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Green Finance: Global Investment Bank Establishes Emissions Reduction Targets for Carbon-Intensive Sectors

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A major financial institution has established a series of emissions reduction targets for four carbon-intensive sectors. On October 21, the bank **announced** that the “targets represent a core element of [its] sustainability strategy and reflect the bank’s commitments as a founding member of the Net Zero Banking Alliance.” The published net zero aligned objectives for 2030 and 2050 address the oil & gas (upstream), power generation, automotive (light duty vehicles), and steel sectors. For the oil & gas sector, Deutsche Bank hopes to achieve a 23% reduction in its Scope 3 upstream financed emissions by 2030 and a 90% reduction by 2050. For the other three sectors, the bank is targeting significant, but varying, percentage reductions in Scope 1 and 2 financed emissions. Deutsche Bank stated its intention to publish an update on its financed emissions and pathway alignment in March 2023.

Jörg Eigendorf, Chief Sustainability Officer at Deutsche Bank, stated “this is an important step to reduce the carbon footprint of our loan book progressively. . . . We are focusing on supporting our clients on their net zero journey.”

Taking the Temperature: The steps taken by Deutsche Bank are a good example of how financial institutions are attempting to address climate-related challenges, including potential regulation. Earlier this week, another global financial institution, Royal Bank of Canada (RBC), issued its Net-Zero Report, which disclosed new targets for financed emissions reductions in the oil and gas, power generation, and automotive industries by 2030. As RBC acknowledged—and, as is true for all emissions financing commitments—the “achievement of these targets will depend on the collective efforts and actions across a wide range of stakeholders, which are outside of our control,” including government policies, technological developments, and climate and data science evolution.