



TRACKING PROGRESS TOWARDS ACHIEVING ARTICLE 2.1.C

Reflections on metrics, methodologies and approaches

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UNFCCC Sharm el-Sheikh Dialogue on the scope of Article 2.1c | 7 October 2024



Drivers of alignment

Layers of finance

Mitigation alignment

Resilience alignment

Complementary metrics

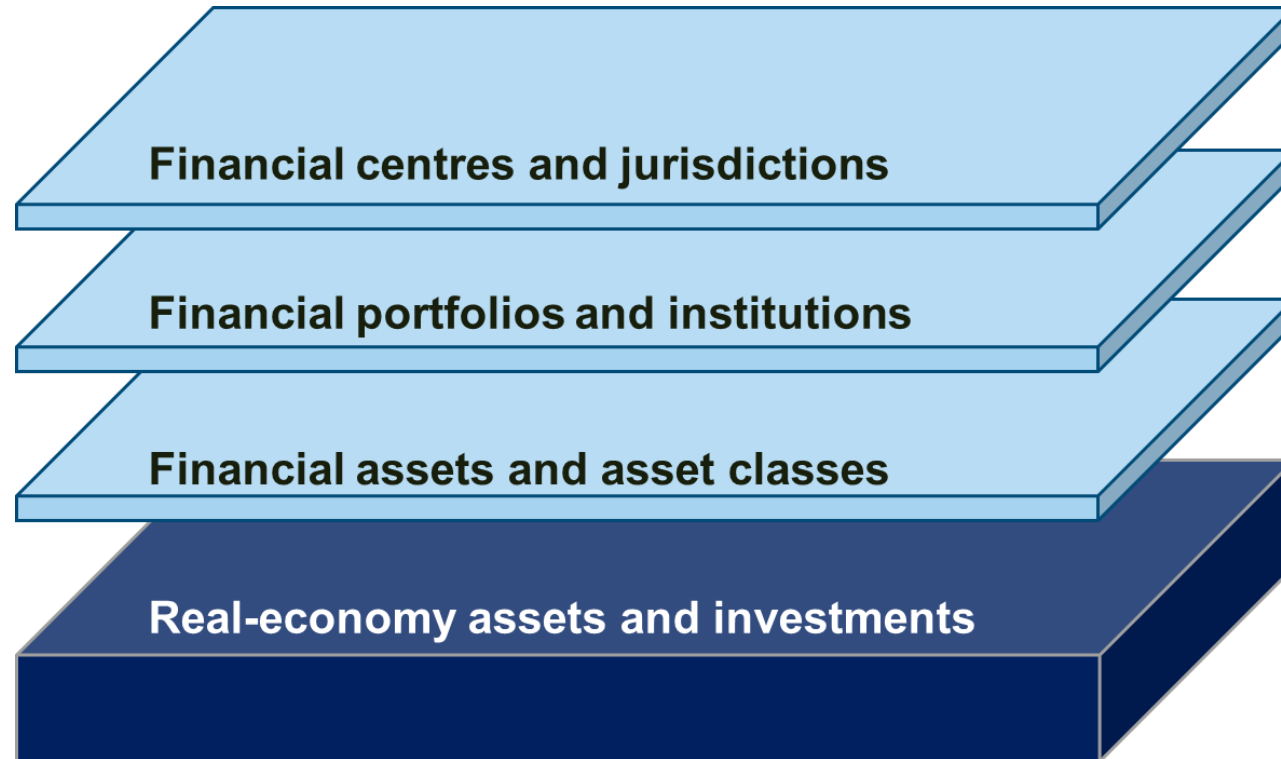


The climate alignment or misalignment of drivers of finance and investments needs to be monitored and assessed

Real-economy policies	Financial sector policies	Private financial sector actions
Economic policies	Transparency and information policies	Engagement
Regulatory policies	Prudential policies	Divestment and exclusion
Government investment and consumption	Credit allocation	Tilting
Voluntary approaches	Monetary policies	Other portfolio construction practices
Information policies	<i>NB: illustrative non-comprehensive categorisation</i>	



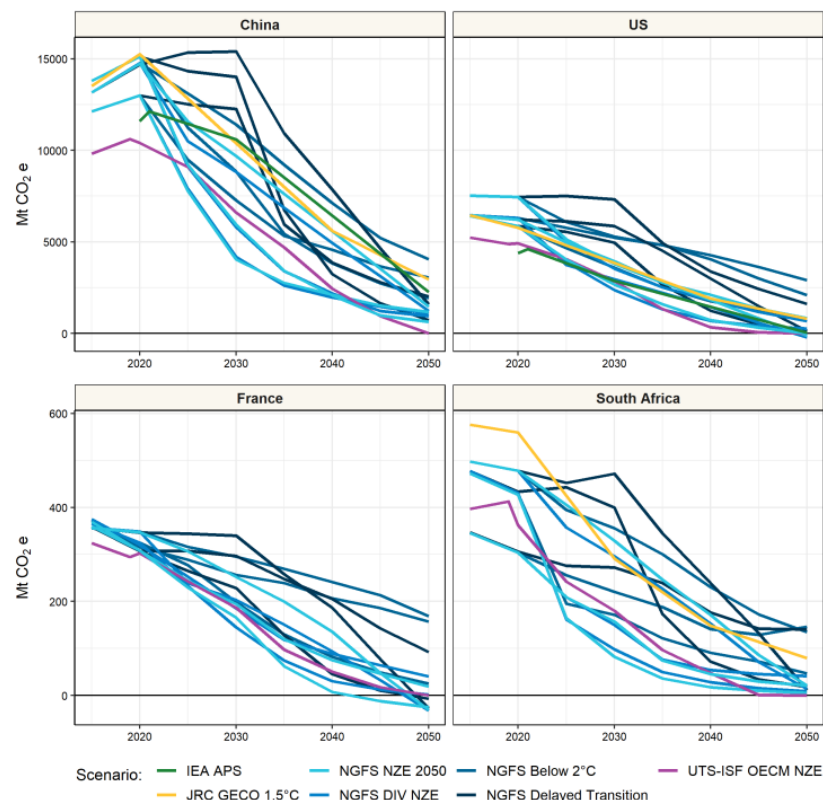
The climate consistency of financial flows and stocks has to be assessed across all layers of finance



Source: Noels, J. and R. Jachnik (2022), "[Assessing the climate consistency of finance: Taking stock of methodologies and their links to climate mitigation policy objectives](#)", *OECD Environment Working Papers*, No. 200, OECD Publishing, Paris.



Mitigation alignment: progress on methods and metrics but transition scenarios and greenwashing risks require attention



Anonymised company	Sector	Region	Provider 1	Provider 2	Provider 3	Provider 4
Company A	Airlines	Asia	Not aligned	Not aligned	Not aligned	2 Degrees
Company B	Airlines	Pacific	2 Degrees	Not aligned	1.5 Degrees	Not aligned
Company C	Airlines	North America	1.5 Degrees	2 Degrees	1.5 Degrees	Not aligned
Company D	Autos	Asia	2 Degrees	2 Degrees	1.5 Degrees	Not aligned
Company E	Autos	Europe	1.5 Degrees	Not aligned	Not aligned	Not aligned
Company F	Autos	North America	1.5 Degrees	2 Degrees	Not aligned	Not aligned
Company G	Shipping	Europe	1.5 Degrees	2 Degrees	2 Degrees	Not aligned
Company H	Shipping	Asia	Not available	Not aligned	1.5 Degrees	Not aligned
Company I	Shipping	Asia	Not aligned	Not aligned	1.5 Degrees	Not aligned
Company J	Steel	Latin America	1.5 Degrees	Not aligned	Not aligned	2 Degrees
Company K	Steel	Asia	Not aligned	Not aligned	Not aligned	2 Degrees
Company L	Steel	Europe	1.5 Degrees	Not aligned	2 Degrees	Not aligned
Company M	Chemicals	Africa	Not available	Not aligned	Not aligned	Not available
Company N	Chemicals	Asia	Not available	Not aligned	Not aligned	Not aligned
Company O	Chemicals	Europe	Not available	Not aligned	Not aligned	Not aligned
Company P	Cement	Latin America	1.5 Degrees	2 Degrees	1.5 Degrees	Not available
Company Q	Cement	Europe	1.5 Degrees	Not aligned	2 Degrees	Not aligned
Company R	Cement	Africa	Not aligned	Not aligned	Not aligned	Not aligned
Company S	Aluminium	Middle East	Not aligned	Not aligned	Not available	Not available
Company T	Aluminium	Europe	1.5 Degrees	Not aligned	Not aligned	Not aligned
Company U	Aluminium	North America	Not aligned	Not aligned	2 Degrees	Not aligned
Company V	Electric Utilities	Asia	2 Degrees	2 Degrees	1.5 Degrees	Not available
Company W	Electric Utilities	North America	1.5 Degrees	Not aligned	1.5 Degrees	Not available
Company X	Electric Utilities	Pacific	2 Degrees	Not aligned	Not aligned	Not available

Noels, J., et al. (2023), "[Climate change mitigation scenarios for financial sector target setting and alignment assessment: A stocktake and analysis of their Paris-consistency, practicality and assumptions](#)", *OECD Environment Working Papers*, No. 223, OECD Publishing, Paris.

Source: Noels, J. and R. Jachnik (2022), "[Assessing the climate consistency of finance: Taking stock of methodologies and their links to climate mitigation policy objectives](#)", *OECD Environment Working Papers*, No. 200, OECD Publishing, Paris, .

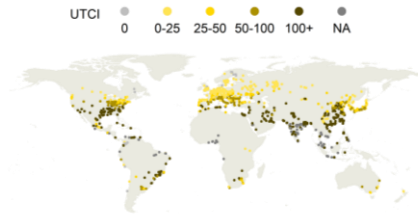


Resilience alignment: work needed on methods, metrics and reference points beyond physical climate-related financial risk

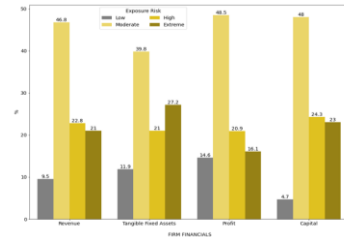
Physical climate risk

Resilience alignment

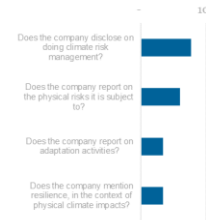
(1) Measuring physical climate risk to physical assets



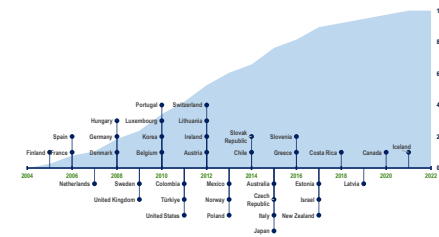
(2) Aggregating physical climate risks to entities, finance flows and assets



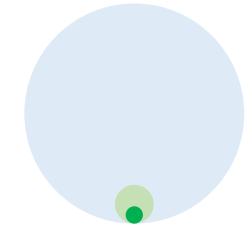
(3) Analysing adaptation & resilience actions and strategies



(4) Identifying resilience-related policy goals



(5) Evaluating progress towards aligning finance with reference points



Source: Noels, J. et al., (forthcoming), "Towards assessing the alignment of finance with climate resilience goals: Exploring options, methodologies, data, and metrics", [OECD Environment Working Papers](#), OECD Publishing, Paris



A range of complementary metrics needed to credibly monitor progress by, and real impacts of the financial sector

GHG emission metrics	
Historic and current GHG emissions	Consistent quantitative metric(s) across frameworks
GHG emission targets (short, medium and long term)	Quantitative metric(s) with partial consistency across frameworks
Alignment assessment with a benchmark, including the Paris Agreement	Some quantitative metric(s) with partial consistency across frameworks
Use of offsets as a stand-alone metric (current and future use)	No quantitative metric(s) proposed by the frameworks
Portfolio composition metrics	
Portfolio share in low GHG assets and climate solutions	Some quantitative metric(s) with partial consistency across frameworks
Portfolio share in assets consistent with net zero, or with targets based on an alignment assessment	Some quantitative metric(s) with partial consistency across frameworks
Portfolio share in carbon-intensive assets and assets exposed to transition risks and phase-out	Some quantitative metric(s) with partial consistency across frameworks
Investment allocation practices driving GHG emission reductions	Limited quantitative metrics(s) with limited consistency across frameworks
Overall portfolio composition and sector coverage	No quantitative metric(s) proposed by the frameworks
Engagement metrics	
General engagement/stewardship practices	Limited quantitative metrics(s) with limited consistency across frameworks
Voting procedures and practices	Limited quantitative metrics(s) with limited consistency across frameworks
Engagement escalation process	Limited quantitative metrics(s) with limited consistency across frameworks
Collaborations and alliance engagements	Limited quantitative metrics(s) with limited consistency across frameworks
Advocacy-based activities	Limited quantitative metrics(s) with limited consistency across frameworks
Strategy and governance metrics	
Remuneration linked to climate performance	Some quantitative metric(s) with partial consistency across frameworks
Management/Board oversight and accountability	Limited quantitative metrics(s) with limited consistency across frameworks
Integration of climate considerations in internal reporting and analytical processes	Limited quantitative metrics(s) with limited consistency across frameworks
Integration of climate considerations in strategic decision-making and investment strategies	No quantitative metric(s) proposed by the frameworks
General strategy on climate goals and transition plans	No quantitative metric(s) proposed by the frameworks

- Consistent quantitative metric(s) across frameworks
- Quantitative metric(s) with partial consistency across frameworks
- Some quantitative metric(s) with partial consistency across frameworks
- Limited quantitative metrics(s) with limited consistency across frameworks
- No quantitative metric(s) proposed by the frameworks

OECD (2023), "[Assessing net-zero metrics for financial institutions: Supporting the monitoring of financial institutions' commitments](#)", *OECD Business and Finance Policy Papers*, No. 37, OECD Publishing, Paris.



Forthcoming

“OECD Review on aligning finance with climate goals: Assessing progress to net zero and preventing greenwashing”

Soon available at: [Green Finance and Investment series | OECD iLibrary](#)



COP29

Virtual Pavilion

High-level launch event

7 November 13:30-15:00 CET



Webpage:

[Finance for Climate Action - OECD](#)

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