

## Media information

### German financial sector's collective commitment to climate action

#### Joint measures and objectives to meet climate targets agreed

30 June 2020 – Sixteen German financial sector players, with combined assets of over EUR 5.5 trillion and more than 46 million customers in Germany, have signed a voluntary commitment to structure their lending and investment portfolios in line with the targets of the Paris Agreement on Climate Change. The financial sector aims to contribute to protection and support sustainable and future-proof development of the economy through agreed measurement, publication and target-setting for the reduction of emissions associated with lending and investment portfolios. This brings Germany as a financial centre closer to the goal set by the federal government in early 2019 of making Germany a leading location for sustainable finance.

This initiative spearheaded by the financial sector's banks aims to take an active role in shaping one of the most important societal tasks for sustainability, that is successful social transformation to limit climate change. The signatories are aligning their products, services, commitments and initiatives accordingly, in order to limit global warming to well below 2 degrees and to strive for the 1.5 degree target by financing the transformation towards a low-emission and climate-resilient economy and society. This active support for the restructuring process serves to strengthen the competitiveness and resilience of the financed companies, as well as reduce sustainability and default risks at the banks.

In concrete terms, this means that each signatory will develop and implement mutually accepted methods of measuring the climate impact of its lending and investment portfolios, and manage these in line with national and international climate targets. The agreement only applies to investment portfolios that are not the object of fund or mandate business. Fund and mandate business will be gradually included without a fixed schedule.

The signatories plan to provide each other with mutual support in collecting the necessary emission data and developing measurement methods and approaches to managing banking business in line with the objectives. Each signatory commits to report annually on its own implementation progress (e.g. via its existing reporting formats) in order to meet both the collective and the individual responsibility.

The impetus for this self-commitment came from a group of financial institutions initiated by Triodos Bank and a WWF bank working group. Since March, these two groups of banks have brought together what were previously parallel discussions on the voluntary commitment programme. The commitment is open to all financial actors to sign and put into action.

The wide range among the initial signatories in terms of company size (from major banks to small specialist banks) and area of the financial sector (e.g. *Landesbanken*, commercial banks, sustainability banks, foreign banks and pension funds) shows that these tasks are widely accepted and can be implemented by financial actors regardless of size or specific asset classes.

In an international context, voluntary commitments have already been signed in the Netherlands (Climate Agreement in June 2019), as part of the UN Climate Action Summit in September 2019 (Collective Commitment to Climate Action), and by the Spanish financial sector as part of the 25th UN Climate Conference in December 2019. These agreements all have similar structures and target levels upon which the German collective commitment has been based. The comparability with these other international agreements enables international financial institutions in particular to develop uniform processes and standards, and ensures as great an effect as possible to be generated efficiently and without redundancy.

A current overview of signatories and the full self-commitment are available here:

[www.klima-selbstverpflichtung-finanzsektor.de](http://www.klima-selbstverpflichtung-finanzsektor.de)