



Guidance Framework on Climate Change

Rationale

ESBG member banks enjoy a long history of socially responsible banking all over Europe and address their corporate social responsibility (CSR) as an integral part of their business. The adoption of the Charter for Responsible Business and the Resolution on the Environment on 6 May 2008 reflects the recognition by the General Assembly that the environmental challenge is becoming one of the main collective hazards ever experienced worldwide. It also reflects the aspiration of ESBG members to leverage their individual actions and make a contribution in favour of the planet. This Guidance Framework on Climate Change is the first joint initiative taken at a European level to implement the principles outlined in the Charter and the Resolution.

What impact can financial institutions have on climate change?

As a building block of the global economy, financial institutions, such as 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.





Climate Change Strategy and Action plan

This Guidance Framework on Climate Change 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 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. It is submitted that such a strategy is also relevant in times of financial crisis.

The full text of the Guidance, which is an internal document, can be accessed on the WSBI/ ESBG Extranet. Please click on Responsible Business followed by Guidance.