

PRB Worktrack on Engaging Clients on Sustainability Impacts, Risks & Opportunities

Essentials Stream Session 3 (May)

Summary of key insights and emerging practices shared during the peer discussion

Session purpose & context

This third Essentials session focused on the organisational capabilities that underpin client engagement on sustainability: how banks structure sustainability expertise, where that expertise sits, and how it connects to client-facing teams. The session combined (i) a peer case study from Lloyds Banking Group on its approach to sustainability-led client engagement, and (ii) a facilitated peer discussion in which participants shared what has worked in bridging group-level sustainability expertise and frontline colleagues, and what builds relationship manager confidence and trust over time.

Peer case study snapshot: Lloyds Banking Group's approach to sustainability-led client engagement

Colleagues from Lloyds Banking Group set out how the bank structures sustainability capability and how that structure shapes client engagement. Within Corporate and Institutional Banking, a Sustainable Finance and Transition team works alongside coverage, supported by ESG Risk, which sits within the credit risk framework, and by Portfolio Analytics. In October 2025 the bank embedded 14 sustainability specialists directly into coverage teams, moving from a single central function to a hub and spoke model, while retaining a central team providing subject matter expertise. Client engagement is organised around four service lines that sequence deliberately from awareness to transaction: market insights, capacity building, strategy review and transaction support, with the first three generally offered complimentary. The Client Transition Plan programme, established in 2023, now covers more than 260 assessments across ten sectors, with roughly 100 to 120 detailed expert-led assessments each year on priority clients, alongside a lighter assessment completed by relationship managers covering 96 per cent of the CIB book. Lloyds was candid about how its approach has pivoted: from treating transition plans as a net zero progress check to offering sustainability expertise as a service supporting value generation, from a centralised team to specialists embedded in coverage, and from staffing with experienced bankers to a blended team drawing on consultancy, climate strategy, banking and legal backgrounds. Key lessons shared included treating coverage colleagues as clients in their own right, absorbing the analytical burden internally rather than adding to client reporting demands, and acting as translator between sustainability and commercial teams. To learn more, review Lloyds Banking Group's CTP [Insights Report](#) and its [Sustainability Report 2025](#).

What We Heard: Common Challenges and Emerging Practices

1) Bridging sustainability and coverage

The challenge is perceived value rather than credibility. Participants identified the main obstacle to working with frontline colleagues as sustainability teams not being seen to add value, followed by limited time. Trust was not raised as a constraint. Relationship managers receive inbound requests from multiple internal teams about the same client and filter accordingly, so a sustainability team that arrives as one more request gets filtered out. Several participants also described a residual perception that sustainability exists to stop transactions rather than support them.

Emerging good practices

- **Embed specialists within coverage:** Physical proximity brings visibility of deals early and allows judgement on the right timing for each client, though specialists moved out of a central team need to retain access to the expertise held there.
- **Learn the language of coverage:** Time-constrained colleagues respond better to something practical and immediately usable than to training that asks them to become sustainability experts.
- **Translate in both directions:** Relaying the commercial pressures a client or sector faces back to sustainability colleagues, which shifts the perception of the team from obstacle to ally and feeds client realities into internal processes.
- **Use internal advocates and competition:** A small number of concrete success stories travel well, since sectors are competitive and one or two vocal relationship directors can generate demand from teams that were previously uninterested.

- **Create external routes to the client:** Industry events can produce direct contact with a client's head of sustainability. A request arriving from the client changes internal perceptions in a way internal advocacy does not, provided it is coordinated with the relationship director.

Looking forward: Participants recognised that bridging sustainability and coverage rests on demonstrated usefulness rather than mandate, built through repeated practical contributions rather than a single intervention. Structural proximity helps but does not substitute for it.

2) Incentives and what gets measured

Participants identified misaligned incentives as the second biggest obstacle to working with frontline colleagues. One participant speaking from a frontline role put it directly: what gets measured gets done, and until sustainability features in how relationship managers are assessed on client conversations in the way revenue does, it will not command their attention. Participants were realistic that the two will probably never carry equal weight. The difficulty is compounded by sector variation, since emissions and transition are far more tangible for a miner or manufacturer than for clients in sectors where the link is less direct. Participants who had introduced formal targets also reported a recurring side effect: KPIs create urgency and pull a large part of the bank in, but they can produce volume without quality.

Emerging good practices

- **Push objectives down to product and sector level:** One participant described setting ESG objectives for each product team, which lifted engagement significantly from both bankers and product colleagues after the work had previously been treated as a tick-box exercise.
- **Link to variable remuneration:** Participants noted that including client engagement metrics in the measures that affect banker compensation changes behaviour in a way that encouragement alone does not.
- **Balance coverage targets with a quality measure:** One participant shared experience of a KPI requiring transition plan coverage for 90 per cent of in-scope clients, followed by an engagement KPI the next year. It worked as a kickstart and prompted mandatory training, but also generated tick-box sentiment. The recommendation was to pair a volume target with something that protects quality, even at a lower ambition level, and to prefer doing a smaller number of clients well.
- **Use competition rather than mandate where possible:** Participants observed that bankers respond to league tables and peer comparison, and that sector rivalry can generate demand for sustainability support without a formal target.
- **Recognise that incentives alone are insufficient:** Participants noted that targets need to sit alongside capability building and practical support, since a metric without the means to deliver against it produces superficial compliance.

Looking forward: Participants identified metrics and incentives as the area where the group would most benefit from a dedicated session, including how banks are beginning to measure sustainable revenue, and how to harness competitive behaviour rather than rely solely on formal targets.

3) Evidencing value when the revenue link is indirect

Much of what sustainability teams offer clients does not carry a fee. Participants distinguished between services and revenue, noting the two overlap less often than might be expected, and that the value of unpaid work sits in trust and in wider exposure across the client organisation. This creates a practical problem, since teams face pressure to put a number in a spreadsheet while the return spreads across several teams and can take months or years to appear, often as being first on the list when a financing need arises. Direct causation is very hard to demonstrate. Where a bank does charge, a further question follows about whether an external invoice strains the client relationship, and whether an internal shadow value is the better route. Participants who had built sustainable finance teams quickly during the 2020 to 2022 growth period noted they are now under pressure to evidence the value those teams add, which also forces a decision on what a bank can credibly offer at all.

Emerging good practices

- **Separate the paid from the complimentary deliberately:** Participants described a spectrum running from a tightly defined project with a fee, such as advisory work helping a client improve its ESG rating, to an informed conversation offered at no charge. Deciding where the line sits, rather than leaving it ambiguous, helps both the team and coverage explain the offer.
- **Sequence complimentary services towards transactions:** Offering market insight first, moving to a capacity building workshop if interest develops, then to a deeper strategy review, with the accumulated relationship intended to generate transactions over time.

- **Measure perception where revenue attribution is not possible:** One participant described quarterly surveys of clients and of public sector counterparts, including whether the bank is perceived as a leader on the energy transition, alongside tracking how frequently teams engage relevant counterparts and how warm those relationships are. This gives senior management evidence that advisory and thought leadership is landing.
- **Treat internal advocacy as evidence:** Where no shadow fee exists, participants noted that the relationship manager who has seen the value becomes the team's internal supporter, and that converting internal sceptics is itself a measurable outcome.
- **Frame sustainable finance accurately in markets without regulatory drivers:** One participant cautioned against presenting sustainable finance as a new or separate pool of funding. It is the same capital for the same activities, with additional work and transparency undertaken to send a market signal, whether to attract longer-term international investors or to demonstrate investment against a financially material issue. Participants were sceptical of relying on pricing advantage as the argument, since it is difficult to calculate and cannot be depended on.

Looking forward: Participants recognised that evidencing the commercial value of client engagement remains unresolved, and identified metrics and measurement as a priority for future sessions, including examples of how banks are attempting to measure sustainable revenue.

4) Client transition assessment as an engagement tool, not a risk score

Across sessions, participants have described a shift in how client transition information is used, moving from a compliance or risk check towards a way of identifying opportunities and deepening the client relationship. Participants noted this shift is not yet reflected in the wider public discourse on transition planning. Making it work requires assessments detailed enough to support a real conversation, which is resource-intensive. One participant described expert-led assessments taking six to eight hours per client, against a lighter assessment completed by relationship managers across almost the entire book, where data quality is inevitably weaker because those colleagues are neither sustainability experts nor able to spend long on it.

Emerging good practices

- **Keep the assessment in-house:** The expert who did the work understands the client's strategy and is equipped to engage properly. A third-party score does not equip anyone to do that, which is why some participants reviewed paid providers and chose to continue working from public disclosure themselves.
- **Run two complementary layers:** A lighter, broad assessment feeding risk processes, alongside detailed assessments on priority clients, with categories aligned so the two complement rather than duplicate each other.
- **Select priority clients on materiality and influence:** One participant rejected financed emissions as a selection metric, since it is too volatile and a client that does not draw down would never appear. The filters applied instead were materiality within the sector, breadth of the relationship, and whether the bank has enough influence to secure a meeting.
- **Carry the analytical burden rather than sending questionnaires:** Clients respond poorly to anything resembling data collection, given existing reporting demands. Arriving prepared preserves the relationship.
- **Use the assessment to open a conversation, not deliver a verdict:** Positioning the bank as a second set of eyes shifts the question from how the client is performing to what is on their mind and where the bank can help.
- **Apply automation carefully:** Participants exploring AI to handle reporting volumes were clear the objective is to equip an expert for a detailed conversation, not to generate an automated score.
- **Set proportionate expectations on nature:** Maturity thresholds for nature are deliberately lower, since time-bound targets remain rare while they are now a baseline expectation on climate.

Looking forward: Participants identified the use of transition assessments for opportunity identification as a topic warranting a dedicated session, alongside the unresolved question of how engagement outcomes feed back into internal decision-making so that client-facing colleagues see the value of the conversations they hold.

5) Extending the approach beyond the largest clients

Participants observed that the clients receiving the most attention are often those who need it least. Banks have concentrated detailed transition assessment and advisory capacity on their largest corporate clients, and several of those clients have sustainability teams as large as the bank's own. The tier below is asking for support more actively, and participants suggested that is where a bank can have greater effect. The constraint is capacity. A detailed assessment programme covering roughly 100 to 120

clients does not scale to the thousands of clients in commercial and SME banking, where reporting and in-house expertise are limited and engagement is often more transactional.

Emerging good practices

- **Redeploy internal knowledge rather than replicating the process:** Participants described taking the knowledge built from several years of detailed assessments of sophisticated clients, including what best practice looks like and where the common gaps sit, and using it to inform engagement with smaller clients who lack those resources.
- **Use a product lens where bespoke engagement is not feasible:** One participant described an agriculture transition-linked loan designed so that any client in the sector could access it, carrying both transition insight and a pricing benefit. This brings a large number of clients into the conversation at once without requiring individual assessment.
- **Keep assessment proportionate to client capability:** Participants noted that ESG assessment at SME level necessarily remains high level, given limited client expertise and reporting, and that expecting otherwise creates burden without insight.
- **Sequence internal capability before client education:** Participants noted that engaging less mature clients requires bank staff to be confident enough to lead the conversation, since the client cannot be relied on to bring the technical understanding.

Looking forward: Participants identified support for smaller and mid-sized clients as a priority area, and noted that a dedicated worktrack on this segment is planned for later in the year.

Key Takeaways for PRB Banks

Lead with value, not process: Coverage colleagues filter out anything that reads as another internal request. Arrive with explicit client demand, distinctive insight or a concrete opportunity, and screen out everything else before it reaches the relationship manager. Learn their language rather than asking them to learn yours.

Pair coverage targets with a quality measure: KPIs create urgency and pull the organisation in, but volume targets alone produce tick-box behaviour. A smaller number of clients engaged well beats a large number engaged poorly.

Keep assessments in-house and carry the analytical burden: The value of a detailed assessment lies in the expert who did the work being equipped to hold the client conversation. Work from public disclosure and arrive prepared, since clients respond poorly to anything resembling data collection.

Measure perception where revenue attribution fails: Client and counterpart surveys, including whether the bank is seen as a transition leader, give senior management evidence that advisory work is landing when direct revenue causation cannot be directly shown.

Look below the largest clients: The biggest corporates often need the help least, while the tier below is actively asking. Product-level solutions can reach volume where bespoke