

Six Global Financial Institutions Chart a Flight Path to Decarbonizing Aviation

Leading lenders to the global aviation sector — Bank of America, BNP Paribas, Citi, Crédit Agricole CIB, Societe Generale and Standard Chartered — are working together to develop a climate-aligned finance framework to support decarbonization in the aviation industry.

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Six top lenders to the aviation sector — Bank of America, BNP Paribas, Citi, Crédit Agricole CIB, Societe Generale and Standard Chartered — today announced that they will partner with RMI's Center for Climate-Aligned Finance to help decarbonize the aviation sector through the formation of the Aviation Climate-Aligned Finance Working Group. The Working Group aspires to create a collective climate-aligned finance (CAF) framework that defines common goals for action for aviation sector decarbonization. The CAF framework is a commitment by participating financial institutions to annually assess and disclose, consistent with the UN-convened [Net-Zero Banking Alliance](#), the degree to which the greenhouse gas emissions from the aircraft, airlines and lessors that they finance are in line with 1.5°C climate targets.

The Working Group aims to create an industry-supported CAF framework before the end of 2022. The framework will create consistency and transparency in reporting, establishing a level playing field for measuring progress against climate targets. With the CAF framework, financial institutions will be able to assess the emissions of their aviation loan books and work with their clients to report their emissions, fund lower-carbon solutions and support investments in new technologies.

The aviation sector accounts for 2.5% of global CO₂ emissions, and air traffic is projected to [increase significantly](#) through 2050. In a business-as-usual scenario, aviation alone could use up to 10% of the planet's remaining global carbon budget by 2050. The aviation sector has initiated efforts in response, including the [International Air Transport Association's](#) commitment to achieve net-zero emissions by 2050. To support these goals, the aviation sector is seeking to invest in more efficient aircraft, support the development of new aviation technology and accelerate the transition to sustainable aviation fuels (SAF). The financial sector will play a crucial role in funding the technologies, projects and companies involved in this net-zero transition.

The Working Group comprises senior aviation team members from each participating financial institution and will be facilitated by the Center for Climate-Aligned Finance. The Working Group will forge the measurement methodologies, emissions benchmarks, data pathways, reporting and governance structure of the CAF framework in collaboration with existing decarbonization initiatives. The Working Group will invite other financial institutions to adopt the CAF framework by year-end and help set global best practices on climate for aviation finance.

Financial institutions that are interested in remaining up to date with the process and providing feedback during development are encouraged to join the Review Group. To learn more, financial institutions should submit an [expression of interest](#).

The Center for Climate-Aligned Finance will facilitate engagement between the Working Group and leading aviation and sustainable finance-focused partner organizations to ensure the objectives of firms in the aviation sector and their financial partners are aligned and actionable.

Partner organizations include the [Glasgow Financial Alliance for Net Zero](#), including the Net-Zero Banking Alliance (NZBA), and the [Clean Skies for Tomorrow](#) coalition. The Center's partnership with NZBA has already helped inform banks' approaches to decarbonization in hard-to-abate sectors and to alignment with a 1.5°C pathway.

The aviation CAF framework will be based on the experience gained from the [Poseidon Principles](#) for maritime shipping and the soon-to-be-launched CAF agreement for [steel](#). The Poseidon Principles were launched in 2019 with 11 banking signatories. Today Poseidon counts 29 signatories covering more than 50% of global ship finance. The aviation CAF framework is intended to be designed for similar rapid adoption by aviation financiers globally.

Quotes from Working Group members:

Dan Melaugh, Managing Director, Airlines Global Corporate & Investment Banking at BofA Securities, said, *"As the first global financial institution to set a SAF usage and capital deployment commitment, the Aviation Climate-Aligned Finance Working Group builds on [our commitment](#) to finance climate solutions. It is critical that we scale innovation and outline a decarbonization pathway for aviation, and we are honored to contribute to this RMI effort."*

Bertrand Dehouck, Head of Transportation Capital Markets at BNP Paribas, said, *"We are conscious that aviation is a sector for which greenhouse gas emission will be difficult to abate. We are keen on working with RMI and our Aviation Climate-Aligned Finance Working Group partners towards establishing a solid framework to measure the carbon intensity of our aviation finance business and to set climate alignment targets. Our aim is to help foster a framework for our Net-Zero Banking Alliance commitment in view of providing support to our clients towards their own transition."*

Munawar Z. Noorani, Global Co-Head of Aviation at Citi, said, *"Despite the numerous challenges facing the global economy, we must keep up the strong positive momentum in addressing climate risks, especially in hard-to-abate sectors such as aviation. Following previous partnerships with RMI's Center for Climate-Aligned Finance focused on the shipping and steel industries, Citi is delighted to partner again with RMI in developing a framework to measure and disclose emissions related to financings in aviation. Through this initiative, we seek to further support decarbonization goals articulated by the Net-Zero Banking Alliance, of which Citi is a member."*

José Abramovici, Global Head of Asset Finance Group at Crédit Agricole CIB, said, *"We are very pleased to be a founding member of the Aviation Climate-Aligned Finance Working Group with RMI and other leading aviation banks. Our intention is to propose a robust and effective framework for the benefit of all stakeholders in aviation finance including banks, investors, airlines and lessors. We firmly believe that decarbonization is key to ensure the long-term future of the aviation industry."*

Yann Sonnallier, Global Head of Aviation Finance at Societe Generale, said, *"As a founding member of the Aviation Climate-Aligned Finance Working Group, our ambition is to help define within a short time frame a clear and transparent pathway consistent with the objectives of the Paris Agreement, for the benefit of all stakeholders involved in the air transportation industry. After the [Poseidon Principles](#) for maritime shipping and the steel initiative, Societe Generale is proud to be part of the driving force to shape the future of a decarbonized aviation industry."*

Kieran Corr, Global Head of Aviation Finance and CEO of Ireland, Standard Chartered Bank, said, *“Standard Chartered is committed to sustainable social and economic development through our business, operations and communities. We are delighted to be working with RMI as a founding member of the CAF working group, along with other leading aviation banks, to lead the way and develop a robust framework for aviation’s pathway to decarbonization.”*

James Mitchell, director at the Center for Climate-Aligned Finance, said, *“Our work across shipping, steel and now aviation shows that collaboration is key to meeting climate commitments and to decarbonizing the hard-to-abate sectors. We commend the Working Group banks for taking this important step toward creating a global platform for accelerating the decarbonization of the aviation sector. The hard work begins now.”*

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