

Leadership Strategies for Client Engagement:

Advancing
climate-related
assessments

The University of Cambridge Institute for Sustainability Leadership

The University of Cambridge Institute for Sustainability Leadership (CISL) partners with business and governments to develop leadership and solutions for a sustainable economy. We aim to achieve Net Zero, protect and restore nature, and build inclusive and resilient societies. For over three decades we have built the leadership capacity and capabilities of individuals and organisations, and created industry-leading collaborations, to catalyse change and accelerate the path to a sustainable economy. Our interdisciplinary research engagement builds the evidence base for practical action.

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The Banking Environment Initiative (BEI) is a group of global banks committed to pioneering actionable pathways towards a sustainable economy. The BEI co-produces horizon-scanning applied research, develops leadership tools and convenes academic and industry collaborations. It is a member-led, not-for-profit group, formed in 2010 and convened by CISL alongside our investor and insurer groups.

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ABN AMRO	Citibanamex	Mizuho
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Allied Irish Banks	Danske Bank	National Australia Bank
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Bank of Ireland	DNB Group	Nordic Investment Bank
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Executive summary

Alongside business and government, finance has a vital role to play in the transition to a sustainable economy. Over 450 financial institutions have now pledged to align their financing portfolios to net zero through the Global Financial Alliance for Net Zero (GFANZ). To turn commitment into action, the sector will be using science-based guidelines to reach net zero emissions by 2050. The commitment includes greenhouse gas emissions that occur up and down the value chain, so involves financed emissions, and requires setting 2030 interim targets as well as providing transparent reporting and accounting in line with the Race to Zero criteria.¹

Unless financial institutions dramatically improve their capabilities in climate-related assessments, develop an appreciation for the strategic implications for their clients, and mobilise finance in accordance with net zero targets, the finance industry's commitments will fail to lead to decarbonisation action. This will have grave consequences for social, economic and environmental stability.² Businesses and financial institutions are critically dependent on healthily functioning social and environmental systems for their value creation. Working collaboratively, we must structure climate action in a deliberate way, ensuring plans are socially just and cognisant of the broader systemic interconnections with related issues such as nature loss and of growing levels of inequality.

Having made bold commitments, society must now focus on taking action to implement transition plans at pace and scale. Net zero commitments will transform the operating models of financial institutions. These transformations will require, among other things, an urgent shift in the way financial institutions analyse risk and generate revenue.³ Client-facing staff will need to understand what this means for the way they and their clients do business.

However, client-facing teams in financial institutions do not yet have sufficient knowledge and tools to adequately help their clients navigate the transition to net zero. While awareness in the finance community is increasing, technical expertise varies across teams, organisations and geographies and is not yet sufficient for the challenge ahead. Incorporating climate-related considerations and corporate transition plans into risk analysis and product structuring processes will be necessary, and client-facing staff will need to be fluent in these themes.

In May 2021, CISL published *Let's Discuss Climate: The essential guide to bank-client engagement*. Developed by the Banking Environment Initiative, the aim of this practical reference guide is to equip and empower relationship managers to have meaningful conversations with large corporate clients about their decarbonisation plans and associated financing needs. The client engagement approach positioned in the *Let's Discuss Climate* Guide is helping banks to improve their processes in support of accelerating the transition. Banks have begun using the Guide in countries such as Spain, Switzerland, the UK and the US. It has also informed further research by the World Resources Institute and the Climate Safe Lending Network.^{4,5}

Since publication, CISL had been leading a module on client transition assessments as part of the UNEP FI TCFD programme. This module aimed to enhance understanding and implementation of the *Let's Discuss Climate* Guide and its five-phase structure to navigate and strengthen net zero financing partnerships. There was a particular focus on the second phase of the Guide, looking at the processes financial institutions use to assess their client's current position and ambitions for the future. Workshops, interviews and case studies were carried out in partnership with the financial institutions from this module of the TCFD programme.

Drawing on practical experiences and showcasing client engagement case studies, this paper supports financial institutions to evolve and ensure that they are building and retaining strategic partnerships that align with sustainability objectives in the near and long term, with the advancement of climate-related assessments as its core.

This report builds on the *Let's Discuss Climate Guide* and furthers past research across five themes:

1. Implementation of CISL's *Let's Discuss Climate Guide*
2. Challenges and best practices for assessing client transitions
3. Six recommendations that serve to advance climate-related assessments for use in client engagement, of which three are directed at **client-facing staff**:
 - Based on the Guide, seek internal collaborations to locate, sort and collect the data and insights you need for client engagement.
 - Invest time in educational opportunities to ensure you ask the right questions, understand the data and interpret climate-related assessments for client dialogues.
 - Use assessments of forward-looking plans and share experiences of client engagement so internal processes can be improved to support climate objectives.

and three are in the sphere of control of **group strategy teams**:

- Build on the Guide's structure to determine sector-specific questionnaires that ensure data is collected in an efficient and coherent manner.
 - Increase the usability of data and insights to allow a wide variety of internal stakeholders to better locate and analyse asset-level data for use in assessment, client engagement and product innovation.
 - Strengthen in-house processes and capabilities for transition-plan evaluation tools and methodologies across business lines.
4. Sector-specific mapping of resources to help locate relevant information
 5. Case studies of client engagement strategies led by financial institutions

We encourage client-facing staff and group strategy teams to use this paper's insights to advance processes and capabilities in data collection, assessment of baseline positions and evaluation of forward-looking plans. We hope this paper contributes to helping the finance sector better serve the needs of both its clients and society through mobilising finance to achieve international sustainable development goals.

It is time to move from commitment to action.

1. The importance of client engagement for the financial sector

Why client engagement is one of the top priorities for financial institutions moving from commitment to action

To limit temperature rises to 1.5°C as per the Paris Agreement, financial institutions, at the very least, need to align their portfolios with net zero targets by 2050 and account for the emissions of the companies to which they provide financial products and services. This is essential to steer progressive action. A good transition plan, which sees a financial institution decarbonise its balance sheet, requires that a solid client engagement strategy is delivered, supported by strategy and infrastructure.⁵

Company risk profiles will change over the coming years. The success of financial institutions will be reflected in their ability to update assessment processes as well as to help their clients along their net zero journey.⁶ In October 2021, following a public consultation, the TCFD released its guidance on climate-related metrics, targets and transition plans. The report recommends that firms disclose key information in relation to their transition plans to a low carbon economy and highlights the characteristics that make transition plans effective.⁷ At COP26, the UK government announced its plans to make it mandatory for companies to publish net zero transition plans. The policy has been designed to encourage increased funding for low carbon projects and technologies to ensure pledges are turned into action.⁸

Client engagement will be essential for risk profiling and harnessing financing opportunities that accelerate action. Climate-related support is fast becoming a value-add service, providing commercial opportunities for financial institutions that can share expertise across retail, small and medium-sized enterprises (SMEs), large corporates, institutional and sovereign clients. As economies transition to net zero, companies are looking for a different offering from financial institutions. Value can be added in the form of non-financial support, bringing useful analysis, insights and networks, as well as financial support that funds action in alignment with transition plans and climate objectives. Some institutions are already taking the lead in their engagement with clients.

This paper showcases areas of best practice in assessment processes, and case studies of client engagement strategies. Institutions able to navigate the transition journey in these ways will build and retain strategic partnerships over the long term. This is exemplified by the ClimateWise Principles for the global insurance sector, Principles for Responsible Banking, the Principles for Responsible Investment and CISL's Bank 2030 report, in which helping with client awareness of sustainability issues and as well as proactive engagement serve as core pillars of leadership.

The global finance landscape is rapidly evolving to integrate climate-related considerations for risks and opportunities. Recent important developments include the formation of a new International Sustainability Standards Board (ISSB) to develop a global baseline of high-quality sustainability disclosure standards, and of the GFANZ Net Zero Financing Roadmaps for sectors and geographies. These will contribute to advancements in assessment processes and support more meaningful client engagement on climate. We commend these initiatives and encourage cross-cutting global partnerships to generate the tools and methodologies needed to accelerate the transition to a net zero economy.

The role of client-facing staff in climate-related engagement

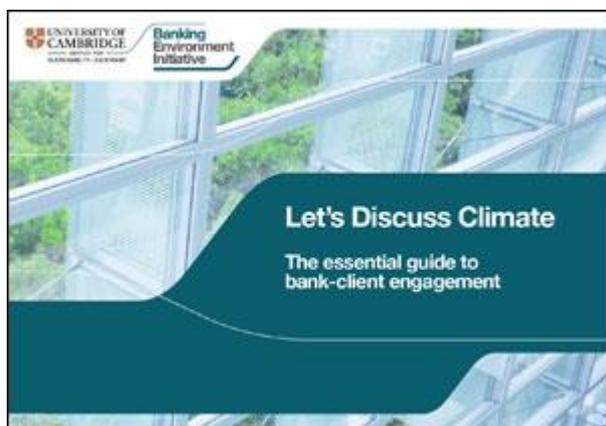
Client-facing staff play an important role in an institution's efforts to achieve alignment with net zero emissions targets in the short, medium and long term. They are the external face of the institution, building, maintaining and expanding valuable relationships and opportunities with businesses that determine the success of a financial institution's portfolio.

They have access to corporates globally and the ability to influence, guide and change the direction of financial flows. Their role in climate-related engagement includes collaboratively and constructively challenging and guiding clients to understand the current and future business risks and opportunities that are likely to arise from climate change mitigation and adaptation. This work can also include information-gathering and asking meaningful questions that spark action in clients. They can start by explaining why this is so important to the financing partnership, tying client engagement into their own institution's climate targets.

Relationship managers can use their expert knowledge of the client to structure appropriate financial solutions with colleagues to be able to finance clients' decarbonisation strategies. This presents an opportunity to identify unmet needs to enable innovation and drive revenue that is aligned with net zero targets. Furthermore, they have important information about clients, gathered during conversations and relationship building, that can help an institution decide whether certain client segments fit into your overall climate strategy. Likewise, understanding clients will inform what decarbonisation strategy your institution can pursue.

Client-facing staff need to feel knowledgeable and confident to put climate change topics in front of a client.³ Organisational purpose, vision and strategy aligned with net zero targets will enable authentic client conversations. To help banks and their relationship managers understand and rise to the responsibility of integrating climate-related considerations into client relationships, CISL created [Let's Discuss Climate: The essential guide to bank-client engagement](#).

Introduction to CISL's *Let's Discuss Climate: The essential guide to bank-client engagement*



The development of *Let's Discuss Climate: The essential guide to bank-client engagement* was motivated by the need for a market-wide transformation in how banks and their corporate clients interact to accelerate the transition to a net zero economy.⁹

It was scoped and created by CISL in partnership with the Banking Environment Initiative members who, in 2020, identified a sector-wide need to improve the action-orientated tools available to client-facing staff to help them play their part in transitioning portfolios to net zero.ⁱ The Guide built on *Bank 2030: Accelerating the financing of the*

low carbon economy, which looked at how a bank can prepare itself to be part of a low carbon economy, accelerating action in the real economy and driving opportunities (see Figure 1).³

ⁱ ABN AMRO, Barclays, BNP Paribas, Deutsche Bank, HSBC, Lloyds Banking Group, NatWest, Santander and Standard Chartered

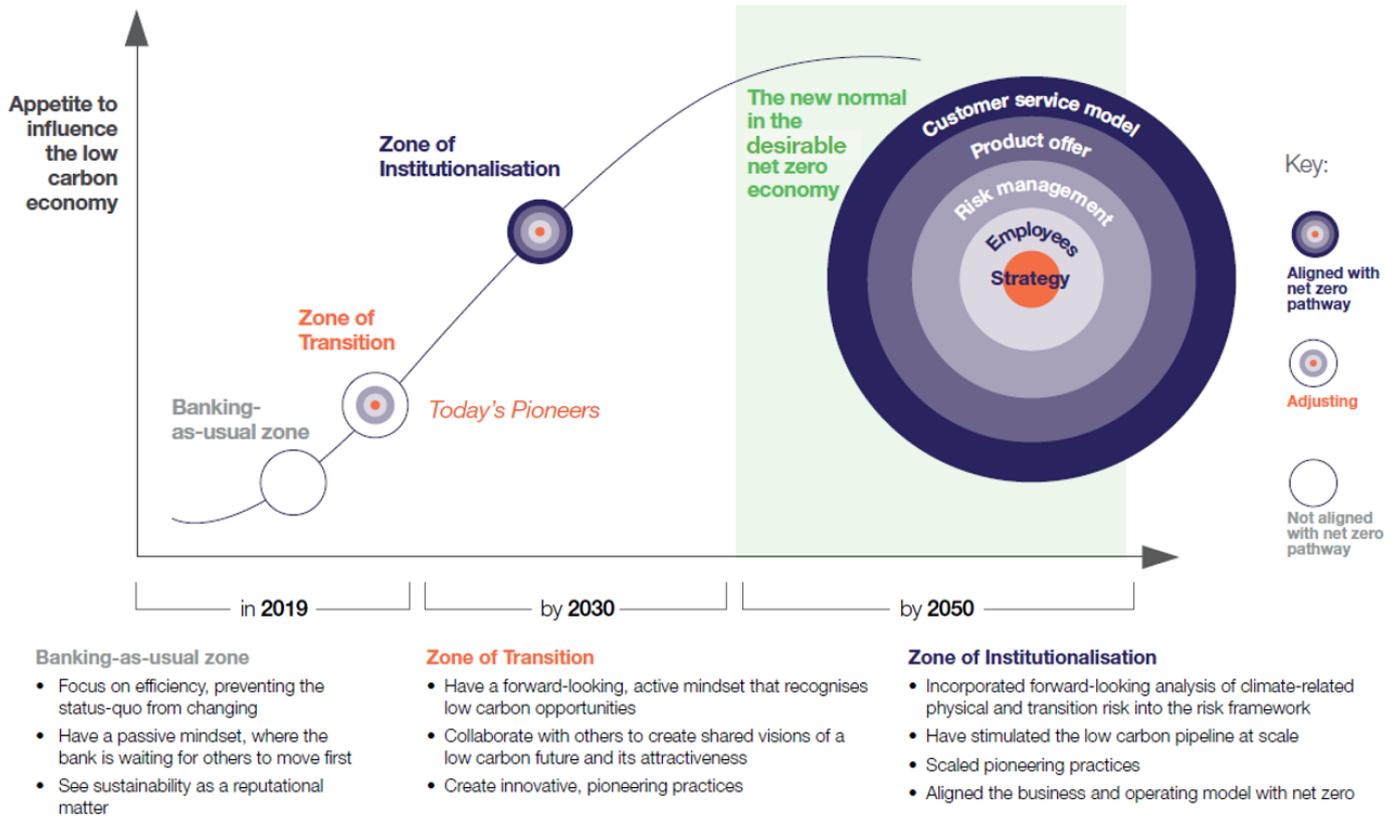


Figure 1: Accelerating the financing of the low carbon economy – the roadmap to a low carbon bank of 2030.³

Let's Discuss Climate: the essential guide to bank-client engagement was designed to support enhancements to the 'customer service model', as represented in the outer ring of the business operating model in Figure 1. The Guide serves to equip relationship managers to have meaningful conversations with large corporate clients about their decarbonisation plans and associated financing needs. Five phases are proposed that give structure and knowledge to client-facing staff at different points in a client's transition financing journey (see Figure 2 and Figure 3). The full Guide, including considerations for implementation and overcoming barriers to progress, is publicly available on CISL's website.

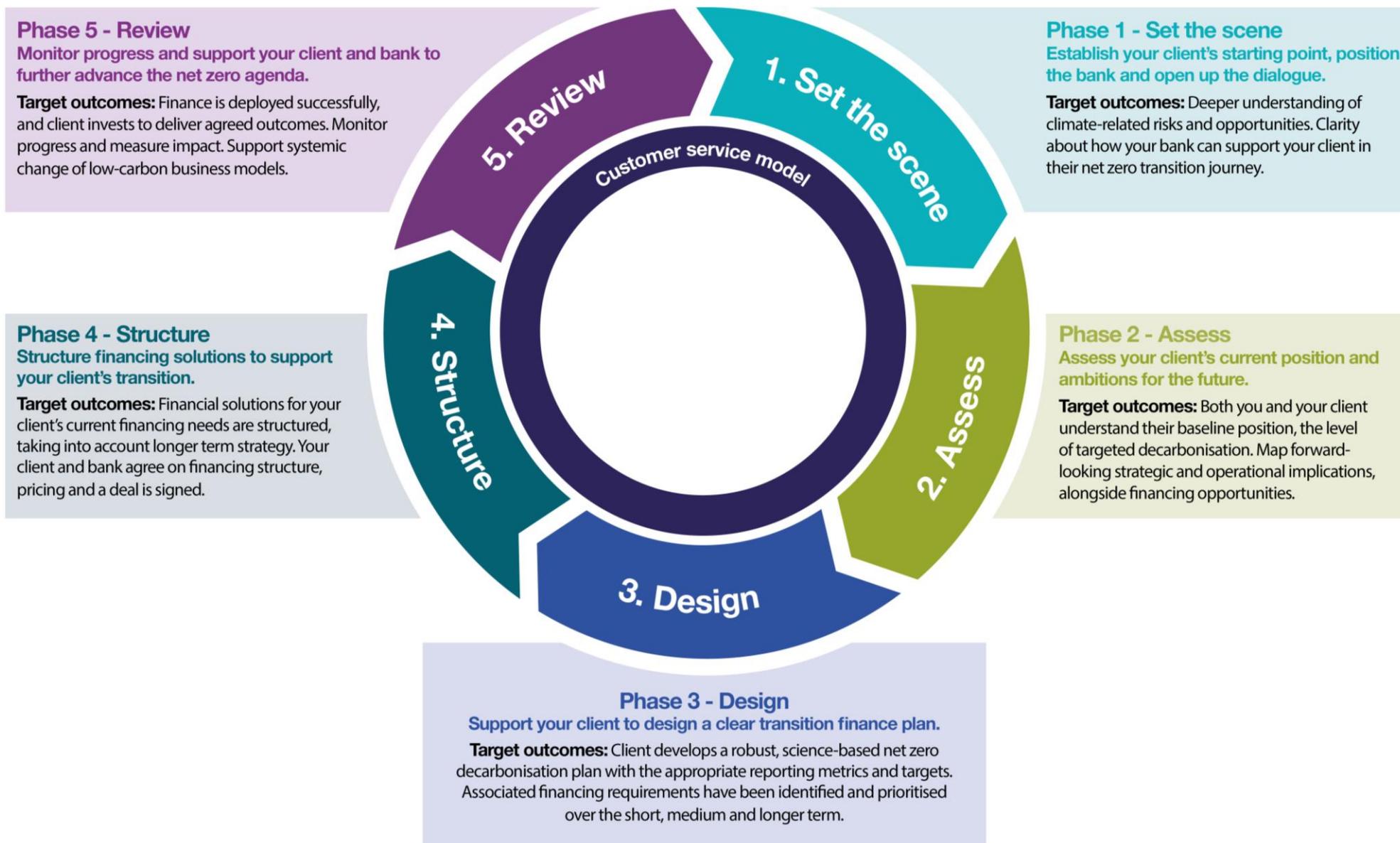


Figure 2: The five-phase approach as presented in Let's Discuss Climate: The essential guide to bank-client engagement⁹

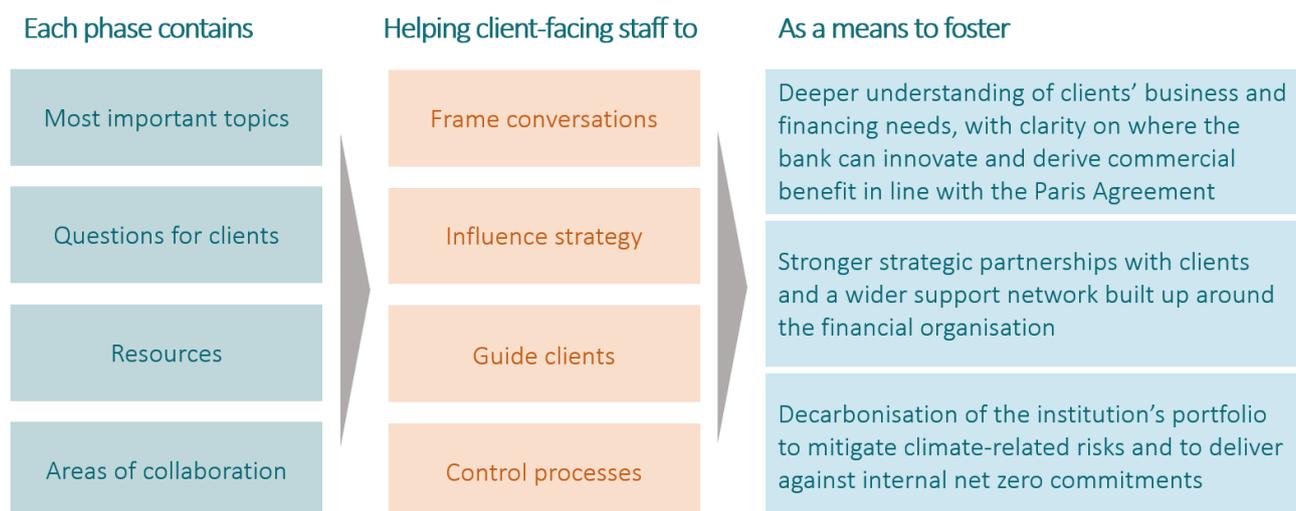


Figure 3: How the Let's Discuss Climate Guide works

With the *Let's Discuss Climate* Guide to hand, relationship managers are better able to frame conversations, guide clients and control internal processes, to provide support and financing for long-standing net zero aligned partnerships.

Implementation of the *Let's Discuss Climate* Guide

Since publication in May 2021, financial institutions from the Banking Environment Initiative and the TCFD programme have been using the Guide to steer conversations and improve climate-related engagement strategies both internally and directly with clients.

Experiences shared may be considered useful for client-facing staff and group strategy teams looking to interpret and embed the Guide in their institution.

How the Guide helps financial institutions

- provides a point of reference for finance practitioners guiding conversations with clients
 - See [Appendix B - Case study by BBVA](#)
- inspires a proactive mindset and gives confidence to a wider population in bringing climate-related themes into client conversations
- enhances existing questionnaires and support given to client-facing staff
- useful for internal sustainability knowledge hubs – included in education materials to upskill staff
- provides a library of resources that help staff navigate the complex climate change landscape
- sector agnostic, and designed for use with larger corporate clients.

[Appendix B – Case study by CaixaBank](#) includes useful suggestions of a bank's role in each of the Guide's phases, as well as timeline for moving through the phases. Further examples of this can be found in the *Let's Discuss Climate* Guide, where a [client's climate maturity and willingness to engage](#) are addressed.

“Across all geographies it was concluded that the guide should be a part of essential reading and preparation for all bankers working with client's sustainability transition. Our banker based in Mexico was particularly complimentary of its usefulness to deepen our clients' transition understanding.”

– Quote from Appendix B - Case study by BBVA

How the Guide can be applied to different types of clients

While CISL's *Let's Discuss Climate* Guide was designed for use with larger corporate clients, the structure and content can also be applied to other customer segments. Sustainability-related engagement strategies are important with retail, small and medium-sized enterprises (SMEs), large corporates, institutional and sovereign clients. Action across the economy is essential for decarbonisation goals to be met.

“Decarbonizing the global economy is a journey for all companies, no matter their size, geography or sector in which they operate. The application of the Guide will help to accelerate climate action in business and to homogenize the process where the financial institutions have an advisory role to help and support companies to achieve their goals. Sustainable Finance will support the transition to a net zero emissions economy globally.”

– Quote from Appendix B - Case study by CaixaBank

Despite relationship models varying across financial institutions and across customer bases, the structure and content provided in the Guide can help a broad range of finance practitioners to upskill themselves and make progress in supporting their customer base. The phased approach, including the context, target outcomes, collaboration suggestions and questions for each phase are transferrable. The supporting resources would likely need updating for different customer segments. Scenarios, case studies and tools targeted at large corporates are unlikely to be directly relevant for retail, small business and sovereign portfolios.

Some examples of suggested applications across customer segments:

Phase 1 – Set the scene

- In retail and small and medium sized enterprise (SME) segments, climate dialogue can be scaled through centralised communication and education campaigns in branches and digitally. This differs to the Guide's approach for large corporates, which suggests client workshops and one-to-one conversations.
- For institutional and sovereign clients, a similar conversational process as that positioned in the Guide can be applied.

Phase 2 – Assess

- Disclosure and data availability is a key differentiator due to variations in reporting requirements.
- Client onboarding processes and questionnaires can be updated across all customer segments to support consistent and efficient climate-related data collection that allows for assessment.
 - An example would be updating initial risk rating data collected when onboarding retail customers.

Phase 3 – Design and Phase 4 – Structure

- Varies with ability to offer differentiated sustainable finance services across customer portfolios.
- Decarbonisation strategies and the necessary financing structures will vary from customer to customer, though efficiencies can be leveraged.
 - This could include standardised offerings for retail or small businesses, that link to climate-related risk rating and other financially material assessments.

Phase 5 – Review

- Monitoring progress and sharing lessons amongst colleagues is important and applicable across all divisions so the Guide can assist here.

Finance that supports SME decarbonisation forms a core part of the Banking Environment Initiative's ongoing research alongside the We Mean Business coalition and [SME Climate Hub](#). Further resources will be available in coming years.

Effective implementation of the Guide

The transition to a socially just, net zero economy will require a systemic and wholesale transformation of our economic models. This will take time and effort and involves a level of complexity that cannot be distilled within a single document.

The Guide aims to provide a practical first step to support client-facing staff in action, though it will need to be supported by leadership from within banks. Suggestions for effective implementation include:

- ensuring consistent group-level support for incorporating sustainability objectives into organisational culture, learning and development
- hosting internal workshops to bring together colleagues to explore and expand on the structure and resources contained within the Guide
- encouraging interpretation to suit the organisation and individuals involved across the sectors and jurisdictions it operates in
- allowing time for client-facing staff to read and absorb the material in the Guide – appropriate learning opportunities can be offered.

For further examples of client engagement strategies and how the Guide can help, please refer to [Appendix B - Case studies](#) prepared by UNEP FI TCFD programme participants.

Bankers “learned a host of information that they had not previously known about the client and that the exercise was particularly useful for this learning and may aid in driving future business.

As for our client, they found that the [Guide’s] questions were clear, and that they could provide a good overview and understanding of what they are doing. Their main concern is the desynchronization of regulatory requirements in the countries in which they are present.”

– Quote from Appendix B - Case study by BBVA

How this paper builds on past work

This paper is focused on the changes that can be made by client-facing staff and strategy teams in any given financial institution that is building out its climate-related assessment capabilities to work better with clients on delivering net zero action plans.

Further to *Bank 2030: Accelerating the financing of the low carbon economy* (CISL, 2020) and *Let’s Discuss Climate: The essential guide to bank-client engagement* (CISL, 2021), this paper incorporates the latest recommendations by the TCFD and draws further evidence from sources named in the [References](#) section.

Recognising the importance of reporting transition plans for effective disclosure, in October 2021 the Task Force released guidance on transition plans for users developing climate-risk disclosures. A firm’s transition plan is an aspect of its strategy to address its climate risks and opportunities. It reflects the firm’s specific circumstances and industry-relevant information. In *Task Force on Climate-related Financial Disclosures: Guidance on Metrics, Targets, and Transition Plans*,⁷ the TCFD recommended that transition plans disclose the following key information:

- current GHG emissions performance
- impact of a low carbon transition on businesses
- strategy and financial planning
- actions and activities to accelerate the transition.

Along with its guidance on transition plans, the TCFD also published *Measuring Portfolio Alignment: Technical Considerations* (PAT, 2021), in collaboration with the Portfolio Alignment Team (PAT). The publication identifies best practices for portfolio-alignment tool construction to ensure the use of consistent, robust and useful methodologies. Adoption of these practices can improve comparability and transparency across the financial sector and promote greater clarity for businesses on how their actions for decarbonisation, or lack of, may affect their relationships with investors and lenders.¹⁰ The latest guidance by the TCFD, *Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans* aims to provide greater clarity on assessing the effect of potential decarbonisation pathways, measuring portfolio alignment and measuring progress.⁷

Further reports of high relevance to client engagement strategies include:

- *Banking Beyond Climate Commitments: Transforming Client Engagement and Products & Services for a Net-Zero Emissions Future* (World Resources Institute, 2021), which analyses the action already taken by banks and further identifies additional steps to align their business model with greenhouse gas reduction targets. These include changes to its client engagement strategy and updates of its product and service offerings to foster a net zero transition. A five-step approach is proposed to enhance the client engagement strategy.¹¹
- *The Good Transition Plan: Climate Action Strategy Development Guidance for Banks & Lending Institutions: COP26 version* (Climate Safe Lending Network, 2021), a paper that presents a structured approach to net zero planning, with practical insights from sustainable finance leaders, including bankers, investors, policymakers, civil society organisations and academics. It gathers emerging best practices and stakeholder expectations to provide a guide for banks to create effective climate transition plans.¹²
- *Understanding Corporates' Transitions to Net Zero: Industry survey on net zero transition progress and challenges* (CISL, 2021) analyses net zero transition progress and challenges across the power generation, oil and gas, steel, cement and aviation sectors. The findings cover net zero target trends, TCFD reporting and climate-related risk drivers, financing needs for the surveyed 'hard to abate' corporate sectors and the available finance from external sources to support the net zero transition.⁶

2. Methodology for the Client Transition Assessments module

UNEP FI TCFD programme and module

Since the publication of the Financial Stability Board’s (FSB) TCFD recommendations in 2017, UNEP FI has convened pilot programmes with a consortium of banks and investors to assist them in implementing the TCFD framework and issuing meaningful climate disclosures. Almost 100 financial institutions (banks, investors and insurers) globally have participated in these pilots and have been supported by nearly a dozen technical partners, including climate modelers and climate risk experts. The pilot programmes have created numerous tools, frameworks and guides to empower participating institutions and those throughout the financial industry to better manage and disclose their climate risks.

The exercise began with a year-long programme known as ‘Phase I’ of UNEP FI’s TCFD Programme, involving 16 international banks. The consortium of global banks collaborated to develop assessment approaches for physical and transition risks and opportunities. The pilot created methodologies that were adaptable and flexible to banks across geographies and that would promote consistency and comparability.

Phase II expanded to include 39 banks, to enhance their climate risk toolkits and improve their climate-related disclosures. The programme worked to develop a variety of tools, frameworks and thought papers to drive the financial sector forward in identifying, assessing, managing and disclosing climate risks.

In 2021, Phase III of the TCFD programme further expanded to include nearly 50 global banks and investors. A larger group of participants has provided a range of perspectives from the financial sector which led the programme to develop good practices for climate risk assessment and disclosure. As part of one of the targeted modules, UNEP FI delivered a series of seminars and interactive discussions with CISL on client transitions to participants in the TCFD programme pilot. This report aims to synthesise lessons from these sessions into a paper on strategies for client engagement for financial sector stakeholders.

Methodology overview for this Client Transition Assessments module

The methodology for this thought paper involved desk research, online group webinars and workshops, as well as individual interviews carried out by the University of Cambridge Institute for Sustainability Leadership (CISL). It forms part of UNEP FI’s TCFD programme in a module called Client Transition Assessments, hosted in 2021.



Figure 4: Timeline and milestones for client transition assessments module under UNEP FI’s TCFD programme

Case studies of client engagement strategies were created by participants of UNEP FI’s TCFD programme and have informed some of the insights. Twenty-five financial institutions took part in the module. The roles of bank and asset management participants involved in the module included:

- sustainable finance
- ESG/sustainability advisory
- relationship management
- climate risk management
- credit risk management.

Webinars and workshops

Two online webinars and three online workshops were hosted by CISL and attended by module participants in the UNEP FI TCFD programme between May and July 2021 inclusive. The webinars introduced CISL's *Let's Discuss Climate: The essential guide to bank-client engagement*, created by the Banking Environment Initiative. The workshops investigated three specific areas of the Assess phase:

- data collection
- transition-plan evaluation
- client metrics and key performance indicators (KPIs).

The convening carried out in the module was designed to enhance participants' understanding and implementation of strategies for assessing clients' net zero transition plans.

In the data collection and transition evaluation workshops, breakout sessions were led by Prince of Wales Research Fellows from CISL with specialisms in the aviation and power generation sectors, allowing participants to learn and contribute on sector-specific elements. The workshop on client metrics and KPIs was anchored around a panel discussion made up of contributors from Partnership for Carbon Accounting Financial (PCAF), Science Based Targets initiative (SBTi) and CDP. Interactive collaboration tools, such as online canvas Mural, polls and word clouds on Menti were used during the sessions.

Interviews

Interviews investigated three aspects and explored financial practitioners' visions for enhanced client engagement:

1. Looked at banks' current internal practices, structures and barriers for assessing corporate-client transitions.
2. Sought to identify how the variety of companies that financial institutions work with could result in different approaches and opportunities to generate change. Variations included size, industry, jurisdiction and transition ambitions.
3. Captured visions for leadership strategies for client engagement and what developments interviewees would like to see in their institutions.

Interviews were confidential with non-disclosure agreements in place. They were not recorded, though minutes were taken by the CISL team. Interviewees consisted of six senior managers from financial institutions, mainly banks, across three continents – Europe, North America and Africa. Each organisation was at a different stage of their transition journey.

Interviewees belonged to three functions:

- climate analysis
- sustainability strategy planning
- client-relationship management.

The pool of interviewees is intended to highlight the importance of the wider bank collaboration element in enhancing client engagement through climate assessment.

Case studies

Banks are the largest providers of regulated capital in the world. Therefore, they play an important role in directing capital across the global economy to accelerate the transition to a low carbon economy to meet the goal of the Paris Agreement. Banks' engagement with their clients is vital in ensuring a link between finance and business action. Their

views on client engagement and the transition to a low carbon economy are important in establishing leading practices for financial institutions to support clients' pathways to decarbonisation.

The case studies provide insights into the thinking of banks who are actively engaging with clients on climate change, in line with CISL's *Let's Discuss Climate: The essential guide to bank-client engagement*. The case studies were led by UNEP FI as part of Phase III of the TCFD programme and can be found in the [Appendix B](#) of this report.

Further considerations

Evaluation of nature and social-justice themes, despite their interrelatedness and importance to climate action, are not covered in this report. Following on from CISL's workstream on nature-related financial risks, there are plans for further iterations of the *Let's Discuss Climate* Guide to incorporate nature-related considerations into client engagement.¹³

Furthermore, we note that a considerable amount of feedback was received during UNEP FI's TCFD programme module on the need for alignment on standardised data, disclosure and on consensus for scenario and transition plan validity in the face of future uncertainty in policy, technological and environmental changes.

Research on these topics is ongoing at CISL and UNEP FI and further collaborations are welcomed to complement and accelerate enhancements on client engagement aligned with net zero targets.

As part of the University of Cambridge, CISL works with business, finance and policy to promote a sustainable economy. CISL's Centre for Sustainable Finance leads research and convening with its membership groups, ClimateWise (insurance), Investment Leaders Group (asset managers and owners) and the Banking Environment Initiative.¹⁴ Ongoing themes include nature-related finance, product innovation, temperate scoring, climate resilience and adaptation, SME climate finance and decent work impact metrics.

UNEP FI will continue working with its members to equip them with the tools and guidance necessary to address the challenges of climate change. Through its various working groups, UNEP FI will expand its current work on climate-related disclosures, transitioning to net zero, target setting and climate scenario analysis, across regions.

New contributions offered by this research

Drawing on practical experiences and showcasing client engagement case studies, this paper supports financial institutions to evolve and ensure that they are building and retaining strategic partnerships that align with sustainability objectives in the near and long term, with the advancement of climate-related assessments as its core.

This paper, *Leadership Strategies for Client Engagement: Advancing climate-related assessments*, introduces five new elements to assist client-facing staff and group strategy teams in building leadership strategies for client engagement:

1. [Implementation experiences of CISL's Let's Discuss Climate Guide](#)
2. [Challenges and best practices for assessing client transitions](#) in data collection, baseline analysis and forward-looking evaluations
3. [Six recommendations to advance climate-related assessment processes](#)
4. [Sector-specific mapping of resources to help locate relevant information](#)
5. [Case studies of client-engagement strategies led by financial institutions.](#)

3. Advancing climate-related assessments

Having made commitments to align lending and investment portfolios with net zero emissions by 2050, the finance sector now needs to focus on implementation of decarbonisation strategies. This will require transforming operating models to reflect new ways of analysing risk, making financing decisions and managing portfolios.³

Client-facing staff will need to understand what this means for the way they and their clients work together and generate revenue. They will need to learn to analyse risks and to structure products that incorporate climate considerations and to have a far better grasp of assessing the robustness of corporate transition plans.

While progress is being made to upskill client-facing populations in financial institutions, they do not yet have sufficient knowledge and tools to adequately help their clients navigate the transition to net zero. According to a CISL-run poll, 80% of meetings between financial institutions and corporate clients now involve climate discussions to some degree.ⁱⁱ Despite this high coverage, external-facing staff still lack vital elements for meaningful engagement on climate, including:

- expertise
- database access
- understanding baseline reporting
- comparability of client metrics.ⁱⁱⁱ

Further to Section 1, in which the importance of client engagement for the financial sector and experiences on the practical application of the *Let's Discuss Climate* Guide were covered, here we focus on insights related to the second phase of the Guide - **Assessing clients' current positions and ambitions for the future.**

Client assessment is a vital component of climate-related engagement and was the focus of this UNEP FI TCFD module due to the importance of high-quality assessment processes to achieve better climate risk toolkits and disclosures. Insights centre on ways to evolve the processes for climate-related assessments, with a view to enhancing leadership strategies for client engagement.

“Client Diagnosis:

- *Clients are provided with a diagnosis of the company's ESG status and with an assessment of their sustainability strategies, action plans and internal policies;*
- *Assessment of their reputation and ESG Ratings (if any);*
- *Analysis of their sustainable financial activity.*
- *Final evaluation from level 1 to 3.*

Engagement strategy to support client transition:

- *Following the diagnosis, clients are offered a proposal to define a roadmap in terms of sustainability in order to align with the best ESG practices in their industries.*
- *The process continues with an agreement of next steps and the option to establish a periodical review process.”*

– Quote from Appendix B - Case study by CaixaBank

ⁱⁱ A question asked on the launch webinar of *Let's Discuss Climate* in May 2021 was “What proportion of bank-client meetings involve climate-related topics today?” Poll results from 300 respondents show 20% of the conversations do not include climate topics at all, with nearly half of the respondents agreeing that in one out of four meetings, climate-related topics are brought up.

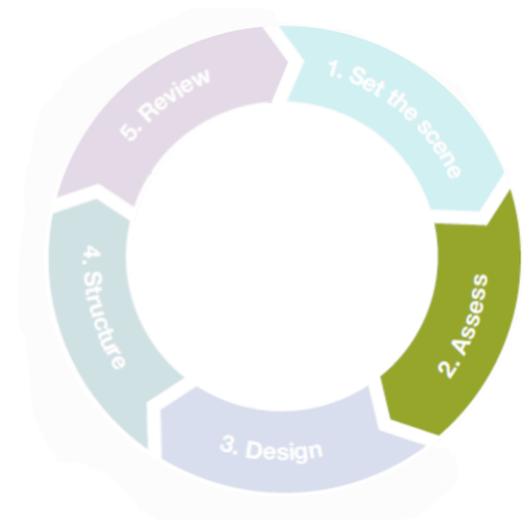
ⁱⁱⁱ Questions asked on the TCFD module introductory webinar in June 2021 about the challenges participants have when carrying out climate-related assessment for use in client engagement.

Climate-related assessments for use in client engagement: Challenges and best practice

Analysis of client and market data is core to traditional financial decisions, and no less so for climate-related themes. It is also of strategic importance: companies are seeking to understand their sustainability benchmarking and climate-related risks and opportunities.⁴ Financial institutions can help companies with climate-related analysis, and leadership strategies for client engagement can be created through advanced climate-related assessment. With better data and insight capabilities, financial institutions can generate opportunities and innovate solutions with clients that deliver on climate targets.

The *Let's Discuss Climate* Guide's second phase – Assess – follows the 'Set the scene' phase, which sees client-facing staff establish their client's starting point, position the bank and open the dialogue. The Assess phase goes further, with relationship manager and client refining an initial sense check by carrying out thorough qualitative and quantitative assessments of the client's baseline emissions position.

The target outcomes of the Assess phase are presented in Figure 5, and more detail can be found in the [Let's Discuss Climate Guide](#). This client engagement driven assessment helps financial institutions to know where to focus during subsequent phases of the Guide: Design, Structure and Review.



Target outcomes of this phase

- Relevant and reliable information will have been collected to begin scoping areas for an enhanced partnership.
- You and your client both understand their baseline position, the level of decarbonisation targeted and how far they have progressed to date.
- You will have ideally mapped forward-looking strategic and operational implications of climate-related risks and opportunities, alongside promising business activities and financing opportunities.

Figure 5: Target outcomes of 2. Assess - *Let's Discuss Climate Guide* (CISL, 2021)

"The role of CaixaBank [during the assessment phase] is to assess how the strategic commitments of Company A are focused on a decarbonization path in order to achieve net zero emissions."

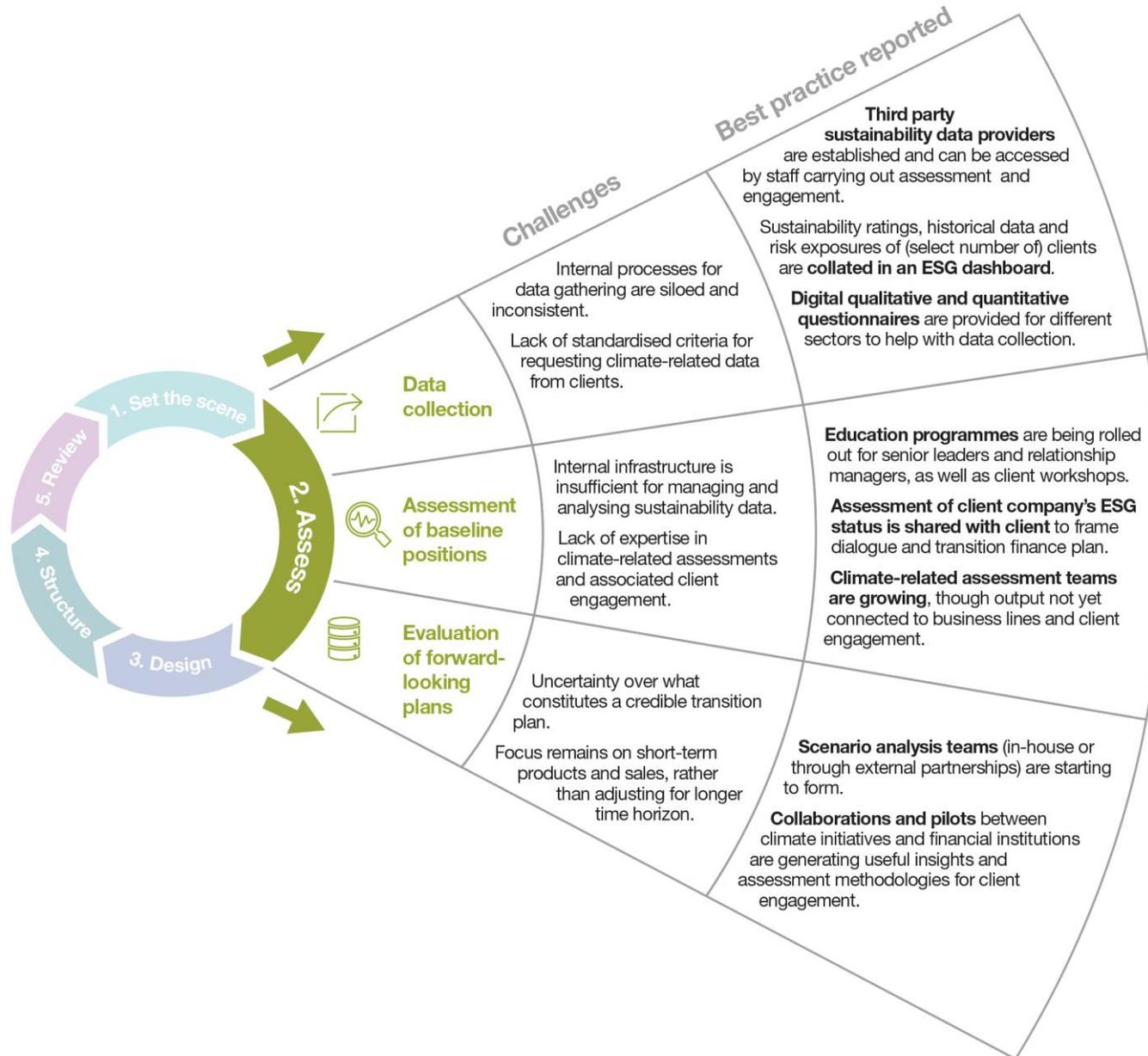
– Quote from Appendix B - Case study by CaixaBank

As part of UNEP FI's TCFD module, research into challenges and areas of best practice for client assessments was carried out. With the ambition of helping institutions overcome barriers and to achieve the target outcomes of the Assess phase, insights are grouped into three elements of climate-related assessments:

- data collection
- assessment of a client's baseline position
- evaluation of forward-looking transition plans.

Challenges and best practices reported about processes for assessing climate-related risks and opportunities are presented in Figure 6.

Figure 6: Challenges and best practices during the assessment of climate-related risks and opportunities



The challenges mapped in Figure 6 demonstrate a continued need for greater internal co-ordination, more synchronised digital infrastructure, and external partnerships that minimise uncertainty and raise the level of ambition in client engagements.

“The demand for climate and ESG-related data has evolved so swiftly and deeply that we are building a strategic enterprise solution in addition to a tactical analytical space for net-zero measurement and scenario-powered modeling. While we have a clear onus to develop enhanced climate-related disclosures, we’re not yet ready to provide information or insights to our clients with implications for their own transitions.”

– Quote from module participant

Sector-specific approaches are vital to ensure relevance and value in client dialogues. To build on the sector-agnostic resources positioned in the *Let’s Discuss Climate* Guide, as part of this research, CISL has mapped a selection of climate-relevant resources across a range of industries, allowing for client-facing staff to find insights on specific sectors more easily. These are constantly evolving, and the mapping can serve as a starting point to prepare for client engagement with specific clients.

- See [Appendix A – Sector-specific map of resources](#).

Experience and the ability to assess qualitative information alongside quantitative data are important when analysing a client’s sustainability performance. Like traditional credit ratings, ESG ratings require interpretation and should not inform business decisions in isolation.¹⁵ Relationship managers will have to become more adept at assessing the robustness of their clients’ transition plans using both qualitative and quantitative data and determining clear strategies and actions to take.

“The initial diagnosis is made with public information and once the mandate of the collaboration starts, we work with an ESG specific team to deepen the analysis and have a better understanding of the situation. We partner with a consultancy firm, a specialized company, an inhouse team, etc.”

– Quote from Appendix B - Case study by CaixaBank

For examples of how assessments are being carried out in financial institutions, see

- [Appendix B – Case study by CaixaBank](#), where an assessment scale for evaluating the sustainability maturity of corporate clients is described.
- [Appendix B – Case study by Credit Suisse](#), introduces its Client Energy Transition Frameworks. These provide a methodology to categorise the bank’s clients operating within a given sector according to their energy transition readiness.

It is likely that, over time, ESG ratings will be incorporated into main ratings, impacting portfolio holdings. If a client’s transition plans are found to be insufficient, it could prevent a financial institution from achieving its own interim net zero targets, and its overall climate commitment. Therefore, insufficient transition planning from clients should trigger action to remedy this; in the first instance, proactive and impactful engagement to raise the level of ambition.

“Analytical capacity must be built upstream before it can cascade to lines of business to aid client engagement discussions on transition and physical risk and opportunity considerations. Ultimately, we’re looking to determine the value-add of climate-integrated capital steering as we aspire to evolve our financial products and services. The complexities of the sectors and regions of economic activity create challenges with respect to prioritization, resourcing, and credible execution.”

– Quote from module participant

The best-practice examples represent the positive progress made in recent years. Awareness of the importance of climate-related client engagement is increasing and assessment capabilities are being developed. However, there is much greater potential for the financial sector to improve processes that create insights and value for client and bank, driving impactful climate action. We develop these in the next section on recommendations.

4. Recommendations for advancing climate-related assessment processes

The best practice examples reported during this research demonstrate ‘Zone of Transition’ activities, as represented in Bank 2030 (see Figure 1). To help move more financial institutions towards the ‘Zone of Institutionalisation’, where they have incorporated forward-looking analysis of climate-related physical and transition risk into the risk framework and have scaled pioneering practices (see Figure 7), we propose recommendations for the next step in enhancements for climate-related assessments.

By 2030, banks in the zone of institutionalisation:

- **Created a deep vault of successful climate-positive financing cases**
 - Financed clients aligned with the low carbon economy
 - Stimulated demand and the low carbon project pipeline
 - Developed a reputation to attract the winning clients of a low carbon future
- **Incorporated forward-looking analysis of climate-related physical and transition risk into the risk framework**
- **Applied an in-house view of how sectors will transition to client relationship and product development**
- **Scaled pioneering practices**
- **Understood the climate impact of financing activities**
- **Are a bank of the low carbon economy only**
- **Actively engage as an agent of change**
- **Capital acts for the long term**

Figure 7: Zone of Institutionalisation - the roadmap to the low carbon bank of 2030. Bank 2030. (CISL, 2020)

The recommendations found in Figure 8 are mapped across the three pillars of data collection, assessment of baseline positions and evaluation of forward-looking plans, and address the challenges highlighted in Section 3. They are aimed at client-facing teams and the strategy teams in charge of sustainability.

The suggested enhancements seek to raise the level of ambition so institutions can achieve the target outcomes of the Assess phase in the Guide with a broader section of their client base. By advancing climate-related assessments, financial institutions will be able to fulfil their role in the net zero transition, providing high-quality, evidence-based financial support to help companies decarbonise.

Due to the importance of assessments for leading proactive client dialogue on climate-related topics, institutions that can show leadership in this important phase of engagement will position themselves as strategic partners for clients during this transition journey, generating long-term commercial opportunities along the path to net zero.

“The bank’s introduction of [Client Energy Transition Frameworks] has been strongly supported by senior management, which has helped to overcome natural implementation hurdles.

Such hurdles have included the need to agree on a sector-by-sector set of criteria to classify clients, and the need to ask clients climate-related questions which may not be posed by competitors.

These questions, however, allow Credit Suisse to engage in fundamental discussions with clients, opening the door to financing of potential solutions toward transition.”

– Quote from Appendix B - Case study by Credit Suisse

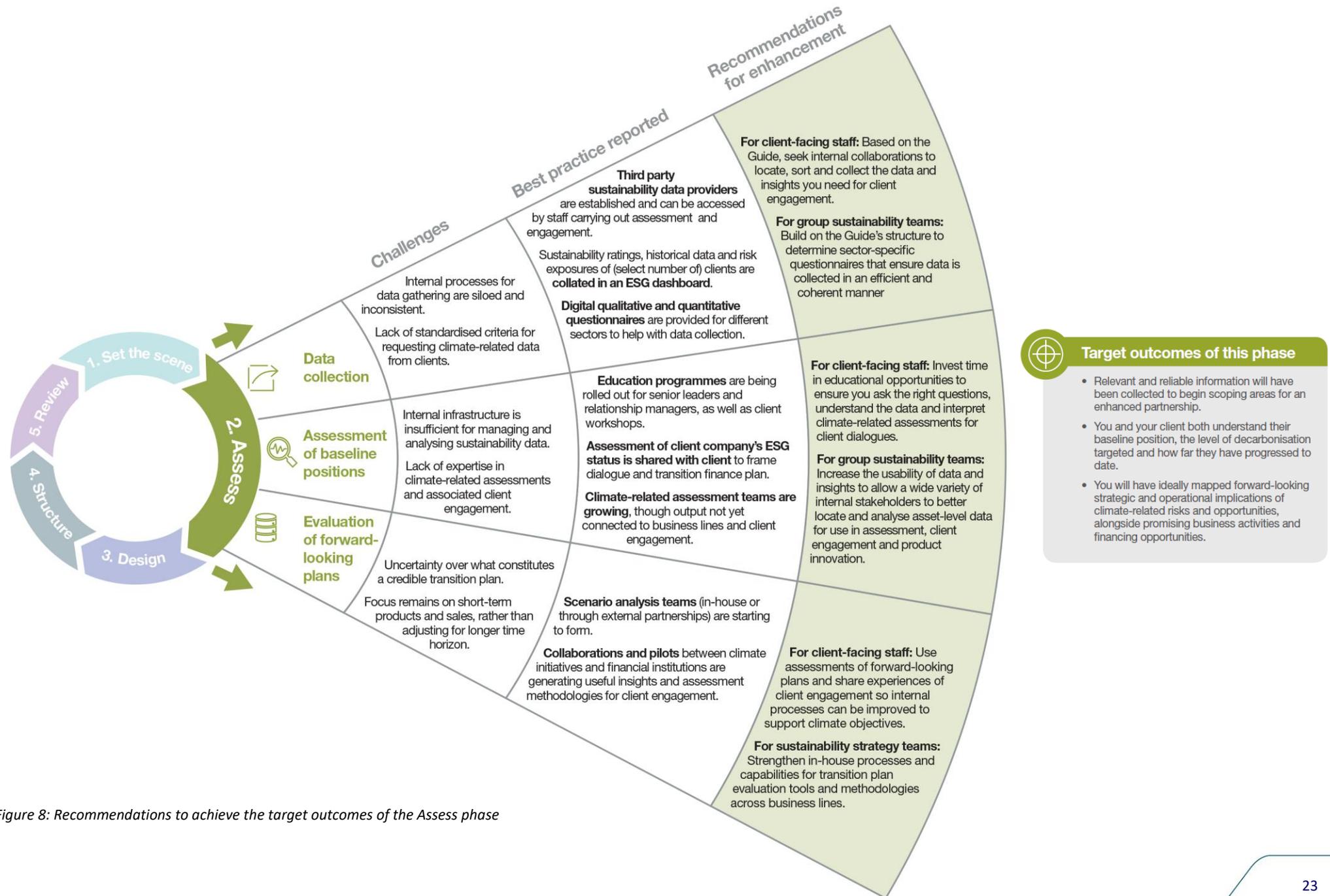


Figure 8: Recommendations to achieve the target outcomes of the Assess phase

Recommendations for advancing climate-related assessment processes

For those who work directly with real economy companies, to become well versed at navigating net zero transitions with a variety of clients will mean tailoring financial dialogues to match operations, geographies and business models.

Learning and development can be advanced by adopting these **three recommendations for client-facing staff**:

1. Based on the Guide, seek internal collaborations to locate, sort and collect the data and insights you need for client engagement

- Internal networks can help you access data and put it into a useful format for your client presentations; finding those who have deeper expertise on climate-related topics can reduce siloed activity and expand institutional collaboration and knowledge.
- While for many, starting out on the climate-related dialogue can provide the opportunity to lead a positive conversation and strengthen the relationship, there are other clients who may challenge relationship managers on the need for action and its relevance to their business's financial situation. Having the data to support the dialogue, and perhaps specialist support for those select clients can help to build rapport, as well as resilience of your client base. See 'wider bank collaboration' suggestions in the [Guide's Assess phase](#).

2. Invest time in educational opportunities to ensure you ask the right questions, understand the data and interpret climate-related assessments for client dialogues

- Employee engagement is an important part of a financial institution's journey, especially regarding external dialogues with clients. As client-facing staff, it's important to understand – and be supported by – the narrative of the financial institution's own transition plan to be able to have authentic conversations. Make sure you understand your institution's strategy and strengths (Refer to the [Guide's Set the Scene phase](#))
- Education on the basics of sustainability is essential for client-facing teams to begin to build credibility and reputation for the institution. There are open enrolment courses available globally for individuals to pursue this education.^{iv} Furthermore, bespoke organisational training materials can help gain a higher level of interaction and relevance, leading to more meaningful client dialogues and innovation opportunities. A mixture of online and in-person sessions can help with embedding knowledge widely, as well as going deeper with specific subsets of colleagues to allow them to gain specialist knowledge and work with clients in more depth.

3. Use assessments of forward-looking plans and share experiences of client engagement so internal processes can be improved to support climate objectives

- Interpretation of upcoming regulation, national policies and industry dynamics that affect the financial resilience of clients will be important. Financial institutions can be proactive in sharing content with clients that helps them plan and update financing strategies in consideration of climate mitigation and adaptation, as ultimately this will support the credit quality of underlying financial portfolios.
- Client-facing staff can talk broadly about how markets are developing, about industry and peer insights and about trends to help advance a client's thinking about their business's evolution. They can also get more granular with the use of client-specific assessment of forward-looking plans and

^{iv} Examples include courses offered by [Frankfurt School of Finance and Management](#), [Smith School of Enterprise and the Environment](#), [UNEP FI](#) and [University of Cambridge Institute for Sustainability Leadership \(CISL\)](#).

align these with transition finance plans to generate financing opportunities with the client (See the [Guide's Design phase](#)).

- As evaluation of forward-looking net zero transition plans is an evolving discipline, sharing use cases and feedback with central sustainability and modelling teams will help ensure processes and models being developed are useful for client engagement.

Adopting the recommendations in Figure 8, client-facing staff can map a development path for themselves that will allow them to better serve clients and strengthen the performance of their portfolios. By building their network and gaining a deeper understanding of climate change mitigation and adaptation activities and their impacts, relationship managers can stand out amongst competitors.

“For our material sectors, we have developed client questionnaires that can be used in our client talks. In these questionnaires we ask qualitative and quantitative questions regarding climate, but also go broader than that by focusing (depending on the sector) on water, biodiversity, waste, etc.”

– Quote from module participant

As mentioned previously, client-facing staff do not act alone. Internal networks and infrastructural support are vital. In this paper, we position group strategy teams as the central point for establishing systems that enhance collaboration and sustainability integration. These teams are increasingly integrated into business lines, allowing knowledge to be dispersed and embedded for business relevance, while in some cases the teams sit centrally.

However structured, to enhance climate-related assessments for use in client engagement, the research has determined **three recommendations in the sphere of influence of group strategy teams:**

4. Build on the Guide's structure to determine sector-specific questionnaires that ensure data is collected in an efficient and coherent manner

- As climate-related disclosure becomes mandatory across a broader section of the global economy, data availability will improve. The collection of this information for each institution's purposes and systems will require careful planning. Group-level infrastructure can ensure that publicly available information is easy to access for internal assessment, and that client-facing staff have clarity on what further information they might need to request directly from clients so they can manage that alongside other relationship dynamics.
- Furthermore, relationship managers have a considerable amount of qualitative information about their clients already that, if collated in a coherent manner, can add context to assessments and provide a higher quality service to clients.

5. Increase the usability of data and insights to allow a wide variety of internal stakeholders to better locate and analyse asset-level data for use in assessment, client engagement and product innovation

- When 22 participant organisations were asked if they have a centralised point of climate-related client information to assist client-facing colleagues, none had one that was operational and fit for purpose, while 18% had one but with limited applicability. Fifty per cent said they didn't yet have a centralised point of information, but it was in the process of being developed, while the remaining 32% reported there were no plans to develop one, or they didn't know.
- An in-house ESG dashboard was proposed by finance practitioners. This ESG dashboard would ideally allow staff to better access and analyse asset-level data for use in assessment, client engagement

and product innovation. Research suggested that the desired information for this dashboard would include, at asset and portfolio level:^v

- current GHG emissions position
 - timebound science-based reduction targets of clients, including scope 1, 2 and 3 breakdowns
 - temperate alignment score¹⁶
 - track record on targets
 - existence of transition plan in place
 - tailored asset-level assessments and insights eg low carbon capex
 - peer benchmarking on actions and progress towards net zero targets
 - sector-specific leadership examples
 - alliances or memberships of public engagement or leadership groups
 - case studies of climate finance.
- To help with uptake and mainstreaming of sustainability considerations into finance, this dashboard would be best integrated into the primary client relationship management system used in the institution, likely tying together digitalisation and sustainability strategies.

6. Strengthen in-house processes and capabilities for transition plan evaluation tools and methodologies across business lines

- The quality of perspective that a financial institution can provide to their current and prospective clients will become ever more important. Having strong processes and capabilities to leverage and tailor evaluation tools for forward-looking plans will enhance both internal risk management and relationship value with clients.
- There are tools and methodologies in the market that help with scenario analysis and transition pathway evaluation. These include:^{vi}
 - International Energy Agency (IEA)'s Energy Technology Perspectives
 - Network for Greening the Financial System (NGFS)'s Climate Scenarios
 - Paris Agreement Capital Transition Assessment (PACTA)'s methodology and tool for measuring financial portfolios' alignment with various climate scenarios
 - Partnership for Carbon Accounting Financials (PCAF)'s financed emissions measurement standard
 - Science Based Targets initiative (SBTi)
 - Transition Pathway Initiative (TPI)'s methodology to assess companies' preparedness for the transition.
- Collaboration and consultation will likely be needed to ensure the tools and methodologies are translated to suit any given organisation, and from there whether they are fit for use in client engagement.
- Alongside this external collaboration, internal processes must be co-ordinated across lines of business and standardised, so everyone understands updated procedures for assessment and approval considering climate objectives. This will contribute to appropriate client engagement and financial support being given depending on a client's strategic direction and their alignment with the institution's portfolio strategy in the short, medium and long term.

^v Collected from CISL's TCFD module workshop on Transition Pathway Evaluation in July 2021, in answer to the question, "What data points or information do you look for when engaging clients and assessing company level transition plans?"

^{vi} Collected from CISL's TCFD module workshop on Transition Pathway Evaluation in July 2021, in answer to the question, "What tools for transition plan assessment do you use in your organisation, if any?"

“Considering that it is difficult for financial institutions as well to engage with clients without the roadmap, it is crucial to develop a framework to accelerate transition through collaboration between the public and the private sectors.”

– Quote from Appendix B - Case study by MUFG

These recommendations are designed to turn climate commitments into meaningful action. They guide financial institutions to update the way that client relationships are managed, and decisions are made – through enhancing knowledge, data efficiency and assessment processes.

We encourage client-facing staff and group strategy teams to connect and work together on challenges, areas of best practice and the recommendations presented in Figure 8 to inform their business activities. As sustainability is mainstreamed into every decision, these enhancements are deemed essential to ensure financial institutions can serve the needs of their clients in the years to come, as well as play their part in achieving global sustainable development goals.

5. Conclusion

Having made time-bound net zero commitments, financial institutions now need to focus on implementing the necessary changes at the pace and scale required to support and deliver a global transition. These transformations will require, among other things, an urgent shift in the way financial institutions analyse risk and generate revenue.³ While awareness has increased of the importance of financial institutions’ ability to understand, assess and support clients on their net zero journey, there is more that must be done by the finance industry to accelerate the transition and deliver on their commitments.

External-facing staff are a vital lever for influence in their interactions with real economy clients and their sourcing of business opportunities. These teams will need to understand what the net zero transition means for the way they and their clients do business. They will need to learn to analyse risks and to structure products that incorporate climate considerations, and have a far better grasp of assessing the robustness of corporate transition plans.

CISL’s *Let’s Discuss Climate* Guide provides a practical first step to support client-facing staff and group strategy teams to take action. It presents a five-phased approach to structure meaningful engagement with clients on climate-related plans and is in active use by financial institutions today.

This report goes deeper than the Guide, focusing on the second phase – Assessing clients’ current position and ambitions for the future. It supports advancement of climate-related assessment processes, highlighting ongoing challenges and examples of best practice determined during the research. These lead to recommendations for enhancements to ensure that meaningful client engagement supports action towards net zero ambitions.

Without considerable improvements in internal processes and capabilities for climate-related assessments, financial institutions risk making financial decisions that are at odds with emissions-reduction targets. The six recommendations presented in this paper are under the control of individual organisations. They cover education, collaboration on usability and interpretation of data and insights, and forward-looking assessments. We hope that, in conjunction with the *Let’s Discuss Climate* Guide, this report inspires proactivity and knowledge enhancement, leading to meaningful action towards net zero.

Appendix A – Sector-specific map of resources

To help financial practitioners locate information relevant to the clients they cover, CISL has created a ‘Sector-specific map of resources.’ Presented as an excel spreadsheet, it sorts resources by sector, signposting a selection of initiatives that provide climate-related information, including:

- company reporting, carbon accounting, benchmarks and assessment (A)
- company case studies and solutions (C)
- data and questionnaires (D)
- principles and standards (P), and/or
- targets and transition roadmaps (T)

Initiatives →	CDP	100+ Net Zero Benchmark	International Energy Agency	Defund Net Zero
	Best global disclosure system for climate-related risks, assets, assets and impact to support and operational impact	Global benchmark to assess the world's largest emitters	International Energy Agency (IEA) for a clean and sustainable future	Helping capital markets and investors align portfolios and practices with the Paris Agreement
Sectors				
Step 1 →				
Agriculture (Production)	A, D, T	A, C, T		C
Step 2 →				
Automobiles	A, D, T	A	T	C
Aviation	A, D, T	A, C, T	T	
Chemicals & Plastics	A, D, T	A	A, D, T	
Commercial buildings	A, D, T		T	C
Construction materials	A, D, T	A	A, D, T	C
Electricity utilities & Power generation	A, D, T	A	A, D, T	C
Financial Services	A, D, T			
Food & Beverage	A, D, T	A, C, T		
Insurance, reinsurance, investment & pensions				
Information & Communication Technology				C
Utilities & Energy				

These resources have been selected due to their relevance to client engagement and climate-related assessments. The mapping has been done based on publicly available information.

We encourage users to download and adapt the spreadsheet. Further work could see institutions expand and tailor the map of resources for their own use. Suggestions include adding more data points, refining sector selections and classifications to suit needs.

Contact BEI@cisl.cam.ac.uk if you would like CISL to add or amend resources. Updates will be integrated into the original file at regular intervals.

[Please access the Sector-specific map of resources for climate-related client engagement via this link.](#)

Appendix B – Case studies on client engagement from financial institutions

i. Case study by BBVA

1. BBVA sustainability backdrop

BBVA is a customer-centric global financial services group founded in 1857. The Group has a strong leadership position in the Spanish market, is the largest financial institution in Mexico and it has leading franchises in South America. It is also the leading shareholder in Turkey's Garanti BBVA.

Sustainability is at the core of its strategy. In 2019 the Board of Directors decided to make sustainability a key pillar of the Group's strategy and defined it as a strategic priority to *"help our clients transition towards a more sustainable future"*. Since then, BBVA has been working steadily to tackle this global challenge and take advantage of the opportunities this transformation will bring along. Throughout 2021, BBVA has made three key announcements which support its increased sustainability ambition.

- In March, BBVA announced the phase out of its coal exposure by stopping the financing of companies in this business by 2030 in developed countries, and by 2040 in the rest of countries in its footprint.
- In April, the Group committed to net zero emissions by 2050, taking into consideration the emissions related to our clients. This milestone will align the bank with the most ambitious scenario from the Paris Agreement, a maximum of 1.5°C temperature increase compared to levels prior to the Industrial Revolution.
- In July, the Group doubled its target of channeling sustainable financing to €200Bn by 2025, proof of the increased ambition to take advantage of this business opportunity; of which by the end of 2Q21, the Group had already mobilized around €67 billion.

2. Our approach

Complemented by the teachings by the University of Cambridge Institute for Sustainability Leadership, at BBVA CIB we have tested and evaluated the Assess Phase of the Let's Discuss Climate, The Essential Guide to Bank/Client Engagement.

It is our aim, in this Case Study, to present our methodologies and findings garnered during the evaluation of the Assess Phase of the Guide in BBVA. Undertaking this pilot we have evaluated the guide question by question, with both a client from the Cement industry in Latam and several client-facing bankers across **different geographies and, notably, in both English and Spanish**. We believe that by testing the guide with both clients and front-office bankers, our team has been able to receive well-rounded and distinct feedback.

In our initial phases of research, we contacted several bankers in an attempt to pilot the guide with one or several clients. We observed **a level of resistance from some bankers and a level of openness from others**: we found Latam bankers to be particularly receptive to piloting the guide, which they themselves attribute to a lower level of activity and knowledge regarding the decarbonisation transition versus the European and US markets. ESG related discussion is a relatively new trend in the Latam market and BBVA is pioneering these conversations with corporate clients.

We also found **our positioning in each geography to be correlated with a positive feedback from the guide's usefulness to assess the stage at which our clients' transitioning strategy is**: the stronger our positioning, the more positive feedback, which we believe correlates to the depth of the strategic dialogue we are able to achieve with our clients, in this case.

a. Implementing the guide with a Client

Upon contacting front office bankers in Colombia, we were able to organize a meeting to test the guide with Cementos Argos, a large Colombian cement company.

Sector: Cement

Geography: Colombia

BBVA's positioning in Colombia: BBVA is among the top banks providing corporate and investment banking services in Colombia; a position that is further solidified by our cross geographical strength in the region.

Feedback on the Guide: As our Sustainability team conducted the interview with the client, our bankers had the opportunity to listen and to process the information given by the client. It was commented that they learned a host of information that they had not previously known about the client and that the exercise was particularly useful for this learning and may aid in driving future business.

As for our client, they found that the questions were clear, and that they could provide a good overview and understanding of what they are doing. Their main concern is the desynchronization of regulatory requirements in the countries in which they are present. They believe that a common framework in which supranational agencies, financial institutions, regulators, universities, and other relevant stakeholders contribute is necessary, in order to make cross-country alignment possible and so that the transition becomes a reality.

Key findings: Our bankers felt they learned a lot about the clients ESG dealings and strategy, and that the guide could be a particularly useful tool for driving conversation with clients. To us, it seems that the bankers working in less developed markets where ESG related discussion is a newer trend, seem to see more potential in using the guide, as it defines a specific framework to develop meaningful conversations with clients.

b. Implementing the guide with Relationship Bankers

In undertaking the evaluation, our team gauged the opinion of front-office bankers with the aim of understanding to what level they are engaging with clients on ESG matters, how they presently conduct these conversations and how they view the guide as a potential tool for guiding bank/client engagement. Our team sought the opinion of bankers across **several geographies and areas**, and responses were quite varied regarding the utility of the guide.

Our findings while conducting a question by question evaluation with a US based banker are as follow.

Sector: Oil & Gas

Geography: USA

BBVA's positioning in the USA: BBVA's positioning in the USA lacks the depth and strength it has in other countries where the Group relies on a strong local banking network. We are among the second-tier lenders group, being our usual points of contact in the Treasurer's teams.

Feedback on the Guide: In general the guide's approach was perceived as a useful thought-provoking tool to be used by bankers in preparation for meetings with clients, but there is a need to adapt questions and ask them in a way that would be more familiar to the usual client-banker dialogue, rather than the theoretical-paper approach detailed in the guide.

Key findings: In this market, our bankers' conversations with large corporate clients (which, on their side, have means enough to develop the necessary expertise to undertake their transitioning) are direct, concise and deal-oriented rather than more general discussions.

The guide may be better suited to smaller clients with less means to confront the transition, or to those geographies where the financial institution positioning is strong enough to reach a strategic-dialogue contact person on the client's side.

European bankers commented that as a more developed market, they are already conducting these conversations with clients in the vast majority of cases. Questions from the guide were perceived as **particularly useful and focused in guiding ESG related conversations with clients.**

Sector: Retailing

Geography: EU

BBVA's Positioning in the EU: BBVA Corporate & Investment Banking has a long history and strong position with large corporates in Europe, and is a leader in Sustainable Financing. The relationships with clients are mature and advice-orientated, rather than strictly deal-orientated.

Feedback on the Guide: Feedback on the guide by our banker in Europe was quite positive. He took the view that the questions included should be considered as a good starting point, and the issues addressed highlight the minimum that bankers should be doing to enable further in-depth conversations with ESG Advisory teams or product teams. The guide should be considered as an essential preparation for bankers prior to having conversations with clients.

Key findings: In Europe, it is of the most importance to stimulate interesting conversation beyond pure deal-orientation with clients, in terms of relationship management and to drive business origination further. In this market, given our history and our positioning, client relationships are more advice-oriented than in the USA. The guide has been found to have the potential to generate such stimulating thinking for our bankers to drive discussions with their clients.

Across all geographies it was concluded that **the guide should be a part of essential reading and preparation for all bankers working with client's sustainability transition.** Our banker based in Mexico was particularly complimentary of its usefulness to deepen our clients' transition understanding.

Sector: Cement

Geography: Mexico

BBVA's Positioning in Mexico: BBVA is the leading Corporate & Investment financial institution in Mexico, sharing strong relationships with the biggest Mexican corporates.

Feedback on the Guide: Our banker was quite positive about the usefulness of the guide both as an aid for analysing the sustainability positioning of clients prior to, as well as to pose questions during the meeting. Given current macroeconomic and regulatory context, our bankers have not been particularly familiar with the questions that need to be asked in the areas of sustainability, so the guide provides an excellent point of reference for guiding conversations with clients.

Key findings: In Mexico, sustainable finance is not as developed as a category as it is in Europe. Large companies are transitioning but the level of experience and knowledge is lower than in other geographies. There seems to be a need for such a guide given the stage of development of the market.

For more information on this case study, please contact:
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ii. Case study by CaixaBank

INTRODUCTION

At CaixaBank we work coherently and systematically with the aim of contributing to the transition to a low-carbon economy by decreasing the direct impact of our operations and financing and investing in sustainable projects. As a result, CaixaBank is a signatory of two of the main climate commitments in the banking sector:

- In December 2019, CaixaBank signed the Collective Commitment to Climate Action (CCCA). Under this agreement, CaixaBank committed to align their portfolios and finance the low-carbon, climate resilient economy required to limit global warming to below 2°C.
- In April 2021, CaixaBank increased its ambition and signed as a founding member, the Net Zero Banking Alliance (NZBA), an initiative that promotes net zero emissions by 2050. Through this new agreement, 43 signatory banks from 23 countries pledged to achieve net-zero emissions by 2050 in line with the 1.5°C target and to establish, before the end of 2022, a decarbonization target for their most polluting portfolios by 2030.

Both the CCCA and the NZBA are fully aligned with our socially responsible banking model, our environmental strategy and our corporate values of quality, trust and social commitment. Therefore, backing these commitments is a natural step towards the direction we have already taken.

Notwithstanding further internal decarbonization actions, CaixaBank believes it is key to support its clients in their decarbonization path and help them during the transition to a low-carbon economy. As a result, the bank has been actively managing sustainability during the last few years, having set up an internal structure and methodology for the integration of ESG criteria among its corporate strategy and specifically, within the business activity through a Sustainable Finance team. The internal process of engagement that the bank is implementing, developed independently, follows a very similar approach to the one proposed by Cambridge Institute for Sustainability Leadership in their guide: “Let's discuss Climate: The essential guide to bank-client engagement”.

CaixaBank CIB has developed an assessment scale to evaluate its corporate clients from 1 to 3:



Assessment of sustainability maturity:

Level 1: The company has developed an internal sustainability plan and it has published ESG commitments.

Level 2: The company has an active relationship with ESG Rating Agencies and collaborates with them to measure their performance. Also, is engaged in the participation of Global Rankings and Indexes that recognize their sustainable actions.

Level 3: The company has developed a sustainable financing framework and/or has carried out financing under a Sustainable Finance format.

The Sustainable Finance team conducts an analysis as follows:

Client Diagnosis:

- Clients are provided with a diagnosis of the company's ESG status and with an assessment of their sustainability strategies, action plans and internal policies;
- Assessment of their reputation and ESG Ratings (if any);
- Analysis of their sustainable financial activity.
- Final evaluation from level 1 to 3.

Engagement strategy to support client transition:

- Following the diagnosis, clients are offered a proposal to define a roadmap in terms of sustainability in order to align with the best ESG practices in their industries.
- The process continues with an agreement of next steps and the option to establish a periodical review process.

CaixaBank has conducted client diagnosis and engagements with 12 companies in the first half of 2021, from the Industrial, Insurance and Energy sectors and with operations worldwide.

CASE 1: Company A (Global Infrastructure Group)



Industrial sector: Group of entities that are focused on developing Infrastructure, Industrial Services and Facility Management activities.



Region: Operations in European, North America, Latam and Middle East and Africa.

Timeline Execution (Months)

1	2	3	4	5	6	7	8	9	10	11	12	24
Diagnosis & Proposal	Corporate Presentation	Assessment with all stakeholders involved			Design Strategy				Structure sustainable Finance solutions			Review

Step 1 - Set the scene (Month 1-2):

Diagnosis of *Company A*. CaixaBank has analyzed and evaluated the company according to its internal methodology (explained in the previous section) and the final evaluation is "2".



Assessment of sustainability maturity:

- ✓ **1.** The company has developed an internal sustainability plan and it has published ESG commitments.
- ✓ **2.** The company has an active relationship with ESG Rating Agencies and collaborates with them to measure their performance. Also, the company is engaged in the participation of Global Rankings and Indexes.
- ✗ **3.** *The Company hasn't developed a Sustainable Finance Framework, neither had carried out any financing under Sustainable Finance format.*

With this diagnosis, the Bank has analyzed in depth the different Group activities and has decided to focus on the main strategy of the Parent Company to develop an engagement plan that involves an understanding of the company, its activities and its climate-related risks and opportunities.

Afterwards a corporate presentation was made to the top management of the company to establish a mandate to collaborate with them in terms of ESG Financing.

Step 2 – Assessment (Months 3-5):

The initial diagnosis is made with public information and once the mandate of the collaboration starts, we work with an ESG specific team to deepen the analysis and have a better understanding of the situation. We partner with a consultancy firm, a specialized company, an inhouse team, etc.; in this specific case an external consultant firm was hired by *Company A* in order to design and implement an ESG Strategy across its economic activities. The role of the external advisor is to facilitate *Company A* to gather data and analyze its traceability in order to consolidate data and integrate it into the annual reporting of the company.

This process is helpful for the companies to gather knowledge about external advisors that are specialized on ESG so that new professional relationships can be made to deepen existing professional agreements that are already in place between both parties.

Data quality checks are made by the external Consultancy firm which helps CaixaBank's team to select and define which variables can be integrated into sustainable finance solutions and will be key to the company to monitor its progress in order to achieve its decarbonization goals.

The role of CaixaBank is to assess how the strategic commitments of *Company A* are focused on a decarbonization path in order to achieve net zero emissions.

Global recommendation provided after the initial assessment:

- Incorporate a cross-sectional vision of sustainability that integrates all the activities among the group, extending policies, plans and reporting to all its subsidiaries.
- Analyze all the geographies where the company has business operations and consider the different ESG material issues for every geography.

Step 3 – Design (Months 6-9):

The Bank's role is to support the development of the definition of the ESG strategic plan. In this Case Study, *Company A* has an external advisor that is more oriented to the design and implementation of a strategic plan in a more holistic approach. From CaixaBank's perspective we are more focused on the Sustainable Finance part; our main activities are:

- Support during the definition and validation of the KPIs that will be measured. Those indicators can be integrated into Sustainable Finance solutions (if the company decides to finance its needs via ESG-Linked Loans or Bonds).
- Encouraging and supporting *Company A* to set ambitious transition plans with the support of the External Consultancy, specially once the decarbonization path is set and the objectives are defined. The Bank validates that the goals are aligned with its own strategic plan.
- Help *Company A* to identify financial needs that might arise with the implementation of the decarbonization strategy and targets. If the plans require additional investment in Capex or Opex, the Bank designs a financing plan that meets the needs of *Company A* (currently ongoing).
- Design a sustainable financing plan that involves the development of a Sustainable Finance framework. We partner with the company to help them to design a Financing Framework that involves the goals that the company has, the key indicators that it is measuring with the quality data needed by the market standards and then we help the Company to choose an external advisor to provide a Second Party Opinion analyzing and validating the framework in order to finance all its activities under the Sustainable Finance Framework.

Step 4 – Structure financing solutions (Months 10-12):

The Bank is working on different lending proposals for *Company A*:

- Structured Sustainable Finance solutions (Project Finance and Corporate Loans)
- Transactional Banking ESG solutions (Factoring, Confirming and Guarantee lines)
- Debt capital markets activity (sustainability linked bonds).

The Bank aims to be the Sustainability Agent and Coordinator of the financing solution in order to closely support the company's definition of the ESG framework or ESG financing.

The development of this activity helps CaixaBank to converge its balance sheet to its own commitments and goals of being net zero by 2050.

In order to follow this process, the company's balance sheet and financial structure are analyzed by CaixaBank aiming to propose a financing that includes the specific financial product, maturity and amortization schedule.

Several teams participate in this process: Corporate Loans, Syndications and Sustainable Finance. We made an ad hoc financing proposal that matches the company's structure; the syndications team searches for banks to complete the banking pool with appetite for financing and provides a high-level market standard as well as aligning their practices to the ESG criteria.

The Sustainable Finance team accompanies the teams throughout this process to define the sustainable financing strategy, helping to define KPIs in case it is done under an ESG Linked format or seeking support with an external advisor to verify that the use of proceeds meets the characteristics of eligible financing under the International Principles of Green, Social or Sustainable Finance.

Step 5 – Review (Annual):

Once the Sustainable Finance solution is structured, the Bank reviews the Sustainability performance of the company on a year to year basis.

On a yearly basis the company submits the ESG information that is audited or incorporated into their Sustainability Annual Report, in order to evidence that the decarbonization path designed is being implemented correctly.

The Monitoring process is simple, Compliance and Sustainable Finance teams internally verify the information that the company submits.

The market standard establishes the commitment of the companies to the duty of information, checked and validated by an auditor, so that the annual verification is a simple process for the Bank.

CONCLUSION:

Decarbonizing the global economy is a journey for all companies, no matter their size, geography or sector in which they operate. The application of the Guide will help to accelerate climate action in business and to homogenize the process where the financial institutions have an advisory role to help and support companies to achieve their goals. Sustainable Finance will support the transition to a net zero emissions economy globally.

iii. Case study by Credit Suisse

Climate Risk Strategy

Credit Suisse is pursuing a three-pronged approach as part of our efforts to address climate change and climate-related risks.

- First, we are working with our clients to support their transition to low-carbon and climate-resilient business models, and we are working to further integrate climate change into our risk management models as part of our Climate Risk Strategy program.
- Second, we are focusing on delivering sustainable finance solutions that help our clients achieve their goals and contribute to the realization of the UN Sustainable Development Goals (SDGs);
- and third, we are working on further reducing the carbon footprint of our own operations.

Our strategic priority is to assist clients in their transition to a sustainable future. An active engagement with the clients is one of the key elements that would ensure success of this transition.

Client Energy Transition Frameworks (CETFs)

In 2020, Credit Suisse introduced Client Energy Transition Frameworks (CETFs) to support clients' transitions toward Paris alignment. These frameworks provide a methodology to categorise the bank's clients operating within a given sector according to their energy transition readiness (see diagram below). With this approach, Credit Suisse aims to actively encourage clients to transition along the CETF over time and to support them in this process by providing financing and advisory services. At the same time, Credit Suisse will progressively reduce its own business and reputational risk exposure, as it phases out financing for clients with the lowest categorisation in terms of transition readiness (i.e. of "Unaware" clients) over time.

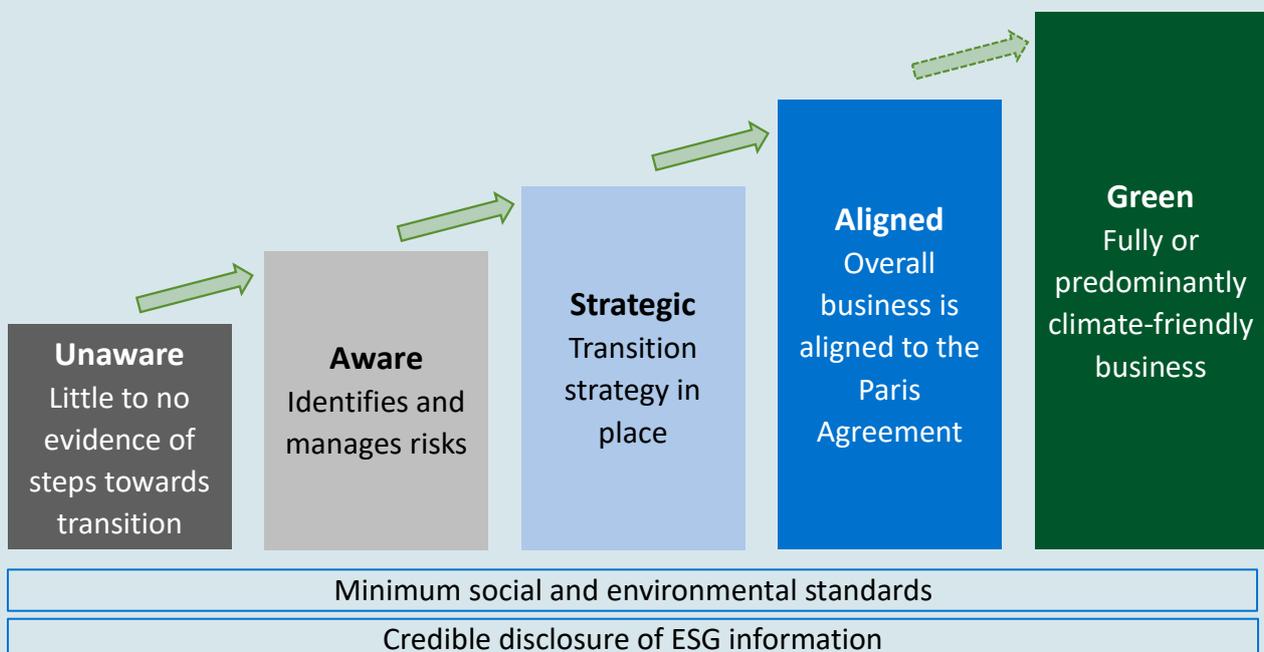


Figure 1: Generic Client Energy Transition Framework.

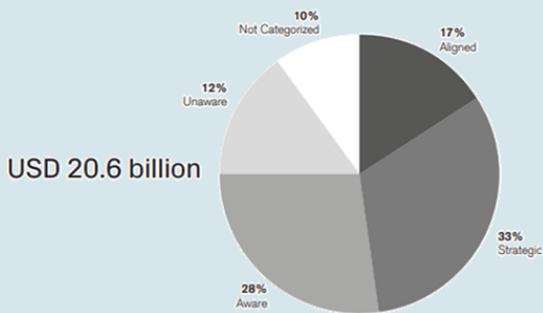
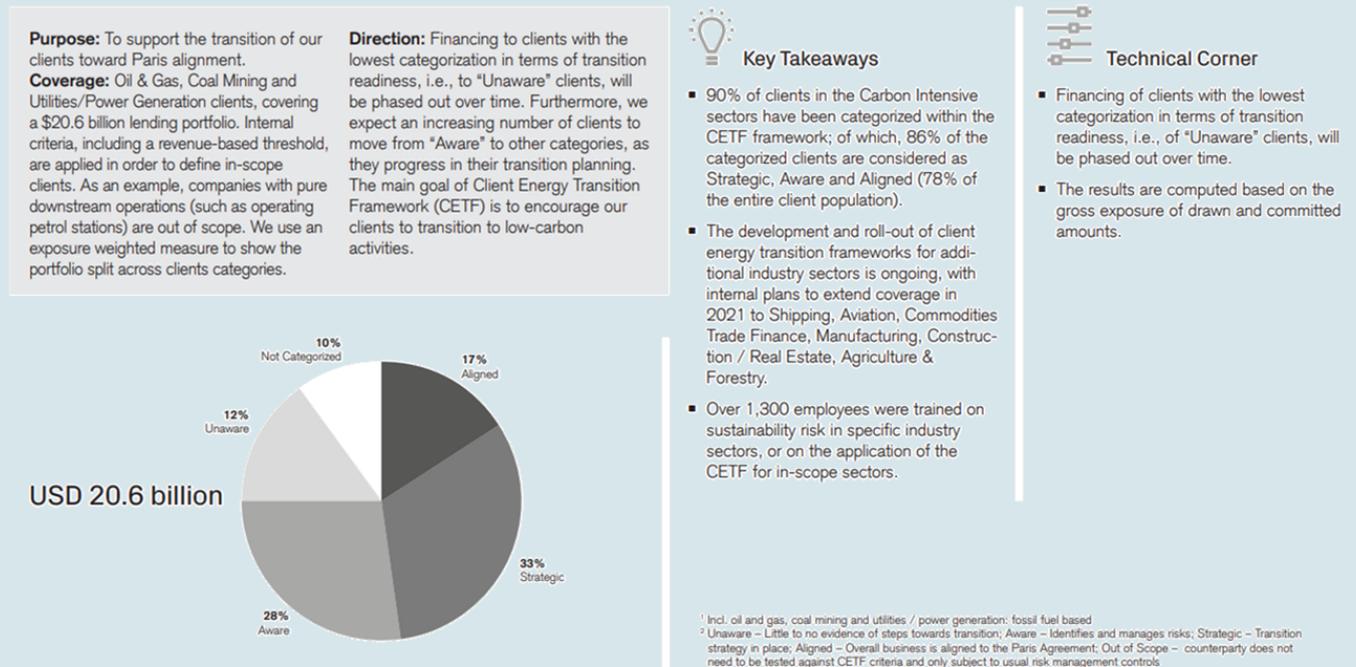
To date, Credit Suisse has rolled out CETFs for the highest priority sectors in terms of carbon intensiveness, including oil and gas, coal mining and fossil fuel-based utilities/power generation, shipping, aviation, and commodities trade finance.

External Reporting in TCFD

Credit Suisse discloses the rollout and client coverage as part of TCFD, reporting, providing a significant level of transparency.

CS 2020 TCFD report contains statistics on CETF for the Oil & Gas, Coal Mining and Utilities / Power Generation (fossil fuel related) clients. As the CETF continues to be rolled out, the 2021 TCFD report will include additional sectors.

Client Energy Transition Framework¹ (CETF)
Client Characterisation²



¹ Incl. oil and gas, coal mining and utilities / power generation: fossil fuel based
² Unaware – Little to no evidence of steps towards transition; Aware – Identifies and manages risks; Strategic – Transition strategy in place; Aligned – Overall business is aligned to the Paris Agreement; Out of Scope – counterparty does not need to be tested against CETF criteria and only subject to usual risk management controls

Figure 2: Extract on CETF from TCFD

Engaging with clients

The bank's introduction of CETFs has been strongly supported by senior management, which has helped to overcome natural implementation hurdles. Such hurdles have included the need to agree on a sector-by-sector set of criteria to classify clients, and the need to ask clients climate-related questions which may not be posed by competitors. These questions, however, allow Credit Suisse to engage in fundamental discussions with clients, opening the door to financing of potential solutions toward transition.

Questions that are relevant for the CETF assessment and could be raised in exchanges with clients may reflect the following examples:

- Does the company view climate change as a significant issue for the business?
- Is climate change viewed rather as a risk or as an opportunity?
- Does the company participate in industry initiatives around climate change?
- Does the company disclose metrics on carbon emissions, or collect such metrics internally?
- Has the company set qualitative or quantitative targets for reducing greenhouse gas emissions? Are the targets aligned with the objectives of the Paris Agreement?
- Has the company nominated a board member or board committee with explicit responsibility for oversight of the climate change policy?
- Does the company have a process to manage climate-related risks?
- Does the company have plans to transition its operations, products or services away from carbon-intensive activities towards lower carbon operations, products or services?
- How could Credit Suisse expertise, networks and funding support such a transition?

iv. Case study by MUFG

Client Engagement - MUFG Carbon Neutrality Declaration

MUFG aims to achieve net zero greenhouse gas emissions across its finance portfolio by 2050

- MUFG is committed to tackling climate change, one of the most serious issues facing the world, and will therefore develop specific action plans based on its purpose, which is being "Committed to empowering a brighter future." In order to align with the goals of the Paris Agreement, MUFG will support the smooth transition to a decarbonized society through its financial services and proactively contribute to creating a sustainable society by fostering a virtuous cycle between the environment and economy.
- MUFG will provide strong support not only for renewable energy but also for the implementation of innovative technologies such as hydrogen/next-generation energy and carbon recycling. MUFG will also share issues related to decarbonization with customers while maximizing our expertise in sustainable business, and will actively support customers' efforts to decarbonize.

[Fig.1] Four Main Approaches to Achieve Carbon Neutrality

MUFG Carbon Neutrality Declaration

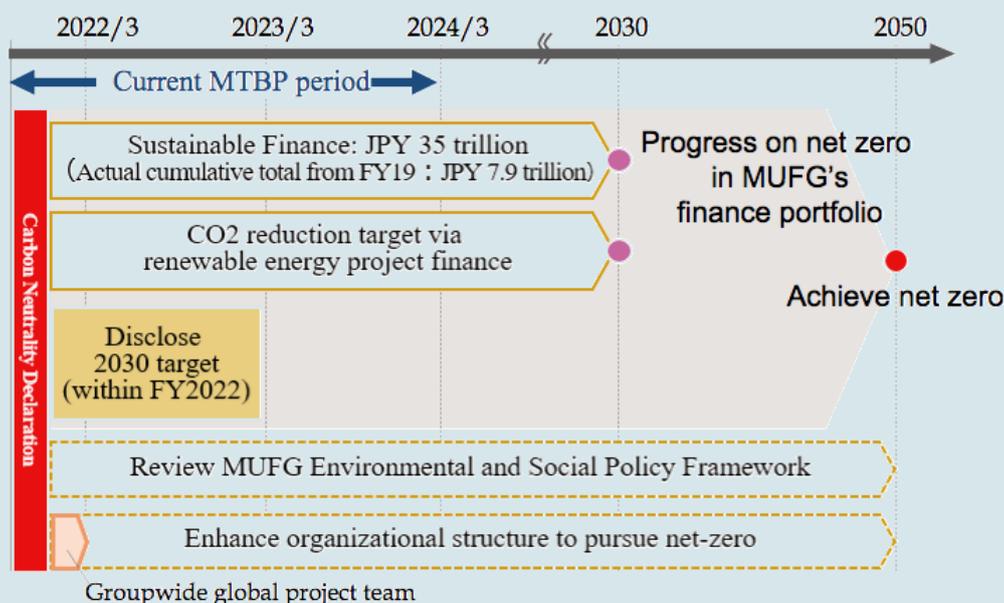
**Net zero GHG emissions in our finance portfolio by 2050,
net zero GHG emissions in our own operations by 2030**

Main Approach

- 1 Commit to achieve decarbonization through financial services**
 - Set target for sustainable finance: ¥35tn (of which ¥18tn is for environment)
 - Enhance financing policies
 - Disclose future credit portfolio reduction targets for corporate finance related to coal-fired power generation
 - Support renewable energy, hydrogen, next-generation energy, etc.
- 2 Promote decarbonization via MUFG's efforts**
- 3 Set targets to align with the goals of the Paris Agreement and expand and improve transparency of information disclosure**
- 4 Enhance our organization to achieve carbon neutrality**

[Fig.2] Efforts to Support Transition and Innovation

- Provide added value across the entire value chain, from research functions to solution provision
- Investigate what and how transition support should be for realistic solutions
- Leverage group companies' and global expertise, and cooperate with related departments such as the client coverage dept., the Financial Solutions Group (including the Sustainable Business Division), etc. to support customers' business transitions



Client Engagement - NYK Issues First Transition Bonds in Japan

Accelerating initiatives to reduce greenhouse gas emissions in the maritime transport sector

- Nippon Yusen Kabushiki Kaisha, also known as NYK Line (hereinafter, NYK), one of the world's leading shipping companies, set and issued the "NYK Group ESG Story" in February 2021 to promote ESG management that enables both maximization of earnings and environmental and social sustainability concurrently.
- NYK Group would position the climate transition strategy and intend to achieve greenhouse gas emission reduction targets of (i) International Maritime Organization (IMO), which is an international organization in the shipping industry, and (ii) Japan's Ministry of Land, Infrastructure, Transport and Tourism (targets are shown in the form of maritime roadmap), etc., and (iii) the Group's certified SBT.
- MUFG has been continuingly communicating with NYK Group to discuss about possible financing options for the implementation of the strategy.
- NYK Group has established the NYK Green/transition Bond Framework (hereinafter, Framework) in order to carry out this green/transition bond in a manner that conforms to the internationally recognized framework (ICMA Climate Transition Finance Handbook, 2021, etc.).

[Fig.1] Summary of Transition Bonds

Name	■ NYK Unsecured Corporate Bonds
Payment date	■ July 29, 2021
Maturity/ Issue Amount	■ (i)10 Billion Yen, (ii) 10 Billion Yen ■ (i)5 Years, (ii)7 Years
Bond Rating	■ A – (Japan Credit Rating Agency)
Lead Managers	■ Mitsubishi UFJ Morgan Stanley Securities, Nomura Securities, Goldman Sachs Japan, Mizuho Securities, SMBC Nikko Securities.
Structuring Agent	■ Mitsubishi UFJ Morgan Stanley Securities
Features	■ This issuance has been selected as the first model case for transition finance by Japan’s Ministry of Economy, Trade and Industry ■ NYK becoming Japan’s first company to issue transition bonds
Notes	■ The Second Party Opinion Provider/external reviewer provided the eligibility evaluation for frameworks and transition bonds against the following handbook, principle and guidelines which are widely recognized: • Climate Transition Finance Handbook • Basic guidelines on Climate Transition Finance • Green Bond Principles • Green Bond Guidelines

[Fig.2] Rationale for Issuing Transition Bonds

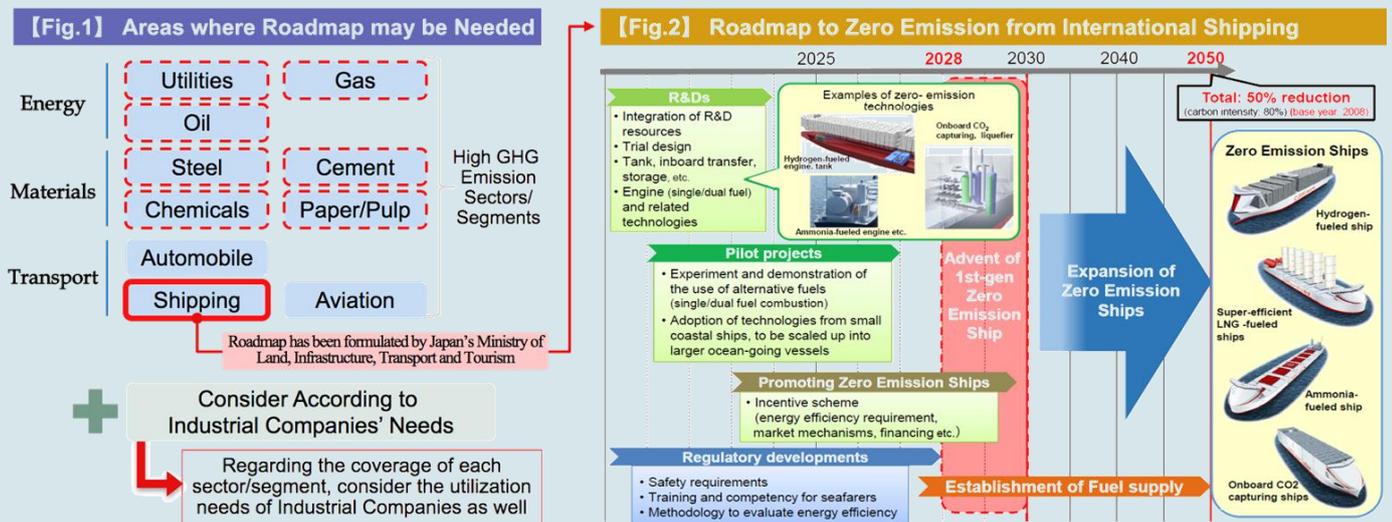
Rationale for Issuance	■ To secure various funding resources for low carbon, decarbonization solutions, NYK will accelerate its greenhouse gas emission reduction ■ Through environmentally efficient investment supported by ESG financing, NYK will demonstrate the company’s growth strategies based on ESG initiatives to wide range of stakeholders
Roadmap in Shipping	■ GHG reduction targets of the IMO ■ “Roadmap to Zero Emission from International Shipping” developed by Japan’s Ministry of Land, Infrastructure, Transport and Tourism.
NYK’s Transition Targets (approved by SBT)	■ 30% GHG emissions intensity reduction by FY 2030 (base line: 2015) • Improvements in intangible aspects of ship operations, tangible improvements in ships and fuel conversion ■ 50% GHG emissions reduction intensity by FY 2050 (base line: 2015) • Introduction of zero-emission ships will be essential • Adoption of new technologies (offshore wind power, hydrogen and ammonia)
Efforts to Achieve the Goal	■ Implementation of the following 6 concrete measures: 1. Fuel Conversion 2. Improvement of Ships (Hardware) 3. Improvement of Ship Operations (Intangible) 4. Collaboration with Clients 5. Digitalization 6. Surveys of New Technologies (CCS, CCUS)

(Source) NYK’s website: <https://www.nyk.com/english/news/2021/>

Client Engagement – Conclusion

Importance of the Roadmap in each Industry

- The important points when facilitating/evaluating clients' transition are: (i) transition pathways toward decarbonization including a medium-term goal; and (ii) the feasibility of the transition strategy. In the ICMA Handbook, while requiring the consistency with the Paris Agreement as a long-term goal, differences by industry/region in transition pathways toward the goal are accepted. Therefore, in the light of the standards required by a society, it is essential to draw up the own pathways in a form that suits each company.
- When establishing the transition pathways, it is essential for the clients to refer to the government's long-term strategy and the industry roadmap that are aligned with views of international institutions, as to confirm the consistency and to clarify their positions. However, to put it the other way around, it is extremely difficult for clients to develop their own transition pathways without a well-established pathway developed by a third party. The Japanese government is currently rushing to formulate industry roadmaps and yet still have a long way to go to cover the majority of the sectors, where currently only few clients belonging to limited sectors have access to the guidance.
- The roadmap is vitally important to financial institutions as well. It becomes a measure of last resort for the credibility when financial institutions assess the eligibility of clients' transition strategy in individual industries. Financial institutions are willing to understand the pathway that reflects the characteristics of the country/region and stay considerate of clients.
- While focusing on the transition pathways such as the consideration of regional characteristics is essential, an approach to ensure scientific basis is still in progress. Considering that it is difficult for financial institutions as well to engage with clients without the roadmap, it is crucial to develop a framework to accelerate transition through collaboration between the public and the private sectors.



(Source) Japan's Ministry of Economy, Trade and Industry:

https://www.meti.go.jp/shingikai/energy_environment/transition_finance_suishin/001.html

(Source) Japan's Ministry of Land, Infrastructure, Transport and Tourism:

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