

UN 
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Collective Commitment to Climate Action

Year 3
Progress update

March 2023



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About the Collective Commitment to Climate Action

The Collective Commitment to Climate Action (CCCA) was launched in September 2019, as a mechanism for banks to fast-track their commitment under the [Principles for Responsible Banking \(PRB\)](#) to align their business strategy with the temperature goals of the Paris Agreement. Its signatories committed to align their portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to well-below 2, striving for 1.5°C.

Signatories were required to:

- Take decisive action from the moment of signing, focusing on the most carbon-intensive and climate-vulnerable sectors within their portfolios;
- Within three years of signing, set and publish sector-specific targets for aligning their portfolios with a well-below 2 degrees and striving for 1.5°C trajectory, based on scientific climate scenarios;
- Drive and facilitate the necessary transition in the real economy through their client relationships, products and services;
- Work together and support each other in developing each bank's capabilities and the necessary methodologies to measure climate impact and alignment with global and local climate goals.

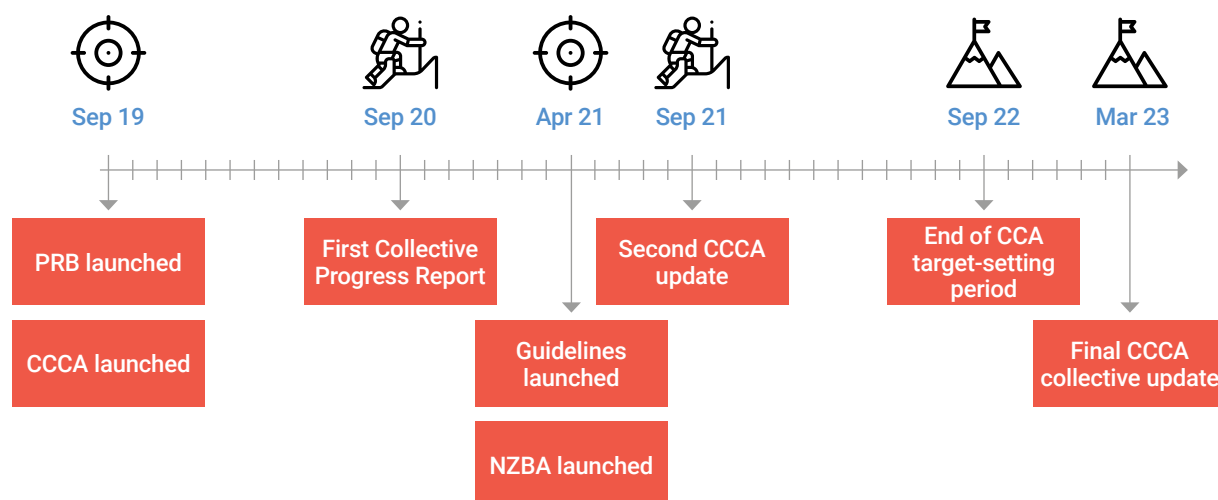


Figure 1: Timeline of the CCCA

In the three years since its launch, the CCCA achieved several milestones. These included the convening of two working groups to support the implementation of the CCCA. One working group had a focus on learning and applying existing methodolo-

gies for assessing climate alignment, while the other was dedicated to harmonization, comparability, and monitoring of climate targets. In addition, a progress report was issued on both the [first](#) and [second](#) anniversaries of the CCCA, showcasing the concrete measures members were taking from the first year of the commitment onwards, and the first targets being set in the second year. In April 2021 the CCCA published the [Guidelines for Climate Target Setting for Banks](#), outlining key principles to underpin the setting of credible, robust, impactful and ambitious targets in line with achieving the objectives of the Paris Agreement.

In preparing for the UK to take on the COP presidency at the COP26 in Glasgow in November 2021, the High Level Climate Champions and the UN Special Envoy for Climate Finance made the focus for the private sector the setting of ambitious climate targets. The ambition for this initiative coalesced around net zero by 2050, in line with limiting global heating to 1.5°C above pre-industrial levels; the driver for this being the IPCC work published in 2018 which increased the awareness of the significant difference in outcome between limiting global heating to 2 rather than 1.5°C.

The Climate Champions initiated the Race to Zero campaign to galvanise private sector commitments in line with this ambition and the UN Special Envoy for Climate Finance initiated the Glasgow Finance Alliance for Net Zero (GFANZ) specifically to gear up the financial sector to be fit for purpose to support the net-zero transition. The vision of GFANZ is that climate will be considered in every financial decision.

Whereas the CCCA was framed around alignment with the Paris Agreement, there was a need to form a global banking alliance which promoted the increased ambition and opened up membership to all banks, globally. This resulted in the decision to establish the Net-Zero Banking Alliance (NZBA) as the new climate mitigation flagship initiative and accelerator under the PRB. Those CCCA signatory banks that were able to, joined the NZBA at its launch in April 2021. Most of the remaining CCCA banks joined the NZBA subsequently. This newer Alliance brings together a global group of banks, the majority of which are PRB signatories, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, at no or low temperature overshoot until 2100.

Target analysis

Information about CCCA members' climate targets was solicited via a survey, circulated 1 June 2022. The cut-off date for inclusion in this report was 31 December 2022. Members' targets and the information submitted are expected to adhere to the parameters outlined in the Guidelines for Climate Target Setting for Banks.

This report is focused only on portfolio and sectoral decarbonisation targets according to the guidelines for climate target setting. We would like to emphasise however that most of the banks in the CCCA are also undertaking a range of other, additional supportive actions, such as implementing green financing targets, implementing lending policies and limits, client and policy engagement, and a host of other actions to support their climate mitigation and adaptation objectives. Please refer to members' individual public reports to find more details on these.

As of the end of December 2022, the CCCA consisted of 34 member banks¹ from 22 different countries and holding approximately USD 17 trillion in total assets. All CCCA member banks were due to publish targets between September and November 2022, three years after signing up to the commitment. Twenty-eight members (82%) had met their commitment to set and publish climate targets by the end of December 2022 / by the time this report was published in March 2023. Annex A includes a list of members and links to their targets. Of the members that have set targets:

- all reported having measured their financed emissions for at least some parts of their lending or investment portfolios.
- 68% reported having set a long-term portfolio-wide target for achievement by 2050 or sooner; three member banks have a long-term target-year earlier than 2050 (Figure 2);
- 46% reported having set a portfolio-wide intermediate target for achievement by 2030;
- all respondents had set intermediate sector targets for 2030 or sooner;
- members that responded to the survey had set intermediate targets in 2.8 sectors, on average (at 4.5 years after joining, members must set targets in all, or a substantial majority of, the nine sectors outlined in the Guidelines).

¹ Thirty-eight banks joined the CCCA between September 2019 and July 2020. In Dec 2022, GLS left the CCCA and PRB. In Oct 2021, Nordea left the CCCA when they joined the NZBA. In Oct 2021, BFA decided to withdraw from the CCCA. In Sept 2020, Bankia (Spain) merged with another PRB Signatory, CaixaBank (Spain).

Long-term portfolio-wide target year



Figure 2: CCCA member banks' long-term portfolio-wide target year

Notes on sector assessment

For each sector, targets are described according to the following characteristics.

Metrics

Members submitted a mix of absolute emissions and emissions intensity metrics. While both have their pros and cons, it is important not to lose sight of the full picture of trends in emissions. Members' targets also differed in coverage of greenhouse gas emissions (GHGs); some targets covered all GHGs converted into CO₂ equivalents (CO₂e), and some targets included only CO₂. Ideally all greenhouse gases should be covered by targets, either by converting to CO₂e or setting separate targets for particular GHGs.

Scenarios

The IEA's NZE2050 scenario² was the most frequently used scenario across all sectors. This is a positive observation because this scenario is net zero by 2050 and a low/no overshoot 1.5-degree scenario, thereby aligning with the more ambitious end of the Paris Agreement. Other, more granular scenarios are also used. Overall, good practice was observed, though for 25% of targets, members failed to disclose which scenarios they were using.

Sector coverage

For 86% of the sector targets, banks disclosed that, on average, targets cover 85% of the monetary value of the bank's portfolio in that sector.³ Sectors where action was focused on addressing specific sub-sectors (e.g. addressing only residential or commer-

2 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. 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
- Institute for Sustainable Futures (ISFNZ)

3 The Guidelines do not specify a required coverage of targets by emissions, the reason being that it may not be possible for a bank to measure 100% of their financed emissions, making it impossible to know the % of emissions covered by the target. Ideally 100% of financed emissions would be covered but the guidelines recognise the practical challenges of this, and so specify only a 'significant majority'. A monetary coverage of the target is pragmatically accepted as a second-best metric.

cial real estate rather than all real estate exposures, or addressing only autos, shipping or aviation rather than the whole transport sector) recorded the lowest coverage.⁴ However, it is expected that, over time, target coverage will increase significantly to align with the commitment.

Type of target

Members specified whether they used the contraction or convergence approach for 68% of sector targets set. There was a relatively even split between contraction and convergence targets, with 46% of members using the contraction and 54% using the convergence approach to target-setting.

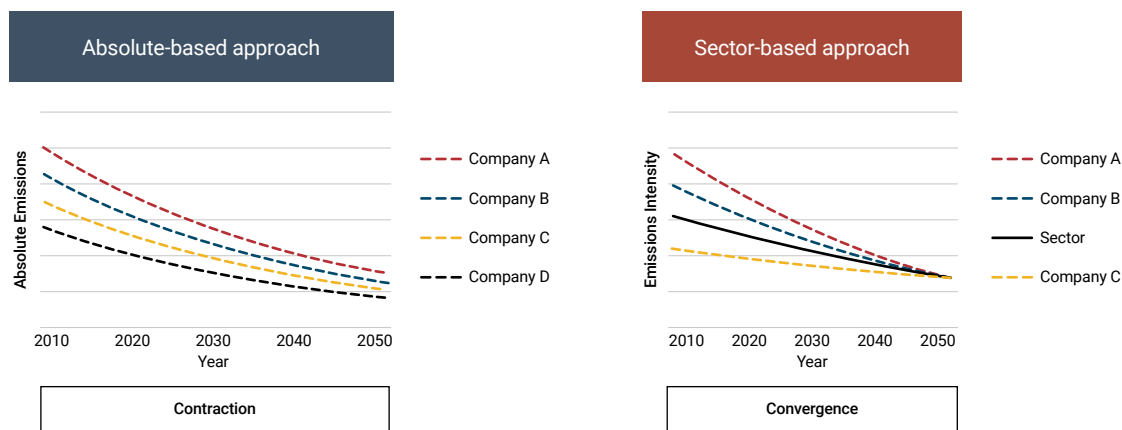


Figure 3: The Contraction vs Convergence approach to climate target setting.

Source: [SBTi](#)

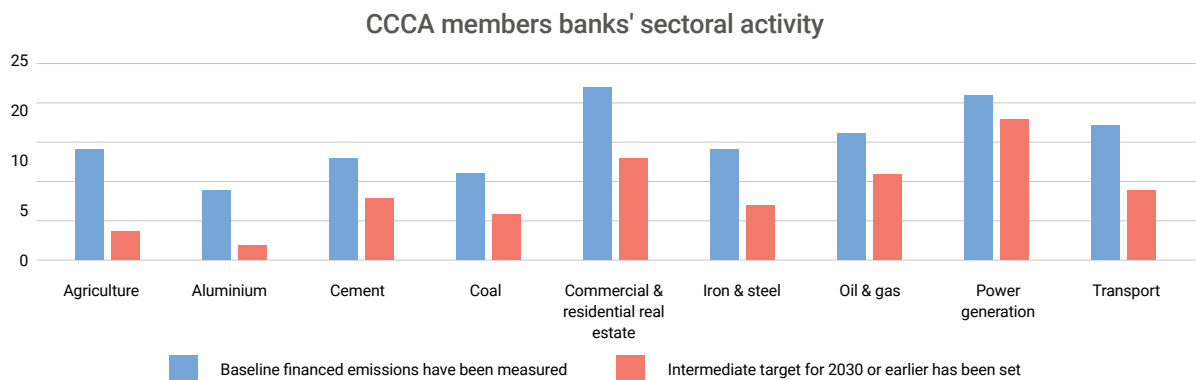
Asset classes

For 95% of sector targets set, members specified the asset classes included in targets. Of these, all targets covered on balance sheet lending, 20% also included investments and/or capital markets facilitation.

⁴ The Guidelines recognise that banks may need to start by addressing particular sub-sectors rather than their whole exposures to transport and agriculture.

Sector targets

Figure 3 shows which sectors members have measured their baseline financed emissions and set decarbonisation targets.



Agriculture

Four banks had set targets in the agricultural sector and 14 measured their financed emissions. The agricultural sector remains challenging, both in terms of data gathering and setting targets. Three targets set were for banks' lending portfolios, one target set included both lending and investment activities. All targets used intensity metrics and cover clients' Scope 1 and 2 emissions. Positively, all targets disclosed covered all greenhouse gases; this is good practice for the agricultural sector, where gases like methane and nitrous oxide can be material.

Cement

Eight banks set targets in the cement sector and thirteen measured their financed emissions. All targets were set using intensity metrics. Seven targets focused on clients' Scope 1 & 2 emissions, which capture the most significant emissions for this sector. Targets were set using a range of scenarios, including: IEA NZE2050, IEA SDS and ISFNZ.

Coal

Six banks reported having set a 2030 emissions reduction target for the coal sector. Additionally, 21 banks had set coal policies, which rely on financial targets and/or phase-out strategies. Such policies are not part of the framework set out in the Guidelines for Climate Target Setting for Banks; it would be desirable for banks relying on financing or phaseout policies to demonstrate that these will yield outcomes that are in line with the Paris Agreement. Overall, 23 banks either had a policy in place on coal financing and/or had set an emissions reduction target. Of the banks with decarbonisation targets in place, 67% of targets were based on absolute emissions covering all greenhouse gases.

Commercial and residential real estate

Thirteen banks had real estate emissions reduction targets for 2030, either across both commercial and residential (combined or individually) or for one of the two sub-sectors. Twenty-two banks had measured their financed emissions for commercial and/or residential real estate, either combined or separately. 85% of targets covered all greenhouse gases, with almost three quarters of all targets using intensity metrics.

Iron and steel

Seven banks reported having set a target for 2030 in the Iron & Steel sectors, two of which covered only steel. Fourteen banks had measured their emissions footprint in the Iron and Steel sector. The majority of targets covered only clients' Scope 1 & 2 emissions which capture the most important emissions for this sector.

Oil and gas

Twenty-one banks had either a policy on oil and gas financing in place and/or had an emissions reduction target. Sixteen banks had measured their financed emissions and 11 banks had emissions reduction targets for 2030. 60% of metrics used covered all greenhouse gases, and 60% use absolute metrics. 64% of targets cover clients' Scope 1, 2 and 3. The majority of targets set in this sector used the IEA NZE2050 scenario. As for the coal sector, it is desirable for banks relying on financing or phaseout policies to demonstrate that these will yield outcomes in line with the Paris Agreement.

Power generation

Power generation was the sector with the highest number of targets set. Twenty-one banks had measured their emissions footprint for power generation. Eighteen banks had set emissions reduction targets for 2030 or sooner, of which two were for achievement by 2025. All metrics used are intensity metrics.

Transport

Seventeen banks had measured their financed emissions in the transport sector. Nine banks had set targets, with varying coverage of sub-sectors:

- Seven targets in automotive (light vehicles mostly)
- Four targets in aviation
- One target in shipping



Conclusion and next steps

As of end-December 2022, the majority of CCCA members had met their commitment to set climate mitigation targets. CCCA members will continue to follow the Guidelines for Climate Target Setting for Banks as part of their PRB commitment, increasing the scope, breadth, and depth of climate targets over the coming year.

Six members had not yet set targets; these banks are subject to the PRB accountability mechanism, and the Secretariat will continue to monitor their progress and support them through to fulfilment, where possible, as part of their PRB commitment to set Paris-aligned climate mitigation targets.

As the target setting milestone for the CCCA has now passed and the Net-Zero Banking Alliance has superseded the CCCA as the most ambitious, global climate mitigation pledge for banks, the CCCA initiative will be formally retired as of end-March 2023. UNEP FI will continue to recruit banks to the NZBA and support them on their climate mitigation journey to net zero.

The Secretariat extends its appreciation and congratulations to those banks that made the bold commitment to the CCCA and fulfilled their challenging mission to set climate mitigation targets. The work of the CCCA significantly moved the sustainable finance agenda forward, building the ambition of the banking sector, providing target-setting guidelines and paving the way for the NZBA.

Annex

Member name	Country	Link to published targets
ABANCA Corporación Bancaria	Spain	Link
Amalgamated Bank	USA	Link
Banco de la Produccion S.A Produbanco	Ecuador	Link
Banco Grupo Promerica Nicaragua	Nicaragua	Link
Banco Hipotecario de El Salvador S.A.	El Salvador	As of March 2023, awaiting publication of targets
Banco Promerica Costa Rica	Costa Rica	Link
BBVA (Banco Bilbao Vizcaya Argentaria)	Spain	Link
Beneficial State Bank	USA	As of March 2023, awaiting publication of targets
BNP Paribas	France	Link
CaixaBank	Spain	Link
CIMB Bank Berhad	Malaysia	Link
Crédit Agricole	France	Link
Ecology Building Society	UK	Link
Fana Sparebank	Norway	Link
Golomt Bank	Mongolia	As of March 2023, awaiting publication of targets
IDLC Finance Limited	Bangladesh	As of March 2023, awaiting publication of targets
ING Bank	Netherlands	Link
KB Financial Group	South Korea	Link
KBC Group	Belgium	Link
KCB (Kenya Commercial Bank)	Kenya	As of March 2023, awaiting publication of targets
La Banque Postale	France	Link
NAB (National Australia Bank Ltd.)	Australia	Link
Natixis ⁵	France	Link
NatWest Group	UK	Link

5 Fulfilling their CCCA commitment at the level of the BPCE group

OP Financial Group	Finland	Link
Piraeus Financial Holdings SA	Greece	No target set as of 31 Dec 22— Target subsequently published at SBTi
Santander	Spain	Link
Société Générale	France	Link
Sovcombank	Russia	Link
SpareBank 1 Østlandet	Norway	Link
Standard Chartered	UK	Link
Triodos Bank	Netherlands	Link
Vancity (Vancouver City Savings Credit Union)	Canada	Link
Yes Bank Ltd.	India	Link

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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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