

More Financial Institutions Acting on Climate, Handful Gain 'Gold Standard' for Net-Zero Action

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LONDON, 8 February – A growing number of financial institutions worldwide are having a positive impact on tackling catastrophic climate change in line with scientific targets, with nine out of 50 companies making significant inroads, according to a report released on Thursday.

Academic experts have assessed the credibility of institutions' climate commitments and actions based on evidence-based criteria and principles set by the UN Race to Net-Zero and the International Energy Agency's net-zero by 2050 scenario. The findings are revealed in a new report designed to set an industry standard for driving sustainable change across the financial services sector.

The study scored financial companies according to whether they had explicit policies on eradicating financing for fossil fuel expansion or investment from their operations, as well as assessing the extent to which they had accomplished their aims. Nine institutions were given a Gold award for their efforts out of the 50 institutions assessed.

The report, "Sustainable Finance Report Card: Recognising Ambition Who's Walking The Net-Zero Path?" has been produced by the Centre for Climate Finance & Investment (<https://www.imperial.ac.uk/business-school/faculty-research/research-centres/centre-climate-finance-investment/>) at Imperial College Business School (<https://www.imperial.ac.uk/business-school/faculty-research/research-centres/centre-climate-finance-investment/>), in partnership with the Carbon Tracker Initiative (<https://carbontracker.org/>). It will be launched at a webinar hosted by Imperial College Business School on February 8, attended by an audience of financial services professionals.

Rewarding Effort

"The landmark Paris Agreement has prompted financial market participants to rethink climate risk and opportunities," said Dr Iva Koci, a Research Associate for the Centre for Climate Finance & Investment at Imperial College Business School, and one of the report's lead authors. "Financial institutions increasingly recognise their pivotal role in facilitating the comprehensive transition to a net-zero economy."

To identify those institutions that the report's authors say are walking the net-zero path, the researchers screened both debt and equity investors' climate commitment and delivery and awarded the top institutions a Gold status reflecting their high scores.

"We see these awards as an assessment of financial institutions' resilience – and leadership of their management -- at a time of great and growing disruption of the incumbent fossil fuel system," said Dr Koci.

The Gold award recipients highlighted in the report are:

- ABP
- Akademiker Pension
- Danske Bank
- Generation IM
- Handelsbanken
- Ircantec
- La Banque Postale
- New York City Retirement Systems (NYCERS, TRS, and BERS)
- Sarasin & Partners

Catherine McKenna, chair of the High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State (<https://www.un.org/en/climatechange/high-level-expert-group>) said: "In late 2022, the United Nations' Expert Group on Net Zero issued its report, Integrity Matters (https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf) -- which set out that 'net-zero is entirely incompatible with continued investment in fossil fuels', yet the global financial system has largely been slow to respond, and too many financial institutions have set net-zero and climate pledges while continuing to finance the old fossil fuel energy system.

"This report shines a light on banks and investors with credible climate commitments who have decided to walk the talk on their net-zero promises by ending investment in new fossil fuel projects. Each stands as a shining example of how finance can support our ambition to keep global temperature rises to 1.5C", McKenna continued.

The report provides a guide to financial institutions that are still engaged in fossil fuel-based activities, on how to clean up their own practices, as well as having a wider positive influence upon financial services professionals, investors, regulators and others.

James Vaccaro, Executive Director of Climate Safe Lending Network said: "The role that lenders play in influencing an energy company's strategy can't be understated. If enough banks were to lead on this agenda, meeting the criteria laid out, it opens up the narrow pathway to decarbonising the global economy before the remaining carbon budget is used up. It's undeniable that there has been progress and much greater awareness over the past five years. But our collective future rests upon the decisions made for the next five years being commensurate to the scale of the challenge."

The authors of the report press the need for change to happen swiftly and globally if international climate targets are to be met. The report, and scorecard is set to be repeated regularly, providing other financial institutions with the impetus to adapt their own practices.

Brad Lander, New York City Comptroller said: "Financial institutions have an important role to play in the transition to clean energy. Growing investments in climate solutions have dramatically reduced the cost of renewable energy. Yet many banks and investors continue to pour money into fossil fuel companies, resulting in increased emissions. We must use all our tools as investors and shareholders to combat the

climate crisis.”

The report was authored by researchers Dr Iva Koci and Jean Sau from the Centre for Climate Finance & Investment at Imperial College Business School and Amy Owens, co-author and Research Associate, Finance & Net Zero Energy Transition at the Carbon Tracker Initiative. The report is available to download from the Imperial College Business School website.

More information about the Net Zero Finance Report Card Launch Webinar can be found here:

<https://www.eventbrite.co.uk/e/net-zero-finance-report-card-launch-webinar-tickets-811377882087?aff=oddtcreator>
(<https://www.eventbrite.co.uk/e/net-zero-finance-report-card-launch-webinar-tickets-811377882087?aff=oddtcreator>)

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NOTES TO EDITORS

About Imperial College London

Imperial College London is a global top ten university with a world-class reputation. Imperial’s 22,000 students and 8,000 staff are working to solve the biggest challenges in science, medicine, engineering and business.

Imperial ranks sixth in the 2024 QS World University Rankings

(<https://www.topuniversities.com/world-university-rankings>) and eighth in the 2024 Times Higher Education World University Rankings

(<https://www.timeshighereducation.com/world-university-rankings/2024/world-ranking>). The 2021 Research Excellence Framework (REF) (<https://www.timeshighereducation.com/content/ref2021mainonlinetable>) found that it has a greater proportion of world-leading research than any other UK university. It also received a Gold Award in the 2023 Teaching Excellence Framework (TEF)

(<https://www.imperial.ac.uk/about/leadership-and-strategy/provost/vice-provost-education/teaching-excellence-framework-2023>)

Imperial was named University of the Year in the Daily Mail University Guide 2024

(<https://www.dailymail.co.uk/news/university-guide/article-12491201/University-rankings-league-table-Use-Daily-Mails-interactive>)

University of the Year for Graduate Employment in The Times and Sunday Times Good University Guide 2024

(<https://www.thetimes.co.uk/uk-university-rankings>), and awarded a Queen’s Anniversary Prize for its COVID-19 response

(<https://www.imperial.ac.uk/news/232196/imperial-awarded-queens-anniversary-prize-covid-19/>).

<https://www.imperial.ac.uk/>

About Carbon Tracker Initiative

The Carbon Tracker Initiative is a not-for-profit London-based financial think tank that seeks to promote a climate-secure global energy market by aligning capital markets with climate reality. Our research to

date on the carbon bubble, unburnable carbon and stranded assets has begun a new debate on how to align the financial system with the energy transition to a low carbon future.

www.carbontracker.org