

WFW ADVISING RMI AND LEADING BANKS ON DEVELOPMENT OF AVIATION CAF FRAMEWORK

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Watson Farley & Williams (“WFW”) is advising RMI and a group of leading banks on the development of a climate-aligned finance (“CAF”) framework to support decarbonisation in the aviation sector.

The lenders involved include Bank of America, BNP Paribas, Citibank, Crédit Agricole CIB, Société Générale and Standard Chartered Bank who are partnering with RMI’s Centre for Climate-Aligned Finance as part of an Aviation Climate-Aligned Finance Working Group (the “Working Group”) to create the CAF framework.

The CAF framework represents 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 CAF framework will help to create consistency and transparency for financiers when reporting and measuring progress against decarbonisation targets. Using the framework, participating financiers 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 to ensure alignment with 1.5°C climate targets

The CAF framework will be based on the experience gained from the development of the Poseidon Principles for the maritime sector, the Sustainable STEEL Principles for the steel sector and ongoing work of the Aluminium CAF Working Group.

The Poseidon Principles were launched in 2019 with 11 banking signatories and were created to help the maritime industry meet the International Maritime Organization (“IMO”) goal to reduce shipping’s total annual greenhouse gas emission by at least 50% by 2050. Today the Poseidon Principles 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.

WFW played a key role in the development of the Poseidon Principles, providing legal oversight and drafting input to the major banks and leading maritime industry players involved that project, including both RMI and other members also involved in the Working Group.

RMI is a non-partisan, non-profit organisation that works to transform global energy systems across the real economy.

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London Assets and Structured Finance Partner Patrick Moore is leading the WFW team advising the Working Group and is closely supported by Corporate Partner Christina Howard, Associate Shaun Young, Paris Corporate Partner Arnaud Felix and New York Corporate Partner Steven Hollander.

Patrick commented: “We’re delighted to be helping RMI and the other members of the Working Group in developing the CAF framework. The financial sector will play a crucial role in assisting the aviation industry to reach de-carbonisation targets and the CAF framework will provide an invaluable resource in pursuing that aim. WFW advises at the forefront of the transport sector’s response to environmental challenges and on ground-breaking projects for the development of low-carbon technologies. Given the firm’s own commitment to sustainability and having worked previously on the development of the Poseidon Principles, we’re honoured to have been appointed again to act as the Working Group’s legal advisor on this project”.

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