



Guidance Framework on Climate Change

WSBI/ESBG has started work on a series of tools to assist its members to implement the principles outlined in the Charter for Responsible Business Charter and the Environment Resolution. The first tool is a Guidance Framework on Climate Change that was endorsed by the ESBG Board of Directors in December 2008. It has been distributed to ESBG members with the request to disseminate it widely and encourage active implementation within their organisational network.

The objective of the Guidance is to outline the risks and opportunities caused by climate change and to encourage ESBG members to incorporate environmental and climate change considerations systematically into their business strategies. It is submitted that such a strategy fits well within the traditional sustainable development and the corporate social responsibility (CSR) activities of WSBI/ESBG member banks and can provide an attractive “return” for financial institutions in terms of the triple bottom line concept of Profit, People, Planet, also in times of financial crisis.

The Guidance outlines a roadmap for the implementation of a climate change strategy and action plan for a financial institution. It presents a series of proposals that WSBI/ESBG member banks can select to address the risks and opportunities that climate change represent for their business. It maps out action items to embed a climate change response in corporate functions such as strategy, property and facilities management, people and communication as well as new product and service opportunities across the main business lines of ESBG members.

The Guidance Framework on Climate Change is an internal document and has been posted on the WSBI/ESBG Extranet. To access the document, members should go to Extranet, click on Responsible Business, then click on Environment and finally on Climate Change Guidance.

Rationale for WSBI/ESBG Action

WSBI/ESBG member banks enjoy a long history of socially responsible banking all over Europe and beyond and address their CSR as an integral part of their business. The adoption of the Charter for Responsible Business and the Resolution on the Environment by the ESBG Board of Directors and General Assembly on 6 May 2008 and by the WSBI Board of Directors and General Assembly in April 2009 reflects the recognition that the environmental challenge is becoming one of the main collective hazards ever experienced worldwide. It also reflects the aspiration of WSBI/ESBG members to leverage their individual actions and make a contribution in favour of the planet and society.

What impact can financial institutions have on climate change?

As a building block of the global economy, financial institutions, such as WSBI/ESBG members, can provide a role model by establishing their carbon footprint, i.e. their level of carbon dioxide (CO₂) emissions, and setting targets to reduce these emissions. They can also contribute momentum by incorporating the environmental dimension in banking offers, operations and processes, in relations with customers and suppliers as well as in their role as institutional investors.





Customers are increasingly expecting more environmental awareness and an offer of products and services that respect social, environmental and sustainable development criteria on the part of their financial institution. Investors are seeking more disclosure of risks and opportunities, including the impact of climate change, on competitiveness and investment returns.

Risks and Opportunities

Climate change presents a number of risks but also opportunities for financial institutions. The risks cover a broad spectrum, including regulatory risk, reputational risk as well as physical risk to property and operational risk through the interruption of business operations due to extreme weather events.

The opportunities, on the other hand, arise from new markets such as clean technologies and additional income streams from climate-change related products and services. Tangible benefits can accrue in the form of cost savings from energy consumption reduction measures. Intangible benefits accrue from good sustainability ratings for investors and improved public image and enhanced customer trust achieved by anticipating and meeting the environmental performance expectations of stakeholders.

Contribution to addressing some of today's main societal challenges

WSBI/ESBG members share important values in their business policy, which are embedded in the three “R”s: retail, regional, responsible. Accordingly they are committed to addressing some of today's main societal challenges and wish to leverage and coordinate their individual efforts where possible through WSBI/ESBG. The Charter for Responsible Business, the Resolution on the Environment and the Guidance Framework on climate change are a concrete demonstration of this responsible and social approach to business and to addressing societal challenges such as climate change and social inclusion.

Thus, in addition to reducing their own direct and indirect CO₂ emissions, WSBI/ESBG members are encouraged to incorporate environmental and climate change considerations systematically into their business strategies and pursue environmentally-friendly and sustainable credit and investment policies. In this way they will make a contribution to the global challenge of reducing GHG emission reductions and combating the impact of climate change worldwide.