



Women's Earth and Climate Action Network (WECAN) International
Statement on the new Principles for Responsible Banking
Monday, September 23, 2019

On the heels of the largest climate mobilization in history¹, as fires continue to burn throughout the Amazon², and glaciers continue to melt at an unprecedented pace³, one thing is crystal clear—the time for bold and fierce action could not come soon enough. This is why the Women's Earth and Climate Action Network (WECAN) International welcomes (but with caution) the effort of the United Nations Environmental Programme - Finance Initiative (UNEP FI) to engage financial stakeholders in the development of sustainable economies through the release of The Principles for Responsible Banking⁴.

The Principles for Responsible Banking (PRB) were created to provide banks with a framework for a sustainable banking system that is in alignment with the international goals set forth by the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. Thus far, 130 banks having signed on, representing over \$47 trillion, in 49 countries. WECAN International strongly encourages banks to take action in addressing the social and environmental impacts of their financial decision-making, yet we hold significant concerns around the implementation of the PRB, specifically as it relates to accountability and implementation, upholding Indigenous and human rights, and meeting the urgency of the climate crisis.

The first step in the PRBs is for Founding Signatories (PRB banks) to take stock of both their “negative and positive impacts,” as it relates to a set of “impact areas” put forth by the UNEP FI in its “impact mapping tool” to be released in November. Once impact areas are assessed, PRB banks will then create plans for future investments and financial decisions, looking to “address, mitigate, or avoid” negative impacts. Yet, there is already significant research⁵ concerning the “negative” impacts of the financing of many PRB banks. We question how banks will hold themselves accountable for the destruction they have already funded for decades, and how they plan for swift and markedly different goals moving forward.

For years, Global Witness has been documenting the deadly nature of extractive industries. Recently, they found that each week in 2018, more than three people were murdered for defending their lands from industries like mining, logging, and agribusiness⁶. Many of the companies whose projects create these dire circumstances are funded by banks signing onto The Principles.⁷ Since the Paris Climate

¹<https://www.commondreams.org/news/2019/09/21/were-not-through-after-biggest-climate-protest-history-draws-4-million-worldwide>

²<https://www.nbcnews.com/news/world/amazon-still-fire-conservation-groups-blame-illegal-logging-criminal-networks-n1056236>

³<https://www.sciencedaily.com/releases/2019/09/190920111355.htm>

⁴<https://www.unepfi.org/banking/bankingprinciples/>

⁵<https://www.ran.org/bankingonclimatechange2019/>

⁶<https://www.globalwitness.org/en/campaigns/environmental-activists/enemies-state/>

⁷<https://www.ran.org/bankingonclimatechange2019/>

Agreement, banks have already spent over one trillion dollars on fossil fuel expansion⁸. Currently there is no mention of the ways in which PRB banks will be held accountable for their negative impacts, and The Principles only state that signatory banks will be responsible for setting their own path forward. WECAN is advocating for stronger mechanisms so that banks are held accountable for their financial decisions. The PRB banks must take concrete steps that endorse the calls of civil society, the climate justice movement, and the communities that are experiencing rights violations as a result of the PRB banks' financial investments.

Furthermore, The PRB banks have up to four years to start taking action. While we appreciate and recognize the effort required to change policies and actions, all scientific climate analysis indicates that we need rapid action, which requires a speedier transition of investments, and some PRB banks have even acknowledged the necessity for a faster time table⁹.

The Intergovernmental Panel on Climate Change's Special Report on Global Warming of 1.5°C, finds that avoiding overshoot can only be achieved if global carbon emissions start to decline rapidly before 2030¹⁰. Thus, it is urgent that we assess our current carbon budget and understand that stopping all new fossil fuel expansion now is an essential target.

Additionally, WECAN is advocating that any sustainable goals set forth by banks must align not only with the SDGs and the Paris Climate Agreement as the PRB has stated, but also with the Guiding Principles on Business and Human Rights and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Eighty percent of all biodiversity left in the world exists within Indigenous lands¹¹, and the United Nations has affirmed the important role Indigenous communities have in mitigating climate change¹² and building climate solutions. Thus, consultation with Indigenous communities affected by bank investments is critical in order to better assess both social and ecological risks —particularly in the case of investments related to extractive industries. How will The Principles address this vital need for direct consultation?

If banks want to fulfill their responsibilities to long term sustainability, they must consider implementing practices that respect Indigenous Peoples right to Free, Prior, and Informed Consent (FPIC), as laid out in UNDRIP. FPIC requires strengthened due diligence and consultation processes to ensure that Indigenous Peoples' rights are fully respected. It is additionally important for Indigenous Peoples to have full access to grievance channels with project sponsors and financing banks when their rights and interests are violated.

⁸ https://www.ran.org/wp-content/uploads/2019/03/Banking_on_Climate_Change_2019_vFINAL1.pdf

⁹ <https://www.unepfi.org/wordpress/wp-content/uploads/2019/09/PRB-Collective-Commitment-to-Climate-Action-18.09.19.pdf>

¹⁰ https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Headline-statements.pdf

¹¹ <https://www.nwac.ca/wp-content/uploads/2015/05/2014-NWAC-Aboriginal-Women-and-Aboriginal-Traditional-Knowledge-Report1.pdf>

¹² <https://truthout.org/articles/un-report-says-indigenous-sovereignty-could-save-the-planet/>

In 2015, most of the world's governments responded to the climate crisis by signing the Paris Agreement, with a central objective of "keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius."¹³ Yet, many governments are nowhere near reaching their targets. Where governments have stalled, banks have a powerful opportunity to leverage their assets to finance a transition off fossil fuels.

PRB banks have a choice, to continue enabling deadly fossil fuel expansion, or to help fund a just transition, one where profit does not come at the expense of people or planet.

WECAN International also signed on to a Civil Society Statement on the new Principles for Responsible Banking¹⁴ and have joined our co-signatories at the public launch of The Principles, held during the United Nations General Assembly. We look forward to hearing more from the PRB banks about their goals and how they plan to implement The Principles, and what these developments will mean for frontline communities and civil society. Please follow us on Facebook or subscribe to our newsletter to stay up to date on this campaign.

Visit our website to learn more about WECAN International's divestment campaign:

<https://www.wecaninternational.org/divestment-just-transition>

¹³ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

¹⁴ https://www.ran.org/wp-content/uploads/2019/09/Joint_Statement_Principles_for_Responsible_Banking.pdf