



**ALTERNATIVE
BANK
SCHWEIZ**



EVERY DEGREE MATTERS

Summit on Finance and Climate

co-hosted by Alternative Bank Schweiz and WWF Schweiz

26 February 2020 – Bern, Switzerland

SUMMARY

Climate change is a fact. In Switzerland and neighbouring countries more and more people call for action against it. Cities are declaring a climate emergency. Laws to reduce CO₂ emissions are being worked on.

Within the economy, the financial sector plays a pivotal role in the transition towards a climate-neutral society. Many banks are in agreement and are committed to reducing the carbon emissions caused by their operations.

On 26 February 2020, Alternative Bank Schweiz hosted a **summit** in association with WWF Schweiz **to explore how to put finance at the service of people and planet.**

More than 300 people attended the event. Among them were representatives of Swiss banks, NGOs, regulators, politics and academia, as well as representatives from Climatestrike Switzerland and values-based banks from all over the world.

On the following pages you will find a summary of the main findings and ideas presented at the event.

What was on the agenda?

Part 1: Future Lab

14.00 – 17.00

Imagining a climate-neutral financial centre and creating viable ways to get there. Change is possible!

Plenary session with keynote speeches by

Margaret Kuhlow

Finance Practice Leader, WWF International

and

Otto Scharmer

Senior Lecturer MIT Management Sloan School /

Co-Founder Presencing Institute

Open Space with group discussions and room and time for coffee and networking.

Part 2: Evening Conference

17.00 – 18.30

Finance must and can care for the climate.

What is the best way?

Keynote speech by **Sandrine Dixson-Declève**

Co-President Club of Rome

Panel discussion with

Jörg Gasser

CEO SwissBanking

Margaret Kuhlow

Finance Practice Leader WWF International

Oliviero Reusser

Representative of the Swiss Climate Youth Movement

Tamara Vrooman

CEO Vancity Credit Union

Fritz Zurbrügg

Vice Chairman of the Governing Board of the

Swiss National Bank

Part 1: Future Lab

Imagining a climate-neutral financial centre and creating viable ways to get there. Change is possible!

The first part of the summit provided a platform for discussions bringing together different actors in order to develop an agenda based on a shared vision. The vision was jointly developed beforehand by ABS, WWF and representatives of the Swiss Climate Youth Movement.

Climate change and the role and responsibility of finance

«If nature loses, the financial industry will too.»

Keynote speech by Margaret L. Kuhlow, Finance Practice Leader, WWF International

1.5 or 2.0 degrees – what difference does it make? Many consider that a minimal difference would have only a negligible effect on the rise in global temperatures. But Margaret L. Kuhlow showed in her presentation that even minimal differences have dramatic effects. The expert used examples from various sectors to illustrate how the effects of global warming impact both people and nature. For Kuhlow it is clear that the loss of nature will go hand in hand with a loss of capital. She still hopes that the climate crisis will increasingly become an issue in the financial sector as well. At the end of her presentation, however, she pointed out that the greatest danger was to assume that nature could be misused as a buffer and taken into account accordingly in climate models. This is because any buffer function, if it ever existed at all, is largely used up. This makes it all the more important for the financial industry to act now. This would also be in its own interest.

[→ Watch the keynote speech by Margaret L. Kuhlow](#)

[→ See the PowerPoint presentation by Margaret L. Kuhlow](#)

It is 2030 and the Swiss financial centre is climate neutral

Before the summit, representatives of Alternative Bank Schweiz, WWF Schweiz and Climatestrike Switzerland developed a vision of the future for the Swiss financial centre. It depicts how four key actors of the financial system and those shaping it will act in 2030 if the Swiss financial centre were fully climate-neutral by this date.

[→ Take a look at Vision 2030](#)

Change is possible

«The financial system won't change if we leave it to the professionals.»

Keynote speech by Otto Scharmer, Senior Lecturer MIT Management Sloan School / Co-Founder Presencing Institute

Otto Scharmer illustrated that we are basically already aware that the way we have been doing business so far will lead to climate collapse, and that we also have the necessary technology to avert the worst. Nevertheless, according to the Co-Founder of the Presencing Institute, hardly anything is changing in everyday business. According to Scharmer, this is because up to now, people have not been taken seriously enough as profound beings. The speaker appealed to everyone to open their hearts, minds and wills. It is best to start with self-reflection before looking for people who are also open to change. Because a breath of fresh air is definitely needed: «The financial system won't change if we leave it to the professionals,» he said. Mental thresholds would have to be crossed in order to adopt this new way of thinking. Scharmer's ideas, which he published in the book «Essentials of Theory U» in 2019, identify four stages for the future development of society.

[→ Watch the keynote speech by Otto Scharmer](#)

[→ See the PowerPoint presentation by Otto Scharmer](#)

How to reach the goal of a climate-neutral financial centre

Group discussions

Summit participants were invited to establish dialogue and discuss a vision developed jointly beforehand by Alternative Bank Schweiz, WWF Schweiz and representatives of Climate-strike Switzerland. It focuses on the future, depicting how four key actors of the financial system and those shaping it will act in a fully climate-neutral financial system. Discussions were held in four different groups, one per key actor treated in the vision:

- Financial institutions and their shareholders
- Private and institutional customers
- Policymakers and regulators
- Education and academia

The goal was to jointly determine which steps each actor needs to take to make the vision a reality. The groups came up with the ideas presented on the following pages.

Financial institutions and their shareholders

Stop financing harmful businesses

There was agreement that banks should stop financing businesses that harm the climate. But the question of what a harmful business is today remained unanswered. The next important step would be to agree on this scope.

Community action is important. Unless all financial institutions agree to stop financing harmful businesses, this will create an opportunity for some to make money out of bad businesses, bad emitters. This would create dislocation within the broader community.

A «carbon-bad bank» could be a solution: a single actor in Switzerland that acquires all the loans granted to harmful businesses from the other banks. This bank would then become the lead actor, exercising a voice and trying to stop the harmful businesses and business practices.

Finance the transition

There was widespread agreement that banks must start financing the transition as well as new solutions and businesses. Although there was not a great deal of consensus around the staging and pacing of the financing of the transition.

Banks need to demonstrate the economic viability of new solutions and businesses.

There was a genuine appeal to share data and information, and to guarantee transparency about the environmental impact of the businesses being financed.

Client and shareholder commitment and alignment

There has to be pro-active commitment towards current customers/clients so that they can reduce their emissions to zero.

Banks must engage their shareholders and articulate a compelling and convincing vision about financing the transition.

If there are not enough shareholders in the current capital base to support this vision, there is always the option of finding new shareholders. There is plenty of capital out there looking to support institutions that are taking a leadership role in financing the transition to a climate-neutral economy and society.

Speak with one voice

The banking community could come together more effectively as one voice to activate and influence policy makers.

For example, all the banking institutions in Switzerland could come together and put forward a set of disclosure requirements or externality pricing they all could agree on before taking this to the regulator in a pro-active manner.

There was a genuine appeal for introducing a first-mover advantage for the institution that does step forward and react through an offensive lens rather than a defensive lens, using courage and leadership, viewing the future through the lens of opportunity rather than through risk, responding to existing social demand.

Private and institutional clients

The discussion group agrees with the 2030 vision. It is absolutely necessary for it to become a reality. There are no excuses, and everyone must take responsibility.

What barriers do the clients of financial institutions face if they want to contribute to a climate-neutral financial centre?

People feel disconnected from their money and often have a lack of knowledge about how banking works, or insufficient expertise with regard to banking. This leaves them with a sense of helplessness. They therefore fall back into the old power dynamics, where the bank has all the power and the client none.

This in turn prompts the clients to pass on their responsibility to the banks. Furthermore, it makes it harder to enter into dialogue with a bank on the needs for a climate-neutral financial centre.

How can clients help to make the 2030 vision a reality?

Clients need information and knowledge to be able to reclaim responsibility.

Clients should use their power as shareholders:

- People should call their pension fund and banks and ask what they are doing to become climate neutral, and make them accountable for their actions.
- They should demand that their financial institution uses its power as a wealth holder to make appropriate investments and engage and vote.
- To do so, it is important that financial institutions divest from dirty industries or climate polluters. They should also put capital into companies that are committed to the transition to a climate-neutral economy and society.

Institutional clients should develop and use new multiple indicators of success beyond profit to rate their investments. One important path is to put a price on carbon and thus internalize those costs.

Clients could join grassroots movements, e.g. Strike for Future, to accentuate and amplify their voice. It is also important to try to form unlikely alliances between suits and activists.

Education and academia

Education and academia must open up

Everywhere from primary schools to universities, different actors should be able to determine what happens in these spaces. The same should even apply to academic journals. For example, academia should allow for feedback between students and professors. Students should be able to influence the agenda and ask to be taught the knowledge they believe it is essential for them to know today.

Education should be open for the emergence of integrated approaches to learning and content developments with integrated sustainability.

Do not simply educate people to protect the environment

Instead of educating people to protect the environment, children should be taught to love nature from the outset, so that caring for the environment is something that comes from their heart.

Families play an important role in this regard.

Reflect on our relation to money

We need to learn what money does to us and think about how we relate to money and what money means to us.

Education and academia should offer us freedom to think about these questions.

Values-based banks as role models

Values-based banks have the knowledge and expertise on how to transition to a climate-neutral financial system and how to make the 2030 vision a reality.

They should pass on this knowledge and expertise.

Use new communication technologies

New communication technologies are great tools for amplifying the message of the 2030 vision and the need for a climate-neutral financial system, as well as for informing and developing global values-based tribes.

These tribes can help to encourage all the important stakeholders to make substantial changes.

Policymakers and regulators

The discussion group came up with a comparative analysis between Switzerland, the Netherlands and Bangladesh on the role of politics and regulators

Netherlands: Private financial institutions, including some large banks like ABN Amro, started PCAF just one month after the signature of the Paris agreement. The momentum for adopting a sustainable finance agenda began within the financial industry.

Bangladesh: The national regulatory authority appointed a new head in 2019. This appointment fostered discussions about greening the financial system. The debate on establishing a more sustainable banking system was triggered by the central bank.

Switzerland: In Switzerland the momentum is in the political arena, for example for CO₂ pricing.

Who should act first?

Strong policies on climate transition and an ambitious regulator could get the job done.

But in many countries, it is true that policymakers and regulators are reluctant to take action.

In these cases, other stakeholders must jump in whenever they see a possibility for bringing about substantial change.

Good green politics matters

Clear standards and regulation for climate-neutral finance are essential in order to achieve a climate-neutral financial system.

In Switzerland, discussions on establishing a climate-neutral financial system are focussing on climate risks. This focus should shift to climate impact instead.

Part 2: Evening Conference

Finance must and can care for the climate. What is the best way?

In the second part of the summit, key representatives and decision-makers from the Swiss financial centre presented their positions, reflecting on the ideas presented and developed in the first part of the event.

Financing Change, Changing Finance

«Roll up your sleeves, and do it now.»

Keynote speech by Sandrine Dixon-Declève, Co-President Club of Rome

Although only the initial signs of the coronavirus crisis were visible at the meeting, the speaker also criticised the fact that companies and governments have contingency plans for everything «except for climate change – although this has been on the horizon for decades». Dixon called for an end to all the waiting: the EU's Green Deal should not be limited to this one group of countries. Rather, Switzerland should also be inspired by it. The speaker quoted her organisation's famous report which had already evoked «the limits of growth» in 1972. At that time, the financial system did not really appear on the radar of ecological masterminds. Now it is part of the «Ten Confessions for the Global Common Good» published recently by the Club of Rome. Several points address the need to use the leverage of the financial sector to stop deforestation or accelerate investments in sustainable land use. «Thanks to financial instruments like these, combined with political initiatives, it must be possible to enable people to live and work sustainably on a local basis,» said Dixon-Declève. The goal is to create a circular economy. To do so, people should roll up their sleeves now.

[→ Watch the keynote speech by Sandrine Dixon-Declève](#)

[→ See the PowerPoint presentation by Sandrine Dixon-Declève](#)

Finance must and can care for climate. What's the best way?

«There is not enough time to wait another ten years.»

Panel discussion with Jörg Gasser, CEO SwissBanking, Margaret Kuhlow, Finance Practice Leader WWF International, Oliviero Reusser, Representative of the Swiss Climate Youth Movement, Tamara Vrooman, CEO Vancity Credit Union, Fritz Zurbrügg, Vice Chairman of the Governing Board of the Swiss National Bank

If young climate activists play tennis in a CS branch to protest against the financing of «climate sinners» by the big bank, is that OK or is it already a type of violence? On the discussion panel, Fritz Zurbrügg expressed his surprise at the decision of the Lausanne district court in mid-January: «I am against violence in any form, even in operations like this.» Perhaps he is also somewhat sensitive as Vice President of the Swiss Central Bank because he fears that after this spectacular ruling, the SNB will also become the target of similar actions. He believes that climate change is certainly on the agenda and has gained in importance. Yet the SNB remains cautious: «Our federal constitution guarantees the autonomy of the SNB.» In addition, the main task of his institution is still to ensure financial market stability.

As expected, Oliviero Reusser from Climatestrike Switzerland did not agree with this passive attitude. Given that political leaders are not doing anything about it, we should now start engaging in civil disobedience: «And it is unacceptable that activists are put in jail for their actions in this emergency situation.»

Tamara Vrooman, CEO of the Vancity Credit Union, also supported this non-violent opposition. Such actions are obviously effective, or we wouldn't be talking about them now. And she believes that this type of operation will be seen more often from now on, «because politics and business have so far ignored the urgency of the issue.»

Closing remark by Alternative Bank Schweiz

Take young climate activists as a source of inspiration

Martin Rohner, CEO of Alternative Bank Schweiz

According to ABS CEO Martin Rohner, ABS is driving forward its efforts to live up to its commitment to the Partnership for Carbon Accounting Financials (PCAF). «We're not just interested in calculating our carbon footprint and publishing the figures.» Instead, climate-relevant emissions are reduced as much as possible at all levels of the company. The bank can look back on 30 years of history, during which it has reviewed and improved its activities with regard to CO₂ emissions in accordance with strict guidelines. «Now that we are relatively advanced in the investment universe, we will take a more detailed look at the loans area.»

The obligation for each institution to reduce their own emissions under the Paris Climate Agreement as a result of the PCAF initiative is quite realistic: after all, the goal is not to go «cold turkey,» and coal does not have to be abandoned overnight. «But it is a clear commitment to customers and the regulator to reduce CO₂ emissions according to a defined timetable,» Rohner said, commenting on the advantages of taking an offensive approach. This timetable enjoys broad political support precisely because it is based on the objectives of the Paris Climate Agreement. Incidentally, the PCAF initiative is not just for niche banks: the group which is already committed to PCAF includes the major Dutch bank ABN Amro.

Rohner concluded by calling for change to be seen not as a threat but as an opportunity, and to approach it with a positive attitude. The banks should take the initiative more firmly than in the past, come together and jointly lobby for climate targets, for example among politicians. According to Rohner, the ABS is maintaining its current course. He also revealed an upcoming project: «We plan to create a new body to advise us on the definition of the next steps.» The intention is that this «Future Group» should include various stakeholders, including representatives of young climate activist groups – from the generation that will feel the consequences of today's financial policy most strongly.

Jörg Gasser, CEO of SwissBanking, showed understanding for both sides. His daughter is involved in Extinction Rebellion, a fact that regularly leads to in-depth discussions at the dinner table. At the same time, he understands the position of the bank. «After all, CS is one of the institutions that is developing most consistently towards sustainability.» Gasser therefore pleaded for more tolerance and willingness to talk on both sides.

The praise for CS met with a tart response from Oliviero Reusser: «Anyone who types «CS» into a search engine will see that the bank has little to do with climate protection, but on the contrary actively finances coal, fracking and other climate-damaging industries.» Since the Paris Agreement, CS has even strengthened this commitment. A CS representative from the audience argued that the bank is keen to enter into dialogue and accept freedom of opinion. It is true that we are in a transition phase and want to become increasingly greener and less reliant on carbon – «but the timeframe demanded is too short».

Margaret Kuhlrow, Finance Practice Leader WWF International, asked how long the institutions were to be given. The problem is that there are countless banks worldwide. If some institutions voluntarily exit «brown» businesses, others will simply include them in their portfolio. It is therefore necessary to tighten regulation whilst showing that there are major opportunities for financing climate-neutral projects.

Jörg Gasser explained that the lending capabilities of Swiss banks are often overestimated – because their role as asset managers are much more important: a quarter of the world's cross-border assets under management are managed in Switzerland. «Clients must tell us how they want their assets invested,» said Gasser. However, he admitted self-critically that the banks must of course also provide climate-neutral options for their customers.

Regula Rytz, President of the Green Party, contributed from the audience that the buck should not merely be passed on. And Oliviero Reusser warned that there was simply no time for such games: «The Paris Climate Change Conference was held five years ago. It is high time to take action.»

Closing remark by Global Alliance for Banking on Values

«The bank's carbon footprint reflects the real economy.»

Peter Blom, CEO of Triodos Bank and Chairman of the Board of GABV

«A bank is not a normal business,» said Peter Blom, CEO of the Dutch Triodos Bank and Chairman of the Board of GABV. A «normal» company does what its customers want and what the legislation allows. A bank, on the other hand, has a more comprehensive licence. «That's why we bankers can't wait for our clients' to tell us their wishes.» Politics and regulatory authorities are also rarely pioneers. Rather, a bank must assume its responsibilities, take action on its own initiative and enter into active dialogue with its customers on climate protection. An important instrument for this could be to join the Partnership for Carbon Accounting Financials (PCAF). Of course, banks need a plan for climate protection that covers the next ten years. «But it must not stop at creating concepts,» warned Blom. We simply cannot afford to still be making plans in 2025 only to find out five years later that it is too late to take forceful action. «The banking world must adopt plans for climate protection today, and start implementing them immediately,» demanded Blom.

Blom also emphasised that such plans and the resulting actions would not only represent a challenge for banks, but would also be reflected in the real economy: «If, for example, banks are required to reduce climate-relevant emissions by 50 percent within ten years, this requirement will automatically have an impact on the rest of the economy – and that is ultimately the aim.» The climate footprint of a bank therefore also reflects the development in society and shows whether society as a whole is on course to protect the climate.

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