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Net-Zero Banking Alliance

2022 Progress Report

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Contents

Forewords

Tracey McDermott
Chair, Steering Group of the Net-Zero Banking Alliance
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Just over 18 months ago, the Net-Zero Banking Alliance was launched with 43 founding members, who committed to achieving net-zero emissions in their lending and investing activities by 2050. Since then, the Alliance's membership has nearly tripled as the banking sector seeks to fulfil its critical role in addressing the need for climate action.

The task that we've set for ourselves—to decarbonise the global banking sector—is both critical and ambitious. The impact of climate change on the planet following decades of unchecked emissions is manifesting itself in many ways and the need for action is urgent.

We know that decarbonisation requires change in the real economy, but that banks are crucial to enable that change, by providing finance to support clients and countries to transition to a new low carbon economy. And, in many ways, we are all in uncharted territory, refashioning the tools of our trade to address the monumental task at hand: new methodologies must be developed, new risk models built, new opportunities must be scaled and captured, new capacities built and expanded.

The challenges in doing this are many. There are significant gaps in the availability and consistency of climate data—particularly in the emerging markets or developing countries that are most in need of finance to support transition. The regulatory and policy framework is fast evolving but is not yet comprehensive or consistent and shocks to the global economy—through inflation, war, disrupted supply chains and pandemic recovery—are threatening the global consensus on the need for urgent action.

Even as the Alliance works to drive change in the banking sector, we are also operating alongside partners from across the economic and political spectrums that are likewise seeking to rapidly create and scale new tools and trajectories. This collaboration is critical, as finding solutions to the climate crisis requires a 'whole system' approach where everyone plays their part.

Our goal is incredibly ambitious, and we cannot afford to fail. The crisis demands action; which is why, on behalf of the Alliance's Steering Group and our 122 global banking members, I am proud to present this first Progress Report. This report provides details of how the Alliance members are progressing their commitment to net zero. It captures the early progress made by our founding members in setting intermediate net-zero targets for priority sectors and details the areas we are covering in our Work Tracks to help support members as they undertake robust target setting. The report also illustrates how we are working with partners and organisations across the globe to create a more supportive environment for change.

There is much to be proud of in this report. At the same time, it also highlights the many obstacles we have yet to overcome. We are encouraged by the progress we have made and the opportunity this presents for the sector to make a real contribution to tackling this challenge. While this report heralds the beginnings of progress, however, we recognise that there is much more that our members must achieve, and new heights to which they must aspire. As we celebrate the release of this report and all the progress it captures, we look forward to next year with dedication and urgency.

Eric Usher
Head
UNEP Finance Initiative

Climate change is one of the greatest challenges of our time; an existential risk and a 'code-red for humanity' that requires urgent solutions. This race to rapidly decarbonise human society, to transform our sources and use of energy and eliminate greenhouse gas emitting activities, is proving incredibly challenging and will require the coordinated effort of diverse actors across most industries. It will also require financing—immense amounts of it. At the United Nations Environment Programme Finance Initiative (UNEP FI), we've long recognised the role of the financial sector in securing a low-carbon future. Our purpose—to catalyse action across the global financial system to align economies with sustainability goals—has led to the creation of groundbreaking international frameworks and sub-sector alliances that are seeking a new paradigm for finance in the 21st century.

Continuing in this pattern, I am pleased to introduce along with Tracey the first Progress Report of the Net-Zero Banking Alliance, which captures another critical step in the transition of the global financial system. The NZBA was launched in April 2021, offering the first and only globally consistent net-zero standard and ambition for the banking industry. The NZBA is industry-led and UN-convened, bringing together first movers amongst the banking industry with the UN agency that has established some of the most important sustainable finance frameworks globally, including the UN Principles for Responsible Banking. As evidenced in this report, the NZBA is positioned to allow the banking industry to take urgent, collective, and near-term action at a global level. Through the efforts of its industry-led work tracks, the Alliance is clarifying the interpretation of what 'net zero' means for the banking sector, supporting the application of sectoral decarbonisation pathways, building recommendations for target setting and implementation, and pursuing greater representation from the banking industry all around the globe. Along with its sister net-zero alliances, the responsible finance initiatives at UNEP FI, and its other partners in the Glasgow Financial Alliance for Net Zero, the NZBA is pursuing a vision for the future of finance and its role in creating a healthier planet and a more sustainable human society.

This progress seen during the Alliance's first 18 months is encouraging and will only multiply as more members set and start to deliver on their intermediate targets in the coming months and years. But now is not the time to rest on our laurels. Even as members clear the first hurdle of carbon accounting and target setting, we must look to the hugely complex tasks ahead of us and bend that recalcitrant global emissions curve downwards both consistently and steeply. We must move from pledge to action and bring the vision of a real economy transformation into being. The banking sector has an integral role to play, and through NZBA we are seeing the early seeds of a much wider industry mobilisation. Our work has only just begun.

Executive summary

The industry-led, UN-convened Net-Zero Banking Alliance brings together banks worldwide, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. The Alliance is the first and only net-zero commitment and forum for banks worldwide and is the climate-focussed accelerator initiative of the Principles for Responsible Banking. It is also the banking element of the Glasgow Financial Alliance for Net Zero.

As per the members' Commitment Statement and the accompanying Guidelines for Climate Target Setting for Banks, the founding members had 18 months from joining the Alliance to formulate and declare their first set of intermediate decarbonisation targets in their priority (most impactful) sectors. These targets must be achieved by 2030 at the latest. As per the commitment, targets are expected to:

1. **Prioritise** sectors based on GHG emissions, GHG intensities, and/or financial exposure in the banking member's portfolio
2. **Align** with no/low-overshoot 1.5°C transition pathways, as specified by credible science-based climate scenarios.

The NZBA Secretariat facilitates the collection and review of the progress made by members in implementing their commitment. As part of the commitment, Alliance members agree to publicly disclose their intermediate targets. They must also report annually on their progress towards achieving these targets.

This inaugural Progress Report captures an aggregated view of the intermediate targets that have been reported by members, in accordance with the 18-month deadline specified in the commitment and in alignment with the Guidelines. This report aims to highlight early indications of progress and future areas of focus as banks implement their commitments. It also addresses the challenges faced by the members in meeting their commitments and outlines recommended actions from regulators, policymakers and other important stakeholders that would support the banking sector in facilitating the net-zero transition of the real economy.

Note on data used for this report: Because the NZBA inducts members on a rolling basis, it is critical to note that this report captures a moment-in-time view of targets set and may exclude some members' targets because of publication timelines. Therefore, it cannot be assumed that a member is in breach of their commitment if their targets are not presented within this report. For an up-to-date listing of members' targets, including those who were unable to submit in time for this report, please refer to the Alliance's website.

The NZBA Secretariat's 2022 analysis of the submitted targets and associated transition plans yield the following insights:

- In general, **members have delivered their commitments on time:** 90% of member banks which were due to submit targets (deadline of 21 October) had published targets by the end of October; links to these targets are provided in the Annex.
- **Ambitious action has been taken by some members**: 19 members have set their first targets in advance of their 18-month deadline.
- **Most banks have focused on high-emitting and hard-to-abate sectors**: Over 90% of responding members report having a sectoral policy on coal and/or oil and gas financing, and have set an emissions reduction target in one, or both of those sectors. Given the importance and the complexity of decarbonising the power generation, oil, and gas sectors and the tremendous amount of work required in doing so, it is notable that many banks have chosen to prioritise setting targets for these sectors, accelerating the timing and pace of decarbonisation within the sector.
- Intermediate targets have been set, but action **must be accelerated**. On average, members that submitted by 1st September have set intermediate targets in just under three sectors out of the nine climate-intensive sectors listed in the Guidelines. It is unlikely that this small number of sectors covers the significant majority of emissions. As part of the commitment, action must therefore be accelerated to ensure intermediate targets are set within 36 months after joining which cover all, or a substantial majority of, bank attributable emissions across all sectors (where data and methodologies allow).

Overall, the NZBA reinforces, accelerates, and supports the implementation of decarbonisation strategies, providing a coherent framework to enable impactful action on climate by the banking sector. The analysis of targets in this report serves as a valuable learning opportunity, both for Alliance members and for the banking sector at large.

The structure of the NZBA's governance and work programme promotes peer learning, thought leadership and support to implement and promote best practice. Details of these efforts are captured in the subsequent sections of this report.

In order to build on the progress already made, members of the Alliance and the Alliance Secretariat itself will be carrying out the following actions:

- **More members will be declaring their 2030 decarbonisation targets:** Over the coming year, the members that joined the NZBA after April 2021 will also be declaring their first set of 2030 decarbonisation targets. Together with the analysis of this report, these additional targets will provide an increasingly complete map of the viable routes that Alliance members are charting towards net zero. New targets following the publication of this report will be shared on the NZBA website as they become available.

- **Additional decarbonisation targets will be developed for sectors within the next 18 months:** After setting their intermediate targets for priority sectors, members will set a second round of targets by the 36-month mark, providing a set of decarbonisation targets for all or a substantial majority of the nine sectors specified in the Guidelines.[1] Intermediate targets must be achieved by 2030 at the latest, and must cover a significant majority of the total financed emissions.

The Alliance recognises the role of a broader group of stakeholders in creating the fundamental conditions required for a global transition to net-zero emissions. Alliance members urgently call on governments, central banks, and businesses to take a leadership role and similarly commit to the Paris Agreement's ambition of 1.5°C:

- The Alliance calls on governments to take a leadership position on the net-zero transition, supporting individuals, corporates, and organisations, alongside private finance.
- The Alliance looks to central banks and supervisors to align on consistent frameworks and methodologies to coordinate the net-zero transition globally.
- The Alliance calls on business to foster innovative technological development and pursue and scale new products and services that support the net-zero transition.
- The Alliance also calls upon civil society and research institutions to provide constructive feedback on proposed frameworks, accurately assess progress and investigate new areas for improvement.
- The Alliance urges economic actors to be transparent in their actions and to share data in order to advance the accuracy and coverage of carbon accounting.

The Alliance pledges to engage with stakeholders to support these endeavours.

Together we can build a future that meets challenges with creativity, compassion, and perseverance and that protects the lives and livelihoods of both current and future communities and ecosystems around the world.

1 The Guidelines specify nine carbon-intensive sectors, for which all or a substantial majority must have targets set (where data and methodologies allow): agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport. Signatories should prioritise sectors based on GHG emissions, GHG intensities and/or financial exposure in their portfolio in their first round of target setting (within 18 months of signing). Notwithstanding methodological limitations, the remaining carbon-intensive sectors from this list (or a substantial majority thereof) shall be included in subsequent rounds of target setting (within 36 months of signing).

Introduction

About the Net-Zero Banking Alliance

The industry-led, UN-convened Net-Zero Banking Alliance brings together banks worldwide, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. The Alliance was launched by 43 Founding Members on 21 April 2021 and in its first 18 months has grown to more than 120 banks, representing almost 40% of global banking assets. Combining near-term action with accountability, the ambitious commitments require signatory banks to set intermediate net-zero targets, for achievement by 2030 (or sooner) and 2050, no later than 18 months after joining.

The Alliance is convened by the UN Environment Programme Finance Initiative (UNEP FI). In addition, the Alliance coordinates with other sub-sector financial alliances as the banking element of the Glasgow Financial Alliance for Net Zero. It also serves as the climate-focused accelerator of the Principles for Responsible Banking.

The Alliance aims to reinforce, accelerate, and support the implementation of decarbonisation strategies, providing an internationally coherent framework and guidelines in which to operate, supported by peer-learning from pioneering banks. It recognises the vital role of banks in supporting the global transition of the real economy to net-zero emissions.

The commitment of Alliance members

The central commitment of the Alliance itself is robust, ambitious and science based. In addition to targeting net zero by 2050, the commitment specifies a temperature outcome consistent with limiting global warming to 1.5°C from pre-industrial levels, in line with the most ambitious objective of the Paris Agreement. Using the best available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change (IPCC), the commitment specifies that targets should be set in line with 1.5°C low/no overshoot scenarios—that is, climate trajectories that comply with the IPCC's definition of a 1.5°C pathway. The commitment addresses both absolute emissions and emissions intensity in its annual reporting requirement, providing a high level of transparency, and takes an all-economy approach by covering nine carbon-intensive and high-emitting sectors.

In joining the Alliance, signatory banks have committed to:

- Transition the operational and attributable GHG emissions from their lending and investment portfolios to **align with pathways to net zero by 2050** or sooner.
- **Set first 2030 targets** (or sooner) and a 2050 target **within 18 months of joining**, as well as intermediate targets every five years from 2030 onwards. All targets will be regularly reviewed to ensure consistency with the latest science (as detailed in IPCC assessment reports).
- Prioritise sectors based on GHG emissions, GHG intensities and/or financial exposure in their portfolio in their first round of target setting (within 18 months of signing).
- Set a further round of **sector-level targets within 36 months of joining** for all or a significant majority of specified carbon-intensive sectors, including: agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; transport.
- Engage with their clients' own transition and decarbonisation to promote **real economy transition** rather than only portfolio decarbonisation.
- **Annually publish absolute emissions and emissions intensity** in line with best practice and, within a year of setting targets, disclose progress against a board-level reviewed transition strategy setting out proposed actions and climate-related sectoral policies.
- Take a **robust approach to the role of offsets** in transition plans.

Intermediate targets

Methodology and limitations

Information about members' intermediate targets (that is, sectoral decarbonisation targets for achievement by 2030 or earlier) was solicited via a survey, circulated 1 June 2022. The cut-off date for inclusion in this report was 1 September 2022. Members' targets and the information submitted are expected to adhere to the parameters outlined in the Guidelines for Climate Target Setting for Banks.[2]

Because the NZBA inducts members on a rolling basis, it is critical to note that this report captures a moment-in-time view of targets set and may exclude some members' targets because of publication timelines. Therefore, it cannot be assumed that a member is in breach of its commitment if its targets are not presented within this report. For an up-to-date listing of members' targets, including those who were unable to submit in time for this report, please refer to the Alliance's website.

It should be noted that a discrepancy in reported data arose where there were different interpretations as to whether a commitment to 'net zero by 2050' constituted a long-term target, with some recognising the need for further action to set a science-based long-term decarbonisation target.

Due to the size and complexity of each member's scope of business, the long-term time horizon, and the variety of carbon accounting methodologies used, it is currently not possible to make a judgement on the quality of targets, to calculate the anticipated impact of the targets on global emissions, nor is it reasonable to speculate on the likelihood of an individual member's meeting their intermediate targets. This level of insight is therefore not provided in the discussion sections of this report.

Response rate

Sixty-one target submissions, representing 80% of member banks which were due to submit targets (deadline of 21 October), were received by the cut-off date of 1 September; these targets are presented in the analysis below. Between 1 September and 24 October, one more bank published targets. With these cumulative submissions, 51% of all Alliance members have set intermediate net-zero targets as of 24 October 2022. Any targets omitted from the analysis of this report (i.e. data that were incomplete/contained incorrect information) are noted in the Annex.

2 On a comply or explain basis.

Key takeaways

Of the 62 member banks whose submissions are considered in this analysis:

- **95%** of respondents report having measured their financed emissions.
- **66%** of respondents report having set a long-term portfolio target for achievement by 2050.
- **32%** of respondents report having set portfolio-wide intermediate targets for achievement by 2030.
- **94%** of respondents have set intermediate sector targets for 2030 or sooner.
- Members that responded to the survey have set intermediate targets in just under three sectors, on average (at 36 months after joining, members must set targets in all, or a substantial majority of, the nine sectors outlined in the Alliance Guidelines).

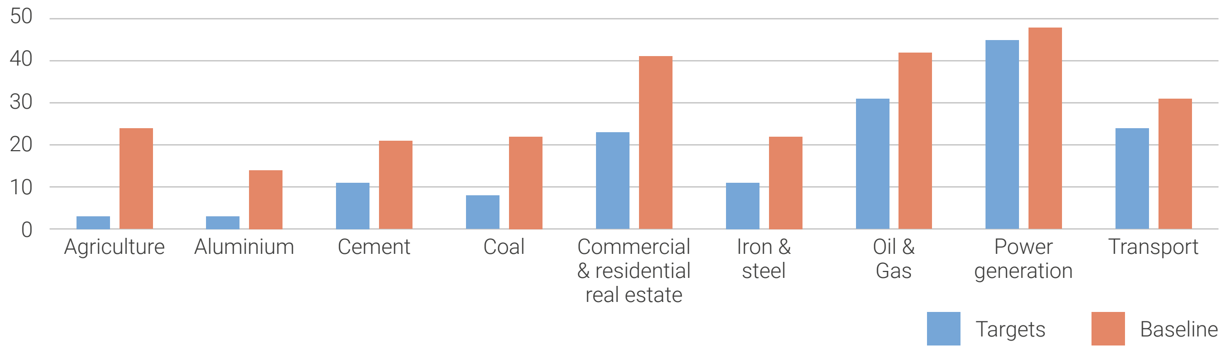


Figure 1: Number of banks that have 1) disclosed their baseline emissions for a sector and/or 2) set their intermediate sector targets for 2030 or earlier.

Notes on sector assessment and discussion

For each sector, targets are described according to the following characteristics. These form the basis of the discussion of the performance on a sector-by-sector basis and inform areas for action and improvement for members as they move into the next stage of their decarbonisation journey.

Metrics

This section discusses the type of measure used for the sector target.

Members submitted a mix of absolute emissions and emissions intensity metrics. As targets set on absolute or intensity basis each have their pros and cons, the Alliance would encourage members, moving forward, to provide a narrative that tells the full picture of trends in emissions when they begin to report on progress against their targets. This narrative should also explain how carbon-intensive assets, that cannot be transitioned, are being phased down and out of their portfolio.

Members' targets also differed in coverage of greenhouse gas emissions; some targets covered all GHGs converted into CO_2 equivalents (CO_2e), and some targets included only CO_2. The commitment calls for the transition of "attributable GHG emissions from our lending and investment portfolios". Hence, members are encouraged to set targets using CO_2e metrics over time.

Scenarios

This section discusses the temperature scenario used to inform the sector target.

The IEA's NZE2050 scenario is the most frequently used scenario across all sectors. Other, more granular scenarios are also used. Overall, good practice was observed, though for about 35% of targets, members failed to disclose which scenarios they were using. In addition, many banks using SBTi to set targets used scenarios that limit warming to only 1.7°C, which exceeds the temperature ambition of the Alliance (1.5°C). Members are strongly encouraged to use scenarios aligned to the temperature ambition of the Alliance moving forward.

Sector coverage

This section discusses the coverage of targets across the bank's portfolio in the sector.

For 65% of the sector targets, banks disclosed that, on average, targets cover just under 80% of the bank's portfolio in that sector. Sectors where action was focussed on addressing specific sub-sectors (e.g. real estate and transport) recorded the lowest coverage. However, it is expected that, over time, target coverage will increase significantly to align with the commitment.

Type of target

This section discusses the type of target set in the sector.

Members specified whether they used the contraction or convergence approach for 75% of sector targets set.[3] There was a relatively even split between contraction and convergence targets, with 53% of members using the contraction and 47% using the convergence approach to target-setting.

Asset classes

This section discusses the asset class included within the target set in the sector.

For 78% of sector targets set, members specified the asset classes included in targets. Of these, all targets covered lending, 19% additionally included investments, and 15% included capital markets. The Alliance expects the coverage of targets to increase over time.

3 There are two broad ways to model how individual clients or sector-level portfolios should evolve towards net zero by 2050: a convergence approach, where the speed of change is affected by the starting point (i.e. less carbon intensive clients have a lower rate of decrease to achieve because their starting point is 'better'), and a contraction approach, where every actor/ portfolio in the market is assumed to have to decrease their emissions at the same rate (e.g. 2 per cent/ year), irrespective of previous decarbonisation (WWF 2021).

Sector targets—analysis & discussion of performance split by sector[4,5]

Agriculture

Three banks have set targets in the agricultural sector and 24 banks have measured their emissions footprint. The agricultural sector remains challenging, both in terms of data gathering and setting targets. All targets set were for banks' lending portfolios, covering their clients' Scope 1 and 2. Positively, all targets disclosed cover all greenhouse gases; this is good practice for the agricultural sector, where gases like methane and nitrous oxide can be material.

Aluminium

Three banks have set targets in the aluminium sector and 14 banks have measured their emissions footprint. The baseline disclosures indicate that banks are tending to include all greenhouse gases covering mostly clients' Scope 1 & 2, though a third did choose to cover all three Scopes.

Cement

Eleven banks have set targets in the cement sector and 21 banks have measured their emissions footprint. Approximately 80% used intensity metrics, and the remainder did not disclose the metric they used. Eighty per cent of members focused targets on clients' Scope 1 & 2 only. Targets were set using a range of scenarios, including: NZE2050, NGFS NZ2050, and ISFNZ.

Coal

Eight banks report having set a 2030 emissions reduction target for the coal sector. Of these eight, one bank specified that their target focused on thermal coal, and four banks specified that their target covered both metallurgical and thermal coal. Three banks set combined coal and oil and gas targets. Those banks that do not have emissions reduction targets in place have set coal policies, which rely on financial targets and/or phase-out strategies. Overall, 55 banks have either a policy in place on coal financing and/or have set an emissions reduction target. Of the banks with coal targets in place, 75% of targets are based on absolute emissions and 50% use metrics covering all greenhouse gases. It is important for this proportion to increase due to the high emissions of methane associated with coal mining.

4 In this section, the word 'target' will be used to refer to intermediate sector targets for 2030 or earlier. Please note that numbers referring to the emissions footprint also include a small number of banks that have not disclosed their baseline. However, the data collection was mostly aimed at published items, so these figures likely underestimate the number of banks who have measured their baseline.

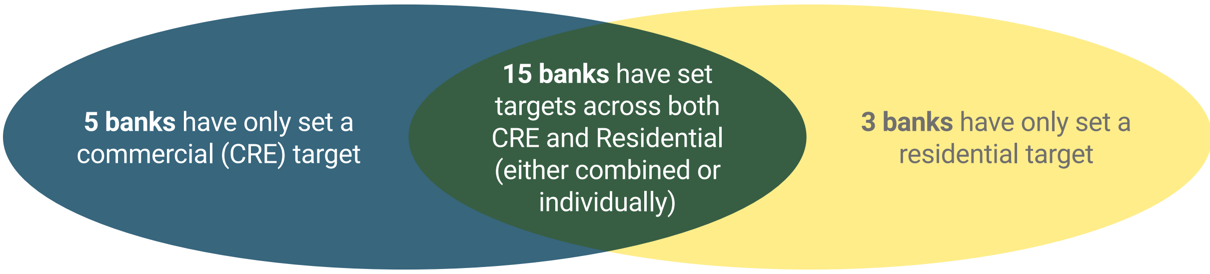
5 Fewer than twelve banks set targets for agriculture, aluminium, cement, coal, and iron & steel sectors. Hence these sectors will not include a targets deep dive, in order to uphold the anonymity of banks and to ensure data are not overinterpreted. Instead, key findings for targets for these sectors will be summarised briefly.

Iron and steel

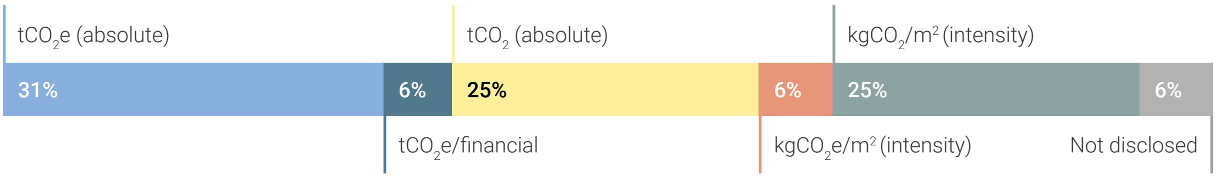
Eleven banks report having set a target for 2030 in the Iron & Steel sectors, seven of which cover only Steel. Twenty-two banks have measured their emissions footprint in the Iron and Steel sector. The majority of targets cover only clients' Scope 1 & 2 emissions, with only 18% including clients' Scope 3.

Commercial and residential real estate

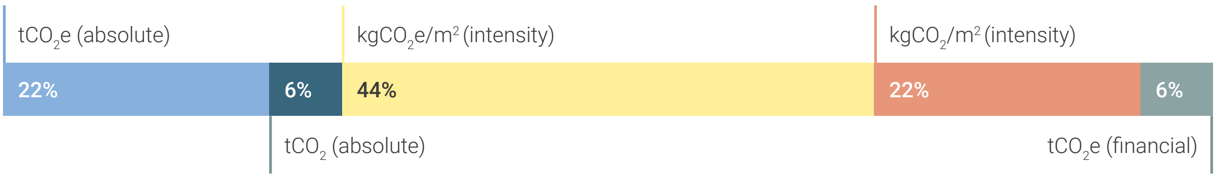
Forty-one banks have measured their emissions footprint for commercial and/or residential real estate, either combined or separately. Twenty-three banks have real estate emissions reduction targets for 2030, either across both commercial and residential (combined or individually) or for one of the two sub-sectors.



Metrics in use: commercial



Metrics in use: residential



Asset classes included: commercial

Asset classes included: residential

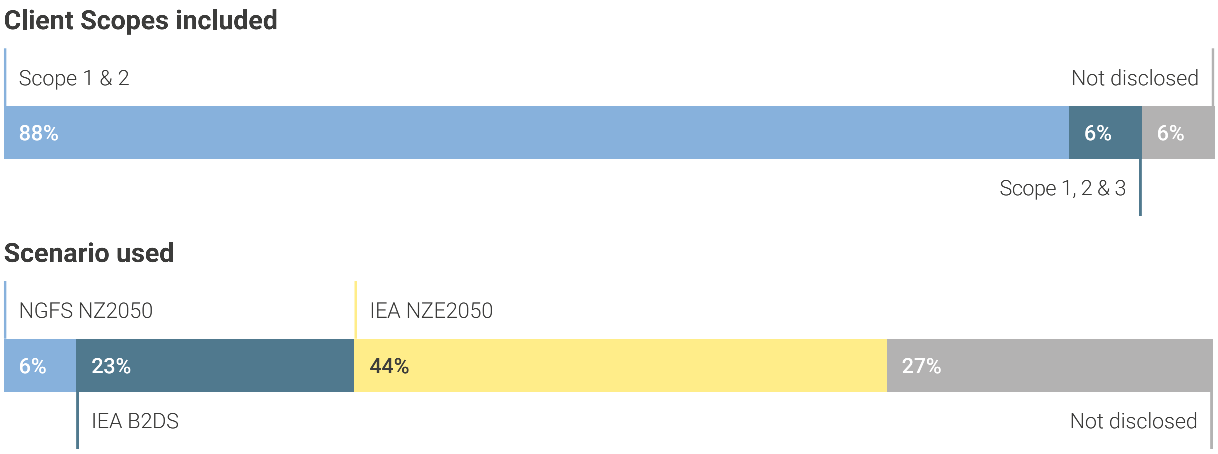


Figure 2: Aggregated member targets for commercial and residential real estate sectors.

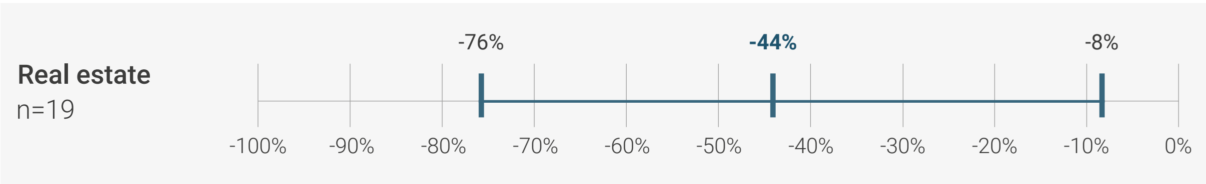


Figure 3: Range of targeted emissions reductions for commercial and residential real estate sectors

N.B. In considering this range of targeted reductions, it is important to note that not all targets are comparable as the scope and boundary, metrics, as well as sector coverage vary greatly, as presented in the above data. It was not possible to include in this range all targets that were set due to incomplete reporting.

Key takeaways from commercial and residential real estate targets

The majority of design choices are consistent across both commercial and residential real estate. However, there are some differences in choices of metrics and coverage of asset classes.

Metrics—The metrics were not disclosed for over one third of targets in commercial real estate. Of those that were disclosed, the split was roughly equal between intensity and absolute based targets. In residential, the use of intensity metrics was more common, with two thirds of targets being set using these metrics and only one third based on absolute emissions.

Target design—The majority of targets set in real estate cover clients' Scope 1 and 2. It is acknowledged that Scope 3 is particularly challenging to measure for this sector, an explanation as to why most targets do not include this Scope.

Coverage—The coverage of targets was less clear for commercial real estate targets than for residential real estate. There was a similar distribution between commercial real estate and residential of the types of banking activity included in the targets, with almost half of targets only covering lending exposures.

Scenario—The most commonly used scenario for target setting in real estate was IEA NZE2050, but there was a diversity of approaches including use of B2DS and NGFS NZ2050. The scenario was unspecified for 56% and 63% of residential and commercial real estate targets respectively. The Alliance expects members to disclose the scenario used during the target setting process.

Oil and gas

Fifty-three banks have either a policy on oil and gas financing in place and/or have set an emissions reduction target. Forty-two banks have measured their emissions footprint, and 31 banks have emissions reduction targets for achievement by 2030.[6]

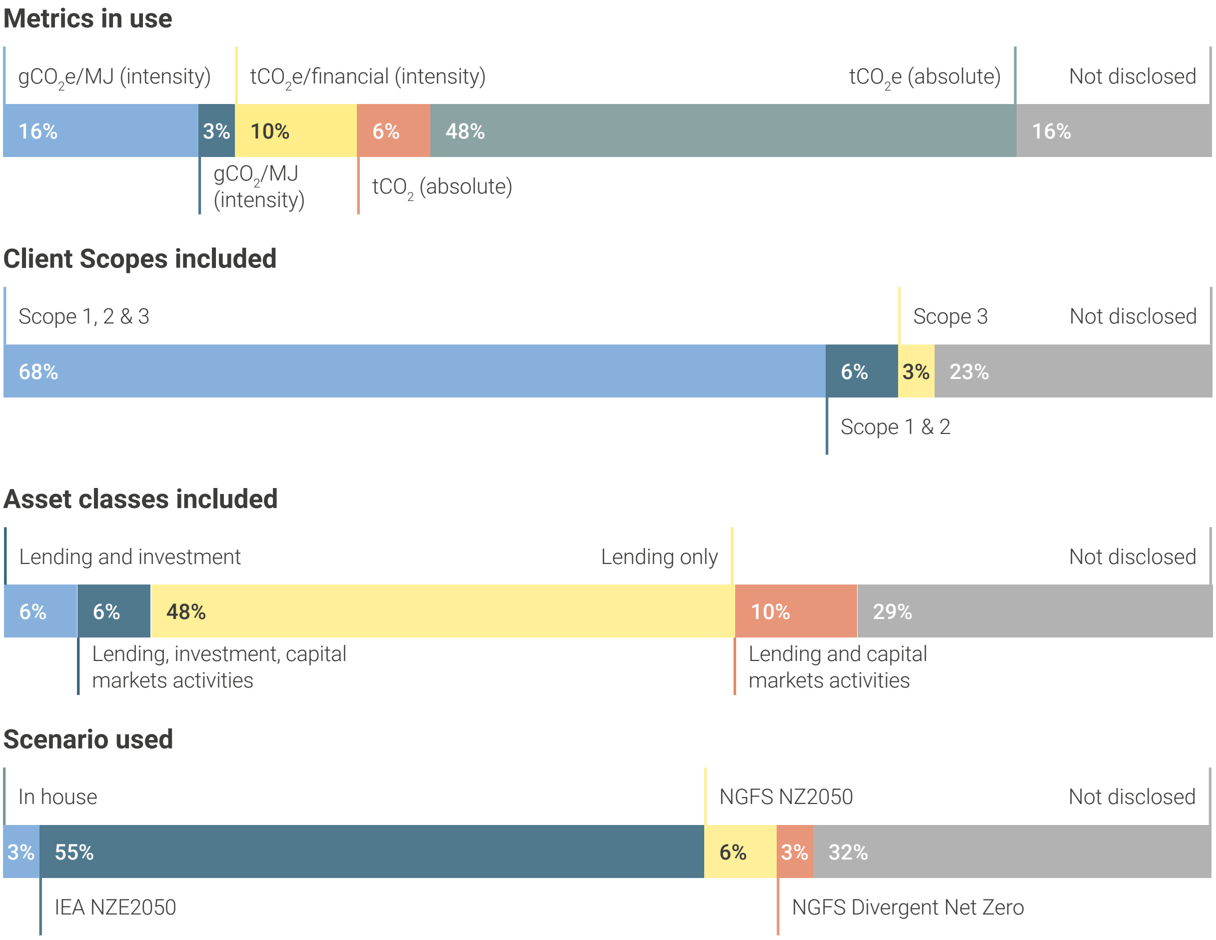


Figure 4: Aggregated member targets for oil and gas sector.

6 In addition, five banks reported on their lending exposure targets. However, these were excluded as reducing financial exposure to a given sector does not qualify as emissions reduction targets.

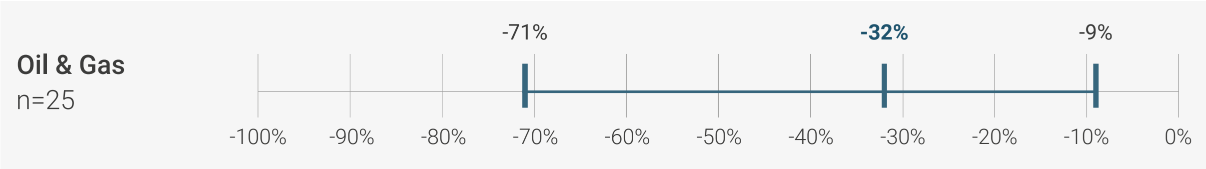


Figure 5: Range of targeted emissions reductions for oil and gas sector

N.B. In considering this range of targeted reductions, it is important to note that not all targets are comparable as the scope and boundary, metrics, as well as sector coverage vary greatly, as presented in the above data. It was not possible to include in this range all targets that were set due to incomplete reporting.

Key takeaways from oil and gas sector targets

Metrics—Of the banks with targets in place, 74% use metrics covering all greenhouse gases, with the rest using CO_2-only or unspecified metrics. Fifty-four per cent of targets are set on an absolute emissions basis.

Target design—Two banks have chosen to set separate targets for upstream and downstream oil and gas, to differentiate between the emissions reduction opportunities of upstream and downstream operations. On the other hand, three banks set combined coal and oil and gas targets, and one bank set a target across oil and gas and power generation.

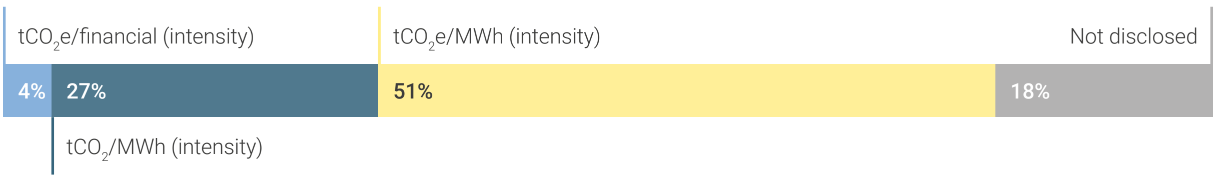
Coverage—On average, targets cover 80% of the oil and gas portfolio, as disclosed by 58% of banks with targets in this sector.

Scenario use—The majority of targets set used the IEA NZE2050.

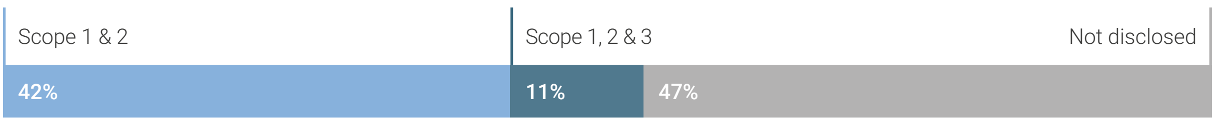
Power generation

Power generation is the sector with the highest number of targets set. Forty-eight banks have measured their emissions footprint for power generation. Forty-five banks have set emissions reduction targets for 2030 or sooner, of which two are for 2025.

Metrics in use



Client Scopes included



Asset classes included

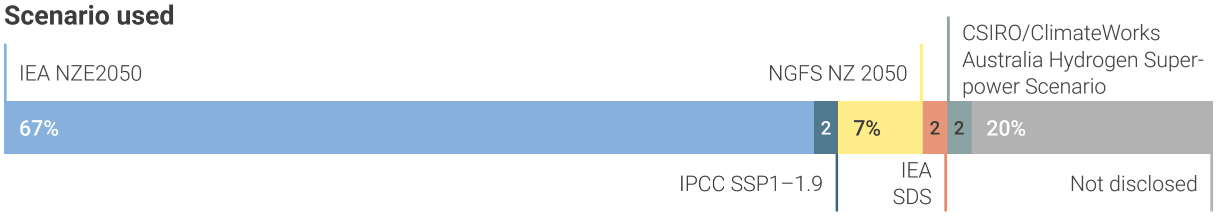


Figure 6: Aggregated member targets for power generation sector

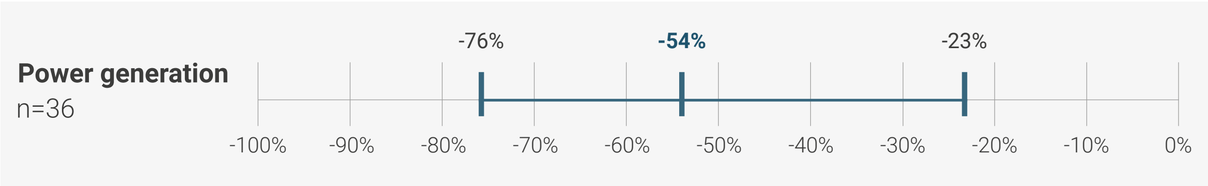


Figure 7: Range of targeted emissions reductions for power generation sector

N.B. In considering this range of targeted reductions, it is important to note that not all targets are comparable as the scope and boundary, metrics, as well as sector coverage vary greatly, as presented in the above data. It was not possible to include in this range all targets that were set due to incomplete reporting.

Key takeaways from power generation sector targets

Metrics—Of the banks with targets in place, 55% use metrics covering all greenhouse gases, whilst 27% use CO_2-only metrics. The remainder did not disclose which metrics they were using for their targets. All disclosed metrics in use are intensity-based. Alliance members have committed that their reporting will cover both intensity and absolute emissions, as outlined in the Guidelines, in order to provide a full picture of impact. Four per cent of banks set financial intensity targets but have indicated that they are aiming to revise the use of financial intensity as a metric in further target setting rounds.

Target design—One bank set a target across Oil & Gas and Power Generation. Over half of members setting a target in this sector used the benchmark convergence approach and a quarter used the rate of change approach (remainder unspecified).

Coverage—Targets cover on average of 85% of members' Power Generation portfolio, as disclosed by 71% of respondents with targets set.

Asset classes—Over 60% of targets include lending only, while around a quarter also include capital markets, investments or both. Other members did not state the coverage of the target.

Scenario use—Twenty per cent of members with a power generation target did not specify the scenario used. Most members that did specify the scenario had used the IEA NZE2050.

Transport

Thirty-one banks have measured their emissions footprint in the transport sector. Twenty-four banks have set targets, with varying coverage of sub-sectors:

- 20 targets in automotive (light vehicles mostly)
- 9 targets in aviation
- 6 targets in shipping

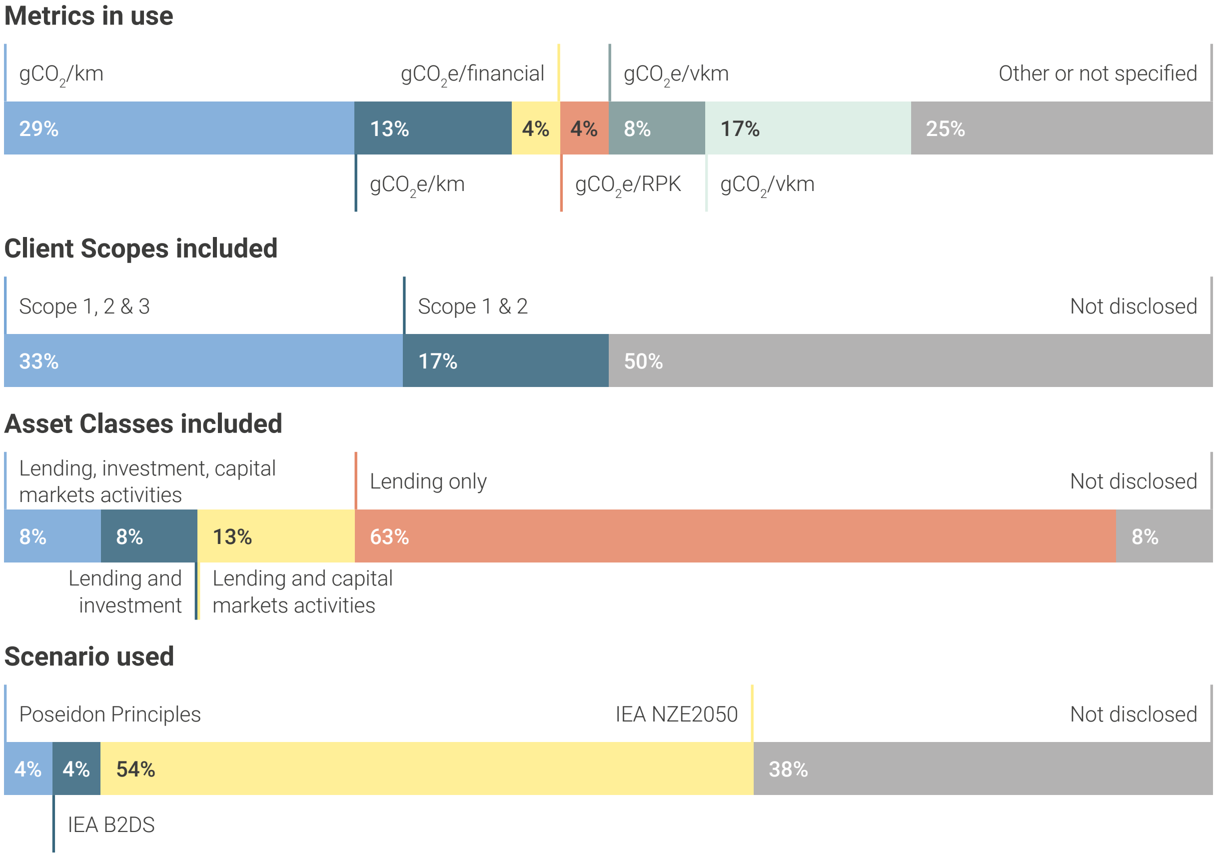


Figure 8: Aggregated member targets for transport sector

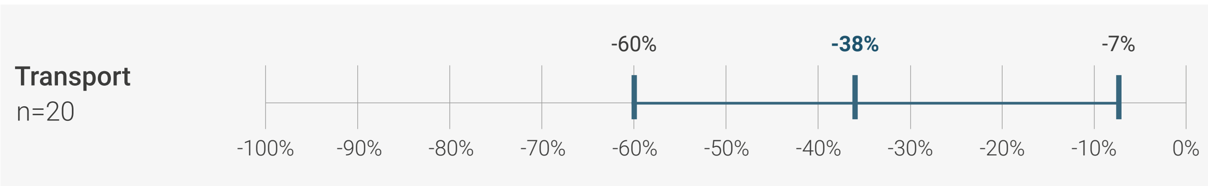


Figure 9: Range of targeted emissions reductions for transport sector

N.B. In considering this range of targeted reductions, it is important to note that not all targets are comparable as the scope and boundary, metrics, as well as sector coverage vary greatly, as presented in the above data. It was not possible to include in this range all targets that were set due to incomplete reporting.

Key takeaways from transport targets

Metrics—All targets set use intensity metrics. Thirty-nine per cent of metrics cover all greenhouse gas emissions, whereas the rest cover CO_2 only.

Target design—Three banks have set targets across three sub-sectors (automotive, shipping and aviation), five banks have focused on two sub-sectors, and sixteen have chosen to focus on one in this first round of target setting.

Coverage—Targets cover 73% of member's portfolio within this sector as disclosed by 71% of respondents. The lower-than-average coverage for transport compared to the other sectors can be explained by the fact that many banks chose to begin with sub sectors, such as automotive and shipping.

Scenarios—Almost 40% of respondents did not specify the scenario used. Where specified, the scenario most commonly used was IEA NZE2050.

Governance of the Alliance

The Alliance has its own governance framework, described in its publicly available Governance Document, which was developed by members and adopted in November 2021. The Alliance's governing body is a Steering Group comprising 12 bank seats and one permanent seat for the UN, which sat for the first time in July 2021. The bank members are selected by the membership and provide a diverse representation of geography, size, and business model. The Chair role is reserved for a bank member of the Steering Group and is selected by the Steering Group members. Current members of the Steering Group can be found here.

The Steering Group meets annually at Principals level and approximately monthly at Representatives level. Terms are staggered so that every year (from 2023) half of the seats will be up for re-election. Two terms may be served before a minimum break of one year.

The Steering Group is empowered to make decisions on behalf of the Alliance and is responsible for implementing the Alliance's accountability mechanism. However, approval of any change to the core commitment, Guidelines or requirements on members is reserved for the whole membership. Selected members of the Alliance sit on the GFANZ Principals Group, Steering Group and Working Groups.

The Alliance's vision for change

The Alliance is a response to the mounting risks that human-caused climate change poses to all life on Earth. Climate change already impacts economies and societies worldwide in diverse ways and undermines the achievement of the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015. These impacts will have a greater effect on those countries whose economies are least developed, and on those sections of the population, in all countries, that are most reliant on natural resources for their livelihoods and/or who have the least capacity to respond to natural hazards. Women are also differently impacted by climate change due to different gender roles, commonly facing higher risks and greater burdens from the impacts of climate change in situations of poverty and constituting the majority of the world's poor (UNFCCC).

The scientific community continues to warn of the need for rapid and large-scale action to address climate change (UNDRR & WMO 2022). Most recently, in 2022 the IPCC Working Groups II (IPCC 2022a) and III (IPCC 2022b) published reports outlining the critical milestones that the global community must achieve to curtail the most severe effects of climate change and highlighting the need for urgent climate action and high ambition on emissions reduction efforts.

Principles

The Alliance aims to answer this call by driving credible progress toward achieving net-zero emissions by 2050 in the global banking sector. The Alliance's vision for change is rooted in two principles:

- First, **to avert catastrophic climate change and its accompanying social and financial instability, all parts of the global economy must completely transform their operations to limit global heating to 1.5°C**, as outlined in the Paris Agreement and the Glasgow Climate Pact.
- Second, **banks, as facilitators and intermediators of capital within the economy, have a key role to play in achieving this ambition.** This is the same founding principle that underpins the Alliance's sister UN-convened alliances and its partners in the Glasgow Finance Alliance for Net Zero (GFANZ).

Priorities

Following from these two principles, the Alliance focuses on the following priorities:

1. Align the global banking industry

First, the Alliance seeks to provide a leadership platform that aligns the global banking industry to a coherent definition of net zero and provides a consistent and credible approach to pursuing a net-zero transition. The Alliance seeks to do this by, among other things, creating a common understanding of what it what it means for a bank to be aligned to a 1.5°C trajectory and promoting transparency and accountability in members' fulfilment of their commitments.

2. Support members' decarbonisation journeys

Second, to provide a structured forum to support banks' transition to net zero by 2050, through:

- Facilitating capacity building within member banks by showcasing potential approaches for 'how to' implement the commitment;
- Guiding peer learning and sharing experience to accelerate progress;
- Signposting resources, methodologies, and leading practices around areas such as data;
- Identifying gaps and barriers and working with others to overcome them. Relevant stakeholders may include, but are not limited to international organisations, peers, customers, investors, governments and other alliances;
- Connecting, consolidating, and minimising fragmentation of reporting between various net-zero and climate initiatives; and
- Providing a voice for banks to communicate on the topic of transitioning to net zero by 2050 in line with a 1.5°C outcome.

3. Encourage transition of the real economy

To achieve their targets, banks must necessarily engage with their clients in the real economy to educate, share priorities, and encourage transition. Specifically for those industries with fossil-fuel dependent operating models, the Alliance encourages members to conduct client engagement with the intention of improving the client's sustainable value creation and supporting their transition to net-zero business operations. The Alliance does not advocate for divestment of existing positions, as this limits the opportunity to positively impact company behaviours and accelerate the transition to green technologies.

4. Enable a just transition

The Paris Agreement affirmed that the transition to a lower-carbon future must be fair, stating the imperative of a just transition of the workforce—decent work and quality jobs—as essential to climate action. Furthermore, at the COP26 in 2021 the Glasgow Pact highlighted the need "to ensure just transitions that promote sustainable development and eradication of poverty, decent work and quality jobs, through making financial flows consistent with a pathway toward low greenhouse gas emission and climate-resilient development."

To support a just transition, the Alliance is guided by the mandate that all climate action must be attuned to the needs of and involve the most vulnerable groups of society, including poor populations. It focuses on a net-zero transition seeking to avoid harm to workers, communities, countries, and regions while maximising the benefits of climate action. The Alliance seeks a multi-stakeholder approach to achieve this priority.

This mandate particularly informs the Alliance's conservative approach to fossil fuel divestment. Given the global market's dependence on fossil fuels, rapid divestment carries the potential for extreme market shocks that could profoundly impact the world's most vulnerable people and undermine a just transition. The Alliance instead notes the importance of efforts to reduce demand for fossil fuels, and works with strategic partners to create guidance for responsible retirement of these carbon intensive assets. It also seeks support from government and broader society to accelerate readiness and scalability of new, low-carbon technologies, whilst minimising negative impacts to vulnerable communities.

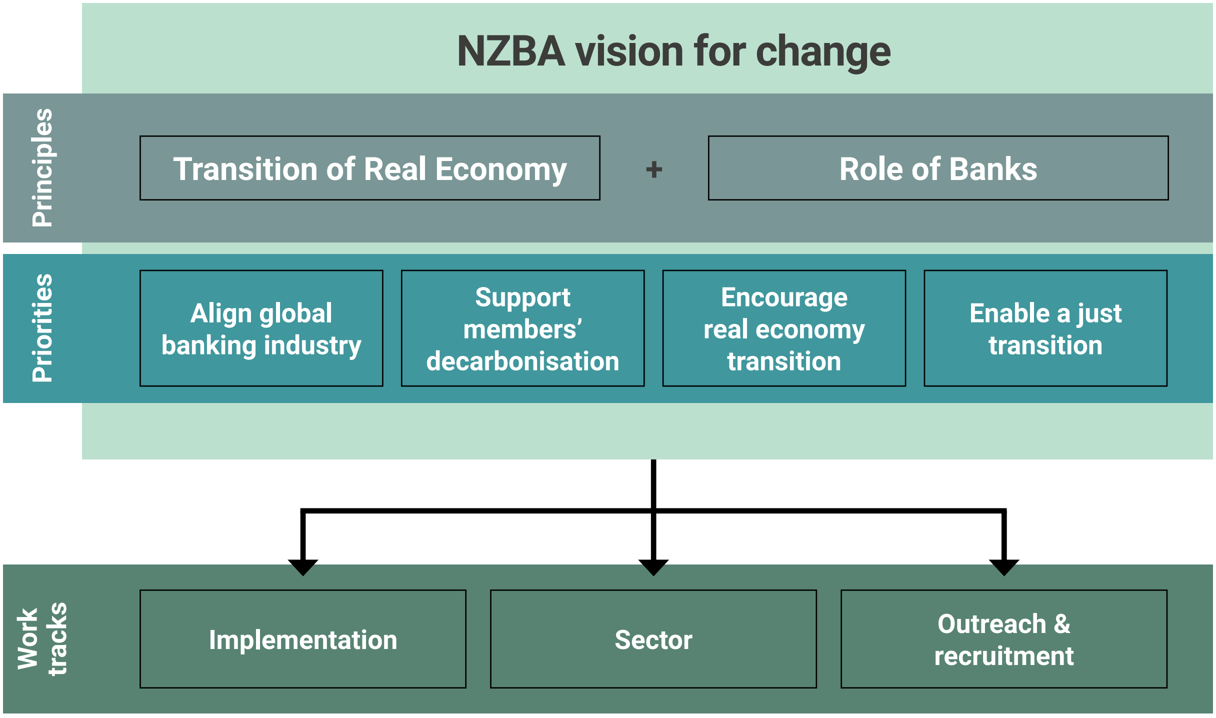


Figure 10: Net-Zero Banking Alliance's vision for change.

Delivering change: introduction to the Work Tracks

The Net-Zero Banking Alliance was founded with the explicit goal of furthering banks' role in accelerating the transition of the real economy to net-zero emissions. To this end, the Alliance established three Work Tracks in January 2022, convening members into topic-specific groups that:

1. Support the implementation of members' commitments.
2. Support sectoral target setting.
3. Carry out capacity building and recruitment efforts on behalf of the Alliance.

Through the research and support generated by these Work Tracks, the Alliance aims to equip members with the necessary tools for rapid change.

Implementation Work Track

Aims and Governance

The Alliance's Implementation Work Track aims to address technical considerations and challenges around the operationalisation of a bank's net-zero commitment as described in the Guidelines for Climate Target Setting for Banks.

Progress to Date

Data & Methodologies (D&M)

The D&M sub-track's primary focus for the first half of 2022 was to develop Supporting Notes for the Guidelines for Climate Target Setting for Banks. These Supporting Notes provide clarifications on various aspects of the Guidelines, additional support on climate scenarios that may be used in target-setting, the types of targets to be developed, and the scope and boundaries of the targets and reporting requirements.

Financing & Engagement (F&E)

The F&E sub-track published a guide to Transition Finance in September 2022, which encourages Alliance member banks to prepare their own transition finance framework according to the broad principles of clear governance structure, due diligence processes, technology assessment approaches, and an internal taxonomy. The guide builds on existing transition finance frameworks that establish concepts and definitions and provides minimum recommended principles for banks to develop their own transition finance framework according to their specific regional and sectoral context.

Next steps

The Implementation Work Track will continue to support members' decarbonisation efforts by surfacing insights from members and providing a platform for peer learning. The Work Track will also provide information to members on the latest developments on relevant methodologies, scenarios, and policies, and provide guidance on how to correctly apply these tools to relevant areas of their business.

Sector Work Track

Aims and governance

The Alliance's Sector Work Track aims to develop practical, sector-specific support to aid member banks in setting decarbonisation targets for the nine priority sectors outlined in the Guidelines. While other initiatives and organisations have developed sectoral guidance, not all approaches are compatible with the Alliance Guidelines. The Sector Work Track clarifies sector-specific nuances related to adherence to the Guidelines and establishes best practices to guide member banks in target-setting and monitoring portfolio alignment while encouraging harmonisation across each sector. Background research and gap analyses for each sector will ensure that existing work is leveraged and expanded where relevant and will identify areas where further work is required so it may be addressed either by the Alliance or other key stakeholders in the sustainable finance space.

Progress to date

Sub-Track guidance

Five sector sub-tracks have been established thus far in 2022: Commercial and Residential Real Estate; Oil and Gas; Iron and Steel; Power Generation and Automotive & Trucking. Each is led by banks and supported by the Secretariat.

Commercial and Residential Real Estate

The real estate sub-track was convened in January 2022. It has been exploring topics such as sector scope, metrics, attribution and aggregation approaches, data, and benchmarks for both commercial and residential real estate. Commercial and residential real estate are considered separately due to several factors: 1) prevailing market practice for Alliance banks to set separate commercial and residential real estate targets; 2) differing decarbonisation pathways; and 3) the organisational segregation of commercial and residential real estate lending activities within banks. Given regional variations in real estate regulations and reporting requirements, banks will ultimately need to adapt their specific strategy to suit the regional and national contexts in which they operate. The Alliance calls on policymakers and regulators to develop an international database for harmonised energy efficiency and building measurements and highlights the need for data for banks to report on buildings' embedded emissions generated during construction.

Oil and Gas

The Oil and Gas sub-track was convened in January 2022, and has been exploring a range of approaches used by banks to set net-zero targets for their oil and gas portfolios. Topics discussed include the scope of emissions, type of counterparties and financing, metrics, attribution, aggregation, and benchmarking approaches.

Iron and Steel, Autos and Trucking, Power Generation

The Iron and Steel, Autos and Trucking and Power Generation sub-tracks were convened in Autumn 2022.

Next steps

Looking forward, the Sector Work Track will continue supporting members with their work on sectoral target setting and, in time, expand activities into the remaining Alliance priority sectors.

Outreach and Recruitment Work Track

Aims and governance

The Outreach and Recruitment Work Track seeks to develop the Alliance in two ways: first, via capacity building and strengthening of institutional knowledge around net-zero efforts within our existing member banks; and second, via regional peer-to-peer awareness raising and recruitment of new member banks.

Progress to date

Capacity building and institutional knowledge

The Outreach & Recruitment Work Track has begun creating a library of support materials tailored to the needs of banks in different regions and at different levels of familiarity with climate science and sustainable finance. Given the variety and depth of existing material, the work track seeks to leverage existing materials and re-package it into more easily comprehended and digestible materials for banks at all stages of the decarbonisation journey.

Membership recruitment

In 2022, the Work Track launched the network of UNEP FI membership champions, a peer-to-peer recruitment mechanism that leverages existing professional and institutional networks to build awareness of net-zero finance and recruit new Alliance members. As part of this effort, Alliance member banks volunteer to act as membership champions in their region, conducting outreach to their peers directly and via banking associations and federations. This mechanism intends to grow the Alliance with a particular focus on Asia Pacific, Africa, and the Middle East.

The Alliance was launched with 43 of the world's leading banks in April 2021. Since that time, the membership has grown to more than 120 members, representing 41 countries, at the time of publication. The regional distribution of the membership is shown in Figure 9, which illustrates that more than half of the members are European banks, but the Alliance also has membership in Asia Pacific, North America, Latin America, and the Caribbean (LAC) and Africa. Fifty-seven per cent of the members are smaller banks, compared to 43% members being large banks (categorised as those with assets exceeding US$ 400 billion).

In Europe and America, the top ten largest banks by assets are all committed to the Alliance; in Latin America six of the top ten are committed, and in Asia Pacific three and Africa regions two of the top ten largest banks are committed.

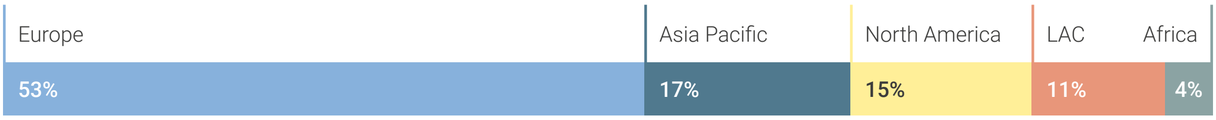


Figure 11: The Net-Zero Banking Alliance's regional representation, by number of members

Looking to the future: the Alliance's outlook for 2023 and beyond

This Progress Report captures the first steps towards the Alliance's vision for change. But the achievement of this vision will require many more years of concerted efforts across the broader financial services sector and the real economy. As we observe this first marker of progress, the Alliance looks to the year (and years) ahead and the anticipated actions that will move us forward on the path to net zero by 2050.

Further action areas, based on analysis of targets published to date

This first collection of intermediate targets has provided useful insights and further action items for the Alliance. In the future, the Alliance will continue to support members in setting their targets. Through identification of good practice, over time it is anticipated that the degree of standardisation of targets will increase. The Alliance will also strongly support efforts to increase data transparency and accessibility, which will help improve accuracy of baseline measurements and target reporting.

Members to submit intermediate (2030) and full (2050) targets

Building on the foundation established in the Alliance's first 18 months, members will continue to set and report against net-zero targets. For those banks who joined after April 2021, their first set of targets (that is, those for priority/most impacted sectors) will be delivered within 18 months after joining. All members must then set full targets covering a significant majority of financed emissions in all, or a substantial majority of, the nine carbon-intensive sectors identified in the Guidelines for Climate Target Setting for Banks within 36 months after joining.

Annual reporting on progress towards net zero to continue

Each member bank must annually publish their absolute emissions and emissions intensity in line with best practice. Together with the Alliance members' targets, annual reporting will provide an increasingly developed understanding of how the Alliance members are supporting sectoral transitions to net zero.

Implementation of net-zero transition plans begins

As Alliance members move beyond the setting of their 18-month targets, the true effort begins. Within 12 months of setting their first targets, members must develop, disclose, and begin to implement their own planned actions and milestones to meet these targets.

These plans will vary by institution, but may include investment and lending guidelines, transition plans, and climate-related sectoral policies, such as for fossil fuel and other high-emitting sectors (see Guidelines, p.2). Delivery against these strategies will be a significant "proving ground" of Alliance members' ambition and will result in the first tangible impacts towards emissions reduction.

Scope of the Alliance Guidelines to be reviewed

By April 2024, according to predetermined timelines, the Alliance will review its Guidelines to consider lessons learned and to keep pace with new developments in science, policy, scenarios, methodologies, and criteria stringency. At this time, the Alliance intends to examine the state of methodology development for carbon accounting of certain off-balance sheet activities and, if the required methodology is found to be comprehensive and applicable, incorporate these activities into the scope of 2030 targets.

Other off-balance sheet activities, such as derivatives or leasing, and their associated emissions, are more complex and will need to be considered in due course.

Collaborate for improved data quality and standardisation

As a member of GFANZ, the Alliance is part of a movement that brings together all parts of the financial system, including ratings agencies, data providers, and methodology developers, to help build an enabling financial infrastructure. A vital aspect of this infrastructure is transparent and standardised climate reporting information, which is already taking shape via the newly formed International Sustainability Standards Board (ISSB). The Alliance welcomes the further global harmonisation of standards and reporting and looks forward to supporting its progression.

The targets collected for this report indicate the urgent need for better access to emissions data in the financial sector and the broader economy. The Alliance pledges to engage with organisations that are increasing data availability, accuracy, and transparency in the carbon accounting space.

Recruit and support new members

Heading into 2023 and beyond, the Alliance seeks to increase its membership of ambitious banks who are committed to transitioning to net zero. In particular, the Alliance will seek to recruit from priority regions in Asia, Latin America, and Africa, with the assistance of regional GFANZ hubs, our supporting institutions and UNEP FI membership champions.

Because of capacity constraints or regional and political challenges, not all banks may be immediately ready to join the Alliance. For those banks who are still working towards membership readiness, the Alliance will continue to work with the Principles for Responsible Banking (PRB), which helps banks build capacity and institutional alignment towards responsible lending and investing activities. Banks can continue to expand institutional capacity with the aid of the newly launched PRB Academy. The essential skills taught in the Academy will prepare banks for future involvement in the climate-focused Alliance, should they choose to pursue membership.

Call to action: requests of policymakers, regulators, and other stakeholders

As the calls for long-overdue climate action become ever more urgent, the need for coordinated, ambitious, systemic solutioning is clear. It is critical to note that membership of the Alliance is a voluntary commitment; in some cases, banks have made a more ambitious climate commitment in joining the Alliance than have the governments of the countries in which they are headquartered or operate. Under the leadership of GFANZ, a 'coalition of the willing' has been created in the financial sector. However, the transition of the global economy cannot be achieved by this coalition alone.

Even as it pursues action within the banking sector, the Alliance recognises the role of a broader group of stakeholders in creating these fundamental conditions for a global transition to net-zero emissions. Therefore, the Alliance calls upon other stakeholders to also take action within their sector to bring about real change within our economy.

Governments must take a leadership role in achieving the net-zero transition. The Alliance provides a clear signal that private finance is ready to bolster government action and can support individuals and businesses in achieving their part in the transition. Of critical importance, Alliance members urgently call on governments to meet them in committing to the Paris Agreement's target of 1.5°C. The Alliance additionally requests that governments to take immediate action to:

- enact energy and infrastructure transition policies;
- implement carbon pricing that makes mitigation activity economically viable and addresses the externalities of high-emission activities;
- develop sectoral decarbonisation plans in partnership with industry representatives;
- sponsor climate disclosure legislation, and strengthen the data and disclosure infrastructure;
- spearhead climate change adaptation projects;
- fund nascent green technology prototypes and accelerators; and
- strengthen the resilience of communities and citizens, both to the climate change that is already occurring and to the accompanying frictions of a global transition to a low-emissions future.

To ensure that the net-zero transition is coordinated across the globe, the Alliance looks to **central banks and supervisors** to align on consistent frameworks and methodologies, provide specific climate-focused financial stability mandates, and establish a level global playing field that addresses the funding imbalances between developed and developing countries.

The Alliance also depends on **businesses** that will foster innovative technological development and pursue and scale new products and services. It calls upon this sector to take action to realise these developments.

Lastly, the Alliance calls on **civil society groups, research organisations, and scientific institutions** to provide constructive feedback on proposed frameworks, build methodologies to accurately assess progress and impact, conduct research, raise ambition, and investigate areas for improvement.

Together, we can build a future that is sustainable within the natural boundaries of our planet; a future that meets challenges with creativity, compassion, and perseverance and that protects the lives and livelihoods of both current and future communities and ecosystems around the world.

Annex

Table 2: Net-Zero Banking Aliance: Membership and targets

This table only refers to targets which are based on greenhouse gas emissions, as is relevant to the Alliance's target-setting framework; many members have set further targets based on financial exposures or phaseout policies. Please see members' individual targets for more detail. For continuously updated links to members' targets, consult the NZBA website

* members whose intermediate targets were included in the analysis of the report

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
ABANCA Corporación Bancaria	Spain	63.97	May 21	Sep 22		
AIB Group plc*	Ireland	145.45	Apr 21	Oct 22	Commercial and Residential Real Estate, Power Generation	Link
Ålandsbanken Abp*	Finland	7.51	Apr 21	Oct 22		Link
Amalgamated Bank*	USA	7.60	Apr 21	Sep 22	Commercial and Residential Real Estate, Business Loans, Energy	Link

7 Refers to the 18-month deadline for a member's first round of targets. Members can choose to set intermediate targets before this due date.
8 Refers to the sectors in which a member has set intermediate targets, as reported on or before 1 September / 24 October 2022.
9 Sectors listed in this column follow the classification as laid out in the NZBA Guidelines. Some institutions may have set targets that cover a sub-sector of those listed in this column (e.g. for Iron & Steel a target may only cover steel, for Transport a target may only cover automotives). Refer to the links provided for details of members' individual targets.

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
Australia and New Zealand Banking Group Limited*	Australia	761.30	Oct 21	Apr 23	Commercial and Residential Real Estate, Power Generation	Link
BAC Credomatic	Costa Rica	24.00	Oct 21	Apr 23		
Banca Ifis	Italy	14.40	Oct 21	Apr 23		Link
Banca MPS (Banca Monte dei Paschi di Siena)	Italy	143.46	Jan 22	Jul 23		
Banco Bradesco S.A.	Brazil	319.19	Jul 21	Jan 23		
Banco de la Produccion S.A. (Produbanco)*	Ecuador	6.15	Apr 21	Sep 22	Agriculture, Oil & Gas, Power Generation, Manufacturing of food products, Fishing and aquaculture	Link
Banco del Estado de Chile*	Chile	73.60	Sep 21	Mar 23	Commercial and Residential Real Estate, Power Generation	
Banco Pichincha	Ecuador	13.92	Jan 22	Jul 23		
Banco Promerica de Costa Rica*	Costa Rica	2.07	Apr 21	Sep 22	Commercial and Residential Real Estate, Power Generation, Transport	Link
Banco Sabadell	Spain	258.84	Oct 21	Apr 23		
Bancolombia*	Colombia	69.04	Apr 21	Oct 22	Cement, Oil & Gas, Power Generation, Remaining Portfolio	Link
Bank of America*	USA	3,169.50	Apr 21	Oct 22	Oil & Gas, Power Generation, Transport	Link
Bank of New Zealand (BNZ)	New Zealand	126.96	Oct 21	Apr 23		
Bankinter	Spain	93.03	Oct 21	Apr 23		
Banorte (Banco Mercantil del Norte, S.A.)	Mexico	101.20	Apr 21	Oct 22	Commercial and Residential Real Estate, Oil & Gas, Power Generation	Link

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
Banpro Grupo Promerica*	Nicaragua	2.18	Apr 21	Sep 22	Commercial and Residential Real Estate, Power Generation, Transport	Link
Barclays PLC*	UK	1,938.86	Apr 21	Oct 22	Cement, Energy (including Coal and Oil & Gas), Iron & Steel, Power Generation	Link
Basellandschaftliche Kantonalbank	Switzerland	23.42	Oct 21	Apr 23		
BBVA*	Spain	654.87	Apr 21	Sep 22	Cement, Iron & Steel, Oil & Gas, Power Generation, Transport	Link
BCC (Grupo Cooperativo Cajamar)	Spain	65.07	Jun 22	Dec 23		
BCEE (Banque et Caisse d'Épargne de l'État)	Luxembourg	52.19	Oct 21	Apr 23		
Berner Kantonalbank	Switzerland	0.04	Feb 22	Aug 23		
Blue Ridge Bank	USA	2.70	Dec 21	Jun 23		
BMO Financial Group*	Canada	814.57	Oct 21	Apr 23	Oil & Gas, Power Generation	Link
BNC (National Bank of Canada)	Canada	198.82	Oct 21	Apr 23		
BNP Paribas Group*	France	2,995.36	Apr 21	Sep 22	Oil & Gas, Power Generation, Transport	Link
BPCE Group	France	1768.51	Jun 21	Dec 22		
BPER Banca	Italy	103.57	Mar 22	Aug 23		
CaixaBank*	Spain	770.2	Apr 21	Oct 22	Oil & Gas, Power Generation	Link
CGD (Caixa Geral de Depositos)	Portugal	123.65	Jun 21	Dec 22		
CIB (Commercial International Bank)	Egypt	179.50	Apr 21	Oct 22		
CIBC (Canadian Imperial Bank of Commerce)	Canada	612.50	Oct 21	Apr 23		
CIMB Group Holdings Berhad*	Malaysia	150.40	Sep 21	Sep 22	Cement	Link

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
Citigroup*	USA	2,380.90	Apr 21	Oct 22	Oil & Gas, Power Generation	Link
City Bank	Bangladesh	4.85	Mar 22	Sep 23		
Climate First Bank	USA	0.09	Dec 21	Jun 23		
Close Brothers Group	UK	16.86	Sep 22	Mar 24		
Coast Capital Savings Federal Credit Union	Canada	16.85	Dec 21	Jun 23		
Commerzbank AG*	Germany	524.66	Apr 21	Oct 22	Cement, Commercial and Residential Real Estate, Iron & Steel, Power Generation, Transport	Link
Commonwealth Bank of Australia*	Australia	835.98	Jan 22	Jul 23	Coal, Oil & Gas, Power Generation	Link
Crédit Agricole*	France	2,173.71	Jun 21	Sep 22	Oil & Gas, Transport	Link
Credit Mutuel	France	1,044.98	May 21	Nov 22		
Credit Suisse AG*	Switzerland	826.00	Apr 21	Oct 22	Coal, Oil & Gas	Link
CS Ahorro y Crédito*	Costa Rica	1.23	Apr 21	Oct 22	Commercial and Residential Real Estate	Link
Danske Bank*	Denmark	550.00	Oct 21	Apr 23	Power Generation, Transport	Link
DBS*	Singapore	493.00	Oct 21	Apr 23	Commercial and Residential Real Estate, Iron & Steel, Oil & Gas, Power Generation, Transport	Link
Deutsche Bank*	Germany	1,504.00	Apr 21	Oct 22	Iron & Steel, Oil & Gas, Power Generation, Transport	Link
Ecology Building Society*	UK	0.31	Apr 21	Sep 22	Commercial and Residential Real Estate	Link
Erste Group Bank AG	Austria	339.32	Oct 21	Apr 23		
Fana Sparebank*	Norway	3.34	Apr 21	Sep 22	Commercial and Residential Real Estate	Link
First Abu Dhabi Bank	United Arab Emirates	256.90	Oct 21	Apr 23		

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
Garanti Bank	Turkey	56.14	Aug 21	Mar 23		
GLS Bank	Germany	6.76	Apr 21	Sep 22		
Goldman Sachs*	USA	1,601.22	Oct 21	Apr 23	Oil & Gas, Power Generation, Transport	Link
Halkbank	Türkiye	66.68	May 22	Nov 23		
Hana Financial Group*	South Korea	372.18	May 22	Nov 23	Aluminium, Cement, Commercial and Residential Real Estate, Iron & Steel, Power Generation	Link
HSBC Holdings Plc*	UK	2,957.94	Apr 21	Oct 22	Oil & Gas, Power Generation	Link
Ibercaja Banco S.A	Spain	66.41	Apr 21	Oct 22		Link
IDLC Finance Limited	Bangladesh	1.46	Apr 21	Sep 22		
Industrial Bank of Korea (IBK)	South Korea	332.29	Sep 21	Mar 23		
ING*	Netherlands	1,307.10	Aug 21	Sep 22	Cement, Commercial and Residential Real Estate, Iron & Steel, Power Generation, Transport	Link
Intesa Sanpaolo*	Italy	996.63	Oct 21	Apr 23	Oil & Gas, Power Generation, Transport	Link
Investec Group	South Africa	40.88	Oct 21	Apr 23		
İŞBANK	Türkiye	66.09	Apr 22	Oct 23		
Íslandsbanki*	Iceland	7.70	Apr 21	Oct 22	Commercial and Residential Real Estate, Power Generation, Transport	Link
Itaú Unibanco*	Brazil	459.73	Oct 21	Apr 23		Link
JB Financial Group	South Korea	45.62	Aug 21	Feb 23		Link
JPMorgan Chase & Co.*	USA	3,743.57	Oct 21	Apr 23	Oil & Gas, Power Generation, Transport	Link
KB Financial Group*	South Korea	560.01	Apr 21	Sep 22	Aluminium, Cement, Coal, Commercial and Residential Real Estate, Iron & Steel, Power Generation	Link

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
KCB (Kenya Commercial Bank)	Kenya	9.06	Apr 21	Sep 22		
La Banque Postale*	France	875.00	Apr 21	Sep 22	Cement, Commercial and Residential Real Estate, Power Generation, Transport	Link
LGT Private Banking*	Liechtenstein	227.70	Apr 21	Oct 22	Coal	Link
Liechtensteinische Landesbank AG	Liechtenstein	25.00	Aug 21	Feb 23		
Lloyds Banking Group*	UK	1,023.24	Apr 21	Oct 22	Oil & Gas, Commercial and Residential Real Estate, Power Generation, Transport	Link
Macquarie Financial Group	Australia	186.70	Oct 21	Apr 23		
Mediobanca S.p.A.*	Italy	94.07	Nov 21	May 23	Power Generation, Transport	Link
Mizuho Financial Group*	Japan	1,936.00	Oct 21	Apr 23	Power Generation	Link
Morgan Stanley*	USA	1,188.14	Apr 21	Oct 22	Oil & Gas, Power Generation, Transport	Link
MUFG (Mitsubishi UFJ Financial Group)*	Japan	3,407.80	Jun 21	Dec 22	Oil & Gas, Power Generation	Link
NAB (National Australia Bank Ltd.)	Australia	621.50	Dec 21	Nov 22		
Nationwide Building Society	UK	326.88	Jun 21	Dec 22		
NatWest Group Plc*	UK	957.47	Apr 21	Oct 22		Link
NLB Group	Slovenia	16.78	May 22	Nov 23		
Nomura Holdings, Inc.	Japan	432.07	Sep 21	Mar 23		
Nonghyup Financial Group	South Korea	587.30	May 22	Nov 23		
Nordea Bank Abp*	Finland	616.23	Oct 21	Sep 22	Transport	Link
OakNorth Bank*	UK	4.14	Feb 22	Aug 23		Link
OCBC	Singapore	399.39	Oct 22	Apr 24		
OSB Group	UK	32.13	Feb 22	Aug 23		

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
Rabobank	Netherlands	773.40	Oct 21	Apr 23		
Republic Financial Holding Limited	Trinidad	14.80	Apr 21	Oct 22	Commercial and Residential Real Estate	Link
Royal Bank of Canada	Canada	1,307.40	Oct 21	Apr 23		
Santander*	Spain	1,409.06	Apr 21	Sep 22	Iron & Steel, Oil & Gas, Power Generation, Transport	Link
Scotiabank*	Canada	957.18	Oct 21	Apr 23	Oil & Gas, Power Generation	Link
Shinhan Bank*	South Korea	392.47	Apr 21	Oct 22	Aluminium, Cement, Commercial and Residential Real Estate, Iron & Steel, Oil & Gas, Power Generation, Transport	Link
Skandinaviska Enskilda Banken (SEB)*	Sweden	336.00	Apr 21	Oct 22	Commercial and Residential Real Estate, Iron & Steel, Oil & Gas, Power Generation, Transport	Link
Societe Generale Group*	France	1,788.32	Apr 21	Sep 22	Oil & Gas, Power Generation, Transport	Link
Sovcombank*	Russia	30.7	Dec 21	Sep 22	Energy (including Oil & Gas, Power Generation)	Link
SpareBank 1 Østlandet*	Norway	15.87	Apr 21	Oct 22	Agriculture, Commercial and Residential Real Estate	Link
Standard Chartered Bank*	UK	836.00	Apr 21	Sep 22	Coal, Iron & Steel, Oil & Gas, Power Generation	Link
Sumitomo Mitsui Financial Group*	Japan	2,105.26	Oct 21	Apr 23	Coal, Oil & Gas, Power Generation	Link
Sumitomo Mitsui Trust Holdings/Bank	Japan	588.12	Oct 21	Apr 23		Link
Svenska Handelsbanken*	Sweden	369.22	Apr 21	Oct 22	Commercial and Residential Real Estate	Link
Swedbank AB	Sweden	315.93	May 21	Nov 22		
TD Bank Group*	Canada	1,435.00	Oct 21	Apr 23	Coal, Oil & Gas, Power Generation	Link

Member name	Country	Total assets (billion US$)	Join Date	Targets Due[7]	Relevant NZBA Guideline sectors[8,9]	Link to published targets
Triodos Bank*	Netherlands	24.70	Apr 21	Sep 22	Agriculture, Commercial and Residential Real Estate, Business Loans & Private Equity, Listed Debt & Equity, Nature & Forestry	Link
TKSB (Industrial Development Bank of Turkey)	Turkey	6.07	Sep 22	Mar 24		
TSB Banking Group plc	UK	57.89	Nov 21	May 23		
UBS Group AG*	Switzerland	1,117.18	Apr 21	Oct 22	Coal, Commercial and Residential Real Estate, Oil & Gas, Power Generation	Link
UniCredit	Italy	1,139.40	Oct 21	Apr 23		
Vancity Group*	Canada	26.42	Apr 21	Oct 22	Commercial and Residential Real Estate	Link
Virgin Money	UK	124.25	Oct 21	Apr 23		
VP Bank Group	Liechtenstein	53.70	Sep 21	Mar 23		
Wells Fargo & Company*	USA	1,943.43	Oct 21	Apr 23	Oil & Gas, Power Generation	Link
Westpac Banking Corporation*	Australia	676.45	Jul 22	Jan 24	Cement, Oil & Gas, Power Generation	Link
Woori Financial Group	South Korea	297.18	Oct 22	Apr 24		

Glossary

GFANZ/Glasgow Financial Alliance for Net Zero: The Glasgow Financial Alliance for Net Zero (GFANZ) is a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy. Learn more at gfanzero.com/

IPCC/Intergovernmental Panel on Climate Change: The IPCC is the United Nations body for assessing the science related to climate change. The IPCC prepares comprehensive Assessment Reports about the state of scientific, technical and socio-economic knowledge on climate change, its impacts and future risks, and options for reducing the rate at which climate change is taking place. It also produces Special Reports on topics agreed to by its member governments, as well as Methodology Reports that provide guidelines for the preparation of greenhouse gas inventories. Learn more at ipcc.ch

NZAOA/Net-Zero Asset Owners Alliance: The UN-convened Net-Zero Asset Owner Alliance (NZAOA) is a member-led initiative of institutional investors committed to transitioning their investment portfolios to net-zero GHG emissions by 2050—consistent with a maximum temperature rise of 1.5°C. Learn more at unepfi.org/net-zero-alliance/

NZBA/Net-Zero Banking Alliance: The Net-Zero Banking Alliance is an industry-led, UN-convened alliance that brings together a global group of banks, currently representing about 40% of global banking assets, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. Learn more at unepfi.org/net-zero-banking/

NZIA/Net-Zero Insurance Alliance: The UN-convened Net-Zero Insurance Alliance (NZIA) is a group of over 29 leading insurers, representing more than 14% of world premium volume globally, that have committed to transition their insurance and reinsurance underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, in order to contribute to the implementation of the Paris Agreement on Climate Change.

PCAF/Partnership for Carbon Accounting Financials: PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. Learn more at carbonaccountingfinancials.com/

RtZ/Race to Zero: Race to Zero is the global campaign rallying non-state actors—including companies, cities, regions, financial and educational institutions—to take rigorous and immediate action to halve global emissions by 2030 and deliver a healthier, fairer zero carbon world in time. All members are committed to the same overarching goal: reducing emissions across all scopes swiftly and fairly in line with the Paris Agreement, with transparent action plans and robust near-term targets. Learn more at climatechampions.unfccc.int/join-the-race/

SBTi/Science Based Targets initiative: SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It defines and promotes best practice in emissions reductions and net-zero targets in line with climate science, provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science, and brings together a team of experts to provide companies with independent assessment and validation of targets. Learn more at sciencebasedtargets.org/

UNEP/United Nations Environment Programme: UNEP/United Nations Environment Programme: UNEP is the global authority that sets the environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment. Learn more at unep.org/

UNEP FI/United Nations Environment Programme Finance Initiative: UNEP FI is a network of banks, insurers and investors that collectively catalyses action across the financial system to deliver more sustainable global economies. For more than 30 years the initiative has been bringing the UN together with financial institutions from around the world to shape the sustainable finance agenda. We've established the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance (ESG) challenges.

UNFCCC/United Nations Framework Convention on Climate Change: The UNFCCC (UN Climate Change) is the United Nations entity tasked with supporting the global response to the threat of climate change. The Convention has near universal membership (198 Parties) and is the parent treaty of the 2015 Paris Agreement and the 1997 Kyoto Protocol. Learn more at unfccc.int/

Key terms

Net zero: Net zero refers to a state where the magnitude of GHG emissions is equal to the magnitude of GHG removals. Priority is given to the reduction of GHG emissions to as close to zero as possible, with residual emissions remaining only where there are limited viable alternatives to completely eliminate emissions. These residual emissions may be neutralised with carbon removals.

Pathway: As described in the IPCC's Fifth Assessment Report (AR5), the Representative Concentration Pathways (RCPs) describe four different 21st century pathways of greenhouse gas (GHG) emissions and atmospheric concentrations, air pollutant emissions and land use. The RCPs have been developed using Integrated Assessment Models (IAMs) as input to a wide range of climate model simulations to project their consequences for the climate system. These climate projections, in turn, are used for impacts and adaptation assessment.

Portfolio target: emissions reductions targets set for a bank's individual business portfolios, which may span various sectors.

Scenario: A climate scenario is a plausible representation of future climate that has been constructed for explicit use in investigating the potential impacts of anthropogenic climate change. Climate scenarios often make use of climate projections (descriptions of the modelled response of the climate system to scenarios of greenhouse gas and aerosol concentrations), by manipulating model outputs and combining them with observed climate data. ipcc.ch/site/assets/uploads/2018/03/TAR-13.pdf

Integrated assessment modelling (IAM) may be used to generate scenarios to inform policy making by linking the main features of society and economy with the biosphere and atmosphere into one modelling framework.

Some of the key scenarios mentioned in this report include:

- The International Energy Agency's NZE2050 and B2DS
- The Network for Greening the Financial System (NGFS's) NZ2050 and Divergent Net Zero
- IPCC SSP1–1.9
- Institute for Sustainable Futures (ISFNZ)
- Poseidon Principles

Sector target: emissions reductions targets set for a bank's exposure to specific industrial sectors, as defined by internationally recognised sector classification codes, such as the NACE, SIC, GICS or NAICS codes.

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UN environment programme finance initiative

UNEP Finance Initiative brings together a large network of banks, insurers and investors that collectively catalyses action across the financial system to deliver more sustainable global economies. For more than 30 years the initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda. We've established the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance (ESG) challenges.

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