

# Commitment by German Savings Banks to climate-friendly and sustainable business practices

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**Savings Banks provide appropriate financial services – each in their business area – to support enterprises, private persons and local public authorities on their way towards more sustainability and effective climate change management.**

**The Savings Banks' understanding of sustainability is essentially defined by responsible action in their business areas, a public mandate, an entrepreneurial philosophy and the United Nations' Principles for Responsible Banking (United Nations Environment Programme Finance Initiative).**

**It encompasses the economic, social and ecological dimensions of sustainability and applies to all business units. Sustainability management therefore includes targets and measures in retail banking, human resources, business operations, financing, own investments and local sponsorships.**

**This voluntary commitment can also be endorsed by the Savings Banks' partners within the Savings Banks Finance Group.**

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## **Savings Banks actively support climate change management**

Savings Banks actively support the efforts being made throughout the business community to achieve the targets of the Paris Climate Agreement. Savings Banks want to support the economic transition towards better climate change management. Savings Banks attach importance not only to protecting the climate and the environment, but also to the other aspects of sustainability. Their actions are geared to achieving the 17 United Nations Sustainable Development Goals. To this end, they have agreed on the objectives outlined below.

### **Making business carbon-neutral**

Savings Banks will use best-practice techniques to measure their internal greenhouse gas emissions once a year, and they have set a clearly defined carbon emission reduction target for themselves of three to five percent per year. This will make their own business operations carbon-neutral by 2035 at the latest. Inevitable residual emissions will be offset by purchasing emission allowances and by supporting afforestation or other measures.

For newbuild and building conversions, they use the opportunities provided by renewable and environmentally friendly energy sources, water management and construction techniques. They make prudent use of energy and their ambition is to obtain electricity from renewable sources.

They are making less use of domestic flights for business travel and, wherever possible, prioritising public (rail) transport, while converting their vehicle fleet to lower carbon emissions.

### **Financing and own investments geared to climate change targets**

Savings Banks leverage their market power to promote the ecological transformation. They support their (business) clients as active partners in the transition towards climate-friendly, sustainable business practices. They advise their clients to invest in climate-friendly technology and to seize the opportunities provided by digitalisation when they build new or renovate existing properties and restructure operations.

<sup>1</sup> Limiting the rise of the mean global temperature to well below two degrees centigrade [warum nicht Celsius?], where possible to 1.5 degrees. In addition, Savings Banks support calls by climate experts of the German Institute for Economic Research (DIW) to reduce climate-changing greenhouse gas emissions within the European Union by up to 65 percent by 2030 compared with 1990.

They draw actively on promotional programmes when designing financing proposals.

Savings Banks manage their asset side with an awareness of climate, environmental and social risks, and they will expand their risk management for climate-related risks.

They manage their own investment portfolios in accordance with recognised sustainability criteria, and they also use external ratings and the know-how of their partners in the Savings Banks Finance Group for this purpose.

They are developing methods for assessing climate impacts in their investment and loan portfolios.

They foster the development of instruments like green covered bonds (“Pfandbriefe”) and green savings certificates (“Sparbriefe”) to enable their customers to participate in the transformation.

#### **Supporting customers in the transformation**

Savings Banks provide competent and effective support to their private, commercial and public customers in their transition to climate-neutral business behavior. For this purpose, they draw on the skills available in the Savings Banks Finance Group and engage in dialogue with civil society players.

#### **Promoting awareness of sustainable security investments among customers**

Whenever Savings Banks give advice on investments and asset management, they ask their customers if they are interested in sustainable security investments. Together with their partners in the Savings Banks Finance Group, they provide an extensive range of sustainable financial products and are adding steadily to the product range in this field.

#### **Empowering managers and employees to support climate change management**

Savings Banks coach their managers and train employees to support the ecological change we all need. They also use non-financial targets in their remuneration systems.

They integrate sustainability in the curricula of education and further training programmes. The Savings Banks’ own “Hochschule für Finanzwirtschaft & Management” (University of Applied Sciences of Finance & Management) in Bonn has already included relevant content in its courses and will set up a research unit for sustainability by 2025.

Savings Banks promote environmentally friendly mobility among employees by enabling them to use local public transport, job bikes, car sharing and car pools and by increasingly integrating digital ways of working.

#### **Promoting climate change management in local communities**

Savings Banks are actively engaged in dialogue with stakeholders on the climate-friendly and sustainable development of their business areas. To this end, they cooperate in particular with their municipal trustees and regional non-governmental organisations as well as local business associations.

In their business areas – and in particular on their own properties – they are promoting more and more environmental projects which help to protect natural resources, preserve biodiversity and bind carbon dioxide. Examples include afforestation and renaturation projects as well as tree planting in local municipalities.