

SUSTAINABLE FINANCE IN FOCUS

Back to Basics Part 1: The Pyramid

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- As part of our new line of sustainability-themed research, we are launching a series of short “back-to-basics” notes, aiming to bring some clarity to the complex ecosystem of climate data, risk assessment methodologies, taxonomy and reporting.
- Our Sustainable Finance Pyramid sets out a framework of “building blocks” for the assessment of climate-related risks—and opportunities. This toolkit supports effective disclosure—vital for regulators, policymakers and investors.
- As sustainable finance regulatory and policy initiatives multiply—and demand for impact investment escalates—greater alignment will be needed around climate (and broader ESG) metrics, definitions and reporting standards.

Since the signing of the [Paris Climate Agreement](#) in 2015, sustainable finance has evolved from a niche to an increasingly mainstream issue across the financial services sector. This has brought tremendous opportunities—the industry has a key role in financing the transition to greener, more sustainable development. At the same time, growing regulatory scrutiny has prompted a surge in demand for better climate risk analysis. The recent joint IIF/European Banking Federation [Global Climate Finance Survey](#) helps quantify the scope of the challenge: over 70% of participating financial firms have yet to fully integrate climate-related issues in internal risk management frameworks, citing lack of awareness, problems with data, uncertainty about supervisory expectations and lack of technical expertise as major barriers (Exhibit 1). Moving beyond climate, these barriers appear even greater for assessing broader environmental, social and governance (ESG) risks.

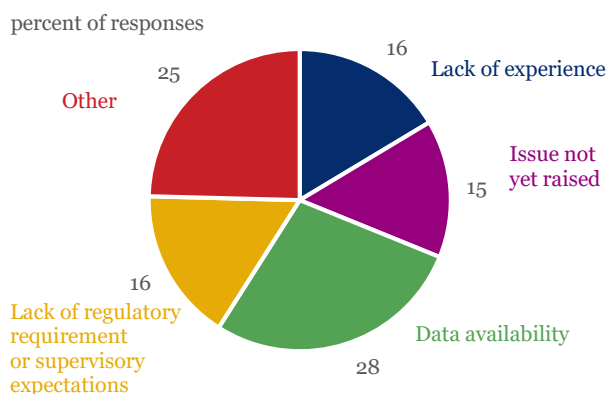
As part of our new line of sustainability-themed research, we are launching a series of short “back-to-basics” notes, **aiming to bring some clarity to the complex ecosystem of climate data, risk assessment methodologies, taxonomy and reporting.** This ecosystem can be imagined as a hierarchy, with each level building on the last. Developed over the past year during IIF Climate Finance Workshops—and introduced in Davos in January 2020—our “Sustainable Finance Pyramid” is a conceptual framework to help map the proliferation of new initiatives and tools for assessing both risks and opportunities. While the initial focus is on the climate toolkit, the pyramid framework is applicable across the spectrum of ESG risks and opportunities. By going back to basics with these building blocks, we hope to promote common understanding—including in challenging areas like taxonomy, definitions and reporting—as well as international alignment on how best to scale up and mainstream sustainable finance.

Part 1 of this series describes the concept behind the Sustainable Finance Pyramid (Exhibit 2). Upcoming editions will

tackle key questions and themes in sustainable finance, seen within the framework of the pyramid:

- What is climate/ESG data and why is there so much focus on it?
- What are the new metrics and methodologies to assess climate risk and opportunities—who’s got answers?
- How do we agree on definitions for sustainable finance and investment terminology, and align on taxonomy?
- What does good climate-related disclosure look like, and do we need a standardized approach to accounting and reporting?
- Toolkit in hand, how can we track sustainable finance flows—and critically, assess progress towards transition and financing the SDGs?

Exhibit 1: Survey respondents cite a range of impediments to integrating climate issues in internal risk management



Source: IIF/EBF Global Climate Finance Survey

The Sustainable Finance Pyramid offers building blocks for understanding climate/ESG risks and opportunities

Even the definition is complex: sustainable finance is often described along the lines of “a combination of multi-disciplinary, multi-stakeholder perspectives that integrates environmental, social, and governance factors into business decisions and investment strategies.” Approaches to sustainable finance are equally complex, with overlapping and sometimes competing initiatives. Demand for sustainable finance and investment has risen sharply in recent years, alongside a renewed push for progress and tangible milestones on the [UN Sustainable Development Goals](#) (SDGs – Exhibit 3). The [EU Action Plan on Sustainable Finance](#) articulates ambitious global goals; a further steer, focusing on climate, comes from the [Central Banks and Supervisors Network for Greening the Financial System \(NGFS\)](#), which seeks to “enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments, in the broader context of environmentally sustainable development.” These drivers highlight **two key questions for the industry: first, how to manage climate-related risks; and second, how to assess climate finance opportunities**. The toolkit for answering these questions can be visualized as a pyramid with five broad layers:

1. Data – the foundation for the toolkit

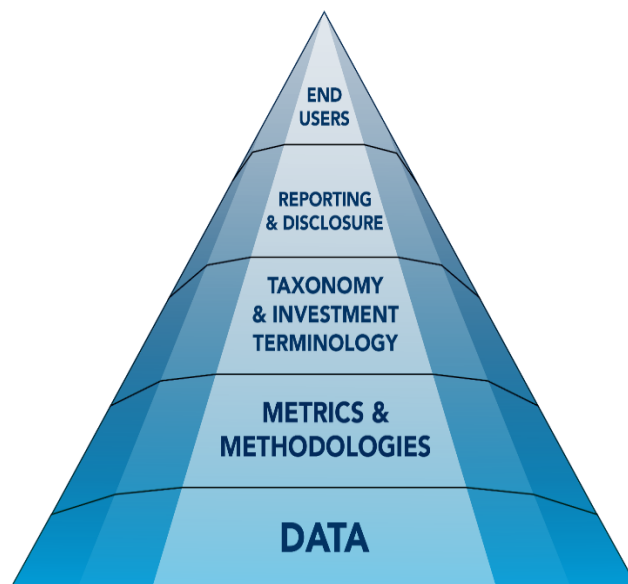
The sustainable finance toolkit starts with data—the bottom layer of the pyramid. Data is fundamental to building methodologies for climate risk assessment, to alignment on taxonomy, to disclosure and ultimately for evaluating sustainable finance opportunities. **Data gaps** are a big issue in any area of risk management, but climate and broader ESG data can be particularly problematic. **ESG data often are incomparable, incomplete, or missing altogether.** Historical data are often unavailable or nonexistent and—unlike in credit risk assessment—historical climate and ESG data are not necessarily helpful in understanding future risks. Data gaps are thus a challenge across all layers of the pyramid, meaning that **scaling up sustainable finance will require much greater access to more (and better) data.** Towards that end, the IIF is pleased to be a founding partner of the [Future of Sustainable Data Alliance](#), which aims to help scale sustainable finance by facilitating improved access to actionable data.

2. Metrics and methodologies – work in progress!

The second layer of the pyramid centers on metrics and methodologies—how we measure, assess and quantify climate-related risks and opportunities. Having the right data will provide the foundation, but at the second layer of the pyramid there is little alignment around either metrics or methodol-

ogy. Both regulators and industry are moving quickly to develop climate scenarios and tools for assessing risks and climate alignment, leading to a proliferation of new initiatives.

Exhibit 2: The Sustainable Finance Pyramid—building blocks of a toolkit to assess climate risks and opportunities



Source: IIF

Exhibit 3: The Sustainable Development Goals



Source: United Nations

Key methodology questions around risk and climate alignment for the financial sector (Exhibit 4) include:

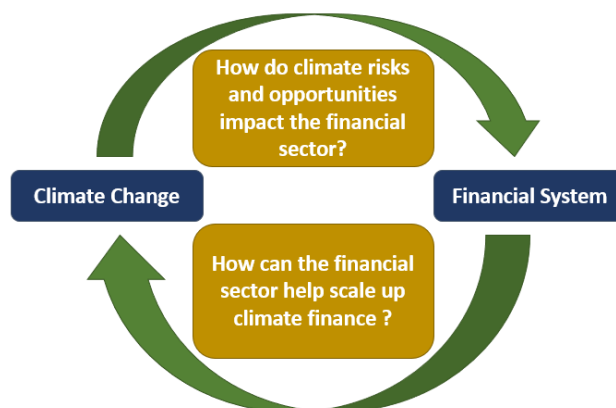
- **How do climate risks and opportunities impact the financial sector?** This classic regulatory question seeks to identify potential micro-and macroprudential risks

related to ESG issues, currently focused squarely on climate change. This question is being addressed by a wide range of initiatives, looking at how climate change may impact financial firms’ balance sheets and business models. Methodologies in this category—developed mainly by regulators, policymakers and international organizations—include “scenario-based” assessments of physical and transition-related risks and opportunities, e.g. the [UNEP-FI Pilot Project on Implementing the TCFD Recommendations for Banks](#), the BoE [PRA exploratory climate risks/horizon scanning framework](#) for the insurance sector, the DNB stress testing exercises for [energy technology](#) and [climate change](#) for the Dutch financial industry, and the French Treasury’s [comprehensive analysis](#) of climate change risks in the banking sector. While focused mainly on risks, these methodologies and associated metrics can also be utilized to evaluate opportunities for financing the transition.

- **How does the financial services industry impact climate and the broader SDG agenda?** This set of questions looks at how well a financial firm’s loan or investment portfolio is aligned with international goals like the Paris Agreement or the UN SDGs. In this context, “alignment” considers negative impact (such as a firm’s global “carbon footprint”), but also positive impact on climate change. Positive contributions can be related to **mitigation** (reducing emissions of carbon and other greenhouse gases (GHGs) and stabilizing levels of heat-trapping GHGs in the atmosphere), and **adaptation** to climate change already in the pipeline. Other examples include “carbon capture” projects, financing for new “green” technologies, and helping “brown” companies transition to green. Methodologies—typically private sector/NGO driven—look at alignment with specified climate change goals and can help assess “green” finance flows or shifts away from “brown” finance. Leaders in this field include [Science Based Targets Initiative](#) (SBTi), the [Partnership for Carbon Accounting Financials](#) (PCAF), the [Paris Agreement Capital Transition Project](#) (PACTA), and the [Carbon Disclosure Project](#) (CDP).

Toward the goal of “mapping” these many initiatives and understanding how they fit together, the [IIF Sustainable Finance Working Group](#) (with over 175 members from 30+ countries) will continue a series of **climate risk analysis workshops** in 2020. These lively knowledge-sharing exercises offer a unique platform for financial firms, regulators, NGOs, data and service providers, and academics to better understand the different frameworks and methodologies for measuring and quantifying climate risk. This should help set the stage for better alignment of industry and policy initiatives to measure and track climate finance. We are planning workshops in the U.S., Europe, Asia and Latin America this year: please contact us for more information.

Exhibit 4: Two key questions for the financial sector



Source: IIF

3. Taxonomy--in search of a common language

The third layer of the pyramid is climate/ESG taxonomy and investment terminology: once data and methodologies for measuring climate-related risks and opportunities are in place, definitions come into play. Basic but complex: what assets and activities can be defined as sustainable finance? What products can officially be labeled “green”? **Without a common language and definitions, it will be much harder to measure green capital flows and ultimately to scale up to the level of private funding needed to achieve the SDGs.** Here too there are many actors: the proposed [EU Taxonomy](#) (included in the [EU Green New Deal](#) and promoted by the [Sustainable Finance International Platform](#)) is a central initiative, supported by the [UN Principles for Responsible Investment](#). A joint [study](#) from the China Green Finance Committee and the European Investment Bank (EIB) focuses on the need for standard-neutral taxonomy of the use of green bond proceeds.

On the private sector/NGO side, the [Climate Bonds Standard](#) sets out a science-based labelling scheme, while the [Green Bond Principles](#) and [Green Loan Principles](#) offer voluntary guidelines for issuers. More broadly, proliferation of overlapping investment terms is seen as a key barrier to scaling up sustainable investment: initiatives such as the [IA Responsible Investment Framework](#) seek to build alignment on a common language. Similarly, the IIF Sustainable Finance Working Group has published a [discussion paper](#) on the case for simplifying sustainable investment terminology.

4. Disclosure and reporting – materiality matters

Building on good climate/ESG data, risk assessment methodologies, and definitions, the fourth layer of the pyramid brings in disclosure—of both risks and opportunities as recommended in the framework set out by the voluntary, private-sector-led [Task Force on Climate-Related Financial Disclosures](#), or TCFD). In a TCFD context, both quantity and quality matter. High-quality disclosures can strengthen understanding of how companies operate and have a material impact on investment decisions. However, disclosure on too many inconsequential characteristics could mislead investors and prompt concerns about “greenwashing” and window dressing of balance sheets. Moreover, the burden of unnecessary disclosure on non-material themes can be high—particularly for small businesses. **Striking a balance between materiality and comprehensive disclosure—and finding the right format to do it in—is a challenging task.**

A number of voluntary sustainable accounting standards are already in use, creating concern about competing standards and lack of comparability. This has prompted growing calls for alignment. The Corporate Reporting Dialogue’s [Better Alignment Project](#) seeks to promote more integration between financial and non-financial reporting, mapping sustainability accounting frameworks against the TCFD. Another alignment initiative was launched in Davos in January 2020 under the auspices of the World Economic Forum with support from the “big four” accounting firms – Deloitte, EY, KPMG, and PwC. This group [released a proposal](#) to create [a core set of sustainable metrics and recommended disclosures](#). The metrics will be drawn from existing standards and disclosures, including the [Global Reporting Initiative \(GRI\)](#), the [Sustainable Accounting Standards Board \(SASB\)](#), the [Carbon Disclosure Project \(CDP\)](#), the [Climate Disclosure Standards Board \(CDSB\)](#), and others.

5. End users—everyone needs a better toolkit

The fifth and final level of the pyramid comprises the many users of the sustainable finance toolkit:

- **Regulators and supervisors** require a robust toolkit for risk assessment, including scenario analysis and stress testing;
- **Investors** use data, risk assessment methodologies, taxonomy and reporting to incorporate ESG issues into their investment strategies;
- **Policymakers** can use these tools to understand climate risk and opportunities, helping shape macroeconomic policy (e.g. carbon pricing);
- **The international financial institutions and the development finance community** need the toolkit both to help drive SDG funding (including via public-private

partnerships) and to better understand climate-related risks in the countries they monitor (for example, a new IMF [staff paper](#) examines the role of stress testing for financial resilience to climate risk).

- **The media, NGOs, international organizations like the UN, and civil society** use the toolkit, particularly climate reporting, as part of their ongoing monitoring of environmental issues, progress on SDG financing and scrutiny of private sector actors.

Part 2 of our “back-to-basics” series on sustainable finance will focus on data. We very much welcome your comments, suggestions and questions!

Appendix 1: Sustainable Finance Glossary

Key Terms

Please follow the hyperlinks for each “key term” to see the definition’s source.

[Adaptation](#)

In human systems, the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities. In natural systems, the process of adjustment to actual climate and its effects; human intervention may facilitate adjustment to expected climate.

[Adaptation assessment](#)

The practice of identifying options to adapt to climate change and evaluating them in terms of criteria such as availability, benefits, costs, effectiveness, efficiency, and feasibility.

[Cap-and-Trade](#)

Cap-and-trade schemes set a desired maximum ceiling for emissions (or cap) and let the market determine the price for keeping emissions within that cap. To comply with their emission targets at least cost, regulated entities can either opt for internal abatement measures or acquire allowances or emission reductions in the carbon market, depending on the relative costs of these options.

[Carbon Capture and Sequestration](#)

Carbon capture and sequestration (CCS) is a set of technologies that can greatly reduce carbon dioxide emissions from new and existing coal- and gas-fired power plants, industrial processes, and other stationary sources of carbon dioxide. It is a three-step process that includes capture of carbon dioxide from power plants or industrial sources; transport of the captured and compressed carbon dioxide (usually in pipelines); and underground injection and geologic sequestration, or permanent storage, of that carbon dioxide in rock formations that contain tiny openings or pores that trap and hold the carbon dioxide.

[Carbon dioxide \(CO₂\)](#)

A naturally occurring gas fixed by photosynthesis into organic matter. A byproduct of fossil fuel combustion and biomass burning, it is also emitted from land use changes and other industrial processes. It is the principal anthropogenic greenhouse gas that affects the Earth’s radiative balance. It is the reference gas against which other greenhouse gases are measured.

[Carbon Dioxide Equivalent \(CO₂e\)](#)

The universal unit of measurement used to indicate the global warming potential of each of the six GHGs regulated under the Kyoto Protocol. Carbon dioxide—a naturally occurring gas that is a by-product of burning fossil fuels and biomass, land use changes, and other industrial processes—is the reference gas against which the other GHG are measured, using their global warming potential.

[Carbon footprint](#)

The amount of carbon an entity of any type (e.g., person, group, vehicle, event, building, corporation) emits into the atmosphere.

[Carbon pricing](#)

Carbon pricing is a mechanism to incentivize companies and countries to lower their carbon emissions — either by switching to more efficient processes or cleaner fuels. Carbon pricing can take the form of a carbon tax or fee, or a cap-and-trade system that depends on government allotments or permits.

[Carbon tax](#)

A tax that explicitly states a price on carbon or that uses a metric directly based on carbon emissions (that is, price per ton of CO₂e).

[Climate change](#)

A change in the state of the climate that can be identified (e.g., by using statistical tests) by changes in the mean and/or the variability of its properties and that persists for an extended period, typically decades or longer. Climate change may be due to natural internal processes or external forcing, or to persistent anthropogenic changes in the composition of the atmosphere.

[Climate finance](#)

Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.

[Climate scenario](#)

A projection of the response of the climate system to emissions or concentration scenarios of greenhouse gases and aerosols, or radiative forcing scenarios, often based upon simulations by climate models. Climate projections are distinguished from climate predictions in order to emphasize that climate projections depend upon the emission/concentration/radiative-forcing scenario used, which are based on assumptions concerning, e.g., future socioeconomic and technological developments that may or may not be realized and are therefore subject to substantial uncertainty.

[Emissions](#)

The release of a substance (usually a gas when referring to the subject of climate change) into the atmosphere.

[ESG](#)

A shortening of environmental, social, governance—a generic term used in capital markets and used by investors to evaluate corporate behavior and to determine the future financial performance of companies

[Financial Sector Assessment Program \(FSAP\)](#)

The Financial Sector Assessment Program (FSAP) is a joint program of the International Monetary Fund and the World Bank. Launched in 1999 in the wake of the Asian financial crisis, the program brings together Bank and Fund expertise to help countries reduce the likelihood and severity of financial sector crises.

[Fossil fuels](#)

Carbon-based fuels from fossil carbon deposits, including coal, oil, and natural gas. These fuels are formed in the Earth over millions of years and produce carbon dioxide when burnt.

[Greenhouse gases \(GHGs\)](#)

Natural and industrial gases that trap heat from the Earth and warm the surface. Water vapor (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), and ozone (O₃) are the primary greenhouse gases in the Earth's atmosphere. Moreover, there are a number of entirely human-made greenhouse gases in the atmosphere, such as the halocarbons and other chlorine- and bromine containing substances, dealt with under the Montreal Protocol. The Kyoto Protocol restricts emissions of six greenhouse gases: natural (carbon dioxide, nitrous oxide, and methane) and industrial (perfluorocarbons, hydrofluorocarbons, and sulphur hexafluoride).

[Greenwashing](#)

The process of providing misleading information about how a firm's products and services are more environmentally friendly than they really are.

[Kyoto Protocol](#)

Kyoto Protocol (KP) is the international agreement that sets binding targets for reduction of greenhouse gas emissions by industrialized countries.

Mitigation

In the context of climate change, it refers to human interventions to reduce the sources or enhance the sinks of greenhouse gases. In the context of disaster risk, it refers to the lessening of the potential adverse impacts of physical hazards (including those that are human-induced) through actions that reduce hazard, exposure, and vulnerability.

Paris Agreement

An agreement within the United Nations Framework Convention on Climate Change dealing with greenhouse-gas-emissions mitigation, adaptation, and finance

Sustainable Development Goals (SDGs)

The Sustainable Development Goals are a collection of 17 global goals adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Appendix 2: Key Organizations & Acronyms

Acronym/ Organization	Full Name	Description
AIGCC	Asia Investor Group on Climate Change	An initiative to raise awareness about the risks and opportunities associated with climate change and low carbon investing among Asia's asset owners and financial institutions.
CAT	Climate Action Tracker	The Climate Action Tracker is an independent scientific analysis that tracks government climate action and measures it against the globally agreed Paris Agreement. This is a widely used source by relevant stakeholders, including Mark Carney.
CDP	Carbon Disclosure Project	A non-profit based in the UK which aims to make environmental reporting and risk management a business norm. CDP runs a global disclosure system for investors, companies, and cities to manage their environmental impacts.
Ceres	--	A sustainability nonprofit organization working with investors and companies to address sustainability challenges, including climate change, water scarcity, and pollution.
CISL	University of Cambridge Institute for Sustainability Leadership	CISL is a research institute developing research and solutions for a sustainable economy.
Climate Action 100+	--	An investor initiative showcasing growth and influence of the world's largest emitters and mobilizing corporate action on climate change.
Coalition of Finance Ministers for Climate Action	--	The Coalition is a group of Finance Ministers committed to taking collective and domestic action on climate change and achieving the objectives of the Paris Agreement. Fifty-two countries are members, not including the United States.
COP	Conference of the Parties	These are the UN's annual climate change conferences, e.g. 2020 UN Climate Change Conference/UNFCCC COP26.
FASB	Financial Accounting Standards Board	FASB is an independent non-profit that establishes financial accounting and reporting standards. FASB has not yet determined whether it will play a role in setting sustainability disclosures.
GARP	Global Association of Risk Professionals	GARP is a non-profit focused on elevating the practice of risk management. It recently launched a certificate program in sustainability and climate risk designed to help professionals understand climate risk, in addition to its well-established Financial Risk Manager and Energy Risk Professional programs.
GBP	The Green Bond Principles	The GBP are voluntary process guidelines that recommend transparency and disclosure and are intended to provide guidance on launching a credible green bond.
GIIN	Global Impact Investing Network	GIIN is a forum to convene impact investors and reduce barriers to impact investment.
GSIA	Global Sustainable Investment Alliance	A network for membership-based sustainable investment organizations around the world. GSIA's mission is to raise the visibility of sustainable investment organizations at the global level.
GRI	Global Reporting Initiative	GRI is an international organization whose standards are the first global standards for sustainability reporting.

Acronym/ Organization	Full Name	Description
Helsinki Principles	--	The Helsinki Principles were conceived and are supported by the Coalition of Finance Ministers for Climate Action and are designed to support Finance Ministers in sharing best practices and experiences on macro, fiscal, and public financial management policies for low-carbon and climate-resilient growth.
I4CE	Institute for Climate Economics	A Paris-based think tank with expertise in economics and finance with the mission to support action against climate change. It coordinates the Climate Action in Financial Institutions initiative, which is a group of development banks working to share best practices on mainstreaming climate action.
IDF	Insurance Development Forum	An industry-led public-private partnership that aims to optimize and extend the use of insurance and related risk management capabilities to build greater resilience and protection for people, communities, businesses and public institutions that are vulnerable to disasters and their associated economic shocks.
IIGCC	The Institutional Investors Group on Climate Change	IIGCC is a European membership body for investor collaboration on climate change; members are mostly pension funds and asset managers working to mobilize capital for the low carbon transition.
InvECAT	Investor Energy-Climate Action Toolkit	InvECAT aims to provide non-state actors with a platform of tools to set science-based targets, understand their contribution to the Paris Agreement targets, and implement climate change action strategies.
IPR Initiative	The Inevitable Policy Response	Financial markets today have not adequately priced-in the likely near-term policy response to climate change. The IPR is a pioneering project which aims to prepare investors for the associated portfolio risks. PRI, Vivid Economics and Energy Transition Advisors are building a Forecast Policy Scenario which lays out the policies that are likely to be implemented up to 2050 and quantifies the impact of this response on the real economy and financial markets.
NDCs	Nationally Determined Contributions	At the heart of the Paris Agreement's long-term goals, NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement requires each Party to prepare, communicate and maintain successive NDCs that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.
NGFS	Network of Central Banks and Supervisors for Greening the Financial System	A group of central banks and supervisors sharing best practices and contributing to the development of environment and climate risk management in the financial sector. NGFS is working to mobilize mainstream finance to support the transition toward a sustainable economy.
PACTA	Paris Agreement Capital Transition Assessment	PACTA is a tool that analyzes exposure to climate-change related risks in equity and fixed-income portfolios over multiple scenarios.
PCAF	Partnership for Carbon Accounting Financials	PCAF is a global partnership of financial institutions that are working together to develop a harmonized approach to assess and disclose GHG emissions associated with their loans and investments.

Acronym/ Organization	Full Name	Description
Poseidon Principles	--	An assessment and disclosure framework for climate alignment for ship finance portfolios.
PRB	Principles for Responsible Banking	Supported by the UN, the PRB provide a framework for a sustainable banking system and aim to help banks align their business strategies with sustainable goals.
PRI	Principles for Responsible Investment	Supported by the UN, PRI is an international network of investors working to implement its six responsible investment principles.
PSI	Principles for Sustainable Insurance	A UNEP FI initiative to provide a holistic approach to managing a wide range of global and emerging risks in the insurance industry, from climate change and natural disasters to water security, food insecurity and pandemics.
SASB	Sustainability Accounting Standards Board	SASB is a standard-setting organization that has published industry-specific sustainability accounting standards covering financially material-issues.
SBN	Sustainable Banking Network	A voluntary community of financial sector regulatory agencies and banking associations from emerging markets committed to advancing sustainable finance in line with international good practice.
SBT	Science Based Targets	A collaboration between CDP, UNGC, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), the SBT initiative's main goal is to make science-based target setting a standard business practice and to ensure that corporations will play a major role in driving down GHG emissions.
SDG	UN Sustainable Development Goals	The 17 SDGs were adopted by all UN member states in 2015 and provide targets for sustainable development in energy, infrastructure, and economic growth—among others—to be reached by 2030.
SIF	Sustainable Insurance Forum	A network of insurance supervisors and regulators seeking to strengthen their understanding of and responses to sustainability issues for the business of insurance.
TCFD	Task Force on Climate-related Financial Disclosures	An FSB taskforce, TCFD is working to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors and other stakeholders.
TEG	Technical Expert Group on Sustainable Finance	TEG is the European Commission's expert group on sustainable finance. It is assisting in the development of: (i) the EU green taxonomy; (ii) an EU green bond standard; (iii) methodologies for EU climate benchmarks; and (iv) guidance to improve corporate disclosure of climate-related information.
Transition Pathway Initiative	--	A global asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy.
UNEP-FI	United Nations Environment Program Finance Initiative	UNEP-FI is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEP-FI runs the Collective Commitment on Climate Action, a network of global banks which pledges to align their portfolios with the Paris Agreement.
UNEP-FI Sustainable Blue Economy	--	The Sustainable Blue Economy Finance Principles aim to raise awareness about the role that banks, insurers, and investors can play in finding innovative solutions to support marine

Acronym/ Organization	Full Name	Description
Finance		ecosystems and to provide a framework for financing a viable ocean economy.
UNGC	United Nations Global Compact	A non-binding UN pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.
United Nations-convened Net-Zero Asset Owner Alliance	--	The members of this group—mainly institutional investors—commit to reduce the carbon emissions of their investment portfolios to net-zero by 2050.