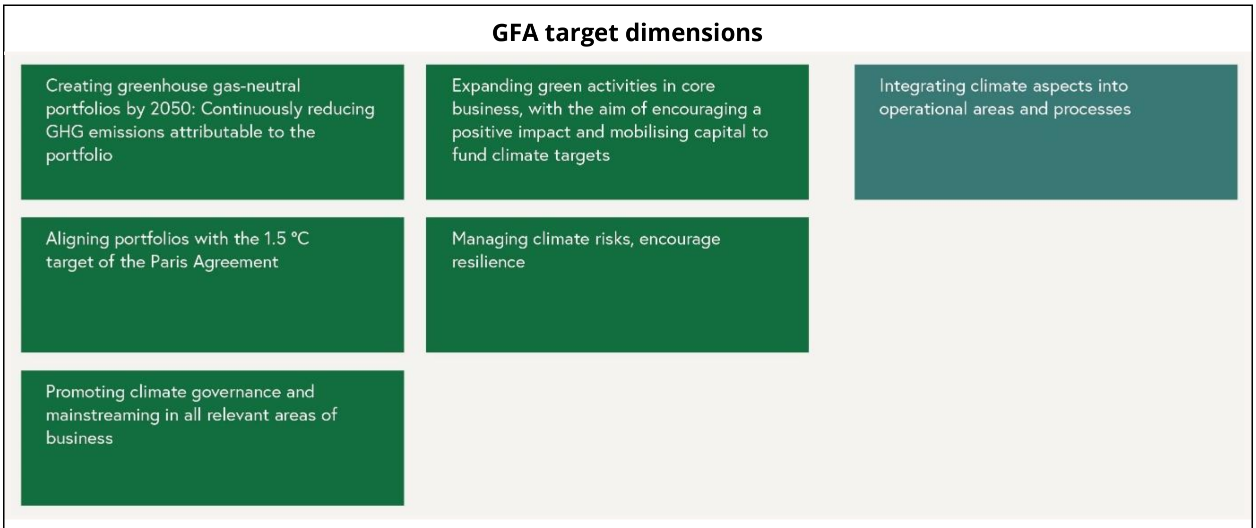
- Aligning portfolios with the 1.5 °C target of the Paris Agreement
- Creating GHG neutral portfolios by 2050: Continuously reducing GHG emissions attributable to portfolio positions

- Expanding green activities in the core business, with the aim of encouraging a positive impact and mobilising capital to fund climate targets
- Managing climate risks and encouraging resilience in the face of future climate and climate-induced change
- Promoting climate governance and mainstreaming in all relevant areas of business

Each of these target dimensions is associated with corresponding measures and specific criteria (see Annex). In addition to the core business, operational ecology is also an area of activity for the GFA.

The expansion of the target dimensions to include further environmental goals (e.g. biodiversity) is evaluated annually. Among other things, regulatory, scientific and market-driven developments are taken into account. The 2024 analysis showed that the initiative will continue to focus on the climate dimension for the time being.

Figure 1: Target dimensions of the GFA



Source: Environment Agency Austria

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Note: The green target dimensions relate to the core business fields of activity, while the turquoise one relates to operational ecology

1.4 Governance structure

One of the most important unique selling points of the GFA is its governance structure. It makes sure that the decision-making processes for setting the criteria and for the annual monitoring are carried out independently of the members.

Figure 2: GFA governance structure

Governance structure of the GFA

Source: Environment Agency Austria umweltbundesamt

1.4.1 Convening Body

The BMK is responsible for issuing the call for applications for the GFA. Within the BMK, Department VI/3 Green Finance and Sustainable Economy is responsible for the Green Finance Alliance. The Convening Body is responsible for the strategic management of all activities taking place within the framework of the GFA as well as for the contractual handling.

1.4.2 Steering Committee

The BMK is responsible for the strategic management of the GFA and appoints the members of the Steering Committee. The Steering Committee is composed of staff members of the BMK and possibly third parties with expertise in the field (e.g. staff members from other federal ministries).

The steering committee is responsible for decisions relating to the following issues:

- Assessing the evaluation results from the annual monitoring process
- Accepting new members to the GFA
- Expelling members from the GFA
- Determining the composition of the Advisory Council
- Amending and/or revising the list of criteria

1.4.3 Coordinating Office

The Coordinating Office is responsible for the operational implementation, coordination, and the hosting of the help desk. The Coordinating Office is located at the Environment Agency Austria.

1.4.4 Advisory Council

The Advisory Council of the GFA is staffed with national and international experts in the field of Green Finance – for example from universities, non-university scientific institutions, international initiatives and interest groups. Employees from GFA member companies cannot be nominated to the Advisory Council. Its composition is the responsibility of the Steering Committee. The Advisory Council will particularly assist the Steering Committee and the Coordinating Office with the ambitious and science-based development of the GFA as well as with methodological questions. The Council has a purely advisory function and thus carries no decision-making authority.

The current composition of the Steering Committee, Coordinating Office and Advisory Council can be found on the GFA website.

1.5 Who is eligible to join the GFA?

Financial companies that would like to set climate targets and implement measures for their core business activities compatible with the 1.5 °C target are invited to apply for membership of the GFA.

The GFA is aimed at all financial companies that want to play a pioneering role in climate protection and climate risk management: This includes companies already employing sustainable and climate-friendly business practices as well as companies at the beginning of the process willing to implement dedicated measures. Financial companies that are already sustainable and climate-friendly can serve as role models. Membership is open to financial companies with their headquarters in Austria, i.e. companies registered in Austria. For now, the GFA calls for insurance companies, banks,[4] pension funds, corporate provision funds and investment fund management companies to apply for membership. In the future, it will be analysed whether membership can be expanded to other types of financial companies and areas of core business activities.

[4] Credit institutions

1.6 What is the scope of the GFA?

The focus of the GFA lies on the core business of financial companies. In this context, its scope encompasses two action areas: the investment and lending portfolio as well as the underwriting portfolio. GFA members must consider those action areas that are part of their core business. The scope of application for the GFA's list of criteria includes the GFA member and all affiliated companies that are also financial companies as defined in Section 1.5, as of the date the consolidation or control goes into effect.

1.6.1 Action area – investment and lending portfolio

In general, the core business of all financial companies listed in Section 1.5 includes an investment and lending portfolio. In the case of investment portfolios, the portfolio components to be considered are those over which the GFA member has direct material influence. For example, customer securities accounts, where banks only handle the administration of the accounts and customers make their own investment decisions, are not part of the analysable portfolio. In contrast, banks' own portfolios must be included because the decision-making authority lies with the financial company.

Investments in third-party funds (funds managed by an external investment firm) have a special status based on the partly limited influence that can be exerted. The deciding factor for determining whether the list of criteria shall be applied is whether the GFA member has direct material influence over the selection of individual securities or the investment strategy of the third-party fund. If this is the case (for example, in the case of tailored special funds for the GFA member), the list of criteria shall be applied. For more detailed information on how to handle third-party funds over which a member has no direct influence (such as retail funds) see measure 2.3.

1.6.2 Action area – underwriting portfolio

This action area primarily pertains to underwriting in the course of insurance business with companies – including both primary insurance and reinsurance operations (see measure 3.1). The gradual phasing in of the retail business started with criteria relating to the disclosure of insurance-associated emissions (see measure 3.2).

1.6.3 Action area – operational ecology

Although the focus of the GFA is on the core business activities of financial companies, climate-relevant operational ecology activities must be considered. With this in mind, operational ecology was defined as an additional action area with criteria that apply to all GFA members.

1.7 What are the duties and responsibilities of GFA members?

GFA members must commit to the following:

- The financial company shall undertake to comply with relevant measures and criteria set by the GFA in advance (see Section 2). Compliance with these criteria will be reviewed once a year.
- The financial company shall implement productive activities in all relevant action areas.
- The financial company shall contribute to the name recognition and good reputation of the GFA through its actions as a pioneer and by taking the necessary precautions to prevent greenwashing.
- The financial company shall undertake to help customers with the transformation process to achieve the necessary sustainable changes in the economy and in society.
- By communicating transparently, the financial company shall undertake to serve as a role model for other financial companies and stakeholders, thereby motivating them to take action.
- The financial company shall undertake to be a proactive member of the GFA in order to develop further the methods and substance of the initiative. GFA members can fulfil this requirement by participating in the formats offered by the GFA (for example, webinars, workshops, help desk for individual issues), in which the GFA members provide feedback on method-related challenges and important outstanding issues.
- The financial company shall use the GFA logo in its public relations activities that are relevant to the GFA.
- The financial company shall pay annual membership dues on time and in full.
- The financial company shall undertake to complete and submit the annual questionnaire that the GFA will send out annually for monitoring and reporting purposes, to be available to answer any questions and to take any corrective action needed.
- The financial company shall undertake to provide sufficient financial and staffing resources to comply with the criteria set by the GFA. The scope needed depends on the financial company's specific situation. It is therefore essential for financial companies that are interested in membership to plan internal resources and have relevant internal committees approve these plans before submitting their application documents. The financial company shall confirm that it has planned sufficient resources in a commitment letter, which the CEO[5] has to sign in order to become a GFA member.

[5] This person must be a representative who is authorised to sign on behalf of and represent the financial company and make a legally valid and legally binding declaration on behalf of the financial company.

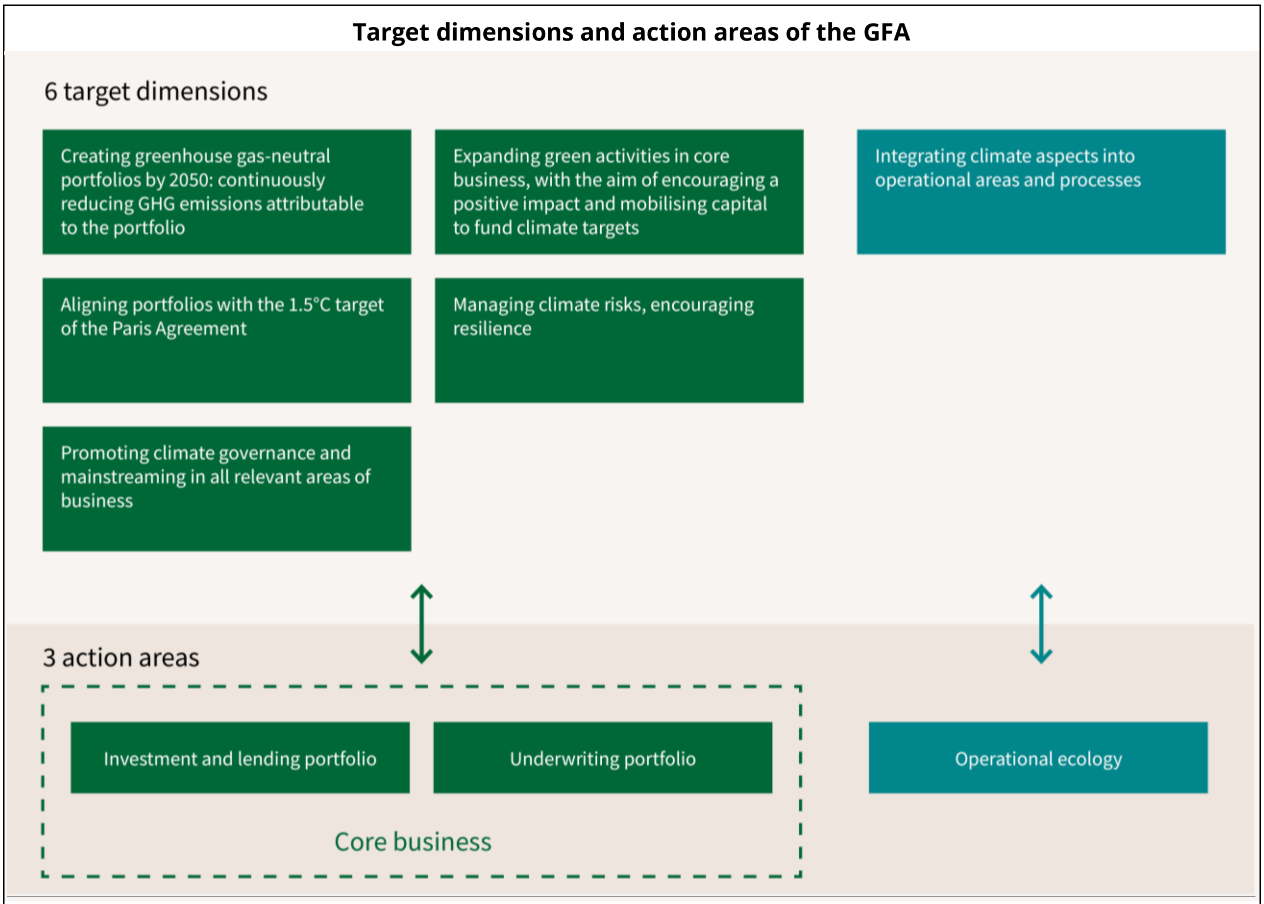
All of these duties and responsibilities can help companies meet regulatory requirements and bring their corporate strategy in line with efforts to protect the climate. Due to the dynamic development in the field of green finance, the list of criteria is regularly reviewed to ensure it is up to date. Adjustments are made when the need arises. As a result, new criteria may be introduced, and existing criteria may be amended or removed from the list. Changes will be communicated to GFA members in a timely manner and will be given an appropriate implementation deadline.

2 MEASURES AND CRITERIA

The activities of the GFA evolve around six target dimensions, five of which relate to the core business of the GFA members and one to operational ecology. Furthermore, core business and operational ecology constitute the two overall action areas having specific measures and criteria assigned to them. While operational ecology makes up its own action area, core business is divided into two action areas. Therefore, there are a total of three action areas:

- Investment and lending portfolio (core business)
- Underwriting portfolio (core business)
- Operational ecology

Figure 3: Overview of target dimensions and action areas of the GFA



Source: Environment Agency Austria

Based on the target dimensions, measures are defined for each action area. These measures are broken down into specific criteria that shall be implemented. For the core business, there are measures that are relevant for both action areas – i.e. for the investment and lending portfolio as well as the underwriting portfolio – and measures that only apply to one of the action areas.

Which measures shall be applied to the member therefore depends on the action areas that are relevant to its business model (see the explanations in Section 1.6). The integration of climate aspects into operational areas and processes is defined as the target dimension for the third action area, operational ecology.

2.1 Rationale

Each measure is translated into mandatory criteria and comes with a deadline. The criteria set out the specific action that is needed and serve as the basis for assessing target attainment. The deadline indicates the latest date by which the criterion shall be met and is always the 31st of December of the specified year (unless otherwise indicated). A comprehensive overview of all GFA criteria is provided in the Annex and is available as an Excel spreadsheet on the GFA website (only in German). The list of criteria is regularly reviewed to ensure that it is up to date.

In justified exceptional cases, members can deviate from the GFA criteria. This includes deviations that are necessary due to legal, official or regulatory requirements, without exception. These deviations shall be explained in the course of the annual monitoring ("comply or explain", see Section 3.2).

If the scope of an action area changes significantly (for example, due to a merger or acquisition), the actual area of application must be adapted to the financial company's new structure without undue delay. The GFA member shall communicate necessary adjustments to the public (in the annual climate report) and to the Convening Body and Coordinating Office (e.g. during annual monitoring).

Each measure has been assigned a two-digit ID number for organisational purposes and to provide orientation (for example, 1.1 for introducing and publishing a climate strategy). Criteria assigned to the measures have a three-digit ID number (for example, 1.1.5 for including key performance indicators (KPIs) and targets in the climate strategy). Recommendations for operational implementation are also listed for some measures and are marked in *italics*. In contrast to the criteria, they are not mandatory but should be considered as recommendations for action. In addition, implementation guidelines are provided on the GFA website with further insights on key issues.

Due to the dynamic nature of the green finance sector, the list of criteria is regularly reviewed to ensure that it is up to date. If necessary, it can therefore be adapted accordingly. This may result in the introduction of new criteria as well as the adjustment or deletion of existing ones. Adjustments are communicated to the GFA members in good time and giving an appropriate implementation period.

2.2 Measures for the core business

Measures for core business are divided into general measures and action-area-specific measures. General measures apply to both action areas (investment and lending portfolio and underwriting portfolio), and action-area-specific measures are relevant only to a certain portfolio.

2.2.1 General measures

The following measures are relevant for the selected target dimensions for both action areas and therefore for all GFA members:

Figure 4: Overview of target dimensions and general measures for the core business

Target dimensions for the core business

General measures for core business	Managing climate risk, encouraging resilience	Expansion of green activities	GHG neutrality 2050	1.5 °C - alignment	Climate governance & mainstreaming
1.1 Climate strategy	✓	✓	✓	✓	✓
1.2 Climate report	✓	✓	✓	✓	✓
1.3 Engagement strategy	✓	✓	✓	✓	✓
1.4 Engagement report	✓	✓	✓	✓	✓
1.5 Phase-out of coal	✓		✓	✓	
1.6 Phase-out of oil	✓		✓	✓	
1.7 Phase-out of natural gas	✓		✓	✓	

Source: Environment Agency Austria

Note that every measure is primarily assigned to certain target dimensions but it can in principle also have a positive impact on other target dimensions.

2.2.2 Action-area-specific measures

Certain measures are relevant only for a specific action area due to various reasons, e.g. if certain science-based methods can currently only be used in a certain area. For example, methods are appropriate for investment and lending portfolios but not for underwriting activities. Alternative interim measures shall therefore be identified for this action area until the gap is filled. Measures can also be action-area-specific due to the characteristics and associated framework of the action area (such as regulatory specifications or market-specific standards).

Some action-area-specific measures and criteria apply only to portfolio components that can be analysed. These criteria use science-based methods that do not cover all portfolio activities (such as asset classes or sectors) and therefore cannot be used for the entire portfolio. The measures and criteria therefore apply only to the components of GFA member portfolios covered by the methods. Note, however, that the methods used are evolving and the portfolio coverage and analysable portfolio can continuously be expanded. These additions will be communicated to GFA members by the Steering Committee or Coordinating Office and will generally need to be taken into account by GFA members when fulfilling measures and criteria in the following reporting year.

Due to the dynamic nature of existing and new market initiatives, the range of scientific methods used in the GFA can change or be expanded over time. Continuous market observation by the Coordinating Office and discussions with the Austrian and international experts from the Advisory Council and GFA members will serve as the basis for identifying and evaluating new methods.

Figure 5: Overview of target dimensions and action-area-specific measures for core business

Target dimensions for the core business

Action area-specific measures for the core business

	Managing climate risk, encouraging resilience	Expansion of green activities	GHG neutrality 2050	1.5 °C alignment	Climate governance & mainstreaming
2. Investment and lending portfolio					
2.1 The analysable investment and lending portfolio manages to continuously reduce GHG emissions to reach the 1.5 °C target alignment	✓		✓	✓	
2.2 Annual calculation and disclosure of the GHG footprint of the analysable investment and lending portfolio	✓				
2.3 Dealing with investments in third-party funds without direct, material influence	✓	✓	✓	✓	✓
3. Underwriting portfolio					
3.1 The underwriting portfolio manages to continuously reduce GHG emissions to reach the 1.5 °C alignment	✓		✓	✓	
3.2 Annual calculation and disclosure of the GHG footprint of the analysable underwriting portfolio	✓				

Source: Environment Agency Austria

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2.3 Measures for operational ecology and additional measures

The GFA focuses on climate-friendly measures in the core business of financial companies to highlight their pioneering role in this area. Nevertheless, certain climate-relevant criteria relating to operational ecology are important foundations for ensuring the credibility of highly ambitious climate strategy efforts. The remaining measures refer to the advisory business on lending/capital market transactions, the phase-out of nuclear power as well as the introduction of standards for minimum social safeguards.

3 MONITORING AND REPORTING

GFA members agree to complete a standardised questionnaire on an annual basis and submit it to the Coordinating Office for evaluation. The questionnaire is used to determine whether the criteria have been met. It is based on a reporting template (MS Excel) and is not intended for publication. The monitoring process takes place at the beginning of each calendar year. The criteria with a deadline ending in the previous year and any individual assignment for improvement (see Section 3.1) are evaluated. To this end, the Coordinating Office sends the questionnaire to the GFA members in January with a return deadline of roughly one month.

3.1 Evaluation and feedback

The Coordinating Office performs an evaluation based on the completed questionnaire and may submit further enquiries to the GFA member if necessary. The fulfilment level describes the degree to which the criterion is met with regard to the possible scope of action within the GFA member's area of responsibility (taking any regulatory, legal, methodological or other justifiable limitations into account). The fulfilment level of each criterion is assessed based on the following scale:

- Fulfilled: All requirements of the criterion were fulfilled.
- Partially fulfilled: The requirements of the criterion were partially fulfilled.
- Not fulfilled: None of the requirements of the criterion were fulfilled.

If criteria are only partially fulfilled or not fulfilled, an evaluation is performed regarding whether there are adequate suggestions for improvement by the GFA member. Such suggestions can either be submitted proactively by the GFA member in the completed questionnaire or in response to an enquiry by the Coordinating Office. In both cases, the suggestions for improvement are evaluated as to whether they adequately meet the relevant criterion in full and whether a reasonable period was specified for the implementation of the improvement. In order to be considered "reasonable", the period must be defined in accordance with the effort required to implement the necessary improvement and in line with the high level of ambition of the GFA. The following scale is used to classify suggestions for improvement:

- Adequate suggestion for improvement submitted: The suggested improvement is adequate to meet the criterion in full.
- Partially adequate suggestion for improvement submitted: The suggestion will lead to an improvement but not to meeting the criterion in full.
- Adequate suggestion for improvement not submitted: There is no suggestion or the suggestion will not lead to an improvement in the fulfilment level of the criterion.

If suggestions for improvement are only partially adequate or have not been submitted, the Coordinating Office defines suggestions for improvements in order to ensure the criteria are met in full.

The results of the evaluation including any suggestions for improvement are presented to the Steering Committee for decision-making. The Steering Committee can issue a positive, conditionally positive or negative decision. Conditionally positive decisions are linked to respective assignments for improvement.

3.2 "Comply or explain" approach

There may be reasons limiting or preventing GFA members from meeting criteria in full (usually) on a temporary basis. These limitations should be communicated over the course of the annual monitoring process and (if possible) addressed with proactive suggestions for improvement.

3.3 Progress report and bilateral meetings

The GFA publishes an annual progress report containing aggregated and anonymised information on the criteria performance of the members on the GFA website. In addition to the annual progress reports, bilateral meetings and calls are planned. These conversations should help GFA members to discuss their individual challenges and questions regarding the implementation of the initiative's requirements.

4 WHAT IS THE ADDED VALUE OF BECOMING A GFA MEMBER?

Membership of the GFA adds value by helping companies to align their core business with resilient activities and thereby support the transformation towards a climate-friendly future. GFA members particularly benefit from the following:

- **Accompanying the transition:** A comprehensive range of services supports GFA members in their green transition: In addition to one-on-one exchanges with the GFA experts, sector-specific guidelines, webinars and workshops help to build expertise and facilitate the transition from theory to implementation.
- **Seizing opportunities:** Expanding green core business activities creates a forward-oriented portfolio that gives the financial company access to growth markets.
- **Managing portfolio risks:** Implementing the GFA target dimensions can help identify and mitigate physical and transition risks.
- **Facilitating guidance:** Implementing the target dimensions can help GFA members meet the requirements of current and future EU regulations. Sharing ideas with GFA stakeholders will enable a constructive dialogue with experts, which can help provide guidance to members as they implement EU regulations.
- **Building trust:** By implementing a transparent strategy in line with the Paris Agreement, GFA members can position themselves as credible green finance pioneers.

5 ANNEX

5.1 List of criteria

The following lists provide an overview of the measures and mandatory criteria of the GFA. The deadlines indicated relate to members who joined the initiative in its founding year in 2022. New criteria and changes to existing ones[6] (vs. version 3.0 of the handbook/executive summary) have been marked in green. Members who have joined the initiative after its launch in 2022 have adjusted deadlines for certain criteria that are listed in the GFA Handbook (only in German).

5.1.1 Core business

Measures for core business are divided into general measures and action-area-specific measures.

5.1.1.1 General measures

Measure 1.1 Climate strategy: introduction of a publicly available integrated climate strategy

In terms of the content of the climate strategy, topic areas are specified as criteria, and GFA members are responsible for elaborating the specific content.

Table 1: Overview of criteria for the climate strategy

ID	Criterion	Deadline
1.1.1	Introduction of a climate strategy whose key elements are publicly accessible on the GFA member's website. The strategy shall provide an overview of the priorities and objectives of the GFA member.	2022
1.1.2	Climate mainstreaming Presentation of the planned priorities for internalising the climate strategy at the company (for example, governance, risk management and continuing education).	2022
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).	2022
1.1.4	Remuneration policy Presentation of how the climate strategy (in particular climate risks) is included in the remuneration policy of the GFA member.	2022

[6] Only criteria changes that also effect a change in the yearly monitoring scope are highlighted. Minor criteria changes that do not amend the monitoring scope are not highlighted to ensure readability.

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 shall make a relevant contribution to aligning core business with the 1.5 °C target. If climate scenarios are used, they shall be aligned with a 1.5 °C scenario with no or low overshoot. Measures to achieve the targets shall be outlined.	2022
1.1.6	Transition plan Transition plans shall reflect how the company intends to achieve the climate-relevant company-specific objectives. This includes planned measures and initiatives.	2022
1.1.7	Operational ecology The strategy for operational ecology shall be presented separately from the strategy for core business to ensure that a clear distinction is obvious.	2022

Measure 1.2 Climate report: publication of an annual climate report

Table 2: Overview of criteria for the climate report

ID	Criterion	Deadline
1.2.1	Annual publication of a climate report, which is publicly accessible on the GFA member's website.	2023
1.2.2	The climate report shall provide an overview of the key activities in the reporting year in relation to the climate strategy.	2023
1.2.3	Climate mainstreaming What activities specifically have been undertaken to promote internalisation of climate topics at relevant business units and in the product range of the GFA member (for example, governance, risk management and continuing education)? Outlook: What activities are planned (for example in the next year)?	2023
1.2.4	Expanding green activities What measures specifically has the company taken to expand green activities and mobilise capital for climate targets (in the product strategy or KPIs for example)? Outlook: What measures are planned (for example in the next year)?	2023
1.2.5	Remuneration policy What measures have been adopted to integrate climate-related aspects (primarily climate risks) into the remuneration policy, or what measures are planned?	2023
1.2.6	KPIs and targets Presentation of current KPIs specified in the climate strategy. Progress compared with the targets set in the climate strategy shall be shown. Completed and planned priorities and measures for achieving the targets shall be presented.	2023
1.2.7	Transition plan Presentation of the results of implementing the transition plan (for example, measures and initiatives conducted).	2023

1.2.8	Operational ecology Activities in the context of operational ecology shall be presented separately from the strategy for core business to ensure that a clear distinction is obvious.	2023

Measure 1.3 Engagement strategy: implementation of a publicly available climate-related engagement strategy

Table 3: Overview of criteria for the climate-related engagement strategy

ID	Criterion	Deadline
1.3.1	Introduction of an engagement strategy whose essential components are publicly accessible on the GFA member's website. The engagement strategy can be integrated into the climate strategy or be published in another document or as a separate document.	2022
1.3.2	The climate-related engagement efforts of the GFA member shall be based on the three key points highlighted by the Climate Action 100+ Initiative ("The Three Goals") for target orientation. The engagement strategy shall include the following criteria:	2022
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	2022
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[7] or SBTi evaluations • Prioritising based on the GHG footprint results based on the PCAF standard	2022
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)	2022
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)?	2022

[7] The use of PACTA is no longer included in measure 2.1 for methodological reasons. However, GFA members are free to continue using PACTA, for example as a basis for criterion 1.3.4.

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 on climate issues. • If external asset managers are contracted, does the voting strategy apply to them?	2022

Measure 1.4 Engagement report: annual reporting on all essential climate activities

Table 4: Overview of criteria for the engagement report

ID	Criterion	Deadline
1.4.1	Annual publication of an engagement report, which is publicly accessible on the GFA member's website. The engagement report can be integrated into the climate report or be published in another document or as a separate document. The engagement report shall include the following criteria:	2023
1.4.2	What activity priorities were set in the reporting year to pursue climate engagement targets set in the engagement strategy? More information on the scope of these activities (such as regional or sectoral priorities).	2023
1.4.3	Measurement of success: • To what extent are improvements relating to climate engagement targets already apparent in the companies invested in? (Example: Companies are beginning to disclose their GHG footprint and set targets consistent with the Paris Agreement) • Disclosure of metrics specified in the engagement strategy.	2023
1.4.4	Disclosure of climate engagement approaches used and engagement activities at the aggregate level (ideally quantified) in the reporting year, 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 companies referring to the climate target	2023
1.4.5	What companies did climate engagement activities focus on and what criteria did you use to select them? For example: • Prioritising companies with the highest GHG emissions • Prioritising certain GHG-intensive sectors and regions • Prioritising based on PACTA[8] or SBTi evaluations • Prioritising based on the GHG footprint results based on the PCAF standard	2023
1.4.6	Consequences: Were measures taken (e.g. as part of a specified escalation process) because climate engagement activities were not successful over a specific period of time? (Companies do not need to be named. Descriptions of the measures taken and reasons are sufficient.)	2023

[8] The use of PACTA is no longer included in measure 2.1 for methodological reasons. However, GFA members are free to continue using PACTA, for example as a basis for criterion 1.4.5.

ID	Criterion	Deadline
1.4.7	Best practice examples: Specific companies that identified effective measures for one of the set engagement targets shall be described as case examples to illustrate engagement activities.	2023
1.4.8	Participation in international initiatives: What international initiatives that promote climate engagement did you participate in and what activities did you implement as part of the initiatives in the reporting year?	2023
1.4.9	Additional criterion for positions in investment portfolios: Voting report: • Were proxy-voting providers used? If so, who? • Disclosure of specific principles and criteria that were relevant to voting behaviour on climate issues. • If available: Information and figures on climate-related shareholder resolutions (for example: How many climate-related resolutions were voted on?)	2023

Measure 1.5 Phase-out of coal

Table 5: Overview of criteria for the phase-out of coal

ID	Criterion	Deadline
1.5.1	Members shall not undertake any 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 (i) publicly commit to decarbonising their core business in line with the Paris Agreement and, if evaluable, (ii) do not invest in expanding their coal infrastructure are excluded. If, due to a lack of information, aspect (ii) cannot be evaluated, fulfilment of (i) is sufficient.	2022
1.5.2	Members shall not undertake any 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.	2022
1.5.3	Phase-out of all portfolio positions that generate more than 5 per cent of their revenue from activities in the coal sector (exploration, processing and production, distribution, conversion to electricity, heat production) and of all coal projects. Companies that have set science-based climate targets (time horizon: 2050, including five-year intermediate targets) and that are working to decarbonise their core business in line with the Paris Agreement and projects that are in line with the Paris Agreement are excluded.	2030
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 shall include intermediate targets. The guideline can be integrated into the climate strategy or published in another document or as a separate document on the GFA member's website.	2022
1.5.5	Reporting on progress in the phase-out of coal in the annual climate report.	2023

Measure 1.6 Phase-out of oil

Table 6: Overview of criteria for the phase-out of oil

ID	Criterion	Deadline
1.6.1	Members shall not undertake any new investments in or provide new funding for (investment and lending portfolio) or provide insurance for (underwriting portfolio) companies that generate more than 30 per cent of their turnover from activities in the oil sector (exploration, production, processing, distribution, conversion to electricity, heat production). Companies that (i) publicly commit to decarbonising their core business in line with the Paris Agreement and, if evaluable, (ii) do not invest in expanding their oil infrastructure are excluded. If, due to a lack of information, aspect (ii) cannot be evaluated, fulfilment of (i) is sufficient.	2024
1.6.2	Members shall not undertake any 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.	2022
1.6.3	Members shall not undertake any new earmarked investments in or provide new earmarked financing for (investment and lending portfolio) or provide insurance for (underwriting portfolio) new conventional oil projects 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.	2024
1.6.4	Phase-out of all portfolio positions in companies that generate more than 5 per cent of their revenue from activities in the oil sector (exploration, production, processing, distribution, conversion to electricity, heat production) and of all oil projects. Business activities that possibly comply with EU taxonomy, projects in line with the Paris Agreement, and companies that have set science-based climate targets (time horizon: 2050, including five-year intermediate targets) and that are working to decarbonise their core business in line with the Paris Agreement are excluded.	2030
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 shall 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 GFA member's website.	2022
1.6.6	Reporting on progress in the phase-out of oil in the annual climate report.	2023

Measure 1.7 Phase-out of natural gas

Table 7: Overview of criteria for the phase-out of natural gas

ID	Criterion	Deadline
1.7.1	Members shall not undertake any new investments in or provide new financing for (investment and lending portfolio) or provide insurance for (underwriting portfolio) companies that generate more than 30 per cent of their turnover from activities in the natural gas sector (exploration, production, processing, distribution, conversion to electricity, heat production). Companies that (i) publicly commit to decarbonising their core business in line with the Paris Agreement and, if evaluable, (ii) do not invest in expanding their natural gas infrastructure are excluded. If, due to a lack of information, aspect (ii) cannot be evaluated, fulfilment of (i) is sufficient.	2025

ID	Criterion	Deadline
1.7.2	Members shall not undertake any new earmarked investments in or provide new earmarked financing for (investment and lending portfolio) or provide insurance for (underwriting portfolio) new natural gas projects involving activities in the natural gas sector (exploration, production, processing, distribution, conversion to electricity, heat production) that aim to expand the natural gas infrastructure. Business activities in compliance with EU taxonomy are excluded.	2025
1.7.3	Phase-out of all portfolio positions in companies that generate more than 5 per cent of their revenue from activities in the natural gas sector (exploration, production, processing, distribution, conversion to electricity, heat production) and of all natural gas projects. Business activities that comply with EU taxonomy, projects in line with the Paris Agreement, and companies that have set science-based climate targets (time horizon: 2050, including five-year intermediate targets) and that are working to decarbonise their core business in line with the Paris Agreement are excluded.	2035
1.7.4	Introduction of a guideline for natural gas, which includes a phase-out strategy disclosing the objective to phase out natural gas by 2035 (primarily in terms of the decarbonisation strategy for existing portfolio positions in natural gas companies). The guideline shall 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 GFA member's website.	2024
1.7.5	Reporting on progress in the phase-out of natural gas in the annual climate report.	2026

Additional explanations for the phase-out of fossil fuels (measures 1.5, 1.6 and 1.7)

The scope of the criteria applies to economic activities along the entire direct value chain of the fossil fuel industry, thus from exploration, production and processing to distribution, conversion to electricity and heat production.

The phase-out criteria for electricity generation primarily pertain to the electricity suppliers' own electricity generation. The following applies to purchased electricity: If the utility company has data on the source of the purchased electricity, it shall also be taken into account for the specified phase-out criteria.

The GFA criteria for the phase-out of fossil fuels allow members to continue to provide investment, financing and insurance while supporting the efforts of companies that complete the transition away from fossil fuels in accordance with the Paris Agreement. However, members must divest from companies that continue to invest in the expansion of their fossil fuel infrastructure and do not commit to the Paris Agreement.

Important note: GFA requires its members, if evaluable, to survey whether their financed, invested, or insured fossil fuel companies are investing in the expansion of their fossil fuel infrastructure. Due to the direct business customer relationship in both the lending and the insurance business, we assume that this evaluation is feasible in most of these cases.

5.1.1.2 Action-area-specific measures

Measure 2.1 The analysable investment and lending portfolio manages to continuously reduce GHG emissions to reach the 1.5 °C target alignment

GFA members commit to aligning their core business with the 1.5 °C target in the long term, defining corresponding short- and medium-term interim targets, and evaluating and disclosing their progress towards these targets on an annual basis. Initially, GFA members were able to choose from two approaches to meet these criteria: PACTA and SBTi. However, the use of PACTA was suspended in autumn 2023 (Handbook version 3.0) for methodological reasons and removed from the present Handbook version from measure 2.1. To ensure that GFA members continue to have two methods to choose from, the Coordinating Office developed a Climate Navigation Cockpit (CNC), of which the first two (out of three) steering modules are introduced in text below.

SBTi – Science-Based Targets initiative

SBTi is a non-profit climate protection organisation which aims to promote climate protection in the private sector. It supports companies in setting science-based targets for reducing emissions. SBTi develops and publishes sector-specific guidelines that companies can use as a basis for developing their own science-based targets. In 2022, a separate guideline with corresponding criteria was published for the financial sector. A revised version[9] was published in May 2024. This framework enables financial companies to set science-based short- to medium-term targets for aligning their lending and investment activities with the Paris Agreement.

To also cover the long-term dimension, SBTi published a draft[10] for a Net-Zero Standard for financial companies in July 2024.

CNC – Climate Navigation Cockpit

In spring 2024, the GFA Coordinating Office started working on the CNC. The purpose of the CNC is to provide GFA members with a modular system of KPIs that they can use to steer their climate transition efforts. The scope of application is aimed at the investment/lending portfolio, although elements of the CNC can optionally be used for the insurance business. The CNC is based on three overarching steering modules, which are further divided into sub-modules and KPIs.

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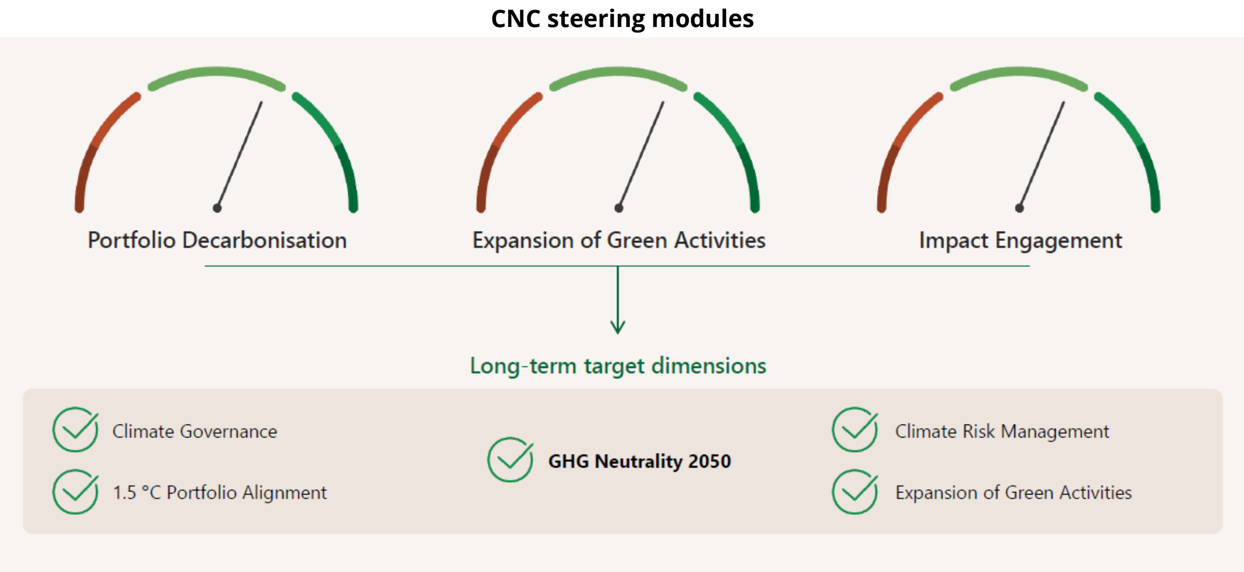
[9] SBTi. *"SBTi Financial Institutions' near-term criteria"*. May 2024, sciencebasedtargets.org/sectors/financial-institutions#resources

[10] SBTi. *"Financial Institutions Net-Zero Standard Consultation Draft V0.1"*. July 2024, sciencebasedtargets.org/net-zero-for-financial-institutions

Figure 6: CNC steering modules at a glance



Source: Environment Agency Austria umweltbundesamt

The "Portfolio Decarbonisation" steering module is based on a new, innovative set of KPIs – the so-called I-PEPs (Indicators for Portfolio-related Emission Performances). A first draft was presented as part of a public consultation in summer 2024 and will be further developed based on the feedback in the coming months.[11] Therefore, this steering module is not yet mandatory.

The selection of steering indicators for the "Expansion of Green Activities" module was developed based on a comprehensive analysis of regulatory requirements, established market practice, and international initiatives and standards. It therefore gives GFA members the opportunity to define their own targets and objectives based on proven indicators. A distinction is made between indicators for two steering sub-modules: sustainable investments and sustainable finance.

The "Impact Engagement" module enables GFA members to structure the dialogue with their business customers in order to encourage them to act in a climate-friendly manner. These actions should be measurable so that the effectiveness of the engagement activities can be evaluated and adjustments can be made if necessary. In developing the indicators, the GFA took account of existing international initiatives and market standards.

[11] BMK. *"New KPI set for decarbonisation steering"*. July 2024, bmk.gv.at/en/green-finance/alliance/consultation.html

Methodological differences

The following differences between the two methods should be noted:

When using SBTi, the GFA members define targets in accordance with the SBTi guidelines and have these validated by SBTi. SBTi has defined its own commitments and recommendations for measuring progress annually (see Section 6 of the SBTi guidelines[12]).

When using the CNC, GFA members shall select KPIs from the available options for managing the expansion of green activities and for impact engagement. Targets are defined based on the selected KPIs and disclosed in the climate strategy. Progress towards the targets is to be disclosed in the annual climate report.

Table 8: Overview of criteria for measure 2.1

ID	Criterion	Deadline
2.1.1	The analysable investment and lending portfolio shall be aligned with the 1.5 °C target. Target attainment is measured using a method for determining the portfolio alignment, which is determined by the GFA (currently SBTi or the CNC). For consistency, only one method shall be preferably used for the portfolio.	2040
2.1.2	The climate strategy (1.1) shall disclose the method used and include more details and an outlook for implementing the method.	2022
2.1.3	Applies only to SBTi users: Continuous progress towards achieving the target is verified by the annual use of the method employed and published in the annual climate report (1.2). This will first be done in the climate report for the 2022 financial year, which will be published in 2023.	2023
2.1.4	Applies only to SBTi users: Annual publication of the current degree of portfolio coverage and strategy for further implementing the method used in terms of asset classes and sectors not yet covered, for example. This information shall be published in the annual climate report (1.2).	2023
2.1.5	Applies only to SBTi users: In addition to the long-term target dimension, five-year intermediate targets for portfolio coverage shall 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 shall 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 shall be aligned with a 1.5 °C scenario with no or low overshoot.	2022
2.1.6	Applies only to SBTi users: Progress made towards reaching intermediate targets shall be calculated once a year and published in the climate report (1.2).	2023
2.1.7	Applies only to CNC users: Continuous progress towards achieving the target is verified by the annual use of the method employed and published in the annual climate report (1.2). This will first be done in the climate report for the 2025 financial year, which will be published in 2026.	2026

[12] SBTi. *"SBTi Financial Institutions' near-term criteria"*. May 2024, sciencebasedtargets.org/sectors/financial-institutions#resources

ID	Criterion	Deadline
2.1.8	Applies only to CNC users: In addition to the long-term target dimension, five-year intermediate targets for portfolio coverage shall also be set (2030 and 2035) and published in the climate strategy (1.1) as part of the presentation of KPIs and targets. The design of the intermediate targets shall be defined on the basis of the steering indicators and shall make a relevant contribution to the continuous improvement of the portfolio alignment towards achieving the 1.5 °C target. If climate scenarios are used, they shall be aligned with a 1.5 °C scenario with no or low overshoot.	2025
2.1.9	Applies only to CNC users: Progress made towards reaching intermediate targets shall be calculated once a year and published in the climate report (1.2).	2026

Measure 2.2 Annual calculation and disclosure of the GHG footprint of the analysable investment and lending portfolio

The *Partnership for Carbon Accounting Financials (PCAF)* developed a standard that meets the requirements of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard in order to create a transparent harmonised methodology for measuring and publishing GHG emissions financed through investments and lending.[13]

The standard initially included six asset classes. In 2022, the standard for financed emissions (Part A) was updated and expanded to include sovereign bonds as an additional asset class.[14] It shall be noted that only the portion of the portfolio that can be analysed using the standard is relevant for determining and disclosing the portfolio's GHG footprint. Arising changes in the standard's coverage and resulting requirements are communicated to the members in due time.

Table 9: Overview of criteria for measure 2.2

ID	Criterion	Deadline
2.2.1	The GHG footprint of the analysable investment and lending portfolio shall be determined annually using the method given by the GFA. At this time, the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the PCAF is the only method accepted.	2023
2.2.2	If the GHG footprint is not calculated and published for all analysable components of the portfolio, this shall be disclosed and justified in climate reporting. The PCAF standard allows the following reasons: • The portfolio position is not significant in terms of the total anticipated GHG emissions financed by the GFA member.	2023

[13] GHG Protocol. *"The Global GHG Accounting and Reporting Standard for the Financial Industry"* August 2021, ghgprotocol.org/global-ghg-accounting-and-reporting-standard-financial-industry

[14] PCAF. *"The Global GHG Accounting & Reporting Standard for the Financial Industry/Part A"*. December 2022, carbonaccountingfinancials.com/en/standard

ID	Criterion	Deadline
	• The GFA member does not have access to the data it needs. The member shall disclose a schedule indicating when the position is expected to be included ("comply or explain").	
2.2.3	This GHG footprint shall be published in the annual climate report (1.2). The reporting recommendations and requirements of the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry shall be followed.	2023
2.2.4	When publishing the GHG footprint in the annual climate report (1.2), particularly the following KPIs shall be reported: Aggregated at the portfolio level and disaggregated by Section of the first NACE code level (Sections): • Total covered financing and investment volume (in euros) • Total absolute GHG emissions financed (in t CO_2e) • Data quality score according to PCAF Aggregated at the portfolio level: Ratio between the total covered financing and investment volume and the • total analysable financing and investment volume (in percent) • total financing and investment volume (in percent)	2023

Measure 2.3 Dealing with investments in third-party funds without direct, material influence

Third-party fund investments often play a central role in the investment portfolio of financial companies. Those third-party fund investments in which GFA members have a direct, material influence on the selection of individual securities or on the investment strategy of the third-party funds have already been covered by the GFA criteria since 2022. In this case, the list of criteria shall be applied in its entirety – for example in the case of special funds tailored to the GFA member's needs.

The GFA previously provided recommendations for dealing with third-party funds that do not have such a direct, material influence. Due to the importance of this investment class, the new measure 2.3 now introduces mandatory criteria for dealing with third-party fund investments over which there is no direct, material influence. For the sake of readability, this measure refers to "third-party funds" in general. However, this only refers to those third-party funds over which there is no direct, material influence.

Table 10: Overview of criteria for measure 2.3

ID	Criterion	Deadline
2.3.1	Climate strategy The handling of third-party fund investments is integrated into the climate strategy published in accordance with measure 1.1. In particular, the following topics (criteria 2.3.2-2.3.4) shall be considered in the climate strategy:	2025

2.3.2	Selection process for third-party funds/fund companies Introduction of assessment methods (e.g. minimum requirements) for integrating climate aspects into the selection process for third-party funds and fund companies.	2025
2.3.3	Expansion of green activities Based on the KPIs of the CNC (steering module "Expansion of Green Activities"): Presentation of planned priorities for expanding green activities and mobilising capital for climate targets.	2025
2.3.4	Metrics and targets Determine metrics and define targets for the decarbonisation of the third-party fund portfolio based on the criteria of measure 2.1.	2025
2.3.5	Engagement strategy Implement a publicly available, climate-related engagement strategy based on measure 1.3.	2025
2.3.6	Phasing out of fossil fuels Publication of guidelines for phasing out fossil fuels in third-party fund investments based on measures 1.5, 1.6 and 1.7.	2025
2.3.7	Publication of an annual report on the implementation of the climate strategy, the engagement strategy and the phasing out of fossil fuels.	2026
2.3.8	Annual collection and publication of the GHG footprint in accordance with the criteria of measure 2.2.	2026

Measure 3.1 The underwriting portfolio manages to continuously reduce GHG emissions to reach the 1.5 °C target alignment

In contrast to the investment and lending portfolio, there are not yet any internationally recognised scientific approaches to evaluate compatibility with the Paris climate targets in underwriting. Despite this, the GFA has adopted preliminary target specifications in order to account for underwriting's significance as a core business in the insurance industry.

Once appropriate standards and methods are developed for underwriting, they will be used by the GFA. They will also be communicated to members in a timely manner and be given an appropriate deadline for implementation.

Table 11: Overview of criteria for measure 3.1

ID	Criterion	Deadline
3.1.1	All insured companies subject to reporting in accordance with NFRD[15] have climate targets for their core business that are compatible with the 1.5 °C target.	**2040**
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.	**2022**
3.1.3	Continuous progress on target attainment will be reviewed annually by calculating the underwriting portfolio alignment and published in the annual climate report (1.2). The alignment will be determined using the following KPIs:	**2023**

[15] It should be noted that the reporting obligations under the NFRD will be adapted in future by the Corporate Sustainability Reporting Directive (CSRD).

ID	Criterion	Deadline
	• Ratio of the number of insured companies subject to NFRD reporting with a 1.5 °C target for their core business to the total number of insured companies subject to NFRD reporting • Ratio of the annual gross premiums of insured companies subject to NFRD reporting with a 1.5 °C target for their core business to the gross premiums of all insured companies subject to NFRD reporting	
3.1.4	In addition to the long-term target dimension, five-year intermediate targets for portfolio coverage shall also be set (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 shall 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 shall be aligned with a 1.5 °C scenario with no or low overshoot.	**2022**
3.1.5	Progress made towards reaching intermediate targets shall be calculated once a year and published in the climate report (1.2).	**2023**

Measure 3.2 Annual calculation and disclosure of the GHG footprint of the analysable underwriting portfolio

In November 2022, PCAF published the standard for insurance-associated emissions.[16] The structure of the standard is similar to the one for financed emissions and provides detailed guidance on the calculation and disclosure of insurance-associated emissions. It covers certain insurance lines with business customers ("commercial lines") and motor insurance lines with private customers ("personal motor lines").

The portfolio covered (and thus analysable) by the PCAF standard for insurance-associated emissions applies to the calculation and disclosure in accordance with measure 3.2. Parts of the retail business (specifically motor vehicle insurance) are therefore also affected by these GFA criteria, even if the retail business as a whole is not yet included in the "underwriting portfolio" action area (see explanations in 1.6.2). As regards the disclosures, it is important that a clear separation is made between financed emissions and insurance-associated emissions and that no conclusions or statements are made based on a comparison between the absolute results. This is due to the very different approaches in allocating GHG emissions from companies to the financial portfolio.

[16] PCAF. *"The Global GHG Accounting & Reporting Standard for the Financial Industry/Part C"*. November 2022, carbonaccountingfinancials.com/en/standard#the-global-ghg-accounting-and-reporting-standard-for-the-financial-industry

Table 12: Overview of criteria for measure 3.2

ID	Criterion	Deadline
3.2.1	The GHG footprint of the analysable underwriting portfolio shall be determined annually using the method given by the GFA. At this time, the Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions developed by the PCAF is the only method accepted.	2024
3.2.2	If the GHG footprint is not calculated and published for all analysable components of the portfolio, this shall be disclosed and justified in climate reporting. The PCAF standard highlights several justifications, for example: • The GFA member does not have access to the data it needs. The member shall disclose a schedule indicating when the position is expected to be included ("comply or explain").	2024
3.2.3	The GHG footprint shall be published in the annual climate report (1.2). The reporting recommendations and requirements of the PCAF Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions shall be followed.	2024

5.1.2 Operational ecology

Measures 5.1 Operational ecology

Table 13: Overview of criteria for measure 5.1

ID	Criterion	Deadline
5.1.1	Introduction of a travel policy to account for climate aspects in business travel (avoiding and reducing emissions)	2022
5.1.2	Procurement guideline: Criteria for the climate-friendly procurement of products and services	2023
5.1.3	Purchasing of UZ 46[17]-certified green electricity for locations in Austria	2024
5.1.4	EMAS certification for an implemented operational environmental management system for Austrian locations that shall be taken into account	2025

5.1.3 Additional measures

Measure 6.1 Phase-out of nuclear power

Although the criteria to phase out nuclear power do not directly contribute to the climate target dimensions of the GFA, including them should prevent the phase-out of fossil fuels from resulting in an expansion of nuclear power.

[17] BMK. *Austrian Ecolabel*. April 2021, umweltzeichen.at/de/produkte/gr%C3%BCne-energie#guideline=UZ46

Table 14: Overview of criteria for measure 6.1

ID	Criterion	Deadline
6.1.1	Members shall not undertake any new earmarked investments in or provide new earmarked funding for (investment and lending portfolio) or provide insurance for (underwriting portfolio) new projects involving activities in the energy sector (electricity, heat and process energy) that use nuclear fission and aim to expand nuclear power infrastructure. These activities include: Producing energy using nuclear fission and supplying this energy to grids (power and heat) or direct use for process energy (desalination of sea water, hydrogen production or direct supply). Producing and trading uranium (for the purposes of producing energy from nuclear fission), plutonium, thorium and mixed oxides containing plutonium and uranium. Manufacturing core components for power plants on the principle of nuclear fission. Trading in core components for power plants on the principle of nuclear fission. Rendering services directly related to energy production from nuclear fission. These exclusion criteria do not apply to investments and financing that aim to decommission nuclear facilities that have been taken out of service (nuclear power plants, enrichment plants, plants that produce nuclear fuel, reprocessing plants, research reactors, intermediate repositories for spent fuel elements or intermediate repositories for radioactive waste that are connected to the nuclear plants listed and are located on the same site as these plants) or investments in the safety and maintenance of existing plants and investments in and financing of permanent repositories (permanent disposal of conditioned radioactive waste with no intention of retrieving it). Activities in compliance with EU taxonomy are excluded.	2024
6.1.2	Phase-out of all portfolio positions in companies that generate more than 5 per cent of their turnover with activities listed in 6.1.1 and of all projects whose purpose is to produce energy from nuclear fission. Business activities that comply with EU taxonomy, projects in line with the Paris Agreement, and companies that have set science-based climate targets (time horizon: 2050, including five-year intermediate targets) and that are working to decarbonise their core business in line with the Paris Agreement are excluded.	2035
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.	2022

Measure 6.2 Compliance with standards on minimum social safeguards

Table 15: Overview of criteria for measure 6.2

ID	Criterion	Deadline
6.2.1	Introduction of a guideline relating to 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 shall be published on the GFA member's website.	2022

Measure 6.3 Advisory business: integration and consideration of climate aspects in lending/capital market transactions

When banks support companies in the preparation, execution and capital market communication of financial transactions, these activities might not end in long-term positions on the bank's balance sheet. Therefore, these activities might not be covered by the bank's portfolio-related climate targets. Yet, they can be a significant revenue driver of a bank and can substantially contribute to the business clients' climate ambitions. Hence, the GFA has introduced a first set of criteria covering the advisory business of banks relating to lending/capital market transactions.

Table 16: Overview of criteria for measure 6.3

ID	Criterion	*Deadline*
6.3.1	Introduction of a climate strategy for the advisory business on lending/capital market transactions based on criteria under measure 1.1.	2024
6.3.2	Annual publication of a climate report for the advisory business on lending/capital market transactions based on criteria under measure 1.2.	2025
6.3.3	Phase-out of coal Members shall not undertake any new advisory business on lending/capital market transactions for 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 (i) publicly commit to decarbonising their core business in line with the Paris Agreement and, if evaluable, (ii) do not invest in expanding their coal infrastructure are excluded. If, due to lack of information, aspect (ii) cannot be evaluated, fulfilment of (i) is sufficient.	2024
6.3.4	Phase-out of coal Members shall not undertake any new advisory business on earmarked lending/capital market transactions for 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.	2024
6.3.5	Phase-out of oil Members shall not undertake any new advisory business on lending/capital market transactions for companies that generate more than 30 per cent of their turnover from activities in the oil sector (exploration, production, processing, distribution, conversion to electricity, heat production). Companies that (i) publicly commit to decarbonising their core business in line with the Paris Agreement and, if evaluable, (ii) do not invest in expanding their oil infrastructure are excluded. If, due to lack of information, aspect (ii) cannot be evaluated, fulfilment of (i) is sufficient.	2024
6.3.6	Phase-out of oil Members shall not undertake any new advisory business on earmarked lending/capital market transactions for new oil projects involving activities in the oil sector (exploration, production, processing, distribution, conversion to electricity, heat production) that aim to expand oil infrastructure. Business activities possibly in compliance with EU taxonomy are excluded.	2024

6.3.7	Phase-out of natural gas Members shall not undertake any new advisory business on lending/capital market transactions for companies that generate more than 30 per cent of their turnover from activities in the natural gas sector (exploration, production, processing, distribution, conversion to electricity, heat production). Companies that (i) publicly commit to decarbonising their core business in line with the Paris Agreement and, if evaluable, (ii) do not invest in expanding their natural gas infrastructure are excluded. If, due to lack of information, aspect (ii) cannot be evaluated, fulfilment of (i) is sufficient.		2025
6.3.8	Phase-out of natural gas Members shall not undertake any new advisory business on earmarked lending/capital market transactions for new natural gas projects involving activities in the natural gas sector (exploration, production, processing, distribution, conversion to electricity, heat production) that aim to expand natural gas infrastructure. Business activities in compliance with EU taxonomy are excluded.		2025
6.3.9	Introduction of a guideline for advisory business on lending/capital market transactions relating to the handling of fossil fuels based on GFA criteria 6.3.3-6.3.8. The guideline can be integrated into the climate strategy or published in another document or as a separate document on the GFA member's website.		2024

5.2 Overview of relevant documents

Please find additional publications on the publication websites in English and German.

- Handbook version 4.0 (in German)
- List of criteria version 4.0 (in German)
- GFA presentation
- Progress report 2024
- Implementation guidelines (in German)

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LIST OF ABBREVIATIONS

BMK .... Austrian Ministry for Climate Action

CNC .... Climate Navigation Cockpit

CSRD .... Corporate Sustainability Reporting Directive

EMAS .... Eco Management and Audit Scheme

ESG .... Environmental Social Governance

GFA .... Green Finance Alliance

GHG Protocol .... Greenhouse Gas Protocol

KPI .... Key Performance Indicator

NFRD .... Non-Financial Reporting Directive

PACTA .... Paris Agreement Capital Transition Assessment

PCAF .... Partnership for Carbon Accounting Financials

SBTi .... Science-Based Targets initiative

GHG .... Greenhouse gas

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