

PRI CONSULTATION RESPONSE

Submission to Veredas Dialogue Consultation

February 2026

An investor initiative in partnership with
UNEP Finance Initiative and UN Global Compact



About this consultation

This consultation responds to the call for submissions on the organisation of the Veredas Dialogue on Art 2.1c of the Paris Agreement taking into account its complementarity with Article 9: <https://unfccc.int/topics/climate-finance/workstreams/veredas-dialogue#Submissions>

The PRI is the leading organisation in advancing responsible investment globally. Set up with United Nations' support, our unique community contributes to stable financial markets and a more prosperous world for all. We bring together signatories, amplify their voices and provide resources and guidance for complex sustainability challenges. The six Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to consultation on the organisation of the Veredas Dialogue.

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While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

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Key recommendations

- The PRI welcomes the opportunity to comment on the organisation of the Veredas dialogue. We support the continuation of the important discussions undertaken through the previous Sharm El-Sheikh mandate, and the establishment of the Xingu Finance talks at the June sessions of the Subsidiary Bodies. **The PRI stands ready to provide its perspectives and expertise to address misaligned capital flows.**
- We welcome the final report of the Sharm El Sheikh dialogue and the co-chairs' emphasis on the **importance of public and private sector collaboration and meaningful engagement with a variety of actors.**
- **It is important that the views of institutional investors form part of the Xingu high-level dialogue** and wider discussions on an annual basis, including considering dialogue at COP itself where there is traditionally more attendance from private finance (60+ PRI signatories attended Belem) than at Bonn. Wherever dialogue takes place, early clarity on timing and attendance is helpful to maximise the possibility of high-level engagement. As part of these discussions, it **is especially important to consider the perspectives of asset owners** who play a key role in the investment value chain.
- Longer term, it would be valuable for the Veredas Dialogue to consider **how best to institutionalise and enhance engagement with private finance** and all sources of finance in the UNFCCC and Paris Agreement processes.
- In its research ahead of COP 30 (see below), the PRI showed that:
 - capital flows overall remain misaligned with Paris Agreement goals
 - investors are making progress on financing the transition but need more support from policy makers to increase credible, investable opportunities
 - stimulating targeted action from investors in the right economies – with the right pipelines, policies and plans – is key to unlocking finance. Whole of government approaches and economic policy incentives are vital to underpin this.
 - A suite of policy tools can support financial authorities to build a sustainable finance system.

Detailed response

The PRI's role in dialogue on climate finance under the Paris Agreement

The Principles for Responsible Investment and its signatories have increasingly engaged with UN climate finance dialogues and processes.

The PRI has previously:

- participated in the Sharm El Sheikh dialogue,
- made a [submission](#) to the Baku to Belem Roadmap Process and fed into [that](#) of the Marrakech Partnership Finance Working Group, and
- published two relevant reports in the lead up to COP30 on [capital flows to the transition](#) and on how to [mainstream institutional investment flows to EMDEs](#).

With partners, the PRI has:

- co-hosted a series of roundtables on EMDE capital mobilisation, nature and adaptation finance in the run up to COP30,



- undertook dialogue with the Presidency, Brazilian Governments and others on climate finance as part of its flagship annual investor conference - PRI in Person – in Sao Paulo in November 2026, and
- co-hosted the first asset-owner summit at COP30.

The PRI also:

- co-convenes the Net Zero Asset Owners Alliance (NZAOA), which itself has contributed to relevant finance processes, as detailed in the NZAOA submission to this consultation.
- collaborated with the Transformational Finance for Climate Working Group with public and private finance actors from developed and developing countries - including the International Development Finance Club (IDFC), the Finance in Common System (FICS) General Secretariat, UNEP-FI, and the Mainstreaming Climate in Financial Institutions Initiative – to elevate dialogue on the quality and quantity of climate finance flows in alignment with 2.1c and taking account of 9.1 of the Paris Agreement. The group published a 2025 [position paper](#).

Capital Flows to the Transition

We welcome the co-chairs recognition that limited information is available for assessing progress on finance flows to the transition and the potential to explore enhanced information on nationally-determined approaches to 2.1c and its links to Art 9. It will be important to explore nationally-determined approaches whilst ensuring that information is comparable for financial actors operating across boundaries globally, and that policy approaches aim to enhance coherence and minimise barriers.

Ahead of COP 30, the PRI reviewed the landscape of capital flows to the transition in *Investment Flows to the Net Zero Transition: Progress and Policy Needs*. Despite record finance for clean energy, it shows that capital flows remain overall misaligned with the goals of the Paris Agreement with flows to fossil fuels persisting. It also highlights data showing the importance of private finance to the energy transition (75% of clean energy flows).

While the **PRI's institutional investor signatories are making progress in financing the transition** – with 80% now assessing climate risks and over US\$500bn allocated to climate solutions by investors within our PRI-supported initiatives - progress in the policy environment is essential to support Paris-aligned investment and mobilise capital to EMDEs.

Mobilising Private Capital for Transition in Emerging Markets and Developing Economies (EMDEs)

As the co-chairs have identified, there are clear linkages between the Dialogue and the NCQG. The PRI recognises that scaling from billions to trillions of dollars to close the financing gap to EMDEs means reaching mainstream financial markets. **Raising private finance to the levels required in the countries where it is needed requires a step-change in targeted, coordinated efforts from policy makers, public finance institutions and investors.**

One size does not fit all investors, just as it does not fit all countries or economies. Stimulating and targeting the right action from the right investors in the right place with the right pipelines, policies, plans and vehicles is key to unlocking climate finance flows to underserved countries and sectors.

In its recent report, *Who Invests and How: Unlocking and Mainstreaming Institutional Investment Flows to the Net Zero Transition*, the **PRI recently developed a set of investor archetypes to help guide policy makers in targeting and mobilising investment.** They show how different types of institutional investors play different roles within the system, what barriers and opportunities they face and what impacts their decision making.

The five investor archetypes are:

- Domestically focused
- Commercially global
- State-aligned large-scale
- Highly regulated retail-focused



- Nimble entrepreneurial

Drawing on these, the PRI identified five solutions to unlock systemic and transformational flows.

These include:

- **Better map and match institutional investors with EMDE capital needs.** Understanding how different types of institutional investor can be matched to each economy and financial system and build out investable pathways to attract them
- **Clearly signal and support EMDE domestic financial market development. This can support increased domestic investment and attract international finance.** Progress on building blocks around governance and the rule of law, property rights, capital controls, and the wider financial regulatory environment can help countries attract the private capital they seek to support their transition.
- **Champion innovation and the use of new instruments and asset classes globally.** Support public-private finance innovation, and mechanisms that share risk effectively – including more standardised blended finance structures, enhanced use of guarantees and innovative financial approaches.
- **Prioritise economic and investment incentives within a coherent, whole-of-government approach to attract investors. Decisions in the real economy are decisive in determining flows and unlocking finance.** Opportunities exist to support growth and investment through the implementation of NDCs and their related policies, plans and pipelines, as well as through sectoral roadmaps and strategy on the transition away from fossil fuels, the renewable energy and energy efficiency, electrification, industrial strategy, and land use change. Clarity on how countries plan to implement GST and UAE outcomes is important signalling to investors.
- **Improve access of EMDE-operated companies to the global financial system.** Existing pathways that connect the global financial markets need to ensure they work for EMDEs, especially within the systems and processes that control investment flows.

Developed market policy makers have a responsibility to:

- provide technical assistance, capacity building and financial support to EMDE governments;
- show policy leadership and signal support to EMDEs to financial markets and practitioners;
- accelerate progress on developed market policy barriers and financial architecture reform.

In delivering private finance to support the NCQG, **the PRI welcomes the Baku to Belem Roadmap and will continue to engage on a range of key focus areas addressed in this from an investor perspective** – including on **taxonomy interoperability** whilst preserving national priorities, and on **tracking investment flows** to the transition from the largest 100 investors with investments in developing countries.

How Financial Authorities Can Build a Sustainable Financial System

We welcome the co-chairs emphasis on the need for an enhanced role for financial systems to achieve Paris Agreement goals and the importance of engaging all actors.

From an investor perspective, the PRI has recently emphasised the role of financial authorities in building a sustainable financial system in its [Policy Toolkit](#) – creating an enabling environment for responsible investment, fulfilling their mandates and responding to sustainability goals, risk, opportunities and impacts.

These can help to overcome key **investor challenges** such as:

- **lack of incentives** to support climate finance, resulting from issues such as short-termism and collective action problems;



- **incomplete capital markets** reflected in a lack of investable pipelines, mispricing of climate risk and high risks that go beyond the risk appetite of commercial financial institutions;
- **policy inconsistency** and uncertainty;
- **lack of comparable data** and metrics;
- **misaligned incentives** across the investment chain between asset owners and managers, as well as shareholders and investee companies; and
- **lack of awareness, resource and expertise** within the industry to manage and address sustainability risks.

The PRI's [Policy Toolkit](#) identifies **10 sustainable finance tools that authorities can use to build a sustainable financial system and address challenges faced by investors**, including

- **Investor sustainability responsibilities:** enabling investors to integrate sustainability factors into their investment decision-making, with the aim of contributing to financial stability, investor protection and market integrity.
- **Corporate sustainability responsibilities:** setting out expected or required sustainability practices for non-financial companies (or the non-investment activities of financial companies).
- **Investor sustainability disclosure requirements:** outlining the methodologies, key metrics and processes for sustainability reporting.
- **Corporate sustainability disclosure and accounting standards:** establishing what should be covered in disclosure and analysis of current and forward-looking data regarding companies' strategies, operations and performance on sustainability issues.
- **Regulatory frameworks for effective stewardship:** defining expectations around investors' stewardship practices and reporting, and removing obstacles to effective collaboration around systemic issues.
- **Transition plans:** guiding financial and non-financial entities to describe their strategy to transition their processes, operations and business models to meet sustainability commitments within a specified timeframe.
- **Human rights and environmental due diligence requirements:** supporting investors' risk and impact analysis, enabling better-informed investee engagement and levelling the playing field for responsible corporate and investor practice.
- **An enabling policy environment for sustainable financial instruments:** mobilising public and private capital to finance the just transition and solutions to tackle sustainability-related risks.
- **Service provider sustainability regulations:** ensuring that service providers serve the best interests of their clients, taking sustainability-related risks into consideration.
- **Sustainability standards and classification instruments:** for example, taxonomies, scenarios, pathways and impact assessment standards built on scientific consensus and international norms. These would provide clarity on key terminologies and tools for identifying what is sustainable.

Financial policies or regulations to deliver real world outcomes will only reach their potential if they are connected to wider policy reform that addresses economic externalities and builds markets for solutions. Financial regulators should therefore consider how they can help to enable finance in support of the transition to a sustainable economy in a **joined-up, whole-of-government approach** as the most efficient means to safeguard financial returns.

The PRI is building on these tools and insights through its participation in the Paragraph 34 Initiative under the Sevilla Platform for Action that emerged from FFD4, to support countries in developing their sustainable finance frameworks.



The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the Veredas Dialogue co-chairs and the UNFCCC to support alignment of financial flows with the goals of the Paris Agreement.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org