

WHAT IS THE NET ZERO BANKING ALLIANCE?

« Achieving the objectives agreed in the Paris Agreement to limit global temperature increases to well below 2°C from pre-industrial levels and striving for 1.5°C will require ambitious actions from all strands of the economy: alongside governmental policy commitments and corporate action, financial institutions will need to adjust their business models in the short and long term and develop realistic strategies underpinned by robust, science-based targets and action plans. [...]

The role of the banking industry in tackling this challenge is key. Banks will need to support the transition to a net-zero economy through their lending and financing decisions and through facilitating their clients' transition »

Guidelines For Climate Target Setting for Banks – UN Environment programme – Finance initiative

THE NET ZERO BANKING ALLIANCE

Background?

Within the framework of the COP26, the **Glasgow Financial Alliance for Net Zero (Gfanz)**, a global coalition of leading financial institutions committed to accelerate the decarbonisation of the economy was launched in partnership with notably the Race to Zero campaign.

What is it?

The net zero banking alliance (NZBA) is a program launched in April 2021 through the United Nations Program Finance Initiative (UNEP-FI).

What is the objective?

This is a global alliance of banks who have committed **to align their portfolios on Net Zero emissions from here 2050**, consistent with a maximum increase of the temperature by 1.5°C compared to the levels preindustrial.

What is net zero?

Net-zero is a point where **“anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period”** (International Panel On Climate Change - IPCC)

Recent news?

Major Wall Street banks have threatened to leave the Glasgow Financial Alliance for Net Zero (Gfanz) over notably legal issues. Member firms of the NZBA accused Race to Zero of introducing increasingly stringent decarbonisation requirements without consulting its signatories.

Membership?

121

Banks

41

Countries

US\$ 71trn

Total Assets

40%

of global banking assets

PRINCIPLES AND GUIDELINES

Key Principles

Targets shall at least align with the temperature goals of the Paris Agreement and support the transition towards a net zero economy by 2050

- 2030 (or sooner) and 2050 target should be set
- Intermediary targets shall be set and reviewed every 5 years
- Targets shall focus on achieving an impact in the real economy
- Targets shall be approved by the highest executive level within the bank
- Targets shall be publicly disclosed and reported annually on progress

Scope :

- **Scope 3, Category 15:** Guidelines apply to the bank's lending and investment activities
- **Scope 1, 2, 3:** Targets shall include client's scope 1, scope 2 and scope 3 emissions

Cf. appendix for Scope 1,2 and 3 definition

4 guidelines

1. Banks shall set and publicly **disclose long-term and intermediate targets** to support meeting the temperature goals of the Paris Agreement.

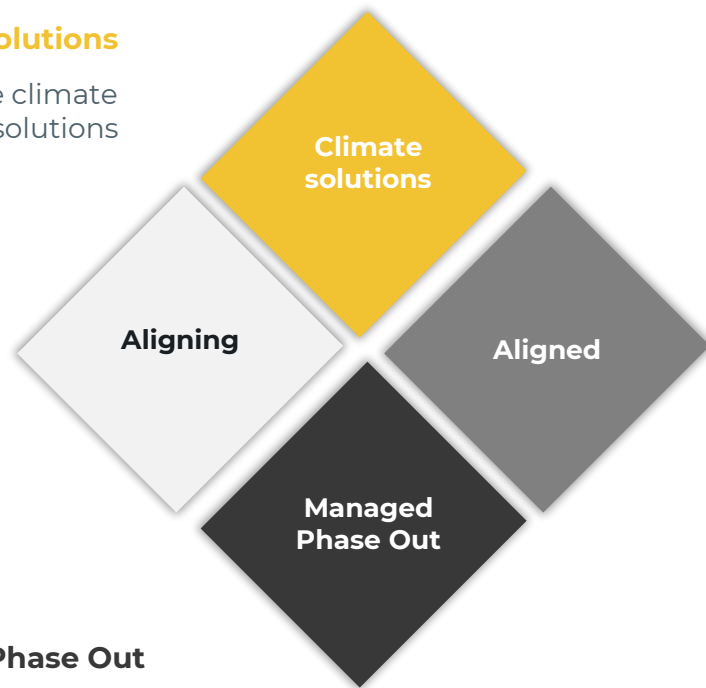
3. Banks shall establish an **emissions baseline and annually measure and report the emissions** profile of their lending portfolios and investment activities.

2. Banks shall use widely accepted **science-based decarbonisation scenarios** to set both long-term and intermediate targets that are aligned with the temperature goals of the Paris Agreement.

4. Banks shall regularly **review targets** to ensure consistency with current climate science

CONCRETELY, WHAT IS NET ZERO?

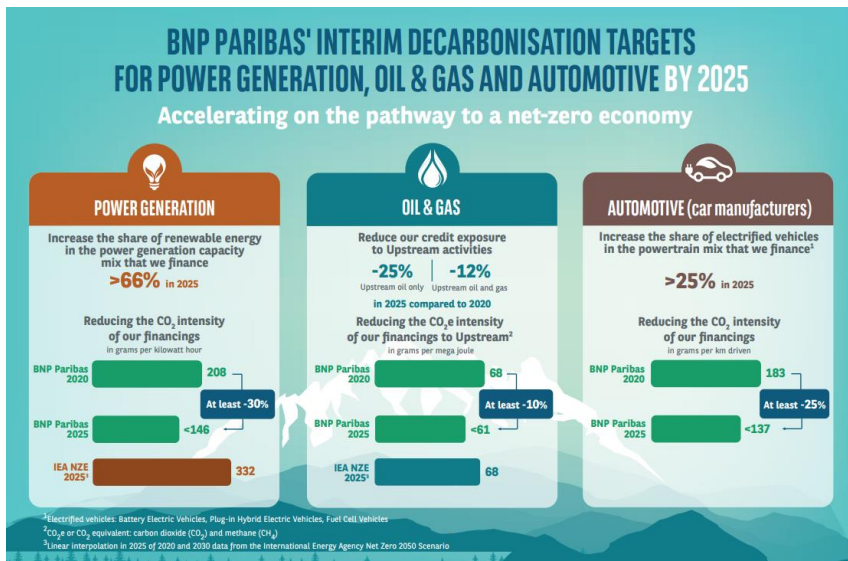
- Climate Solutions**
Financing or enabling entities and activities that develop and scale climate solutions
- Aligned**
Financing or enabling entities that are already aligned to 1.5°C pathway
- Aligning**
Financing or enabling entities committed to transitioning in line with 1.5°C-aligned pathways
- Managed Phase Out**
Financing or enabling the accelerated managed phase out of high emitting physical assets



GOING FURTHER

USE CASE

BNP Paribas



[BNP Paribas 2022 Climate analytics and alignment report](#)

DEEP DIVE

RECENT NEWS

[Open Letter from the NZBA Chair to members](#)

SOURCES

[UNEP FI Guidelines](#)

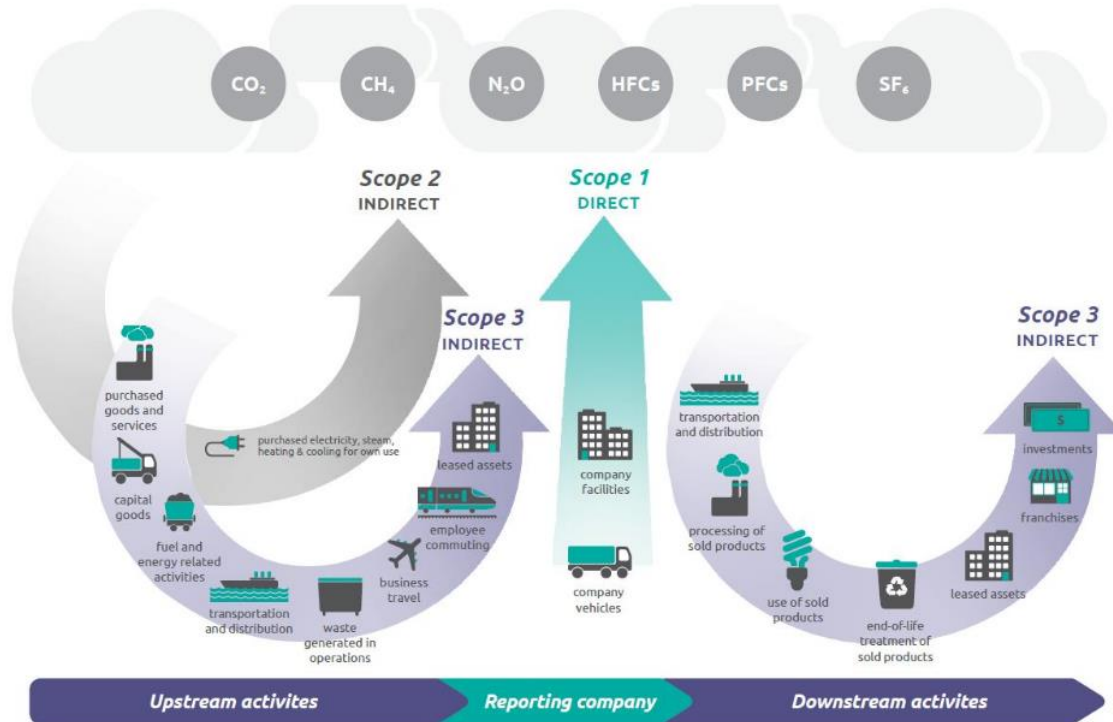
[UNEP FI Transition Finance Guide](#)

[Credit Portfolio Alignment](#)

APPENDIX

SOURCE: [GREENHOUSE GAS PROTOCOL | \(GHGPROTOCOL.ORG\)](https://www.ghgprotocol.org/)

SCOPE 1, 2 and 3





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