

# PRESS RELEASE

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## GLOBAL ALLIANCE OF BANKS CALLS OUT 'GREENWASHING'

The Global Financial Sector Is Urged To Back Up Their 'Big Words' With Real Actions As  
The Climate Crisis Accelerates

**KUALA LUMPUR, 23 November 2022** - On the eve of the COP27 Climate Change Conference in Egypt (6-18 November), a leading global network of values-based banks calls upon the financial sector to back up its rhetoric with actions. The Global Alliance for Banking on Values (GABV) will mark Banking On Values Day on 10 November 2022 by reaffirming the crucial role that banks have to play in tackling the root causes of climate change.

At the occasion of the COP27 'Finance Day', the GABV urges the financial sector, including valuesbased banks, to live up to its commitments. At last year's COP26 Conference in Glasgow, UK, mainstream financial institutions issued welcome public commitments and declarations designed to tackle climate change and help facilitate the move towards net zero. One year later, many of them continue financing the fossil fuel industry at an industrial scale. A recent report by Finance Watch estimates that 60 of the largest global banks still have around USD 1.35 trillion of exposure to fossil fuel assets.

Martin Rohner, Executive Director, GABV: "Banking is never neutral - institutions make decisions about what they finance and invest in, and these have major impacts on the shape of our collective future. Over recent years, mainstream banks have increasingly positioned themselves around their social purpose and environmental goals. Now, this rhetoric must be backed up by real commitments and action.

" For Banking on Values Day 2022 on 10 November, the GABV and its members call out the increasing use of 'greenwashing' vocabulary in the financial industry. With the theme "Real Impact Behind the BIG Words", the campaign focuses on how values-based banks mean what they say and deliver real impact. A global virtual panel discussion will take place on 10 November with leaders from the Banking on Values movement about the risks of greenwashing and what it means to aim for real impact.

"The financial industry has been quick to adopt big words such as "sustainability", "climate action" or "social impact". Unless these words are consistent with the overall values of the business, they will not be genuinely transformative. ESG, for example, will only have a positive impact if there is a deep understanding and agreement by the senior leadership about the social and environmental impact it wants to achieve through the business," says Rohner.

The GABV, made up of 70+ pioneering banks, credit unions and microfinance institutions from across the world, advocates for banks to take a pivotal role in shaping the economy, society and the environment. Members of the GABV have pioneered and helped expand initiatives like the Partnership for Carbon Accounting Financials

(PCAF), a harmonised, open-source tool to measure and disclose the greenhouse gas emissions (GHG) of financial institutions' loans and investments. The GABV has been recently recognised as a Climate Leader by the Finance for the Future Awards and will take part in COP27 as an Observer NGO.

Values-based banks have the ambition to put people and the planet at the centre of decision making. With strong diversity in terms of size, business model, cultural contexts or markets they operate in, they have a goal in common; to use finance to meet their communities' needs and create positive impact.

As a responsible values-driven bank, Bank Muamalat has always operated on the basis of providing financial services that will benefit the customers. Attention is given to the underserved and lower income (Bottom 40% or B40) communities in society by tailoring products that cater to their financial needs. As an Islamic bank, Bank Muamalat is also guided by the Maqasid Shariah in which financing activities should ensure achievement of benefit and prevention of harm and corruption. This is comparable to ESG that excludes activities that promotes harm and negative impact on the triple bottom line.

Bank Muamalat views positively on financing requests that would result in positive ESG outcomes. These include applications from companies that are developing green technologies or; social enterprises that seek to empower marginalised communities; and any organisation that has proven to operate at a high level of governance for the betterment of society.

In 2021, Bank Muamalat introduced iTEKAD Mawaddah, a micro-investment program specifically designed to assist the lower segment entrepreneurs by providing working capital and business training. More recently, via a partnership with the Pahang State Government, Bank Muamalat also introduced a micro-financing solution for microentrepreneurs in the state whose business was affected by the pandemic. Not only the entrepreneurs are provided with financing support but to ensure sustainable business moving forward, they are also provided with training and upskilling as well as advisory on halal certification where applicable.

**ENDS**

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