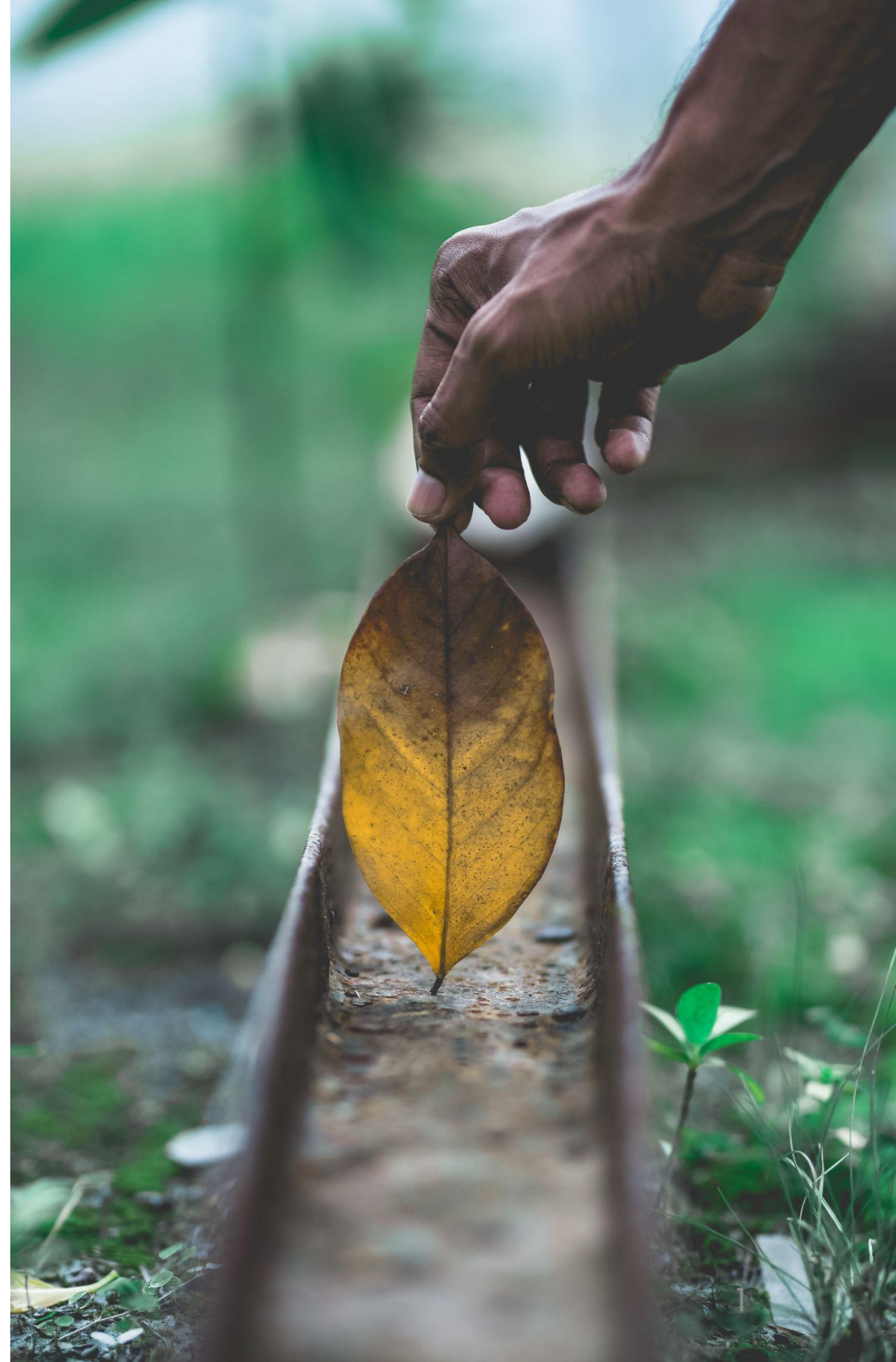


Banking on Climate Justice

Practical Inspiration for
taking Action

January 2024

AN INITIATIVE OF THE CLIMATE SAFE LENDING NETWORK



About Climate Safe Lending Network (CSLN)

CSLN is an international multi-stakeholder collaborative dedicated to accelerating the decarbonisation of the banking sector to secure a climate safe world. CSLN creates collaborative spaces for lending institutions and wider parts of the financial system – including investors, clients, regulators, policy makers, academics, and civil society organizations – to nudge the debate and ensuing action towards more progressive perspectives on climate safe lending practices based on scientific insight and genuine consideration of social equity.

Primary Authors

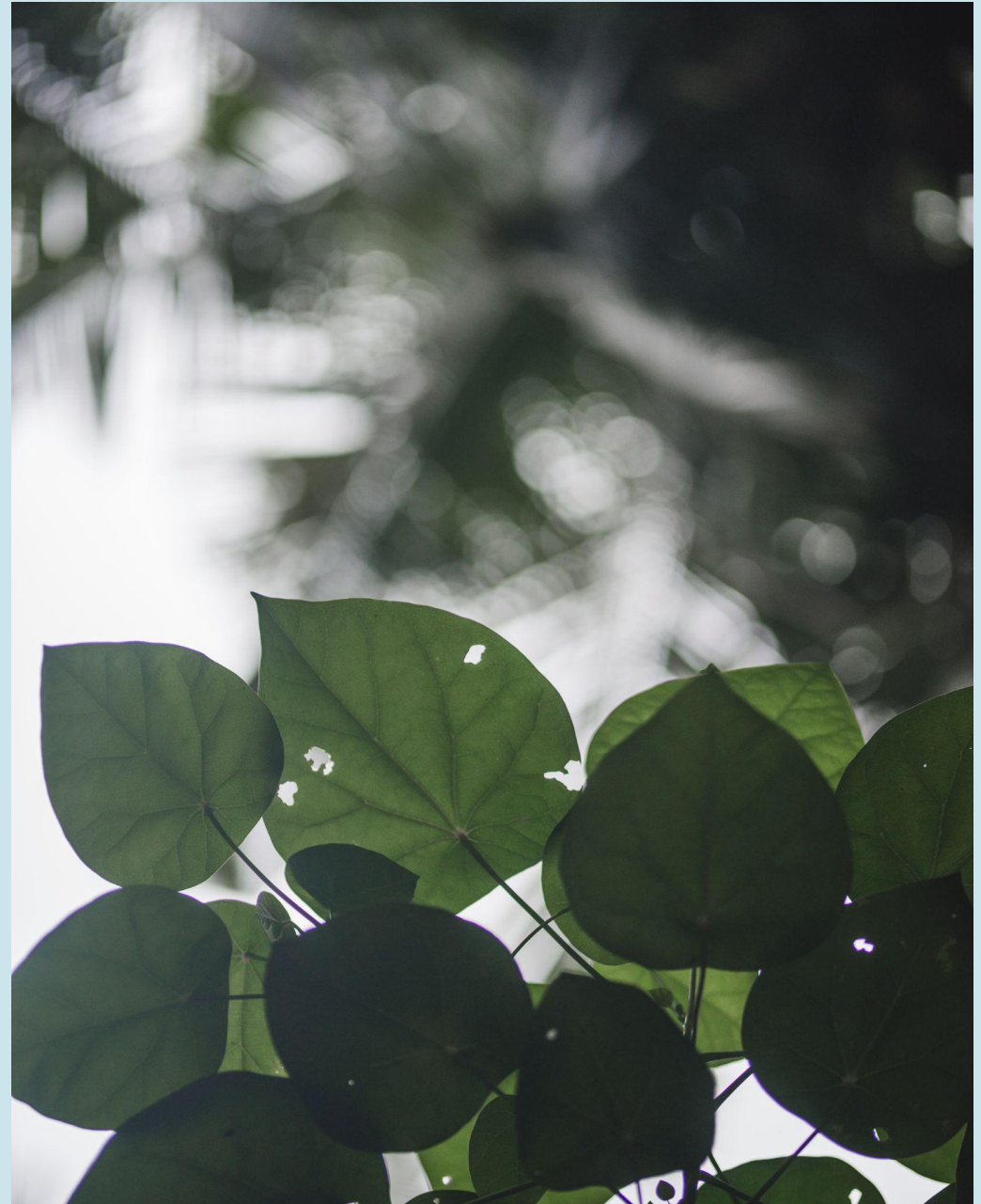
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A sincere thank you to those who provided quotes – either attributed or anonymously – which we have featured throughout this report. It has provided a small window into the diverse perspectives within the collaborative.

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Overview

Beginning April 2023, a diverse set of members of Climate Safe Lending Network (CSLN) came together under the Banking on Climate Justice (BoCJ) initiative in hopes of raising the sector's ambition to incorporate justice into its inevitable transformation during the climate crisis.

As financial institutions are faced with the material realities of climate risks, conversations of how to assess risks and transition the policies and practices towards greater sustainability are paramount.

Yet in considering how to move forward in the climate transition, we often fail to use a systems approach to problem solving: an approach that takes into account how the past and present intersections of finance, climate and society have nonlinear implications for the future. In taking a systems approach, we realise that in order to avoid replicating old patterns that have brought us the unforeseen challenges we face today, we must decide to transition our entire financial system towards one that upholds the principles of climate justice.

Our working definition of climate justice is: an approach to addressing past, present and future causes and impacts of climate change by recognising the right to climate resilient, healthy and flourishing environments in which all people can thrive regardless of race, class, gender or other discriminatory factors.

The implications for anyone working in a bank right now: If nothing is done to transition the financial system towards equity and environmental resilience, the financial system will only continue to compound the destabilising impacts of climate change.

Climate justice principles (see **Figure 2** on **pg 10**) need to be seen as necessary integrations into core strategic designs for societal and financial stability (see **Figure 7** Decision Map on **pg 16**).

Climate justice requires a revolutionary approach to our financial system at the global, regional and local levels. Yet with a bias for action, many institutions can and must start with incremental improvements to intentionally shift towards true systems change.

Our framework (see **Figure 8** on **pg 18**) highlights three starting arenas where urgent action on climate justice is needed in order to help guide efforts rooted in climate justice principles:

Action Arena A Supporting people currently most impacted by climate effects

Action Arena B Preventing future societal and environmental damage

Action Arena C Shifting towards locally-centered, climate resilient economies

Practical ideas and case studies have been elevated within this framework in order to serve as inspiration for how the banking sector might begin

making systemically impactful shifts (see **Figure 9** on **pg 19** for a summary and **Appendix A** for a more comprehensive list). There are four mechanisms changemakers can utilise to advance climate justice within any action arena:

- Internal Organisational Processes / Structure
- Financial Products & Services
- Cross-Sector Partnerships
- Policy, Advocacy & Regulation

The work towards climate justice an ongoing process. There is no one action or solution that can “fix” climate injustices. Yet, since our solutions and actions always have impacts, we must always expect actions to be taken with right intention. We set out clear next steps and actions that banks and stakeholders adjacent to banks can take (see **Figures 14-15** on **pp 32-33**).

We hope readers can use this work to better understand and articulate what climate justice is, and why **climate justice needs to be seen as a non-negotiable integration into core strategic design** for societal and financial stability. We also hope readers find practical inspiration for what integrating climate justice into **processes, products, partnerships and policies** might look.





Section 1

Context & Background

Context

As financial institutions are faced with the material realities of climate risks, conversations of how to assess risks and account for them are paramount.

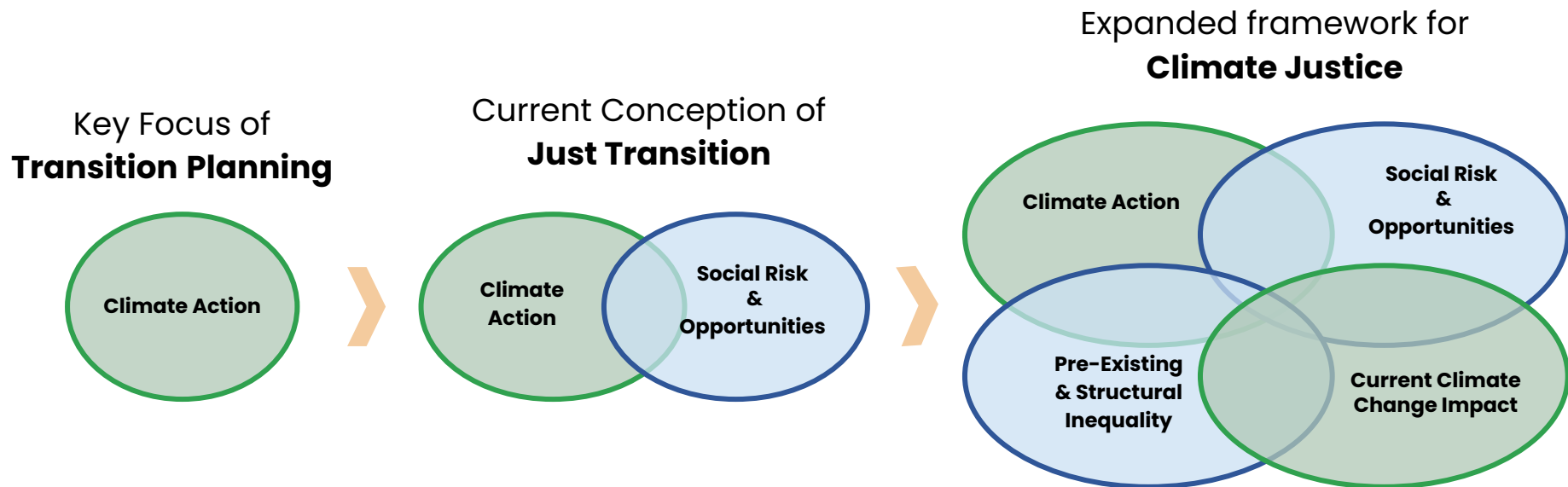
The notion of a 'Just Transition' is becoming commonplace in these conversations, and rightly so. The Just Transition dialogue elevates the social risks inherent to the climate transition such as labour rights or global development inequalities. Furthermore, the Just Transition "business-case justification" can fall within ESG frameworks, double materiality assessments, CSR & human rights standards, or other reputational considerations.

Yet before we can fully construct a plan for a Just Transition we must also analyse pre-existing structural injustices within the financial system and understand how they are contributing to the reality that many who are currently suffering from the impacts of climate change will continue to see exacerbations in inequality.

Before looking at how we can manage the social risks of transition so that everyone benefits, all else being equal, we have to recognise that **all else is not equal**, and that inequality is being magnified on a daily basis by seemingly hard-wired economic and financial systems.

The implications for anyone working in a bank right now: If nothing is done to transition the financial system towards equity and environmental resilience, the financial system will only continue to compound the destabilising impacts of climate change.

Figure 1 Widening the Just Transition Narrative



Launched in April 2023, the Banking on Climate Justice collaborative brought together a diverse set of CSLN members in hopes of raising the banking sector's ambition to incorporate justice into its inevitable transformation during the climate crisis.

The collaborative challenges banks and financial institutions to consider: ***Is solely addressing social risks within the transition sufficient for achieving the broader goals of social equity, environmental resilience, and economic stability?*** And if not, what responsibility do banks have in supporting these goals? How and what would it look like?

Participants gathered in pursuit of transforming the frames around economic inclusion, social equity, and environmental resilience from an ***either-or*** with profit to a ***necessary integration*** into core strategic designs for societal and financial stability.

The goals:

- Use a systems-approach to explore rationale for why climate justice should be integrated into all strategic decisions for economic, environmental and societal resilience and stability
- Illuminate practical ideas that can serve as inspiration for how the banking sector might begin making systemically impactful shifts

Banks must prioritize investments with a social justice imperative when taking climate action. Lenders have the potential to exacerbate current social, economic and environmental inequities when investing billions into climate-friendly solutions. However, by centering the needs of the most vulnerable when designing sustainable finance policies and practices, banks can help historically underserved communities become more resilient during climate related events and scenarios. We need solutions that address the unequal distribution of environmental benefits and cost, promote equitable access to nature, empower marginalized communities, and foster partnerships and collaboration between stakeholders with varying levels of power.

Quinn Williams, Beneficial State Foundation

The world faces the enormous task of transitioning to a climate-neutral economy. We are contributing by making our core business more sustainable in line with our climate strategy. But we shouldn't forget that the energy transition is about much more than reducing carbon emissions. In its very essence, it's about people. A transition that leaves no one behind. And we should see all our products, analyses and processes through a human rights lens and work together to ensure a transition that's good for both planet and people.

Jip Tauber, ABN AMRO Bank NV



Our working definition:

Climate Justice is an approach to addressing past, present and future causes and impacts of climate change by recognising the right to climate resilient, healthy and flourishing environments in which all people can thrive regardless of race, class, gender or other discriminatory factors.

There is no single, perfect definition of climate justice. Along with feedback from participants, we sought to incorporate key features of definitions by a variety of sources to ensure it did not solely centre a Western and global North centric perspective of what climate justice means.¹

In spite of our best efforts, we recognise that this is still at best a working definition. As the true nature of justice in the context of the worsening climate crisis continues to unfold, the work of climate justice requires an ongoing exploration and evaluation of our understanding and response.

Context matters. We encourage banks and others to build on this definition by taking into account (and asking) their stakeholders and the broader communities of impact and influence what climate justice means to them.

In the context of the UNFCCC and the Paris Agreement, climate justice means that the principles of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC) of different countries are taken into account. These principles need to inform any action taken to address climate change, including financial institutions. This requires a transformation of financial institutions' decision making processes because they will have to thoroughly understand the context in which they operate and take an upfront, strategic decision about the climate-related impacts of their financing. They also then need to keep monitoring those impacts to know if they are going to plan. It reminds me a little of the extensive engagement needed for complex project finance but with an outward as much as the typically inward focus of financial institutions.

Malango Mughogho, ZeniZeni Sustainable Finance

(1) Sources include the Center for Climate Justice (University of California), the African Climate Justice Alliance, the Asia Pacific Forum on Women, Law and Development and the Latin American Network for Environmental Justice. (2) Icons from Noun Project



Figure 2 **Four Principles for Climate Justice Action**

We outline four principles for climate justice action (Figure 2) to stimulate further exploration and application of how one might implement the definition of climate justice in their work.

These principles should form the foundation from which actions and interventions in service of climate justice are designed by any actor. They can also be used retrospectively to assess alignment with climate justice.

This list of principles is not exhaustive but a starting point. We welcome others to further expand and adapt these principles to align with their own context and experiences.



Prioritising the needs of people and ecosystems

Addressing the inequitable impacts of climate change by prioritising the needs of people and the ecosystems historically taken advantage of and currently most impacted by the effects of climate change



Equitably sharing costs and benefits

Equitably sharing costs and benefits with consumers and stakeholders in recognition that achieving the goal will require paradigm shifts away from old economic models of continuous growth and profit maximisation



Approaching challenges as systemic and intersectional

Defining new solutions that do not replicate the old patterns that created our challenges in the first place, but rather addressing the root causes of racial, environmental and social injustices



Working in solidarity and relationship with people and place

Recognising sovereignty and self-determination of all peoples to prioritise local efforts and innovations, especially from indigenous communities with intimate knowledge and relationship with earth systems

Climate Justice centers addressing the social (including racial, gender, and economic) injustices at the root of climate change and an extractive economy. Without this lens, we will be unable to create an inclusive green economy. This means financial institutions understand and take preventive and corrective action for their role in driving disparities and inequities when making climate investments.

Marilyn Waite, Climate Finance Fund





Section 2

The Rationale for Climate Justice



There is no scarcity of stories, data, research, and headlines outlining not only the climate emergency, but also the state of global inequality, and increasing fears of global financial instability. These incidents are not isolated, and affecting one almost certainly has an effect on another. Yet these stories and trends cannot be attributed to a single cause. We are experiencing a polycrisis.

And just as the climate crisis will not be reversed from stopping the expansion of fossil fuels alone (although an exceedingly important target), the polycrisis will not have a single solution, either.

Coal communities fear South Africa's clean energy transition



Published on 02/02/2023, 3:22pm

Almost 80% of the more than 80,000 residents working in Ermelo are employed by Eskom and Transnet, the state-owned energy and transport companies



Analysis of SDG7 Progress - 2022

... Projections show that we are **not on track** to achieve **universal electricity access** by 2030, with between 670 and 764 million people expected to remain unelectrified based on current trends....

AR6 Synthesis Report Climate Change 2023



...Future exposure to **climatic hazards** is increasing globally due to socio-economic development trends including **migration**, growing **inequality** and **urbanisation**. **Human vulnerability** will concentrate in informal settlements and rapidly growing smaller settlements...

The New York Times

Climate Shocks Are Making Parts of America Uninsurable. It Just Got Worse.

The largest insurer in California said it would stop offering new coverage. It's part of a broader trend of companies pulling back from dangerous areas.

RESEARCH ARTICLE | SOCIAL SCIENCES | 8

Global warming has increased global economic inequality

PNAS

Noah S. Diffenbaugh and Marshall Burke [Authors Info & Affiliations](#)

Edited by Ottmar Edenhofer, Potsdam Institute for Climate Impact Research, Potsdam, Germany, and accepted by Editorial Board Member Hans J. Schellnhuber March 22, 2019 (received for review September 16, 2018)

April 22, 2019 | 116 (20) 9808-9813 | <https://doi.org/10.1073/pnas.1816020116>

TEXAS
The University of Texas at Austin
Energy Institute

Extreme Climate Risks and Financial Tipping Points

... above a warming about **+2.3 C**, damages drastically foster the need for additional investments in productive capital – an adaptation necessity – that potentially leads private firms to a **debt overhang** and **worldwide cascade of defaults...**

Global cost-of-living crisis catalyzed by war in Ukraine sending tens of millions into poverty, warns UN Development Programme



71 million people in the developing world have fallen into poverty in just three months as a direct consequence of global food and energy price surges. The impact on poverty rates is drastically faster than the shock of the COVID-19 pandemic

JULY 7, 2022

ARTICLE | FEB. 9, 2023

Crisis year 2022 brought \$134 billion in excess profit to the West's five largest oil and gas companies

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global witness

OPINION | May 31, 2023

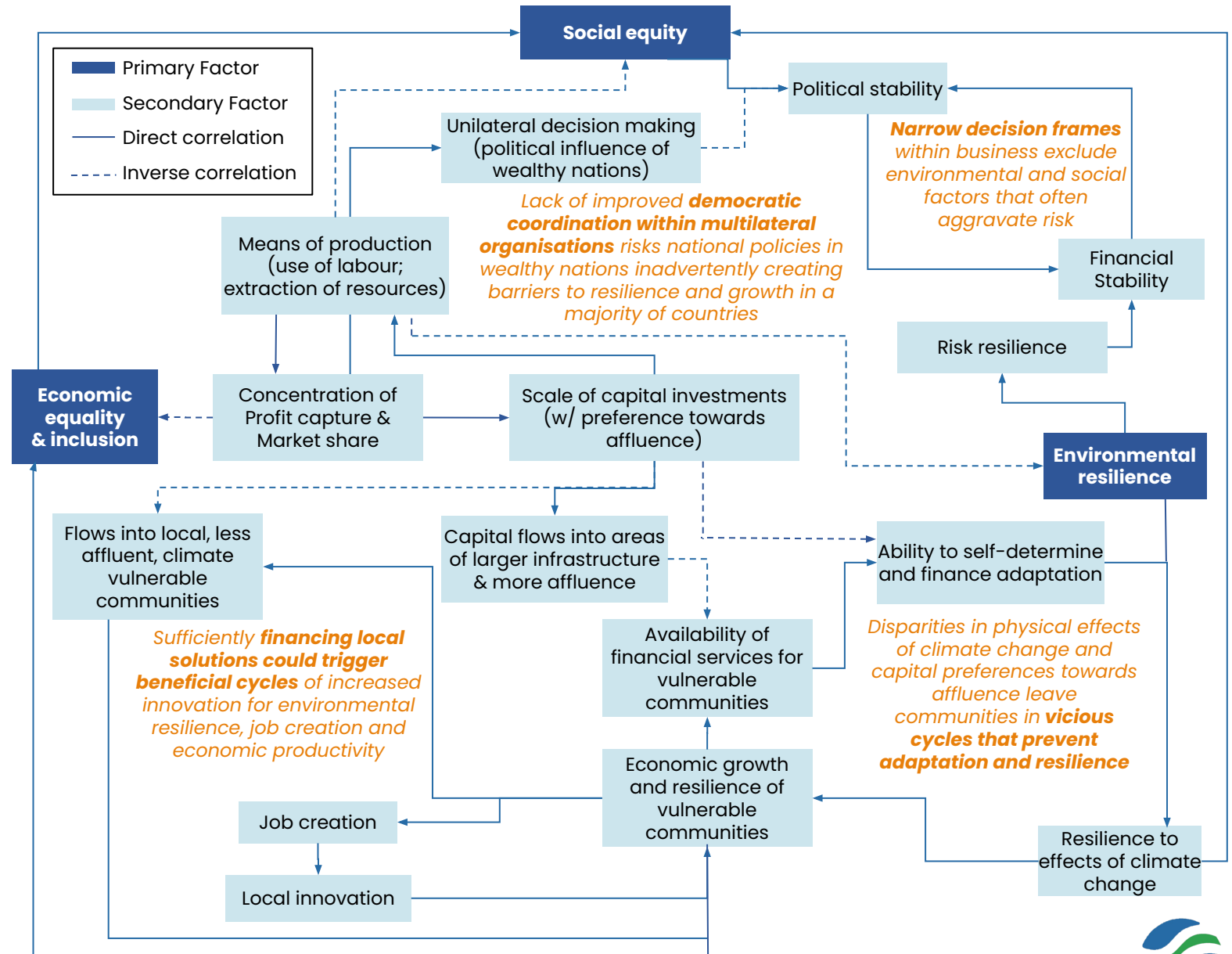
Shell's AGM: back to fossil fuel business as usual

How Shell and its shareholders sacrifice the energy transition



While messy and imperfect, systems approaches move us away from the pitfalls presented by linear and compartmentalised approaches to problem-solving, and help identify key leverage points for accelerating change. To understand “How is Climate Justice enabled or restricted by banks?” we map some of the systemic relationships between climate, finance and society (Figure 3). Several key insights are placed in orange within the map itself.

Figure 3 Climate, Finance and Justice Systems Interactions



Climate-vulnerable nations in the Global South are disproportionately burdened by the impacts of climate change, often facing a dual financial challenge: Not only do they contend with the immediate and severe consequences of environmental shifts, but their inherent susceptibility, marked by weaker sovereign ratings and elevated borrowing costs, amplifies their vulnerability to emerging financial risks.

Sneha Yadav, Positive Money



Drawing on the iceberg model (Figure 4), the underlying **mental models**, **structures**, and **patterns** help uncover some of the root causes that need to be addressed to truly shift the system (Figure 5). Whilst this map is not exhaustive, the collective mapping process helps to build shared understanding of how financial practices are currently not aligned to climate justice.

An adequate response to climate justice will require us to address both the supporting structures and underlying mental models that uphold the status quo. Ongoing work is also needed to identify further mental models and structures that work to keep the status quo in place.

Figure 5 Underlying patterns, structures and mental models



The focus on near-term profit drives so many patterns of climate injustice: from TBTF policies that rescue big banks and diminish the important role of regional banks, to insurance companies pulling coverage from climate-vulnerable communities. To reverse these patterns, banks and investors need to take a more integrated and holistic approach that supports innovative financing for the climate resilience of borrowers and communities.

Lauren Compere, Boston Common Asset Management

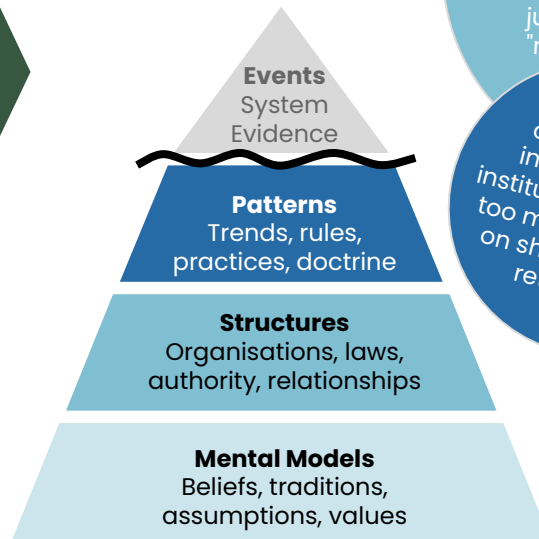


Figure 4 The Iceberg Model

Adapted from Ellis, David & Black, Charles. (2018). Complexity, Organizational Blindness, and the SOCOM Design Way



Conclusively, **banks and lending institutions play a large role in driving climate injustices** given the mental models and structures that drive the actions of those engaged in defining and maintaining the systems in which financial institutions operate.

...So what does this mean for banks and lending institutions?

The simplified decision map (Figure 7 on pg 16) explores the underlying rationale for why banks should go beyond transition planning - and even just transition planning - and incorporate a climate justice lens into all strategic discussions and decisions, given its implications for institutional and broader stability and sustainability.

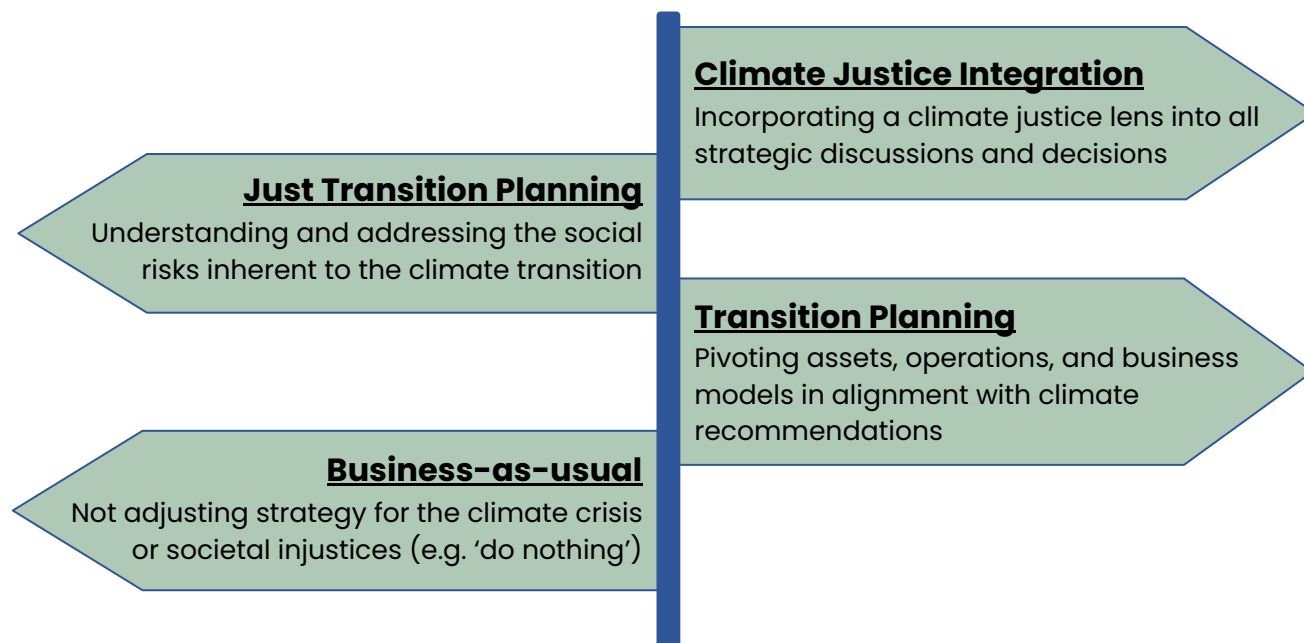
By showcasing a few questions, along with common thoughts and narratives integrated throughout, the map aims to provoke more candid reflection and conversation.

How to use the Decision Map

(Figure 7, pg 16)

Start at the green arrow in the top left-hand corner. Choosing the orange diamond most closely resonant with your own answer to the associated question, follow the thread to the next question. Repeat until you reach a "decision."

Figure 6 Four paths for banks and lending institutions



Banks are failing to fully consider how the clients and projects they are financing impact the societies in which they operate. Someone is always paying for climate costs, and an important question to consider is who that is and whether that payment is sustainable. Often we see benefits accrue to all but paid for by a few, or costs paid by a few but caused by many, or even benefits accrued to a few but costs imposed on others. Take for example the countless communities stuck with the costs of disaster and destruction relief, where the poorest are asked to pay the most. Wealthier people may believe they can afford the costs of climate change, but I do not think they are factoring in the connected social upheaval. Banks should help intermediate to ensure wealthier people pay more to help avoid displacement and social upheaval.

Banking on Climate Justice Participant, Large Financial Institution





Section 3

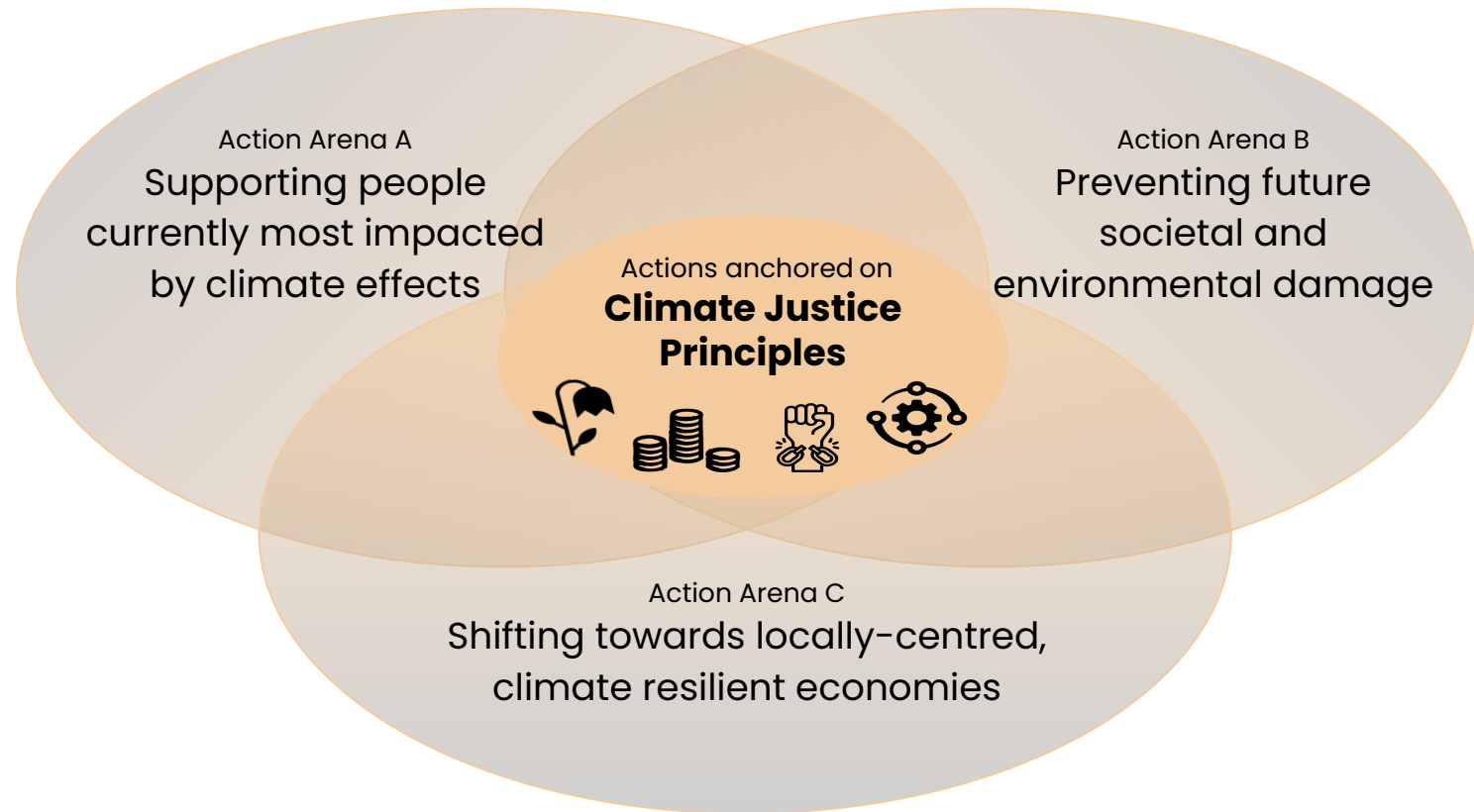
Climate Justice in Practice



Climate justice requires a revolutionary approach to our financial system at the global, regional and local levels. Yet with a bias for action, many institutions can start with incremental improvements to intentionally shift towards true systems change.

Our framework (Figure 8) highlights three starting arenas where urgent action on climate justice is needed in order to help guide efforts rooted in climate justice principles.

Figure 8 Ways Lending Institutions can Advance Climate Justice



A. Supporting people currently most impacted by climate effects Those most impacted by the effects of climate change have historically contributed least to the problem. This arena is as much about reparations for past historical inequities as it is about enabling self determination of resilience. It works in concert with the other two arenas to redistribute capital and restructure global imbalances of wealth inequality.

B. Preventing future societal and environmental damage While true climate justice cannot be achieved without addressing past inequities and rearranging systems so they are not repeated, this Action Arena defines the future vision for where we want our systems to take us

C. Shifting towards locally-centred, climate resilient economies This Action Arena helps define how we arrive at our future vision: by moving towards systems that enable equitable distribution of power, and diversifying economies, societies and ecosystems

Incremental
adjustments to
the way we work

Revolutionary
changes to our
system



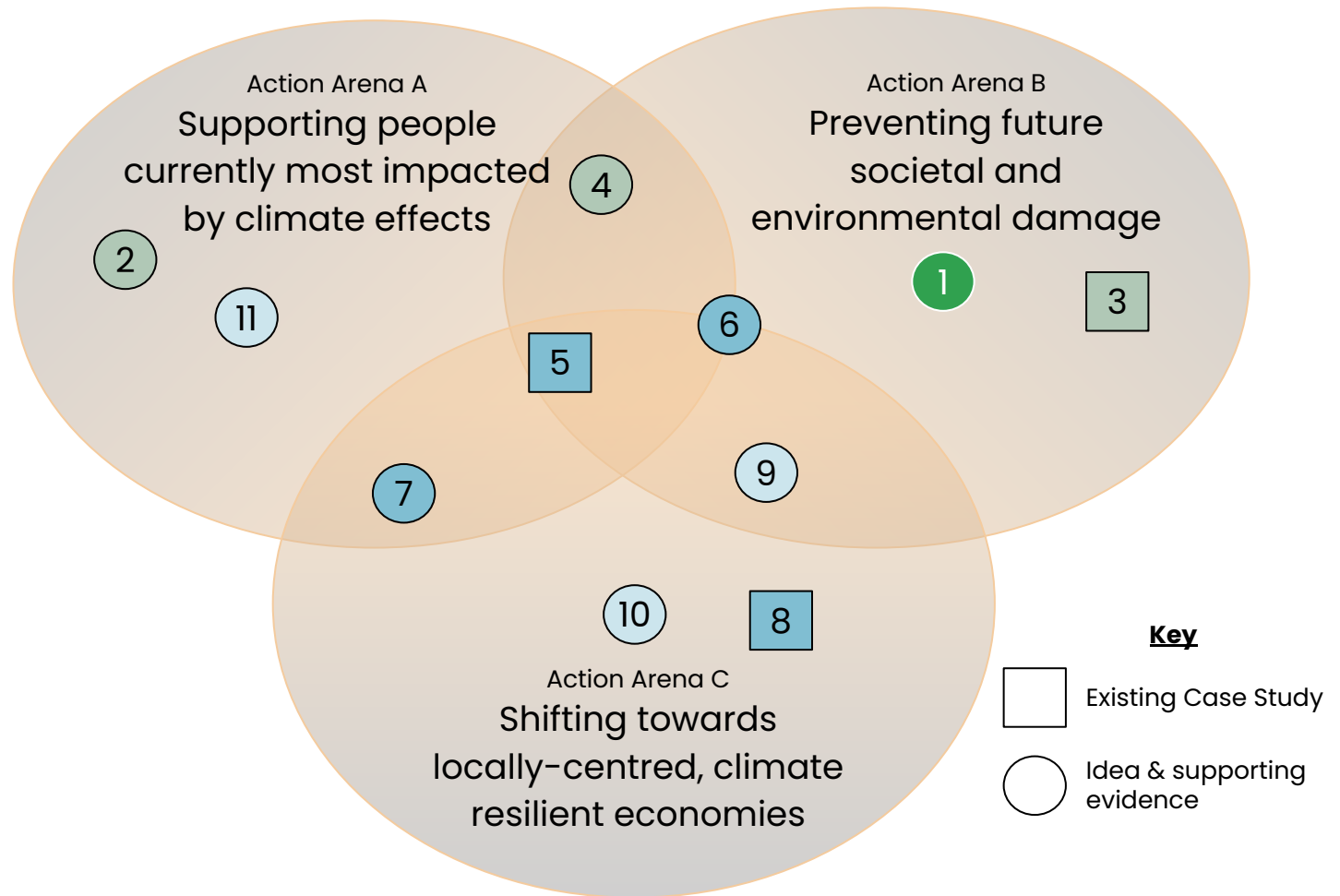
As part of the initiative, participants identified case studies that demonstrate aspects of what action for climate justice might look like. Participants also discussed some ideas that have the potential to advance climate justice.¹

We have grouped these case studies and ideas into four mechanisms for change (Figure 9):²

Internal Org Processes / Structure
Financial Products & Services
Cross-Sector Partnerships
Policy, Advocacy & Regulation

The following pages outline select case studies and ideas spanning globally to locally relevant issues that have been crowdsourced over the course of the initiative. A more complete list of ideas and recommendations can be found in Appendix A (pg 36).³

Figure 9 Map of ideas and case studies advancing Climate Justice



(1) Many of the ideas likely have associated pre-existing case studies, though if they were not elevated during the initiative, remain classified as “ideas.”
 (2) Classifications into mechanisms are for grouping purposes only, and several case studies and ideas may cross several mechanisms.
 (3) Visit our interactive tool at climatesafelending.org/climate-justice to view additional resources, case studies and ideas



Geopolitical / Globally Systemic

Regional / Institutional

Place-based

Internal Org Processes / Structure

1 Climate Justice Risk Assessment Tool

Mainstream FIs + DFIs utilise a tool to assess the level of climate justice risk to the FI and to other stakeholders originating from instruments as part of initial underwriting and ongoing portfolio monitoring, management and risk assessment. Development in partnership with community stakeholders and stakeholders from other sectors, with implementation by regulators as part of the wider risk assessment framework.

Climate justice risks are central to climate risk assessments, there is strong interaction between climate risks and justice risks, particularly with regards to climate resilience, cost of transition, and availability of development opportunities. If justice risks are not included, there is a danger that many climate-related risks such as resource availability, financial instability, and political conflict could be underestimated.

Lily Burge, Climate Bonds Initiative

2 Increased favorability for remittance savings and transfers

Banks enable increased remittance transfers in order to increase access to capital in times of high vulnerability through crisis-adjusted fees and exchange rates, expanded number of and access to services, consumer education, partnerships with remittance service providers (RSPs), and government advocacy and collaboration to reduce remittance regulations and develop supportive remittance-based financing structures.

3 Innovative Finance for Resilient Infrastructure

(Lloyd's Bank, Centre for Global Disaster Protection)

Identification and outline design of four financial instruments that could be used to incentivise and deliver greater investment in resilience: (1) insurance linked loan package, (2) resilience impact bond, (3) resilience bond, (4) resilience service company.

4 Climate Justice Bonds

Banks - including mainstream, green banks, DFIs, etc. - issue bonds that individuals can voluntarily purchase at low-cost in order to help crowdsource the funding needed for local and regional climate resilience projects, similar to Connecticut Green Bank's [Green Liberty Bonds](#) or the United States' government [Clean Energy Victory Bonds](#).

Financial Products & Services



Geopolitical / Globally Systemic

Regional / Institutional

Place-based

5 [Financing a healthy planet for all through investments in indigenous climate action](#)

(Sierra Club Foundation, SAGE Development Authority, Navajo Power)

The Sierra Club Foundation, a 501(c)3 endowed organisation, leverages its diversified assets to support a healthy planet for all people. Specifically, as part of its [catalytic capital work](#), the foundation works in reciprocity and solidarity with innovative, Indigenous-led groups providing Indigenous-focused climate solutions, at catalytic junctures. These groups include SAGE Development Authority, with whom the Foundation helped bridge an initial funding gap to develop the Standing Rock Sioux Tribe wind project; and Navajo Power. These were financed investments at a time when banks and more traditional investors had deemed the investments too risky or early; which then catalysed co-investments and growth that allowed downstream investors to come in. The projects themselves have had enormous positive impact and implications for Native communities, local health, and the planet. And the foundation learned much along the way.

Cross-Sector Partnerships

Climate change will be felt in the day-to-day lives of local communities in many cases. This makes climate justice and just transition planning a local issue. Supporting communities has worked well in distributing assistance in the early days of COVID in the US, and here in New Zealand during our weather events; climate response should be no different. Central responses are fine for deciding on policy and national frameworks – but decisions about needs, circumstances and equitable distribution are often better taken locally. If we finance our communities to play these roles, life will be better for all of us.

David Woods, New Zealand Centre for Sustainable Finance

6 Training on adaptive livelihoods through microfinance partnerships

Banks better support microfinance institutions through financing and technical assistance in order to leverage microfinance platforms to provide training on adaptive livelihoods to people and communities who are increasingly exposed to climate risks.

7 Co-funded community trusts to finance local resilience projects

Banks, central & local government and private sector investors partner to finance community trusts, who can invest the generated capital and use the income for local grant making. By involving community based organisations in the process, there will be increased reliance on local structures, communities and approaches to climate resilience projects (similar to [Eastern & Central Community Trusts](#) and Westpac Banking Corporation historical relationship).

8 [Global Risk and Resilience Fellowship](#)

(Resilient Cities Network)

A unique fellowship program that connects insurance professionals with city senior leadership to develop resilience-building risk transfer solutions.



Geopolitical / Globally Systemic

Regional / Institutional

Place-based

Policy, Advocacy & Regulation

Promoting small and stakeholder banks is a great way to help communities improve their resilience and equality. Mutuels, coops and CDFIs, for example, have local knowledge that can help them to fund climate adaptation projects that larger lenders might decline. Their relationships can be useful for bringing in guarantors for projects with little collateral but high community value, and local ownership means profits are more likely to stay in the community in the form of grants and dividends, which all helps to strengthen local economies in the face of rising climate impacts. Mainstream financial institutions should also benefit from this, as their customer bases will be more stable and resilient.

Greg Ford, Finance Watch

9

Expansion of small banks and stakeholder banks

Policymakers implement measures - including regulatory incentives (tax breaks, capital reliefs for finance that would otherwise fall on the state) and simplifications - to create space for smaller and stakeholder banks to increase their share of the market, much like the efforts under the [fair banking for all campaign](#) related to financial inclusion.

10

Regulatory mechanisms to increase local lending by Mainstream FIs

Proliferation of policy mechanisms (e.g. such as Community Reinvestment Act and Community Benefits Agreements) and partnerships (e.g. with CDFIs) to increase incentives for and ease of access to financial mechanisms and avenues by which financial institutions can engage in more local-level lending.

11

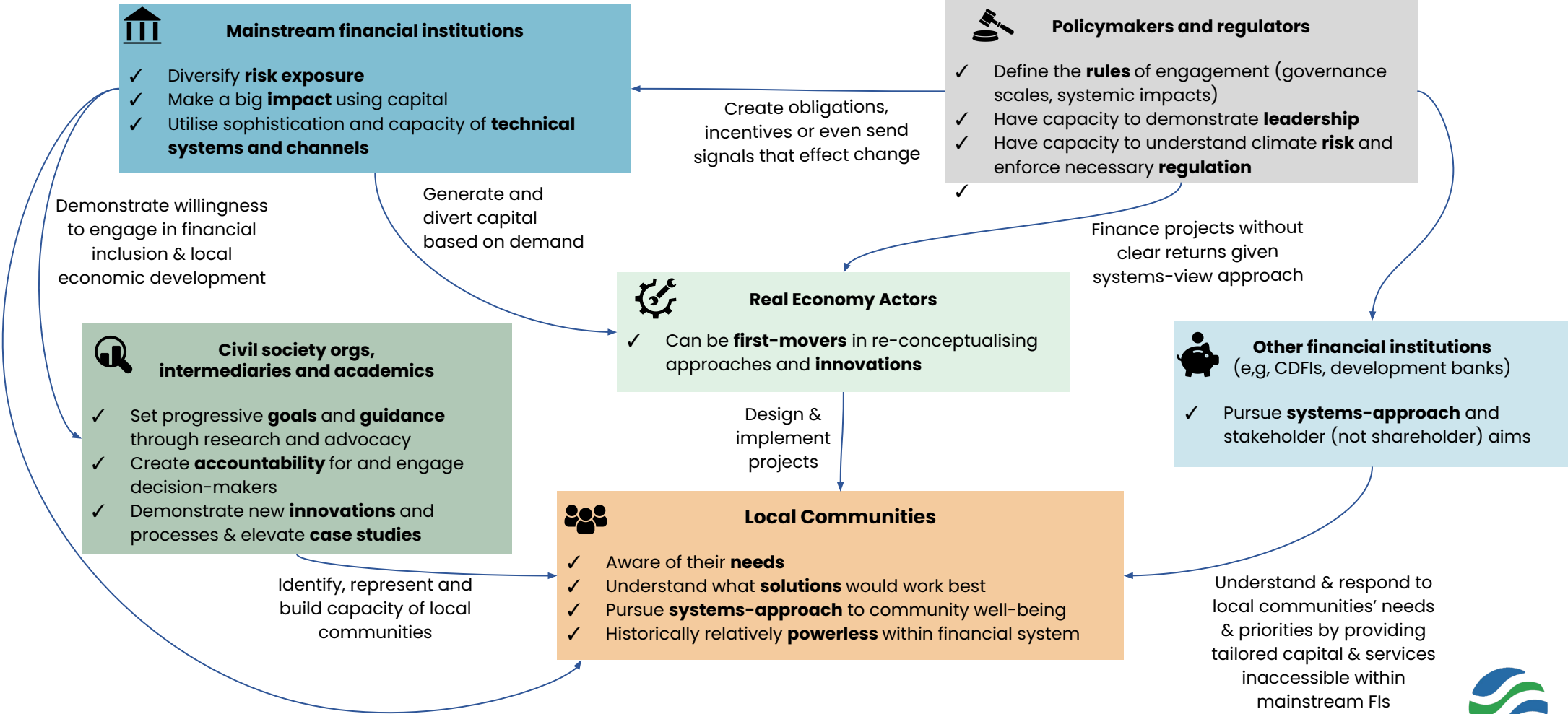
Prioritised lending to historically marginalised entrepreneurs

Policies enable bankers to prioritise financing climate solutions that come from frontline, historically disadvantaged communities in order to create accountability and reparations for policies that have historically & systemically exacerbated climate risk.



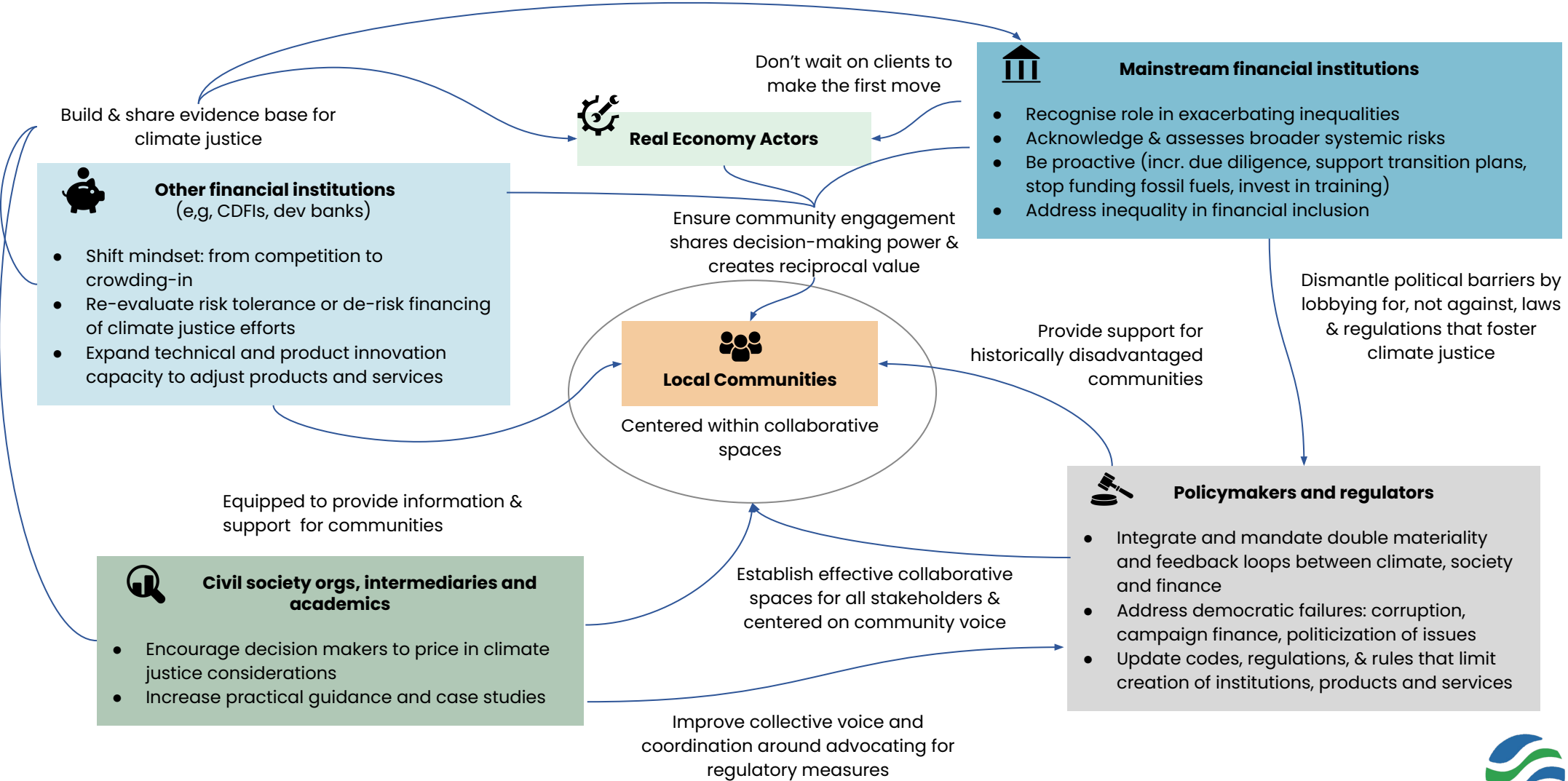
Banks do not operate in a vacuum; different actors each play key roles in systems change. Increasing our awareness of our roles in the context of others' can increase our capacity for systemic impact by understanding how our own role may influence the actions and reactions of others. Figure 10 outlines what sector-specific actors often already have capacity to do well.

Figure 10 Landscape of Actors and Positive Interactions



While there is opportunity to leverage relationships within the ecosystem, raising ambitions for how we might improve coordination and engagement with others - as illustrated in Figure 11 - can nurture the conditions for climate justice.

Figure 11 A Vision for Improved Ecosystem Collaboration





Section 4

Climate Justice as Process



The work towards climate justice is an ongoing process. There is no one action or solution that can “fix” climate injustices. Yet, since our solutions and actions always have impacts (both positive and negative), we must always be intentional.

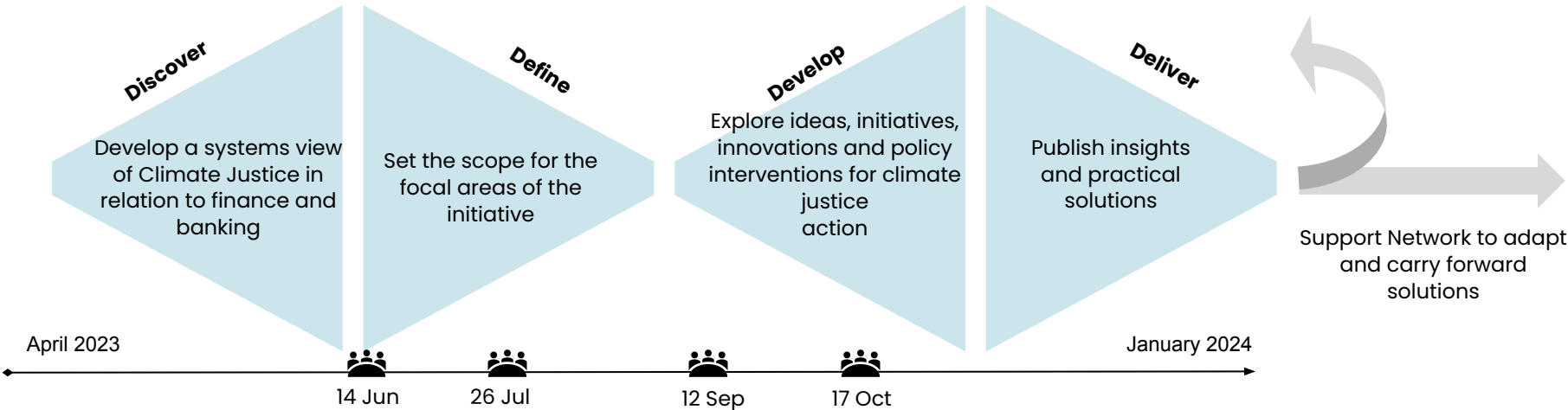
Beginning in April 2023, CSLN designed and facilitated a ‘double diamond’ process for convening stakeholders around a series of four facilitated working sessions and roundtable dialogues, interspersed with targeted follow-ups and individual conversations (Figure 12).

The following pages offer reflections on CSLN’s own process throughout the initiative in order to share lessons learned as encouragement for those engaging in their own processes.

CSLN makes a valiant attempt to bring various interest groups together to work on justice in the banking sector. The facilitators and thought leaders demonstrated an awareness of the power dynamics and institutional failures that work to concentrate power and restrict equitable access in finance. Effectiveness might be improved by being intentional about selecting a small number of flagship projects to take forward on a well resourced basis.

**Dr. Gillian Marcelle,
Resilience Capital Ventures**

Figure 12 Banking on Climate Justice Initiative Process



(1) Initiative Framework builds on [Design Council's Double Diamond Methodology](#)



There is currently a wide chasm between large, mainstream banking institutions and the realities and needs of local communities on the ground. Yet it's difficult to centre those most impacted and bring to life lived experience without causing harm.

Closing this gap in a way that does not re-traumatise communities but rather enables and supports them to develop their own solutions takes time, and requires long-term relationships to be built. Importantly, traditional CSR and philanthropic approaches are insufficient.

On CSLN's part, as a global, multi-stakeholder collaborative, we were able to convene a broad range of actors within and adjacent to the financial system. Yet, we recognise the biases in our network that is skewed towards mainstream financial institutions and the Global North. This leaves us lacking in sufficient representation from the local communities ultimately impacted by climate effects and the actions of the financial system.

To avoid bringing in voices in ways that extract from and/or re-traumatise communities, we relied on case examples and second-hand accounts. Nonetheless, we recognise there is yet more work to do in building genuine relationships with those working in local communities.

A diversity of perspective enables:

- **Peer learning** Because participants working on different parts of the system had of different perspectives of what was required to shift it, they were able to learn from each other
- **A fuller systems picture** Banks and bankers alone are unlikely to be able to bring about a shift to the financial system that brings about true climate justice. Involving other bank-adjacent stakeholders who understand the system in different ways allows for a fuller understanding of what the challenges are and how one might go about addressing them.

The truth is, how financial institutions might centre & engage communities at the frontlines of climate change are questions that many of us still hold. A first step might be reaching out directly to and/or joining coalitions with Indigenous leadership (such as IIPWG - Investors & Indigenous Peoples Working Group), to listen and familiarize yourself with Indigenous peoples' long running conversation with the mainstream financial sector. Importantly, your first steps should be to patiently and humbly begin a relationship in the coalition and find ways to take action in support of their priorities.

Kate Barron-Alicante, Capital J Collective

We need to grow relationships with folks that have more direct links in communities.

Participant

We need to do deeper listening, and deeper elevating and supporting of local voices/experiences

Participant



Reflection 2 Climate Justice is an ongoing inquiry

The work towards climate justice is an ongoing process that requires constant inquiry and reflection on difficult questions.

The principles outlined in Section 1 provide a useful starting compass for embedding intentionality and inquiry into climate justice processes (Figure 13).

Nonetheless, challenges we came across included:

- **Time** These processes take time, and it was difficult to set up sessions that fit within peoples busy lives. One way to address this was working with participants in between sessions to deepen and synthesise thinking & research

- **Bias towards 'What is Known'** How do we ensure we do not recreate the same problems by using the tools that created the problems in the first place?
- **Approaches for Incremental vs. Radical Change** Achieving climate justice requires a rewiring of the economic system at large, though many banks operate within the current structures and rules that perpetuate climate injustice and inequity. How do we create the conditions for this longer-term radical change, whilst working on the incremental changes needed to move things forward?

Techniques we used to facilitate ongoing inquiry:

- Utilising an **action inquiry approach** – a continuous cycle of inquiry, reflection and responsive adaptation – allows time to understand the system before jumping into solutions
- Creating **space for experimentation** as a way to learn by doing can help us overcome feelings of paralysis when confronted with the complexity of climate justice.

[The initiative]'s been a journey of researching and exposing where the power is to obstruct or advance change. The image of the onion is quite interesting from that perspective.

Participant

I would love for the collective to let go of the desire or the 'need' to hang on to current financial systems. There seems to be recognition these systems are rooted in problematic "isms" that cause additional harm to already marginalized groups, but we still discuss reform within the framework of these systems. This allows institutions that profited off of the harm of marginalized groups to also profit from the reforms intended to rectify the harm caused.

Participant

Figure 13 Questions for Climate Justice Inquiry

How might we **prioritise the needs of people and the ecosystems** most impacted by the effects of climate change?

Are we **equitably sharing costs and benefits** with consumers and stakeholders?

Are we approaching these challenges as **systemic and intersectional**? Are we addressing the root causes?

How might we **work in solidarity and relationship with people and place** to prioritise local efforts and innovations?



We, individually, are part of the system, and collectively, create it. Therefore:

- **Personal action** is important. We have power in the system, and should recognise this.
- Ongoing **awareness of the biases and privilege** we each bring into the work is crucial
- The **communities** we are a part of – and the care and empathy we bring to them – signal what and how we influence systems

It is important to recognise the **fear that comes along with taking action** – be they fears related to the ability to maintain credibility, or of not doing a good job, or even of accepting the realities that our own actions or inactions exacerbate injustices. These fears are not only valid, but by engaging with trusted communities to explore these fears, it brings people one step closer to moving beyond them.

I fear of being perceived as a 'climate justice warrior' and being shut out of the money conversations as a result

Participant

I need to move myself first.

Participant

I'm grateful to be part of a community that is working together on these issues, and that is essential to keeping us all going, but we want and need to expand our relationships, especially with people working deeply with affected communities. It all takes time, so prioritizing this over other activities will be important.

Participant

There is a perception that [justice] is a separate discipline or skill set that is difficult to add value to. Really just need to lean in as a process of learning and not be too worried about making mistakes.

Participant

RECOMMENDATIONS

Invest in learning

Read:

- [Climate Change is Racist](#)
- [Climate justice: a man-made problem with a feminist solution](#)
- [It's not that radical: climate action to transform our world](#)

Courses:

- Possible Futures' [Intro to Decolonial Sustainability](#)
- Systems Sanctuary's [Masterclass in Systems Practice](#)

Programmes:

- [Climate Safe Lending Fellowship](#)



Learning to do Systems Mapping to understand the Current State The unjust effects and impacts of climate change do not happen in a vacuum. In the Initiative, we took a systems approach to broadening and deepening our understanding of how finance and climate both influence and are influenced by economic inclusion, social equity, and environmental resilience.

The maps we worked on helped us to see the many leverage points for where action is needed, and provided a starting point for Initiative members to consider their own place within this system of relationships and their spheres of influence on it.

Defining a Future Vision rooted in principle Because the system can feel so resistant to change, it might be difficult know where to start.

Defining principles up-front, with an awareness that they could and should evolve, is an important first step.

Taking real-life examples and relevant case studies aligned to principles can help groups to recognise the future communities and teams are working towards.

Action-learning to foster the future A big question is: *how do we move into action?* The answer is: we want to learn by doing. Pick a focus, test it, seek feedback, and pay attention for unintended consequences. During this initiative, groups developed new ideas to foster the future state, and one of the next steps is to support the delivery of some of these ideas as part of experimentation & learning.

RECOMMENDATIONS

Experiment with systems approaches and tools

Gather a group of peers and experiment with systems mapping:

- [Causal loop mapping](#)
- [Cluster mapping and interconnected circles mapping](#)
- [Iceberg model](#) - also check out [FSG's take on the iceberg model](#) which identifies the underlying conditions required for systems change
- [Three Horizons](#) model - and a [toolkit](#) for facilitating a Three Horizons conversation in your institution

By creating a map of transformative potential, we become able to act with more skill, freedom and creativity in the present, both individually and together.

Bill Sharpe, co-creator of the Three Horizons model

Though we need to work within the system to bring about change, [the system] is so riddled with problems, and so difficult to change, that this is a frustrating prospect.

Participant

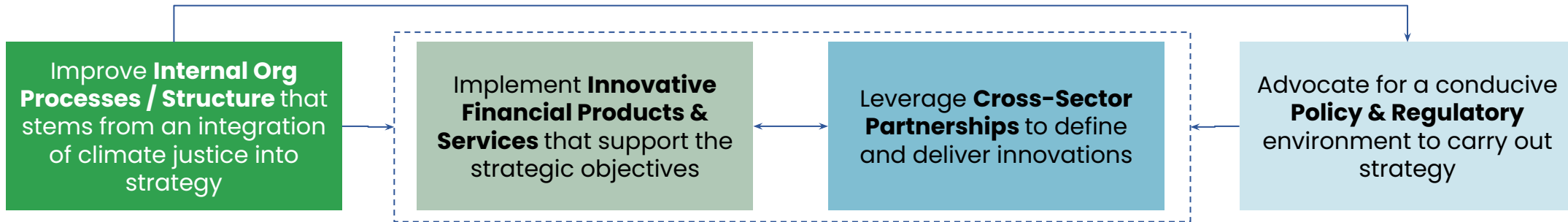




Conclusion

Now the real work begins. In moving forward towards building better societies, we suggest several possibilities for taking the next step. Utilising the case studies and ideas outlined in Appendix A, as well as the frameworks and tools in Appendix B can help you determine where to go from here to help foster a climate just society (also available on our [webpage](#)). The below is organised against the same framework utilised in Appendix A, and illustrates how achieving climate just goals in on one category will require intersections with the others.

Figure 14 **Climate Justice Action Plan Framework for Bankers**



Define a **strategy** that incorporates an understanding of broader systemic impacts of climate and society with finance

- Create an internal process to understand what climate justice means to the organisation, and establish and **ongoing inquiry** as to whether/not the organisation is upholding or inhibiting these principles
- Engage not only with primary stakeholders and shareholders, but the **broader community** of impact and influence to help create a more just and sustainable strategy
- Consider utilising CSLN’s [Good Transition Plan](#) as a practical, actionable guide to create effective climate transition plans. Further **strategy resources** are outlined in Appendix B
- Connect with CSLN if you’re interested in designing a **process** to explore climate justice strategy in the context of your bank (connect@climatesafelending.org)

Experiment with innovation that lends itself to strategic objectives

- Case studies and ideas outlined in Appendix A is a good starting point for exploring what “good” might look like in your context
- Begin building **relationships** and exploring external collaborations that might enable improved efficacy and reach of experiments underway, or even create avenues for new experiments

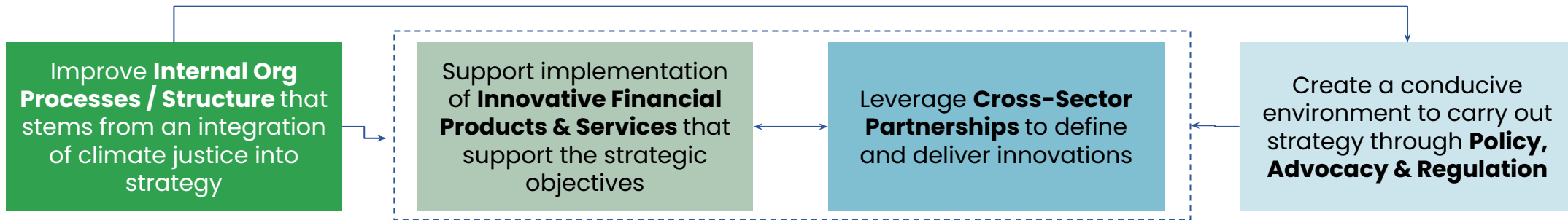
Understand what **political influence** your institution has

- Determine if the policies the institution currently supports and lobbies for advance climate justice or deter it
- Leverage political influence to show support for, rather than against laws & regulations that foster climate justice



Bank-adjacent stakeholders have a crucial role to play, too. In moving forward towards building better societies, we suggest several possibilities for taking the next step. It is imperative bank adjacent stakeholders continue to advocate for and create the conditions in which banks and lending institutions can foster climate justice. The below table is organised against the same framework utilised in Appendix A, and illustrates how achieving climate just goals will require concerted and intersectional action.

Figure 15 **Climate Justice Action Plan Framework for Bank-Adjacent Stakeholders**



Identify avenues for creating **collective voice**

- Engage with a **broad community** that includes civil society, academia, and grassroots voices to align on consistent messaging, campaigns and asks

Understand what **tools and resources** are still needed for financial institutions to integrate climate justice into broader financial strategy

- Focus resources on building tools and resources, building on what's existing and collaborating with others in the field

Understand what **case studies** and ideas are needed to help banks and lending institutions envision what is possible

- Build & share **evidence base** of case studies for climate justice interventions and innovations

Begin building **relationships** with financial institutions to explore external collaborations that might enable improved efficacy and reach of their experiments underway, or even create avenues for new experiments

Understand what **policies** are most conducive for enabling banks and lending institutions to shift their practices towards climate justice

- Build out and advocate for key policy ideas



As the real work begins, we've outlined a few themes to carry with you as you determine your next steps in moving forward towards building better societies:

Consider justice. As we live in a systemically interconnected world, approaching climate as a technocratic problem is not enough. We must recognise how systems of injustice contributed to the challenge in the first place, and work to address the poly-crisis of climate, society and the economy.

Be patient with process. To usher a new reality we cannot throw away the current system overnight, but slowly create a new system that eventually overtakes the old. We will not solve problems in a day.

Be biased towards action We must not let the perfect be the enemy of the good. Approaching all things with a bias for action, while maintaining intentionality and a commitment to process can help us make promising strides. We should not wait on others to make the first move.

Collaborate. We will not solve problems on our own

Integrate. Justice is not a side-of-the desk endeavor, but a consideration in all decision-making processes

Recognise hope. There are 'pockets of the future' that already exist, more than likely we have not come across them because to those of us stuck in this current system, they don't fit into our current mental models

Figure 16 **Climate Justice Principles**



WHAT'S NEXT FOR CSLN

We are looking forward in 2024 to integrating and evolving the Banking on Climate Justice initiative across several key work streams:

- **Catalysing a Global 'Race to the Top' for Climate Safe Banking** The first half of 2024 will expose the best ideas submitted to [Climate Finance Catalyst Contest](#). After receiving around 100 entries - many of which contain promising concepts, innovations and approaches for increased justice - we look forward to introducing these ideas to the banking community in partnership with our esteemed panel of judges.
- **Developing Climate Action Leaders** The [Climate Safe Lending Fellowship](#) will welcome its 3rd cohort in March 2024. Alongside fellows and alumnus, we will be cultivating climate action leaders who can drive impact and influence within their lending institutions.
- **Advocacy and Advisory** We look forward to continuing to advocate for models that genuinely shift the system, including those that have come out of this work, as well as the Catalyst Contest.

Get in touch! We welcome anyone to get in touch about advancing ideas towards action. Please reach out to connect@climatesafelending.org to explore ideas for further collaboration.





Appendix

The following pages outline case studies and ideas that have been crowdsourced over the course of the initiative. They are grouped by mechanisms and tagged according to the “Action Arena” they most closely align to. Please note:

- Classifications into action arena and mechanism are for organisational purposes only, and several case studies and ideas may cross several mechanisms and action arenas
- A number of the ideas showcased here draw from a mix of other case studies or anecdotes
- Several case studies are not directly from the banking sector, but rather serve as inspiration and learning based on what is happening in other sectors

Interactive Climate Justice resource

Please visit our webpage www.climatesafelending.org/climate-justice on your desktop or tablet for an interactive display of case studies and ideas.

Classification of Case Studies and Ideas

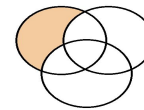
Mechanisms

Internal Org Processes / Structure

Financial Products & Services

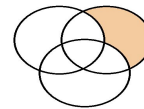
Cross-Sector Partnerships

Policy, Advocacy & Regulation



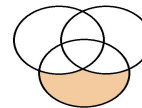
Action Arena A

Supporting people currently most impacted by climate effects



Action Arena B

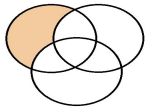
Preventing future societal and environmental damage



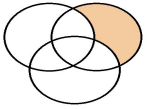
Action Arena C

Shifting towards locally-centred, climate resilient economies



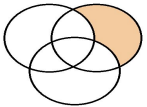


CASE STUDY [Using Inclusive Design to Create a Fair Transition to Net Zero](#) Fair by Design describes how they used inclusive design to place people with lived experience of poverty at the centre of policy decisions within a regulator. It highlights how this can be done by any decision or policymaker, and why inclusive design is essential for delivering markets that works for all consumers.

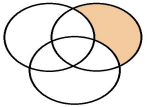


CASE STUDY [Business Climate Finance Initiative](#) The Business for Climate Finance Initiative was launched with two goals in mind:

1. assess and disclose the climate impact of corporate cash deposits and retirement funds and
2. decarbonize bank accounts and employee retirement plans, starting with a group of leading US companies.



IDEA [Supply chain stakeholder engagement for data collection](#) Engaging local stakeholders from across supply chains in data collection to improve social equity metrics and standards

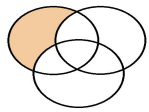


IDEA [Climate justice risk assessment tool](#) Mainstream FIs + DFIs utilise a tool to assess the level of climate justice risk to the FI and to other stakeholders originating from instruments as part of initial underwriting and ongoing portfolio monitoring, management and risk assessment. Development in partnership with community stakeholders and stakeholders from other sectors, implementation by regulators as part of wider risk assessment framework.

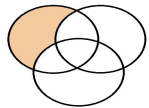
Relevant resources:

- [The Emperor's New Climate Scenarios](#): Limitations and assumptions of commonly used climate-change scenarios in financial services
- [The Problems with Climate Risk Scenarios - and how to fix them panel](#) and associated [resources](#) co-hosted by CSLN and Green Central Banking
- [Tipping Frontier](#)'s model of quantifying climate, pandemic, and conflict (CPC) risks that cascade across systems to impact asset prices, and facilitate investments in resilient financial products

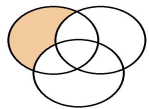




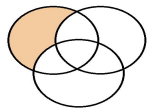
CASE STUDY [“If you succeed, we pay for it” Innovative Financing for Education: Pay for Success](#) The Equitable Education Fund (EEF) shares about social finance innovations and the concept of Pay for Success, a new operating model for sustainable educational outcomes and a way to end the long-standing educational inequality.



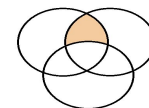
IDEA **Disaster response to move money to vulnerable communities** Accessing finance in the face of a disaster through various policy and bank solutions such as disaster risk insurance, catastrophe bonds, weather index insurance, facilitation of microfinance cash transfers, and debt relief.



IDEA **Front Office Expertise in Local Subsidies** Retail banks develop expertise at the front office in available local subsidies and programs to serve as advisors to clients – especially low-income communities and available subsidies for them. At its most complex, banks could use customer data (income thresholds, regional variations, spending patterns) to offer tailored solutions. At its most basic, retail agents could have information relevant to specific types of loans (e.g. energy subsidies if taking out mortgage loans)



IDEA **Increased favorability for remittance savings and transfers** Banks enable increased remittance transfers in order to increase access to capital in times of high vulnerability through crisis-adjusted fees and exchange rates, expanded number of and access to services, consumer education, partnerships with remittance service providers (RSPs), and government advocacy and collaboration to reduce remittance regulations and develop supportive remittance-based financing structures.

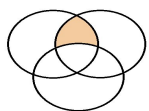


IDEA **Climate Justice Bonds for resilience projects** Banks – including mainstream, green banks, DFIs, etc. – issue bonds that individuals can voluntarily purchase at low-cost in order to help crowdsource the funding needed for local and regional climate resilience projects.

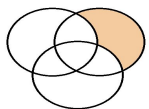
Relevant case studies include:

- Connecticut Green Bank’s [Green Liberty Bonds](#)
- United States’ government [Clean Energy Victory Bonds](#)
- Verizon Wireless [Green Bonds](#)
- World Bank [Green Bonds](#)

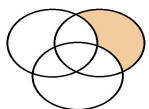




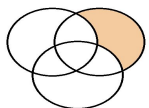
CASE STUDY [Ecuador's Debt-for-Nature Swap](#) Debt-for-nature swaps take distressed sovereign debt from poor countries and use the expected debt write-off to free up money for otherwise unprofitable investments in nature recovery or preservation. Other examples [here](#).



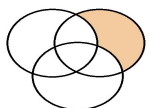
IDEA [Climate Justice debt covenants](#) Financial institutions place social & environmental covenants on loans so borrowers are required to adhere to the undertaking or forfeiture of certain activities in line with climate justice principles (e.g. [SDG-linked bonds](#))



CASE STUDY [Innovative Finance for Resilient Infrastructure](#) This report, published by Lloyd's in association with the UK's Centre for Global Disaster Protection, identifies and provides an outline design of four financial instruments that could be used to incentivise and deliver greater investment in resilience: (1) insurance linked loan package, (2) resilience impact bond, (3) resilience bond, (4) resilience service company

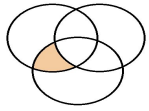


IDEA [Targeted Financing Tools for Climate Entrepreneurs](#) Providing access to capital, expertise and networks to enable entrepreneurs - especially indigenous entrepreneurs - to bring their ideas to life. Partnerships with accelerators and incubators, climate-specific venture capital funds, Green banks, Governments, and International development finance institutions can help increase access to finance, share risk and make investments traditionally seen as unfavourable or unattractive. Leveraging corporate sustainability initiatives or creating prizes and competitions can increase recognition and funding to promising entrepreneurs.

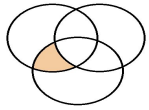


CASE STUDY [Weather-based derivatives](#) Financial instruments that can be used by organisations or individuals as part of a risk management strategy to reduce risk associated with adverse or unexpected weather conditions.

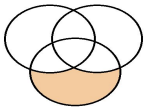




CASE STUDY [Breaking the cycle of poverty through innovative finance: Lessons from the Village Enterprise development impact bond and beyond](#) The Global Economy and Development Program hosted an event to bring together key stakeholders from the Village Enterprise DIB project and high-level experts and critical thought leaders. Panellists shared lessons learned and explored the potential and limitations of the impact bond approach as a tool to address global poverty challenges.

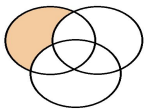


CASE STUDY [Candide's Afterglow Climate Justice Fund](#) The Afterglow Climate Justice Fund focuses on the root causes of the climate crisis through an intersectional lens of racism, classism, capitalism, economic injustice, and environmental harm. The Fund will lend to organisations serving communities living in persistent poverty, facing high energy costs, lacking access to clean transportation, and disproportionately suffering from the effects of extreme weather. We share movement leaders' views of shifting to a regenerative economy based on ecological restoration, community protection, equitable partnerships, justice, and full and fair participatory processes. Across the board, our investments will support the creation of green jobs and solutions with leadership and ownership proximate to the communities served.

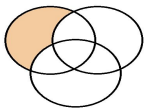


IDEA **Coordinated lending for local communities through blended finance** Using blended finance models between mainstream financial institutions and CDFIs to co-finance local communities

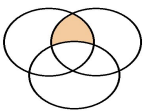




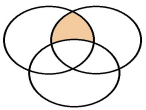
CASE STUDY [Hardest-to-Reach programme](#) The H2R programme from GCF aims to provide affordable and green energy access to first-time users in low-income populations in 16 countries in Africa. The programme will support off-grid solar companies to enter and grow in these underserved markets by providing flexible financing that matches the needs of the companies



IDEA Increased favorability for remittance savings and transfers Banks enable increased remittance transfers in order to increase access to capital in times of high vulnerability through crisis-adjusted fees and exchange rates, expanded number of and access to services, consumer education, partnerships with remittance service providers (RSPs), and government advocacy and collaboration to reduce remittance regulations and develop supportive remittance-based financing structures.



CASE STUDY [Investment Protocol: unlocking financial flows for coastal cities adaptation to climate change and resilience building](#) With the objective to deliver on the Race to Resilience's target of making 4 billion people more resilient by 2030, the High Level Climate Champions, the Ocean and Climate Platform, Resilient Cities Network and ICLEI are partnering to unlock financial flows that promote climate change. This paper provides a summary of funding and financing options and mechanisms, as well as a mapping of the key stakeholders.

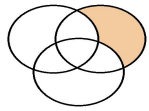


IDEA Training on adaptive livelihoods through microfinance partnerships Banks better support microfinance institutions through financing and technical assistance in order to leverage microfinance platforms to provide training on adaptive livelihoods to people and communities who are increasingly exposed to climate risks.

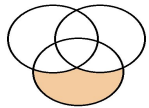
Relevant resources:

- [EaSI](#) Technical Assistance for microfinance
- [Microfinance, over-indebtedness and climate adaptation: New evidence from rural Cambodia](#), University of London

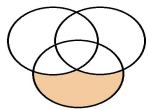




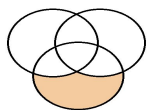
IDEA Targeted Financing Tools for Climate Entrepreneurs Providing access to capital, expertise and networks to enable entrepreneurs – especially indigenous entrepreneurs – to bring their ideas to life. Partnerships with accelerators and incubators, climate-specific venture capital funds, Green banks, Governments, and International development finance institutions can help increase access to finance, share risk and make investments traditionally seen as unfavourable or unattractive. Leveraging corporate sustainability initiatives or creating prizes and competitions can increase recognition and funding to promising entrepreneurs.



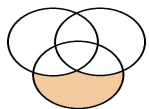
CASE STUDY [Chicago's Community Wealth Building Initiative](#) Community Wealth Building is an approach to economic development that promotes the local, democratic, and shared ownership and control of community assets



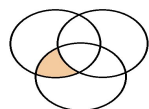
IDEA Coordinated lending for local communities through blended finance Using blended finance models between mainstream financial institutions and CDFIs to co-finance local communities



CASE STUDY [RCN's Global Risk and Resilience Fellowship](#) A unique fellowship program that connects insurance professionals with city senior leadership to develop resilience-building risk transfer solutions

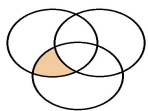


CASE STUDY [Seed Commons: A Community Wealth Cooperative](#) Seed Commons is a national network of locally-rooted, non-extractive loan funds that brings the power of big finance under community control. By taking guidance from the grassroots and sharing capital and resources to support local cooperative businesses, we are building the infrastructure necessary for a truly just, democratic and sustainable new economy.

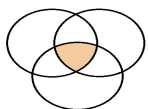


IDEA Co-funded community trusts to finance local resilience projects Banks, central & local government and private sector investors partner to finance community trusts, who can invest the generated capital and use the income for local grant making. By involving community based organisations in the process, there will be increased reliance on local structures, communities and approaches to climate resilience projects. Relevant resources: [Eastern & Central Community Trusts](#) and Westpac Banking Corporation historical relationship

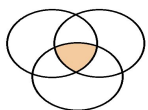




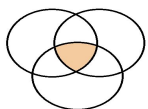
CASE STUDY [The Guild Real Estate Worker-Owned Cooperative](#) The Guild takes a systems approach to creating collaborative, inclusive, and sustainable communities, with the aim of addressing the root causes of economic inequality.



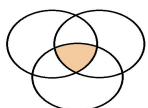
CASE STUDY [Community Resilience Financing Partnership Facility](#) The CRFPF is an initiative of the Asian Development Bank to support countries in Asia and the Pacific region to scale up community-level investments in climate adaptation, explicitly seeking to build the resilience of poor and vulnerable communities to the negative impacts of climate change.



CASE STUDY [Justice Climate Fund](#) With its communities-first approach and support from ImpactAssets, a major nonprofit impact investing firm, as well as green banks that specialise in financing green technologies, the JCF is well positioned to reliably deploy intentional and coordinated investments that will lower carbon emissions and strengthen the country's climate resilience at the community level.

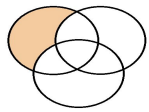


CASE STUDY [Subnational Climate Fund](#) The SCF is an example of a small scale impact/innovation fund. The goal of the SCF is to catalyse climate solutions at the subnational level through a transformative finance model designed to attract public and private investment and to deliver certified climate and sustainable development impacts and Nature-based Solutions.

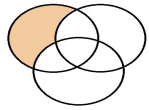


CASE STUDY [Financing a healthy planet for all through investments in indigenous climate action](#) The Sierra Club Foundation, a 501(c)3 endowed organisation, leverages its diversified assets to support a healthy planet for all people. Specifically, as part of its catalytic capital work, how the foundation works in reciprocity and solidarity with innovative, Indigenous-led groups providing Indigenous-focused climate solutions, at catalytic junctures. These groups include SAGE Development Authority, with whom the Foundation helped bridge an initial funding gap to develop the Standing Rock Sioux Tribe wind project; and Navajo Power. These were financed investments at a time when banks and more traditional investors had deemed the investments too risky or early; which then catalysed co-investments and growth that allowed downstream investors to come in. The projects themselves have had enormous positive impact and implications for Native communities, local health, and the planet. And the foundation learned much along the way.

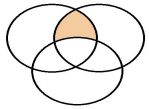




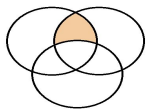
IDEA Banking the Climate vulnerable Processes and policies to ensure communities/sectors stay adapted & bankable in face of climate risk (policy, insurance, lending)



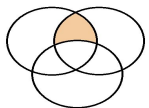
IDEA Prioritised lending to historically marginalised entrepreneurs Policies enable bankers to prioritise financing climate solutions that come from frontline, historically disadvantaged communities in order to create accountability and reparations for policies that have historically & systemically exacerbated climate risk.



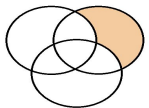
CASE STUDY [US Department of Justice Comprehensive Environmental Justice Enforcement Strategy](#) One year progress report on advancing environmental justice under the DoJ's environmental justice strategy. This report details the work done to implement each of the four principles, including both specific cases and related activities. The information included here is current through August 3, 2023. Highlights include several cases related to EJ.



CASE STUDY [Currency-hedging facilities](#) Proposals on currency-hedging facilities such as the Bridgetown initiative led by Barbados' Prime Minister Mottley to help Global South countries with liquidity support and debt sustainability

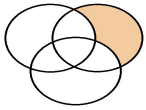


CASE STUDY [Global Climate Reparation Funds](#) Global Witness outlines how global climate reparation funds, especially those governed by frontline communities, are an attempt to right historical injustices as well as to prevent them from occurring again in the future. ("Loss and damage" compensation excludes liability or compensation for past harm and only refers to payments for current unavoidable climate impacts.)



IDEA Bank transparency initiatives Initiatives are set up for pre-competitive data sharing in order to empower stakeholders, including governments, investors, and civil society organisations, to hold banks accountable and drive change on climate justice.

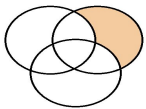




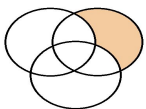
IDEA Climate justice risk assessment tool Mainstream FIs + DFIs utilise a tool to assess the level of climate justice risk to the FI and to other stakeholders originating from instruments as part of initial underwriting and ongoing portfolio monitoring, management and risk assessment. Development in partnership with community stakeholders and stakeholders from other sectors, implementation by regulators as part of wider risk assessment framework.

Relevant resources:

- [The Emperor's New Climate Scenarios](#): Limitations and assumptions of commonly used climate-change scenarios in financial services
- [The Problems with Climate Risk Scenarios - and how to fix them panel](#) and associated [resources](#) co-hosted by CSLN and Green Central Banking
- [Tipping Frontier](#)'s model of quantifying climate, pandemic, and conflict (CPC) risks that cascade across systems to impact asset prices, and facilitate investments in resilient financial products



CASE STUDY Human Rights Violations of Banks The warning issued by United Nations and ClientEarth regarding the significant human rights impact Saudi Aramco and its financial backers have across the world through the state-run oil company's outsized contribution to the climate crisis sets precedent for human rights obligations of banks in their oil & gas financing

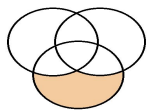


IDEA Regulatory Mandates and Restrictions Central banks and regulators take on more active roles such as through [systemic-risk approaches](#) to encourage [central bank mandates](#) that restrict financing of fossil fuel proliferation and promote climate justice objectives.

Relevant Resources:

- WWF's [Financial Services and Markets Bill](#) policy position briefing
- Research on the implications for central banks and financial supervisors of [biodiversity loss and climate change interactions](#)

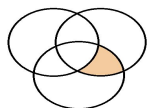




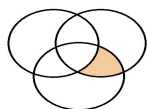
IDEA Regulatory mechanisms to increase local lending by Mainstream FIs Proliferation of policy mechanisms (e.g. such as Community Reinvestment Act and Community Benefits Agreements) and partnerships (e.g. with CDFIs) to increase incentives for and ease of access to financial mechanisms and avenues by which financial institutions can engage in more local-level lending.

Relevant resources and case studies:

- [TD Bank's community benefits plans](#)
- [Participatory Investment in Banking: Opportunities and Options for Banks](#)



CASE STUDY Campaigns to motivate bank changes [Bank for Good](#) and [Switch It Green](#) make it easy for people to align their values with their financial decisions by switching banks that align with a fossil-free future.



IDEA Expansion of small banks and stakeholder banks Policymakers implement measures - including regulatory incentives (tax breaks, capital reliefs for finance that would otherwise fall on the state) and simplifications - to create space for smaller and stakeholder banks to increase their share of the market, much like the efforts under the [fair banking for all campaign](#) related to financial inclusion.



The following pages share frameworks and tools shared by participants throughout the initiative that help conceptualise climate justice in different ways.

ASSESSMENT TOOL [Resilience Assessment Tool for CDFI Lending Programs and Tool Pilot Phase Implementation Guide](#) *ResCDF*

Resilience assessment tool for CDFI lending programs and pilot phase implementation guide. Note these are BETA versions that have undergone limited testing. We encourage you to reach out with any questions, to report errors, and to provide feedback.

ASSESSMENT TOOL [Clean Energy Bankability Toolkit for Developing Countries](#) *GREENMAP*

GREENMAP, an impact-driven and independent non-profit organisation dedicated to supporting governments in emerging and developing countries, received a grant from The Rockefeller Foundation to identify the key factors underpinning the development of a thriving and investable clean power sector in emerging markets. Over the course of 2023, GREENMAP will identify, capture, and incorporate the key dimensions needed to create a new diagnostic tool that is useful to assist governments and investors in scaling climate financing.

CRITERIA [Designing a Climate Resilience Classification Framework to facilitate investment in climate resilience through capital markets](#) *Climate Bonds Initiative (CBI), UN Office for Disaster Risk Reduction (UNDRR)*

This white paper presents a blueprint for the development of a climate resilience classification framework, with the primary objective of promoting and facilitating the much-needed investment in climate resilience through capital markets.

CRITERIA [Just Transition Criteria – a practical tool for fund managers](#) *Impact Investing Institute*

Just Transition Criteria that help asset managers and asset owners align investments with a just transition

GUIDANCE / RECOMMENDATIONS [7 Steps to Driving Impact in Community Banking](#) *Board Effect*

As businesses that often support underserved communities, community banks can be instrumental in creating long-term positive changes for individuals and businesses. What steps will your community bank need to take to drive the future impact in community banking? Board Effect outlines 7 steps for your review and consideration.



GUIDANCE / RECOMMENDATIONS [Bank Action Guide: Towards a just transition for small–medium enterprises \(SMEs\)](#) *Banking Environment Initiative (BEI) at CISL's Centre for Sustainable Finance (CSF)*

The Bank Action Guide, developed by the Banking Environment Initiative (BEI) at CISL's Centre for Sustainable Finance (CSF), is a blueprint for actionable steps banks can take to include acutely vulnerable small-medium enterprises (SMEs) and, therefore, begin to ensure they are included in the net-zero transition. It offers a roadmap for banks to ensure a fair and sustainable transition for acutely vulnerable SMEs. These SMEs are the focus for any initial action a bank takes because the climate-related transition risks they face are the most material, being heightened due to social, economic and environmental challenges, and their inclusion is crucial for the legitimacy and success of the net zero transition.

GUIDANCE / RECOMMENDATIONS [Financing structures for place-based impact investing – what works?](#) *Impact Investing Institute*

This document sets out the key characteristics viable financing vehicles must possess, a variety of structures they can adopt and a set of case studies which demonstrate these principles in practice.

GUIDANCE / RECOMMENDATIONS [Just Transition Finance Tool for banking and investing activities](#) *International Labour Organization, LSE Grantham Research Institute*

The Just Transition Finance Tool for banking and investing activities was developed by the International Labour Organization, together with the LSE Grantham Research Institute. It provides practical guidance to financial institutions on integrating Just Transition considerations in their strategies and operations.

GUIDANCE / RECOMMENDATIONS [Leading with Justice Net Zero Investing & Conversations on Climate Justice](#) *Intentional Endowments Network*

This paper provides a brief background and working definition of climate justice, it argues that using a climate justice framework is central to achieving the stated goals of net zero (Pages 3–8). In the same section, it will highlight emerging research suggesting that incorporating climate justice considerations into investment diligence may serve as a financial risk mitigant for investors. Finally, the paper will provide practical methods for asset owners and allocators to implement climate justice, informed by a series of conversations with asset owners, investors, and activist practitioners (Pages 8–17). In doing so, we seek to demonstrate that by centering on frontline communities, investors can more quickly, equitably, and efficiently achieve the broader goals of the environmental movement—harm mitigation, resilience, and ecological restoration.

GUIDANCE / RECOMMENDATIONS [Mobilising institutional capital towards the SDGs and a Just Transition](#) *Impact Investing Institute*

The report provides concrete and actionable recommendations for policy makers and regulators, institutional asset owners, MDBs and DFIs, asset managers, impact investors, advisors and ecosystem builders to work together to (a) Mobilise institutional capital from the full range of private and quasi-public institutional actors, and (b) Break down silos between climate-first and social-first strategies and transactions and strengthen the participation of local Community Voice to advance a Just Transition. The report also includes a full set of examples and case studies across asset classes that demonstrate how existing and future vehicles can pursue bold environmental and social impact while being attractive to institutional investors.



GUIDANCE / RECOMMENDATIONS [Participatory Investment in Banking: Opportunities and Options for Banks](#) *Transform Finance, Beneficial State Foundation*

Transform Finance and Beneficial State Foundation co-authored guide for banks interested in deepening community participation in the most appropriate ways for your organisation. We suggest frameworks for tying your bank's strategy to community goals and questions to ask as you determine your best entry points. Whether your institution is interested in community governance models, lending to PI projects, or working with funders from existing PI projects, our guide has concrete next steps for supporting your bank in achieving deeper community collaboration.

GUIDANCE / RECOMMENDATIONS [Just Transition](#) *UNEPFI*

The project's focus is to clarify the implications of a just transition for the banking and insurance sector and establish guidelines that provide a practical roadmap for an inclusive and equitable climate financing for mitigation, adaptation, and resilience that aligns with societal goals and the SDGs.

INVESTMENT PROTOCOL [Investment Protocol for Coastal Cities Adaptation and Resilience](#) *Ocean & Climate Platform Climate Champions,, Duke University, Resilient Cities Network and Climate Champions*

Unlocking financial flows for coastal cities adaptation to climate change and resilience building requires mobilising various sources of funding and financing. A particular opportunity for coastal cities to attract funding for adaptation is to integrate such objectives in the development of blue economy industries and broader equitable resilience building, which are capital intensive, such as ports energy transition, tourism infrastructure, or offshore wind.

NETWORK ASSOCIATION [CDFI Climate Crisis Working Group](#), *CDFI Connect*

A dynamic, collaborative community designed and built just for the CDFI industry. It's the perfect place for knowledge exchange, idea incubation, professional networking, sharing industry events and job openings, and much more.

NETWORK ASSOCIATION [First People's Worldwide Annual Report](#) *First Peoples Worldwide*

Annual report for First Peoples Worldwide, an organisation that catalyses systems change that prioritises the rights of Indigenous Peoples in business operations now and for the future.

STRATEGIC FRAMEWORK [Designing a Climate Resilience Classification framework](#) *Climate Bonds Initiative*

To facilitate investment in climate resilience through capital markets



STRATEGIC FRAMEWORK [Equitable Bank Standards](#) *Beneficial State*

Combining evolving solutions with proven frameworks, the Equitable Bank Standards were created specifically for banks to make it easier for them to increase their social and environmental impact. Whether a bank's leaders are newly curious about how to operate more responsibly, or they are already recognized for achieving positive outcomes, the Equitable Bank Standards provide a path for banks to support an equitable and regenerative future.

STRATEGIC FRAMEWORK [Finance for a Regenerative World](#) *Capital Institute*

Drawing upon an insider's understanding of the world of high finance, as well as the principles and patterns of sustainability found throughout living systems in the real world, Finance for a Regenerative World provides a frank assessment of our flawed finance ideology, and a bold, principles-based framework for the future of Finance.

STRATEGIC FRAMEWORK [From Banks and Tanks to Cooperation and Caring: A strategic framework for a Just Transition](#) *Movement Generation*

The Justice & Ecology Project inspires and engages in transformative action towards the liberation and restoration of land, labour, and culture. We are rooted in vibrant social movements led by low-income communities and communities of colour committed to a Just Transition away from profit and pollution and towards healthy, resilient and life-affirming local economies. We offer this booklet as a humble point of departure for folks interested in building a collective vision and strategy framework for Ecological Justice that does not separate humans from nature or social equity from ecological integrity.

STRATEGIC FRAMEWORK [Just Transition Framework](#) *Presidential Climate Commission*

The just transition framework is a planning tool for achieving a just transition in South Africa, setting out the actions that the government and its social partners will take to achieve a just transition, and the outcomes to be realised in the short, medium, and long term.

STRATEGIC FRAMEWORK [The 4 Returns Framework](#) *Commonland*

The 4 Returns Framework connects people to nature and each other. We offer a practical, holistic approach to landscape restoration that everyone can understand and use.

