



Framework - Climate Commitment Financial Sector

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Climate Committee Financial Sector
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Introduction

Objective

In the *Climate Commitment of the Financial Sector* (hereinafter referred to as the Climate Commitment), it has been agreed upon that a report of the financial sector will be drafted annually, which will detail the efforts and results of the implementation of the agreements specified in the Climate Commitment and will provide an analysis of the challenges faced in financing the transition. This framework forms the basis of the joint sector report on behalf of the financial sector.

The purpose of this framework is to notify financial institutions of the information they will report through public channels, if available, provided they are signatories of the Climate Commitment. This information will be used at an aggregated level for sector reporting on the progress of the financial sector with respect to the Climate Commitment.

The sector report will provide insight into the efforts of the sector to steer on climate, and the (change in the) CO₂e impact of the portfolios of financial institutions.

Questions

The questions are based on the Climate Commitment of the financial sector. The institution is asked to provide answers to questions in three different categories:

1. Measuring CO₂e impact;
2. Approach, climate goals and climate actions;
3. Other questions.

As a result of the rapid development of climate reporting standards for financial institutions, each year questions in the framework will be aligned with the latest developments and insights on climate within the financial sector.

Method

It is expected that the provision of information takes place via the annual report or via official thematic reports such as a Responsible Investment Report or a Sustainability Report.

Institutions will be asked to draft a reading guide for the author of the sector report to ensure that all relevant information has been considered when drafting/preparing the report. This reading guide does not have to be part of public reporting. KPMG will provide a template for the reading guide.

Answers

Answers to the questions should be provided in public reports. Alongside each question, the type of information that needs to be provided is listed.

The signatories of the Climate Commitment will assess the climate impact of relevant financing and investments. Participating institutions are able to opt for a step-by-step approach. Therefore, for some institutions, not all the requested information will be available in the first reporting year. If information is not available as yet, the institution is requested to indicate this in the reading guide.

Implementation of this framework will result in additional reporting requirements for participating institutions. The additional reporting burden will decrease after implementation of this framework, because institutions, for example, will not necessarily annually adapt their steering model on climate. As a result, some answers can be valid for several years.

1. Measuring CO₂e impact

Question				Explanation			
1. Measuring CO ₂ e impact				<i>Relating to financial year 2020</i>			
1	Is the CO ₂ e impact being measured?			Yes / Partly / No [if partly or no, explain]			
2. How is it measured?				<i>Relating to financial year 2020</i>			
2.1	Which CO ₂ e impact indicator(s) does the institution use to monitor the performance of the overall portfolio?			[Explain, e.g. weighted average carbon intensity / total carbon emissions / carbon footprint / carbon intensity / ...]			
2.1.1	Which measurement method is being used for these indicators?			[Explain]			
2.2	Which attribution method is being used (per asset class)?			[Explain, e.g. based on enterprise value]			
2.3	What data sources are being used? And which data providers?			[Explain]			
2.4	Describe the quality of the used data to measure the CO ₂ e impact (per asset class)			[Explain, preferably per asset class using e.g. the PCAF data quality score]			
3. What is being measured?				<i>Relating to financial year 2020</i>			
3.1	What is in the scope of the CO ₂ e reporting?			[Description of entities and/or activities in scope]			
3.2	What are the relevant investments and financing?			[Explain, e.g. based on estimated CO ₂ e contribution or based on euros]			
3.3	What scope is being reported on (from the perspective of investments/financing)?			[Scope 1, 2 / Scope 1, 2 & 3]			
4. The disclosure on the CO ₂ impact should contain the following information: (asset managers can report separately on their own funds and mandates)				<i>Relating to financial year 2020</i>			
Asset class / Loan portfolio	Sector * (optional)	Euro	Of which relevant	Of which CO ₂ e impact reported	CO ₂ e indicator(s) from question 2.1	CO ₂ e indicator(s) from question 2.1	...
		EUR	EUR	EUR	[measuring unit]	[measuring unit]	[measuring unit]
Asset class A							
Asset class B							
-							
Other							
Total							
* If possible, provide a breakdown by sector for the most material sectors (based on measured CO ₂ e emissions).							

2. Approach and climate actions taken (1)

Question		Explanation
1. Action plans to contribute to the Paris Climate Agreement (can entail more than just CO ₂ e impact)		No later than 2022
1.1	Does the institution have an action plan for all relevant financing and investments? (Asset managers: report separately on own funds and mandates)	Yes / Partly / No [if partly or no, explain]
1.2	What climate actions are described in the action plan and on what timeframe?	[Explain]
1.3	Has the institution actively attracted the clients/participants attention to the climate?	[Explain]
1.4	Has the institution sold/reclaimed or purchased assets on account of the climate?	[Explain and give examples]
2. Climate goals		No later than 2022
2.1	What are the (reduction) goals for the relevant financings and investments for 2030 and how has the institution accrued these relevant financings and investments?	[Specify and explain, for example on CO ₂ e impact, engagement, funding of CO ₂ e-reducing projects, other]
2.2	Are there quantitative (reduction) goals on CO ₂ e impact for the relevant financings and investments? If so, for which part of the portfolio and what is the reference year?	[Specify and explain how these are determined]
2.3	Are the (reduction) goals in alignment with the Paris Climate Agreement? Explain how the (reduction) goals are aligned with the Paris Climate Agreement.	[Explain]
2.4	<i>If known:</i> What is the performance on the quantitative goals?	[Explain (the reduction path does not have to be a linear path, therefore please include the institution's reflection on the development of the CO ₂ e impact (if relevant, broken down to the respective part of the portfolio))]
2.5	In what way is progress on the action plan linked to performance management of the management of the organisation?	[Explain]
3. Actions taken to contribute to the Paris Climate Agreement		No later than 2022
3.1	What are the key climate actions taken to contribute to the Paris Climate Agreement?	[Explain, e.g. exclusion, commitment, funding of CO ₂ e-reducing projects]
3.2	How does the institution determine and measure the effectiveness of these climate actions?	[Explain]
3.3	To what results have the key climate actions within the reporting period led ?	[Explain (this can be more than the CO ₂ e impact)]
3.4	What are the main challenges?	[Explain (this can be more than the CO ₂ e impact)]

2. Approach and climate actions taken (2)

Question		Explanation
4. Optional: Quantitative indicators on key climate actions taken		<i>Institutions are encouraged to provide insight into progress on key climate actions before 2022</i>
4.1	Provide a quantitative overview of climate actions taken on relevant financings and investments.	<p>Institutions are encouraged to select (or define) quantitative indicators for the relevant assets in order to report on the progress of key actions taken. Institutions should define their own relevant indicators. Asset managers can report on their own funds and mandates separately.</p> <p>Examples of quantitative indicators include*:</p> <ul style="list-style-type: none"> • ESG integration: Part of the relevant portfolios for which climate criteria have been included; • Financing CO₂e-reducing projects: Total amount of financing for CO₂e-reducing projects (e.g. Sustainability Improvement Loans); • Engagement: Part of the relevant portfolios to which climate engagement has taken place; • Votes: number of votes for climate-promoting proposals (both management proposals and shareholder resolutions) that the company has voted for.
5. Other		
5.1	To which (international) climate initiatives has the institution contributed?	[Explain]

**Over the course of time, this will be further defined based on international developments. This is not an exhaustive and prescriptive list, but rather provides indicative examples. It is up to each institution individually to determine how to implement the Climate Commitment and associated actions, monitor performance and publicly report progress.*

3. Other questions

Question		Explanation
1	At what level within the financial institution has the climate information been approved?	[Explain, e.g. at board level through the annual report]
2	Has the climate information been validated externally?	[If validated, explain which climate information has been externally validated]
3	What type of validation has been performed?	[Explain, e.g. reasonable assurance / limited assurance / ...]



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