

Foreword

The climate crisis is a challenge for the entire German financial sector, not just for individual sub-segments. This commitment is therefore open to all segments of the German financial sector. How these different financial sector segments react must also be based on the specific framework conditions. Steps they take should be in line with the specific regulations that are that being drafted.

The following agreement only applies to those investment portfolios that are not the object of fund or mandate business. Account must be taken in this regard of the fact that asset managers, in particular, are obliged to implement investor orders. These investment portfolios will be included gradually without a fixed timeframe. Companies will report on their progress on an annual basis.

The collective commitment of the German financial sector to achieve the targets of the Paris Agreement on Climate Change

We agree through this jointly developed voluntary commitment to align our lending and investment portfolios to the targets of the Paris Agreement on Climate Change, to strive to maintain a low-carbon and climate-resilient economy and society, and to limit global warming to well below 2 degrees and aim for the target of 1.5 degrees. This agreement is based on the UNEP FI Commitment to Climate Action as a means of putting the UN Principles for Responsible Banking into action. Central components of the agreement include the climate targets of the Federal Republic of Germany as set out in the Climate Protection Act and in the Climate Action Programme including the interim targets and climate neutrality by 2050. To this end, we agree in particular to align our products and services and our commitments in our networks accordingly, and also to directly or jointly work with our customers to facilitate and support the economic transition required to achieve climate neutrality by 2050.

We will support each other in collecting the necessary emission data to develop the methodologies for measuring climate impact and approaches to managing business activities in line with the targets.

We agree to do so by:

- initially focusing our efforts on those areas and infrastructures where we have or can have the most significant impact. These should be the sectors and infrastructure areas in our portfolios that are key to the transition, carbon and energy-intensive and most affected by climate change.
- working with our clients on their own transition and that of the economy. This is how we as financial actors can contribute most effectively to realising the changes required.
- jointly developing the necessary methods to measure the climate impact of our loan and investment portfolios and their alignment with national and international climate goals. Institutions signing the agreement are free to choose their own methods as long as their underlying goals are transparent and in line with climate science requirements.
- providing mutual support in developing each participating financial player's own capabilities.
- engaging with all relevant actors in government, science and the economy to develop clear and feasible roadmaps for all relevant sectors and assets.
- committing to setting and publishing sector-specific, scenario-based climate targets for our portfolios and managing them accordingly, by no later than the end of 2022.

- already taking action while working on the methodologies and developing targets. We commit to taking initial action to implement a set of measures within 12 months of signing the agreement and to report on our progress. We aim to accelerate the move, together with our customers, towards low-carbon, risk-resilient technologies and business models.

Reporting commitment

Each signatory commits to report annually on its own implementation progress (e.g. via its existing reporting formats) in order to meet both our collective responsibility and that of each individual player. Moreover, we aim to report annually on our collective progress in implementing this agreement.