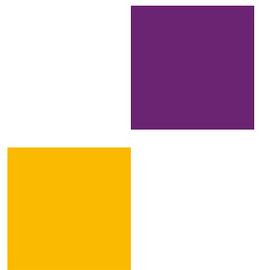


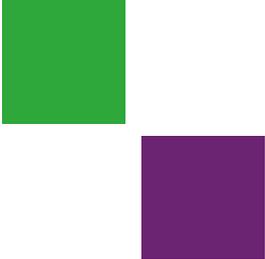


# Climate Mainstreaming

## Stocktake of progress made in 2023-2025

Mainstreaming Climate in Financial Institutions





We help public and private financial institutions from developed and developing economies mainstream climate considerations into their strategies and operations.



# What does the Initiative do?

- 
- In line with the internationally agreed commitments to urgently address the threat of climate change, *Mainstreaming Climate in Financial Institutions* supports public and private financial institutions to:
    - better reflect and manage climate-related risks and opportunities,
    - ensure that climate considerations are disseminated within and across their organisations, and
    - align financial flows with the goals of the Paris Agreement.
  - This community of financial institutions focuses on sharing emerging and good climate mainstreaming practice – including the latest methodologies, tools, and implementation experience – as well as leading by example within the broader financial community by disseminating knowledge and lessons learned.
- 

# A global network of 58 public and private financial institutions



# Understanding climate mainstreaming

- The five voluntary Principles for Mainstreaming Climate Action provide a framework to help institutions integrate climate considerations throughout their strategies and operations.
- The initiative's online Climate Mainstreaming Resource Navigator breaks down this framework into tasks that financial institutions carry out to mainstream climate within their organisation, helping them to identify, understand and implement emerging and good practice related to their area of work.

1.  
**COMMIT TO  
CLIMATE  
STRATEGIES**

2.  
**MANAGE  
CLIMATE  
RISKS**

3.  
**PROMOTE  
CLIMATE SMART  
OBJECTIVES**

4.  
**IMPROVE  
CLIMATE  
PERFORMANCE**

5.  
**ACCOUNT  
FOR YOUR  
CLIMATE ACTION**

Scan the code  
to use our tool





# Sharing experience on climate mainstreaming

- 
- **This community of peers provides exposure to best practice and direct access to professionals from across the financial community** through a programme of climate-related activities and events – enabling professionals to save time, be more efficient and support the development of common approaches.
  - **Our programme of webinars and workshops fosters the sharing of experience and knowledge online and in-person.** It is developed together with the financial institutions that make up our network to ensure it meets their needs.
  - **Finance professionals from a range of different teams – from sustainability and climate to compliance and risk – help to shape different events.** We also connect our Supporting Institutions with events organised by their peers, our partners, and other initiatives.
- 

# Zoom on Crédit Agricole's climate mainstreaming journey

Fortified by its "*raison d'être*", Crédit Agricole launched its Societal Project in 2019. It was then strengthened by its Climate Transition Plan which gained considerable momentum in 2022. This plan is structured around three complementary areas: development of renewable energy, support clients' transitions (including in the agricultural sector), and disengagement from fossil fuels. After committing in 2022 to contributing to global carbon neutrality by 2050 in 5 material sectors (oil & gas, power, automotive, real estate, and cement), it took [further commitments](#) in 5 other sectors in 2023 (agriculture, residential real estate, steel, shipping and aviation). In 2024, it issued an updated [transition plan](#) towards its 2050 net zero commitments.

## Key lessons learned:

- In order to support its commitments to sectoral decarbonisation, Crédit Agricole has taken significant steps to calculate starting and crossing points of financed emissions by sector, while addressing data quality issues and data gaps. An important step alongside these emission calculations is to support clients' transition in material sectors.
- Over the past few years, Crédit Agricole engaged with UNEP FI through many working groups alongside other financial institutions, among which, a working group to further integrate adaptation issues into its current practices.

## Next steps in the climate mainstreaming journey:

- Crédit Agricole will continue to support decarbonisation while putting an emphasis on adaptation and a just transition in its future climate action plan. These commitments have been strengthened in ACT2028, its latest medium-term strategic plan, mainstreaming these considerations into all its business lines.
- In addition, Crédit Agricole has also identified several [biodiversity-related priority areas](#) to work on since 2023.

# Zoom on PIDG's climate mainstreaming journey

In 2021, PIDG made a commitment that all new investments would be Paris-aligned and published its first TCFD-aligned disclosure – PIDG has been a long-time supporting institution of the Mainstreaming initiative and presented its previous Climate Strategy in a 2022 meeting.

In 2023, the group's new strategy 2023-30 put climate and nature at the core of everything it does – targeting 50 to 70% of its investments to qualify as climate finance, as well as a scale-up in adaptation and resilience, and investments in nature. In 2025, PIDG published its [Climate and Nature Approach](#), with four key objectives: (i) increasing its contribution to climate and nature finance, including through private capital mobilisation; (ii) improving climate resilience; (iii) supporting the global energy transition in a just and equitable manner; and (iv) linking climate and nature to wider inclusion considerations.

## Key lessons learned:

- Sustainable development will not be possible without addressing the climate and nature crises. This requires the application of a climate and nature lens across all investments, prioritising capital toward positive climate and nature outcomes, and recognising nature as infrastructure that also requires investment for recovery and regeneration.

## Next steps in the climate mainstreaming journey:

- Demonstrating the role of infrastructure in nature conservation and restoration and investing in nature alongside grey and hybrid solutions
- Scaling investment and private sector mobilisation in climate adaptation and resilience



# Zoom on Atlantic Group's climate mainstreaming journey



In 2024, Atlantic Group released its environmental, social, and governance (ESG) Strategy, as part of a broader strategy to align with the sustainable development goals (SDGs) by 2030, after it joined the UN Global Compact.

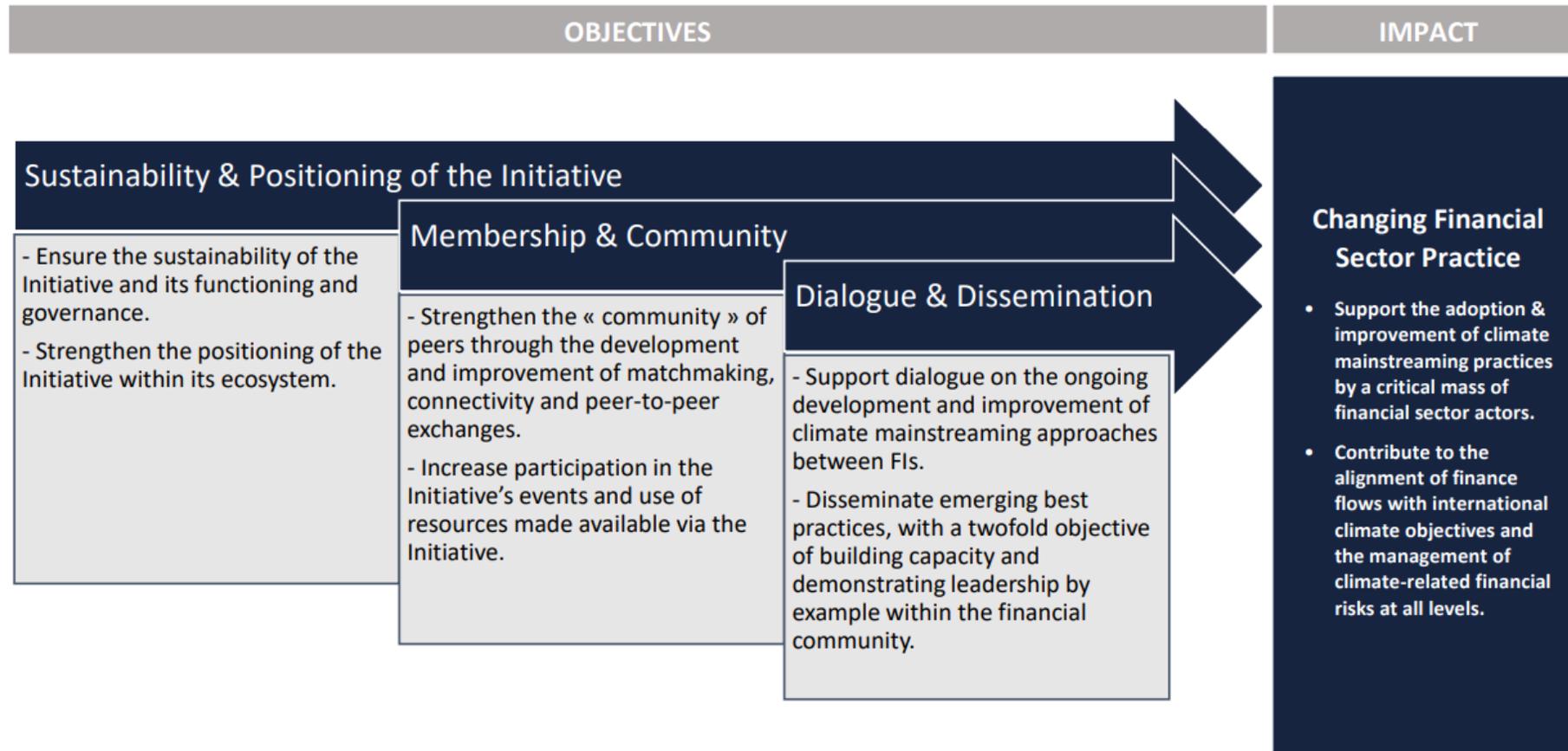
## **Key lessons learned:**

- Atlantic Group's financial activities in West Africa have expanded rapidly over the past years, with a growing need for financial inclusion as well as sustainability and climate risk management. Climate-related risks also need to progressively be addressed.

## **Next steps in the climate mainstreaming journey:**

- A greater focus on climate resilience, risk reduction, and climate change adaptation.
- 

# 2021-2025 Strategic Plan





# 2023-2025 at a glance



## ■ Sustainability & Positioning

- MoU signed with **IDFC**
- Engagement with **GCBC** and **FICS**

## ■ Membership & Community

- 5 new Supporting Institutions joined the initiative: **Atlantic Group, Vivriti Group, NMC, Caisse des Dépôts et Consignations du Bénin**, and **UBCI**

## ■ Dialogue & Dissemination

- 25 technical webinars and 1 zoom on SI
- 3 workshops
- 7 COP side-events



# Principle 1 COMMIT to climate strategies

# Integrating climate considerations in a financial institution's strategy

- **Why?** It encourages a coherent and systematic approach to climate mainstreaming and serves as a foundation and catalyst for a range of operational responses.
- **How?** To avoid staff working in silos, climate-related strategic priorities and plans should be developed together with the institution's other strategic objectives, endorsed and promoted by the institution's leaders and integrated in its main strategy.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **KfW** shared how it applied the **IDFC toolbox on integrating biodiversity into strategies and operations of DFIs**, **AFD** provided updates on its **climate and nature roadmap**, **Caisse des Dépôts** shared its **climate policy and strategic priorities**, and **DBSA** shared its approach to a **context-driven climate & nature transition**
- **EBRD** presented its strategic climate commitments, with a focus on **supporting client climate strategies**, **EIB** highlighted how it **supports wider systemic impact on SDGs**, **IsDB** shared its **climate change framework** and **Green, Resilient, Inclusive, and Sustainable (GRIS) approach** as well as its **Just Transition Conceptual Framework**, **IFAD** presented its **Paris Alignment roadmap** and methodologies for tracking climate finance, **IFC** shared its focus on **scalable and replicable climate impact** in its strategy, and **CEB** highlighted how it supports **Paris alignment while addressing vulnerability**
- **Bank of Africa** shared its experience gradually raising awareness on its **sustainability strategy** and building internal capacity

## Other developments identified relevant to SIs:

Since 2023, **BNDES**, **BIO**, **CDG**, and **PIDG** have also updated their strategies to include specific priorities on both climate and nature.

# Integrating climate considerations in sector, country and business line strategies

- **Why?** It enables a financial institution to ensure that climate change is taken into consideration by operational teams across all economic sectors, countries, and business lines and prioritise areas with particularly high climate impacts.
- **How?** Institutions will likely need to conduct forward-looking economic and financial analyses and define investment priorities (and exclusions) in terms of countries, sectors, and business lines, and include these priorities in the related strategies.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **CAF** shared its approach to support adaptation and disaster risk management while highlighting its 2030 goals, and **JICA** presented its co-benefit approach to climate change (JCCRS) and matrix for synergies and trade-offs with SDGs
- **ADB** shared how it operationalises Paris Alignment in its country programming processes
- **HSBC** discussed its net-zero transition plan while highlighting sector and business line transition strategies, and **Crédit Agricole** presented its approach to support resilience among its clients

## Other developments identified relevant to SIs:

- Since 2023, **Crédit Agricole**, **BNP Paribas**, and **Société Générale** have further integrated climate considerations into their sectoral strategies and client engagement efforts, through additional industry-specific carbon intensity reduction objectives.
- In 2023, **MDBs** jointly issued methodological principles for the assessment of Paris alignment that address direct investment lending operations, intermediated financing, general corporate purpose financing, and policy-based lending operations.
- From 2023 to 2025, the **World Bank** continued to publish Country Climate and Development Reports (CCDRs) for most of its countries of operation, which analysis can then feed into the bank's country engagement strategies.



# Developing climate-related targets

- **Why?** It can support institutions in prioritising activities contributing to the transition to low-GHG and climate resilient economies across the business cycle.
- **How?** These targets can take different forms, including a total volume of investments or a percentage of activities contributing to the transition to low-GHG and climate resilient economies or even targets related to the real-world impacts and outcomes of financial institutions' investments and financing. Relevant to private financial institutions' target-setting practices, SBTi launched its Financial Institutions Net-Zero Standard in 2025, which may support the development of emission reduction targets of private financial actors in the coming years.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **EIB** shared its experience transitioning to the EU Climate Bank (shadow carbon price, PATH, Paris alignment framework)
- **HSBC** provided updates on its **commitment to net zero - setting targets and tracking progress**, and **BNP Paribas** presented how it adopted NZBA guidelines **to set net zero targets and sectoral decarbonisation strategies**
- **AFD** shared its experience developing a new **target on transformational finance**, and **Caisse des Dépôts** presented how it set its current emission reduction targets and how it foresees its **contribution to overall decarbonisation**

## Other developments identified relevant to SIs:

- Since 2023, **AFD**, **BNDES**, **JICA**, **MDBs**, and **PIDG** have announced new or updated **targets on climate finance commitments**.



# Adopting a target to reduce investments in activities with negative climate impacts

- 
- **Why?** It can help institutions send a clear message to all internal and external stakeholders on the activities that will no longer be financed by the institution, or those that are seen as needing to “transition” to low-carbon, climate resilient business models.
  - **How?** These targets can take different forms, such as deadlines after which institutions will stop investing in – or have fully divested from – specific types of assets, as part of strategies to manage financial risks related to climate change, or to align with climate goals.

**No related developments were shared by SIs through the initiative’s events over 2023, 2024, and 2025.**

## **Other developments identified relevant to SIs:**

- In 2023, **MDBs** issued an **updated list of activities considered universally aligned or not aligned** with the Paris Agreement’s Mitigation Goals.
- **AFD, BIO, Caisse des Dépôts, FMO, Proparco**, among others, have adopted **fossil fuel exclusion policies**, yet for most of them, progress is still needed on the scope of exclusion, to align with the Paris Agreement’s objectives while considering local development imperatives and just transition issues.



# Adopting targets to align activities with the Paris Agreement goals

- 
- **Why?** The Paris Agreement set the objective of “*making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*”. Some jurisdictions are establishing reporting requirements on the level of alignment of institutions with climate objectives.
  - **How?** These targets vary depending on the focus of the alignment commitment and the underlying approach and project-based or portfolio-based methodologies adopted to assess consistency with climate objectives.

## Latest developments shared by SIs through the initiative’s events over 2023, 2024, and 2025:

- **Crédit Agricole** presented its **net-zero portfolio approach**
- **AFD** shared its **Paris alignment process** (project approach rather than portfolio approach) as well as what it counts as **transformational finance** (eligibility and impact potential), and **BNDES** highlighted the **Brazil Climate & Ecological Transformation Investment Platform**
- **BII** presented its **two-pronged approach to adaptation & resilience**, investing to adapt and to enhance the availability of adaptation & resilience enabling solutions and highlighted its **Climate Adaptation and Renewable Energy (CARE) Programme**
- **IDB Invest** explained **how it applies the MDB joint Paris alignment approach**
- **Caisse des Dépôts** shared how it set its current emission reduction targets and how it foresees its **contribution to overall decarbonisation**

## Other developments identified relevant to SIs:

- **JICA** and **PIDG**, among other banks, have also **renewed their commitment to align with the Paris Agreement** in their latest climate strategies and their approach for doing so.

# Developing institutional architecture, internal guidance and processes to support climate goals' implementation

- **Why?** It can provide the substantial political and technical support that is needed for the development, implementation and update of an institution's climate strategy.
- **How?** Many institutions have created a crosscutting climate support unit or team to facilitate the uptake of the climate issue, trigger coordination and dialogue, provide technical capacity and support, and to channel any concessional funding coming from international climate funds.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **AfDB** shared its experience establishing its **green growth and climate framework** and **internal engagement on Paris alignment**, as well as how it supported the development of a **Sustainable Finance Taxonomy for Africa**, **IsDB** presented its **climate governance** at board level and its mandate, **WBG** presented how it **operationalises its Climate Change Action Plan** (integrating climate and development e.g. CCDRs, prioritising key systems transitions, financing to support the transitions), and **EIB** shared its **global just transition and just resilience approach**
- **AFD** provided an overview of its **climate & biodiversity strategy objectives** and results and steps towards a new roadmap for 2024-2028, as well as the **social considerations in its support to the energy transition**, **TSKB** shared the **institutional arrangements that allow climate risk management**, **KfW** highlighted its approach to **contribute to the Paris Agreement** and how it uses climate and nat cat factsheets, **STOA** shared its **climate strategy and impact tool** (focused on accessibility, functionality, sobriety) and **E&S asset management practices**, and **DBSA** presented its climate governance and **stakeholder engagement practices** to align with the country's NDC, and its **Integrated Just Transition Investment Framework**



# Linking climate performance to key performance indicators (KPIs) and internal incentives

- 
- **Why?** It can support the acculturation of internal operational teams to this new way of conducting activities. This can also facilitate the buy-in and support of high-level management over the lifetime of the climate strategy.
  - **How?** In line with the institution's climate strategic priorities and targets, institutions will likely need to review, adapt and in some instances create new KPIs and incentives. Bonuses and other financial incentives are used by some financial institutions over the short-term to support the acculturation of operational teams to climate-related activities. A growing number of institutions are also integrating climate change indicators and performance metrics into remuneration policies to ensure long-term buy-in for the institution's climate objectives.

**No related developments were shared by SIs through the initiative's events over 2023, 2024, and 2025.**

## **Other developments identified relevant to SIs:**

- Private banks do not sufficiently integrate climate change into their remuneration schemes or only at senior management level ([I4CE, 2025](#)).
- Most **MDBs** did not set strong standards on climate goals in their internal incentives and only two seem to map impact to relevant SDGs (**AfDB, ADB**) in their corporate scorecards ([CGDev, 2024](#)).



# Building the internal capacity of management and operational teams

- 
- **Why?** It ensures that all teams and functions within the organisation have the necessary background, knowledge, expertise, and resources to perform the functions demanded of them to implement the institution's climate strategy.
  - **How?** Needs for capacity building will vary from one institution to another and between the different departments of institutions. Capacity building activities may be developed to raise awareness on the basics of climate change and the institution's climate strategy within all functions of the institution. Financial institutions also develop tailored trainings for the departments that will need to use specific tools, develop new expertise etc. These programs may be developed by climate/sustainability teams or by external partners.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **Bank of Africa** shared its **gradual integration of climate considerations in its governance and processes** (e.g. training board members and operational teams on the ground)

## Other developments identified relevant to SIs:

- Several development banks continue to build the capacity of their operational teams internally on emerging climate-related topics and increasingly engaged in the past years in building the capacity of their financial intermediaries on climate risk management and Paris alignment ([I4CE, 2025](#)).



# Principle 2

## MANAGE climate risks



# Assessing the climate-related transition risks of assets and transactions

- 
- **Why?** Climate-related transition risk assessments in most cases started on a voluntary basis as part of sound market practice; however, regulators and supervisory authorities are introducing requirements to measure, report and manage climate-related risks.
  - **How?** Financial institutions have developed approaches, tools and methodologies to assess their exposure to future climate-related transition risk relying on forward-looking scenario analysis, predominately based on the TCFD recommendations, now integrated in the ISSB's IFRS S2 on Climate-related Disclosures. Assessments can be conducted at the portfolio level, the project level, the asset level, the counterparty level or the country level.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **Crédit Agricole** presented its **risk assessment approach & use of scenarios** (for top-down high-level assessment and bottom-up assessment), and **BNP Paribas** shared its experience with the **TNFD**
- **TSKB** shared its journey on climate risks and its approach to **quantify climate risk** (climate risk score, and climate risk evaluation tool, with support from EBRD)

## Other developments identified relevant to SIs:

- An ECB analysis from early 2024 highlighted that most banks (in the Euro area) are misaligned with Paris Agreement's objectives, finding that transition risk exposure mainly stems from the delayed phase-down plans for fossil fuel technologies in the automotive and power sectors, combined with the slow planned build-out of renewable capacity.

# Assessing the physical climate risks of assets and transactions

- **Why?** Physical climate risk assessments in most cases started on a voluntary basis as part of sound market practice; however, regulators and supervisory authorities are introducing requirements to measure, report and manage climate-related risks.
- **How?** Financial institutions have developed approaches, tools and methodologies to assess their exposure to future physical climate risk relying on forward-looking scenario analysis, predominately based on the TCFD recommendations, now integrated in the ISSB's IFRS S2 on Climate-related Disclosures. Assessments can be conducted at the portfolio level, the project level, the asset level, the counterparty level or the country level.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **IDFC** highlighted the training delivered to its members on climate risk assessment and adaptation, **JICA** presented its **climate finance impact tool for adaptation**, and **PIDG** shared its contributions to IIGCC's **Physical Climate Risk Appraisal Methodology**
- **Bank of Africa** discussed how PDB support can be key to address climate risk, and **Yes Bank** its approach to physical and transition risk assessment based on local context

## Other developments identified relevant to SIs:

- Guidance continues to emerge such as from the Adaptation and Resilience Investors Collaborative, chaired by **BII**: its physical climate risk investor playbook developed in 2024 supports systematic identification of opportunities for building climate resilience.
- Larger banks that already assess their investments against climate risk increasingly focus on providing support for climate risk management to their financial intermediaries (e.g. **AFD, EBRD, IDB, ...**).



# Assessing the climate-related liability risks of assets and transactions

- 
- **Why?** It is increasingly seen as necessary for financial institutions to identify their exposure to climate-related liability risks. In most cases these assessments are conducted on a voluntary basis as part of sound market practice; however, regulators and supervisory authorities are introducing requirements to measure, report and manage climate-related risks, including litigation risks.
  - **How?** To date, progress in this area remains exploratory. Financial institutions have started to develop initial approaches, tools and methodologies to assess their exposure to litigation or legal climate risk, predominately based on the TCFD recommendations.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **FMO** shared its approach to liability risk management (based on ESG risk management)

## Other developments identified relevant to SIs:

- Banks face direct legal exposure and indirect risk through clients (e.g. oil and gas clients affected by litigation). Some banks have included litigation into disclosures, scenario analysis, and board-level governance, but many remain at an early stage due to the complexity and novelty of such risk, the heterogeneity of climate litigation, and a lack of standardised measurement tools ([LSE, 2025](#)).



# Integrating results of risk analysis into risk management processes

- 
- **Why?** In addition to assessing climate-related risks, financial institutions must also determine how to best integrate both qualitative and quantitative results into existing financial and non-financial risk management processes. This is a necessary step to ensure that assessments inform strategic and operational decisions on the financial risk exposure related to climate change.
  - **How?** The TCFD provided guidance to help institutions include climate considerations in risk management processes. Often building on these principles, financial institutions are developing varying approaches to integrate these risks into broader risk management practice.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **BOAD** presented its **shock resilient loans programme**, and **JICA** shared its overall **Climate Risk Management** approach

## Other developments identified relevant to SIs:

- UNEP FI's Sustainability Disclosure Landscape Report for Risk Management of 2025 highlights that financial institutions can rely on the Sustainability Risk Tool Dashboard to support more informed decision-making and overall risk management, integrating climate risks as well as environmental and social risks.
- Some development banks have been developing approaches to integrate the results of the climate-related risk analysis of their counterparties in their overall risk management and due diligence processes and support their counterparties in addressing material climate risks through dedicated technical assistance ([I4CE, 2025](#)).



# Principle 3

## PROMOTE climate-smart objectives

# Offering green products and services

- **Why?** Many financial institutions are developing and using a variety of targeted financial instruments to finance climate-related activities and seek out new investment opportunities.
- **How?** While “green bonds” are the most well-known climate-related product, institutions have also developed climate-related loans or intermediated debt financing products, with climate-related eligibility criteria.

## Latest developments shared by SIs through the initiative’s events over 2023, 2024, and 2025:

- **BNDES** provided updates on the **Amazon Fund**
- **ADB** highlighted the Pacific Resilient Infrastructure Finance and Insurance Facility, **EBRD** presented the support it provides through its **Green Economy Financing Facility (GEFF)** to partner financial institutions in developing green products (e.g. green bonds), and **IFAD** shared key lessons from the **INSURED project**, and **IFC** shared its **Biodiversity Finance Reference Guide** that helps identify biodiversity finance opportunities.
- **Proparco** presented its experience designing a **sustainability-linked bond** with a partner financial institution (Ecobank)

## Other developments identified relevant to SIs:

- Since 2023, several development banks and commercial financial institutions have supported the issuance of or issued green bonds and sustainability-linked bonds and are increasingly considering the development of sustainable finance products.
- In 2025, **IFAD** partnered with CBI to develop a Rural Transformation Financing Framework to help development banks attract sustainability-driven investors through sustainable finance solutions.



# Developing business among clients and market segments that contribute to achieving climate goals

- 
- **Why?** It helps to promote the demand for climate-related products and services, as well as creates opportunities for growth and returns for the financial institution.
  - **How?** Financial institutions use a variety of approaches to identify new market opportunities. In some cases, this may be linked to the development of tailored climate-related products and services designed to create opportunities and support growth in specific market segments. Financial institutions may engage directly with their clients and counterparties on potential opportunities for business development related to the low-GHG resilient transition.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **AFD** shared feedback and lessons learnt from its **Pro-Climat approach** with its partner financial institutions, and highlighted the potential role PDBs can play in **carbon markets**, and **DBSA** presented its support for the development of a **domestic carbon market** in South Africa
- **KfW** presented the WALD (**Worldwide Alliance for Landscape-based Decarbonisation**) initiative for private sector engagement, addressing market barriers in voluntary carbon markets
- **World Bank** highlighted some examples of its outcome bonds (**Amazon Reforestation and Wildlife Conservation Bonds**)

# Accessing public climate finance

- **Why?** Public climate finance includes the climate funds such as the Green Climate Fund, the Adaptation Fund or the Green Environmental Facility as well as the climate activities of international development banks, which can help institutions seek additional investment opportunities.
- **How?** To access climate finance of international development banks, financial institutions may aim to benefit from financing through a facility or through bilateral engagement with these banks. To access climate finance from climate funds, they can either submit funding proposals through an accredited entity or gain “direct access” by becoming an accredited entity to these funds.

## Latest developments shared by SIs through the initiative’s events over 2023, 2024, and 2025:

- **DBSA** presented its Climate Finance Facility, Embedded Generation Investment Programme (EGIP) and shared its experience being involved in climate finance activities (Green Fund, GCF, GEF, IDFC, GILFCC) and its **strategy to access climate finance resources**
- **AfDB** shared **how it addresses adaptation finance needs** (supporting creation of green banks and national climate change funds, adaptation benefits mechanism, climate action window)
- **BII** highlighted its involvement in the **Adaptation and Resilience Investor Collaborative** to address adaptation finance needs

## Other developments identified relevant to SIs:

- As of October 2025, Green Climate Fund-accredited Supporting Institutions of the initiative (26) had 111 projects GCF-approved overall, for a total amount of financing for funded activities of 10.2 billion USD.

# Using risk sharing or blended finance products to mobilise additional finance

- **Why?** The blending of public and private funds can help overcome a range of investment barriers (e.g., market or political) as well as reduce the risk often perceived by private financial institutions around climate-related investments. This can improve access to capital and the terms of finance in countries, sectors and technologies often seen high-risk.
- **How?** A range of different tools may be used depending on the level of maturity of markets and technologies and the specific market barriers projects and companies may face. These include instruments such as guarantees, insurance, currency hedging, technical assistance grants and first loss capital from development agencies, which can be used to “crowd in” or “leverage” commercial investment in both developed and developing countries.

**No related developments were shared by SIs through the initiative’s events over 2023, 2024, and 2025.**

## **Other developments identified relevant to SIs:**

- Private finance actors call for more blended finance. To unlock private capital for climate action, the NZAOA called for the standardisation of blended finance vehicles and risk-sharing instruments in order to reduce complexity for stakeholders, lower costs, and accelerate time-to-market for investment opportunities.
- As part of the Sevilla Platform for Action at FFD4, FiCS, IDFC, MIGA and AFD launched the PDB Market Access and Guarantee Facility, aiming to double the number of PDBs accessing capital markets through guarantee mechanisms. Several other SIs in addition to **AFD** and **MIGA**, such as **PIDG**, and **BII** for example, also offer risk-sharing or blended finance products.



# Ensuring that climate considerations are taken into account in decision-making and due diligence across all products and services

- **Why?** As the transition to a low-carbon and climate-resilient economy is expected to require actions affecting all sectors of the economy, an institution may need to ensure that climate considerations are considered across all products and services.
- **How?** Climate and sectoral strategies as well as screening criteria are often used to make all activities either consistent with, or contributing to, an institution's priorities and targets on climate change. The deployment of screening criteria may require training capacity and awareness-building among staff – as well as the provision of additional operational resources so that criteria are used appropriately and effectively.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **Crédit Agricole** presented its net-zero trajectory and CACIB's general **assessment of E&S risks at transaction level and corporate level** and **BNP Paribas** highlighted its **sectoral climate alignment approach**
- **BII** presented its Common Statement, suggesting a focus on use of proceeds and **KPI-linked structures for transition finance**

## Other developments identified relevant to SIs:

- Since 2023, an increasing number of financial institutions have refined their approaches to further consider climate change in their due diligence requirements with their financial intermediaries, as well as in their sectoral policies ([I4CE, 2025](#)).

# Engaging with clients on climate change risks and opportunities and alignment with the Paris Agreement

- **Why?** It can help foster the transition of clients and counterparties, and thus indirectly mitigate climate-related financial risks and ensure consistency with climate objectives.
- **How?** Outcomes of alignment and climate risks assessments can help an institution identify activities that are not “aligned” with climate objectives or that may be exposed to climate-related financial risks, today or in the future. Engaging with clients or associated counterparties can help foster the alignment of an institution’s portfolio and reduce its exposure to climate-related risk.

## Latest developments shared by SIs through the initiative’s events over 2023, 2024, and 2025:

- **AfDB** highlighted the challenges and **opportunities for transition finance with local financial institutions**, **EBRD** presented its approach to supporting partner financial institutions with Paris alignment and to help them **prepare transition plans**: alignment matrix, climate practices diagnostic tool, capacity building online platform “Green Finance Academy”, as well as with their climate risk management, and **EIB** highlighted its **approach to financial intermediation** (PATH framework)
- **DBSA** shared its perspective as a **financial intermediary of MDBs** and how it supported Paris alignment, **KfW** provided an overview of its support for Paris alignment of financial intermediaries
- **AFD** shared its **risk management perspective and climate risk management tools** for transition and physical risks and **its loss & damage strategy**, and **Proparco** highlighted **technical assistance projects on climate risk management**
- **IDB** shared its experience supporting a **LAC working group on Paris alignment**, and **IDB Invest** presented its engagement with clients on GHG emissions and resilience and how it supports its financial intermediaries with **climate risk management**

# Using exclusion and divestment approaches strategically for activities with adverse climate impacts

- **Why?** Institutions are establishing exclusion and divestment approaches for activities, technologies or sectors that are seen as inconsistent with their climate-related strategies and goals as in some instances, it can reduce adverse impact on the transition to low-GHG and climate-resilient economies and/or exposure to climate-related financial risk.
- **How?** Criteria for exclusion or divestment rely on the identification of activities and technologies that are inconsistent with climate transition scenarios. Assets and companies that surpass a defined level of exposure to these activities or technologies are excluded or subject to divestment. Today, discussions focus on how to ensure an impactful contribution to decreasing emissions or increasing resilience in the real economy by the strategic use of divestment and exclusion on one hand, and engagement with companies and counterparties on the other hand.

**No related developments were shared by SIs through the initiative's events over 2023, 2024, and 2025.**

## **Latest developments identified relevant to SIs:**

- After a downward trend in 2021-2022, fossil fuel financing by private financial institutions has increased since 2023, and fossil fuel exclusion policies are questioned in the current ESG-adverse context ([Banking on Climate Chaos, 2025](#)).
- Several development banks started engaging in efforts in support of the early retirement of coal and fossil fuel assets since 2023 ([NewClimate & I4CE, 2024](#)).



# Principle 4 IMPROVE climate performance

# Measuring and tracking the volume or share of activities and investments reducing greenhouse gas emissions

- **Why?** It provides information on and helps to monitor the volume or relative share of activities contributing to the mitigation objective of the Paris Agreement. This tracking can also be used to report on the contribution to international climate finance goals, particularly among development banks.
- **How?** Institutions often use taxonomies or positive lists of activities that reduce GHG emissions to classify projects or assets held in their portfolios. This is the case of MDBs and the International Development Finance Club (IDFC), which developed Common Principles for Climate Mitigation Finance Tracking (last updated in 2023 to consider new mitigation activities and lock-in risks over the long term). Other regional or national taxonomies help measure the volume of investments contributing to mitigation.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **IDC** shared its experience **engaging with clients for climate metric data collection**, **TSKB** highlighted its approach to **emissions accounting and emission reduction target-setting**, and **IDFC** shared its experience **building capacity to measure and track climate finance** among its members
- **FMO** presented how it measures financed emissions with **methodologies and tools such as PCAF, SIS, JIM**, and **BII** highlighted its **Practitioner's Guide to Transition Finance (2022)**
- **EIB** provided updates on its **assessment of climate action and environmental sustainability finance**, and **IFC** presented its **anticipated impact measurement and monitoring tool** and how it assess climate-related outcomes at the project level
- **Crédit Agricole** shared its approach to **address data quality issues** and data gaps around its **scope 3 emissions**

# Measuring and tracking the volume or share of activities and investments building climate resilience

- **Why?** It provides information on and helps to monitor the volume of activities contributing to the adaptation objective of the Paris Agreement. This tracking can also be used to report on the contribution to international climate finance goals, particularly among development banks.
- **How?** Many institutions rely on a context- and location-specific approach to track adaptation finance. MDBs and IDFC have also developed Common Principles for Climate Change Adaptation Finance Tracking (last updated in 2023) and have committed to further refining definitions for adaptation activities. Other regional or national taxonomies also help to measure the volume of investments significantly contributing to adaptation.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **EIB** shared how EIB and MDBs **track climate adaptation finance**, **World Bank** presented its Bank Resilience Rating System (RRS) to increase local resilience (rates resilience of project Design and through project outcomes), and **EBRD** highlighted its GET Adaptation Finance Tracking approach
- **BII** shared its experience with the **integration of adaptation across investment verticals, risk management processes, capacity building & capital toolkit**
- **The Adaptation and Resilience Investors Collaborative**, chaired by **BII**, is working on **investor-relevant metrics for adaptation and resilience** to measure the benefits of investing in climate adaptation and resilience-building solutions.

# Measuring the real-world impact of climate-related activities and investments

- **Why?** Impact can be defined as changes in the real economy that have a direct or indirect effect on climate change mitigation or adaptation. Measuring it provides transparency and can help increase the real-world contribution of climate-related investments.
- **How?** The impact of mitigation activities is often quantified using GHG emissions metrics, although complementary metrics are also often seen as necessary. Metrics for measuring impact for adaptation activities are context-specific and fit-for-purpose to accommodate the diversity of adaptation measures. Institutions may distinguish the indirect impact of counterparties and underlying assets financed, and the direct impact stemming from their means of intervention.

**No related developments were shared by SIs through the initiative's events over 2023, 2024, and 2025.**

## **Latest developments identified relevant to SIs:**

- Over the past two years, public and private financial institutions have come together to discuss how to contribute to greater impact and to lifting barriers to climate action. The **Making Finance Work for Climate initiative**, bringing together **UNEP FI, PRI, IDFC, FiCS, and Mainstreaming Climate in Financial Institutions** intends to reorient financial flows for transformational impact and systemic climate effects. This involves characterising transformational finance and better measuring its impact.
- Specific to ex-post impact measurement, **MDBs** have developed a **Common Approach to Measuring Climate Results** considering three levels (global and country context, results from operations, and institutional efforts) and providing common indicators to track climate impact for adaptation and resilience, mitigation, and country and client transition support.
- **AFD** for example updated its project appraisal impact assessment matrix to track transformational outcomes.

# Assessing the alignment of all activities and investments against national and international climate goals

- **Why?** It helps financial institutions to monitor the alignment of their activities today and understand how they may need to evolve in the future to be consistent and contribute to the goals of the Paris Agreement – including the mitigation goal, the adaptation goal, and the goal of making finance flows consistent with a low-GHG climate-resilient development pathway.
- **How?** At the portfolio level, tools exist to help institutions measure the alignment of their portfolios with a given temperature trajectory. At the activity or project level, screening processes have been developed relying on taxonomies and decision trees to assess consistency with climate goals.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **Proparco** shared its experience identifying investments inconsistent with climate goals and using exclusion and divestments approaches, and **AFD** presented its sustainability analysis project appraisal process and biodiversity co-benefits matrix

## Other developments identified relevant to SIs:

- By jointly issuing principles for the assessment of Paris Agreement alignment of new operations in 2023, **MDBs** made significant progress in assessing the alignment of their activities with the Paris Agreement goals, as these principles now include further guidance outside of direct investment operations. Several other development banks (e.g. **JICA**) are also updating their methodologies to assess alignment with climate goals and the Paris Agreement.
- Guidance for private financial institutions on alignment with the Paris Agreement's global mitigation goal has mainly been released by GFANZ, up until 2024 (as it shifted its focus to addressing barriers to mobilising capital in early 2025).



# Measuring and tracking ‘unaligned’ activities and investments

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- **Why?** It helps to identify activities and investments that will have to transition or might become “stranded” assets in the future.
  - **How?** Taxonomies and positive lists can help identify companies, assets and activities that are currently unaligned; have a possibility to transition and become aligned; or pose a risk of “significant harm” vis-à-vis climate goals and have a strong risk of becoming stranded assets. Methodologies assessing a portfolio alignment with low-carbon trajectory can identify assets of a portfolio that are not aligned or compatible with a chosen transition scenario. Further methodological developments are however underway to improve these approaches.

**No related developments were shared by SIs through the initiative’s events over 2023, 2024, and 2025.**

## **Latest developments identified relevant to SIs:**

- Beyond identifying and supporting the identification of activities and investments at risk of becoming stranded for their counterparties, several development banks started engaging in efforts in support of the early retirement of coal and fossil fuel assets since 2023 ([NewClimate & I4CE, 2024](#)).



# Principle 5 ACCOUNT for your climate action



# Disclosing the volume or share of climate-related activities and investments

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- **Why?** It provides information to shareholders, clients and counterparties on the volume of activities specifically contributing to climate objectives. International development finance institutions are already asked to report on this as part of North-South climate finance reporting. As a growing number of countries and regions are developing taxonomies for climate-related activities, mandatory reporting for all financial institutions could accelerate in the coming years.
  - **How?** Institutions may publicly disclose the results of the tracking of the volume or share of climate-related activities and investments. Institutions may choose to report results of this measurement individually or within groups or initiatives of financial institutions – such as the MDBs or IDFC. In the case of mandatory reporting, a specific taxonomy may be required as a reference.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **World Bank** provided updates on global taxonomy trends and their role in sustainable finance alignment
- **Caisse des Dépôts** presented the transformation of its financial and non-financial tools to report along the EU Taxonomy

## Latest developments identified in disclosed climate-related investments relevant to SIs:

- The 2024 climate finance allocated by **MDBs** was a collective total of US\$ 136.6 billion (US\$ 85.1 billion for low- and middle-income economies and US\$ 51.5 billion for high-income economies), of which US\$ 31.3 billion in adaptation finance overall, and private mobilisation of US\$ 54.5 billion.
- In 2024, **IDFC** members reported total green finance commitments of US\$ 174 billion. This represents a 13% decrease from 2023, primarily driven by shifts in investment priorities.

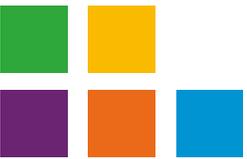
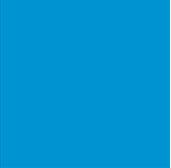


# Disclosing the overall alignment of activities with international climate goals

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- **Why?** It provides information to stakeholders, clients and counterparties on the consistency and contribution of the institution's activities to low-carbon climate-resilient scenarios. Disclosure on alignment may become increasingly expected as many financial institutions have announced voluntary commitments to align with climate goals with an expectation that they will publicly disclose progress. Furthermore, regulators may request disclosure on this issue and the TCFD has begun work on this issue.
  - **How?** Financial institutions may publicly disclose the results of their alignment assessment with international climate goals. They may choose to report these results individually as part of their individual annual reports and/or within groups or initiatives of financial institutions. In the case of mandatory reporting, specific requirements may be asked by the regulator.

## Latest developments shared by SIs through the initiative's events over 2023, 2024, and 2025:

- **KfW** shared its experience with portfolio data management
- **Crédit Agricole (CACIB)** presented its reporting against the Initiative's Voluntary Principles



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