



The Financial Assessment of Climate-Related Risks & Sustainability Regulations and COP 31

Oxford Executive Training Programme

St Edmund Hall, University of Oxford — 29–30 June 2026

1. Overview

The Oxford Executive Programme on the Financial Assessment of Climate-Related Risks and Sustainability Regulations was convened at St Edmund Hall, University of Oxford, on 29 and 30 June 2026, organised by the Oxford Centre for Technology and Development (OCTD). The programme brought together a select cohort of senior executives from the banking and financial services sector, primarily from Türkiye, for two days of academic engagement and strategic dialogue on climate-related financial risk, sustainability regulation, and preparation for COP31, which Türkiye will host in Antalya in November 2026.

The first day, held on 29 June at St Edmund Hall, consisted of faculty-led lectures and moderated executive discussions covering climate finance, adaptation, nature-related financial risk, climate science and law, insurance, climate policy monitoring, carbon markets, public procurement, and Türkiye's COP31 agenda. The day concluded with a networking dinner in Oxford, which was kindly sponsored by **Trasta ESG**.

On the second day, 30 June, participants took part in a **pre-COP workshop hosted at the Oxford Martin School**, organised in collaboration with **Oxford University's Smith School of Enterprise and the Environment**. The workshop served as a senior executive platform for agenda-setting ahead of COP31 in Antalya, and its discussions are expected to feed into a summary note from the Oxford delegation in preparation for the conference.

2. Opening Remarks — Dr Emre Eren Korkmaz

Dr Emre Eren Korkmaz welcomed participants and framed the programme as an opportunity to prepare for the next COP by examining climate-related, financial, and industrial risks. He emphasised that the gathering was not intended as a one-directional teaching exercise: because the

participants are themselves active practitioners at the forefront of sustainable finance, Oxford's researchers were equally keen to learn from their experience, which reflects wider global trends.

He stressed that the two days in Oxford should be understood as the starting point of a longer-term collaboration rather than a one-off event, and pointed to a series of upcoming milestones: Climate Finance Week in Istanbul in September, COP31 in Antalya in November, and the continuing work programme through to COP32. He closed with a brief introduction to St Edmund Hall — one of Oxford's oldest colleges, associated with St Edmund, who taught on the site in the thirteenth century — and to the Oxford collegiate system more broadly.

3. Why Is the Financial System Built to Escape Climate Risk?— Dr Abrar Chaudhury (Saïd Business School):

Dr Abrar Chaudhury, Senior Fellow at Saïd Business School with fifteen years of research experience in climate finance, delivered the core lecture of the morning, structured as a problem framing followed by an interactive group exercise and plenary discussion.

3.1 The central puzzle: money exists but does not reach where it is needed

Dr Chaudhury opened with the question that has driven his research: there is substantial capital committed to climate change globally, yet it consistently fails to reach the people and places that need it most. His central argument was that this is not a shortage of money but a structural problem: money is effectively "repelled" from the climate system because financial structures were never designed to accommodate climate funding. The financial system, he argued, is built to escape climate risk rather than to engage with it.

He illustrated the human and economic stakes with the case of Pakistan: the 2010 floods submerged a fifth of the country and caused roughly \$10 billion in economic losses, while the 2022 floods — just twelve years later — put a third of the country under water, affected 33 million people, and caused around \$30 billion in losses, prompting the UN Secretary-General to describe the scale of the "climate carnage" as unprecedented. Turning to Türkiye, he noted recent record temperatures, economic losses of around \$232 million in 2021, and World Bank findings that approximately 42% of Turkish banks' loan portfolios are concentrated in climate-sensitive areas — meaning the Turkish financial system is already materially exposed to climate impacts whether or not it recognises them.

At the global level, he contrasted estimates of climate costs (Swiss Re's figure of \$23 trillion among them) with the finance actually mobilised: developing economies have demanded around \$1.3 trillion for climate action, while only \$300 billion was committed at COP — an increase from the earlier \$100 billion goal, but with no agreed disbursement mechanism, and actual flows closer to \$100 billion.

3.2 The three layers of climate risk

The analytical heart of the lecture was a three-layer risk framework explaining why finance systematically underprices climate:

Planetary risk sits at the base — global warming, droughts, heatwaves, and tipping points. Drawing on Rockström's planetary boundaries research, he noted that six of the nine boundaries have already been breached. This layer is essentially unpriced; the financial impact of planetary hazards is unknown and growing.

Economic risk is a subset of planetary risk — what economists and climate scientists can measure, such as the \$30 billion loss figure for Pakistan. It captures GDP and livelihood impacts but excludes unmeasurable harms such as mental health, wellbeing, and children leaving school.

Financial risk is the smallest layer — what actually appears on the balance sheets of banks and central banks. Because multilateral organisations, governments, disaster funds, and public finance absorb most of the shock before it reaches financial institutions, the risk that institutions price is only a narrow residual of the true planetary risk.

The consequence, he argued, is perverse: the system is "working perfectly" from an institutional standpoint. Banks can pass every stress test, meet every due-diligence and risk requirement, and remain profitable while the costs borne by the planet and by countries are enormous. When finance prices climate purely as a risk to avoid, the rational response is to exit — as demonstrated by insurers withdrawing from wildfire-affected areas of California rather than developing new products, and by the fact that of roughly \$2 trillion in insured-event losses, only 38% was actually covered. Institutions behaving prudently and rationally, protecting their own balance sheets, collectively ensure that planetary risk never makes its way into financial assets.

3.3 The mitigation–adaptation imbalance and the measurement problem

Dr Chaudhury then turned to why adaptation finance in particular fails to flow. Mitigation has a single, fungible, globally priced unit of analysis — CO₂ — which enabled carbon markets, bonds, and an entire financial architecture. As a result, roughly 90% of climate finance flows to mitigation (clean energy, EVs, solar). Adaptation, by contrast, is inherently local, spans incomparable domains (water, agriculture, materials), and its benefits are "avoided losses" — the flood that caused no damage — which are extremely difficult to price and politically unrewarding to fund. Only about 10% of climate finance goes to adaptation, and of that, a tiny fraction (around 0.17%) actually reaches the local level where it is needed. He noted the injustice embedded in this: countries like Pakistan emit under 1% of global emissions, so mitigation finance solves the world's energy problem but not those countries' climate problem.

His prescription was precision. Vague proposals ("resilience for floods in Punjab") stall; fundable proposals specify measurable outcomes (raising 400,000 hectares above the one-in-twenty-year flood line, protecting 90,000 families and \$120 million in annual output). His research with the

Green Climate Fund shows that vagueness is a principal cause of project delays. He also highlighted an emerging positive signal: leading insurers in California, under public and government pressure, are now partnering with materials companies to build fireproof housing — investing in resilience to reduce their own exposure and premiums, a practical example of pricing avoided losses.

The concluding "flip" of the lecture: the conditions participants identified are the same ones that turn retreat into investment. The change happens when the **cost of inaction becomes visible and priced** — when institutions ask what happens to the sectors they finance if water, land, and natural capital fail.

3.4 Group exercise and Q&A

Dr Chaudhury paused mid-lecture for a ten-minute group discussion around the question: **"What would it take for your institution to invest in climate adaptation?"** The feedback from participant groups clustered around several conditions. Participants argued that adaptation, unlike mitigation, cannot be delivered by a single institution: it requires all stakeholders, with the public sector on board alongside private companies, ideally through public-private partnerships treating adaptation as a public service. Projects must be bankable, with construction and execution risks mitigated, predictable cash flows, secured demand (for example through tax incentives), and affordability for the public — participants cited failed cases, including a Swedish circularity investment that collapsed because demand was never secured and a highway project that went bankrupt because it was unaffordable to users. Other groups emphasised mandatory rules and regulations with credible, durable standards that will not later be watered down; government incentives aligned across sectors (with the US iron and cement incentives cited as an example of inconsistency); internal alignment across sustainability, procurement, and business lines together with senior leadership and CEO-level buy-in; penalties for bad behaviour, not only incentives for good behaviour; better and more dynamic data and measurement; and public procurement as a powerful demand signal, notwithstanding the mismatch between one-year public budgets and long-term contracts. One participant added that institutions should not wait for perfect data — citing a grant programme in Türkiye that funded SMEs on the condition of formalising informal practices — because first movers will never have perfect information. Another raised Japan's transition bonds (six times oversubscribed) and resilience bonds (three times oversubscribed) as evidence that government-led blended finance can pave the way for private capital.

Questions from the floor included: which countries or regions contribute most to planetary risk and whether governance quality explains the gap between money needed and money absorbed (Dr Chaudhury noted that the most vulnerable countries cluster near the equatorial belt, are often the poorest, frequently have weaker governance and absorption capacity, and have the least ability to adapt — Pakistan consistently ranking among the ten most climate-vulnerable countries); how the existing system can be adapted constructively rather than disruptively; and who the biggest blocker of implementation is. On the last point, one participant pointed to short-term political cycles —

governments needing results within electoral horizons — while a representative of the banking association responded that impact investment is a relatively new expectation of finance, but that the industry is converting: banks in Türkiye and globally are increasingly required to assess the impact of investments at the origination stage and to code investments against the UN SDGs, a practice already adopted by Turkish banks and institutions such as the IDB. A further challenge from the floor argued that commercial financial institutions were simply never built to deliver adaptation finance, so the funding gap is structurally inevitable under the current model; Dr Chaudhury agreed in part — insurers exiting risk are not villains but rational actors protecting shareholder capital — while insisting that the task is to change what is priced, not to assign blame.

4. Nature Finance — Dr Hassan Sheikh (Smith School of Enterprise and the Environment)

Hassan, a Career Development Fellow in Nature Finance at the Smith School, presented on nature considerations within the COP process, arguing that nature risk is the next frontier after a decade of climate-risk pricing.

He framed 2026 as a year of three COPs — the climate COP, the nature/biodiversity COP in Armenia, and the desertification COP — and argued that COP31 offers an opportunity to bring the climate–nature–finance nexus together rather than treating nature as a separate track. Key points included the distinction between nature (all Earth systems: biosphere, hydrosphere, atmosphere, ecosystem services) and biodiversity (one component of nature); the concept of nature degradation as unsustainable use of natural capital assets; and the WWF/Zoological Society of London Living Planet Index showing a roughly 70% decline in vertebrate wildlife populations over fifty years.

He explained the pressures–state–response framework now being pushed onto corporations through the Taskforce on Nature-related Financial Disclosures (TNFD), and the effort to build nature-accounting frameworks analogous to carbon accounting so that lending, investment, and insurance decisions can incorporate nature. He was candid that current exposure-measurement tools (such as ENCORE) are not yet "decision-useful" for fund managers, and that considerable research remains to be done. As a concrete illustration of financially material nature risk, he cited Thames Water's discharge of untreated water and the resulting write-off of roughly \$950 million of equity exposure by Ontario's pension fund — losses that ultimately pass through to pensioners. On supply chains, he presented findings from a paper under review (using MSCI data) showing that 20–40% of supply chains both impact and depend on nature, so that parent companies in North America or Europe carry hidden portfolio exposure through subsidiaries in countries such as Türkiye, China, and Ghana. He also discussed the Tropical Forever Forest Facility (TFFF) launched at COP30 in Brazil — a \$125 billion blended-finance facility (\$25 billion public, \$100 billion targeted from private sources) to protect tropical forests — and the first-mover problem it faces.

Q&A and discussion. Participants engaged actively on Türkiye's position. It was noted that sustainability reporting is mandatory in Türkiye for banks and financial institutions — Türkiye

being described as the first country to mandate sustainability reporting alongside financial reporting — although TNFD-style nature-related disclosure is not yet embedded and current reporting is not double-materiality. A participant from the policy side added that Türkiye's green taxonomy, aligned with the EU taxonomy and covering more than 120 activities, has been finalised and sent to the Presidency for enactment, and that the Central Bank has been studying green monetary policy and incorporating climate considerations into medium- and long-term monetary policy analysis. Other interventions raised: the divergence and occasional contradiction between ESG ratings from different agencies (Moody's, S&P, Fitch, Sustainalytics) and the need for mutually accepted, transparent, comparable rating models; the reluctance of companies to disclose data on nature damage, making biodiversity data far scarcer than CO₂ data; double standards of some multinational companies (e.g., mining practices applied in Türkiye that would not be applied in home jurisdictions); past hydropower financing in Türkiye that failed to assess biodiversity impacts of river diversion, and the practical recommendation to involve biologists in project assessment; and a broader reflection that the prevailing mindset equates risk solely with financial risk and maximises individual rather than mutual wealth — to which Hassan added that where nature risks are financially material, addressing them falls within institutions' fiduciary duty. He closed by leaving participants with a question for COP31: what policy lever could bring climate and nature risks together at the portfolio level?

5. Climate Science and the Era of Overshoot — Dr Rupert Stuart-Smith (Oxford Sustainable Law Programme)

The afternoon panel was hosted by Dr Rupert Stuart-Smith, Deputy and Acting Director of the Oxford Sustainable Law Programme (OSLP) — an interdisciplinary institute sitting between Oxford's School of Geography and Faculty of Law, comprising climate scientists, policy experts, and legal scholars, and working closely with the Blavatnik School of Government. Speaking as a climate scientist, he set out the state of the climate in 2026 and its legal implications.

5.1 Where the world stands in 2026

Global warming has reached approximately 1.37°C — nearly 1.4°C — above pre-industrial levels, with temperatures rising at least a fifth of a degree per decade, meaning the 1.5°C Paris Agreement goal will soon be exceeded. The remaining carbon budget consistent with 1.5°C stood at roughly 130 billion tonnes of CO₂ at the start of 2026; with annual emissions of about 40 billion tonnes, that budget will be exhausted in under three years at current rates.

This does not mean the Paris goals are lost, but it changes their character. The only remaining pathways to 1.5°C in the long term are **overshoot pathways**: temporarily exceeding 1.5°C and then relying on large-scale carbon removal — both technological options and preservation of the biosphere's natural sinks — to bring temperatures back down. Overshoot, he argued, is now the dominant frame for understanding the climate challenge scientifically and, increasingly, in policy.

With an all-out global effort to reach net zero within a couple of decades, peak warming might be held to around 1.7°C, preserving a chance of returning to 1.5°C later in the century.

5.2 Why the magnitude and duration of overshoot matter

Dr Stuart-Smith presented findings from a study currently under review that surprised even its scientific co-authors: the relationship between the duration and magnitude of overshoot and heat-related deaths worldwide is almost perfectly linear. Every additional year above 1.5°C, and every additional increment of peak warming, translates into more heat-related deaths and greater harm to health, the economy, and agriculture. This follows from a fundamental of climate science — the approximately linear relationship between cumulative CO₂ emissions and global warming — which underpins both the carbon budget concept and the necessity of net-zero CO₂ to stabilise temperatures. The IPCC's conclusion that "every tonne matters" was the throughline: every tonne avoided or removed reduces the impacts the world must endure.

5.3 Legal implications and the role of COP31

Working with legal colleagues including Professor Lavanya Rajamani, a leading international environmental law scholar involved in the design of the Paris Agreement, the OSLP has explored the legal consequences of these scientific facts. Their conclusion: a due-diligence approach to managing climate change under international law requires minimising overshoot as far as possible, applies guardrails on state reliance on risky technologies, and demands the fastest possible emission reductions. This logic was enshrined for the first time in the COP30 decision, which explicitly addressed overshoot and resolved to limit both its magnitude and duration. What "minimising overshoot" actually means, however, remains open to interpretation, and strong guidance from a COP31 decision could be vital in supporting domestic implementation of the Paris Agreement in a world of now-inevitable overshoot. He stressed two further legal conclusions: overshoot in no way weakens the requirements incumbent on states or the salience of the Paris Agreement in interpreting the UNFCCC's objective of avoiding dangerous climate change; and the world must be prepared to deliver carbon removal at scale at the time of peak warming — though removal must never substitute for immediate, ambitious emission cuts, since taking carbon out of the atmosphere will always be harder than not emitting it.

5.4 Q&A

Participants asked him to clarify the "three and a quarter years" figure (130 billion tonnes remaining divided by roughly 40 billion tonnes emitted per year); about the role of carbon capture technologies (important for future net-negative emissions and for truly hard-to-abate, socially vital sectors, but currently expensive and no substitute for renewables-led abatement of energy emissions); and whether climate law is forward-looking or retrospective (he noted that litigation

continuously reinterprets existing tort, human-rights, and international obligations in light of new knowledge, making law a flexible tool). One participant from the financial sector proposed that the Sustainable Law Programme consider designing a platform — akin to an arbitration or conflict-management centre — for resolving disputes and grey areas in sustainable finance legislation and agreements; Dr Stuart-Smith responded that while no such platform currently exists, the Programme would be delighted to support participants' institutions with its interdisciplinary expertise and to explore how it could be useful in such decision-making contexts.

6. Insurance in a Warming World: Who Pays? — Peter Barnett (Oxford Sustainable Law Programme)

Pete Fanet, an honorary research associate at the OSLP and a career litigator with backgrounds in financial and climate-adjacent litigation, examined what insurance is telling us about the financial system's ability to withstand climate change — and how the law determines where climate losses ultimately fall.

6.1 The canary has stopped singing

Insurance, he began, has been described as the canary in the coal mine — and the canary has stopped singing. Climate change is driving increasingly frequent and intense floods, droughts, heatwaves, wildfires, and storms, and insured losses are rising at around 5–7% per year. While the dominant driver of that rise is the increasing value of exposed assets, reinsurers such as Munich Re describe climate change as playing an increasingly important role. The result is an acute and widening insurance protection gap, felt most sharply in places like post-wildfire California, and fast becoming a systemic risk. He cited a March report predicting that 430,000 mortgaged properties in the UK could become uninsurable by 2050 — creating "mortgage prisoners" unable to sell or remortgage, raising defaults, and threatening localised credit crunches — and referenced warnings from Allianz leadership that uninsurable regions constitute a systemic threat to the foundations of the financial sector across housing, infrastructure, transport, agriculture, and industry, with the risk of rapid and brutal repricing. Crucially, governments cannot simply be expected to absorb the difference: multiple high-cost events in a short timeframe would exceed realistic fiscal capacity.

6.2 Public–private programmes and product innovation

Two solution sets are emerging. First, public–private insurance programmes, which preserve availability and affordability through combinations of risk pooling, cross-subsidisation of high-risk policyholders, public reinsurance layers, compulsory participation, and state guarantees — work proceeding at national, regional (European), and global levels. His caution as a lawyer: these schemes are not free; they decide who pays, typically through some form of government backstop at a time when climate change is already straining fiscal capacity. Second, product innovation:

parametric insurance paying fixed sums on pre-agreed triggers, catastrophe bonds sharing risk with capital markets, and significant innovation in Islamic financial instruments including takaful and parametric takaful. These instruments transfer or better time risk, but none directly addresses the underlying drivers of loss.

6.3 The law as an allocator of loss: subrogation and beyond

The less-discussed dimension is the law's role in allocating losses. He focused on **subrogation** — the established insurance-law mechanism by which an insurer, having paid a claim, steps into the policyholder's shoes to recover from a responsible third party (the classic example being recovery from a reckless driver). Two early climate-related cases are instructive, and both cautionary. After the 2022 KwaZulu-Natal floods in South Africa caused \$361 million of damage to Toyota's manufacturing plant, the insurer Tokio Marine paid the claim and is now suing the municipality and two state-controlled entities for the entire loss — an amount exceeding the municipality's health budget, illustrating (for worse, in his view) how law can shift where losses fall. After the 2017–18 California wildfires were held to be the responsibility of the utility PG&E for failing to maintain its lines, subrogation claims against the utility were later traded: hedge funds bought insurers' claims and settled them at significant profit.

He then turned to calls — from former California insurance commissioner Dave Jones, state legislators in California and Hawaii (so far unsuccessful), and shareholder and civil-society groups — for these mechanisms to be pointed in a different direction: insurers pursuing climate-attributable losses from the fossil fuel companies whose products caused the harm. The foundations of such claims are strengthening: climate attribution science, a growing body of case law holding industry defendants accountable for property damage, and mounting evidence of what companies knew and when. All of this remains legally contested and highly jurisdiction-specific, but it underlines that the law can change where loss falls.

6.4 Reallocating losses: superfunds, levies, and the polluter pays principle

Currently, climate losses fall on uninsured households, on insurers and (through premiums) their policyholders, and on governments. Mechanisms now emerging would reallocate them: public–private insurance partnerships in which government foots part of the bill; US "climate superfund" laws in New York (a \$75 billion fund financed by contributions from major fossil fuel companies, currently contested in the US courts) and Vermont; a draft climate accountability bill before the Philippine Congress under which polluters would pay into a climate reparations fund; and a City of Sydney motion — unanimously approved by the Australian Local Government Association — calling for an industry levy to fund climate compensation, explicitly citing the uninsurability crisis. His concluding point: climate losses do not disappear under a public–private partnership; they are shifted. The polluter pays principle, recognised in various national and regional (including EU) legal systems, offers one way of internalising those costs, operating before or after the event, and is

arguably consistent with the economic incentives needed to accelerate the transition and build resilience — though it will inevitably be legally contested. He flagged several strands of this agenda as relevant to COP31.

7. Climate Risk, Law, and Litigation — Nicholas Young (Oxford Sustainable Law Programme)

Nicholas Young, Research Fellow in Sustainable Business Law at the OSLP, challenged two assumptions underlying conventional climate-risk assessment, taking as his starting point Mark Carney's 2015 speech "Breaking the Tragedy of the Horizon," which established the now-standard vocabulary of physical risk (acute and chronic impacts on assets and operations) and transition risk (changes in markets, reputation, and law as society responds to climate change).

7.1 Two flawed assumptions

Risk assessments of this kind, he argued, rest on two assumptions that often do not hold. The first is that climate risks can be calculated and compared across firms and countries. In reality, climate risk is **scenario-dependent**, and in the absence of prescribed baseline scenarios, entities engage in what the OSLP terms **strategic scenario choice**: companies must disclose material risks, but if they choose the scenarios against which risk is benchmarked, they effectively choose what to disclose. Even the most progressive accounting standards require only that companies state which scenarios they used, leaving regulators to compare risk assessments from entities with an interest in understating their own exposure. The same discretion operates at country level: NDCs vary widely in ambition and construction, and governments have actively watered them down — the Bolsonaro government in 2020 inflated baseline emissions to make Brazil's target look more ambitious than it was, and New Zealand recently changed its calculation of biogenic methane to make its emissions appear smaller. He therefore expressed hope that the **NDC features workstream**, discussed at Baku, will be advanced at COP31, since fleshing out required NDC features would make national commitments more comparable and useful for systemic analysis.

The second flawed assumption is that risk exposure is determined simply by who owns an asset. In fact, the magnitude, allocation, and nature of climate risk depend on the legal framework — and can be transformed by legal action.

7.2 How law reshapes climate risk

At the international level, a remarkable series of advisory opinions — from the International Court of Justice, the ITLOS tribunal, and the Inter-American Court of Human Rights, with the African Court on Human and Peoples' Rights expected to follow — is redefining and raising states' responsibilities on climate change under international law; he strongly encouraged participants to study the ICJ advisory opinion and its implications for finance, law, and COP negotiations. Pulling

in the opposite direction, international investment law — the Energy Charter Treaty and hundreds if not thousands of bilateral investment treaties — protects existing fossil fuel investments, enabling asset owners to sue governments that accelerate the transition, as seen in the Netherlands, Germany, and now the UK. A 2022 analysis published in *Science* estimated that under a 1.5°C pathway, states globally would face around \$340 billion in such compensation liabilities for early closure of fossil assets — by some measures more than much of climate finance itself. Addressing climate inaction therefore requires confronting the legal insulation of existing assets, a topic with growing space in the COP process. Domestically, the New York and Vermont superfund laws are creating liabilities for companies that previously considered themselves immune, while instruments such as long-term power purchase agreements can shift legal risk from coal-fired generators to electricity suppliers — insulating precisely the parties whose behaviour policy seeks to change.

Finally, litigation itself: more than 3,600 climate cases have now been brought across 62 jurisdictions over roughly four decades, predominantly in the United States but increasingly global — including, as participants noted with interest, around ten cases in Türkiye, the first of them filed only last year, which may prove an impetus for more.

7.3 Q&A

Asked how the civil law/common law divide affects climate-risk exposure — given common law's recognition of beneficial ownership — he observed that some of the most effective climate litigation has in fact arisen in civil law systems, notably cases in the Netherlands and Germany using statutory duties of care against high-emitting companies for endangering citizens' rights; the models differ by legal system, but civil law is no bar to such actions. Participants also probed the \$340 billion investment-treaty liability estimate, which he confirmed reflects claims fossil fuel firms could bring under instruments such as the Energy Charter Treaty for early closure of mines and power plants on a 1.5°C trajectory.

8. Tracking Global Climate Law and Policy, Dr Helena Wright — The Oxford Climate Policy Monitor

Dr Helena Wright from the Oxford Climate Policy Hub presented the **Oxford Climate Policy Monitor**, a tool tracking how laws and policies around the world are aligning with climate goals, with the overview delivered by Helena.

The Monitor analyses policies related to both sectoral and corporate/financial policies, including climate disclosure, carbon credits, prudential rules, transition planning, and public procurement. — and is introducing three new domains highly relevant to the upcoming COP: aviation (including CORSIA and sustainable aviation fuel), buildings (a huge share of global emissions), and trade (topical amid current geopolitical developments). Its distinctive feature is its network: more than 400 lawyers across over 60 global law firms provide pro bono legal analysis, with two law firms in each covered jurisdiction — including two in Türkiye — bringing national-level legal expertise and

language skills to bear in analysing how laws are written and implemented. Coverage currently spans 37 countries including all of the G20, with Ethiopia and Denmark being added this year. Each policy is assessed against four attributes: **ambition** (domain-specific), **stringency** (mandatory versus voluntary), **implementation** (evidence of enforcement and agencies with requisite capacity — a central focus of the Brazilian COP30 presidency), and **comprehensiveness** (which actors and sectors are covered).

Contrary to the media narrative of ESG pushback, the Monitor's granular analysis over its first two years tells a broadly positive story: climate policies are strengthening despite political headwinds, with North America the only region to record a fall in ambition. The tool allows country-by-country benchmarking: Türkiye, for example, emerges as a high performer on climate disclosure and transition planning while roughly tracking the global average on procurement, whereas Australia performs above average on disclosure and procurement with room to improve on the prudential side. First-time analysis of methane policy showed rising ambition concentrated on fossil-fuel methane, with weaker coverage of agriculture and waste — the latter being a likely topic for the forthcoming COP. The team highlighted its impact channels: it is a main data provider to the UN Task Force for Net Zero Policy (with a joint report to be released at the COP) and supports the Brazilian government's implementation of sustainable public procurement under the Belém Declaration launched at COP30. As opportunities for COP31, the presenters flagged the circular economy, public procurement, and the waste–buildings nexus (construction waste alone accounts for roughly a third of global waste). In discussion, a participant proposed establishing a periodic monitor of Turkish legislative developments that Turkish institutions could officially distribute, with a feedback loop from local focal points; the team welcomed the suggestion, noting that its current engagement with domestic regulators runs through partner law firms and that direct dialogue with regulators on implementation challenges would strengthen the data.

9. Green Prudential Policies and Financial Regulation — Dr Bhavya Gupta (Oxford Climate Policy Hub)

Dr Bhavya Gupta, a postdoctoral researcher at the Oxford Climate Policy Hub, presented the Monitor's findings on corporate and financial-sector climate policy, focusing on **green prudential policies** — tools issued by central banks or financial regulators governing how climate-related financial risks should be identified, assessed, mitigated, and monitored. The tracking is unusually granular: a 40–50 question survey is completed for every policy, capturing over 50 data points each, organised by regulatory objective (supervisory expectations on risk management and governance; climate stress testing and scenario analysis at bank, sector, or economy-wide level; capital-requirement recalibration; preferential green lending guidelines; and other objectives such as green taxonomies).

The headline findings: 35 of 37 tracked jurisdictions have at least one green prudential policy in force — the exceptions being the US and California, both of which rolled back previously existing policies last year. Although the field is nascent and much of it consists of soft-law guidance, a

substantial share of policies impose mandatory obligations. **Türkiye has policies in place covering every objective of the prudential domain** — risk management and governance, stress testing, preferential green lending, and capital requirements — and ranks as a high performer, partly attributable to the "Brussels effect" of EU-aligned regulation (with the caveat that the EU's averaged score understates its ambition given its much larger number of policies). Across jurisdictions, ambition is highest on stress testing and scenario analysis and lowest on aligning balance sheets with climate risk — where the real action lies — with two approaches emerging: capital requirements (arguably ill-suited to radically uncertain, forward-looking climate risks) and preferential green lending mandates. The data also reveal strong diffusion of international standards: around two-thirds of jurisdictions reference the Network for Greening the Financial System (a voluntary body of some 149 central banks) and the Task Force on Climate-related Financial Disclosures, and domestic regulations frequently borrow the language of the Basel framework — Pillar 3 (market discipline and disclosure) cited in 19 jurisdictions, Pillar 2 (supervisory review and capital add-ons) in 17, and Pillar 1 (capital requirements) least of all.

Looking to COP31, she argued that although prudential policy is by definition about risk management, the financial sector creates ripple effects that drive the real economy's transition, and greater ambition here is essential — or it becomes an impediment. Two levers stand out: leveraging international frameworks such as the NGFS to compel domestic action around political gridlock, and pivoting toward **greater fiscal–financial coordination** within countries — between finance ministries and financial regulators — for which venues such as the G20 Coalition of Finance Ministers for Climate Action already exist.

Q&A. Participants probed the methodology of cross-country comparison: she explained that ambition criteria are developed per domain in consultation with academics, regulators, and standard-setters around a consensus view of "what good looks like" (e.g., Scope 3 disclosure in the disclosure domain; balance-sheet robustness to climate-driven non-performing loans in the prudential domain), populated through the law-firm survey, with 10–12 differently weighted variables per domain applied identically across countries. Asked whether climate risk is incorporated in the IMF's assessment methodology, she noted that it enters indirectly — through how physical and transition risks aggravate traditional financial-risk drivers (credit, operational, market, liquidity) relevant to macro-financial stability — rather than as a direct, standalone assessment.

10. Carbon Credits and Carbon-Market Interoperability — Dr Bhavya Gupta (Oxford Climate Policy Hub)

In the second part of her presentation, Dr Bhavya Gupta turned to **carbon crediting rules** — treating a carbon credit as representing one tonne of CO₂ reduced or removed, and emphasising that credits have evolved from a pure emissions-reduction tool into a powerful instrument for mobilising climate finance, albeit one plagued by fragmentation, interoperability challenges, and greenwashing allegations.

The Monitor tracks the full supply chain — generation, use, and exchange of credits, in both compliance and voluntary markets, including Article 6 engagement and regulation of credits as financial instruments. All 37 jurisdictions have at least one carbon crediting policy, but only 18 govern all objectives across the chain. On **generation**, while 34 of 37 countries regulate credit creation, only 14 specify high-integrity criteria — additionality, permanence (at least 100 years), minimised reversal risk, and social integrity safeguards for land-based projects. African jurisdictions, including Kenya, Nigeria, Ghana, Rwanda, and Tanzania, are emerging frontrunners on social integrity safeguards, reflecting their position as credit-supplier countries. On **use**, most countries require credits to be listed on public or private registries (Gold Standard, Verra), but only 27 of 37 regulate double counting (double use, double claiming, double retirement). On **exchange**, a growing body of regulation gives credits legal certainty as securities, financial instruments, or commodities — examples include Singapore's AirCarbon exchange, Brazil's law regulating credits as financial instruments, and unexpectedly detailed rules in Egypt and Indonesia on how brokers and financial companies must treat credits in their accounts — which the team considers important for giving corporates the certainty to use high-integrity credits at scale.

Her closing message drew on a recent roundtable of the Coalition to Grow Carbon Markets, where co-chair Ravi Menon argued that the need of the hour is **consolidation**: not uniform regulation across countries, but consistency, interoperability, and harmonisation across an "alphabet soup" of coalitions and fragmented national regimes. COP31, she argued, can serve as the convening venue to frame carbon credits explicitly as a climate-finance mobilisation instrument, define common principles for corporate claims and disclosures, and create a taxonomy of credits as financial instruments.

Plenary discussion. This proposal sparked one of the most animated exchanges of the day. A Turkish participant proposed that framing carbon credits as climate-finance mobilisation under Article 6 — with a taxonomy of credits as financial instruments and monitoring across industry types, particularly for decarbonising hard-to-abate sectors — could be developed as a COP31 initiative with regulatory impact worldwide. The panellists agreed that the climate champions process could carry this forward, since the many bodies working on offsetting, allowances, credits, and removals operate in silos, and COP31 could bring the carbon-markets ecosystem together as a whole — covering hard-to-abate and high-emitting industries as well as the corporate financial space, which is oriented more toward offsetting than deep emissions reduction. Participants proposed a platform, potentially under the UN, connecting credit supplier and buyer countries to enable trading across different national ETS designs under a high-level umbrella — "interoperability for taxonomy." The panellists noted that this is especially timely: following the Article 6 decisions at the last COP, COP31 is effectively the first COP at which this level of ambition on carbon-market interoperability can genuinely be pushed forward, and consolidating the existing coalitions could be a powerful, lasting legacy. Bhavya Gupta inventoried the existing but fragmented convening spaces: the Open Coalition on Compliance Carbon Markets launched at COP30 by China, the EU, and Brazil (whose subsequent activity is unclear); the Coalition to Grow Carbon Markets on voluntary markets, set up by Singapore, Kenya, and the UK and now numbering

around twelve members; the Article 6 ambition coalition (AAA6); and an industrial deep-decarbonisation coalition. Turkish participants suggested taking the topic to UNEP FI and to Istanbul Climate Week in September, where the ministry will organise a holistic programme open to financial, development, and international institutions — building on an existing initiative rather than starting from scratch. It was also noted, as a point of fact, that Türkiye has not yet taken an official decision on the utilisation of carbon credits within its ETS.

11. Green Public Procurement as a Strategic Lever — Dr Emma Lecavalier, Oxford Climate Policy Hub

Dr Emma Lecavalier, a postdoctoral research fellow at the Oxford Climate Policy Hub working on the Oxford Climate Policy Monitor presented on **green public procurement (GPP)**, reframing it from administrative activity into one of the most powerful and underused levers for market transformation.

Government contracts with the private market represent 13–20% of global GDP — roughly \$9.5 trillion in annual spending — and account for an estimated 15% of global emissions, much of it in construction and infrastructure. With half of the buildings that will exist in 2050 not yet built, governments hold an enormous lock-in effect in the built environment. Nearly every G20 government now has some rule on greening procurement, but the field has reached a moment of **implementation challenge**: connecting policy goals to actual spending.

Drawing on a year-long project — conducted with colleagues including partners from the Brazilian Instituto Jataí and Betty Cremmins (formerly of the US Buy Clean programme), comprising some 75 expert interviews across 11 countries — the presenter mapped three distinct pathways: greening **what** you buy (eco-labels, and increasingly life-cycle costing and environmental product declarations that internalise carbon costs into purchasing decisions); greening **who** you buy from (supplier-based criteria, especially where the purchased good itself has no obvious green variant, such as social or professional services); and greening **how** you buy (innovation-oriented approaches such as contracts for difference, advanced market commitments to de-risk products like low-carbon cement, and leasing models that buy a service rather than an asset, changing the contract's incentive logic toward efficiency).

Two supplier-criteria examples stood out. The UK's procurement policy note requires suppliers on contracts above £5 million to provide a carbon-reduction/transition plan — notably, holding suppliers to a higher standard of corporate climate governance than UK regulation imposes on the wider market. Canada, inspired by the UK, applies a similar rule to construction procurements above CAD \$25 million (typically requiring high-quality disclosure plus SBTi alignment or participation in Canada's Net-Zero Challenge) despite lacking mandatory disclosure rules of its own — sending a market signal about forthcoming regulation, partly in response to suppliers themselves demanding reward for climate leadership, in what the presenter called an "ambition loop." Both countries have faced the difficulty of defining a good transition plan from scratch, but the new draft

ISO standard on net-zero-aligned organisations (ISO 14060, consultation open until August) now offers a nearly ready off-the-shelf benchmark.

The candid caveat: procurement is one of the weakest-performing domains in the Monitor. Policy adoption is spreading, but largely as broad-brush targets within framework laws rather than concerted operationalisation. The barriers identified: deeply risk-averse procurement officials at the end of the acquisition cycle who fear litigation and failed tenders; a perceived (and largely mythical) lack of supply-chain readiness, remediable through earlier and smarter market engagement that also surfaces innovation opportunities (timber buildings versus low-clinker cement, for instance); limited bureaucratic capacity — in a UK survey, nearly 90% of local governments named GPP as the climate area where they most need capacity-building support; the partially debunked "green premium" myth, which creative financing (life-cycle-based contracting, energy service models) can address where upfront budgets are constrained; and, above all, weak data and metrics — GPP tracking today often measures only how many officials were trained and how many tenders included environmental criteria, revealing nothing about contract outcomes or market impact, though e-procurement systems and AI offer imminent improvement.

In Q&A, a Turkish participant pressed for specifics on where Türkiye could improve on procurement; the presenters noted that Türkiye already broadly tracks global average ambition on procurement, but could set clearer targets related to overall sectors, like construction, and/or could adopt practices related to life cycle analysis. The Hub has also offered to follow up with a country-specific breakdown after the session.

12. Keynote and Closing — Türkiye's COP31 Vision

A senior representative of Türkiye's Directorate of Climate Change addressed the programme on Türkiye's approach to COP31. The core message was that the real challenge is no longer ambition or even finance alone, but building the architecture that connects finance with implementation — finance being essential but insufficient without clear policies, legal certainty, strong institutions, credible markets, and investable projects. COP31 should close the gap between commitments and delivery and support practical solutions rather than "never-ending discussions."

The centrepiece announced was the **Climate Implementation Bridge**, one of ten flagship initiatives under the COP31 Presidency's action agenda. Its purpose is to connect countries with finance, technical expertise, and implementation partners based on their own national priorities — recognising that there is no single model for every country and that implementation must be flexible, practical, and country-owned. The closing thought: in the years ahead, countries will be judged not by what they announce but by what they deliver, and Türkiye's ambition for COP31 is to make that delivery possible. Participants responded warmly, with one noting that much of the global gap lies precisely in implementation and compliance, and expressing eagerness to take up the offer of collaboration.

In closing the day, the moderators highlighted **bankability** as the recurring theme — there are many ESG projects and there is money, but ways must be found to connect the two — and sounded a note of urgency echoing the climate-science session: on current trajectories the world is likely to exceed 1.5°C of warming relative to pre-industrial levels within roughly three years. Participants were described, memorably, as "canaries in the mine" — the image invoked in both the insurance session and the closing remarks. The session closed with thanks to all participants and a preview of the following day's themes: energy transition, energy security, and AI and sustainability.

13. Networking Dinner — Sponsored by Trasta ESG

Day 1 concluded with a networking dinner in Oxford on the evening of 29 June, generously sponsored by **Trasta ESG**. The dinner provided an informal setting for participants, faculty, and speakers to continue the day's discussions and to deepen connections ahead of the pre-COP workshop.

14. Day 2 — Pre-COP Workshop at the Oxford Martin School (30 June)

The second day of the programme was devoted to a **pre-COP workshop held at the Oxford Martin School**, organised in collaboration with **Oxford University's Smith School of Enterprise and the Environment**. Building directly on Day 1's discussions, the workshop brought together academic experts, senior international financial leaders, and Turkish financial institutions to exchange views on climate finance priorities, regulatory developments, and areas of collaboration ahead of COP31 in Antalya. The roundtable format was designed to contribute to agenda-setting for the conference, with discussions expected to feed into a summary note from the Oxford delegation in preparation for COP31.

15. Key Takeaways

The programme converged on a coherent set of messages spanning finance, science, law, and policy. The climate finance gap is a structural problem, not a liquidity problem: the financial system prices only the smallest residual layer of climate risk and is incentivised to exit rather than engage, while adaptation finance in particular is starved by a measurement problem and by the difficulty of pricing avoided losses. The climate science is unforgiving: with under three years of carbon budget remaining at current emission rates, overshoot of 1.5°C is now effectively inevitable, and minimising its magnitude and duration — with peak warming held to around 1.7°C — must become the organising priority of international climate policy, with heat-related deaths rising linearly with every year and every increment of overshoot.

The law is emerging as a decisive force in this landscape, in three ways: international advisory opinions are raising the bar of state responsibility; investment treaties, subrogation, superfund laws, and litigation are actively reallocating where climate losses fall — with over 3,600 cases in 62

jurisdictions, including Türkiye's first cases filed last year; and scenario-dependence and strategic scenario choice undermine the comparability of climate-risk disclosures, making COP31 work on NDC features and disclosure standardisation particularly valuable. Insurance, the canary in the coal mine, is signalling systemic strain, and the distributional question of who pays — households, insurers, governments, capital markets, or the industries whose products caused the harm — will only intensify.

At the same time, the Oxford Climate Policy Monitor shows that climate law and policy are strengthening globally despite political headwinds, with Türkiye a high performer on disclosure, transition planning, and green prudential regulation. Unlocking investment will require risk sharing between public and private actors, credible and durable rules, precise and bankable project design, better data, senior-level institutional buy-in, and demand-side instruments — above all public procurement, a \$9.5 trillion lever whose potential remains largely unrealised due to implementation barriers. Nature risk is emerging as the next frontier of financially material risk. And COP31 in Antalya offers concrete opportunities on each front: guidance on minimising overshoot, advancing the NDC features workstream, consolidating the fragmented carbon-market coalitions into an interoperable ecosystem with a taxonomy of credits as financial instruments, deepening fiscal–financial coordination, operationalising green public procurement, integrating climate and nature at portfolio level, and — through Türkiye's Climate Implementation Bridge — turning commitments into delivery. Participants were urged to treat the Oxford programme as the beginning of a sustained collaboration running through Climate Finance Week in Istanbul, COP31 in Antalya, and beyond.