

AMERICAN BANKER

Union-backed bank will start tracking carbon in loans

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Amalgamated Bank is signing on to the Paris Climate Agreement — at least in practice.

The New York bank said it will begin tracking the carbon emissions it is financing through its \$3.4 billion loan portfolio, using as a guide the science that would limit global warming to 2 degrees Celsius, which is the goal of the Paris accord.



Bloomberg News

Amalgamated, whose largest shareholder is the Workers United union, will also start measuring the carbon profile of new potential debt issues, as a way to evaluate borrowers' exposure to potential future carbon constraints. Working with the Global Alliance for Banking on Values, Amalgamated said it will help develop a carbon-accounting system similar to one used by some European banks.

"This will align our loan book with the kind of businesses that will be successful in the future," said Keith Mestrich, Amalgamated's president and chief executive officer.

The bank won't get out of existing loans but will engage with companies to mitigate climate risk. It may avoid some loans, similar to the way some real

estate lenders are now moving away from coastal areas at risk of storms and floods, Mestrich said.

Some European banks already use the same carbon accounting system, and ING Groep NV said last month it would steer its commercial loan portfolio toward a scenario consistent with the 2 degree goal. Amalgamated would be the first U.S.-bank to climate-align its loan portfolio this way, it said.