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No banks disclosed the share of total finance directed towards climate solutions in the last year, according to analysis by the TPI Centre

- Only 6 of 26 banks have disclosed a commitment to end all on- and off-balance sheet activities that finance new coal capacity immediately.
- Only one of the banks' net zero emissions commitments covers on and off-balance sheets activities.
- Five banks have publicly disclosed the quantitative results of climate scenario analysis to their shareholders and clients.

The Transition Pathway Initiative Global Climate Transition Centre (TPI Centre) analysed 26 of the world's biggest banks 'climate action' and found that none have disclosed the total share of finance they have directed towards climate solutions in the last year.

The TPI Centre's analysis also found that only 6 banks have disclosed a commitment to end all on- and off-balance sheet activities that finance new coal capacity immediately. The International Energy Agency has indicated that coal should be phased out by OECD countries by 2030, and by 2040 if the world is to limit global warming to 1.5° Celsius.

The landmark analysis also discovered that only one of the banks' net zero emissions commitments covers on- and off-balance sheets activities and only five banks have publicly disclosed the results of climate scenario analysis to their shareholders and clients.

The TPI Centre's results also show that European and Japanese banks are far ahead of other banks in relation to action on climate change. ING scored above average for 8 out of the 10 areas of the TPI Centre's assessment framework. In contrast, JP Morgan and Morgan Stanley, while having a much larger market capitalisation than European banks, only scored above average on 2 areas of the framework.

The TPI Centre's Net Zero Banking Assessment Framework was used to assess 26 global banks across Europe, North America and Asia. Highlighting areas for improvement, the assessments capture the progress many banks have made to date and the ongoing implementation of their stated climate-related policies and plans.

By using their framework, the TPI Centre was able to conclude that there has been an overall improvement in banks' climate action from last year. 20 banks out of 26 have a net zero commitment for part of their financed emissions and 21 have set medium-term targets for their Oil & Gas and Electric Utilities lending portfolios. 18 banks have committed to scale up finance directed towards climate solutions with specific targets and milestones.

The Centre's analysis shows that while the great majority of banks assessed are setting targets, only a few banks have specific policies designed to meet their targets. For example, only three out of the 22 have tied financing policies to their sectoral targets.

In addition, while 22 banks out of the 26 assessed have set at least one sectoral target for their lending portfolio, only 6 banks have set financing conditions for high-emission sectors. This means that most of the banks' sectoral decarbonization targets and commitments are not backed by a full set of measures to incentivise the transition of companies in that sector.

ENDS

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Notes to editors

- The Transition Pathway Initiative (TPI) Global Climate Transition Centre is an independent, authoritative source of research and data on the low-carbon transition, focusing on the progress being made by financial and non-financial corporates, and sovereign bond issuers.
- TPI Centre's Net Zero Banking Assessment Framework established builds on established expertise in assessing the climate action of corporates in the real economy. It follows the TPI Centre's design principles of disclosure-based data; accessible and easy-to-use information; alignment with existing initiatives and disclosure frameworks; objectively assessable indicators; and aggregation to the corporate level.
- In May 2023 the TPI Centre published an investor-led framework to assess banks' climate progress across ten key areas. The Framework was developed in consultation with two investor networks: the Institutional Investors Group on Climate Change (IIGCC) and Ceres. The Net Zero Banking Assessment Framework is a set of measurable indicators, sub-indicators, and scoring guidance for assessing the alignment of banks against the goals of the Paris Agreement.