Catalysing bank climate action: Lessons from the inside

Insights from the inaugural Climate Safe Lending Fellowship

June 2022
About CSLN

The Climate Safe Lending Network (CSLN) is an international multi-stakeholder collaborative dedicated to accelerating the decarbonisation of the banking sector to secure a climate-safe world. The Network brings together senior leaders and changemakers from within banks, investment firms, NGOs, financial regulation and policy, businesses, and academia to collectively explore how they can play their optimum role in accelerating change. CSLN is a programme of Green America’s Center for Sustainability Solutions.

About FIL

The Finance Innovation Lab (FIL) builds power to transform the financial system for people and planet. We cultivate a community of systems changemakers and work on initiatives that impact mental models and power dynamics in finance for deep, lasting change. Our work focuses on growing purpose-driven finance, transforming mainstream finance, influencing law, regulation and policy, and building our community.

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Special thanks

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Glossary

Climate intrapreneur
A banking professional seeking to embed climate action within the core strategy, operations and culture of their institution.

Climate safe banking
Where a bank’s entire lending and investment activities are aligned to financing a just and regenerative economy (see right) and keeping global temperature increase to less than 1.5°C. This involves a set of integrated strategies that recognise the interconnectedness of carbon emissions with broader ecological breakdown and social inequalities. A climate safe bank defunds misaligned economic activities (including extraction of fossil fuels and deforestation), finances the alternatives and supports clients and stakeholders to transition their own activities.

Just and regenerative economy
The purpose of a just and regenerative economy is ecological restoration, community resilience and social equity. A just and regenerative economy democratically shifts economic control to communities, advances ecological restoration, drives racial justice and social equity and retains and restores cultures and traditions. This is in contrast to the current dominant economic model, which is an ‘extractive economy’ driven by the accumulation, concentration and enclosure of wealth and power. (Adapted from Movement Generation)

Systems change
The process of reforming or transforming the structures, relationships, policies, power dynamics, narratives and norms in a given system in order to create positive social or environmental results. A system is a group of interacting or interdependent elements forming a unified whole. (Adapted from David Ehrlichman)
Executive summary

There is growing recognition of the impact that banks have on the real economy through their lending and investment, and particularly their outsized role in financing the fossil fuel extraction and deforestation that is driving climate breakdown.

What is less well-known is that some deeply concerned and committed banking professionals are fighting for change inside their institutions to address this. We call them ‘climate intrapreneurs’ – banking professionals who are seeking to embed holistic climate action within the core strategy, operations and culture of their institution.

This report shares key lessons from the 2021/22 Climate Safe Lending Fellowship – a first of its kind programme that saw a cohort of climate intrapreneurs from across the banking sector developing the skills, knowledge and networks to lead the climate transition within their institutions.

The report shares insights through four lenses:

1. Banking system

Our banking system, like much of Western society, has become disconnected from human communities and the planet upon which we depend for our survival. As it is today, this system is taking us further away from a climate safe world, rather than towards it. And while many banks are loudly committing to reaching net-zero, what is needed to achieve this is a total transformation of the banking system to meet a new purpose: Enabling human thriving on a healthy planet.

2. Banking institutions

We have observed that the banks moving fastest on climate are also treating this as a total bank transformation programme. They are redefining their institution’s entire corporate purpose to become a bank that finances a fair and sustainable world. They develop a plan that addresses not just their lending and investment strategies but also the institutional structures, operations and culture that underpin and enable their products and services. This requires bringing together change management capability with deep sustainability expertise and equipping all employees to participate.

Through the Fellowship we identified three key tactics that help embed climate action across a bank:

- **Integrating climate into all decision-making** by redefining processes, policies and incentives.
- **Evolving the role of sustainability teams** from ‘doer’ of climate strategies to ‘enabler’, using their subject matter expertise to give colleagues what they need to play their own role.
- **Building the climate capability of colleagues**, particularly those in customer-facing roles, through providing them with training and access to resources (through staff portals), plus breaking down internal silos with staff networks, communications channels and events.

There are two very real challenges climate intrapreneurs tell us are impeding the transition in their banks: First, the combination of stakeholder pressure and limited sustainability expertise among decision-makers creates the conditions for greenwashing. Second, the practical challenge of
building the institutional expertise to serve specific sectors slows the pace at which banks can withdraw from high carbon industries and replace this lost business in new areas.

3. Banking professionals

Climate intrapreneurs are the internal flag-bearers for the kind of change needed within their institutions. We heard about three particular areas of focus which are giving Fellows the traction to drive greater climate action within their banks:

- Gaining clarity on what is within their control to change and focusing there.
- Building collective influence with networks of internal and external allies.
- Fostering the buy-in of decision-makers.

Asking the question: ‘What’s mine to do?’ was a popular starting point for Fellows – opening up further exploration of what others can do, and how to support and enable their change efforts, without needing to do everything themselves.

The key approaches that enable this include:

- Embracing curiosity and listening to others’ priorities, concerns and ideas.
- Using stories alongside data to engage colleagues’ hearts and minds.
- Adopting a mindset of experimentation.

The dominant culture within banking makes this challenging work. It’s also vitally important for intrapreneurs to cultivate resilience, pay attention to their wellbeing, and build close connections with allies and peers working towards a shared goal.

4. Climate campaigners

Bank outsiders – campaigners in particular – play an important role in influencing the scale and pace of change on climate, and in holding banks accountable to it.

Intrapreneurs want campaigners to know that climate activists like them exist within banks, and they are working tirelessly toward the same goal. Climate activists meanwhile want bankers to know that they too are well-versed in the technicalities of finance, and are keen to help find solutions to the challenges that banks are facing.

Some of the most powerful ways in which climate campaigners can help accelerate progress by banks, is by campaigning for more rigorous policy and regulation, creating accountability and sharing their expertise to build climate capability within banks.

The lending decisions made by banks today will impact the economy for decades to come. If we want a climate safe world to live in beyond 2050, banks must make better decisions about what to finance today, and climate intrapreneurs play a vital role in making this happen.
Introduction

In 2021, the world’s 60 largest banks provided more finance to fossil fuels than in 2016 – the year the Paris Climate Agreement was signed. Yet there are passionate and committed individuals working inside banks who envision a banking sector that finances a just and regenerative economy – one that addresses the intersecting ecological and social breakdowns interconnected with the climate crisis. These banking professionals recognise that their institutions and sector require transformation to realise this vision, and are working tirelessly to enable this from the inside out. We call them ‘climate intrapreneurs’.

Through the inaugural Climate Safe Lending Fellowship we supported a cohort of climate intrapreneurs to identify and accelerate specific changes within their institutions in service of climate goals. This group of 23 Climate Safe Lending Fellows work within 20 banks and are based across North America, Europe, Africa, Asia and the Middle East. They hold roles from Vice President to Executive Officer, representing major functions such as risk, sustainability and human resources and business roles including portfolio management, credit underwriting and origination.

About the Fellowship

The Climate Safe Lending Fellowship aims to:

- Build the capabilities and networks of banking professionals to implement and influence the climate transition within their institutions.
- Equip banks with climate leaders who can catalyse their transition to climate safe banking.
- Raise awareness of the need for a paradigm shifting approach to climate finance, and build a more effective ecosystem of change towards climate safe banking.

The CSL Fellowship was transformative and unlike any professional development experience that I have participated in. When asked to describe the experience, I jokingly called it “group therapy for sustainability professionals”. But in reality, the workshops are designed for introspection, evaluation and the development of new connections, tools and insights about the critical work that we are all doing. I am taking with me a feeling of empowerment, clarity and a true feeling of fellowship with my cohort.

CSL Fellow 21/22

Catalysing bank climate action: Lessons from the inside
From November 2021 to March 2022, the inaugural Fellowship was delivered through a series of workshops, peer coaching, individual support and multistakeholder community activities.

Each Fellow applied their learning from the Fellowship to a specific ‘Critical Shift’ that they are working to influence in their bank – a change that would make a significant difference in aligning their bank’s activities with financing a just and regenerative economy.

Whilst developing the capabilities of these Fellows to lead change, the programme also surfaced new insights on what enables banks to transition more rapidly toward climate safe banking. We learned that no two banks are the same in this transition, but that there are a number of common patterns that occur at different times and in different ways. The purpose of this report is to share this learning with others who are working for climate safe banking – whether they work within banks themselves, or seek to influence them from the outside.

For climate intrapreneurs, this report aims to offer two things: Firstly and most importantly, hope; hope that radical change is possible and that you are not alone in your endeavours, challenges and yearnings. Secondly, we aim to share examples of practical actions that can be taken by climate intrapreneurs to realise their shared vision for banking.

For campaigners, we also have two goals: One, to grow awareness that allies on the inside exist and are working for the same transformational goal. Two, to shed more nuanced light on the barriers and enablers of climate action inside banks so you can even more effectively influence progress from the outside.

Each section of this report shares insights through one of four lenses:

- **Banking system**: What kind of a banking system is fit for purpose to finance a just and regenerative economy?
- **Banking institutions**: How can banks close the gap between their commitments and where they are today?
- **Banking professionals**: What is the role of climate intrapreneurs in helping their banks transition more rapidly?
- **Climate campaigners**: How can campaigners and climate intrapreneurs ally for a common goal?

It is our hope that the lessons shared through these four lenses will inspire and practically enable a more holistic approach to climate safe banking.

### Beyond net-zero

This report avoids using the term ‘net-zero’ to describe the ultimate goal of climate intrapreneurs. A significant theme emerging from the Fellowship is that banks need to go beyond a focus on net-zero carbon emissions to addressing the range of issues interconnected with the changing climate they cause – namely broader ecological breakdown and social inequalities. To this extent, we use the term ‘climate safe banking’ (‘climate’ for short) to describe the goal of transforming banks so they finance a just and regenerative economy which enables human thriving on a flourishing planet. Achieving net-zero will be an important means to these ends, but is not the ultimate goal in itself.
1. Banking system: What kind of a banking system is fit for a just and regenerative economy?

People are planet

Many in the Western world are just now remembering what indigenous cultures have known all along – that people are planet. Homo sapiens as a species is yet another organism interacting with and mutually reliant on other living and non-living matter within the planetary ecosystem we call Earth.

The problem is (particularly in Western culture) we’ve developed an assumption of ourselves as separate from nature, and have structured societies and economies accordingly. ‘People and planet’ – our language betrays our thought. This mindset has led us to shortsightedly use our creative human faculties to serve our own species at the expense of the living and non-living world we depend on to sustain us.

And within our own species this same illusion of separateness has seen us lose sight of our mutual interdependence upon one another, of how much we rely on one another’s thriving for meeting our own needs. What bigger illustration of this than a global pandemic where the health of others determines whether supply chains exist for us to access the essential items we depend on from our local grocery store – or indeed whether the store can open at all.

If we can agree that, at its most fundamental, a healthy planetary ecosystem that can sustain life indefinitely is necessary for human existence; and if we can agree that individuals and communities meeting their own needs ultimately benefits our ability to meet our own – then we can begin to explore why we have banks and what we need them to do.

Why do we have banks?

With this in mind, what then are banks for? Over millennia, humans have developed societies and civilisations in order to meet our needs through organising relationships with one another and the natural world. Through time, mechanisms for distributing and exchanging the resources we need have emerged, with debt, credit and symbolic money exchange proving useful ways to facilitate this.

Today, we can identify five immediate functions served by the banking system: creating money, channelling money, looking after other people’s money, sharing risk, and maintaining transaction and settlement systems.

But in the end, what do we need these functions for? Ultimately, banking as a system should create, deploy and facilitate the use of money for the purpose of enabling us to meet our needs as individuals, communities and societies. The banking system should be judged not only on how efficient it is at turning money into more money, but also on how well it plays its unique part in enabling a thriving planetary ecosystem and the human societies within it.
How well are banks meeting this purpose?

Zooming in on the challenge of human-induced climate breakdown, it is clear that banks on the whole are not delivering on this ultimate purpose.

We know that a changing climate threatens our planet’s ability to sustain human and non-human life as we know it. Rising global temperatures are already unlocking a host of social and ecological crises through interconnected feedback loops with exponential trajectories and uncertain tipping points. The IPCC (Intergovernmental Panel on Climate Change) findings tell us that human activities such as burning fossil fuels, clearing forests and amassing landfills have been the main driver of this existential crisis. 

The finance that a bank makes available determines the kinds of activities that take place in our economies. Despite a wave of net-zero commitments from banks, their financing for carbon emitting activities has grown over the past five years: In 2021 alone, the world’s 60 largest private sector banks provided $742 billion in finance to fossil fuels.

Yet carbon emissions do not sit in isolation from other ways the planetary ecosystem (human and non-human) is in trouble — and bank finance influences them all. Focusing only on net-zero emissions is short-sighted. Jan Konietzko, a Research Fellow at Maastricht University, cautions against focusing on climate emissions at the exclusion of the range of social and environmental issues that are deeply interconnected. Doing so risks exacerbating other issues in the pursuit of net-zero. He has aptly termed this ‘carbon tunnel vision’ (see Figure 1).

We and our Fellows see what is commonly named the ‘climate agenda’ as part of a wider shift away from a paradigm where bank finance contributes to a range of intersecting threats.
to our shared planetary ecosystem, toward a paradigm of financing a just and regenerative economy with ecological and social wellbeing as its core purpose. Moving toward this intersectional approach is the next frontier for banks.

**Total system transformation**

The kind of transformation that is needed can feel overwhelming to undertake. Banking can seem like a giant machine – locked in place, impossible to shift. But this is not the case.

Bringing about this deep change becomes possible when we recognise that banking is a complex human system, the product of a network of relationships within and between organisations. From this network of relationships, emerges a set of structures and activities that yield certain results in the world. Focusing on the technical aspects of the change, such as setting targets, risk and impact methodologies, products and policies, is crucial – but insufficient on its own. What is needed alongside instrumental interventions is for banks to transform their sense of purpose and how they organise themselves as complex human systems.

This lens of systems change that we used in the Fellowship focuses on the transformation that can be made at four different, yet interconnected, levels: Individual, interpersonal, organisational and system (see Figure 2).

**System change**

What is the system level change we are working towards for the planet?
What external changes will create the conditions for change within my bank?
What external changes can my bank encourage or create the conditions for?

**Organisational change**

What needs to change within my bank for it to align to climate goals?
How does change happen within a large institution?

**Interpersonal change**

How can I transform power dynamics to achieve a critical shift?
How do I build buy-in and transform mindsets within my bank?
Who are my allies?

**Individual change**

How do I relate to the climate crisis?
Who am I as a systems leader?
What is mine to do?

*Figure 2: ‘Systems within systems in banking’, Finance Innovation Lab 2022*
Who can create this change?

Who is in a better position to effect this transformation inside banking, if not those individuals who work within banks themselves? Yes, a range of stakeholders in the banking system at large have important roles to play too, but it is ultimately up to bank employees to enact the changes needed – within themselves and within their organisations.

I am part of the system so what I do and how I am changes the system.

CSL Fellow 21/22

Intrapreneurs are the flag bearers for transformational change – using storytelling and visioneering to inspire their bank to go beyond incremental adjustments to business as usual, toward deep transformation of its purpose and function. To do this, intrapreneurs need to find clarity for themselves on the big picture of what they are working for, and they most often find this outside their bank.

Dreaming into being what we are doing and having that aspirational state of the world in our mind (and hearts) to guide our actions is critical. I didn’t give it the attention it deserved in the past, as I was always focused on action, targets and goals, but I’ve realised how fundamental this sense of vision is for what we want to drive forward at work.

CSL Fellow 21/22

Inspiring this broader perspective throughout a bank is far from easy. Intrapreneurs tell us that it has been hard enough to get their institutions to focus on achieving net-zero financed emissions alone. In a sector that runs on analysing everything into quantifiable risk and return terms, inviting colleagues to take a more holistic approach feels almost impossible. There is a perception within banks that expanding attention onto broader issues will dilute focus, when in reality there is an opportunity to make more substantial progress toward net-zero through an integrated approach as it addresses systemic risks to the bank, strengthening the institution over the long term.

The webinar on the climate crisis, fragmentation and collective trauma, which we watched on the Fellowship, showed how deeply connected and interconnected some communities are with nature and a particular land. As financial services professionals, we often don’t live in our native land or the land of our ancestors. We live and work in cities. And yet, we are trying to make changes from a multi-storey skyscraper for the benefit of something that is separate from us and ‘out there’. How do we rekindle and strengthen that connection?

CSL Fellow 21/22

After gaining clarity on what kind of a banking system we are ultimately working for, the question now becomes: How do we get there? Section 2 shares what we have learned about how banking institutions might close the gap between their goals and commitments and where they are today.
2. Institutions: How can banks close the gap between their commitments and where they are today?

Becoming a bank that is fit for purpose in an economy that sustains all life is not a strategy – it is a total organisational transformation endeavour. If the wider banking system and economy needs a paradigm shift, this can only happen if the institutions within it transform themselves too.

At present, meeting climate targets through implementing transition plans is most commonly approached as a specific sustainability strategy, often sitting separate from the bank’s central corporate strategy.

We have observed that the banks moving fastest on climate are instead treating this as a total bank transformation programme over 5+ years. They are redefining their institution’s entire corporate purpose to become a bank that finances a fair and sustainable world. They develop a plan to transform not just their lending and investment strategies, but the institutional structures, operations and culture that underpin and enable their products and services.

This requires bringing together organisational transformation capability with deep sustainability expertise in a bank and equipping all employees to participate. It is an approach that sees a bank

![Climate transformation diagram](figure3.png)
as a complex human system, going beyond technical changes alone to transforming its underlying culture, processes and structures.

**Top internal-facing tactics for driving this transformation within a bank:**

1. Integrating climate into all decision-making.
2. Evolving the role of sustainability teams.
3. Building capability to act across the organisation.

### i. Integrating climate into all decision-making

Rather than limiting climate to a designated category of ‘green finance’ products only, apply a climate lens to all business activities across the bank, from front office to back.

Many of the banks making headway with climate safe banking have found embedding climate into risk processes and decision-making to be a good starting point. The case study on page 12 illustrates what this journey might look like, and the challenges that need to be addressed along the way.

### Climate as no-one’s job

Where no employee is yet responsible for understanding and managing the bank’s financed emissions. However, there may be some climate intrapreneurs informally agitating for change on the side of their desk – this is how change starts.

### Climate as someone’s job

The bank appoints a Sustainability or ESG team, potentially as the result of a climate intrapreneur creating a job for themselves and probably reporting into the Marketing function. Climate is viewed as their job alone, and their market-facing activities might be restricted to a small subset of the bank’s products that are designated ‘green’. Eventually the Sustainability team gets buy-in to create a central strategy for the whole bank, but the limits to what they can do are reached because it is up to all other parts of the business to deliver it, but they don’t perceive it to be their job.

### Climate as everyone’s job

Eventually climate becomes embedded in ‘business as usual’ with every staff member having a mandate and understanding their role in the transition. Sustainability becomes core to the bank’s central strategy and staff at all levels are empowered to explore, experiment and lead. Every policy and process is adapted to contribute to climate goals, and the bank now has a culture of considering climate in every decision.

*Figure 4: ‘The climate transformation journey in banks’, Finance Innovation Lab 2022*
CSL Fellow case study: Integrating climate into credit risk analysis

One Fellow has been focused on helping credit risk analysis teams view climate risk as an essential part of their reviews. They share their experience here:

I came into the Fellowship grappling with many of these questions:

- Fundamentally, is climate risk being adequately addressed in the bank’s portfolio?
- Are we leaving revenue or profitability on the table when we address climate risk?
- Do we have the expertise to figure out which clients have good transition plans in place or what the good technologies are to invest in?
- Do we and our shareholders have the right risk appetite for this?
- Do we have data to make risk-based decisions, or are these judgement-based decisions?

Although C-suite leaders are amenable to the idea of addressing climate risks, when it comes down to it, they are reluctant for lending to be curtailed. Their attitude is: “Tell me how to make money out of this.” Credit Risk Managers meanwhile are incentivised to say “yes” to loans – this is how credibility and relationships are built with clients, and how success is measured.

Climate is already making lending risky though, for example providing mortgages on real estate in areas at risk of wildfires. Contrary to popular opinion, insurance may not help in these situations. If climate risks were sufficiently considered, it would help teams recognise when climate risks will jeopardise the success of a loan.

There are some parts of the bank where no climate risk analysis is going on. They’ve never done it, they’re not hired to do it, they’re not compensated to do it. We have people who have great intentions, but it always comes down to business-side pressure. If we could have people think “I won’t be compensated down the line if I make this loan today” – that’s about compensation, it’s about how a loan progresses through its lifecycle.

There is pressure to make loans, a lot of people feel that pressure. Because I’m older and financially stable, I am able to speak out more than a lot of other people. That’s why I’ve brought issues up to my boss and other leaders within the bank. A lot of people think these things, but don’t have the stability to say them because they fear possibly losing their jobs. Everyone wants a job, everyone has to be compensated and everyone feels pressure to make loans.

For the bank to fully accept that we will have to let go of some loans, they need to know where else we will make money. Our lending team didn’t know about sustainability-linked loans. The bank is trying to hire people for this, but it will be tough. Depending on what business a bank is in, finding the new loans is hard. For example, we’re not in the business of wind farms or making the blades for turbines. We don’t have that internal capability.

Some strategies I’m working on to shift this include helping colleagues to think beyond one or two-year loan terms, working with external experts to provide climate scenarios for different locations, and beginning to incorporate a section on climate risk into our credit risk documentation.
When it comes to embedding a more holistic approach to the climate agenda which integrates wider climate and environmental justice, banks must engage the perspectives, expertise and lived experience that can help them to do so. One useful distinction to make here is between the terms diversity, inclusion, equity and justice. These terms often get lumped together, but must be addressed individually in bank decision-making processes.

**Diversity** is about representation - are the communities who the decision impacts represented in the decision-making process?

**Inclusion** is about belonging - do those representing their communities feel they can bring their full selves to the decision-making process without fear of retribution or exclusion?

**Equity** is about power - do the individuals and communities represented have actual decision-making power or are they merely ‘consulted’?

**Justice** is about system design - do decision-making policies and processes lock diversity, inclusion and equity into the process in consistent and reliable ways?

To deliver this, a bank must ensure relevant communities are proportionally represented in its employee decision-making population, and widen decision-making processes to involve broader stakeholders where appropriate.

### ii. Evolving the role of sustainability teams

Yes, banks need sustainability teams that can act as subject matter experts to provide the technical capabilities and central coordination for climate strategies. However, it cannot stop here. Sustainability professionals in institutions with a bank-wide climate strategy can only do so much - they only have so much time and they are not experts in the day-to-day workings of every function within the bank. Ultimately, each business unit and function need to be given a mandate to interpret what the centralised strategy means for their own area and grow the capability to embed this into their everyday work.

This sees the role of the sustainability team move from being the ‘doers’ to the ‘enablers’ of the climate transition within their bank. Their role is to create the conditions for each employee to play their part, to build the high level roadmap and then equip others to develop and implement the detail.

As one Fellow put it, the role of the centralised sustainability team is:

> Working with the business areas to develop their plans, giving the challenge and support where required: Is it ambitious enough? Does it meet with what needs to happen? Is it Paris aligned? There’s so much going on in the climate space, many competing demands on people’s time, lack of clarity across business areas and within teams on who does what – our expertise is a major value add.

**CSL Fellow 21/22**

### iii. Building capability to act across the organisation

For climate to become ‘everyone’s job’ (see Figure 4 above), one of the biggest challenges identified by Fellows is the need for greater climate knowledge and skills among colleagues across the organisation. Front-office colleagues in particular want to go and talk to clients about climate, but are nervous to show their ignorance.

The bank needs a climate risk leader and a climate centre of excellence ‘go-to’, plus we need to build collective expertise.

**CSL Fellow 21/22**
Fellows have found four tools particularly effective for providing their colleagues the new knowledge and relationships they need to participate in their bank’s transition: training, resources, networks and communications (see Figure 5). These are outlined in turn below.

**Providing easy access to relevant resources:** Several Fellows have built internal staff portals or microsites that bring together resources colleagues can use in their day-to-day work. The type of content they have aggregated includes: Key operating procedures, client presentation decks, guidance for client engagement conversations, and business development case studies. Doing this helps to avoid duplication of work, promotes organisational learning and equips colleagues to take action.

**Education and training:** Some banks are making climate capability a compulsory part of professional development for every bank employee, helping them understand the role their own function plays in delivering climate targets. While banks with well-resourced sustainability and/or learning and development teams can develop and deliver appropriate training themselves, others will have to look further afield. For example, one Fellow shared that they and colleagues all completed an online course in sustainable finance, after which they came together to talk about what they had learnt and what else they thought was needed.

**Sustainability networks:** In large banks operating across multiple markets and business areas, often it is a case of ‘the left hand doesn’t know what the right hand is doing’ when it comes to climate. One pocket of the organisation can be making tremendous progress that is invisible to others beyond their silo. Fellows have unlocked great leaps forward for their banks through the simple act of bringing colleagues together from across the organisation to share knowledge, learn from one another and take new insights back into their area of the business.

**Internal communications and events:** Fellows have found that sometimes the biggest barrier to colleagues actively participating in the climate agenda is simply not being aware of the bigger picture and how they can play their role. What helps is broadening access to internal communication channels and regularly sharing updates and information in the most accessible ways. Internal events are also useful for growing knowledge, sharing good practice and highlighting case studies from pockets of the bank. In an institution where climate is ‘everyone’s job’ (see Figure 4), enabling lateral communication between employees is crucial for breaking down silos of knowledge and practice.
Case study: Building capability among front-office colleagues

This Fellow shares some reflections on how those working in sustainability teams can better equip relationship managers to engage with clients on climate:

It’s so important for relationship managers to be able to go out and have these discussions with clients, but they feel that a lot is being thrown at them and they’re feeling defensive. We need to bring them on the journey with us, so they aren’t put in a difficult position in front of clients without the information they need to have the right conversations.

We need to build a support system to help relationship managers build their knowledge and confidence in ESG. If we can do this, then they will be able to speak confidently about the bank’s ESG offering. They will know the type of questions to ask, and they’ll be building the knowledge and skills within their departments. As the bank builds its product suite we need knowledge in each team, especially retail, commercial and private banking.

Because of where I sit, investment banking is a good place for us to start in terms of products and services, then we can use this as a template for other teams. I can start with people within investment banking who I know are interested in this – set up regular breakfast meetings to talk about different aspects of ESG, based on their needs, covering one thing at a time, sharing my experience of talking with clients.

The biggest challenges will be the sheer number of relationship managers and how readily they’ll prioritise this. We need to help them understand that this is a great opportunity to start building new business lines and engaging more in social infrastructure and things we haven’t looked at before.

We’ve committed to net-zero across the whole bank, and the cultural shift needed to get us there is something that can’t be fast-tracked. If we can shift the mindsets of relationship managers, hopefully we can create a tipping point.

Challenges

Through the Fellowship, we also observed two significant challenges banks face in implementing this organisational transformation journey.

Challenge 1: Greenwashing

When banks set a climate target, this doesn’t mean that their business activities immediately align to it today. It is a statement of intent, with much work to do. The problem comes when banks position themselves as closer to this target than they actually are. Climate intrapreneurs are deeply concerned about their banks engaging in this form of greenwashing.

We have made an aspirational ‘boiler plate’ commitment which is a shade of greenwashing. There is a lot of generalisation out there in the market. Everybody falls into the flow of moving ahead with the greenwashing – at risk of not reaching 1.5 because we’re accepting a vague approach. We pretend to be green, but we are actually not and that will have to change. For example, if you put solar panels on 2% of your offices, you can’t make it sound like it’s on all of them. People at the top of my board don’t want to take action – they choose to prioritise making money over making sustainable legacies. We are winning awards for ESG but we’re not doing it.

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We heard about two large drivers of greenwashing from climate intrapreneurs. Firstly, growing market pressure from competitors and stakeholders incentivises banks to portray themselves as taking action on climate. Secondly, there is low awareness inside banks of how to distinguish genuinely green and sustainable finance from the rest.

I want to move from our commitment, to defining what kind of metrics will play out, what kind of actions and collaborations will make the change. But internally, we need to raise awareness about what is actually green. I have realised that the organisation feels we will look less competitive for not doing the greenwashing. I’m still fighting my battle with leadership. Because there are no overarching standards, organisations feel they can get away with light disclosures.

Intrapreneurs are constantly grappling with the question of the best way to combat greenwashing within their banks, whether it be intentional or due to limited awareness. Do they tread lightly so they can maintain their seat at the table to influence decisions and challenge leaders? If they don’t push hard enough, at what point do they become complicit in the greenwashing themselves? If nothing changes, what do they do next? Whistleblow? Leave? Ultimately, we need vision-aligned banking professionals to persist on the inside. If all of them leave out of exhaustion or frustration, then change is likely to happen much slower, if at all.

There is the risk of making the commitment but staying in the status quo. Our portfolio composition under business as usual will not put us on a trajectory to achieve net-zero. There’s a lot of risk in making the commitment and not taking action.

Intrapreneurs are constantly grappling with the question of the best way to combat greenwashing within their banks, whether it be intentional or due to limited awareness. Do they tread lightly so they can maintain their seat at the table to influence decisions and challenge leaders? If they don’t push hard enough, at what point do they become complicit in the greenwashing themselves? If nothing changes, what do they do next? Whistleblow? Leave?

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Challenge 2: Replacing old kinds of business with new ones

When banks consider making the decision to say ‘no’ to deals or entire sectors on climate grounds, they want to know what they will replace this lost business with. Banks face considerable practical challenges in harnessing these new opportunities. Leadership teams will need to persuade risk-averse boards to enter new, unfamiliar territories and go ‘all in’ on emerging positive business models. To lend to a new sector requires developing expertise and relationships in that space, including: Identifying and building trust with new clients; developing the products and services to serve them; and, understanding market dynamics and risks to make lending decisions. This takes concerted time and investment to do, and is a large barrier to exiting high carbon sectors.

Everyone cares about the upside and doesn’t want to make any tough decisions about leaving industries.

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3. Bankers: How can climate intrapreneurs help their banks transition more rapidly?

Climate intrapreneurs play a unique and much-needed role in a bank’s transition from climate being no-one’s job, to someone’s job, to everyone’s job. Especially where there isn’t yet a top-down mandate for a bank to transform itself to align with climate goals, climate intrapreneurs can be the genesis of energy for change.

Many Fellows joined our programme eager to gain technical knowledge that would help them take practical action on climate in their banks. As we progressed through the Fellowship, this gave way to a recognition that the knowledge they have is only one piece of the puzzle. Three key themes emerged as important tactics for catalysing transformation from within a bank.

- Gain clarity on what is within your control to change.
- Build collective influence with a network of internal and external allies.
- Foster the buy-in of decision-makers.

These themes are illustrated in Figure 6 opposite and outlined in turn in the following sections.

**Self:**
What is within my control to change?
- Identify activities where you can have the greatest impact
- Embrace experimentation over perfection
- Maintain personal wellbeing for long-term effectiveness

**Allies:**
Who else is working towards the same goal?
- Identify and convene allies
- Facilitate action by and between others
- Listen deeply and ask powerful questions

**Influencers:**
How can I influence those with decision making power?
- Cultivate curiosity to build deep understanding
- Use both stories and data
- Bring outside voices in
- Ensure changes are locked in
- Pay attention to timing and context

Figure 6: ‘Climate intrapreneurship strategies in banks’, Finance Innovation Lab 2022
Self: Gain clarity on what is within your control to change

No single employee has all the knowledge, skills, relationships or time needed to transition a bank on their own. To make the biggest difference with what they do have, it is critical for a climate intrapreneur to identify the most impactful role they can play.

Climate intrapreneurs can gain clarity on the specific role they can play when they:

- i. Identify activities where they can have the greatest impact.
- ii. Embrace experimentation over perfection.
- iii. Maintain personal wellbeing for long-term effectiveness.

i. Identify where you can have the greatest impact

“What’s mine to do?” was a key question that Fellows grappled with during the programme. It’s especially important to consider because of the scale of the challenge and the amount of action needed to tackle it, and because each individual intrapreneur has finite capacity to move things forward. If they are to succeed in driving possible solutions to scale, climate intrapreneurs need to play to their strengths and focus their efforts where they can achieve the greatest impact.

My big takeaway from our first one-to-one coaching session on the Fellowship was “What is mine to own?” I’m trying to help others with that question too. That was highly impactful as a real first step to build from. I’ve been in the role since 2013, and [my team’s] approach to this question has been, historically, “we want to do it all!” Because if we don’t do it, nobody else does. Given the prominence of the climate issue now, this is our big chance to say, “this is important, our organisation needs to do it, but it’s not ours to do”. I can help identify someone else with the right skills, but it’s not mine. Another discussion from peer coaching was the idea “if you let someone else take it, what’s the worst that can happen?” Maybe it’s 80% as good, but if you continue to hold it, you’ll make 0% progress on it because there is no capacity. This helps me to hone in on where I can have the biggest impact – leverage the prominence and skills my team has – then bring in others.

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ii. Embrace experimentation over perfection

Accuracy and detailed planning are highly valued in the banking world. Bankers are often high performers, used to getting things right and striving for perfection. In banking, the stakes for making mistakes are often high, so there is a general aversion to risk.

But when it comes to addressing the climate emergency, we cannot afford to wait for perfect solutions to be developed. Instead, intrapreneurs need to approach this work with a mindset of learning and experimentation – testing solutions in small parts of the bank, then scaling out what works. To do this, they need to create the conditions for experimentation, including building the buy-in of decision-makers and budget holders, gaining their support and permission to fail.

iii. Maintain personal wellbeing for long-term effectiveness

Making change is difficult. Intrapreneurs are swimming against a rising tide, fighting daily battles to bring others along with them. It’s important to acknowledge the prevalence of burnout in banking; recent research by Benenden Health found that almost two-thirds of managers in finance felt burnt out during the pandemic. Adding a passion for sustainability on top of their day-to-day responsibilities can put intrapreneurs at even higher risk of this.
Intrapreneurs need to be tenacious and resilient to overcome the setbacks they will undoubtedly face. If they are to be effective in the long term, they also need to prioritise their wellbeing.

I also realised that my own inner resources had depleted and I needed to tend to my inner ecology if I wanted to continue to be of service. So, I paused.

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Instead of looking for the biggest gap, I should look at what energises me and fits my core strengths, so I can do the most for the longest, avoiding the risk of potential burnout.

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Case study: Slowing down in order to speed up

A particular challenge climate intrapreneurs face is difficulty in finding the time and space to do the kind of deep, reflective thinking required to understand complex challenges and develop new solutions amidst the busy, fast-paced world of banking.

On the Fellowship, we introduced Otto Sharmer’s Theory U,12 and the idea of ‘presencing’, which encouraged Fellows to actively make the time to slow down and let new insight emerge in order to be more effective.

One Fellow described how this approach is helping them:

“In peer coaching yesterday, the topic we worked through was feeling we don’t have capacity to do everything we need to do. I was too embarrassed to propose it, but I was feeling it, so I’m glad someone else did. It’s a massive challenge!

Theory U is my biggest takeaway. I usually go straight to action because I feel that’s my only choice. Spending just a minute or two working down the ‘U’ and up the other side is a very powerful mental model for me.

I now have a ‘U’ on a whiteboard which helps me to slow down – it’s a mental reminder. Anything I need to make a strategic decision on and feel I have no time to work on, I sit down, look at the U, spend some time being present and really think through all the options. I then spend the time at the bottom of the U to let new insight emerge and take fast action from there. Doing that has really helped me to clear out the backlog on some things, and stopped me missing out on other things.

If we can’t do this, we’ll burn out. I don’t want to do that, I love my job way too much.

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Slow down
- Deeply tune into self and others
- Listen and observe
- Let go of assumptions

Speed up
- Move to action
- Prototype the new
- Scale what works

Presencing
- Allow new insight and inner knowing to emerge

Figure 7: Adapted from ‘Theory U’ by the Presencing Institute12

Catalysing bank climate action: Lessons from the inside
Allies: Build collective influence with a network of allies

Intrapreneurs often feel like they are powerless to make much of a difference on their own, but once they experience themselves as part of a wider movement for a shared goal, change can and does happen.

Climate intrapreneurs can build collective influence through:

i. Identifying and convening allies.
ii. Facilitating action by and between others.
iii. Listening deeply and asking powerful questions.

i. Identifying and convening allies

Decision-makers rarely act under the influence of one lone voice, whether it be an individual or a single stakeholder type. Intrapreneurs are much more likely to successfully build their buy-in if they are one of a number of different voices pushing things in the same direction. Finding allies and building shared power with others are valuable strategies in this respect.

Allies can be found in all sorts of places. As part of the Fellowship, Fellows mapped their existing and potential allies, and developed strategies for convening them.

Younger people entering the organisation are concerned about this, they’re more open to having a conversation that’s more holistic, not just focused on finance. And it’s not just new recruits, but also others throughout the bank, for example those with children at school learning about the environment. A year ago, there was a competition in the bank to come up with the best idea for the environment. It was won by someone in HR, not a sustainability expert. So, I’m looking for allies at this level as well.

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ii. Intrapreneurs as facilitators

It can feel uncomfortable stepping up to lead on something that we are not an expert in – especially in a sector like banking, where technical knowledge tends to be a mark of credibility. Recognising the powerful yet undervalued role they can play as an enabler or facilitator of others can relieve intrapreneurs of some of this pressure of knowing.

As facilitators, rather ‘doers’ of the work themselves, climate intrapreneurs help to equip others to take action through:

- Disseminating relevant tools and resources for others to use.
- Supporting those who do have technical knowledge to share or apply it more impactfully.
- Connecting others, both inside and outside their organisations, so that they can learn from and collaborate with each other.

What I’ve learnt is that I can be a facilitator, I don’t have to be the expert and I don’t have to do it all myself. I need a team – people in different parts of the world with different experiences of the topic. It’s been an interesting journey finding those people, getting to know the company.

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iii. A coaching approach: Listening and asking questions

A key skill that Fellows developed on the Fellowship was coaching. They participated in regular peer coaching sessions that emphasised the importance of active listening to more deeply understand others. They also experienced the power of asking generative questions in order to support their peers to discover their own way forward.

Many Fellows reported that these skills helped them have better conversations with colleagues. In particular, asking open questions shifted the emphasis away from Fellows always needing to be armed with answers, and helped them to better understand the mindsets and motivations of their colleagues. Coaching skills also enabled Fellows to engage more effectively with other teams and develop solutions that would better serve a broader range of stakeholders.

As I meet with different colleagues, I am trying to mindfully listen to what is being said and where I can support them. By hearing the messages and trying to see if there are underlying things not being said, I aim to ask the right questions to get my colleagues to think beyond the parameters of a product or service to understand the bigger issues, without overloading them.

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Influencers: Foster the buy-in of decision-makers

In established institutions such as banks, decision-making about wholesale change tends to sit with those holding formal power. Within banking, many of these formal power-holders tend to have limited time and competing priorities, and so intrapreneurs find themselves asking questions like:

- How can I influence colleagues who are senior to me, when I don’t have the experience or expertise that might earn their respect?
- I’m several steps removed from the CEO, what can I do to influence their decisions?

Rather than looking at this as a question of power, it can be helpful to see those decision-makers as holders of responsibility – colleagues who have a duty to make the right decisions.

Top tactics for working with and influencing decision-makers

i. Cultivate curiosity to build deep understanding.
ii. Use both stories and data.
iii. Bring outside voices in.
iv. Ensure changes are locked-in.
v. Pay attention to timing and context.

Across banks, responsibility-holders and leaders represent a wide spectrum of mindsets and include those who may not yet be convinced of the need for banks to take climate action. The coaching skills picked up by Fellows, in particular active listening and powerful questioning, has enabled Fellows to learn and understand the beliefs and values held by those they work with, including decision-makers. This has in turn allowed them to tap into their deeper motivations and build more collective buy-in.

I use peer coaching all the time in meetings. It’s so helpful to take a step back and ask questions that do not impose bias on others. It sounds simple, but the practice has been transformative, helping me to understand what motivates others and how that interacts with my firm and industry.

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I have been successful at getting awareness raised and moving their position – particularly using the audit issues I self-identified, using my platform in those meetings, not telling people what to do, but asking questions and getting executives to argue my points for me.

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ii. Storytelling and data

Banks may appear to be driven by facts and figures, but there is a strong basis to suggest that people actually make decisions based first on emotions, before looking for the data to support them. Whilst data is important for driving action on climate, it is not the full picture. The biggest successes we heard about from Fellows seeking to influence others involved powerful storytelling. In particular, tapping into responsibility-holders’ interests at a personal, rather than purely professional, level:

“... My own lack of confidence comes from not knowing the stats and figures. This whole experience has taught me to bring the emotional side – and that has had as much, if not more, impact in trying to effect change.

CSL Fellow 21/22

Storytelling, including bringing in the emotional side, is very countercultural in banking. It’s something our Fellows worked hard to practice and develop, and they gained confidence from the results they saw.

iii. Bringing outside voices in

Tools and knowledge shared by bank outsiders can help intrapreneurs make a more effective case for change internally. For instance, the expertise of independent consultants often carries weight with internal decision-makers, and can also lend support and credibility to intrapreneurs’ own work. It’s vital though that these perspectives are brought in with a focus on converting what is learned into action, rather than to tick the box of having done stakeholder engagement.

iv. Locking changes in

Focusing effort on influencing mindsets alone comes with risks; what happens when an allied power-holder moves on from their role, or leaves the bank? Fellows have shared that working to ensure decision-makers structurally embed change in the bank can help. For example, this might be in the form of defined strategies, policies, governance structures or key operating procedures (KOPs).

“I’m making sure that when there’s a conversation about the scope of the audit issue, I am highlighting the climate issue – then it’s set in stone. With that then in place (and it takes some time), resources have to be applied. Getting it cast in stone defines mandates, which then demands attention. Audit issues can’t not be done, there’s no choice, senior executives are on the hook for those.

CSL Fellow 21/22

v. Paying attention to timing and context

Timing and circumstance often impacts on intrapreneurs’ ability to influence decision-makers. One Fellow highlighted two key moments in their bank’s year, around their Annual General Meeting and the release of annual results, which work best for them to set expectations and priorities with other business areas.

Conversely, there are times when other big issues dominate the agenda, for example during a merger or acquisition. At these times intrapreneurs need to look for other ways to progress the climate agenda.

“My bank has been in chaos for two years. I’ve learnt that we don’t need to wait for the CEO to tell us what’s next. There are small pockets of what you can accomplish. A lot of it is about the alliances you build.

CSL Fellow 21/22

Catalysing bank climate action: Lessons from the inside
Case study: Building buy-in with the Executive team

This Fellow shares how developing their leadership skills is helping them to progress the climate agenda at their bank.

A lot has happened during the time I’ve been on the Fellowship – some of these things might have happened anyway, they were in-flight pre-Fellowship, but they wouldn’t have been nearly as successful without the learnings from the Fellowship. I can say that with a great deal of confidence.

I’ve been able to talk about ESG and climate change for an hour in front of our leadership team – that’s a huge allocation of time with that group of people. A year ago, if I had been given 15 minutes with our CEO I would have hit him with facts and stats and been disappointed with the results. The Fellowship has changed all of that. I had the opportunity to talk to 90 senior people. While I couldn’t completely get away from facts, I focused on emotional cases which was very different for me. I made them feel uncomfortable and it was kind of scary. I told them that business has the power to make change. I used an analogy with cars: they are the leaders who sit behind the steering wheel powered by the motor of business. I asked, “where are you going to take us?” I tried to make them think and understand they are the ones who have the ability to make change.

On the heels of the above, we had a project team present a big eight-month project on green business. A series of concrete, discrete and directional recommendations were shared with the Executive team. Our CEO remarked that green business and climate will be the next frontier for us. His leadership in turn gave direction to the rest of our leaders – these are serious, strategic business issues. The biggest challenge now is implementation. But we are no longer debating that green business is good business.

I think what is most importantly ‘mine to own’, is to bring climate initiatives forth confidently, firmly, unapologetically. Sometimes it feels that we lead with “we know you have a lot going on, but we need to focus on this too.” I’m working on shifting this to, “This is the lens through which we need to view our business, if we fail to do so, we risk losing business”. We have a centuries-long corporate history; the thought of losing that legacy if we fail to adapt has been a strong motivator. What’s different has been my ability to change the way we go about discussing these issues in a direct, more forceful way.

ESG now has a seat at the leadership table. I’m pushing for us to go beyond green and sustainability, getting to the core of my Critical Shift which focuses on a just, equitable and sustainable approach to business. If I hadn’t taken the time to think about my Critical Shift, or if I’d backed off on the loftiness of it, we wouldn’t be in the position right now to propose this approach at the bank. Hopefully, we are on the verge of some transformative transitions in our organisation, and that is really quite exciting.
4. Climate campaigners: How can campaigners and climate intrapreneurs ally for a common goal?

The banking system is much larger than the banking sector alone. It includes a complex web of individuals, organisations and communities. We are all part of the banking system – the way it operates affects us all – though our roles are different and the amount of power we have to influence it is not evenly distributed.

Figure 8 (opposite) shows a map of some key actors and forces in the banking system, which when aligned and working together, can create the conditions for banks to rapidly transition to meet climate goals. No single actor can transform banks on their own, but with collective action we can reach a tipping point for change.

A large number of NGOs and campaigning groups are focused on influencing banks through one or more of these external levers. This work is vitally important because there are some changes that are very difficult for climate intrapreneurs to make on the inside, without something shifting in their external environment first. For example, banks have been hesitant to be a first mover on climate in case it makes them less competitive. However, if well-crafted regulation were to require every bank to take action, then sector-wide change could happen very quickly. Until then, we are reliant on voluntary leadership from the institutions that

Figure 8: ‘Banking system map’, Finance Innovation Lab 2022
dare to move first, or joint action through industry alliances in a sector with low trust and high competitiveness between banks, plus a strong fear of regulatory repercussions for breaches of competition law.

Campaigners, including individuals and civil society organisations, are demanding banks take science-aligned climate action at sufficient levels of ambition. These campaigners play an important role in building the power of excluded voices in banking, raising reputational risk for banks and motivating various stakeholders to hold banks accountable on their climate progress.

Because most banks are still moving too slowly on climate, it can appear that those on the inside simply don’t care. What climate intrapreneurs want campaigners to know is that committed climate activists like them exist within banks, and they are working tirelessly to increase the pace and scale of change.

Climate intrapreneurs and campaigners are allies, working for the same goal but playing different roles. If campaigners and intrapreneurs can build relationships of mutual respect, intrapreneurs can help activists gain a more nuanced understanding of banks and what kind of external pressure will be most beneficial in enabling change. In return, campaigners can help intrapreneurs understand where their bank is falling short, and to access the expertise they need to rapidly develop just and regenerative solutions.

What climate intrapreneurs want from campaigners:

i. Influence more rigorous regulation.
ii. Target bank decision-makers, in particular boards.
iii. Hold banks accountable to their commitments.
iv. Share expertise to build capacity within banks.

i. Influence more rigorous regulation

Intrapreneurs tell us time and again that a lack of strong, clear requirements and enforcement from regulators is the number one barrier to greater climate action at their banks. Whilst climate action remains voluntary, and where profit maximisation remains banks’ fiduciary duty to shareholders, banks will not take the kind of action that is needed to swiftly finance the transition.

With regulation being such an important lever for the scale and pace of banks’ action on climate, applying pressure to strengthen it would be a powerful place for campaigners to focus their efforts.

ii. Target bank decision-makers, in particular boards

A bank’s board sets its strategic direction and makes the big decisions about its future. If the board does not believe that climate needs to be a priority for their bank, they will not make decisions that mandate the changes needed from the top down. On many bank boards, there is division about the extent to which they need to take action on climate; campaigner pressure could help tip the balance in the right direction.

Some climate intrapreneurs have found that they can play a role in directly building the buy-in of their board members where they have access to them. But where the balance of power on boards is not on the side of climate action, some Fellows feel that regulatory change is the only thing that their directors will respond to – further reason for campaigners to focus their efforts here.

At board level there is so much tension because the naysayers outweigh the believers. Investors send a letter asking, ‘does the board have an ESG investment committee?’. Somehow the board uses language to manipulate. They write back to them to shut them up. There is a vacuum between the questions from investors and how the company responds, and it’s in the language. The bank is happy to let investors go. NGO and investor pressure doesn’t work. Regulatory pressure will do it.

CSL Fellow 21/22
iii. Hold banks accountable to their commitments

As explored earlier in this report, banks are announcing climate commitments, but falling short on taking the action needed to meet them. At the same time, there is real fear within banks of being called out for greenwashing. Campaigners have an important role to play in holding banks accountable to what they say they will do, and to do this in ways that promote greater progress.

It became clear through the Fellowship that there is a difference between shame and accountability, between saying to a banker, ‘you’re a bad person’ versus ‘you’re not doing your job’. Shame breeds defensiveness – people don’t change when they feel attacked; they are more likely to shut down and turn inward.

On the other hand, accountability, while still very uncomfortable to receive, encourages action for change through an invitation to take responsibility. Shame is disempowering, accountability empowers. It’s a very fine line between the two, but Fellows feel this would have an enormous difference in results.

iv. Share expertise to build climate capability within banks

Banks need the perspectives, expertise and lived experience that campaigners can bring to their climate strategies – especially with regards to climate justice and equity. By connecting banks with voices from the margins of their worldview, and by building genuine, high-trust relationships, there is the opportunity for campaigners to help expand perspectives and develop new solutions.

Recognising the important accountability role that climate campaigners play, intrapreneurs also want their help to identify not only where they’re falling short, but what they could be doing instead. Bankers can then take these ideas and work to get them actioned internally.

Campagners can also help banks to access useful expertise from other banks and stakeholders. Two groups of external voices that Fellows told us they found particularly valuable to learn from on the Fellowship were:

- **Marginalised and underrepresented groups in banking:** These include those who are already and will be worst impacted by the climate crisis itself and/or an unjust transition. Indigenous voices in particular see the climate crisis through a radically different paradigm than mainstream banking culture. The goal is for banks to not only listen to, but to share power with these individuals and groups in making the transition – otherwise we risk arriving at a net-zero future where the same inequities are replicated, or worse, exacerbated. As Albert Einstein famously said, “we cannot solve our problems with the same thinking we used when we created them”. Campaigners can help banks access new (or indeed, ancient) thinking and wisdom.

  "It’s so easy to assume that what is modern is the right way. We’ve been told to disregard the ancient practices and the ancient wisdoms. I have been very humbled [by their stories].

  CSL Fellow 21/22"

- **Peer institutions:** Keeping up with the rest of the pack rather than being the first-mover is a common mindset between banks. Fellows told us that their banks can be reluctant to act first, but when they see other banks move, they will follow. Campaigners can help bank leaders and intrapreneurs to understand the climate actions their peer institutions are taking and what leading practice looks like – to help the whole
Examples of how intrapreneurs can work with external stakeholders to accelerate the climate transition

i. Be willing to engage in rigorous debate and discussion about what’s needed and what’s getting in the way. As a banking system, and indeed in wider culture, we have a tendency to retreat into our entrenched camps when we hear views that threaten our own. We create sides; we shut down debate. But within the viewpoint of the ‘other’ are invaluable kernels of information about why the system doesn’t change and possibilities for how it might. If we can approach other stakeholders with genuine curiosity and empathy, we can unlock new possibilities for progress.

ii. Invite outsiders into the bank to build knowledge, capacity and buy-in among colleagues. For example, one Fellow invited members of The Sunrise Project team to speak with their Executive team:

> I invited local representatives of The Sunrise Project to talk to my bank’s management onsite, to bring an external perspective to our work on climate change and ensure my colleagues are aware of societal expectations with regards to climate action. We joked that The Sunrise Project benefited by better understanding “the beast that they are trying to tame”. It was a very engaging session and I believe we both learnt from each other’s perspective.

CSL Fellow 21/22

iii. Engage with journalists or whistleblowing support to speak out about unethical practices. Trusted journalists with high standards of source protection can help get the message out more widely in order to create movement when something feels stuck. Not all whistleblowing services are created equal, but some offer careful support with the genuine interests of the whistleblower at heart. In the UK, see TheWhistler.org.

iv. Collaborate with clients and customers to co-design financial solutions that will enable their transition.

On the Fellowship, we created a confidential, pre-competitive space for Fellows to share their experiences as climate intrapreneurs without putting their banks at risk of breaking competition law. We did this by aligning the Fellowship with the UK Competition & Markets Authority’s guidance for sustainability collaboration.14 Fellows told us that this opportunity to learn from one another was one of the most powerful aspects of the programme.

> I’ve massively enjoyed the diversity of the experience and culture of the Fellows. It’s enlightened me as they’re going on their own journeys but sharing similar feelings of how we can do more in our organisations. People had challenges and worked through them. It’s given me the sense that I can do this, I’m not alone.

CSL Fellow 21/22

Rally together in calling for the policies and regulation that are needed by contributing to consultation processes. For example, the Climate Safe Lending Network coordinated a response to the Basel Committee on Banking Supervision’s recent consultation, drawing on the views of bankers and NGOs alike.
Case study: ‘Activism’ is not a dirty word

We invited The Sunrise Project, a global campaigning organisation working to hasten the transition from fossil fuels to clean energy, to speak to Fellows on the programme. Here, Areeba Hamid (Global Finance Programme Director) and Beau O’Sullivan (Senior Communications Officer) share their reflections on how climate intrapreneurs and campaigners can accelerate the transition to climate safe banking together.

What did you take away from engaging with intrapreneurs on the Fellowship?

It’s very easy to get lost in the ‘us versus them’ frame, and forget that [bankers] also are human beings with values and have motivations and risk appetites. And all their decisions are based on those factors, like anybody else. So, I think that was quite useful to just break that barrier and speak to the people we are trying to change.

It was also quite sobering to hear first-hand that there is still a wide gulf between the level of change that’s needed, and what the Fellows saw as things that can be done by decision-makers internally.

What is The Sunrise Project learning from its work with banks?

Following our session with Fellows, we were invited by two Fellows to engage directly with senior leaders in their organisations. Through these conversations, we realised that we have a lot of experience and knowledge that we can impart to those working inside banks, and that these engagements can be very useful. At the same time, there is still a lot of greenwashing in the banking industry – and we play a crucial role in challenging and holding banks accountable. How do we tread that line of being helpful at the same time as holding them accountable? Walking this tightrope is difficult and tense.

Part of our role is to work behind the scenes and support other partners. In our work with media for instance, we help educate journalists about AGM season, how to interpret shareholder resolution results, the types of loopholes in banks’ climate policies, and how to spot good policies announced by banks, etc. Before COP26, we published a short media briefing on how to spot greenwashing by banks which was very successful in framing lots of coverage in the media.

What do you want climate intrapreneurs to know?

A lot of people think that you have no credibility as an activist. This is not true. We have spent hours and hours churning data, learning the Bloomberg terminal, and following the money. And we know how policies with climate risk are developed. Some of the activists we know are the most well-versed people in finance. It’s a mistake to ignore them.

I think that activism is not a dirty word. The history of progress is the history of activism in the world. Activism is about standing up for what you believe in. I’m genuinely interested in hearing about the barriers faced by Sustainability Officers to moving faster and being more ambitious on climate. If banks were more open about barriers and spoke to us, we’d probably be able to find solutions or help in some way. There is also more scope for public policy and government relations teams within banks to step up in their role and act as an activist within. We are keen to work with intrapreneurs to turn up the dial internally – we can do this anonymously, including penning letters to the board or engaging the media.

It’s a leadership challenge. What’s missing are the voices of the leaders. I would love to see leaders of banks break away from the pack. Of course, there are risks with being the first-mover, but that’s what leadership looks like.
Conclusion

Climate intrapreneurs play a critical role in the effort to transform the banking system for a just and regenerative future. Bold and visionary, these climate champions are working for a banking system that ultimately exists to serve human thriving within a flourishing planet. They are going beyond ‘net-zero’ in their thinking – recognising the complex social and environmental factors deeply interconnected with rising global temperatures from carbon emissions. Achieving wholesale transformation in pursuit of such a holistic vision becomes possible when we view finance as a complex human system.

As a part of the banking system, climate intrapreneurs can start by changing themselves and how they relate to others in ways that unearth new mindsets, relationships and decision-making. Unlocking these behavioural shifts leads bankers to make different decisions about their lending and investment strategies and the organisational structures and processes that enable them.

That said, one person cannot change an entire institution or the banking sector on their own, so it is key for intrapreneurs to gain clarity on what is within their sphere of influence and focus there. From here they can build collective power with a network of allies inside and outside their bank, galvanising a movement that joins up individual efforts for positive change.

When leaders and decision-makers within a bank create mandates for the climate transition from the top down, wholesale change can really be unleashed. Until that point, climate intrapreneurs are constantly asking themselves how they can build the buy-in of decision-makers around the climate agenda. They find it effective to engage leaders with an attitude of genuine curiosity, seeking to understand their perspective, motivations and hesitations. Using storytelling to paint a compelling picture of the leadership opportunity can then invite them to take steps forward.

Two significant dynamics are putting a handbrake on banks’ climate transition – and these represent two areas where the combined efforts of intrapreneurs and campaigners have great potential to drive change: First, pressure from a range of stakeholders, paired with limited sustainability expertise in leadership teams, encourages banks to position themselves as ‘green’ while their business activities have not yet caught up. Second, where banks have built their entire business around financing high carbon sectors, replacing this business with sustainable alternatives doesn’t happen overnight when new client relationships, sector-specific knowledge and business capabilities are needed in order to find, assess and manage different kinds of deals.

So how do the efforts of climate intrapreneurs relate to the important work of climate campaigners on the outside? At its simplest, they are allies playing different roles in service of the same goal. Campaigners build the evidence, pressure and reputational risk that climate intrapreneurs can leverage to engage decision-makers. Climate intrapreneurs implement the changes within banks that campaigners are highlighting as necessary.

Climate intrapreneurs want campaigners to influence more rigorous climate policy and regulation – shifting the climate response away from voluntary commitments toward mandatory action right across the sector. They also see that campaigners can bring tremendous expertise and diverse relationships to help their banks develop more rigorous strategies and solve difficult technical challenges.

When we look at banking as a complex human system, new possibilities are unlocked for its transformation. Banking can and must become fit for purpose to finance a just and regenerative economy. It is the courage and persistence of climate intrapreneurs that can foster deep change from within, supported by allies and accountability from those on the outside counting on banks to finance their climate safe future.
Next steps

For bankers

Are you a climate intrapreneur, looking to increase your impact within a bank or lending institution? Join us for the next Climate Safe Lending Fellowship.

The Fellowship provides structured support over six months to build the knowledge, networks and skills of climate intrapreneurs, equipping you to transform your bank from within, in service of people and planet.

Many other forums focus on the technical aspects of how banks can finance a just and equitable transition to a climate safe world. The Climate Safe Lending Fellowship goes beyond this and asks: ‘How might we transform the underlying system dynamics (the structures, relationships, mindsets and values) within banking to catalyse greater progress toward climate goals?’

The Fellowship cultivates Fellows’ leadership practices to help them bring about these deeper shifts that will align their institutions with a just transition to a climate safe world.

Find out more at www.climatesafelending.org/fellowship.

"The Climate Safe Lending Fellowship programme is a deeply transformative, engaging and impactful undertaking for global sustainable finance leaders. It is a safe platform to probe, reflect and contribute ideas on progressing the ‘just transition’ dialogue. Highly recommended.

Chandni Khosla, CSL Fellow 21/22"

"Being a Fellow was a truly enriching experience I will never forget. I thoroughly enjoyed the constructive and bias-breaking model which has clearly been carefully considered to meet the bespoke needs of the group. The range of sessions offered were fantastic and opened my eyes to completely different ways of looking at climate in banks. Thank you team and the rest of my fellowship class!

Lucy Ellis-Keeler, CSL Fellow 21/22"

For external stakeholders in bank climate action

Interested in continuing the conversation about how banks can make a just transition? Get in touch directly at connect@climatesafelending.org, or sign up for the Climate Safe Lending Network’s monthly newsletter and mailing list to keep informed about our work and opportunities to get involved: www.climatesafelending.org/newsletters.

This report complements the Climate Safe Lending Network’s thought leadership on the system-wide transition toward climate safe banking, including:

- Taking the Carbon Out of Credit which sets out an integrated approach to removing climate emissions from lending.
- Climate Intrapreneurs, insights from the front lines of bank climate action which introduces climate intrapreneurship in more detail.
- The Good Transition Plan which provides guidance on climate action strategy development for banks and lending institutions.
- Financial Stability in a Planetary Emergency which sets out an approach to financial regulation that prioritises planetary stability.
- The Carbon Bankroll Report which highlights the climate impact and untapped power of corporate cash.
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