Framework for Sustainable Finance Integrity

A tool for guiding action across the financial system

October 2021

CLIMATE
POLICY
INITIATIVE

AUTHORS

Nicole Pinko
nicole.pinko@cpiglobal.org

Angela Ortega Pastor
angela.pastor@cpiglobal.org

Bella Tonkonogy
bella.tonkonogy@cpiglobal.org

June Choi
june.choi@cpiglobal.org

ACKNOWLEDGEMENTS

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, Vikram Widge, and Yaxin Zhu (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 Organization 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 THE FRAMEWORK

The **Framework for Sustainable Finance Integrity** ("Framework") provides a universal set of sustainability guardrails across the financial system, contributing to a clear pathway for more coordinated action, encouraging ambition to deliver meaningful sustainability and net zero results, and reinforcing the multiplier effect these actions will have on the real economy.

The Framework aims to understand and ensure the integrity and accountability of the many individual pledges and sectoral initiatives, as well as coordinate across silos of public and private financial actors to ensure coherence and impact on net zero and sustainability, with a focus on sustainability and social justice beyond climate mitigation to address the many inequalities and vulnerabilities highlighted by the COVID-19 crisis.

The Framework has been developed based on a rigorous, technical evaluation of existing initiatives and critical actions identified by civil society. The document 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 responsibility for the contents lies solely with the authors.

Members of the Advisory Council, 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;
- Sergio Gusmão Suchodolski, Development Bank of Minas Gerais, Brazilian Development Association, and the Latin American Association of Development Financing Institutions;
- Kate Hughes, UK Department for Business, Energy, and Industrial Strategy;
- Daniel Klier, HSBC (now at Arabesque);
- 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 and Executive Director at IMF;
- Helen Mountford, World Resources Institute;
- Karsten Sach, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU);
- Luiz Pereira da Silva, Bank for International Settlements;
- Guenther Thallinger and Marina Zeyss, Allianz; and
- Rémy Rioux, Agence Française de Développement (observer).

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.

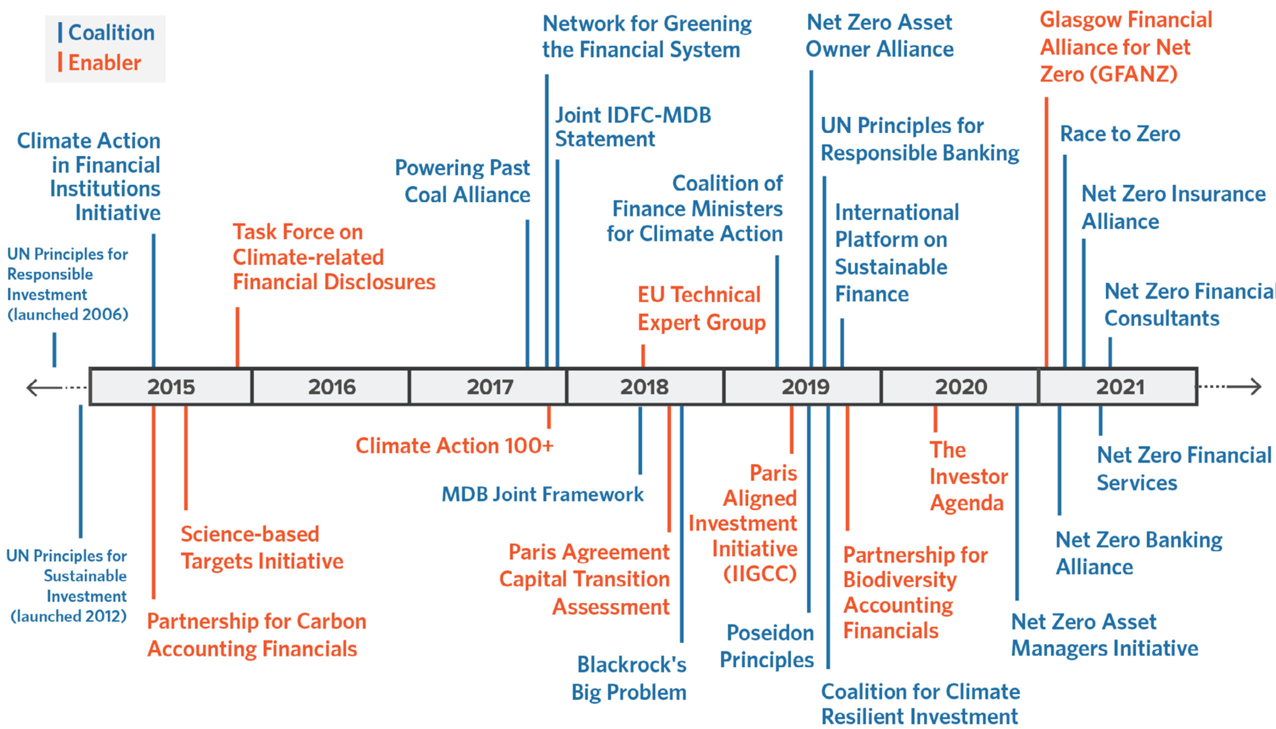
CONTENTS

1. INTRODUCTION

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, must 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, improve economic and financial stability, and reduce inequality.[1]

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 Net Zero Insurance Alliance, the Net Zero Investment Consultants Initiative[2], and the Net Zero Financial Service Providers Alliance.

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



1 See: https://wwf.panda.org/wwf_news/?943816/Nature-based-solutions-jobs-report (WWF, 2020); https://www.imf.org/en/Publications/WP/Issues/2021/03/19/Building-Back-Better-How-Big-Are-Green-Spending-Multipliers-50264 (IMF, 2021); https://newclimateeconomy.report/2018/executive-summary/ (NCE, 2018); https://gca.org/reports/adapt-now-a-global-call-for-leadership-on-climate-resilience/ (GCA, 2019)
2 The Net Zero Investment Consultants Initiative and the Net Zero Financial Service Providers Alliance launched in September 2021, however, the actors covered under these alliances fall outside the scope of this report and as such they are not included in our analysis.

However, while many initiatives make commitments to align finance with the Paris Agreement and Sustainable Development Goals, important questions remain:

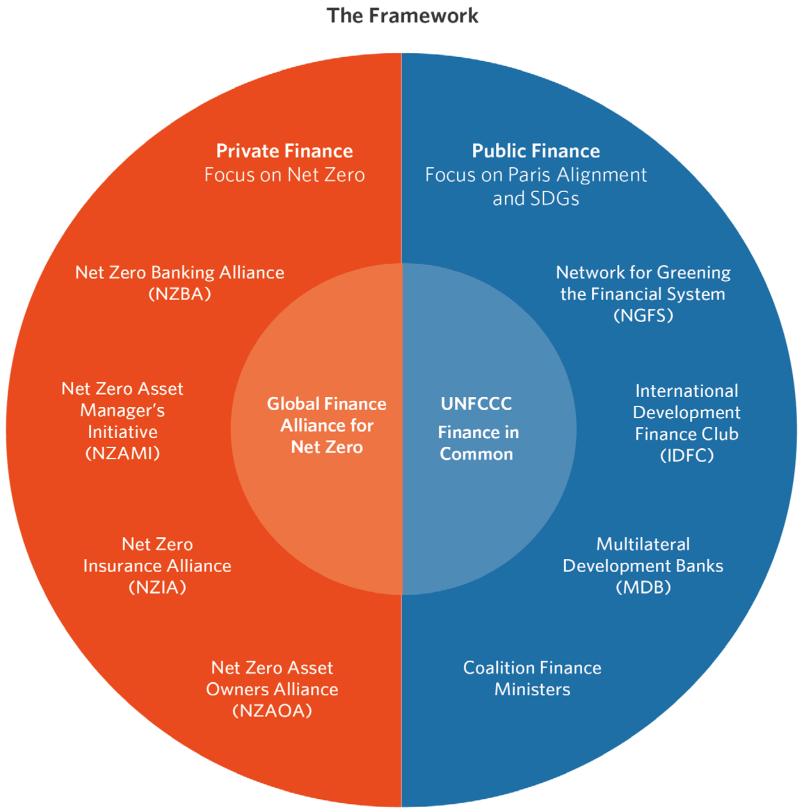
1. **How do we assess the integrity of commitments and track progress towards meeting them?** Increasing integrity and accountability can be positively reinforcing. Yet despite an accelerating pace of sustainability and net-zero pronouncements by a range of actors, there is no universally accepted framework of what robust commitments should include and against which to measure progress. There is also currently no organization that is tracking the progress of the financial system overall, nor analyzing the impact, separately or in aggregate, of the commitments. Similarly, the many institutions that have not made commitments are also not routinely identified and tracked.

2. **How to coordinate across public and private financial actors to achieve systems-level results?** While the Glasgow Financial Alliance for Net Zero (GFANZ) initiative aims to be an overarching coalition umbrella for the private sector, there is currently no international forum that allows for the regular exchange of ideas and knowledge between the public and private sectors towards meaningful ambition.

3. **How to incorporate commitments and ambition on intersecting social and environmental issues that affect our ability to reach climate change goals?** Addressing climate adaptation, biodiversity and nature, pollution, just transition, and the needs of developing countries will reinforce climate change goals, but to date no framework has brought together these issues.

This **Framework for Sustainable Finance Integrity ("Framework")** therefore seeks to provide a universal set of sustainability guardrails across the financial system, to: encourage ambition to deliver meaningful sustainability and net zero results; contribute to a clear pathway for more coordinated action; create metrics against which to track progress; and reinforce the multiplier effect these actions will have on the real economy. **This document describes the actions necessary across the financial system to deliver results and compares them to an analysis of the current leading practices on climate action.** The document has been developed based on a rigorous, technical assessment of existing initiatives and the scientific literature.

Figure 2: Public sector and private sector sustainability coalitions included in the Framework



1.2 METRICS

The Necessary Action metrics (Table 1) have been developed to reflect scientific analysis. These metrics were developed through a review of current literature on climate science, net zero trajectories, and analysis undertaken by sectoral experts. As a result, the metrics are aligned with the level of ambition necessary to meet global climate and sustainability targets.

The metrics are defined in three categories:

- **Targets and objectives**: This category includes targets that financial sector actors set at the strategic level of institutions, encompassing targets that align with the Paris Agreement and Sustainable Development Goals, and/or reaching net zero emissions for both new investments and overall portfolios. It also covers more specific targets that would illustrate interim progress and help drive action in the near-term: for example, interim emissions targets, climate finance, and developing economy investment targets. While most financial sector targets to date have focused on climate mitigation, targets for pollution, adaptation and resilience finance, biodiversity conservation, and just transition are also considered in this category.
- **Implementation**: This category covers the measures that an institution would take to achieve its targets. 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, as well as the phase out of fossil fuel finance and implementation and scaling of new sustainable business models.

- **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.

Table 1. Overview of necessary action metrics

	Subject	Necessary Action
Targets & Objectives	Setting Paris-aligned, net zero targets	Consistent with the IPCC's no or limited overshoot pathways in limiting warming to 1.5°C, and in addition to 2050 long term targets, set 2025 target to reduce portfolio scope 1, 2, and 3 emissions by 29% on absolute level against a 2019 base year, according to fair share of reductions.
	Setting complementary SDG targets	Set context-specific complementary targets by 2025, encompassing: biodiversity; adaptation; climate equity; pollution; and direct contributions for climate investments in developing economies and hard-to-abate sectors.
	Credible offsets	Only use offsets in due course of the net zero transition where no mitigation options exist, and ensure offset credits cause no harm, prioritizing positive co-benefits where possible.
Implementation	Whole institution approach	Fully integrate net zero targets and SDG commitments into mandates, governance, executive compensation, risk management frameworks, and performance management, in a "whole institution" approach.
	Counterparty engagement	Lead engagements with counterparties to publicly commit to 1.5°C-aligned business strategies and targets, and publish a detailed policy for those that fail to adopt and implement credible transition plans.
	Developing and deploying sustainable finance	Drastically increase sustainable finance volumes through new instruments and business models, including supporting developing economies in their transition and catalyzing the private sector.
	Climate policy alignment & engagement	Proactively engage on and advocate for sustainable finance policy and regulatory measures to ensure Paris-aligned financial flows, including advocating for mandatory global climate risk reporting for public and large private companies.
	Fossil fuel financing	Immediately end all finance for new thermal coal projects and phase out existing coal power finance by 2030 in OECD countries and 2040 in developing countries. Eliminate finance and subsidies for all new oil and gas projects, and phase out existing oil and gas financing and subsidies where a credible transition plan does not exist.
Metrics & Transparency	Transparently disclosing climate risks	Align with the TCFD and future TNFD disclosure frameworks, and any globally adopted disclosure regimes, ensuring disclosures, finance data, and impact are independently verified.
	Tracking emissions & sustainability investments	Promote standardized and comparable approaches to defining sustainable investments and tracking emissions.

The **Annex** to this document provides recommendations for cross-sectoral collaboration that could enhance the impact of individual coalitions and actors.

1.3 COALITIONS

The Framework includes an analysis of current coalition commitments for the coalitions listed below. Each coalition has been assessed against the necessary action metrics, and observed to be either aligned with necessary action, making progress towards necessary action, partially aligned with necessary action, or not aligned with necessary action. Some necessary actions will be less relevant for certain actors than others. Additionally, this analysis only evaluates whether the commitment has been made by the coalition, and not whether it is on track to be fulfilled. Moreover, this analysis focuses only on actions necessary across the financial sector to deliver on climate goals. Outside of the financial sector, a number of actors have a role to advance progress towards these necessary action metrics. Governments and regulators ought to both establish new and strengthen existing regulations to avoid leakage across the system.

- **Coalition of Finance Ministers for Climate Action (Helsinki Principles)** - A coalition of finance ministers that aims to help countries mobilize and align the finance needed to implement their national climate action plans; establish best practices such as climate budgeting and strategies for green investment and procurement; and factor climate risks and vulnerabilities into members' economic planning.[3]
- **Network for Greening the Financial System** - A network that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role in climate change.[4,5]
- **International Development Finance Club (IDFC)** - A group of national and regional development banks that aims at facilitating international cooperation between the different actors working on the alignment of financial institutions with the Paris Agreement.[6]
- **Joint Declaration of all PDBs in the World** - A joint declaration of all Public Development Banks (PDBs) was the first deliverable of the Finance in Common Summit where PDBs stated their willingness to contribute to the recovery and align with sustainable finance principles.[7]
- **MDB 6 Building Block Approach** - The approach is developed by multilateral development banks (MDBs) based on six building blocks that have been identified as the core areas for alignment with the objectives of the Paris Agreement in order to collaborate and catalyze low-emissions and climate-resilient development.[8]
- **Net Zero Banking Alliance** - An alliance of commercial banks that aims to reinforce the implementation of decarbonization strategies by providing an internationally coherent framework and guidelines for banks that are committed to aligning their lending and investment portfolios with net-zero emissions by 2050.[9,10]

3 See: https://www.financeministersforclimate.org/sites/cape/files/inline-files/Explanatory%20Note%20-final.pdf
4 See: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_first_comprehensive_report_-_17042019_0.pdf
5 See: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_guide_for_supervisors.pdf
6 See: https://www.idfc.org/wp-content/uploads/2018/12/idfc_alignment-with-paris-agreement_position-paper_12_2018.pdf
7 See: https://financeincommon.org/sites/default/files/2020-11/FiCS%20-%20Joint%20declaration%20of%20all%20Public%20Development%20Banks.pdf
8 See: https://thedocs.worldbank.org/en/doc/784141543806348331-0020022018/original/JointDeclarationMDBsAlignmentApproachtoParisAgreementCOP24Final.pdf
9 See: https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf
10 See: https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-Guidelines-for-Climate-Change-Target-Setting.pdf

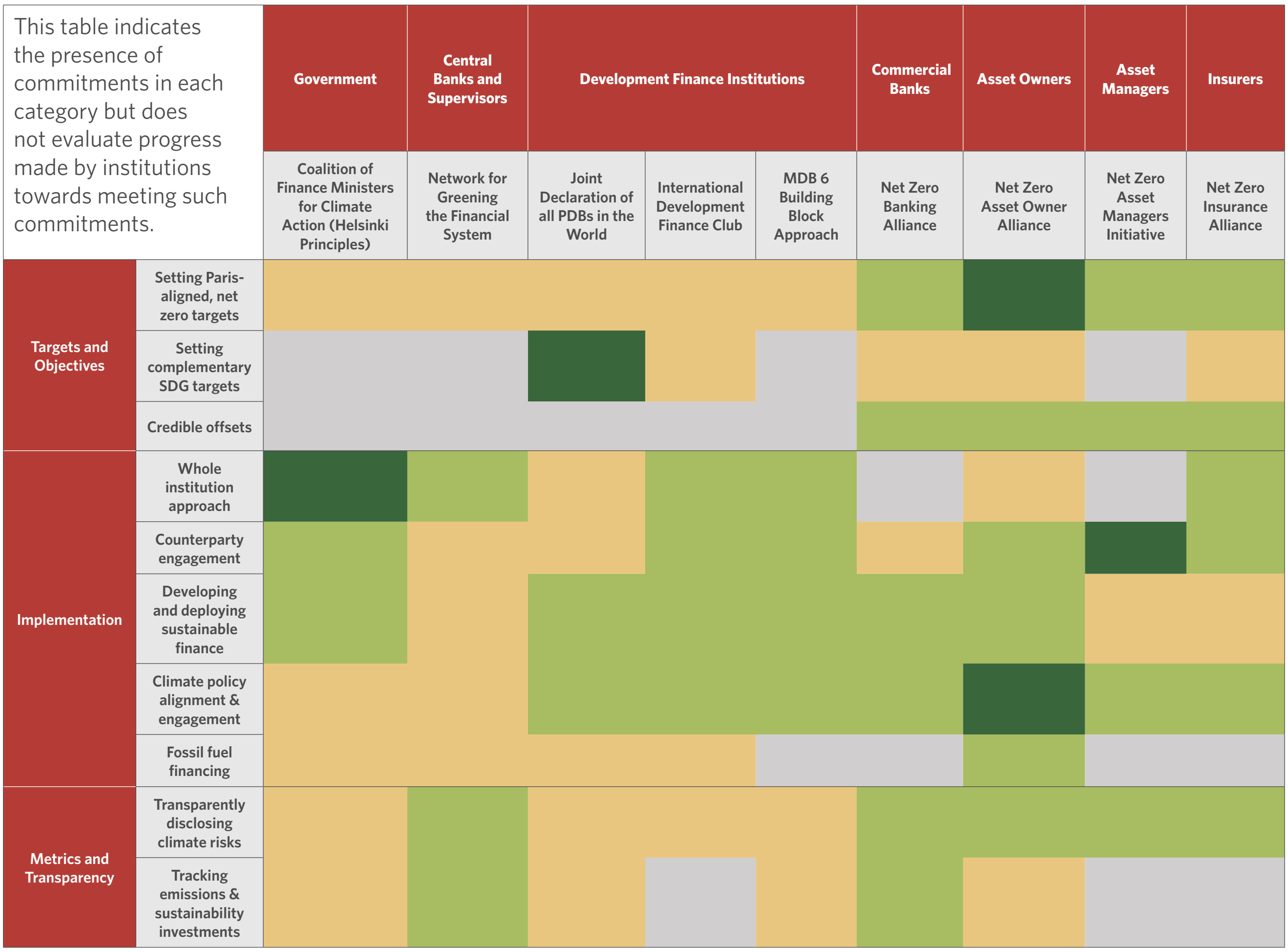
- **Net Zero Asset Owner Alliance** - An international group of institutional investors who are committed to transition their investment portfolios to net-zero GHG emissions by 2050.[11,12,13]

- **Net Zero Asset Managers Initiative** - An initiative launched by an international group of asset managers that aims to galvanize the asset management industry to commit to a goal of net-zero emissions.[14]

- **Net Zero Insurance Alliance** - Established by eight of the world's leading insurers and reinsurers to commit to transitioning their insurance and reinsurance underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050.[15]

11 See: https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Alliance-Target-Setting-Protocol-2021.pdf
12 See: https://www.unepfi.org/wordpress/wp-content/uploads/2021/02/04-UN-AOA-Commitment-doc-D11-0021.pdf
13 See: https://www.unepfi.org/wordpress/wp-content/uploads/2021/09/AOA_Negative-Emissions.pdf
14 See: https://www.netzeroassetmanagers.org/
15 See: https://www.unepfi.org/psi/wp-content/uploads/2021/07/NZIA-Commitment.pdf

Table 2: Coalition commitments analysis



No commitment

Progress toward necessary action metrics/in line with current leading practice

Partially aligned with necessary action metrics

Aligned with necessary action metrics

1.4 NEXT STEPS

As coalitions and institutions continue to increase ambition in sustainable finance the analysis will continue to evolve. Through this report, the Framework not only provides a set of sustainability guardrails for financial institutions' pledges but also serves as a tool to assess the comprehensiveness and ambition of these pledges. This report describes the actions necessary across the financial system to deliver results and highlights the gap between these necessary action metrics and current leading practices. This analysis has been developed based on a rigorous, technical assessment of existing initiatives and scientific literature.

While the Framework aims to understand and ensure the integrity of the many individual pledges and sectoral initiatives, it does not evaluate the progress made by the different institutions towards meeting their pledges. To track progress against the Framework, CPI plans to evolve both its Net Zero Finance Tracker (in beta for financial institutions) and its recently published database on Private Financial Institutions' Commitments to Paris Alignment (CPI, 2021a; CPI, 2021b). The Net Zero Tracker is an interactive dashboard offering a snapshot of financial sector alignment to the Paris Agreement goals. The Private

Financial Institutions' Commitments to Paris Alignment database tracks commitments made by financial institutions since the Paris Agreement across mitigation, investment, fossil fuel divestment, and new business practices targets. These tools will assist in keeping abreast of the changing landscape of sustainable finance commitments and implementation under the umbrella of the Framework.

Lastly, the Framework is complemented by a series of knowledge briefs outlining how financial instruments like debt swaps, recovery bonds, and results-based financing can be used to facilitate a green recovery. An additional knowledge brief, discussing what makes a transition plan credible to financial institutions, is forthcoming.

CPI invites other organizations to contribute to this initiative to reinforce the importance of integrity in sustainable finance.

2. NECESSARY ACTION

To chart a path forward for increased ambition that is aligned with the science, CPI has developed a set of metrics that define Necessary Action by financial institutions. These metrics were developed through a thorough review of the most current climate science documentation and reports while focusing on scenarios that have limited to no overshoot and require net zero emissions by 2050. While some individual institutions have adopted these practices, they are not yet consistently reflected at the coalition level. The Necessary Action metrics are intended to respond to the question, "What actions does the financial sector need to take to align with what science says is necessary on climate and sustainability?"

The Framework also identifies current leading practices in the financial sector, defined as ambitious actions that financial actors and coalitions are currently undertaking to influence sustainable, net zero trajectories. A comparison of the necessary action metrics versus the identified current leading practices, with an analysis of key gaps between the two, is provided across this section.

The examples of current leading practice in this section are given to illustrate individual points of action and ambition, and to serve as a stepping-stone to meeting the Necessary Action criteria. However, the examples included are not intended to indicate that all individual coalition members have all reached the ambition in the example, nor should they necessarily be called a "leader" in sustainable finance, as this analysis has not been undertaken.

Rising to the level of current leading practices is a critical stepping-stone for meeting the ambition set out by the necessary actions.

2.1 TARGETS AND OBJECTIVES

Table 3: Targets and Objectives analysis

Necessary Action Metrics	Current Leading Practice	Gap
Consistent with the IPCC's no or limited overshoot pathways in limiting warming to 1.5°C, and in addition to 2050 long term targets, set 2025 target to reduce portfolio scope 1, 2, and 3 emissions by 29% on absolute level against a 2019 base year, according to fair share of reductions.	Set science-based, five- and ten-year emissions reduction targets by 2023 and update every five years, encompassing Scope 3 portfolio emissions where significant, consistent with a fair share of the 50% global reduction in GHGs and the IPCC's no or limited overshoot pathways in limiting warming to 1.5°C.[16]	Ambitious short term (sooner than 2030) targets covering Scope 1, 2, and tracked scope 3 portfolio emissions.
Set context-specific complementary targets by 2025, encompassing: biodiversity; climate equity; pollution; and direct contributions for climate investments in developing economies and hard to abate sectors.	Set context-specific complementary targets, such as: increased climate finance including adaptation and avoiding deforestation and habitat conversion.[17]	Specific short-term complementary targets set to cover biodiversity, and which mainstream climate equity considerations.
Only use offsets in due course of the net zero transition where no mitigation options exist, and ensure offset credits cause no harm, prioritizing positive co-benefits where possible.	Any offsets used must be restricted to long-term carbon removal where no viable alternatives for eliminating emissions exist.[18]	Transparent reporting on the use of offsets, including details on activities supported and adherence to "do no harm" criteria. Offset quality, including SDG impacts, should be considered.

Necessary action: Consistent with the IPCC's no or limited overshoot pathways in limiting warming to 1.5°C, and in addition to 2050 long term targets, set 2025 target to reduce portfolio scope 1, 2, and 3 emissions by 29% on absolute level against a 2019 base year, according to fair share of reductions.

While targets to reduce emissions by 2030 are becoming more common among financial institutions and corporations, **necessary action** requires a target for 29% reduction in portfolio emissions by 2025 to be on a viable net zero 2050 pathway (One Earth, 2020; NZAOA, 2020). This target is defined by the IPCC's 1.5°C limited to no overshoot pathways, which require an immediate reduction in emissions (IPCC, 2018a). An aggressive short-term target, covering Scope 3 emissions, incentivizes financial institutions to make rapid changes early, allowing additional time to address developing economies and difficult-to-decarbonize sectors (Net Zero Asset Owners Alliance, 2020). The Net Zero Asset Owners Alliance's 2025 Target Setting Protocol,[19] which provides guidance on sub portfolio and portfolio emission reduction targets, is in line with the established necessary action.

To date, the **current leading practice** for other coalitions includes the Net Zero Asset Managers Initiative, Net Zero Banking Alliance, and the Net Zero Insurance Alliance. These

16 Net Zero Asset Owners Alliance is consistent with necessary action, current leading practice in this metric refers to the remaining coalitions.
17 The Joint Declaration of all the PDBs is consistent with necessary action, current leading practice in this metric refers to the remaining coalitions.
18 This represents the most stringent requirement currently supported by coalitions.
19 The 2025 Target Setting Protocol provides guidance on setting sub-portfolio (later to be portfolio) emissions reduction targets within a defined range of 16-29% CO_2e reduction by 2025. Said targets must cover Scope 1, 2, and scope 3 portfolio emissions in sectors with credible methodologies.

initiatives all require members set interim targets covering Scopes 1, 2, and scope 3 portfolio emissions by 2030.

On the other hand, the Network for Greening the Financial System suggests central banks and supervisors shape policies on climate risks within their mandate but leaves the responsibility for meeting the goals of the Paris agreement with governments. And while the Coalition of Finance Ministers for Climate Action and the Finance in Common Joint Declaration of PDBs have called on governments and Development Finance Institutions (DFIs) respectively to align policies and practices with the Paris Agreement, they provide no further guidance on timelines. The MDB and IDFC alignment objectives similarly do not include timelines.

Necessary action: Set context-specific complementary targets by 2025, encompassing: biodiversity; climate equity; pollution; and direct contributions for climate investments in developing economies and hard to abate sectors.

Along with net zero and Paris-aligned interim targets, **necessary action** by financial institutions includes setting short-term complementary targets to address loss of biodiversity and pollution concerns, as well as addressing the social impacts from the low carbon transition in climate equity targets and just transition targets. Both the IPCC Special Report *Global Warming of 1.5°C* and the IEA *Net Zero by 2050* report highlight the need to take the social and economic impacts of the low-carbon transition into account at the community and individual level (IEA, 2021b; IPCC, 2018b). The IPCC calls for ethics and equity to be focal when addressing “the uneven distribution of adverse impacts associated with 1.5°C and higher levels of global warming, as well as those from mitigation and adaptation, particularly for poor and disadvantaged populations, in all societies” (IPCC, 2018b).

To effectively implement global climate goals, governments, DFIs, and private finance need to develop targets to drive investment towards developing economies and meet the climate finance commitment. Both the IEA *Net Zero by 2050* report, the IEA *Financing Clean Energy Transitions in Emerging and Developing Economies* report, and the IPCC’s Special Report highlight the need for international cooperation to accelerate innovation, develop international standards, and facilitate new infrastructure, particularly in developing economies (IEA, 2021a; IEA2021b; IPCC, 2018b). The UN’s Independent Expert Group on Climate Finance has urged for the goal that developed economies mobilize USD 100 billion annually in developing countries by 2020, committed in the COP15 Copenhagen Accord, to be viewed as a floor rather than a ceiling (UN, 2020). Further, the Group’s report identifies the COVID-19 recovery as an opportunity to build a new climate economy that centers global cooperation to drive coordinated green investments, reach net zero emissions, and protect natural capital (UN, 2020).

The Finance in Common Joint Declaration of PDBs includes a strong commitment to support biodiversity and sustainability, including qualitative goals, well beyond other coalitions in the space. In terms of **current leading practice** for the remaining coalitions, members of the Finance for Biodiversity Pledge have committed to assess impact, and to set and disclose targets for reducing impacts to biodiversity by 2024 at the latest (Finance for Biodiversity Pledge, 2020). Additionally, both the Net Zero Asset Owners Alliance and the Net Zero

Banking Alliance encourage their members to set complementary targets in line with SDG goals, and the Net Zero Insurance Alliance also supports the development of global SDG-aligned investment frameworks.

Necessary action: Only use offsets in due course of the net zero transition where no mitigation options exist , and ensure offset credits cause no harm, prioritizing positive co-benefits where possible.

Voluntary carbon offsets should not be the leading tactic for financial institutions to achieve net zero targets – institutions should make progress first and foremost through emissions reductions (notably scope 3 portfolio emissions) and encouraging counterparties to reduce emissions. Still, offsets can play an important role in neutralizing hard-to-abate emissions, can serve as an important funding mechanism to protect natural capital, and can be a key source of finance for developing countries (VCMI, 2021). Moreover, offsets that contribute to reductions in nature loss today can reduce pressure on particularly hard to abate sectors while technology is still under development (VCMI, 2021; GFANZ, 2021).

Therefore, **necessary action** requires a balance: financial institutions must only use offsets in due course of the net zero transition where no mitigation options exist, prioritize offset alignment with the broader SDGs, and refrain from negative environmental or social impacts (SBTi, 2021). Where possible, offset use should prioritize co-benefits for nature and society beyond emissions reduction, such as a positive impact on surrounding biodiversity, water quality, and livelihoods (Allen et al., 2021; IIF, 2021). Institutions should transparently report on which emissions have been 'offset' and how, and to the extent possible ensure that only credible and verifiable offset products are utilized, particularly in so far as regulatory frameworks surrounding offsets are still under development. The latter is in recognition that much work is still underway to develop frameworks for offset quality assurance and as such, guidance on this action may evolve further as the discussion and body of knowledge progresses. Governments and regulators operating in this space have a role to play in ensuring that sufficient resources are allocated towards verifying the quality of offset products available in the market.

Current leading practice represents the most stringent requirements on offset use. The Net Zero Banking Alliance, Net Zero Asset Managers Initiative, and Net Zero Insurance Alliance all restrict the use of offsets to where there are no viable alternatives, and the Net Zero Banking Alliance and Net Zero Insurance Alliance require offsets be additional and certified. Much of this guidance comes from the SBTi Guidance for the Financial Sector and the IPCC Special Report, which specifically address the danger to broader environmental and sustainability goals of over relying on offsets. (IPCC, 2018b; SBTi, 2021). The SBTi goes so far as to declare that the use of offsets is not counted as emissions reduction toward SBTi Target progress for financial institutions, and the IPCC stresses that scenarios that limit global warming to 1.5°C with no or limited overshoot include emissions offsets only for difficult-to-decarbonize sectors. (IPCC, 2018b; SBTi, 2021).

2.2 IMPLEMENTATION

Table 4: Implementation analysis

Necessary Action	Current Leading Practice	Gap
Fully integrate net zero targets and SDG commitments into mandates, governance, executive compensation, risk management frameworks, and performance management, in a "whole institution" approach.	Establish internal teams or processes with a mandate to integrate climate and sustainability issues into risk management frameworks and operations.[20]	Eliminate the siloing of environmental and sustainability teams and instead adopt a "whole institution" approach.
Lead engagements with counterparties to publicly commit to 1.5°C-aligned business strategies and targets, and publish a detailed policy for those that fail to adopt and implement credible transition plans.	Engage counterparties to adopt ambitious and credible targets and transition plans, in line with science and under consideration of associated social impacts, with an emphasis on real world impacts.	Initiate action within sectors, publicly commit to targets, and publish detailed client and shareholder engagement plans.
Drastically increase sustainable finance volumes through new instruments and business models, including supporting developing economies in their transition and catalyzing the private sector.	Design and develop financial instruments to facilitate the scale up of sustainable finance and promote climate-focused investment in different sectors and geographies.	Announce specific investment targets with details on target geographies and sectors. The latter should focus on developing economies, hard-to-abate sectors, and sectors where the climate finance gap remains large.
Proactively engage on and advocate for sustainable finance policy and regulatory measures to ensure Paris-aligned financial flows, including advocating for mandatory global climate risk reporting for public and large private companies.	Ensure any direct or indirect policy advocacy is supportive of reaching net zero global emissions by 2050 or sooner, science-based, and socially just.	Support public announcements with concrete work to advance policy and regulatory Paris-aligned frameworks.
Immediately end all finance for new thermal coal projects and phase out existing coal power finance by 2030 in OECD countries and 2040 in developing countries. Eliminate finance and subsidies for all new oil and gas projects, and phase out existing oil and gas financing and subsidies where a credible transition plan does not exist.	No further financing of thermal coal plants and cancellation of all new thermal coal projects; phase out of all finance to existing coal power by 2030 in OECD countries and 2040 globally.	Commitment and plan to phase out all fossil fuel finance, not just coal, where a credible transition plan does not exist, and to eliminate all new oil and gas development.

Necessary action: Fully integrate net zero targets and SDG commitments into mandates, governance, executive compensation, risk management frameworks, and performance management, in a "whole institution" approach.

The continued siloing of sustainability risk and opportunities in ESG or environmental departments results in a haphazard and incomplete approach to sustainability action. In line with **necessary action**, the IPCC Special Report and the IEA Net Zero report both stress the need for climate targets to be implemented in a coordinated, cross-institution approach to enable rapid, systemic transitions (IEA, 2021b; IPCC, 2018b). Both the Climate Action 100+ and Investor Agenda, two organizations supporting investors, have highlighted governance as a key part of climate action, including a mainstreaming of climate goals across divisions and targets (Climate Action 100+, 2021; The Investor Agenda, 2021). Any institutional commitments on climate need to be supported with near-term policies and measures that

20 The Coalition of Finance Ministers for Climate Action's Helsinki Principles is consistent with necessary action, current leading practice in this metric refers to the remaining coalitions.

support robust sustainability across the institution, holding relevant members of the upper-management and the board accountable for climate action and providing incentives through executive compensation targets (Climate Action 100+, 2021; The Investor Agenda, 2021).

To this end, the Coalition of Finance Ministers for Climate Action has committed to "take climate change into account in macroeconomic policy, fiscal planning, budgeting, public investment management, and procurement practices", matching necessary action (Coalition of Finance Ministers, 2020).

Current leading practice for the coalitions in the rest of the financial sector, such as the Network for Greening the Financial System, IDFC, Net Zero Asset Owners Alliance, and Net Zero Insurance Alliance, with various degrees of stringency, all call for members to mainstream sustainability into their operations and portfolios. Still, gaps exist in coalition guidance on methods for financial institutions to integrate climate risks and opportunities throughout their business. For example, ensuring the necessary operational capacity is in place to meet the set goals is only emphasized in the Net Zero Asset Owner's guidance, while elsewhere the same coalition calls for members to "embed sustainability holistically" without further details. In the public sector, The Network for Greening the Financial System recommends central banks incorporate climate and environmental risks into their mandates and develop strategies to integrate these risks in their work, although there are examples of individual institutions going further than the coalition guidance. Both the Finance in Common Joint Declaration and the MDB 6 Building Block Approach commit to mainstreaming resilience and adaptation into strategies and operations, and to promote the mainstreaming of climate action throughout the financial system. Many IDFC members have also promoted and endorsed the organization's five principles for mainstreaming climate action within Financial Institutions (Climate Action in Financial Institutions, 2017). The principles aim to make climate change considerations a key component of how financial institutions conduct business and operate (IDFC, 2018).

Necessary action: Lead engagements with counterparties to publicly commit to 1.5°C-aligned business strategies and targets, and publish a detailed policy for those that fail to adopt and implement credible transition plans.

As the vast majority of financial institutions' emissions are in their portfolio rather than in their own operations, and therefore tangible results in the real economy are only possible with action from counterparties, **necessary action** requires financial institutions to create requirements for counterparty action, including a detailed shareholder voting policy where applicable, and to set clear steps for counterparties that fail to take reasonable action (Climate Action 100+, 2021; The Investor Agenda, 2021). Engagement is a cornerstone of the Climate Action 100+ and Investor Agenda's approach, as Scope 3 portfolio emissions comprise the bulk of emissions for the financial sector (Climate Action 100+, 2021; The Investor Agenda, 2021). The Investor Agenda calls for financial institutions to publish a detailed voting policy, outlining the institution's requirements for climate action and the consequences for failing to take action (The Investor Agenda, 2021). The SBTi goes so far as to require financial institutions commit to having a portion of their borrowers or investees set their own approved science-based targets, pushing financial institutions to a 100 percent portfolio coverage by 2040 (SBTi, 2021). Counterparties with significant direct or indirect emissions and impact should be prioritized. While there are outstanding concerns about emission leakage, as high-emitting industries may move to financial institutions with less stringent climate requirements, coordinated requirements and regulation from governments can reduce this risk (GFANZ, 2021; Resources for the Future, 2021).

In recent years an increasing number of large financial institutions have announced plans to use their shareholder influence to drive climate action in their investee companies; other institutions have also announced their intentions to work with clients to transition away from high-carbon sectors (Climate Action 100+, 2021). Engagement and active ownership play a central role in supporting transitions under **current leading practices** (Caldecott, B., 2020). The Net Zero Asset Managers Initiative meets the necessary action criteria by calling for strong engagement with financial actors across the system and a transparent voting and escalation policy. The remaining initiatives have set varying degrees of parameters for guiding these interactions. The Net Zero Asset Owners Alliance, for example, encourages asset owners to focus their efforts on the highest emitters. 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 (Paris Aligned Investment Initiative, 2021).

In the public sector, engagement guidance provided by the Network for Greening the Financial System and the Finance in Common Joint Declaration by PDBs has remained vague and limited to supporting nationally determined contributions (NDCs). The IDFC has also called for cooperation between members and other climate finance partners. The Network for Greening the Financial System expects central banks to collaborate with their counterparties to among others "prevent the dilution of green labelling". Meanwhile, The European Investment Bank (EIB) recently released a counterparty framework that considers not just the impact of the projects it finances, but also examines the wider activities of its borrowers (EIB, 2021). The overarching goal of the framework is to ensure that EIB-financed projects are Paris aligned and counterparties are taking appropriate action on climate (EIB, 2021).

Necessary action: Drastically increase sustainable finance volumes through new instruments and business models, including supporting developing economies in their transition and catalyzing the private sector.

Necessary action requires financial institutions to develop business models designed to support and increase the scale of finance aligned with sustainability goals (GFANZ, 2021). The IPCC Special Report and the IEA Net Zero Report both call for a transfer and mobilization of finance through policy tools and shifting global investments through market and non-market-based instruments (IEA, 2021b; IPCC 2018b). The UN and World Bank have found current levels of sustainable finance are insufficient to combat climate change; global climate-compatible infrastructure alone is expected to cost nearly USD 90 trillion by 2030 (UN, 2019). With a short timeline to address climate change, the need for financial tools that can scale finance rapidly is vital, ideally such tools then increase scale in climate finance themselves (CPI, 2020).

Developing economies account for two thirds of the world's population but only one-fifth of the investment in clean energy (IEA, 2021a). If this trend continues, emerging and developing economies are on track to account for the bulk of emissions growth in the coming decades

(IEA 2021a). Despite the importance of setting these countries on a pathway towards net-zero emissions, the climate finance gap continues to widen, and more so now as a result of the COVID-19 pandemic (IEA, 2021a). WRI and The UN Independent Expert Group on Finance have found that developed economies are mobilizing less finance than promised under the USD 100 billion mobilization goal set in Copenhagen (UN, 2020; WRI, 2021). The UN Group has identified multiple ways for private and bilateral finance, as well as multilateral development banks and DFIs, to increase finance and distribute it more effectively (UN, 2020).

Climate finance mechanisms should be deployed with a view towards quality and impact in addition to quantity (UN, 2020). There are also concerns that overlooking equity could potentially increase the cost of capital for developing economies and create barriers to financial flows (UN, 2020). Regional economic and equity concerns related to implementation need to be taken into account, including energy costs, depreciation of assets and impacts on international competition, and the maximization of co-benefits (UN, 2020).

Current leading practice includes commitments to developing financial instruments and products that serve the climate and sustainability transition, with some coalitions committing to joint mobilization targets (IDFC, MDBs). Across the different financial sectors, coalition led action in this space varies.

The multilateral development banks have set a joint climate finance target to mobilize $175 billion annually by 2025, and the International Development Finance Club has set a joint target to mobilize USD 1 trillion for climate action by 2025, as well as a principle to catalyze investment from the private sector (IDB, 2019; IDFC 2020a; IDFC, 2020b). The Network for Greening the Financial System calls on its member banks and supervisors to mobilize green and low-carbon investments. The Network further encourages members to pursue non-financial sustainability goals to generate positive societal impacts and support the development of the market for green and sustainable assets. The Coalition of Finance Ministers Helsinki Principles commit to facilitating "private sources of climate finance by facilitating investments and the development of a financial sector which supports climate mitigation and adaptation" (Coalition of Finance Ministers Helsinki Principles, 2019).

In the private sector, the current requirements for members of the Net Zero Insurance Alliance include the development of products with sustainability co-benefits. The Net Zero Asset Owners Alliance and the Net Zero Asset Managers Initiative both encourage their members to create net-zero aligned investment products and facilitate increased investment in climate solutions across different sectors and emerging markets. Of note, few developing country financial institutions are involved in the Net Zero Alliances, raising concerns on potential leakage for fossil fuel financing (CPI, 2021b).

Necessary action: Proactively engage on and advocate for sustainable finance policy and regulatory measures to ensure Paris-aligned financial flows, including advocating for mandatory global climate risk reporting for public and large private companies.

Government policy is critical if the financial system is to achieve its sustainability and net zero goals in a coordinated fashion with minimum or no leakage, **necessary action** requires financial institutions to support regulatory action at a global, national, and sub-national level

(UN, 2020). The IPCC Special Report lists strengthened multilevel governance, institutional capacity, and policy instruments as "enabling conditions that enhance the feasibility of mitigation and adaptation options for 1.5°C-consistent systems transitions" (IPCC, 2018b).

The Investor Agenda considers policy advocacy a pillar of climate action, calling on financial institutions to "provide strong public support and play a leading/active role in discussion of sustainable finance policy and regulatory measures to ensure 1.5°C-aligned financial flows" (The Investor Agenda, 2021). Since there is no globally mandated approach to climate risk disclosure, financial institutions must engage with domestic and international governments to advocate for climate risk disclosure to be mandatory and harmonized (IOSCO, 2021). As financial institutions move towards greater transparency on the impact of climate in their operations, there is a risk of fragmentation if local jurisdictions adopt differing approaches (IIF, 2020). The Net Zero Asset Owners Alliance, which meets the necessary action metrics, requires members to provide investor support for mandatory Task Force on Climate-related Financial Disclosures (TCFD) reporting, and to advocate for, and engage on, actions in support of a low-carbon transition.

More common **current leading practice** in this space is illustrated by the Net Zero Asset Managers Initiative's and the Net Zero Insurance Alliance's requirements and includes ensuring any direct or indirect policy advocacy is supportive of reaching net zero global emissions by 2050 or sooner, science-based, and socially just.

In the public sector, the G-7 has backed making climate risk disclosure mandatory, with the UK announcing economy-wide mandatory climate risk disclosures by 2025. The Coalition of Finance Ministers commits to "align policies and practices with the Paris Agreement commitments", and to "engage actively in the domestic preparation and implementation of Nationally Determined Contributions" (Coalition of Finance Ministers, 2019). IDFC members have committed to support country-led climate policies, and for the MDBs, Engagement and policy development support, in line with the SDGs, is one of the six building blocks.

Necessary action: Immediately end all finance for new thermal coal projects and phase out existing coal power finance by 2030 in OECD countries and 2040 in developing countries. Eliminate finance and subsidies for all new oil and gas projects, and phase out existing oil and gas financing and subsidies where a credible transition plan does not exist.

Necessary action requires a transition away from financing fossil fuels. The IEA's Net Zero report unambiguously stated that in order to meet net zero targets "no new investment in greenfield coal, oil, or natural gas" can occur (IEA, 2021b). Additionally, the report lays out a timeline for phasing out existing coal, oil, and unabated gas use by 2040 to shift to an electrical supply based largely on renewables (IEA, 2021b). As a required first step, all financing to existing coal power must end by 2030 in OECD countries and 2040 globally (Climate Analytics, 2018). The timelines, however, differ between OECD and non-OECD countries, to account for differences in electrical systems and underlying emissions drivers in different regions (Climate Analytics, 2019).

Regarding subsidies, the OECD and IEA have called for governments to end "inefficient fossil fuel subsidies that encourage wasteful consumption", particularly in G20 countries (OECD and IEA, 2021; GFANZ, 2021). Fossil fuel subsidies undermine efforts to mitigate climate change by supporting investment in fossil fuels and enhancing the risk of fuel and infrastructure lock-in; combating this status-quo requires G20 members to make strong reforms (OECD and IEA, 2021).

Current leading practice involves no further financing of thermal coal plants and cancelling all new thermal coal projects, phasing out of all finance to existing coal power by 2030 in OECD countries and 2040 globally. This necessary action is in line with the commitments adopted by the Net Zero Asset Owners Alliance. The Coalition of Finance Ministers for Climate Action requires member governments to 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 (Coalition of Finance Ministers for Climate Action, 2019). The Net Zero Banking Alliance requires members to exclude companies that generate more than 5% of their revenue from coal. The remainder of the initiatives, however, only encourage members to consider strong policies on coal and avoid stranded assets.

The number of fossil fuel related exclusion commitments, mainly relating to coal mining and coal generation, made by individual financial institutions has been on the rise in recent years and often surpasses the ambition of coalitions (CPI, 2021b). As an example, the European Investment Bank committed to ending fossil fuel energy projects as of 2021(EIB, 2019). On the whole, however, it should be noted that these commitments vary in scope and stringency. Few companies have committed to excluding all coal financing, with many committing to only excluding greenfield projects in the years to come (CPI 2021b). Indeed, many commitments still allow for some coal financing, investment, and insurance to take place as companies place thresholds for exclusions.

2.3 METRICS AND TRANSPARENCY

Table 5: Metrics and transparency

Necessary Action	Current Leading Practice	Gap
Align with the TCFD and future TNFD disclosure frameworks, and any globally-adopted disclosure regimes, ensuring disclosures, finance data, and impact are independently verified.	Align to all TCFD recommendations, disclosing methodologies and metrics used.	Align to TNFD recommendations and ensure that all TCFD-aligned disclosures are verified by a third party.
Promote standardized and comparable approaches to defining sustainable investments and tracking emissions.	Annually measure and report current emissions by asset class and sector in both absolute and intensity metrics, covering a majority of Scope 3 emissions and including measurement methods and metrics used at each level.	Promote comparable approaches on emissions tracking and a shared taxonomy for sustainable investments.

Necessary action: Align with the TCFD and future TNFD disclosure frameworks, and any globally-adopted disclosure regimes, ensuring disclosures, finance data, and impact are independently verified.

Necessary action dictates the need for the timely, accurate, and comparable disclosure of climate-related financial risks (TCFD, 2017; GFANZ, 2021). The TCFD disclosure framework is already being adopted at an increasing rate, although financial institutions need to ensure they are disclosing along all the TCFD recommendations (FSB, 2020). Financial institutions must also disclose risks in line with the upcoming Task Force on Nature-related Financial Disclosures (TNFD) recommendations, which provide a broader view of environmental risks, particularly regarding ecosystem services (TNFD, 2021). Additionally, financial institutions must comply with any future globally adopted disclosure regimes; the G7 recently announced its support for such a regime based on the TCFD recommendations (Reuters, 2021).

To ensure accuracy and accountability, any climate-risk disclosures must be independently verified for accuracy. The SBTi, in particular, sees regular tracking and disclosure along verified reporting standards to be a requirement for any institution making progress on climate action (SBTi, 2021).

Current leading practice has seen many institutions commit to adopting TCFD recommendations, with implementation accelerating in the past year. The TCFD 2021 status report found that over 50% of companies disclosed their climate-related risks and opportunities in 2020, up from less than a third in 2019 (FSB, 2021). Notably, the insurance industry significantly increased its average level of disclosure by 11 percentage points from 2019 to 2020 (FSB, 2021). In total, only 13% of companies are reporting on perhaps the most important measure – resilience of the business strategy to climate-related risks (FSB, 2021).

Necessary action: Promote standardized and comparable approaches to defining sustainable investments and tracking emissions.

The lack of standardization in emissions data collection, measurement, and reporting has contributed to a system where there is little meaningful comparison between corporations or institutions (IOSCO, 2021). **Necessary action** requires financial institutions to address this issue through the promotion of a unified and comparable standard for tracking emissions, both through counterparty engagement and public policy support (Climate Action 100+, 2021). Both the SBTi and the UN Independent Expert Group on Climate Finance, along with other international governance bodies like the International Organization of Securities Commissions, call for governments to set minimum rules for disclosure, in consultation with the private sector (IOSCO, 2021; SBTi, 2021; UN, 2020;). In-house, financial institutions must accurately and transparently disclose their own portfolio emissions on an absolute basis, in line with either a standardized approach like PCAF or independently verified by a third-party for accuracy (PCAF, 2020). Along with emissions disclosure, financial institutions should explain how their scope 3 emissions affect the institution's alignment with their net zero emissions targets (SBTi, 2021).

Financial institutions must also promote harmonized taxonomies as an official classification of environmentally sustainable economic activities. Institutions should be using taxonomies internally as a tool for evaluating the sustainability of their own investments and financial decisions (European Commission, 2020), as well as for defining sustainable investing across the system (OECD, 2020).

Current leading practice, demonstrated by the Net Zero Banking Alliance, involves annually measuring and reporting current emissions by asset class and sector in both absolute and intensity metrics, covering most of the Scope 3 emissions and including measurement methods and metrics used at each level. Improving the quality and robustness of tracking mechanisms features prominently across all Initiative and Alliance statements; indeed, most of the tracked alliances include requirement for the annual reporting on progress towards targets.

Table 6: Summary of all necessary action metrics compared to current leading practice

	Subject	Necessary Action	Current Leading Practice	Gap
Targets & Objectives	**Setting Paris-aligned, Net Zero Targets**	Consistent with the IPCC's no or limited overshoot pathways in limiting warming to 1.5°C, and in addition to 2050 long term targets, set 2025 target to reduce portfolio scope 1, 2, and 3 emissions by 29% on absolute level against a 2019 base year, according to fair share of reductions.	Set science-based, five- and ten-year emissions reduction targets by 2023 and update every five years, encompassing Scope 3 portfolio emissions where significant, consistent with a fair share of the 50% global reduction in GHGs and the IPCC's no or limited overshoot pathways in limiting warming to 1.5°C.	Ambitious short term (sooner than 2030) targets covering Scope 1, 2, and tracked scope 3 portfolio emissions.
	Setting Complementary SDG targets	Set context-specific complementary targets by 2025, encompassing: biodiversity; adaptation; climate equity; pollution; and direct contributions for climate investments in developing economies and hard to abate sectors.	Set context-specific complementary targets, such as: increased climate finance including adaptation and avoiding deforestation and habitat conversion.	Specific short-term complementary targets set to cover biodiversity and which mainstream climate equity considerations.
	Credible Offsets	Only use offsets in due course of the net zero transition where no mitigation options exist, and ensure offset credits cause no harm, prioritizing positive co-benefits where possible.	Any offsets used must be restricted to long-term carbon removal where no viable alternatives for eliminating emissions exist.	Transparent reporting on the use of offsets including details on activities supported and adherence to do no harm criteria. Offset quality, including SDG impacts, should be considered.
Implementation	**Whole institution approach**	Fully integrate net zero targets and SDG commitments into mandates, governance, executive compensation, risk management frameworks, and performance management, in a "whole institution" approach.	Establish internal teams or processes with a mandate to integrate climate and sustainability issues into risk management frameworks and operations.	Eliminate the siloing of environmental and sustainability teams and instead adopt a "whole institution" approach.
	Counterparty engagement on climate targets and climate action	Lead engagements with counterparties to publicly commit to 1.5°C-aligned business strategies and targets, and publish a detailed policy for those that fail to adopt and implement credible transition plans.	Engage counterparties to adopt ambitious and credible targets and transition plans, in line with science and under consideration of associated social impacts, with an emphasis on real world impacts.	Lead action within sectors, publicly commit to targets, and publish detailed client and shareholder engagement plans.
	Developing and deploying sustainable finance	Drastically increase sustainable finance volumes through new instruments and business models, including supporting developing economies in their transition and catalyzing the private sector.	Design and develop financial instruments to facilitate the scale up of sustainable finance and promote climate-focused investment in different sectors and geographies.	Announce specific investment targets with details on target geographies and sectors. The latter should focus on developing economies, hard-to-abate sectors, and sectors where the climate finance gap remains large.
	Climate policy alignment & engagement	Proactively engage on and advocate for sustainable finance policy and regulatory measures to ensure Paris-aligned financial flows, including advocating for mandatory global climate risk reporting for public and large private companies.	Ensure any direct or indirect policy advocacy is supportive of reaching net zero global emissions by 2050 or sooner, science-based, and socially just.	Support public announcements with concrete work to advance policy and regulatory Paris-aligned frameworks.
	Fossil fuel financing	Immediately end all finance for new thermal coal projects and phase out existing coal power finance by 2030 in OECD countries and 2040 in developing countries. Eliminate finance and subsidies for all new oil and gas projects, and phase out existing oil and gas financing and subsidies where a credible transition plan does not exist.	No further financing of thermal coal plants and cancellation of all new thermal coal projects; phase out of all finance to existing coal power by 2030 in OECD countries and 2040 globally.	Commitment and plan to phase out all fossil fuel finance, not just coal, where a credible transition plan does not exist, and to eliminate all new oil and gas development.
Metrics & Transparency	**Transparently disclosing climate risks**	Align with the TCFD and future TNFD disclosure frameworks, and any globally adopted disclosure regimes, ensuring disclosures, finance data, and impact are independently verified.	Align to all TCFD recommendations, disclosing methodologies and metrics used.	Align to TNFD recommendations and ensure that all TCFD-aligned disclosures are verified by a third party.
	Measuring and disclosing emissions	Promote standardized and comparable approaches to defining sustainable investments and tracking emissions.	Annually measure and report current emissions by asset class and sector in both absolute and intensity metrics, covering a majority of Scope 3 emissions and including measurement methods and metrics used at each level.	Promote comparable approaches on emissions tracking and a shared taxonomy for sustainable investments.

3. CONCLUSION

There is a significant and urgent need to improve integrity in sustainable finance, by offering guardrails on what meaningful commitments entail and how they translate into progress in the real economy. With so many initiatives across the financial sector, this report aims to bridge the gaps between initiatives and offer an overarching framework to better understand progress in this space. This effort has brought people and organizations across the spectrum —public, private, developed, developing—together to create a forum for dialogue.

This document seeks to understand and ensure the integrity of the many individual pledges and sectoral initiatives. It also intends to coordinate across silos of public and private financial actors to ensure coherence and impact on net zero and sustainability. Finally, this effort has focused on sustainability and social justice beyond climate mitigation to address the many inequalities and vulnerabilities highlighted by the COVID-19 crisis, thus improving the likelihood of meeting the ambitious climate change goals.

In the process of determining the Necessary Action metrics, this analysis also has identified areas where collaboration across financial sector actor groups and the stakeholders that work with them could contribute towards fostering a sustainable, net zero future (see Annex Table 7). Collaboration is especially needed in the following areas:

- developing more specific guidance, such as agreed transition pathways;
- standardizing and improving emissions data and physical risk assessment;
- fostering honest and constructive dialogue between the private and public sector coalitions;
- making a serious effort to finance the transition in developing countries, including institutional reform of development finance; and
- paying substantially more attention to corollary topics that influence our climate pathways—in particular social justice and the preservation of nature.

The **Framework for Sustainable Finance Integrity** 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 real risks lie in our failure to do so. The necessary action metrics laid out in this document are intended to encourage the financial sector to drive ambition and level up current commitments to ensure that they contribute in their sum to delivering a sustainable, net zero future.

4. ANNEX

Table 7: Collaboration needs

Action Category	Collaboration Needs (some of these are already under development by various enabling initiatives)
Targets and Objectives	• Definition and harmonization of credible targets and emissions pathways by sector, also extending to input providers. • Definition of targets and pathways for biodiversity and just transition. • Appropriate targets/objectives for central banks. • Examine the impact of the recent increase in net zero announcements on developing economies. • Analysis on ensuring the volume and integrity of supply as demand for offsets continues to rise.
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. • Examine regulatory and policy frameworks to identify key incentives that avoid leakage. • Approaches to effectively direct recovery funds to mobilize private investment in meeting sustainable development and climate goals.
Metrics and Transparency	• Development of metrics and methods that measure how financial sector actions add up and impact the real economy.[21] • Globally harmonized taxonomies and standards for sustainable finance[22], standardized emissions data and disclosure. • Development of forward-looking metrics to capture risks and opportunities related to transition finance across portfolios and companies (FSB 2020). • Development of a standardized methodology for aligning transition pathways to Paris temperature goals and net zero targets and undertaking scenario analyses.

21 See CPI's Net Zero Tracker, an initiative that tracks net zero finance targets, execution, and flows, https://www.climatepolicyinitiative.org/net zero-finance-tracker/

22 Under development by the International Platform on Sustainable Finance

5. REFERENCES

1. Allen, M., Tanaka, K., Macey, A., Cain, M., Jenkins, S., Lynch, J. and Smith, M. (2021). Ensuring that offsets and other internationally transferred mitigation outcomes contribute effectively to limiting global warming. Environmental Research Letters, 16(7), p.074009.
2. Banque africaine de développement, 2017. One Planet Summit - Joint IDFC-MDB Statement - Together Major Development Finance Institutions Align Financial Flows with the Paris Agreement. Available at: https://www.afdb.org/fr/news-and-events/one-planet-summit-joint-idfc-mdb-statement-together-major-development-finance-institutions-align-financial-flows-with-the-paris-agreement-17685
3. Caldecott, B. (2020). Defining transition finance and embedding it in the post-Covid-19 recovery. Journal of Sustainable Finance & Investment, pp.1–5.
4. Climate Action 100+, 2021. The three asks. Available at: https://www.climateaction100.org/approach/the-three-asks/
5. Climate Action in Financial Institutions, 2017. 5 Principles. Available at: https://www.mainstreamingclimate.org/5-principes/
6. Climate Analytics, 2018. Coal Phase Out. Available at: https://climateanalytics.org/briefings/coal-phase-out/#:~:text=Global%20coal%20use%20in%20electricity
7. Climate Analytics, 2019. Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C. Available at: https://climateanalytics.org/media/report_coal_phase_out_2019.pdf
8. Coalition of Finance Ministers, 2020. Explanatory Note to the Coalition Principles. Available at: https://www.financeministersforclimate.org/sites/cape/files/inline-files/Explanatory%20Note%20-final.pdf
9. Coalition of Finance Ministers, 2019. Helsinki Principles. Available at: https://www.financeministersforclimate.org/helsinki-principles
10. CPI, 2021a. Net Zero Finance Tracker. Available at: https://www.climatepolicyinitiative.org/netzerofinancetracker/?page=institutions&view=dashboard&dimension=total
11. CPI, 2021b. Private Financial Institutions' Commitments to Paris Alignment. Available at: https://www.climatepolicyinitiative.org/publication/private-financial-institutions-commitments-to-paris-alignment/
12. CPI, 2020. Scaling Innovative Climate Finance Instruments: Experience from the Lab. Available at: https://www.climatepolicyinitiative.org/publication/scaling-climate-finance/
13. EIB, 2020. Climate Bank Roadmap 2021-2025. Available at: https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf

14. EIB, 2021. EIB accelerates climate adaptation, foresees Paris alignment of beneficiaries, and increases cohesion support. Available at: https://www.eib.org/en/press/all/2021-337-eib-accelerates-climate-adaptation-foresees-paris-alignment-of-beneficiaries-and-increases-cohesion-support

15. European Commission, 2020. EU taxonomy for sustainable activities. Available at: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

16. European Investment Bank, 2019. EU Bank launches ambitious new climate strategy and Energy Lending Policy. Available at: https://www.eib.org/en/press/all/2019-313-eu-bank-launches-ambitious-new-climate-strategy-and-energy-lending-policy.html

17. Finance for Biodiversity Pledge, 2020. About the Pledge. Available at: https://www.financeforbiodiversity.org/about-the-pledge/

18. Finance in Common, 2020. Joint Declaration of all Public Development Banks in the World. Available at: https://financeincommon.org/sites/default/files/2020-11/FiCS%20-%20Joint%20declaration%20of%20all%20Public%20Development%20Banks.pdf

19. FSB, 2020. Task Force on Climate-related Financial Disclosures Forward-Looking Financial Sector Metrics Consultation. Available at: https://www.fsb.org/wp-content/uploads/P291020-4.pdf

20. FSB, 2021. 2021 Status Report: Task Force on Climate-related Financial Disclosures. Available at: https://www.fsb.org/2021/10/2021-status-report-task-force-on-climate-related-financial-disclosures/

21. GCA, 2019. A Global Call for Leadership on Climate Resilience. Available at: https://cdn.gca.org/assets/2019-09/GlobalCommission_Report_FINAL.pdf

22. GFANZ, 2021. Financial leaders urge more climate action from the G20. Available at: https://assets.bbhub.io/company/sites/63/2021/10/GFANZ-call-to-action.pdf

23. IDB, 2019. MDBs pledge to raise climate finance to US$175 billion annually by 2025 Available at: https://www.iadb.org/en/news/mdbs-pledge-raise-climate-finance-us175-billion-annually-2025

24. IDFC, 2018. Position Paper Aligning with the Paris Agreement. Available at: https://www.idfc.org/wp-content/uploads/2018/12/idfc_alignment-with-paris-agreement_position-paper_12_2018.pdf

25. IDFC, 2020a. Contribution to the Standing Committee on Finance. Available at: https://unfccc.int/sites/default/files/resource/IDFC%20contribution%20to%20the%20SCF.pdf

26. IDFC, 2020b. Paris Agreement. Available at: https://www.idfc.org/paris-agreement/

27. IEA, 2021a. Financing clean energy transitions in emerging and developing economies – Analysis. Available at: https://www.iea.org/reports/financing-clean-energy-transitions-in-emerging-and-developing-economies

28. IEA, 2021b. Net Zero by 2050 – Analysis. Available at: https://www.iea.org/reports/net-zero-by-2050

29. IIF, 2020. Building a Global ESG Disclosure Framework: A Path Forward. Available at: https://www.iif.com/Publications/ID/3945/Building-a-Global-ESG-Disclosure-Framework-A-Path-Forward

30. IIF, 2021. Taskforce on scaling voluntary carbon markets final report. Available at: https://www.iif.com/Portals/1/Files/TSVCM_Report.pdf

31. IMF, 2021. Building Back Better: How Big Are Green Spending Multipliers? Available at: https://www.imf.org/en/Publications/WP/Issues/2021/03/19/Building-Back-Better-How-Big-Are-Green-Spending-Multipliers-50264

32. IOSCO, 2021. IOSCO sees an urgent need for globally consistent, comparable, and reliable sustainability disclosure standards and announces its priorities and vision for a Sustainability Standards Board under the IFRS Foundation. Available at: https://www.iosco.org/news/pdf/IOSCONEWS594.pdf

33. IPCC, 2018a. Ch2 Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development. Available at: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_Chapter2_Low_Res.pdf

34. IPCC, 2018b. Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty. Available at: https://www.ipcc.ch/sr15/

35. NCE, 2018.The New Growth Agenda. Available at: https://newclimateeconomy.report/2018/the-new-growth-agenda/

36. Net Zero Asset Managers initiative. Available at: https://www.netzeroassetmanagers.org/

37. Net-Zero Banking Alliance. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf

38. NGFS, 2017. Network for Greening the Financial System. Available at: https://www.ngfs.net/en

39. OECD and IEA, 2021 Update on Recent Progress In Reform of Inefficient Fossil-Fuel Subsidies that Encourage Wasteful Consumption 2021. Available at: https://www.oecd.org/g20/topics/climate-sustainability-and-energy/OECD-IEA-G20-Fossil-Fuel-Subsidies-Reform-Update-2021.pdf

40. OECD, 2020. Developing Sustainable Finance Definitions and Taxonomies. Available at: https://www.oecd.org/env/developing-sustainable-finance-definitions-and-taxonomies-134a2dbe-en.htm

41. One Earth, 2020. Below 1.5°C: a breakthrough roadmap to solve the climate crisis. Available at: https://www.oneearth.org/below-1-5-c-a-breakthrough-roadmap-to-solve-the-climate-crisis/

42. Paris Aligned Investment Initiative, 2021. PAII Net zero Investment Framework Implementation Guide.

43. PCAF, 2020. The Global GHG Accounting and Reporting Standard for the Financial Industry. Available at: https://carbonaccountingfinancials.com/standard

44. Resources for the Future, 2021. Addressing the Leakage and Competitiveness Risks of Climate Policy. Available at: https://www.rff.org/publications/issue-briefs/addressing-the-leakage-and-competitiveness-risks-of-climate-policy/

45. Reuters, 2021. G7 backs making climate risk disclosure mandatory. Available at: https://www.reuters.com/business/environment/g7-backs-making-climate-risk-disclosure-mandatory-2021-06-05/

46. SBTi, 2021. Financial sector science-based targets guidance. Available at: https://sciencebasedtargets.org/resources/files/Financial-Sector-Science-Based-Targets-Guidance-Pilot-Version.pdf

47. TCFD, 2017. Recommendations of the Task Force on Climate-related Financial Disclosures Final Report. Available at: https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf

48. The Investor Agenda, 2021. Investor Climate Action Plans (ICAPS) Expectations Ladder. Available at: https://theinvestoragenda.org/wp-content/uploads/2021/05/expectations-ladder.pdf

49. The Net-Zero Insurance Alliance Statement of commitment by signatory companies. Available at: https://www.unepfi.org/psi/wp-content/uploads/2021/07/NZIA-Commitment.pdf

50. TNFD, 2021. Nature in Scope. Available at: https://tnfd.global/publication/nature-in-scope/

51. UN Convened Net-Zero Asset Owner Alliance Monitoring Reporting and Verification Track In partnership with WWF, 2020. Inaugural 2025 Target Setting Protocol. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Alliance-Target-Setting-Protocol-2021.pdf

52. U.S. Department of the Treasury, 2021. Remarks from Secretary of the Treasury Janet L. Yellen at the G20 Finance Ministers and Central Bank Governors Meeting's High Level Symposium on International Tax. Available at: https://home.treasury.gov/news/press-releases/jy0266

53. UN Independent Expert Group on Climate Finance, 2020. Delivering on the $100 billion climate finance commitment and transforming climate finance. Available at: https://www.un.org/sites/un2.un.org/files/100_billion_climate_finance_report.pdf

54. United Nations, 2019. Climate Finance. Available at: https://www.un.org/en/climatechange/raising-ambition/climate-finance

55. VCMI, 2021. Aligning Voluntary Carbon Markets with the 1.5°C Paris Agreement Ambition. Available at: https://vcmintegrity.org/wp-content/uploads/2021/07/VCMI-Consultation-Report.pdf

56. WRI, 2021. A Breakdown of Developed Countries' Public Climate Finance Contributions Towards the $100 Billion Goal. Available at: https://www.wri.org/research/breakdown-developed-countries-public-climate-finance-contributions-towards-100-billion

57. WWF, 2020. Put nature-based solutions at the center of post-COVID recovery. Available at: https://wwf.panda.org/?364346/Nature-based-solutions-post-COVID-19-recoverynetzero financetracker/?page=institutions&view=dashboard&dimension=total

58. CPI, 2021b. Private Financial Institutions' Commitments to Paris Alignment. Available at: https://www.climatepolicyinitiative.org/publication/private-financial-institutions-commitments-to-paris-alignment/

59. CPI, 2020. Scaling Innovative Climate Finance Instruments: Experience from the Lab. Available at: https://www.climatepolicyinitiative.org/publication/scaling-climate-finance/

60. EIB, 2020. Climate Bank Roadmap 2021-2025. Available at: https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf

61. EIB, 2021. EIB accelerates climate adaptation, foresees Paris alignment of beneficiaries, and increases cohesion support. Available at: https://www.eib.org/en/press/all/2021-337-eib-accelerates-climate-adaptation-foresees-paris-alignment-of-beneficiaries-and-increases-cohesion-support

62. European Commission, 2020. EU taxonomy for sustainable activities. Available at: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

63. European Investment Bank, 2019. EU Bank launches ambitious new climate strategy and Energy Lending Policy. Available at: https://www.eib.org/en/press/all/2019-313-eu-bank-launches-ambitious-new-climate-strategy-and-energy-lending-policy.html

64. Finance for Biodiversity Pledge, 2020. About the Pledge. Available at: https://www.financeforbiodiversity.org/about-the-pledge/

65. Finance in Common, 2020. Joint Declaration of all Public Development Banks in the World. Available at: https://financeincommon.org/sites/default/files/2020-11/FiCS%20-%20Joint%20declaration%20of%20all%20Public%20Development%20Banks.pdf

66. FSB, 2020. Task Force on Climate-related Financial Disclosures Forward-Looking Financial Sector Metrics Consultation. Available at: https://www.fsb.org/wp-content/uploads/P291020-4.pdf

67. FSB, 2021. 2021 Status Report: Task Force on Climate-related Financial Disclosures. Available at: https://www.fsb.org/2021/10/2021-status-report-task-force-on-climate-related-financial-disclosures/

68. GCA, 2019. A Global Call for Leadership on Climate Resilience. Available at: https://cdn.gca.org/assets/2019-09/GlobalCommission_Report_FINAL.pdf

69. GFANZ, 2021. Financial leaders urge more climate action from the G20. Available at: https://assets.bbhub.io/company/sites/63/2021/10/GFANZ-call-to-action.pdf

70. IDB, 2019. MDBs pledge to raise climate finance to US$175 billion annually by 2025 Available at: https://www.iadb.org/en/news/mdbs-pledge-raise-climate-finance-us175-billion-annually-2025

71. IDFC, 2018. Position Paper Aligning with the Paris Agreement. Available at: https://www.idfc.org/wp-content/uploads/2018/12/idfc_alignment-with-paris-agreement_position-paper_12_2018.pdf

72. IDFC, 2020a. Contribution to the Standing Committee on Finance. Available at: https://unfccc.int/sites/default/files/resource/IDFC%20contribution%20to%20the%20SCF.pdf

73. IDFC, 2020b. Paris Agreement. Available at: https://www.idfc.org/paris-agreement/

74. IEA, 2021a. Financing clean energy transitions in emerging and developing economies – Analysis. Available at: https://www.iea.org/reports/financing-clean-energy-transitions-in-emerging-and-developing-economies

75. IEA, 2021b. Net Zero by 2050 – Analysis. Available at: https://www.iea.org/reports/net-zero-by-2050

76. IIF, 2020. Building a Global ESG Disclosure Framework: A Path Forward. Available at: https://www.iif.com/Publications/ID/3945/Building-a-Global-ESG-Disclosure-Framework-A-Path-Forward

77. IIF, 2021. Taskforce on scaling voluntary carbon markets final report. Available at: https://www.iif.com/Portals/1/Files/TSVCM_Report.pdf

78. IMF, 2021. Building Back Better: How Big Are Green Spending Multipliers? Available at: https://www.imf.org/en/Publications/WP/Issues/2021/03/19/Building-Back-Better-How-Big-Are-Green-Spending-Multipliers-50264

79. IOSCO, 2021. IOSCO sees an urgent need for globally consistent, comparable, and reliable sustainability disclosure standards and announces its priorities and vision for a Sustainability Standards Board under the IFRS Foundation. Available at: https://www.iosco.org/news/pdf/IOSCONEWS594.pdf

80. IPCC, 2018a. Ch2 Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development. Available at: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_Chapter2_Low_Res.pdf

81. IPCC, 2018b. Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty. Available at: https://www.ipcc.ch/sr15/

82. NCE, 2018.The New Growth Agenda. Available at: https://newclimateeconomy.report/2018/the-new-growth-agenda/

83. Net Zero Asset Managers initiative. Available at: https://www.netzeroassetmanagers.org/

84. Net-Zero Banking Alliance. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf

85. NGFS, 2017. Network for Greening the Financial System. Available at: https://www.ngfs.net/en

86. OECD and IEA, 2021 Update on Recent Progress In Reform of Inefficient Fossil-Fuel Subsidies that Encourage Wasteful Consumption 2021. Available at: https://www.oecd.org/g20/topics/climate-sustainability-and-energy/OECD-IEA-G20-Fossil-Fuel-Subsidies-Reform-Update-2021.pdf

87. OECD, 2020. Developing Sustainable Finance Definitions and Taxonomies. Available at: https://www.oecd.org/env/developing-sustainable-finance-definitions-and-taxonomies-134a2dbe-en.htm

88. One Earth, 2020. Below 1.5°C: a breakthrough roadmap to solve the climate crisis. Available at: https://www.oneearth.org/below-1-5-c-a-breakthrough-roadmap-to-solve-the-climate-crisis/

89. Paris Aligned Investment Initiative, 2021. PAII Net zero Investment Framework Implementation Guide. Available at: https://www.parisalignedinvestment.org/media/2021/03/PAII-Net zero-Investment-Framework_Implementation-Guide.pdf

90. PCAF, 2020. The Global GHG Accounting and Reporting Standard for the Financial Industry. Available at: https://carbonaccountingfinancials.com/standard

91. Resources for the Future, 2021. Addressing the Leakage and Competitiveness Risks of Climate Policy. Available at: https://www.rff.org/publications/issue-briefs/addressing-the-leakage-and-competitiveness-risks-of-climate-policy/

92. Reuters, 2021. G7 backs making climate risk disclosure mandatory. Available at: https://www.reuters.com/business/environment/g7-backs-making-climate-risk-disclosure-mandatory-2021-06-05/

93. SBTi, 2021. Financial sector science-based targets guidance. Available at: https://sciencebasedtargets.org/resources/files/Financial-Sector-Science-Based-Targets-Guidance-Pilot-Version.pdf

94. TCFD, 2017. Recommendations of the Task Force on Climate-related Financial Disclosures Final Report. Available at: https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf

95. The Investor Agenda, 2021. Investor Climate Action Plans (ICAPS) Expectations Ladder. Available at: https://theinvestoragenda.org/wp-content/uploads/2021/05/expectations-ladder.pdf

96. The Net-Zero Insurance Alliance Statement of commitment by signatory companies. Available at: https://www.unepfi.org/psi/wp-content/uploads/2021/07/NZIA-Commitment.pdf

97. TNFD, 2021. Nature in Scope. Available at: https://tnfd.global/publication/nature-in-scope/

98. UN Convened Net-Zero Asset Owner Alliance Monitoring Reporting and Verification Track In partnership with WWF, 2020. Inaugural 2025 Target Setting Protocol. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Alliance-Target-Setting-Protocol-2021.pdf

99. U.S. Department of the Treasury, 2021. Remarks from Secretary of the Treasury Janet L. Yellen at the G20 Finance Ministers and Central Bank Governors Meeting's High Level Symposium on International Tax. Available at: https://home.treasury.gov/news/press-releases/jy0266

100. UN Independent Expert Group on Climate Finance, 2020. Delivering on the $100 billion climate finance commitment and transforming climate finance. Available at: https://www.un.org/sites/un2.un.org/files/100_billion_climate_finance_report.pdf

101. United Nations, 2019. Climate Finance. Available at: https://www.un.org/en/climatechange/raising-ambition/climate-finance

102. VCMI, 2021. Aligning Voluntary Carbon Markets with the 1.5°C Paris Agreement Ambition. Available at: https://vcmintegrity.org/wp-content/uploads/2021/07/VCMI-Consultation-Report.pdf

103. WRI, 2021. A Breakdown of Developed Countries' Public Climate Finance Contributions Towards the $100 Billion Goal. Available at: https://www.wri.org/research/breakdown-developed-countries-public-climate-finance-contributions-towards-100-billion

104. WWF, 2020. Put nature-based solutions at the center of post-COVID recovery. Available at: https://wwf.panda.org/?364346/Nature-based-solutions-post-COVID-19-recovery