



# POLICY STATEMENT

Advancing Climate Resilience and Sustainability  
Through Cooperative Finance

## Preamble

The World Council of Credit Unions (WOCCU) recognizes that climate change is a scientific reality, posing fundamental risks to the financial well-being of our members, the stability of our communities, and the broader global economy. Extreme weather events, shifting environmental patterns, and the necessary transition to a low-carbon economy represent both significant challenges and profound opportunities for the cooperative financial system. We also recognize that climate change creates significant financial risks that credit unions must prepare for.

As member-owned, community-focused financial institutions, credit unions and savings and credit cooperatives (SACCOs) are well-positioned to address these risks and support an equitable transition to achieve positive climate outcomes. Our commitment to the core principle of "**People Helping People**" extends to environmental stewardship and helping to ensure the long-term resilience of the communities we serve. We believe that addressing climate risk and supporting climate resilience are aligned with our core values of inclusion, equity, and service.

WOCCU is committed to providing the advocacy necessary to empower our members in this critical work.

# I. Commitment

We will:

1. **Advocate** for regulatory frameworks that recognize the unique cooperative mission and support, rather than hinder, the ability of credit unions and SACCOs to manage emerging risks and innovate in climate finance.
2. **Provide** educational materials such as best-practice guides, training, and resources to help credit unions and SACCOs assess, govern, and report on climate-related risks and opportunities.
3. **Facilitate** the sharing of successful green lending programs and climate resilience strategies across the entire credit union system.
4. **Champion** the credit union movement as a leading force for sustainable and equitable financial solutions in the face of the global climate challenge.

## II. Climate Risk, Resiliency, and Opportunity

Climate-related financial risks are becoming increasingly material to the safety and soundness of credit unions and SACCOs. A proactive approach to preparedness and resilience can help these financial cooperatives manage risk, support their members and communities, and identify strategic opportunities as regulatory expectations adjust to this new reality.

### 2.1 Climate-Related Financial Risk

Climate-related risks—both physical (e.g., floods, wildfires) and transition (e.g., policy changes, technological shifts)—can impact credit union and SACCO safety and soundness, including through loan portfolio concentration, collateral value depreciation, and operational disruption. Furthermore, we recognize that these impacts fall disproportionately on vulnerable and underserved communities that often lack the resources to adapt and recover, thus increasing concentration risk and the likelihood of correlated losses for credit unions and SACCOs in these regions.

### 2.2 Resilience as a Strategic Opportunity

Mobilizing collectively to address climate change is a core strategic imperative and a source of opportunity. Credit unions and SACCOs, by operating at the local level, are essential partners in building community resilience, accelerating sustainable practices, and financing the adaptation needed to thrive in a changing climate.

Addressing climate change brings a wide range of additional benefits to communities, including improved public health, greater affordability through lower energy costs, and the creation of new, sustainable jobs. Together, these advantages strengthen local economies and result in more resilient, long-term economic opportunity for credit unions and their members.

## 2.3 Evolving Regulatory Landscape

The impacts of climate change continue to prompt regulatory changes. Because of these changes, it is vital and credit unions and SACCOs prepare for regulatory adjustments such as data disclosures and business continuity planning requirements and over time, reserve requirements. WOCCU advocates for proportional regulatory frameworks that support, rather than hinder, the work of credit unions and SACCOs in these critical areas.

# III. The Critical Role of Credit Unions in Climate Solutions

The cooperative structure and mission of credit unions and SACCOs provide a distinct advantage in promoting climate solutions:

## 3.1 Member-Centric Climate Finance

Credit unions and SACCOs are well-positioned to deploy capital directly to members for climate-positive purposes. This includes:

- **Green Lending Programs:** Expanding and promoting dedicated loan products for energy-efficient home improvements (e.g., solar panel installation, heat pumps, insulation), electric vehicle (EV) purchases, and green entrepreneurial ventures.
- **Resilience and Disaster Recovery Financing:** Expanding and promoting dedicated loan products for home retrofits (e.g., flood protection, wildfire-resistant upgrades), climate-resilient agriculture and small-business continuity measures. Developing flexible, timely loan products and financial counseling services to aid members in recovery and rebuilding efforts immediately following climate-related physical events.
- **Financial Inclusion:** Prioritizing climate finance solutions for low- and moderate-income members and disadvantaged communities, helping to ensure the transition to a low-carbon economy is equitable and affordable for all.

## 3.2 Operational and Governance Leadership

WOCCU encourages all credit unions and SACCOs to demonstrate environmental leadership through internal actions and governance:

- **Operational Footprint Reduction:** Implementing strategies to measure, reduce, and offset their own environmental impact through energy efficiency upgrades in facilities, waste reduction, and digitization efforts.
- **Risk Management Integration:** Encouraging the integration of climate-related physical and transition risks into strategic planning, governance frameworks, and risk assessment processes to safeguard member assets.
- **Financial Impact:** Understanding reserve needs, challenges to insure or preserve loan collateral, cost of compliance changes, new member services, and further preparations must be accounted for during budget planning.

- **Stakeholder Education:** Leading educational efforts for staff, boards, and members on the financial implications of climate risks and the benefits of sustainable investments.

### 3.3 Catalyst for Community Investment

Credit unions and SACCOs serve as economic anchors within their fields of membership, capable of catalyzing local climate action:

- **Local Project Finance:** Actively seeking opportunities to finance small-scale, locally owned renewable energy projects, sustainable agriculture, and green infrastructure within their geographic areas.
- **Partnerships:** Fostering collaborations with local non-profits, government programs, and other community focused financial institutions to scale climate-positive investments and advance climate justice goals.

WOCCU recognizes its members' impact already underway. In every region of the world there are strong examples of credit unions and SACCOs supporting their local communities working to prevent and respond to climate change. We support those efforts and encourage others to join them.