BELOW THE RADAR:

Central banks investing unsustainably

RECLAIM Finance

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INTRODUCTION

Are banks investing sustainably? It's a topic which has become *de rigueur* for private institutions around the world but may raise highbrows when posed in the context of central banks. However, **the "banks of banks" are also asset owners and managers and as such should not be exempted from scrutiny** on this issue.

Central banks have shown themselves to be increasingly aware of the need to address climate change. They often stress that private finance should consider the financial risks it brings, while serving as examples for these institutions and representing governments that have pledged to limit global warming.

In the words of the Network For Greening the Financial System (NGFS), the central banks' 'green' initiative, "the adoption of Sustainable and Responsible Investment (SRI) practices by central banks is important and can help to demonstrate this approach to other investors and mitigate material ESG risks as well as reputational risks" and this is "especially true if a central bank calls upon the financial sector to take account of climate-related risks". In other words: **practice what you preach to avoid losing credibility and becoming a target for civil society pressure.**

While central banks would do well to follow this advice on all their operations, the nature of some of the portfolios they manage could make the task trickier. Indeed, portfolios used to carry out monetary policy – named "policy portfolios" in this report - are the most important in term of scale but are bound to follow specific objectives and characteristics defined by central bank mandates and monetary policy frameworks. However, other portfolios managed by central banks are not fit for monetary policy purposes and are therefore constrained by such rules. These "non-policy portfolios" – in the NGFS terminology "own portfolios", "pension portfolios" and "third-party portfolios" – are not tied to the core mandate of central banks. Much like private financial institutions, central banks have broad discretion to determine how to invest these portfolios. Even if they cannot decide on their own when it comes to third-party portfolios, they always play a key role in advising the portfolio owner – usually their government - and in building the applied investment framework.

Introducing climate criteria into non-policy portfolios is a first, easily implementable step to reduce central banks' environmental impact and demonstrate their seriousness when it comes to climate action. **A central bank that pledges its goodwill but refuses to stop funding major polluters – most notably coal companies and companies developing new fossil fuel projects - through these portfolios is simply not credible. Central banks' investment policies for non-policy portfolios are a litmus test for climate credibility.**

Of course, policy portfolios should not be forgotten. The effect of the decarbonization of policy portfolios would be far greater than that of non-policy portfolios: the Banque de France manages a total of 23 billion euros in non-policy portfolios while the ECB's asset purchases conducted from 2020 to 2022 total €1.97tn. Nonetheless, the introduction of criteria into the management of policy portfolios will always trigger long debates and – unlike non-policy portfolios – allows central bankers to hide behind their mandates. Central banks can and must decarbonize their policy portfolio but doing so for their non-monetary portfolios should be a straightforward and uncontroversial step in the right direction.

This report provides an analysis of the SRI policies of major central banks from the G20[1] and Eurosystem[2]. It reveals the fundamental failings and opacity of central banks, casting doubt on their claims of climate-consciousness. It provides key recommendations for central banks to adopt and call on the NGFS to push forward clear and ambitious guidelines. A case-by-case analysis of central banks' investment policies is available in the annex of the report.

Various types of portfolios managed by central banks

T1 **Characteristics of typical central bank portfolios**

	Policy portfolios	Own portfolios	Pension portfolios	Third-party portfolios
Dictated by	**Policy goal** – determined by central bank mandate.	**Financial return goal** – e.g. to help cover operating expenses.	**Fiduciary duty** – managed on behalf of beneficiaries.	**Third-party mandate** – managed on behalf of an external party.
Main objective	To support, implement and maintain confidence in monetary policy and currency management.	To generate returns within set risk tolerance levels. Secondary objective can be to gather market intelligence.	To provide for the retirement pension obligations of the central bank's employees.	Set by a third party. Varies, e.g. financial return, short-term liquidity provision or foreign exchange intervention.
Character	Assets meet high standards in terms of liquidity and credit quality in order to be able to absorb shocks in times of crisis or when access to borrowing is curtailed. Can be subject to market neutrality.	Subject to risk-return considerations. More freedom in investment decisions, but interference with monetary policy or currency management should be prevented.	Long term investment horizon in line with the pension liabilities. Short-term volatility is less of a concern.	Depends on main objective of funds. Cases where central bank manages foreign exchange reserves on behalf of the government.
Asset classes	**Limited.** Mostly (sub-) sovereigns, supranationals and agency (SSA) and some corporate/covered bonds and equity.	**Diverse.** Mix between SSA, corporate/covered bonds and equity, and potentially private debt.	**Diverse.** Mix between SSA, corporate/covered bonds, equity, and private debt.	**Diverse.** Mainly SSA, followed by corporate/ covered bonds, and equity.
Duration	**From short to medium term.** From 3-6 years for majority. Less than 2 years for one-third of respondents.	**Short term.** Less than 2 years for majority.	**Longer term.** More than 6 years for two-thirds of the respondents.	**Balanced.** Varies from short term (0-2 years), medium term (3-6 years) and longer term (> 6 years).

Source: NGFS, A sustainable and responsible investment guide for central banks' portfolio management, October 2019

KEY FINDINGS

- **Central banks have wide discretion to determine how they invest their non-policy portfolios** and can easily adopt criteria to align with the Paris Agreement, notably by excluding companies that develop new fossil fuel production projects.

- However, only **a quarter of G20 central banks are nominally committed to investing responsibly**, all of them from Europe. **In the Eurosystem, eight central banks are still to disclose any kind of SRI approach.**

- **Just one G20 and Eurosystem central bank is taking the climate issue seriously with a policy that aims to align portfolios with 1.5°C, opposes fossil fuel development and significantly restricts support to major fossil fuel companies. Only four of them – in France, Slovenia, Germany and Switzerland - have some kind of fossil fuel restrictions.** While the Banque de France set a very good example that should inspire its counterparts, its policy is yet to fully align with the Paris Agreement. Similarly, Bank of Finland's recent carbon neutrality announcement is a positive signal, but – as the related emission targets and fossil fuel criteria are still to be defined - the quality of the policy remains highly uncertain.

- Eurosystem central banks rely on five tricks to paint themselves as responsible while continuing to invest in major polluters. **They notably maintain opacity: out of fourteen Eurosystem central banks with SRI policies, nine are highly opaque, including six that do not disclose any credible information to justify their SRI claims.**

METHODOLOGY

Analyzing central banks' investment policies

In this report, we analyze the investment policies of major central banks belonging to G20 countries and the Eurosystem. These central banks have been selected due to their prominent economic weight and – for Eurosystem central banks – alleged leadership on climate issues.

The report focuses on non-policy portfolios, where central banks have the broadest discretion to determine their strategy and cannot use mandate interpretations to avoid action. Nevertheless, given the importance of policy portfolios, the few SRI practices used on central banks portfolios are also stressed and considered in a specific box inserted into the report (Box 2).

Data and information

We searched central banks' websites, annual reports, sustainability reports and recent speeches dealing with environmental issues for any evidence that would suggest the use of Sustainable and Responsible Investment (SRI) practices on any type of portfolio managed.

The findings have been cross-checked and supplemented with the information available in the G20 Green Central Banking Scorecard, the NGFS's sustainable investment guide for central banks and progress report and Oil Change International's report Unused tools: how central banks are fueling the climate crisis. G20 central banks were given the opportunity to provide information on their climate strategy during the writing of the G20 Central Banking Scorecard and Eurosystem central banks have been contacted several times by Reclaim Finance and its partners during the ECB strategy review process. Several central banks already discussed their investment strategy with Reclaim Finance, but all the information used in this report is taken from the public record.

It is worth noting that:

- Any policy disclosed by central banks after October 26th 2021 have not been considered in this report.
- For several G20 central banks with no public SRI policy,[3] we found no explicit mention of non-monetary portfolios and were not able to establish with absolute certainty that these banks manage such portfolios. Nonetheless, official documents suggest these banks hold private assets denominated in their national currency and/or various stakes in private institutions and manage some portfolios. While these banks publish little information on their portfolios - and some of the content they release is not available in English - it is very clear that they manage significant volumes of assets, either for monetary or non-monetary purpose.

Reclaim Finance's approach

The Network for Greening the Financial System (NGFS) previously surveyed central banks to identify their SRI practices. The NGFS used responses given by central banks to build its report. Reclaim Finance's report largely diverges from the NGFS' analysis, which fails to consider the quality of the practices adopted as well as their transparency. The NGFS notably underlines that "out of the 40 respondents, 88% integrate or are considering integrating SRI practices into one or more of their portfolios" but – apart from a few case studies - does not give details on these policies. For example, this would mean that a policy allowing portfolios to be invested in coal but which advertises its investment in a few green bonds is not differentiated from a policy that excludes coal and aims at aligning with a 1.5°C trajectory. Indeed, SRI covers a wide variety of practices, from the most to the least impactful. SRI practices can have nothing to do with the environment or climate and are usually not tied to an alignment with the goals of the Paris Agreement.

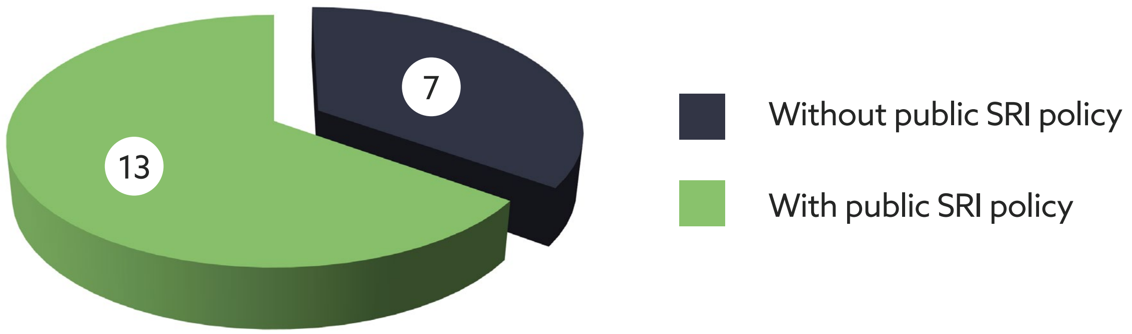
To overcome these limitations, Reclaim Finance's report endeavors to precisely analyze the content of each policy and to assess their effectiveness against the backdrop of the Paris Agreement. Quality matters as well as quantity. In the sections below we demonstrate the inarguable scientific imperative to drastically reduce fossil fuel production and immediately end new fossil fuel projects. Thus, excluding fossil fuel developers and a progressive exit from the fossil fuel sector are key components of strong SRI practices - as such they are a core focus in this analysis.

1. THE RACE TO ZERO
(RESPONSIBLE INVESTMENT POLICY)

Of all G7 central banks, only three – France, Germany and Italy - disclose SRI practices on non-monetary portfolios. Apart from these banks, the Bank of Canada seems to be considering such a policy and the Bank of England is currently introducing a decarbonization approach for one of its monetary policy portfolios (see Box 2).

Looking more broadly at the G20, only one other central bank[3] – the Bank of Switzerland - applies SRI criteria to non-policy portfolios (this policy also applies to its monetary portfolio – see Box 2). **Therefore, among the biggest central banks in the world, only a quarter are even nominally committed to investing responsibly and all of them come from Europe.**

Eurosystem central banks



Led by the European Central Bank (ECB), Eurosystem central banks agreed to develop a joint approach to introduce climate criteria to non-monetary portfolios but **seven of them are still to disclose any kind of SRI approach.**

The central bank of Estonia – Eesti Pank – mentions it "has started preparations to apply the principles of sustainable and responsible investment when investing its reserves" but gives no further detail.

G20 central banks

Box 1 - Central banks and climate: all talk, no action

Climate change has found its way on to the agenda of central banks, which increasingly recognize it as a source of financial risk and a key factor to be reflected in future monetary and prudential policies. Even the historically conservative US Federal Reserve recently awoke to the issue last year.

However, the big question remains when and whether one can expect central banks to move from words to action, when it comes to climate. As shown by the Green Central Banking Scorecard published by Positive Money, G20 central banks are yet to review their monetary or prudential policy to tackle climate change. Despite the adoption of clear national and international climate targets, they remain focused on research and advocacy. When they did adopt some kind of climate-related measure, it only dealt with financial disclosures, stress tests and encouraging lending towards green assets.

In fact, by delaying climate integration, central banks continue to support polluting industries, thus contributing to the growth of carbon emissions. While aligning with the Paris Agreement entails drastically reducing fossil fuel production and – as underlined by the International Energy Agency (IEA) – the end of fossil fuel projects, a report from Oil Change International shows that major central banks are failing to use the tools at their disposal to direct financial flows away from the fossil fuel industry. On the contrary, it has been demonstrated, notably for the European Central Bank (ECB), that they help provide it with ample and cheap funding. There are several ways for central banks to help put the lid on fossil fuel finance, notably by excluding fossil fuel companies from their asset purchases, pushing commercial banks to scale down their support to these companies and using their regulatory harm to deter funding to them.

This preliminary census of SRI practices tells us nothing about their quality and contribution to reaching the Paris Agreement – or even more generally to protecting the environment. Looking closely, the policies used are often very weak. Apart from the Banque de France, **G20 and Eurosystem central banks are aeons behind private financial institutions' best practices when it comes to investing sustainably**, notably lacking policies to reduce their support to climate-destructive companies and to align with the Paris Agreement.

One cannot pretend to invest "sustainably" or "responsibly" while supporting the most climate destructive companies which are pushing our climate objectives out of reach. Given that the consumption of exploited fossil fuel reserves would largely exceed the remaining carbon budget for a 1.5°C global warming and new fossil fuel production projects are clearly incompatible with this goal, reducing support to fossil fuel companies that do not plan to drastically reduce their production[4] and immediately end new projects should be a key component of any SRI policy. If financial institutions are yet to take this scientific requirement into account, many of them already partially restrict their support to fossil fuel companies. This has even become standard practice for coal, with most significant financial institutions adopting some criteria to limit their support to the sector and twenty-five of them getting on track to exit the whole sector by 2030 in the EU and OECD and 2040 worldwide.

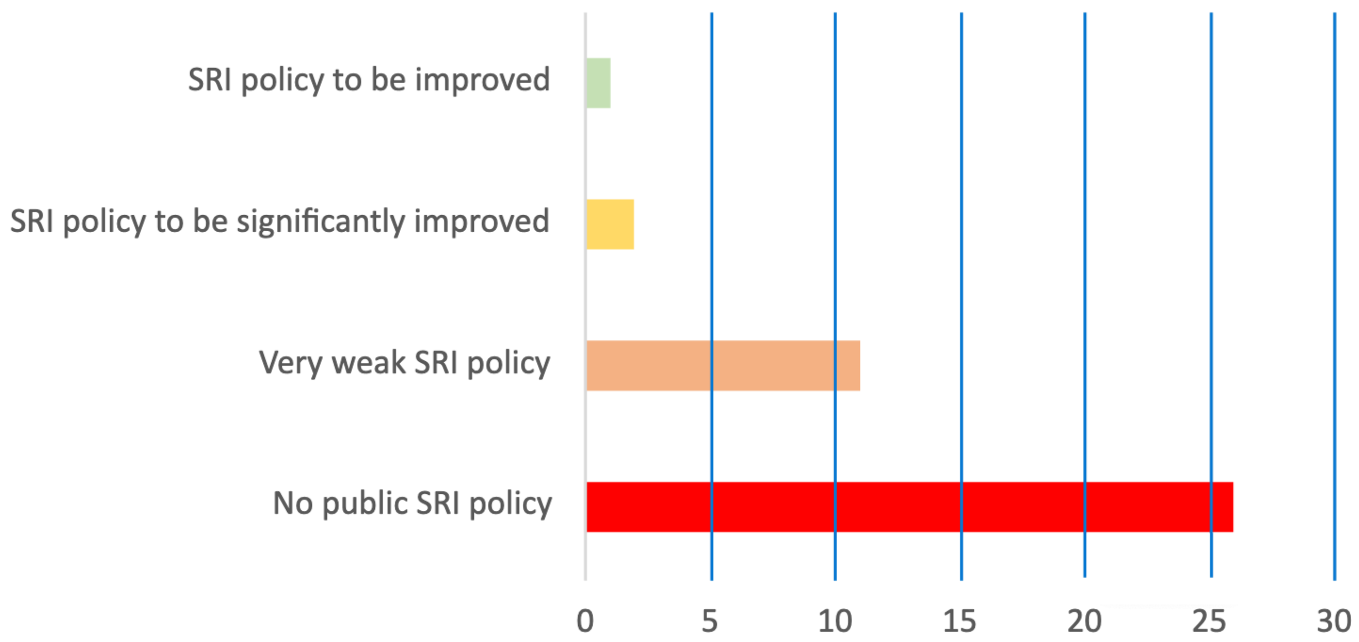
Unfortunately, **G20 and Eurosystem central banks remain in their ivory tower and continue to ignore both climate science and financial players' best practices: only four of them – in France, Slovenia, Germany[5] and Switzerland - have some kind of fossil fuel restrictions and one – Finland – could soon adopt such restrictions.**

Furthermore, apart the ones adopted by Banque de France, these restrictions are very limited and flawed. **The policies used by the Swiss National Bank (see Box 2) and Bank of Slovenia focus solely on coal and do not ensure the end of support to coal developers, nor to companies that produce significant quantities of coal or coal power. The Bundesbank uses a single fossil fuel criterion on only a few of the third-party portfolios it manages, and this criterion ignores seems to be riven with massive loopholes – notably leaving fossil gas untouched. Banque de France's policy is the only one that ensures a swift exit from the coal sector and accounts – though still partially - for the need to reduce oil and gas production and to end fossil fuel expansion.**

To summarize, only one G20 and Eurosystem central bank - Banque de France - is taking the climate issue seriously in its investment policy. While the Banque de France sets a very good example that should inspire its counterparts, its policy is yet to be improved (see analysis in the annex) to ensure alignment with a 1.5°C trajectory and the end of support to big polluters. The bank very recently announced its intent to aim for 1.5°C - and no longer 2°C - but is yet to clarify this new commitment. Futhermore, it is not clear that the bank's commitment to oppose any new fossil fuel project will lead it to divest from fossil fuel companies that go ahead with these projects despite the bank's demands. Finally, the bank should supplement its restrictions on unconventional oil and gas and set exit dates the whole fossil fuel sector.

Reclaim Finance's assessment of G20 and Eurosystem central banks' investment policies on non-policy portfolios is summarized below. This assessment focuses on the environmental components of the SRI policies. A case-by-case analysis of the policies is available in the annex of the report. The use of criteria for policy portfolios have not been included in this table but is summarized in Box 2.

G20 and Eurosystem central banks' SRI policies (by number of central banks)



Assessment of G20 and Eurosystem central banks' SRI policies

	No SRI policy	Very weak SRI policy	SRI policy to be significantly improved	SRI policy to be improved
Member of the G20 and the Eurosystem		Germany / Italy		France
Member of the G20	Argentina / Australia / Brazil[6] / Canada[7] / China / India / Indonesia / Japan[8] / Mexico[9] / Russia[10] / Saudi Arabia / South Africa / South Korea / Turkey / the United, Kingdom[11] / the United States	Switzerland		
Member of the Eurosystem	Cyprus[12] / Estonia[13], Greece[14] / Latvia[15] / Lithuania[16] / Malta / Slovaquia[17]	Austria / Belgium / EU / Ireland / Luxembourg / Portugal / Spain / The Netherlands	Slovenia / Finland[18]	

> ***"As a shareholder, the Banque de France opposes any new projects linked to fossil fuels"***
>
> *Banque de France, January 2021*

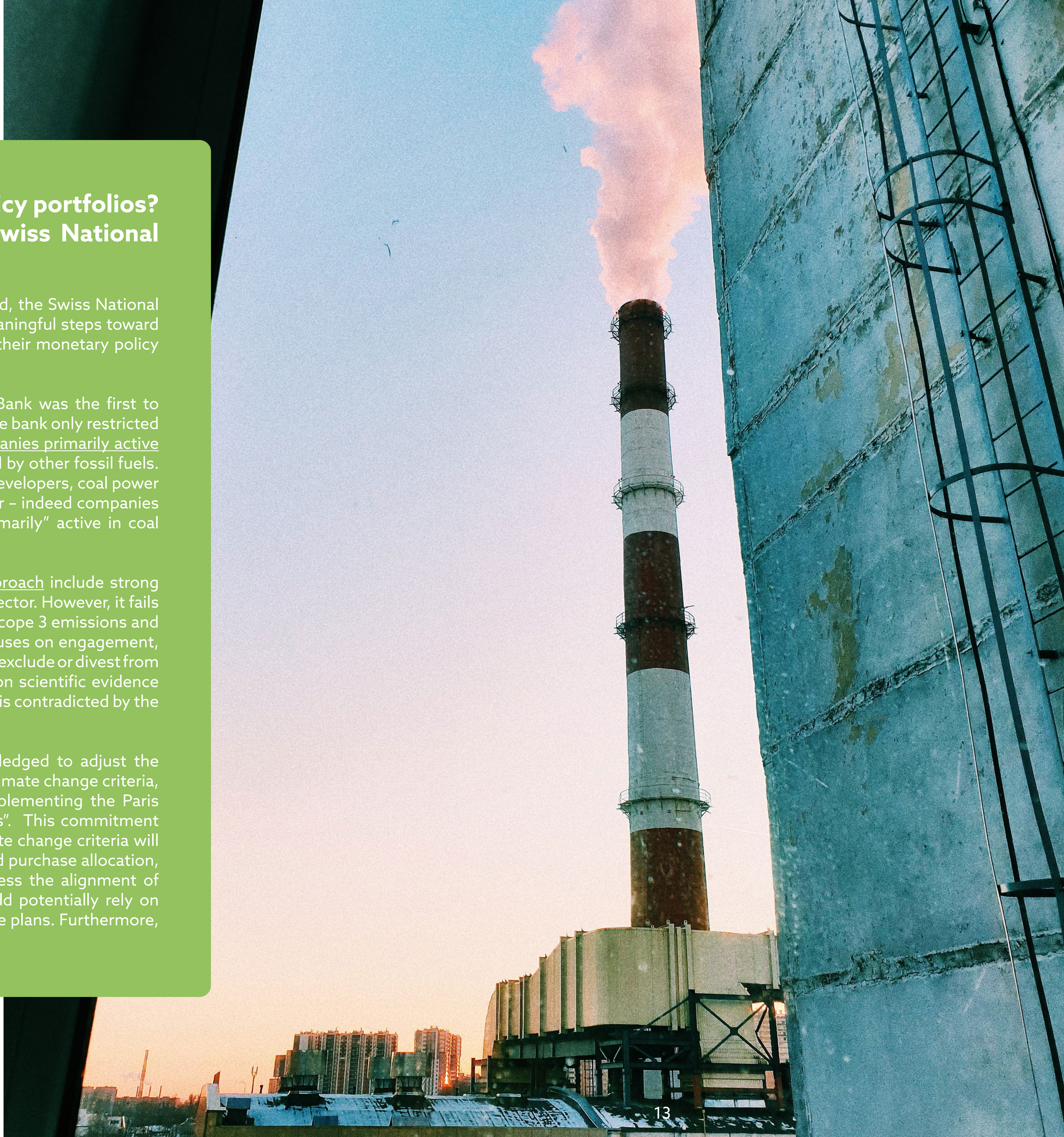
Box 2 - Applying climate criteria on policy portfolios? A look at the Bank of England, the Swiss National Bank and the European Central Bank

While lagging on non-policy portfolios, the Bank of England, the Swiss National Bank and the European Central Bank (ECB) could make meaningful steps toward climate action by implementing climate-related criteria in their monetary policy portfolio.

Ahead of its European counterparts, the Swiss National Bank was the first to apply such criteria with a specific focus on coal. However, the bank only restricted its support to a small portion of the coal sector – "all companies primarily active in the mining of coal" - and totally ignores the threat posed by other fossil fuels. Concretely, the bank could easily continue to finance coal developers, coal power companies and even a large share of the coal mining sector – indeed companies that conduct other activities may not be considered "primarily" active in coal mining by the central bank.

Unlike the Swiss National Bank, the Bank of England's approach include strong coal exclusions, ensuring a Paris-aligned phase-out of the sector. However, it fails to consider all greenhouse gas emissions by disregarding scope 3 emissions and do not end support to fossil fuel developers. The bank focuses on engagement, despite having very limited leverage, and would take years to exclude or divest from climate-harmful companies. While the bank says it relies on scientific evidence and UK policy to define its exclusion criteria, this statement is contradicted by the absence of any restrictions on oil and gas.

Finally, as part of its new monetary strategy, the ECB pledged to adjust the allocation of its corporate bond purchases to incorporate climate change criteria, notably "the alignment of issuers with EU legislation implementing the Paris agreement" or "commitments of the issuers to such goals". This commitment is too imprecise. The bank does not specify whether climate change criteria will be used to define the eligibility of bonds, to simply tilt bond purchase allocation, or to do both. The bank does not define how it will assess the alignment of companies – notably in the fossil fuel industry – and could potentially rely on mere "commitments" that are no evidence of robust climate plans. Furthermore, it will not implement its criteria before mid-2022.



2. OPACITY AND MISLEADING CLAIMS

Instead of adopting robust policies, Eurosystem **central banks rely on five dangerous tricks to paint themselves as responsible while continuing to invest in big polluters**:

1. **Maintaining opacity**: Most central banks give little to no detail about their SRI policy. The disclosure of a detailed policy that contains precise criteria is a prerequisite to establishing a convincing and effective responsible or sustainable investment framework. Merely stating that the bank will consider SRI without explaining the bank's approach and criteria just suggests the bank is greenwashing and would not be tolerated today for private financial institutions.

2. **Investing in green bonds**: Unsurprisingly, several central banks focus on buying green bonds. This argument has been used repeatedly by the ECB itself to justify an alleged contribution to the EU transition. However, the purchase of green bonds is no substitute for a real climate policy: financial players can purchase green bonds but also massively finance major polluters, with a very negative overall impact on the environment. Furthermore, the actual contribution of green bonds to the transition is yet to be evidenced.[19]

3. **Waving the "Principles for responsible investment" (PRI)**: Years after many private financial institutions, several central banks signed the PRI. But the PRI were launched in 2006 and are little more than a commitment to introduce SRI into the investments and functioning of the institution. Such integration is by no means the equivalent of an alignment with the Paris Agreement or international climate objectives. Furthermore, the PRI have been largely ineffective in improving ESG profiles. Concretely, signing the PRI provides central banks with "responsible investment" credentials without pushing them to act on climate.

4. **Focusing on a "best-in-class" approach**: The "best-in class" approach is by definition insufficient to align with the Paris Agreement and climate objectives. Indeed, a company can be comparatively less polluting and harmful than its peers in a highly polluting sector while still blocking the transition. Some activities must be drastically reduced or phased-out to enable the transition. For example, investment in fossil fuels project must immediately end and production must be drastically scaled down to limit global warming to 1.5°C. TotalEnergies may be identified as a "best in class" compared to other fossil fuel companies, but it is still developing new fossil fuel projects that are at odds with international climate targets.

5. **Settling for toothless international standards**: Some central banks seem to believe that refraining from investing in companies that do not respect major international standards – usually companies that do not comply with UN Global Compact or that are involved in controversial weapons - is enough to be sustainable. However, these norms are the very basic steps financial institutions could take when looking at their business and none of them guarantee alignment with the Paris Agreement, or even sustainable and ethical behavior from companies. A notable example can be found with Volkswagen: the company was part of the UN Global Compact before its emission scandal, it was excluded in 2015 and readmitted in 2021. Today, many major polluters, including coal companies and fossil fuel developers - like Adani or RWE - are signatories of the Global Compact.

The use of these five tricks by central banks of the Eurosystem is summarized in the table:[20]

Opacity is rampant among central banks. Out of thirteen Eurosystem central banks with SRI policies, nine are highly opaque, with six of them simply simply not disclosing any credible information to justify an SRI claim.

Six central banks – from Austria, Belgium, Spain, Luxembourg, Portugal and Ireland– disclose little to no information on their SRI policies. They stop at saying that they apply SRI policies, without describing the criteria – or even the objective – they set.

Three central banks – Germany, Italy and the European Central Bank (ECB) – disclose some information about their policy but do not provide the detailed list of criteria used. The ECB recently rejected a request from Reclaim Finance to disclose the criteria used on its non-policy portfolios, leaving only summary information about the purchase of green bonds and the use of "low-carbon" benchmarks.

Apart from the Eurosystem, two central banks from the G20 – in Canada and Mexico – signaled their intent to adopt SRI policies but do not disclose the rationale that would underpin them, nor any dedicated content.

Central banks using the five SRI tricks

Country	1	2	3	4	5
Austria	✓		✓		
Belgium	✓	✓			
Canada	✓				
EU	~	✓			
Germany	~	✓		✓	
Italy	~			✓	✓
Ireland	✓	✓	✓		
Luxembourg	✓	✓			
Mexico	✓				
The Netherlands		✓	✓		
Portugal	✓	✓			
Slovenia		✓			
Spain	✓	✓			

3. FROM LAGGARD TO LEADERS, GUIDELINES FOR CENTRAL BANK INVESTMENT

When G20 and Eurosystem central banks have an ESG or responsible investment policy, this policy often matches up to the worst practices of the private financial sector. **Most central banks do not even pretend to invest responsibly and others – like the European Central Bank (ECB) - distinguish themselves with a very high opacity and weak environmental criteria.**

The Banque de France is the only G20 and Eurosystem central bank that has adopted a policy aiming at limiting climate impacts. All other central banks are trapped in the beginning of the 2000's, when the financial sector started worrying about investing "responsibly". They continue to ignore the climate crisis and the Paris Agreement's climate targets. **They largely disregard the best practices that have emerged in the private financial sectors, as well as developments in climate science, notably regarding the need to phase-out coal and to immediately end investment in fossil fuel projects, as the first requirement to align investments with a 1.5°C trajectory.**

To be credible when talking about climate change and to set an example for private financial institutions to follow, central banks must urgently adopt reference fossil fuels exclusion policies for the non-policy portfolios they manage. Doing so would also ensure that the bank is protected against climate-related risks and mean that it is meetings its own standards as set for private institutions. **Central banks' investment policies must include**:

1. **A general commitment to align on a 1.5°C trajectory and to exit fossil fuels by 2050.** If the central bank conducts engagement or exercises its voting rights, this commitment should be paired with an engagement policy and a commitment to support resolutions that increase the climate ambition of companies at general assemblies. To reach this objective and ensure transparency, central banks should also set a date to divest from companies that fail to commit to align with a 1.5°C trajectories and disclose all climate-related votes.
2. **A fossil fuel policy that bars investment in companies developing new fossil fuel production projects**. If the central bank conducts engagement with companies or exercises its voting rights, this commitment should be backed by a shareholder engagement policy to push companies to stop these projects and – if they do not – be followed through with divestment.
3. **A coal exit policy** that:
   - Commits to a full exit in OECD and Europe by 2030 and worldwide by 2040;
   - Excudes all companies with coal expansion plans, as indicated in the Global Coal Exit List.
   - Excludes mining companies that derive more than 15% of their revenue from coal or produce more than 20 million tons of coal a year, and power companies that derive more than 15% of their power production from coal or have more than 5GW of installed coal power capacity, with a commitment to reduce these thresholds progressively;
   - Demand companies involved in the sector to adopt asset-based coal exit plans by 2022 through stakeholder engagement, clearly stating that a refusal would lead to divestment by 2023.
4. **A policy regarding unconventional oil and gas** that excludes companies that derive more than 5% of their revenue from shale oil and gas, tar sands, and Arctic extraction.

While acting now on the portfolios they manage is a simple and effective way to start and to end decades of climate blindness, central banks can do much more to clean up their operations, help governments fight the climate crisis and protect the financial system from potential harm. Policy portfolios, and notably those constituted through quantitative easing, make up the lion's share of central banks' holdings. Introducing climate criteria on these portfolios is more complex but could have a far greater impact on financial markets and the overall transition. **Though still insufficient, the steps taken by the Bank of England, the Swiss National Bank and the European Central Bank (see Box 2) on their monetary portfolios show that action is also possible in the immediate term on policy portfolios.** Doing so would contribute to price stability and to governments' climate goals, while helping to mitigate climate-related risks in financial systems.

Furthermore, as recent court cases have showed, inadequate action by public entities on climate change can violate their obligations to safeguard human rights and fundamental freedoms. Central banks are not immune to this and could soon face similar challenges if they do not quickly act.

For policy portfolios, and more specifically corporate asset purchase portfolios, central banks must first and foremost:

1. **Immediately exclude companies planning new fossil fuel projects.**
2. **Exclude companies that have not pledged, by 2022, to exit coal by 2030 in the EU and OECD and by 2040 worldwide.**
3. **Exclude companies who derive most of their revenue from any fossil fuel activities and/or that is significantly involved in coal or unconventional oil and gas.**
4. **Pledge to align their portfolios with a 1.5°C trajectory and to support national climate objectives.**

The NGFS equally has a key role to play in this process. The NGFS already "encourages central banks and supervisors across the globe to lead by example and include sustainability considerations in their portfolio management". However, it is failing to provide them with clear guidelines for effective policies that are up to the climate challenge. **In its future reports on central bank portfolio management, the NGFS should endorse the aforementioned recommendations.**

Annex - Analysis of the ESG/environmental policies of G20 and Eurosystem central banks[21]

	Central bank	Portfolio type	Content of the policy	Analysis
Member of the G20 and Eurosystem	France	Own portfolio and pension portfolio	The Banque de France has had a sustainable investment policy for several years. The policy notably aimed at aligning its portfolios with a 2°C trajectory, reducing investments in coal and excluding companies with low ESG scores. **In January 2021, the policy was significantly strengthened to reduce support to fossil fuels and align with the Paris Agreement. Its criteria include:** • **Ending support to companies involved in coal by 2024.**[22] • **Starting to phase-out investments in unconventional oil and gas,** by excluding companies deriving more than 10% of their turnover from these fossil fuels. • **Reducing its exposure to fossil fuels**, by excluding by 2024 companies that derive more than 10% of their turnover from oil or more than 50% from gas. • **Opposing any new fossil fuel project**, notably by voting against the accounts of companies that develop these projects. In October 2021, the governor of the Banque de France announced that the bank will align its non-monetary portfolios with a 1.5°C warming objective.	**With its updated policy, the Banque de France sets an example for other central banks to follow**. The focus on the need to stop investment in new fossil fuels, the early phase-out of coal and the restriction of support to unconventional oil and gas are essential parts of any convincing climate strategy. **However, Banque de France's policy is yet to be improved to provide a strong Paris-aligned framework**: • The bank should **clarify its recent commitment to align with 1.5°C**. • The bank's conventional oil and gas exclusion criteria are relatively ambitious but lack a clear phase-out date and a commitment to be progressively lowered. • **The bank's unconventional oil and gas threshold should be supplemented with specific thresholds on unconventional reserves and on absolute production of these hydrocarbons.** • **The current thresholds for oil and gas and the commitment to oppose new projects do not explicitly bar investment in companies planning new oil and gas projects**. Furthermore, the bank's **opposition to new projects is not tied to divestment if fossil fuel companies were to press on with their expansion plans**. The bank also does not publish its climate-related votes and has not pledged to support climate-resolutions in AGMs, even at companies with oil and gas expansion plans.
	Italy	Own portfolios	The Bank of Italy applies an ESG approach[23] to its own funds and capital reserve since 2019 to "maximize the ESG profile of the portfolios while reducing their carbon-intensity". **The bank stressed that its investment strategy is initially based on "market neutrality"**, a principle usually reserved to monetary policy portfolios and that has come under much criticism amid the ECB's strategy review.[24] Concretely, **the Bank of Italy's 2019 approach is based on two elements:** • **Excluding companies that operate mainly in sectors banned by the UN Global Compact** (tobacco and controversial weapons). • **Giving preference to companies with the best ESG scores**, based on an assessment carried out by an ESG score provider. In July 2021, the Bank of Italy published a "Responsible Investment Charter" that notably refers to the Paris Agreement. However, this new charter does not significantly improve the bank's policy. When it comes to the management of own portfolios, the charter only commits the bank "to integrate ESG principles" and to "promote the diffusion of best practices". Furthermore, the bank did not update its exclusion list to integrate climate-specific exclusions.[25]	**The use of the "market neutrality" benchmark by Bank of Italy is surprising.** This benchmark has been established for monetary purposes and has demonstrated its limitations when it comes to integrating climate or environmental risks and impacts.[26] Furthermore, the Bank of Italy's ESG approach is deeply flawed: • **The "best-in class" approach is outdated and does not align the portfolios with climate or environmental objectives**. It does not account for the necessity of reducing or phasing out the most polluting activities, such as fossil fuel production. It also relies on ESG scores that have consistently shown their limitations, often giving high scores to major climate offenders. • **The bank does not employ any exclusion based on environmental criteria**. • The stated goals of the policy do not ensure environmental sustainability. They do not use the Paris Agreement as a reference. **They also use "carbon intensity" as a reference metric,[27] whereas monitoring absolute emissions is necessary** to measure the impact on global warming. **The Bank's new "Responsible Investment Charter" fails to consider the need to address the climate crisis**. It continues to focus on flawed ESG adjustments, while the governor of the Bank of Italy himself underlined the limitations of ESG scores and approaches that could easily result in greenwashing.

Member of the G20 and Eurosystem	Germany	Third-party portfolio and own portfolio	The Bundesbank manages several portfolios for Federal states and the central government. It indicates that 4 out 16 portfolios are "invested according to an ESG approach or invest in Green Bonds". More broadly, the Bundesbank announced that more of their clients are considering sustainable investment, with a total of "10 out of 16" fiscal clients "investing sustainable or are on their way to do so".[28] There are few details allowing us to understand the ESG approach for all these clients. We only know that the bank uses **a passive investment strategy, combining "best-in-class approaches with exclusionary screening".** However, for four of the Bundesbank's clients, a precise ESG strategy is detailed in a report by the NGFS: 1. The exclusion of: • Companies involved in controversial weapons or that do not comply with the UN Global Compact. • **Companies that generate 5% or more of their revenues from the production of adult entertainment goods, the production of nuclear power or related components or the extraction of fossil fuels, except natural gas.** • The 10% most carbon-intensive companies in the investment universe. 2. A "best-in-class" approach defined by the index provider. The bank also makes clear that the exclusions might not end up applying to fossil fuel companies. The Bundesbank is also **considering investments in sustainable assets in its own funds**, though no further information is available on this work. The bank will start climate-related reporting on its non-monetary portfolios by mid-2022.	**The Bundesbank is yet to adopt an ESG or climate approach on its own portfolios.** **While it already manages several third-party portfolios with some ESG criteria, it does not provide the detail of the criteria used for all these portfolios.** In fact, the details available on the bank's ESG strategy used for four of its clients reveal a deeply flawed approach: • **The criterion excluding fossil fuels only concern fossil fuel extraction and does not apply to fossil gas.** • **Both criteria regarding fossil fuels and carbon intensity might not be applied to fossil fuel companies.** • **No reference is made to the Paris Agreement**. • As mentioned previously for Bank of Italy, the "best-in class" approach is largely insufficient. The fact that the Bundesbank mentions green bonds is not reassuring. Like several other central banks, including the ECB, the bank seems to consider that investing in this asset class is enough to align with climate goals.
Member of the G20	Brazil	Own portfolio	"The Banco Central do Brazil (BCB) mentions several times the inclusion of "sustainability dimension" to its operation but do not provide any clear visibility on its investment policy. Concretely, it seems the BCB discloses socio-environmental risks from its investment but do not use specific environmental criteria or SRI policy."	**The BCB is yet to release a detailed SRI policy. While the bank has shown its willingness to face the climate challenge on other fronts, it fails to provide clear investment guidelines for its own portfolios.**
	Canada	Pension portfolio	In November 2019,[29] the Bank of Canada announced that it was working to integrate ESG principles into the management of its pension plan. No update on that workstream has been published since and the Bank does not disclose the details of its ESG strategy.	**The Bank of Canada still has no policy to consider the environmental impacts of its investments.** Furthermore, the lack of information available on the ESG approach studied suggests that the Bank will stick to low-ambition ESG criteria and continue to support major polluters.
	Mexico	Own portfolio	Banco de México indicates that it considers ESG as part of its investment decisions and conducts negative screening to do so. However, no SRI or ESG policies have been found on the bank's website and documents. Banco de México stresses that ESG thresholds could "significantly limit the universe of eligible assets, leading to an unintended concentration of its investments".	**Banco de México does not have an explicit SRI or ESG strategy.** In fact, the only mention of SRI criteria can be found in the NGFS report, and the vocabulary used suggests that these criteria have little to no effect.

Member of the G20	United Kingdom	Own portfolio and policy portfolios	**The Bank of England does not have any ESG or climate policy for the investment of its own and pension portfolios**. However, the pension portfolio and a large proportion of own portfolios are made up of government bonds ("gilts"). Concretely, it appears that the bank's sterling bond portfolio is the only own portfolio that can easily be decarbonized. **The bank recently started working on the decarbonization of its corporate asset monetary portfolio. The bank has proposed a detailed approach to do so, that includes climate-related exclusions and engagement.** The bank already publishes a climate-related disclosure report.	**If the Bank of England does not have a climate policy for its own portfolios, it is implementing a policy on its monetary policy portfolio.** **However, the approach taken by the Bank of England on that front is largely insufficient. The Bank will notably have to strengthen its exclusion criteria to account for the need to immediately stop investment in new fossil fuel projects.** **The policy that is being developed for the monetary portfolio should be strenghtened and used for the sterling bond portfolio.**
	Switzerland	Own portfolios and policy portfolios	The Swiss National Bank adopted some criteria to exclude investments in companies that cause severe environmental damage, violate human rights or produce banned weapons in 2013. **Its stated goal is to "reflects the fundamental and broadly accepted values held in Switzerland".** **The bank recently decided to exclude all companies "primarily active in the mining of coal". This decision applies to all the bank's portfolios, including monetary portfolios.** The Swiss National Bank also exercises its voting rights to support its ESG and responsible investment policy.	By excluding coal mining companies active from its portfolio, the Swiss National Bank became **one of the first in the world to use climate-related criteria to conduct its monetary operations.** Unfortunately, the criteria used do not cut support to coal. **The policy will only concern companies that derive most of their revenues from coal mining, leaving many coal mining companies that derive a large share of their revenues from other activities untouched. Companies that develop new coal projects or that are active in the coal power sector are not strictly covered.** Furthermore, the policy says nothing about other fossil fuels. As we can confidently say that **protecting the environment and limiting global warming to 1.5°C is part of the "fundamental and broadly accepted values" of Switzerland**, the Swiss National Bank has full legitimacy to align its portfolios with the Paris Agreement but is currently failing to do so.
Member of the Eurosystem	Austria	Own portfolio	The Oesterreichische Nationalbank (OeNB) indicates that it uses ESG criteria and/or ESG benchmarks to guide its investments.[30] It also stresses that it respects the Principles for Responsible Investment (PRI).	Like many other central banks, **OeNB's policy is characterized by its opacity.** **As it is, the bank's approach seems to mainly be based on the PRI, which do not ensure the reduction of environmental harm.**
	Belgium	Own portfolio	The National Bank of Belgium (NBB) indicates it uses ESG screening and invests in green bonds. The bank underlines that it applies a "negative screening" and "positive screening" approach but does not disclose the detailed criteria used. It seems that the bank mainly relies on ESG scores, with no specific environmental criteria or exclusions.	**The opacity of NBB's policy and the mere reference to ESG screening indicates a weak – or even misleading – policy.**

Member of the Eurosystem	European Union	Own portfolio,[31] pension portfolio and policy portfolio	For its own funds portfolio, the ECB follows a "sustainable and responsible investment (SRI) strategy" that "targets an increase in its share of green securities over time". In line with the ECB's decision to invest in the Bank of International Settlement's new fund, this simply means that **the ECB will buy more green bonds. The ECB refused Reclaim Finance's request for more information on its SRI strategy.** The ECB also declares that it is "taking steps to increase sustainable and responsible investments in its staff pension fund". It notably replaced conventional equity benchmark indices tracked by the staff pension fund with "low-carbon equivalents". It is now "exploring a possible expansion of use of low-carbon benchmark indices to fixed-income asset classes within its pension fund".[32] In its new monetary strategy, **the ECB pledges to introduce climate criteria into its corporate bond purchase program** by mid-2022 (CBPS).	When it comes to its own portfolios, the ECB seems mainly concerned with increasing its investments in green bonds. It **has no global climate approach aligning with EU climate goals, nor criteria to reduce investment in major polluters.** Similarly, the use of "low-carbon" benchmarks for its pension portfolio does not ensure alignment with EU objectives. But **even more shocking is the fact that the ECB refuses to disclose the details of its ESG strategy.** As it is, everything suggests that it is little more than greenwashing. **The ECB's recent decision to decarbonize its corporate bond purchase program is encouraging. However, it will only come into force mid-2022 and could allow for major polluters like fossil fuel companies to continue to benefit from the ECB's support.**[33]
	Finland	Own portfolio	Suomen Pankki signed the Principles for Responsible Investment (PRI) in 2019. It applies a responsible investment strategy on two fronts: 1. For fixed income assets: • Excluding companies based on norm-based screening (notably companies that do not comply with the UN Global Compact or that are involved in controversial weapons). • Investment in green, social and sustainability bonds. 2. For equity and real estate investments, the bank outsources its activity to fund managers and analyzes the practices of the fund managers it selects. In September 2021, it announced a new policy including: • **A commitment to reach carbon neutrality by 2050 at the latest.** • Specific medium/long term targets to be specified. • **Restrictions on fossil fuel financing to be specified.** • **A shift to "low-carbon" products in line with the Paris Agreement.**	Before its September announcement, the SRI policy applied by Suomen Pankki on its own portfolios did not integrate criteria to align with the Paris Agreement or to exclude major climate offenders. **While the recent announcement sends a very positive signal and opens significant areas for progress, it is currently very vague**. The policy is scheduled to be further developed by the end of 2021. **The central banks should notably adopt fossil fuel criteria based science, including:** • The exclusion of companies that develop new coal projects, are significantly exposed to or involved in the coal sector, or do not have a strategy to phase-out coal by 2030 in the OECD and Europe and 2040 globally.[34] • The exclusion of companies that develop new oil and gas production projects. • The exclusion of companies significantly are significantly exposed to or involved in unconventional oil and gas.[35]
	Ireland	Own portfolio	The Bank of Ireland indicates that it uses ESG criteria for its investments.[36] It signed the Principles for Responsible Investment (PRI) and uses them to select fund managers. The bank also stresses that it invests in green bonds.	**The opacity of Bank of Ireland's policy and the mere reference to ESG suggests a very weak – or even misleading – policy.** The bank seems mainly concerned with investing in green bonds, something that does not improve the banks footprint, nor cut its support to polluting companies.
	Luxembourg	Own portfolio and pension portfolio	The management the Central Bank of Luxembourg's own funds is carried out according "to investment criteria that comply with environmental, social and governance (ESG) principles." The bank says that all of its investments are "now regularly monitored by an external consultant specializing in ESG" and that "in case of non-compliance with ESG criteria, issuers are in principle excluded from the list of assets eligible". ESG criteria are also applied to the portion of the bank's pension fund invested in equities. The bank also mentions "several initiatives" related to "green bonds and socially responsible investments", notably new green bond portfolios. The various ESG criteria used are not disclosed by the bank. The bank also fails to mention this when it explains how it manages its various reserves.	**The opacity of the Central Bank of Luxembourg's policy and the mere reference to ESG suggests a very weak – or even misleading – policy**. It also seems that the policy only covers a share of the non-monetary portfolios managed by the bank.

Member of the Eurosystem	Portugal	Own portfolio	Banco de Portugal indicates that it incorporated sustainability principles into its investment guidelines. The bank mainly focuses on green bond investment.	**The opacity of Banco de Portugal's policy and the mere reference to sustainability principles indicates a very weak – or even misleading – policy.** The bank's policy seems limited to green bond investment, something that does not improve the banks footprint, nor cut its support to polluting companies.
	Slovenia	Own portfolio	Banka Slovenije uses the exclusion list of the Norwegian pension fund. Therefore, it notably **excludes firms in the tobacco and arms industries and firms deriving more than 30% of coal mining or of coal-based power**. The bank also stresses its investment in green bonds.	**Apart from the Banque de France, Banka Slovenije is the only Eurosystem central bank to use a fossil fuel-related criterion.** However, this coal criterion is much too weak. It does not bar investment in coal developers or companies that remain major players in the sector. Compared to private financial institutions, the bank's coal policy ranks very badly.[37]
	Spain	Own portfolio and third-party portfolio	Banco de Espana only indicates that the "principles of sustainability and responsibility" have been incorporated in its investment policy. It also invests in green bonds.	**The opacity of Banco de Espana's policy and the mere reference to sustainability indicates a very weak – or even misleading – policy.**
	The Netherlands	Own portfolio	De Nederlandse Bank (DNB) signed the principles for responsible investment (PRI) and adopted a responsible investment charter. In 2019 and 2020, it appointed new external managers that complied with its ESG principles. The bank is mainly focused on two issues:[38] • Transparency, with a climate stress test conducted in 2020 and the publication of the bank's carbon footprint. • Green bond investment, with a dedicated portfolio that will reach 400 million euros. The bank is currently updating its approach and conducted a climate stress test of its own portfolios.	**While De Nederlandse Bank (DNB) has shown leadership regarding climate change,[39] this has not been the case for its investments.** **In fact, the bank's investment strategy does not include any criteria that would improve its climate or environmental impact.** The bank still seems to consider that investing in green bonds is a substitute for cutting support to polluting companies. The upcoming update of DNB's policy must include ambitious climate criteria.

References

1. G20 countries are: Argentina, Australia, Brazil, Canada, Chine, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Switzerland, Turkey, the United, Kingdom, the United States.
2. The Eurosystem gathers the central banks of eurozone countries and the European Central Bank (ECB). It is different from the European System of Central Banks that gathers all the central banks of EU Member states. Eurosystem national central banks are: Oesterreichische Nationalbank (Austria); National Bank of Belgium (Belgium); Central Bank of Cyprus (Cyprus); Eesti Pank (Estonia); Bank of Finland (Finland); Banque de France (France); Deutsche Bundesbank (Germany); Bank of Greece (Greece); Central Bank of Ireland (Ireland); Bank of Italy (Italy); Latvijas Banka (Latvia); Lietuvos Bankas (Lithuania); Banque centrale du Luxembourg (Luxembourg); Central Bank of Malta (Malta); De Nederlandsche Bank (Netherlands); Banco de Portugal (Portugal); Národná banka Slovenska (Slovakia) ; Bank of Slovenia (Slovenia); Banco de España (Spain).
3. This is notably the case for: Australia, Brazil, China, India, Indonesia, Japan, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the United States.
4. The UN Production Gap Report 2020 indicates that fossil fuel production should diminish by 6% a year from 2020 to 2030 to get on track to limit global warming to 1.5°C. A study in Nature found that by 2050 nearly 60 per cent of oil and fossil methane gas and 90 per cent of coal must remain unextracted to keep within a 1.5°C carbon budget.
5. The Bundesbank have restrictions on fossil production – except gas - on some of the portfolio it manages for third parties. These restrictions do not apply to all its non-monetary portfolios and contain significant loopholes that makes their application highly uncertain.
6. According to its sustainability agenda, Banco do Brazil plans other climate-related measures, including the «inclusion of sustainability criteria for the selection of counterparties in the management of international reserves and for investment decisions"
7. See the annex.
8. Bank of Japan only indicates that its fund management for the Treasury and itself will undertake its business operations by paying due consideration to climate change, in accordance with its existing principle of proper and efficient central bank business operations. More detail on the BoJ's climate approach on its dedicated page and annual report 2020.
9. See the annex.
10. The Central Bank of Russia has developed recommendations for responsible investment but do not disclose any such policy for its own activities. The Central Bank of Russia holds stakes in various public and private entities.
11. See Box 2 and annex for more information.
12. Central Bank of Cyprus mentions a focus on returns and stability in its 2018 annual report.
13. Eesti Pank says the "goal of investment of the reserves is to earn a moderate level of stable income while ensuring that the assets are preserved over the long term". The bank does not disclose any information on an SRI policy but – in its 2022-2026 strategy – it mentions it has "started preparations to apply the principles of sustainable and responsible investment when investing its reserves".
14. Bank of Greece dedicates a webpage to its work on sustainability.
15. Latvijas Banka says it "manages the foreign reserves and other financial investment by investing in safe, liquid and income-generating financial instruments, thus generating funds to cover central bank's operation and to make appropriations to the state budget from profits earned". More information is available in the bank annual report.
16. Lithuania manages an investment portfolio to "maximise investment return". 22.3% of this portfolio was made of corporate bonds in 2019. Its management policy does not contain SRI criteria.
17. Under an investment policy adopted in 2008 and amended in 2014 and 2016, Národná banka Slovenska manages its investment portfolios with "the aim of ensuring that they contribute positively to the bank's overall financial result".
18. Bank of Finland's recent carbon neutrality pledges is yet to be substantiated but will likely include interim GHG reduction targets and fossil fuel criteria. While waiting for the detailed policy to be disclosed, Bank of Finland is considered to have a policy that need significant improvement. Without this new policy, Bank of Finland would have been classified as having a very weak policy. Recommendations for what Bank of Finland's new policy should include are detailed in the conclusion of this report and case study in annex.
19. See the BIS study that underlines a lack of relation between green bond issuance and GHG emission reduction and Ivar Ekland and Julien Lefournier's analysis that stresses the lack of difference between green and standard bonds.
20. Central banks that did not disclose any SRI practices are not included in this table. The Banque de France and the Bank of Finland have not been included either as they do not seem to significantly rely on any of these tricks.
21. Central banks that did not disclose any SRI practices or the intent to adopt such a policy are not included in this table.
22. The policy already excludes companies with more than 2% of the turnover coming from coal in 2021.
23. Bank of Italy's approach is explained in more detailed in the article "Investment criteria for equity portfolios" published in May 2020.
24. In its new monetary strategy, the ECB pledged to "assess potential biases in the market allocation" of its asset purchases due to the market neutrality principle and to "make concrete proposals for alternative benchmarks".
25. The Bank of Italy states that "One important aspect of the Charter is the definition of exclusion criteria for the Bank to use to identify the perimeter within which to select investments. Issuing companies are excluded from the investment universe if they do not respect: a) the eight fundamental conventions of the International Labour Organization (ILO) that require compliance with fundamental rights, including the elimination of forced labour, freedom of association, the abolition of child labour and of discrimination in employment. b) international treaties on chemical, biological and nuclear weapons, anti-personnel mines, cluster munitions, weapons with non-detectable fragments, incendiary weapons and blinding laser weapons. Tobacco producers are also excluded."
26. See Positive Money's briefing for explanations on the need to review the market neutrality principle and CEP's analysis on the flaws of this principle. The fact that market neutrality currently creates a pro-carbon bias in ECB's asset purchases has been acknowledged by ECB board member Isabel Schnabel.
27. Carbon intensity can be reduced while absolute GHG emissions continue to rise. This would the case – for example – with a fossil fuel company that somewhat reduces the carbon intensity of its products by shifting from coal to gas but increase its fossil fuel production.
28. This information can be found in a speech from Dr Sabine Mauderer dating from June 2019. Some additional information can also be found in the Bundesbank's annual report 2019.
29. This work is notably mentioned on the Bank's page called "Greening the Bank of Canada" visited on July 29th 2021.
30. See the Oesterreichische Nationalbank's (OeNB) annual report 2020.
31. After a freedom for information request, the ECB clarified that the purpose of its own portfolio is "to provide income to help fund the ECB's operating expenses which are not related to the performance of its supervisory tasks". This portfolio is "invested in euro-denominated assets with the objective of maximising returns, subject to the limits imposed in terms of risk". The ECB also indicates that both this own portfolio and the staff pension portfolio are part of the ECB's non-monetary portfolios.
32. The use of low carbon benchmarks is notably mentioned in a press release from January 2021 that also explains ECB's green bond policy.
33. More detail on the ECB's new monetary strategy and the limitations of its approach are available in Reclaim Finance press release and a joint letter by Reclaim Finance, Greenpeace, 350.org and the Koala Kollektiv to the ECB.
34. The detailed criteria for a Paris-aligned coal policy and the rational behind them is explained on the Coal Policy Tool website.
35. Unconventional oil and gas include: coal-bed methane ; tight oil and gas; oil shale and shale oil; shale gas; tar sands; extra-heavy oil; gas hydrates; ultra-deep offshore and Arctic oil and gas, according to the AMAP definition.
36. ESG is not mentioned in the Bank of Ireland's webpage devoted to the management of its own investments.
37. The criteria for a robust coal policy and an analysis of financial institutions' coal policies is available in Reclaim Finance's Coal Policy Tool.
38. DNB's approach is explained in the section 4 of its Annual Report 2020.
39. DNB notably pushed for a precautionary approach to climate risk during the ECB's strategy review. Such an approach would center climate mitigation to reduce the related risks.

Credits

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Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of some financial actors, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to to bend existing practices to ecological imperatives.

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