



Framework - Climate Commitment Financial Sector

21 October 2020

Climate Committee Financial Sector
A2000020497

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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 that a report of the financial sector will be developed annually, which will detail the efforts and results of the implementation of the agreements specified in the Climate Commitment and provide an analysis of the challenges faced in financing the energy transition. This framework forms the basis of the joint sector report on behalf of the financial sector.

The purpose of this framework is to inform financial institutions of the information they will report through public channels, where available, if they are co-signatories to the Climate Commitment. This information will also 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 role of the financial sector in the field of climate change, the efforts of the sector to reduce its impact on climate change, and (the development of) the CO₂e impact of the sector.

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. Plans of action, climate targets and actions;
3. Other questions.

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

Method

The provision of information is expected to take place via the annual report or via official thematic reports such as, for example, 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 the report. This reading guide does not have to be part of the public report. 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 to the Climate Commitment will identify the climate impact of relevant financing and investments. Participating institutions are able to opt for an in-growth model. Therefore, for some institutions, not all the requested information will be available in the first reporting year. If information is not yet available, 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 need to adapt their steering model on climate on an annual basis. As a result, some answers can be relevant for several years.

1. Measuring CO₂e impact

Question				Explanation			
1. Measuring CO ₂ e impact				<i>Concerning the financial year 2020</i>			
1	Is the CO ₂ e impact measured?			Yes / Partly / No [if partly or no, explain]			
2. How is it measured?				<i>Concerning the 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. weighed average carbon intensity / total carbon emissions / carbon footprint / carbon intensity / ...]			
2.1.1	Which measurement method is used for these indicators?			[Explain]			
2.2	Which attribution method is used (per asset class)?			[Explain, e.g. based on enterprise value]			
2.3	What data sources are used? And which data providers?			[Explain]			
2.4	Describe the quality of the data used 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 measured?				<i>Concerning the financial year 2020</i>			
3.1	What is the scope of the CO ₂ e report?			[Description of entities and/or activities in scope]			
3.2	What are the relevant financing and investments?			[Explain, e.g. on the basis of estimated CO ₂ e contribution or on the basis of euros]			
3.3	What scope is reported on (from the perspective of financing / investments)?			[Scope 1, 2 / Scope 1, 2 & 3]			
4. The disclosure on the CO ₂ impact should contain the following information: (asset managers can report on their own funds and mandates separately)				<i>Concerning the 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 CO₂e emissions).

2. Plans of action and actions taken (1)

Question		Explanation
1. Plan of action 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 a plan of action for all relevant financing and investments? (Asset managers: report own funds and mandates separately)	Yes / Partly / No [if partly or no, explain]
1.2	What actions are described in the plan of action and in what timeframe?	[Explain]
1.3	Has the institution actively brought climate to the attention of its customers/participants?	[Explain]
1.4	Has the institution divested or purchased assets due to climate-related factors?	[Explain and give examples]
2. Climate targets		No later than 2022
2.1	What are the (reduction) targets for the relevant financing and investments for 2030 and how has the institution arrived at these relevant financing 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) targets on CO ₂ e impact for the relevant financing and investments? For which part of the portfolio and what is the reference year?	[Specify and explain how these are determined]
2.3	Are the (reduction) targets aligned with the Paris Climate Agreement? Explain how the (reduction) targets are aligned with the Paris Climate Agreement.	[Explain]
2.4	<i>If known:</i> What is the performance on the quantitative targets?	[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	How is the progress on the plan of action 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 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 actions?	[Explain]
3.3	What results have the key actions within the reporting period led to?	[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. Plans of action and actions taken (2)

Question		Explanation
4. Optional: Quantitative indicators on key actions taken		<i>Institutions are encouraged to provide insight into progress on key actions before 2022</i>
4.1	Provide a quantitative overview of actions taken on relevant financing 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 are included • Financing CO₂e-reducing projects: Total amount of financing for CO₂e-reducing projects (e.g. Sustainability Improvement Loans) • Engagement: Part of the relevant portfolios for which climate engagement has taken place • Votes: number of votes for climate-promoting proposals (both management proposals and shareholder resolutions)
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 indicative examples. It is up to each institution individually to determine how they implement the Climate Commitment and associated actions, monitor performance and publicly report progress.*

3. Other questions

Question		Explanation
1	At what level is the climate information within the financial institution 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 taken place?	[Explain, e.g. reasonable assurance / limited assurance / ...]



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