

REPORT: THE PATHWAY TO DECARBONIZATION IS CLEAR, BUT BANKS RESIST NEEDED ACTION

New “Triple A” Status Urged for Banks That Act on Climate Safety, Sustainability and Resilience.

LONDON – 2 JULY 2020 – A new report by the Climate Safe Lending (CSL) Network details the urgent and pivotal role banks around the globe can play in moving economies in time to avert the worst damage from climate change. [“Taking the Carbon Out of Credit: An Integrated Approach to Removing Climate Emissions from Lending”](#) details a strategy toolkit outlining 10 approaches that banks should adopt to accelerate their decarbonization.

The report comes as investors, activists and even industry insiders express frustration with the banking sector, its growing commitments to fossil fuels, and the failure to develop strategies for decarbonization. The CSL Network lays out how banking institutions can take more concrete and comprehensive strategies to decarbonize their lending business within the next five years to avert the imminent climate tipping point of a two-degree Celsius global temperature rise, ensure a just transition, and address climate justice.

These are the 10 elements of the CSL decarbonization “toolkit” for banks:

Creating sector decarbonization plans  Banks can engage their sector-relationship teams to monitor and understand how their activity compares to current best practice, and to a net-zero solution.	Greening operations  Whilst the operations of a bank contribute to only a small proportion of its climate impact, greening its operations may have additional benefits - bringing insights into their day-to-day work and their client contacts.
Requesting & monitoring decarbonization plans  Lenders can provide debt to customers with conditions and borrower covenants that link to events of default.	Peer learning networks  By joining together in pre-competitive collaboration sessions, lenders can share insights and learn together, driving the financial sector forward in enhancing sustainability.
Mobilizing client networks  Opportunities for banks to mobilize their client networks, arranging connections and introductions to help businesses make progress.	Campaigns & public advocacy  In communicating their sustainability messages, banks powerfully signal the direction of a market, influencing entrepreneurs and stimulating demand for sustainable solutions.
Directing incentives  Offering financial incentives can stimulate demand and compensate for some of the costs of making the investments needed for transition – e.g. via green mortgages.	Mobilizing retail clients  Retail deposits are a major component of funding for lending institutions. Individuals are not just savers; they are also active citizens and consumers. Banks can mobilize retail clients via communications or specific products.
Investing in scalable interventions and assets.  Applying solutions or technologies that could be applied across sectors – e.g. energy efficient cooling or lighting solutions – that could be financed via leasing or asset finance.	Lobbying in public policy and links to public finance  By positively influencing the public policy arena, banks could play a pivotal role in ensuring that ‘green deal’ policies do transform the real economy.

The report also puts forward the new notion of “Triple A” ratings for banks that *“Anticipate risk,” “Add value”* and *“Act now”* when it comes to dealing with the challenges of climate safety, sustainability and resilience.

James Vaccaro, report author and interim director, CSL Network, said: **“Banks need to understand the imperative to get their climate strategies right - for the future success of their business and to make a demonstrable positive impact for their customers and the economies they serve. Turning positive impact approaches into sustainable business models will be critical as economies emerge from COVID-19 and transition towards a just, sustainable economy of the future.”**

Sandrine Dixon Declève, president, the Club of Rome, said: **“The planet and humanity are facing a deep systems crisis rooted in a number of interconnected global challenges. This is the moment to show collective leadership between government, business and citizens to shift our financial and economic systems beyond a growth paradigm and towards a more equitable well-being economy that will ensure resilience to future shocks.”**

Geeta Aiyer, founder and president, Boston Common Asset Management, LLC, said: **“We have the capital, technology, and scientific knowledge to address climate change. Proactive leadership from financial institutions is required now to make the most of this opportunity.”**

Fran Boait, executive director, Positive Money and CSL Network design team member, said: **“Taking the Carbon out of Credit lays out how a banking institution can move through target setting into the practical strategies to decarbonize their lending business at a pace that is commensurate with the scale of the challenge.”**

Ivan Frishberg, director of Impact Policy, Sustainability Banking at Amalgamated Bank and CSL Network design team member, said: **“The banking sector can no longer sit in the world of institutional risk mitigation and think that we will avoid systemic risk. The agenda now has to be about comprehensive action and real pathways for decarbonization, and that is what the Climate Safe Lending Network has outlined.”**

Tjeerd Krumpelman, global head of Advisory, Reporting & Engagement, ABN AMRO Bank N.V., and CSL Network design team member, said: **“Instead of waiting for a perfect strategy for assessing climate impact, the Three Horizons Approach to Climate Safe Lending described in Taking the Carbon Out of Credit offers banks an iterative process for setting and reporting on targets for reducing climate emissions. This approach helps us to align our portfolio with the Paris Climate Agreement.”**

Michael Swack, professor, Carsey School of Public Policy, University of New Hampshire and CSL Network Policy Initiative advisor, said: **“Managing risks is necessary for banks but not sufficient for the planet; Managing impact and innovation is necessary for the planet but needs sound strategy to become a tangible opportunity for banks. Taking the Carbon out of Credit offers a strategy toolkit outlining 10 complementary approaches that banks could adopt to accelerate their decarbonization pathways.”**

The Climate Safe Lending Network consists of diverse bank stakeholders from across North America and Europe who are collaborating to align bank lending with a well below two-degree Celsius global temperature rise. The CSL Network brings together senior leaders and changemakers within banks, stakeholders and influencers (including clients, foundations, shareholders), policy experts and civil society groups, connecting with one another to collectively explore how they can play their optimum role in accelerating change.

<https://www.climatesafelending.org/>

The CSL Network is part of Green America's Center for Sustainability Solutions, which brings together diverse stakeholders to solve complex systemic problems that no one company, organization or governmental agency can solve alone. Founded in 1982, Green America provides the economic strategies, organizing power and practical tools for businesses and individuals to solve today's most serious social and environmental problems.

<http://www.GreenAmerica.org> <http://www.centerforsustainabilitysolutions.org/>

MEDIA CONTACT: Alex Frank for Green America, +1 (703) 276-3264, afrank@hastingsgroup.com.

EDITOR'S NOTE: A video recording of the webinar will be available shortly after the live event on the CSL Network's website: <https://www.climatesafelending.org/>.