

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

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

Climate change is a critical sustainability priority, which presents a range of risks and opportunities for investors. One potential framework for integrating climate considerations into investment policies is the 2015 Paris Climate Agreement. Here we list the three aims 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 understanding how our activities and investments contribute to its causes, and determine 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 study and incorporate these risk parameters with our investment criteria.*

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

*We will actively seek and procure 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.*