

A photograph of a winding asphalt road in a rugged, mountainous landscape. The road curves through a valley with steep, rocky hillsides covered in sparse vegetation. In the background, a large, flat-topped mountain rises above a body of water, partially shrouded in mist or low clouds. The sky is overcast with grey clouds.

BANK TRANSITION PLANS

A ROADMAP TO NOWHERE

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PUBLICATION DATE

April 2025

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EXECUTIVE SUMMARY

In this report, **we analyze the disclosures of the 20 biggest European and United Kingdom (UK) banks to understand how far in the climate transition planning process they are.** Transition plans are an essential tool to push financial institutions to break free from short-termism and align their activities with a 1.5°C trajectory. This role was notably acknowledged by European policymakers that required – through the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD)¹ – major financial and non-financial companies to adopt and implement such plans.² In parallel, financial supervisors recognize plans adopted in the financial sector will play an important role in ensuring financial stability.³ Additionally, transition plans are essential to substantiate climate-related claims from financial institutions and to avoid greenwashing.

While the EU Omnibus proposal could significantly weaken recently approved obligations regarding the adoption and implementation of transition plans,⁴ the relevance of these plans remains the same. Yet only a handful of banks have published reports titled “transition plans”, and these may not yet include all relevant information. In this context, our analysis covers a wide range of bank documents. By screening them and aggregating relevant information, we measure how banks fair on 60 criteria grouped into 5 thematic pillars representing essential constituents of a climate transition plan.

This analysis enables us to draw general conclusions about the transition planning stage of the European banking sector:

- **None of the banks studied have developed a robust transition plan.** In fact, nearly all banks score below 50/100 overall, and the average score is only 41/100. This means even the leading banks analyzed must go much further to reach their climate commitments and be on a credible path to transition.
- **The very poor performance of the banks is even more worrying because their total scores are pushed up by higher scores in the “Reporting and governance” category** of the analysis (70/100 on average). These scores are largely the result of criteria that reward the quantity and transparency of disclosure, even if it cannot be linked to meaningful climate action. These criteria are coherent with current initiatives and regulations, thus illustrating the limitations of a narrow focus on reporting.
- **Furthermore, the banks score the lowest in categories covering the most concrete actions to reduce their negative impact on the climate and to shift their operations** – namely, “Decarbonization strategy” and “Engagement strategy”. Our findings especially highlight the weakness and lack of coherence of decarbonization strategies, with continued support to activities at odds with climate goals, including new fossil fuel production.
- **These elements reveal that banks have ramped up their communications to green their image and to respond to new rules without developing the tools and levers to shift their business model.** In reality, the documents published are more ESG marketing material than climate transition plans.



Beyond these general conclusions, practices from banks vary significantly depending on the transition planning themes that are analyzed in this report:

- **Decarbonization targets are being developed but are mostly vague metrics disjointed from real-economy emissions.** While banks have been adopting sectoral decarbonization targets for a few years, they remain largely nebulous and cannot be linked to emission reductions in the real economy or even to 1.5°C-aligned emission pathways. Targets are plagued by their persistent opacity and major design flaws (e.g. partial coverage, inadequate metrics, etc.).
- **Decarbonization strategies – laying out key actions to reach targets and climate commitments – are especially lacking, with banks providing support to activities at odds with their climate commitments while struggling to go beyond preliminary risk management.** The failure of banks to present coherent decarbonization strategies is one of the biggest issues uncovered in this research. At best, actions and decarbonization levers are vaguely and partially described. At worst, all banks except one are still providing support to coal and oil and gas development. Most of them also fall short on setting targets and definitions to develop sustainable alternatives. Logically, given increasing supervisory expectations, financial risk management is the one aspect of decarbonization strategies that banks address in more length, but they do so through a particularly narrow lens.
- **Engagement strategies vary enormously between banks and are not backed by clear goals, enforcement processes, and timelines.** Banks do not provide sufficient information to enable an understanding of how they engage their clients to induce a transformation and how they pass on climate ambition. In fact, many banks hardly tackle this topic in their disclosures. Overall, engagement is reduced to providing advisory services and building commercial relationships linked to sustainable finance products. No clear demands nor escalation strategies are defined and implemented. Similarly, banks provide very limited information on their lobbying activities (means, goals, etc.) or on the activities of the organizations they belong to.

- **Reporting and governance is one focus of banks, but there are still major gaps, making monitoring targets and strategies challenging.** Reporting is often piecemeal, usually covering only a few metrics and the reporting year. Governance frameworks fail to demonstrate that high-level management is involved in the elaboration and implementation of climate strategy, while remuneration incentives are tied to indicators weakly linked to related goals.
- **The just transition and biodiversity are only marginally addressed by banks and are not coherently inserted into climate strategies.** If some good practices have emerged related to nature, notably through the exclusion of companies in high-risk commodities, policies are very partial and often amount to general commitments. When it comes to the “just transition”, the word is sometimes used by banks, but there is little evidence to suggest how they are integrating this aspiration.

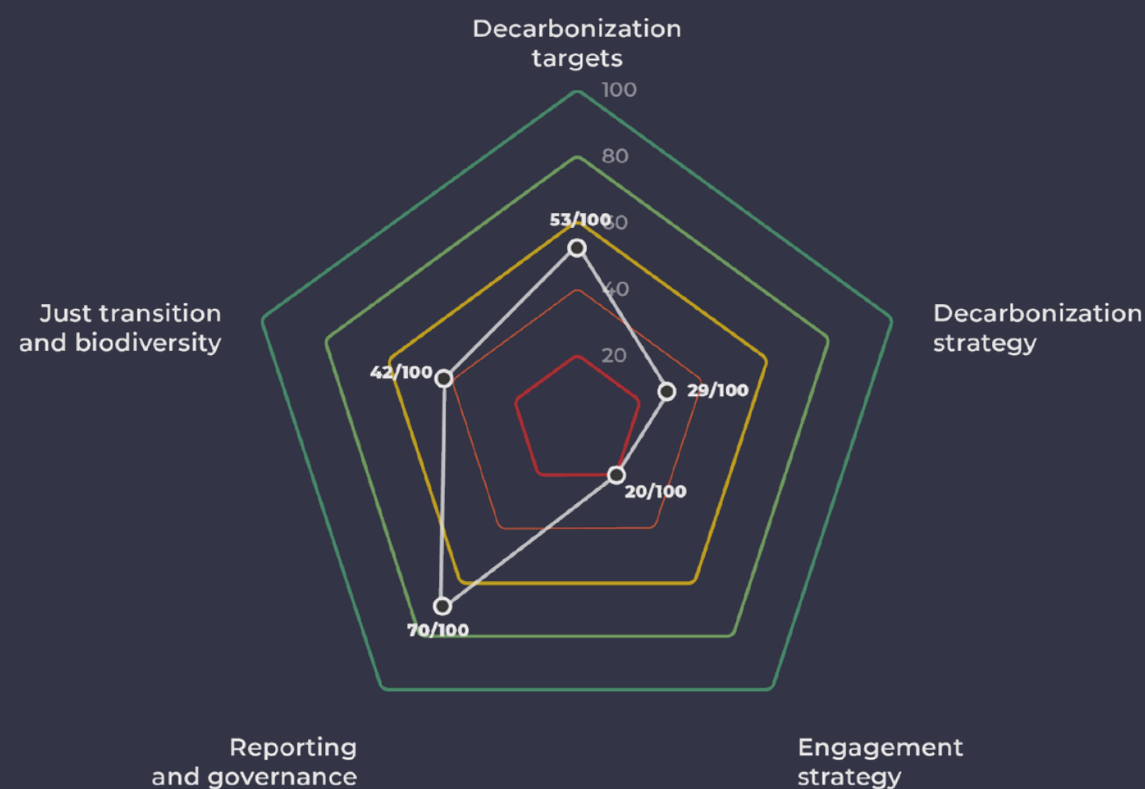
Overall, our analysis shows that European and UK banks have failed to start their climate transition planning journey despite committing to contribute to the goals of the Paris Agreement after COP21 and to reach carbon neutrality in the wake of COP26.⁵ While designing a complete and robust transition plan can be a complex task, some straightforward steps are essential to prove that climate commitments do not amount to greenwashing. This is notably the case for ending financial services to new fossil fuel projects and the companies that develop them, something only one bank in this analysis has done. As long as such steps are not taken, it is simply impossible to say that a bank has adopted a transition plan. **While the current deregulation drive is jeopardizing EU transition planning rules, these findings highlight the urgent need for stringent regulations and standards to define precisely the content of these plans and to ensure they are implemented.⁶** Without such clear rules, the so-called “transition plans” that will be published by European banks will not meaningfully contribute to the transition and will mislead citizens and investors.

In this context, we call on the European Parliament and Member States to preserve transition planning rules and reject the Commission’s Omnibus proposal. On the contrary, we urge them to establish clear and ambitious standards defining the minimum content of the plans and ensuring their full implementation, thus significantly contributing to meeting transition funding needs and preventing greenwashing.

SUMMARY OF GLOBAL SCORES AND PRACTICES

This summary presents the global averages obtained by the 20 banks on the five pillars in this analysis and lists key findings regarding their practices (see our methodology and full analysis for more information). The “best practices” below are measures that have been adopted by at least one bank and that can provide credibility to bank transition plans. The “red flags” are major flaws identified for most – if not all – of the banks analyzed. Individual summaries built on the same format are provided for each bank at the end of the report.

Figure 1 - Radar chart with global average scores for each thematic pillar



BEST PRACTICES

- Robust exclusion and phase-out policies for coal, oil and gas (1 bank – La Banque Postale).
- Publication of a detailed framework listing and defining sustainable financial products and eligibility criteria (5 banks – Lloyds Banking Group, Standard Chartered, Barclays, UniCredit, Deutsche Bank).

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and greenhouse gas (GHG) inventory, including Capital Market Activities.
 - ◇ Use of non-1.5°C-aligned benchmark scenarios.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and coal plants or to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil fuel-related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.
- **Nature and biodiversity:**
 - ◇ No policies regarding forest-risk soft commodities.



Since the Paris Agreement, many financial institutions have adopted commitments to contribute to limiting global warming. This movement accelerated significantly after COP26, with the launch of sectoral “Net Zero” alliances.⁷ However, over the years – and despite the emergence of good practices by some – financial players have not changed their practices to live up to these pledges. They have continued to massively finance the development of oil and gas projects. Even new coal projects and the companies that develop them are still benefiting from their support. Furthermore, as shown by the recent exodus of US banks from the Net-Zero Banking Alliance (NZBA) and the withdrawal of BlackRock from its equivalent for asset managers (Net Zero Asset Managers (NZAM)),⁸ financial players are quick to walk back on their promises when the “cost/benefit” balance is no longer favorable.⁹

As voluntary commitments have repeatedly proven insufficient, it is clear that mandatory rules are needed if the finance sector is to transition. To some extent, this is now acknowledged by policymakers, regulators, and supervisors. In fact, the EU has recently put forward obligations to adopt, publish and implement a transition plan in its Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD).¹⁰ Yet, these rules are already under attack.¹¹ In the absence of these rules, it will be impossible to meet the financing needs of the transition.

Thus, while the massive financing gap for the transition is constantly replicated by all stakeholders, the few regulatory levers put in place to fill it could be erased. We are simply not going to meet the additional €620 billion per year the European Commission estimates is necessary to meet climate goals¹² if nothing is done to shift financial flows and end “business as usual”.

In this context, this report analyzes the current practices of the 20 biggest European and United Kingdom (UK) banks when it comes to transition planning. By screening their climate disclosures in search of the key elements of a robust transition plan, it investigates whether banks are making progress on a voluntary basis or are blocking the transition and must be forced to act. Therefore, our conclusions provide essential information for banks that wish to transition as well as for policymakers and supervisors.

For more details on the methodology, please refer to the [specific document](#).

WHICH BANKS ARE ANALYZED?

The banks in scope are the 20 biggest European banks¹³ (including the UK): Barclays, BBVA, BNP Paribas, BPCE Group, Crédit Agricole, Crédit Mutuel, Deutsche Bank, DZ Bank, HSBC, ING, Intesa Sanpaolo, La Banque Postale, Lloyds Banking Group, NatWest, Rabobank, Santander, Société Générale, Standard Chartered, UBS, UniCredit. These banks were chosen because of their systemic importance.¹⁴ All except DZ Bank are members of the Net-Zero Bank Alliance (NZBA). Together, they account for more than €26,000 billion of assets.

WHAT ARE THE CRITERIA USED TO ANALYZE THEM?

This analysis grid is made up of 60 criteria grouped into five “thematic pillars” identified in the report “Financial institutions’ transition plans: how to drive real-economy decarbonization” published in December 2024 by Reclaim Finance.¹⁵

1. Decarbonization targets

“Decarbonization targets” must link the banks’ overall climate strategies with the decarbonization of the portfolios of financial institutions. The study analyzes the transparency and design of these targets (coverage, 1.5°C-alignment, etc.).

2. Decarbonization strategy

“Decarbonization strategy” must materialize in a concrete and coherent action plan, including levers such as restrictions on fossil fuel financing, support for sustainable energy, as well as various metrics and tools to support real-economy decarbonization, including “Decarbonization targets”.

3. Engagement strategy

“Engagement strategy” gives an account of how banks are helping their clients to decarbonize, putting companies on a path compatible with climate goals and passing on climate ambition.

4. Reporting and governance

“Reporting and governance” relates to how banks display the ways that they embed decisions on the elaboration, implementation, and

reporting of their climate strategies at the highest hierarchical level and mainstream it through their organizations, putting in place climate-related incentive schemes and providing adequate training to support their action plans.

5. Just transition and biodiversity

“Just transition and biodiversity” provides some insights into how banks are considering key biodiversity goals and whether they are ending their support to companies responsible for deforestation.

Details of the criteria are available in the complete methodology.¹⁶

HOW ARE BANKS GRADED?

Each criterion is either rated based on a **numerical score from 0 to 3** or if more qualitative with “Yes”, “No” or “Partial”.

Weighting coefficients are attributed to each criterion (corresponding to “priorities” from “Low” to “Very High”, i.e. weights from 1 to 4), and **scores are calculated** (aggregated¹⁷) **for each pillar as well as globally** (with final marks expressed as “X/100”).

Details regarding scores and weightings can be found in the complete methodology.¹⁸

WHICH DOCUMENTS WERE ANALYZED?

The analysis was carried out using **the banks’ public climate-related disclosures** and, when necessary, **other public reporting** (e.g. annual disclosures and integrated reports, nature reports, remuneration reports, policy statements, methodological whitepapers, etc.).

A first analysis was carried out on disclosures published in 2024 (relative to Fiscal Year 2023). The analysis was then refined by reviewing documents published until April 1st, 2025. This includes the annual reports for 2024 with EU banks’ first CSRD-compliant sustainability statements. However, three banks did not publish these reports by the time our analysis was finalized: Intesa Sanpaolo, Crédit Mutuel, and DZ Bank.

WERE BANKS CONSULTED?

Yes, aggregated scores along with detailed ratings for each criterion were provided to banks ahead of the publication with an opportunity to provide feedback. Out of the 20 banks, 11 banks therefore sent elements that were used to refine the scoring.

HOW DID 2025 REPORTING (FISCAL YEAR 2024) AND BANK FEEDBACK IMPACT THE SCORES?

After the inclusion of disclosures published in 2025 and of banks' feedback, the average global score increased by 3 points (from 38 to 41/100). Average scores in thematic pillars increased by 2 (Decarbonization strategy), 4 (Decarbonization targets), 3 (Engagement strategy and Just transition and biodiversity) and 5 (Reporting and governance) points.

Individual global scores increased by at least 10% for 6 banks (Rabobank, Crédit Mutuel, BNP Paribas, Santander, Crédit Agricole, UniCredit) and by between 5% and 10% for 10 banks. The remaining 4 banks (Société Générale, DZ Bank, HSBC and UBS) did not provide any feedback and saw limited changes in their score.

HOW DOES REPORTING TRANSPARENCY AND COMPLETENESS IMPACT THE SCORE?

Generally speaking, the rating **rewards the relevance, transparency, and completeness** of the reporting in line with existing standards and the legitimate expectations of stakeholders (supervisors, investors, and the general public).

For some criteria, the rating is based on the relevance of the information disclosed (e.g. fossil fuel policies or commitments regarding decarbonization targets). However, other criteria are based on more qualitative ratings (i.e. "Yes/Partial/No" questions) directly linked to the level of transparency. Because the information and its overall relevance to a bank's transition are not the focus of these criteria, they often enable banks to obtain higher ratings. Nonetheless, as explained in this report, it should be noted that the quantity (or even quality) of a bank's disclosures is not correlated with its climate ambition.



01

GLOBAL ANALYSIS OF THE TRANSITION PLANS OF BANKS

A. ANALYSIS OF TOTAL SCORES: BANKS ARE YET TO WALK THE TRANSITION PLANNING TALK

No bank analyzed should claim to have a climate transition plan

The analysis reveals that none of the 20 biggest European and UK banks has developed a credible climate transition plan. In fact, nearly all of the banks score below

50/100, with only two – ING and La Banque Postale – scoring above this threshold. Total scores are bunched relatively closely together, between 26/100 to 55/100.¹⁹ The average is only 41/100, with almost half of the banks scoring between 35/100 and 45/100.²⁰

These low totals mean that even the leading banks analyzed cannot claim to be transitioning and need to go much further to deliver their climate commitments. While some banks have moved ahead of

their counterparts by establishing best practices on specific aspects required for a robust transition plan, and others are clearly lagging, all the banks analyzed have major gaps and flaws in their targets and strategies.

Banks focus on communication and reporting, not on strategy

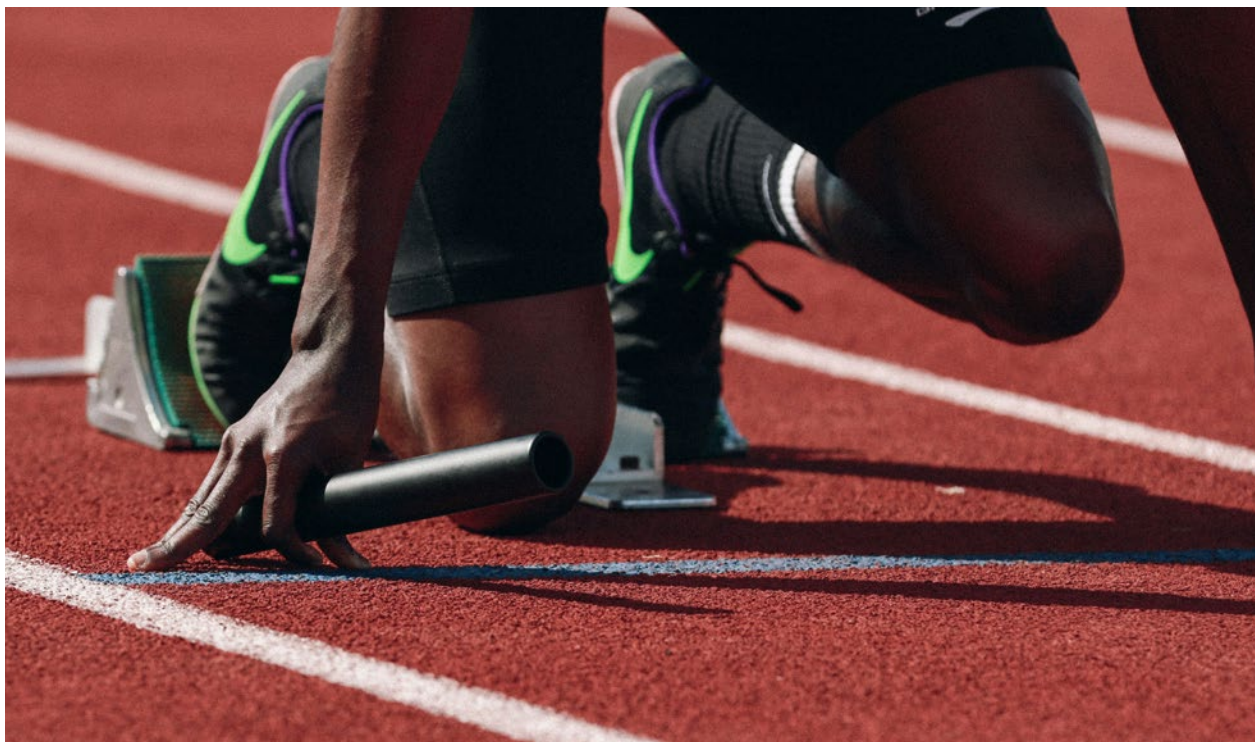
The low overall scores are all the more worrying because they are inflated by the higher scores obtained in the “Reporting and governance” category of the transition plan analysis. Indeed, banks score the highest on “Reporting and governance” (70/100 on average) followed by “Decarbonization targets” (53/100), then “Just transition and biodiversity” (42/100), and lastly “Decarbonization strategy” (29/100) and “Engagement strategy” (20/100).

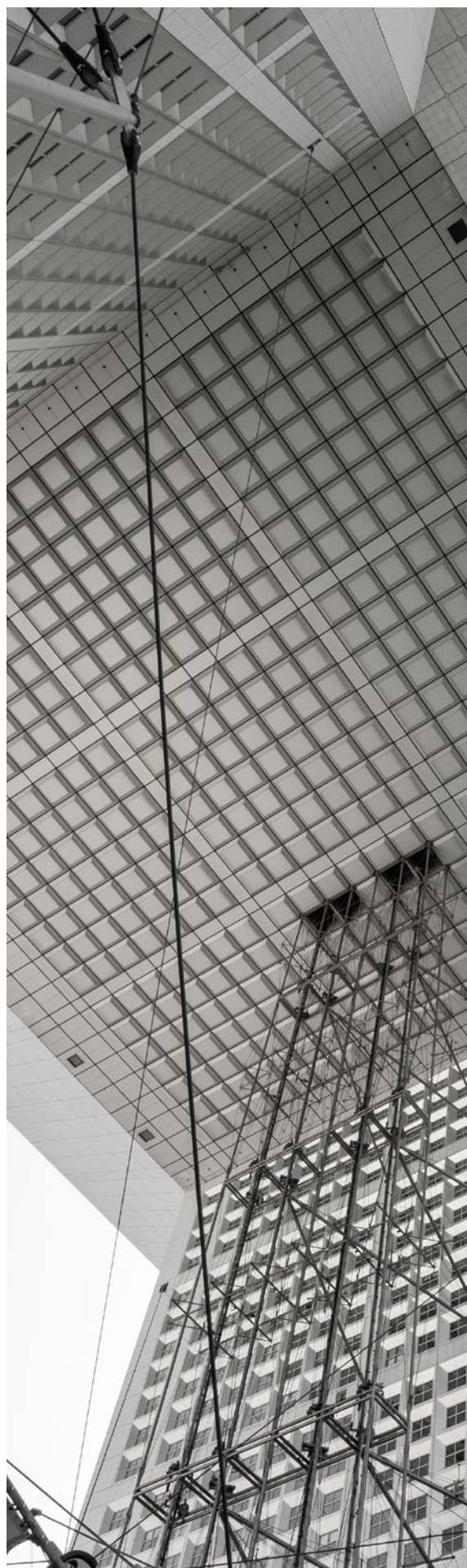
The higher scores in “Reporting and governance” can be explained partially by the fact this has been widely addressed by initiatives (e.g. the Task Force on Climate-related Financial Disclosures, TCFD) and is increasingly standardized through

supervisory expectations (particularly in terms of risk management). It is also the direct consequence of a significant reliance on qualitative criteria to evaluate reporting and governance practices. This results in disclosures that are difficult to assess and that do not clearly relate to changes in operations at banks, as shown by the comparatively much lower average scores for “Decarbonization strategy” and “Engagement strategy”.

“Decarbonization target” scores have been impacted largely by the adoption of the Net-Zero Banking Alliance (NZBA) guidelines. While these guidelines contributed to the global adoption of targets, their major limitations also enabled banks to make them partial or misleading. If most banks in the analysis seem to have understood the relevance of decarbonization targets, they have not developed targets that would help decarbonize the real economy and guide them on their transition journey.

The two lowest scoring categories – “Decarbonization strategy” and “Engagement strategy” – include the most concrete levers to reduce





banks' negative impact on climate and nature and to get them on track to reach climate goals. Without a strong decarbonization and – to a lesser extent – engagement strategy, decarbonization targets are just vague commitments that cannot be considered credible. Yet, the analysis shows most banks overlook client engagement in their climate strategy, often reducing it to proposing a catalog of sustainable products or advisory services. Worse, these findings stress the general weakness and lack of consistency within decarbonization strategies, with continued support to activities at odds with climate goals like new fossil fuel production.

The relatively higher average scores in "Reporting and governance" and "Decarbonization strategy" compared to other categories reveal that banks have ramped up their communications to green their image and to respond to new rules, but they have not developed the tools and levers to shift their business model.

Some banks do significantly better than others in reporting on and considering nature

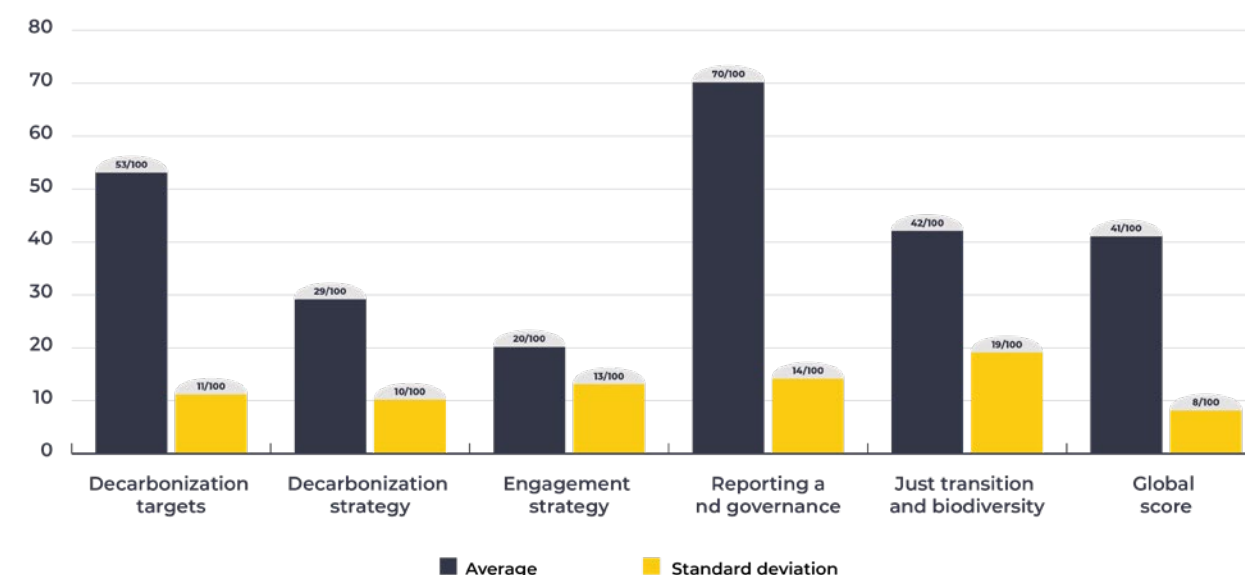
While banks perform poorly overall and especially lack a strategy to transition, some of them have proven to be more advanced on specific issues.

While most banks make no mention of their dependence and impact on nature, others have already taken steps to estimate them. Hardly any bank has started to look at how to integrate a just transition into its climate strategy. Notes on "Just transition and biodiversity" vary widely from 86/100 for La Banque Postale to 0/100 for BPCE Group.²¹

Similarly, banks have widely different practices regarding "Reporting and governance", with some publishing extensive documents

detailing their approach while others limit disclosures to summary elements.²² However, **voluminous reporting does not correlate with a meaningful decarbonization strategy or targets.** For example, HSBC has one of the highest scores on "Reporting and governance" with 85/100, but scores only 50/100 on "Decarbonization targets" and 23/100 on "Decarbonization strategy". This is well below the target and strategy scores of Crédit Mutuel, which has the lowest score on "Reporting and governance".

Figure 2 - Average bank scores and standard deviation²³ globally and for each thematic pillar



B. ANALYSIS OF DOCUMENT STRUCTURE AND TYPOLOGY: A BLURRED PICTURE

Banks publish non-financial disclosures rather than climate transition plans

Due to their structure and the information they contain, documents of the banks analyzed in this report should be treated as fit for assimilation into standard non-financial disclosures rather than as actual transition plans.

- The documents mostly contain data for the reporting year (or go back only a few years).
- The documents include little forward-looking information (mostly short- and medium-term sustainable financing or financed emissions targets).

- The documents hardly show projections of any sort beyond the summary information on climate scenario analysis done for risk assessment.

Furthermore, legal disclaimers relating to forward-looking statements are systematically included. While these aim to legally protect banks (e.g. non-execution risks), they can also weaken the commitments featured in the documents, as they ultimately exonerate financial institutions from their responsibilities regarding the implementation of a climate plan.

Banks publish their climate disclosures in different types of documents

Out of the 20 banks analyzed, climate-related and environmental information is provided via a range of documents, as summarized in the table below.

Table 1 - Types of documents supporting climate disclosures

Bank documents including most climate-related information	Number of banks
Annual climate reporting	11
Annual (integrated) reporting	5
Annual sustainability reporting	3
Specific documents labeled as "transition plans" ²⁴	5



Regarding 2024 reporting (Fiscal Year 2023), eight of the documents analyzed specifically follow the reporting structure of TCFD – using “Strategy, Governance, Risks, Metrics and Targets”. Others use different formats, but may include index tables referring to the: TCFD, Transition Plan Taskforce (TPT), Global Reporting Initiative (GRI), Principles for Responsible Banking (UN-PRB) or Sustainability Accounting Standards Board (SASB), or the International Sustainability Standards Board (ISSB S1 and S2).²⁵ The variety

is seen in the length of the documents, which range from 35 to 200 pages, with around 100 pages on average. Regarding 2025 reporting (Fiscal Year 2024), 11 banks had published CSRD reporting by April 1st, 2025 (see Box 1).

Additionally, four banks – all from the UK – have published a methodological white paper detailing how they account for financed emissions and how they calculate their decarbonization targets.

BOX 1 - THE FIRST CSRD REPORTS FROM BANKS: A LONG ROAD AHEAD

Adopted in November 2022, the Corporate Sustainability Reporting Directive (CSRD) replaces the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that must report on their environmental and social impact. CSRD company coverage and data points may be drastically reduced depending on the outcome of the Omnibus process launched by the European Commission in early 2025.²⁶

The first companies subject to the directive must publish their first CSRD reports relating to the 2024 financial year in 2025. All of the European banks and non-European banks' EU subsidiaries analyzed in this report are among these companies and 14²⁷ have to publish their first CSRD report this year. **As of April 1st, 2025, 11 of the banks analyzed had published a CSRD-compliant sustainability statement.**²⁸

CSRD reporting contributed to a marginal increase in scores, due to some additional information, and to a relative standardization of reporting. However, there is a very strong resemblance between these CSRD reports and previous climate reports. It is natural for banks to reuse a significant part of the content of previous reports, notably because there are many overlaps in the subjects and data points of standards such as the GRI or TCFD and the European Sustainability Reporting Standards (ESRS). However, very few changes have been made to adapt the content and the CSRD-compliant additions do not provide much new information.²⁹ A similarity analysis shows the texts in the CSRD reports and in the reports for the previous financial year are almost the same, and the number of datapoints provided did not significantly increase.³⁰ CSRD sustainability statements are usually a few hundred pages long,³¹ and although their structure is

standardized, banks' interpretations still bring significant variations in the format and content of each section. The **additions corresponding to the ESRS requirements** are:

1. Generic. Banks respond to the reporting requirements in a way that is too superficial.

A striking example of this is the ESRS E1-1, which gathers information related to the "transition plan for climate change mitigation" of companies. Despite this common basis, the "transition plans" in the analyzed CSRD statements all have different structures and are entirely composed of content reused from previous climate reporting.

The double materiality analysis required by the CSRD is another example. Most banks' Impacts, Risks, and Opportunities (IROs) assessments are extremely similar. They are generally very high-level and poorly explained, with no disclosure of the underlying assumptions and numerical materiality thresholds. It is particularly vague concerning impact materiality, for which most banks only mention the GHG emissions from their operations and the companies they finance as the sole negative impact on the environment,³² while including more precise elements of their previous reports on financial materiality.

2. Not adapted for financial institutions.

The business models of financial institutions and the nature of their social and environmental impacts are quite different from those of non-financial institutions. Their impacts are those of the clients in the downstream part of their value chain that they finance and whose activities they enable. The vast majority (99%) of their emissions come from their financing, investments, and insured projects (Scope 3 category 15 according to the GHG Protocol).

The background image shows a city street scene. On the left, there is a classical building with stone columns and windows. On the right, a modern building with a glass facade is visible. In the foreground, a person is riding a bicycle on the left, and several pedestrians are walking on the sidewalk on the right. A green rectangular overlay covers the middle portion of the image, containing white text.

This means that reporting requirements focused on the impact of their internal operations, their energy consumption, the description of value chain segments, or the emissions of their own operations (Scope 1 and 2) or that of their supply chain (Scope 3 non-3.15) are of very limited relevance. However, these elements dominate the current EU ESRS for climate (E1), as these standards are not sector-specific, and therefore not tailored for entities in the financial sector. While sector-specific standards were planned and could address this issue, the European Commission's Omnibus proposal has dropped this requirement. Without proper sectoral standards, it is up to financial institutions to adapt generic datapoints – for example, by giving granular information on their financed and facilitated emissions and how these are calculated – something that the banks analyzed have not done so far.

For example, none of the banks report on the ESRS datapoint regarding “locked-in emissions”. For financial institutions, measuring locked-in emissions involves estimating GHG emissions resulting from the utilization of assets (infrastructure, production facilities) or long-life products over their entire lifecycle, which is beyond the amortization date of the instruments financing them. Indeed, financed emissions from a loan to a specific project disappear from bank reporting once the loan has been repaid, but the financed project continues to emit for years or decades. By reporting on “locked-in emissions”, a bank could show how it sees its impact on real-economy emissions and so overcome the short-term approach embedded in financial decision-making. Yet the fact that the “locked-in emissions” data point in the ESRS has not currently been adapted to reflect sectoral characteristics also contributes to the failure of banks to provide relevant information.

3. Omitted by banks.

Some of the reporting requirements are ignored by banks. Many ESRS data points are not considered “material” by banks. This assessment is not backed up by a rigorous materiality analysis and supporting figures. This is especially the case for environmental ESRS other than climate.

This is the first year of reporting for the CSRD, so banks may refine their reporting in the future. Indeed, the analysis of available CSRD reports shows that for this first-year banks focused on adapting previously published information to a CSRD format and have much room to refine their related practices. However, the Omnibus proposal is likely to massively weaken reporting standards for financed companies and disincentivize the development of accurate and useful non-financial reporting. Furthermore, the analysis already shows generic ESRS are not well suited for banks and not sufficient to ensure adequate disclosures or – ultimately – the publication of meaningful transition plans. Mandatory standards adapted to banking are needed to have real added value.

In this context, the Omnibus proposal to drastically cut reporting and end the development of sectoral ESRS ignores the need for robust transition planning standards and further obscures the activities of European financial institutions.

Relevant information remains fragmented

Some information related to the transition planning of banks included in our methodology is not found in climate disclosure documents. This is especially the case for a few specific themes, such as remuneration policies, training, or other environmental policies (e.g. deforestation statement). These elements often appear partially or are totally absent from climate disclosures and are usually found in annual/integrated reporting or separate documents.

Communication strategies are adding confusion to climate disclosures

Our analysis of the various documents published by the banks analyzed revealed several approaches that do not help with consistency and that often hinder the clarity or ambition of their climate plans. These approaches include:

“Cherry picking” and “laundry listing”:

- ◇ Some banks present specific case studies that are not representative of their overall practices and are given disproportionate report space.
- ◇ Similarly, banks often disclose ill-defined sets of figures that cannot be linked together or do not connect with their climate strategies.

BOX 2 - UNDERSTANDING “CHERRY PICKING” AND “LAUNDRY-LISTING” BY BANKS

The banks analyzed in this report have billions of euros in assets (between €600 billion and €2,700 billion). The length of specific sections and topics discussed in a bank’s climate documents should reflect their importance in relation to its financial activities, the capacity of its measures to deliver emission reductions, or their impact on the bank’s transition strategy. But this is not the case with most examples, with banks often providing lengthy descriptions for examples that have limited relevance to their climate strategies, and that are not representative of their overall practices. Examples include:

• Transactions:

Case studies and examples of transactions are good to have, provided they illustrate a global strategy. However, the examples of transactions given by the banks analyzed are often focused on specific sectors (e.g. deals in renewable energy generation). They are presented without any indication of the amount involved, or they amount to only a few billion euros at most. Banks readily publicize capital market deals, but do not include them in their decarbonization targets.

The analysis identified the use of insignificant highlighted transactions, such as the renovation of a historic house that saved 18 tonnes of carbon dioxide a year (tCO₂/year), the retrofit of a windmill that had a few kilowatts (kW) of installed power, or solar panels for a music school.

Some deals are listed by several banks, such as the transaction with Stegra (formerly H2 Steel) related to the Boden green steel factory.

• Product offerings:

Some banks mainly display their product offerings but fail to be consistent. They present large cumulative aggregates for mainstream corporate instruments and a diverse list of products aimed at individuals. They usually do not disclose amounts related to each product.

• Initiatives aimed at stimulating innovation:

Some banks like to describe activities to support the entrepreneurial world (e.g. platforms aimed at catalyzing climate tech startups or venture capital funds). However, the link between these initiatives and their transition strategy is not explicitly made and the amounts involved are often immaterial.

• Partnerships activities:

Some banks include insets focusing on their partnerships (e.g. with a power utility, housing association, or service supplier), which is often unrelated to their transition strategy, and almost always without mentioning any committed amounts.

Using generic statements and sentences instead of information that matters:

- ◇ Banks do not disclose enough detail to show the potential impact of their climate plans. For example, only half disclose any quantitative information on their sectoral portfolios (e.g. details on percentage of exposure for each sector, sub-sector, financial service), which is often restricted to outstanding exposure of their corporate lending books. Just three of the banks detail the extent to which their decarbonization targets cover this exposure.
- ◇ Banks tend to include general information from external reports and generic sentences in their climate disclosures (e.g. the IEA, industry-led organizations).
- ◇ Examples of generic sentences by banks are provided in the annex of this report.

Minimizing their responsibility for decarbonization:

- ◇ Some banks seem to downplay their role in decarbonizing the real economy, claiming to have little leverage, and shifting responsibility for decarbonization

almost entirely onto policymakers, companies, and consumers. While it is certainly true that banks are not the only ones responsible for the transition, these elements tend to minimize their ability to contribute to the transition and align their own activities with the 1.5°C target. Indeed, banks play a direct role in enabling economic activities through lending, underwriting, or advisory services. Their decisions can significantly influence whether specific projects are built, as well as the general strategy of companies. Climate action from banks is complementary to public action and contributes to action from other private entities and households; one does not substitute the other.

- ◇ Furthermore, the analysis shows that the banks highlighting the need for more ambitious public policies and faster action from companies have not activated the levers available to them to contribute to real-economy decarbonization, notably through climate-positive lobbying activities, client engagement, and decarbonization strategies.

BOX 3 - EXAMPLES OF SENTENCES THAT BANKS USE TO AVOID ACCOUNTABILITY

Below are selected examples of sentences from the banks analyzed that use language to shift responsibility to other stakeholders, or to justify limited action, or to emphasize the difficulties in achieving their goals.

Santander emphasizes that “there is currently a lack of public policies, actions and specific plans and measures at the level the changes require for a net zero pathway”, which is why they “refrain from setting public targets [in some sectors] until the policy and regulatory landscape is sufficiently clear and coherent, and supportive”. The bank believes that “2030 net zero targets will be challenging to achieve and require further market and policy developments outside of [their] control” and fears that “politicians are outsourcing their role regarding creating the rules around environmental and social issues, expecting banks to become the police on these issues”.

HSBC insists that achieving its “net zero ambition depends on customers’ ability to transform their business models and decarbonize”, which “in turn is heavily impacted by the existence, or not, of a stable and supportive policy and regulatory environment to help de-risk and scale private sector investment, alongside public sector investment into clean energy, technologies, infrastructure, and markets”, but “the reality is that today government policies are in many cases not in line with countries’ own net zero pledges, and those pledges themselves are not sufficient to meet net zero emissions by 2050”.

02

DETAILED ANALYSIS OF THE TRANSITION PLANS OF BANKS

A. DECARBONIZATION TARGETS: VAGUE METRICS DISCONNECTED FROM REAL-ECONOMY EMISSIONS

Decarbonization targets are the logical translation of banks' climate pledges and have become a key part of their sustainability communications. Robust targets should be transparent, have broad enough coverage, be directly related to changes in "real-economy" emissions, and be aligned with a 1.5°C pathway.

Except for DZ Bank, all banks analyzed³³ have been members of the Net-Zero Banking Alliance (NZBA) and have followed its requirement³⁴ to set decarbonization targets to some extent. However, their target-setting methodologies suffer from a blatant lack of transparency, often hindering the assessment of adequacy and alignment with a 1.5°C trajectory. The variations in the typologies of sectoral targets set by banks, even within the same sectors, limit the analysis and comparison between financial institutions. Furthermore, targets often present significant design flaws: partial coverage of financial services and/

or emission sources (sub-sectors, GHGs, or Scopes), non-alignment with 1.5°C, use of unsuitable metrics (e.g. complex ratios or attribution factors with exogenously varying financial components), etc. Concretely, all these limitations make it almost impossible to link most decarbonization targets to emission reductions in the real economy

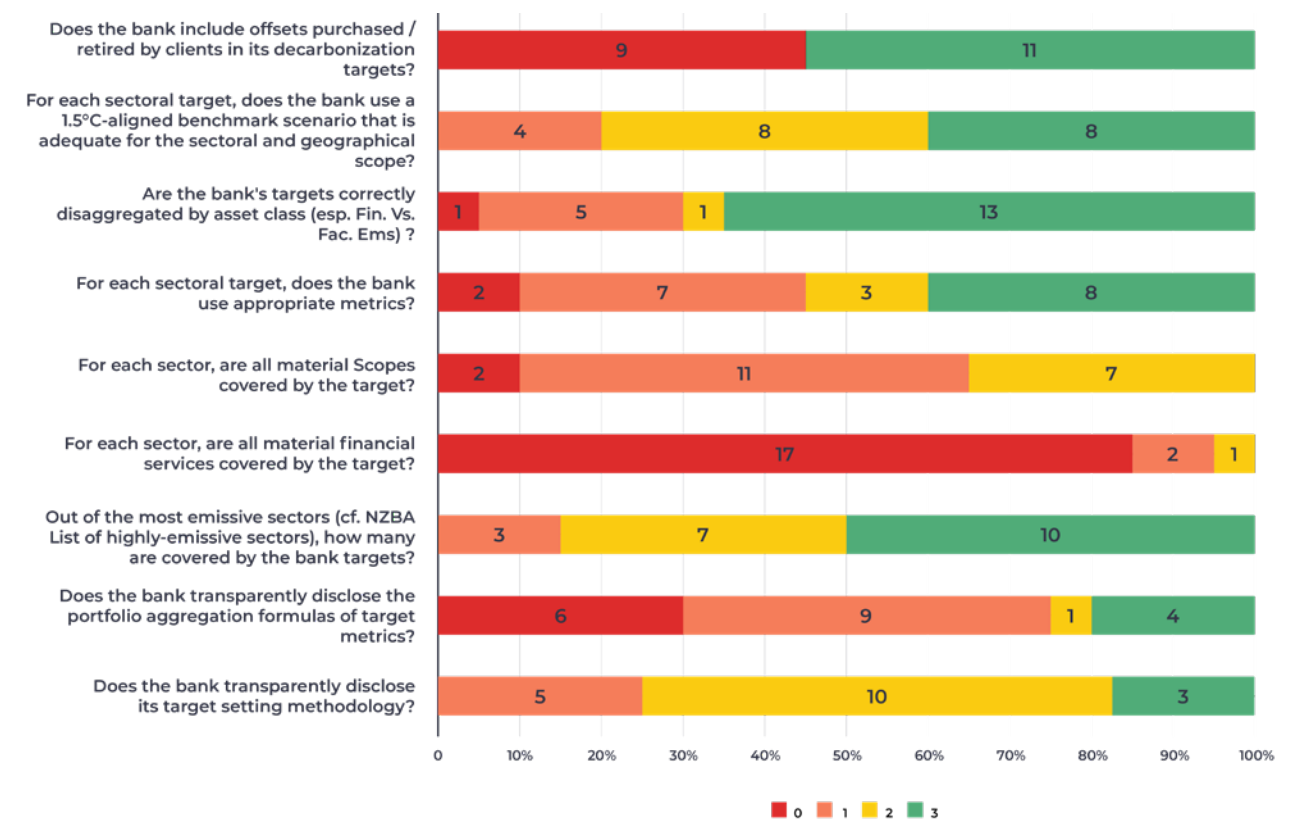
Overall transparency: decarbonization targets suffer from chronic opacity

Even before diving into a detailed analysis of the decarbonization targets of banks, it is essential to understand that there is a **blatant lack of transparency in the methodologies used by the banks analyzed to design and set targets.**

Many core elements are often partially or completely missing, including:

- The precise scope of the target (whether regarding organizational boundaries, sectoral value chain segments, financial services, GHGs, or emission Scopes included or the comprehensiveness of their coverage).

Figure 3 - Distribution of the banks' scores on key decarbonization targets criteria



3 is the highest score, 0 the lowest score

- A detailed description of the emission baseline.
- Graphs with expected and benchmark emission pathways.
- A justification for the choice of benchmark scenario and related

- target emission reduction rate.
- The portfolio aggregation formulas.

None of the banks analyzed provide all of this information.

Coverage: partial and often unclear

Insufficient sectoral coverage

Banks do not yet uniformly cover the 9 most emitting sectors, despite NZBA recommendations.³⁵ They cover on average 8.9 sectors (out of 12 sectors), with only 6 sectors covered by Intesa Sanpaolo or Santander, and several banks – including ING and Crédit Mutuel – covering all sectors except agriculture. The most often covered sectors are power, oil and gas (O&G), and automotive. Agriculture is the least covered sector, with 6 banks having related targets.

Banks must ramp up their efforts to cover all material sectors and duly justify when sectors can be considered non-material (e.g. representing less than 5% of total exposure for a given financial service and less than 5% of GHG emissions at the group level).

Unclear or absent justification for the selection of value chain segments

Banks typically contend they focus on most “material value chain segments” for setting targets (i.e. where they allegedly have “most influence” on the “technological choices” and control of effective output). **However, they fail to disclose a sectoral materiality assessment.**³⁶

A recent analysis³⁷ by the Centre for Research on Multinational Corporations (SOMO) shows that ING covers only a small part of the related portfolio in its upstream oil and gas target. ING claims to have €2.5 billion in outstanding loans to companies involved in oil and gas extraction or new field development, while according to SOMO’s calculation, the actual figure would amount to €26.4 billion. This can be explained by the exclusion of several industry segments (NAICS codes) in ING’s “Terra methodology”.

Without sufficient transparency, this means banks can easily exclude activities that have a significant impact and artificially reduce their perceived contribution to global warming.

The exclusion of material financial activities, including capital market activities

All banks include their lending book in their decarbonization targets, with seven also counting part of their equity investments. Only three banks – Barclays, HSBC and Standard Chartered – **very partially include capital market activities (CMAs)** (i.e. only for one or a few sectors; with a 33% weight on emissions;³⁸ or only for transactions where the bank is a book-runner or lead arranger). Furthermore, **banks are imprecise on the coverage of in-scope financial services** (e.g. the percentage of the wholesale corporate lending book covered by



the target for a given sector, or the percentage of the balance sheet covered by each decarbonization target).

Among the banks analyzed, Barclays is one of the most transparent regarding financial coverage. It discloses the share in terms of committed (i.e. both drawn and undrawn amounts) on- and off-balance sheet financing that is included in the calculation of financed emissions. This amounts to only 50% for on-balance sheet financing and 13% for capital market financing (given the 33% weighting factor applied to facilitated emissions).

Banks need to be more transparent on the coverage of financial services by targets and to include all material financial services. Facilitated emissions must be considered in full – without applying any weighting – as capital market activities provide a significant part of funding in emitting sectors (e.g. around 50% for the oil and gas sector).

A lack of reflection on GHGs and emission scopes

Banks do not seem to reflect much on GHGs and emission scopes covered by targets, although they should also apply a materiality approach here. Most emissions data is reported and calculated from proxies in carbon dioxide equivalent (CO₂e), especially Scope 3 emissions data. Precise GHG coverage is often not disclosed.

When considering material GHGs and Scopes for each sector,³⁹ 47% of targets adequately disclose and cover material GHGs, and 35% of targets adequately disclose and cover material Scopes for the given sector.

Banks need to take a critical stance towards emissions data reported by their clients or by third-party providers and reflect more on the materiality of emission sources.

Target design: a series of flaws that limit the effectiveness and efficiency of targets

A gap in target timelines

79% of targets are set for 2030, while 9% are short-term targets (mostly for 2025, and sometimes 2026, 2027, or 2028), and 10% are long-term targets (usually for 2050, and 2040 for the power sector). This is likely a consequence of the NZBA recommendation to set targets only for 2030.

As all banks have committed to achieving net zero by 2050, it is unclear how this commitment translates at the sectoral portfolio level. With most sectoral targets aimed at 2030, it is not possible to ensure they are on a path coherent with this long-term commitment.



Largely inadequate metric types and portfolio aggregation formula

The vast majority (67%) of targets are based on a physical emissions intensity metric, 9% on a financial metric (credit exposure often covering only some value chain segments), and another 11% on an absolute emissions metric.

The absolute emissions metrics are essentially PCAF-recommended “absolute financed emissions”, which are specially used for oil and gas sectoral targets. As explained in Reclaim Finance’s brief on decarbonization targets, such targets rely on financial components that may vary in a way that is not correlated with real-world emissions.⁴⁰ This notably explains why at least 7 banks have nearly or already reached their 2030 targets for the oil and gas sector in the past few years.

For half of the targets, portfolio aggregation formulas are either undisclosed (17%) or can be considered inadequate (28%) because they use attribution factors with financial components and/or are based on complex ratios.

A significant effort is needed to design uniform targets (metrics and portfolio-level aggregation formula). Although physical emissions intensity metrics seem to be gaining traction, they’re not adequate for fossil fuel supply sectors and

are not immune to inconsistency (aggregation formulas, coverage, etc.). Alignment with a carbon budget is much less straightforward when using a physical emissions intensity metric, as sectoral intensity may decrease while the total absolute emissions of the sector still increase.

Insufficient disaggregation in targets

All banks aggregate financial services/business segments to some extent in their targets, blending different corporate debt instruments or equity investments and, when covered, capital market facilitation activities.

All banks systematically aggregate all GHGs in targets, do not specify GHG coverage, or cover only CO2. In particular, many oil and gas or agriculture targets do not specify whether they include methane, and none of these targets specifically focuses on this GHG despite its major relevance for the two sectors.

Additionally, 2 banks – Barclays and UBS – aggregate all fossil fuel sectors together (i.e. coal with oil and gas), thus significantly reducing transparency and ignoring the differing paths that coal, oil, and gas must follow to keep the 1.5°C objective alive.

Unaligned benchmark scenarios, pathways, and obscure target reduction rates

About 80% of targets are benchmarked against a 1.5°C scenario, and nearly 55% against a version of the Net Zero by 2050 (NZE) Scenario from the International Energy Agency (IEA). However, some targets are based on “well below 2°C” scenarios (e.g. IEA B2DS or IEA SDS; IMO 2023 for Shipping) or even scenarios that go above 2°C (e.g. IMO 2018 for Shipping). It can also be highlighted that most banks’ sectoral targets are benchmarked against global scenarios which may not be representative of their portfolios’ regional allocation.

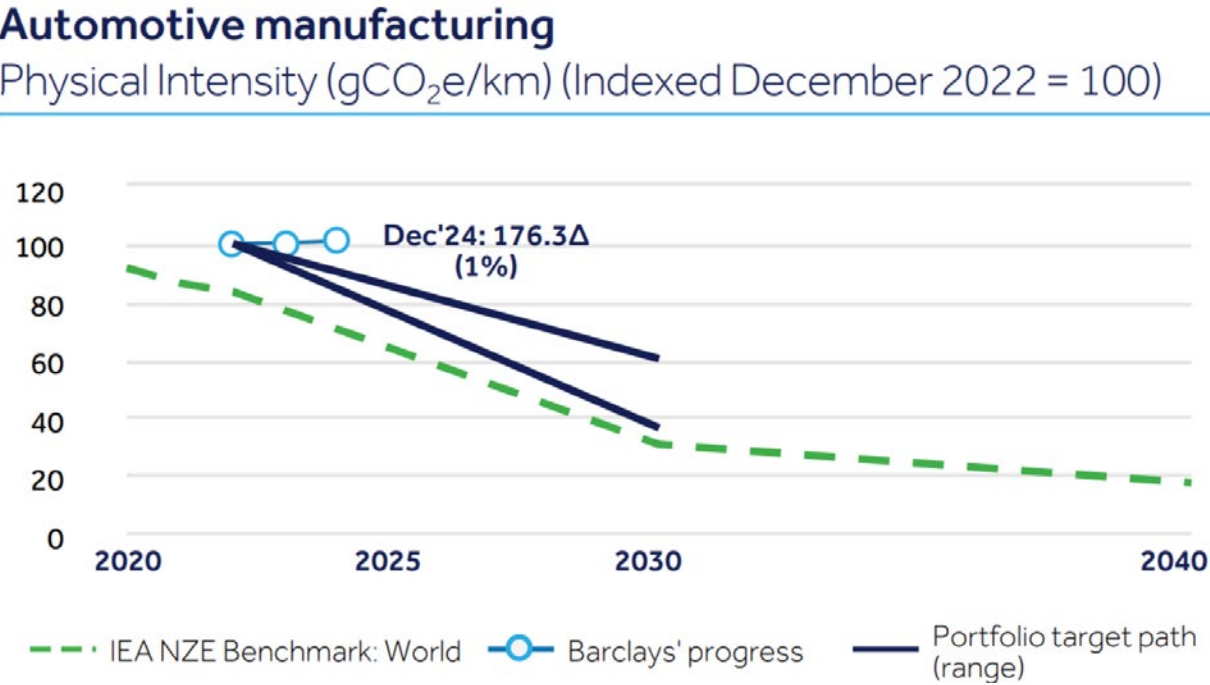
Many banks only disclose a medium-term (2030) target reduction rate, without disclosing the corresponding rate of the selected benchmark scenario, or a graph comparing the indicative reference pathway with the benchmark scenario pathway. In fact, banks hardly give any justification for the selected target reduction rate. Some banks state that they chose the same reduction rate as the benchmark scenario, which is theoretically not adequate if the sector calls for a sectoral decarbonization approach (SDA). Others declare that the target reduction rate results from an “adjustment” of the benchmark scenario reduction rate, without disclosing what this “ad-

justment” is. And some indicate that they aim to converge with the benchmark scenario in 2050, without giving data and graphs to back up this claim. For some sectors, banks clearly state that their target was deliberately set above the benchmark scenario because the latter is deemed unrealistic.⁴¹

Overall, verifying the alignment of decarbonization targets with a 1.5°C-aligned pathway based on

banks’ climate disclosures is often impossible. Applying a sectoral decarbonization approach (SDA) to sectoral portfolios requires setting a large array of assumptions, but these are never disclosed by banks. Even when explicitly benchmarked against a 1.5°C scenario, these targets far from guarantee that the banks’ sectoral portfolios are in fact aligned with a 1.5°C-aligned pathway.

Figure 4 - Graph showing physical intensity pathways (IEA NZE World benchmark scenario and automotive target)

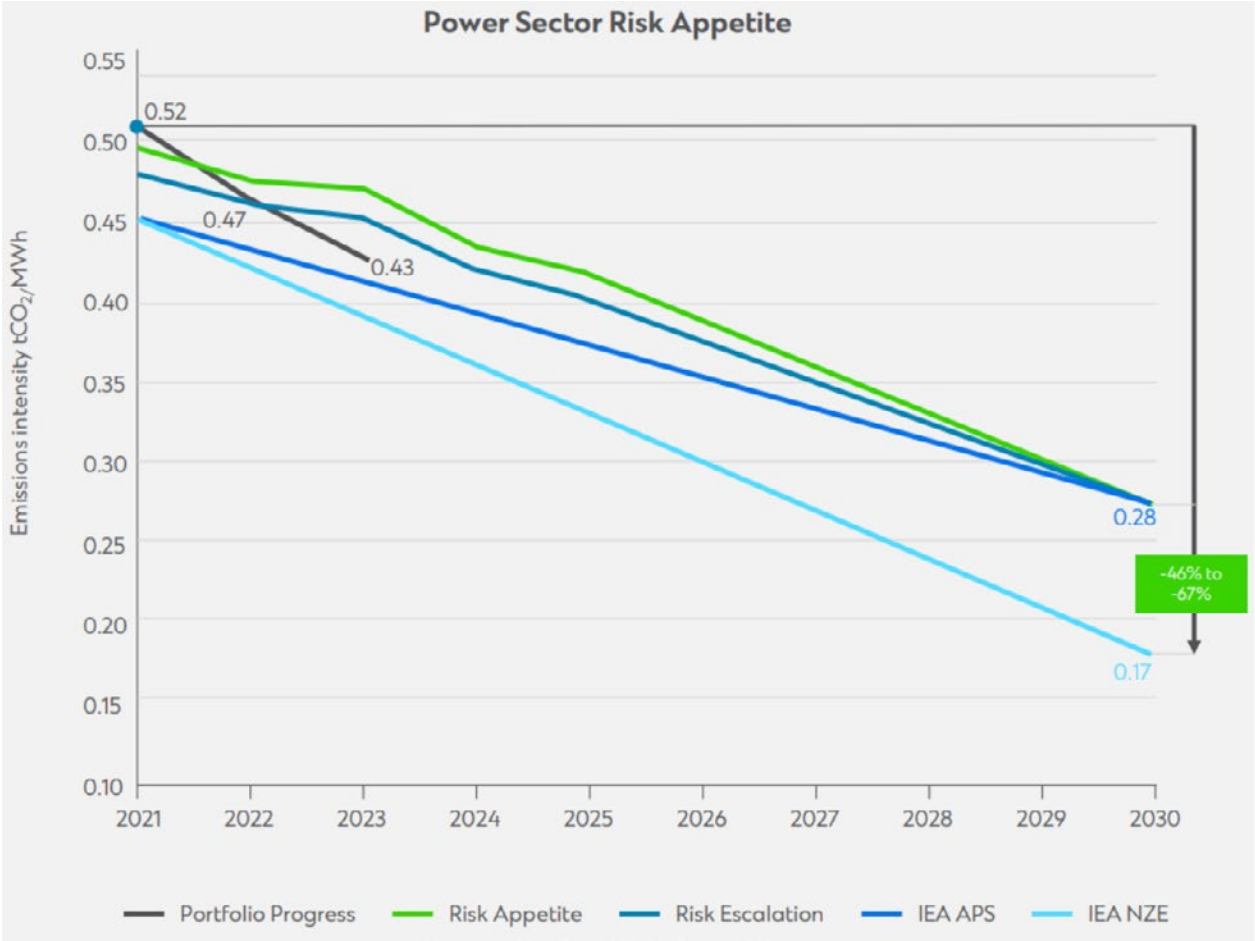


Source: Barclays, Barclays PLC Annual Report 2024, February 2025

Figure 4 shows Barclays' indicative pathways for the physical intensity of its automotive manufacturing portfolio. Even if the target is "benchmarked" against a 1.5°C scenario (IEA NZE 2050 World), as all Barclays' targets are, both the lower and upper bound of the tar-

geted emission range for the bank's portfolio is clearly above the benchmark scenario pathway, while the upper-bound pathway does not converge (not mentioning that progress so far is not in line with either pathway).

Figure 5 - Graph showing physical intensity pathways (IEA NZE World and IEA APS benchmark scenarios, and power target) as well as risk appetite and risk escalation metrics



Source: Standard Chartered, Standard Chartered Transition Plan 2024, February 2025



Another striking example can be found in the Standard Chartered Transition Plan, published in 2025. Figure 5 shows – relative to the power generation sector – benchmark scenario pathways (IEA NZE and IEA APS, as Standard Chartered is also using a target range), Standard Chartered's portfolio historical progress, as well as internally set risk appetite and risk escalation, which are metrics used by the bank for its portfolio steering. We note that the risk appetite and risk escalation curves are above that of the upper-bound IEA APS scenario and converge with it in 2030.

Such a clear misalignment between decarbonization targets and 1.5°C-aligned reference emission pathways is frequent among banks. It suggests most banks are not considering the scientific need to stay below a remaining carbon budget, and therefore that reaching their decarbonization targets will still result in an overshoot of this budget. This logically casts doubt on the effective "carbon neutrality" and climate commitments of banks.

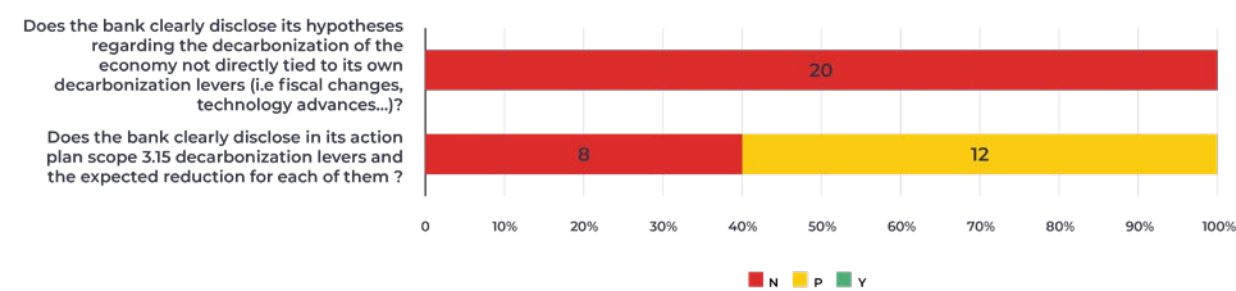
**B. DECARBONIZATION
STRATEGY: A BLATANT GAP**

The decarbonization strategy is perhaps the most diverse, complex, and important theme in a climate transition plan. For banks, defining a decarbonization strategy requires considering all the different financial services provided and how they can influence company behavior, as well as their geographical and sectoral exposures to define a panel of action levers that will contribute to real economy decarbonization and enable it to meet defined decarbonization targets. In essence, a bank's decarbonization strategy must be multifaceted and nuanced. It is neither about shifting all services towards "completely green" activities now, nor continuing business as usual. Rather, it must reconcile

the need to immediately end the development of activities at odds with climate goals – including new fossil fuel production – and push companies to decarbonize at pace and to develop climate solutions. Therefore, a solid decarbonization strategy must be informed by a fine analysis of sectors, markets, and technologies, and guided by an assessment of harmful activities, clients' transition readiness, and climate-related risks.

Yet, the analysis shows that none of the banks studied have developed a coherent decarbonization strategy. On the contrary, no bank is advanced on any of the actions mentioned here when taken on their own, and most banks fail to include critical dimensions of these actions. All except one of the banks still support fossil fuel development.

Figure 6 - Distribution of the banks' scores on key decarbonization strategy criteria



[Y=Yes, N=No, P=Partial]



Portfolio allocation strategy: many steering tools but few proofs that they are used coherently to guide real changes in portfolio allocation

Portfolio allocation strategies are particularly important because they can help banks redirect their funding towards companies that take an active part in the transition, therefore meeting the massive financing needed to achieve climate goals. As such, the portfolio allocation strategy of a bank must contribute to reaching decarbonization objectives and be guided by a thorough analysis of the respective contribution to the transition of their counterparties, plus the credibility of their own transition plans.

10 banks do not display any evidence that they have put in place a portfolio allocation strategy related to their climate objectives and commitments. 8 banks show some indications of a portfolio allocation strategy, though mainly focused on risk management and only weakly linked to climate objectives.⁴² **Only 2 banks – ING and La Banque Postale – have a clearer portfolio allocation and steering strategy**, applied at the portfolio, client, and transaction levels, and cohering with several relevant tools (risk appetite statement metrics, results from clients' transition plan assessments, impact on sectoral decarbonization target metrics or sustainable financing targets).

The analysis therefore shows that **a large majority of banks do not display the ambition and means to change their portfolio structure, potentially maintaining a “business-as-usual” course.** To corroborate this, an analysis of historical series (e.g. sectoral credit exposures) would nonetheless be necessary.

Adaptation of product offerings: mainstream instruments and vague sustainable financing targets

All banks rely on the same mainstream sustainable products and services

Developing a new product offering and revising an existing one to consider climate goals is one of the strategies banks can pursue in transforming their business model.

All banks rely on the same “sustainable” financial instruments for corporates, especially Green/Social/Sustainable Loans and Bonds (GSSBs) and Sustainability-Linked Loans and Bonds (SLLs and SLBs). Most of the banks disclose aggregated amounts for each instrument type, sometimes broken down by geographic region.

It is important to note that these mainstream instruments suffer from significant flaws:

- Green, social, or sustainable bonds/loans are based on a use



of proceeds (UoP) logic. The funds they provide are used to finance specific activities and projects that have a positive environmental or social impact. However, in the absence of a mandatory framework, green bonds and loans have sometimes been used to finance unsustainable activities. And these services do not require the companies benefiting from them to be sustainable in their overall activities. Therefore, they often contribute finance to companies that are developing activities at odds with climate goals, such as new fossil fuel production.

- Sustainability-linked loans/bonds are based on specific key performance indicators (KPIs) related to a company's "sustainable" performance. These KPIs vary considerably from one SLL/SLB to another. Even if they can be designed to be meaningful, it is often not the case as they rely on KPIs tied to marginal environmental or social improvements. Furthermore, the "sustainability" characteristic of the service can have little impact on financing conditions and therefore provide few incentives for companies.

Some banks include other corporate "sustainable" offerings like specific asset-based securities (ABS), "sustainable trade finance", "green Exchange Traded Funds (ETFs)",

“sustainable market solutions” (sustainability-linked hedges, foreign currency (FX) swaps, repos), and derivatives. However, little to no detail is given on the “sustainable” characteristics of these products/services.

In retail banking, banks also offer similar products to individual customers including green mortgages (purchase, remortgage, buy-to-let), energy efficiency premiums, green savings accounts, and EV financing (purchase, leasing, rent-to-buy, car sharing). However, none of them provide comprehensive information on these elements. Disclosures are limited to partial figures on certain services (e.g. the number of electric vehicles financed in total, or the number of loans related to housing energy retrofits). This is especially true for the housing sector, as mortgages can account for a significant part of the credit portfolio of the banks analyzed, and information on the impacts achieved and/or expected remains scarce.

Banks must be more transparent and precise in describing the products and services they offer, with details on the general characteristics of the financing, the sectors financed, and the geographies targeted. The goal should be to clearly link the offering with the deployment of climate solutions and the achievement of decarbonization targets. Banks should always seek to adapt products emerging in the market, to correct potential flaws, and align their level of ambition with the 1.5°C goal.

Banks often develop their own individual “sustainable finance framework”, leading to global confusion

12 out of the 20 banks in the analysis have developed their own “Sustainable Finance Framework” and/or “Green Bond Framework”. These frameworks usually define in-scope finan-



cial services, the organizational scheme for validating a transaction as “sustainable/green”, and eligible economic activities. Their eligibility criteria vary, but they all draw upon existing guidance, especially from International Capital Markets Activities (ICMA)⁴³ and the Loan Market Association.⁴⁴ Some mention the EU Taxonomy, the Climate Bonds Initiative (CBI), and other initiatives.

The fact that these frameworks are only “inspired” by these references does not help to compare them. Concretely, the lists of eligible activities differ, making it difficult to benchmark the amounts of sustainable financing between different banks.

These frameworks also usually cover the use of proceeds (UoP) instruments, but sometimes also other “sustainable” or “impact” financing, which is dependent on criteria (e.g. revenue thresholds) based on eligible activities. This can add to confusion about what is labeled as “sustainable/green” in bank reporting.

In any case, sustainable/green finance frameworks should consider the limitations of services like green and sustainability-linked bonds/loans, to fully consider the overall practices of companies and their ability to transition. This notably requires banning any bond/loan from companies developing activities at odds with climate goals, including new fossil fuel production.

Banks set sustainable financing targets, but remain too imprecise

16 banks set sustainable financing targets, i.e. a commitment to mobilize a certain amount of financing directed at climate solutions (based on banks’ own sustainable/green finance framework or on an external framework), either annually by a set date or cumulatively over some time. However, these financing targets remain vague and wide-ranging, both in terms of sectoral coverage (which is nearly never precisely defined) and in-scope financial services.

14 banks set general sustainable financing targets expressed in absolute terms. On average, the annualized targeted amount of sustainable financing stands at around USD/EUR 50 billion per year.

For 10 of the banks, targets are based on cumulative amounts to be attained in a given time period (from 2025 to 2030 depending on the bank⁴⁵). 5 banks give some breakdown of financing targets, either per financial instrument (distinguishing SLLs, GSBs, or assets in SFDR Art.8 and 9) or per sector (renewable energy (RE) generation, green mortgages, Electric Vehicles (EVs)). 2 banks have not set targets in absolute terms, only relative to their overall lending or investments (e.g. percentage of "ESG lending" or "sustainable bonds").

Sustainable financing targets usually encompass capital market activities with broader accounting rules than financed emissions targets, as shown in a report by ShareAction.⁴⁶

If most banks seem to have understood the relevance of sustainable financing targets, these targets still suffer from limited transparency. **Sustainable financing targets should be expressed as an annual amount and detailed according to the targeted sectors and the type of product. When possible, they should be benchmarked on a 1.5°C pathway.**

Transition finance mechanisms: overlooked or poorly defined

There is no widely adopted definition of "transition finance" and "transition activities", which makes it difficult to mainstream in financial institutions. In this context, **only 3 banks – Barclays, Standard Chartered, and UniCredit – have set some definition of activities eligible for "transition finance"**. 12 banks make no mention of "transition finance", which may therefore be implicitly included in "sustainable financing". A few banks briefly refer to transition-labeled funds or financial instruments without giving any detail.

When defined and quantified, transition finance is quite low compared to "sustainable/green finance".⁴⁷

Despite often focusing on financing the transition in their statements, the analysis shows banks are yet to build transition finance mechanisms. This work can be jumpstarted by a narrower focus on high-impact financing, starting with the phase-out of coal.⁴⁸ It could also benefit from increased regulation and binding standards.

BOX 4 - HOW BANKS DEFINE "TRANSITION FINANCE"

Banks that have attempted to define "transition finance" give vague definitions.

Barclays: "any financing including lending, capital markets, and other financing solutions provided to clients for activities (including technologies) that support greenhouse gas emission reduction, directly or indirectly, in high-emitting and hard-to-abate sectors towards a 1.5-degree pathway"

Standard Chartered: "any financial service provided to clients to support them to align their business and/or operations with a 1.5-degree trajectory"

UniCredit: financing that "supports a business transition to a low-carbon or green economy", provided that "companies have committed to reducing their carbon footprint in alignment to 1.5°C Paris agreement pathways or to net-zero emissions targets and are making the necessary investment to achieve their decarbonization goals"

Definitions of climate solutions:⁴⁹ lack of precise frameworks and few references to taxonomies

A strong focus on energy transition

Unsurprisingly,⁵⁰ when looking at climate solutions, banks focus on the energy transition (renewable energy generation, “green buildings”/ “energy efficiency”, and “low-carbon/clean transportation”). The Climate Bond Initiative (CBI) has estimated that about 80% of allocations from the green bond market between 2014 and 2023 went to the decarbonization of energy, buildings, and transport sectors.⁵¹

Only generic definitions of climate solutions

Banks do not clearly define “climate solutions” that apply to their sectoral portfolios, but they:

- Refer to the latest publications from the IEA (or other industry bodies/consultant firms) and list generic decarbonization levers and sectoral trends and insights.
- Define, often imprecisely, eligibility criteria in their Sustainable/Green Financing Frameworks, which are mostly restricted to “green” activities.
- State case studies of previous deals that account for a small portion of their portfolios.



Banks systematically fail to link the climate solutions mentioned to their own portfolios by giving a concrete and global picture of the solutions that they intend to help their clients implement, giving an overview of the local markets/their clients’ transition readiness.

A widespread mention of SDGs and no alignment with the EU Taxonomy

Banks mostly refer to Sustainable Development Goals (SDGs) in their Sustainable / Green Financing Frameworks. 3 banks also refer to the EU Taxonomy in their attempt to define eligible investments, sometimes doing a gap analysis with its Sustainable Contribution Criteria (SCC) for Climate Change Mitigation but never incorporating its Do No Significant Harm (DNSH) or Minimum Safeguards (MS). Some banks also state an aspiration to align their bonds-related frameworks with the EU Green Bond Standard (EU GBS), but none has yet done so.

Banks should transparently define climate solutions and detail different categories and underlying criteria. They should ensure unsustainable activities – including those contributing to the development or life-extension of fossil fuel infrastructure – are strictly excluded. More broadly, they should not include activities considered as non-priority (e.g. those that occupy a marginal place in the IEA scenarios). For EU banks, the EU Taxonomy can especially be leveraged.⁵²

Reduction of emissions from banks’ own operations and supply chain: partial and diverse aspirations, vague actions

A global net zero aspiration but imprecise action plans

8 banks aim to reach net zero for their Scope 1 and 2 emissions, sometimes as soon as 2025, but usually by 2030 or in 2050 to align with their general net zero commitment. 4 banks also have carbon neutrality claims. Only 4 banks specifically include Scope 3 in these claims.⁵³ These banks only vaguely describe the decarbonization levers they plan to use to achieve these objectives and never quantify their respective contribution.

Very similar strategies for Scopes 1 and 2, never quantified

All banks present the same strategies and generic actions regarding the reduction of Scope 1 and 2 emissions: office space optimization, energy-saving programs,⁵⁴ building retrofit and certification, 100% renewable energy procurement target,⁵⁵ or IT systems optimization. These actions are not sufficiently substantiated to judge their credibility or contribution to the reduction of Scope 1 and 2 emissions.

14 banks have set Scope 1 and 2⁵⁶ reduction targets. The target year is usually 2025 or 2030, and the yearly average reduction rate is around 5% per annum.

Only a partial inclusion of Scope 3 (non-3.15)

12 banks do not clearly specify which Scope 3 categories are included in their transition plans. 5 banks only mention Scope 3.6 (business travel) emissions in their Scope 3 emission reduction targets and have not disclosed linked decarbonization actions beyond general statements (e.g. “encourage employees to opt for eco-friendly transportation when possible”, “favor train over air travel”).

7 banks have set specific Scope 3 reduction targets, but 3 do not disclose the categories that are included. Intesa Sanpaolo only includes the emissions linked to paper consumption in its target. The target year is 2030, and the yearly average reduction rate is around 4% per annum.

9 banks have established specific procurement rules and 5 banks have set related targets. However, these targets are not expressed in the reduction of suppliers’ emissions but rather using “responsible procurement” requirements integrated into supplier tender evaluation grids and contracts (e.g. GHG emissions disclosure on the CDP Platform, intermediate/net zero target-setting, in-house qualification assessment).

All banks except ING⁵⁷ have recourse to carbon credits/offsets retired on the Voluntary Carbon Market to compensate for emissions from their own operations and/or supply chain.⁵⁸ Some have also launched local initiatives linked to carbon removals and nature restoration, sometimes labeled as Beyond Value Chain Mitigation (BVCM).



Reduction in bank financed emissions (Scope 3.15): only generic sectoral actions and no clear path toward decarbonization targets

General decarbonization levers and generic actions to portfolio decarbonization

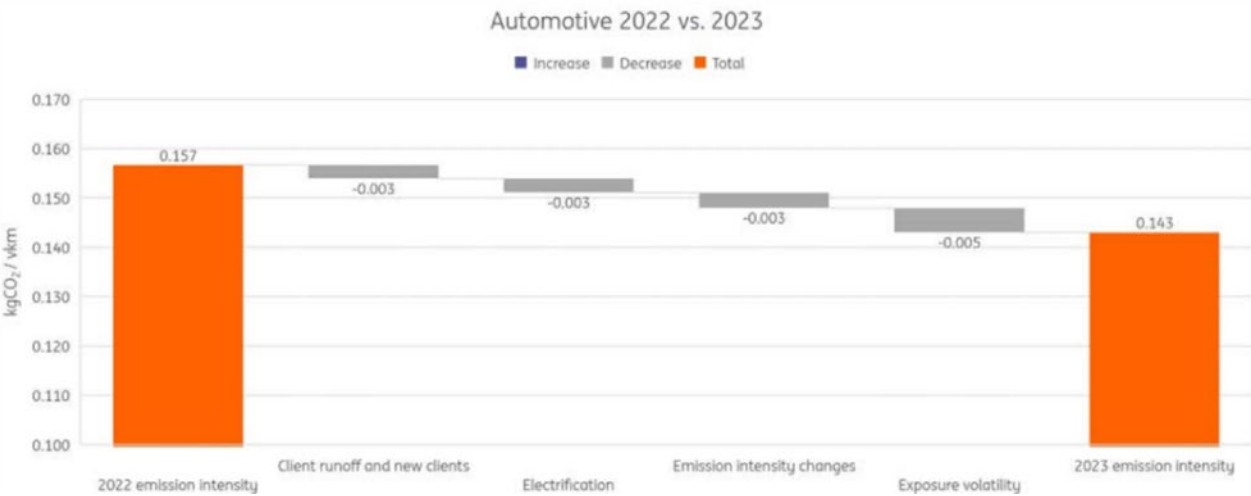
All banks include some sort of “sectoral focus” in their disclosures. These focuses can range from just a paragraph to several pages and can be divided into several parts:

1. Details on decarbonization targets (which are sometimes disclosed separately of these “focuses”, which are inserted in the part on “strategy”) with scoping of decarbonization targets, graphs, results, etc.
2. General sectoral insights and the most recent figures on decarbonization trends from widely recognized organizations (especially the IEA) or consulting firms: such a broad discussion is a “good-to-have” for transition planning. It allows stakeholders to understand the main stakes of decarbonization for each sector but it does not say much about the bank’s operations. It can also serve to “muddy the water” on its own contribution to sectoral decarbonization by moving the focus to global trends.
3. Details on the bank’s own approach for the sector: while this is relevant on paper, it is currently filled with both generic elements (e.g. “engage with most material customers on transition plans”, “actively provide tailored financial and advisory services”) and overly specific actions (e.g. partnerships with housing associations, start-up financing).

Only one bank (ING) gives more detailed explanations for the year-on-year (YoY) variations of decarbonization targets’ metrics, disclosing the result of an attribution study in graphs (see below), although not for all sectors. However, **the bank does not specify the hypotheses underpinning the attribution exercises.**



Figure 7 - Example of an attribution study

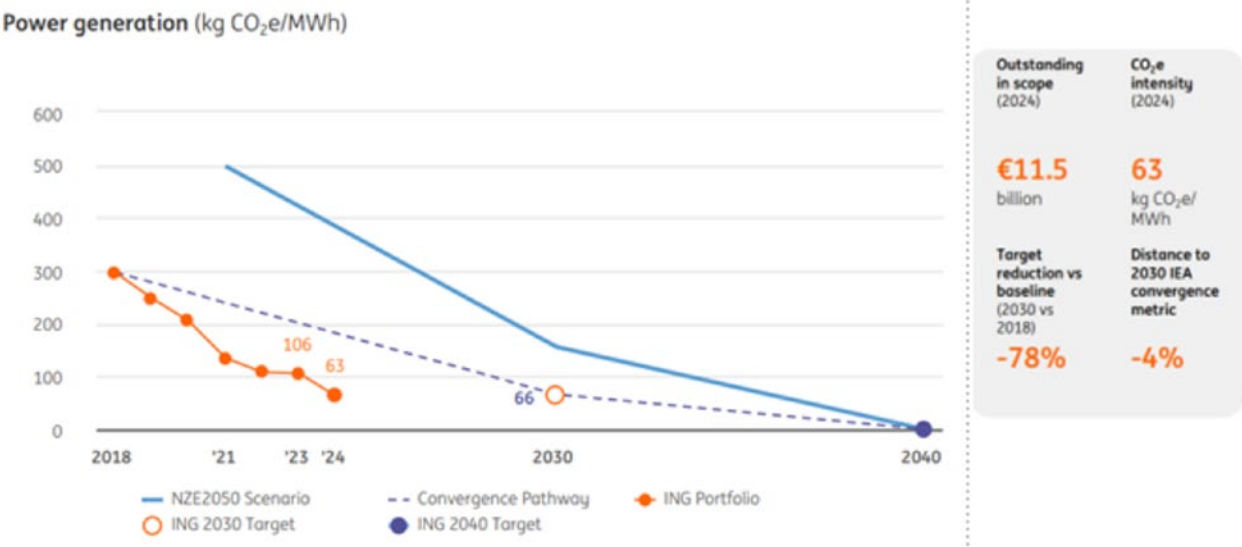


Source: ING, Climate Progress Update 2024, September 2024

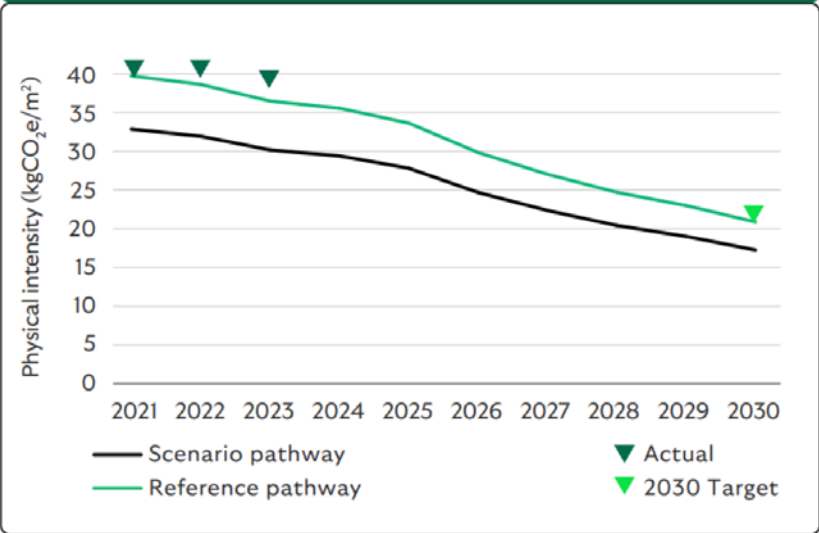
Although backward-looking attribution analyses to estimate YoY variations are necessary, forward-looking estimates of a bank's sectoral portfolio characteristics and performance are also essential. But even best-positioned banks only disclose medium-term and long-term decarbonization targets and an indicative pathway today (usually a plain straight line interpolating initial and target points).

While aligning with a 1.5°C pathway entails staying below the remaining carbon budget from now to 2050 for each sector, it is highly uncertain that it is what banks are aiming to achieve.

Figure 8 - Examples of graphs with decarbonization pathways



C&RE emissions intensity reduction 2021 to 2030



Sources: ING, Annual Report 2024, March 2025; Lloyds Banking Group, Sustainability Report 2024, February 2025

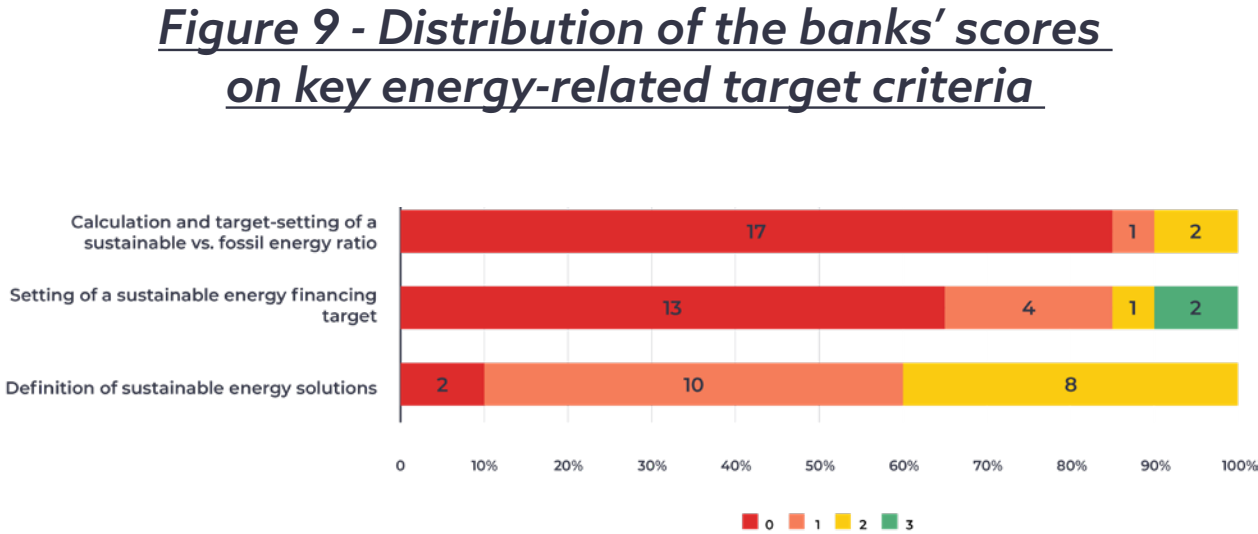
Indeed, **none of the banks analyzed disclose a “forward-looking attribution study” that shows how their planned actions will contribute to decarbonization targets.** Banks therefore need to do much more, including:

1. List concrete decarbonization levers by sector that are directly applicable and tailored to the actual specificities of their portfolios and clients (technology mix, production profile, market maturity, transition readiness).
2. Estimate the relative contribution (e.g. percentage of reduction rate) of each decarbonization lever in sectoral decarbonization targets⁵⁹ and disclose this using specific graphs.

Locked-in emissions: completely absent from banks’ disclosures

Although reporting on locked-in emissions is required under the Corporate Sustainability Reporting Directive (CSRD), **none of the banks analyzed have addressed qualitatively locked-in emissions or carried out a quantitative estimate.**⁶⁰

This finding shows **banks are yet to consider how the financial services they provide can generate GHG emissions in the medium- to long-term, including far beyond the maturation of related bonds or when loans have been repaid.** It therefore also highlights the relevance of new rules like the CSRD and prudential requirements regarding sustainability/



[3 is the highest score, 0 the lowest score]



ESG risks that push banks to surpass this form of “tragedy of horizons”.

Energy-related targets: most banks still include fossil fuel-related technologies in sustainable power solutions, and don’t define financing targets

The analysis of power-related targets covers three dimensions:⁶¹ (i) the definition/scoping of sustainable power solutions; (ii) the setting of a sustainable power financing target; and (iii) the definition of a sustainable power ratio and setting of a related target.⁶²

2 banks – Crédit Mutuel and UBS – do not define what sustainable power solutions are at all. Out of the 18 banks that give a definition, **only 3 do not include fossil fuel-related activities within the scope of energy transition solutions** (e.g. natural/fossil gas, with or without carbon capture, or hydrogen produced from fossil fuels), but they still include other unsustainable activities (e.g. bioenergy).

7 banks have clear financing targets dedicated to sustainable alternatives to fossil fuels in the power sector. However, these are often weak, short-term, and based on cumulative amounts.

Only 3 banks – BNP Paribas, Crédit Agricole, and Santander – disclose a ratio of “sustainable power finan-

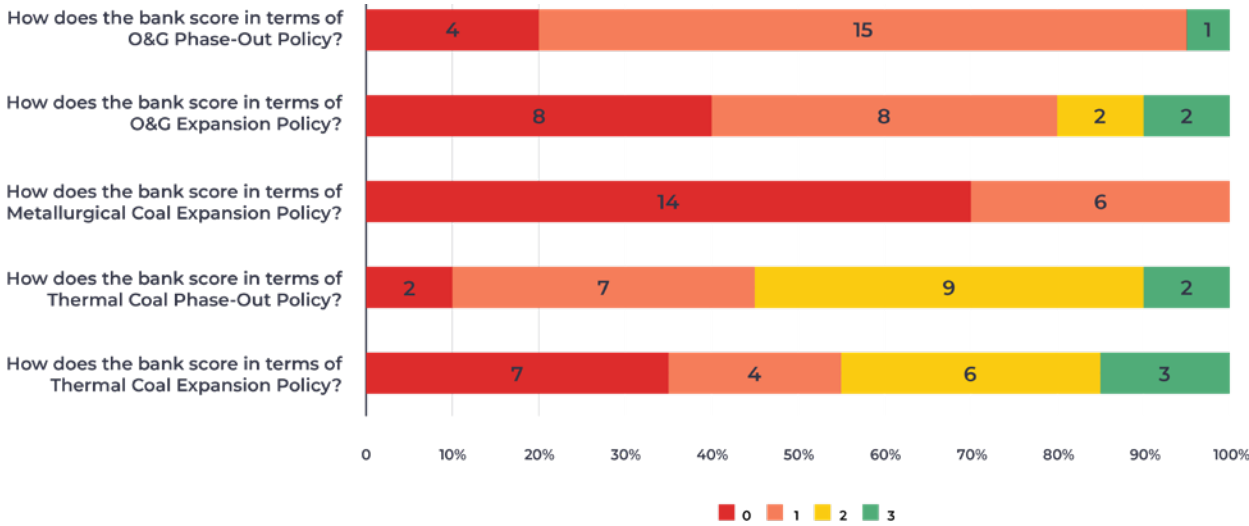
cing” vs. “fossil fuel financing”, but only BNP Paribas has set a clear 2030 target for this ratio.

Overall, this shows that despite regular claims related to the financing of renewable energy, banks are yet to shift their financing to sustainable power solutions. A prerequisite for this is the exclusion of unsustainable power generation – including all forms of fossil fuel generation – from this classification and to set ambitious and specific financing and ratio targets. Additionally, while this is not included in the rating, we note that only 3 of the banks analyzed in this report⁶³ have introduced some restrictions on financing fossil gas power. This means that banks overwhelmingly continue to finance infrastructure that blocks the energy transition.

Fossil fuel policies: some progress for thermal coal but still a long way to robust fossil fuel exclusion and phase-out policies

As a foreword, it is worth noting that all banks have some exposure to fossil fuel sectors, but that the level of exposure varies considerably between banks. Data from the 2024 Banking on Climate Chaos⁶⁴ report (which analyzes the fossil fuel financing of the 60 largest global banks) shows that total fossil fuel financing from 2016 to 2023 amounts to more than \$235 billion for Barclays, while it is much more negligible for Crédit Mutuel (\$2.8 billion) or La Banque Postale (\$0.8 billion).

Figure 10 - Distribution of the banks' scores on key fossil fuel policy criteria



[3 is the highest score, 0 the lowest score]



Table 2 - Ranking of the banks analyzed per financing to fossil fuel sectors during the 2016-2023 period

# Europe	# BOCC	Bank	Total 2016-2023 (USD mn)
1	8	Barclays	235,189
2	10	UBS	210,728
3	12	HSBC	192,221
4	13	BNP Paribas	186,793
5	22	Deutsche Bank	132,439
6	23	Société Générale	127,937
7	24	Crédit Agricole	126,779
8	26	ING	106,442
9	31	Santander	79,881
10	33	Standard Chartered	71,421
11	34	BPCE Group	70,810
12	35	UniCredit	67,343
13	39	BBVA	61,033
14	42	Intesa Sanpaolo	47,281
15	46	NatWest	27,407
16	49	Rabobank	22,794
17	50	Lloyds Banking Group	21,623
18	57	DZ Bank	12,360
19	59	Crédit Mutuel	2,860
20	60	La Banque Postale	819

Source: Rainforest Action Network et al.,
Banking on Climate Chaos, May 2024

The fossil fuel policies of the banks are never fully included in their climate reporting but are left to separate policy documents. Their climate reporting might include a mention of these policies, but this is likely to be fragmented and/or misleading (e.g. a global commitment to the phase out of the thermal coal value chain by 2030 for OECD countries and 2040 for the rest of the world, without giving exact criteria and potential loopholes).

The fossil fuel policies analyzed for this report cover thermal and metallurgical coal and oil and gas.⁶⁵ The evaluation focuses on how banks address the need to end the development of these fossil fuels and progressively phase them out.⁶⁶ Overall, the analysis shows that:

- Although significant progress has been made in terms of thermal coal policies – notably by UniCredit or Crédit Mutuel – these still need to be strengthened, especially in terms of the robustness of their coverage (e.g. inclusion of all companies in the Global Coal Exist List (GCEL), starting with all coal developers).⁶⁷ 13 banks are lagging behind, especially ING, UBS, and DZ Bank.
- Metallurgical coal is largely ignored by current coal policies, with only 2 banks – Société Générale and Lloyds Banking Group – having adopted limited criteria to restrict support to

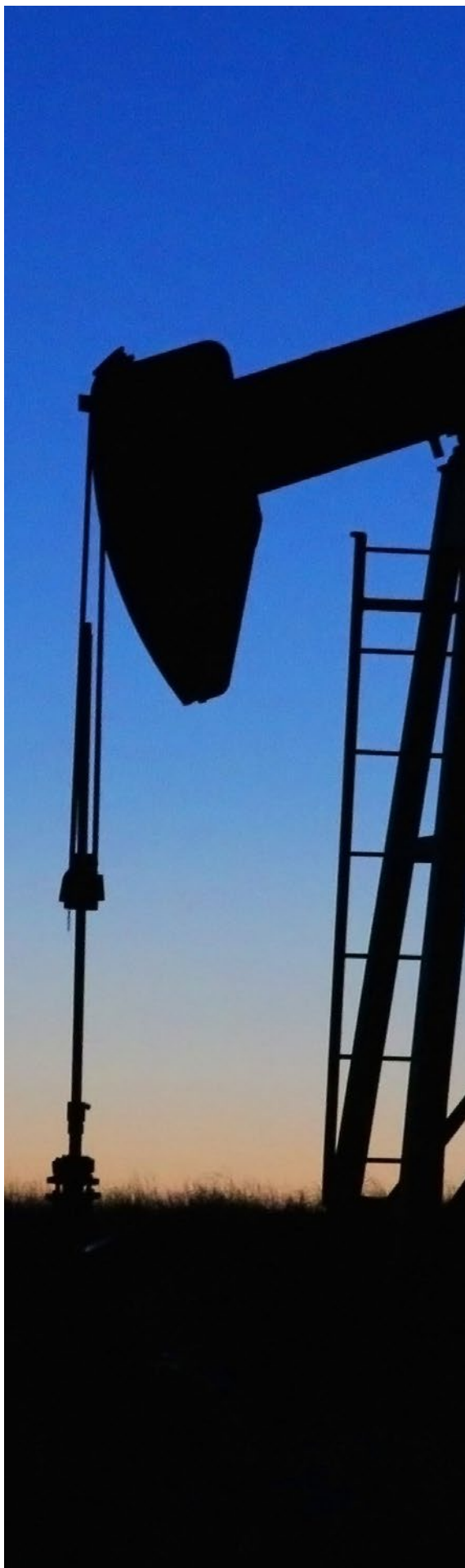
metallurgical coal mine development at both project and corporate levels.

- Regarding the oil and gas sector, policies are much more incomplete than for coal. They often amount to a partial exclusion of new unconventional projects. Worryingly, only one bank – La Banque Postale – has a robust exclusion policy for oil and gas developers, though Crédit Mutuel has recently improved its policy regarding oil and gas expansion, and BNP Paribas and Crédit Agricole have committed to stop participating in the issuance of conventional bonds for companies developing new oil and gas fields. In general, oil and gas phase-out policies are almost non-existent and mostly come down to sectoral decarbonization targets, which are mainly based on inadequate financed emissions metrics, or, for 4 of the banks, on credit exposure reduction (ING, BNP Paribas, Crédit Agricole, and Société Générale).

Coal

Thermal coal

Expansion: All of the banks analyzed have exclusion policies for project financing to new thermal coal mines or power plants, and almost all⁶⁸ have completely excluded these. However, exclusion criteria at the corporate level are often weak – not covering captive coal plants at industrial



facilities, for instance, and potentially filled with loopholes (e.g. not applicable to a financed company at the group level, to financial subsidiaries, or to companies/holdings at less than 50% of a coal project).⁶⁹ Overall, 3 banks have robust policies regarding thermal coal expansion.⁷⁰

Phase-out: 18 banks disclose general phase-out commitments (e.g. phase-out by 2030 for OECD countries and 2040 elsewhere, or as soon as 2025). But some of these only cover coal mining, not coal power, or do not make it mandatory for companies to adopt a robust coal exit plan by the same deadlines. Therefore, only 2 banks have a robust phase-out commitment (La Banque Postale and Crédit Mutuel).

Metallurgical Coal

7 banks have some kind of exclusion policy for metallurgical coal at the project level, and only 2 banks have an exclusion policy at the corporate level (Société Générale and Lloyds Banking Group). Furthermore, these exclusion policies remain largely incomplete, with corporate-level exclusions applying solely to new clients and relying on high revenue thresholds.

Oil and gas

Expansion – project level: All of the banks analyzed have somewhat restricted financing to new oil and gas field projects, but comprehensiveness is generally low and can vary

a lot. Indeed, exclusions go from a mere restriction of financing to companies that generate a certain amount of their revenue from some unconventional oil and gas sources (e.g. Deutsche Bank or UBS), up to a complete exclusion of financial services dedicated to oil and gas upstream projects and all midstream projects (La Banque Postale).

Expansion – corporate level: Only 4 of the banks analyzed⁷¹ have adopted a specific approach for companies developing new conventional oil and gas fields. One other bank also has restrictions, but these are limited to the development of new unconventional fields, such as tar sands. Only La Banque Postale has policies that ends the financing of companies developing oil and gas fields. Crédit Mutuel also adopted meaningful restrictions for these companies, but is yet to close remaining loopholes.

Phase-out: Only 1 bank has made a real commitment regarding oil and gas sector phase-out (La Banque Postale), while others only use decarbonization targets.

Clients' transition plan assessment: a spreading practice, but with diverse methodologies and levels of maturity

Out of the 20 banks in the analysis, 12 have developed a proprietary methodology for the assessment of their clients' transition plans, 6

are either in the process of developing or testing such a system or are only using it within one of their entities (e.g. Asset Manager) or for one sector (e.g. oil and gas), and 2 have no public plans for such a system of assessment.

These assessment tools are usually focused on high-emitting sectors covered by a decarbonization target and on large/mid-cap corporate clients. If banks tend to disclose the number of clients analyzed during the reporting year or a cumulated amount, most don't indicate what it represents as a share of their sectoral portfolio. Most transparent banks disclose the results of their assessment for each sector, but some do not divulge any results at all.

These systems are generally four or five-tiered and draw upon existing frameworks (e.g. TCFD, Transition Plan Taskforce (TPT), Glasgow Financial Alliance for Net Zero (GFANZ), Climate Action 100+ (CA100+), Transition Pathway Initiative (TPI), United Nations High-Level Expert Group (UN HLEG), etc.). They incorporate themes such as: (i) quality and transparency of reporting; (ii) metrics and targets (ambition and credibility); (iii) implementation strategy (CAPEX alignment, stakeholder engagement strategy); (iv) governance; (v) alignment with the bank's requirements (sectoral policies and decarbonization targets). Social (just transition, or economic inclusion) aspects are some-

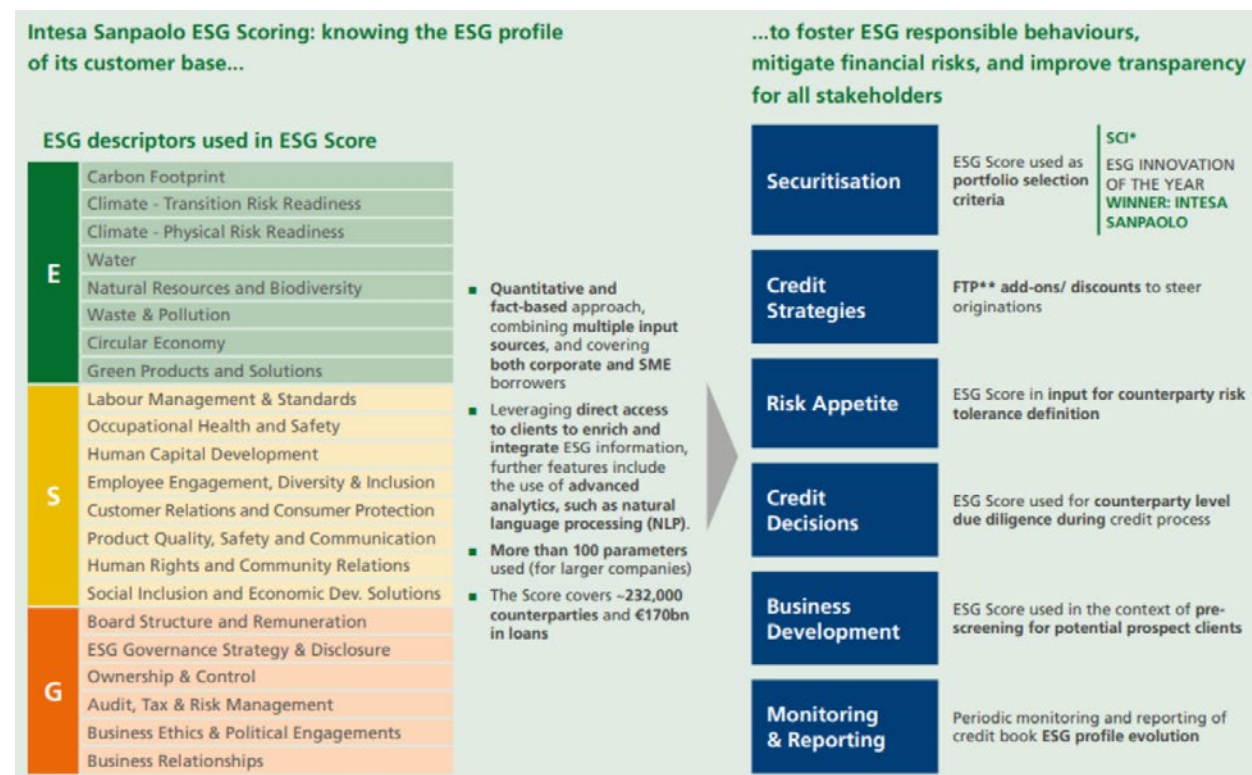
Figure 11 - Examples of client transition assessment systems

TRANSITION RISK INDICATOR (TRI) as a key input for each Sector Plan that allows tierization of customers and tailor made advice



... combined with customer ratings, it allows the application of **CREDIT POLICIES** at customer level

Transition Risk Indicator	
ADVANCED	Potential increase in share of business with top rated customers
ROBUST	
MODERATE	Qualitative assessment for the decision-making process
POOR	Engagement plan Risk mitigation initiatives



Sources: BBVA, 2023 Report on TCFD; Intesa Sanpaolo, 2023 Climate Report, March 2024

times added to the assessment or are planned for later versions. The precise criteria used are often not disclosed (and never with enough detail to formulate a precise opinion with regard to their relevance) and can vary significantly.

The results of the assessment of client transition plans usually feed into risk management practices (e.g. definition of KPIs in a risk appetite statement (RAS)), credit decisions and strategy, pre-screening, and sometimes exclusion policies. None of the banks analyzed has set a related target (e.g. portfolio coverage target (PCT) recommended by the Science Based Targets initiative (SBTi)).

Risk and opportunity assessment: the most developed theme by banks containing more prescriptive guidance, but still not complete homogeneity

Risk management is one of the most developed topics in the disclosure of banks. This is not surprising as considerations around financial materiality and supervisory expectations (e.g. ECB⁷², EBA ITS on Pillar III⁷³) regarding climate-related prudential risks have risen in previous years. All banks studied have participated in climate stress tests⁷⁴ and conducted yearly internal exercises.⁷⁵ However, as observed by the European Central Bank (ECB) in its third review of climate-related

and environmental risk disclosure practices and trends,⁷⁶ while the majority of banks “now disclose at least basic information for most of the expectations”, “the quality thereof remains low and is unlikely to provide market participants with insights on which they can act”. In general, we note that:

- Bank disclosures vary significantly in terms of length and transparency. 5 banks give a more detailed assessment of credit risk. 4 banks also give information on climate-related physical (flooding) risks for real estate assets.
- Many elements from climate risk disclosures are generic (e.g. drawn directly from supervisory guidance). Risk assessments are also often limited to certain financial services or sectoral portfolios. The linkage with the overall business strategy is limited.
- All the banks analyzed adopt a similar approach. However, some differences emerge on: (i) the scenarios⁷⁷ and tools used; (ii) the categorization of principal risks; (iii) time horizons; and (iv) risk appetite metrics.
- From a governance perspective, 5 banks clearly state the three “lines of defence” (LODs)⁷⁸ enshrined in the Basel framework.⁷⁹ Board-level oversight of risk management is frequently stated but not duly substantiated. It’s not clear to which degree risk management

teams benefitted from awareness-raising or training programs on climate-related topics.

Risk appetite statement (RAS) metrics are far from systematically disclosed.⁸⁰

9 banks clearly present a risk assessment matrix ("heatmap"), with the estimates of impacts of climate-related physical and transition risks on principal financial risks (credit, market, liquidity, operational, compliance, reputational, strategic). About half of banks also disclose aggregated risk metrics for specific portfolios (e.g. percentage of wholesale credit portfolio exposure at default (EAD) from climate-related physical risks). However, the connection between non-financial and financial principal risks or characterization of transmission channels is often too general and fuzzy, and the underlying hypotheses that are effectively used are not disclosed.

According to the analysis of the banks, the most material source of risk comes from the effect of transition risk on credit risk in the medium- and long-term.⁸¹ Other environmental risks are rarely addressed, with only 3 banks (La Banque Postale, BBVA, and UBS) including in the same section some estimate of nature (biodiversity)-related physical or transition risks.

In general, the banks do tackle opportunities related to the climate transition for their activities but only give lists of examples for each sector or business line, failing to show how the transition may favorably affect their strategy overall. These analyses sometimes include surprising conclusions, considering for example "the electrification of the oil and gas sector" as a major opportunity.

C. ENGAGEMENT STRATEGY: NO TEETH TO ENGAGEMENT

Due to their activities, banks have a cross-sectional view of the economy and are in contact with a wide variety of stakeholders. These include other financial institutions, trade associations, policymakers, civil society organizations (CSOs), and of course their clients (corporates and individuals). Naturally, banks build relationships with their customers, which may take various forms: commercial (relationship managers, sales pitches for new products and services), compliance («know your customer» process), risk (credit risk analysis), etc. They therefore have significant levers to influence the behavior of others and to drive them toward climate action. When they have sufficient oversight over their clients, they can take advantage of their close relationship and leverage on financing conditions to ensure companies

reduce their emissions at a pace coherent with their own commitments. Simultaneously, banks wield significant influence on policymakers, directly and through their representative bodies. They should use it to drive increased ambition and key pieces of climate law, and to cut any support to bodies that lobby to weaken existing legislation and block climate action.

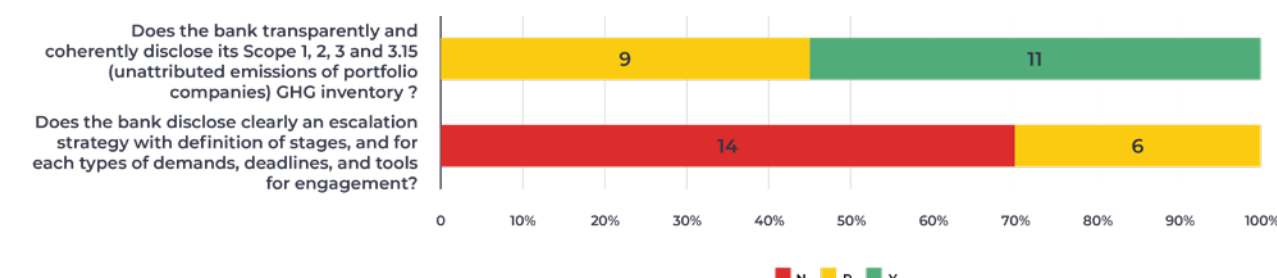
Yet, our analysis shows that the theme of engagement is often absent from banks' climate strategies. Banks tend to focus solely on the provision of "sustainable" products or advisory services, forgoing all other levers at their disposal to move their customers. Even when they do provide some additional information on customer engagement, the outcomes are not tracked, and no escalation strategy is put in place.

At the same time, banks fail to ensure their public advocacy activities and those of the organizations they belong to are aligned with their climate transition plans and related commitments.

Lobbying activities: the same lists of climate-related initiatives, but no systematic inclusion in trade associations and other lobbying activities

All banks disclose a list of the organizations, institutions, partnerships, and initiatives to which they belong.⁸² These initiatives cover a wide range of topics and objectives but are relatively loose organizations that lack compliance mechanisms. Concretely, most of them do not set specific requirements for members, and when they do

Figure 12 - Distribution of the banks' scores on key reporting and engagement criteria



so they are vague or not subject to enforcement. It is therefore impossible to measure the impact of these initiatives and individual bank memberships. Furthermore, as the recent exodus of North American banks from the NZBA has shown, involvement in these initiatives ultimately depends on the goodwill of financial institutions that can leave at any time.

No bank transparently mentions the trade associations⁸³ to which it belongs, instead, these can usually be found in separate specific documents. Furthermore, banks fail to link these memberships with their climate-related commitments. This is a major gap, as trade associations are heavily involved in political discussions and often push back on new environmental regulations for the financial sector. This opacity is reinforced by the fact that banks give only vague indications of how they individually engage policymakers to push for “enabling policy environments” (with recommendations for different sectors) without giving information on the means used.

Additionally, not a single bank discloses how climate-related topics are concretely integrated into its advocacy activities, for example, with metrics related to expenditures, number of meetings with policymakers, the topics covered, etc.).



Client engagement: advisory services and sustainable products but no engagement to push for real change

Bank client engagement strategies range from non-existent to limited. Overall, 7 banks hardly refer to client engagement. For the 13 banks that do, these elements are – like many other topics in their disclosures – generic and insufficiently substantiated.

Climate-related customer engagement activities considered by banks include:

1. To collect climate-related information on clients, for instance through “questionnaires” and “data collection platforms”.
2. To “engage clients on their climate transition plans and decarbonization targets”.
3. To provide a “sustainable products catalog” and “transition financing”.
4. To provide “advisory services” (e.g. carbon footprint calculator, sectoral or market insight).
5. To provide information and “raise awareness of” customers (e.g. newsletters, one-on-one meetings, collective meetings, outreach events, and presentations).
6. To collect feedback (e.g. client satisfaction, brand reputation assessment, focus groups).

These activities fit into the categories for client engagement identified by the Carbon Disclosure Project (CDP).⁸⁴ However, they're rendered nearly meaningless by the following shortcomings:

- These actions are generic or not described in detail. As they are most often only briefly mentioned, they do not enable stakeholders to assess their relevance. The rare concrete actions identified come with a narrow scope,⁸⁵ especially compared to the size of the banks' activities.
- The scope of engagement actions – including how customers

are selected and engagement is prioritized – is unclear. Only 5 banks partially define which business segments are engaged, while more than half of the banks give at least some indication of the criteria used for engagement.⁸⁶

Overall, only ING discloses a more comprehensive engagement decision tree (see below), though this still omits parts of the bank's clients (since ING's "Terra methodology" encompasses only a limited number of sectors).

- The outcomes of engagement are not disclosed⁸⁷ or measured.

In fact, very few KPIs are used by banks to track engagement activities, while these KPIs are not related to the impact of engagement and are only available for the reporting year. For example, banks can report on the number of customers visited, "sustainability pitches", or "customers contacted through ESG advisory".

- Only 6 banks allude to an escalation strategy, with no bank having the beginning of a complete strategy. The termination of commercial relationships is hinted at by 6 banks, but conditions for it are not clearly defined.⁸⁸ Instead, despite the manifest absence of a sound engagement strategy, banks such as Santander include general statements on the fact that divestment is counterproductive and that engagement must be preferred.

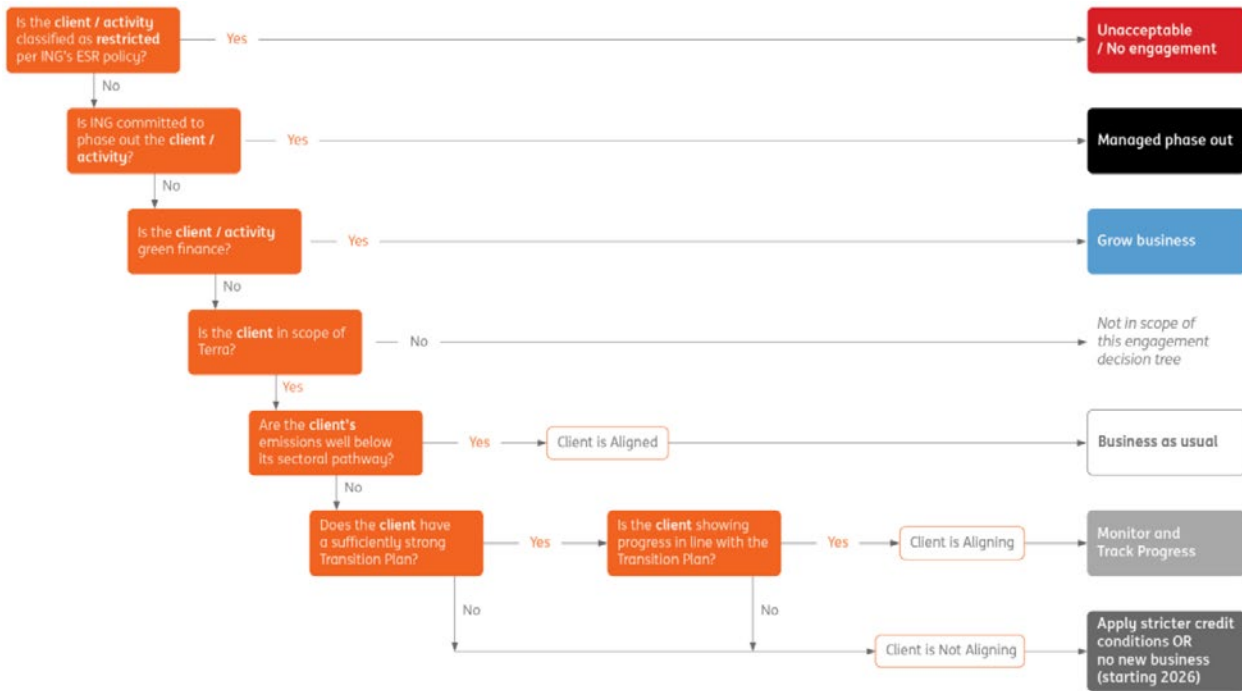
We stress that any client engagement strategy should rely on a robust escalation strategy. This notably means defining the goals of engagement, associating them with timebound milestones and key action levers, including levers to restrict commercial relationships with, and/or to penalize customers when goals are not met. We note that the European Banking Authority (EBA) recently acknowledged the need for an escalation strategy in bank engagement.

D. REPORTING AND GOVERNANCE: SPARSE METRICS AND INSUFFICIENT ACCOUNTABILITY

Reporting and governance have been the early focus of initiatives and political demands related to environmental and social action in the corporate sector, especially in the financial sector. To be able to understand and follow the impact and risk exposure of banks and to enable these to be managed, thorough reporting and governance processes are needed. However, as the long history of reporting and governance initiatives has shown, this alone does not provide any guarantees regarding the improvement of environmental and social impact or climate action.

Reporting and governance are where banks score the highest in our analysis. This is a logical result of the longstanding history of reporting requirements and initiatives, but also a consequence of the criteria used in our methodology to assess reporting and governance. Indeed, here the grades are based on a smaller number of criteria and these criteria are mostly qualitative and assessed on a "yes/no" basis. In other words, it is easier for banks to obtain points on reporting and governance by simply disclosing information, even though the practices they underpin remain difficult to assess.

Figure 13 - Example of engagement decision tree



Source: ING, Climate Progress Update 2024, September 2024



The climate-related documents of the banks analyzed are more like annual disclosures than actual transition plans. Most of the information they provide is anchored in the present, with little presentation of historical data and even fewer projections of future data estimates. The governance framework is relatively well described by banks, even if it is not always easy to establish responsibility for the strategy and its implementation. For most banks, remuneration policies include ESG criteria but are often unrelated to the material actions related to a bank's climate strategy. Finally, information on the training provided to relevant employees remains too fragmented and imprecise, often amounting to awareness-raising actions.

Reporting: annual disclosures with little historical data and hardly any projections

Heterogeneous levels of reporting, with a focus on reporting year

All banks disclose emissions inventories in their climate-related disclosures. However, these are often⁸⁹ partial regarding: (i) emissions from own operations and supply chain (e.g. only a few categories of Scope 3 non 3.15); and (ii) financed emissions (e.g. not disclosed at all, or only for sectors with a target). 2⁹⁰ banks that have not yet released their CSRD-compliant Sustainability Statement do not disclose

Scope 3.15 emissions, but just a calculation of a global carbon footprint. Banks that disclose Scope 3.15 emissions for the first time in their CSRD reporting only present aggregates of financed emissions (and when relevant insurance-associated emissions). However, financed emissions should at least be disclosed for each carbon-intensive sector for which a decarbonization target was set, and preferably for all most material carbon-intensive sectors. Banks should also carry out attribution analyses and disclose other metrics as recommended in Reclaim Finance's brief on Financial Institutions' Transition Plans.⁹¹

Banks report on the metrics that they monitor and/or for which they have set a target, even if this reporting is sometimes piecemeal and fragmented. Divulging a separate "ESG data pack" spreadsheet with all related data categorized by theme is best practice, and is mainly seen with British banks.

Furthermore, banks insufficiently disclose historical data for GHG emissions and decarbonization targets. They do not disclose any historical data for other relevant metrics related to their targets. Reporting continues to focus on the reporting year, making any assessment of progress challenging.

No mention of responsibilities and/or modalities for reviewing climate plans

Only 2 banks clearly lay out the responsibilities or modalities (frequency, conditions) for reviewing their report. Responsibility for and date of review of ESRS E1-1 ("Transition plan for climate mitigation") is generally briefly mentioned in CSRD-compliant Sustainability Statements. This suggests these reports are simply an annual financial disclosure exercise and not a transition plan that requires a strategic planning process.

Governance: limited evidence of board oversight and insufficient climate-related remuneration incentives schemes

Roles and responsibilities: similar organizational frameworks and unclear picture of oversight of high-level management regarding climate strategy implementation

Banks have very close three-layered governance schemes: (i) supervisory board and related committees; (ii) executive management and related committees; and (iii) business units and functional departments. However, their organizational setup and related reporting differ:

- Some banks give more detailed information on their governance structure with exhaustive diagrams, while others disclose only summary elements. Only 1

bank (Crédit Mutuel) does not provide enough information regarding its climate-related organizational framework.⁹²

- 8 banks weakly demonstrate that climate strategy governance is embedded at the highest hierarchical level. This is especially the case when there is no dedicated board-level committee and when no information is disclosed about meeting frequency, topics discussed, etc.
- 4 banks have created specific "umbrella" committees and departments to implement their sustainability strategy. They do not provide enough information to assess whether these bodies have sufficient capabilities or leverage to do so.⁹³
- Meeting frequency of board committees on ESG topics ranges from 4 times (Barclays' Board Sustainability Committee) to 24 times (ING) per year, suggesting major differences in the degree of involvement of the board.

Remuneration incentive schemes: key performance incentives weakly linked to the banks' climate objectives

Banks can include climate-related incentives for their executives in the variable part of their: (i) annual reward; and (ii) long-term incentive plan (LTIP). These can also impact the annual rewards of other employees.

Most banks include ESG-related KPIs.⁹⁴ Only 1 bank does not use any ESG-related variable remuneration scheme (Crédit Mutuel). But, while "ESG-related KPIs" can make up to 40% of the variable remuneration, "climate-related KPIs" alone hardly exceed 20% (for 5 banks) and are often below 10% (for 8 banks). ESG-related KPIs can relate to a variety of indicators, which are more or less weakly linked to the banks' climate strategies.⁹⁵

Globally, transparency is lacking in remuneration incentive schemes concerning:

1. **The scope.** Except for the naming of executive management

members, most banks insufficiently disclose the scope of the scheme. 6 banks state that they extended an ESG-related incentive scheme to other employees, but usually without giving information on the extent (e.g. percentage of employees, percentage of senior management, etc.).

2. **The definition of and rationale for selected indicators.** Many indicators are vague and undefined. 4 banks do not disclose the ESG-related KPIs used at all. KPIs are often not linked to the most material targets and objectives in a bank's climate strategy.



Skills and competencies: often missing from climate strategy, with a focus on basic climate knowledge and risk management

16 banks give relatively detailed information on the ESG training provided to their personnel, while 4 either do it insufficiently or hardly make any mention of it. Only 1 bank (La Banque Postale) has a clear objective related to climate training.⁹⁶

Training themes range from basic awareness-raising on climate-related and ESG issues, sustainability risks, and climate disclosures, to specific themes relative to the bank's operations.⁹⁷ For 7 banks, implemented training has a strong focus on climate-related risk analysis.

Overall, information on training activities is patchy; KPIs⁹⁸ are not systematized for each activity nor monitored over time, and these activities are not integrated coherently into the climate strategy.

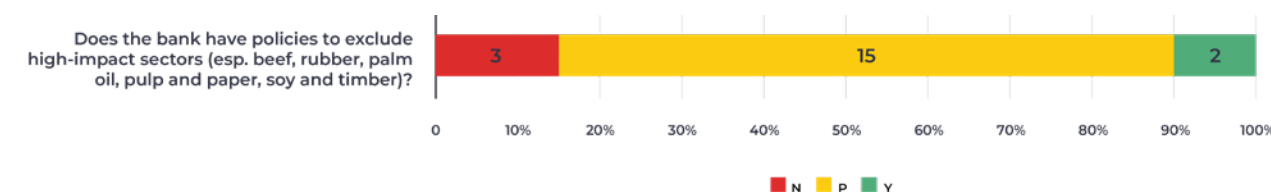
E. JUST TRANSITION AND BIODIVERSITY: BACK SEAT THEMES, LARGELY IGNORED IN CLIMATE DISCLOSURES

Climate transition plans logically focus on GHG emissions and the actions and steps that must be taken to reduce them. However, their consequences, compatibility, and

interlinkages with the protection of natural ecosystems as well as their social and human impact must also be considered. Furthermore, it is now largely acknowledged that financial institutions have an impact on nature and are exposed to nature-related risks. Therefore, our analysis also looks at how banks are integrating the need for a just transition and protecting nature into their transition plans. As these issues are only marginally covered in the currently available methodologies and represent relatively novel areas for financial institutions compared to climate, the analysis only explores key commitments and actions, without grading banks on a full "nature transition plan".

The analysis first shows a very low level of preparedness to address nature degradation. Banks often adopt financing restrictions that aim to reduce negative environmental impacts, particularly targeting sectors with a high risk of deforestation. However, these policies remain limited in their scope and requirements and are not substantiated by the disclosure of their exposure to the different sectors. Banks are yet to analyze from a double materiality point of view the nature-related impacts and dependencies or risks and opportunities (DIROs) of the sectors they finance, or to integrate the objectives of the Kunming-Montreal Global Biodiversity Framework (KM-GBF) into their planning.⁹⁹ Beyond nature and bio-

Figure 14 - Distribution of the banks' scores on key just transition and biodiversity criteria



diversity, the analysis also reveals that banks' climate strategies do not account for just transition aspects, and even regularly simply ignore the subject.

Harmful activities and soft commodities: partial, incomplete, and unsubstantiated policies

Similar and generic policies aimed at preventing environmentally harmful activities

17 banks¹⁰⁰ have either a separate environmental and social risk (ESR) framework or specific "Forestry and/or Agricultural Commodities" statements/policies. All banks with these documents refer to the general restrictions of financing to counterparties whose activities "may affect" the following "sensitive zones": (i) World Heritage Sites; (ii) International Union for Conservation of Nature (IUCN) I-IV (seldom only I-II or I-VI) protected areas; and (iii) Ramsar Convention Wetlands.

They can also include Key Biodiversity Areas (KBAs), High Conservation Value (HCV) areas and forests (as per the FSC's definition), Alliance for Zero Extinction sites, Man and Biosphere Reserves, or other nationally protected and preserved areas and peatlands.

However, the language of these policies is often too concise and sometimes weak with:

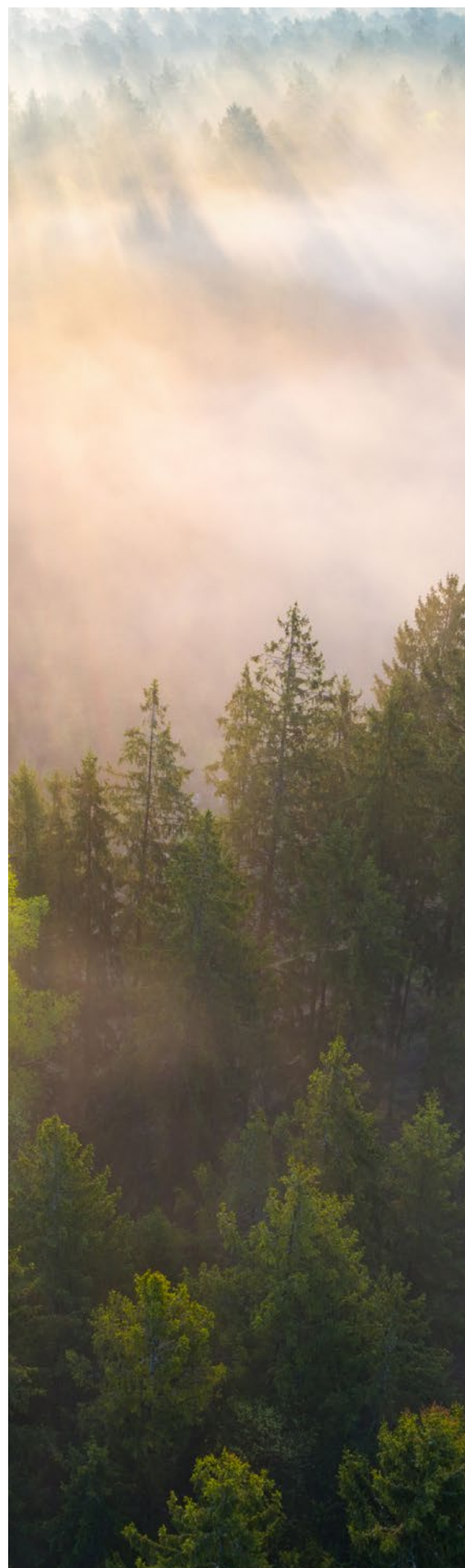
- No definition of vague terms, be it in terms of quantification of impacts (e.g. "potentially impacting", "significantly affects", "put at risk", etc.) or definition of areas in the scope of policies ("adjacent area", "in close proximity to", etc.).
- "Enhanced due diligence" used instead of strict restrictions of financing even when risks are proven.
- Exceptions and loopholes, such as exemptions for activities that date back to before the classification of the area.

Partial coverage of policies on soft commodities, and weak language overall

None of the banks analyzed have set specific and comprehensive policies and demonstrated that it adequately manages related risks (which includes disclosing geographical exposure and data on transaction screening) for all six commodities that have the most impact on deforestation, i.e. palm oil, soy, timber, pulp and paper, beef, and rubber. Palm oil is the soft commodity for which most banks have policies (all 17 banks include it, although they may not always have specific criteria), along with forestry products (i.e. timber, wood pulp, and paper; all banks), soy (14 banks), and beef (11 banks). Most policies then refer to widely adopted standards and certifications for each of the covered commodities¹⁰¹ and 1 bank (La Banque Postale) refers to the alignment of its policy with the European Union regulation on deforestation and forest degradation (EUDR).

These policies are very often plagued with the same flaws and limitations that were observed for targets and engagement strategies, including:

- Vague and/or non-binding language, with banks tending to use ambiguous wording around the demands they set for their clients. For example, banks: “expect their clients” to be cer-



tified, “require” them “to be a member [of Roundtables, not have operations certified]”, or/ and “to commit publicly” or to present “credible time-bound plans” to get certified (without defining “credible” or “time-bound”). Banks also often accept “equivalent certifications” beyond the ones listed. Finally, none of the banks analyzed has set up an escalation strategy regarding clients.

- Partial scope, with most policies only covering local production in “high-risk geographies” (e.g. Forest500 List), and often very partially soft commodity supply chains.¹⁰²
- Insufficient attention to human rights, land tenure, and other social issues, with banks only referring to generic International Labor Organization (ILO)-related requirements (e.g. child/forced labor), or free, prior, and informed consent (FPIC) requirements.

Worryingly, no bank discloses its exposure to different commodities, or how its policies are applied in transactions, screening, and portfolio management (e.g. percentage of certified clients and exposure). This can be supplemented by the Banking on Biodiversity Collapse report,¹⁰³ which finds that Santander, Rabobank, and BNP Paribas are significantly exposed to companies of forest-risk commodity sectors

operating in South America.¹⁰⁴ As the policies of these banks on nature are relatively more developed than those of most of the other banks analyzed, it is clear that there are major gaps in bank policies. This highlights the importance of having comprehensive quantitative data on the financial services provided to companies at risk.

Additionally, we note that Global Canopy’s Deforestation-Free Finance (DFF) Roadmap¹⁰⁵ is structured in five phases: (i) mapping risks; (ii) setting an effective policy and managing risk; (iii) monitoring and engagement; (iv) disclosing; and (v) eliminating deforestation. All banks fail to carry out all these steps, in particular concerning transparent disclosure.

Nature and biodiversity: a few incipient initiatives as guidance emerges

Only 4 banks (La Banque Postale, ING, Rabobank, and BBVA) seem to have made “concrete progress” on integrating nature into their disclosures, while 8 banks have started taking preliminary steps towards this goal and 8 banks have near to nothing in this respect.

“Concrete progress” includes having completed a full-fledged¹⁰⁶ and detailed impact and dependencies assessment, with disclosure of the results. Banks that have started to undertake an impact/dependency

assessment (including pilots) mostly refer to the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool, and sometimes also to the Science Based Targets Network (SBTN) materiality screening tool or the Global Biodiversity Score (BIA-GBS) tool from Carbon4Finance and CDC Biodiversité.

Yet there is a need for caution on the value of these high-level indicators and their translation into policies, notably when they are used instead of robust financing restrictions for environmental degradation risks. These sector-based analyses give a useful but coarse overview of transition risks since they usually consider global sector classifications without considering location. As such, these methodologies are too broad to identify specific financial services misaligned with biodiversity targets and can rather be used as a primary screening tool to give indications on which sectors to prioritize for further investigations.

Two banks (ING and La Banque Postale) consider country-level data¹⁰⁷ and have a stated ambition to increase granularity by directly analyzing the activities of each counterparty with a high level of impact or dependency on nature. Such measures are best practices and potentially can deliver meaningful impact if they are associated with robust restrictions for high-impact commodities and companies.

Additionally, some banks also make detailed assessments on specific themes, such as water stress. So far, the use-



fulness of these isolated assessments and how it is reflected in the banks' operations is unclear.

Just transition: a general disregard and absence from the banks' climate disclosures

No bank shows adequate proof that it incorporates the theme of "just transition" in its climate-related strategy. Some banks show some awareness of social impacts – often by simply listing initiatives and partnerships labeled as "inclusive" – but fail to directly link these with climate objectives. La Banque Postale manages to link climate and just transition more convincingly than its peers, for instance with a product offering that combines climate action and social inclusion,¹⁰⁸ although this link is not made for essential aspects of its climate strategy. Lloyds Banking Group includes just transition-related considerations in each sectoral focus and also makes a point to link social and climate issues in the housing sector.

14 banks only state or dedicate a single paragraph to the topic of just transition in their climate reporting, while 3 banks make no mention of it at all (including BPCE Group and DZ Bank). This suggests that "just transition" is used mostly as a buzzword, without it being a tangible ambition. This also calls into question the use of misleading "just transition" arguments by some banks to justify the continued support of highly polluting projects and companies.

BOX 5 - ZOOMING IN ON FRENCH BANKS

This report includes six French banks (BNP Paribas, BPCE Group, Crédit Agricole, Crédit Mutuel, La Banque Postale, Société Générale). The average global score of French banks is 45/100.

Among them, la Banque Postale stands out as the bank with the most coherent decarbonization strategy. The bank takes the lead thanks to robust fossil-fuel exclusions and phase-out policies, as well as being more proactive than its peers on just transition and biodiversity-related themes.

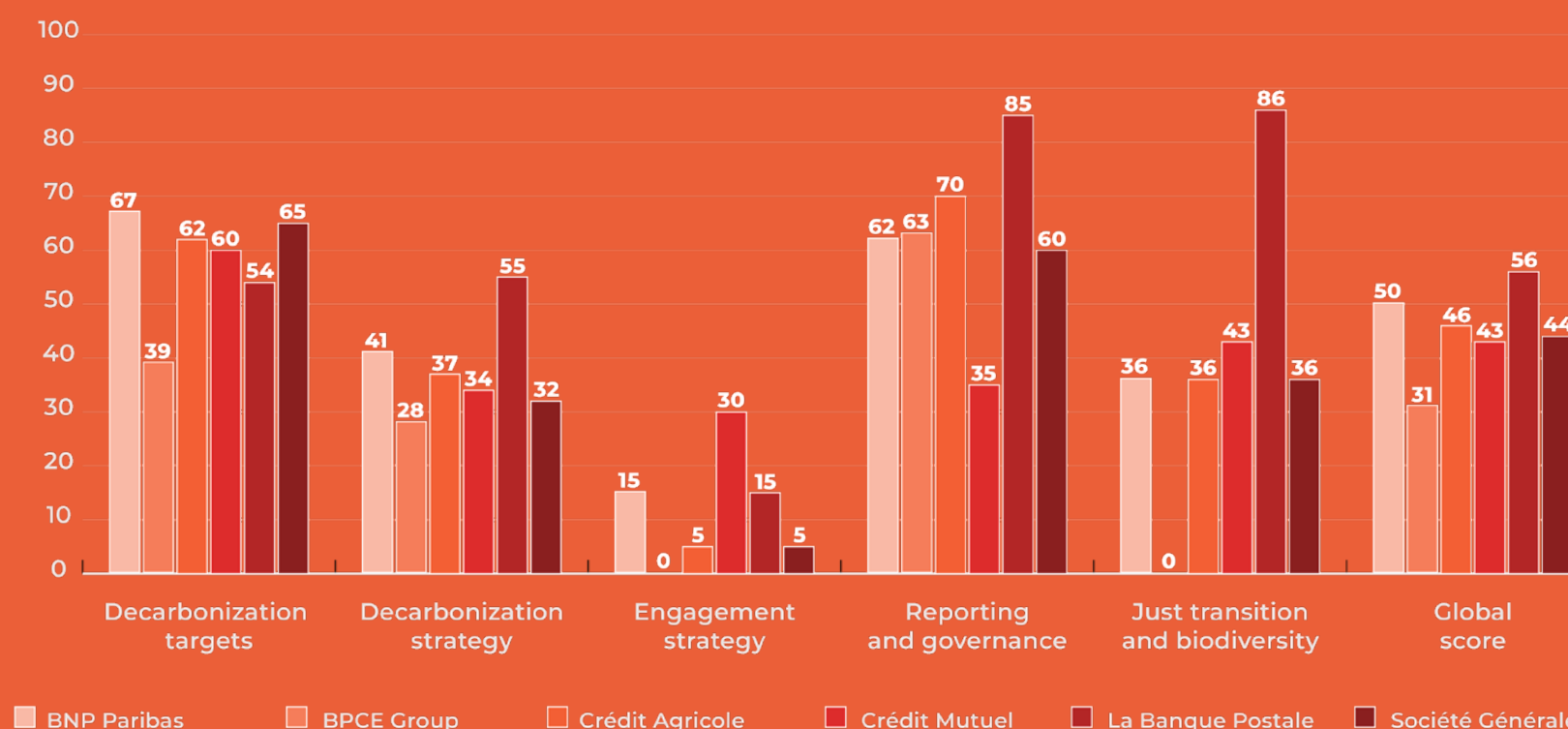
BNP Paribas and Crédit Agricole score under 50/100 but display some good – though still very partial – practices, such as not participating in conventional bond issuances of fossil fuel developers. They notably fail to follow La Banque Postale when it comes to establishing relevant decarbonization strategies – including regarding fossil fuels – and policies on just transition and biodiversity.

BPCE Group is among the last-ranking European banks analyzed. It lags significantly behind its peers, with a global score of only 31/100 compared to 44/100 and 44.7/100 for the second

and third lowest scoring French bank (Crédit Mutuel and Société Générale). This score reflects a global lack of ambition and transparency, very limited fossil-fuel-related policies and a disregard for just transition and biodiversity-related themes (0/100 on this thematic pillar). This is exemplified in the fact that BPCE has the weakest coal, oil and gas exclusions in the French banks analyzed and is one of two French banks (with Société Générale) to have no exclusion criteria for companies developing new oil and gas production.¹⁰⁹

Overall, and despite some positive notes, all French banks' climate strategies are found to be insufficient, and they must ramp up their efforts and increase the transparency, coherence and ambition of their respective climate strategies. We also note that French banks are not used to providing elements on engagement, which seem to be seen mainly as an issue for asset managers and is more covered by their British peers.

Figure 15 - Average scores among French banks



BOX 6 - ZOOMING IN ON BRITISH BANKS

This report includes five British banks (Barclays, HSBC, Lloyds Banking Group, NatWest, Standard Chartered). These five banks are of different sizes, with only HSBC, Barclays, and Standard Chartered being Global Systemically Important Banks (G-SIBs), and Lloyds Banking Group and NatWest seemingly more locally rooted and with less international exposure. The average global score for British banks is 43/100.

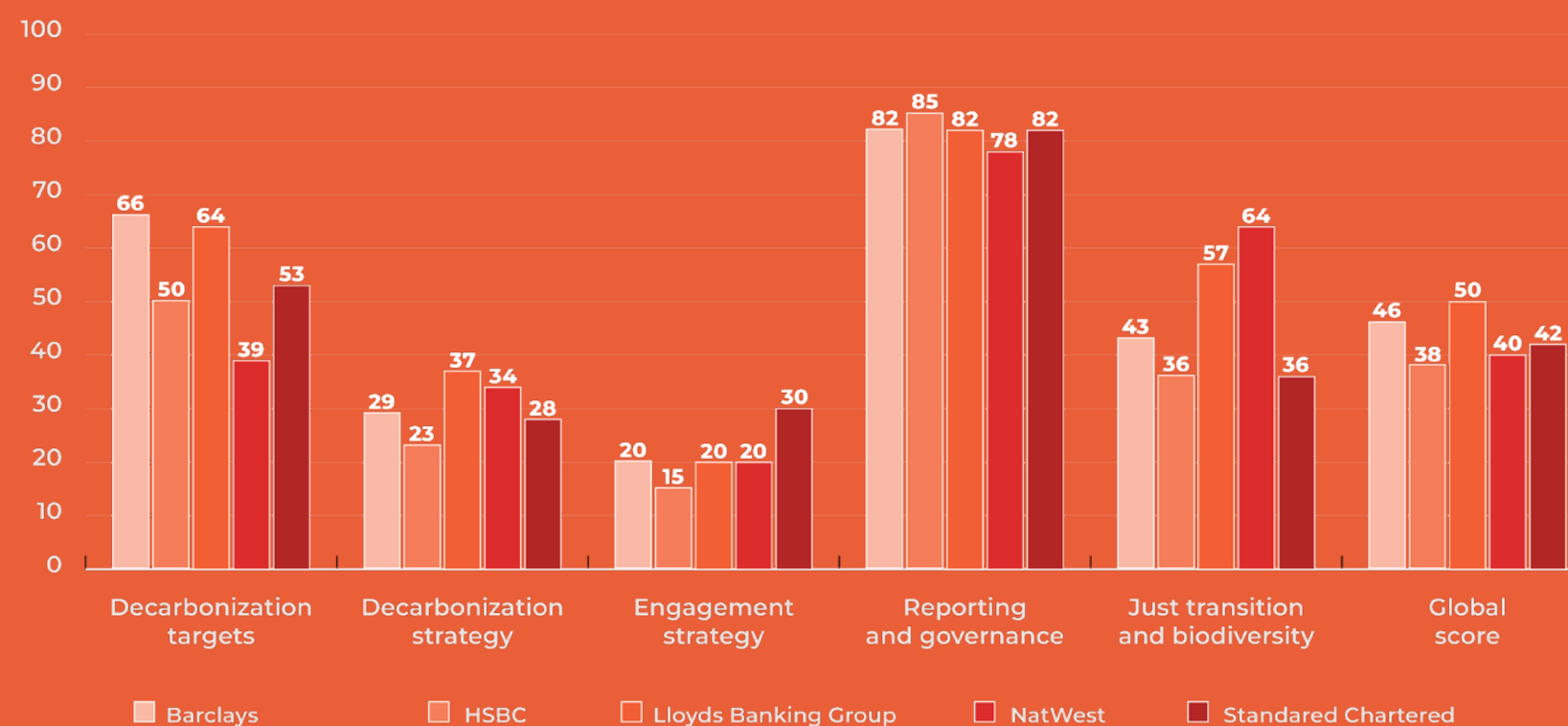
Globally, British banks perform rather well on the theme of reporting and governance, which is mostly based on qualitative criteria (i.e. criteria that heavily rely on the availability of certain information in the banks' disclosures). This reflects the fact that these banks tend to provide more detailed information and lengthy reporting compared to most of their peers. For example, British banks publish a white paper outlining their financed emissions and target-setting methodology, have set up their own "Sustainable Financing Framework" and usually disclose an "ESG data pack" with all related metrics.

However, as highlighted in the report, better reporting and governance does not guarantee a robust transition plan. In fact, all five banks scored below 50/100, which shows that their action is by far insufficient. They must notably reinforce the ambition and coherence of their decarbonization strategy, which includes adopting policies to cut support to fossil fuel development. Indeed, scores in this thematic pillar are especially low (from 23 to 37/100). British banks have very limited exclusions of coal

developers and almost no exclusions regarding conventional oil and gas developers.

Among British banks, Lloyds Banking Group and Barclays are the best performers. Barclays scored higher concerning decarbonization target-setting, and Lloyds Banking Group regarding just transition and biodiversity-related issues. HSBC places last, notably due to the weakness of its decarbonization strategy (23/100).

Figure 16 - Average scores among British banks



Despite years of discussion around the importance of shifting trillions and leveraging finance to make the transition happen, our findings make it crystal clear that European banks have not made significant climate progress. In fact, banks are still focused on spin over substance. Despite marketing some products as sustainable, the banks have not transformed the core of their business models and so perpetuate inaction.

Only robust transition plans, covering all of a bank's activities and thoroughly implemented, will overcome short-termism and make the economy more sustainable. However, the analysis reveals how far we are today from that point. Banks continue to support activities and practices that directly jeopardize climate mitigation goals, notably fossil fuel development and activities tied to deforestation. They showcase partial and often opaque decarbonization targets that are unlikely to drive emission reductions in the real economy. Furthermore, they simply fail to identify actions to achieve emission reductions and do not provide credible information on engagement activities.

This assessment resonates with recent political developments. Indeed, while the EU positioned itself ahead of other jurisdictions by requiring large financial and non-financial companies to adopt and implement a climate transition plan, the current deregulation agenda pushed by the European Commission through its "Omnibus Simplification Package" threatens this progress,¹¹⁰ with the possibility that the obligation to implement a climate transition plan could be erased. Additional work – including on sectoral reporting standards (ESRS) – that could have enabled a precise definition of what should be included in a robust transition plan could now be cut as well. At the same time, other major requirements regarding transparency and due diligence could be hollowed out.¹¹¹

The proposed changes are a clear threat to human rights, social justice, and environmental protection.¹¹² They severely weaken the EU's ability to mobilize finance for the transition, and consequently to reach its climate targets. And yet they could also become a major problem for the risk management at Europe's banks. Indeed, the European Banking Authority (EBA) has highlighted the relevance of CSRD reporting to providing all the data needed,¹¹³ as well as the importance of climate transition plans for evaluating and managing risks.¹¹⁴

To keep climate goals alive, we must protect current rules. Banks – like all large financial and non-financial companies – must be required to adopt and implement robust transition plans, and this will not happen without strict regulation. Policymakers and financial institutions must choose between greenwashing and transition planning.



CONCLUSION



REQUIRING ROBUST TRANSITION PLANS TO BE ADOPTED AND IMPLEMENTED

Policymakers should require financial institutions to adopt and implement robust climate transition plans and reject the deregulation push from the EU Commission.

SETTING BEST PRACTICES ON TRANSITION PLANNING IN THE FINANCIAL SECTOR

Financial institutions should adopt and implement robust transition plans, notably building on Reclaim Finance's recommendations.

INTEGRATING TRANSITION PLANNING TO FINANCIAL SUPERVISION

Financial supervisors should look at the quality of the climate transition plans adopted by banks, as well as their implementation, and feed this information into their supervisory activities - including regarding greenwashing - and risk assessments.

03

SUMMARY *REPORT CARDS*

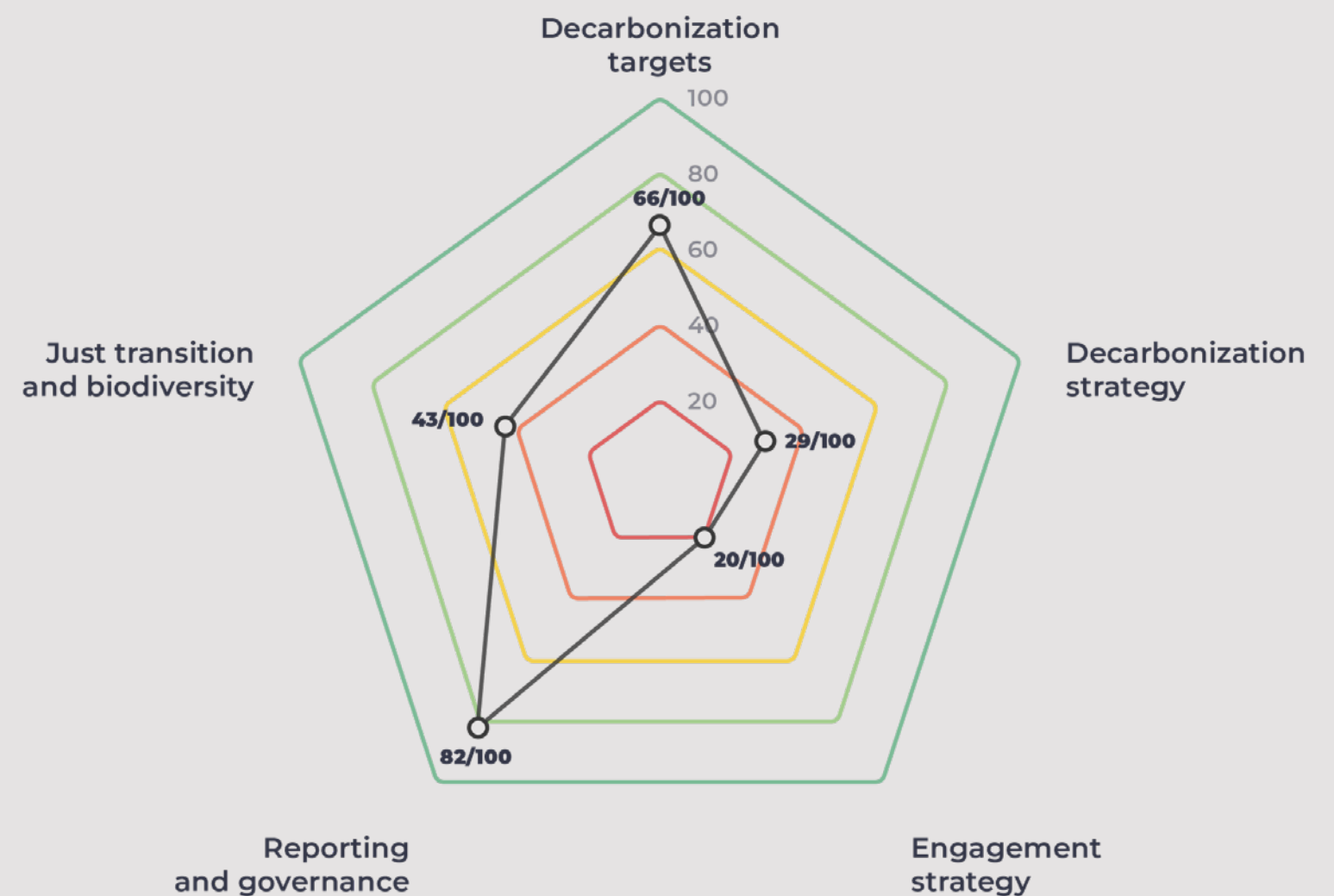


BEST PRACTICE

- Partial inclusion of capital market activities (CMAs) in the scope of decarbonization targets and GHG emission inventory.
- Publication of detailed “sustainable finance framework” (SFF) and “transition finance framework” (TFF) regarding related product offerings and services.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Use of non-1.5°C aligned benchmark scenarios.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank’s portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.

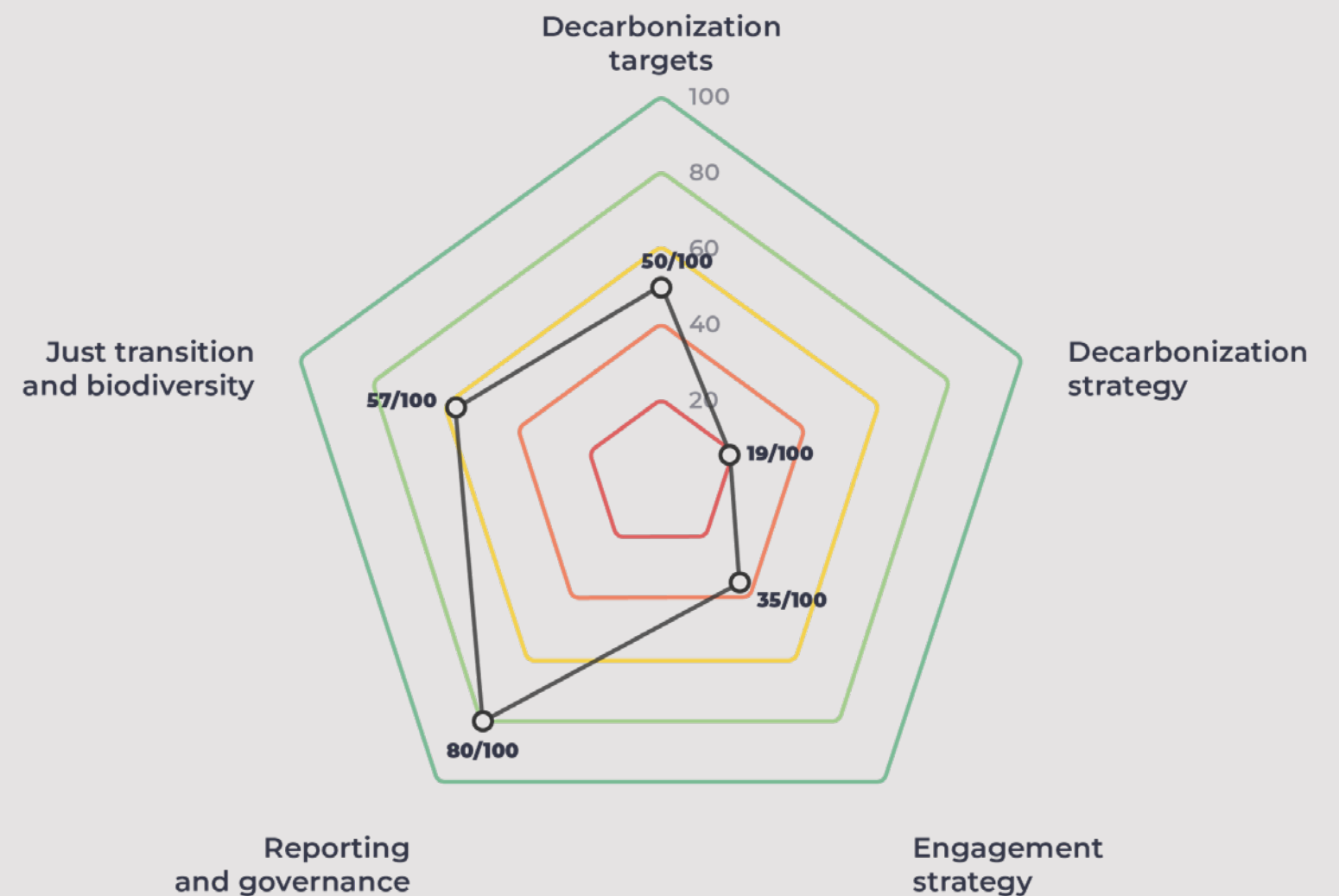


BEST PRACTICE

- More detailed description of engagement strategy.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.





BNP PARIBAS

BANK NAME

BNP Paribas

HEADQUARTER

Paris, France

ASSETS (EUR bn | Europe ranking) **2,594 | #2**

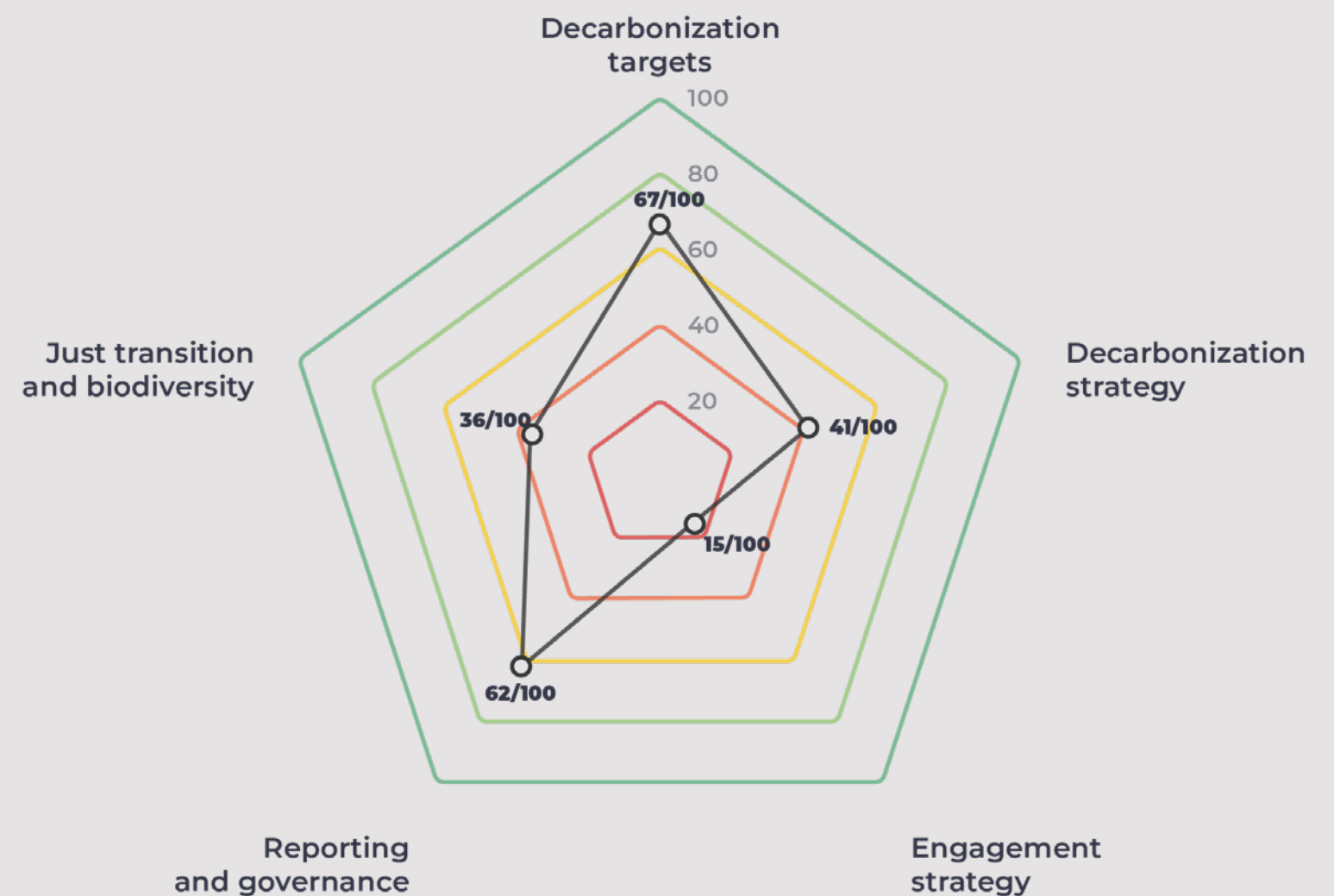
GLOBAL SCORE (Score | Rank) **49.7/100 | # 3**

BEST PRACTICE

- Stop participating in issuing conventional bonds for companies involved in oil and gas extraction and production.
- Setting an energy financing ratio target.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ Incomplete exclusion of financial services to new oil and gas production projects and to the companies that develop them.

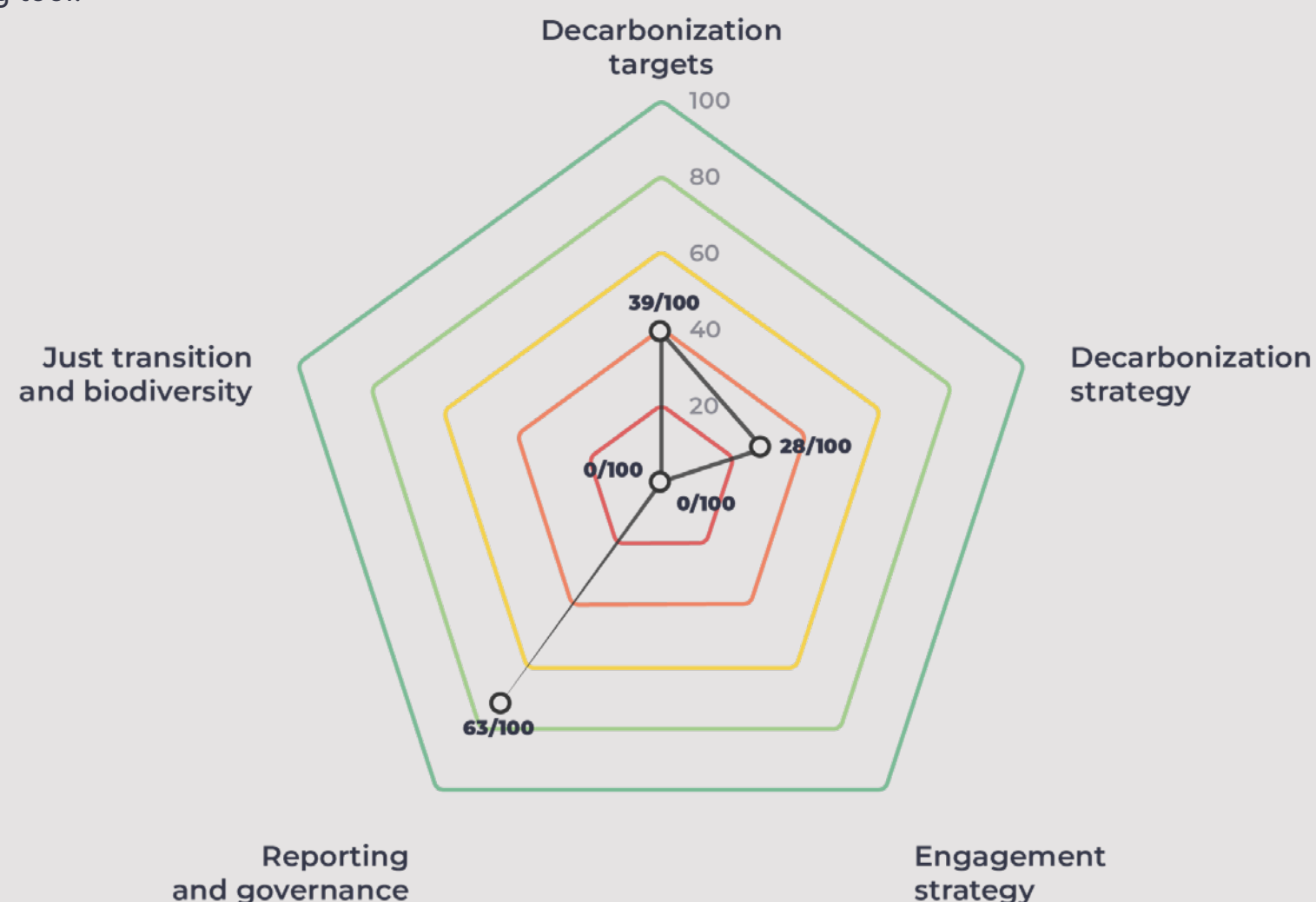


BEST PRACTICE

- Use of a "Green Weighting Factor" (GWF) as an operational steering tool.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of non-1.5°C aligned benchmark scenarios.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.
- **Just transition and biodiversity:**
 - ◇ No policies regarding forest-risk soft commodities.

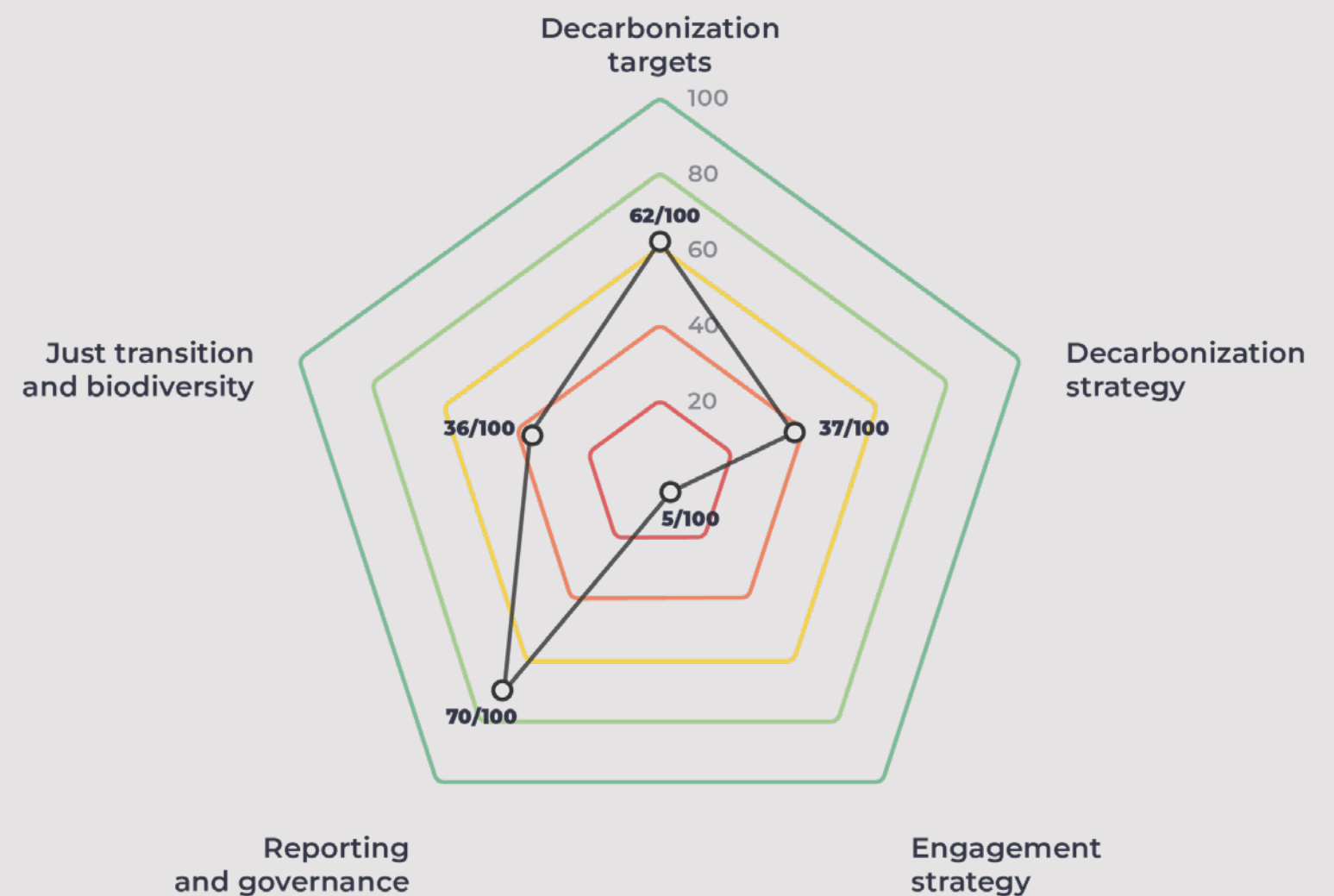


BEST PRACTICE

- Stop participating in issuing conventional bonds for companies involved in oil and gas extraction and production.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ Incomplete exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.

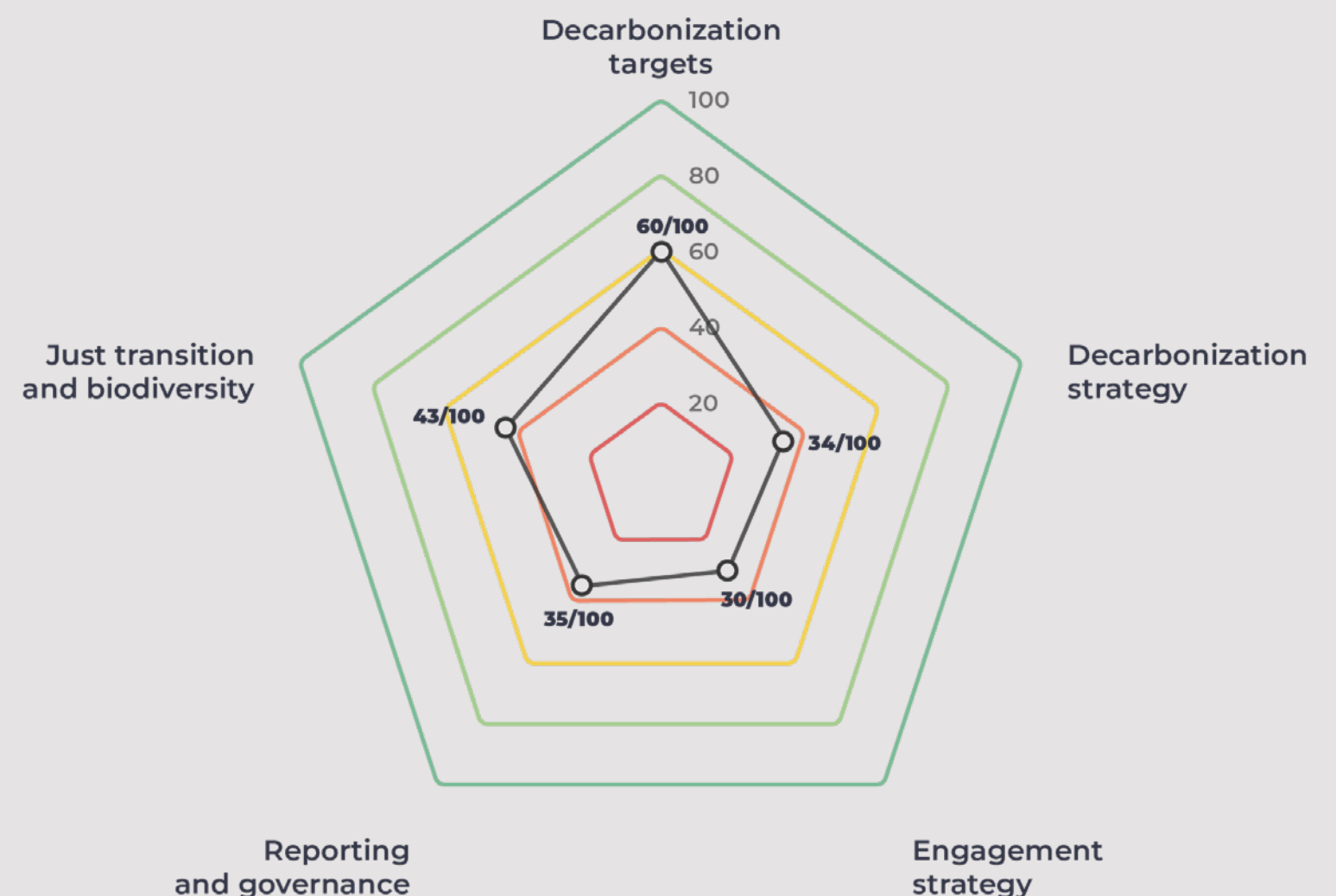


BEST PRACTICE

- Robust coal policy, including the end of services to new coal mines and plants and to the companies that develop them and a phase-out of coal by Paris-aligned dates.
- Robust exclusion of project finance to new oil and gas projects and incomplete exclusion of the companies that develop them.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of non-1.5°C aligned benchmark scenarios.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No clear definition of sustainable power solutions.
 - ◇ No sustainable power financing or ratio objectives.



BEST PRACTICE

- Publication of detailed “Sustainable Finance” (SFF) and “Transition Finance” frameworks (TFF) regarding related product offerings and services.

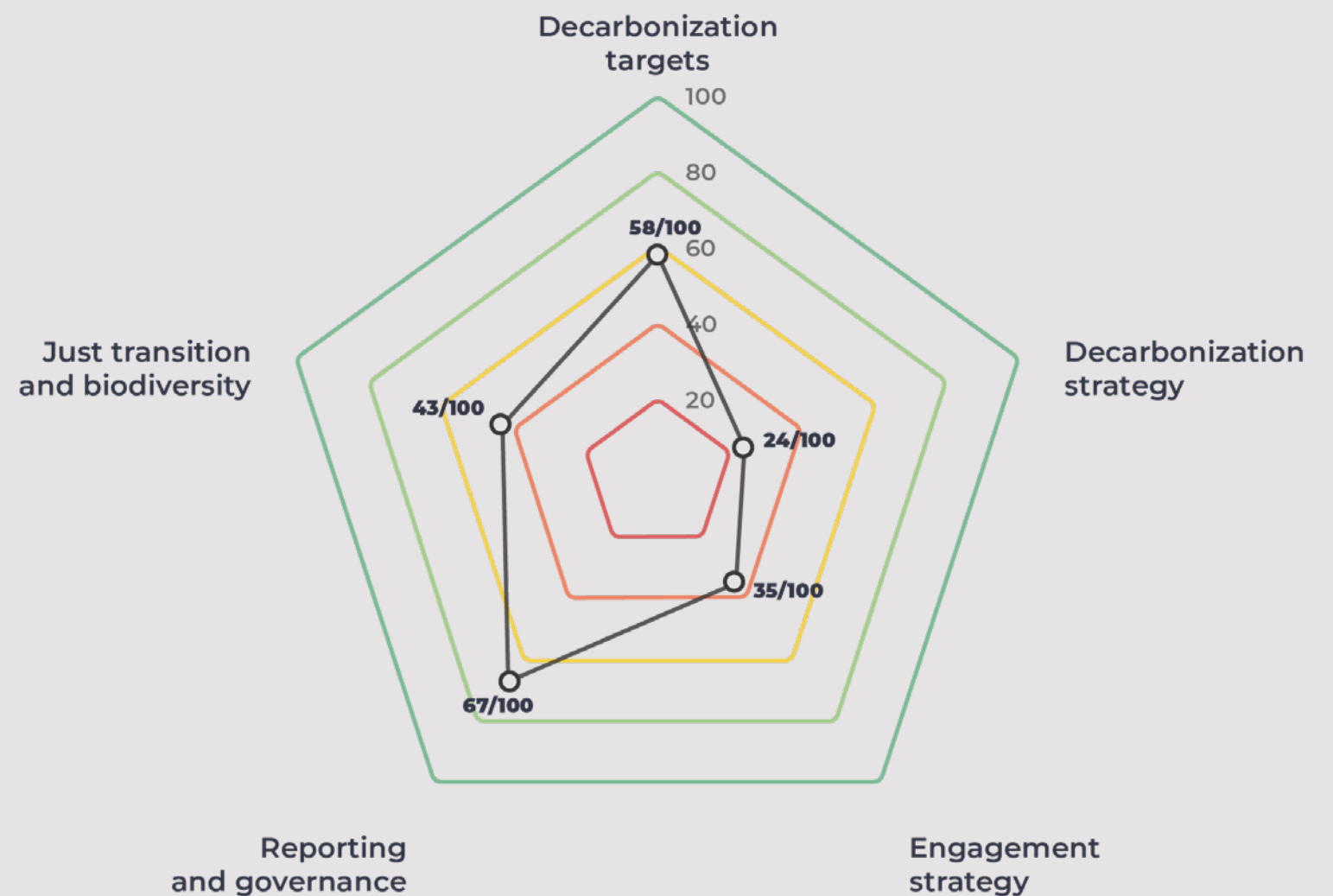
RED FLAGS

• Decarbonization targets:

- ◇ Low transparency of target-setting methodology.
- ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- ◇ Use of non-1.5°C aligned benchmark scenarios.
- ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.

• Decarbonization strategy:

- ◇ No concrete decarbonization action plan or levers directly applicable to the bank’s portfolio.
- ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
- ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
- ◇ Fossil-fuel related activities are considered sustainable.
- ◇ No sustainable power financing or ratio objectives.

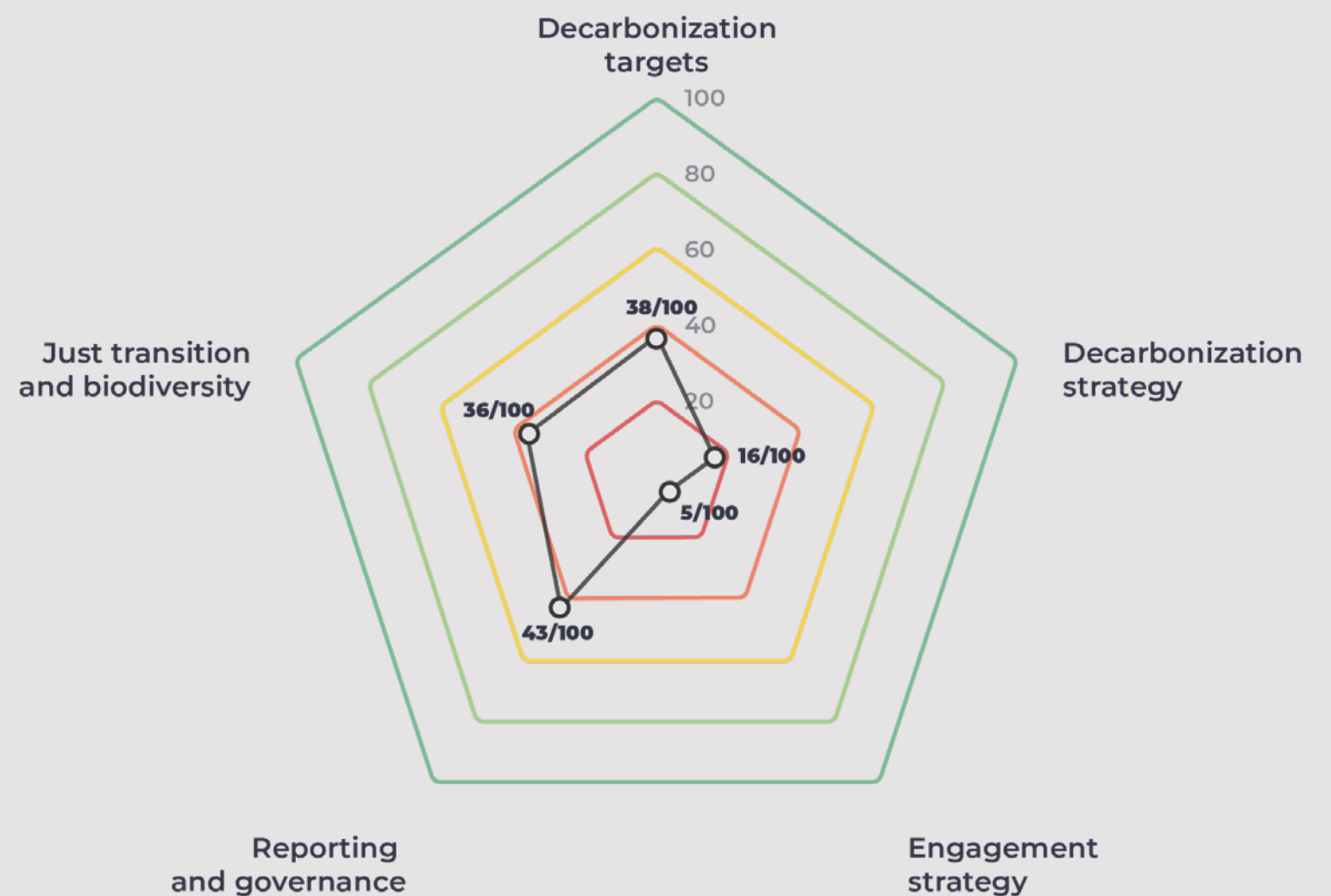


BEST PRACTICE

- Short-, medium-, and long-term decarbonization targets for all sectors, with clear graphs showing decarbonization pathways.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
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 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ No sustainable power financing or ratio objectives.
- **Just transition and biodiversity:**
 - ◇ No policies regarding forest-risk soft commodities.

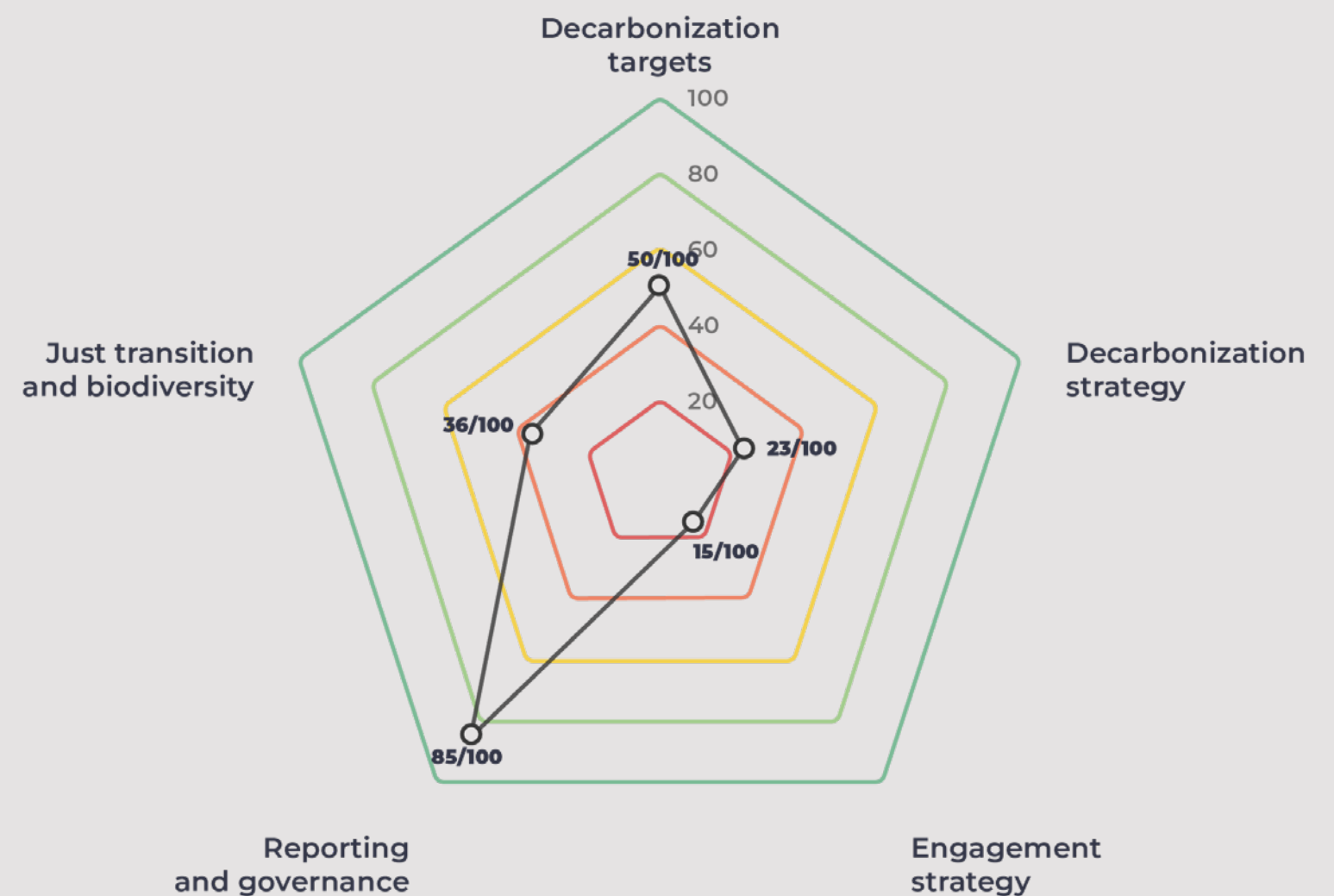


BEST PRACTICE

- Partial inclusion of Capital Market Activities (CMA) in the scope of decarbonization targets and GHG emission inventory.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
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 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
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 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.





BANK NAME

ING

ASSETS (EUR bn | Europe ranking)

975 | #12

HEADQUARTER

Amsterdam, Netherlands

GLOBAL SCORE (Score | Rank)

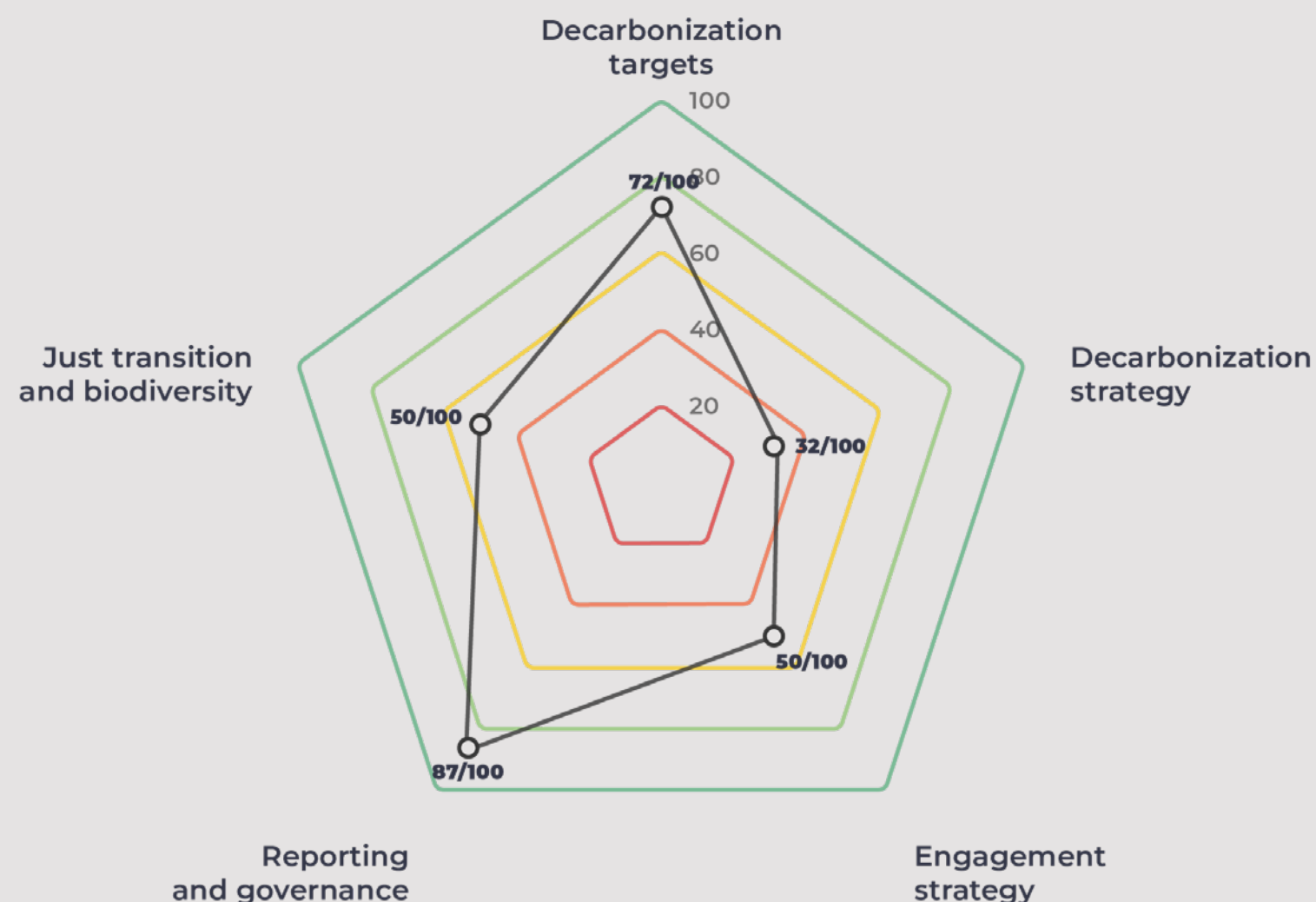
53.0/100 | #2

BEST PRACTICE

- Medium- and long-term decarbonization targets for all sectors.
- More coherent portfolio and engagement steering strategies.
- Annual sustainable power financing target.
- Publication of a substantial "Nature Report" including an impact and dependencies assessment.

RED FLAGS

- **Decarbonization targets:**
 - ◊ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- **Decarbonization strategy:**
 - ◊ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◊ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◊ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◊ Fossil-fuel related activities are considered sustainable.
 - ◊ No sustainable power financing ratio objective.

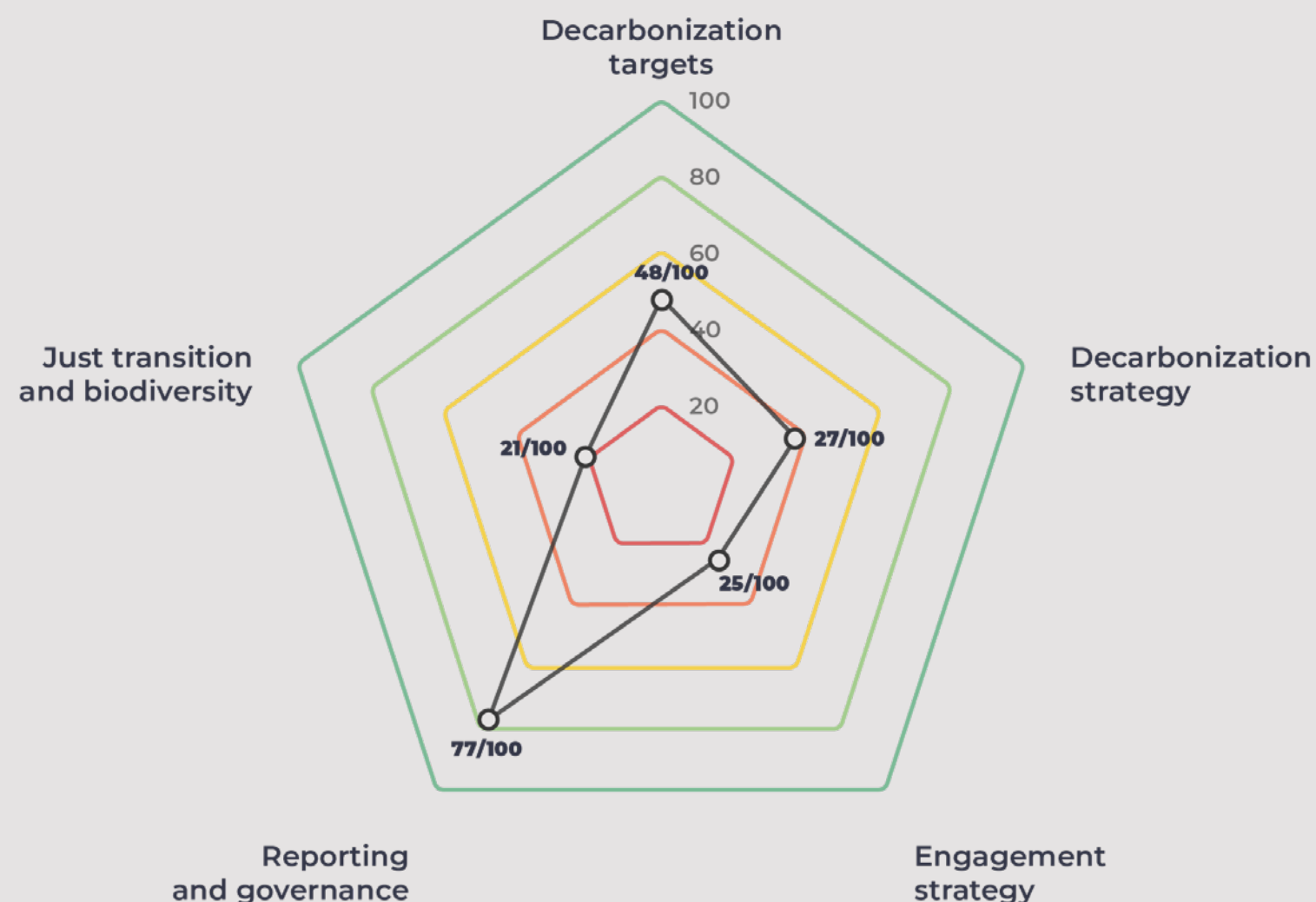


BEST PRACTICE

- Seemingly well-established ESG Scoring system at counterparty level, integrated among others within Credit Strategies and the Credit Risk Appetite (CRA).

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of non-1.5°C aligned benchmark scenarios.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
- **Just transition and biodiversity:**
 - ◇ No policies regarding forest-risk soft commodities.

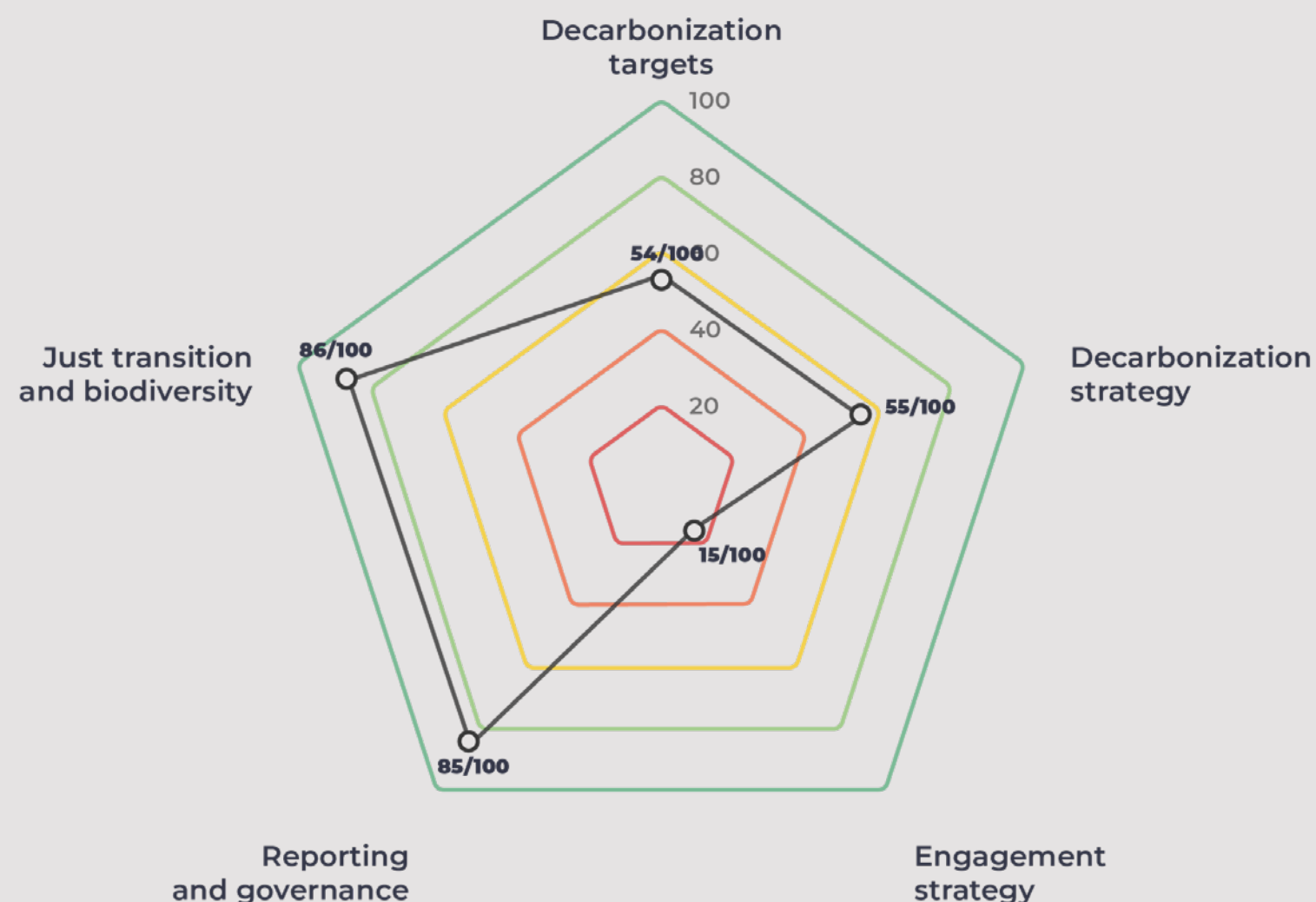


BEST PRACTICE

- Robust exclusion and phase-out policies for coal, oil and gas.
- No use of financed emissions metrics.
- Annual sustainable energy financing target.
- Use of an ESG Checklist to rate product performance and clear criteria to guide capital allocation.
- Policy goes beyond with European Regulation against Deforestation and Forest Degradation (EUDR) and uses the ForestIQ database on companies' exposure to deforestation.
- Publication of substantial information on biodiversity in a "Climate and Nature Report" including an impact and dependencies assessment.

RED FLAGS

- **Decarbonization targets:**
 - ◊ Low transparency of target-setting methodology.
 - ◊ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- **Decarbonization strategy:**
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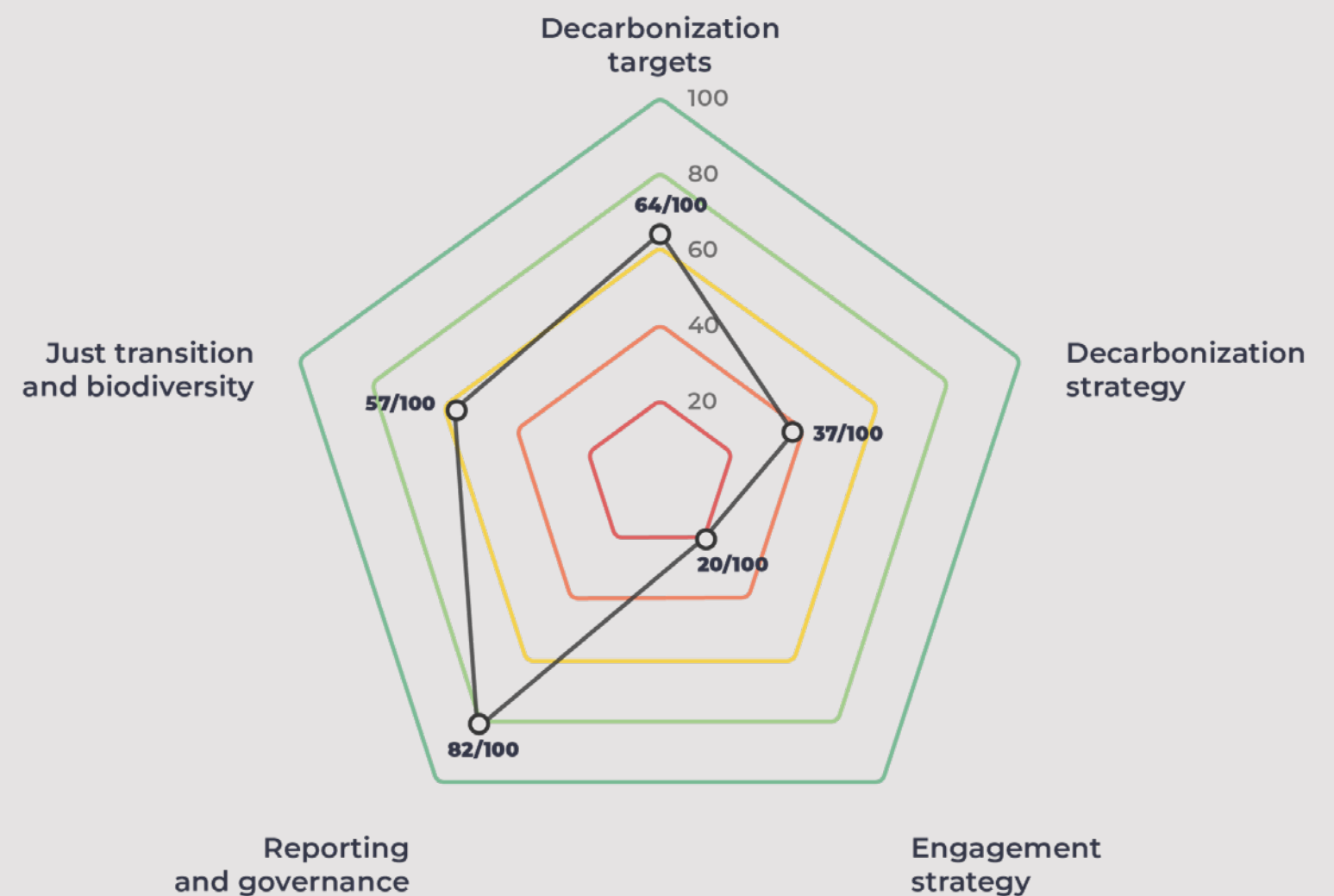


BEST PRACTICE

- Detailed Sustainable Financing Framework (SFF).
- Forestry and Agricultural Commodities statement has a comprehensive value chain coverage.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
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 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.

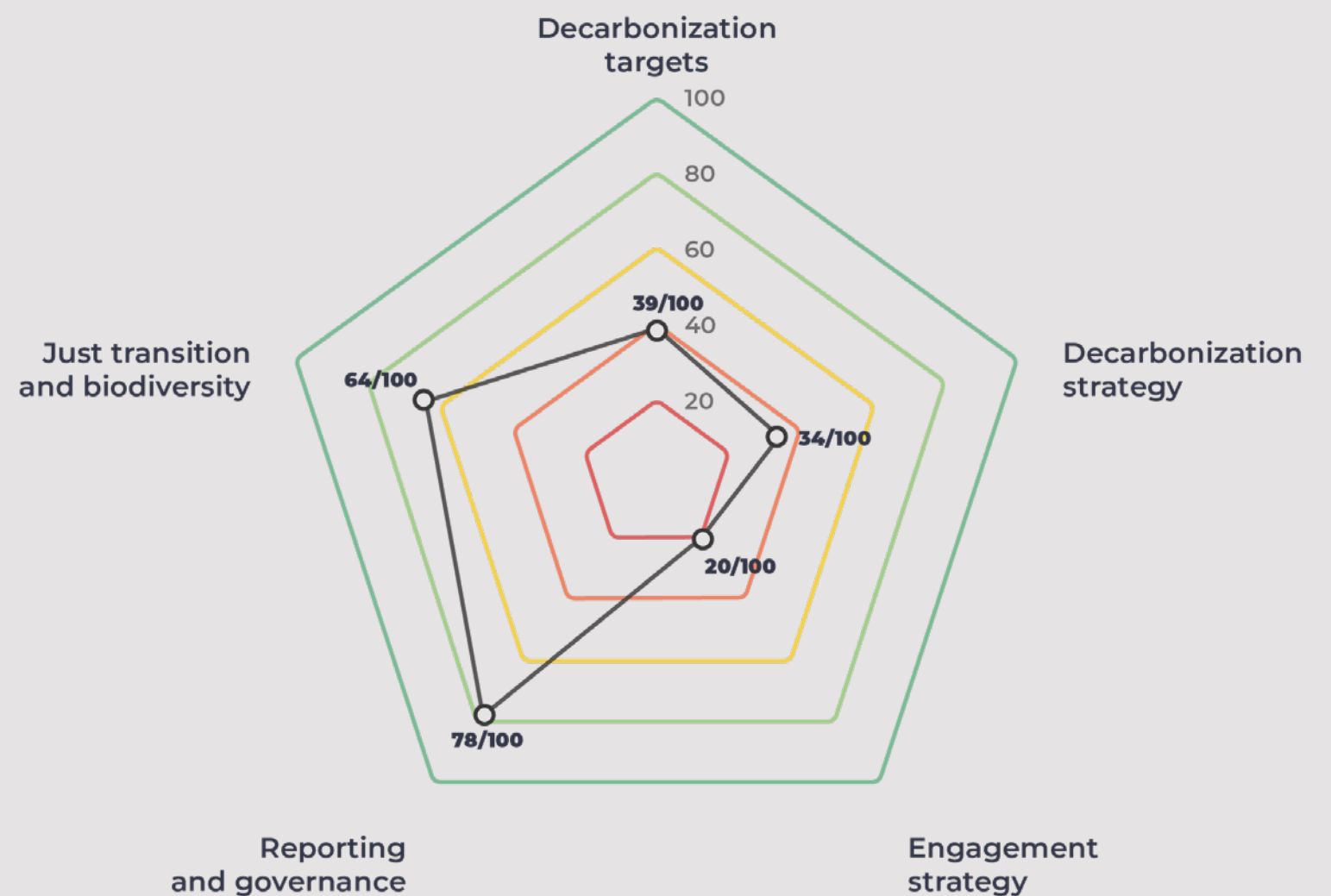


BEST PRACTICE

- Comprehensive coverage of soft commodities.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of non-1.5°C aligned benchmark scenarios.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.

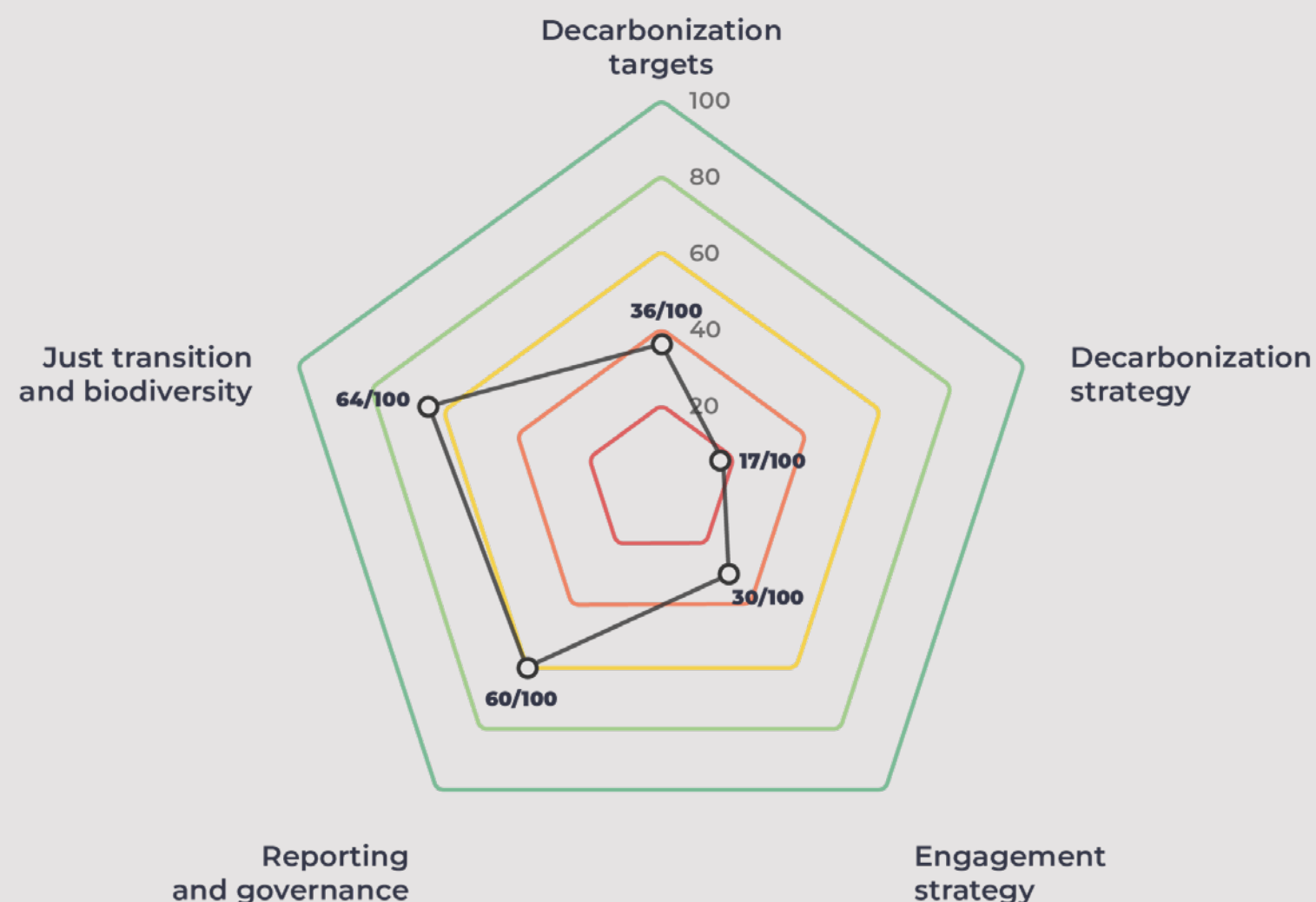


BEST PRACTICE

- Coverage of agricultural subsectors, and setting targets for each of them per geography.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.



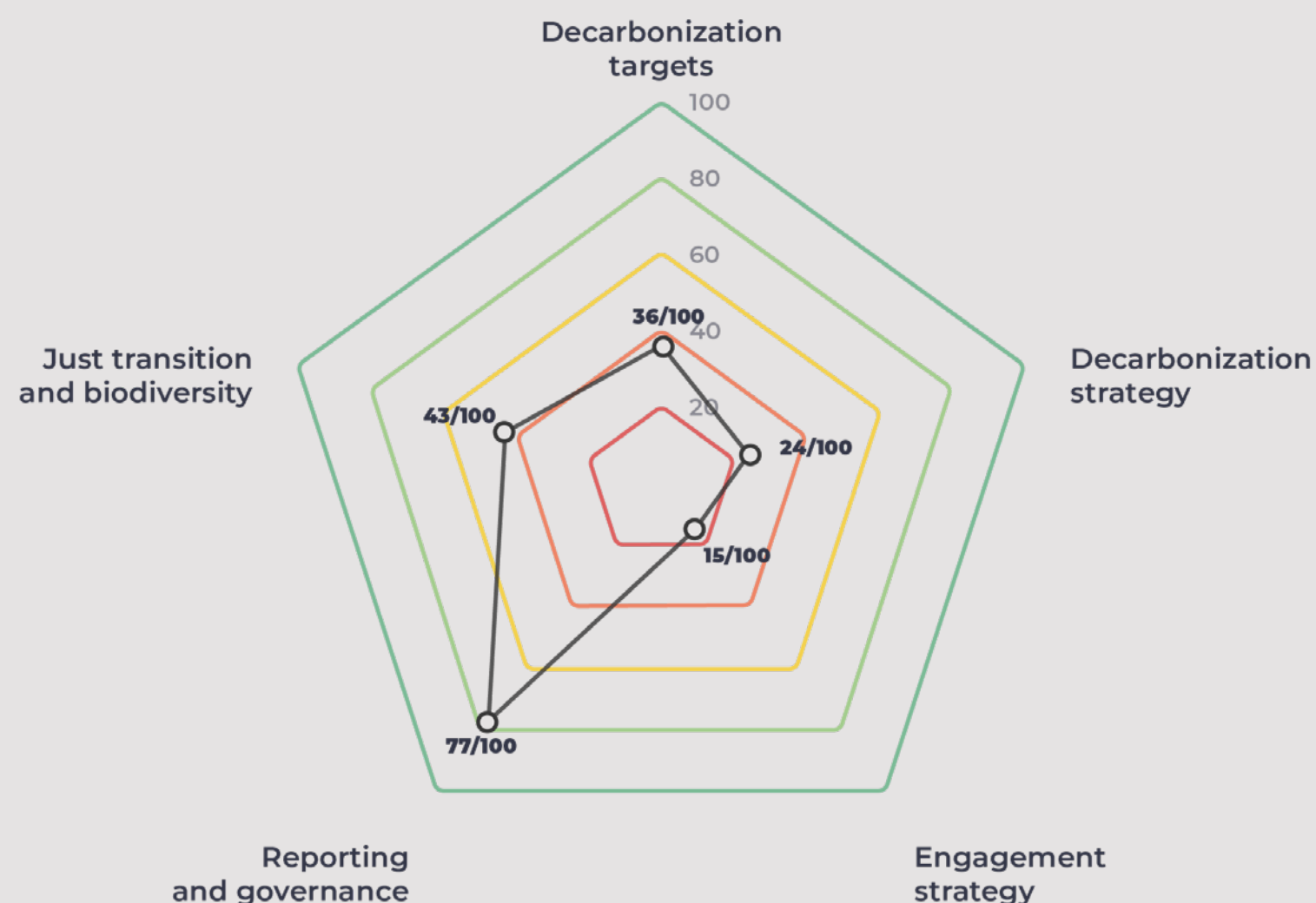
RED FLAGS

- **Decarbonization targets:**

- ◇ Low transparency of target-setting methodology.
- ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.

- **Decarbonization strategy:**

- ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
- ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
- ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
- ◇ Fossil-fuel related activities are considered sustainable.
- ◇ No sustainable power financing or ratio objectives.



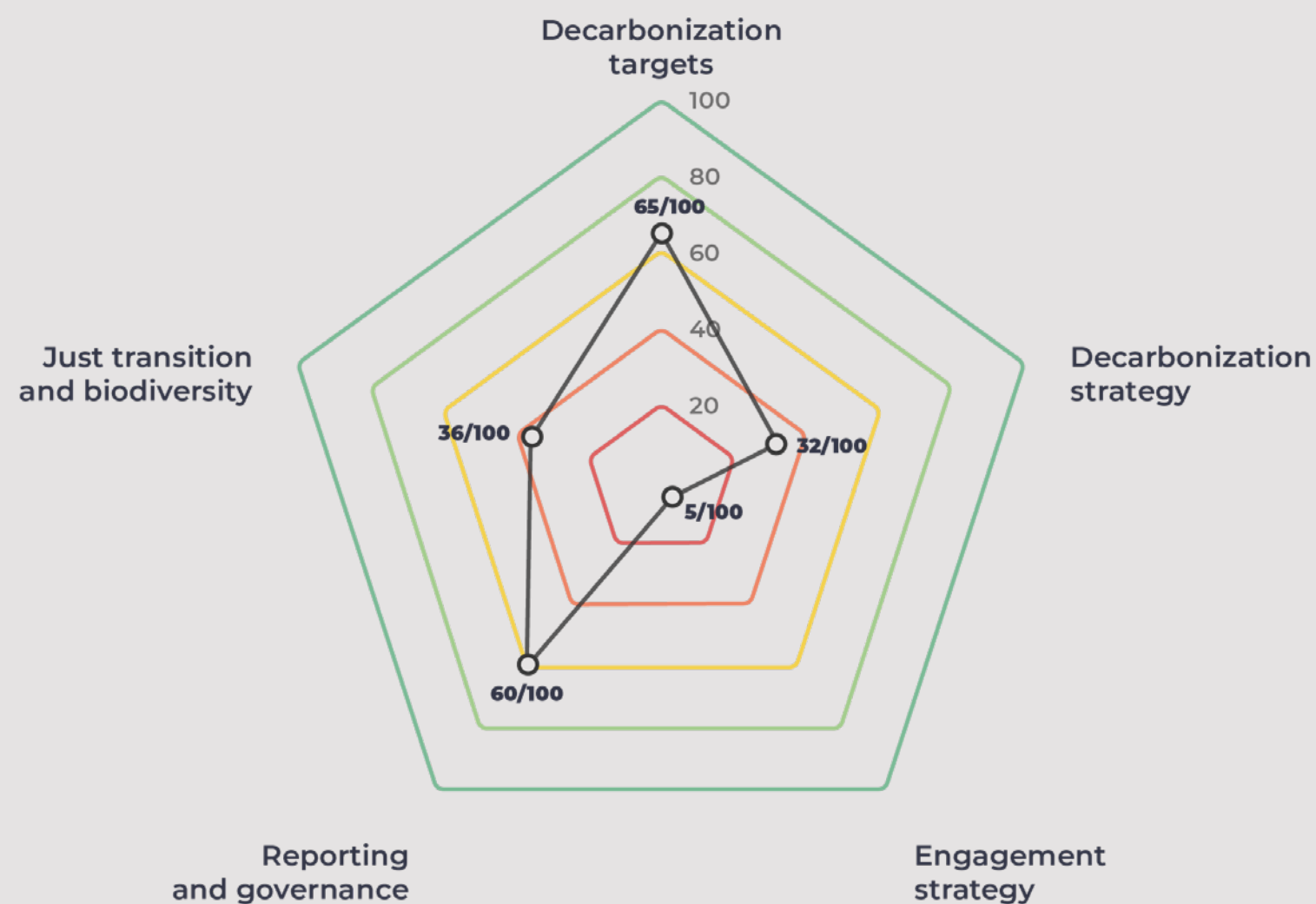
RED FLAGS

- **Decarbonization targets:**

- ◊ Low transparency of target-setting methodology.
- ◊ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.

- **Decarbonization strategy:**

- ◊ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
- ◊ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
- ◊ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
- ◊ Fossil-fuel related activities are considered sustainable.
- ◊ No sustainable power financing or ratio objectives.

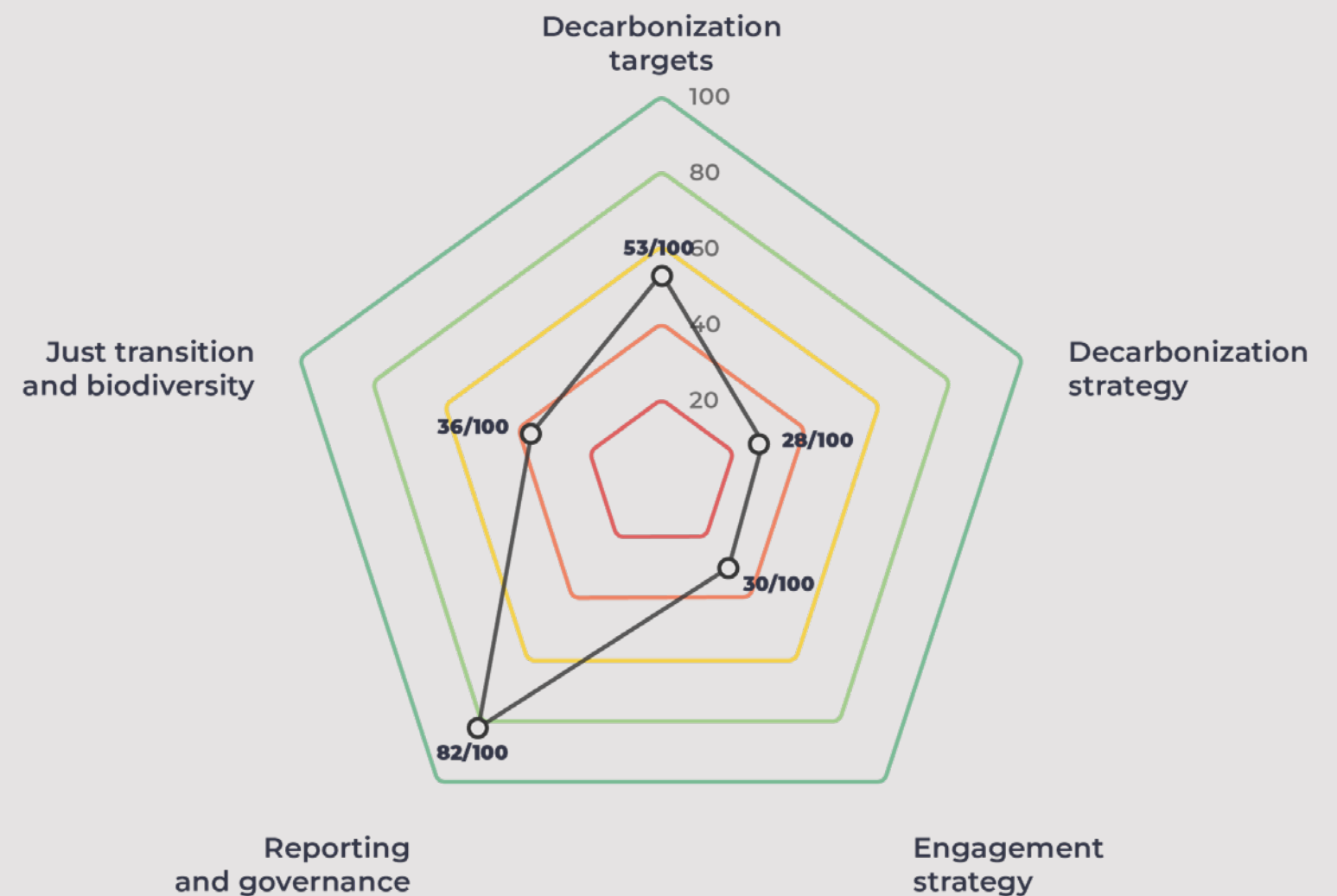


BEST PRACTICE

- Detailed Green and Sustainable Product Framework.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
 - ◇ Use of non-1.5°C aligned benchmark scenarios.
 - ◇ Use of inadequate metrics (e.g. financed emissions) or no disclosure thereof.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.



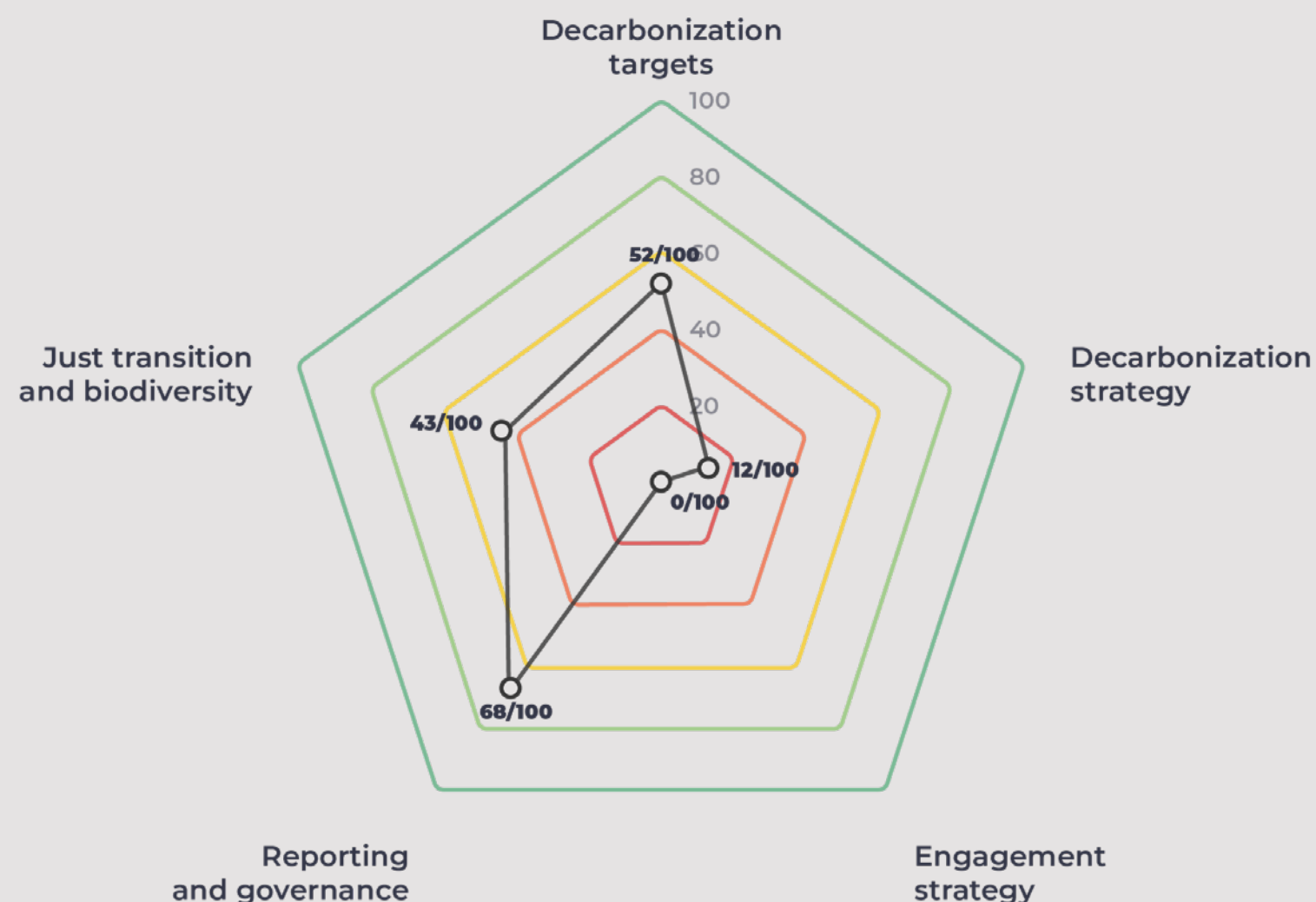
RED FLAGS

• Decarbonization targets:

- ◊ Low transparency of target-setting methodology.
- ◊ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- ◊ Use of non-1.5°C aligned benchmark scenarios.

• Decarbonization strategy:

- ◊ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
- ◊ No robust coal phase-out policy, including an immediate exclusion of financial services to new coal mines and plants and to the companies that develop them.
- ◊ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
- ◊ No clear definition of sustainable power solutions.
- ◊ No sustainable power financing or ratio objectives.

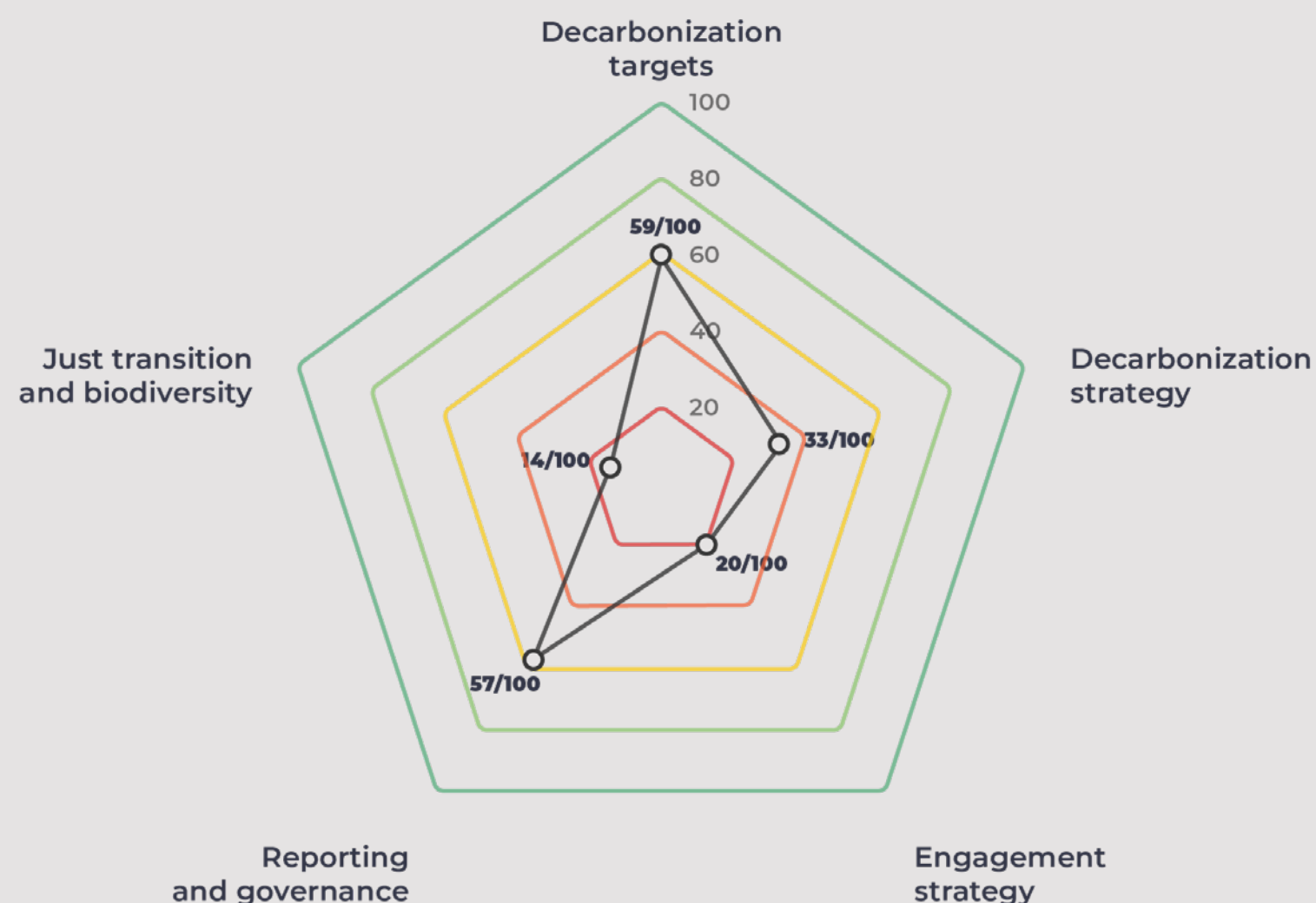


BEST PRACTICE

- Exclusion of financial services to new coal mine or plant project and to the companies that develop them.
- Detailed ESG Product Guidelines.

RED FLAGS

- **Decarbonization targets:**
 - ◇ Low transparency of target-setting methodology.
 - ◇ Exclusion of material financial services from targets and GHG inventory, including Capital Market Activities.
- **Decarbonization strategy:**
 - ◇ No concrete decarbonization action plan or levers directly applicable to the bank's portfolio.
 - ◇ No exclusion of financial services to new oil and gas production projects and to the companies that develop them.
 - ◇ Fossil-fuel related activities are considered sustainable.
 - ◇ No sustainable power financing or ratio objectives.
- **Just transition and biodiversity:**
 - ◇ No policies regarding forest-risk soft commodities.



ANNEX 1: RANKINGS PER THEMATIC PILLAR AND GLOBAL RANKING

1. Decarbonization targets

#	Score	Bank
1	71.7 /100	ING
2	67.4 /100	BNP Paribas
3	65.9 /100	Barclays
4	65.2 /100	Société Générale
5	63.8 /100	Lloyds Banking Group
6	62.3 /100	Crédit Agricole
7	60.1 /100	Crédit Mutuel
8	58.7 /100	UniCredit
9	58.3 /100	Deutsche Bank
10	53.6 /100	La Banque Postale
11	52.9 /100	Standard Chartered
12	52.2 /100	UBS
13	50.0 /100	BBVA
13	50.0 /100	HSBC
15	47.8 /100	Intesa Sanpaolo
16	39.1 /100	BPCE Group
17	38.8 /100	NatWest
18	37.7 /100	DZ Bank
19	36.2 /100	Santander
20	35.5 /100	Rabobank

2. Decarbonization strategy

#	Score	Bank
1	55.5 /100	La Banque Postale
2	40.9 /100	BNP Paribas
3	37.3 /100	Crédit Agricole
4	36.7 /100	Lloyds Banking Group
5	34.2 /100	NatWest
6	33.6 /100	Crédit Mutuel
7	33.0 /100	UniCredit
8	32.1 /100	ING
8	32.1 /100	Société Générale
10	29.1 /100	Barclays
11	28.2 /100	Standard Chartered
12	27.9 /100	BPCE Group
13	27.3 /100	Intesa Sanpaolo
14	24.2 /100	Deutsche Bank
14	24.2 /100	Santander
16	23.3 /100	HSBC
17	19.4 /100	BBVA
18	16.7 /100	Rabobank
19	16.4 /100	DZ Bank
20	11.8 /100	UBS

3. Engagement strategy

#	Score	Bank
1	50 /100	ING
2	35 /100	BBVA
2	35 /100	Deutsche Bank
4	30 /100	Crédit Mutuel
4	30 /100	Rabobank
4	30 /100	Standard Chartered
7	25 /100	Intesa Sanpaolo
8	20 /100	Barclays
8	20 /100	Lloyds Banking Group
8	20 /100	NatWest
8	20 /100	UniCredit
12	15 /100	BNP Paribas
12	15 /100	HSBC
12	15 /100	La Banque Postale
12	15 /100	Santander
16	5 /100	Crédit Agricole
16	5 /100	DZ Bank
16	5 /100	Société Générale
19	0 /100	BPCE Group
19	0 /100	UBS

4. Reporting and governance

#	Score	Bank
1	87 /100	ING
2	85 /100	HSBC
2	85 /100	La Banque Postale
4	82 /100	Barclays
4	82 /100	Lloyds Banking Group
4	82 /100	Standard Chartered
7	80 /100	BBVA
8	78 /100	NatWest
9	77 /100	Intesa Sanpaolo
9	77 /100	Santander
11	70 /100	Crédit Agricole
12	68 /100	UBS
13	67 /100	Deutsche Bank
14	63 /100	BPCE Group
15	62 /100	BNP Paribas
16	60 /100	Rabobank
16	60 /100	Société Générale
18	57 /100	UniCredit
19	43 /100	DZ Bank
20	35 /100	Crédit Mutuel

5. Just transition and biodiversity

#	Score	Bank
1	86 /100	La Banque Postale
2	64 /100	NatWest
2	64 /100	Rabobank
4	57 /100	BBVA
4	57 /100	Lloyds Banking Group
6	50 /100	ING
7	43 /100	Barclays
7	43 /100	Crédit Mutuel
7	43 /100	Deutsche Bank
7	43 /100	Santander
7	43 /100	UBS
12	36 /100	BNP Paribas
12	36 /100	Crédit Agricole
12	36 /100	DZ Bank
12	36 /100	HSBC
12	36 /100	Société Générale
12	36 /100	Standard Chartered
18	21 /100	Intesa Sanpaolo
19	14 /100	UniCredit
20	0 /100	BPCE Group

Global score

#	Score	Bank
1	55.6 /100	La Banque Postale
2	53.0 /100	ING
3	49.7 /100	BNP Paribas
3	49.7 /100	Lloyds Banking Group
5	46.5 /100	Barclays
6	46.2 /100	Crédit Agricole
7	44.3 /100	Société Générale
8	43.5 /100	Crédit Mutuel
9	42.1 /100	UniCredit
10	41.8 /100	Standard Chartered
11	41.7 /100	Deutsche Bank
12	39.8 /100	NatWest
13	38.4 /100	BBVA
14	38.0 /100	Intesa Sanpaolo
15	37.8 /100	HSBC
16	32.9 /100	Santander
17	31.5 /100	UBS
18	31.0 /100	BPCE Group
19	30.5 /100	Rabobank
20	26.3 /100	DZ Bank

ANNEX 2: EXAMPLES OF GENERIC SENTENCES FROM BANK CLIMATE DISCLOSURES

The examples below are selected quotes from the climate disclosures of the banks analyzed. They illustrate their reliance on generic statements that lack useful detail, that do not clarify the climate strategy, and that generally serve to pad out the text of their climate disclosures.

Rabobank states in its Impact Report 2023:

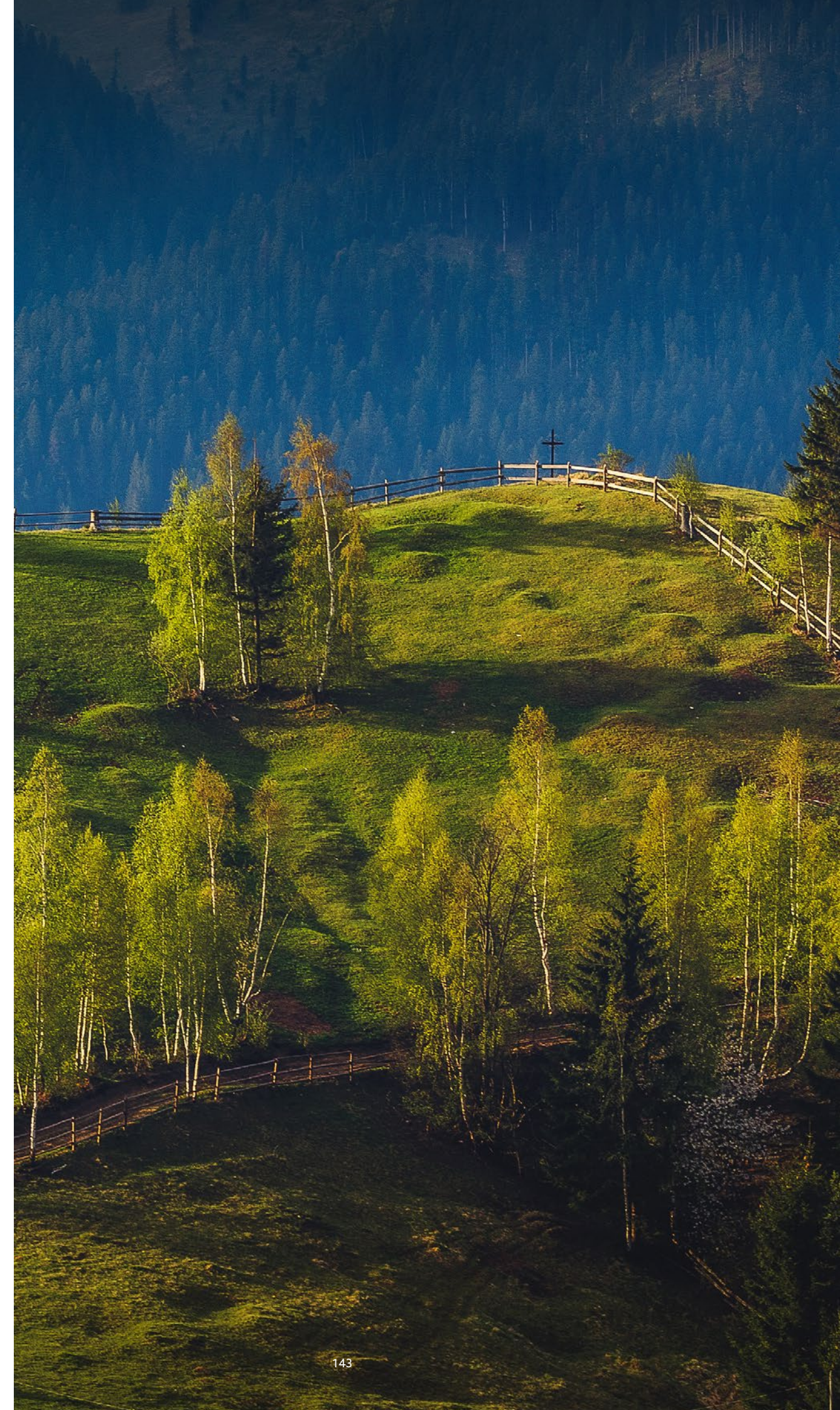
- *“Enhanced international efforts and increased expectations to combat climate change push both banks and their customers to move toward more sustainable business models. Increased sustainability disclosure and due diligence requirements will require companies to become more transparent about their sustainability impact and efforts. At the same time, environmental activists are continuing to urge organizations to do more and accelerate. Even though we have similar end-goals, we also experience this, working toward these is part of its sustainability strategy. Proactively responding to developments is key as we have a big role to play and can make a substantial impact. In the end, we all need to strive for (net-) positive impact.”*
- *“We dare to make a difference in the world. Where we do the right thing exceptionally well. Where we go the extra mile for our customers. We strive to make one another better.”*

UBS writes in its Climate and Nature Report 2023:

- *“Managing and monitoring our financing activities remains an ongoing focus. We continue to build on and refine our transition strategy and further tailor it to our business divisions. Our aim is to make our approach to climate “business as usual” and to orient our new and existing business efforts toward net zero by 2050. We strive to routinely consider the climate impact resulting from our financing activities, take an active approach to growing our low-carbon business and address our financed emissions by engaging with clients and supporting their transition.”*

Intesa Sanpaolo comments about client engagement that:

- *“These initiatives aim to promote dialogue, support impactful initiatives, and create collective value, culminating in a holistic strategy that spans from educational content to practical tools for assessing and improving sustainable performance.”*
- *“We recognize the crucial role of engaging with various stakeholders and forming partnerships, thus fostering collaborative efforts towards sustainable energy solutions and facilitating the transition for both industry participants and societies.”*



1. On the one hand, the CSRD requires companies under its scope to report on their climate transition plans (see ESRS E1-1). However, this requirement is on a “comply or explain” basis, meaning that companies can report that they do not have a plan if they provide a justification. Companies are not directly accountable for the implementation of the plans and whether they reach their targets. Furthermore, as Reclaim Finance underlined in a previous report on corporate climate transition plans, the content of the European Sustainability Reporting Standards (ESRS) remains vague and makes uncertain the quality of the provided information. This problem could be somewhat mitigated by the adoption of sector-specific standards. On the other hand, the CSDDD builds on the CSRD to require companies under its scope to adopt climate transition plans, thus making the option to “explain” why they don’t have such plans accessible. The CSDDD also requires companies to “put into effect” their plans, meaning that companies must at least provide credible information to show they are implementing their plans. While the obligations inside CSRD and CSDDD are complementary and essential to ensure plans are adopted and carried out, the European Commission’s Omnibus Simplification Package contains major cuts to these key requirements. Indeed, as currently proposed, the Omnibus would erase the obligation to “put into effect” plans. It would also drastically reduce the scope of the CSRD, and therefore the number of companies reporting on such plans, stopping the work to build sector specific standards.
2. Beyond the European Union (EU), discussions on making transition plans mandatory for financial institutions have been taking place in the United Kingdom (UK) for several years. The UK also developed specific reporting standards through the Transition Plan Taskforce initiative for banks and investors.
3. The Network for Greening the Financial System (NGFS) has published several reports on climate transition plans that acknowledge their relevance for financial stability. This conclusion has already led to some changes in national or regional financial supervision. In the EU, the need to adopt climate transition plans covering financial risk is enshrined in the Capital Requirement Directive (CRD) and Solvency II. This was followed by specific guidance by the European Banking Authority (EBA) – released in January 2025, and still to be published – and the European Insurance and Occupational Pension Authority (EIOPA) – to be finalized. In Canada, the Office of the Superintendent of Financial Institutions (OSFI) also asks for such plans but does not provide any information on the expected content or timeline for enforcement.
4. See footnote 1.
5. Except DZ Bank, all of the banks analyzed are part of the Net-Zero Banking Alliance (NZBA) linked to the Glasgow Financial Alliance for Net Zero (GFANZ) launched at COP21.
6. For additional information regarding the content of the plans, see Reclaim Finance’s previous reports: [Financial institutions’ transition plans: how to drive real-economy decarbonization](#), December 2024; [Corporate climate transition plans: what to look for](#), January 2024.
7. Glasgow Financial Alliance for Net Zero (GFANZ) was launched at COP26, which was nicknamed the “finance COP”. GFANZ is linked to sectoral alliances for each type of financial institution, and notably the Net-Zero Banking Alliance (NZBA) for banks. All the banks analyzed except DZ bank are members of the NZBA.
8. See: Moriah Costa, “[US bank exodus from NZBA raises questions about voluntary climate commitments](#)” in *Green Central Banking*, January 2025; Simon Mundy, “[The Net Zero Banking Alliance is worth saving](#)” in *the Financial Times*, March 2025; Brooke Masters and Patrick Temple-West, “[BlackRock quits climate change group in latest green climbdow](#)n” in *the Financial Times*, January 2025.
9. The NZBA decided to lower its climate ambition – from 1.5°C to well below 2°C – in April 2025 (see : Anita Hawser, « [NZBA to lower climate target and focus on Chinese and Indian banks](#) », *The Banker*, April 2025).
10. See footnote 1.
11. Ibid.
12. See [Communication from the Commission to the European Parliament and the Council 2023 Strategic Foresight Report: Sustainability and people’s wellbeing at the heart of Europe’s Open Strategic Autonomy](#), July 2023.
13. Considering total assets – see [S&P Global, Europe’s 50 largest banks by assets](#), 2024, April 2024.
14. Among the 20 banks, 11 (HSBC, Barclays, BNP Paribas, Crédit Agricole, Deutsche Bank, UBS, BPCE Group, ING, Santander, Société Générale, Standard Chartered) are considered Globally Systemically Important Banks (G-SIBs) by the Financial Stability Board (FSB). All EU banks are considered as Other Systemically Important Institutions (O-SII) by the European Banking Authority (EBA) and fall under the supervision of the European Central Bank (ECB).
15. Reclaim Finance, [Financial institutions’ transition plans: how to drive real-economy decarbonization](#), December 2024.
16. See the detailed [methodology](#)
17. Scores are aggregated by being normalized to scores from 0 to 1 (i.e. scores from 0 to 3 are divided by 3), with the convention Y=1, P =0.5, and N=0, and then calculated as weighted averages depending on the priority level of each criterion.
18. See Footnote 16.
19. When it comes to total scores, the standard deviation stands at only 8/100.
20. Five banks score below 35/100 in total (Santander, UBS, BPCE Group, Rabobank, and DZ Bank).
21. The standard deviation is at 19/100 for “Just transition and biodiversity”.
22. The standard deviation is at 14/100 for “Reporting and governance”.
23. Standard deviation is a statistical measurement that looks at how far individual points in a dataset are dispersed from the mean of that set. It shows how much the various scores – and the related practices – tend to differ from one bank to another in this analysis.
24. This excludes paragraphs of CSRD-compliant Sustainability Statements referring to ESRS E1-1 Transition Plan for Climate Mitigation. HSBC, Deutsche Bank, Standard Chartered, Crédit Agricole and La Banque Postale have published a specific document entitled “transition plan”. HSBC and La Banque Postale clearly claim to update it on an annual basis.
25. We note that Reclaim Finance’s recommendations for financial institutions’ transition plans published in January 2025 were informed by the analysis of these frameworks. However, none of them seems complete enough to cover all relevant topics and/or does so in sufficient depth with prescriptive guidance.
26. See footnote 1.

27. All banks from the European Union in the analysis. The 5 UK banks and UBS are exempted at this stage.
28. Only Crédit Mutuel, Intesa Sanpaolo, and DZ Bank had not yet released a CSRD-compliant Sustainability Statement by this date.
29. The review of the CSRD Sustainability Statements gave more information on the following themes: governance framework, portfolio steering strategy and product offering, and GHG emissions reporting.
30. A Python algorithm calculates the cosine similarity between two Term Frequency-Inverse Document Frequency (TF-IDF) vectors generated from the texts of these reports. The results give a similarity of more than 95% for all banks (and up to 98.6%), indicating a very high rate of closeness in the texts used. Another algorithm counted the number of unique datapoints (i.e. without repetitions), which usually stood below 100, and revealed that the number of unique datapoints in CSRD-compliant statements were not higher than in previous climate reports.
31. Including Social and Governance parts as well as elements such as tables underlying Green Asset Ratio (GAR) calculations
32. Société Générale refers to the impact of GHG emissions on climate change as “potentially negative”. Only ING, La Banque Postale and Rabobank consider material negative impacts regarding other environmental issues, especially concerning E4 - Biodiversity and ecosystems.
33. The analysis is based on the data collected as part of the [report on decarbonization targets](#) published by Reclaim Finance in September 2024, expanded with the addition of banks that were not part of that report (Lloyds Banking Group, DZ Bank, and Rabobank) as well as a few additional variables.
34. According to initial NZBA guidelines, members are required to set initial decarbonization targets in one or more of a list of 9 highly emitting sectors 18 months after joining, based on a 1.5°C-aligned pathway with no or low overshoot. This has been overturned following a vote on April 9th, 2025, which transforms the “guidelines” into a “guidance”, and sets a vaguer ambition only referring to the Paris Agreement.
35. The 9 sectors are: agriculture; aluminum; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport. They can be split into 12 sectors if transportation sectors are separated (shipping, aviation, automotive) and residential and commercial real estate are distinguished.
36. That is, an assessment of which sectors are material, both in terms of percentage of lending/investment books and percentage of absolute emissions. Double materiality assessments were carried out as part of the first CSRD reporting but are very high-level and only identify general material impacts, risks and opportunities (IROs) for each sustainability theme.
37. Centre for Research on Multinational Corporations (SOMO), [Digging deeper into ING’s climate ambition](#), February 2025.
38. In its [guidance](#) on facilitated emissions, the Partnership for Carbon Accounting Financials (PCAF) recommends banks use a 33% weight and account for the emissions linked to their capital market activities only in the year of the transaction.
39. See footnote 16.
40. Reclaim Finance, [Targeting Net Zero: the need to redesign bank decarbonization targets](#), September 2024.
41. This is especially the case of the Residential Real Estate sector, for which banks either refrain from setting a decarbonization target, highlighting the significance of external dependencies (e.g. decarbonization of the power grid or public policies), or set a target above CRREM 1.5°C regional pathway. It is also the case for industrial sectors (e.g. Société Générale sets a target above the IEA NZE 2050 scenario pathway for the cement sector because “there is currently no consensus on the level of deployment of Carbon Capture, Utilization and Storage (CCUS) by 2030: the IEA scenario is based on more optimistic assumptions than those of the sector’s players”).
42. As highlighted after, Risk Appetite Statement metrics can include sectoral portfolio emissions, but often partially and restricted to a few sectors.
43. Green Bond Principles, Sustainable Bonds Guidelines, Sustainability-linked Bonds Principles.
44. Green Loan Principles, Sustainability-Linked Loans Principles.
45. 10 banks have set targets for 2025, 2026, or 2027, and 4 banks have set targets for 2030.
46. ShareAction, [Mind the strategy gap: How disjointed climate targets are setting banks up to miss net-zero](#), November 2024.
47. For example, Barclays’ “sustainable and transition financing” totaled up to \$67.4 billion in 2023, with only \$0.4 billion labeled as “transition financing” (and \$10.9 billion in SLLs and SLBs), but ramped up this financing to \$5.7 bn in 2024.
48. See Reclaim Finance, [Phaseout Coal For Good](#), accessed March 2025; and [Ten guiding principles for financing coal retirement mechanisms](#), December 2023.
49. The GFANZ defines “climate solutions” as “technologies, services, tools, or social and behavioral changes that directly contribute to the elimination, removal, or reduction of real-economy GHG emissions or that directly support the expansion of these solutions. These solutions include scaling up zero-carbon alternatives to high-emitting activities as well as nature-based solutions and carbon removal technologies”.
50. Climate Policy Initiative, [Global Landscape of Climate Finance 2024](#), October 2024.
51. Climate Bonds Initiative, [Sustainable Debt: Global State of the Market, 2023](#), May 2024.
52. Reclaim Finance underlines that the EU Taxonomy still includes activities that are not compatible with the transition. The EU Taxonomy [especially classifies gas power and nuclear energy](#) – under strict conditions – as “transition” activities. Banks can use the [Independent Science Based Taxonomy \(ISBT\)](#) based on the EU Taxonomy to avoid supporting such activities.
53. Barclays aims to achieve net zero by 2050. In its 2023 Climate Finance Report, Santander claims to be fully carbon neutral since 2020. DZ Bank expects all its entities to be climate-neutral by 2045. Intesa Sanpaolo aims to reach carbon neutrality (Scope 1 and 2) by 2030. Until February 2025, HSBC was committed to achieving net zero by 2030 regarding emissions from its own operations and supply chains, but has now pushed this target back to 2050.
54. For example, LED lighting and lower heating/higher cooling setpoint temperatures.
55. Following RE100 rules, based on Energy Attribute Certificates (EACs) or – more marginally – on direct Power Purchase Agreements (PPAs) and on-site renewable energy (RE) generation.
56. Regarding Scope 2, all the banks’ objectives are expressed in market-based Scope 2 emission reductions.
57. ING states it ceased using credits from the Voluntary Carbon Market (VCM) in 2022.
58. A few banks explicitly state that they purchased credits cover specific emissions items, e.g. air travel and IT. In general, banks do not detail what these residual emissions actually are, or an order of magnitude of the volume of emissions that should be compensated;

- at most, they have emission reduction targets for Scope 3, which are always partial (i.e. only one or a few sub-categories), from which can be “deducted” a range for the percentage of residual emissions.
59. There is obviously great uncertainty about the evolution of sectors, markets, and even more so for banks’ portfolios. However, giving an estimate of the contribution of each climate solution to decarbonization is reminiscent of the growing discussion on avoided emissions and other forward-looking metrics, the complexity of which is no less. Banks can rely on industry documents/projections and provide some rough calculations to at least give some future perspectives on each direct decarbonization solution in their portfolios.
 60. La Banque Postale specifically discusses the issue in its Transition Plan without providing qualitative or quantitative assessment.
 61. The criteria have been developed and used in the [Sustainable Power Policy Tracker](#) (SPPT) developed by Reclaim Finance.
 62. A methodology for setting this ratio has been proposed by the Institut Louis Bachelier (ILB) (see: Stéphane Voisin and al, “[Green Brown Ratio : une boussole financière pour la transition énergétique](#) [Comment mesurer efficacement le verdissement des flux financiers ?](#)”, Institut Louis Bachelier, 2025)
 63. La Banque Postale has a strong fossil gas power exclusion policy, while HSBC and Rabobank have introduced only very partial restrictions.
 64. Rainforest Action Network et al., [Banking on Climate Chaos: Fossil fuel finance report 2024](#), May 2024.
 65. The analysis is based on criteria from the two fossil fuel policy trackers developed by Reclaim Finance: the Coal Policy Tracker (CPT) and the Oil & Gas Policy Tracker (OGPT), accessed in March 2025.
 66. More precisely, the criteria regarding fossil fuel policies cover:
 1. Thermal coal (a) expansion-related exclusion policies of developers at the corporate level, and (b) phase-out policies.
 2. Metallurgical coal expansion-related exclusion policies (a) at the project level of new mines, the expansion of existing mines and infrastructure, and (b) at the corporate level (developers).
 3. Oil and gas (a) expansion-related exclusion policies (both project and corporate levels), and (b) phase-out policies.
 67. See the [Global Coal Exit List](#).
 68. ING and Intesa Sanpaolo still have significant exceptions in their project-level exclusion policies.
 69. Reclaim Finance, [Behind the Smokescreen: The loopholes in French banks’ coal policies](#), October 2024.
 70. Crédit Mutuel, La Banque Postale, and UniCredit.
 71. La Banque Postale, Crédit Mutuel, BNP Paribas, and Crédit Agricole.
 72. European Central Bank, [Guide on climate-related and environmental risks](#), November 2022.
 73. Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks.
 74. The European Central Bank (ECB) conducted its first climate risk stress test in 2022, which included 104 banks. The ECB has also developed an economy-wide climate stress test to assess the resilience to climate risks of non-financial corporates and euro area banks. At the same time, the European Banking Authority (EBA) published a pilot EU-wide exercise in 2021 and conducted a one-off “Fit-For-55” climate scenario analysis in 2023. Beyond the channel, the Bank of England (BoE) conducted its Climate Biennial Exploratory Scenario (CBES) in 2021, which covered 28 banks and insurers.
 75. The internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP).
 76. European Central Bank, [The importance of being transparent - A review of climate-related and environmental risks disclosures practices and trends](#), April 2023.
 77. Most banks use Network for Greening the Financial System (NGFS) Climate Scenarios (especially “Disorderly/Delayed Transition” and “Current Policies/Hot House World” commonly used in stress testing exercises) to conduct scenario analysis, sometimes with in-house adjustments (which are not always disclosed). Some banks use bespoke scenarios but do not disclose their characteristics.
 78. A risk governance framework codified by the Basel Committee on Banking Supervision (BCBS) in its 2011 [Principles for the Sound Management of Operational Risk](#), although questioned in [further papers](#).
 79. The three “lines of defence” are: 1) the business units; 2) the risk department and group risk committees (at the supervisory board and executive management levels); and 3) the internal audit functions.
 80. These metrics can include fossil fuel exposure, exposure to other sectors (e.g. mining), sectoral physical emission intensity, financed emissions, amount of sustainable finance, high-risk sovereign exposure, percentage of clients with high risks in a given sector based on proprietary customer transition assessment, thresholds on collaterals with worst Energy Performance Certificate (EPC) rating (F and G), etc.
 81. To a lesser extent, banks acknowledged some medium- to long-term impact of physical risk on credit risk, though it is sometimes assessed as “low”.
 82. These initiatives include TCFD, TNFD, UNEP-FI, NZBA, PRB, CA100+, CDP, PCAF, WBCSD, Forum for Sustainable Finance, Capitals Coalition, Finance for Biodiversity Pledge, specific local initiatives.
 83. For example, representative organizations (UK Finance, French Banking Federation (FBF), Association of German Banks (BdB), Association for Financial Markets in Europe, etc.), chambers of commerce, think tanks and associations (Institute of International Finance (IIF), Bank Policy Institute (BPI), etc.).
 84. In the CDP questionnaire, point C-FS 12.1b refers to the engagement strategies of banks/asset managers, which are grouped into five categories: (i) Education/information sharing; (ii) Collaboration and innovation; (iii) Compliance and onboarding; (iv) Information collection; and (v) Engagement and incentivization.
 85. For example, Rabobank mentions the “development and provision of a carbon calculator to 15,000 farmers for them to monitor and reduce farm gate emissions, or provision of ad-hoc soil management advisory”.
 86. 7 banks specify that engagement is prioritized for customers who are “less advanced in their transition”, but only 4 disclose to which scoring or categories it applies.. Criteria related to climate or ESG risks and GHG emissions are also mentioned but not disclosed.
 87. Objectives can be deduced to some extent providing existing disclosure but are not made plain by banks with respect to their contribution to the overall climate strategy.

88. For example, banks talk about terminating relationships with companies that “do not demonstrate progress in developing a credible transition plan”, “do not show sufficient progress”, or are in “material breach of environmental laws and regulations”.
89. GHG inventories can be considered relatively exhaustive for 11 banks.
90. Crédit Mutuel and DZ Bank
91. See footnote 15.
92. That is, only mentioning a few entities without giving information on their roles, responsibilities and relationships in elaborating and implementing the bank’s climate strategy.
93. Useful information to determine the relevance of committees include: number of personnel for each critical climate-related body, meeting frequency (number per year or percentage of total yearly meetings), adequacy of climate-related skills of members, and independence of personnel.
94. 17 banks include ESG-related KPIs in annual remuneration and 9 in their LTIP. 8 banks include them in both.
95. For example, ESG-related KPIs can include maintaining sustainability indices/positioning compared to competitors (or even a vague “number of appearances in sustainability indices”), sustainable financing volume targets/exposure to low-carbon energies, own operations/financed emission reduction targets (sometimes limited to a few sectors), volumes of customers engaged, preparation of CSRD reporting, enhancement of environmental risk framework, etc.
96. LBP (LBP SA and “significant” subsidiaries) aims to reach by 2025 a proportion of 90% of employees having attended at least two CSR/sustainable finance training courses.
97. Including in-house client assessment tools, portfolio alignment, and financed emission reduction targets.
98. KPIs for training include: number of modules and hours of training for each theme, headcounts in each department for each theme, average number of modules/FTE, average hours of climate-related training/FTE.
99. The KM-GBF was adopted during COP15 and sets the ambition to reverse degradation and restore nature. The GBF is broken down into 23 targets by 2030 and 4 major goals by 2050.
100. All except BPCE Group, whose policies only cover other specific sectors such as fossil fuels, plus Intesa Sanpaolo and UniCredit, which have very summary nature-related statements.
101. It should be noted that these certifications and standards do not guarantee sustainable production and that some of them have been denounced as contributing to greenwashing. These certifications and standards include the: Roundtable on Sustainable Palm Oil (RSPO); Roundtable on Sustainable Soy (RTRS); Proterra; International Sustainability and Carbon Certification; Cefetra Certified Soya; Amazon Soybean Moratorium; Cerrado Manifesto; Forestry Stewardship Council (FSC); Programme for the Endorsement of Forest Certification (PEFC); Global Roundtable on Sustainable Beef (GRSB); Leather Working Groups (LWG); Roundtable on Sustainable Livestock (GTPS).
102. Considering the whole value chain with sourcing criteria for agribusiness clients is key to avoiding deforestation and ecosystem conversion, and tools such as Transparency for Sustainable Economies (Trase) and ForestIQ can be leveraged to do this. Out of the 16 banks that have soft commodity policies, 9 cover some downstream players (e.g. traders and refiners for palm oil), but often partially (e.g. only primary processing and not manufacturers, or only weak expectations regarding purchasing/sourcing policies of

the latter).

103. Forests & Finance, [Banking on Biodiversity Collapse](#), October 2024.
104. The Banking on Biodiversity Collapse 2024 report covers the 30 largest banks providing loans and underwriting to 159 forest-risk commodity sector companies operating in Southeast Asia, South America, and West/Central Africa between January 2018 and June 2024.
105. Global Canopy, [Eliminating Commodity-Driven Deforestation: Finance Sector Roadmap](#), December 2022.
106. The exercise should cover a substantial part of the portfolio and not only be a pilot exercise with limited scope.
107. Country level data comes from the global multi-regional input-output (MRIO) database EXIOBASE.
108. For example, a “renovation advance loan”, i.e. a bullet loan linked to both housing energy performance and households’ socioeconomic characteristics.
109. Reclaim Finance, “BPCE: A growing climate delay”, April 2025
110. See footnote 1.
111. See the explainer from Reclaim Finance: [EU Omnibus: a playground for industry lobbies](#), March 2025.
112. See the joint press release from French CSOs and Unions: [Omnibus Directive: Towards a Historic Weakening of ESG Standards in Europe](#), February 2025; and the collection of statements: [Businesses, Finance, NGOs, and Academics Defend EU Laws against Omnibus](#), February 2025.
113. European Banking Authority, [Report on data availability and feasibility of common methodology for ESG exposures](#), February 2025.
114. European Banking Authority, [Final Report: Guidelines on the management of environmental, social and governance \(ESG\) risks](#), January 2025.

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