

# The Paris Agreement in the Investment Policy: Sample Language for Integrating the Goals of the Paris Climate Agreement into an IPS

Developing an effective sustainable investment policy requires a process of stakeholder engagement that includes both education about and exploration of the sustainable investing thesis and opportunity set. Through such a process investors can articulate their purpose, priorities, and principles and integrate these pillars within their investment policy and decision criteria.

A critical sustainability priority, climate change presents a range of risks and opportunities for investors. One potential framework for integrating climate considerations into investment policy is the 2015 Paris Climate Agreement. Here we list the three goals of the Agreement and offer examples of language that may be included in a statement of priorities.

1. Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.

*We acknowledge the risk of global warming and commit to both understanding how our activities and investments contribute to its causes, and determining what actions we can take to foster lower carbon emissions, enable the development of new industries and technologies that serve this priority, and do so in a manner that is consistent with our investment objectives.*

2. Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production.

*We believe that risk management is critical to investment success and acknowledge that the mitigation of climate risks is beneficial to society and financial assets, and we will study and incorporate these risk parameters within our investment criteria.*

3. Making finance flows consistent with a pathway toward low greenhouse gas emissions and climate-resilient development.

*We will actively seek and cultivate investments that are consistent with the transition toward a low-carbon economy, the cultivating of resilient enterprises and communities, and our high standards for investment rigor and diligence.*

For more a more in-depth exploration of integrating sustainability into an investment policy, please see *Considerations for ESG Policy Development* at [www.intentionalendowments.org](http://www.intentionalendowments.org).

*This sample language was prepared for the Intentional Endowments Network by the Mission-Related Investing Practice at Cambridge Associates.*