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# BR4 Integrating Climate into Business Processes

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# BR4 Integrating Climate

Exploring the different ways financial institutions are adapting their business to incorporate green objectives into every stage of the business cycle from risk assessment and management to product development.

- Are green objectives and climate related issues modifying the internal processes in terms of risk assessment and risk underwriting in your organization?
- Is climate risk affecting the financial sustainability of the projects under evaluation?
- Is your institution ready to classify transactions in terms of contribution to SDGs and Paris Agreement targets (or other sustainability target)?
- Is your institution able to measure its footprint in terms of carbon emission?
- From a commercial point of view, do you have any strategy to attract more green or climate friendly projects?
- Are your exporters developing new technologies for being compliant with new technological standards in term of GHG emissions (or other green standards /benchmarks)?

# Group Composition

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- Who was involved in the discussion (e.g. which types of institutions? From which regions?)
  - ECAs and
  - non-ECA FIs
  - Mostly from the European Region

# Summary of Topic

Discussion covered (1) Climate Risk Management, (2) Climate Finance Methodology, and (3) MDB Paris Alignment Framework and Methodology.

- Climate related risk assessment of the transactions (and portfolios) of FIs is considerably growing as an important area of interest of Management/Boards/Stakeholders.
- Various institutional commitments around climate/green financing, high carbon emitting sectors, fossil fuels, coal, etc.
- FIs tend to perform climate risk assessment in parallel with other underwriting considerations.
- Some FIs are using dedicated climate experts/external consultants since climate expertise are specific and not necessarily overlapping with the scope of ESG teams work.
- Time perspective: assessment procedures usually takes from couple weeks to months.
- Active engagement of the government/shareholders and clear climate related guidance and/or incentives may drive increased efficiency of FIs.
- It is always important to keep an eye on the clients/buyers and their needs as well as the potential benefits/incentives.
- Common understanding of the basic definitions/taxonomy (e.g. green, climate or Paris-aligned transactions) is essential for reaching broad level playing field among private and public stakeholders in terms of climate accountability & reporting (TCFD).

# Convergence / Divergence

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- Broad convergence on the importance of the topic and conducting climate risk assessment
- Importance of incentives
- Harmonized reporting approach bases on common principles and clear and transparent taxonomy
- No Divergence

# Next Steps

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- Following up the CSM discussions,
  - Catalogue of Stakeholder Approaches will be issued.
  - Document compiling best practices and experience of the FIs shared during the respective BRs may serve as a useful source of inspiration for the FIs being only at the earlier stages of the journey.
- Working group or platform to share experience and agree on harmonized approach for reporting and taxonomy.