TPI Global Climate Transition Centre
Research and Data at LSE

LSE Global School of Sustainability

State of the Banking Transition 2025

The TPI Global Climate Transition Centre at LSE

The TPI Global Climate Transition Centre (TPI Centre) is an independent, authoritative source of research and data on the progress of corporate and sovereign entities in transitioning to a low-carbon economy. It is part of the Global School of Sustainability at the London School of Economics and Political Science (LSE). The TPI Centre is the academic partner of the Transition Pathway Initiative (TPI), a global initiative led by asset owners and supported by asset managers, aimed at helping investors and other stakeholders assess company, bank and sovereign preparedness for the transition to a low-carbon economy and supporting efforts to address climate change. As of October 2025, 156 investors globally, representing approximately US$87 trillion[1] combined Assets Under Management and Advice, have pledged support for TPI.

The TPI Centre provides data on publicly listed equities, corporate bond issuers, banks and sovereign bond issuers. The TPI Centre's company data:

- Assess the quality of companies' governance and management of their carbon emissions and of risks and opportunities related to the low-carbon transition
- Evaluate whether companies' current and planned future emissions are aligned with international climate targets and national climate pledges, including those made as part of the Paris Agreement
- Form the basis for the Climate Action 100+ Net Zero Company Benchmark Disclosure Framework assessments
- Are published alongside the methods online. They are public and free to use for non-commercial purposes and available at www.transitionpathwayinitiative.org.

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The views in this report are those of the authors and do not necessarily represent those of the host institution or funders. The authors declare no conflict of interest in preparing this report.

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[1] This figure is subject to market-price and foreign-exchange fluctuations and, as the sum of self-reported data by TPI supporters, may double-count some assets.

Contents

Summary: key findings

The TPI Centre's *State of the Banking Transition 2025* report reviews the progress of 36 large global banks on the low-carbon transition and contains two assessment elements: the Net Zero Banking Assessment Framework and Carbon Performance for Banks. The analysis reveals banks still to be at an early stage of their transition, with decarbonisation targets that cover a limited set of sectors and business activities.

Net Zero Banking Assessment Framework

18%
Share of NZBAF sub-indicators met

95%
Proportion of scores unchanged year on year

Carbon Performance for Banks

78%
Proportion of assessed banks with at least one sectoral decarbonisation target

7
Average number of sectors covered by at least one decarbonisation target out of 15 high-emission sectors identified

Net Zero Banking Assessment Framework

The Net Zero Banking Assessment Framework (NZBAF) is a tool to evaluate banks' climate policies using 77 sub-indicators grouped into 10 areas. Each area focuses on a particular aspect of banks' climate policy, such as sectoral targets, decarbonisation strategy or climate governance. Sub-indicators are detailed questions on which analysts at the TPI Centre assign a 'Yes' or 'No' response, depending on whether a bank's public disclosures meet the relevant criteria.

Results

Our assessment shows that banks are still at an early stage of their transition to a low-carbon economy, with banks scoring on only 18% of the sub-indicators in the NZBAF. While banks score on more than one-third of sub-indicators in Area 3 – Exposure and emissions disclosure and Area 8 – Climate governance, performance in other areas is weak. For instance, banks score on only 5% of sub-indicators in Area 5 – Decarbonisation strategy. This is concerning as this area looks at the policies banks have in place to reach their climate goals.

Banks have made little progress on addressing climate change since 2024, with 95% of scores remaining unchanged from last year's report. However, our analysis reveals more marked shifts in specific areas. We found that banks have weakened their disclosures in areas such as net zero commitments, financing conditions for high-emission sectors, and fossil fuel policies, substituting firm language with less precise wording or carving out exceptions to their policies. On the other hand, some banks now have more comprehensive disclosures when explaining their target-setting methodology, disclosing their exposure to high-emission sectors and establishing clear board oversight of climate risks.

Targets for financing directed towards climate solutions are becoming widespread, but the extent to which they contribute to real-economy decarbonisation is unclear. Of the 36 banks we assess, 17 have financing targets for climate solutions, but the activities eligible for this financing vary from bank to bank. Banks rely on external taxonomies to define climate solutions, but the eligible activities included differ substantially across taxonomies. For example, while the EU Taxonomy excludes coal and oil, the Chinese government's Catalogue for Green and Low-Carbon Transition includes clean coal production and clean and efficient use of coal.

Banks in emerging markets and developing economies (EMDEs) are, on average, at an earlier stage of their transition but there are important differences within the group. In addition to the four

Chinese banks assessed previously in this category, this year we also cover two banks from Brazil and two banks from India. Collectively, these eight banks meet the criteria for only 7% of sub-indicators, compared with 19% for the other 32 banks we assess. Within the group of EMDE banks, performance varies significantly: all Chinese and Indian banks score below 10%, while Brazilian banks exceed this threshold. Itaú is the frontrunner, meeting the criteria for 19% of sub-indicators.

Carbon Performance for Banks

Our Carbon Performance for Banks tool tracks which sectors and business activities banks set targets on and whether their sectoral decarbonisation pathways align with the Paris Agreement temperature goals. The TPI Centre has developed low-carbon benchmarks for 14 of the 15 high-emission sectors we have identified. In this exercise, we compare banks' sectoral pathways with those we developed to determine temperature-goal alignment.

Results

Sectoral decarbonisation targets are common in the banking sector but typically cover only the short term (2030) and a limited set of sectors and business activities. Of the assessed banks, 78% (28 of 36) have set a 2030 decarbonisation target covering lending to electricity utility companies. Targets for the oil & gas and auto manufacturing sectors are also common, but coverage of other high-emission sectors is low. The average number of sectors banks cover with at least one sectoral decarbonisation target is seven. Only four banks have set targets for the food sector and only one has set targets for chemicals and diversified mining. Because banks' sectoral targets focus primarily on lending, are limited to a few sectors and rarely extend beyond 2030, there is considerable uncertainty over the scope of their intended decarbonisation.

Only 33% of banks' sectoral decarbonisation pathways are aligned with low-carbon benchmarks (i.e. 1.5°C or Below 2°C) in 2030. Alignment is highest in the electricity utilities sector, with 96% of pathways aligned with global low-carbon benchmarks, although this could partially reflect regional bias as in advanced economies grids are decarbonising faster. For the airlines, cement, aluminium and steel sectors, only 44%, 41%, 25% and 24% of pathways are 1.5°C or Below 2°C-aligned, respectively.

Compared with 2024, alignment between banks' 2030 sectoral pathways and our low-carbon benchmarks remains similar. Only 9% of these alignments have changed year on year. This is mainly due to Wells Fargo cancelling all its sectoral targets and other banks either restating existing targets or setting targets covering additional high-emission sectors.

1. Introduction

This is the TPI Centre's *State of the Banking Transition 2025* report, which presents the results of our latest assessment of the banking sector's progress on the low-carbon transition. Building on our 2024 assessments and report, we evaluate the low-carbon transition measures that 36 of the largest banks, by market capitalisation and total assets, have taken to date and quantify the alignment of their decarbonisation targets with global climate goals. We assessed the banks based on information published before 18 July 2025.

Assessment methodology

The TPI Centre's banking assessment comprises two elements: the Net Zero Banking Assessment Framework (NZBAF) and Carbon Performance (CP) for Banks.

- The NZBAF is a granular framework that evaluates banks' overall performance in managing the low-carbon transition and mitigating the impacts of climate change. It is based on a set of investor expectations published by the Institutional Investors Group on Climate Change (IIGCC) in 2021[2] and the resultant Net Zero Standard for Banks.[3] In collaboration with IIGCC and Ceres, we translated these investor expectations into 77 sub-indicators across 10 areas; Section 2 presents these results.
- CP for Banks shows which sectors and business activities are covered by banks' emissions reduction targets. It also measures banks' sectoral decarbonisation pathways over different timeframes and their alignment with international climate goals at the sectoral level (1.5°C, Below 2°C and National/International Pledges – see Appendix 2). Section 3 presents these results.

See our website for the full methodology and assessments of individual banks.

Assessment principles

The TPI Centre's banking assessments are guided by the key design principles of transparency, accountability and robustness, which are essential for ensuring the credibility of the assessment process. The assessment principles in full are:

1. **Assessments must be based solely on publicly available bank disclosures.** Transparency from banks on how they manage climate risks is critical to the TPI Centre's ability to assess them. It also enables users to understand and verify assessment outcomes. Using only public data ensures that banks are assessed consistently and fairly.
2. **Indicators can be evaluated objectively.** All stakeholders who use TPI Centre data should be able to understand the rationale behind scores across indicators.
3. **The assessment framework is relevant for all types of banks.** The framework should consider the variety of banks' business models and be applicable to as many banks as possible.
4. **The framework aligns with existing initiatives.** Several of the indicators are linked to the Climate Action 100+ Net Zero Company Benchmark, and most of the indicators are largely aligned with the S2 Climate-related Disclosures Standard of the International Sustainability Standards Board (ISSB).[4]
5. **Indicators apply to the bank as an aggregated entity.** The TPI Centre's analysis reflects commitments and practices at the group-wide level.

[2] See IIGCC (2021) *Aligning the Banking Sector with the Goals of the Paris Agreement*.

[3] See IIGCC (2023) *Net Zero Standard for Banks*.

[4] This Standard succeeded the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in October 2023.

Updates for the 2025 assessment cycle

Updated coverage

In 2025, we have updated our assessment sample to include 10 additional banks alongside the 26 major international banks assessed in 2024. Through this expansion, we: (i) extend our coverage to include Australian banks, (ii) explore the applicability of the framework in a greater number of EMDEs by including four large Indian and Brazilian banks, and (iii) complete the coverage of Global Systemically Important Banks (G-SIBs).[5] The 10 US super-regional banks and two US custodian banks assessed in 2024 have not been reassessed in 2025.

Changes to NZBAF indicators

- **Indicator 5.2.1 – Misaligned fossil fuel activities:** the threshold related to the exclusion of companies with a coal share of revenue or a coal share of electricity production has been increased from 5% to 10% to align with other frameworks.[6]
- **Indicator 5.2.2 – Deforestation and land conversion:** we have overhauled deforestation sub-indicators to align with other frameworks[7] and introduced a new sub-indicator, 5.2.2.a, which focuses on the expectations that banks set for their clients with regard to high forest-risk commodities.[8]
- **Area 6 – Climate solutions:** we have redesigned Area 6 to better capture differences in how banks set their climate solution targets and report on progress. We have increased the number of sub-indicators from three to eight, organised into two categories: target design and methodological choices (6.1), and financing and impact reporting (6.2).
- **Sub-indicator 10.1.a – TCFD reporting:** Following the completion of the mandate of the Task Force on Climate-related Financial Disclosures (TCFD) in 2023, the Task Force stood down and the IFRS Foundation is folding the TCFD's work into its S1 and S2 disclosure standards. During the transition phase from TCFD to S1 and S2 reporting, we are not assessing sub-indicator 10.1.a, due to the lack of standalone reports or explicit signposting available at this point.

Note on assessment sample

Throughout the report, unless otherwise specified, discussions of 2025 scores are based on our total assessment sample of 36 banks and the 77 sub-indicators present in the 2025 version of the NZBAF. For comparisons between 2025 and 2024 scores, the assessment sample is limited to the 26 banks and 67 sub-indicators assessed in both years.[9]

This report is the second in the TPI Centre's flagship trilogy of annual reports for 2025:

1. *State of the Corporate Transition 2025* (September 2025)
2. *State of the Banking Transition 2025* (October 2025)
3. *State of the Sovereign Transition 2025* (forthcoming, November 2025)

[5] Excluding certain state-owned G-SIBs and custodian banks.

[6] Relevant frameworks include *Global Coal Exit List* (Urgewald, 2024), *Coal Policy Tracker* (Reclaim Finance, 2025) and *Near-Term Criteria for Financial Institutions* (SBTi, 2024).

[7] Relevant frameworks include the *Forest, land and agriculture target-setting guidance* (SBTi, 2023), *Deforestation- and conversion-free supply chains report* (CDP, 2024) and the *Finance sector deforestation action progress report* (IIGCC, 2024).

[8] The Accountability framework defines high-forest-risk commodities as: cattle (including beef and leather), palm oil, pulp and paper, timber and soy.

[9] Due to methodological changes this year, the following sub-indicators are not directly comparable with 2024's: 2.1.a, 2.1.b, 3.5.a, 5.2.2.a, 6.1.b, 6.1.c, 6.1.d, 6.2.a, 6.2.b, 6.2.c.

2. Net Zero Banking Assessment Framework

This section presents the results of our assessment of banks' disclosures using the NZBAF. For more details on how the framework is structured, please refer to the 2024 methodology note and 'Updates for the 2025 Assessment Cycle' in Section 1 above.

Overview of NZBAF results

Banks' overall performance on the NZBAF is weak. On average, banks score on only 18% of the 77 sub-indicators and the best-performing banks score on around one-third of the sub-indicators.

However, our assessment shows banks are at different stages of the transition to a low-carbon economy. Four Chinese banks, two Indian banks and one US bank are at an early stage, scoring on fewer than 10% of sub-indicators. None of these banks have set a sectoral decarbonisation target, for example. Banks scoring on 10 to 20% of sub-indicators are primarily from North and South America, plus Australia. They have generally set sectoral decarbonisation targets and implemented some climate policies. Banks scoring on more than 20% of sub-indicators are mostly from Europe and Japan: these banks all have decarbonisation targets covering multiple sectors, eight on average, and they have begun embedding climate considerations across their operations.

There are also significant differences in performance across the NZBAF's 10 areas. While banks score on more than one-third of sub-indicators in Area 3 – Exposure and emissions disclosure and Area 8 – Climate governance, performance in other areas of the framework is weak. For instance, banks score on only 5% of sub-indicators in Area 5 – Decarbonisation strategy. This is concerning as this area looks at the policies banks have in place to reach their climate goals. No bank scores on Area 7, which looks at whether banks align their climate policy engagement with the goal to restrict global temperature rise to 1.5ºC above pre-industrial levels.

Figure 2.1. Overview of the 36 assessed banks' performance on the NZBAF in 2025

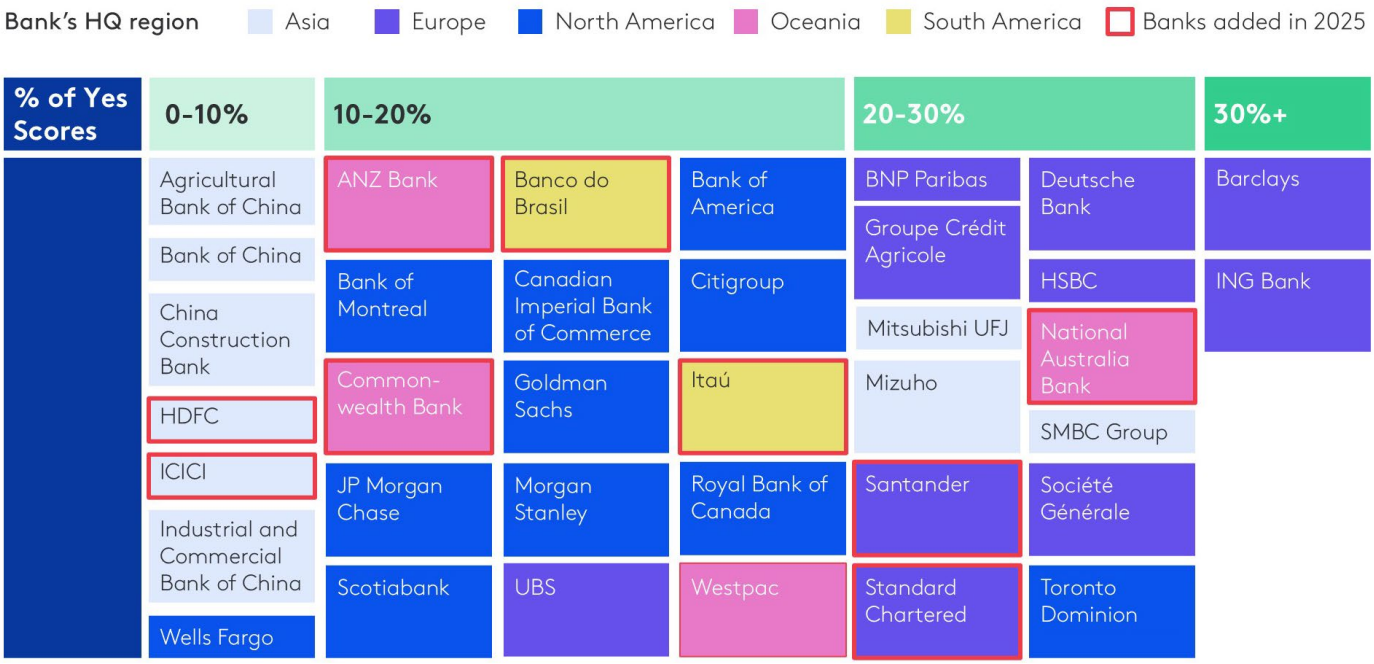
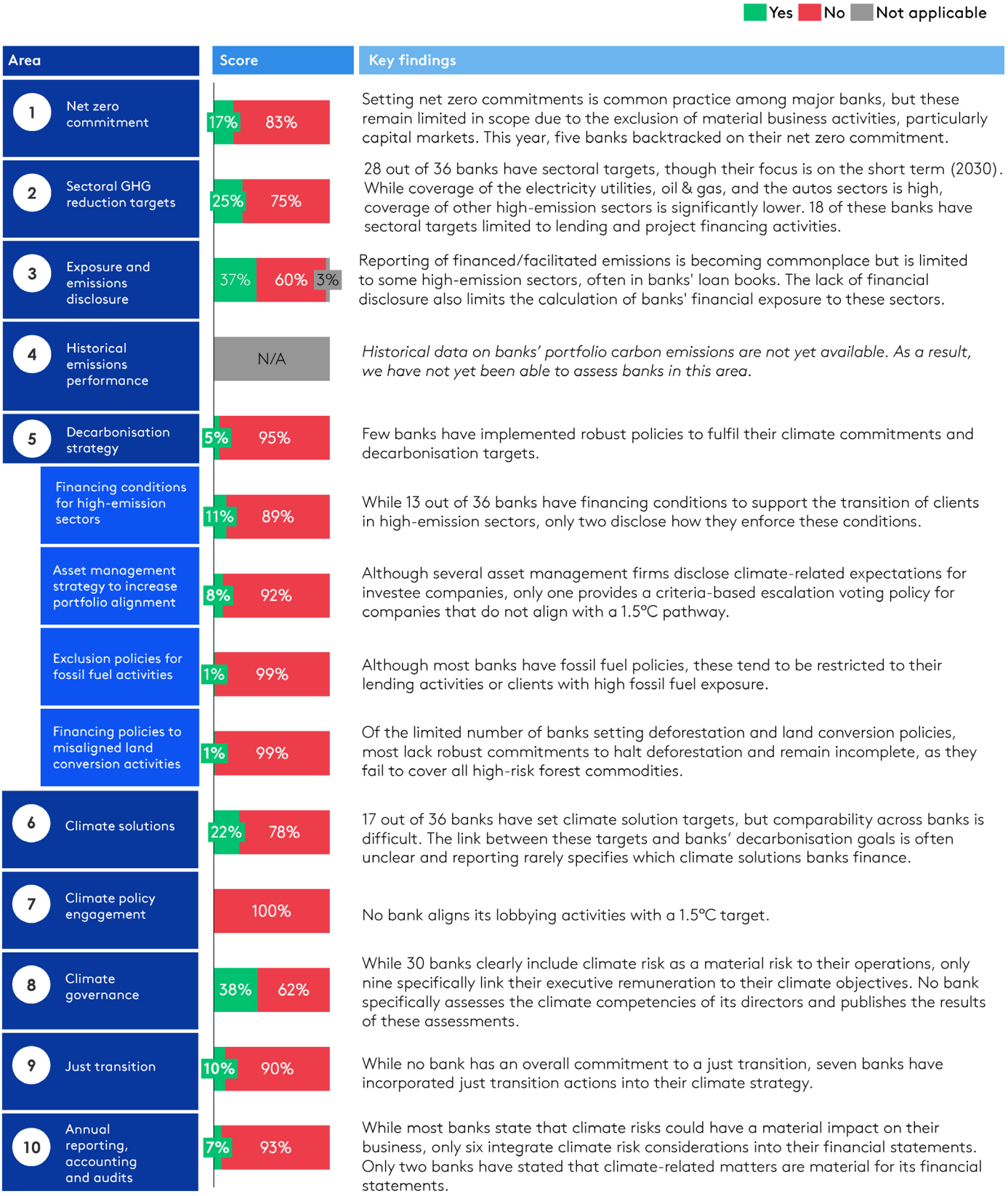


Figure 2.2. Performance of the 36 assessed banks on the NZBAF across its 10 areas



Year-on-year comparison

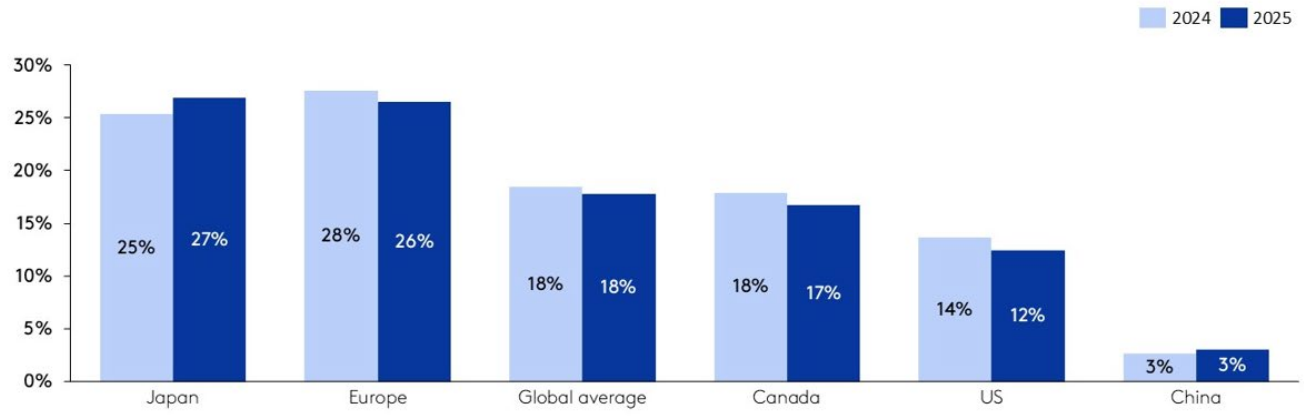
Banks are currently navigating a complex landscape where some jurisdictions are increasing their regulatory demands and transition planning expectations, while others are pushing back on climate action. Launched in 2021 as an initiative to support banks' transition to a low-carbon economy, the Net-Zero Banking Alliance (NZBA) saw some of its members start to leave in 2024 following political backlash in the United States. The NZBA ceased operations in October 2025. In other jurisdictions, regulatory expectations are intensifying, however, alongside demands for credible transition planning. Earlier this year, the Basel Committee published a voluntary framework for disclosing climate-related financial risks,[10] while the European Banking Authority (EBA) issued its final guidelines on managing environmental, social and governance (ESG) risks, including climate.[11]

The 26 global banks assessed in both 2024 and 2025 have made little progress year-on-year on addressing climate change, with 95% of scores remaining unchanged this year. While some banks have increased the percentage of NZBAF sub-indicators they satisfy compared with 2024, on aggregate, banks score on only 18% of sub-indicators, a decline of less than one percentage point compared with last year. Average scores have decreased the most in Europe and North America, while Japanese banks now score slightly higher than last year to become the highest scoring group, averaging 27% on the NZBAF this year.

Banks have weakened their disclosures in areas such as net zero commitment (1.1), financing conditions for high-emission sectors (5.1.1), and fossil fuel policies (5.2.1). On indicator 1.1, some banks have either fully withdrawn or weakened their net zero commitments, substituting firm language such as 'commitment' or 'target' with less precise wording such as 'ambition' and 'aspiration'. On indicators 5.1.1 and 5.2.1, some banks now state that exceptions to their policies may be granted in some circumstances without clearly explaining the process for making these exceptions. One bank, Wells Fargo, stands out for having abandoned its net zero commitment and sectoral targets, and for having removed its climate disclosures from publicly available sources, in the past year.

Compared with 2024, some banks now have more comprehensive disclosures regarding their target-setting methodology (2.2), exposure and emissions (3.1–3.3), and governance structures (8.2). Several banks now provide greater clarity on the analysis underpinning the inclusion of specific business activities and high-emission sectors in their decarbonisation targets (2.2.b). Other banks offer greater transparency around their exposure to high-emission sectors and provide new figures for financed emissions on an absolute or intensity basis (3.1–3.3). Several banks have introduced new governance measures that assign the oversight of climate-related risk to board members and/or committees (8.2).

Figure 2.3. Year-on-year score changes by banks' region of domicile among the 26 banks assessed in 2024 and 2025



Note: Percentages are rounded to integer numbers

[10] BIS (2025) *A framework for the voluntary disclosure of climate-related financial risks*.

[11] EBA (2025) *Guidelines on the management of environmental, social and governance (ESG) risks*.

2. Carbon Performance for Banks

This section presents the results of our assessment of banks' sectoral decarbonisation targets using the low-carbon benchmarks developed by the TPI Centre.

Banks' sectoral target coverage

While most banks set one decarbonisation target per sector (e.g. one target specifically covering the electricity utilities sector), some banks set one decarbonisation target covering multiple high-emission sectors. For example, some banks have set an energy target, which covers both oil & gas and coal mining. To enable like-for-like comparisons across banks, instead of simply counting the number of targets that banks have set, we look at how many of the 15 high-emissions sectors identified by the TPI Centre are covered by at least one of the bank's decarbonisation targets.[12] Further details on the Carbon Performance (CP) for Banks assessment process can be found in Appendix 2.

Setting sectoral decarbonisation targets is common practice for banks, though most targets are short-term. Of the 36 assessed banks, 78% (28 banks) have set at least one sectoral decarbonisation target. In line with the NZBA's target-setting guidelines, all banks with targets have at least one sectoral decarbonisation target for 2030 (short-term). Conversely, no bank has set sectoral targets for the period 2031—2035 (medium-term) and only four banks have set targets for the period 2036—2050 (long-term). Deutsche Bank and ING are the only banks that have set both short- and long-term targets across the majority of sectors included in their decarbonisation strategies. Medium- and long-term targets are essential to shape banks' full sectoral decarbonisation pathways, as cumulative emissions ultimately determine the resulting increase in global mean temperature.

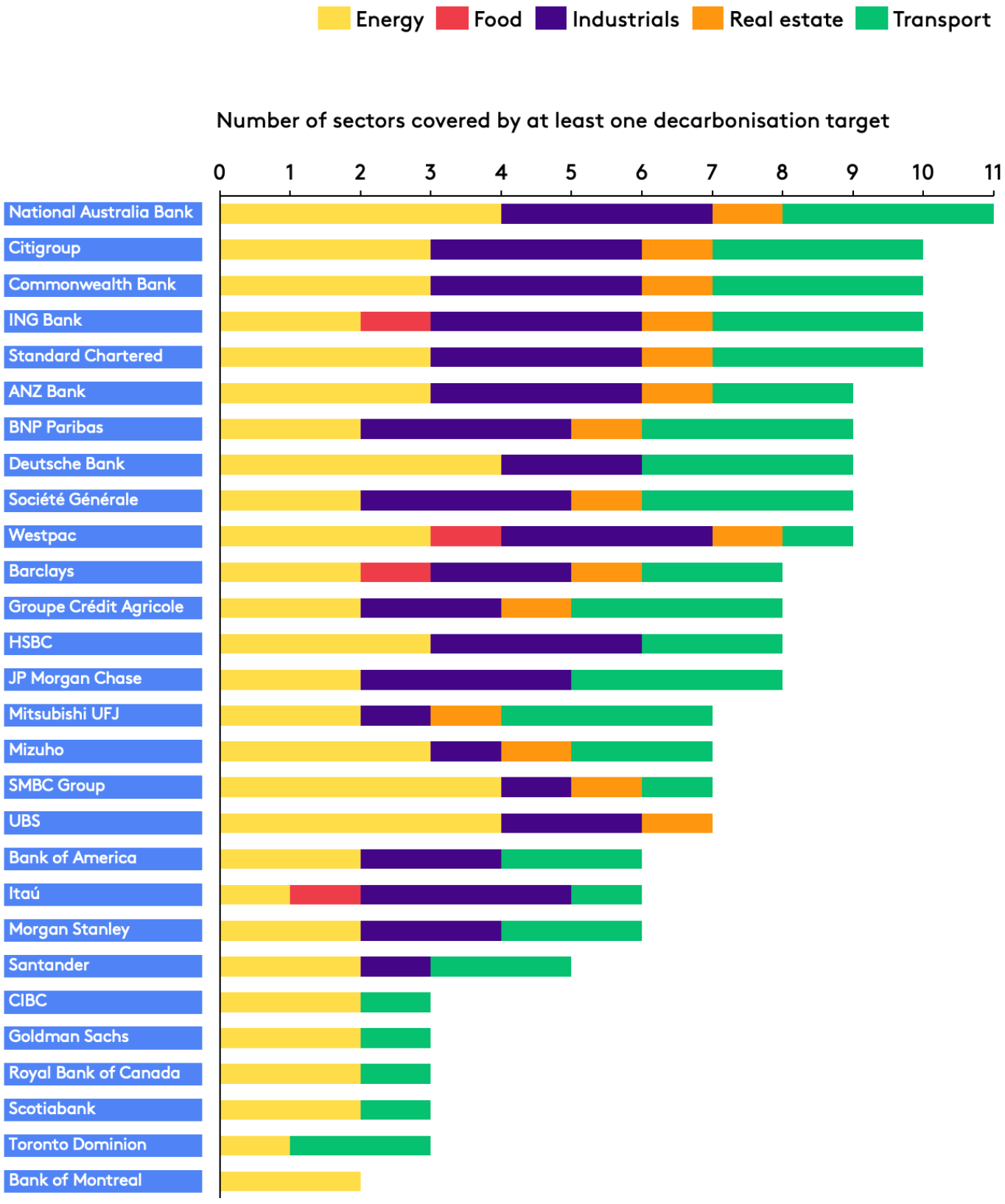
On average, banks with sectoral targets cover seven of the 15 high-emission sectors we have identified. The Australian banks in our sample have the most comprehensive target-setting approach, covering 10 sectors on average. The European banks typically set targets covering eight sectors, Japanese banks cover seven and North American banks cover five sectors on average. Only Citigroup and JPMorgan Chase & Co. cover at least as many sectors as the average European bank, covering 10 and eight sectors, respectively. National Australia Bank has targets covering the greatest number of sectors: its targets cover 11 of the 15 high-emission sectors.

All of the banks that have at least one sectoral target cover the electricity utilities sector (28 of 36), closely followed by oil & gas (26) and auto manufacturing (25). Target coverage of other high-emission sectors remains low. Fifteen of the banks also cover at least one of the following sectors: airlines, cement, real estate and steel. In contrast, very few of the banks have so far expanded their target-setting to the chemicals, diversified mining or food sectors. Only four have set targets for the food sector and Morgan Stanley is the only one with targets covering the chemical and diversified mining sectors.

Overall, we find no strong regional differences in the sectors banks prioritise when setting targets.

[12] The TPI Centre has identified the following high-emission sectors: airlines, aluminium, autos, cement, chemicals, coal mining (thermal), coal mining (metallurgical), diversified mining, electricity utilities, food, oil & gas, paper, real estate, shipping and steel.

Figure 3.1. Sectors covered by the 36 assessed banks by at least one sectoral decarbonisation target



Note: Energy: coal mining (thermal), coal mining (metallurgical), electricity utilities and oil & gas. Food: food producers. Real estate: real estate. Industrials: aluminium, cement, chemicals, diversified mining and steel. Transport: airlines, autos and shipping.

All targets that the banks have set cover corporate banking activities (lending and project finance), but coverage of other business activities remains low. The inclusion of these other business activities in banks' targets is important as they can represent a sizeable part of a bank's business. For large international banks, S&P (2025) finds that the median percentage of revenues from capital market activities makes up 35% of total revenues.[13] Market facilitation and syndicated loans play a particularly important role in some sectors. Recent research by the Sierra Club finds that 61% of all US bank financing for fossil fuel expansion comes from underwriting bonds and equities.[14] Yet, our analysis shows that only 10 of the assessed banks have set targets covering their capital market activities (debt and equity facilitation). For eight of these, coverage is limited to only a few sectors, such as autos, electricity utilities and oil & gas. While most banks that include capital market activities in their sectoral decarbonisation targets have a combined target covering financed and facilitated emissions, one bank in our sample, Standard Chartered, has taken a different approach: it is the only bank so far to set separate targets for its financed and facilitated emissions for its oil & gas portfolio. We note that the publication of the 2025 update of the NZBA's *Guidelines for Climate Target Setting for Banks* may further support banks to set facilitated emissions targets, as the initiative urges banks to include emissions from capital market activities in their targets by November 2025 at the latest.[15]

Alignment of banks' sectoral decarbonisation pathways

Banks' sectoral decarbonisation pathways are assessed across three timeframes: short-term (2025–2030), medium-term (2031–2035) and long-term (2036–2050). As most banks have only set short-term targets, we focus on the 2030 sectoral alignments in the following section.

Slightly more than half of the assessed banks' sectoral pathways follow a methodology comparable with our Carbon Performance benchmarks. Banks set decarbonisation targets on a sectoral level. In our Carbon Performance analysis, we compare the pathways implied by banks' sectoral targets with the low-carbon sectoral benchmarks we have developed at the TPI Centre. This requires bank pathways and the benchmarks to have the same material value chain coverage, emissions scope and reported metric. This year, slightly over half (55%) of the assessed banks' sectoral pathways follow a methodology sufficiently comparable with the TPI Centre's benchmarks to make an estimate of alignment with climate goals possible.

Banks use similar target-setting approaches in the airlines, aluminium, cement and electricity utilities sectors, which are often comparable with our approach. For other sectors, the methodologies banks use are more heterogeneous and less compatible with our approach. We are unable to assess 19 pathways in the autos sector, 14 in oil & gas or 12 in shipping as banks either state targets using accounting boundaries that are inconsistent with our methodology, do not state the base-year emissions intensity against which their targets are expressed, or follow an alignment score methodology.[16] Lastly, we do not assess alignment in the real estate sector.

Out of all high-emission sectors, alignment with low-carbon benchmarks is highest in electricity utilities when we compare bank pathways with a common global benchmark.[17] However, if we compare banks' electricity pathways with regional benchmarks instead, alignment drops sharply. The TPI Centre has developed global and regional benchmarks for the electricity utilities sector.[18] We have done so to reflect different regions' emissions reduction requirements for electricity, which is not a globally traded commodity. We assign banks to a region based on the location of their headquarters. This means that comparisons with regional benchmarks are more accurate for banks whose exposure to the electricity utilities sector is primarily in their home market. For electricity utilities, we can estimate alignment for all 28 of the banks that have a target for this sector. When estimating

[13] S&P Global (2025) *Capital markets could support bank revenue in 2025, but uncertainty due to tariffs is high.*

[14] Sierra Club (2023) *Capital markets: the hidden pipeline for fossil fuel financing*.

[15] NZBA (2025) *Guidance for climate target setting for banks*, Version 3.

[16] Portfolio-level alignment scores follow methodologies that evaluate whether a bank's financed sectoral portfolio is on track with sector-specific decarbonisation benchmarks. Instead of physical emissions intensities, banks following these methodologies usually disclose alignment scores, representing their portfolios' distance from the underlying benchmarks. These methodologies rely on reductions in physical intensity, but due to additional permutations in the data, we cannot assess them using the TPI Centre's physical intensity-based approach. Currently, banks use alignment scores for the airlines, aluminium, shipping and steel sectors.

[17] Low-carbon benchmarks are 1.5°C or Below 2°C pathways.

[18] See Dietz et al. (2024) *Carbon Performance assessment of electricity utilities: note on methodology*.

alignment using global benchmarks, we find that 27 banks are aligned with low-carbon benchmarks in the short term (2030). When estimating alignment using regional benchmarks, only four banks remain aligned with low-carbon benchmarks.

This analysis shows how meaningful the differences in alignment are between global and regional electricity utilities benchmarks. To fully contextualise these results, a deeper understanding of a bank's regional exposure is required, which will be possible once better data become available.

Figure 3.2. Alignment of the 36 assessed banks with low-carbon benchmarks in the short term (2030), by sector

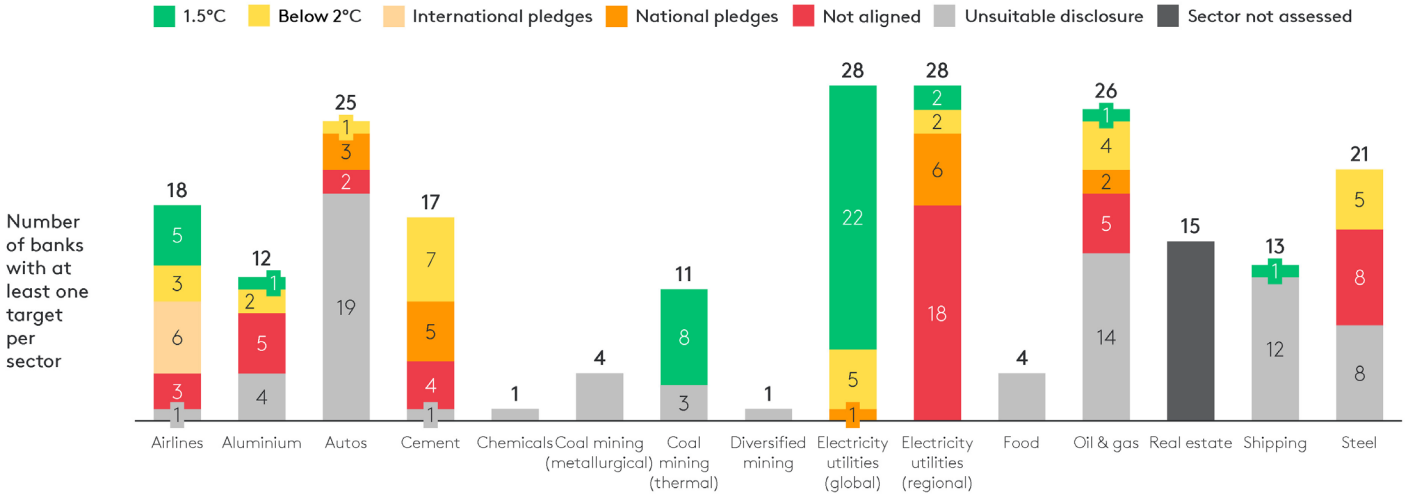
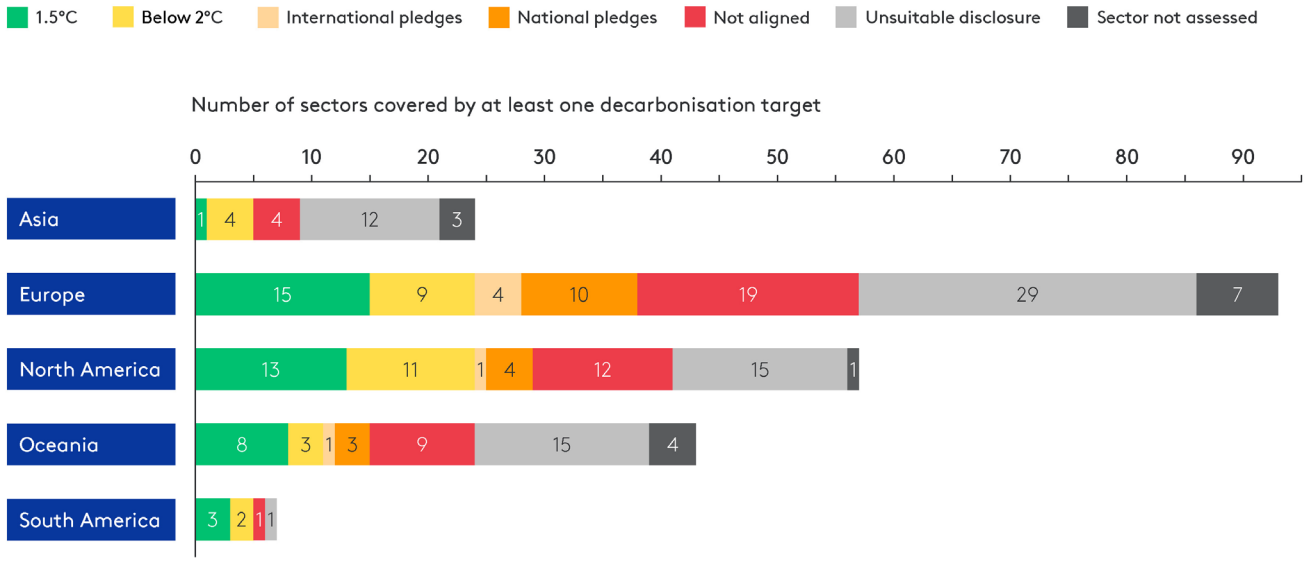


Figure 3.3. Alignment of the 36 assessed banks with low-carbon benchmarks in the short term (2030), by region



The alignment of the banks' oil & gas sector targets with low-carbon benchmarks is low. Of the assessed banks, 26 have a target covering the oil & gas sector in the short term (2030). For these targets we can determine the alignment with low-carbon benchmarks for 12 banks: only five of these are aligned with 1.5°C or Below 2°C, two are aligned with National Pledges and five banks are not aligned with any benchmark. Of the 14 banks for which we cannot estimate alignment, only one uses an accounting boundary inconsistent with our methodology, while the other 13 do not state the base-year emissions against which their oil & gas targets are expressed.

Alignment in other high-emission sectors, such as aluminium and steel, is also low. For aluminium, only 25% of the banks' pathways are aligned with 1.5°C or Below 2°C, and for steel the figure is 24%. Alignment is higher across the airlines and cement

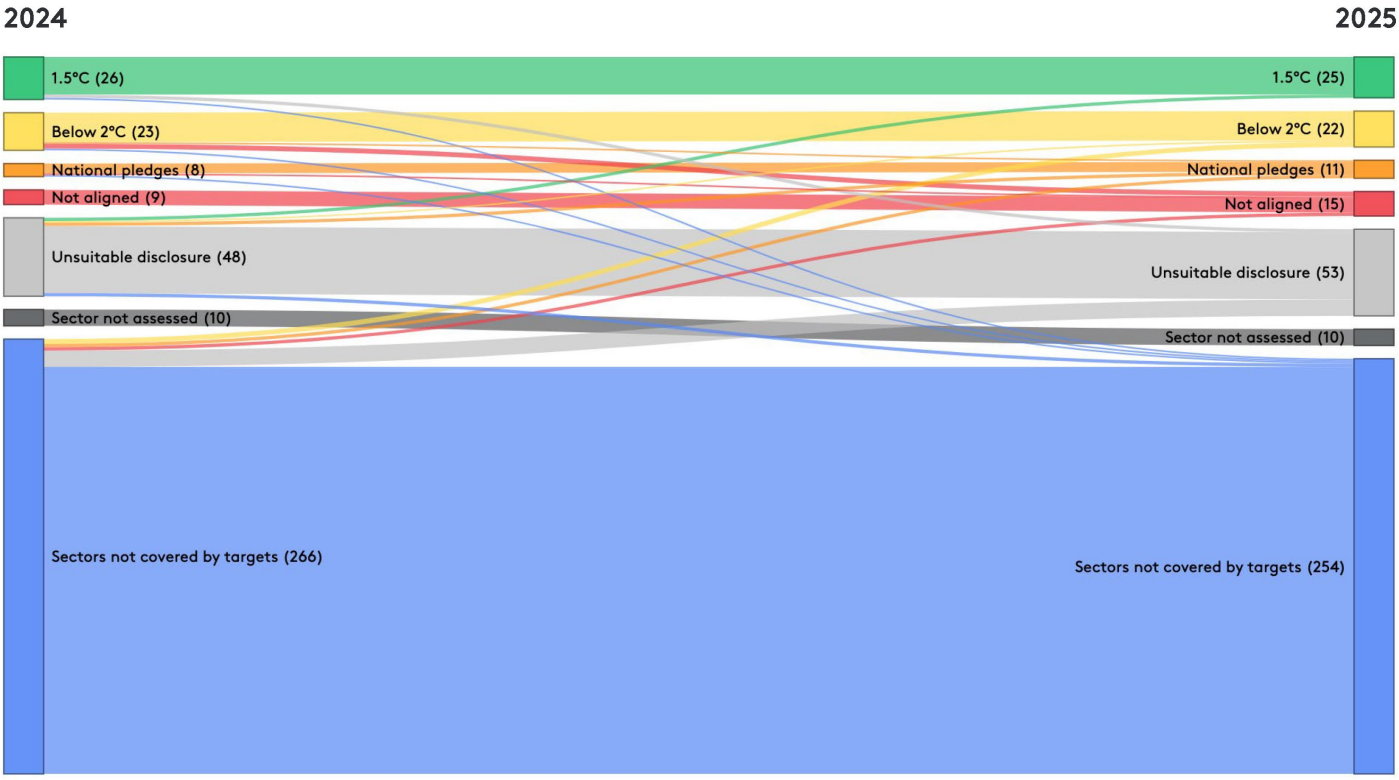
sectors, with 44% and 41% of pathways aligned with these benchmarks, respectively. Finally, while only 11 banks have set sectoral targets for the thermal coal sector, eight are aligned with 1.5°C.

Year-on-year comparison

For the 26 banks assessed in 2024, the total number of bank targets remains similar in the 2025 assessment, though few banks expanded their sectoral coverage in transport, industrials and food. Two North American banks, Morgan Stanley and Wells Fargo, stand out for making notable changes to their decarbonisation targets. Morgan Stanley has shifted its target-setting approach to using physical instead of economic emissions intensity metrics. It has also set six new targets, including in chemicals and diversified mining. Four other banks have also expanded the sector coverage of their targets, with three expanding into airlines, three into aluminium, one into cement and one into food.[19] Conversely, Wells Fargo has abandoned its sectoral targets. For the 21 banks we assessed in 2024 with at least one sectoral decarbonisation target, the above changes have resulted in a year-on-year increase in the average number of sectors covered from 5.9 to 6.5.

Alignment between banks' 2030 sectoral pathways and our low-carbon benchmarks in 2025 remains similar to 2024 (Figure 3.4).

Figure 3.4. Changes in short-term (2030) alignment between the 2024 and 2025 assessment cycles for the 26 banks assessed in both years



Note: The numbers in brackets indicate the sum of all short-term (2030) alignment estimates across banks and sectors. Due to the international nature of the airlines and shipping, these sectors have international pledges instead of national pledges. The category 'International pledges' has been merged into 'National pledges'. For the electricity utilities sector, we consider alignment against global benchmark

[19] The list does not include renewed or re-baselined targets for high-emission sectors already covered by a previous target.

Overall, 9% (34) of these alignments changed year on year. Wells Fargo cancelling all its five sectoral targets accounts for 1 percentage point (pp) of these 34 alignment changes; 2 pp of the changes are due to Morgan Stanley restating its targets as physical emissions intensities, where previously these were economic, which enables us to start assessing alignment for the bank. A further 3 pp (11) of the 34 alignment changes are attributable to banks covering new high-emission sectors or renewing their existing targets: these are mainly for the airlines and aluminium sectors. Finally, 2 pp (seven) of the 34 alignment changes are the result of further methodological research on frameworks and target-setting approaches in the automotive manufacturing and shipping sectors.[20]

[20] In the automotive manufacturing sector, we conducted further research on how PACTA's emissions intensity approach for the automotive sector aligns with the TPI Centre's methodology and were thus able to estimate the alignment of three additional banks. In the shipping sector, we have stopped estimating alignment for banks setting shipping targets using deadweight tonne as a unit. This decision means that two banks are now classified as having unsuitable disclosures in the sector. In contrast, the TPI Centre's low-carbon benchmarks measure per tonne transported, which captures what shipping vessels are in in fact transporting.

3. In focus: climate solutions

This section examines the financing of climate solutions among our sample of banks. Banks have expanded their climate solution financing, but their approaches vary. To better understand banks' climate solutions targets and their reporting on climate solutions financing, we restructured Area 6 of our framework and added five new sub-indicators.

Assessment overview and results

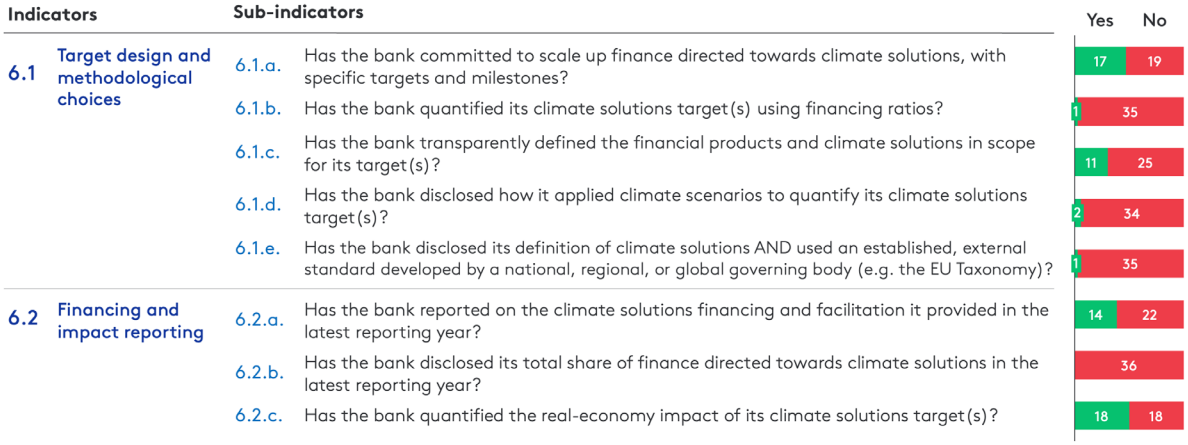
Our research shows significant heterogeneity in how banks define their targets for finance directed towards climate solutions. These financing targets can be expressed in absolute terms, such as increasing finance by a stated volume, or in relative terms. Examples of the latter include targets to increase the share of climate solutions in banks' total financing portfolios, and targets to increase deployment of climate solutions by a certain quantity (e.g. renewables capacity in MWh) or to change the financed portfolio mix (e.g. the ratio of low-carbon to fossil fuel financing).

To better understand the financing banks direct towards climate solutions and the targets they set, we restructured Area 6 of our framework and added five sub-indicators. The area now has two indicators:

- Indicator 6.1 assesses how banks design their climate solution targets, including which activities are eligible for financing and the categories of climate solutions covered, such as renewable energy and low-carbon transport. It further examines whether banks align their financing framework with taxonomies established by governing bodies (e.g. the EU Taxonomy, the Chinese government's Catalogue for Green and Low-Carbon Transition, or Australia's forthcoming Sustainable Finance Taxonomy), and whether climate scenarios inform the level of ambition of their targets.
- Indicator 6.2 assesses the reporting of financing for climate solutions. It considers whether banks report financing by activity type and categories of climate solution and whether they attempt to quantify the real-economy impact of such financing.

We base our assessment on banks' own definitions of climate solutions, provided that they meet the Glasgow Financial Alliance for Net Zero's (GFANZ) definition of climate solutions and enabling activities.[21] The results are shown in Figure 4.1.

Figure 4.1. Scores for the 36 assessed banks on NZBAF Area 6: climate solutions



[21] See GFANZ (2023) *Defining the transition finance and considerations for decarbonization contribution methodologies*. GFANZ uses the following definitions: **solutions** are technologies, services, tools or social and behavioural changes that directly eliminate, remove or reduce real-economy greenhouse gas emissions; **enabling activities** are technologies, services, tools or social and behavioural changes that indirectly contribute to, but are critical for, emissions reductions by facilitating the deployment and upscaling of climate solutions.

Climate solutions: targets

Nearly half the banks in our sample (17 of 36) have set at least one climate solution financing target (6.1.a), mostly spanning multiple sectors. These 17 banks in total have set 27 financing targets, translating to an average of 1.6 targets per bank. These targets often span multiple sectors, which contrasts with the more granular approach seen with decarbonisation targets, where banks typically establish one target per sector. On average, the banks have 5.8 times more sectoral decarbonisation targets than they do climate solution targets. Only five of the banks have set at least one sector-specific target. Eight of these focus on renewable energy, followed by green buildings (two), and sustainable agriculture (one).

Because most climate solution financing targets lack sector-specific focus, it is difficult to assess the extent to which they support or complement sectoral decarbonisation strategies and contribute to decarbonising the real economy. Sectoral decarbonisation targets have a clear link to reducing emissions in a specific sector. Banks set clear sectoral boundaries to define what falls within the scope of the target. The target is derived using climate scenarios aligned with a specific temperature outcome. The scope of the banks' business activities included in the target is typically clearly defined. By contrast, for climate solutions financing targets, only two banks disclose how they apply climate scenarios to quantify the target figures (6.1.d). While some of the banks, such as BNP Paribas (see Box 4.1) and Crédit Agricole, set targets based on physical deployment, most track only cumulative financing volumes, making the link to real-world decarbonisation less clear. Finally, only 31% of the banks (11) transparently define the financial products and climate solution areas in the scope of their recognised targets (6.1.c).

Box 4.1. Example of BNP Paribas

BNP Paribas has set multiple climate solution targets, including some with a link to real-world decarbonisation. The bank has an overall climate solution financing target of €200 billion by 2025 to support the transition of corporate clients to a low-carbon economy. It also has sector-specific initiatives, including a target to increase the share of low-carbon energy, primarily renewables, in the bank's financed energy mix to 66% by 2025 and 90% by 2030. The bank has a target to increase the share of electric vehicles in its automotive portfolio to greater than or equal to 25% by the end of 2025. Finally, it has a target to increase its exposure to low-carbon energy to at least €40 billion by 2030.

As there is no universal definition of 'climate solution', banks draw on various taxonomies to formulate their financing frameworks. This may result in banks financing significantly different activities. Banks rely on external taxonomies to define climate solutions but the eligible activities included in these taxonomies vary substantially. For example, while the EU Taxonomy excludes coal and oil, the Chinese government's Catalogue for Green and Low-Carbon Transition includes clean coal production and clean and efficient use of coal. As a result, banks adhering to their respective national/regional taxonomies may end up financing markedly different activities. Banks tend to not fully align their definitions of climate solutions with those of an external taxonomy, adding a further layer of complexity. Bank of China is the only bank we assess that fully aligns its green financing activities with a government-established taxonomy (6.1.e). Other banks draw on regional standards, taxonomies and industry guidelines[22] to develop their own bespoke financing frameworks, further complicating efforts to compare climate-related financing targets.

[22] Examples of regional standards include those developed by the Asia-Pacific Loan Market Association. Guidelines from the International Capital Market Association (ICMA) and the Loan Market Association (LMA) for bonds and loans are the most referenced industry standards. Meanwhile, the EU Taxonomy acts as a foundation for most banks, including those domiciled outside the EU.

Climate solutions: financing and impact reporting

Local regulation shapes the level of comprehensiveness of reporting on the financing of climate solutions. Reporting often lacks detail on which climate solutions banks finance. Of the 36 banks in our sample, only 39% (14 banks) report on their financing of climate solutions, including both the climate solutions and the financing activities they deploy (6.2.a).

The six EU banks in the sample have the most comprehensive reporting on financing for climate solutions. This is because under the European Banking Authority (EBA) requirements,[23] banks must disclose their environmentally sustainable (i.e. EU Taxonomy-aligned) on-balance sheet exposures towards non-financial corporates. The disclosure is disaggregated to the asset class and sector levels.

Outside the EU, eight of the other banks report on their climate solution financing sufficiently, providing details on the climate solutions banks finance and the financing activities through which they do so. This disclosure is usually linked to the bank's reporting on target progress. Banks that do not score on sub-indicator 6.2.a (reporting on climate solutions financing) typically disclose only the financing deployed, with little detail on the specific climate solutions financed.

Assessing the ambition of banks' financing of climate solutions is challenging due to the lack of comparable data across banks. No bank in our sample discloses the share of total finance directed towards climate solutions (6.2.b), preventing an assessment of whether this financing is material compared with a bank's total financing. Reported metrics depend on what activities each bank considers eligible under its financing framework and what business activities are in the scope of these disclosures. Even legislated disclosures fail to give a full picture of banks' financing of climate solutions. In the EU, banks must disclose the Green Asset Ratio (GAR), which measures the share of banks' assets classified as environmentally sustainable as per the EU Taxonomy. While this figure improves transparency in banks' climate-related disclosures, it has also been criticised for its limited business activity, counterparty and geographical coverage.[24]

Impact reporting is still at a nascent stage and is primarily focused on reduced and/or avoided emissions at the financed portfolio level, supplemented by physical output metrics for specific climate solution areas. Half of the 36 banks in our sample track their financing of climate solutions using at least one impact metric (6.2.c). Banks' financing frameworks typically include statements specifying that the bank will report annually on its financing progress using a predefined set of impact indicators. The categories most often included in impact reporting are renewable energy (energy supplied and capacity installed), low-carbon transport (technology mix and vehicles deployed) and energy-efficient buildings (energy ratings). Using impact metrics is an essential aspect of progress reporting because it shows the real-economy outcomes of financing.

Recommendations

Recognising the complementary nature of climate solution financing and sectoral decarbonisation targets, it is important for investors to have greater clarity on how banks establish closer links between the two and for banks to explain how their climate solution targets will enable them to reach their decarbonisation objectives.

- *Scope coverage*: where reasonable, climate solution targets and sectoral decarbonisation targets should cover the same financing activities.
- *Transparency*: for all climate solution financing targets, a clearly defined financing framework is needed to better understand the financing activities and categories of climate solutions that are eligible to count towards the targets.
- *Definition*: due to the lack of a universal definition of climate solutions, following taxonomies established by governing bodies at the national, regional or global levels may

[23] EBA (2022) *EBA publishes binding standards on Pillar 3 disclosures on ESG risks*.

[24] EBF (2024) *Green Asset Ratio cannot be to sustainability what CET1 is to capital* (Staff paper).

lead to increased comparability across banks.

- *Progress reporting*: to gain better clarity on banks' climate solution financing activities, reporting on the financing of climate solutions should include both the financing activities and climate solutions. Ideally, the reporting would also include the share of primary financing and refinancing activities, as the two arguably have different levels of real-world impact. By disclosing the total share of financing directed towards climate solutions, banks can further improve their disclosures to best inform stakeholders about their climate solution financing across business activities.
- *Impact reporting*: the financing of climate solutions in monetary terms can be influenced by a wide range of factors, including the bank's operations, project size, location and regulations. A larger financing volume does not necessarily mean a greater impact on real-world decarbonisation. Therefore, the use of impact metrics can be helpful to track banks' financing of climate solutions. These figures can, in turn, be compared with global carbon budgets, making it easier to understand the ambition and impact of the bank's financing activities.

4. In focus: EMDE banks

In this section we look in depth at eight banks from emerging markets and developing economies (EMDEs), double the number of such banks we assessed in 2024. In addition to the four Chinese banks assessed previously, we have added two Brazilian banks (Banco do Brasil and Itaú) and two Indian banks (HDFC and ICICI) to our assessment this year. These eight banks represent a significant proportion of their respective countries' banking sectors.

Assessment sample and context

The four Chinese banks in our sample account for 59% of the free float market capitalisation of all Chinese banks. The corresponding share is 64% for the two Indian banks and 40% for the two Brazilian banks.[25]

The low-carbon transition presents distinct challenges for financial institutions in EMDEs, primarily arising from limitations in the enabling environment and a shortfall in climate finance flows. Unlike developed economies, EMDEs often face constraints in their enabling environment, such as a lack of data, technical expertise and national climate policy frameworks that have precise targets and metrics.[26] These challenges are further exacerbated by a shortfall in climate finance. Climate finance flows are gaining momentum, increasing from US$812 billion in 2018 to US$1.9 trillion in 2023.[27] However, from 2018 to 2022, most global climate finance flows were destined for advanced economies. These regions received 45% of the total funding, while EMDEs (excluding China) received only 16%. China received 36%, and least developed countries only 3%, of climate finance over this period.[28]

Banks in India, Brazil and China operate under differing levels of guidance and regulation. Climate supervisory guidance and regulation in India remains limited. While the Reserve Bank of India released a draft framework on climate-related financial risk disclosures in early 2024, implementation will not begin until the 2025/26 reporting year.[29] Brazilian and Chinese regulators have adopted a more proactive stance. In Brazil, the Central Bank, Brazilian Banking Federation (FEBRABAN), Securities and Exchange Commission (CVM), Brazilian Stock Exchange (B3) and Ministry of Finance have issued a series of guidelines and regulations on climate risk integration, adoption of IFRS S2 Climate-related disclosures, green taxonomy development and the classification of green financial instruments. The China Banking and Insurance Regulatory Commission (CBIRC) and the Central Bank of China (PBoC) have issued guidance on ESG risk integration and green lending practices, green and transition taxonomies, climate stress testing and a climate disclosure framework.[30]

In addition to assessing the stage of the low-carbon transition at which these eight EMDE banks find themselves, we can benchmark them against their peers in developed countries. While our sample of banks does not enable broad generalisations, the findings discussed below show that the NZBAF provides valuable insights into the progress towards net zero of eight large EMDE banks with a sizeable share of their home markets. Furthermore, our research shows that performance across these eight banks is far from homogeneous.

[25] Data from Bloomberg Professional Services, 4 September 2025.

[26] Network for Greening the Financial System (NGFS) (2024) *Tailoring transition plans: considerations for EMDEs*.

[27] Climate Policy Initiative (CPI) (2025) *Global landscape of climate finance 2025*.

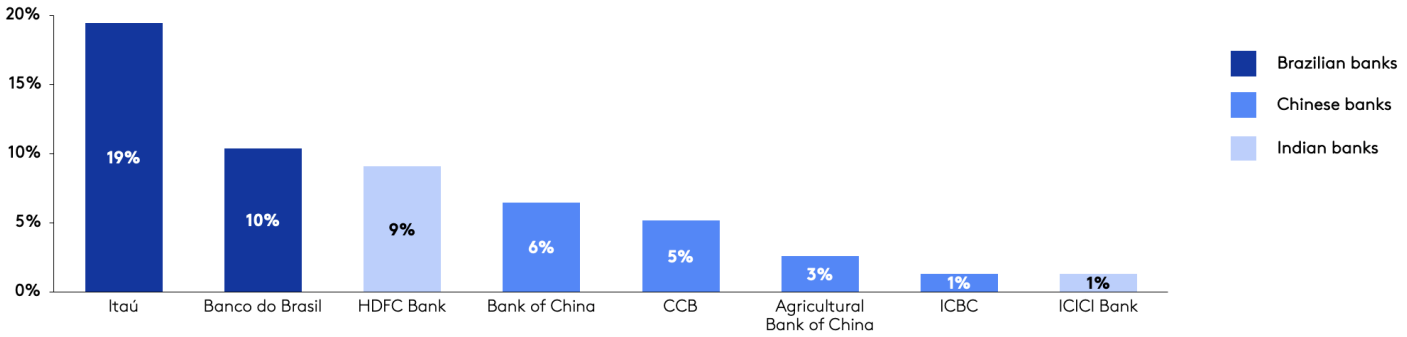
[28] Climate Policy Initiative (CPI) (2024) *Global landscape of climate finance 2024: insights for COP29*.

[29] Reserve Bank of India (RBI) (2024) *Draft disclosure framework on climate-related financial risks, 2024*.

[30] Sustainable Banking and Finance Network (SBFN) (2025) *Leaving no one behind: unlocking finance in emerging markets*.

Assessment results

Figure 5.1. Performance of the eight assessed EMDE banks on the NZBAF (% of sub-indicators met)



The average performance of our EMDE bank sample on the NZBAF is weak (scoring on only 7% of sub-indicators). However, there is significant variation in country performance, with Brazil standing out. Scoring on average on 15% of sub-indicators, the two Brazilian banks in our sample score higher than US banks (which score 13%), Indian banks (5%), and Chinese banks (4%). For comparison, the banks we assess in Canada, Australia, Europe and Japan all perform better, scoring on 17%, 20%, 26% and 26% of all sub-indicators in the framework, respectively. We also observe significant differences in performance between banks within each country, as shown in Figure 5.1.

Brazil's Itaú outperforms other EMDE banks, scoring on 19% of all sub-indicators. This score is slightly above the average performance of all banks we assess (18%). Itaú is the only EMDE bank to set short-term sectoral decarbonisation targets (2.1.a). The bank discloses short-term (2030) targets covering six of the 15 high-emission sectors in its lending portfolio, slightly below the global average of seven for the full sample of 36 banks. The bank is one of four in our 36-bank sample to set long-term targets (2.1.c), having set a 2040 target for the electricity utilities sector.

For the EMDE banks assessed, 'governance' is the highest-scoring area, with banks satisfying 23% of sub-indicators in this area. This figure is below the average performance for the full sample of 36 banks, which stands at 38%. While all eight EMDE banks have disclosed evidence of board responsibility for overseeing climate change (8.2.a), none have implemented executive pay schemes specifically tied to climate performance (8.3.a). HDFC and the two Brazilian banks have categorised climate change as a material risk and explain how it relates to their overall risk framework (8.1.a). However, only the two Brazilian banks explain how climate risks impact their business and set out how they are addressing resulting risks (8.1.b).

While six EMDE banks report the quantified impacts of their climate solution financing (6.2.c), only two have set a target to increase their financing of climate solutions (6.1.a). In comparison, 18 of the 36 banks in the full sample report climate solution impact figures, and 17 have set a target to increase their financing of climate solutions. Of the EMDE banks assessed, only Banco do Brasil and Bank of China have set a quantified and time-bound target to increase their total financing of climate solutions (6.1.a). Bank of China is the only bank in the full sample of 36 banks to have disclosed its definition of climate solutions using an external standard developed by a national, regional or global governing body (6.1.e).[31] On indicator 6.2 (climate solutions: financing and impact reporting), three of the eight EMDE banks disclose data on the financing and facilitation of climate solutions (6.2.a), and six report on the quantification of real economy impacts resulting from their financing of climate solutions (6.2.c).

Brazil accounted for 42% of tropical primary forest loss in 2024,[32] yet neither Brazilian bank has a deforestation policy sufficiently robust to score on the relevant indicator (5.2.2). The two Brazilian banks' deforestation policies are narrowly focused on illegal beef slaughterhouses in selected Amazonian states. Neither has set clear commitments or expectations for clients to end

[31] See Section 4 (climate solutions) target analysis for more information about the differences in government-established taxonomies.

[32] See World Resources Institute (WRI) (2025) *Fires drove record-breaking tropical forest loss in 2024*.

deforestation by 2030 (5.2.2), as is also the case for 35 of the 36 banks in the full sample.

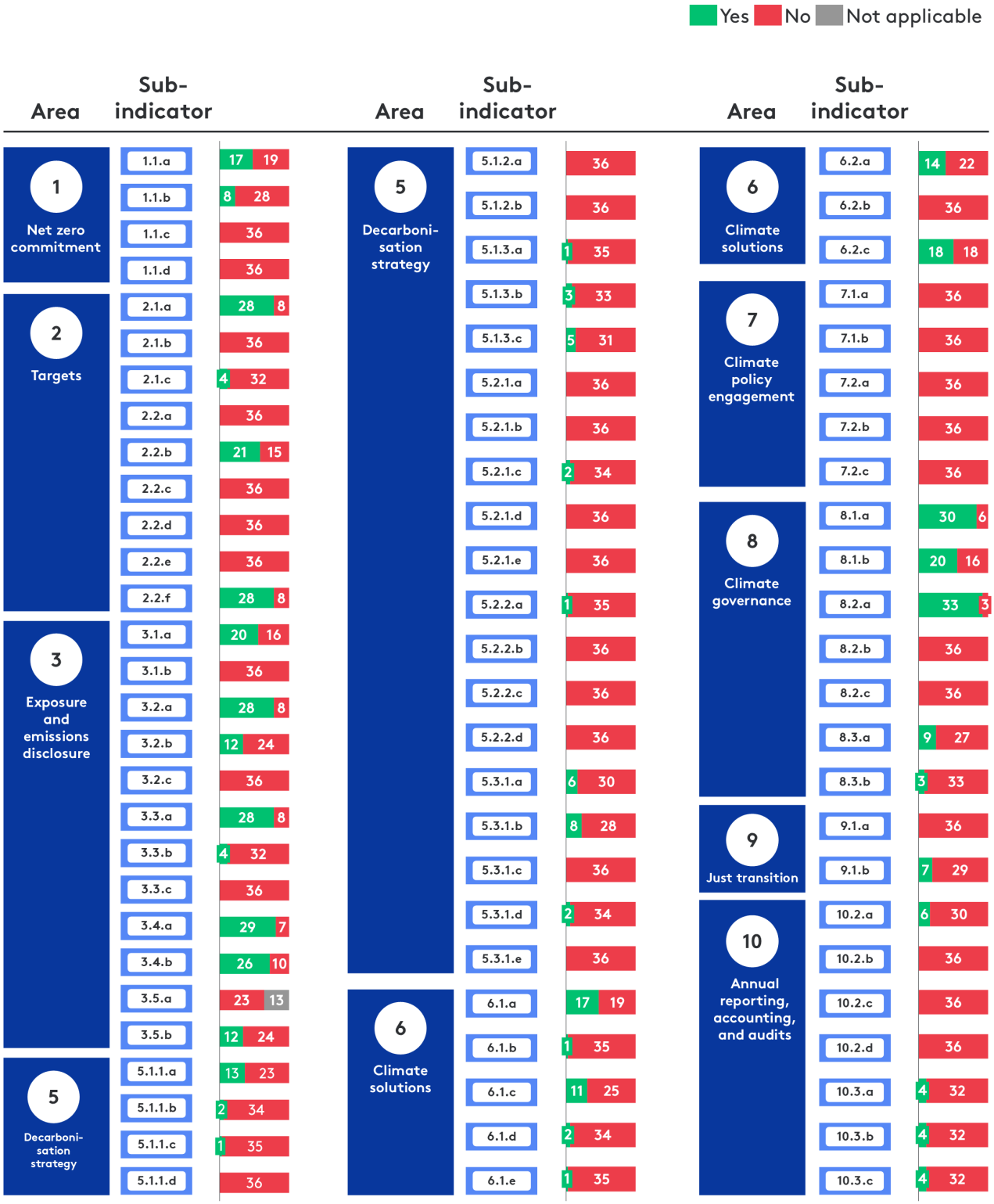
Although none of the 36 banks we assess have coal phase-out policies robust enough to score on the relevant sub-indicators, Brazilian banks are among a smaller subset of banks with more robust policies. The level of ambition of banks' coal policies varies significantly across the whole sample. Most banks tend to limit their commitments to either their lending portfolio or to clients whose coal exposure exceeds a defined threshold. These banks also include caveats, allowing exceptions to their policies in some instances. Banco do Brasil and Itaú are among a smaller subset of eight banks that have published commitments with no exceptions, and that go beyond their lending activities. Both these Brazilian banks cover proprietary investments, with Itaú also incorporating investment banking services. Nevertheless, as neither of these banks' policies apply to all on- and off-balance sheet activities, they do not score on related sub-indicators.

Recommendations

To improve dialogue between investors and banks, it is important for EMDE banks to collaborate with financial regulators to strengthen national climate finance frameworks and improve their internal capacity in terms of climate financing policies, emissions tracking in high-emission sectors and target-setting.

- *Creating an enabling environment:* by engaging with regulators and supervisors, banks can help to promote the creation of a national climate finance framework by integrating climate risk guidelines, disclosure requirements and supervisory mandates.
- *Increasing internal capabilities:* to guide investors' decision-making, banks can improve their internal climate risk assessment capacity by establishing dedicated climate governance structures, integrating climate considerations into financing policies and systematically measuring greenhouse gas emissions in high-emission sectors.
- *Promoting collaboration:* if banks partner with regulators and industry peers from different regions, they can build capacity, identify lessons learned and align financial strategies with national climate goals.

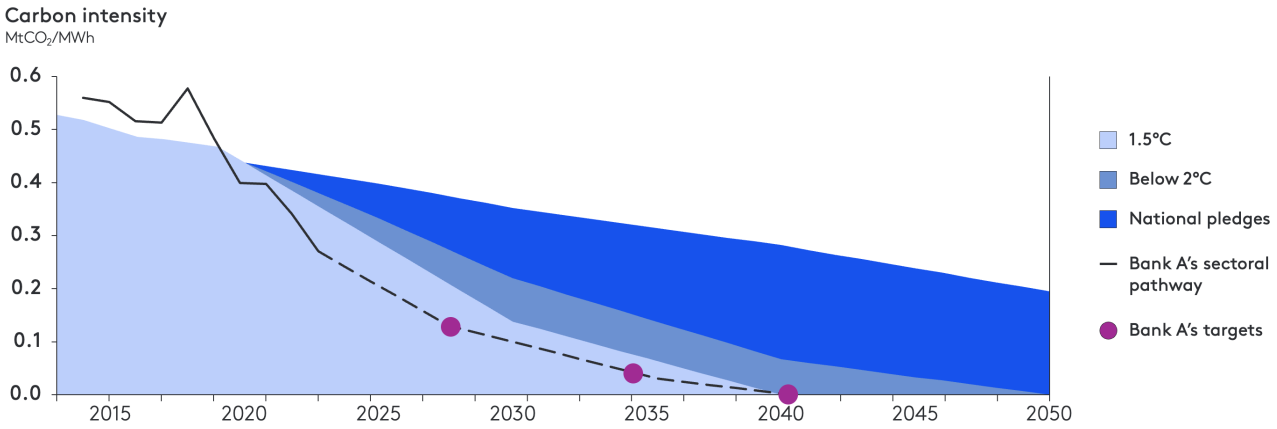
Appendix 1. NZBAF scores for the 36 banks assessed in 2025



Appendix 2. CP for Banks – note on methodology

Our Carbon Performance (CP) for Banks assessment is based on the Sectoral Decarbonisation Approach (SDA), like the Paris-aligned methodologies and benchmarks for real-economy corporates developed by the TPI Centre. We can calculate banks' decarbonisation pathways across sectors and business activities, provided that banks disclose sector-specific decarbonisation targets[33] along with the specific business activities to which these targets pertain. By comparing banks' sectoral decarbonisation pathways with our sectoral low-carbon benchmarks, we can determine banks' alignment in the short, medium and long term (2030, 2035 and 2050, respectively).

Figure A1.1. Comparison of a bank's sectoral pathway with the TPI Centre's benchmarks



We use the following benchmarks:

- National Pledges and International Pledges: National Pledges is consistent with the global aggregate of emissions reductions related to policies introduced or under development as of mid-2023. According to the International Energy Agency, this aggregate is currently insufficient to put the world on a path to limit warming to 2°C, even if it will constitute a departure from a 'business-as-usual' trend. This scenario is applied to all sectors in the NZBAF except for international shipping and aviation, for which we use an 'International Pledges' scenario based on emissions commitments made by the International Maritime Organization and the International Civil Aviation Organization. Both existing nationally determined contributions (NDCs) to the Paris Agreement and international commitments are insufficient to limit global warming to 2°C or below, and if this does not change, a global temperature increase of 2.4°C by 2100 is projected with a probability of 50%.
- Below 2°C: Consistent with the overall aim of the Paris Agreement to limit global average temperature rise, albeit at the lower end of the range of ambition, this scenario gives a 50% probability of holding global temperature increase to 1.7°C.
- 1.5°C: This scenario is consistent with the overall aim of the Paris Agreement to hold "the increase in the global average temperature to well Below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels". It gives a 50%

[33] This only includes absolute and physical intensity emissions reduction targets and not economic intensity targets.

probability of holding global temperature increase to 1.4°C.

More so than most real-economy companies, banks are multi-faceted businesses involved in many sectors and business activities. To tackle this complexity, our Carbon Performance Alignment Matrix for banks summarises the alignment assessments by: (i) the sectors the bank has set targets for; (ii) the business activities and banking activities that are covered by the targets; and (iii) timeframes, i.e. short, medium and long term.

Figure A1.2. Carbon Performance Alignment Matrix (illustrative)

Short-term alignment | Medium-term alignment | Long-term alignment

1.5°C | Below 2°C | National pledges
Not aligned | Not assessable using TPI's methodology | No or unsuitable disclosures

Business segment	Consumer lending		Corporate and commercial banking		Investment banking and capital markets							Asset & Wealth m'gmt	Insurance
Activities	Auto loans (retail)	Mortgages (retail)	General purpose finance & business lending	Project finance	Private debt & equity	Listed debt & equity	Debt & equity facilitation	Advisory services (e.g. M&A)	Derivatives & structured products	Treasury & payments	Sales & trading (incl. market making)	Asset & Wealth m'gmt. (incl. private banking)	Insurance
Aluminium	-	-	1.5°C	1.5°C	-	-	1.5°C	-	-	-	-	-	-
Airlines	-	-	-	-	-	-	-	-	-	-	-	-	-
Autos	-	-	Not assessable using TPI's methodology	Not assessable using TPI's methodology	-	-	Not assessable using TPI's methodology	-	-	-	-	-	-
Cement	-	-	National pledges	National pledges	-	-	National pledges	-	-	-	-	-	-
Chemicals	-	-	-	-	-	-	-	-	-	-	-	-	-
Coal mining (metallurgical)	-	-	-	-	-	-	-	-	-	-	-	-	-
Coal mining (thermal)	-	-	-	-	-	-	-	-	-	-	-	-	-
Diversified mining	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity utilities (global)	-	-	1.5°C	1.5°C	-	-	1.5°C	-	-	-	-	-	-
Electricity utilities (regional)	-	-	National pledges	National pledges	-	-	National pledges	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-	-	-	-
Oil & gas	-	-	Not aligned	Not aligned	-	-	Not aligned	-	-	-	-	-	-
Paper	-	-	-	-	-	-	-	-	-	-	-	-	-
Real estate	-	-	-	-	-	-	-	-	-	-	-	-	-
Shipping	-	-	-	-	-	-	-	-	-	-	-	-	-
Steel	-	-	1.5°C	1.5°C	-	-	1.5°C	-	-	-	-	-	-

1. Market-making for securities and client assets
2. Asset management, including for private banking and across all asset classes

We updated the matrix at the beginning of 2025 to improve the coverage of banks' material on- and off-balance sheet business activities (e.g. on-balance sheet investments and structured products) and better align with existing market standards such as the Partnership for Carbon Accounting Financials (PCAF). The matrix now covers 15 real-economy sectors, 13 business activities and three timeframes. Targets defined in terms of economic intensities or other economic metrics, such as outstanding amounts, are not included in the matrix.

Physical intensity metrics are directly linked to the Carbon Performance of real-economy assets, such as their specific technology mix, as opposed to economic intensity metrics. The latter are based on financial flows, which may be unrelated to real-world carbon performance and more volatile compared with physical intensity metrics.

While targets are important to estimate banks' sectoral pathways, it is not necessary to set a unique target for each sector, business unit or timeframe. A single target can apply to multiple sectors (e.g. iron, steel and aluminium), business activities (e.g. general purpose finance and business lending and project finance together) or timeframes (e.g. a long-term target also specifies a bank's medium-term pathway). Consequently, the number of targets and alignment scores for a given bank can differ.

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