Dear Mr Elderson,

NGFS members should require banks to publicly disclose their coal loan exposures and significantly increase the applied risk-weightings of these coal loans

We write as trustees of the Children’s Investment Fund Foundation (CIFF), a children’s foundation based in London working to improve the lives of children globally. CIFF is one of the largest funders of climate change-related grants in the world with current assets of $6bn.

We have recently written to Network for Greening the Financial System (NGFS) members the Bank of England and the European Central Bank highlighting the need for them to take immediate action to address climate change, and particularly the growing financial, human and environmental damage being caused by coal. Please find these letters enclosed. As Chair of the NGFS, we ask you to bring these letters to the immediate attention of all NGFS members.

The urgency of addressing coal-related risks applies to all central banks and financial supervisors. We note the progress members of the NGFS are making towards addressing climate change. However, this has yet to result in measures commensurate with the scale of the challenge.

It is clear that the risks associated with coal financing are not being adequately reflected in the risk analysis and designated risk-weightings of NGFS members and the banks they regulate. Coal power is increasingly uneconomic around the world and banks’ coal power financing will become non-performing.

Over the last three years alone, global financial institutions have channelled $745bn in lending and underwriting to companies developing coal plants1, and banks regulated by NGFS members remain counterparties for financing of their existing and new projects.

It is therefore imperative that bank regulators globally review, disclose and increase the risk-weighting of coal financing to recognise the high risk inherent in funding coal power. Specific recommendations are detailed in the enclosed letters.

We urge you to endorse these recommendations at the NGFS high-level conference on April 28th.

Yours faithfully,

Graeme Sweeney
Chairman CIFF

Chris Hohn
CIFF Trustee

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1 See https://coalexit.org/sites/default/files/download_public/COP25_PR3.pdf