



Climate Safe
Lending Network



Climate Intrapreneurs

Insights from the front lines of bank climate action

December 2020



CLIMATE SAFE LENDING NETWORK

The [Climate Safe Lending Network](#) is a multi-stakeholder collaboration working to align European and North American bank lending with a well below 2°C rise in global temperature by 2025. The Network is managed by Green America's [Centre for Sustainability Solutions](#) and hosts several initiatives including the development of a bank decarbonisation framework, engagement with financial policymakers and the Climate Safe Learning Lab which supports and develops climate-focused banking professionals.

FOUNDING NETWORK MEMBERS

ABN AMRO
Amalgamated Bank
Boston Common Asset Management
CoCreative
Democracy Collaborative
Finance Innovation Lab
Partners for a New Economy
Positive Money

NETWORK ADVISORS

Fran Boait, Positive Money
Lauren Compere, Boston Common Asset Management
Ivan Frishberg, Amalgamated Bank
Alisa Gravitz, Green America
Jesse Griffiths, Finance Innovation Lab
Leslie Harroun, Independent
Tjeerd Krumpelman, ABN AMRO

ACKNOWLEDGEMENTS

With thanks to: Becca Bartholomew (Lead Facilitator, Climate Safe Learning Lab); James Vaccaro (Network Director, Climate Safe Lending Network); Kimberley Jutze (Project Manager, Climate Safe Lending Network); Yvonne Morris (Operations Officer, Finance Innovation Lab); Jesse Griffiths (CEO, Finance Innovation Lab).

ABOUT THE AUTHOR

Lydia Hascott

Head of Intrapreneurship, Finance Innovation Lab

Lydia leads strategy and delivery of the Climate Safe Learning Lab initiative within the Climate Safe Lending Network. She is Head of Intrapreneurship at the Finance Innovation Lab, a non-profit working for a financial system that is democratic, sustainable, just and resilient. There Lydia engages with mainstream banks to align their core strategy, operations and culture with the just transition to a low carbon economy. Lydia is an Advisor to the Banking on a Just Transition project delivered by LSE's Grantham Institute and was a judge of the Chartered Banker Institute's Young Banker of the Year competition in 2020. Alongside this work, Lydia is an independent consultant designing strategies for systems change, organisational change projects and developing systems leaders. Lydia holds degrees in Business, Sociology and Social Innovation, with the University of Auckland naming her as one of their 40 Under 40 inspiring alumni in 2020.

Executive Summary

On October 7 2020 the Climate Safe Lending Network convened fifty banking professionals who are advancing the climate agenda within their institutions at the second Climate Safe Learning Lab. The convening was structured as a confidential, pre-competitive environment to explore the barriers and enablers to climate action within banks.

Participants held roles across diverse functions and levels of their banks both within and beyond sustainability teams. All participants were acting as *climate intrapreneurs*, seeking to embed climate action within the core strategy, operations and culture of their institutions.

As outlined in the Climate Safe Lending Network's [Taking the Carbon Out of Credit](#) report, there are five priorities climate intrapreneurs must ensure their banks deliver at the strategic level:

1. Take responsibility for climate risk
2. Be accountable for both positive and negative climate impact
3. Stop the flow to fossil fuels
4. Decarbonise economies and balance sheets
5. Finance innovation for a sustainable future

What determines whether and how fast these things are implemented in a bank is a series of underlying organisational factors falling into three categories:

- **STRUCTURES:** How the bank organises its resources to deliver its strategies. This includes organisation structure, reporting lines, resource allocation, governance, performance management, and organisational capabilities.
- **RELATIONSHIPS & POWER DYNAMICS:** How stakeholders within and beyond the bank relate (or don't) to one another, who has formal and informal influence and how decision-making power is distributed.
- **MENTAL MODELS:** The underlying mindsets, values and norms that shape beliefs, narratives and ways of working.

Through careful design and facilitation, the Climate Safe Learning Lab creates a culture of reflection, transparency and collaboration. This high trust environment surfaces collective intelligence about the internal dynamics of banks and through

this report we anonymously share these insights to benefit climate intrapreneurs and inform the strategies of external influencers of bank climate action.

The 2020 Climate Safe Learning Lab revealed four key areas where climate intrapreneurs face challenges and are converting these into catalysts for change.

Personal leadership

- **FRUSTRATION AND COGNITIVE DISSONANCE:** Climate intrapreneurs experience unsettling levels of cognitive dissonance where they are required to leave their personal values and concern about the climate emergency at home in order to put their 'business hat' on at work. However, it is this same discomfort that drives climate intrapreneurs to take action. Building a network of aligned allies with a shared vision is a key tactic for sustaining this work.
- **CONFIDENCE TO SPEAK UP:** Sustainability expertise can be found at all levels of organisations, but in banks credibility is conventionally linked to seniority. This means many climate intrapreneurs with deep expertise find it difficult to speak up or feel their voices are heard. Identifying senior champions who create space for diverse voices is a useful setting for building influence.
- **EMBRACING A COLLABORATIVE LEADERSHIP STYLE:** As banks adopt climate targets, those who are leading sustainability strategies are seeing their roles move from technical expert and internal campaigner to building climate capability across their institutions. Climate intrapreneurs make greater progress when adopting a collaborative leadership style, where their role is to be a leader who creates more climate leaders.

Shifting mindsets and building buy-in

- **REFRAMING THE ROLE OF BANKS IN THE TRANSITION:** A key challenge faced by climate intrapreneurs is how their colleagues think about the role of banks in addressing the climate crisis. They are working to build consensus that banks must be leading this agenda rather than being driven by client demand and that this will require some difficult decisions, sometimes resulting in forgoing short-term gains for longer term advantage.
- **GETTING COMFORTABLE WITH BEING UNCOMFORTABLE:** In a risk-averse industry trained to rely on data and analysis, climate intrapreneurs are urging their colleagues to become comfortable with experimentation and uncertainty given the data and standardised methodologies will not be fully available until it is too late to act. Climate intrapreneurs are working to influence this

cultural shift towards a normative basis for making decisions, within ethical and regulatory constraints.

- **REFRAMING NARRATIVES:** Climate intrapreneurs are combatting simplistic views of climate finance internally where it is seen as a check-box, a CSR activity or a standalone environmental issue. They are positioning the climate emergency as inherently connected to other environmental issues such as deforestation and biodiversity loss. They are also framing climate change as a social issue requiring just transition principles to be embedded into climate strategies. Climate intrapreneurs encourage acceptance of these narratives through identifying shared values with colleagues, and bringing in external examples and expertise.

Influencing relationships and navigating power dynamics

- **NAVIGATING COMPETING AGENDAS:** In order to see climate action embedded in the heart of business as usual, climate intrapreneurs must navigate a sea of competing agendas either by increasing the relative importance of climate strategies or finding ways to achieve climate goals through linking in with other priorities such as the Covid-19 economic recovery.
- **PUSHING TOO FAST VS MOVING TOO SLOW:** Climate intrapreneurs walk a tightrope between being pushing too hard and thereby losing their seat at the table and treading too softly to motivate change at the necessary pace and scale. It is important to note that often the root cause of resistance to new agendas is fear of the unknown and perceived loss of power and competence. Climate intrapreneurs must cultivate the psychological safety for colleagues to be willing to embed a climate lens into their work.

Creating enabling organisational structures

- **RESOURCE ALLOCATION AND CAPABILITY:** Climate strategies are no longer the remit of sustainability teams alone. Every bank employee must be given the mandate to help achieve the bank's climate goals through their work. Rather than seeking roles in the sustainability function, climate intrapreneurs are advocating for investment in climate capability right across their banks.
- **ORGANISATIONAL SILOS AND TURNOVER:** Having sustainability leaders report directly into the CEO and Board has helped some banks to break down the false dichotomy between 'profit and purpose'. This way sustainability is integrated into corporate strategy, rather than a siloed CSR agenda on the side. Frequent turnover of roles within banks requires climate intrapreneurs to invest in multiple relationships to hedge against delays and setbacks

when a key contact moves on, whether by promotion, redundancy or resignation.

The Climate Safe Learning Lab also revealed three insights for external influencers of bank climate action including campaigners, investors and policymakers.

1. **BANKS ARE NOT MONOLITHS:** Banks are complex human systems made up of individuals who exist on a spectrum from climate scepticism to apathy to climate activism. Climate intrapreneurs who embody the latter feel deep grief for our planet and future generations combined with urgency to act. They want to see their banks take bolder, science-aligned action and are actively finding ways to push this forward within their institutions.
2. **INVISIBLE DYNAMICS SHAPE VISIBLE OUTCOMES:** External influencers mostly rely on published targets, strategies and reporting to gauge a bank's level of commitment and the progress they are making. However, an underlying set of internal organisational factors shape what strategies and commitments are (or are not) made and how they are implemented. A more systemic and nuanced view of internal bank dynamics can help those seeking to influence financial institutions from the outside to target their engagement at incisive leverage points for institutional change.
3. **CAMPAIGNING PRESSURE IS WELCOMED:** Internal advocates for climate action welcome NGO, client and investor pressure on their climate strategies. They seek to leverage this internally, often using a narrative of reputational risk, to encourage key decision makers within their bank to take action.

The Climate Safe Learning Lab is structured as a peer learning space with participation restricted to bank employees only in order to maximise opportunities for mutual learning and to create the psychological safety for honest conversation. Participants reflected on three aspects of the Learning Lab approach which would benefit their institutions if replicated internally:

1. Building strong communities of practice can catalyse strategic learning and accelerate progress;
2. Taking a systemic approach to explore the underlying dynamics within banks can surface transformative new insights; and,
3. Peer-to-peer coaching is a powerful method for creating space to reflect on the big picture and identify new steps forward.

Evaluation of the convening revealed that participants experienced: an increased sense of connection to allies across institutions; increased confidence as a

change-maker within their banks; a greater commitment to collaboration; and, new ideas and inspiration to support their work.

Moving forward we will continue to grow and support the Learning Lab's community of climate intrapreneurs through connecting them with one another and into the multi-stakeholder Climate Safe Lending Network. Members of this community may also participate in the Climate Safe Lending Fellowship, a six-month programme offering peer coaching, leadership development, network building and training for a selected cohort of committed climate intrapreneurs.

Find out more about the Climate Safe Learning Lab at www.climatesafelending.org or contact connect@climatesafelending.org.



**Climate Safe
Lending Network**

www.climatesafelending.org
connect@climatesafelending.org
[@ClimateLending](https://www.instagram.com/ClimateLending)