

MAINSTREAMING CLIMATE ACTION WITHIN FINANCIAL INSTITUTIONS

Five Voluntary Principles

MAINSTREAMING CLIMATE ACTION WITHIN FINANCIAL INSTITUTIONS

Five Voluntary Principles

1: COMMIT to climate strategies

Be strategic when addressing climate change. Institutional commitments to address climate change are demonstrated by senior management leadership, explicit strategic priorities, policy commitments and targets, which allow for the LQWHJUDWLRQ RI FOLPDWH FKDQJH FRQVLGHUDWLRQV ZLWKLQ 1m.LQDQFLDO LQV

2: MANAGE climate risks

Be active in understanding and managing climate risk. Assess your portfolio, pipeline and new investments. Work with clients to determine appropriate measures for building resilience to climate impacts and improving the long-term sustainability of investments.

3: PROMOTE climate smart objectives

Promote approaches to generating instruments, tools and knowledge on how best to overcome risks and barriers to investment in low carbon and resilient investments. This may include mobilizing and catalyzing additional financing and developing specialized financing vehicles/products, such as green bonds, risk sharing mechanisms or blended finance. Engage clients and other stakeholders (e.g. rating agencies, accounting firms) on climate change risks and resilience, and share lessons of experience to help further mainstream climate considerations into activities and investments.

4: IMPROVE climate performance

Set up operational tools to improve the climate performance of activities. Financial institutions track and monitor indicators tied to climate change priorities, including GHG reporting, lending and advisory volumes supporting green investment, climate related asset allocations D Q G W K H L Q V W L W X W L R Q ¶ V R Z Q F O L P D W H I R R W S U L Q W

5: ACCOUNT for your climate action

Be transparent and report, wherever possible, on the climate performance of your institution, including increases in financing of clean energy, energy efficiency, climate resilience or other climate-related activities and investments. Be transparent and report, wherever possible, the climate footprint R I W K H L Q V W L W X W L R Q V ¶ R Z Q L Q Y H V W P H Q W institution is addressing climate risk.

Organizations supporting the development and ongoing work on these Voluntary Principles