Net-Zero Banking Alliance

2024 Progress Report

October 2024

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About the Net-Zero Banking Alliance

The bank-led, UN-convened Net-Zero Banking Alliance (NZBA) brings together a global group of banks that are voluntarily committed to independently aligning their financing activities with pathways to net zero emissions by 2050 in line with limiting global warming to 1.5°C.

Combining near-term action with accountability, this ambitious commitment sees signatory banks setting intermediate targets for 2030 or sooner using robust, science-based guidelines.

NZBA is the flagship climate initiative under the Principles for Responsible Banking to accelerate science-based climate target setting and develop common practice. NZBA is the global banking alliance within the Glasgow Finance Alliance for Net Zero (GFANZ) and is open to all banks globally, including banks that are not UNEP FI members or Principles for Responsible Banking signatories.

The Alliance reinforces and supports the implementation of decarbonisation strategies, providing an internationally coherent framework and guidelines in which to operate. It recognises the vital role of banks in supporting the global transition of the real economy to net zero emissions.

The Alliance is convened by the UN Environment Programme Finance Initiative. Learn more here.

Acknowledgements

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The Secretariat would like to thank representatives from the following NZBA Steering Group member banks for their review and leadership:

In addition to the above current members of the Steering Group, the Secretariat would like to thank and recognise the contributions of the representatives of the following banks who completed their terms on the Steering Group in July 2024: HSBC, Morgan Stanley, and Standard Chartered.

Abbreviations and acronyms

CDP	The Carbon Disclosure Project (CDP) is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. Learn more at cdp.net
CSRD	The Corporate Sustainability Reporting Directive (CSRD) is a European Union regulation enacted in January 2023. It requires large companies to disclose information about their environmental and social impacts.
ECB	The European Central Bank (ECB) is the central bank of the European Union countries which use the euro, tasked with maintaining price stability. Learn more at ecb.europa.eu
ESRS	The European Sustainability Reporting Standards (ESRS) are a framework adopted by the European Commission in 2023 that specify the information an organisation must disclose about their environmental impacts, risks, and opportunities.
GFANZ	The Glasgow Financial Alliance for Net Zero (GFANZ) is a coalition of leading financial institutions committed to accelerating the net-zero transition. Learn more at gfanzero.com
GHG Protocol	The Greenhouse Gas (GHG) Protocol provides standards, guidance, tools and training for businesses and governments to measure and manage climate-warming emissions. Learn more at ghgprotocol.org
IEA	The International Energy Agency (IEA) provides authoritative analysis, data, policy recommendations and solutions to ensure energy security and help the world transition to clean energy. Learn more at iea.org
ICMA	The International Capital Market Association (ICMA) is a not-for-profit association that promotes the development of international capital and securities markets by establishing industry standards and addressing regulatory issues. Learn more at icmagroup.org
IFRS	The International Financial Reporting Standards (IFRS) Foundation is a not-for-profit, public-interest organisation established to develop high-quality, understandable, enforceable, and globally accepted accounting and sustainability disclosure standards. Learn more at ifrs.org
IPCC	Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. The IPCC prepares comprehensive 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. Learn more at ipcc.ch

NZBA	The Net-Zero Banking Alliance (NZBA) is a bank-led, UN-convened group of leading global banks that have committed to aligning their financing activities with achieving net zero emissions by 2050. Learn more at unepfi.org/net-zero-banking
OECD	The Organisation for Economic Co-operation and Development (OECD) is an international organisation with 38 countries that works with policymakers, stakeholders, and citizens to establish evidence-based international standards and to find solutions to social, economic, and environmental challenges. Learn more at oecd.org
PCAF	The 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 emissions associated with their loans and investments. Learn more at carbonaccountingfinancials.com/
SBTi	The Science Based Targets initiative (SBTi) promotes best practices for emissions reductions aligned with climate science, provides resources for companies setting targets, and offers independent assessment and validation of these targets. Learn more at sciencebasedtargets.org/
SDG	The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. Learn more at sdgs.un.org
TCFD	The Taskforce on Climate-related Financial Disclosures (TCFD) created recommendations designed to help companies provide better information to support market transparency and more informed capital allocation. Learn more at fsb-tcfd.org
TPI	The Transition Pathway Initiative (TPI) Centre based at the London School of Economics and Political Science is an independent, authoritative source of research and data into the progress being made by corporate and sovereign entities in making the transition to a low-carbon economy. Learn more at transitionpathwayinitiative.org
TPT	The Transition Plan Taskforce (TPT) was launched in April 2022 to establish the gold standard for transition plans. The TPT has engaged globally with financial institutions, real economy corporates, policymakers, regulators, and civil society to develop its materials. Learn more at transitiontaskforce.net
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 brought the UN together with financial institutions from around the world to shape the sustainable finance agenda. Learn more at unfccc.int/

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Foreword from the NZBA Steering Group Chair

Shargiil Bashir

Chair of the Steering Group, Net-Zero Banking Alliance (NZBA)
Chief Sustainability Officer, First Abu Dhabi Bank (FAB)

The publication of this NZBA 2024 Progress Report comes almost three and a half years after the Net-Zero Banking Alliance was launched in April 2021.

It demonstrates that NZBA member banks are walking the talk when it comes to meeting their voluntary commitments.

Almost all (97%) members that were due to have independently set targets by the end of May 2024 have done so. In addition, 65% of members that were due by the same date to have published transition plans outlining the measures they will take to meet their targets have done so and a further 25% plan to do so by the end of the year.

These milestones demonstrate NZBA member banks continuing to show leadership.

When NZBA launched, no bank had set a science-based 2030 sectoral target aligned with the Paris Agreement goal to limit warming to 1.5C, and no bank had published a transition plan. Today, 118 banks, well over 80% of NZBA's membership, have voluntarily disclosed targets and 76 banks, over half of members, have published individual transition plans suited to their business models and markets.

Member banks are at the forefront of the global economic transition to net zero, creating value for their investors and helping clients drive real-world impact. Examples of their innovative practices, products, and deals are captured in the case studies featured throughout this report. I encourage you to explore them.

It was the opportunity to join this cohort of leaders that attracted First Abu Dhabi Bank (FAB) as the first from our region to sign up to NZBA in October 2021, to offer to serve on the Steering Group in July 2023, and then again to serve as chair from August 2024.

This same opportunity continues to attract more banks to the Alliance, with 144 now having joined NZBA. It is encouraging to see that many of the banks, like FAB, have significant business in emerging markets, which is where financing needs are at their most acute.

NZBA has achieved significant progress in the last year.

This includes members updating and reinforcing their climate commitments by voting to adopt a new version of the Guidelines for Climate Target Setting for Banks. The new Guidelines extend the scope of targets to include banks' capital markets activities for the first time. They also add, update, and clarify technical language to reflect the evolution of practices, methodologies, and data availability in the three years since the first version was published, including around policy engagement and transition planning.

At a practical level, NZBA continued to support members with the challenging work of setting and progressing towards meeting their individual targets. It published four technical papers that outline the design choices faced by finance professionals setting decarbonisation targets for financing in different sectors of the real economy, delivered almost 30 webinars and workshops to support banks, and held the first-ever NZBA Global Member Conference, which enabled members to meet in-person and learn from academics, regulators, representatives of the real economy, and their peers.

I am confident that there will be further progress ahead. 23 more recent joiners are expected to set targets and publish their own individual transition plans by the end of 2025. NZBA members with significant capital markets activities will update their sectoral targets to include emissions associated with this part of their businesses by November 2025.

All stakeholders in the economy must challenge themselves as to whether they are doing enough to prevent catastrophic climate change. In this context, the willingness of NZBA members to voluntarily disclose climate-related data increases transparency and enables others to assess their progress and learn from their experiences. We hope this report will help this process.

Executive summary

The Net-Zero Banking Alliance (NZBA) is halfway through its fourth year and this report provides an opportunity to take stock of overall progress and growth. It summarises information received from 122 NZBA member banks on their progress up to the end of May 2024 on target setting and transition planning, two key aspects of the voluntary commitment they chose to make when joining NZBA.[1]

The membership of NZBA continues to grow

The number of NZBA member banks continues to grow. Since its launch in April 2021, membership has more than tripled in number from 43 to 144 banks. The geographical spread of members has also increased. At launch, banks from 23 countries were represented. This has grown to 44 countries, with 65% of banks headquartered in developed markets and 35% in emerging and other markets.

Europe remains the most heavily represented region in the Alliance's membership. The number of member banks from Asia-Pacific has grown quickly from just three at launch to 29 at the end of August 2024, with almost a quarter of total assets.

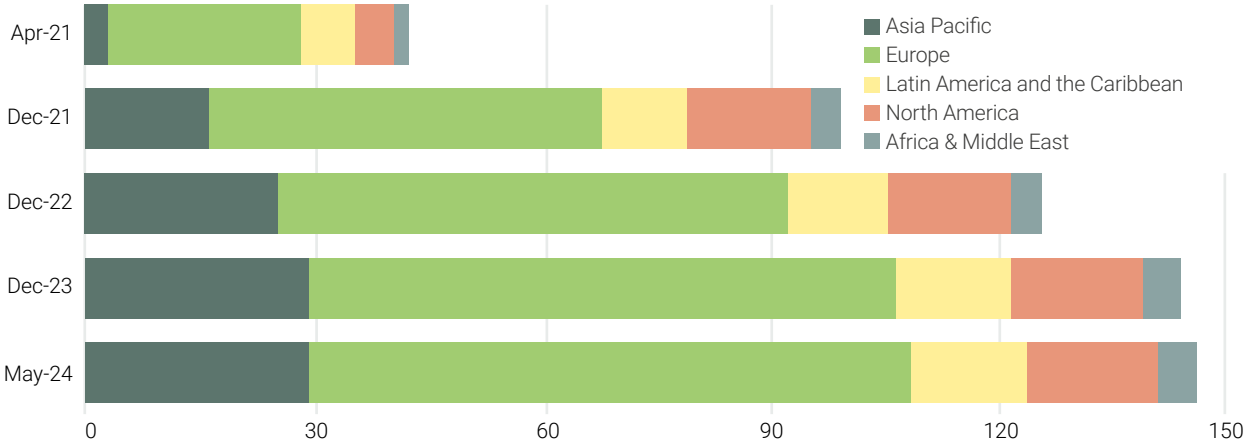


Figure 1: Growth in number of NZBA members by region from 2021–2024

1 The Alliance conducted a survey of its member banks on progress made on their individual climate-related target setting and, for the first time, transition planning up to end-May 2024. 122 responses were received. Submissions were received from 113 of the 122 members that had reached a target-setting milestone by end-May 2024 and 9 banks that had not yet reached their 18-month target-setting milestone submitted responses.

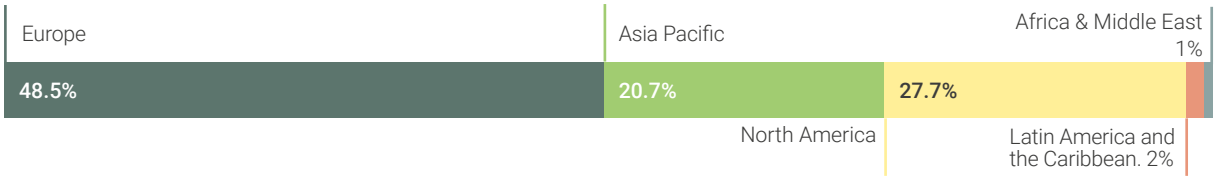


Figure 2: Distribution of NZBA members' total assets by region

NZBA member banks continue to progress on target setting

When a bank joins NZBA, it voluntarily and independently makes a commitment to transition its financing activities to align with pathways to net zero by 2050 at the latest and to set intermediate sectoral targets for 2030 or sooner to put it on a path towards this goal. These intermediate targets should align with the latest science, use low or no overshoot 1.5°C scenarios, and cover all or a substantial majority of nine carbon-intensive sectors.[2]

More than three years on from NZBA's foundation in April 2021, those banks that joined the Alliance at or soon after its launch have reached a significant milestone. They are due to have set targets covering all or a substantial majority of sectors relevant to their portfolios and business models and to have published transition plans explaining their plans for meeting targets and what actions they will take to do so. Banks that joined the Alliance later have also passed milestones associated with their NZBA commitments and are included in analysis in this report.

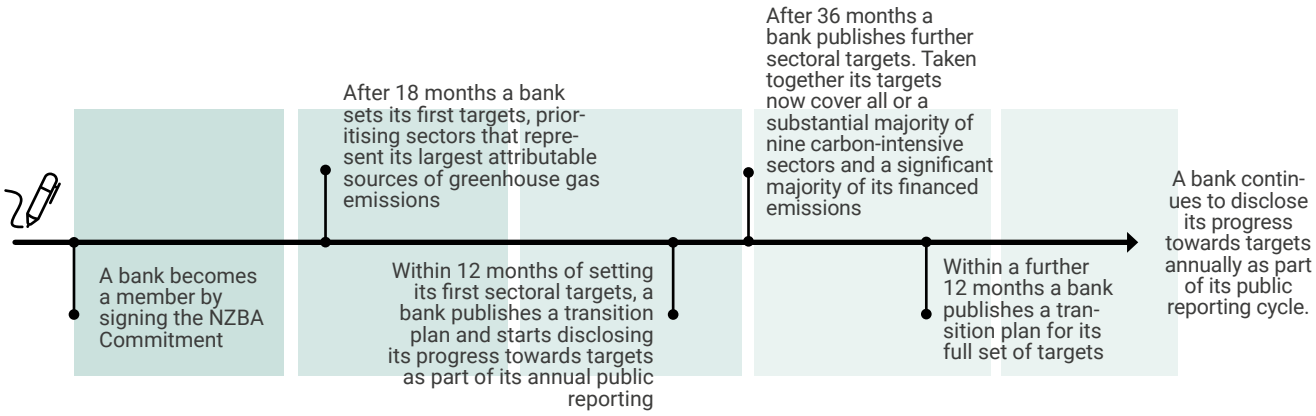


Figure 3: Key milestones for banks making NZBA commitments

Almost all banks that were due to have set individual targets by end-May 2024 had done so. Ninety-seven per cent of the banks due to have set targets by this date had done so. Targets set covered banks' corporate business across high emitting sectors, retail mortgages, and auto loans.

Around four-fifths of banks due to have set targets covering all or a substantial majority of carbon-intensive sectors where they have material exposure had done so. By end-May 2024, 50 banks were due to have set targets for all or a substantial majority of the nine carbon-intensive sectors identified in the Guidelines for Climate Target Setting

2 Please refer to the NZBA Commitment Statement and the Guidelines for Climate Target Setting for Banks for details. The nine carbon-intensive sectors identified in the Guidelines are: agriculture, aluminium, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation, and transport.

for Banks. Taken together these targets were due to cover a significant majority of each bank's total financed emissions. It is estimated that this was the case for two thirds of this same group of banks.

Of the one-fifth of banks that had not met the milestone to set targets covering all or a substantial majority of carbon-intensive sectors where they have material exposure, almost all were from emerging markets. Setting decarbonisation targets for banks remains a challenging exercise in any market. The most cited reasons for not yet setting a target for a sector include client emission data being of poor quality, unclear decarbonisation pathways in some markets and sectors, and lack of a conducive policy environment. These issues are particularly acute in emerging markets.

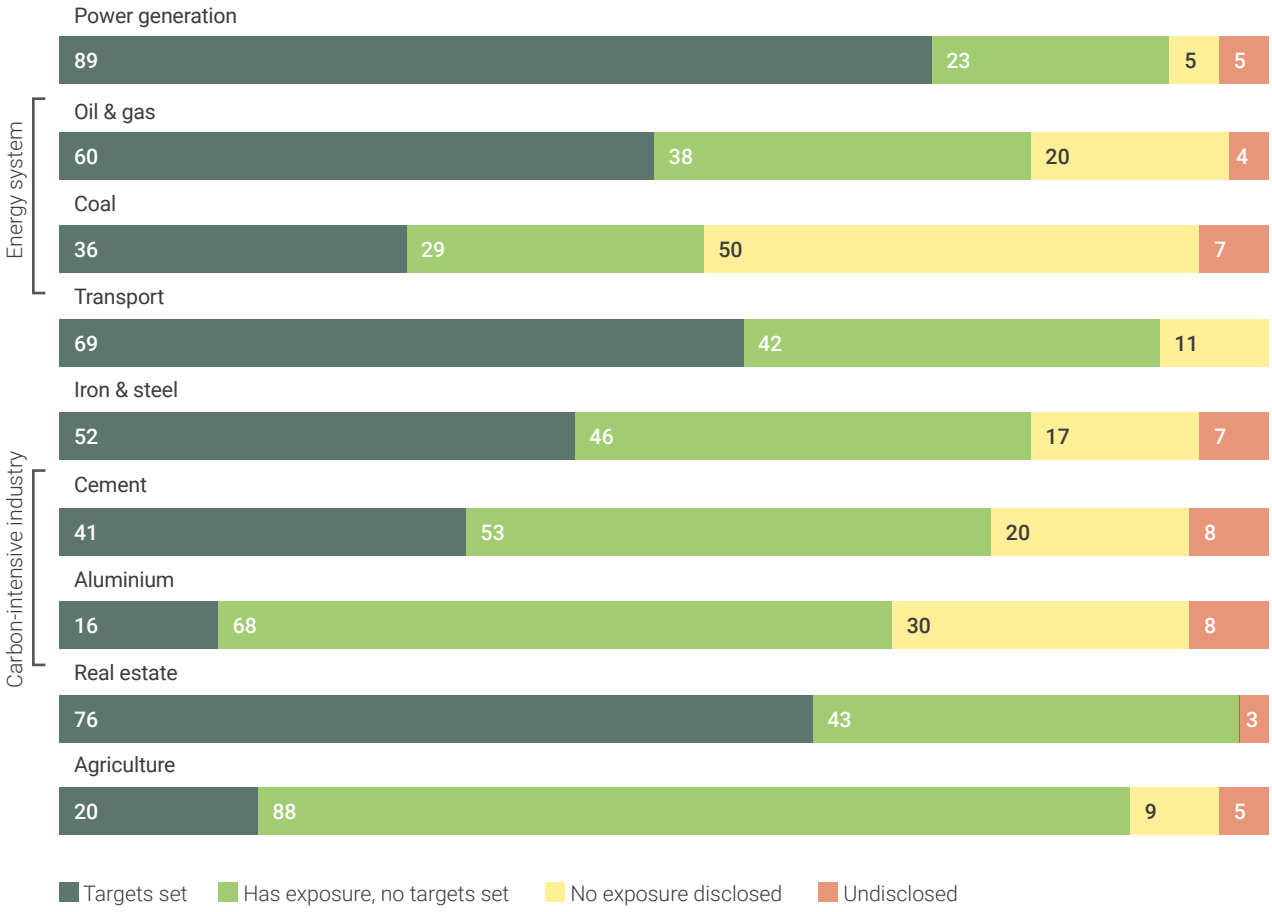


Figure 4: Number of banks that had set targets for different sectors as of end-May 2024[3]

3 This figure shows results for the 122 survey respondents (113 of the 122 NZBA member banks that were due to have set some targets by end-May 2024, plus nine that had not reached their first 18-month target-setting milestone). Not every respondent would be expected to have set targets for every sector. Many had not reached their 36-month milestone, and banks are not all exposed to every sector; some banks, for instance, may only have exposure to the real estate sector and so would only set targets for one sector.

Banks are prioritising target setting in sectors with the highest absolute emissions. More banks reported having set targets in energy-producing sectors than any others; 89 banks had set targets for the power generation sector and 60 for oil and gas. The number of banks setting targets for coal is lower as many do not have exposures to coal or have set phase-out policies for this sector rather than targets.

Banks are setting most targets in sectors where policy frameworks, technological development, and corporate actions mean decarbonisation pathways are clearest. Over half of banks reporting exposure in power generation, oil and gas, coal, real estate, transport, and iron and steel had set targets for those sectors, where potential decarbonisation pathways are challenging but clearer. In contrast, sectors where decarbonisation pathways remain less clear, such as agriculture, have lower numbers of targets.

The number of banks setting targets for carbon-intensive industrial sectors including cement, iron and steel and aluminium more than doubled since end-September 2023. This may suggest that as decarbonisation pathways for these sectors become clearer in some markets, NZBA member banks better understand the role they can play.

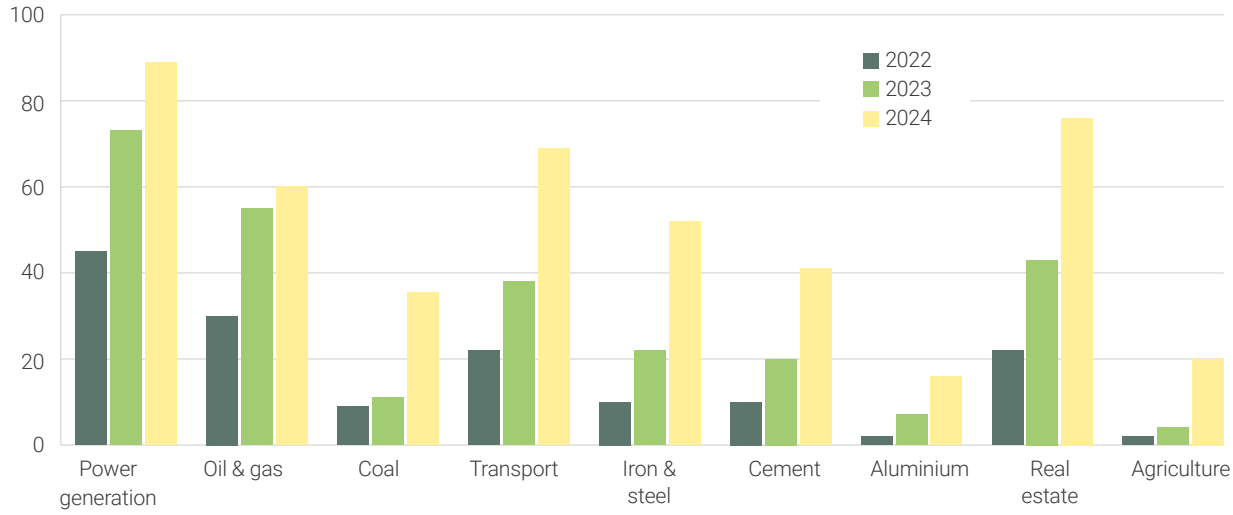


Figure 5: Number of banks with decarbonisation targets for carbon-intensive sectors over 2022–2024[4]

NZBA members are making progress on transition planning

Measuring the emissions profile and setting targets are the first and second steps in a bank's climate mitigation journey and banks are now progressing to focus on how to implement their targets. This phase starts with transition planning, which brings together the actions a bank will take and the engagements they start to have with their clients. Analysis of NZBA member banks' progress on transition plans reveals the following findings.

4 Figure 5 shows sectoral targets set as of the start of September 2022, end of September 2023, and end of May 2024.

Nearly two thirds of banks due to have published transition plans had done so.[5] A further quarter of survey respondents plan to do so by the end of the year. 89 banks had developed individual client engagement strategies and a further 26 were developing them. Such strategies are key enablers for banks to achieve the strategic ambitions of their net-zero transition plans.

Case studies demonstrate how banks are supporting clients in their transitions towards net zero. Case studies featuring the approaches NZBA banks are adopting to manage climate-related risks, to better serve clients with advisory and financing solutions, and to deliver value to their shareholders can be found throughout Chapter 2 (on sectoral targets) and Chapter 3 (on transition planning) of this report. They include examples of client engagement, sectoral engagement, new financial products, and financing provided or facilitated for transactions in different carbon-intensive sectors.

Further strengthening climate targets and the transparency of disclosures

NZBA members can build on the significant progress made and continue to improve their climate target setting and transition plans. The Alliance continues to encourage banks to:

- Utilise scenarios for target setting with the ambition to limit global warming to 1.5°C above pre-industrial averages
- Continue efforts to improve the quality of emissions data
- Disclose annual financed emissions in both absolute and physical intensity terms
- Continue to set targets for material sectors
- Disclose information on the share of their portfolios covered by targets
- Continue to develop and disclose transition plans in line with evolving best practice

Target setting continues to be a priority, and in some sectors, such as aluminium, agriculture, coal, cement, and some transport sub-sectors, numbers remain low. The Alliance will continue to support members with target setting through working groups and the development of further guidance. It will also continue to work with all banks – especially emerging market banks that are progressing towards meeting their commitments but need more time to meet milestones.

This year, in line with their NZBA commitments, more members disclosed sectoral emissions profiles that showed how their financed emissions had changed and progressed since their emissions baseline was measured and targets were set. It is not possible to provide an aggregated summary of this data due to the limited number of data points when sectoral targets are split out by year and type. The Alliance will continue to explore how to address these gaps.

5 Members of NZBA voluntarily commit to setting their first targets within 18 months of signing up and a transition plan within 12 months of setting a target. 91 banks were due to have published a transition plan by end-May 2024.

A call-to-action for policymakers

NZBA banks have not waited for all the necessary regulations and policies to be in place before leading with individual voluntary action to engage with their clients on climate, set targets, and develop transition plans. This report shows the majority of them are meeting commitments they made when they signed up to NZBA and are thereby continuing to send clear signals to policymakers and their clients about their willingness to support and finance the transition to net zero.

The role of banks in supporting, financing, and facilitating the transition is a vital one, but they do not set energy, industrial and transport strategy and policy for the jurisdictions in which they operate. Voluntary commitments like the ones banks make when joining NZBA are no substitute for climate-related policies in the real economy. While demand incentives, carbon pricing, and other policies are supporting significant investment and important progress in some sectors and markets, many policy gaps remain. At the time of publication, no government in the world had a comprehensive set of policies fully aligned with meeting the Paris Agreement goal of limiting global warming to 1.5°C and changes to climate-related policies in some jurisdictions have damaged confidence in the business case for investment.

Attracting additional financing to transform the global economy requires governments to create further policies and frameworks that will incentivise firms in the real economy to invest in their transition. The following five requests for policymakers can help unlock the investment, growth, and opportunity that the transition to net zero can bring:

1. **Certainty about the direction of travel.** Regional or national taxonomies, detailed transition pathways for high-emitting sectors in different regions and countries, and policy certainty around national net-zero strategies can help to bring together the various parts of the real economy and financial sector to pull in the same direction.
2. **Removing barriers to bankability.** Offtake uncertainty, complex permitting, and grid connectivity delays are some examples of barriers to investment in the energy system, which, if addressed, could unlock significant amounts of investment.
3. **Improving access to data.** Further improving the quality of emissions data from the real economy is needed to help financial institutions better measure and track their impact and support the transition. Policy efforts need to continue to improve the timeliness, accuracy, verifiability, comparability, and accessibility of emissions reporting and to encourage the ongoing convergence and, where appropriate, streamlining of reporting frameworks.

4. **Levelling the playing field.** Policy measures can help to make renewables and clean technology more competitive and investable.

5. **Incentivising investment.** More countries are implementing demand-side incentives (e.g. tax credits, guarantees, concessional finance, and grants) that are supporting significant investment in green technologies in some sectors. To accelerate progress policymakers must create further incentives, firstly, to support the rollout of established green technologies in new markets and, secondly, to boost investment in innovative early-stage technologies that are key in the decarbonisation of "hard-to-abate" sectors.

Where governments can deliver this, banks stand ready to play their role by meeting demand for financing that can generate huge growth and opportunity for people and businesses.

Introduction

This publication provides an update on NZBA member banks' progress on climate target setting and transition planning in the context of the NZBA commitment.

Overview of the NZBA commitment

When joining the Alliance, each member bank voluntarily commits to independently setting, disclosing, and reporting on their progress towards science-based decarbonisation targets, as data and methodologies allow. These individual targets aim to align portfolios to pathways which limit global warming to 1.5°C above the pre-industrial global average temperature, in line with the goals of the Paris Agreement.

While banks' commitments do cover emissions from their own operations, NZBA focuses on the impact of banks' financed emissions—emissions attributable to lending and investing, and, since the April 2024 update to the Guidelines for Climate Target Setting for Banks, their facilitated emissions arising from activities supporting clients to raise finance in the capital markets.

To find out more about the NZBA commitment, refer to the NZBA Commitment Statement and Guidelines for Climate Target Setting for Banks both available for download from the NZBA website.

Figure 6: The four key features of the NZBA commitment

1. Methodology

The information on targets and transition planning presented in this report was gathered using a survey circulated to NZBA member banks; the cut-off date for inclusion in this report was 31 May 2024.[6] One hundred and twenty-two banks responded to the survey. They were asked to provide responses based on publicly available material. The NZBA Secretariat has not audited the information provided and this report does not constitute assurance.

Because member banks join NZBA at a time of their choosing, their milestones for target setting and transition planning fall at various times, on an ongoing basis. This fact, and the cut-off date for inclusion of data in the report, mean it is important to note that this report may not include some members' targets, and it cannot be assumed that a member has not met its commitment if its targets are not presented within this report. For the most up-to-date listing of members' targets, please refer to the NZBA website: unepfi.org/net-zero-banking/members/.

Due to the size and complexity of each member's scope of business and the variety of carbon accounting methodologies and target designs used, this report does not aim to assess the extent to which the targets reflect a complete picture of an individual bank's action or to calculate the anticipated impact of the targets on global emissions. This level of analysis is therefore not provided in the subsequent sections of this report.

1.1 Characteristics of sector targets

By sector, targets are described according to the following characteristics:

- **Client emissions scopes included** describe which emission types are covered by a target. A bank's Scope 3 category 15 emissions consist of their clients' emissions. Depending on data availability and relevance, a bank may include their clients' Scope 1, 2, and 3 emissions in their measured emissions profile.
- **Metrics** are used to measure emissions attributed to specific sectors. These can be expressed as absolute emissions or emission intensities. The NZBA commitment requires targets to address 'attributable greenhouse gas emissions'. Where significant non-CO_2 greenhouse gases are present, metrics should be expressed in CO_2 equivalents (CO_2e).

6 Monetary amounts were converted to US dollars using a 1 June 2024 exchange rate, and percentages are rounded to whole numbers.

- **Scenarios** are potential future pathways used to inform sector targets. The NZBA commitment requires banks to use credible, science-based scenarios that align with limiting global warming to 1.5°C above pre-industrial levels, with low or no overshoot. Several banks have used scenarios for target setting that do not meet these criteria, using the 'comply or explain' provision in the Guidelines. They are nevertheless included in this analysis to show the current approaches taken.
- **Asset classes** specify whether a target covers a bank's lending, investment, and/or capital markets activities in a particular sector.
- **Targeted emissions reductions** refer to the amount of greenhouse gas emissions a target aims to reduce by a specified year, most often by 2030.

Data on the characteristics of sector targets shown in section 2 of the report are shown as percentages. Missing data points are excluded from the percentages.

2. Sectoral decarbonisation targets

The Guidelines for Climate Target Setting for Banks outline nine key sectors: power generation, oil and gas, coal, transport, iron and steel, cement, aluminium, commercial and residential real estate, and agriculture. The introductions to these sectors that follow in this section of the report briefly summarise some global shifts that are required over the coming decade to keep the world on track towards limiting global warming to 1.5°C, including the rate of emissions reductions that could be achieved in these sectors.

It is important to note that these emissions reductions are global averages. Regional and national differences in the maturity and nature of each sector mean that sectoral pathways and the associated rates of decarbonisation may differ across regions, in particular between emerging and developed markets.

2.1 Energy system decarbonisation targets

Achieving global net-zero greenhouse gas (GHG) emissions by 2050 requires a worldwide shift to low-carbon energy sources and a fundamental transformation of the energy and power sectors, while considering issues of energy security and access.

The global economy remains heavily dependent on fossil fuels for electricity generation, heating, manufacturing, and transport and they are responsible for 75% of global GHG emissions through their extraction and combustion. All credible, science-based scenarios for limiting global warming to 1.5°C call for an accelerated reduction of their use within the energy mix by replacing them with low-carbon energy sources, such as renewables (mainly solar and wind), green alternative fuels (such as green hydrogen and ammonia), and nuclear power.

The International Panel for Climate Change (IPCC) Sixth Assessment Report and the International Energy Agency (IEA) 'Net Zero Emissions by 2050' scenario indicate that there is potential for over 80% of the required emissions reductions by 2030 to be delivered through currently available technologies (IPCC 2023). This involves, in the energy sector, tripling renewable energy capacity, enhancing energy efficiency, and reducing methane emissions from fossil fuel operations by 75%.

Banks' decarbonisation targets and action plans play a significant role in supporting the low-carbon transition but cannot replace policy and governmental action.

Key findings

In line with NZBA guidance, banks have prioritised setting targets for high-emitting sectors that are material to their portfolios. Power generation, oil and gas, and coal are among the sectors with the highest levels of target setting relative to bank's reported exposures of any of the nine carbon-intensive sectors named in Guidelines for Climate Target Setting for Banks with 79%, 61%, and 55%, respectively.

2.1.1 Power generation decarbonisation targets

Sector context

Power generation both accounts for the largest share of CO_2 emissions globally and is also the sector that is most advanced in its transition towards net zero emissions. The costs of utility-scale solar, onshore wind, and offshore wind fell by 58-74% over the decade to 2023. In many cases, clean energy technologies are already cheaper than those reliant on fossil fuels. Solar photovoltaic and wind are the cheapest options for new generation in most markets around the world and are experiencing rapid growth in many developed and emerging markets (Bloomberg New Energy Finance 2023; IEA 2024). Nevertheless, real barriers to the deployment of these technologies persist. They include the cost and timeliness of integrating renewables into grid-level systems, affordability considerations, and bankability. For this sector to decarbonise in line with science-based net-zero pathways, the deployment of renewables needs to accelerate, tripling in installed capacity by 2030, and the rollout of these technologies needs to extend to further emerging markets.

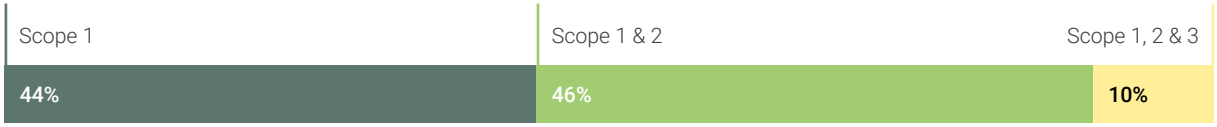
Key findings

- More banks set targets for power generation than any other sector. Eighty-nine banks set targets for the power generation sector, 73% of the 122 banks included in this analysis. This represented a 21% increase since the end of September 2023.
- Targeted reductions were highly variable reflecting different countries' energy systems. For example, the seven per cent of banks that targeted emission reduction ranges of 25% or lower are based in countries where from 80% to almost 100% of power is already generated from renewable sources (Government of Iceland 2024; IEA 2022; International Renewable Energy Agency 2024). The lower emission reduction ranges in their targets may be because there are fewer possibilities to further reduce emissions. Three per cent of banks set target reductions above 75%.
- Eighty-six per cent of targets were set as a physical intensity target for this sector, with the remainder split evenly between absolute emissions targets and economic intensity targets.
- Some banks (7%) set target ranges, sometimes using the difference between two scenarios.[7]

7 In the analysis below, target ranges were allocated according to their lower bound.

Key charts

Client emissions scopes covered by the targets



Metric used for target setting

Scenarios used in target setting

Asset classes included within the scope of the emissions profile

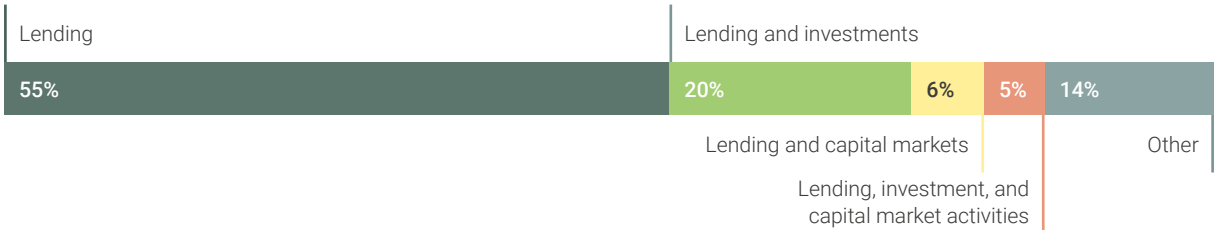


Figure 7: Aggregated member targets for the power generation sector

Targeted emissions reductions

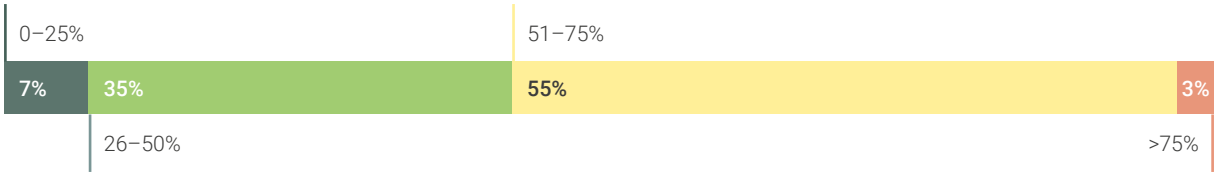


Figure 8: Range of targeted emissions reductions for the power generation sector

Ideation3X's plant in Hyderabad, India converts plastic waste into alternative diesel fuel.
Credit: Mizuho Bank Ltd

India | Power generation | Green finance

Mizuho makes equity investment in alternative fuels through waste management solution in India

In March 2024, Mizuho Bank, Ltd. announced a USD 5 million equity investment in Ideation3X Pte. Ltd. (i3X), a Singapore-based venture company pioneering circular economy approaches to waste management in India. This investment, funded through Mizuho's Value Co-creation Investment Facility, aims to address critical issues in integrated solid waste management while supporting India's shift towards a net-zero economy.

i3X's approach focuses on efficient waste disposal and recycling, as well as converting waste into alternative diesel fuels (ADFs). These ADFs are supplied as boiler fuel to major manufacturing plants, warehouses, hospitals, and other facilities.

The Indian government's Clean India Mission fosters a supportive environment for investment in innovative waste management solutions. The mission aims to enhance the environmental conditions of cities across India by eradicating landfill waste accumulation by 2030 and establishing a circular economy model for waste management.

By 2026, the company projects that its operations will reduce CO_2 emissions by 4.9 million tonnes, by lowering methane gas emissions from landfills, decreasing the overall carbon footprint related to waste management in India, and offering alternatives to fossil fuels. This reduction is equivalent to eliminating emissions from 1 million internal combustion engine cars for a year.

Read more on Mizuho's net-zero targets here.

Saudi Arabia | Power generation | Green finance

FAB provides financing for the world's largest single-site solar project

In August 2023, First Abu Dhabi Bank (FAB) helped one of the world's largest solar photovoltaic projects reach financial close. FAB participated in a USD 1.18 billion, US-dollar denominated commercial facility from a consortium of local, regional, and international banks that contributed to the overall financing for the project.

The 600MW Al Shuaibah 1 and 2031MW Al Shuaibah 2 in the Makkah province of Saudi Arabia will power 450,000 households and are projected to avoid around four million tonnes of CO_2 emissions annually once they are operational in 2025.

The Saudi Power Procurement Company (SPPC) is the procurer and the offtaker for the project, which is being developed by a joint venture between the Saudi Aramco Power Company (SAPCO), the Water and Electricity Holding Company (Badeel), and ACWA Power.

It was enabled by Saudi Arabia's National Renewable Energy Programme (NREP), which aims to generate 50% of electricity from renewable sources by 2030.

Read more on FAB's net-zero targets here.

2.1.2 Oil and gas decarbonisation targets

Sector context

Greenhouse gas emissions from the end-use combustion of oil and gas are referred to as Scope 3 emissions for oil and gas companies, according to the Greenhouse Gas Protocol. Scope 3 emissions for the oil and gas sector accounted for just under 40% of total energy-related GHG emissions in 2022.

Scope 1 & 2 emissions for the O&G sector accounted for 5.1 $GTCO_2e$ in 2022, or just under 15% of total energy-related GHG emissions, with upstream activities accounting for the majority, followed by refining and transportation (IEA 2023). Within Scope 1 & 2 emissions, methane emissions (CH_4) form a significant part. As of 2022 methane emissions were responsible for roughly a third of the rise in global temperatures since the industrial revolution (IEA 2023).

Due to the complexities of the sector's value chain, which is segmented into upstream, midstream, and downstream activities, there is no single decarbonisation strategy that will be effective for banks with a full range of clients that operate in this sector (UNEP FI 2024).

Key findings

- Sixty member banks set oil and gas targets and a further 22 reported no exposure to the sector.
- Most oil and gas targets were comprehensive, with almost three-quarters of targets including Scope 1, 2, and 3 emissions.
- Some banks (7%) opted to set exposure reduction targets instead of emissions-based targets.
- Most targets focused on upstream activities, with six banks having multiple targets of which three set additional targets for clients' Scope 3, and two set additional targets for midstream and/or downstream.

Key charts

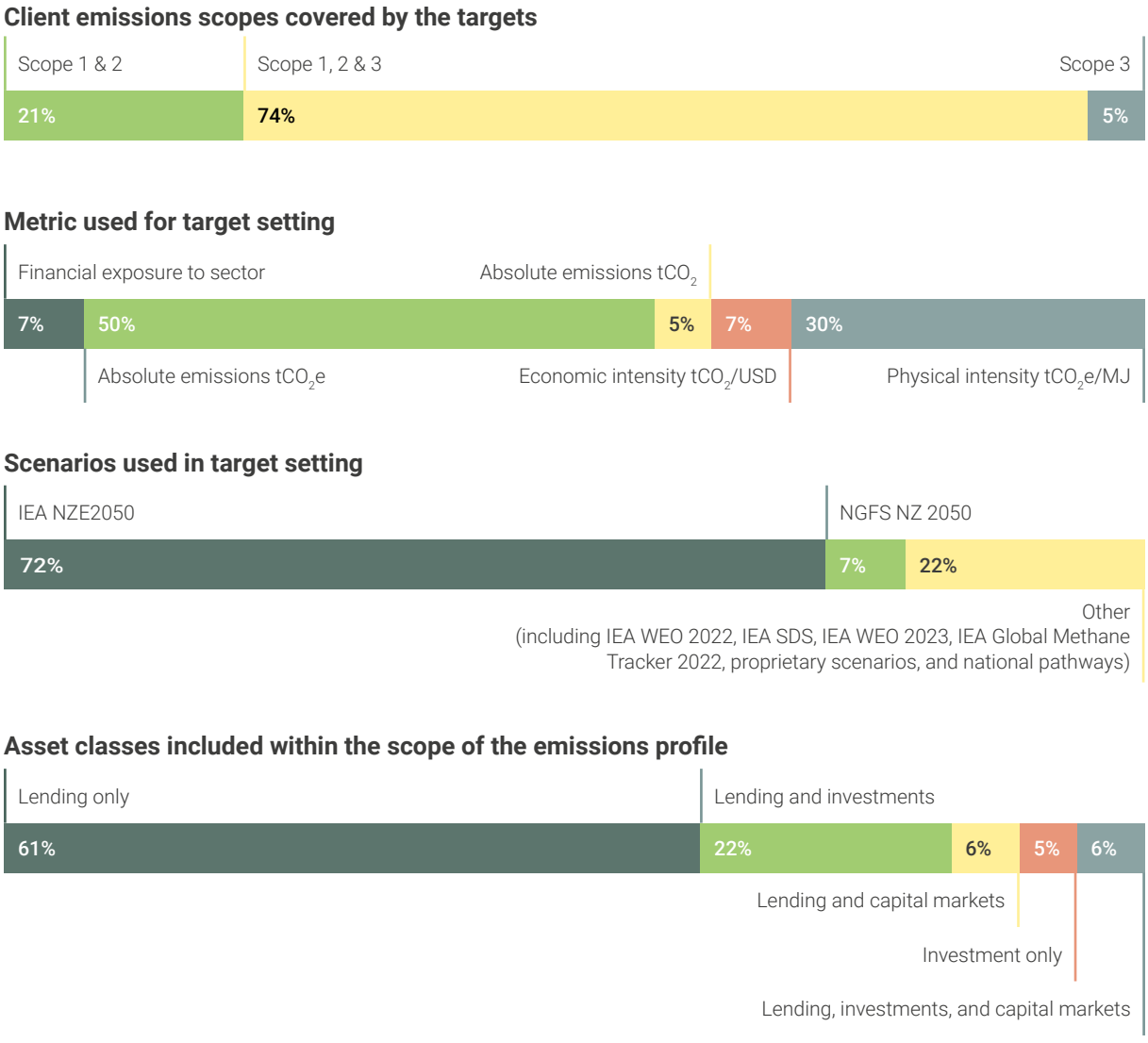


Figure 9: Aggregated member targets for the oil and gas sector

Figure 10: Range of targeted emissions reductions for the oil and gas sector

Refer to NZBA's paper on Climate Target Setting for Oil and Gas Sector Financing for descriptions of the key design choices banks make when setting their individual net-zero targets in this sector.

BNP Paribas is leveraging Kayrros' expertise to deepen its understanding of methane footprints in the oil and gas industry.

Credit: BNP Paribas

Oil and gas | Sector engagement

BNP Paribas partnership on methane emissions data supports engagement with the oil and gas industry

In March 2023, BNP Paribas announced a new partnership with Kayrros, an environmental intelligence company, that is enhancing its engagement with oil and gas companies on methane emissions. Kayrros uses artificial intelligence to process satellite data from European and North American space agencies to enable it to track a range of climate indicators, including global methane emissions in near real-time.

BNP Paribas is leveraging Kayrros' expertise to deepen its own understanding of methane footprints in the oil and gas industry and to work towards more accurate industry-level methane metrics. The project will help assess the extent to which satellite imaging could be used by financial institutions to measure methane abatement efforts and add to the toolkit available to banks for methane emissions measurement, analysis, and reporting. It forms part of the bank's commitment to develop open-source methodologies and tools to measure climate alignment.

In March 2022, BNP Paribas joined a EUR40 million funding round in Kayrros. The data supplied by Kayrros supports global authorities, and operators of oil and gas infrastructure to take action to bring down greenhouse gas emissions. It can also assess progress against the Global Methane Pledge whose signatories committed to cutting global methane emissions by at least 30% by 2030.

Read more on BNP Paribas' net-zero targets here.

2.1.3 Coal decarbonisation targets

Sector context

In 2022, coal combustion was responsible for 15.22 billion metric tonnes of global CO_2 emissions, a 1.6% increase from 2021 (IEA 2022). This was an all-time high for coal emissions, driven by countries switching from gas to coal during the global energy crisis, and a substantial increase in use by specific regions. To align with the IEA's NetZero Scenario, a global annual reduction of approximately 10% in emissions from coal-fired power plants is required by 2030 (IEA 2024).

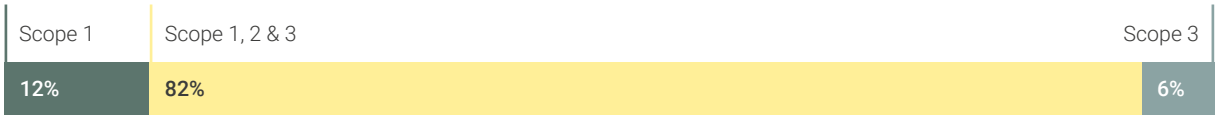
Key findings

- Thirty-six banks set targets or phase-out policies, and 51 reported that they do not have exposure to the coal sector.[8] Five per cent provided explanations as to why they had not set a target. Reasons included materiality concerns or the coverage of coal within other energy or power targets.
- Most banks with emissions-based coal targets used the IEA NZE2050 scenario and set a goal of absolute emissions reductions by 2030, with 71% of banks aiming for 100% targeted emissions reductions.
- Fourteen banks had phase-out policies for the coal sector, and therefore plan to cease financing coal-fired power generation and industrial coal use. The most frequently used phase-out years were 2030 for OECD countries and 2040 for non-OECD countries. Three banks had a financial exposure reduction target.

8 The Alliance does not prescribe how members should define the perimeter of a coal target. Emissions arise from the mining of thermal and metallurgical coal, its transport and end-use combustion in industrial uses (e.g. cement and metal production) and power generation. The NZBA Guidelines state that "Any client with more than 5% of their revenues coming directly from thermal coal mining and coal-powered electricity generation activities shall be included in the scope of targets."

Key charts

Client emissions scopes covered by emissions-based targets



Metrics used for target setting

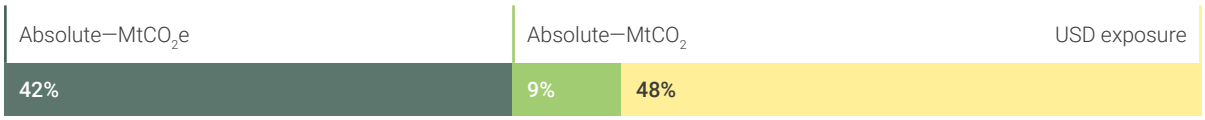


Figure 11: Aggregated member targets for the coal sector

Targeted emissions reductions

Figure 12: Range of targeted emissions reductions for the coal sector

2.1.4 Energy mix decarbonisation targets

To maintain the possibility of achieving net-zero greenhouse gas emissions by 2050, the IEA NZE by 2050 scenario states that the global energy system needs to shift from a ratio of 80% fossil fuels to 20% low-carbon generation capacity in the early 2020s, to 53% fossil fuels to 47% low-carbon generation by 2030 (IEA 2023).

Key findings

- Four banks set energy mix targets covering coal, oil, gas, nuclear and renewable energy to reveal how their financed emissions across the whole energy system are changing over time.
- Three of these banks' energy mix targets covered borrowers' Scopes 1, 2, and 3 emissions.
- One bank's energy mix target specifically covered Scope 3 emissions, while the bank also set sectoral decarbonisation targets for Scopes 1 and/or 2.
- In addition, several member banks disclosed the energy mix of their portfolios, or the ratio of low-carbon energy versus fossil fuel financing, to illustrate the accelerating shift to low-carbon sources of energy in their lending and/or investment portfolios (Bloomberg New Energy Finance 2023).

2.2 Transport decarbonisation targets

The transport sector annually adds 8.7 Gt CO_2e emissions, accounting for 23% of global energy-related emissions. Of these emissions, a sizeable portion (about 75%) stems from road vehicles for both passenger and freight transport, aviation accounts for 12% and shipping 11% (rail and other making up the remainder). All three sub-sectors remain largely dependent on internal combustion engines that run on fossil fuels. Less carbon-intensive travel options, such as walking, cycling, and public transport, and more efficient technologies, like electric cars and trucks can help the sector to transition towards net zero. Looking ahead to 2050, an ambitious target of an 80% overall reduction in transportation-related emissions must be pursued to remain within 1.5°C warming.

This section examines the decarbonisation targets set by banks across these critical industries.

Key findings

- The number of banks that set transport sector targets almost doubled from 38 to 69 between September 2023 and May 2024.
- The automotive sector had the most targets set of all transport sectors, with 35% of survey respondents setting targets for the automotive industry, 26% for aviation, and 22% for shipping.
- Among banks reporting exposure to the sector, shipping had the lowest rate of target setting. Only 27 of 65 banks reporting exposure to the shipping sector had set targets by the end of May 2024.

2.2.1 Automotive decarbonisation targets

Sector context

Cars and vans contributed approximately 10% of global energy-related CO_2 emissions in 2022 (IEA 2023). Greenhouse gas emissions are generated throughout automotive production and use, encompassing various stages from manufacturing to vehicle operation with the latter accounting for the majority of vehicle emissions. This section considers NZBA banks' targets setting connected to their automotive loans to consumers and their business with auto manufacturing companies.

Despite the growing adoption of electric vehicles, which accounted for over 14% of global sales in 2022, overall emissions from cars and vans increased by 1.4% year-on-year (Statista 2023). To align with Paris Agreement goals, the sector must reduce its CO_2 emissions by 42% between 2022 and 2030, necessitating a rapid shift towards low-carbon technologies and improved efficiency (SBTi 2021). This transition is being driven by a combination of public policies, technological advancements, and industry initiatives, including the phase-out of internal combustion engines in some countries and regions and the implementation of circular economy approaches.

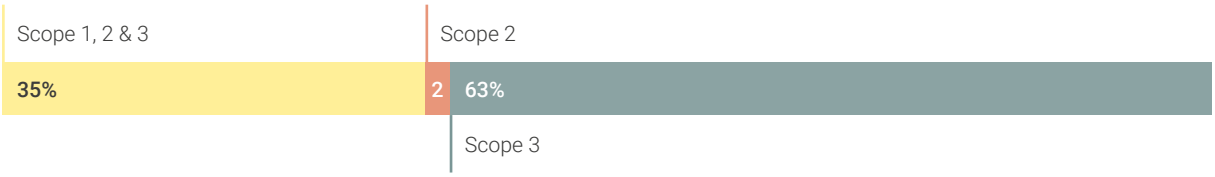
Key findings

- Of the 73 banks that reported exposure to the automotive sector, 58% had not yet set targets.
- Twenty-eight per cent of respondents (35 banks) had no exposure to auto retail loans, while only 10% (12 banks) set intermediate decarbonisation targets for this sector.
- Twenty-two per cent of respondents (27 banks) had no exposure to the auto manufacturing sector, while 35% (44 banks) set intermediate decarbonisation targets for this sector.
- Almost all targets used emission intensity as the metric.
- The majority of automotive sector targets aim for emissions reductions within the range of 26–50% by 2050.

Key charts

Client emissions scopes covered by targets—auto retail

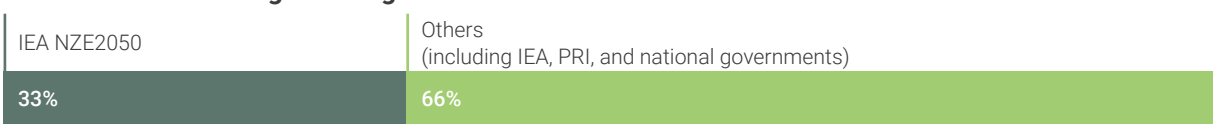
Client emissions scopes covered by targets—auto manufacturing



Metrics used for target setting—auto retail

Metrics used for target setting—auto manufacturing

Scenarios used for target setting—auto retail



Scenarios used for target setting—auto manufacturing

Figure 13: Aggregated member targets for the automotive sector

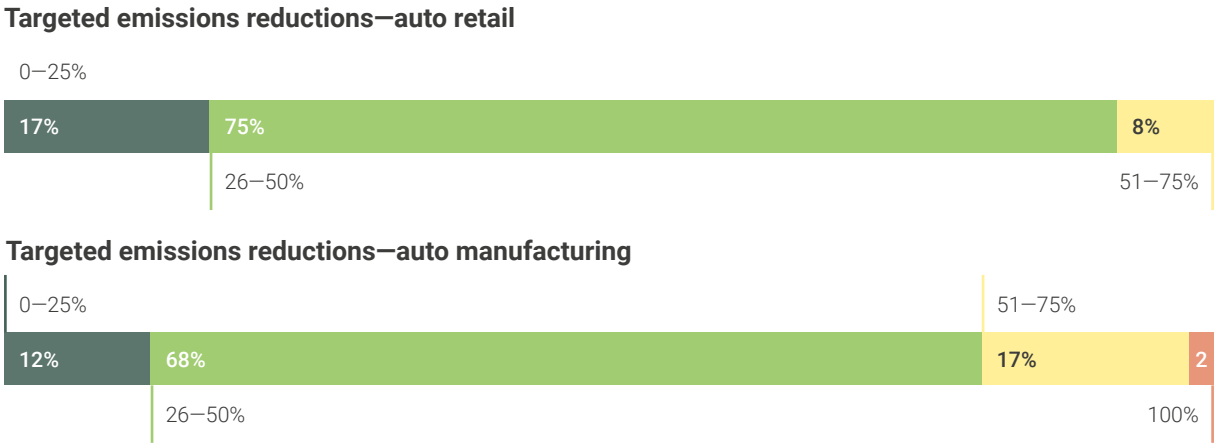


Figure 14: Range of targeted emissions reductions for the automotive sector

Please refer to the Emerging Practice paper on Climate Target Setting for Automotive Sector Financing for more information on target design options.

United Kingdom | Transport | Green finance

Lloyds Bank supports electric vehicle adoption with GBP 500 million debt securitisation facility

In December 2023, Lloyds Bank completed a GBP 550 million debt securitisation facility with Octopus Electric Vehicles to support the expansion of the company's EV salary sacrifice programme, which began in 2021.

Under the programme, drivers can save up to 40% on their monthly leasing costs. Octopus Electric Vehicles provides drivers everything they need to take to the road - an electric car, a charger, and a discounted energy tariff.

By facilitating the expansion of Octopus Electric Vehicle's programme with this facility, Lloyds is helping to advance the United Kingdom of Great Britain and Northern Island's (United Kingdom) transition to low-carbon mobility.

Read more on Lloyd's Banking Group's net-zero targets here.

Mexico | Transport | New products and services

Banorte launches Green Auto Loan for hybrid and electric vehicles

In August 2022, Banorte launched a new loan product with preferential conditions for Mexican consumers looking to purchase a new or used hybrid or electric vehicle (EV). Interest rates for the new product start at around 10% lower than the starting rate for fossil fuel powered cars. It also offers a 60% discount on the origination fees and reduced insurance rates.

During the first half of 2024, more than 2,300 green auto loans have been placed, contributing to lowering the country's emissions.

The supply of hybrid and electric vehicles in Mexico has significantly expanded. Three years ago, the options available for consumers were limited to a few manufacturers offering only premium vehicles. Today, there are multiple brands offering more affordable models with prices starting at ~USD 20,000 for a compact EV. Demand for the product is supported by government policies. Owners of hybrid and electric cars are exempt from taxes on new cars and the Mandatory Vehicle Verification Program operating in some parts of the country.

Read more on Banorte's net-zero targets here.

2.2.2 Aviation decarbonisation targets

Sector context

Aviation contributes around three per cent of total global GHG emissions (Clean Air Task Force 2024). Demand for air travel is expected to more than double between 2025 and 2050, potentially leading to cumulative emissions of 47 $GtCO_2e$ between 2022 and 2050, over twice the carbon budget available consistent with limiting global warming to 1.5°C (BNP Paribas 2023; International Air Transport Association 2021). Achieving net zero in this sector will require significant investment in operational efficiencies, engineering optimisation, sustainable aviation fuels, electric or hydrogen propulsion, and collaboration across the value chain, alongside supportive policy measures.

Key findings

- Thirty-two targets were set in this sector; only 56% of banks that reported exposure to this sector set targets.
- Thirty-eight per cent of targets used an emissions intensity of gCO2 per passenger km, and just over one-third of targets set were set using gCO2e per revenue tonne-kilometre (which is the metric used in the Pegasus Guidelines and encompasses all types of payloads, i.e. passengers, freight, and dedicated cargo traffic).
- Most banks that set aviation targets used the IEA NZE2050 scenario (53%). Seven banks (22% of targets set) used the Mission Possible Partnership Prudent (MPP PRU) scenario which is used in the Pegasus Guidelines (a 1.5°C-aligned scenario, based on industry-backed assumptions in terms of traffic forecasts, technological developments, and differentiates between passenger and cargo operations).

Key charts

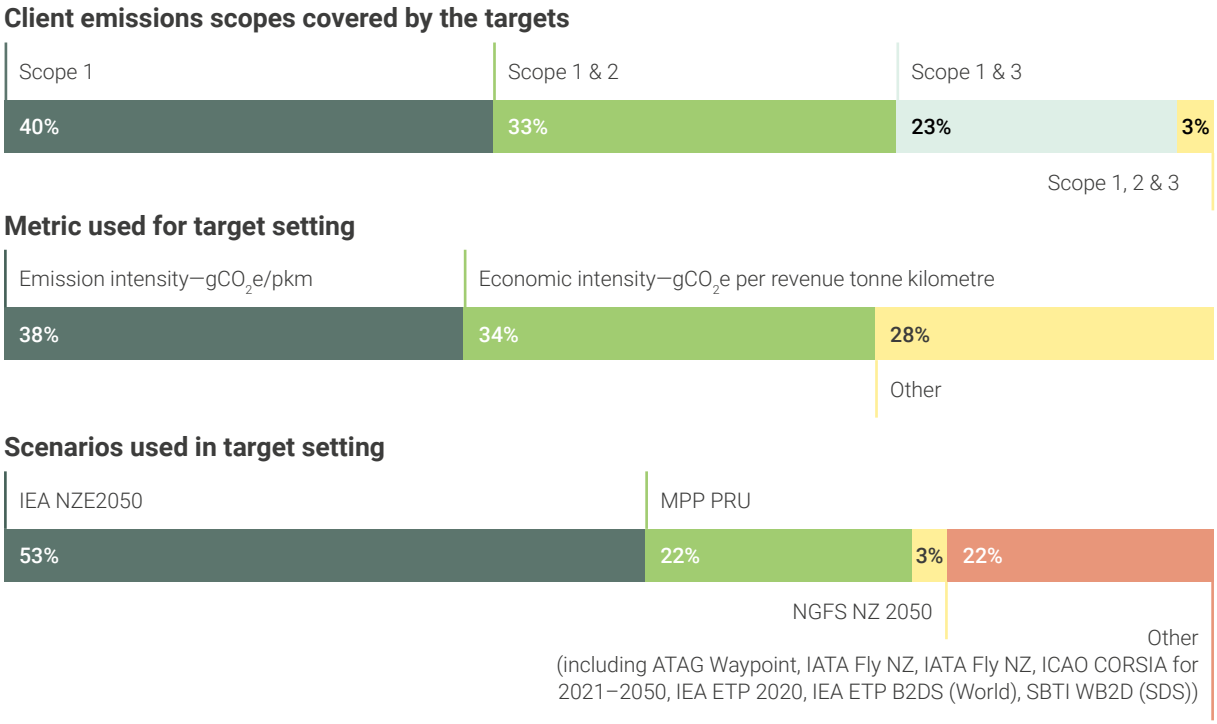


Figure 15: Aggregated member targets for the aviation sector

2.2.3 Shipping decarbonisation targets

Sector context

Maritime transport enables around 80% of global trade by volume (World Bank Group 2023). While less carbon-intensive than other types of commercial transport, shipping still contributes 2.8% of total global GHG emissions and with maritime trade expected to grow by around three per cent per year, emissions could steadily increase without action to decarbonise the sector (United Nations Trade and Development 2022). Near-term decarbonisation solutions include efficiency improvements, route optimisation, and transitioning to low-carbon fuels such as ammonia, hydrogen, and biofuels.

The International Maritime Organization (IMO) revised its decarbonisation strategy in 2023 increasing its ambition to reach net zero "by or around" 2050, compared to its 2018 initial ambition of a 50% reduction in GHG emissions by 2050 from 2008 levels. Under the new strategy, all GHG emissions are considered on a full lifecycle (i.e. well-to-wake) basis. The revised scenarios imply a GHG emissions reduction of 20% in the IMO 2023 "minimum" trajectory and 30% in the IMO 2023 "striving for" pathway by 2030, compared to a 2008 baseline.

Key findings

- Seventy-one per cent of targets used the Poseidon Principles' Annual Efficiency Ratio (AER) Alignment Delta to measure the distance to the decarbonisation pathway.[9] The AER is a theoretical carbon-efficiency metric, which divides the amount of CO_2 a ship emits by its cargo carrying capacity (deadweight tonnes, or dwt), and by the nautical

9 A portfolio alignment delta of ≤0% indicates alignment with the scenario.

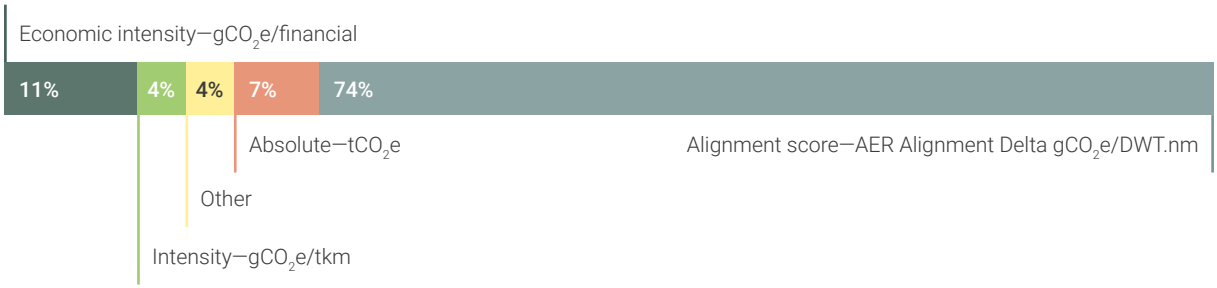
miles the ship travelled in a year (gCO2/dwt-nm). The scenario divides the carbon budget for the sector among different classes of vessels. A portfolio alignment delta of ≤0% indicates alignment with the scenario.

- Shipping had the lowest ratio of any sector for banks with targets to banks exposed. Only 27 of the 65 banks exposed to this sector set decarbonisation targets. It may be that some banks were awaiting the update of the Poseidon Principles to a 1.5°C ambition.
- Most banks with shipping targets aim to reach absolute emissions reductions by 2030.
- Most targets set in this sector only considered clients' Scope 1 emissions.
- At least 46% of targets in this sector used scenarios that are not 1.5°C aligned, with 12 banks using the International Maritime Organisation's 2018 2°C scenario.
- For banks that set targets in physical intensity (8 banks), the target reduction percentage ranged between 23 to 43%, depending on the baseline value. Targets set in economic intensity terms (3 banks) aim for a reduction between 29 and 52%. The percentage reduction by 2030 is 5 to 10% for the 2 targets set in absolute emissions. Targeted emissions reductions are less visible when the metric used is the AER Alignment Delta score.

Key charts

Client emissions scopes covered by the targets

Metric used for target setting



Scenarios used in target setting

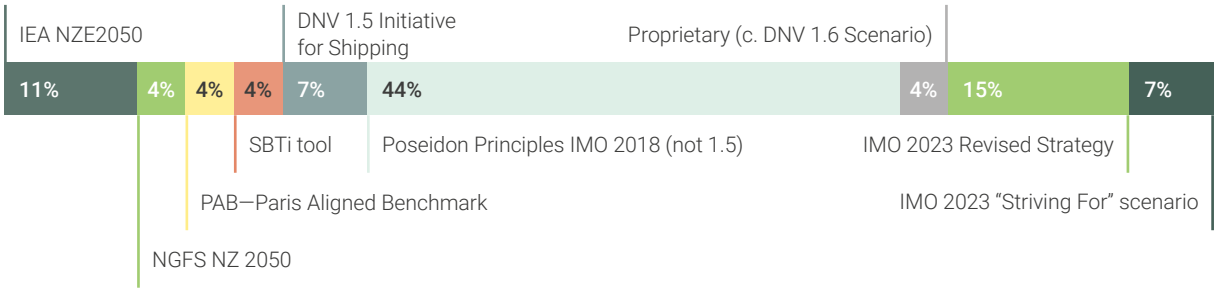


Figure 16: Aggregated member targets for the shipping sector

2.3 Carbon-intensive industry targets

The Guidelines for Climate Target Setting for Banks identify three heavy industry sectors as important for target setting: aluminium, cement, and iron and steel. Several banks have chosen to set targets that combine these sectors in some manner, integrating them into 'industrial,' 'materials,' or 'corporate' targets. This section presents the targets set for the relevant sectors individually, which may slightly underrepresent the number of banks that do cover these exposures within the scope of their targets.

2.3.1 Iron and steel decarbonisation targets

Sector context

The steel sector accounts for about 7% of total global energy-related CO_2 emissions (IEA 2023). Steel demand is projected to rise by 30% by 2050 due to its essential role in many sectors including automotive, aviation, costruction, and shipping (Word Economic Forum 2022), while the CO_2 emissions intensity for steel has remained at a fairly consistent level over the past decade. The sector's emissions are linked to fuel consumption and the iron reduction processes. The IEA considers that the CO_2 emissions reduction potential of conventional processes and the potential for increased recycling of scrap are limited, emphasizing that innovation will be crucial to introduce new near zero-emissions steel production methods.

Three steelmaking approaches exist: the 'Blast Furnace—Basic Oxygen Furnace (BF-BOF)' approach uses coal and coke for energy and process purposes; the 'Direct Reduced Iron–Electric Arc Furnace (DRI-EAF)' route uses natural gas or coal and electricity; and the 'EAF-Scrap' approach which recycles scrap metal in an electric arc furnace and has a lower carbon intensity than the production of virgin steel. Some of the breakthrough innovations focus on the use of raw materials and feedstock (iron or scrap), the electrification of production facilities (using EAFs), the use of renewable and alternative energy sources, and the use of carbon capture technologies at the site of production.

Key findings

- Sixty-six banks disclosed financed emissions, and 52 members set decarbonisation targets for the iron and steel sector. The majority of targets were set on a production intensity basis, while 13% of targets were set on an absolute emissions basis.
- Over 60% of emissions profiles included only lending activities, with one-quarter of targets also including investments.
- Four banks' 'targets' allowed for an increase in financed emissions where the current portfolio was below the benchmark.

Key charts

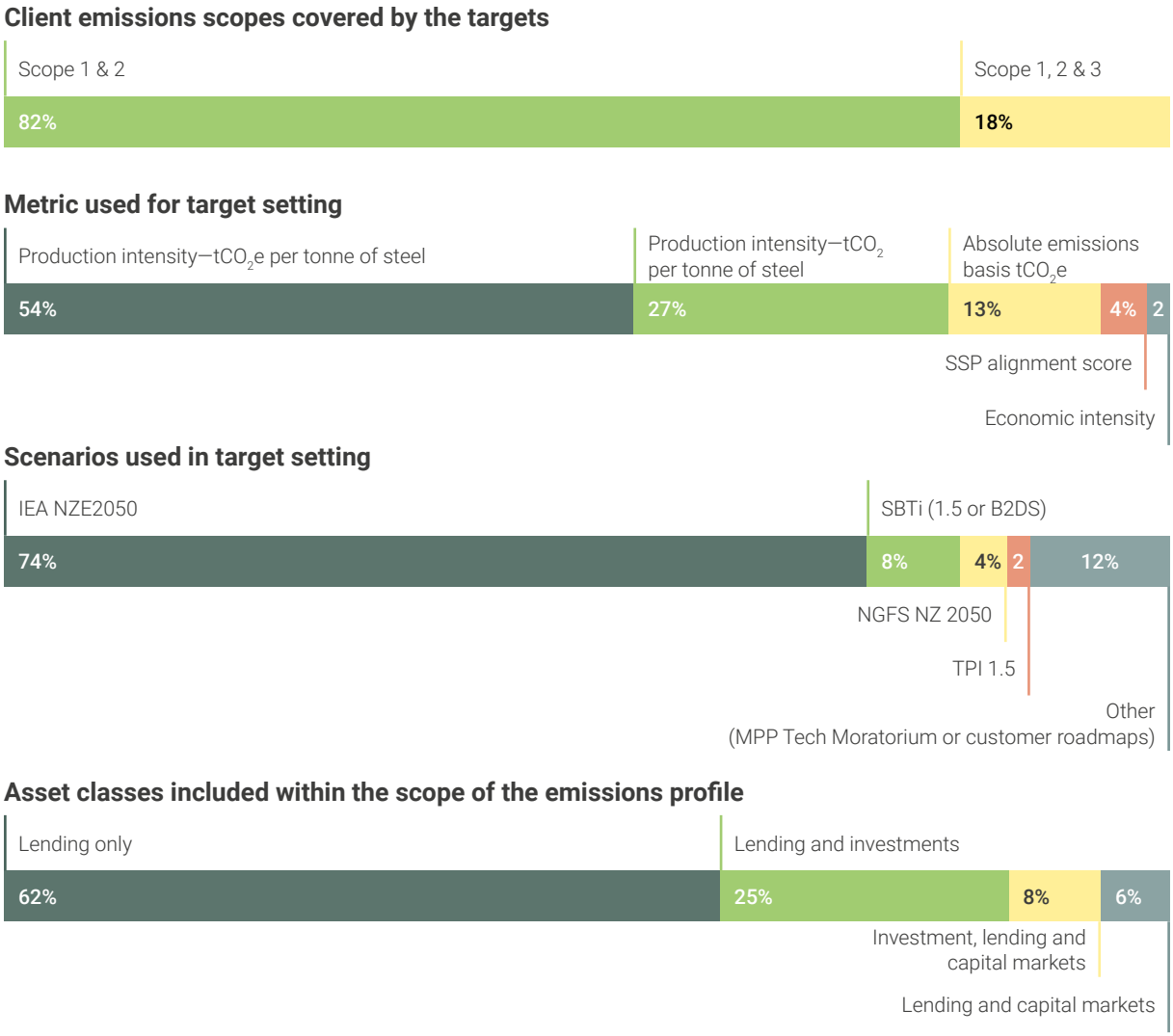


Figure 17: Aggregated member targets for the iron and steel sector

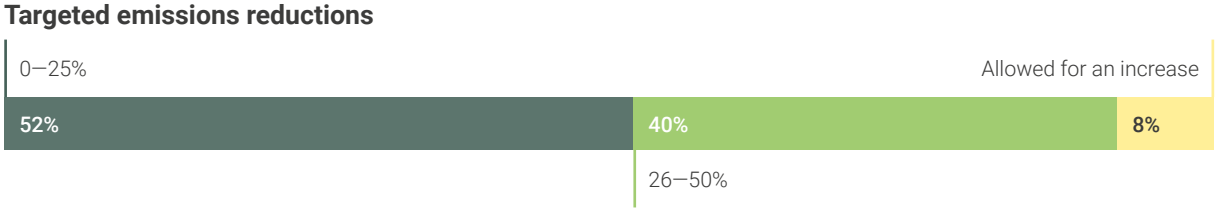


Figure 18: Range of targeted emissions reductions for the iron and steel sector

Refer to NZBA's paper on Climate Target Setting for Steel Sector Financing for descriptions of the key design choices banks make when setting their individual net-zero targets in this sector.

Viet Nam | Iron and Steel | Transition finance

Standard Chartered provides USD 25 million to Asian steel producer for procurement of scrap steel

In 2023, Standard Chartered provided a USD 25 million trade finance facility to a prominent Asian steel company to support scrap steel uptake in its electric arc furnace (EAF) production facilities.

The steel producer has a net-zero target for 2050, interim decarbonisation targets for 2030, a published transition plan, and has been disclosing emissions since 2003. In line with its transition strategy, it is continuing to increase the utilisation of scrap to produce steel using EAFs rather than traditional carbon-intensive blast furnaces, significantly cutting its energy consumption and reducing its CO_2 emissions by an estimated 75%. The company intends to increase its use of renewable energy and improve its EAFs' efficiency to continue progressing towards its 2030 target and has identified steps for further decarbonisation beyond 2030.

Recycling steel by refining scrap in EAFs is already cost-competitive with more traditional forms of steel production and could reduce the industry's 2050 emissions by up to one-fifth under some scenarios. It can play a significant role in the near-term decarbonisation of the steel sector until technologies that can address the high emissions associated with primary steel production become economic and scalable.

This transaction demonstrates how trade finance can support ongoing progress in the steel sector.

Read more on Standard Chartered's net-zero targets here.

2.3.2 Cement decarbonisation targets

Sector context

The cement industry is responsible for six per cent of global greenhouse gas emissions, with potential demand growth of 45% by 2050 in a business-as-usual scenario (Word Economic Forum 2022, 2023). Cement is a primary component of concrete which is used in construction and infrastructure. Approximately 60% of the emissions stem from the chemical reactions inherent in cement production, while the remaining 40% result from the energy required to achieve the high temperatures necessary for the manufacturing process (Word Resources Institute 2022).

Key findings

- Of the 122 respondent banks, 52 disclosed financed emissions to the cement sector (of which 41 set decarbonisation targets), and 22 reported no exposure.
- Almost all targets for the cement sector were intensity-based and 1.5°C aligned, and most use the IEA NZE2050 scenario.

Key charts

Client emissions scopes covered by the targets

Metric used for target setting

Scenarios used in target setting

Asset classes included within the scope of the emissions profile

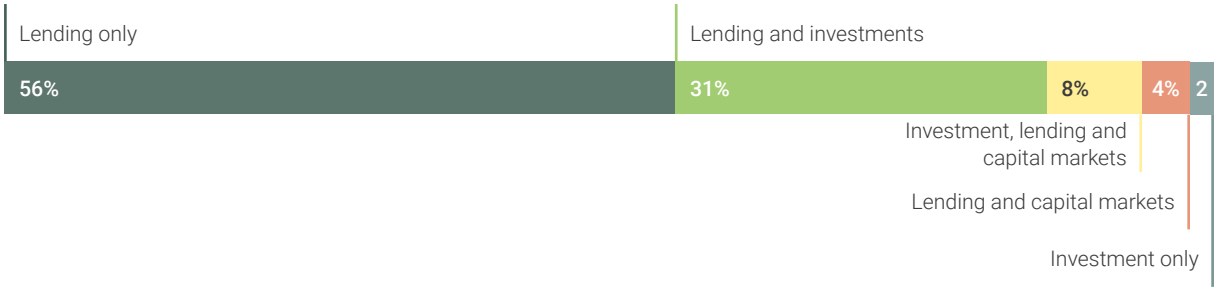


Figure 19: Aggregated member targets for the cement sector

Targeted emissions reductions

Figure 20: Range of targeted emissions reductions for the cement sector

Hallett Group's CEO, Kane Salisbury, and its Site Manager, Peter Heading, show CBA executives inside the Port Adelaide cement dome.

Credit: Commonwealth Bank

Australia | Cement | Green finance

Commonwealth Bank sole coordinator and financier on AUD 51 million loan for green cement

In September 2023, the Commonwealth Bank of Australia (CBA) acted as sole coordinator and financier for an AUD 51 million Green Loan to advance a Green Cement Transformation Project (GCTP) from Hallett Group, the largest supplier of building and construction materials in South Australia.

The project uses existing and proven technology to repurpose industrial waste by manufacturing it into low-carbon green cement products that can replace more than 50% of traditional high-CO_2 emitting clinker-based cement and support the decarbonisation of Australia's cement industry.

DNV provided an independent second-party opinion confirming the alignment of the AUD 51 million green loan with the Asia-Pacific Loan Market Association (APLMA)'s Green Loan Principles. The remainder of the project is to be funded by Hallett with the support of an AUD 20 million Modern Manufacturing Grant from the Australian government.

The project uses established renewable energy sources and has created job opportunities across the regional city of Port Augusta along with new infrastructure in Port of Adelaide. Hallett expects the project to displace CO_2 emissions of approximately 1 million tonnes annually in years to come.

Read more on CBA's net-zero targets here.

2.3.3 Aluminium decarbonisation targets

Sector context

Aluminium production is a highly energy-intensive process. Demand is projected to rise 80% by 2050, due to aluminium's criticality as a material for technologies that are essential to the energy transition, such as solar PV, electric vehicles, and electricity grids (IEA 2021). Approximately 10% of the sector's emissions come from thermal energy used for refining, around 60% from electricity consumption for electrolysis, and about 9% from the disintegration of carbon-based anodes during the electrolysis process (International Aluminium Institute 2023).

Key findings

- Eighty-five banks reported exposures to the aluminium sector, of which 41% disclosed emissions. Only 16 banks set a target for the aluminium sector.
- Several banks determined that their exposure was not material.
- Decarbonisation targets ranged from 5–65% decreases, while four targets permitted an increase in intensity where the current portfolio was below the benchmark, giving scope for a bank to penetrate the sector.
- Over 80% of targets were intensity-based and most targets covered clients' Scope 1 and 2 emissions, with one-quarter also including clients' Scope 3 emissions.

Key charts

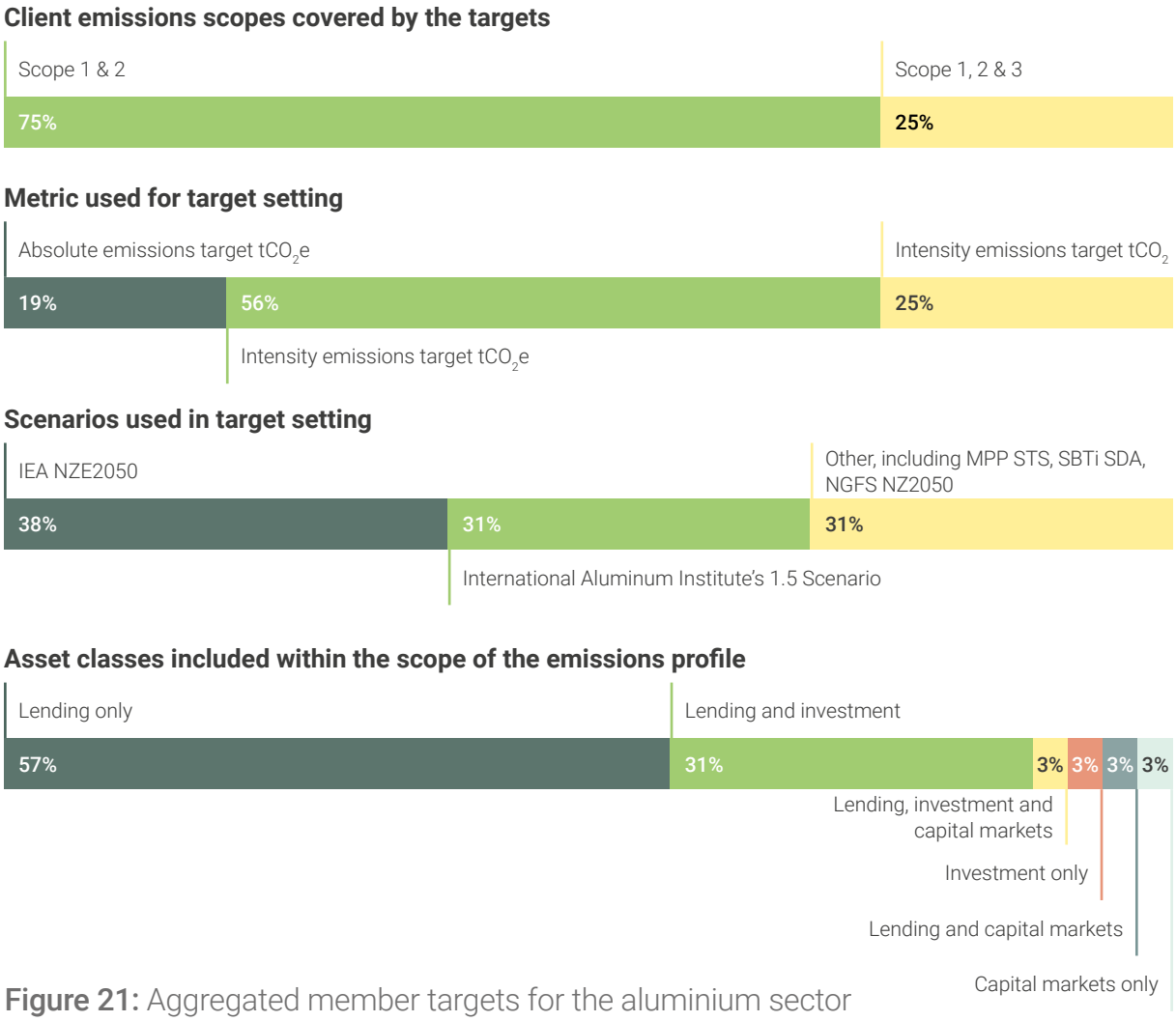


Figure 21: Aggregated member targets for the aluminium sector

2.4 Commercial and residential real estate decarbonisation targets

Sector context

Buildings and their construction account for approximately 21% of global greenhouse gas emissions and more than 34% of energy demand in 2021 (UNEP 2022). About 28% of global emissions from this sector are emitted from buildings' operations and related energy usage (UNEP, Global ABC, and IEA 2022).

The real estate industry requires an asset-based approach to portfolio alignment rather than an all-in-one corporate approach encompassing all assets. This is because individual assets differ significantly according to their location, function, age, technology, and ownership structures. Decarbonising the real estate sector requires constructing new buildings to high energy efficiency standards and retrofitting existing buildings, including electrification of processes, and relies on the decarbonisation of power grids.

Key findings

- Real estate had a high target-to-bank ratio: where targets were set, there were 1.6 targets set per bank. Seventy-six banks set a total of 122 targets in the real estate sector, with 36 banks setting two and five banks setting three targets. Targets were set for 2030 except for one bank that set targets for 2025.
- Most targets for the real estate sector were set on an emissions intensity per area basis and covered clients' Scope 1 and 2 emissions.
- There was significant variability in the pathways used for target setting, with the greatest convergence around the Carbon Risk Real Estate Monitor (CRREM 1.5) followed by the IEA NZE2050 scenario. Targets for emissions reductions by 2030 were highly variable and ranged from 8-75%, with a mean decrease of 47%.
- Some banks with significant exposures decided not to set real estate targets yet due to data quality issues and or the perceived ability to achieve decarbonisation targets in the current policy environment. Even where targets have been set, several banks noted concerns about the likelihood of meeting these targets.

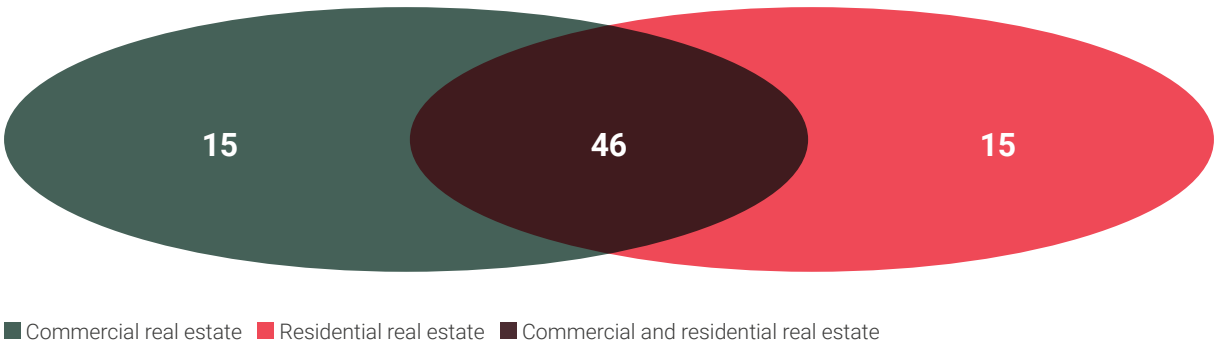


Figure 22: Number of banks that have set targets covering commercial real estate and/or residential real estate

Key charts

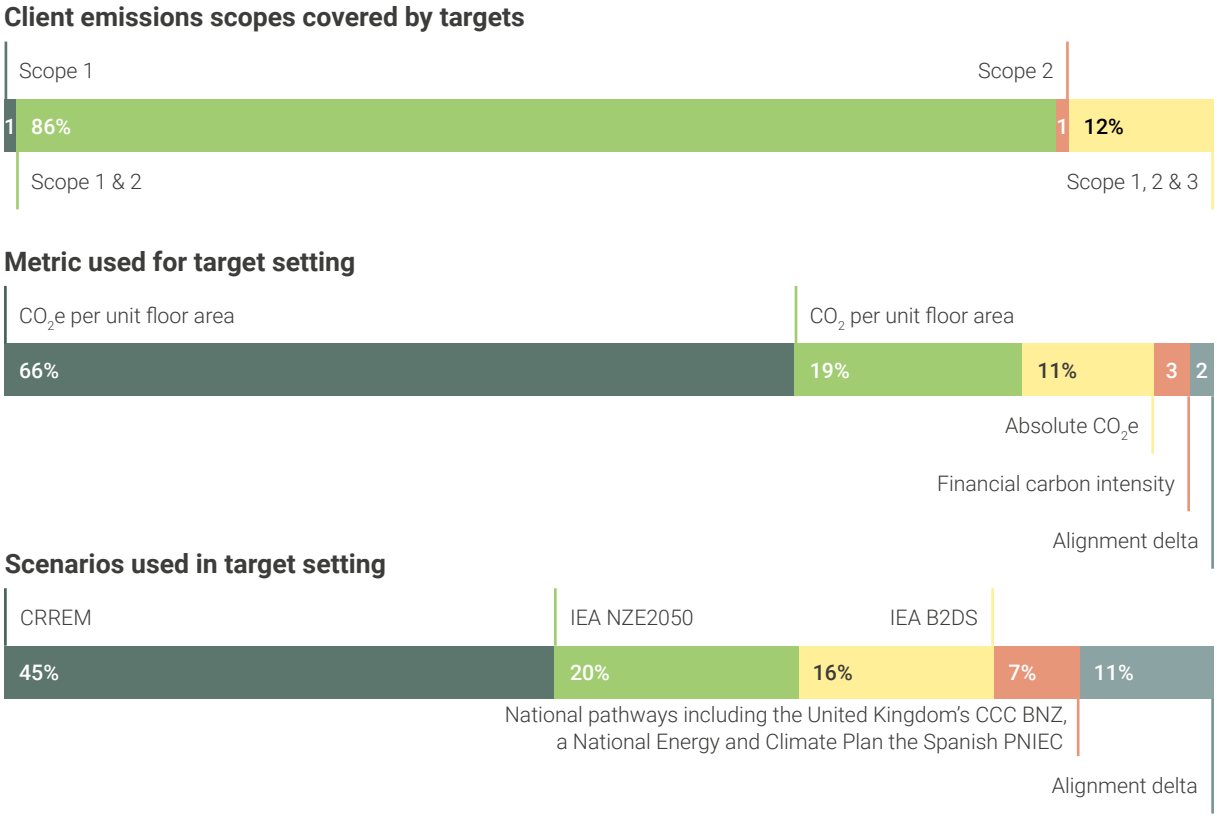


Figure 23: Aggregated member targets for the real estate sector

Figure 24: Range of targeted emissions reductions for the real estate sector

Refer to NZBA's paper on Climate Target Setting for Real Estate Sector Financing for descriptions of the key design choices banks make when setting their individual net-zero targets in this sector.

Republic Plaza, CDL's flagship development in the heart of Singapore's Central Business District has obtained Green Mark Platinum Super Low Energy (SLE) Certification

Credit: City Developments Limited (CDL)

Singapore | Real estate | Green finance

OCBC provides its first 1.5°C sustainability-linked loan product to a real estate leader

OCBC launched the OCBC 1.5°C loan product in 2023 to support corporates in their transition to net zero. It offers reduced interest rates to corporates that meet annual decarbonisation performance targets aligned with science-based decarbonisation pathways for achieving net-zero level greenhouse gas emissions by 2050.

In December 2023, the bank arranged its first such loan, a three-year GBP 200 million sustainability-linked loan for City Developments Limited (CDL), a leading global real estate development, investment, and management company. Its proceeds will be utilised for refinancing, general corporate funding and working capital purposes.

As part of the loan terms, CDL will enjoy interest rate reductions upon meeting pre-agreed levels of annual decarbonisation performance that align with its SBTi (Science Based Targets initiative)-validated decarbonisation targets for 2030.

As the sole sustainability advisor for this transaction, OCBC's engagement with CDL demonstrates the bank's commitment to supporting clients in their climate transition journeys. Working with corporates that take up the OCBC 1.5°C loan will enable the bank to gain greater insight into clients' transition strategies and progress on targets.

This insight will enhance OCBC's capacity to support clients' transition plans with tailored advisory and financing solutions, while simultaneously enabling the bank to more accurately assess its financed emissions and measure progress towards its own net-zero targets.

Read more on OCBC's net-zero targets here.

United Kingdom | Residential real estate | New products and services

Nationwide offers innovative interest-free mortgage product to support home retrofits

In June 2023, Nationwide launched an innovative interest-free mortgage product aimed at aiding homeowners to enhance the energy efficiency of their homes.

Eligible homeowners with a Nationwide mortgage can borrow an additional GBP 5,000 – GBP 15,000 through its Green Additional Borrowing pilot at a zero per cent interest rate that can be fixed for up to five years to finance a range of energy-efficient home improvements. These include the installation of solar panels or an air source heat pump, window and boiler upgrades, and cavity wall or loft insulation. A Home Energy Efficiency Tool, also launched by Nationwide last year, helps its customers better understand the costs and benefits of these home improvements.

With the United Kingdom's 28 million homes contributing about 13 per cent of its carbon emissions, retrofitting existing homes and ensuring new construction meets the highest energy efficiency standards are pivotal to achieving the country's net-zero targets.

These new products align with Nationwide's net-zero ambitions and enable individuals to contribute towards reducing the national carbon footprint while making their homes warmer, more comfortable, and more cost-effective to heat in the long term.

Read more on Nationwide's net-zero targets here.

2.5 Agriculture decarbonisation targets

Sector context

Agriculture is an important sector for climate mitigation efforts. 23% of total global greenhouse gas emissions from human activity come from agriculture, forestry and other land use, and this figure rises to over a third when accounting for food system emissions (IPCC 2020; UNEP 2022). The largest contributor to agrifood system emissions is agricultural production (39%), including fertilizer production, followed by land use changes (32%) and supply chain activities (29%) (UNEP 2022). While farm-gate activities and supply chains drive greenhouse gas emissions in countries like the United States of America, China, and India, land use change, particularly deforestation, is the primary source of emissions in countries such as Brazil and Indonesia.

Challenges faced by banks include a lack of reliable data from clients and the heterogeneous and complex nature of the sector and value chain. Emissions from agriculture can include carbon dioxide (CO_2), nitrous oxide (N_2O) and methane (CH_4) and are highly variable depending as they do on many factors such as soil type, rainfall, current and historical land management practices (e.g. drainage, tillage, fertiliser use), cropping type and technique, and animal husbandry stock and practices. Deforestation associated with agriculture is one of the main drivers of greenhouse gas emissions.

Key findings

- Of the nine sectors featured in the report, agriculture had the fastest growth in target setting and disclosure of financed emissions. By the end of May 2024, 20 banks had set targets and 59 had disclosed financed emissions, compared to four having set targets and 24 having disclosed emissions at the end of September 2023 (UNEP FI 2022).
- Agriculture had the lowest share of target setting among banks reporting exposure to any sector; only 19% of the 108 NZBA members who reported exposure to the agricultural sector set targets.
- Agriculture had the joint highest target-to-bank ratio of all sectors with 1.6 targets set on average per bank. 31 agriculture and food sector decarbonisation targets were set by 20 banks, with some banks setting multiple sub-sector targets. Advanced banks with significant exposures often set specific targets for key commodities or products such as palm oil, beef, sheep, pig farming, horticulture, floriculture, soy, and dairy. These targets are tailored to recognise the unique context and GHG emissions intensity of the production of the same commodities or products in different countries.
- These results reflect the inherent complexity of the sector. Several banks that have been working in this sector decided, due to the data challenges, not to set a decarbonisation target yet, but to continue to develop their client data and engagement plans.

Key charts

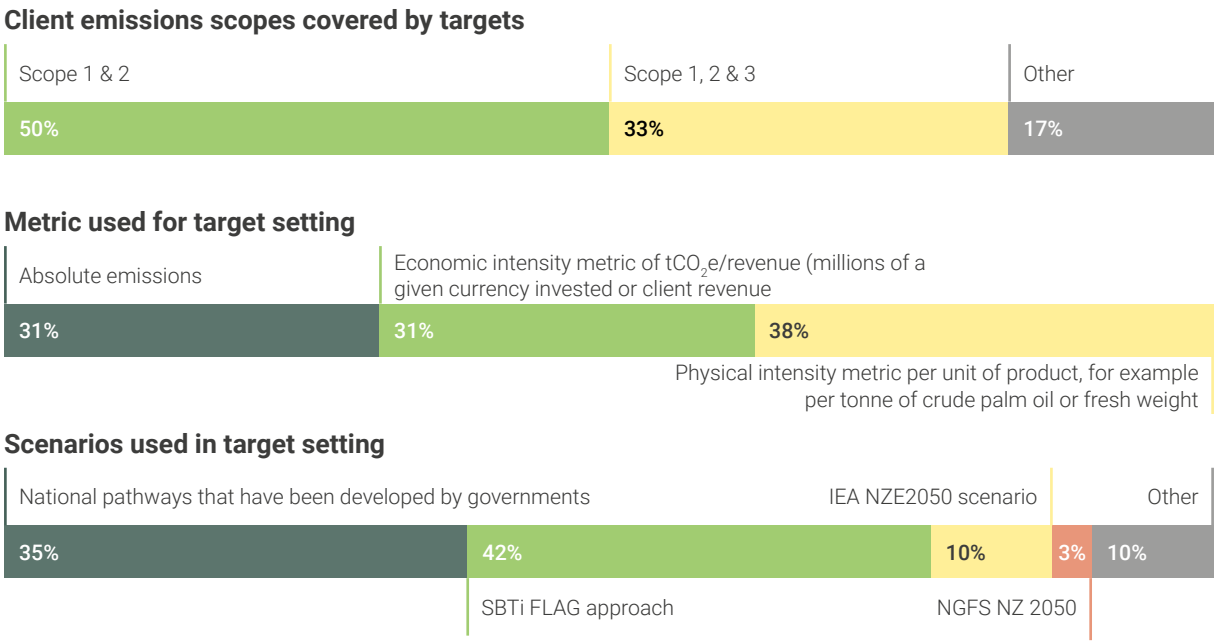


Figure 25: Aggregated member targets for agriculture sector

CIMB, Roundtable on Sustainable Palm Oil, and Indonesian smallholder teams discuss certification, sustainable practices, and how CIMB can support smallholders' growth in line with its 2030 palm oil target.

Credit: CIMB

Malaysia | Agriculture | Target setting

CIMB sets world's first ever net-zero target for palm oil

CIMB Group became the first bank globally to establish a net-zero decarbonisation target anchored on science-based pathways for palm oil in November 2023. This pioneering move addresses emissions from a productive and affordable crop that contributes significantly to Southeast Asian economies but, due to rapid growth in demand, has been linked to environmental and social issues, including deforestation, peatland clearance, and land conflicts.

CIMB's target aims to reduce the emissions intensity of its palm oil portfolio by 16%, from 1.81 to 1.52 tCO_2e/tCPO by 2030. The palm oil target utilised the SBTi Forest, Land and Agriculture guidance to set Scope 1 and 2 emissions targets for plantations. Using scientific literature, CIMB then accounted for emissions intensity associated with palm oil mill effluent, as well as Scope 3 upstream emissions linked to CIMB's clients' sourcing of the raw material for palm oil mills from smallholders. By including smallholders in its target, CIMB aims to encourage its clients to involve their smallholder suppliers in their decarbonisation journeys.

To achieve this target, CIMB is engaging with clients to pursue Certified Sustainable Palm Oil (CSPO) accreditation, promote sustainable agricultural practices, and enhance emissions reporting. The bank also supports the installation of biogas plants at palm oil mills and strictly adheres to its No Deforestation, No Peat, and No Exploitation policy. CIMB has already provided financing to a client to purchase a palm oil mill where the feedstock is 100% sourced from estates and biogas plants certified by the Roundtable on Sustainable Palm Oil (RSPO). These initiatives align with CIMB's broader sustainability efforts and commitment to achieving net zero emissions in its lending and investment portfolios by 2050.

Read more on CIMB's net-zero targets here.

3. Transition planning

Key findings[10]

- Of the 122 banks included in this analysis, 76 published a net-zero transition plan, and a further 30 planned to publish one in 2024.
- Of the 91 banks that had reached their 30-month milestone[11] by the end of May, 59 banks indicated they had published a transition plan, and a further 11 planned to publish one in 2024.
- Fifteen banks noted they did not intend to publish a transition plan in 2024. This could be due to different understandings of what constitutes a transition plan. While actions and plans may be featured in a transition plan document, some banks disclose these in TCFD, climate, or sustainability reports without being explicitly named as a transition plan.
- Emerging practice of member banks when developing transition plans reveals the importance of client engagement strategies, sustainable financing targets, lending policies and policy engagement.
- Eighty nine banks had developed a client engagement strategy, a key enabler for achieving the strategic ambition of a net-zero transition plan. A further 26 were developing such a strategy.
- Ninety one NZBA banks have set green financing targets out to 2030.
- Eighty seven per cent of NZBA banks either had a lending policy in place for coal or were not active in the sector. For oil and gas and deforestation lending policies, these figures were 75% and 44% of NZBA banks, respectively.

Climate transition plans are a vital tool to demonstrate to investors, clients, and other key stakeholders that a bank is committed to meeting its individual net-zero ambitions and to explain how they plan to do it. They highlight opportunities and dependencies related to achieving targets and detail the levers at a bank's disposal and actions that a bank will take to deliver on them.

Under their NZBA commitments, banks voluntarily agree to develop a plan for delivering on their net-zero targets and pledges within a year of setting them (see Figure 1). The NZBA Guidelines provide high-level categories of actions to achieve targets but are

10 N.B. this part of the survey was optional and so figures in this section should not be taken as exhaustive, but indicative of progress and approaches.

11 Members voluntarily commit to setting some targets within 18 months of joining and producing a transition plan within a further 12 months.

not prescriptive as to what a transition plan must include. This is appropriate given the rapidly evolving status of transition planning and the global nature of the Alliance and the hugely different contexts that members are operating in and their various business strategies and models.

This section aims to provide a first overview of how NZBA member banks are approaching transition planning and provides details on four key levers that banks use in their transition planning: client engagement, green financing targets, lending policies, and policy engagement. It also includes four case studies showing how banks are using these levers:

- ING and Nordea have both developed tools to help them assess their clients' transition plans to better manage portfolio risk and business strategy and deliver value to their customers.
- SMBC has developed a Transition Finance Playbook that is helping its frontline staff to engage clients and finance eighteen transition projects.
- Societe Generale is engaging with policymakers and industry within and across several sectors of the real economy to help promote consistency and transparency in reporting and measuring progress against climate targets and to demonstrate how banks can integrate climate into portfolio management and lending decisions.
- Santander UK engaged policymakers by launching Tomorrow's Homes, a report looking at how policy can address the barriers preventing consumers from decarbonising their homes.

This report does not assess the quality of transition plans. Transition planning is an iterative process and both guidance and practice is developing fast, as evidenced by NZBA banks' use of many different resources to guide their approach to this activity.

In recent years, several initiatives and institutions have developed a range of resources to assist banks in the development of their transition plans. In addition to NZBA guidance, 91 banks reported using TCFD guidance, 82 using GFANZ guidance, and 34 using the UK Transition Planning Taskforce (TPT) reports. Table 1 shows the broad range of resources cited by members as informing the development of their transition plans.

Table 1: The diverse sources of guidance informing NZBA banks' transition planning

Mandatory regulation	Reporting Frameworks	Voluntary general	Voluntary sector-specific
▪ Corporate Sustainability Reporting Directive (CSRD) ▪ European Sustainability Reporting Standards (ESRS) ▪ European Central Bank (ECB) supervisory expectations ▪ European Banking Authority (EBA) guidance ▪ Other jurisdiction-specific climate legislation	▪ International Financial Reporting Standards (IFRS) S1 and S2 ▪ Global Reporting Initiative (GRI) ▪ CDP (Carbon Disclosure Project)	▪ Act for Finance ▪ Climate Action 100+ ▪ GFANZ ▪ GHG Protocol ▪ IEA data and scenarios ▪ Institutional Investment Group on Climate Change (IIGCC) ▪ National climate and energy plans ▪ NZBA ▪ Partnership for Carbon Accounting Financials (PCAF) ▪ Paris Agreement Capital Transition Assessment (PACTA) ▪ SBTi ▪ Sustainable Markets Initiative ▪ TCFD ▪ Taskforce on Nature-related Financial Disclosures (TNFD) ▪ TPT ▪ US Treasury Principles for Net-Zero Financing and Investment	▪ Pegasus Guidelines ▪ Poseidon Principle

3.1 Client engagement

A client engagement strategy defines how to interact with customers in ways that strengthen the relationship and provide value to them. Developing a client engagement strategy is a key enabler for achieving the strategic ambition of a net-zero transition plan. Eighty-nine members reported that they had developed such a strategy, and a further 26 are currently working on this. In determining how to prioritise the client engagement activities, 39 considered opportunities for business development, 32 prioritised opportunities for climate impact, 29 used an assessment of clients' physical and transition risks, 28 used an assessment of their clients' transition plans, and 25 prioritised based on a client request for transition support.

Several banks developed their own client transition frameworks to assess and engage clients, or investment frameworks to inform selection, engagement, and voting. Banks tended to prioritise particular sectors or those in which they have set targets, and some banks noted different approaches for corporate and retail customers.

Figure 26 shows some of the approaches taken in a client engagement strategy. In addition, banks mentioned offering events, sector-specific bespoke advisory services, financing instruments (such as sustainability-linked bonds or loans), and asset solutions. Some banks advised on public support mechanisms for decarbonisation. Others have partnered with third-party providers to reduce friction in their clients' decarbonisation pathways, for example, by tracking and reporting their climate performance or providing relevant decarbonisation services.

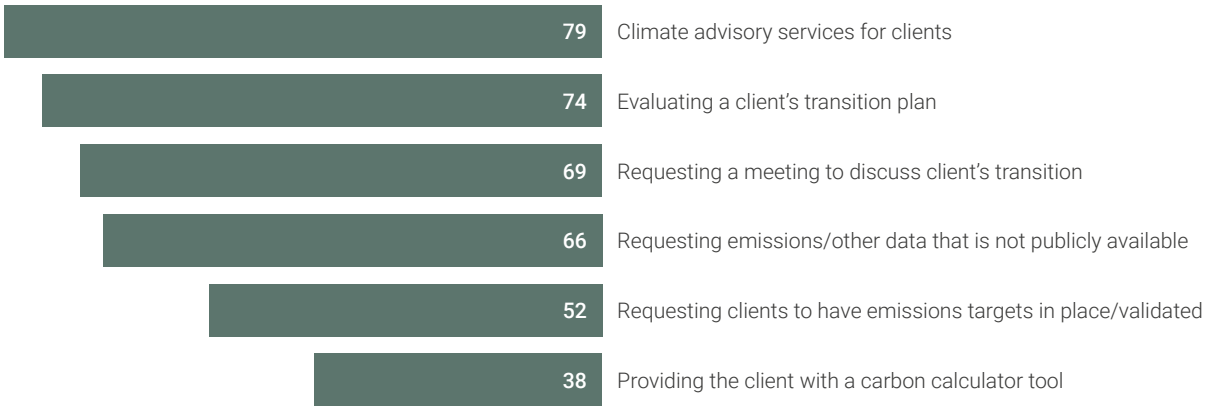
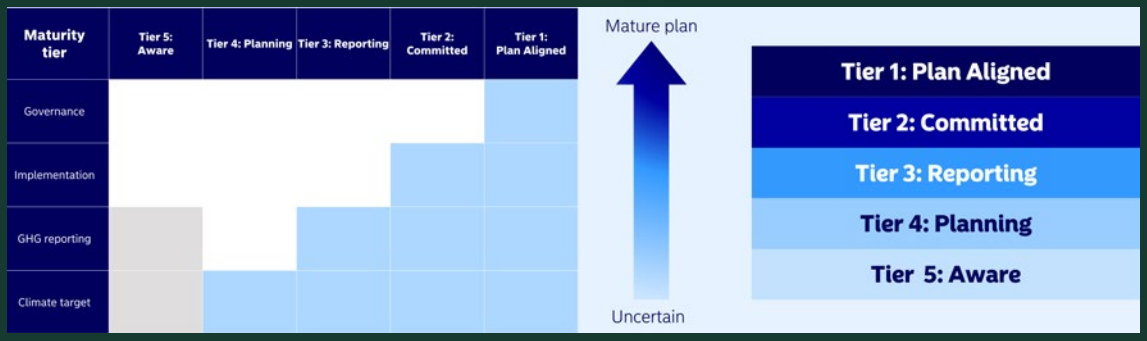


Figure 26: Approaches used in a Client Engagement Strategy



The Customer Climate Transition Maturity Ladder scores clients across five tiers, ranging from those aware of climate issues in the lowest tier (5) to those with transition plans aligned with the Paris Agreement in the highest tier (1). Expectations for climate disclosures and commitments increase as you move up the ladder.

Credit: Nordea

Europe | Client engagement

Nordea develops transition assessment tool to support client engagement

In 2023, Nordea launched a Customer Climate Transition Maturity Ladder to evaluate clients' climate transition plans and enhance targeted client engagement efforts. The objective is to better understand how clients are adapting their business models and strategies in transitioning towards a more sustainable economy.

The assessments of clients' climate transition plans provide useful insights for Nordea to manage climate and environmental risks embedded in its lending portfolio. The approach also helps steer and monitor Nordea's customer base over time.

The maturity ladder was developed with reference to the European Union's Corporate Sustainability Reporting Directive, European Central Bank best practices, and Net-Zero Banking Alliance Guidelines.

It scores companies across five tiers of maturity based on four aspects of their climate performance: climate-related targets, greenhouse gas (GHG) reporting, implementation, and governance. Data is collected from publicly available sustainability and annual reports as well as directly from customers.

Read more on Nordea's transition planning here.

Europe | Various sectors | Client engagement

ING assesses corporate transition plans to inform strategic planning

In 2023, ING developed ESG.X, an online tool to collect and assess the publicly disclosed climate transition plans of its wholesale banking clients. ESG.X enables ING to refine its approach at the client level, providing insights to its front office and sustainability departments that help the bank engage with its clients and support their net-zero transition.

ESG.X brings together information from a range of sources, including existing public databases and publicly available sustainability reporting. It contains a list of metrics taken from a range of leading external standards and guidelines, including the CDP (Carbon Disclosure Project), SBTi (Science Based Targets initiative), NZBA (Net-Zero Banking Alliance), European Sustainability Reporting Standards (ESRS), Transition Pathway Initiative (TPI), GFANZ (Glasgow Financial Alliance for Net Zero), International Capital Market Association (ICMA), and the Task Force on Climate-related Financial Disclosures (TCFD).

ING uses the resulting data and scores to identify opportunities and financing needs that could enable clients to reduce their CO_2 emissions, and to conduct sector and industry-level analysis of emissions, targets, and action plans to support its strategic planning at portfolio-level. In addition, the data provides inputs for risk models and informs discussions on how to meet net-zero targets. So far, ING has assessed the transition plans of around 2,000 clients.

ING now aims to expand the scope of its tool by using large language models, expanding the types of data it captures, and assessing other environmental and social aspects. In addition, ING is considering making its tool externally available to help accelerate the efforts of its peers and clients to meet their transition goals.

Read more on ING's transition planning here.

3.2 Green financing

It is important to note that setting targets for the provision of green finance is not a requirement under the NZBA framework, and while many "green finance" activities naturally contribute to emissions reductions (e.g., renewable and other low-carbon energy), this is not necessarily the case for all activities which a bank may consider as "green" under their own eligibility criteria (e.g. circular economy, biodiversity management). While green financing targets are not directly linked to decarbonisation targets, green financing is nevertheless an important way for banks to support the transition of the economy and meet their decarbonisation targets.

Ninety-one respondents had set a sustainable financing target of some type, with most (62) setting one target, 16 setting two, seven setting three, three setting four, one setting five, and two setting six targets.

Out of 144 targets, 50% were for corporate, 15% were retail and 35% covered both.

The approach to defining green/sustainable financing is highly heterogeneous, making aggregation challenging. The targets included different blends of asset classes and categories: 35 for 'green'; 34 for general sustainable finance; 16 for transition finance; 14 for SDG-linked; six for green and social; 13 for green mortgages; eight for renewables; six for green autos; nine for more specific 'green' activities (including commercial real estate, climate tech start-ups, circular economy, nature, municipal, agriculture or forestry); and three specifically for bond issuance.

All green financing targets were set to end by 2030 at the latest, and the most popular duration of a target was three years, with the longest being 12 years.

How banks define 'green' or 'transition' finance

How banks classify 'green,' 'transition,' or 'sustainable' activities is complex and highly fragmented. 62% of respondents stated they used an internally developed classification system to do this, and 35% used an external taxonomy. Internally developed classifications were often inspired by several sources and 38% of banks using an internal system had taken a third-party opinion on their approach. Of the banks using a regulatory taxonomy, 67% (29 banks) used the EU taxonomy for sustainable activities, 23% (10 banks) used national taxonomies, and five per cent (two banks) used other regional taxonomies.

Voluntary taxonomies were also used. Thirty-five respondents reported using ICMA, 25 used the Loan Market Association (LMA) principles and 12 banks used the Climate Bonds Initiative (CBI). Banks often utilised more than one framework and other voluntary taxonomies and frameworks cited included the Green Bond Principles, International Swaps and Derivatives Association (ISDA), Asia Pacific Loan Market Association (APLMA), Loan Syndications and Trading Association (LSTA), European Investment Bank (EIB) Green Checker, European Bank for Reconstruction and Development (EBRD), Multilateral Investment Guarantee Agency (MIGA), Sustainability-Linked Loan Principles, Positive Impact Financial Principles, and other national taxonomies.

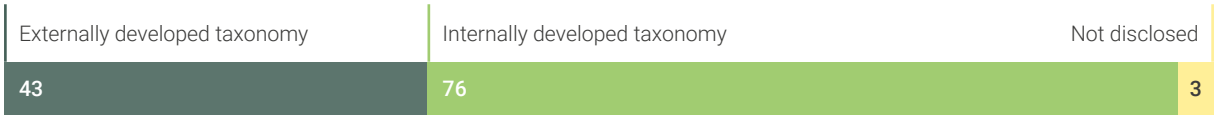


Figure 27: Use of external or internally developed taxonomy for defining green financing

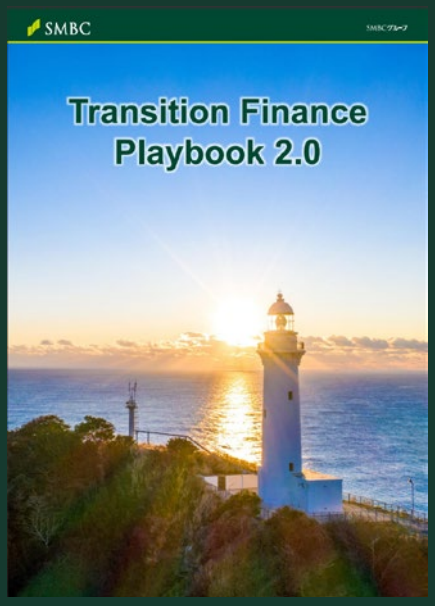
Challenges in aggregating banks' green finance targets

Banks have a diverse range of approaches to setting green and sustainable financing targets using different target metrics, timelines, sectors and sub-sectors, client segments, and other classifications. This makes such targets difficult to meaningfully aggregate. Green and sustainable financing targets tended to be expressed as:

- A financial amount of any permutation of these asset classes: loans and/or investments and/or facilitation
- A percentage increase from a baseline level of loans and/or investment and/or activity
- A target percentage of the portfolio or sub-portfolio
- Financing of a particular capacity (e.g. 14 gigawatts of renewables or 50% of vehicle financing being electric)
- To be ranked above a certain level in issuer tables or underwrite a threshold number of green bond transactions

Most targets were expressed as cumulative amounts or percentages over a period of one to twelve years, but some were expressed as annual increases. Targets may be aimed towards:

- Sector (e.g. autos, renewables (or more specific e.g. solar), low carbon energy)
- Client base (e.g. retail, large corporates)
- Classification (e.g. green, sustainable, SDG-linked, transition)



Cover of SMBC Group's Transition Finance Playbook 2.0

Credit: SMBC Group

Japan | Various Sectors | Client engagement

SMBC Group pioneers Transition Finance Playbook in Japan

In 2023, Sumitomo Mitsui Financial Group (SMBC Group) became the first bank in Japan to publish a Transition Finance Playbook, setting out definitions and criteria for transition finance. The Playbook, revised in May 2024, serves as a framework to identify activities contributing to the decarbonisation of the real economy and engage with customers to establish appropriate transition plans and strategies.

The Playbook is designed to mobilise more finance for the transition and make SMBC's portfolio sustainable. It aligns with key global guidelines and regulations, including the Basic Guidelines on Climate Transition Finance and Transition Finance Follow-up Guidance from Japan's Ministry of Economy, Trade, and Industry (METI), NZBA recommendations, and the Transition Plan Taskforce (TPT) Sector Guidance.

From May 2023 to February 2024, SMBC assessed and chose 18 transition finance projects in accordance with the Playbook's criteria. The bank then called upon Det Norske Veritas (DNV) to provide an independent second-party opinion on the project selection process. DNV confirmed that the projects were selected in compliance with the Playbook's requirements. However, DNV noted that certain projects would necessitate continuous monitoring to ensure their ongoing alignment with the transition objectives.

SMBC plans to publish a progress report on the Playbook's implementation in September to share lessons on engaging more effectively with policymakers and other stakeholders. Additionally, the report will further solidify SMBC's commitment to supporting the transition to a low-carbon economy.

Read more on SMBC's transition planning here.

3.3 Lending policies

Lending policies are a set of guidelines and criteria developed by a bank for its employees to determine whether a loan application should be granted or refused. They are another tool used by banks to manage risks in their portfolio and to help meet strategic business objectives. The sector for which the greatest percentage of NZBA banks had a policy was coal, followed by oil and gas. Land use and deforestation policies were held by around one-third of respondents.

Table 2: Share of survey respondents with lending policies for coal, oil and gas, and land use and deforestation

	Oil and gas	Coal	Land use and deforestation
Has a policy	62%	72%	35%
No policy	21%	9%	51%
Not relevant as not active	13%	15%	9%
Not disclosed	4%	4%	5%

Various | Various sectors | Sectoral engagement

Societe Generale's sectoral engagement supports client engagement and financing

Societe Generale plays a leading role in a number of initiatives that support sectoral net-zero target setting for banks. Alongside leading industry and climate organisations and other major lenders, it participates in expert organisations such as the Poseidon Principles, the Hydrogen Council, the Sustainable Steel Principles, the Sustainable Aluminium Finance Framework, NZBA, and the Pegasus Guidelines. Their goal is to promote consistency and transparency in reporting and measuring progress against climate targets, to facilitate comparability across industries, and to demonstrate how banks can integrate climate decision-making into portfolio management and lending decisions.

Some initiatives focus on a particular sector, while others, such as the Hydrogen Council, comprise member companies from across the industrial and energy sectors involved in a particular value chain.

These external engagements complement an internal Societe Generale programme called "The Shift" that brings together bankers from different business lines and geographies to build expertise on decarbonisation in different sectors and across value chains and to identify emerging corporate leaders that are developing new low-carbon solutions.

The expertise developed across these external and internal engagements is supporting Societe Generale to better understand its client's needs and challenges, enhance its advisory offering on corporate transition strategies, identify business opportunities, and provide better financing solutions for its clients.

Read more on Societe Generale's transition planning here.

3.4 Public policy engagement

Public policy engagement is proving increasingly important in financial institutions' climate strategies, as their ability to meet voluntary targets relies upon their clients' transition which in turn depends upon an enabling policy environment. Forty-three per cent of respondents indicated that their bank's transition plan details their approach to current and planned engagement activities with policymakers and/or regulators to accelerate the transition to a net-zero economy. A further 26% reported this work was in progress, with 10% to be expected in 2024 and 16% expected to take beyond 2024.

Santander UK launched the Tomorrow's Homes report in the United Kingdom's Houses of Parliament

Credit: Santander UK

United Kingdom | Residential real estate | Policy engagement

Santander UK calls for tax relief and financial support to speed retrofit of homes

In April 2024, Santander UK launched Tomorrow's Homes, a report looking at how policymakers can address the barriers preventing consumers from decarbonising their homes. It was launched in the House of Commons with cross-party political support.

The report, which surveyed 4,000 United Kingdom homeowners and renters, provides evidence and data to advocate for a set of policies that would accelerate levels of building decarbonisation in the United Kingdom. Almost half of respondents believed that improving their home's energy efficiency would have a significant effect on their lives, but access to finance and a lack of awareness of the kinds, costs, and benefits of different measures was preventing action.

Without retrofitting its 28 million homes, the United Kingdom will not meet its decarbonisation targets. The report identified key measures that the government could take to increase demand and capacity for building decarbonisation. They included more upfront grant support for lower-income households, rebates on property-related taxes for consumers investing in energy efficiency, and information campaigns to help consumers learn more about how to retrofit their homes in the simplest possible way. The report also highlighted the importance of stable, long-term commitment to retrofitting and support for training as crucial to building up the skills and supply chains needed to reduce the energy bills of United Kingdom homes while making them more comfortable.

Read more on Santander's transition planning here.

3.5 Governance

Governance describes how decisions are made within a bank and who is empowered, incentivised, and held accountable for implementing those decisions. Governance of climate targets and transition plans was strong. Ninety-three per cent of banks reported that their targets and transition plans were approved by the highest executive level in the bank, and 89% indicated they were reviewed by the board or the highest-level governance body that normally oversees and approves the strategic plan.

Over half of respondents disclosed information about how their institution aligns, or plans to align, its incentive and remuneration structures with the strategic ambition of its transition plan.

Training is an important part of building capacity for climate action. Seventy per cent of respondents stated that their bank provided climate training to all employees.

4. NZBA developments since the last progress update

This report focuses on NZBA member banks' individual and independently set targets and transition plans, but this section provides an update on achievements made by the Alliance as a whole and the support provided to members by the NZBA Secretariat since the last progress update.

NZBA members vote to reinforce guidelines for climate target setting

NZBA member banks voted in favour of adopting updated Guidelines for Climate Target Setting for Banks, which were launched in April 2024. The updated Guidelines:

- Introduce the expectation that banks' targets will include emissions attributable to certain capital markets facilitation activities, and
- Add, update, and clarify technical language to reflect the evolution of practices, methodologies, and data availability since the original Guidelines were launched in 2021, including for policy engagement and transition planning.

Updates also maintain the overarching ambition and key principles of the original Guidelines. Banks still commit to:

- Reaching net zero by 2050 or sooner;
- Setting intermediate 2030 sectoral targets in line with the latest science using low or no overshoot 1.5°C scenarios; and
- Setting targets which cover all or a substantial majority of nine carbon-intensive sectors and a significant majority of financed emissions.

The vote brought a year-long process to a conclusion. NZBA member banks began a review of the Guidelines in early 2023 and many shared their views on what an updated version might look like, informed by their experience of applying the original Guidelines, setting, and implementing climate targets, and financing transitions in different sectors. Based on these consultations, the NZBA Secretariat sent a new proposed version to the full membership for a vote in February 2024. Voting results met the threshold required for adoption (over 50% of members had to vote, and two-thirds of votes cast had to be in favour).

NZBA Global Member Conference

The inaugural NZBA Global Member Conference took place in June 2024. It featured:

- One hundred and fifty-three attendees representing 63 banks and 20 organisations across 24 countries
- Nearly 30 distinguished speakers delivered key addresses on critical topics, including regulation and policy, climate science, and decarbonising the real economy
- Nine workshops for members focused on capital markets, nature, just transition, client engagement, and transition finance, among other subjects.

Supporting NZBA members to meet their commitments

NZBA has continued to provide guidelines and support to members to help them set targets and meet their commitments. Between the end of September 2023 and July 2024, this included:

- Convening eight working groups on topics from sectors such as real estate and steel to transition finance and capital markets.
- Organising 20 members-only webinars and workshops where members and external experts shared insights and experiences
- Holding about 100 meetings with individual banks to provide support on their target setting, transition planning, and other disclosures
- Publishing four sector-specific emerging practice reports to assist banks in setting climate-related financing targets in particular sectors of the real economy. The publications outline key considerations in relation to scope, portfolio metrics, data, scenarios, emerging practices, common challenges and policy, data, and other gaps for banks setting targets for financing in the oil and gas, steel, automotive, and real estate sectors.

Engaging with external stakeholders

NZBA regularly engaged with external stakeholders over the last year. One illustrative example, on the topic of real estate was at the Global Forum on Buildings and Climate, where Alliance secretariat and members engaged with policy makers on the policy developments needed to enable the decarbonisation of this important sector. NZBA followed this up with the secretariat and members representing the Alliance at a panel in an event in Brussels titled: "Engaging Retail Lenders in Home Renovations," which continued the momentum generated by the launch of the new European Energy Efficiency Financing Coalition, supported by UNEP FI. This Coalition was launched at the European Commission on March 22nd and signed by the European Commissioner for Energy and the Energy Ministers of all 27 EU Member States. NZBA facilitated dialogue between policymakers and banks at this event, where three members of the NZBA working group on real estate brought key insights on key challenges, experiences and policy asks.

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Annex 1: List of Net-Zero Banking Alliance members and their targets

The last two columns of this table are based on information submitted by NZBA member banks up to the end of May 2024. They do not include member targets set after this date. For the most up-to-date listing of members' targets, refer to: https://www.unepfi.org/net-zero-banking/members/

Banks that had not reached the 18 month milestone were not required to submit information.

Total assets figures are provided to give an indication of the size of institution but should not be relied upon. Readers should refer to the member banks' annual reports for this data.

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***ABANCA Corporación Bancaria**	Spain	81.07	May 2021	September 2022	March 2024	Coal; Oil and Gas; Power generation; Iron and steel; Aluminium; Cement; Aviation; Auto manufacturing; Mortgages	Link
***ABN AMRO Bank N.V.**	Netherlands	421.97	December 2022	June 2024	December 2025	Oil and Gas; Commercial real estate; Mortgages; Agriculture; Shipping; Inland Shipping; Power generation [note 1]	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
Abu Dhabi Commercial Bank PJSC	United Arab Emirates	154.42	November 2023	May 2025	November 2026		
***AIB Group (Allied Irish Banks)**	Ireland	147.72	April 2021	October 2022	April 2024	Commercial real estate; Mortgages; power generation [note 2]	Link
***Akbank Turkish Corporation**	Türkiye	55.47	December 2023	June 2025	December 2026	Power generation; Commercial real estate; Residential mortgages; Iron and steel; Cement	Link
***Ålandsbanken Plc. (Bank of Åland)**	Finland	5.79	April 2021	October 2022	April 2024	Power generation; Commercial and residential real estate; Mortgages; Shipping	Link
Alpha Bank	Greece	81.78	May 2023	November 2024	May 2026		
***Amalgamated Bank**	USA	8.1	April 2021	September 2022	March 2024	Commercial real estate; Multi-family housing; Mortgages	
***ANZ (Australia and New Zealand Banking Group)**	Australia	734.16	October 2021	April 2023	October 2024	Coal; Oil and Gas; Power generation; Iron and steel; Aluminium; Cement; Shipping; Aviation; Auto Manufacturing; Commercial real estate; Agriculture [note 3]	Link
Areti Bank	USA	0.02	June 2023	December 2024	June 2026		
Arion Bank	Iceland	10.62	December 2023	June 2025	December 2026		
***BAC Credomatic**	Costa Rica	34.00	October 2021	April 2023	October 2024	Power generation; Commercial real estate; Cement	Link
***Banca Ifis**	Italy	15.22	October 2021	April 2023	October 2024	Auto Manufacturing and leasing; truck leasing	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Banca MPS (Banca Monte dei Paschi di Siena)**	Italy	132.84	January 2022	July 2023	January 2025	Oil and Gas; Power generation; Iron and steel	Link
Banca Popolare di Sondrio S.P.A.	Italy	56.02	December 2023	June 2025	December 2026		
Banco BPM	Italy	207.76	March 2023	September 2024	March 2026		
***Banco Bradesco S.A.**	Brazil	377.48	July 2021	January 2023	July 2024	Coal; Power generation	Link
***Banco Davivienda S.A.**	Colombia	45.89	July 2023	January 2025	July 2026		Link
***Banco de Bogotá S.A**	Colombia	30.57	December 2022	May 2024	November 2025	Power generation; Cement	Link
Banco de Crédito e Inversiones	Chile	81.80	July 2023	January 2025	July 2026		
***Banco de la Produc-cion S.A Produbanco**	Ecuador	7.49	April 2021	September 2022	March 2024	Oil and Gas; Power generation; Agri-culture; Food Manufacturing	
***Banco Pichincha**	Ecuador	17.05	January 2022	July 2023	January 2025		
***Banco Promerica Costa Rica**	Costa Rica	2.46	April 2021	September 2022	March 2024	Power generation; Commercial real estate; Mortgages; Auto Loans	Link
***Banco Sabadell**	Spain	254.79	October 2021	April 2023	October 2024	Coal; Oil and Gas; Power generation; Iron and steel; Cement; Aviation; Auto Manufacturing; Mortgages	Link
***BancoEstado de Chile**	Chile	63.31	September 2021	March 2023	September 2024	Power generation; Commercial real estate	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Bancolombia**	Colombia	88.29	April 2021	October 2022	April 2024	Coal; Power generation; Cement	Link
***Bank of America**	USA	3,180.15	April 2021	October 2022	April 2024	Oil and Gas; Power generation; Iron and steel; Cement; Maritime Shipping; Aviation; Auto Manufacturing	Link
***Bank of New Zealand (BNZ)**	New Zealand	79.70	October 2021	April 2023	October 2024	Coal; Oil and Gas; Power generation; Agriculture	Link
***Bankinter**	Spain	122.36	October 2021	April 2023	October 2024	Power generation; Agriculture; Transport	Link
***Banorte (Banco Mercantil del Norte, S.A.)**	Mexico	230.6	April 2021	October 2022	April 2024	Coal; Oil and Gas; Power generation; Commercial and residential real estate; Mortgages; Iron and steel; Aluminium; Cement; Agriculture; Transport	Link
***Banpro Grupo Promerica Nicaragua**	Nicaragua	2.61	April 2021	September 2022	March 2024	Commercial real estate; Mortgages; Auto Loans; Agriculture; Power generation [note 4]	Link
***Barclays Group Plc**	United Kingdom	1,879.75	April 2021	October 2022	April 2024	Power Generation; Energy (incl. Coal, Oil and Gas); Commercial real estate; Iron and steel; Cement; Agriculture; Aviation; Auto manufacturing	Link
***Basellandschaftliche Kantonalbank**	Switzerland	37.77	October 2021	April 2023	October 2024	Commercial real estate; Mortgages	Link
***BBVA (Banco Bilbao Vizcaya Argentaria)**	Spain	868.57	April 2021	September 2022	March 2024	Coal; Oil and Gas; Power generation; Commercial and residential real estate; Mortgages; Iron and steel; Aluminium; Cement; Shipping; Aviation; Auto Manufacturing	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***BCC (Grupo Cooperativo Cajamar)**	Spain	65.17	June 2022	December 2023	June 2025	Oil and Gas; Power generation; Iron and steel	Link
***BCEE (Banque et Caisse d'Épargne de l'État)**	Luxembourg	61.25	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Aviation; Auto manufacturing; Mortgages	Link
***Berner Kantonalbank**	Switzerland	45.13	February 2022	August 2023	February 2025	Commercial real estate; Mortgages	Link
***BMO Financial Group**	Canada	945.38	October 2021	April 2023	October 2024	Oil & Gas; Power generation; Auto Loans	Link
***BNC (National Bank of Canada)**	Canada	309.63	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Commercial and residential real estate	Link
***BNP Paribas**	France	2,807.69	April 2021	September 2022	March 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Iron and steel; Aluminium; Cement; Shipping; Aviation; Auto Manufacturing	Link
***BPCE Group**	France	1,768.51	June 2021	December 2022	June 2024	Oil and Gas; Power generation; Iron and steel; Cement; Auto manufacturing	Link
BPER Banca	Italy	142.13	March 2022	September 2023	March 2025	Oil and gas; Power generation	Link
***CaixaBank**	Spain	657.82	April 2021	October 2022	April 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Mortgages; Iron and steel; Shipping; Aviation; Auto Manufacturing; Agriculture [note 5]	Link
***CGD (Caixa Geral de Depositos)**	Portugal	107.58	June 2021	December 2022	June 2024	Power generation; Commercial real estate; Mortgages; Cement	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***CIB (Commercial International Bank)**	Egypt	176.16	April 2021	October 2022	April 2024	Power generation; Commercial and residential real estate	Link
***CIBC (Canadian Imperial Bank of Commerce)**	Canada	712.72	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Auto manufacturing	Link
***CIMB Bank Berhad**	Malaysia	160.85	September 2021	September 2022	March 2024	Coal; Power generation; Cement; Agriculture	Link
***Citigroup Inc.**	USA	2411.83	April 2021	October 2022	April 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Iron and steel; Auto manufacturing	Link
***City Bank PLC**	Bangladesh	4.76	March 2022	September 2023	March 2025	Power generation	Link
Climate First Bank	USA	0.46	December 2021	June 2023	December 2024		
***Close Brothers Group**	United Kingdom	17.24	September 2022	March 2024	September 2025	Auto Loans	Link
***Coast Capital Savings Federal Credit Union**	Canada	15.86	December 2021	June 2023	December 2024	Mortgages	Link
***Commerzbank**	Germany	520.64	April 2021	October 2022	April 2024	Power generation; Commercial real estate; Mortgages; Iron and steel; Cement; Aviation; Auto manufacturing	Link
***Commonwealth Bank of Australia**	Australia	831.90	January 2022	July 2023	January 2025	Coal; Oil and Gas; Power generation; Iron and steel; Aluminium; Cement; Mortgages	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Crédit Agricole**	France	1,251.35	June 2021	September 2022	March 2024	Oil and Gas; Power generation; Commercial real estate; Iron and steel; Cement; Shipping; Aviation; Auto Manufacturing; Coal (phase out)	Link
***Credit Mutuel**	France	989.71	May 2021	November 2022	May 2024	Coal; Oil and Gas; Power generation; Mortgages; Iron and steel; Aluminium; Cement; Shipping; Aviation; Auto Manufacturing	
***Crédit Mutuel Arkéa**	France	204.91	November 2022	May 2024	November 2025	Coal; Oil and Gas; Iron and steel; Cement; Aviation; Mortgages	Link
Crédito Agrícola	Portugal	27.63	November 2023	May 2025	November 2026		
Credito Emiliano	Italy	71.24	January 2024	July 2025	January 2027		
CS Ahorro y Crédito	Costa Rica	1.23	April 2021	October 2022	April 2024		
***Danske Bank**	Denmark	547.95	October 2021	April 2023	October 2024	Coal (phase out); Oil and Gas; Power generation; Commercial and residential real estate; Mortgages; Iron and steel; Cement	Link
***DBS Bank Ltd**	Singapore	547.63	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Commercial real estate; Iron and steel; Automotive; Shipping; Aviation	Link
***Deutsche Bank**	Germany	1,171.56	April 2021	October 2022	April 2024	Oil and gas; Power generation; Steel; Coal mining; Cement; Automotive (light duty vehicles); Shipping	Link
***Ecology Building Society**	United Kingdom	0.39	April 2021	September 2022	March 2024	Mortgages	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Erste Group Bank AG**	Austria	365.28	October 2021	April 2023	October 2024	Oil and gas; Power generation (electricity production; heat and steam); Commercial and residential real estate; Mortgages; Iron and steel; Cement; Auto manufacturing; Coal (phase out)	Link
Eurobank Holdings SA	Greece	88.77	March 2024	September 2025	March 2027		
***Fana Sparebank**	Norway	2.74	April 2021	September 2022	March 2024	Commercial and residential real estate; Mortgages	
***First Abu Dhabi Bank**	United Arab Emirates	320.00	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Commercial real estate; Steel; Aluminium; Cement; Agriculture; Aviation	Link
***Garanti Bank**	Türkiye	64.87	August 2021	March 2023	August 2024	Coal; Power generation; Iron and steel; Cement; Auto manufacturing	Link
***Goldman Sachs**	USA	1,698.00	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Auto manufacturing	Link
***Halkbank**	Türkiye	68.06	May 2022	November 2023	May 2025	Power generation; Commercial real estate	Link
Hana Financial Group	Republic of Korea	220.34	May 2022	November 2023	May 2025	Power Generation, Aluminium, Steel, Cement, Paper, Commercial Real Estate	
HBL	Pakistan	20.49	July 2023	January 2025	July 2026		
***HSBC Holdings plc**	United Kingdom	3,000.52	April 2021	October 2022	April 2024	Coal; Oil and Gas; Power generation; Iron and steel; Cement; Aviation; Auto Manufacturing	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Ibercaja Banco S.A**	Spain	50.88	April 2021	October 2022	April 2024	Power generation; Iron and steel; Mortgages	Link
***IDLC Finance Limited**	Bangladesh	1.22	April 2021	September 2022	March 2024	Power generation; Agriculture; Food Manufacturing ; Auto Loans; Textiles/ Ready made garment	Link
Industrial Bank of Korea (IBK)	Republic of Korea	332.29	September 2021	March 2023	September 2024	Commercial real estate, Real estate investment and REITs, Power generation (loans and project finance), Portfolios (general corporate loans, Listed equity, Listed bonds, all ITR)	Link
***ING**	Netherlands	1,056.97	August 2021	September 2022	March 2024	Oil and Gas; Power generation; Commercial real estate; Mortgages; Iron and steel; Cement; Shipping; Aviation; Auto manufacturing	Link
***Intesa Sanpaolo**	Italy	1,043.95	October 2021	April 2023	October 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Iron and steel; Auto manufacturing	Link
***Investec Group**	South Africa	72.89	October 2021	April 2023	October 2024	Coal; Oil and Gas	
***İŞBANK**	Türkiye	88.9	April 2022	October 2023	April 2025	Power generation; Iron and steel; Cement; Coal (phase-out)	Link
***Íslandsbanki (Bank of Iceland)**	Iceland	11.55	April 2021	October 2022	April 2024	Power generation; Commercial real estate; Mortgages; Road vehicles; Shipping; Aviation	
***Itaú Unibanco**	Brazil	488.78	October 2021	April 2023	October 2024	Coal; Power generation; Iron and steel; Aluminium; Cement	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
JB Financial Group	Republic of Korea	45.62	August 2021	February 2023	August 2024	Commercial Real Estate; Power generation; Portfolio (corporate loans, equity, bonds)	Link
***JPMorgan Chase & Co.**	USA	3,875.39	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Iron and steel; Aluminium; Cement; Shipping; Aviation; Auto manufacturing	Link
***KB Financial Group**	Republic of Korea	508.25	April 2021	September 2022	March 2024	Power generation; Commercial real estate; Iron and steel; Aluminium; Cement	Link
***KCB (Kenya Commercial Bank)**	Kenya	16.68	April 2021	September 2022	March 2024		
***La Banque Postale**	France	360.78	April 2021	September 2022	March 2024	Commercial real estate; Mortgages; Cement; Aviation; Auto manufacturing	Link
***LGT Private Banking**	Liechtenstein	64.31	April 2021	October 2022	April 2024	Portfolio target	Link
***Liechtensteinische Landesbank AG - LLB**	Liechtenstein	29.54	August 2021	February 2023	August 2024	Portfolio target	
***Lloyds Banking Group**	United Kingdom	1,121.44	April 2021	October 2022	April 2024	Oil and Gas; Power generation; Commercial and residential real estate; Mortgages; Agriculture; Auto loans, Road passenger transport, Auto manufacturing; Aviation	Link
***Macquarie Group**	Australia	268.78	October 2021	April 2023	October 2024	Coal; Oil and Gas; Retail Mortgages; Auto Loans	Link
***Maybank**	Malaysia	218.56	November 2022	May 2024	November 2025	Power generation; Agriculture	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Mediobanca**	Italy	99.24	November 2021	May 2023	November 2024	Power generation; Cement; Aviation; Auto manufacturing	Link
***Mizuho Financial Group**	Japan	1,679.66	October 2021	April 2023	October 2024	Coal; Oil and Gas; Power generation; Commercial real estate ; Iron and steel; Shipping; Auto manufacturing	Link
***Morgan Stanley**	USA	1,193.69	April 2021	October 2022	April 2024	Oil and Gas; Power generation; Auto manufacturing	Link
***MUFG (Mitsubishi UFJ Financial Group)**	Japan	2,666.20	June 2021	December 2022	June 2024	Coal; Oil and Gas; Power generation; Commercial real estate ; Mortgages; Iron and steel; Shipping; Aviation; Auto manufacturing	Link
***NAB (National Australia Bank Ltd.)**	Australia	657.23	December 2021	November 2022	May 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Mortgages; Iron and steel; Aluminium; Cement; Shipping; Aviation; Auto Loans	Link
***Nationwide Building Society**	United Kingdom	345.95	June 2021	December 2022	June 2024	Commercial real estate; Mortgages	Link
***NatWest Group**	United Kingdom	881.30	April 2021	October 2022	April 2024	Oil and Gas; Power generation; Commercial real estate; Mortgages; Agriculture; Auto manufacturing; Road freight; Passenger road; Passenger rail; Aviation	Link
***NBG (National Bank of Greece)**	Greece	82.14	October 2023	April 2025	October 2026	Oil and Gas; Power generation; Commercial real estate; Mortgages; Aluminium; Cement	Link
***Nidaros Sparebank**	Norway	0.43	January 2024	July 2025	January 2027		Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***NLB Group**	Slovenia	23.48	May 2022	November 2023	May 2025	Power generation; Commercial real estate; Mortgages; Iron and steel	Link
***Nomura Holdings, Inc.**	Japan	304.73	September 2021	March 2023	September 2024	Power generation	Link
***Nonghyup Financial Group**	Republic of Korea	386.14	May 2022	November 2023	May 2025	Power generation; Commercial real estate; Mortgages; Iron and steel; Aluminium; Cement; Road; Auto Loans; Shipping; Aviation	Link
***Nordea Bank**	Finland	633.48	October 2021	September 2022	March 2024	Coal; Oil and Gas; Power generation; Mortgages; Agriculture; Shipping; Auto Loans	Link
***Nykredit**	Denmark	244.35	October 2022	April 2024	October 2025	Commercial real estate; Mortgages; Agriculture	Link
***OCBC**	Singapore	430.7	October 2022	April 2024	October 2025	Oil and Gas; Power generation; Commercial and residential real estate; Iron and steel; Shipping; Aviation	Link
***OSB Group**	United Kingdom	37.65	February 2022	August 2023	February 2025	Commercial and residential real estate	Link
Prime Bank Limited	Bangladesh	3.59	May 2023	November 2024	May 2026		
***ProCredit Group**	Germany	10.56	November 2022	May 2024	November 2025		Link
***Rabobank**	Netherlands	680.95	October 2021	April 2023	October 2024	Oil and Gas; Power Generation; Energy; Commercial real estate; Residential real estate; Agriculture; Transport	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Raiffeisen Group Switzerland**	Switzerland	329.17	October 2023	April 2025	October 2026	Commercial real estate; Residential real estate	Link
***RENTA 4 BANCO**	Spain	3,34	June 2023	December 2024	June 2026		Link
***Republic Financial Holding Limited**	Trinidad and Tobago	16.74	April 2021	October 2022	April 2024	Power generation; Commercial and residential real estate	Link
***Royal Bank of Canada**	Canada	1,443.28	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Auto manufacturing	Link
***Santander**	Spain	1,946.98	April 2021	September 2022	March 2024	Coal; Oil and Gas; Power generation; Iron and steel; Aviation; Auto manufacturing; Auto Loans	Link
***Scotiabank (Bank of Nova Scotia)**	Canada	1,031.28	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Auto manufacturing	Link
***SEB (Skandinaviska Enskilda Banken)**	Sweden	340.05	April 2021	October 2022	April 2024	Oil and Gas; Power generation; Iron and steel; Shipping; Auto manufacturing; Mortgages	Link
Shinhan Financial Group	Republic of Korea	556.14	April 2021	October 2022	April 2024		
***Societe Generale**	France	1,683.69	April 2021	September 2022	March 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Iron and steel; Aluminium; Cement; Shipping; Aviation, Auto manufacturing	Link
Sovcombank	Russian Federation	15.48	December 2021	September 2022	March 2024		
***SpareBank 1 Østlandet**	Norway	16.74	April 2021	October 2022	April 2024	Power generation; Commercial and residential real estate; Mortgages; Agriculture; Transport	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Standard Chartered**	United Kingdom	822.8	April 2021	September 2022	March 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Residential mortgages; Steel; Aluminium; Cement; Shipping; Auto manufacturing	Link
***Sumitomo Mitsui Financial Group (SMBC)**	Japan	1,883.25	October 2021	April 2023	October 2024	Coal; Oil and Gas; Power generation; Commercial real estate; Iron and steel; Auto manufacturing	Link
***Sumitomo Mitsui Trust Holdings/Bank**	Japan	466.58	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Iron and steel; Shipping; Auto manufacturing	Link
***Svenska Handelsbanken**	Sweden	251.40	April 2021	October 2022	April 2024	Power generation; Commercial real estate; Mortgages	Link
***Swedbank AB**	Sweden	269.11	May 2021	November 2022	May 2024	Oil and Gas; Power generation; Commercial and residential real estate; Mortgages; Iron and steel; Shipping	Link
***TD Bank Group**	Canada	1,430.57	October 2021	April 2023	October 2024	Energy (Oil and gas, Coal); Power generation; Aviation; Auto manufacturing	Link
The Bank of East Asia, Limited	Hong Kong	112.94	December 2023	June 2025	December 2026		
The Norinchukin Bank	Japan	636.63	March 2023	September 2024	March 2026	Coal; Oil & Gas; Power generation; Iron and steel	Link
***Triodos Bank**	Netherlands	25.18	April 2021	September 2022	March 2024	Commercial and residential real estate; Mortgages; Agriculture; Auto manufacturing	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***TSB Banking Group plc**	United Kingdom	60.63	November 2021	May 2023	October 2024	Mortgages	Link
***TSKB (Industrial Development Bank of Türkiye / Turkiye Sinai Kalkinma Bankasi)**	Türkiye	5.48	September 2022	March 2024	September 2025	Power generation; Commercial real estate; Aluminium [ITR]; Cement [ITR]	Link
***UBS Group**	Switzerland	1,717.25	April 2021	October 2022	April 2024	Fossil fuels; Power generation; Commercial real estate; Mortgages; Iron and steel; Cement	Link
***UniCredit**	Italy	850.46	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Iron and steel; Auto manufacturing	Link
***United Overseas Bank (UOB)**	Singapore	388.15	October 2022	April 2024	October 2025	Power generation; Commercial and residential real estate; Iron and steel; Automotive	Link
***Vancity (Vancouver City Savings Credit Union)**	Canada	21.27	April 2021	October 2022	April 2024	Commercial real estate; Mortgages	Link
***Virgin Money**	United Kingdom	92.56	October 2021	April 2023	September 2024	Oil and Gas; Mortgages; Agriculture; Shipping	Link
***VP Bank Group**	Liechtenstein	12.66	September 2021	March 2023	September 2024	Oil and Gas; Power generation; Cement	Link
***Wells Fargo**	USA	1,932.47	October 2021	April 2023	October 2024	Oil and Gas; Power generation; Iron and steel; Aviation; Auto manufacturing	Link

Member name	Country	Total assets (billion USD)	Month of joining	18-month milestone	36-month milestone	Sectors in which targets have been set	Link
***Westpac Banking Corporation**	Australia	683.78	July 2022	January 2024	July 2025	Coal; Oil and Gas; Power generation; Commercial real estate; Mortgages; Iron and steel; Cement; Agriculture; Aviation	Link
Woori Financial Group	Republic of Korea	297.18	October 2022	April 2024	October 2025	Power Generation; Cement; Steel; Aluminium; Paper Manufacturing; Transportation; Chemicals	
Yapı ve Kredi Bankası	Türkiye	59.02	July 2023	January 2025	July 2026		
***Zürcher Kantonalbank**	Switzerland	222.63	December 2022	June 2024	December 2025	Mortgages	Link

*members whose intermediate targets were included in analysis of the report.
ITR = Implied Temperature Rise

Targets not included in analysis

note 1 insufficient data
note 2 baseline maintenance target as below benchmark
note 3 data coverage target
note 4 baseline well below benchmark
note 5 qualitative target for client profiling

Annex 2: Key terms and concepts

Intermediate target

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 eliminate emissions. These residual emissions may be neutralised with carbon removals.

Materiality: Members make their own independent judgements in assessing the significance of their climate impact in making decisions around prioritising effort, setting targets, and taking action. It considers the impact on a reasonable user's decision-making.

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 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. For more information see this report on Climate Scenario Development.

Integrated assessment modelling (IAM) may be used to generate scenarios to inform policymaking 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 IEA'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.

UN environment programme

finance initiative

UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that 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 establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first organisation to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.

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