



**KATOWICE BANKS
PRESS RELEASE
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**FIRST APPLICATION REPORT OF PACTA FOR BANKS
A JOINT METHODOLOGY TO HELP ALIGN CREDIT PORTFOLIOS WITH THE GOALS OF THE PARIS AGREEMENT**

International banks BBVA, BNP Paribas, ING, Société Générale and Standard Chartered have published a report on the application of the PACTA methodology, designed to steer their credit portfolios towards the objective of the Paris Climate Agreement. This report aims at helping banking peers to quickly understand and apply this methodology and thus publish comparable results.

At the 2018 United Nations Convention on Climate Change COP24, the banks, also known as the Katowice Banks, made the Katowice commitment, pledging to develop an open source methodology to ensure their activities were in line with the goals of the Paris Agreement.

This commitment became the groundwork upon which the Collective Commitment to Climate Action (CCCA)¹ was built. The CCCA was launched at the same time as the United Nations Principles for Responsible Banking in September 2019.

Since 2018, the Katowice Banks have collaborated with think tank 2° Investing Initiative (2DII) to make the Paris Agreement Capital Transition Assessment or PACTA methodology (initially developed for equity and bond portfolios) applicable to bank lending. Close to twenty systemically important banks took part in the PACTA pilot, and the open source tool can be used by any bank that is interested, using a range of input data.

Today, the Katowice Banks jointly publish a report on the application of the PACTA methodology on their credit portfolios.²

With this document they aim to demonstrate why PACTA is a robust approach to steer banks' portfolios towards financing a lower-carbon society. The report provides an overview of the approach and specificities identified as most useful for banks. Having a standardised approach will ensure results are comparable across banks, for the benefit of their stakeholders.

By sharing their insights and learnings the banks hope to help and inspire other banks to use PACTA and contribute further to its development.

The banks will continue to collaborate to refine methodologies, develop new indicators and push for more accessible and better-quality climate data and scenarios. It is the banks' strong belief that collectively they can have a more positive impact on the fight against global warming and the support of sustainable development.

This work is a first step for banks in the goal to progressively align their lending portfolio with the Paris Agreement, thereby contributing to the ultimate goal of climate neutrality. The five Katowice banks are at different stages of progress but expect to communicate on their respective levels of alignment by the end of 2021.

¹ <https://www.unepfi.org/banking/bankingprinciples/collective-commitment/>

² <https://2degrees-investing.org/wp-content/uploads/2020/09/Katowice-Banks-2020-Credit-Portfolio-Alignment.pdf>