| Event Summary

Austrian Climate Change Workshop: Sustainable Finance – Going to Scale (31.1.2019)

Following the latest European and international policy developments to align financial flows with global climate and sustainability goals under the Paris Agreement and the Sustainable Development Goals, KPC has organized this boutique event in close collaboration with the Austrian Federal Ministry of Sustainability and Tourism. The event has been structured into the following four sessions:

- Re-orienting capital flows: Setting appropriate incentives for the financial sector
- Assessing climate-related risks and opportunities in investment and lending portfolios
- Showcasing best practices in Sustainable Finance
- Promoting Sustainable Finance beyond European borders

More than 20 international and national speakers followed KPC's invitation and contributed to the single sessions through panel discussions or brief presentations. Speakers included high-level and senior representatives from public authorities, international investors and asset managers, central and commercial banks including covered bond issuers, investor and bank associations, international organisations, as well as investment advisors and FinTechs. The event has attracted more than 110 predominantly European participants from financial institutions, public decision makers, as well as corporate representatives.

Key lessons from the event

- The EU is setting major regulatory measures to shift financials flows towards green and sustainable investments including through defining a sustainability taxonomy, enhancing investor duties regarding the integration of ESG criteria the investment decision process, as well as through demanding transparency in a very fast pace and in line with its dedicated Action Plan, aiming at closing a EUR 180 bn. annual investment gap to reach the EU's climate and energy targets,

- Investors, asset managers and banks increasingly consider sustainable investments as a sizeable business opportunity, which they address through suitable green products and appropriate ESG frameworks, thereby responding to a rising demand from their clients.

- The importance of incorporating climate-related risks into investment and lending portfolios to factor in risks including from stranded assets (from fossil fuel exposure), non-performing loan rates (from unsustainable business models) and financial losses stemming from other transition or physical climate change risks is increasingly recognized by financial market actors,

- Financial institutions forge innovative partnerships with public entities to create markets for green financial products especially in emerging economies through risk mitigation measures such as first loss tranches, guarantees and technical advisory facilities for local banks and other relevant actors, thereby contributing to the promotion of sustainable finance on the international level,

- Service providers and think tanks are developing methodologies to incorporate climate related risks to measure indicators such as Value at Risk and to align portfolios with global emission targets, with further improvements and consolidation expected over the next years,

- Investor associations and international organisation help their members in the transition process through piloting these methodologies, contributing to standardisation and consolidation, as well as an orderly transition,

- Central Banks and supervisors collaborate internationally on sustainable finance issues, creating initiatives like the Network for Greening the Financial System, with members from European and other major economies,

- The EU is seeking strategic partnerships in emerging markets in its efforts to promote sustainable finance on an international scale, addressing the global dimension of financial markets and climate change impacts.

For further information, please contact **Mr. Martin Gauss** m.gauss@kommunalkredit.at T: +43 1 31631 224