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Banking on a Low-Carbon Future II

A ranking of the 20 largest European banks' responses to climate change

ShareAction»

Acknowledgements

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About ShareAction

ShareAction is a non-profit working to build a global investment sector which is responsible for its impacts on people and planet. We mobilise investors to take action to improve labour standards, tackle the climate crisis, and address pressing global health issues, such as childhood obesity. Over the last 15 years, ShareAction has used its powerful toolkit of research, corporate campaigns, policy advocacy and public mobilisation to drive responsibility into the heart of mainstream investment. We want a future where all finance powers social progress.

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Contents

Contents (continued)

Foreword by Slavka Eley

European Banking Authority (EBA)

Slavka Eley is the Head of Banking Markets, Innovation and Products at the European Banking Authority (EBA). She joined the EBA in February 2013 when she was responsible for the common EU supervisory policy, supervisory convergence and cross-border cooperation. Since March 2018 she has led the EBA work on innovation and Fin Tech, market access and capital market union, including leading the EBA work on sustainable finance. Prior to joining the EBA she worked for the National Bank of Slovakia where she held a number of roles in supervision and prudential policy.

In recent years, the financial sector has been increasingly paying attention to the risks stemming from environmental, social and governance factors (ESG factors) under a broader concept of sustainable finance. ESG factors and the specific attention society is paying to climate change have led the regulatory and supervisory community to consider these factors as a new source of financial risks. The European Banking Authority (EBA) is actively contributing to the integration of ESG factors into European regulation and supervision. The EBA has structured its work around the four building blocks covering (i) strategy and risk management, (ii) key metrics and disclosure, (iii) stress testing and scenario analysis, and (iv) prudential treatment.

ESG risks are expected to materialise, particularly considering possible climate scenarios translating into physical and transition risks, far beyond the time horizon of existing risk management models. The current risk management tools and methods, built around the short-term nature of managing financial risks, might not yet show the impact of the ESG risks as material considering the time horizon or not indicate enough potential vulnerabilities longer-term, in particular in case of a quick shift in public policies. At the same time, the success of a transition to a more sustainable economy, including more sustainable financing of real economy by the banking sector, depends on short-term action or 'acting now' to reshape the business mix to becoming less vulnerable to the potential future far-reaching and irreversible impact of climate change and related social implications.

How to get the banking sector on the transition path considering the scientific evidence, societal expectations, public policies (e.g. Paris Agreement and Sustainable Development Goals), while ensuring a risk-based prudential approach and profitable business models?

Generally, there are two main avenues for considering climate change and ESG factors more broadly. The first approach is via risk management, incorporating ESG factors into the framework and translating the ESG risks into financial risks. This avenue involves incorporating a longer-term time horizon into the risk management with easily understood, simple and comparable metrics.

The second approach involves recognising that scientific evidence and public policies included in specific long-term commitments of many governments, and other public bodies constitute significant changes for the economic environment long-term and these, if not considered in the adjustments of the business model and transition strategy, might negatively affect financial stability and solvency of a bank long-term.

Proactive strategies for incorporating sustainability in business strategy and internal processes can effectively play a role of an important mitigation tool of the potential impact of the ESG risks on banks in the long term.

This ShareAction report highlights that while the European banking sector is making progress in reflecting climate-related risks, there is way to go in integrating these risks fully into strategies, processes, risk management tools and transparency.

Executive Summary

Ranking

Figure 1: Ranking of the 20 largest European banks based on their response to climate change

Rating band	Rank	Bank	Score in %
Best practice			
		–	–
Leaders	1	BNP Paribas	63.2
	2	Lloyds Banking Group	61.7
	3	ING	53.6
Building capacity	4	UBS	47
	4	HSBC	47
	6	Crédit Agricole	46.2
	7	Societe Generale	43.8
	8	Standard Chartered	41.2
	9	Santander	40.8
	10	ABN AMRO	40.5
Business as usual	11	Barclays	39.5
	12	BBVA	36.8
	13	Deutsche Bank	36.3
	14	Nordea	33.3
	15	RBS	32.4
	16	UniCredit	32
	16	Commerzbank	32
	18	Credit Suisse	30.3
Laggards	19	Intesa Sanpaolo	27.8
	20	Danske Bank*	12.5

* Danske Bank chose not to participate in the survey, so was scored based on publicly available information only. The bank's score is therefore likely to insufficiently reflect the bank's actual performance and approach to climate change.

This ranking is based on data that was available to ShareAction on 6th December 2019. Several banks have made updates to their approaches to climate change since then, and these have not been reflected in this ranking.

Figure 2: Explanation of rating bands

Rating band	Score	Explanation
Best practice	80–100%	Best practice performance in managing climate-related risks and opportunities across all assessed areas
Leaders	50–79%	Strong management of climate-related risks and opportunities across multiple assessed areas
Building capacity	40–49%	Some progress in the management of climate-related risks and opportunities across some assessed areas
Business as usual	30–39%	Management of climate-related risks and opportunities across some assessed areas
Laggards	0–29%	Little evidence to suggest adequate management of climate-related risks and opportunities

Summary findings

The European banking sector is not yet doing enough to tackle the climate crisis. The average score achieved in this survey is just 39.9 per cent, which qualifies for the 'business as usual' rating band. Not a single bank currently represents best practice in managing climate-related risks and opportunities across all assessed areas. However, encouragingly, one bank (Lloyds Banking Group) has shown that it is possible to improve climate-related performance very quickly.

Surveyed banks achieve the lowest average score in the section on climate-related risk assessment and management. Banks' policies in relation to high-carbon sectors are currently still insufficient to ensure alignment with the goals of the Paris Agreement, and often they are just tinkering around the edges. While banks have largely stopped providing project finance for coal mining and coal power, policies on general corporate financing for companies reliant on coal are still missing. Similarly, some banks have started to introduce exclusions for some forms of unconventional oil and gas, but policies on conventional oil and gas are lacking

There is a real risk that banks' continued financing of fossil fuels will overshadow any positive impacts they might achieve through financing low-carbon solutions. Despite the range of barriers to green finance identified by the surveyed banks, all banks appear to be actively looking to scale up green financing and develop low-carbon products and services. For these efforts to be successful, banks need to ensure that their approach to climate change is consistent across their business.

General findings

Finding 1 – Banks' overall performance on climate change is still insufficient.

1.1. The average score achieved in the survey is just 39.9 per cent.

1.2. No single bank demonstrates 'best practice' across all assessed areas.

1.3. Key barriers to improvement faced by banks include a lack of data, challenges in integrating climate-related risks into traditional risk management processes and a lack of market norms for Paris-alignment.

Finding 2 – Despite relatively strong governance processes and strategies on climate change, climate-related risks are not yet adequately managed.

2.1. Surveyed banks' performance was strongest in the section 'Governance, strategy and implementation', with an average score of 55 per cent.

2.2. Banks' performance was weakest in the section on 'Climate-related risk assessment and management', with an average score of 29 per cent.

Finding 3 – It is possible for a bank to drastically improve its climate-related performance within a short timeframe.

3.1. One bank (Lloyds Banking Group) has shot up the ranking, from last in the first edition of this survey to second place this year.

Theme I: Climate-related risk assessment and management

Finding 4 – All banks acknowledge the relevance of climate-related risks, but integration into traditional types of risk assessment is still incomplete.

4.1. All banks that responded to the survey have discussed climate-related risks in their Group Risk Committees, and 30 per cent have discussed it in their Group Audit Committees.

4.2. 70 per cent of banks state that they integrate climate-related risks into traditional types of risk assessment.

Finding 5 – The use of scenario analysis is now widespread, but the range of scenarios used and application across portfolios is still limited.

5.1. 85 per cent of banks surveyed have conducted scenario analysis, although just 60 per cent of banks publicly disclose any details or results.

5.2. The range of scenarios banks use is still insufficient, with just 40 per cent using >2°C scenarios, and 25 per cent using <2°C scenarios.

5.3. Only one bank states that it has carried out scenario analysis at group level, covering all assets.

Finding 6 – Disclosures and target-setting in relation to banks' exposures to carbon-related assets are still low.

6.1. Only 60 per cent of banks disclose the extent of their exposure to at least one type of carbon-related asset.

6.2. Only 30 per cent of banks publicly disclose a breakdown of their financed power generation portfolio. For the banks that disclose this information, renewables make up an average of 37 per cent of the power generation portfolio.

6.3. Only one surveyed bank has set a percentage target for the reduction of the carbon intensity of its lending portfolio.

Finding 7 – Banks' policies in relation to high-carbon sectors are currently still insufficient to ensure alignment with the goals of the Paris Agreement.

7.1. Most banks' coal policies prohibit coal-related project finance, but exclusions of companies reliant on coal are still limited.

7.2. No bank has set a phase-out target for oil and gas financing, with bank's oil and gas policies largely focused on unconventional oil and gas.

7.3. Banks' policies on land use-related sectors are not yet very developed.

7.4. Only 40 per cent of surveyed banks publish a policy on the shipping industry.

7.5. Although all banks state they are engaging with some clients on 1.5°C alignment, only a quarter set clear objectives and timelines.

Theme II: Low-carbon products and services

Finding 8 – Banks are actively looking to scale up green financing, but they still face structural barriers and the variety of approaches impedes comparability.

8.1. 70 per cent of banks publicly disclose targets to accelerate green finance, but disclosures low-carbon underwriting are still minimal.

8.2. The variation in definitions and scope of green finance exposures and targets makes comparison between banks challenging for investors and other stakeholders.

8.3. 70 per cent of banks have issued an independently verified green or sustainability-themed bond to finance their own operations.

8.4. Banks list transaction costs, data, project pipelines and a lack of standardisation among key barriers to growth in low-carbon products.

8.5. Banks have been actively seeking out opportunities to provide adaptation finance, but a lack of clear criteria makes implementation difficult.

Finding 9 – The majority of banks are developing low-carbon products and services across banking divisions, but independent verification is still limited.

9.1. 70 per cent of banks have deployed staff in each major division to develop low-carbon products and services.

9.2. Banks are developing a wide range of low-carbon products and services.

9.3. Only 25 per cent of banks indicate that all of their low-carbon products are independently reviewed for their sustainability credentials.

Theme III: Public policy engagement and collaboration with other actors

Finding 10 – All banks surveyed are engaging with their regulators on the low-carbon transition, but few banks engage with other policymakers or publish their positions on relevant issues.

10.1. 85 per cent of banks have dedicated resources within public affairs teams to support the transition to a low-carbon economy, and all banks indicate a willingness to engage with financial regulators on this topic.

10.2. Only 45 per cent of banks indicate that they are engaging with policymakers on the low-carbon transition within the context of the real economy.

10.3. Few banks publish positions on climate-related policies.

Finding 11 – Transparency levels on trade association memberships are high, but few banks have processes in place to ensure trade associations' climate-related positions reflect their own.

11.1. 75 per cent of banks publicly disclose trade association memberships.

11.2. Only 15 per cent of banks have governance systems in place to ensure trade associations' climate-related policy positions are aligned with their own.

Finding 12 – Membership levels in climate-related industry initiatives is high and collaboration with a range of stakeholders is widespread.

12.1. There is a plethora of climate-related industry initiatives, with generally high membership levels among surveyed banks.

12.2. All surveyed banks consult a wide range of stakeholders on climate-related issues, including civil society.

Theme IV: Governance, strategy and implementation

Finding 13 – All surveyed banks have a strategy on climate change, but there is still great variation in terms of ambition and detail.

13.1. All surveyed banks have a strategy on climate change, but the vast majority is not aligned with the goals of the Paris Agreement.

13.2. The idea of ensuring a just transition is generally not yet reflected in banks' climate strategies.

13.3. All but one of the surveyed banks indicate they will follow the TCFD recommendations, but implementation is not yet consistent.

Finding 14 – Governance structures at the surveyed banks are still insufficient to ensure an adequate response to the climate crisis.

14.1. At 40 per cent of surveyed banks, the board merely approves climate-related policies and targets and does not play a driving role.

14.2. All of the banks that responded to the survey have rolled out climate-related trainings, but despite this, the percentage of employees trained is generally still low.

14.3. 35 per cent of banks do not set any climate-related objectives or key performance indicators (KPIs) or provide climate-related incentives.

Introduction

Overview

The United Nations (UN) describes the climate crisis as the defining issue of our time[1]. The threat is unprecedented in scale and will have impacts across the globe: increasing extreme weather events, floods and droughts, melting glaciers and rising sea levels. Since the adoption of the Paris Agreement in 2015[2], there has been increasing momentum to tackle this emergency, supported by high-profile activists like Greta Thunberg and the climate strikes she has inspired across the world.

However, the latest reports of the Intergovernmental Panel on Climate Change (IPCC) highlight that what happens in the next few years will have a profound impact on the future of our planet, and there is not much time left to avert the most severe impacts of the climate crisis[3]. The Principles for Responsible Investment (PRI) in its Inevitable Policy Response highlights that financial markets today have not adequately priced in the likely near-term policy response to climate change, and recommends that investors act now[4].

Banks are crucial to tackling the climate crisis.

The banking sector has a crucial role to play in tackling this crisis. On the one hand, banks continue to finance high-carbon industries, enabling a range of activities that undermine efforts to keep global temperatures rises well below 2°C. A failure to meet the goals of the Paris Agreement would mean the physical impacts would increasingly start to materialise across regions, impacting a wide range of industries in an unpredictable way. Banks need to stop financing these industries to avoid disastrous consequences for the planet, but also for their own portfolios.

On the other hand, banks are also able to play a positive role by actively financing the low-carbon transition. In fact, successfully financing this transition without the support of the banking sector would be impossible. Many banks have already started to focus attention on the commercial opportunities associated with the low-carbon transition, but this process needs to accelerate. Importantly, this is not only about clients that can be clearly classed either as ‘green’ or as ‘brown’. Banks have the ability to influence companies across all types of industries – from steel and shipping to retail and IT – as all of them require banking services and all of them will need to respond to the climate crisis.

It is in this context that ShareAction releases this ranking of the 20 largest European banks, based on their responses to climate change. ShareAction has over ten years of experience conducting responsible investment research and rankings across different sectors of the finance industry. This includes its December 2017 assessment of the 15 largest European banks’ responses to climate change – the first edition of the present survey[5].

While the sector has made some ambitious commitments and improved its climate-related disclosure…

Since 2017, the banking sector generally has made some progress. The Principles for Responsible Banking, a flagship initiative joined by over 150 banks globally and coordinated by UNEP FI, were officially launched in September 2019. Through these Principles, signatory banks commit to align their business strategies "to be consistent with and contribute to individuals' need and society's goals", including the goals of the Paris Agreement[6]. The Principles were swiftly followed by the Collective Commitment to Climate Action, joined by 33 banking signatories who explicitly commit to "align their portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to well-below 2°C, striving for 1.5°C"[7].

In addition to these high-level commitments, the sector has also become much more transparent on their approaches to climate change. The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which have been officially supported by just under 100 banks globally, have been a key driver in improving the amount and content of the climate-related information banks publish[8].

… the sector's current response is still insufficient in light of the climate crisis.

However, these commitments and improved disclosures are not yet enough. The most recent research by Rainforest Action Network, BankTrack, and others, found that 35 of the world's largest banks from Canada, China, Europe, Japan, and the US have together funnelled US$2.7 trillion into fossil fuels in the four years since the Paris Agreement was adopted (2016-2019)[9].

The latest assessment report of Boston Common Asset Management also found that the plethora of risk assessment tools and green banking initiatives has had little impact on banks' actual behaviours, as demonstrated by the expansion of fossil fuel financing[10]. The findings of ShareAction's latest survey similarly indicate that the sector as a whole still has a long way to go before its response to climate change can be considered sufficient.

Investors are increasingly challenging banks' ongoing financing of fossil fuels…

As a result, the investor community has started to voice concerns. This initially consisted of requests for better climate-related disclosures from banks: in September 2017, over 100 institutional investors, coordinated by ShareAction and Boston Common Asset Management, with nearly US$2 trillion in assets under management (AUM) wrote to 62 of the world's largest banks, calling for a strengthening of climate-related disclosures[11].

More recently, and in light of improved disclosures from banks, investors have demonstrated an increasing willingness to go beyond disclosure and challenge the content of banks' policies. In 2019, investors wrote letters to HSBC, Barclays and UniCredit to ask them to improve their sector policies on fossil fuels[12,13,14]. In December 2019, investors filed a shareholder resolution at Barclays, asking the bank to phase out its financing of fossil fuel companies that are active in driving the climate crisis[15]. Investors will need to continue and ramp up this engagement to ensure the banking sector plays its part in minimising the impacts of the climate crisis.

... while policymakers and regulators are starting to introduce climate stress tests and measures to promote green finance...

Policymakers and regulators have also started to react. At a national level, for example, the central banks in France and the UK are gearing up to stress test the implications of climate change on financial stability[16,17]. The Bank of England published a supervisory statement on enhancing banks' approaches to managing the financial risks from climate change[18]. In the Netherlands, the Dutch central bank recently consulted on a good practice guide on how banks can integrate climate-related considerations into risk management processes[19].

At EU-level, there is now an EU-wide classification system for sustainable investments (Taxonomy), which defines what constitutes an environmentally sustainable economic activity[20]. The European Banking Authority (EBA) has developed an Action Plan on Sustainable Finance and recommends banks proactively incorporate environmental, social and governance (ESG) considerations into risk management and strategies.

On a global level, the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), which now counts 55 members, aims to strengthen financial institutions in their role to manage risks and to mobilise capital for low-carbon investments[21]. These are all positive steps, which policymakers and regulators need to build on to support the sector in its transition while maintaining financial stability and avoiding the worst impacts of climate change.

... and an increasing number of retail bank customers are questioning how banks use their deposits.

Websites that allow retail customers to compare their bank's performance on climate change and other sustainability-related issues against peers' are gaining in popularity. For example, Mighty Deposits covers banks in the US, Market Forces covers banks in Australia, and the Fair Finance Guide covers a range of countries, including the Netherlands, Germany, Brazil and Thailand[22,23,24].

The use of petitions to challenge banks on their positions is also increasingly common: in December 2018, for instance, a petition coordinated by Greenpeace was sent to Barclays, with over 138,000 signatures (including more than 30,000 Barclays customers), about their policy on funding tar sands pipelines. More than 6,000 of these Barclays customers indicated they were ready to switch their accounts[25]. This mounting engagement from retail customers adds another layer of pressure on banks to increase their climate-related ambitions.

The time for action is now.

We hope that this report comes at an opportune time to help banks, investors, policymakers, regulators and retail customers rapidly drive up ambition in the banking sector. In the context of the climate crisis, the urgency can hardly be overstated.

How to use this report

This report and its recommendations are designed to be of practical value for key stakeholders in the financial community:

Banks can use this report and the personalised scorecards to benchmark their individual performance and inform areas for improvement. Examples of leading practice have been included throughout the report to help raise awareness of how leading peers are responding to various climate-related issues.

Investors can use the information in this report to engage with the banks in which they hold shares or bonds to challenge them on areas of poor performance and to highlight positive trends set by leading players.

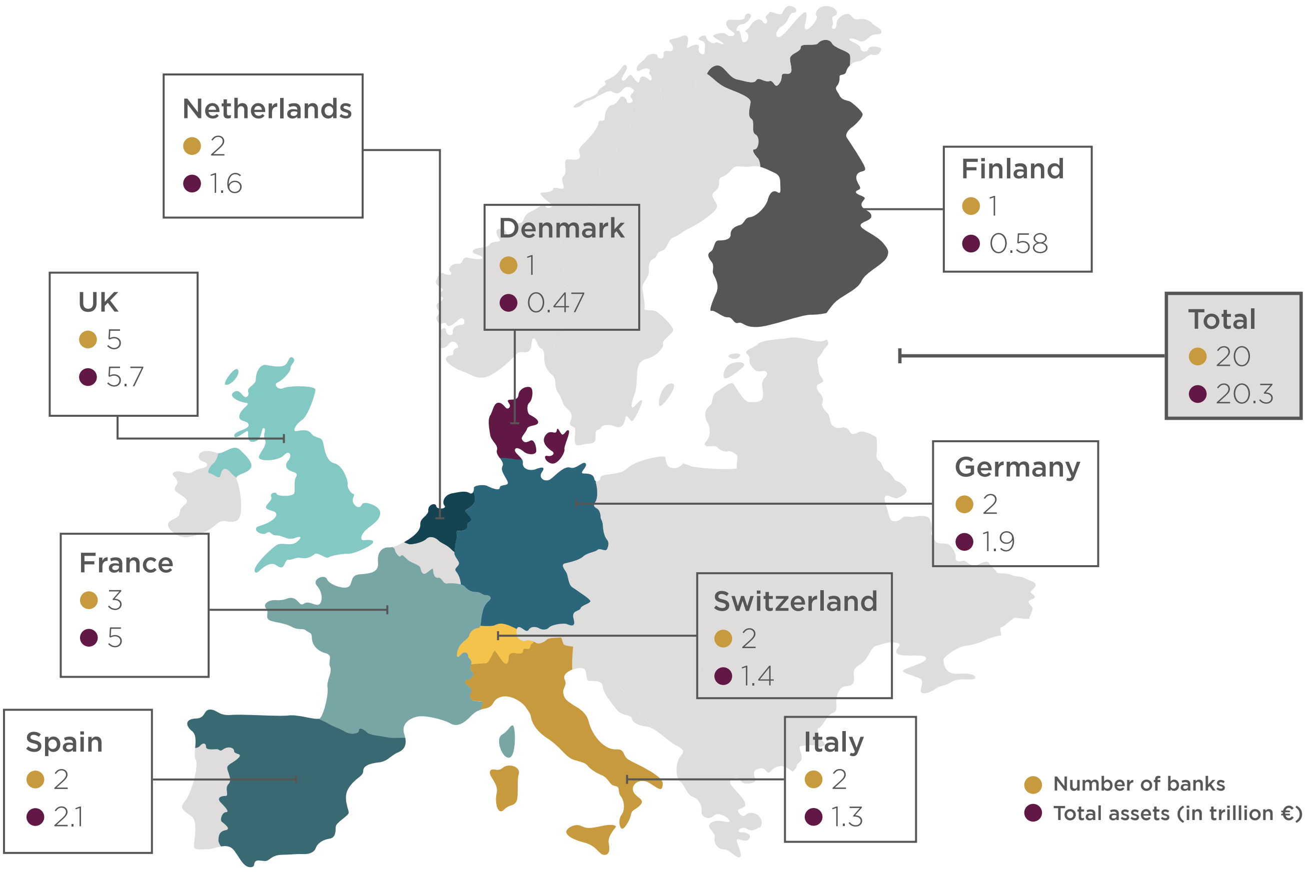
Policymakers and regulators can use this report to identify areas of sector-wide strength and weakness and to determine appropriate policy action that helps protect bank customers and the public interest.

Retail customers can use the information in this report to find out about their banks' climate-related performance, to assess how aligned they are with their own values and/or concerns about climate change, and to challenge them on areas in which they performed poorly.

Methodology

Scope

Figure 3: Number of banks and total assets per country



This survey features the 20 largest banks in Europe. We selected banks based on their total assets, according to the Business Insider list of the 50 largest banks in Europe[26]. We excluded those banks that are not publicly listed, as it would be more difficult for institutional investors to engage with them. This means that we assessed banks with assets totalling over 20 trillion €, headquartered in:

- the UK (HSBC, Barclays, Lloyds Banking Group, Royal Bank of Scotland (RBS) and Standard Chartered),
- France (BNP Paribas, Crédit Agricole and Societe Generale)
- Spain (Santander and Banco Bilbao Vizcaya Argentaria (BBVA)),
- Germany (Deutsche Bank and Commerzbank*),
- the Netherlands (ING and ABN AMRO*),
- Switzerland (UBS and Credit Suisse),
- Italy (UniCredit and Intesa Sanpaolo*),
- Finland (Nordea*),
- and Denmark (Danske Bank*).

This includes all of the banks we assessed in the first edition of this survey, published in December 2017, as well as five new banks marked with an asterisk (*) in the list above.

Survey questionnaire

The survey questionnaire broadly follows the TCFD recommendations, which include sector-specific guidelines for banks. However, it also aims to go beyond this and offer concrete suggestions for the participants to facilitate TCFD implementation through the questions asked and answer options given. The survey questionnaire is comprised of four sections:

1. Theme I: Climate-related risk assessment and management

This section assesses how exposed banks are to carbon-related[i] assets[27], and how they carry out climate-related risk assessments and integrate their outcomes into decision-making and sector policies.

This section makes up 35 per cent of the total score.

2. Theme II: Low-carbon products and services

This section assesses how exposed banks are to low-carbon assets, the types of low-carbon products and services they have developed and the related due diligence carried out.

This section makes up 35 per cent of the total score.

3. Theme III: Public policy engagement and collaboration with other actors

This section assesses how banks engage with policymakers, regulators and trade associations to ensure the broader landscape is supportive of the banking sector's low-carbon transition, as well as how banks are collaborating with civil society to achieve this.

This section makes up 15 per cent of the total score.

4. Theme IV: Governance, strategy and implementation

This section assesses the banks' governance structures, including climate-related incentives for the board and training opportunities, as well as their climate strategies.

This section makes up 15 per cent of the total score.

Themes I and II are awarded a higher weighting as they are reflective of the sector's efforts to shift their assets from brown to green, while Themes III and IV are more focused on the processes and collaborations that enable them to do so.

The structure of the questionnaire is identical to the one used for the first edition of this survey. Questions were also generally the same, although some questions and answer options were added based on either new research carried out by ShareAction or an evolving external context. This means that, although the questionnaire was not identical, results for most questions are comparable with the first edition of the survey for those banks that were included in 2017.

The full survey questionnaire can be found in Appendix 1.

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i For carbon-related assets, we refer to the definition provided by the TCFD, as those assets tied to the energy and utilities sectors under the Global Industry Classification Standard, excluding water utilities and independent power and renewable electricity producer industries.

Survey process

Before sending out the survey questionnaires to the banks, we prefilled them with publicly available information (from 2018 annual reports, sustainability reports and the banks' websites) to alleviate the burden on participants. We sent these prefilled questionnaires to the surveyed banks on 8th October 2019 and asked them to check and complete it with up-to-date information.

Out of the 20 assessed banks, 95 per cent (19 out of 20) responded to our questionnaire. Danske Bank chose not to participate and was assessed based on publicly available information alone, accessed via the bank's website, annual report and sector policies.

The final deadline for banks to respond to our questionnaire was 6th December 2019. Any information published by banks subsequently was not taken into account in our assessment.

Rating and scoring

Based on their score, each participant is assigned a rating band, ranging from 'Best practice' to 'Laggards' (see Figure 4). Compared to the 2017 edition of the survey, we added the rating band 'Best practice' to illustrate that, despite it being two years since ShareAction's last survey and there having been numerous shifts in the regulatory and economic context, no bank is yet adequately managing climate-related risks and opportunities.

Figure 4: Explanation of rating bands

Rating band	Score	Explanation
Best practice	80–100%	Best practice performance in managing climate-related risks and opportunities across all assessed areas
Leaders	50–79%	Strong management of climate-related risks and opportunities across multiple assessed areas
Building capacity	40–49%	Some progress in the management of climate-related risks and opportunities across some assessed areas
Business as usual	30–39%	Management of climate-related risks and opportunities across some assessed areas
Laggards	0–29%	Little evidence to suggest adequate management of climate-related risks and opportunities

Alongside the scores and rating bands, this report also provides scorecards with personalised recommendations for each bank (Appendix 2). These recommendations are based on the publicly available information examined as well as the survey responses. ShareAction intends to discuss these recommendations with each bank and its shareholders.

Findings

Ranking

Figure 5: Ranking of the 20 largest European banks based on their response to climate change

Rating band	Rank	Bank	Score in %
Best practice			
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Leaders	1	BNP Paribas	63.2
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	4	HSBC	47
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	7	Societe Generale	43.8
	8	Standard Chartered	41.2
	9	Santander	40.8
	10	ABN AMRO	40.5
Business as usual	11	Barclays	39.5
	12	BBVA	36.8
	13	Deutsche Bank	36.3
	14	Nordea	33.3
	15	RBS	32.4
	16	UniCredit	32
	16	Commerzbank	32
	18	Credit Suisse	30.3
Laggards	19	Intesa Sanpaolo	27.8
	20	Danske Bank*	12.5

This ranking is based on data that was available to ShareAction on 6th December 2019. Several banks have made updates to their approaches to climate change since then, and these have not been reflected in this ranking.

* Danske Bank chose not to participate in the survey, so was scored based on publicly available information only. The bank's score is therefore likely to insufficiently reflect the bank's actual performance and approach to climate change.

General findings

Finding 1 – Banks' overall performance on climate change is still insufficient.

1.1. The average score achieved in the survey is just 39.9 per cent.

On average, surveyed banks are only halfway to achieving best practice, with the average score of our survey being 39.9 per cent. It is concerning that despite the urgency of tackling the climate crisis, the banking sector overall is still ill-prepared to respond to this systemic challenge. Banks' performance will have to improve rapidly if the sector is to stand any chance of aligning with the goals of the Paris Agreement.

1.2. No single bank demonstrates 'best practice' across all assessed areas.

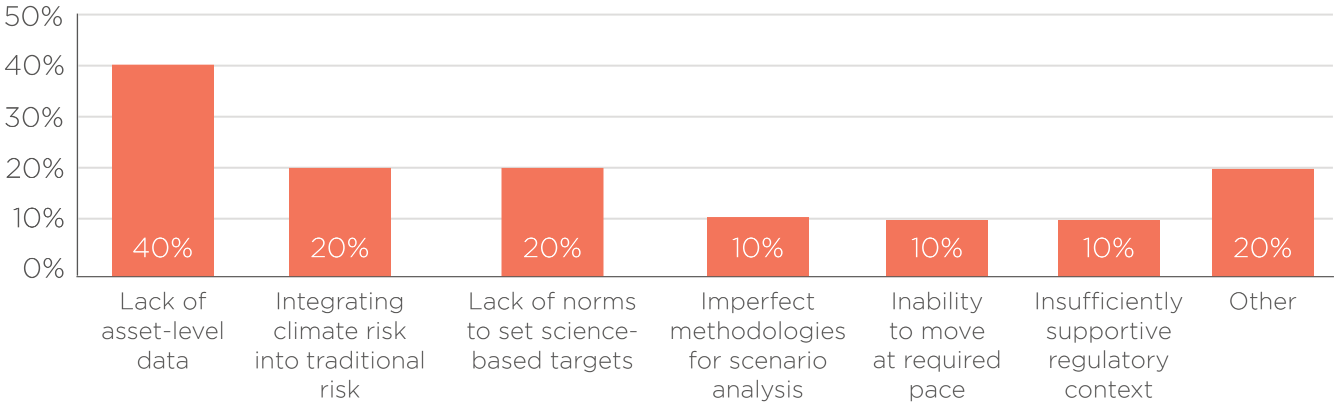
No bank scores 80 per cent or above in the survey overall, nor for any of the individual themes assessed. This means that no bank falls into the 'best practice' category, excelling at the management of climate-related risks and opportunities across all assessment areas. Nevertheless, some banks demonstrate leading practice in specific areas – these are highlighted throughout this report.

1.3. Key barriers to improvement faced by banks include a lack of data, challenges in integrating climate-related risks into traditional risk management processes and a lack of market norms for Paris-alignment.

As part of our questionnaire, banks were posed an open-ended question, asking them to identify key gaps in their responses to climate change. The most commonly cited challenge is a lack of asset-level data, with 40 per cent of banks highlighting this as a barrier.

The second most cited challenges, each mentioned by 20 per cent of banks, are integrating climate-related risks into business strategy and traditional risk management processes, and the lack of market norms for banks to set science-based targets and align with the goals of the Paris Agreement. Imperfect methodologies for carrying out scenario analysis, an inability to move at the pace required both by the banks' leadership and the external context, and an insufficiently supportive regulatory context were each cited by 10 per cent of banks.

Figure 6: Barriers to improvement identified by surveyed banks



Science-based targets (SBTs) for financial institutions

A solution to one of the challenges banks face might soon be available: the Science Based Targets Initiative (SBTi) has been working in collaboration with the World Resources Institute (WRI), WWF and CDP to develop a methodology that will allow banks and other financial institutions to set targets aligned with climate science[28].

The methodology uses an asset-class-based approach to link financial institutions' investment and lending portfolios with pathways aligned with the latest climate science. Financial institutions have been closely involved in the development process, and some have taken part in road-testing this new approach. In a second phase of this project, the SBTi will work on assessing financial institutions' scope 3 targets and provide support for reporting on the link between targets and emissions reductions in the real economy.

Other challenges, each receiving one mention, include developing an offering for retail customers, carrying out client engagement on climate change more systematically, an IT system that is unable to tag loans as 'green' or 'brown', and a lack of attractive low-carbon projects for banks to finance.

Finding 2 – Despite relatively strong governance processes and strategies on climate change, climate-related risks are not yet adequately managed.

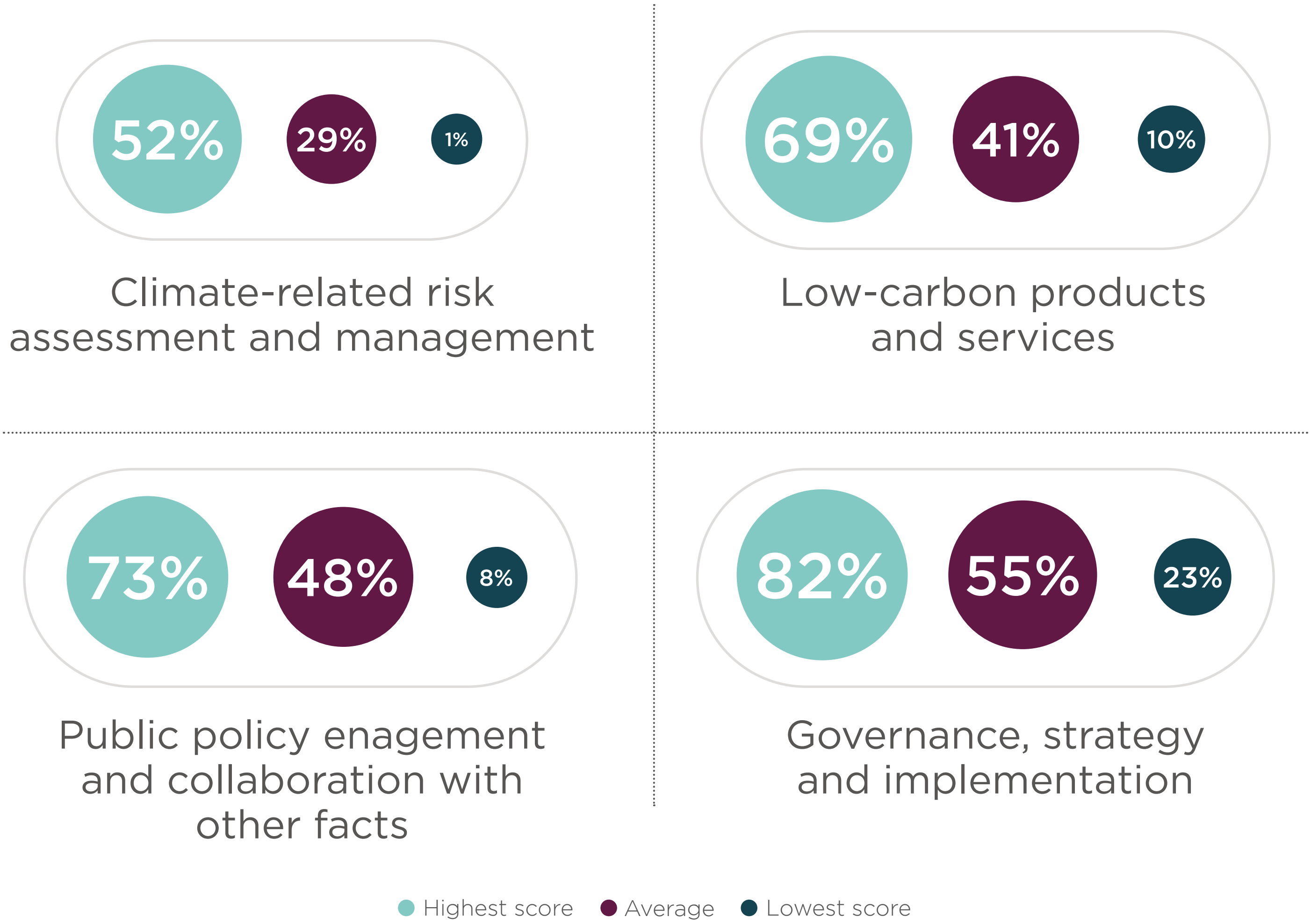
2.1. Surveyed banks' performance was strongest in the section 'Governance, strategy and implementation', with an average score of 55 per cent.

Banks' performance is the strongest on 'Governance, strategy and implementation', compared to other themes. Nevertheless, an average score of 55 per cent also shows that there is still a long way to go. There is generally board-level awareness of climate-related issues, although boards have not necessarily been a driving force in tackling the climate crisis yet. All banks also have a climate change strategy, although levels of ambition and detail within these strategies are mixed.

2.2. Banks' performance was weakest in the section on 'Climate-related risk assessment and management', with an average score of 29 per cent.

The relatively strong performance in terms of climate-related governance and strategy has not yet led to adequate approaches to risk assessment and risk management. Banks generally have low scores in the section of the survey focused on risk. This suggests that they are to a large extent still in the dark as to how climate-related risks might impact their own portfolios, and how their portfolios might exacerbate climate-related risks in the real world. As long as these risks are not assessed properly, it will also be impossible to manage them adequately. Managing climate-related risks is the key area identified in this survey as requiring urgent improvement.

Figure 7: Average, lowest and highest scores per survey section



Finding 3 – It is possible for a bank to drastically improve its climate-related performance within a short timeframe.

3.1. One bank (Lloyds Banking Group) has shot up the ranking, from last in the first edition of this survey to second place this year.

Lloyds Banking Group has made a drastic improvement within a short space of time. It has only been just over two years since the bank was ranked last in ShareAction's first survey. Lloyds Banking Group decided to focus efforts on improving its approach to climate change. This has clearly yielded results, as the bank is now a leader in the field, being the first surveyed bank to have set an ambitious numeric target to reduce the carbon intensity of its lending activities.

This finding is encouraging, considering that generally banks are not yet adequately tackling the climate crisis. According to the latest science, the world is not currently on track to meet the necessary drop in greenhouse gas emissions (around 45 per cent by 2030[29]). There is not much time left. However, it is still possible for the banking sector to turn around quickly and play its role in ensuring a successful low-carbon transition.

Theme I: Climate-related risk assessment and management

Finding 4 – All banks acknowledge the relevance of climate-related risks, but integration into traditional types of risk assessment is still incomplete.

4.1. All banks that responded to the survey have discussed climate-related risks in their Group Risk Committees, and 30 per cent have also discussed it in their Group Audit Committees.

This is an increase from the first edition of this survey when 74 per cent of Group Risk Committees and just six per cent of Group Audit Committees had discussed climate change. As the body in charge of overseeing the organisation's disclosure process and financial reporting, it is important that the Group Audit Committee is aware of the potential climate-related implications on the bank's activities. It is positive that decision-makers at the most senior levels appear to be increasingly aware of the relevance of climate-related risks and the ways in which they might impact individual banks and the sector as a whole. The fact that they dedicate their time to discussing these issues indicates an increasing recognition of the banking sector's role in tackling the climate crisis.

4.2. 70 per cent of banks state that they integrate climate-related risks into traditional types of risk assessment.

Traditional types of risk assessment include market, credit, and liquidity risks. Despite the increasing awareness of climate-related risks at the most senior levels, many banks have not yet integrated their climate-related risk assessment into these types of assessment. This is concerning, because without adequate risk assessments it is unlikely banks will be able to manage climate-related risks appropriately.

It is important climate-related risks are integrated into traditional types of risk assessment, rather than treated as a separate category of risk, because climate change is likely to impact each traditional risk type. For example, climate change could contribute to a wide range of market risks – affecting commodities and currency valuations. Physical and transition risks are likely to impact commodity prices (such as oil and agricultural commodities), and extreme weather events can reduce the value of currencies in countries where there is widespread economic disruption.

Finding 5 – The use of scenario analysis is now widespread, but the range of scenarios used and application across portfolios is still limited.

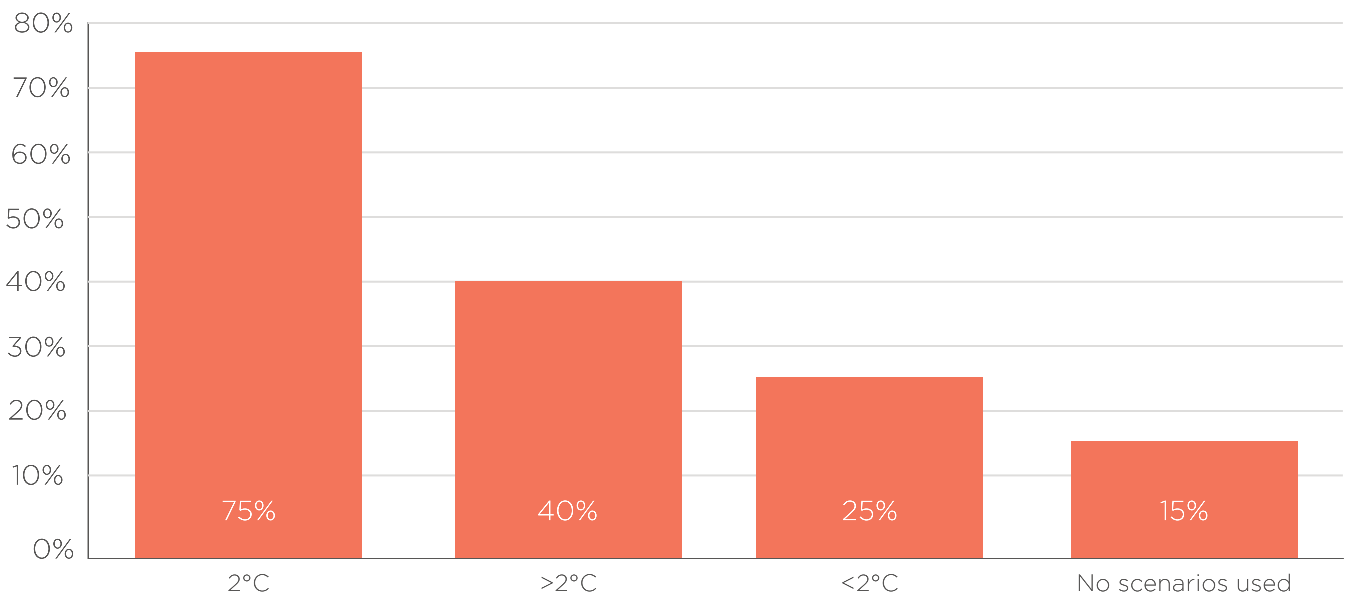
5.1. 85 per cent of banks surveyed have conducted scenario analysis, although just 60 per cent of banks publicly disclose any details or results.

This constitutes considerable progress since the first edition of this survey, when only 33 per cent of banks indicated they had carried out scenario analysis and just 13 per cent disclosed any information about it publicly. As climate change presents unprecedented and system-wide risks across the economy, it is inadequate to base risk assessments on historic data and assumptions.
As recommended by the TCFD, all banks should carry out forward-looking scenario analysis, assessing how a range of different climate scenarios could impact each institution and its exposures[30]. The results of this analysis should be made publicly available, as well as any actions the bank has decided to take as a result, so that investors and other stakeholders are able to evaluate the robustness and effectiveness of this process.

5.2. The range of scenarios banks use is still insufficient, with just 40 per cent using >2°C scenarios, and 25 per cent using <2°C scenarios.

The most common scenario used by banks is aligned with a 2°C pathway (used by 75 per cent of banks). However, due to the uncertainty around which climate scenario will eventually unfold, assessing portfolios against only one scenario is insufficient, as it ignores a range of alternative plausible possibilities. As it stands, the world is not currently on track to successfully limit global temperature rises to 2°C. Therefore, banks only focusing on a 2°C scenario are ignoring what arguably currently appears to be the most realistic scenario.

Figure 8: Percentage of banks using different types of scenario



Limitations of frequently used scenarios

Even where banks use an adequate range of scenarios, limitations remain. This is due to the gaps and imperfections within commonly applied scenarios.

Among the most frequently used scenarios are those provided by the International Energy Agency (IEA) World Energy Outlook (WEO). These scenarios have been criticised, partly because they rely heavily on large-scale negative emissions technologies, whose scalability and effectiveness are as yet uncertain[31]. In November 2019, 65 pension funds, insurers, large companies, think tanks and environmental organisations wrote to the IEA to request it reduce its reliance on such technologies[32]. The banks that have signed up to the Collective Commitment to Climate Action also intend to engage with scenario providers on the development of clear and feasible scenarios.

Beyond these limitations, a further difficulty banks face is in applying scenarios that were generally developed for policy analysis or research, not for financial risk assessments. Commonly used scenarios describe the various factors that could impact sectors through policy, technology or market changes. They do not, however, translate this into financially relevant information at a sector-, let alone company-level.

To bridge this gap, 16 banks coordinated by UNEP FI came together and collaborated on two reports: one on transition risks, and one on physical risks[33]. These publicly available reports provide useful information for other banks developing their approaches to scenario analysis. 35 per cent of banks surveyed contributed to these reports.

5.3. Only one bank states that it has carried out scenario analysis at group level, covering all assets.

All other banks that have conducted scenario analysis have only done so for a portion of their assets. In the case of a successful low-carbon transition, the negative impacts of climate change on banks' portfolios are likely to be largely focused on exposures to carbon-related assets. However, an unsuccessful or delayed transition would entail a considerable increase in physical risks that would materialise across wider industries and regions, and therefore across banks' portfolios. It is insufficient to only look at a subset of assets: scenario analysis needs to be carried out across the bank.

Leading practice example: Scenario analysis at UBS

UBS is the only surveyed bank to have carried out a top-down scenario-based stress test to assess firm-wide vulnerability to climate change. The top-down analysis is similar to macro-economic stress testing, in that it uses climate scenarios to estimate impacts to key macro-economic variables and subsequent impacts on the bank's financial assets (including balance sheet), operational income, and physical assets. UBS leveraged existing top-down stress-testing methodology and developed its own climate scenario, which assumes that severe weather events will result in governments around the world agreeing to implement carbon pricing mechanisms.

UBS has also carried out a bottom-up analysis, focusing particularly on real estate portfolios in California and Switzerland, as well as the energy sector. Through bottom-up analysis, information about individual debtors or assets on a bank's balance sheet is considered, making the process more applicable and decision-useful for the bank in terms of specific portfolios and potential vulnerabilities in high-risk sectors. For UBS, the results of the analysis played a key role in the revision of the bank's environmental and social risk policy, in particular the restriction of financing for coal. Most recently, as part of the aforementioned UNEP FI pilot project, UBS, along with other banks, conducted analysis of 1.5°C, 2°C, and business-as-usual 4°C scenarios. Both physical and transition risks were considered. The work with UNEP FI has now entered into a second phase to advance methodologies and scenarios.

The results of these various approaches employed by UBS have so far not identified any significant climate-related risks on the bank's balance sheet. However, the bank is committed to continuing to work internally and with peers on improving data availability, scenario applicability and methodology development. As long as these are not reliably available, respective financial risk analysis cannot be considered robust and banks' efforts are hampered.

Finding 6 – Disclosures and target-setting in relation to banks' exposures to carbon-related assets are still low.

6.1. Only 60 per cent of banks disclose the extent of their exposure to at least one type of carbon-related asset.

The TCFD suggests banks define carbon-related assets as those assets tied to the energy and utilities sectors under the Global Industry Classification Standard, excluding water utilities and independent power and renewable electricity producer industries[34]. Disclosure of banks' exposures to these sectors is crucial, as it allows investors and other stakeholders to assess, firstly, how affected a bank might be by a rapid low-carbon transition, in which such assets might lose value very quickly, and, secondly, to what extent a bank is contributing to the climate crisis.

This information is most useful when it is provided both in terms of absolute exposure, as well as a percentage of total assets, to allow for comparability between banks. However, most banks that currently do disclose this information, only provide absolute amounts. Only ten per cent of surveyed banks currently disclose the amount and percentage for all types of carbon-related assets (coal, oil and gas, and utilities).

No banks publicly disclose the percentage of carbon-related assets as a proportion of their underwriting activity in either equity or debt capital markets, nor as a proportion of risk weighted assets.

Leading practice example: Disclosures on credit exposure by ING

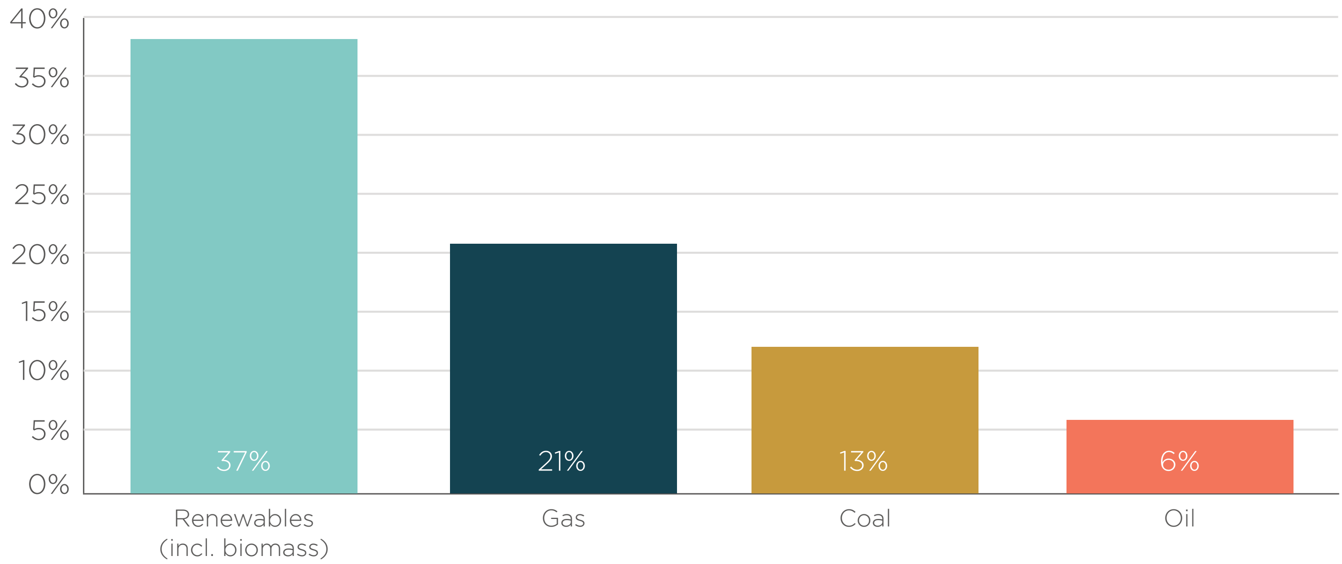
ING applies the statistical classification of economic activities in the European Community (NACE) to its lending portfolio, breaking it down into 615 subsections of NACE Level 4. This level of disclosure is far beyond what is publicly disclosed by assessed European peers. An example of this level of granularity is shown below[35].

Activity	Exposure in x1,000 €
Extraction of crude petroleum	6664.214
Extraction of natural gas	2210.788
Support activities for petroleum and natural gas extraction	3437.684
Mining of hard coal	354.275
Mining of lignite	90.249
Distribution of electricity	2.373.059
Distribution of gaseous fuels through mains	665.705
Production of electricity	10.630.020
Transmission of electricity	545.485

6.2. Only 30 per cent of banks publicly disclose a breakdown of their financed power generation portfolio. For the banks that disclose this information, renewables make up an average of 37 per cent of the power generation portfolio.

When comparing this to the energy mix of the EU, it is encouraging that the proportion of renewables in banks' portfolios is higher. Renewables currently only present 26 per cent of the EU's electricity mix[36]. Nevertheless, it is concerning that 40 per cent of banks' financed power generation portfolio is still in fossil fuels, because the ongoing financing of this industry is hindering a successful low-carbon transition.

Figure 9: Average percentage of power generation financed per power source

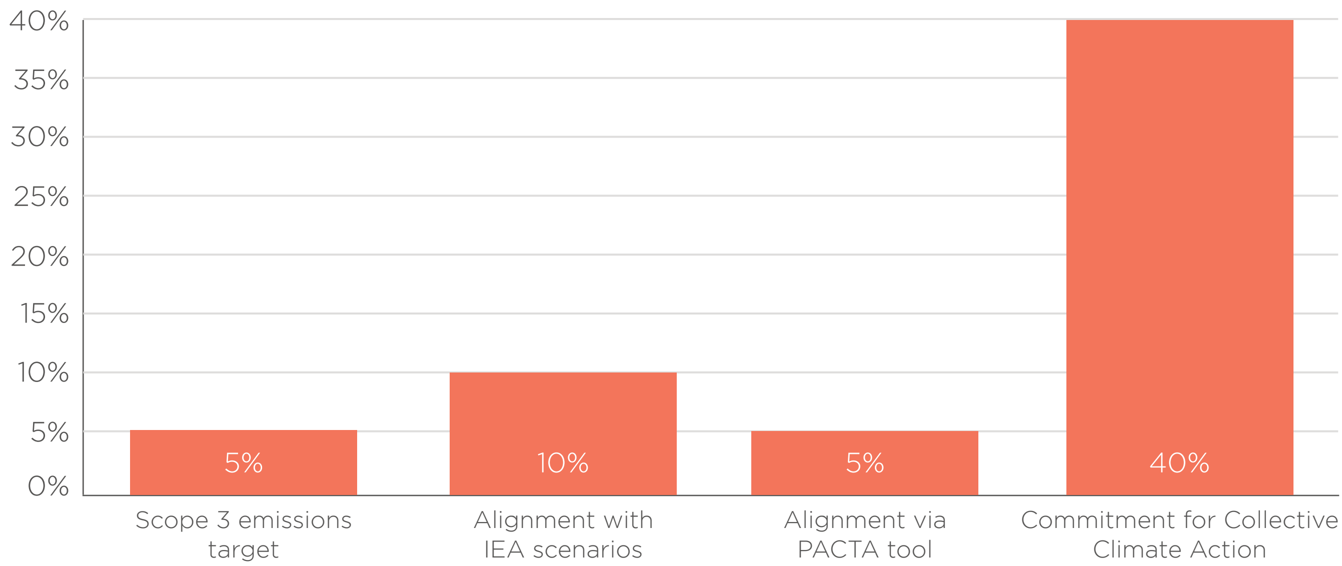


6.3. Only one surveyed bank has set a percentage target for the reduction of the carbon intensity of its lending portfolio.

It is concerning that no bank has set targets to reduce exposure to carbon-related assets specifically, and only one bank has set a target in relation to scope 3 emissions. Target-setting is important, because it allows a bank to measure progress against its ambition and ensure it is on track. Public target-setting is also a useful tool to allow investors and other stakeholders to compare different banks' levels of ambition.

Nevertheless, it is encouraging that some banks have at least started taking steps towards target-setting. 10 per cent of surveyed banks have committed to align their energy portfolios with various IEA scenarios (Sustainable Development Scenario and 450 Scenario). One further bank states that it aims to align carbon-intensive sectors within its portfolio with a 2°C scenario, using the PACTA tool developed by the 2° Investing Initiative[37]. Moreover, 40 per cent of surveyed banks signed up to the Commitment for Collective Climate Action. This will require these banks to set targets for portfolio alignment with a well below 2°C scenario within three years of signing up to the commitment.

Figure 10: Target-setting for the reduction of the carbon intensity of lending portfolios



Leading practice example: Target-setting by Lloyds Banking Group

Lloyds Banking Group was the only bank to set a numeric target to reduce the carbon intensity of its lending activities at the time this survey was conducted. The bank aims to cut the carbon footprint of its lending activities by more than 50 per cent by 2030, which it estimates is the equivalent of removing the emissions produced by almost a quarter of UK homes[38]. This makes them the first major European bank to commit to align its lending with a 1.5°C scenario.

It is worth noting that, since this survey was conducted, RBS has now also committed to reduce the climate impact of its financing activities by at least 50 per cent by 2030[39]. This is, however, not reflected in our ranking, as this information was not available to us by the December 2019 deadline.

Finding 7 – Banks’ policies in relation to high-carbon sectors are currently still insufficient to ensure alignment with the goals of the Paris Agreement.

7.1. Most banks’ coal policies prohibit coal-related project finance, but exclusions of companies reliant on coal are still limited.

Coal is the most carbon-intensive fossil fuel, and research estimates that it needs to be phased out globally by 2040 to meet the goals of the Paris Agreement[40]. 80 per cent of banks surveyed have a policy to exclude project finance for coal mines and coal power globally. 55 per cent of banks restrict general corporate finance for new clients reliant on coal mining or coal power, while only 15 per cent exclude existing clients. Only one bank has pledged to phase out corporate finance for coal-reliant companies globally before 2030. An additional two banks target a 2030 phase-out in Europe.

Leading practice example: ING’s policy on coal

ING has a policy to reduce its exposure to coal power generation and coal mining to close to zero by 2025[41]. This means that by the end of 2025, ING will no longer finance companies in the utilities sector more than five per cent reliant on coal-fired power in their energy mix. Currently, the bank supports clients in the utility and mining sectors only when their reliance on coal is ten per cent or less and they have a strategy to reduce their coal percentage to close to zero by 2025. ING’s lending to individual coal-fired power plants will also have been phased out by 2025, and it has not financed any plants since 2015.

7.2. No bank has set a phase-out target for oil and gas financing, with bank’s oil and gas policies largely focused on unconventional oil and gas.

No surveyed bank has set a phase-out target for the entire oil and gas sector or introduced any financing prohibitions for conventional oil and gas. 65 per cent of banks have a policy to exclude project finance for at least one type of unconventional oil and gas. This includes Arctic drilling, tar sands and pipelines, ultra-deepwater drilling and LNG export. Only 35 per cent of banks have a policy to restrict general corporate finance to those companies heavily engaged in unconventional oil and gas.

The IPCC indicates that staying below 1.5°C of warming will require phasing out fossil fuels[42]. As they have started doing with coal, banks need to look further ahead and start planning for reductions in oil and gas financing too, starting with exploration.

Leading practice example: Unconventional oil and gas policy of BNP Paribas

BNP Paribas is the only surveyed bank to apply project finance and general corporate finance exclusions to all types of unconventional oil and gas. In terms of project finance, BNP Paribas has committed not to finance any unconventional oil and gas and pipelines transporting a significant volume of unconventional oil and gas[43]. The bank has also decided to stop providing financial products or services for companies where unconventional oil and gas accounts for a significant proportion of reserves, revenues trading, or supply to pipelines and export terminals.

Bank financing of the fossil fuel industry

The latest research by RAN, BankTrack and others found that 35 of the world's largest banks from Canada, China, Europe, Japan, and the U.S. have together funnelled US$2.7 trillion into fossil fuels in the four years since the Paris Agreement was adopted (2016-2019)[44]. According to this research, among the banks included in this survey, Barclays is the largest supporter of fossil fuels over this four-year period, with HSBC second. Moreover, some of the surveyed banks (HSBC, Credit Suisse, Santander, BNP Paribas, Crédit Agricole, Deutsche Bank, Societe Generale, and UBS) were bookrunners for the initial public offering (IPO) of Saudi Aramco, the world's largest oil producer[45].

This survey of ShareAction covers banks' fossil fuel policies, but also looks at how they manage climate-related risks more broadly, how they contribute to financing the low-carbon transition, and what tools and resources they use and processes they have set in place to achieve this. This decision was taken in order to capture the European banking sector's overall preparedness for the low-carbon transition, and to provide a comprehensive picture of the sector's current approach to climate change.

Despite this, ShareAction recognises the urgent need for banks to phase out their ongoing support for the fossil fuel industry and is concerned by the latest figures released by RAN, BankTrack, and others.

The sector's support for fossil fuels seriously undermines efforts towards climate action elsewhere within the banks and puts a question mark over how seriously they are really taking the climate crisis.

7.3. Banks' policies on land use-related sectors are not yet very developed.

80 per cent of banks state they have a policy to manage risks in the palm oil sector, 75 per cent for paper, pulp, and timber sectors, and 60 per cent for soy. However, with the exception of some palm oil policies, these policies often only briefly mention these sectors without outlining a detailed strategy or approach.

Fewer banks have policies focused on cattle and biomass, at 40 per cent and 25 per cent respectively. The cattle industry is crucial due to its role in global emissions arising primarily from deforestation and methane production[46]. Again, even those banks that do mention cattle in their policies provide little detail about their approach to the sector.

As for biomass, predictions estimate that it could represent 20 per cent of total primary energy supply by 2030[47]. However, the carbon emissions from burning woody biomass can be greater than those of coal, and it takes decades for these emissions to be sequestered as forests regrow[48]. Banks need to develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power. Only 25 per cent of banks state that they assess the sustainability of the source of biomass, and no bank publishes details on the criteria used to do so.

7.4. Only 40 per cent of surveyed banks publish a policy on the shipping industry.

Only 40 per cent of banks disclose a shipping sector policy, despite the sector accounting for 2.4 per cent of global greenhouse gas emissions[49]. Should the shipping industry fail to decarbonise, this figure could rise by as much as 250 per cent by 2050 under a business-as-usual trajectory. Only one bank requires that companies disclose greenhouse gas emissions at fleet level, although two banks state they require clients to have a strategy and targets to reduce greenhouse gas emissions.

However, following the launch of the Poseidon Principles in 2019, transparency around the banking sector's approach to shipping sector is set to increase. Out of the 20 European banks surveyed, 30 per cent are signatories to the Poseidon Principles. This requires them to disclose the climate alignment of their lending to the shipping industry against the International Maritime Organisation (IMO) target to reduce emissions by at least 50 per cent by 2050[50]. This is significant, as European banks and companies account for a significant proportion of the global shipping lending and operations: nine of the ten largest financiers of shipping and four of the top five global shipping companies are European[51].

7.5. Although all banks state they are engaging with some clients on 1.5°C alignment, only a quarter set clear objectives and timelines.

While all surveyed banks engage with some clients operating in the sectors most exposed to climate-related risks on 1.5°C alignment, only 25 per cent set clear objectives and timelines for clients as part of this engagement. Only 20 per cent outline what the consequences are if clients do not meet the objectives, and state that this could include ending the provision of financing and all other services. No bank includes details on this in loan covenants.

Through their activities, banks are connected to every economic sector. Although they do generally not own parts of companies in the same way that pension funds or asset managers do, they are still able to use these connections and leverage their influence to ensure that their clients are ready for the low-carbon transition and aligned with the latest climate science. Some leading banks demonstrate that this is possible.

Theme II: Low-carbon products and services

Finding 8 – Banks are actively looking to scale up green financing, but they still face structural barriers and the variety of approaches impedes comparability.

8.1. 70 per cent of banks publicly disclose targets to accelerate green finance, but disclosures on low-carbon underwriting are still minimal.

Out of the 20 banks surveyed, 70 per cent publicly disclose absolute targets to scale up green finance. This is encouraging, given the critical role that banks must play in mobilising private capital to finance the low-carbon transition, using both their own balance sheets and capital markets. According to the IEA, by 2030, spending on low-carbon energy will have to double from 2018 levels in order to meet the goals of the Paris Agreement[52].

Although underwriting in capital markets is set to play a key role for banks in delivering on green finance targets, at present, no European banks publicly disclose the share of their underwriting activity that is low-carbon. However, using data from the 35 per cent of bans that disclosed to ShareAction, green bonds account for 3.5 per cent of underwriting activity on average.

8.2. The variation in definitions and scope of green finance exposures and targets makes comparison between banks challenging for investors and other stakeholders.

Disclosures regarding current exposures to low-carbon assets and targets is disparate and non-standardised, hindering comparison between banks. Only 65 per cent of surveyed banks disclose absolute green lending exposures. Within these 65 per cent, there is little consistency in terms of the definition of green finance, so the absolute amounts provided are not comparable to each other. This poses a challenge for investors and other stakeholders, who are unable to compare different banks' low-carbon exposures and targets.

Recent WRI analysis on banks' sustainable finance commitments

Recent analysis by the World Resources Institute (WRI) aims to standardise sustainable finance targets across the banking sector, annualising targets and comparing them to annual fossil fuel financing[53]. Only half of the banks analysed by WRI have made sustainable finance commitments, indicating European banks are ahead of their peers globally (with 70 per cent disclosing targets).

WRI acknowledges that large variation in definitions, scope, and time horizon pose a barrier to analysis. For example, many banks group together green and social financing into a single target. In order to improve transparency, banks should have standalone green finance targets, or indicate how financing will be allocated within sustainable finance targets.

Interestingly, this research by WRI also shows that most banks are still investing considerably more in fossil fuels than they are targeting for sustainable finance: among the banks they analysed with active commitments, the average annual level of fossil fuel finance from 2016-2018 was nearly twice the annualised amount of sustainable finance commitments.

Leading practice examples: Green finance targets at Societe Generale and BBVA

Societe Generale has set a target that is clearly related to green finance. The bank has committed to deliver 120 billion € in financing for the energy transition between 2019 and 2023, updating their prior target of 100 billion € between 2016 and 2020[54]. In addition to being explicitly for low-carbon activities, the bank also discloses how it expects to reach the target, with 100 billion € through bond issuances and 20 € billion through advisory and financing.

BBVA, in contrast, has made a more general sustainable finance pledge: 100 billion € between 2018 and 2025. However, the bank provides a breakdown to allow stakeholders to assess how much of that will be allocated to the low-carbon transition – in this case 70 per cent. The rest is allocated to infrastructure and agribusiness, and initiatives linked to financial inclusion and entrepreneurship[55].

8.3. 70 per cent of banks have issued an independently verified green or sustainability-themed bond to finance their own operations.

Green bonds have also played an important role in the financing of the banks themselves. 75 per cent of banks have issued green bonds to finance their own operations. 70 per cent of banks issued green bonds that were independently certified. Independent certification is important to ensure a robust framework is in place to determine which use of proceeds qualifies as 'green'.

8.4. Banks list transaction costs, data, project pipelines and a lack of standardisation among key barriers to growth in low-carbon products.

In terms of low-carbon financial products, higher transaction costs in green bonds and loans are listed as a key barrier to growth. In particular, additional reporting and audit requirements act as a burden on smaller companies, limiting issuance. On top of this, variations in classification, rating, and disclosure frameworks add to inconsistencies in the ESG data required to evaluate, classify, and report on low-carbon assets. To address this, 15 per cent of banks mention the need for an agreed taxonomy. The EU Taxonomy is mentioned as a potential solution, with banks looking to integrate it into their classification frameworks.

Furthermore, in the renewable energy industry, the removal of state subsidies is noted as increasing project risk and the cost of capital, limiting the availability of new projects that banks can finance. In addition, due to the long maturity of renewable energy projects, a higher weighting is required in risk-weighted assets (RWAs), limiting the ability of banks to use their own balance sheets for direct financing. Banks also see corporate clients facing challenges that limit the amount of low-carbon opportunities in the project pipeline. For example, in harder-to-abate sectors, such as cement or steel, low-carbon technologies may not yet be commercially viable at scale.

8.5. Banks have been actively seeking out opportunities to provide adaptation finance, but a lack of clear criteria makes implementation difficult.

75 per cent of banks have been actively seeking out opportunities to provide adaptation finance. Adaptation finance constitutes the financing of adjustment processes to deal with actual or expected climate change and its effects, for instance installing flood defences or changing to heat tolerant tree varieties. However, banks see the lack of a clear taxonomy or criteria for adaptation finance as a barrier. To address this, banks can look to partner with multi-lateral development institutions to draw on their expertise.

Leading practice example: Delivery of adaptation finance by BNP Paribas

BNP Paribas is developing its offer of financial products and services in the domain of adaptation finance. Indeed, the bank considers adaptation finance to be an activity with a positive impact for financial institutions, allowing them to reach positive objectives within the framework of their core business activities.

BNP Paribas worked with the European Bank of Reconstruction and Development (EBRD) to issue the world's first climate resilience bond, raising US$700 million in line with the Climate Resilience Principles developed by the Climate Bonds Initiative (CBI)[56]. The funds raised will be used to build the climate resilience of infrastructure, businesses and communities in the countries where EBRD invests.

BNP Paribas also collaborated with the UN Environment Programme (UNEP) to provide microfinance for ecosystem-based adaptation activities undertaken by small-scale farmers in Colombia and Senegal. This partnership will be implemented under the umbrella of a project called Microfinance for Ecosystem-based Adaptation (MEbA), run by UNEP since 2012 in Colombia and Peru and, since 2018, in six Latin American and three African countries[57].

Finding 9 – The majority of banks are developing low-carbon products and services across banking divisions, but independent verification is still limited.

9.1. 70 per cent of banks have deployed staff in each major division to develop low-carbon products and services.

When developing low-carbon products and services, 70 per cent of banks have dedicated staff in each of the main banking divisions (including retail banking, commercial banking, corporate banking and investment banking) focused on this objective. Many banks also have a central sustainable finance team that coordinates efforts across divisions. To ensure banks harness low-carbon opportunities consistently and systematically across the bank, it is important to have teams in each banking division tasked with developing low-carbon products and services.

Measuring and accounting for impact

While it is positive that so many banks are actively seeking to expand their green product offering, it is important they also bear in mind the real-world impact this is having, and how these positive efforts could be undermined by the ongoing financing of the fossil fuel industry. This emerging impact lens is crucial if a bank wants to understand the real-world impacts of its financing decisions on the environment and society, both positive and negative. Considering impact in decision-making can help banks take a longer-term and more forceful approach to climate change.

The EU is already starting to think in this way, as shown by the graphic below, setting out the idea of 'double materiality'. ShareAction supports the move to not only think about and assess climate-related risks to banks' portfolios, but to also consider and account for portfolios' real-world impacts.

Figure 11: EU Non-Financial Report Directive diagram on 'double materiality' in the context of reporting climate-related information

9.2. Banks are developing a wide range of low-carbon products and services.

Outlined below are some of the low-carbon products and services offered by the banks surveyed across different banking divisions.

Retail & Commercial Banking: sustainable deposits, green mortgages, electric vehicle financing, home retrofits to improve energy efficiency (including high-performance boilers), off-grid solar, insurance coverage from physical climate risks, green loans for SMEs, electric vehicle fleets and charging infrastructure

Corporate & Investment Banking: green bonds, sustainability and green-linked loans (where interest rates are linked to clients' sustainability performance), green asset finance, green trade loans, carbon offsetting platform, sustainability-linked revolving credit facilities

9.3. Only 25 per cent of banks indicate that all of their low-carbon products are independently reviewed for their sustainability credentials.

In order to maintain integrity of the market, third party independent verification is an important feature of green finance products. Our survey indicates that 65 per cent of banks have some low-carbon products independently reviewed by a third party, while 25 per cent of banks have all low-carbon products independently reviewed. Only 25 per cent of banks publicly disclose an independent assessment of their low-carbon products, which limits transparency to stakeholders.

Theme III: Public policy engagement and collaboration with other actors

Finding 10 – All banks surveyed are engaging with their regulators on the low-carbon transition, but few banks engage with other policymakers or publish their positions on relevant issues.

10.1. 85 per cent of banks have dedicated resources within public affairs teams to support the transition to a low-carbon economy, and all banks indicate a willingness to engage with financial regulators on this topic.

85 per cent of surveyed banks have dedicated resources within their public affairs and policy teams allocated to climate-related issues. 25 per cent of banks encourage teams to raise climate-related issues in all engagements with policymakers. This indicates that climate change is a key priority in banks' engagements with policymakers and regulators.

Banks appear to be playing an active role by engaging with their regulators on finance sector-related policies that accelerate the transition to a low-carbon economy. This is taking place at the national level, for example with UK-based banks engaging with the PRA and the Bank of England, and at the European level, with banks forming part of the EU's Technical Expert Group on Sustainable Finance. In addition, banks are working with international organisations, such as the NGFS and UNEP FI, to develop policies and practices to support green finance. This level of engagement is likely a reflection of the increased focus on climate change by regulators.

10.2. Only 45 per cent of banks indicate that they are engaging with policymakers on the low-carbon transition within the context of the real economy.

In addition to engaging with regulators on policies to support green finance, banks can engage with policymakers on energy and climate policies that directly affect the real economy, rather than just the finance sector itself. Unless the real economy decarbonises, the ability of green finance to grow will be limited. However, the number of banks currently engaging with policymakers on these broader issues is still in the minority at only 45 per cent.

Leading practice example: Engagement with policymakers at Lloyds Banking Group

In addition to engaging with the PRA on supervisory expectations regarding climate change, Lloyds Banking Group has actively engaged with policymakers on broader issues related to the low-carbon transition. For example, the bank engaged with HM Treasury on policy discussions around benefit in-kind taxation on ultra-low emission vehicles, in order to encourage the government to implement policies which promote electric vehicles. Its recommendations were adopted by HM Treasury and will be written into law in the next finance bill in 2020. The bank is also currently engaging with the Office for Low Emission Vehicles to argue for them to retain the government grant for electric vehicles. To this end, Lloyds Banking Group has provided data on the cost of removing it for drivers and the likely unhelpful impacts removing it would have on drivers.

10.3. Few banks publish positions on climate-related policies.

Banks appear to be active in their climate-related engagement with policymakers and regulators, considering the allocation of resources. Despite this, few banks publish their positions on key climate-related policies. The most commonly publicly supported position is around the need for climate-related disclosures. This is publicly supported by 70 per cent of banks. In other key areas, such as carbon pricing, fossil fuel subsidies, and capital requirements, 20 per cent or fewer banks disclose their positions publicly.

Finding 11 – Transparency levels on trade association memberships are high, but few banks have processes in place to ensure trade associations' climate-related positions reflect their own.

11.1. 75 per cent of banks publicly disclose trade association memberships.

The majority of banks publicly disclose their trade association memberships. This is important, because it allows investors and other stakeholders to understand what policy and regulatory measures a bank is indirectly supporting, and to evaluate whether these are aligned with the banks' own stated positions.

11.2. Only 15 per cent of banks have governance systems in place to ensure trade associations' climate-related policy positions are aligned with their own.

Only 15 per cent of banks have governance systems in place to ensure alignment between their own positions on climate-related issues and those of trade associations they are members of. This is concerning, because it means most banks could inadvertently be contributing to the promotion of climate-related positions they are not supportive of or that might be misaligned with their own. Furthermore, in the case where a misalignment in positions is identified, only 10 per cent of banks would issue a statement outlining how their policy positions diverge from those of trade associations of which they are members, while only one bank states it would cease membership. It is concerning that most banks appear to have no clear position on whether they would be comfortable remaining members of associations whose views on climate change are misaligned with their own.

Finding 12 – Membership levels in climate-related industry initiatives is high and collaboration with a range of stakeholders is widespread.

12.1. There is a plethora of climate-related industry initiatives, with generally high membership levels among surveyed banks.

Apart from HSBC, at the time of surveying, all banks are signatories to the Principles for Responsible Banking (PRB), through which they commit to align their business strategy with the SDGs and the goals of the Paris Agreement. Some banks highlight how membership of the PRB has kicked-started internal efforts to develop methodologies for portfolio alignment. Nevertheless, as the gaps in banks' approaches identified in this report illustrate, PRB membership is not currently a sufficient indicator of leading practice on climate change. The PRB are still a relatively new framework, so signatory banks' actions over the coming months will determine its success.

Membership in other climate-related banking industry initiatives is also high (see Figure 12). Again, this is currently not indicative of good performance on climate-related issues, although it is positive that banks are collaborating on climate-related issues and common challenges the sector faces. This is also helpful for investors and other stakeholders, as it should lead to better and more comparable disclosures.

In the survey, banks were asked how membership of various initiatives has influenced organisational behaviour. In relation to the TCFD recommendations, multiple banks highlight how the requirement for public disclosure has prompted work streams generating material improvements in climate-related risk management. Likewise, membership of the Soft Commodities Compact, which requires a commitment to Zero Net Deforestation by 2020, has resulted in stronger policies in the soft commodities sector.

In relation to the TCFD recommendations, multiple banks highlight how the requirement for public disclosure has prompted work streams generating material improvements in climate-related risk management.

Figure 12: Industry initiative memberships

Initiative	Involvement of surveyed banks
CDP	100%
UNEP FI	100%
Green Bond Principles	95%
Principles for Responsible Banking	95%
Equator Principles	80%
UNEP FI banking sector initiative on TCFD recommendations	65%
Banking Environment Initiative	45%
Science-Based Targets	45%
Soft Commodities Compact	45%
Poseidon Principles	35%

12.2. All surveyed banks consult a wide range of stakeholders on climate-related issues, including civil society.

All banks show a willingness to engage with stakeholders beyond regulators and shareholders, in order to gather feedback from a wider audience. Many banks note that engagement with civil society through these consultations has influenced decision-making within their firm, particularly in relation to changes in policies on the energy sector and other environmentally sensitive sectors, such as forestry and soft commodities.

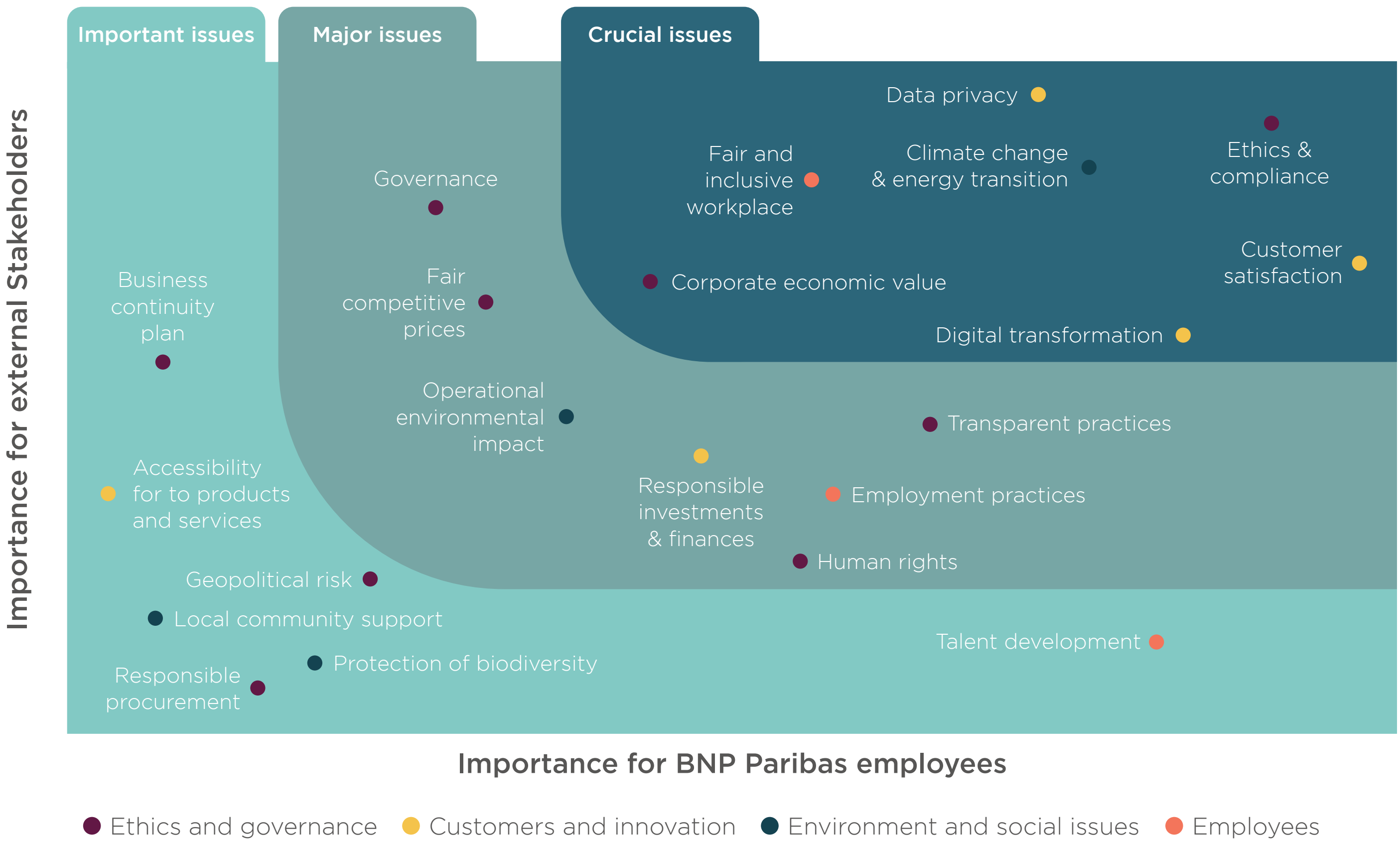
The motivation behind engagement with civil society appears to be twofold. First, banks benefit from the analysis and research carried out by civil society organisations when formulating policies and making climate-relevant decisions. Secondly, it enables banks to manage reputational risks. Several banks note that civil society organisations can shape the perception of banks both internally and externally.

Leading practice example: Stakeholder engagement at BNP Paribas

The stakeholder dialogue carried out by BNP Paribas has three aims: (1) business development and improvements in products and services, (2) optimising risk management, and (3) finding innovative solutions that have positive impacts on society.

To achieve this, the bank has developed a materiality matrix (see Figure 7), mapping key issues identified by stakeholders. Against the 21 issues identified, the bank created key performance indicators, which are tracked over time. Climate change and the energy transition were identified as critical issues, leading BNP Paribas to scale up its dedicated financing of renewable energy.

Figure 13: Materiality matrix of BNP Paribas



Theme IV: Governance, strategy and implementation

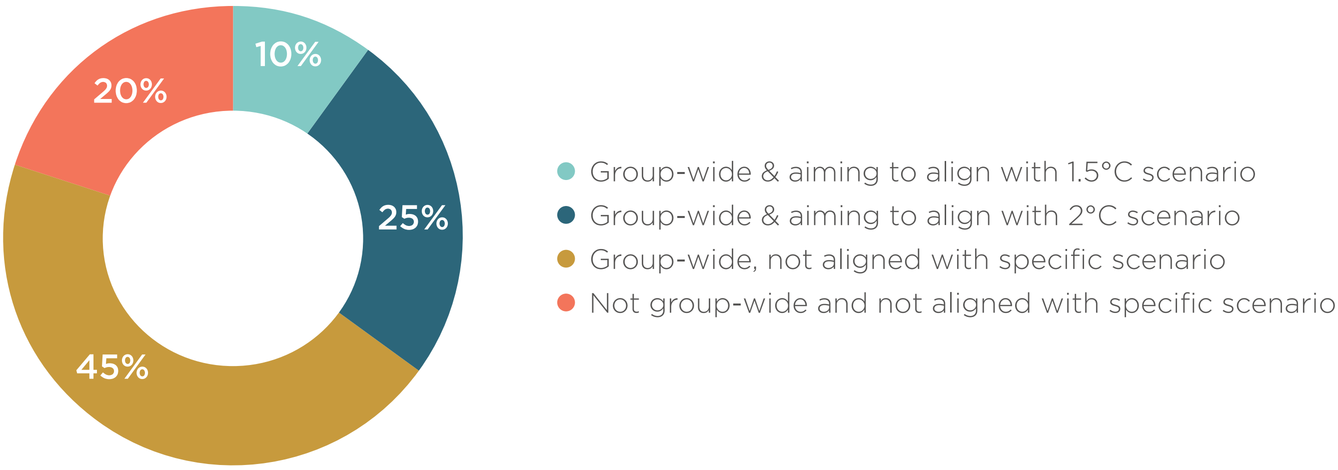
Finding 13 – All surveyed banks publish a strategy on climate change, but there is still great variation in terms of ambition and detail.

13.1. All surveyed banks publish a strategy on climate change, but the vast majority is not aligned with the goals of the Paris Agreement.

As large and influential actors in the economy, it is important that banks make it clear what their ambitions are in relation to the climate crisis. It is also crucial from a process point of view that banks have a clear strategy to set the overall direction, and from which more specific objectives and targets can then be derived.

Only ten per cent of surveyed banks have a strategy that is applied group-wide and claims to be aligned with a 1.5°C scenario. A further 25 per cent have a group-wide commitment they state is aligned with a 2°C scenario. 45 per cent have a group-wide strategy that is not aligned with any particular scenario. More encouragingly, 65 per cent of banks refer to all of the following areas in their climate strategies: (1) climate-related risks, (2) climate-related opportunities, (3) policy engagements and collaborative initiatives, and (4) governance and implementation.

Figure 14: Types of climate strategies adopted by surveyed banks



13.2. The idea of ensuring a just transition is generally not yet reflected in banks' climate strategies.

55 per cent of banks state that their climate strategy considers the human and labour rights impact of climate change, in line with a just transition. However, when asked to specify, these banks generally refer to their separate stand-alone policies on human rights or their commitment to the Sustainable Development Goals (SDGs). From this, it is not necessarily clear how links between climate change and human and labour rights issues are made and dealt with. A further 20 per cent of banks state they are planning to integrate the concept of a just transition into their strategies in future.

Ensuring a just transition

There are a number of different understandings of what constitutes a 'just transition'. The Paris Agreement, adopting a narrow approach, calls on governments to "take into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities"[58]. In this sense, a just transition is about protecting the rights and livelihoods of those workers whose skills might be less in demand as a result of the low-carbon transition.

In the broader definition, ensuring a just transition is not only of relevance for workers, but also for communities, consumers and citizens. This is the approach taken by the 'Banking on a Just Transition' research project, which is led by the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science and the Sustainability Research Institute at the University of Leeds[59].

This project issued an initial briefing paper in October 2019[60], and a final report will be published in the first half of 2020. The aim is to start translating the concept of the just transition into a digestible framework for banks. This includes ideas on how banks can support their clients through a just transition, responding to place-based priorities. It is also recommended that banks should make a specific commitment to support a just transition.

13.3. All but one of the surveyed banks indicate they will follow the TCFD recommendations, but implementation is not yet consistent.

The TCFD recommendations seek to provide guidelines for climate-related financial disclosures that are "consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors"[61]. The framework focuses on four key areas: governance, strategy, risk management, and metrics and targets.

It is positive that 95 per cent of banks indicate they are planning to implement and report in line with the TCFD recommendations.

It is positive that 95 per cent of banks indicate they are planning to implement and report in line with the TCFD recommendations. These disclosures will be crucial for investors and other stakeholders seeking to understand the adequacy of a bank's response to the climate crisis. However, 30 per cent of banks give no indication by when they intend to fully comply with all of the recommendations.

25 per cent of banks claim they are already fully reporting in line with the recommendations. However, this is questionable, as no surveyed bank has so far fully implemented all of the recommendations, based on our analysis. For example, carrying out scenario analysis is a key recommendation of the TCFD, but no bank has yet developed a complete methodology to do so in a comprehensive and robust way. Nevertheless, this is something many banks are currently working towards.

Finding 14 – Governance structures at the surveyed banks are still insufficient to ensure an adequate response to the climate crisis.

14.1. At 40 per cent of surveyed banks, the board merely approves climate-related policies and targets and does not play a driving role.

To ensure the bank is dealing with the climate crisis in a holistic way, it is important that the board is a driving force in pushing this agenda and ensures the right level of awareness and response take place across the organisation, rather than solely in an isolated sustainability team. Without the board-level push and support, it is unlikely a bank will be able to develop a comprehensive and sufficiently ambitious response to the climate challenge, as this will require changes across all divisions of a bank. It is promising that 25 per cent of surveyed banks indicate the board is a driving force in advancing climate-related concerns within the organisation.

14.2. All of the banks that responded to the survey have rolled out climate-related trainings, but despite this, the percentage of employees trained is generally still low.

If a bank's strategy on climate change is to be implemented consistently across the organisation, it is important that employees across divisions and at all levels understand the ways in which banks can both be affected by risks linked to the climate crisis and help lessen its impact. Training opportunities are therefore of crucial importance.

It is positive that all of the banks that responded to the survey have rolled out climate-related trainings for employees, and 60 per cent of surveyed banks have done so for board members. Banks use a range of tools to train employees, ranging from e-learning and internal roadshows to seminars and conferences. However, overall training levels are still low: of those banks that did provide a percentage of employees who have received training on climate-related issues, all but two state that this is less than two per cent of employees.

Leading practice example: Climate-related trainings at HSBC

HSBC recognises that education of its people on climate change is crucial. In 2018, there were two presentations on sustainability to the HSBC Holdings Board, two to the Group Audit Committee, four to the Group Risk Committee, and two to the HSBC Group Management Board. The bank has run a further five Sustainable Finance sessions to the Group Management Board and other executive committees in 2019.

Throughout 2018 and 2019, 1,900 staff were educated through a two-day residential/experiential Sustainability Training Programme. Additionally, 151 senior leaders completed a three-day residential/experiential Sustainability Leadership Programme. In 2019, the bank ran four one-day Sustainability Strategic Action Learning Workshops for a number of executive committee members.

Since launching in 2018, more than 7,000 Sustainability learning modules were completed within the seven-part online learning course developed in partnership with the University of Cambridge Institute for Sustainability Leadership for HSBC University. Other training on sustainability also is provided to employees, including specific climate risk training to strengthen engagement with customers in higher transition risk sectors and a wide range of talks and seminars on a variety of sustainability topics.

14.3. 35 per cent of banks do not set any climate-related objectives or key performance indicators (KPIs) or provide climate-related incentives.

It is concerning that 35 per cent of surveyed banks do not set any climate-related objectives or KPIs for individuals or teams, nor provide any climate-related financial incentives. Even if a bank has really ambitious organisational objectives on climate change, it will be difficult to implement them if they are not reflected in the objectives and KPIs of relevant employees and the board. Among the more advanced banks, 35 per cent of those surveyed set climate-related objectives or KPIs for employees and the executive board, and incorporate these into incentive structures.

Leading practice example: Climate-related KPIs and incentives at ING

In a proposed review of its Executive Board remuneration policy, ING has tied a part of the board's variable remuneration to the company's non-financial performance, including its implementation of the Terra Approach. Once adopted at the General Meeting, the new policy will be effective retroactively from 1st January 2020. Through the Terra Approach ING is focused on the sectors in its loan book that are responsible for most greenhouse gas emissions: power generation, fossil fuels, automotive, shipping, aviation, steel, cement, residential mortgages and commercial real estate. The bank measures and benchmarks whether its lending in each sector is adding up to contribute to climate resilience. As such, ING board members' remuneration is partly based on whether the bank achieves climate alignment in the above target sectors.

Recommendations

The recommendations made in this report are based on data that was available to ShareAction on 6th December 2019. Several banks have made updates to their approaches to climate change since then, so some recommendations might not be applicable to certain banks anymore.

For banks

The findings in this report show that, within the banking industry, much work remains to be done to raise the standard of firms' responses to climate change. While some banks demonstrate leadership in particular areas, none are performing strongly across each of the topics included in our methodology. The scale and urgency of the climate crisis demand far more than a 'business-as-usual' approach from banks, who are encouraged to use this ranking and report findings to benchmark their individual performance and drive improvements where needed.

Theme I: Climate-related risk assessment and management

- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches
- Disclose the results of this scenario analysis, and how findings have been integrated into the bank's strategy and decision-making processes
- Disclose exposure to carbon-related assets and underwriting activities, both as an absolute amount and percentage of total assets, as well as targets to reduce this exposure
- Provide information about the bank's financed power generation portfolio
- Start measuring and disclosing the negative impact the bank has on enabling society to meet global climate goals
- Update coal, oil and gas policies with phase-out targets in line with the latest science, including immediate prohibitions for project finance for coal and unconventional oil and gas, as well as all clients dependent on coal or unconventional oil and gas
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber
- Introduce an ambitious policy on the shipping sector, including targets for the climate-alignment of shipping loan portfolios
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services)

Theme II: Low-carbon products and services

- Disclose exposure to low-carbon assets and underwriting activities, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure
- Provide detail on the definition employed to classify 'low-carbon' assets, working with other banks to ensure consistency across the sector
- Detail how much capital the bank has raised for its own activities via green bonds, including the percentage this represents of total capital raised via debt capital markets

- Start measuring and disclosing the positive impact the bank has on enabling society to meet global climate goals
- Adopt a systematic approach and disclose information on how the bank is seeking out opportunities for adaptation finance
- Certify and monitor low-carbon assets to ensure their environmental sustainability through independent reviews, and publicly disclose this information

Theme III: Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy
- Publish positions on relevant climate-related policy or regulatory issues, including subsidies for fossil fuel companies, incentives for low-carbon growth, the introduction of climate-related concerns into capital requirements regulation, carbon pricing mechanisms, and ensuring a just transition
- Disclose a list of trade association memberships and detail the process to deal with any misalignments between the bank's positions and those of the trade associations
- Ensure that any memberships in industry initiatives on climate change contribute to ambitious action within the bank

Theme IV: Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation
- Outline the bank's approach to ensuring a just transition, taking into account workers, communities, consumers and citizens
- Fully disclose all the information recommended by the TCFD
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues
- Provide adequate training on climate-related issues for the board as well as employees across the organisation
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation

For investors

Investors have a key role to play in ensuring that the banks in which they hold shares or bonds align with the goals of the Paris Agreement. As opposed to other sectors investors are exposed to, banks are able to influence companies' activities across the economy, making it particularly important that they adopt a progressive approach to the climate challenge. This report aims to help investors in this endeavour. ShareAction recommends that investors:

- Evaluate the climate-related performance of banks in their portfolios
- Engage in a dialogue with individual banks whose approach to climate change is deemed insufficient, clearly outlining their expectations and timelines by when the bank is expected to meet them

- Base the content of this engagement on the recommendations provided for banks in the section above, or on the tailored recommendations for individual banks on the scorecards below
- Participate in collaborative investor initiatives focused on the banking sector's climate-related performance, such as investor-signed letters to specific banks
- Co-file or vote in favour of ambitious climate-related resolutions filed at banks

For retail customers

As a retail customer, it can be difficult to find out how a financial institution might be using your money. As an increasing number of consumers is starting to care about the ways their money is being used, it is becoming more and more important that they have access to this type of information. This report aims to contribute to the resources available to retail customers to better understand their bank's climate-related performance. As a retail customer, you can:

- Use the findings of this report to find out about your bank's performance on climate-related issues and consider whether these align with your values and/or concerns about climate change
- Write to your bank to ask them to improve their policies and practices

Appendix 1: Survey questionnaire

Question number		Question	Answer options
Theme I: Climate-related risk assessment and management			
Risk assessment			
1	a	Are climate risk assessments embedded into traditional types of risk, including credit risk, market risk and liquidity risk, and carried out by staff in those risk-focused teams? Please provide evidence.	Yes
			No (please explain)
	b	Have the following committees discussed climate risk yet? If yes, please provide a brief summary of these discussions.	Group Risk Committee
			Group Audit Committee
			Group Risk Committee and Group Audit Committee
			Neither of the above
2	a	Does the bank use scenario analysis to assess value at risk under a variety of carbon pathways? Please specify which models are used for this analysis.	Yes, for <2°C scenarios and for all books / assets
			Yes, for <2°C scenarios but only for some books / assets
			Yes, for 2°C scenarios and for all books / assets
			Yes, for 2°C scenarios but only for some books / assets
			Yes, for >2°C scenarios and for all books / assets
			Yes, for >2°C scenarios but only for some books / assets
			No
	b	How does your analysis balance physical and transition risks?	
	c	Is this information disclosed publicly?	Yes
			No

3		How have the findings of this scenario analysis been used?	We have updated policies / practices as a result of the findings: please provide more detail
			We are in the process of updating policies / practices as a result of the findings: please provide more detail
			We have not yet taken action based on the findings of the scenario analysis
			We have not yet carried out any scenario analysis
4	a	In 2018, what was the amount of assets (in reporting currency) linked to the following sectors? What percentage of total assets does each represent? (If using an alternative categorisation, please explain.)	Oil & gas (carbon-related assets) [2 columns: absolute amount and percentage - same for other answer options]
			Coal (carbon-related assets)
			Electric utilities, excluding independent power and renewable electricity producer industries (carbon-related assets)
			Air freight
			Passenger air transportation
			Maritime transportation
			Rail transportation
			Trucking services
			Automobiles and components
			Metals and mining
			Chemicals
			Construction materials
			Capital goods
			Real estate management and development
			Beverages
			Industrial-scale agriculture
			Packaged foods and meats
			Paper and forest products
			Other (please specify)
			Total
	b	Is this information disclosed publicly?	Yes
			No

5	a	Please provide detail about your financed power generation portfolio (indicate percentage of total power generation portfolio for all of the below). Please only include clients who do not generate more than 50% of power from any of the listed sources in 'diversified utility companies'.	Renewables
			Biomass
			Oil
			Gas
			Coal
			Diversified utility companies
	b	Is this information disclosed publicly?	Yes
			No
6	a	In 2018, to what extent was the bank involved in the underwriting of securities linked to the following sectors? Please disclose the absolute amount and the percentage of total securities underwritten.	Oil & gas (carbon-related assets) [2 columns: absolute amount and percentage - same for other answer options]
			Coal (carbon-related assets)
			Electric utilities, excluding independent power and renewable electricity producer industries (carbon-related assets)
			Air freight
			Passenger air transportation
			Maritime transportation
			Rail transportation
			Trucking services
			Automobiles and components
			Metals and mining
			Chemicals
			Construction materials
			Capital goods
			Real estate management and development
			Beverages
			Industrial-scale agriculture
			Packaged foods and meats
			Paper and forest products
			Other (please specify)
			Total

6	b	Is this information disclosed publicly?	Yes
			No
7	a	What percentage of risk-weighted assets is carbon-related?	Oil & gas [2 columns: absolute amount and percentage - same for other answer options]
			Coal miners
			Electric utilities, excluding independent power and renewable electricity producer industries
	b	Is this information disclosed publicly?	Yes
			No
8		Does the bank measure the negative impact it has on enabling society to meet global climate goals?	Yes
			No
		If yes, please explain how.	
Risk management			
9	a	Does the bank have long-term objectives in terms of decreasing exposure to carbon-related assets or CO2e emissions (scope 3)? To what extent?	Yes, reducing exposure to zero
			Yes, reducing exposure by 50% or more
			Yes, reducing exposure by less than 50%
			No
	b	Does the bank have long-term objectives in terms of decreasing its underwriting activities linked to carbon-related assets or CO2e emissions (scope 3)? To what extent?	Reducing exposure to zero
			Reducing exposure by 50% or more
			Reducing exposure by less than 50%
			No objectives
	c	If you answered yes to questions a/b, please indicate timescales.	
	d	Is this information disclosed publicly?	Yes
			No

10	a	What is the bank's group-wide policy regarding coal mining and coal power?	There is a policy which includes a forward-looking goal to reduce our exposure to zero by 2025.
			There is a policy which includes a forward-looking goal to reduce our exposure to zero by 2030.
			There is a policy which excludes any new or existing client depending on revenues from coal mining or coal power by more than 30%
			There is a policy which excludes any new or existing client depending on revenues from coal mining or coal power by more than 50%
			There is a policy which excludes project finance for coal mining and coal power globally
			There is either a policy which excludes project finance for coal mining globally or a policy that excludes project finance for coal power globally
			Other: please specify
			No coal policy
	b	Is this policy publicly available?	Yes
			No

11	a	What is the bank's group-wide policy regarding the provision of financial services that support the exploration and production of oil and gas reserves?	Forward-looking policy to reduce the bank's exposure to zero by 2030
			Forward-looking policy to reduce the bank's exposure to zero by 2040
			Forward-looking policy to reduce the bank's exposure to zero by 2050
			Policies excluding project finance for Arctic drilling, tar sands and pipelines, ultra-deepwater drilling and LNG export
			Policies to exclude financial services to companies reliant on Arctic drilling, tar sands and pipelines, ultra-deepwater drilling and LNG export
			Policies excluding one or more of the following: project finance for Arctic drilling, tar sands and pipelines, ultra-deepwater drilling and LNG export
			Policies excluding general financial services to companies reliant on one or more of the following: Arctic drilling, tar sands and pipelines, ultra-deepwater drilling and LNG export
			Other: please specify
			No policy
	b	Is this policy publicly available?	Yes
			No

12	a	Does the bank have a policy that commits it to zero net deforestation?	Yes, and we engage with all relevant clients to ensure their actions are aligned with this goal
			Yes, by 2020 - please specify what actions you are taking to achieve this
			Yes, by a later date - please specify what actions you are taking to achieve this
			Other - please specify
			No policy
	b	Is this policy publicly available?	Yes
			No
13		Does the bank have a policy that sets criteria for land use in relation to the following commodities / sectors?	Palm oil
			Soy
			Cattle
			Paper, pulp and timber
			Biomass
			Other: please specify
			No policy

14	a	Does the bank have a group-wide policy on the shipping sector that addresses climate-related risks and opportunities?	Yes, and it requires that new ships powered by fossil fuels have the ability to be retrofitted for alternative fuel usage
			Yes, and it requires that clients disclose GHG emissions at the fleet level
			Yes, and it requires clients to publicly disclose positions on climate policy
			Yes, and it requires clients not to be highly dependent on revenues from coal transportation
			Yes, and it requires clients to have a strategy and targets to reduce GHG emissions
			Yes, and includes targets for the climate alignment of shipping loan portfolios
			Other: please specify
			A general transport policy, not focused specifically on shipping
			No policy
	b	Is this policy publicly available?	Yes
			No

15	a	Does the bank have a group-wide policy on biomass?	Policy excluding new biomass power infrastructure
			Policy to engage with existing biomass power operators and supply chains to adopt and enforce strict criteria - please specify
			Other: please specify
			No policy
	b	Is this policy publicly available?	Yes
			No
16	a	What policies does the bank have in place regarding engagement with clients operating in the sectors most exposed to climate-related risks?	The bank engages with some clients operating in the sectors most exposed to climate-related risks on 1.5°C alignment, sets clear objectives and timelines for clients, and outlines what the consequences for clients that fall short are (including ending the provision of financing and all other services). Details on this are included in loan covenants.
			The bank engages with some clients operating in the sectors most exposed to climate-related risks on 1.5°C alignment, sets clear objectives and timelines for clients, and outlines what the consequences for clients that fall short are (including ending the provision of financing and all other services). However, details on this are not included in loan covenants.
			The bank engages with some clients operating in the sectors most exposed to climate-related risks on 1.5°C alignment, sets clear objectives and timelines for clients and outlines what the consequences for clients that fall short are. However, these consequences do not include ending the provision of financing and all other services, and details on this are not included in loan covenants.
			The bank engages with some clients operating in the sectors most exposed to climate-related risks on 1.5°C alignment and sets clear objectives and timelines.
			The bank engages with some clients operating in the sectors most exposed to climate-related risks on 1.5°C alignment.
			The bank does not engage with any clients in sectors most exposed to climate-related risks on 1.5°C alignment.

16	b	Is this policy publicly available?	Yes
			No
	c	Does this engagement with clients include requests to adopt the TCFD recommendations?	Yes
			No
17	a	Does the bank factor in climate change when assessing risk associated with any new or existing business and price that risk accordingly? If yes, please provide evidence.	Yes
			Partly (for some new or existing businesses, but not all)
			No
	b	Is information about this made publicly available?	Yes
			No
18	a	Does the bank pursue any other approaches to mitigating climate risks?	Please explain
	b	Is information about this made publicly available?	Yes
			No

Theme II: Low-carbon products and services			
Current exposure and objectives			
19	a	In 2018, what was the amount of assets (in reporting currency) linked to low-carbon sectors? What percentage of total assets does this represent? (If using an alternative categorisation, please explain.)	[2 fields: amount and percentage]
	b	What are the bank's long-term objectives in terms of increasing this percentage?	
	c	Is this information disclosed publicly?	Yes
			No

20	a	In 2018, to what extent was the bank involved in the underwriting of securities linked to low-carbon sectors? Please disclose the absolute amount and the percentage of total securities underwritten.	
	b	What are the bank's objectives in terms of increasing this percentage?	
	c	Is this information disclosed publicly?	Yes
			No
21	a	What percentage of risk-weighted assets is linked to low-carbon sectors?	Unscored
	c	Is this information disclosed publicly?	Yes
			No
22	a	How much capital has the bank raised for its own activities via green bonds? What is the percentage of this compared to the total capital raised via debt markets? Please list each bond issued, the term and the quantum.	
	b	Are those green bonds certified? Please list the certifying body for each green bond issued.	Yes
			No

23	a	Does the bank measure the positive impact it has on enabling society to meet global climate goals?	Yes
			No
	b	If yes, please explain how.	
24	a	Does the bank seek out opportunities for adaptation finance? If yes, how is this achieved?	Yes (please specify)
			No
	b	Is this information disclosed publicly?	Yes
			No
25		What are the main barriers to increasing your exposure to low-carbon assets?	
Framework			
26		How much resourcing and capacity is being allocated to support the development of low-carbon products and services systematically across the bank?	Each main division (including retail banking, commercial banking, corporate banking and investment banking as appropriate) has staff dedicated to developing low-carbon products and services within their department.
			Some of the main divisions have staff dedicated to developing low-carbon products and services within their department.
			There is dedicated staff working on the development of low-carbon products and services across the bank.
			None
27		Please list two examples of a low-carbon product or service the bank offers within each of the following divisions:	Retail banking, commercial banking, corporate banking, investment banking

28		How is the bank seeking to expand and promote these low-carbon products and services among its clients?	Communication with clients (list the following: newsletters, face-to-face meetings or phone calls, events, other (please elaborate))
			Incentives (list the following: low collateral requirements for green loans, favourable loan pricing, lower fees, other (please elaborate))
			Other (please elaborate)
Due diligence			
29		How does the bank certify and monitor low-carbon products and services to ensure their environmental sustainability?	Third party / independent reviews for all low-carbon assets followed up with regular update reports
			Third party / independent reviews for all low-carbon assets
			Third party / independent reviews for some low-carbon assets followed up with regular update reports
			Third party / independent reviews for some low-carbon assets
			Other: please specify
			None of the above
30		Does the bank disclose information publicly to allow stakeholders to assess the environmental sustainability of low-carbon products and services?	Yes, for all low-carbon assets
			Yes, for some low-carbon assets
			No

Theme III: Public policy engagement and collaboration with other actors			
Policy and regulatory framework			
31	a	Is the bank engaging with policymakers on any legislation or policy designed to reduce GHG emissions or to promote an orderly and just transition to a low-carbon economy?	Yes
			No
	b	Is the bank engaging with policymakers and regulators on financial regulation to ensure the rules governing the banking sector incentivise the sector's support for a low-carbon economy?	Yes, on an international level
			Yes, on a national level
			No
	c	If you answered yes to questions a/b, please provide an example.	Engagement on GHG reductions / transition to a low-carbon economy:
			Engagement on financial regulation:
	d	Is this information disclosed publicly?	Yes
			No
32		Are there time and resources within the public affairs team specifically allocated to supporting the transition to a low-carbon economy?	Yes, and staff have been encouraged to bring up climate change as a concern in each meeting with policymakers or regulators.
			Yes
			No

33		Does the bank publish its position on the following climate-related policy and/or regulatory issues?	Subsidies for fossil fuel companies
			Incentives for low-carbon growth
			Introduction of climate-related concerns into capital requirements regulation
			Introduction or enhancement of a carbon tax / other carbon pricing mechanism
			Climate-related disclosure requirements
			Ensuring a just transition
			Other (please elaborate)
Trade associations			
34	a	Please list the trade associations the bank is a member of.	
	b	Is this information disclosed publicly?	Yes
			No
35	a	Does the bank ensure the climate policies of the trade associations it is a member of are not inconsistent with its own?	Yes - please briefly outline what governance systems the bank has in place to ensure there are no misalignments in positions that could be material to the bank
			No
	b	What actions is the bank prepared to take to address any misalignment in positions?	Ceasing membership in a trade association - please give an example if the bank has done this in the past
			Issuing a statement to express disagreement with the trade association's position - please give an example if the bank has done this in the past
			Other, please specify

<table>
<tr><td rowspan="2">36</td><td rowspan="2"></td><td rowspan="2">Does the bank actively promote support for the low-carbon transition as a topic for policy engagements within the trade associations it is a member of?</td><td>Yes (please specify)</td></tr>
<tr><td>No</td></tr>
<tr><td colspan="4">Other initiatives</td></tr>
<tr><td rowspan="12">37</td><td rowspan="11">a</td><td rowspan="11">Is the bank a member/ signatory of any of the following climate-related initiatives?</td><td>Principles for Responsible Banking</td></tr>
<tr><td>Banking Environment Initiative</td></tr>
<tr><td>Equator Principles</td></tr>
<tr><td>United Nations Environment Programme Finance Initiative (UNEPFI)</td></tr>
<tr><td>United Nations Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations</td></tr>
<tr><td>Carbon Disclosure Project (CDP)</td></tr>
<tr><td>Green Bond Principles</td></tr>
<tr><td>Science-Based Targets</td></tr>
<tr><td>Poseidon Principles</td></tr>
<tr><td>Soft Commodities Compact</td></tr>
<tr><td>Other (please specify)</td></tr>
<tr><td>b</td><td>How have the bank's policies and/or practices changed as a result of being a member of these initiatives?</td><td></td></tr>
</table>

38		Does the bank engage with credit rating agencies on the issue of climate change?	Yes, ongoing engagement (please describe this engagement)
			Yes, this has been a topic of interaction (please decribe the nature of this interaction)
			No
39		Does the bank have a stakeholder consultation process to gather views and feedback from a wider audience, including clients and customers, NGOs, think tanks and academics on climate-related issues?	Yes
			No
		Please outline on which climate-related topics you consult stakeholders, how these consultations are carried out, and how the results are taken into account.	
		Please give an example: what was the most recent climate-related consultation you carried out?	
40		Please give an example of when a climate-related engagement with an NGO, think tank or academic has influenced and changed a policy or practice at the bank.	

Theme IV: Governance, strategy and implementation			
Strategy			
41	a	Does the bank have a strategy on climate change?	Yes, and it is a group-wide commitment aligned with a 1.5°C scenario
			Yes, and it is a group-wide commitment aligned with a 2°C scenario
			Yes, and it is a group-wide commitment
			Yes, and it is aligned with a 1.5°C scenario
			Yes, and it is aligned with a 2°C scenario
			Yes
			No
	b	Does this strategy consider the human and labour rights impact of climate change, in line with a just transition?	Yes, it considers the rights of those most impacted by the physical and transition risks of climate change - please specify
			Yes, it considers the rights of those most impacted by the physical risks of climate change - please specify
			Yes, it considers the rights of those most impacted by the transition risks of climate change - please specify
			Yes, other - please specify
			No, not yet - please specify plans
			No
	c	Is this strategy comprehensive, ie. does it address all areas which are relevant for banks in terms of climate change?	The policy addresses all of the following: climate-related risks, climate-related opportunities, policy engagements / collaborative initiatives, governance / implementation
			The policy addresses three of the following: climate-related risks, climate-related opportunities, policy engagements / collaborative initiatives, governance / implementation
			The policy addresses one or two of the following: climate-related risks, climate-related opportunities, policy engagements / collaborative initiatives, governance / implementation

41	d	Is this strategy publicly available?	Yes
			No
	e	Are progress updates about this strategy disclosed?	Yes, at least annually.
			Yes, at least annually.
			No
42	a	Is the bank planning to implement and report in line with the recommendations of the Task Force on Climate-related Financial Disclosures?	Yes
			No (please explain)
	b	If yes, by what date is the bank intending to fully report against the recommendations?	The bank is already doing so
			2019 Annual Report
			2020 Annual Report
Governance and implementation			
43		Is there board-level oversight of the climate strategy?	The board is a driving force in advancing climate-related concerns within the organisation (please provide an example of this) and there is at least one board member with specific climate-related expertise and accountability
			The board is a driving force in advancing climate-related concerns within the organisation (please provide an example of this)
			The board is involved in development of policies and targets (please outline this process)
			The board approves policies and targets
			No

44		Which department does your ESG / sustainability / CSR team report into?	Strategy
			Risk
			Product development
			Investor relations
			Research
			Reputation / communications / PR / reporting
			Other: please specify
45	a	How is awareness of climate-related risks and opportunities and the role of the banking sector in contributing to the low-carbon transition raised across the organisation?	E-learning
			Seminars and workshops
			Conferences and other events
			Internal roadshows
			Other (please specify):
	b	Have all board members received training on climate-related risks and opportunities?	Yes, please specify
			No
	c	What percentage of employees has receievd training on climate-related risks and opportunities and the role of the banking sector in contributing to the low-carbon transition?	Please indicate percentage.

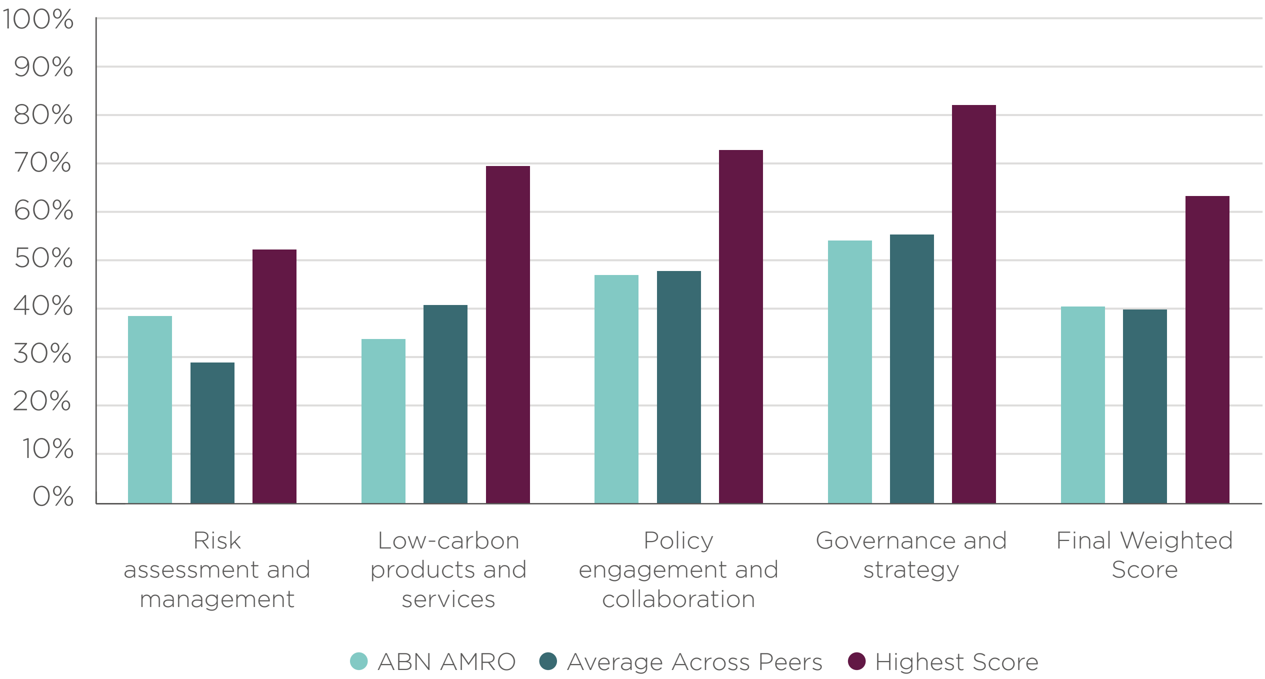
46		Are there any climate-related Key Performance Indicators (KPIs) or objectives for individuals or teams?	Yes, for the executive board and for employees in retail banking, commercial banking, corporate banking and investment banking
			Yes, for employees in retail banking, commercial banking, corporate banking and investment banking
			Yes, for the executive board
			No
47		Are those KPIs or objectives, if existent, translated into incentive structures and remuneration policies?	Yes, for the executive board and for employees in retail banking, commercial banking, corporate banking and investment banking
			Yes, for employees in retail banking, commercial banking, corporate banking and investment banking
			Yes, for the executive board
			No
48		What do you perceive to be the biggest gap in your response to climate change that you are yet to address? What capacity development do you need to be able to address this?	

Appendix 2: Scorecards

ABN AMRO

Bank	Rating	Rank	Score in %
ABN AMRO	Building capacity	10/20	40.5

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

ABN AMRO

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

ABN AMRO

▶ Public policy engagement and collaboration with other actors

- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, the introduction of climate-related concerns into capital requirements regulation, and introduction or enhancement of a carbon tax / other carbon pricing mechanism.
- Disclose a list of trade association memberships.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, Green Bond Principles, and Soft Commodities Compact.

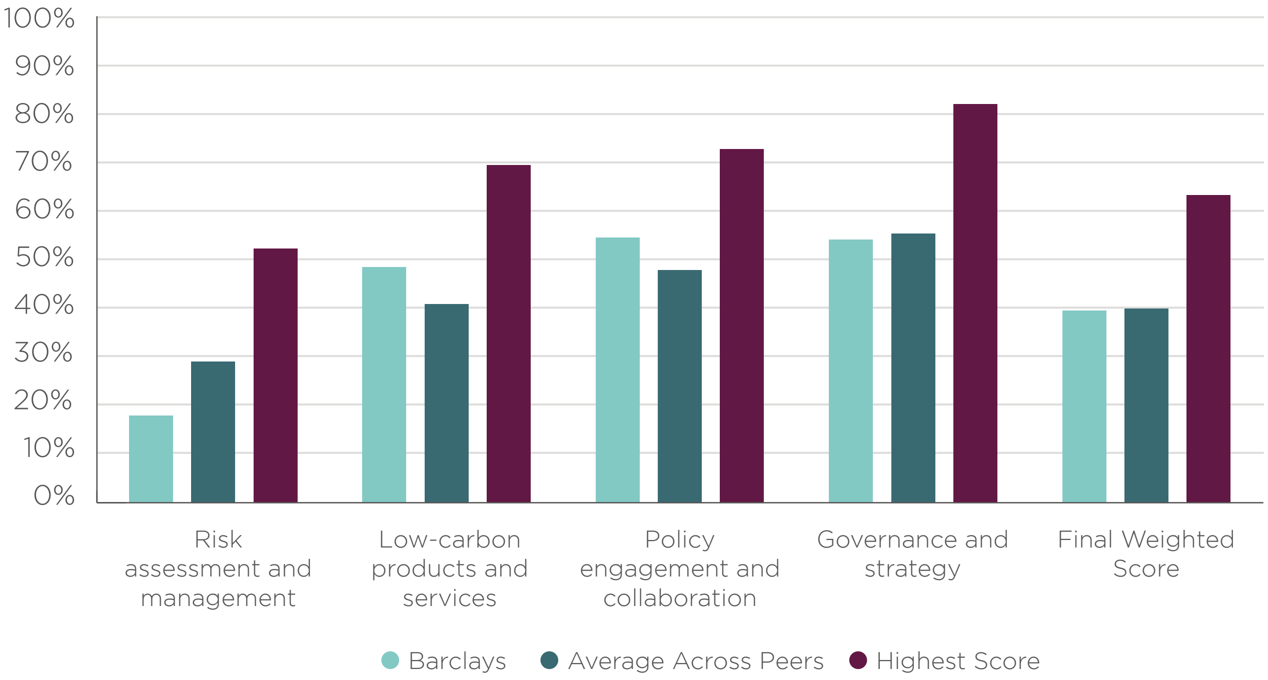
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Barclays

Bank	Rating	Rank	Score in %
Barclays	Business as usual	11/20	39.5

1. Performance against peers by theme



2. Heat map of performance across question topics

0–25%	20–50%	50–75%	75%–100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Barclays

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Barclays

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Green Bond Principles and Poseidon Principles.

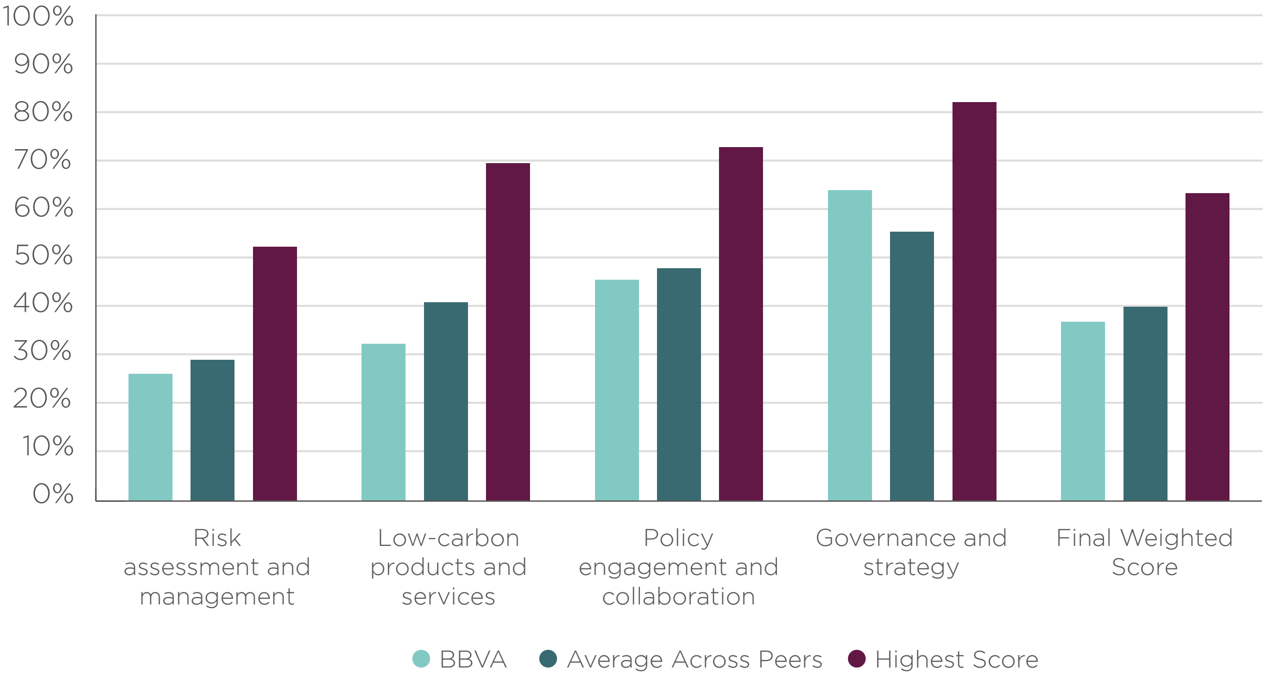
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.

Banco Bilbao Vizcaya Argentaria (BBVA)

Bank	Rating	Rank	Score in %
BBVA	Business as usual	12/20	36.8

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Banco Bilbao Vizcaya Argentaria (BBVA)

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Ensure that climate risk assessments are embedded into traditional types of risk, including credit risk, market risk and liquidity risk.
- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Banco Bilbao Vizcaya Argentaria (BBVA)

▶ Public policy engagement and collaboration with other actors

- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism, climate-related disclosure requirements and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, Green Bond Principles, Poseidon Principles and Soft Commodities Compact.

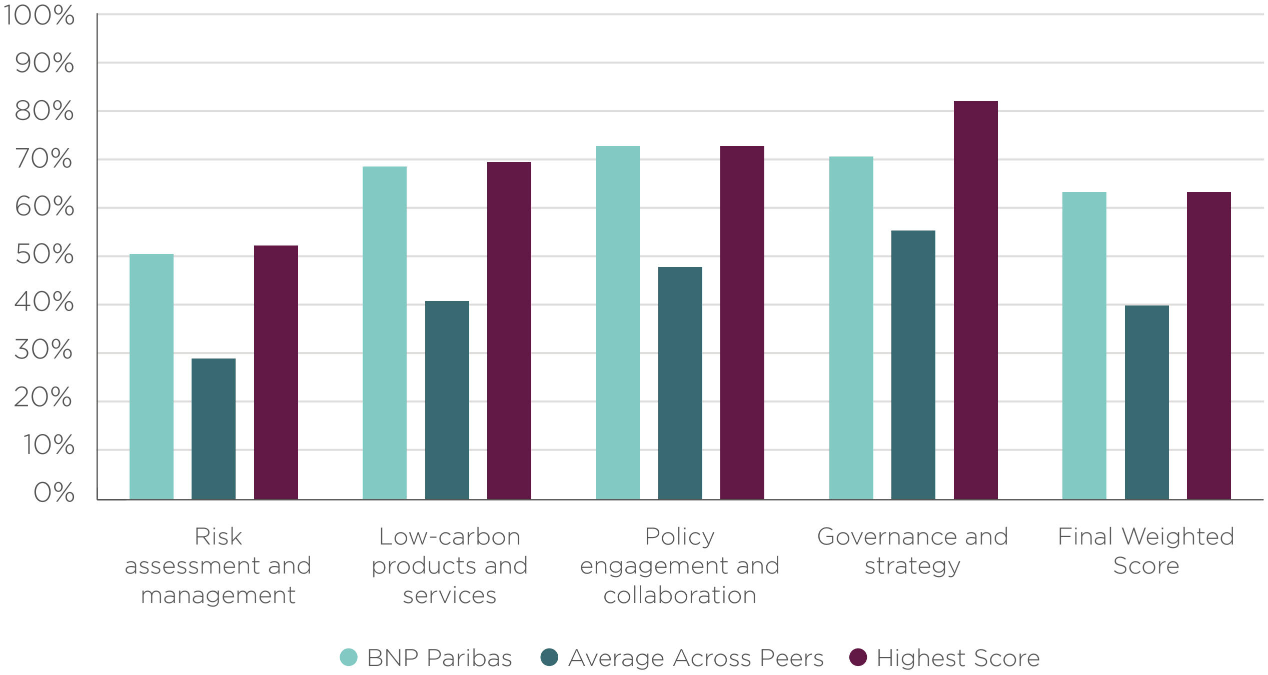
▶ Governance, strategy and implementation

- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.

BNP Paribas

Bank	Rating	Rank	Score in %
BNP Paribas	Leader	1/20	63.2

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

BNP Paribas

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

▶ Public policy engagement and collaboration with other actors

- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Green Bond Principles

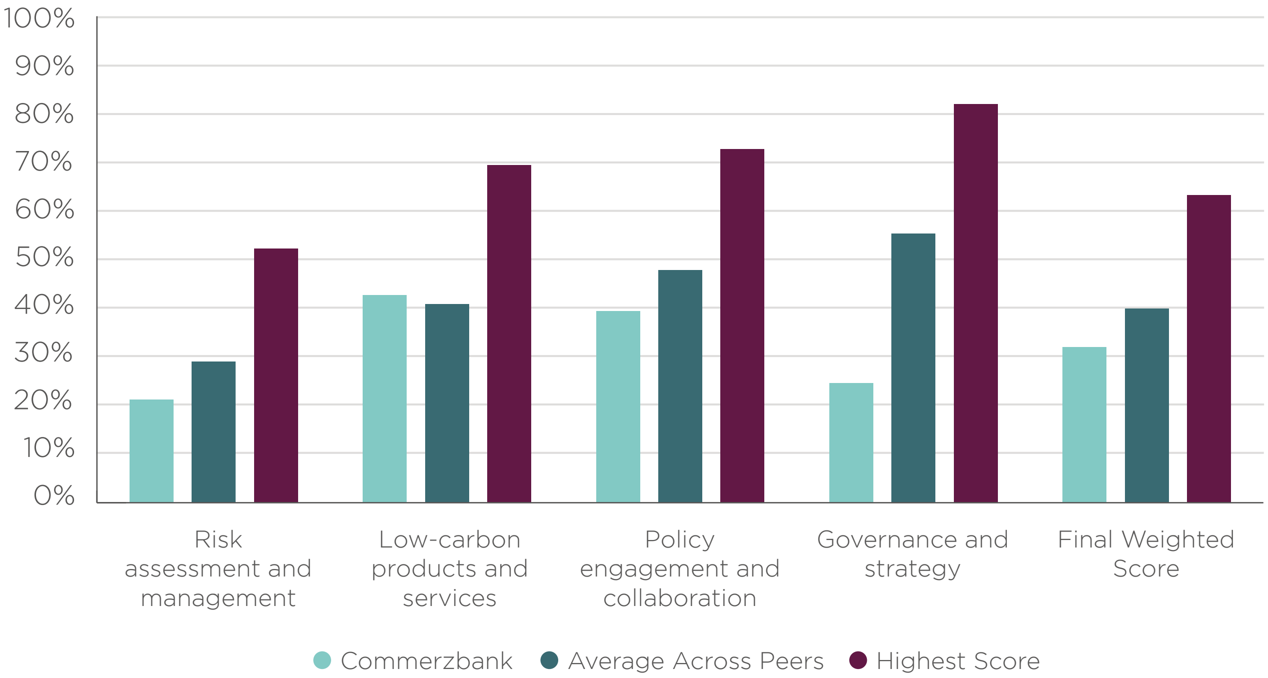
▶ Governance, strategy and implementation

- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.

Commerzbank

Bank	Rating	Rank	Score in %
Commerzbank	Business as usual	16/20	32

1. Performance against peers by theme



2. Heat map of performance across question topics

0–25%	20–50%	50–75%	75%–100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Commerzbank

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
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- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Commerzbank

▶ Public policy engagement and collaboration with other actors

- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism, climate-related disclosure requirements and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, Equator Principles, United Nations Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations, Green Bond Principles, Poseidon Principles, Science-Based Targets and Soft Commodities Compact.

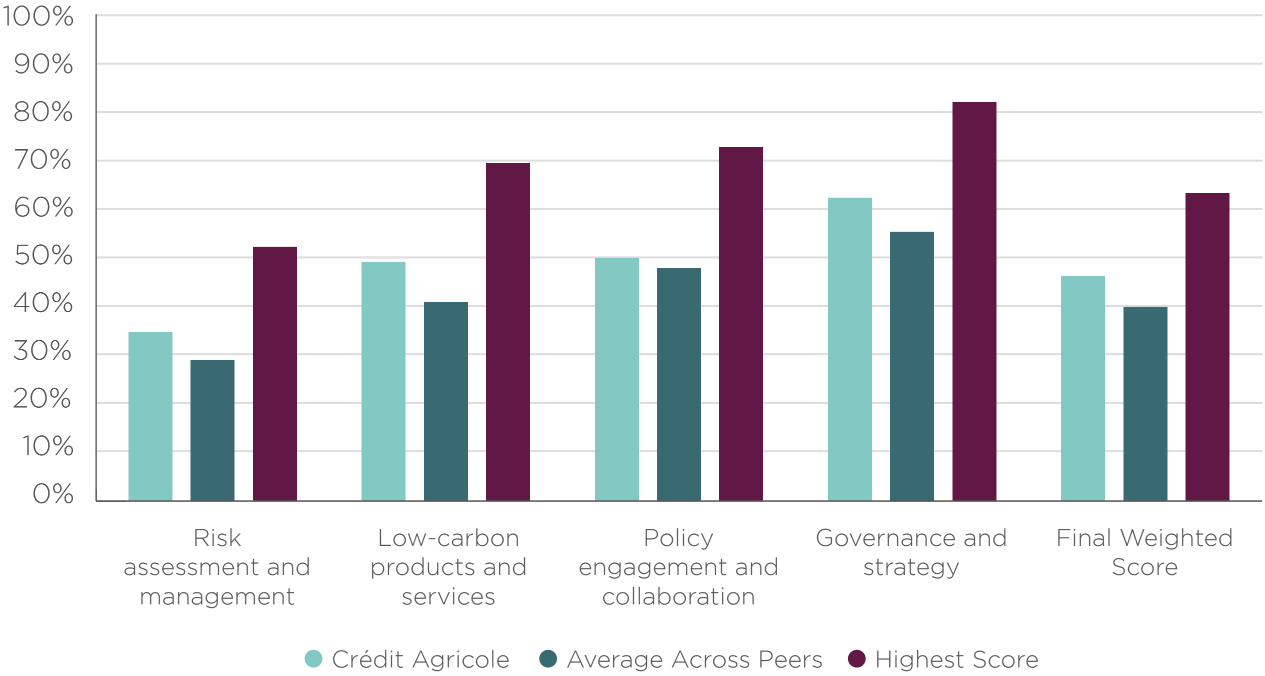
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Crédit Agricole

Bank	Rating	Rank	Score in %
Crédit Agricole	Building capacity	6/20	46.2

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Crédit Agricole

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Ensure that climate risk assessments are embedded into traditional types of risk, including credit risk, market risk and liquidity risk.
- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Allocate staff and resources to key divisions (retail banking, commercial banking, corporate banking and investment banking) that are dedicated to developing low-carbon products and services.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Crédit Agricole

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, the introduction of climate-related concerns into capital requirements regulation, the Introduction or enhancement of a carbon tax/other carbon pricing mechanism, and ensuring a just transition.
- Disclose a list of trade association memberships.
- Detail the process that deals with misalignments between the bank's positions and those of trade associations.
- Become a member/signatory of the United Nations Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations, the Green Bond Principles, and Soft Commodities Compact.

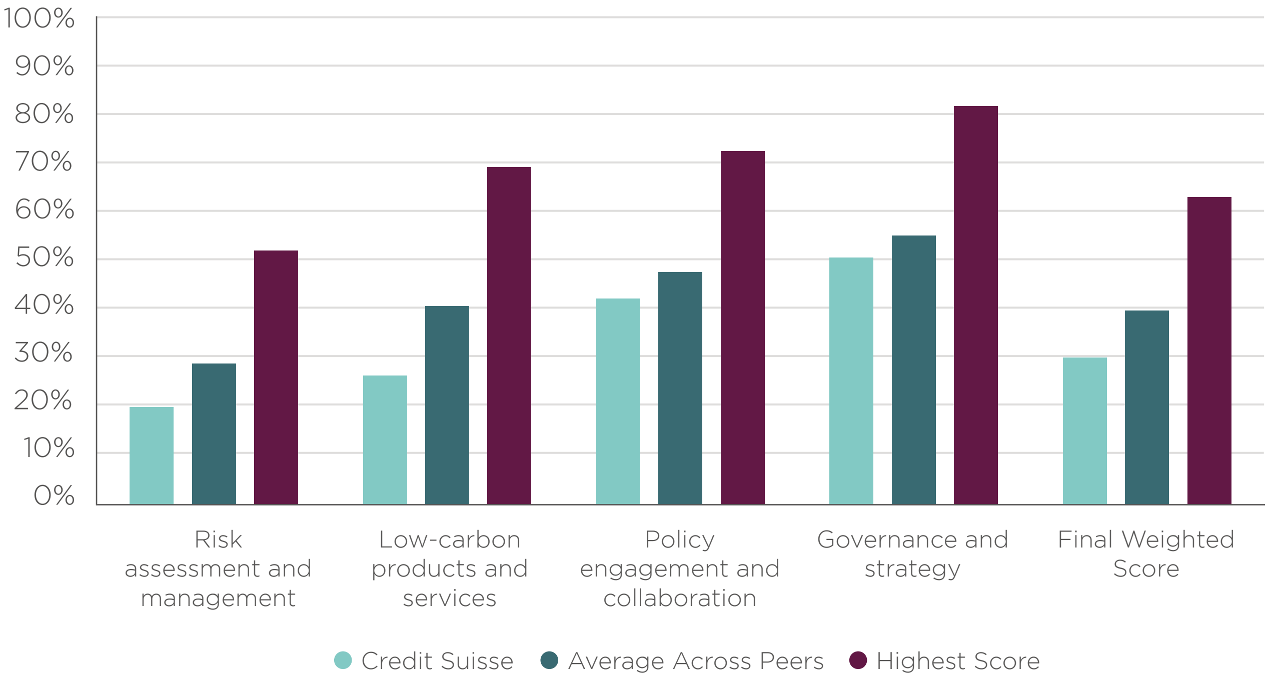
▶ Governance, strategy and implementation

- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.

Credit Suisse

Bank	Rating	Rank	Score in %
Credit Suisse	Business as usual	18/20	30.3

1. Performance against peers by theme



2. Heat map of performance across question topics

0–25%	20–50%	50–75%	75%–100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Credit Suisse

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent. Update policies to exclude project finance for coal power and coal mining globally.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Credit Suisse

▶ Public policy engagement and collaboration with other actors

- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, Green Bond Principles, Poseidon Principles, Science-Based Targets and Soft Commodities Compact.

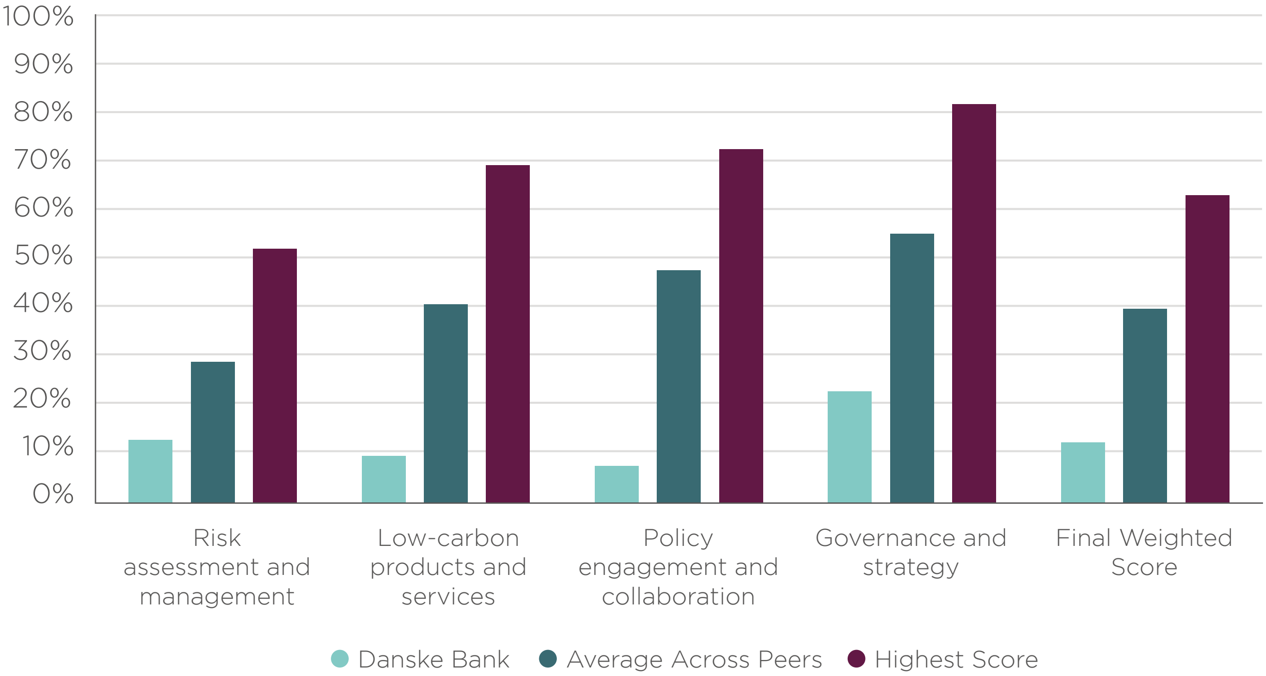
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Danske Bank

Bank	Rating	Rank	Score in %
Danske Bank*	Laggard	20/20	12.5

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Danske Bank

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Ensure that climate risk assessments are embedded into traditional types of risk, including credit risk, market risk and liquidity risk.
- Discuss climate risk at the Group Risk Committee and Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude project finance for coal power and coal mining globally.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

* Danske Bank chose not to participate in the survey, so was scored based on publicly available information only. The bank's score is therefore likely to insufficiently reflect the bank's actual performance and approach to climate change.

Danske Bank

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Detail how much capital the bank has raised for its own activities via green bonds, including the percentage this represents of total capital raised via debt capital markets.
- Allocate staff and resources to key divisions (retail banking, commercial banking, corporate banking and investment banking) that are dedicated to developing low-carbon products and services.
- Use both communication and incentives to promote low-carbon products and services, for example through favourable loan pricing or lower fees.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism, climate-related disclosure requirements and ensuring a just transition.
- Disclose a list of trade association memberships.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, Equator Principles, United Nations Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations, Green Bond Principles, Science-Based Targets and Soft Commodities Compact.

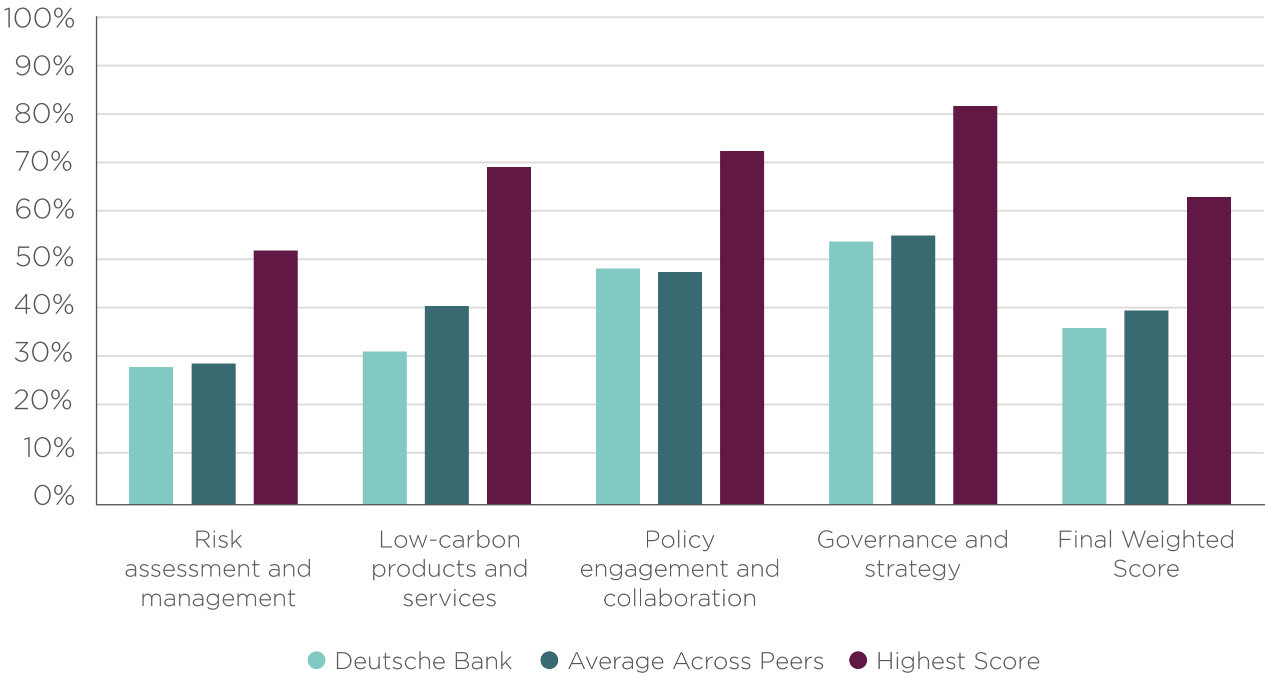
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Deutsche Bank

Bank	Rating	Rank	Score in %
Deutsche Bank	Business as usual	13/20	36.3

1. Performance against peers by theme



2. Heat map of performance across question topics

0–25%	20–50%	50–75%	75%–100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Deutsche Bank

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Detail how much capital the bank has raised for its own activities via green bonds, including the percentage this represents of total capital raised via debt capital markets.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Deutsche Bank

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Equator Principles, Green Bond Principles, Poseidon Principles and Science-Based Targets.

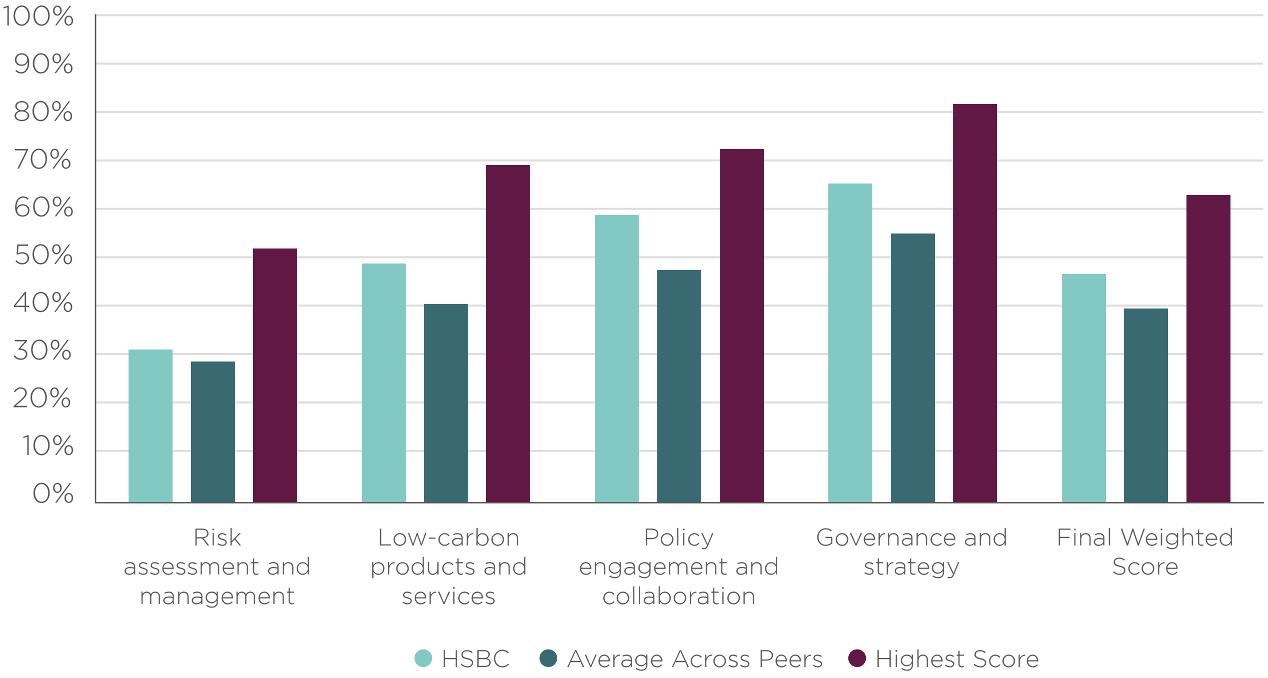
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

HSBC

Bank	Rating	Rank	Score in %
HSBC	Building capacity	4/20	47

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

HSBC

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.

HSBC

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish position on ensuring a just transition.
- Disclose a list of trade association memberships.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the United Nations Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations, Green Bond Principles, Poseidon Principles, and Soft Commodities Compact.

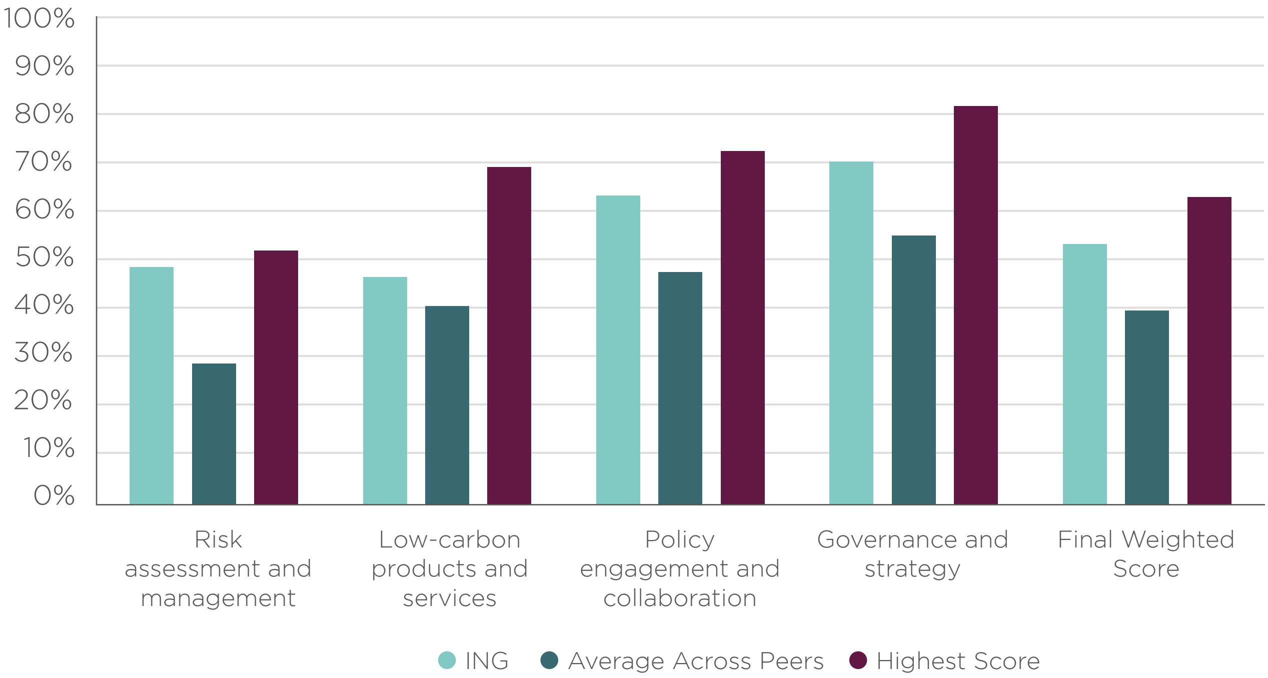
▶ Governance, strategy and implementation

- •Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.

ING

Bank	Rating	Rank	Score in %
ING	Leader	3/20	53.6

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

ING

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.

ING

▸ Public policy engagement and collaboration with other actors

- Publish positions on the introduction of climate-related concerns into capital requirements regulation and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, Green Bond Principles, and Soft Commodities Compact.

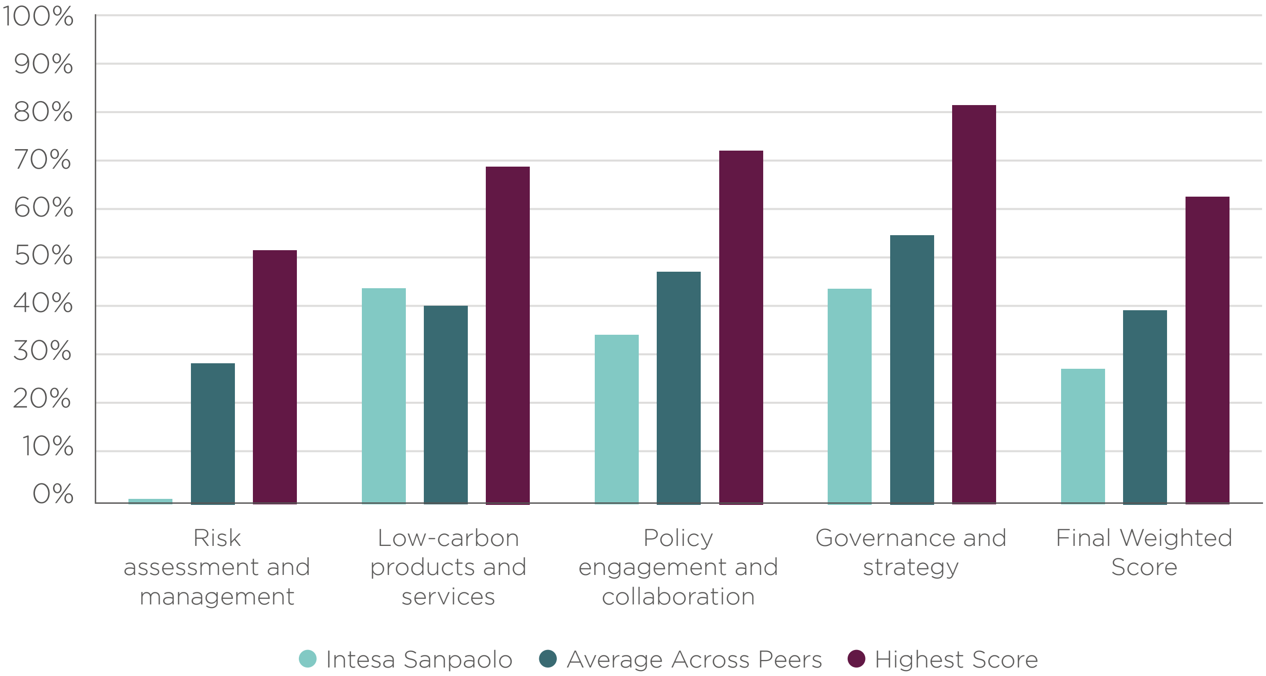
▸ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.

Intesa Sanpaolo

Bank	Rating	Rank	Score in %
Intesa Sanpaolo	Laggard	19/20	27.8

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Intesa Sanpaolo

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Ensure that climate risk assessments are embedded into traditional types of risk, including credit risk, market risk and liquidity risk.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent. Update policies to exclude project finance for coal power and coal mining globally.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

Intesa Sanpaolo

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Allocate staff and resources to key divisions (retail banking, commercial banking, corporate banking and investment banking) that are dedicated to developing low-carbon products and services.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism, climate-related disclosure requirements and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, United Nations
- Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations, Green Bond Principles, Poseidon Principles, Science-Based Targets and Soft Commodities Compact.

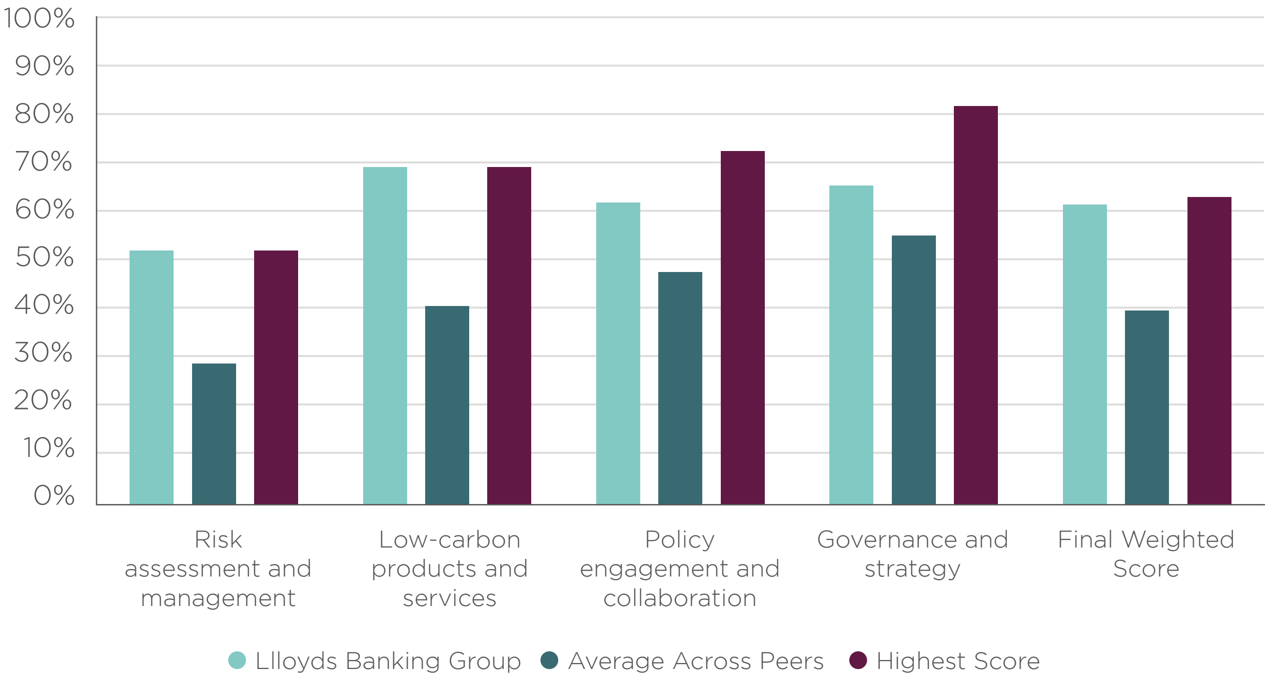
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Lloyds Banking Group

Bank	Rating	Rank	Score in %
Lloyds Banking Group	Leader	2/20	61.7

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Lloyds Banking Group

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.

▶ Public policy engagement and collaboration with other actors

- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, the introduction of climate-related concerns into capital requirements regulation, the introduction or enhancement of a carbon tax / other carbon pricing mechanism, and the just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Poseidon Principles and Science-Based Targets.

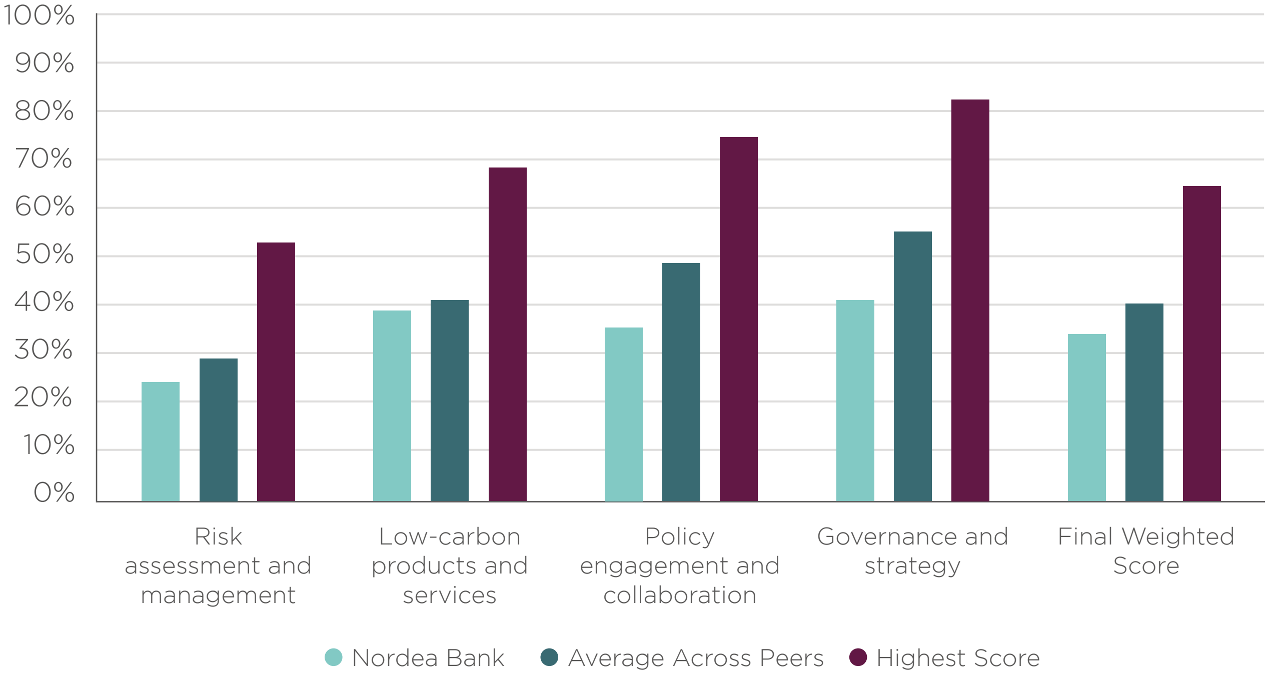
▶ Governance, strategy and implementation

- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Nordea

Bank	Rating	Rank	Score in %
Nordea	Business as usual	14/20	33.3

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Nordea

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Nordea

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism, and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, United Nations Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations, Green Bond Principles, Science-Based Targets and Soft Commodities Compact.

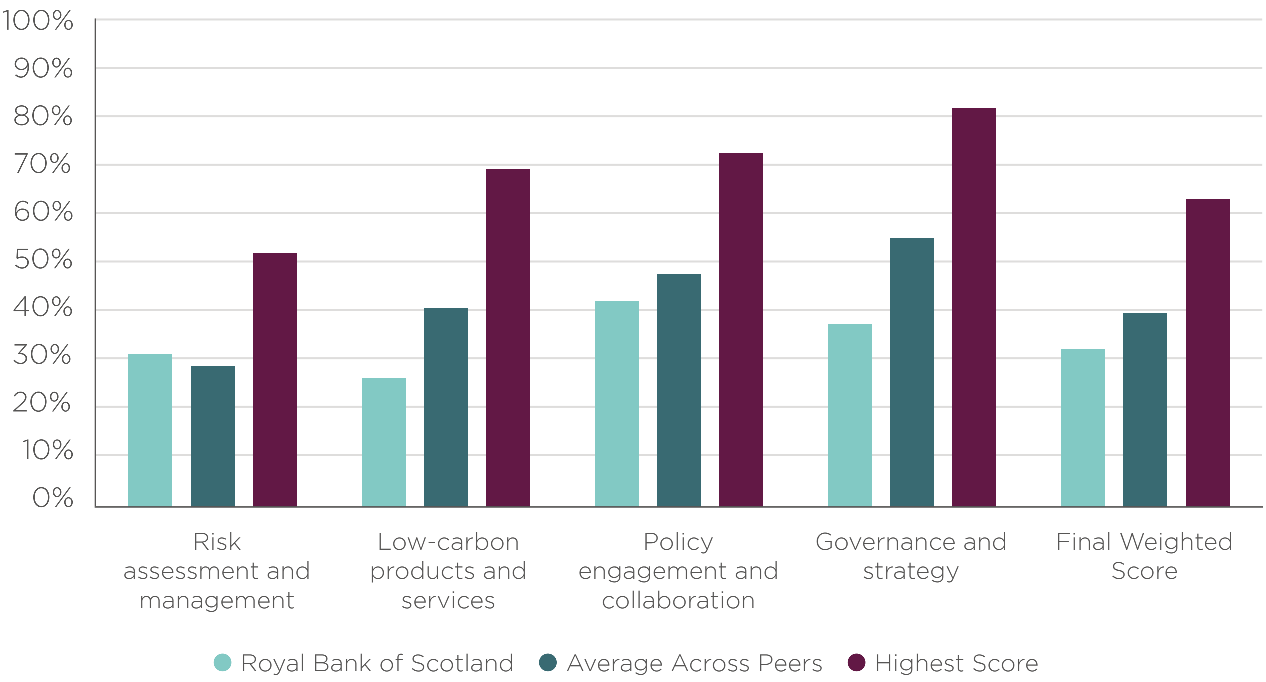
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Royal Bank of Scotland (RBS)

Bank	Rating	Rank	Score in %
RBS	Business as usual	15/20	32.4

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Royal Bank of Scotland (RBS)

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

Royal Bank of Scotland (RBS)

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Detail how much capital the bank has raised for its own activities via green bonds, including the percentage this represents of total capital raised via debt capital markets.
- Allocate staff and resources to key divisions (retail banking, commercial banking, corporate banking and investment banking) that are dedicated to developing low-carbon products and services.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Green Bond Principles, Poseidon Principles and Science-Based Targets.

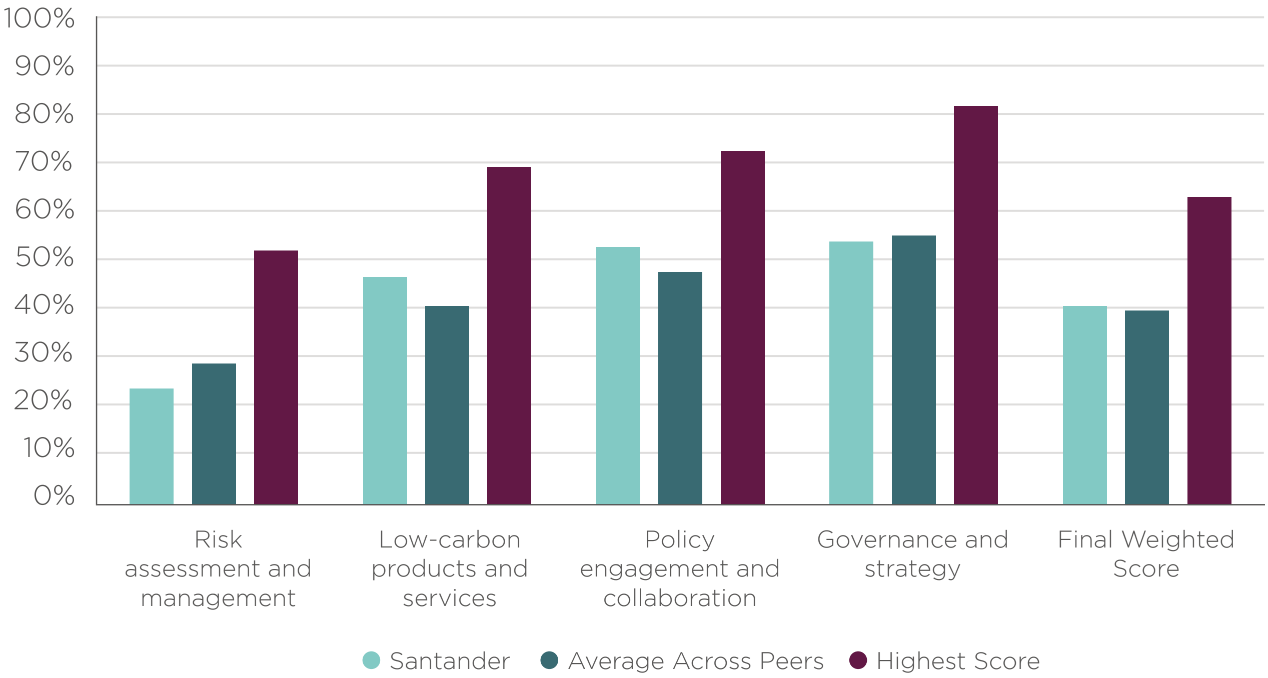
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Santander

Bank	Rating	Rank	Score in %
Santander	Building capacity	9/20	40.8

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Santander

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▸ Climate-related risk assessment and management

- Ensure that climate risk assessments are embedded into traditional types of risk, including credit risk, market risk and liquidity risk.
- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose the results of scenario analysis.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▸ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Santander

▶ Public policy engagement and collaboration with other actors

- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, and introduction or enhancement of a carbon tax / other carbon pricing mechanism.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Green Bond Principles, Poseidon Principles, and Science-Based Targets.

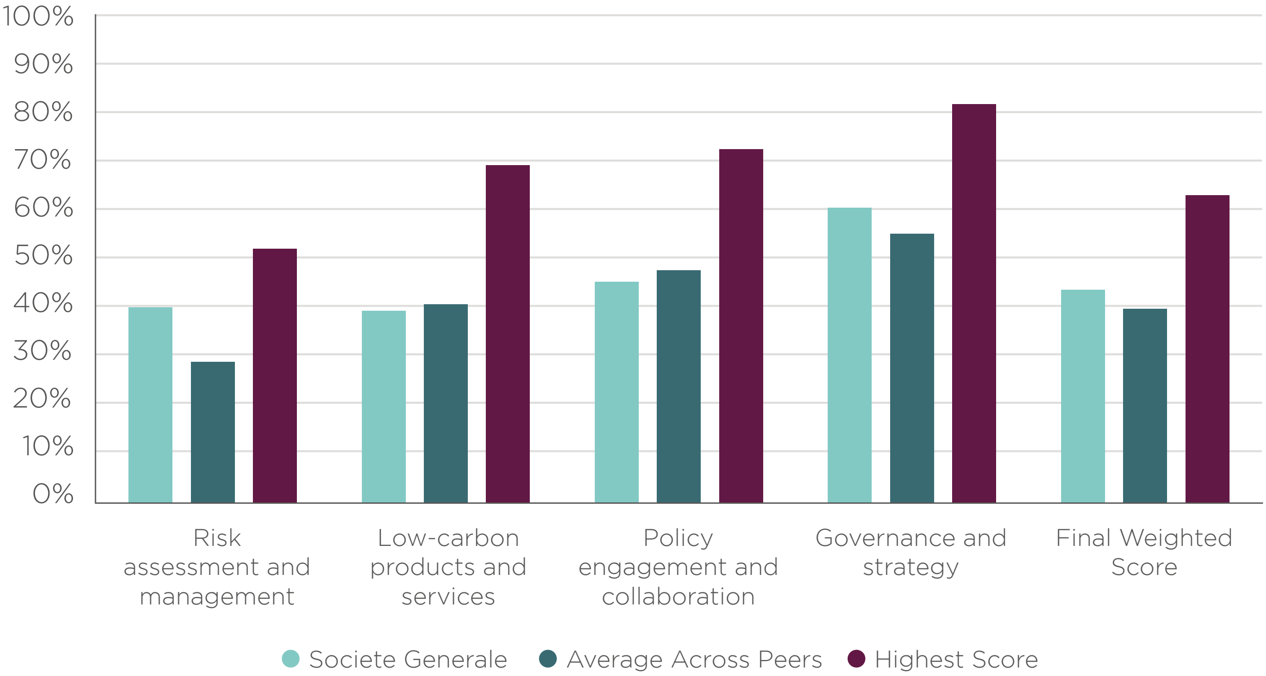
▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Fully disclose all the information recommended by the TCFD.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Societe Generale

Bank	Rating	Rank	Score in %
Societe Generale	Building capacity	7/20	43.8

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Societe Generale

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Societe Generale

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, the introduction of climate-related concerns into capital requirements regulation, the introduction or enhancement of a carbon tax / other carbon pricing mechanism, climate-related disclosure requirements, and ensuring a just transition.
- Disclose a list of trade association memberships.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative and Green Bond Principles.

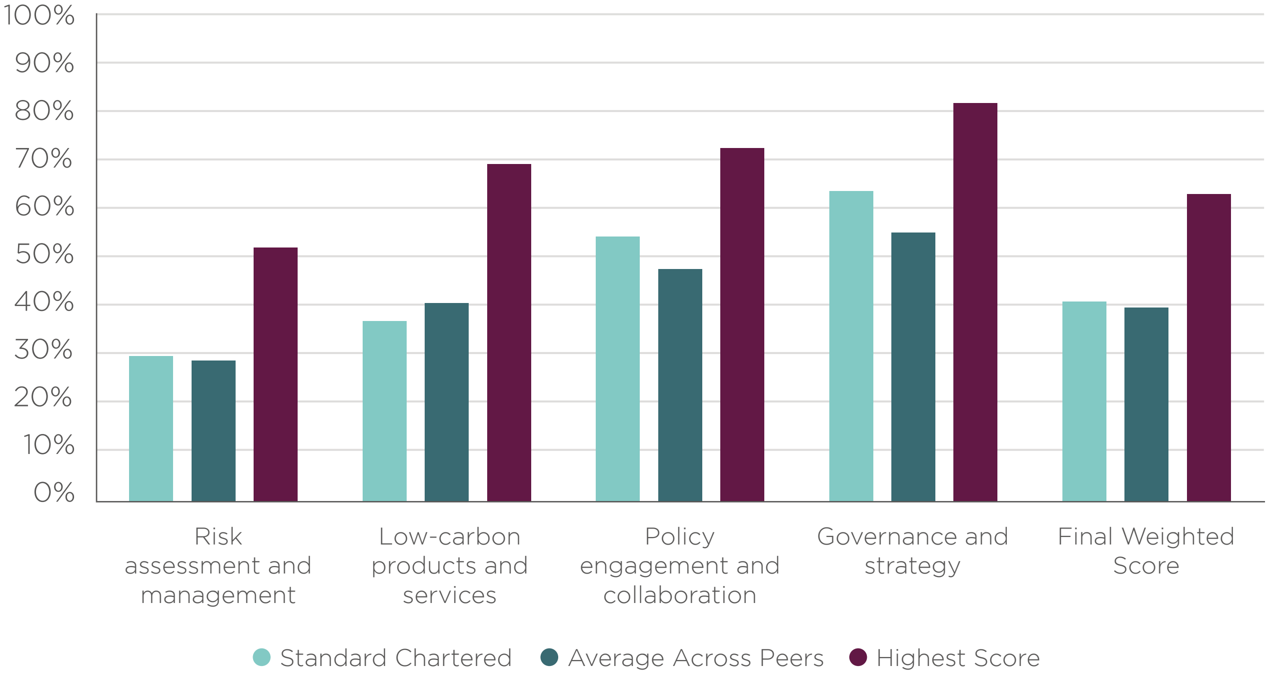
▶ Governance, strategy and implementation

- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Provide adequate training on climate-related issues for the board as well as employees across the organisation.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

Standard Chartered

Bank	Rating	Rank	Score in %
Standard Chartered	Building capacity	8/20	41.2

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

Standard Chartered

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Allocate staff and resources to key divisions (retail banking, commercial banking, corporate banking and investment banking) that are dedicated to developing low-carbon products and services.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

Standard Chartered

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Green Bond Principles and Poseidon Principles

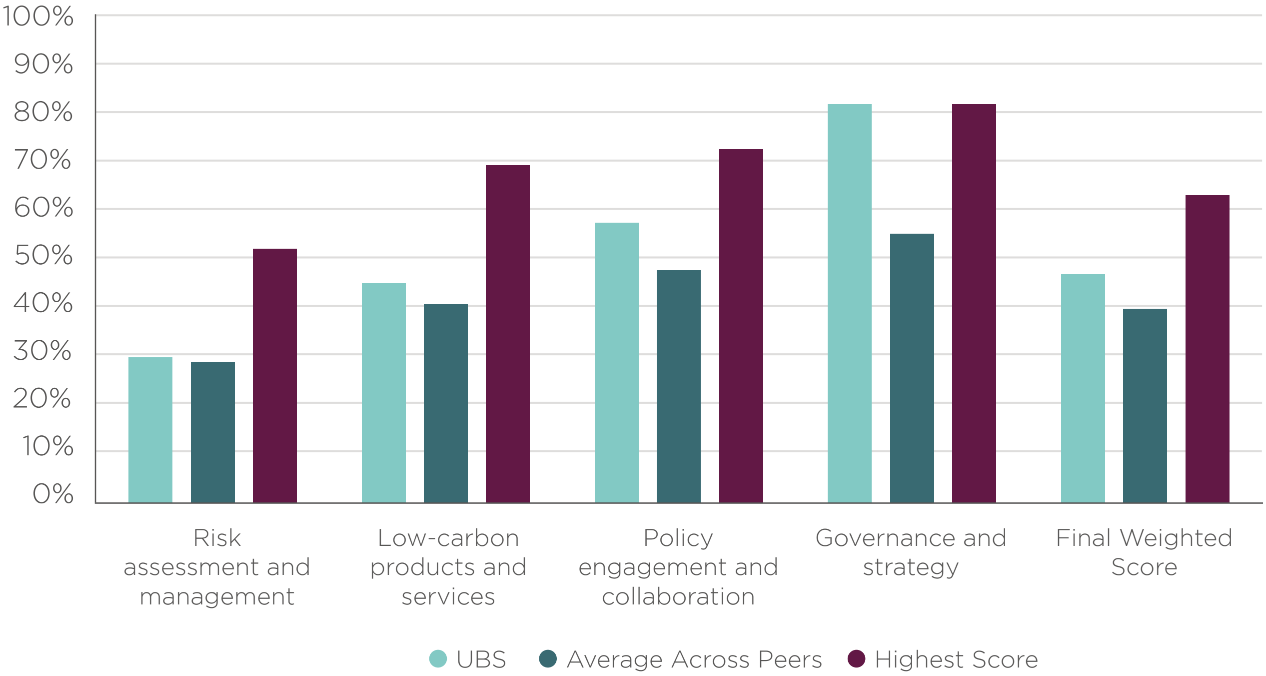
▶ Governance, strategy and implementation

- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

UBS

Bank	Rating	Rank	Score in %
UBS	Building capacity	4/20	47

1. Performance against peers by theme



2. Heat map of performance across question topics

0–25%	20–50%	50–75%	75%–100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

UBS

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Discuss climate risk at the Group Audit Committee level.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science. Update policies to exclude new and existing clients from general corporate financing and underwriting, where reliance on coal is over 30 per cent. Update policies to exclude project finance for coal power and coal mining globally.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Detail how much capital the bank has raised for its own activities via green bonds, including the percentage this represents of total capital raised via debt capital markets.

UBS

▶ Public policy engagement and collaboration with other actors

- Publish positions on the subsidies for fossil fuel companies and the introduction of climate-related concerns into capital requirements regulation.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, Equator Principles, Green Bond Principles, Poseidon Principles, and Science-Based Targets.

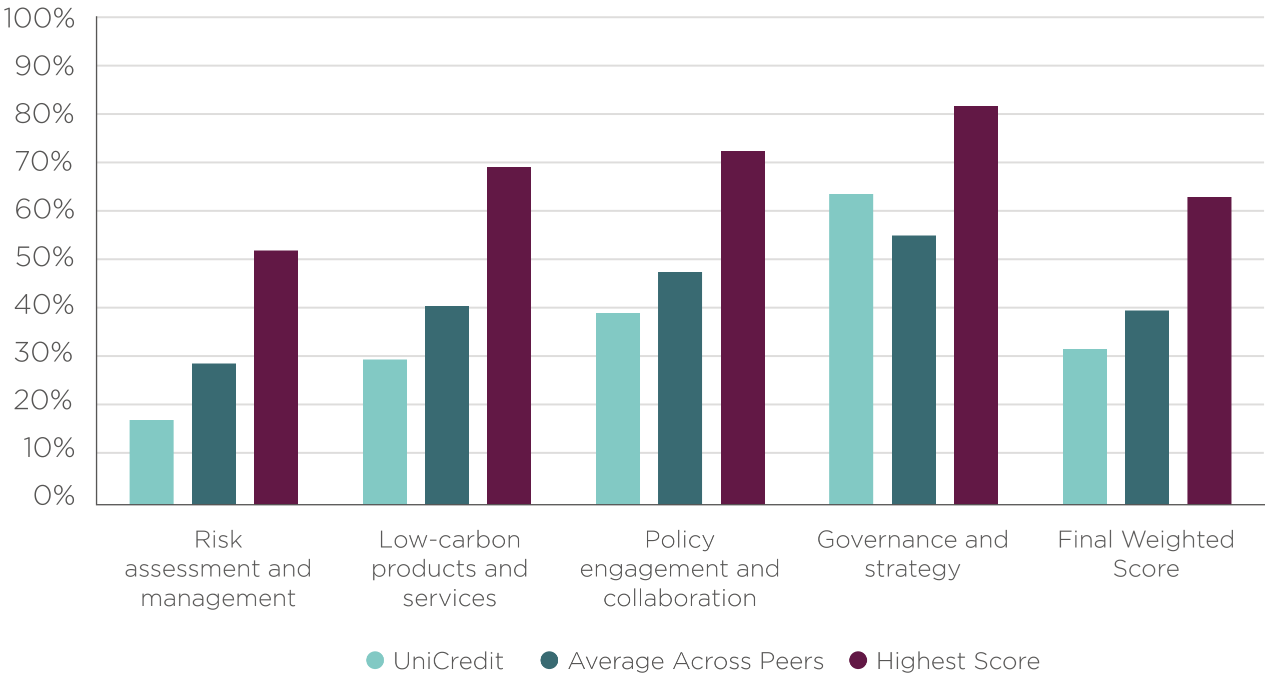
▶ Governance, strategy and implementation

- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.

UniCredit

Bank	Rating	Rank	Score in %
UniCredit	Business as usual	16/20	32

1. Performance against peers by theme



2. Heat map of performance across question topics

0-25%	20-50%	50-75%	75%-100%

Climate-related risk assessment and management	Low-carbon products and services
Scenario analysis	Disclosures of low-carbon assets
Disclosures of high-carbon assets	Development of low-carbon products
Energy sector policies	
Deforestation, land use and biomass policies	

Public policy engagement and collaboration with other actors	Governance, strategy and implementation
Engagement with policy makers and regulators	Climate change strategy
Engagement with trade associations	Governance and implementation
Climate initiatives and stakeholder consultation	

UniCredit

3. Recommendations for improvement

The following recommendations have been automatically generated based on the information received through our survey.

▶ Climate-related risk assessment and management

- Ensure that climate risk assessments are embedded into traditional types of risk, including credit risk, market risk and liquidity risk.
- Carry out scenario analysis across all portfolios, using <2°C, 2°C and >2°C scenarios, working collaboratively with other banks to enable knowledge sharing and ensure consistency in approaches.
- Integrate findings from scenario analysis into the bank's strategy and decision-making processes.
- Disclose exposure to carbon-related assets, both as an absolute amount and percentage of total assets.
- Provide information about the bank's financed power generation portfolio.
- Disclose underwriting activities linked to carbon-related assets, both as an absolute amount and percentage of total underwriting.
- Set long-term targets to reduce the exposure of lending portfolios to carbon-related assets.
- Set long-term targets to reduce underwriting activities linked to carbon-related assets.
- Set targets to phase out coal financing in line with the science.
- Set targets to phase out financing for oil and gas in line with the science. Update policies to exclude project finance for all types of unconventional oil and gas.
- Detail how the bank is contributing to the zero net deforestation goal and expand policies for sectors with significant impact on land use, including biomass, palm oil, soy, cattle, paper, pulp and timber.
- Develop a policy to engage with existing biomass power operators and to prohibit financing for new biomass power.
- Engage with clients on alignment with 1.5°C scenarios, setting clear objectives and timelines and detail consequences if objectives are not met (this should include ending the provision of financial services).

▶ Low-carbon products and services

- Disclose exposure to low-carbon assets, both as an absolute amount and percentage of total assets, as well as targets to increase this exposure.
- Disclose exposure to low-carbon underwriting, both as an absolute amount and percentage of total underwriting, as well as targets to increase this.
- Detail how much capital the bank has raised for its own activities via green bonds, including the percentage this represents of total capital raised via debt capital markets.
- Allocate staff and resources to key divisions (retail banking, commercial banking, corporate banking and investment banking) that are dedicated to developing low-carbon products and services.
- Use third party/independent reviews for all low-carbon assets followed up with regular update reports.

UniCredit

▶ Public policy engagement and collaboration with other actors

- Proactively engage with policymakers and regulators, both on climate-related financial regulation, as well as broader policies designed to reduce greenhouse gas emissions in the real economy.
- Publish positions on subsidies for fossil fuel companies, incentives for low-carbon growth, introduction of climate-related concerns into capital requirements regulation, introduction or enhancement of a carbon tax / other carbon pricing mechanism, climate-related disclosure requirements and ensuring a just transition.
- Detail the process that deals with misalignments between the bank's positions and those of the trade associations.
- Become a member/signatory of the Banking Environment Initiative, United Nations Environment Programme Finance Initiative (UNEPFI) banking sector initiative on TCFD recommendations, Green Bond Principles, Poseidon Principles, Science-Based Targets and Soft Commodities Compact.

▶ Governance, strategy and implementation

- Publish an ambitious, group-wide strategy on climate change, detailing the scenario the bank intends to align with and including the bank's approach to climate-related risks and opportunities, as well as policy engagements, collaborative initiatives, relevant governance structures and implementation.
- Ensure that the banks climate strategy considers the human and labour rights impact of climate change, in line with a just transition.
- Ensure the board is a driving force in advancing climate-related concerns within the organisation, with at least one board member being an expert on climate-related issues.
- Ensure the strategy on climate change leads to specific objectives and related incentives for the board, as well as teams and individuals across the organisation.

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About ShareAction

ShareAction is a non-profit working to build a global investment sector which is responsible for its impacts on people and planet. We mobilise investors to take action to improve labour standards, tackle the climate crisis, and address pressing global health issues, such as childhood obesity. Over the last 15 years, ShareAction has used its powerful toolkit of research, corporate campaigns, policy advocacy and public mobilisation to drive responsibility into the heart of mainstream investment. We want a future where all finance powers social progress.

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