Framework for Sustainable Finance Integrity

A contribution to guiding action across the financial system

Consultation Draft

May 2021

CLIMATE POLICY INITIATIVE

ABOUT

The **Framework for Sustainable Finance Integrity** ("Framework") is a draft document, intended as a contribution to a clear pathway to financial system integrity and materiality that will help smooth the financial sector's move to sustainability and net zero and reinforce the multiplier effect these actions will have on achievements in the real economy. The document outlines a set of guardrails to deliver results and foster integrity. The document has been developed based on a rigorous, technical evaluation of existing initiatives and critical actions identified by civil society.

The Framework was reviewed and guided by an Advisory Council of leading personnel and organizations from each segment of the financial ecosystem, including insurers, commercial banks, development banks, asset managers, civil society, and government representatives across Asia, Africa, Europe and the Americas.

The Advisory Council is co-chaired by Rachel Kyte, Dean of The Fletcher School, and Laurence Tubiana, CEO of the European Climate Foundation.

The project was also supported by the Oxford Sustainable Finance Programme at the University of Oxford.

The responsibility for the contents lies solely with the authors.

Advisory Council members, in alphabetical order, are:

- Paola Alvarez, Philippines Ministry of Finance
- Sharan Burrow, International Trade Union Confederation
- Patrick Dlamini, Development Bank of Southern Africa
- Ambroise Fayolle, European Investment Bank
- Kate Hughes, UK Department for Business, Energy, and Industrial Strategy
- Karsten Sach, German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
- Daniel Klier, HSBC
- Margaret Kuhlow, WWF International
- Joaquim Levy, Banco Safra SA (previous Brazil Minister of Finance, World Bank CFO, and President BNDES)
- Hu Min, Beijing Institute of Finance and Sustainability
- Mahmoud Mohieldin, UN Special Envoy on Financing the 2030 Agenda for Sustainable Development
- Helen Mountford, World Resources Institute
- Luiz Pereira da Silva, Bank for International Settlements
- Guenther Thallinger and Marina Zeyss, Allianz
- observer Rémy Rioux, Agence Française de Développement

AUTHORS

Bella Tonkonogy

June Choi

ACKNOWLEDGMENTS

The authors would like to acknowledge and thank the Advisory Council for their guidance in developing this draft framework. They would also like to acknowledge the core project team who supported this effort: Barbara Buchner and Vikram Widge (CPI), Astrid Manroth and Sarah O'Brien (ECF), and Ben Caldecott and Krister Koskelo (University of Oxford). In addition, they acknowledge the many people who provided inputs on early drafts, including staff from CPI, Advisory Council institutions, and other organizations including Asian Development Bank (ADB), COP26 Champions team, Green Climate Fund (GCF), the Institutional Investors Group on Climate Change (IIGCC), International Development Finance Club (IDFC), the Organisation for Economic Co-operation and Development (OECD), UNEP-FI, the United Nations Office of the Secretary General, and the World Bank.

This publication has been supported by the European Climate Foundation. Responsibility for the information and views set out in this publication lies with the authors. The European Climate Foundation cannot be held responsible for any use which may be made of the information contained or expressed therein.

ABOUT CPI

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has six offices around the world in Brazil, India, Indonesia, Kenya, the United Kingdom, and the United States.

CONTACT

Feedback is welcome; a revised version is planned in autumn 2021.
framework@cpiglobal.org

CONTENTS

1. INTRODUCTION

The COVID-19 pandemic and ensuing economic crisis have highlighted the fragility and interdependence of economies, the vulnerability of societies, and the importance of healthy and resilient ecosystems, globally. In 2020, global growth contracted by 4.3%.[1] Global extreme poverty is set to rise for the first time in over 20 years, with developing economies in particular affected.[2] Several developing countries, notably India, continue to experience distressing levels of disease. Working conditions and labor markets have deteriorated most rapidly in least developed economies where most people are employed in the informal sector, with women being disproportionately affected.[3] The world's poorest countries may not have widespread access to vaccines until early 2023,[4] significantly slowing recovery efforts amidst a looming debt crisis.[5] Meanwhile, climate-related disasters in 2020, including severe floods in South Asia, unprecedented wildfires in Australia and California, and a strong Atlantic hurricane season, made clear that climate change impacts are already here and will increasingly threaten people, nature, and assets. Both COVID-19 and environmental degradation disproportionately affect low-income households and society's most vulnerable communities, compounding inequality. The zoonotic nature of COVID-19 has also highlighted the urgency of protecting biodiversity.[6,7] The latest UN Human Development Report insists that people and nature must be placed at the core of the sustainable development agenda, recognizing that planetary and social imbalances reinforce each other and therefore must be tackled simultaneously.[8]

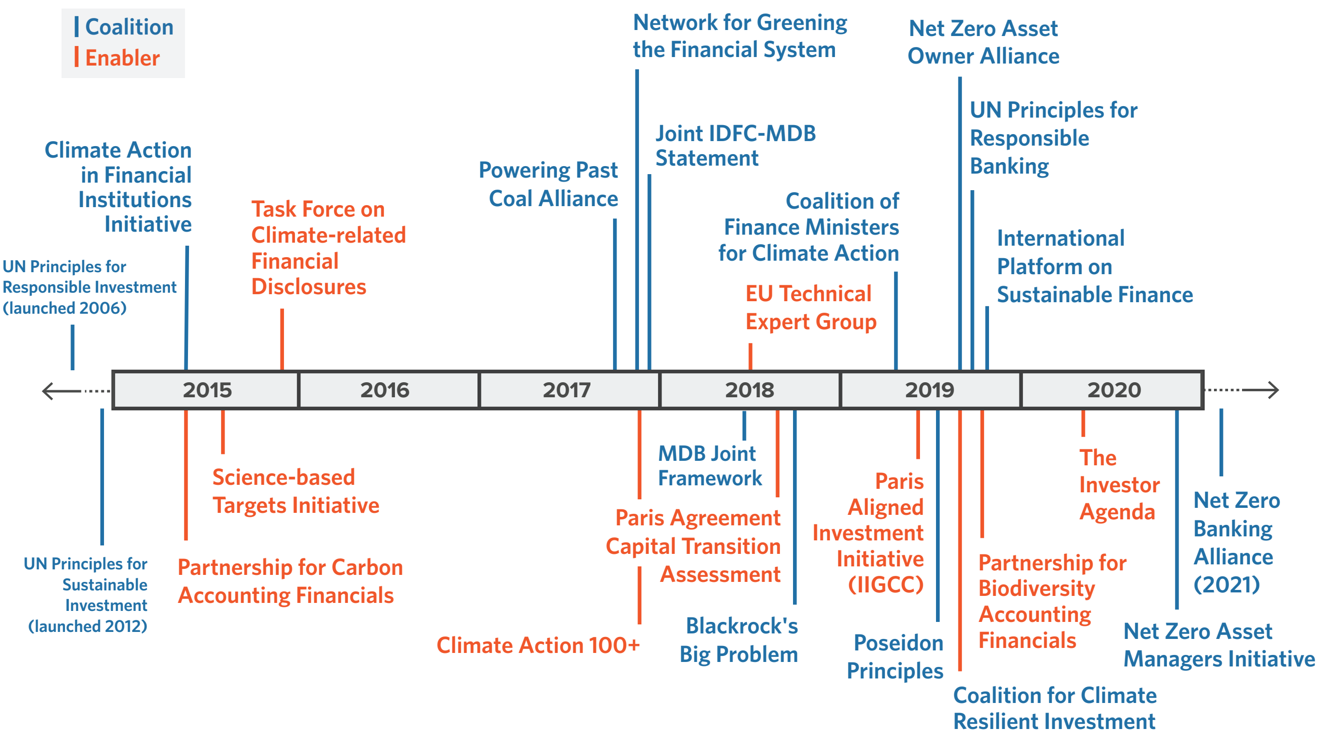
The financial system lies at the heart of a sustainable future, particularly in the wake of the COVID-19 pandemic. Financial actors, including governments, central banks and financial supervisors, development finance institutions, commercial banks, asset owners, asset managers, and insurers, can work together to create a financial ecosystem that accurately prices risk and rewards sustainability, thus supporting the move towards a sustainable, net zero future. As economies move from relief to recovery, extensive evidence suggests that meeting the Sustainable Development Goals and Paris Agreement objectives could bring widespread economic, health, and employment benefits, and improve economic and financial stability post-COVID. Restoring nature and biodiversity are job-intensive activities and can help regions hard-hit by the economic crisis.[9,10] The IMF recently estimated the multiplier effect for green spending, including clean energy and biodiversity conservation, to be two to seven times greater than non-green spending.[11] The Global Commission on the Economy and Climate found in 2018 that a low-carbon growth path could result in cumulative social

1 https://www.worldbank.org/en/publication/global-economic-prospects
2 https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021
3 https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_764268.pdf
4 https://www.eiu.com/n/85-poor-countries-will-not-have-access-to-coronavirus-vaccines/
5 https://www.brookings.edu/wp-content/uploads/2020/12/COVID-19-legacy-of-debt_final.pdf
6 https://news.un.org/en/story/2020/05/1064752
7 https://wwf.panda.org/our_work/our_focus/finance/?363390/wwfcee-covid19#:~:text=Halting%20biodiversity%20and%20habitat%20loss,we%20have%20to%20address%20them.
8 http://hdr.undp.org/sites/default/files/hdr2020.pdf
9 https://wwf.panda.org/?364346/Nature-based-solutions-post-COVID-19-recovery
10 https://www.wri.org/news/coronavirus-nature-based-solutions-economic-recovery
11 https://www.imf.org/en/Publications/WP/Issues/2021/03/19/Building-Back-Better-How-Big-Are-Green-Spending-Multipliers-50264

and economic benefits exceeding USD 25 trillion over 2018-2030 compared to business-as-usual. [12] In 2019 the Global Commission on Adaptation found that a USD 1.8 trillion investment to strengthen resilience between 2020 and 2030 could bring USD 7.1 trillion in net benefits.[13] Yet to date, only a few relief efforts have mainstreamed the multiple challenges facing both present and future societies,[14] increasing the potential for risk into the future and leaving aside the benefits of a sustainable transition.

This is not to discount progress. Financial actors have formed coalitions to promote sustainable finance (Figure 1), with many reaffirming commitments in the wake of COVID-19. These include public sector coalitions, such as the Coalition of Finance Ministers, the Network for Greening the Financial System (for central banks), the group of Multilateral Development Banks, and the International Development Finance Club, and private sector coalitions such as the Net Zero Asset Owners Alliance, the Net Zero Asset Managers Initiative, the Net Zero Banking Alliance, the Investor Agenda, Principles for Responsible Banking, and Principles for Responsible Investment.

Figure 1: Sustainability coalitions and initiatives in the financial sector, by year of launch



However, while many initiatives make commitments to align finance with the Paris Agreement and Sustainable Development Goals and target net zero emissions, mainstream sustainability in operations, and disclose risks, the sum total of commitments would almost certainly not add up to a net zero sustainable trajectory: the pace of change and impact on the real economy is likely to be too slow, with lock-in of high carbon assets and serious unmitigated climate risks far before 2050,[15] and far too little attention paid

12 https://newclimateeconomy.report/2018/the-new-growth-agenda/
13 https://cdn.gca.org/assets/2019-09/GlobalCommission_Report_FINAL.pdf
14 The EU's EUR 672.5bn Recovery and Resilience Facility, comprising a mix of loans and grants that will be allocated to member states based on unemployment, real GDP, and population share, has 37% earmarked for climate-related spending. Furthermore, EU's Zero pollution action plan aims to mainstream efforts to eliminate pollution in air, water, soil and consumer products across all policy developments.
15 CPI (2020) Paris Misaligned? https://www.climatepolicyinitiative.org/publication/paris-misaligned/; UN Emissions Gap report; IPCC Special

to other environmental and social issues such as biodiversity and just transition. The siloed approaches of coalitions also make some challenges difficult to overcome, such as the immediate need for debt relief and restructuring in some developing countries that will require more than one set of financial actors to engage. There is therefore a need to increase the ambition, credibility, and accountability of coalition commitments and provide the connective tissue between the various coalitions and efforts to help strengthen their contributions towards the sustainable, net zero path.

In addition, there is no universally accepted framework against which to measure progress nor a commonly accepted understanding of what all financial actors should be doing at minimum and what the most ambitious institutions should strive towards to remain leaders. As commitments have proliferated, different organizations have proposed sector-specific benchmarks or methodologies[16] and tools for individual financial institutions to measure alignment of portfolios[17] and new investments, but there are no universally accepted standards. There is also currently no organization that is tracking the progress of the financial system overall, nor analyzing the impact, separately and in aggregate, of the commitments. Similarly, the many institutions that have not made commitments are also not routinely identified and tracked.

The financial system therefore stands at a critical moment, with an accelerating pace of sustainability and net zero pronouncements by a range of actors. While welcome, this rapid proliferation has exposed missing links: how to 1) understand and ensure the integrity and accountability of the many individual pledges and sectoral initiatives, 2) coordinate across silos of public and private financial actors to ensure coherence and impact on net zero and sustainability, and 3) focus on sustainability and social justice beyond climate mitigation to address the many inequalities and vulnerabilities the COVID-19 crisis has highlighted.

This draft **Framework for Sustainable Finance Integrity** ("Framework") is intended as a contribution to a clear pathway to financial system integrity and materiality that will help smooth the financial sector's move to sustainability and net zero and reinforce the multiplier effect these actions will have on achievements in the real economy. The document outlines a set of guardrails to deliver results and foster integrity. The document has been developed based on a rigorous, technical evaluation of existing initiatives and critical actions identified by civil society.

The draft framework suggests minimum benchmarks for meaningful sustainable finance commitments and identifies leadership benchmarks to highlight best practices in sustainable finance across the major sectors of the global financial system. These benchmarks recognize that there is value in having as many financial actors as possible move towards sustainable, net zero operations, but at the same time, that continual strengthening and improvement is imperative to reach critical global goals this decade. The Framework also suggests a credible approach that academia, think tanks, and civil society can use to analyze and monitor progress on sustainability, and hold providers of finance to account.

Benchmarks are defined in three categories that were developed based on a bottom-up analysis of commitments (Table 1):

Report (2018)

16 e.g., World Benchmarking Alliance, ACT Initiative

17 e.g., 2DII's PACTA and SBTi's Temperature Scoring and Portfolio Coverage Tool

- **Targets and objectives:** This category includes targets that financial sector actors have set at the strategic level of institutions, encompassing long-term targets that focus on Paris Agreement and Sustainable Development Goal alignment and/or reaching net zero emissions for both new investments and overall portfolios, as well as more specific targets that would illustrate interim progress and help drive action in the near-term: for example, climate finance and near-term emissions reduction targets, as well as targets to phase out fossil fuel financing and investment. While most financial sector targets to date have focused on climate mitigation, targets for pollution (e.g., "zero pollution"), adaptation and resilience finance, biodiversity conservation, and just transition are also considered in this category and highlighted where information is available.
- **Implementation:** This category covers the measures that an institution would take to achieve its targets and to improve its ability to do so. It includes approaches to mainstream sustainability in its governance and operations, for example via mandates and strategies, decision-making processes and tools, investment products, performance management, and risk management. It includes actions taken on shareholder, client, and policy engagement. It also includes commitments made to cooperate with others in the sector, for example through sharing of best practices.
- **Metrics and transparency:** This category covers the development and adoption of metrics to track and report on performance both internally within the organization as well as externally, for example via climate- and nature-related disclosures, and to use that data to improve performance over time.

This document lays out a set of "minimum" and "leadership" benchmarks in these categories.

Section 2 details Minimum Benchmarks. The Minimum Benchmarks describe actions that have generated considerable consensus as the basic actions that all financial sector actors should adopt, regardless of sector. These were identified through analysis of existing commitments and announcements, summarized in Table 1.

The Leadership Benchmarks, detailed in Section 3, on the other hand identify actions intended to recognize ambition in the same three areas. The Leadership Benchmarks describe actions needed across the financial system and also detail actor-specific actions and considerations. The criteria used to identify leadership are:

1. **Most ambitious action to date** already announced in the area by an actor or coalition
2. **Recommended action from academics or NGOs** for credible leadership that drives transformative change

In addition, several areas in high need of collaboration across the financial system were identified to drive further progress (Section 4); these types of collaboration are required to make sure that the efforts of individual actors and coalitions add up to the systemic change needed for the financial sector to not only participate in, but also accelerate, the sustainable transition.

NEXT STEPS

The draft Framework will be released on May 10 in a soft launch event featuring Advisory Council members. Feedback is welcome; a revised version is planned in advance of COP26 and other major autumn 2021 events such as the Finance in Common summit. This is not a new standalone initiative or reporting requirement for institutions, and endorsement will not be sought, to maintain independence.

Further revisions could be undertaken periodically as best practice evolves. In addition, following the soft launch the project will also seek to provide analytical contributions to some of the key sustainable finance areas that require significant cross-sectoral collaboration, which have also been identified in the draft framework document, and to measure progress in the financial system according to the framework.

Table 1: Coalition commitment analysis

This table indicates the presence of commitments in each category but does not evaluate their comprehensiveness or ambition. Categories were determined based on bottom-up analysis of commitments.		**Targets and Objectives**		**Implementation**		**Metrics and Transparency**	
		Alignment - new and existing portfolio – and/ or net zero target	Other targets (climate finance, emissions reduction, fossil fuel finance)	Policy development, shareholder engagement	Mainstreaming	Disclosure/ Transparency	Risk assessment and measurement
Government	Coalition of Finance Ministers for Climate Action (Helsinki Principles)	✓		✓	✓		
Central Banks and Supervisors	Network for Greening the Financial System			✓	✓	✓	✓
	LSE/ Grantham INSPIRE Framework					✓	✓
Development Finance Institutions	EDFI Statement on Climate and Energy Finance	✓	✓		✓	✓	
	Joint Declaration of all PDBs in the World	✓		✓	✓	✓	✓
	IDFC-MDB joint statement on alignment	✓		✓	✓	✓	✓
	MDB 6 Building Block Approach	✓	✓	✓	✓	✓	✓
Commercial Banks	UN Principles for Responsible Banking	✓	✓		✓	✓	✓
	Net Zero Banking Alliance	✓	✓	✓		✓	
Asset Owners and Managers	Net Zero Asset Owner Alliance	✓	✓	✓	✓	✓	
	Net Zero Asset Managers Initiative	✓	✓	✓	✓	✓	✓
	The Investor Agenda	✓	✓	✓	✓	✓	✓
	IIGCC Net Zero Investment Framework	✓	✓	✓	✓	✓	✓
Insurers (Underwriting)	UNEP FI Principles for Sustainable Insurance			✓	✓	✓	

2. MINIMUM BENCHMARKS

The analysis described in the introduction has demonstrated that there is growing consensus on the set of actions around targets and objectives, implementation, and metrics and transparency that can be considered minimum benchmarks for any finance actor in any institution type to commit to as a starting point (Table 2).

Table 2: Summary of minimum benchmarks for all actors

Action Category	Minimum Benchmarks
Targets and Objectives	Commit to align policies, practices, and portfolios with the Paris Agreement objectives and the Sustainable Development Goals, targeting net zero emissions by 2050[18].
Implementation	Mainstream climate change and sustainability objectives and risk management within the institution's operations, including adhering to minimum environmental and social safe-guards Engage with peers and counterparts to drive action Eliminate finance for new coal projects
Metrics and Transparency	Assess and disclose Scope 1 and 2 of portfolio emissions[19], and climate, environmental, and social risks

2.1 TARGETS AND OBJECTIVES

Commit to align policies, practices, and portfolios with the Paris Agreement objectives and the Sustainable Development Goals, targeting net zero emissions by 2050 (consistent with 1.5°C).

Thus far, 127 countries responsible for 63% of global greenhouse gas emissions have adopted, announced, or are considering net zero targets. Adopting net zero targets by 2050 is increasingly the norm, with Finland's carbon neutrality by 2035 and Sweden's net zero by 2045 being the most ambitious targets. Denmark, France, New Zealand, Sweden, and the UK have formally adopted their net zero targets into legislation.[20]

In the private sector, the Net Zero Asset Owners Alliance has committed to "transitioning their investment portfolios to net zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures." The Net Zero Asset Manager's Initiative, launched in December 2020 and representing USD 9 trillion assets under management, committed to "work in partnership with asset owner clients on decarbonization goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management." The members of the recently announced Net Zero Banking

18 As "Paris Alignment" is both broader than a single year target and does not necessarily mean "net zero by 2050", the two terms are not interchangeable

19 Following from the Net Zero Asset Owner Alliance Target Setting Protocol and the UNEP-FI Guidelines for Climate Target Setting for Banks, this paper focuses on portfolio emissions. The scopes discussed throughout are portfolio emissions, as financial institutions' own Scope 1 and 2 emissions are largely not material in comparison (NZAOA estimates ~3% of an FI's emissions).

20 https://eciu.net/netzerotracker

Alliance have committed to "aligning their lending and investment portfolios with net zero emissions by 2050."[21]

Many financial sector initiatives have also adopted "alignment" as a target, focusing on making all financial flows "consistent" with a pathway towards low greenhouse gas emissions and climate resilient development, as described in Article 2.1c of the Paris Agreement, and with the Sustainable Development Goals. The UN's Principles for Responsible Banking includes a commitment for signatories to align their "business strategy" with the Sustainable Development Goals and Paris Agreement. In the public sector, the Coalition of Finance Ministers via the Helsinki Principles has committed to "Align our policies and practices with the Paris Agreement commitment," and multilateral development banks, the International Development Finance Club, the Association of European Development Finance Institutions (EDFI), and the Joint Declaration of Public Development Banks have committed to align their activities with the objectives of the Paris Agreement, with the Joint Declaration also committing to align financial flows with the future post-2020 Global Biodiversity Framework. The commitment of EDFI is most specific, in November 2020 announcing that they will "align all new financing with the objectives of the Paris Agreement by 2022 and will transition our investment portfolios to net zero GHG emissions by 2050 at the latest."

2.2 IMPLEMENTATION

Mainstream climate change and sustainability objectives and risk management within the institution's operations, including adhering to minimum social and environmental safeguards. Mainstreaming is nearly universally discussed among the main initiatives and commitments of financial system actors. EDFI has committed to "embed climate action and climate risk management at every level of our institutions." The Investor Agenda commits to integrating climate change-related risks in portfolio analysis and decision-making. The Network for Greening the Financial System (NGFS) recommendations 1, 3, and 5 deal with the climate impact of jurisdictional economies and financial sectors; climate risk exposure of supervised entities; and taking action to mitigate risk, respectively. The Multilateral Development Banks' Joint Framework for aligning activities with the Paris Agreement aims to develop methods and tools for assessing operations against transition risks and actively managing physical climate risks, in line with Principle 2 of the Mainstreaming Principles.[22]

At minimum, all financial actors must also be adhering to environmental and social safeguards that aim to identify, avoid, mitigate and minimize any adverse environmental and social impacts associated with their projects and activities; for example, the Joint Declaration of Public Development Banks emphasizes the importance of standards such as the International Finance Corporation's Performance Standards.[23]

Shareholder engagement and stewardship are increasing areas of emphasis, with the UN Principles for Responsible Investment considering the inclusion of engagement and/or voting requirements as a new minimum requirement for members.[24] This is an important starting point as it is the clients and investees themselves that ultimately need to adopt and implement ambitious targets and transition plans for results to occur in the real economy.

21 https://www.unepfi.org/net zero-banking/
22 https://pubdocs.worldbank.org/en/784141543806348331/Joint-Declaration-MDBs-Alignment-Approach-to-Paris-Agreement-COP24-Final.pdf
23 https://www.afd.fr/en/ressources/finance-in-common-joint-declaration-all-public-development-banks-world
24 https://www.responsible-investor.com/articles/a-response-from-the-pri-we-re-looking-at-how-we-can-better-support-voting-practices

Eliminating finance for new coal projects is also a minimum identified by many actors; the UN Secretary General has recently called for the cancellation of all coal projects in the pipeline.[25] At least 19 banks have pledged to prohibit financing for new and existing coal power projects, with another 17 banks pledging to prohibit financing for new coal plants with some exceptions,[26] and 32 major insurers have adopted policies for limiting underwriting for coal.[27] Some, but not nearly all, development finance institutions have approved policies that prohibit coal lending, such as EDFI, which has excluded all new coal and fuel oil financing. Other development finance institutions (such as the World Bank and African Development Bank) have stopped lending for coal but still have policies that allow it in exceptional circumstances.[28] Several major export credit agencies continue to support coal companies and projects.[29]

2.3 METRICS AND TRANSPARENCY

ASSESS AND DISCLOSE EMISSIONS AND CLIMATE RISK.

Measuring emissions is critical to being able to manage them. At minimum, financial institutions are measuring Scope 1 and 2 of their portfolio emissions but increasingly Scope 3 emissions are becoming best practice for priority sectors where data is available and can be reliably measured.[30]

Regarding climate-related risk disclosure practices, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations have now become the widely accepted international standard, with several governments including the UK, Canada, and New Zealand announcing their intention to make disclosure mandatory in line with TCFD recommendations. Development finance institutions and private sector actors have committed to adopting TCFD practices, including EDFI and the Investor Agenda. The Global Public Policy Committee (GPPC), a group of six large international accounting networks, has recently announced that they will work to ensure climate risk is properly reflected in financial statements.

As the COVID-19 crisis has demonstrated, risk assessment should consider how pandemic risks could increase with land use changes.

25 https://news.un.org/en/story/2021/03/1086132
26 Banking on Climate Change. As of 31 December 2021. https://www.banktrack.org/campaign/banks_and_fossil_fuel_financing#start. Some exceptions were for coal plants in developing countries, or those with significant carbon capture.
27 https://sunriseproject.org.au/project/shifting-global-finance/
28 https://www.e3g.org/matrix/
29 http://priceofoil.org/2020/01/30/g20-ecas-2020/
30 https://ghgprotocol.org/scope-3-technical-calculation-guidance

3. LEADERSHIP BENCHMARKS

According to the collective ambition represented in current Nationally Determined Contributions, the world is still set to reach around 3°C warming by 2100. The collective impact of net zero emissions goals announced or under discussion to date, if successfully implemented, could likely lower temperature projections below 2.3°C [31] But limiting warming to 1.5°C is necessary to avoid the worst impacts of climate change,[32] and most net zero ambitions have yet to translate into concrete, near-term commitments and priorities.

In addition, high-level finance-related commitments and initiatives have been heavily skewed towards climate mitigation, while progress on other environmental and social impact areas has lagged behind. COVID-19 has brought renewed attention to these impact areas as integral for recovery and building a sustainable finance system. A number of principles and open letters demanding sustainable recovery have been published over the past year, emphasizing the importance of seizing this unprecedented shock to our global economy to put in place a more just, equitable, low-carbon, and resilient financial system. These statements touch on a wide range of topics, including inclusive development, decent work, just transition[33] and job creation especially for women, climate adaptation and system resilience, harnessing the transformative potential of the digital economy, and the need to protect biodiversity and ecosystem services. These include, for example, the Investor Agenda's Statement on a Sustainable Recovery from the COVID-19 pandemic,[34] the World Bank's proposed "Sustainability Checklist" for assessing recovery investments,[35] and the OECD's 2020 Ministerial Council statement.[36] The Joint Declaration of all the Public Development Banks in the World released in November 2020[37] is indicative of the increasing attention to Sustainable Development Goal financing beyond a narrower focus on climate change.

Moreover, financial system actors in developed countries in particular have a greater responsibility to support and accelerate action in developing economies, without which global goals will not be met, but where at the same time debt burdens and borrowing costs may be increasing in parallel with increasing social and environmental vulnerability.

The Leadership Benchmarks (Table 3) seek therefore to define ambitious actions that financial actors can take to influence sustainable, net zero trajectories. They are summarized at the beginning of each section and then further detailed by actor group, which are: governments; central banks and financial supervisors; development finance institutions; asset owners and managers[38]; commercial banks; and insurers.

31 Climate Action Tracker, https://climateactiontracker.org/global/temperatures/

32 IPCC 1.5 Special Report; According to the UN Emissions Gap report, annual emissions must be around 32 GtCO2e lower than the current policies scenario by 2030. Current policies scenario is on track to reach 59 GtCO2e by 2030.

33 A Just Transition seeks to mitigate negative socio-economic impacts and increase opportunities associated with the transition to a net zero economy, supporting affected workers and communities, and enhancing access to sustainable, inclusive and resilient livelihoods for all

34 https://theinvestoragenda.org/wp-content/uploads/2020/05/THE_INVESTOR_AGENDA_A_SUSTAINABLE_RECOVERY_FROM_COVID-19.pdf

35 http://pubdocs.worldbank.org/en/223671586803837686/Sustainability-Checklist-for-Assessing-Economic-Recovery-Investments-April-2020.pdf

36 https://www.oecd.org/mcm/C-MIN-2020-7-FINAL.en.pdf

37 https://financeincommon.org/sites/default/files/2020-11/FiCS%20-%20Joint%20declaration%20of%20all%20Public%20Development%20Banks.pdf

38 Asset owners and managers differ in several respects, but as most of the sources consulted for this project did not distinguish between the two,

The examples in this section are given to illustrate individual points of action and ambition. However, they do not indicate that the actors have met all the benchmarks in the document, nor should they necessarily be called a "leader" in sustainable finance, as this analysis has not been undertaken.

Table 3: Summary of leadership benchmarks for all actors

Action Category	Leadership Benchmarks
Targets and Objectives	Set science-based, five- and ten-year emissions reduction targets encompassing Scope 3 of portfolio emissions where significant, and consistent with IPCC's no or limited overshoot pathways in limiting warming to 1.5°C. Any offsets used must be for long-term carbon removal where no viable alternatives for eliminating emissions exist. Set appropriate and context-specific complementary targets, including climate investment, fossil fuel phaseout, biodiversity, adaptation, just transition
Implementation	Engage counterparties, including investees, corporate clients, and financial intermediaries, to adopt ambitious targets and implement changes in the real economy Integrate climate and sustainability issues into mandates, governance, and performance management Implement new instruments and business models to promote scaled up sustainable finance, including to support developing countries in their transition
Metrics and Transparency	Align to all TCFD recommendations (and eventually TNFD) and disclose methodologies and metrics used Track and report on non-aligned finance and Scope 3 of portfolio emissions for priority sectors

3.1 TARGETS AND OBJECTIVES

Leadership in targets and objectives requires setting science-based emissions reduction targets at five-year intervals encompassing priority Scope 3 of portfolio emissions and for an increasing share of assets under management. Ambitious emissions reduction pathways should be consistent with IPCC's no or limited overshoot pathways in limiting warming to 1.5°C (Table 4). Any offsets used must be for long-term carbon removal where no viable alternatives for eliminating emissions exist. In addition, actors should set appropriate and context-specific complementary targets, including for climate investment and for phaseout of fossil fuel investments, as well as targets related to adaptation, biodiversity, pollution, and just transition.

For **governments**, ambitious action beyond setting 2050 targets includes near-term (2025 and 2030) commitments and priorities, integrated into Nationally Determined Contributions and economic recovery plans.[39] As an example, the UK plans to reduce country emissions

we have grouped them here.

39 UN Emissions Gap Report 2020; According to the Climate Ambition Benchmarks (May 2019), the following achievements represent the highest

at least by 68% by 2030 compared to 1990, while also creating 250,000 jobs.[40] Net zero targets should be supported by just transition plans that aid communities' transition and economic diversification, through a special fund or designated commission that can make recommendations on priority investment needs for impacted communities.[41] Climate finance-related commitments, domestic and outbound, as well as overseas development assistance, should be prioritized in budget allocation plans and set to increase over time.[42] Regarding environment and biodiversity, the UK's 25-year plan launched in 2018 sets out various quantitative targets across water, air, wildlife, biosecurity, among other focus areas.[43]

In the near-term, governments should earmark a proportion of stimulus spending towards projects with green and social objectives. For instance, the EU has earmarked more than 30% of its entire recovery package and budget towards climate-related projects (nearly EUR 550 billion over 2021-2027).[44] Korea's New Deal aims to create 1.9 million jobs by 2025 and includes a green portion of USD 38 billion targeting green infrastructure transition, low-carbon energy, and green industry innovation, as well as USD 24 billion for building a stronger social safety net. It proposes to establish a "future-oriented job-training system" to support re-training for innovation jobs.[45]

Table 4: Emissions pathways limiting global warming to 1.5C[46]

	No or limited overshoot			Higher overshoot
	P1	**P2**	**P3**	**P4**
CO_2 emission change by 2030 (% change relative to 2010)	-58	-47	-41	4
CO_2 emission change by 2050 (% change relative to 2010)	-93	-95	-91	-97
Cumulative CO_2 Capture and Storage (CCS) until 2100 ($GtCO_2$)	0	348	687	1218

Central banks and supervisors are active participants in green transition discussions through the NGFS. NGFS and supporting research initiatives, such as the London School of Economics Grantham Institute's INSPIRE Toolbox, offer numerous green policy recommendations, for instance implementing net zero targets and plans into central banks' own portfolio management.[47] Banque de France has committed to exclude all companies with coal-related activities by the end of 2024 in its own investments, and align with European benchmarks on oil and gas.[48] Sweden's Riksbank has also taken steps to exclude bonds issued by fossil-

plausible ambition in line with the Paris Agreement's long-term goals: net zero in EU/US in 2045, in China/India in 2050; 65% of electricity from RE by 2030, 100% zero carbon by 2050; coal phase out in EU/US by 2030, in China/India by 2040.

40 https://www.gov.uk/government/news/uk-sets-ambitious-new-climate-target-ahead-of-un-summit

41 https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/actions-being-taken-eu/just-transition-mechanism_en ; https://poweringpastcoal.org/news/member-news/government-of-canada-welcomes-report-from-just-transition-task-force-for-canadian-coal-power-workers-and-communities

42 https://www.e3g.org/news/new-public-finance-roadmap-comes-at-a-critical-moment/

43 https://www.gov.uk/government/publications/25-year-environment-plan/25-year-environment-plan-our-targets-at-a-glance

44 https://ec.europa.eu/info/strategy/recovery-plan-europe_en

45 http://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4948

46 IPCC Special Report 2018

47 https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/03/Net_zero-central-banking-1.pdf

48 Villeroy de Galhau, 2021. Responsible investment policy: reinforcing exclusions with regard to fossil fuels. Banque de France, Paris. https://www.banque-france.fr/en/communique-de-presse/responsible-investment-policyreinforcing-exclusions-regard-fossil-fuels

fuel heavy regions in its foreign exchange reserves, and will start reporting on the carbon emissions of its corporate bond portfolio starting in 2021.[49]

This is an area where further analysis is needed to determine whether additional targets are appropriate for central banks.

Development finance institutions (DFIs) can lead by example and set ambitious sustainable finance commitments, as well as private capital mobilization targets, to help drive the trillions of dollars of investment needed into sustainable projects.[50] In addition, leading DFIs will have near-term fossil fuel finance phase out plans that cover not just coal, but also both upstream and downstream oil and gas sector investments. Leading examples include EDFI's commitment to align all new financing with the objectives of the Paris Agreement by 2022 and the general exclusion of all fossil fuel financing by 2030 at the latest. EDFI also promises individual targets for climate finance and mobilization of private sector finance.[51] IDFC members pledged to deploy more than USD 1 trillion in climate finance by 2025. The European Investment Bank stopped financing new unabated fossil fuel power investments in 2019 (with some grandfathering of existing projects to end 2021), aligning all financing activities with the Paris Agreement objectives starting at the end of 2020 while gradually increasing the share of climate and environment finance to >50% of annual financing by 2025 and supporting EUR 1 trillion in climate action and environment sustainability investment over 2021-2030.[52] The Development Bank of Southern Africa introduced a target for mobilization in 2016, one of the only development banks to feature catalyzing finance as a KPI in its corporate scorecard.[53] The Agence Française de Développement, World Bank, and African Development Bank are among those banks with specific adaptation finance targets as part of their overall climate finance targets.[54]

Asset owners and managers must develop both intermediate and long-term targets using a science-based approach aligned with limiting warming to 1.5°C, covering >90% AUM.[55] The most robust and credible emissions reduction plans should demonstrate how actions are linked to emissions reductions in the real economy, meaning they should not rely only on portfolio alignment, capital reallocation strategies or intensity-based targets.[56] In the Race to Zero breakthroughs, major asset managers must aim to at least halve emissions on an absolute basis by 2030, while major asset owners must set and achieve 2025 and 2030 targets for net zero aligned portfolios.[57]

For asset owners, the most ambitious action to date is the Net Zero Asset Owners' Alliance 2025 Target Setting Protocol, which provides guidance on setting sub-portfolio (later to

49 Sustainability strategy for the Riksbank. Sveriges Riksbank, Stockholm.
50 CPI (2019) Implementing Alignment: Recommendations for the IDFC https://www.climatepolicyinitiative.org/publication/implementing-alignment-recommendations-for-the-international-development-finance-club/
51 https://www.edfi.eu/wp/wp-content/uploads/2020/11/1.-EDFI-Statement-on-Climate-and-Energy-Finance-Final.pdf
52 https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf; https://www.eib.org/en/publications/eib-energy-lending-policy
53 https://www.climatepolicyinitiative.org/wp-content/uploads/2019/09/Implementing-alignment-recommendations-for-the-International-Development-Finance-Club-_-Full-Report.pdf
54 https://www.afd.fr/en/page-thematique-axe/climate#:~:text=Increasing%20the%20volume%20of%20climate%20financing,-%C2%A9%20AFD&text=AFD%20has%20set%20an%20objective,euros%20per%20year%20by%202020); https://www.worldbank.org/en/news/press-release/2020/12/09/world-bank-group-announces-ambitious-35-finance-target-to-support-countries-climate-action; https://www.afdb.org/en/news-and-events/unga-2019-african-development-bank-help-boost-climate-change-adaptation-funding-125bn-30397#:~:text=African%20Development%20Bank%20President%20Akinwumi,change%20between%202020%20and%202025.&text=%E2%80%9CThis%20is%20where%20the%20rubber,the%20Global%20Commission%20on%20Adaptation
55 >90% AUM is the new threshold being considered for UNPRI membership, to be confirmed April 2021
56 https://2degrees-investing.org/wp-content/uploads/2020/02/2DII-Targets-Impact.pdf
57 https://racetozero.unfccc.int/wp-content/uploads/2021/02/Race-to-Zero-Breakthroughs-Transforming-Our-Systems-Together.pdf

be portfolio) emissions reduction targets over the next five years within a defined range of 16% to 29% CO2e reduction by 2025 on public equity and corporate debt. Targets must cover Scope 1 and 2 portfolio emissions, as well as tracking Scope 3 emissions of underlying holdings in priority sectors.[58] Additional targets of the Net Zero Asset Owner's Alliance include sectoral targets for intensity-based reductions,[59] engagement targets,[60] and financing transition targets, all detailed in the Protocol.[61] To date seventeen members of the Alliance have already publicly announced their targets.[62]

For asset managers, the most ambitious initiative to date is the Net Zero Asset Managers Initiative, under which companies commit to setting interim targets for 2030 consistent with a "fair share of the 50% global reduction in CO_2" identified by the IPCC. These targets cover portfolio Scope 1 and 2 portfolio emissions and material portfolio Scope 3 to the extent possible, and should prioritize real economy emissions reductions.[63]

Both the Net Zero Asset Managers Initiative and the Institutional Investors Group on Climate Change's Net Zero Investment Framework emphasize that any offsets used must be for long-term carbon removal where no viable alternatives for eliminating emissions exist.[64]

Regarding biodiversity, actors should set measurable targets.[65] According to a recent investor survey, 67% of respondents stated they are addressing biodiversity in their portfolio to some extent, but less than 10% currently have measurable biodiversity-linked targets.[66] Members of the Finance for Biodiversity Pledge, which also includes banks and insurers, have committed to assess impact, set and disclose targets for reducing impacts to biodiversity by 2024 at the latest.[67]

Commercial banks' ambitious action consists of setting targets aligned with 1.5°C warming, including near-term targets for 2025 and 2030, the adoption of sectoral transition plans, full phase out for coal by 2030 or sooner, phase out plans for other fossil fuel clients without credible transition plans in place, and increasing finance for sustainable activities. The Collective Commitment to Climate Action (CCCA) supports ambitious action in the banking sector by requiring banks to set and publish sector-specific targets that strive for a 1.5°C trajectory within three years of joining.[68] Signatories to the Net Zero Banking Alliance are expected to set concrete near-term (2030 or sooner) targets within 18 months of joining, as outlined in the Guidelines for Climate Change Target Setting.[69]

With regards to coal, leading banks should commit to prohibit financing for new and existing coal-related projects, commit to full phase-out of coal clients by 2030 for OECD countries at

58 Priority sectors are defined as those with high Scope 3 emissions or otherwise large emissions contributions such as Oil and Gas, Utilities, Steel, Aviation, Shipping and heavy and light duty road transport
59 For priority sectors oil and gas, utilities, steel, transport(aviation), shipping, roads
60 Engage with top 20 (non-aligned) emitters or those responsible for 65% of emissions in portfolio
61 Increasing finance towards climate-positive investments, including renewables in emerging markets, green buildings, sustainable forests, hydrogen, among others
62 All of the Alliance members are committed to set own 2025 targets along the four (at least three) target areas; 17 members have already publicly announced their 2025 targets: AkademikerPension, Allianz, AMF, Aviva, AXA, CNP Assurances, Danica Pension, Folksam, Munich Re, PensionDanmark, Scor, Storebrand, Swiss Re, The David Rockefeller Fund, The Church Commissioners for England, Wespath, Zurich Insurance (as of end of April 2021). Up to date list of member targets: https://www.unepfi.org/net-zero-alliance/resources/member-targets/
63 For full list of targets see https://www.netzeroassetmanagers.org/#
64 https://www.parisalignedinvestment.org/media/2021/03/PAII-Net zero-Investment-Framework_Implementation-Guide.pdf
65 The Science Based Target Network has developed company guidance for nature science-based targets; further efforts could be applied for financial institutions. https://sciencebasedtargetsnetwork.org/
66 Responsible Investor "Unearthing Investor Action on Biodiversity"
67 https://www.financeforbiodiversity.org/about-the-pledge/
68 https://www.unepfi.org/banking/bankingprinciples/collective-commitment/
69 https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-Guidelines-for-Climate-Change-Target-Setting.pdf

minimum and globally at least by 2040, as well as prohibit financing for other customers with material exposure to coal (e.g. 15-25% of revenues or power generation derived from coal).[70]

As examples, HSBC has committed to net zero by 2050, with phase out for coal financing in the OECD by 2030 and by 2040 in the rest of the world, and has indicated plans to provide between USD 750 billion and 1 trillion in financing for decarbonization. NatWest became one of the first major banks to announce its commitment to become Paris-aligned in 2020, including halving emissions by 2030, fully phasing out finance to coal by 2030, stopping lending and underwriting to oil and gas companies without credible transition plans by the end of 2021, and providing GBP 20 billion in funding and financing for sustainable and climate finance by 2021.[71] Unicredit's coal policy is a total phase-out of coal sector financing by 2028.[72] ING had already reduced direct exposure to coal-fired power plants by 43% in 2019, and aims for total coal phase out by 2025.[73]

Insurers must set intermediate targets for net zero aligned investments (as asset owners), insurance and reinsurance underwriting portfolios.[74] For targets on investments, several insurers are members of the Net Zero Asset Owner's Alliance and have either already set or are in process of setting 2025 targets in line with that commitment (see asset owners above).

On the underwriting side, several insurers are pursuing fossil fuel exclusion targets;[75] for example Lloyd's has committed to end insurance and new investment in coal and oil sands by 1 January 2022, phasing out investments in companies deriving more than 30% revenue from these activities by 2025, and phasing out the renewal of existing insurance coverage for related facilities and activities by 2030.[76] The Insure our Future project calls for a more comprehensive halt to insuring not only coal, but also oil and gas companies and projects.[77]

3.2 IMPLEMENTATION

Leadership in implementation requires integrating climate, just transition, biodiversity, and other sustainability issues into mandates, governance, and performance management in addition to operations; having a credible approach to counterparties, including corporate clients and financial intermediaries;[78] and implementing new instruments and ways of doing business to promote sustainable finance, including to support developing countries in their transition.[79]

70 Banking on Climate Change. As of 31 December 2020. https://www.banktrack.org/campaign/banks_and_fossil_fuel_financing#start
71 https://www.natwestgroup.com/our-purpose/environment/our-approach-to-climate-change.html?adobe_mc_sdid=SDID%3D5129352E95D8A9A8-667D5F833E92ED05%7CMCORGID%3DC50417FE52CB33480A490D4C%40AdobeOrg%7CTS%3D1618929012&adobe_mc_ref=https%3A%2F%2Fwww.google.com%2F
72 https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2020/UniCredit_PR_2Q20_ENG.pdf
73 https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/CCCA_Year-One-in-Review_December-2020.pdf
74 https://www.bcg.com/en-us/publications/2020/insurers-take-up-the-climate-fight;
75 https://www.bcg.com/en-us/publications/2020/insurers-take-up-the-climate-fight;
76 https://www.insurancejournal.com/news/international/2020/12/17/594394.htm
77 https://www.insureourfuture.us/about
78 https://group30.org/images/uploads/publications/G30_Mainstreaming_the_Transition_to_a_Net_zero_Economy.pdf
79 See for example ICMA Sustainability-linked Loans and Sustainability-linked Bond standards: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/; https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/LMASustainabilityLinkedLoanPrinciples-270919.pdf

Governments must adopt a whole-of-government approach in translating and embedding sustainability factors, net zero commitments, and Paris Agreement objectives into fiscal, economic, and sectoral policies, as well as into mandates for public financial institutions, including central banks and national development banks. For example, the Coalition of Finance Ministers for Climate Action commits to "Take climate change into account in macroeconomic policy, fiscal planning, budgeting, public investment management, and procurement practices." Governments should adopt policies establishing effective carbon pricing and a level playing field for enabling investment in the sustainable transition, including phasing out fossil fuel subsidies and reforming agricultural subsidies.[80] Such policies should be complemented by measures to avoid carbon leakage, for instance through import taxes[81] and addressing investments enabled through export credit agencies.[82] Comprehensive policies such as updating green finance standards, requiring environmental and climate-related disclosures, mandating impact assessments, and other incentives can enable green financial system reform.[83] Finally, ongoing COVID relief to companies in priority sectors (such as aviation) should be linked to sustainability outcomes.[84]

Adaptation and resilience should be mainstreamed into decision making, for example through budget tagging and ensuring that resources are directed to countries facing disproportionately higher impacts of climate change and COVID-19.[85] Equity considerations should be mainstreamed into transition plans, for instance addressing gender inequities[86] and mitigating how marginalized communities may be adversely impacted or left behind, for example removing fees for accessing renewable energy sources and energy efficiency upgrades prioritizing low-income housing.[87] The Climate Action for Jobs Initiative 10-year strategy lays out a plan for recovery focused on climate action and creating decent work.[88] Regarding biodiversity, governments should adopt policies following the Dasgupta Review's call for better accounting of natural capital and their cross border 'trade' flows, instituting payments for country resources and imposing rents on common global resources.[89] Finally, local governments can take the lead in piloting ambitious and innovative policies, an approach taken by China's dedicated green finance pilot zones.[90]

For **central banks and supervisors**, the Network for Greening the Financial System recommends that addressing climate and environmental risks requires incorporating these risks into their mandates and developing strategies to integrate the risks in their work. These institutions can lead by establishing a dedicated internal team to assess climate risks and lead the integration of sustainability considerations across financial supervision processes, including monetary policy, prudential regulation, and portfolio management.[91] For example, the European Central Bank and Federal Reserve Bank of New York have recently established a dedicated climate center and committee respectively to examine the effects of climate

80 https://www.financeministersforclimate.org/promote; The IPCC has said that a minimum carbon price in 2030 must be at least $135/ton carbon dioxide equivalent, and in 2050 the price must be $245/ton
81 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12228-Carbon-Border-Adjustment-Mechanism
82 https://www.climatepolicyinitiative.org/publication/paris-misaligned/
83 https://global.chinadaily.com.cn/a/202101/26/WS600f5e79a31024ad0baa4ff7.html
84 See, e.g., https://www.tandfonline.com/doi/full/10.1080/20430795.2020.1813478
85 https://unfccc.int/news/call-to-action-for-a-climate-resilient-recovery-from-covid-19
86 https://www.brookings.edu/blog/education-plus-development/2021/03/01/the-road-to-a-net zero-economy-requires-building-girls-green-skills-for-green-jobs/
87 https://equitableclimateaction.org/wp-content/uploads/2020/05/Vision-for-Equitable-Climate-Action-May-2020-final-1.pdf
88 https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_754932/lang--en/index.htm
89 https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review
90 https://chinasdg.org/2020/07/14/shenzhen-plans-to-establish-a-mandatory-green-financial-management-system/
91 See for instance: https://www.ceres.org/sites/default/files/2020-05/Financial%20Regulator%20Executive%20Summary%20FINAL.pdf

change on banking and financial stability.[92] Biodiversity-related risks should be acknowledged in addition to climate risks; De Nederlandsche Bank established a Working Group on Biodiversity and became the first central bank to acknowledge biodiversity as a material financial risk.[93]

Climate stress-tests should be conducted on a regular basis, with the aim to establish common practices including adopting the NGFS Reference Scenarios as a starting point,[94,95] and becoming consistent with net zero pathways limiting warming to 1.5°C.[96] Central banks and supervisors should aim to better assess and understand the disproportionate economic impacts associated with climate physical and transition risks, such as the impact on unemployment and widening inequalities, when undertaking climate stress-tests.[97] China's central bank recently indicated that climate-related factors will be included in its monetary policy framework and that it may also be included in its stress-tests.[98]

Beyond risk assessment and disclosure, central banks and financial supervisions should deploy tools to mitigate risks. The London School of Economic Grantham INSPIRE toolbox describes tools available.[99] Given central banks' influence via corporate bond purchase programs, a number of think tanks have argued that central banks should incorporate green criteria into their purchase decisions, to reduce cost of capital for industries of the future which are not as well reflected in current capital allocation and reduce stranded asset risk.[100,101] The Bank of England has recently announced its intent to do this, supported by a revised government mandate.[102] Starting in January of this year, the People's Bank of China has included "green finance" in its assessment of commercial banks' performance, and has accepted green bonds rated "AA" and above as collateral for its lending facilities.[103] At the same time, U.S.-based advocacy organization Public Citizen emphasizes the importance of monitoring for unintended consequences of climate risk mitigation, in particular impacts on financial service availability and affordability for marginalized communities.[104]

Development finance institutions (DFIs) play a critical role in enabling the financial ecosystem in their countries of operation to meet the demands of the sustainable transition. In particular, DFIs need to engage their shareholders to improve policies – for example, national development banks have an important role to play in building capacity with their national government shareholders, especially on Nationally Determined Contributions, and can be supported by international peers.[105] On the investment side, DFIs must work quickly to develop and implement policies for what they demand of their clients – notably financial

92 https://www.newyorkfed.org/newsevents/news/aboutthefed/2021/20210125; https://www.ecb.europa.eu/press/key/date/2021/html/ecb.sp210125~f87e826ca5.en.html
93 https://www.dnb.nl/en/actueel/dnb/dnbulletin-2020/indebted-to-nature/
94 https://www.ngfs.net/sites/default/files/medias/documents/820184_ngfs_scenarios_final_version_v6.pdf; https://group30.org/images/uploads/publications/G30_Mainstreaming_the_Transition_to_a_Net zero_Economy.pdf
95 https://www.ngfs.net/en/about-us/governance/origin-and-purpose. The NGFS currently has several working groups in place examining the role of central banks and supervisors in tackling climate change across topics including microprudential supervision, macrofinancial, and scaling up green finance, through April 2022
96 https://www.lse.ac.uk/granthaminstitute/publication/net zero-central-banking-a-new-phase-in-greening-the-financial-system/
97 http://financial-stability.org/wp-content/uploads/2020/06/2020-01_BIS_the-green-swan.pdf
98 http://www.china.org.cn/business/2021-03/23/content_77338264.htm
99 https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/11/INSPIRE-toolbox_-2nd-Edition-1.pdf
100 https://www.responsible-investor.com/articles/why-central-banks-have-to-be-climate-change-activists; https://www.wri.org/blog/2020/05/coronavirus-responsible-quantitative-easing
101 https://positivemoney.org/greenbankofengland/
102 https://news.bloomberglaw.com/environment-and-energy/bank-of-england-gets-new-mandate-to-drive-net zero-goals
103 http://www.china.org.cn/business/2021-03/23/content_77338264.htm
104 https://www.citizen.org/article/climate-roadmap-for-u-s-financial-regulation/
105 https://www.climatepolicyinitiative.org/publication/implementing-alignment-recommendations-for-the-international-development-finance-club/

intermediaries as well as corporate clients. These policies should require all counterparts with significant direct or indirect GHG emissions to commit to credible transition plans, backed up with capacity building and advisory services, and eventually DFIs should only work with those clients that have done so. IFC has recently announced a policy to no longer make equity investments in financial institutions without a coal phaseout plan.[106]

Leading DFIs should also implement and work to standardize and scale innovative investment products including blended finance approaches[107] and make the institutional changes necessary for mobilizing private capital for sustainable outcomes, such as by restructuring performance management to emphasize mobilization over volume.[108,109] DFIs can help unlock much needed investments in nature and biodiversity by supporting the structuring and issuance of sustainability-linked sovereign bonds, which can also promote the standardization of nature and climate performance outcomes.[110] Pakistan may become the first to pilot a nature performance bond this year under a proposal that seeks to establish a DFI-backed Nature and Climate Sovereign Bond Facility.[111] Such innovative financing mechanisms are of critical importance for developing countries and emerging markets, where long-term, patient capital and risk-sharing are needed to overcome capital market entry barriers;[112] sovereign credit ratings are adversely impacted by vulnerability to climate change;[113] and debt sustainability and liquidity are under severe stress from the economic and health crisis.[114]

DFIs also must strengthen the links to sustainable objectives in recovery support, for example by adopting project checklist approaches (e.g., the World Bank Sustainability Checklist115), tying climate risk governance into liquidity support, and establishing dedicated facilities supporting integration of low-carbon and resilient investments into recovery plans.[116]

DFIs can also lead by accelerating action on updating Paris-alignment methodologies to better integrate the Sustainable Development Goals and increasing commitments towards adaptation and resilience. The UN Secretary General has called for 50% of climate finance to be allocated to adaptation.[117] The IDFC is working on a Sustainable Development Goal alignment methodology. Signatories of the Joint Declaration of Public Development Banks now face the task of backing stated commitments with concrete targets and action plans, ideally through a harmonized approach with existing green or Sustainable Development Goal finance strategies.

106 https://www.reuters.com/article/climate-change-coal/world-banks-ifc-adopts-new-climate-rules-to-deter-lenders-from-backing-coal-idUSKCN26F06Y
107 https://www.blendedfinance.earth/action-programme-placeholder
108 https://www.oecd-ilibrary.org/finance-and-investment/mobilising-institutional-investor-capital-for-climate-aligned-development_e72d7e89-en
109 https://www.climatepolicyinitiative.org/publication/implementing-alignment-recommendations-for-the-international-development-finance-club/
110 https://www.f4b-initiative.net//publications-1/greening-sovereign-debt%3A-new-paper%3A-building-a-nature-and-climate-sovereign-bond-facility
111 https://www.f4b-initiative.net/post/proposing-a-bond-facility-for-nature-and-climate
112 https://www.imperial.ac.uk/business-school/faculty-research/research-centres/centre-climate-finance-investment/research/the-race-green-finance-emerging-markets/
113 https://www.imf.org/en/Publications/WP/Issues/2020/12/18/Feeling-the-Heat-Climate-Shocks-and-Credit-Ratings-49945
114 https://unsdg.un.org/resources/liquidity-and-debt-solutions-invest-sdgs-time-act-now
115 https://pubdocs.worldbank.org/en/223671586803837686/Sustainability-Checklist-for-Assessing-Economic-Recovery-Investments-April-2020.pdf
116 https://gca.org/reports/adaptation-finance-in-the-context-of-covid-19/; https://www.climateinvestmentfunds.org/news/bold-new-initiative-aims-ensure-green-recovery-covid-19
117 https://unfccc.int/news/antonio-guterres-50-of-all-climate-finance-needed-for-adaptation

For asset owners and managers, engagement and active ownership play a central role in supporting transition, especially in some asset classes (for example listed equities).[118] Companies must have the same targets as investors to see results in the real economy. Climate Action 100+ targets 167 global companies most critical for achieving net zero by 2050, providing sectoral strategies[119] and net zero benchmark indicators.[120] Its common engagement agenda ("the three asks") focuses on governance, GHG emissions reduction aiming for 1.5 degrees, and enhanced corporate disclosure. The IIGCC Net Zero Framework includes an engagement goal that ensures at least 70% of portfolio emissions are aligned with net zero or subjected to stewardship actions, increasing to 90% by 2030 at the latest.[121] Investors should also push to ensure that sufficient climate expertise is represented among management, for instance by amending corporate governance principles to require board members and senior executives of investee companies to have experience in climate change risk management strategies.[122] Investors may also push for firms to link climate transition objectives with executive remuneration and embed it within performance management and review processes.[123] They should also assess a company's policy engagement.[124] Lastly, investors should focus on engagement outcomes by following up on the implementation of shareholder resolutions.

Credible transition plans must be backed by a robust assessment of climate risks and portfolio-wide alignment to Paris temperature objectives, including through the provision of a reference scenario.[125] For example, according to the Climate Action 100+ Net Zero Capital Allocation indicators, utilities must announce full phase-out of coal and gas by 2040.[126] Divestment strategies should be communicated as a possibility for investees without transition plans in place,[127] a step recently taken by Aviva.[128] Tools such as the Global Coal Exit List may be utilized by investors to identify divestment criteria and screen out coal companies in their portfolios.[129] Investors can also play an indirect role in pushing for green debt issuance among corporates, as they increase portfolio allocation for green bonds and specialist benchmarks, and products or funds focused on climate and sustainability solutions.[130]

Asset owners and managers should implement just transition practices, drawing from available guidance for investor action in key areas such as assessing exposure to the social dimension of the transition and pursuing dialogues with key stakeholders; incorporating just transition factors in investor expectations; and integrating social dimensions into investment strategies across all asset classes and procurement.[131] Just transition action should evolve as harmonized approaches emerge from the work of the UN PRI's Just Transition Working Group. The Climate Action 100+ Net Zero Company Benchmark is also developing an

118 https://www.tandfonline.com/doi/full/10.1080/20430795.2020.1813478
119 Starting with aviation: https://collaborate.unpri.org/system/files/2020-09/pri_investor_expectations_statement_on_climate_change_for_airlines_and_aerospace_companies_9_september_2020.pdf
120 https://www.climateaction100.org/wp-content/uploads/2020/12/Net zero-Benchmark-Indicators-12.15.20.pdf
121 https://www.parisalignedinvestment.org/media/2021/03/PAII-Net zero-Investment-Framework_Implementation-Guide.pdf
122 https://boardleadership.kpmg.us/relevant-topics/articles/2017/climate-competence-in-the-boardroom.html; https://group30.org/images/uploads/publications/G30_Mainstreaming_the_Transition_to_a_Net zero_Economy.pdf
123 https://group30.org/images/uploads/publications/G30_Mainstreaming_the_Transition_to_a_Net zero_Economy.pdf
124 https://ssir.org/articles/entry/the_complicity_of_corporate_sustainability
125 https://www.louisbachelier.org/wp-content/uploads/2020/10/cookbook.pdf
126 https://www.climateaction100.org/wp-content/uploads/2020/12/CA100-Progress-Report.pdf
127 https://reclaimfinance.org/site/en/2020/11/10/net zero-asset-owner-alliance-2025-targets-to-be-improved/
128 https://www.ft.com/content/596e8402-2dcb-45f9-915c-c5ecfabc7c7a
129 https://coalexit.org/
130 https://www.parisalignedinvestment.org/media/2021/03/PAII-Net zero-Investment-Framework_Implementation-Guide.pdf
131 https://www.unpri.org/download?ac=9452

indicator for assessing the extent to which companies consider transition impacts to workers and communities.[132]

Not all funds are actively managed: passively managed assets represent a growing share of assets under management around the world, and already outpace actively managed funds in the U.S.[133] These funds should increasingly be tied to benchmarks that support transition of the economy towards net zero by 2050 or earlier. The EU Technical Expert Group has developed criteria for low-carbon benchmark indices, designed to support investors looking to adopt low-carbon investment strategies.[134] These benchmarks require Scope 3 of portfolio emissions to be phased in within four years and achieve at least 7% self-decarbonization annually.[135]

Commercial Banks must take more proactive steps to contribute to sustainability objectives, avoid and address environmental and social risks associated with clients' activities, and engage in public policy advocacy in addition to client engagement on adopting transition plans.[136] Divestment should be used as a strategy for companies without credible transition plans.[137] Phase out plans should expand to include other fossil fuels beyond coal, starting with tar sands.[138]

Banks may also focus engagement efforts through sectoral transition plans, for instance by participating in initiatives such as the Poseidon Principles targeting the reduction of total annual greenhouse gas emissions by at least 50% by 2050 in the shipping industry.[139] These transition plans should prioritize the most carbon-intensive sectors and ramp up ambition to be aligned with net zero by 2050.

Both commercial banks and asset owners and managers can also design and implement new financial products such as sustainability-linked loans, which can also lower the cost of capital when performance objectives are met.[140] They can also enhance collaboration to raise green standards in overseas investments, as demonstrated by the work led by members of the Green Investment Principles.[141]

Commercial Banks can play a key role in a just transition, through a renewed focus on just transition as a bridge between environmental and social issues, responding to location-specific priorities, supporting households, small and medium enterprises, and corporates, and exploring system innovations to drive innovation and risk management.[142] Global Alliance for Banking on Values members currently undertake qualitative and quantitative assessments of their impact in relevant sectors and regions through a scorecard that assesses

132 https://www.climateaction100.org/wp-content/uploads/2020/12/CA100-Progress-Report.pdf
133 https://sunriseproject.org.au/wp-content/uploads/2020/01/Sunrise-Project-Report-The-Passives-Problem-and-Paris-Goals.pdf
134 https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-climate-benchmarks-and-benchmarks-esg-disclosures_en
135 https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/190930-sustainable-finance-teg-final-report-climate-benchmarks-and-disclosures_en.pdf
136 https://www.banktrack.org/download/the_oecd_due_diligence_for_responsible_corporate_lending_and_securities_underwriting/oecd_watchbanktrack_briefing.pdf
137 Ibid.
138 https://www.canarymedia.com/articles/the-net-zero-banking-alliances-carbon-commitment-the-good-bad-and-the-missing-in-action/
139 https://www.poseidonprinciples.org/about/
140 https://www.environmental-finance.com/content/news/sustainability-linked-bonds-are-more-powerful-than-green-bonds.html#:~:text=Ben%20Caldecott%2C%20director%20of%20Oxford,green%20'use%20of%20proceeds'%20stuff
141 https://green-bri.org/green-investment-principle-gip-belt-and-road-initiative/
142 https://pcancities.org.uk/; https://www.lse.ac.uk/granthaminstitute/publication/banking-the-just-transition-in-the-uk/

the bank's triple bottom line approach, impact on real economy, transparency, and long-term resiliency.[143]

Insurers can lead by adopting policies to phase out underwriting and investing in fossil fuel projects and companies. As of November 2020, 32 major insurers had adopted policies to limit underwriting for coal and tar sands.[144] As solution providers, insurers can also design and promote products that contribute social and environmental benefits, such as products that provide for the specific needs of vulnerable populations and small and medium enterprises, and products that promote sustainable transport, buildings, renewable-energy, and anti-pollution.[145] The Generali Group recently committed to increasing the share of premiums derived from green and social products by 7-9% by 2024.[146] Insurers should also actively investigate opportunities for scaling up private finance for adaptation investments, in asset design and structure, through assessment of systemic risks, and developing new instruments such as resilience bonds that incentivize upfront risk mitigation efforts.[147] In addition to carbon intensity reduction targets by 2025, Swiss Re recently announced it will increase its exposure to green, social and sustainability bonds to USD 4 billion by the end of 2024 and increase investment in social and renewable infrastructure by USD 750 million.[148] AXA has called for the creation of a UN-convened Net Zero Underwriting Alliance leading up to COP 26.[149]

3.3 METRICS AND TRANSPARENCY

While many investors have committed to adopting TCFD recommendations, implementation has been slow. The TCFD 2020 status report found that less than a third of companies were following eight of the eleven disclosure recommendations. Only 7% of companies were reporting on perhaps the most important measure – resilience of the business strategy to climate-related risks.

Leadership in the area of metrics and transparency requires aligning to all TCFD recommendations and disclosing methodologies and metrics used. It also means tracking non-aligned finance and Scope 3 of portfolio emissions in priority sectors.

Governments, central banks, and supervisors should set concrete timelines for making TCFD-aligned disclosures mandatory by 2023, beyond just signaling intention.[150] To support the rapid uptake of comprehensive and consistent TCFD-compliant reporting practices, these actors must lead the integration of TCFD recommendations into existing reporting guidelines and supervisory expectations. The Bank of England, which acknowledged recently that its current corporate bond purchasing program aligns with 3.5°C warming, has been advised by lawmakers to require climate risk disclosure from beneficiaries of the COVID

143 https://www.gabv.org/the-impact/the-scorecard
144 https://sunriseproject.org.au/project/shifting-global-finance/
145 https://www.generali.com/what-we-do/insurance-products-with-social-and-environmental-value
146 https://www.generali.com/our-responsibilities/responsible-business
147 https://resilientinvestment.org/
148 https://www.swissre.com/media/news-releases/nr-20210316-swiss-re-announces-ambitious-climate-targets.html
149 https://www.axa.com/en/magazine/AXA-celebrates-the-fifth-anniversary-of-the-Paris-Agreement-and-calls-for-new-commitments
150 https://group30.org/images/uploads/publications/G30_Mainstreaming_the_Transition_to_a_Net_zero_Economy.pdf

Corporate Financing Facility.[151] In the U.S., the Regenerative Crisis Response Committee (RCRC) recommends that SEC and banking regulators revise and update current industry disclosure guidance to include assessment of physical climate risks including potential risks to borrowers, as well as disclose quantitative portfolio risks that specifically identify risks associated with assets in sectors with more immediate exposure to transition risks, such as those in fossil fuel and power industries.[152] ECB's supervisory expectations also include disclosure of the amount or share of carbon-related assets in each portfolio, including a forward-looking best estimate over the course of the financial institution's planning horizon.[153] Assessment and disclosure of biodiversity and nature-related risks should also increase, as demonstrated by France's new Article 29 which requires financial institutions to disclose plans for addressing biodiversity risks in addition to climate risks.[154] The Taskforce for Nature-related Financial Disclosures (TNFD) is expected to provide recommendations in 2023.[155]

Governments should also lead the development of taxonomies and standards.[156] For instance, the EU Taxonomy for sustainable activities[157] is increasingly used as a reference for defining green activities, and financial market participants will be expected to complete disclosures in line with the Taxonomy starting in 2022 and will be required to disclose the share of Taxonomy-aligned investments starting in 2023.[158] The International Platform on Sustainable Finance currently brings together 17 governments to compare and aim to align their different sustainable finance initiatives, promote best practice, and ultimately scale up private capital towards sustainable investments.[159]

Most **development finance institutions** have long been tracking and reporting climate finance commitments, but now face the critical next step of improving tracking methodologies to include non-Paris-aligned share of portfolios, as well as expand emissions disclosure to reporting on absolute emissions, including Scope 3 of portfolio emissions for priority sectors including finance intermediated through domestic financial institutions in emerging markets. Further leadership may be demonstrated by third party review or external audits of published finance and impact data, as well as supporting the development and testing of new adaptation and resilience metrics and rating methodologies that will introduce more granularity in the way development finance institutions measure and report progress on adaptation and resilience.[160]

Asset owners and managers should aim for comprehensive TCFD-aligned reporting, across all elements of TCFD recommendations, and require investee companies to adopt similarly robust disclosure practices. These disclosures should include short, medium and long-term targets for greenhouse gas emissions reductions, cover the most relevant Scope 3 of portfolio emissions, capital allocation alignment, climate governance, policy advocacy positions, as well as the impact of transition on workers and communities.[161] Full annual disclosures should

151 https://www.bloombergquint.com/politics/lawmakers-warn-bank-of-england-about-ungreen-covid-bond-buying
152 https://regenerativecrisisresponsecommittee.org/recentwork/factsheet-disclosures
153 https://www.bankingsupervision.europa.eu/legalframework/publiccons/pdf/climate-related_risks/ssm.202005_draft_guide_on_climate-related_and_environmental_risks.en.pdf
154 https://tnfd.info/news/frances-article-29-biodiversity-disclosure-requirements-sign-of-whats-to-come/
155 https://tnfd.info/
156 https://www.un.org/press/en/2020/sgsm20401.doc.htm
157 https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en
158 https://ec.europa.eu/newsroom/fisma/item-detail.cfm?item_id=667390&utm_source=fisma_newsroom&utm_medium=Website&utm_campaign=fisma&utm_content=Green%20finance&lang=en
159 https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/international-platform-sustainable-finance_en
160 https://publications.iadb.org/en/framework-and-principles-climate-resilience-metrics-financing-operations; World Bank (2021) Resilience Rating System https://openknowledge.worldbank.org/handle/10986/35039
161 https://www.climateaction100.org/wp-content/uploads/2020/12/Net zero-Benchmark-Indicators-12.15.20.pdf

be publicly available.[162] In addition to engagement, asset owners and managers themselves should adopt global greenhouse gas emissions accounting and reporting practices such as those by the Partnership for Carbon Accounting Financials (PCAF), which currently provides guidance for six asset classes, and is aligned with TCFD, establishing science-based targets, and CDP reporting requirements.[163] They should also implement principles for undertaking biodiversity impact assessments, such as those developed by the Partnership for Biodiversity Accounting Financials (PBAF). Other reporting metrics include the share of portfolio allocation to climate solutions, allocation to green or Sustainable Development Goal climate bonds, as well as forward-looking metrics such as the share of portfolio with net zero targets and level of Capex aligned with EU Taxonomy activities.[164] Given the increasing demand for globally harmonized sustainability disclosure and reporting standards, the International Financial Reporting Standards Foundation (IFRS) has announced plans to establish a global sustainability standards board to be launched at COP26.[165] A prototype for a comprehensive corporate reporting system on climate-related financial disclosures was released in December 2020.[166]

Commercial banks and insurers disclosure should be portfolio-wide, without excluding key parts of the business that may be more exposed to fossil fuels. As more standardized methodologies and reporting practices emerge, users of the disclosures should be able to compare climate risk exposures and the share allocated to climate solutions across banks and insurance companies' portfolios.[167] Participants in the Global Alliance for Banking on Values Climate Change Commitment have committed to assessing and disclosing the portfolio climate impacts within three years, using the PCAF methodology.[168] Banks also use the Paris Agreement Capital Transition Assessment (PACTA) climate scenario analysis toolkit launched in September 2020 to measure alignment of corporate lending portfolios across key sectors and technologies.[169]

162 https://www.sayonclimate.org/climate-action-plans/
163 https://carbonaccountingfinancials.com/standard
164 Net Zero Investment Framework
165 https://www.ifrs.org/news-and-events/2021/02/trustees-announce-next-steps-in-response-to-broad-demand-for-global-sustainability-standards/
166 https://www.cdsb.net/harmonization/1152/cdsb-welcomes-move-ifrs-trustees-continue-exploration-sustainability-standards
167 https://www.fsb.org/wp-content/uploads/P291020-4.pdf
168 https://www.gabv.org/news/global-banking-leaders-commit-to-align-their-carbon-footprint-with-paris-agreement
169 https://www.transitionmonitor.com/pacta-for-banks-2020/

4. COLLABORATION NEEDS

In the process of determining the minimum and leadership benchmarks, this analysis also determined areas where collaboration across financial sector actor groups and the stakeholders that work with them (such as coalitions, input providers, and standard-setting bodies) could contribute towards fostering a sustainable, net zero future. These collaborations are needed to ensure that the actions of individual actors and coalitions sum up to more than their parts to reduce systemic risk and accelerate the sustainable transition.

The list in Table 5 is not intended to be exhaustive but does capture some of the key challenges identified during the analysis and expert consultations. Across all three action categories, far more work needs to be done to integrate societal and nature-related action with climate action. These "needs" could also be considered a call to action.

Table 5: Collaboration needs

Action Category	Collaboration Needs
Targets and Objectives	Definition and harmonization of credible targets and emissions pathways by sector, also to extend to input providers Definition of targets and pathways for biodiversity and just transition Appropriate targets/objectives for central banks
Implementation	Development of robust harmonized approaches for counterparties, including what constitutes a "credible" transition plan. Scalable approaches to private sector mobilization, such as through re-financing development finance institution (DFI) investments to increase capital availability; increased use of risk mitigation instruments including guarantees (PPPs); and standardized performance-based products such as sustainability-linked loans and other transition finance products. Approaches to developing country debt and liquidity including debt swaps and Special Drawing Rights issuance in line with the Sustainable Development Goals
Metrics and Transparency	Development of metrics and methods that measure how financial sector actions add up and impact the real economy[170] Globally harmonized taxonomies and standards for sustainable finance[171] Development of forward-looking metrics to capture risks and opportunities related to transition finance across portfolios and companies[172] Development of a standardized methodology for aligning transition pathways to Paris temperature goals and net zero targets and undertaking scenario analyses

170 CPI is working on a parallel initiative that will track net zero finance targets, execution, and flows, https://www.climatepolicyinitiative.org/net zero-finance-tracker/
171 Under development by the International Platform on Sustainable Finance
172 https://www.fsb.org/wp-content/uploads/P291020-4.pdf

5. CONCLUSION

The deep rupture of the current crisis is a unique starting point to transform existing systems rather than recreate the status quo. Having accelerated structural shifts, created completely new dynamics, and disrupted economies and societies, these uncertain times can be a catalyst for systemic change. A dual-track recovery, where developing countries remain debt-burdened and face increasing borrowing costs due to the stronger pace of recovery in developed economies as well as increasing vulnerability to climate change must be avoided.

The world stands at a critical moment with an accelerating pace of sustainability and net zero pronouncements by a range of actors. This draft **Framework for Sustainable Finance Integrity** is intended as a contribution to a clear pathway to financial system integrity and materiality that will help smooth the financial sector's move to sustainability and net zero and reinforce the multiplier effect these actions will have on achievements in the real economy. The framework seeks to lay the foundation for more coordinated action across the financial system, providing a set of guardrails to deliver results and fostering integrity of a true sustainable, net zero pathway. The goal of implementing this framework is a Paris-aligned, environmentally sustainable, socially just, and employment-rich new net zero equilibrium that creates jobs, promotes well-being, addresses climate change mitigation and adaptation, protects nature and biodiversity, and tackles environmental degradation at large. The real risk lies in our failure to do so. The benchmarks laid out in the document—both at minimum and for leadership—are intended to encourage the financial sector to drive ambition within existing commitments and coalitions while leveling up those commitments to ensure that they contribute in their sum to delivering a sustainable, net zero future.

climatepolicyinitiative.org