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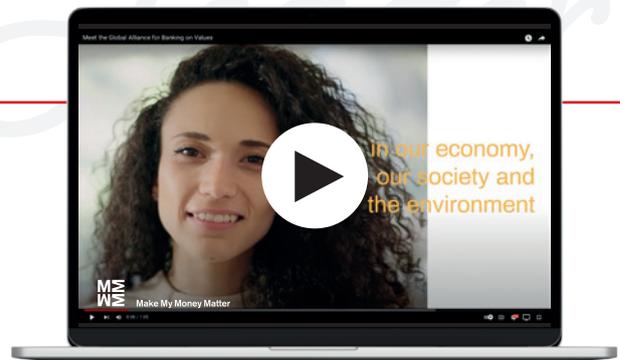
Global Alliance for Banking on Values

GABV: Setting the standard on values-based banking
Climate Leader

What?

The Global Alliance for Banking on Values (GABV) is an alliance of banks, with members from 42 countries that have committed to the GABV Principles. These five core principles are:

1. Triple bottom line – Members take a triple bottom line approach, with people, planet and prosperity at the heart of their business model.
2. Real economy – Rather than mainly serving the financial markets, members support the production of goods and services.
3. Client centred – Long-term relationships enable members to have a deeper understanding of their clients.
4. Long term resiliency – Members take a long-term outlook, making them more resilient institutions.
5. Transparency – Members operate transparently and governance is inclusive.



Using a membership standard, the GABV Scorecard, the GABV assesses the business model of potential and current member banks. The scorecard gauges a bank's impact on areas such as climate change, social development and biodiversity.

Through a range of activities – from publishing research to facilitating knowledge sharing – the GABV supports its members to drive change. Beyond its membership, the alliance also engages with mainstream banks and policymakers, and it is on the steering committee of the Partnership for Carbon Accounting Financials (PCAF).

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The Global Alliance for Banking on Values has been recognised as a climate leader for their pioneering work based on international collaboration and sharing best practice on measuring and reporting financed emissions. Using their network, they have been instrumental in initiating and driving the global implementation of the Partnership for Carbon Accounting Financials' Global Standard for carbon accounting.

Finance for the Future Awards judges

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Why?

The GABV wants a fairer, more transparent financial system that supports positive economic, social and environmental change. It aims to do this by spreading the practice of values-based banking, as represented by the GABV Principles. For the GABV, this is a more stable and resilient approach to banking than traditional approaches offer.

As a membership organisation, the GABV is in a position to set the benchmark for values-based banking and provide a platform for sharing knowledge. As well as guiding members and helping them to improve by making recommendations through the GABV Scorecard, the

alliance also gains insight into different approaches to values-based banking in practice. The GABV can draw on these practical examples to inspire banks within and beyond its membership network.

Awareness of sustainable finance has grown in recent years, and the GABV’s mandate has evolved too. The GABV sees its role as guiding the conversation on sustainable finance and values-based banking in a positive direction – providing clarity, demonstrating the value of a holistic approach, and ensuring that we aim, collectively, for an ambitious and effective standard.



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The GABV has for the last ten years been carrying out research where we’ve been benchmarking values-based banks against the globally systemic financial institutions and we’ve been able to show that our member banks are clearly more resilient than the global financial institutions that depend very much on the movements of the capital markets.

Nick Fitzpatrick, Head of Commercial Finance, SSE Renewables

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How?

The GABV engages with its members, mainstream banks and policymakers on values-based banking:

- › The GABV Scorecard has three stages and is used for screening prospective members, as well as ongoing monitoring. Membership applications are reviewed by the research department and the executive director, who make a recommendation to the board. The GABV board makes the final decision on whether to accept a new member.
- › The first stage of the scorecard assesses whether basic requirements for values-based banking have been met, including leadership engagement and a values-focused mission. The second assesses the triple bottom line approach through quantitative data, including financial resilience and exposure to the real economy. The third stage is mainly qualitative, looking at culture and examining how values are integrated into strategy and policies.
- › Communities of practice help to share knowledge and good practices. A metrics community looks at metrics as well as climate finance and other related topics. A human development group focuses on culture and leadership. There are also communities of practice for marketing and communications, strategy development, and non-executive directors.
- › The GABV also engages with members through ongoing direct support, annual global and regional meetings, webinars, and study visits. These activities enable members to continue to develop their values-based banking practices and enhance their positive social and environmental impact over time. Through the GABV network, members have also formed links with each other that support their ongoing development.
- › The alliance includes associate members that do not fully meet the membership standard, and the GABV team supports them to progress towards full membership. Beyond its members, the GABV also engages positively with mainstream banks.
- › The GABV produces research and reports, including case studies and the annual Real Economy – Real Returns publication. Real Economy – Real Returns draws on data from GABV members and broader research to make the case for values-based banking, showing increased financial resilience of GABV members compared to traditional banks. The GABV uses its research to advocate for change, working with regulators, policymakers and other stakeholders.
- › In its broader industry work on standards and regulations, the GABV sits on the working group for the ISO’s sustainable finance standard, works with the European Economic Social Committee on the EU social taxonomy and is helping to shape the sustainability guide of the General Council for Islamic Banks and Financial Institutions. The GABV has also played a vital role in sponsoring the PCAF standard.

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GABV has been instrumental in the foundation of PCAF ... Some of the founding members of PCAF were part of the GABV, and with this network they were able to bring around 29 banks in 2019 that believed the power of change.

Angélica Afanador, Program Manager, Partnership for Carbon Accounting Financials

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Globalising the PCAF standard

One of the GABV's most prominent and successful collaborations has been with PCAF. PCAF provides a freely available methodology for financial institutions to measure the greenhouse gas emissions of their loans and investments (financed emissions). PCAF was first formed in the Netherlands in 2015 but has since evolved – with the support of the GABV – to be a global initiative.

Some of the founding members of PCAF were also part of the GABV, and the alliance recognised both the value of this new methodology and the potential for it to be scaled up.

In 2019, the GABV developed its Climate Change Commitment. Under the commitment, 28

GABV members signed up to measuring and disclosing their financed emissions using the PCAF methodology. These banks were core to launching PCAF as a global initiative. To help expand PCAF further, the GABV supported the PCAF secretariat to implement and host workshops on carbon accounting in different regions.

Today, over 340 financial institutions – including many large commercial banks, asset managers and private equity firms – have committed to using the PCAF standard to measure and disclose their financed emissions. The GABV sits on the steering committee, and so continues to play a role in shaping the future direction of PCAF.

www.gabv.org



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