

# FINANCE AND CAPITAL MARKETS

## PROGRAMME IMPACT & LEARNING

our EVIDENCE SHOWS **STRONG PROGRESS**

## IMPACT & PROGRESS

### TOP THREE B RUBRIC RATINGS & JUSTIFICATIONS from EVIDENCE



#### KEY POCKETS of SUCCESS:

THE ECB IS **REDUCING CARBON INTENSITY** IN ITS BOND PORTFOLIO and **INTEGRATING CLIMATE RISKS** INTO MONETARY POLICY, ENGAGING MANY STAKEHOLDERS.

RECLAIM FINANCE SUCCESSFULLY ADVOCATED for **EXCLUDING FOSSIL FUEL COMPANIES** FROM FRANCE'S SRI FUNDS.

BUSINESS LEADERS ARE DEMANDING MORE **GUIDANCE** and SEE **REFORMS** LIKE CSDDD AS SUPPORTIVE, INDICATING INDUSTRY & POLICY-MAKERS ARE **WORKING TOGETHER**.

#### KEY AREAS of RESISTANCE

DISCLOSURES ARE STILL LACKING; RISK DISCLOSURE GUIDANCE DOESN'T CAPTURE **SYSTEM DEPENDENCIES** IN ESG RISK.

**POLITICAL WILL IS INSUFFICIENT**; LEADERS OFTEN AVOID FULLY ACKNOWLEDGING the STARK REALITY, HINDERING COMPREHENSIVE ACTION.

FOSSIL-FUELS REMAIN **HEAVILY SUBSIDISED** ACROSS ALL GEOGRAPHIES.

#### KEY POCKETS of SUCCESS:

MILESTONES INCLUDE the ECB'S **'GREEN TILTING LOBBY'**, LOBBYING DISCLOSURE REQUIREMENTS, and THE GLOBAL REAL ESTATE ENGAGEMENT NETWORK'S **ENGAGEMENT** WITH INDUSTRY PLAYERS to IMPROVE CLIMATE RISK MANAGEMENT.

THE **INCLUSION OF TRANSITION PLAN REQUIREMENTS** IN THE CSDDD LEGISLATION RESULTED FROM A MULTI-STAKEHOLDER APPROACH WITH POLICY MAKERS.

#### KEY AREAS of RESISTANCE

THE SHIFTING POLITICAL LANDSCAPE IN THE EU IS POSING **CHALLENGES** TO ACHIEVING DEEP **COLLABORATION** & CONSISTENT STAKEHOLDER **ENGAGEMENT**.

WHILE COALITIONS WERE FORMING, **TANGIBLE OUTCOME** IN INFLUENCING CURRENT REGULATORY PRACTICES MAY BE DELAYED.

**LIMITED BUY-IN** DUE TO VESTED INTERESTS and POLITICAL RESISTANCE HINDERS COMPREHENSIVE REFORMS.

#### KEY POCKETS of SUCCESS:

**DUTCH PENSION FUNDS** ARE INVESTING IN the GREEN ENERGY TRANSITION, ALIGNING WITH SUSTAINABILITY GOALS.

INVESTORS SHOW **INCREASED WILLINGNESS** to FINANCE NET-ZERO INITIATIVES & ARE **SUPPORTING** CLIMATE RESOLUTIONS.

BANKS and FINANCIAL ACTORS ARE INCREASINGLY INVESTING IN **GREENER OPTIONS** & **COMMITTING** to SHIFTING FROM FOSSIL FUELS.

AN INCREASE in **SHAREHOLDER RESOLUTIONS** DEMANDING CLIMATE ACCOUNTABILITY MAY DRIVE MORE SUSTAINABLE BUSINESS PRACTICES.

#### KEY AREAS of RESISTANCE

**ECONOMIC PRESSURES** & **POLITICAL OPPOSITION** RISK CAUSING BACKSLIDING, EVIDENCED by THE CSRD'S DELAY FROM JUNE 2024 to JUNE 2026.

**ESG-BACKLASH** HAS PROMPTED BACKSLIDING IN FROM INVESTORS, DECREASING THEIR INVOLVEMENT IN INITIATIVES SUCH AS CA100+ & GFANZ.

## TOP 3 STORIES of CHANGE

### 1. CENTRAL BANKS and SUPERVISORS INTEGRATE CLIMATE & TRANSITION in THEIR WORK

**PROBLEM** CENTRAL BANKS STEER the ECONOMY AND OVERSEE THE BANKING SYSTEM. IF THEY DON'T SEE CLIMATE CHANGE AS A SYSTEMIC RISK THEY WON'T GUIDE the FINANCIAL SYSTEM DECISIVELY to MITIGATE THIS RISK & ITS IMPACT on PEOPLE.

**WHAT HAPPENED?** FCM PARTNERS HAVE PLAYED A PIVOTAL ROLE in INFLUENCING CENTRAL BANKS (e.g. ECB) to RECOGNISE CLIMATE RISK AS CENTRAL to THEIR MANDATES. THIS HAS LED the ECB to ADJUST ITS BOND HOLDINGS TOWARDS LOWER CARBON OPTIONS, TO INCORPORATE CLIMATE and GREEN TRANSITION FACTORS INTO MONETARY POLICY & to UPDATE THEIR REPORTING REQUIREMENTS ON e.g. CLIMATE RISK IN THEIR INVESTMENTS.

**KEY OUTCOME** IN LESS THAN 10 YEARS, CENTRAL BANKS HAVE SHIFTED FROM POSITIONS of CLIMATE IGNORANCE to POLICIES THAT ARE SUPPORTING the TRANSITION and MANAGING RISKS.

### 2. CREATING SUSTAINABLE FINANCE FRAMEWORKS in THE EUROPEAN UNION & UK

**PROBLEM** THE FINANCE SECTOR IS HIGHLY REGULATED TO ENSURE THAT IT ACTS RESPONSIBLY. TO UNLOCK the FINANCE TRANSITION, THE RULES NEED TO BE CHANGED to INCENTIVISE CAPITAL TO FLOW INTO THE RIGHT INVESTMENTS and ENSURE THAT INVESTORS ARE PROPERLY ACCOUNTING for CLIMATE RISK IN THEIR DECISIONS.

**WHAT HAPPENED?** OVER THE COURSE OF THE LAST EUROPEAN PARLIAMENT, PARTNERS SUCH AS E3G, FINANCE WATCH, and THE SUSTAINABLE FINANCE LAB, HAVE BEEN INSTRUMENTAL IN CREATING A WORLD-LEADING SUSTAINABLE FINANCE FRAMEWORK in THE EU.

THROUGH ADVOCACY, EXPERT REPORTS, ALIGNING CAPITAL RISK CONSIDERATIONS, and MOBILISING MEMBERS OF THE PARLIAMENT, THEY HAVE ENSURED THAT INFORMED POLICIES ARE ALIGNED ACROSS EUROPE, in THE UK, US and BEYOND.

AS an EXAMPLE, IN 2024, THESE EFFORTS CONTRIBUTED to THE INTEGRATION of SUSTAINABILITY CONSIDERATIONS INTO THE EU'S CAPITAL REQUIREMENTS DIRECTIVE & REGULATION (CRD/R).

**KEY OUTCOME** PARTNERS HAVE SUBSTANTIALLY INFLUENCED THE INTRODUCTION of a COHERENT SET of SUSTAINABLE FINANCE POLICIES, INCLUDING INFLUENCING the DEVELOPMENT of THE EUROPEAN SUSTAINABILITY REPORTING STANDARDS; and EU PARLIAMENTARY NEGOTIATIONS on CLIMATE POLICY, RESULTING IN the INCLUSION of CLIMATE PLANS (AND MONITORING THOSE PLANS) IN THE LEGISLATIVE FRAMEWORK.

#### DIRECTION of TRAVEL

→ IMPROVING  
↓ STABLE  
← BACKSLIDING

#### COLOUR LEGEND

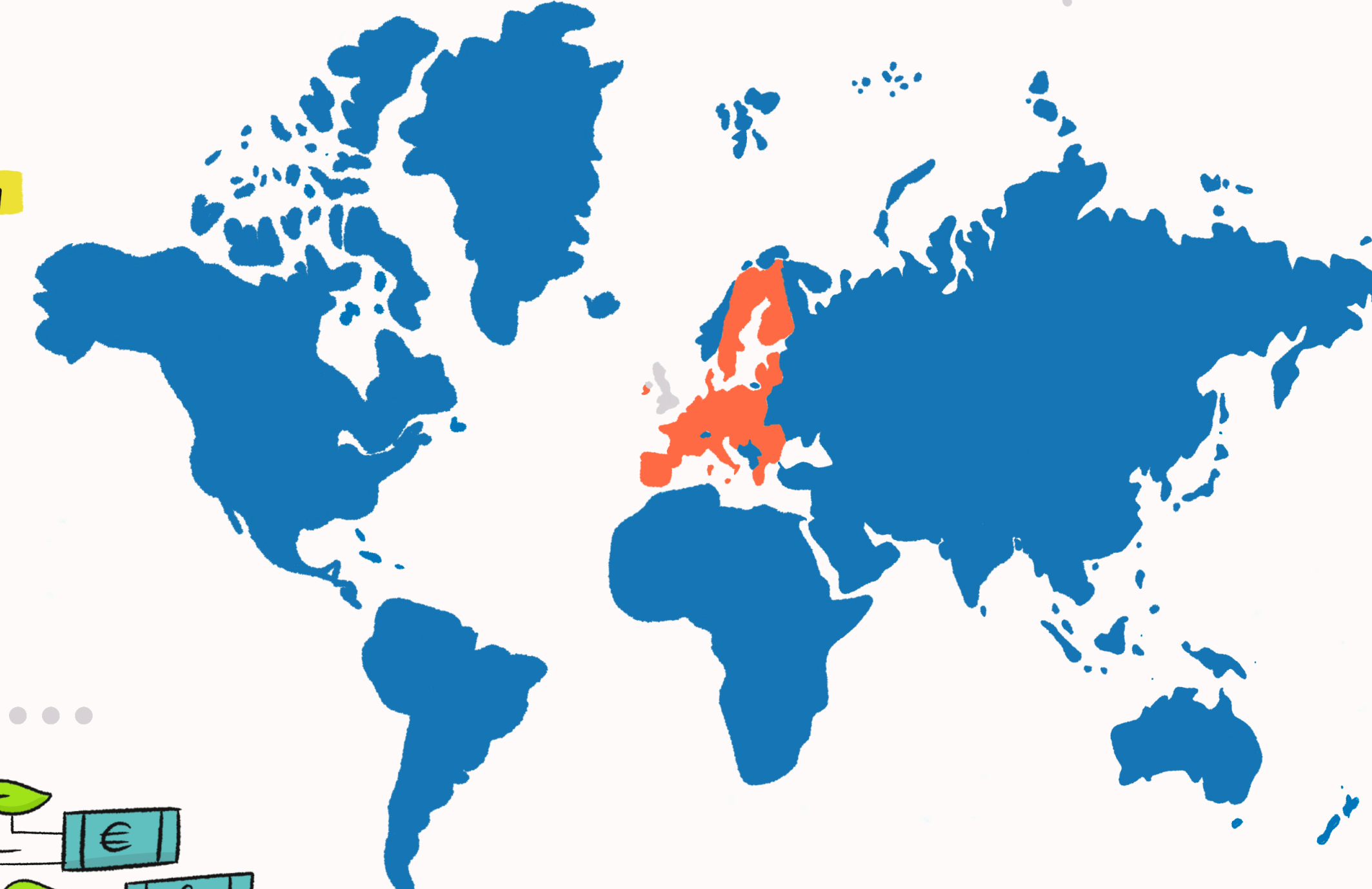
● HARMFUL  
● UNCONDUCTIVE  
● PARTIALLY CONDUCTIVE  
● CONDUCTIVE & SUPPORTIVE  
● THRIVABLE

509 STORIES of CHANGE

101 STORIES RANKED "MOST SIGNIFICANT" MEANING THEY HAVE A HIGH DEGREE of BREADTH, DEPTH, STICKINESS, STRATEGIC RELEVANCE and CONTRIBUTION FROM LAUDES

#### TOP 3 GEOGRAPHIES of IMPACT

EU - GLOBAL - UK



### 3. MOBILISING INVESTORS and THEIR CAPITAL

**PROBLEM** INVESTORS LACK the INCENTIVES, TOOLS, PRODUCTS and ACCOUNTABILITY MECHANISMS NECESSARY FOR THEM to USE THEIR CAPITAL & INFLUENCE TOWARDS CREATING GREEN and FAIR INDUSTRY TRANSITIONS.

**WHAT HAPPENED?** PARTNERS and INITIATIVES SUCH AS SBTi, (CDP, WWF, UN GLOBAL COMPACT, VRI), PROPERTY LINKED FINANCE (GREEN FINANCE INSTITUTE); and THE INSTITUTIONAL INVESTORS GROUP OF CLIMATE CHANGE HAVE CREATED the TOOLS, FRAMEWORKS and TARGETS NEEDED TO ALIGN INVESTORS.

THEY HAVE CREATED and BEGUN to MAINSTREAM NEW FINANCIAL PRODUCTS to ALLOW CAPITAL to FLOW & HAVE LEVERAGED COLLECTIVE ACTION to EXPEDITE FURTHER ACTION WITH INVESTORS.

**KEY OUTCOME** a TOTAL of 4,000 COMPANIES & FINANCIAL INSTITUTIONS HAVE SET AND VALIDATED TARGETS THROUGH SBTi; a MECHANISM for PROPERTY LINKED FINANCE HAS BEEN DEVELOPED IN THE UK; CA100+ HAS BROUGHT TOGETHER 700 INVESTORS WITH >USD 68T in ASSETS UNDER MANAGEMENT; 60 COMPANIES HAVE BEEN ASSESSED IN THEIR PROGRESS TOWARDS MORE ACCOUNTABLE CORPORATE CLIMATE ACTIONS.

## INVESTMENT & FOCUS

TOTAL COMMITTED  
**€67.5M**

**€144.8M**  
LEVERAGED

JANUARY 2020 - DECEMBER 2023

**71 PARTNERS**

3 GEOGRAPHIES of STRATEGIC FOCUS  
GLOBAL EUROPE UK

## LEARNING

OUR CONTEXT is SHIFTING & WE ARE ADAPTING

OVERALL, WE SEE A MIX OF CLOSED DOORS, OPEN DOORS AND BRICK WALLS

**MOST INTELLIGENT FAILURE:**  
DESIGNING for COLLABORATION

### OPEN DOORS

★ INVESTOR INTEREST in TRANSITION AND CLIMATE RISK, ALONG WITH CENTRAL BANKS INTEGRATING CLIMATE RISK & REPORTING REQUIREMENTS, ARE PROMOTING SUSTAINABLE FINANCE.

★ EU LEGISLATION and INVESTOR APPETITE ARE OPENING OPPORTUNITIES FOR SUSTAINABLE INVESTMENTS.

### CLOSED DOORS

★ PRIVATE INVESTMENT REMAIN CAUTIOUS ABOUT LEAVING FOSSIL FUELS - OPTING FOR "BOTH SIDES" STRATEGIES.

★ FINANCIAL INSTITUTIONS ARE SLOW to ADOPT TRANSPARENCY, AND A LACK of SCALABLE INVESTMENTS and ACCOUNTABILITY MECHANISMS LIMITS SUSTAINABLE FINANCE.

### BRICK WALLS

★ LACK of CONSENSUS on CARBON PRICING & WEAK REGULATION HINDER GREEN FINANCE STANDARDS.

★ FOSSIL FUEL SUBSIDIES, CORPORATE RESISTANCE to CARBON TAXES and STRICT REPORTING REQUIREMENTS OBSTRUCTS SHIFTS to GREEN INVESTMENTS.

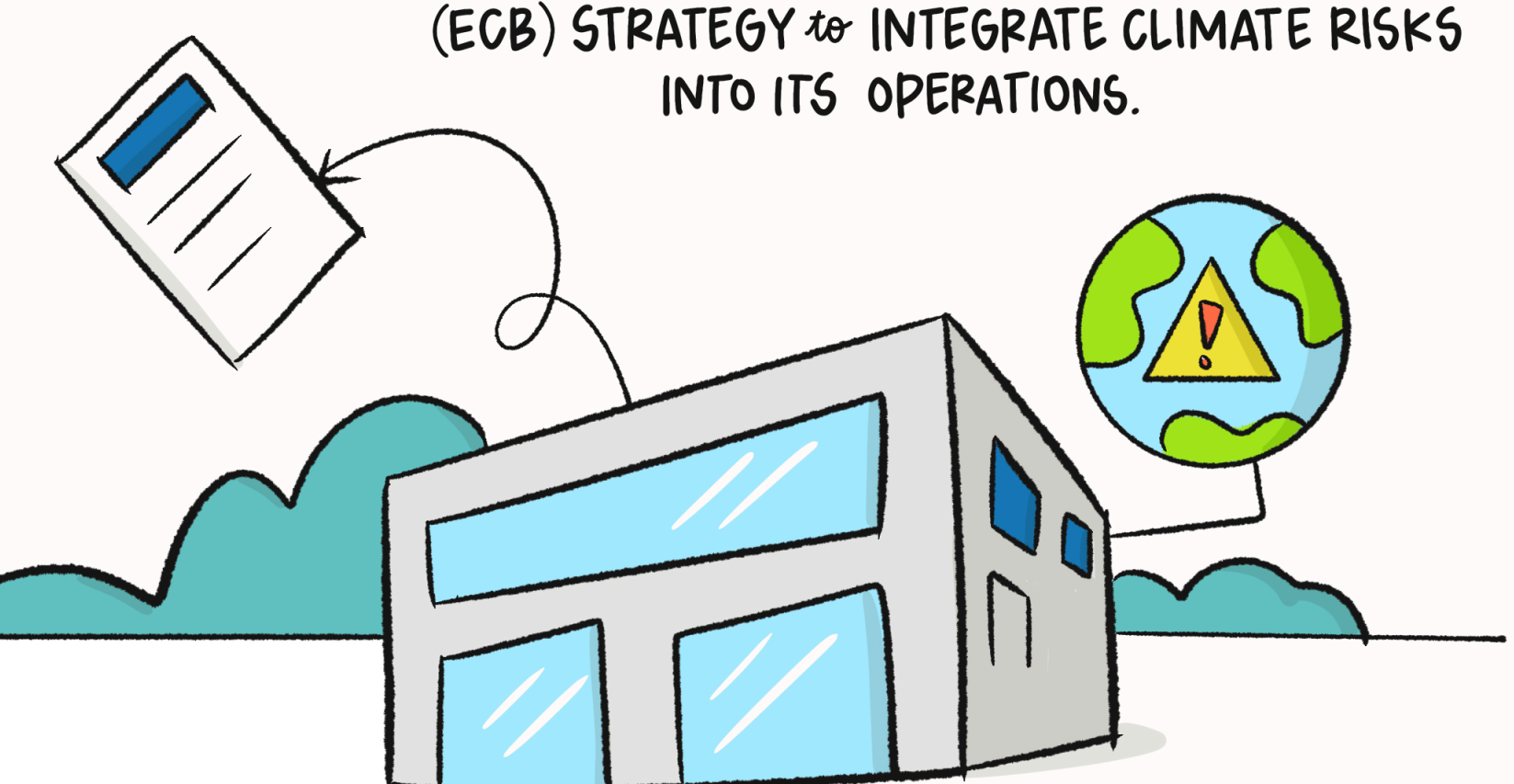
STRENGTHENING ACCOUNTABILITY, ACCELERATING ADVOCACY & SCALING RESEARCH and INNOVATION are DRIVING CHANGE:



EXAMPLE: PARTNERS LIKE E3G and FINANCE WATCH PLAYED PIVOTAL ROLES IN INTEGRATING SUSTAINABILITY INTO THE EU'S CAPITAL REQUIREMENTS DIRECTIVE & REGULATION (CRD/R), ENSURING THAT BANKS ARE REQUIRED to MANAGE FINANCIAL IMPACTS FROM ESG FACTORS & to PUBLISH TRANSITION PLANS.



EXAMPLE: RECLAIM FINANCE, CEP and OTHER PARTNERS WERE INSTRUMENTAL IN ADVOCATING FOR THE INCLUSION of CLIMATE CONSIDERATIONS in CENTRAL BANKING POLICIES, SUCH AS THE EUROPEAN CENTRAL BANK'S (ECB) STRATEGY to INTEGRATE CLIMATE RISKS INTO ITS OPERATIONS.



EXAMPLE: THE SCIENCE BASED TARGETS INITIATIVE (SBTi) and THE PROPERTY LINKED FINANCE (PLF) FRAMEWORK IN THE UK WERE KEY TOOLS DEVELOPED by PARTNERS to GUIDE COMPANIES & INVESTORS IN SETTING and ACHIEVING NET-ZERO GOALS, WHICH SIGNIFICANTLY INFLUENCE the FLOW of GREEN FINANCE.

