



Responsible banking practices

Benchmark study 2021



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Mazars' second benchmark study of responsible banking practices reveals global institutions are making significant progress on sustainable finance. Up against great economic and societal upheaval as a result of Covid-19, banks around the world continue to take sustainability seriously and firmly acknowledge the related risks and opportunities, for the market, shareholders, and wider stakeholders alike.

That commitment to a more sustainable world is similarly being made at the highest levels of policymaking. Soon after becoming president, Joe Biden recommitted the United States to the Paris Agreement, including a stated goal of net-zero emissions by 2050, saying, “We can invest in our infrastructure to make it stronger and more resilient, while at the same time tackling the root causes of climate change.”

On the other side of the Atlantic, the UK chancellor has announced the country's intention to mandate climate disclosures by large companies and financial institutions across its economy by 2025 – going further than the current recommendations of the Taskforce on Climate-related Financial Disclosures.

The financial world can no longer see its future as separate from the environment and climate change developments. In 2020 alone, natural hazards resulted in \$210bn of damages and the Bank of England estimates as much as \$20trn of assets could be at risk from climate change.

Despite the positive findings of our benchmark for all banks assessed, the full implementation of best and relevant practice to achieve sustainability and climate neutrality remains a work-in-progress.

To help banks and their stakeholders with this transition, this year's study builds on previous Mazars reports published in 2020: “[Responsible banking practices, benchmark study](#)” and “[How banks are responding to the financial risks of climate change](#)”. Following stakeholder feedback and interest, it examines a wider sample of 37 banks based in Africa, the Americas, Asia-Pacific and Europe. Using these banks' 2019/20 publicly available reporting, we identify evolving best practices and developing trends in their management of climate change risk and broader social and governance issues.

Ranking the 37 banks into four categories – outstanding, leaders, supporters and followers – it is encouraging to see that one bank is ranked as outstanding, achieving a positive score in more than 95% of the criteria set in our assessment. It is also remarkable to see more banks rank as leaders and supporters compared to last year's findings, and fewer (just seven) rank as followers.

However, challenges remain, and our benchmark study reaffirms that strong sustainability practices often come hand-in-hand with consistent industry guidelines and requirements provided by local regulators and governments.

As we look forward to COP26, which will likely draw attention to the role of financial services in mitigating climate change consequences, we will continue to monitor market developments and uncover best practice for responsible banking. In doing so, we hope to shed light on how to build resilient, post-pandemic businesses and how to shape a sustainable future for the global economy.



Executive summary



Executive summary

Key findings

Most of the banks assessed:

1. Foster a culture of sustainability and allocate responsibility for this to senior management functions. On average, **74% of banks have now implemented measures that foster a culture of sustainability and adapted their governance structure, compared to 49% last year.** However, the integration of ESG skills in selecting their board composition, and the measurement of ESG performance when setting remuneration, remain infrequent practices.

Recommendation: banks should further consider ESG skills while selecting their board composition and measure ESG performance when setting remuneration.

2. Commit to SMART targets for sustainability, with climate-related targets the most prevalent. Methodologies for strategic alignment with the Paris Agreement have gained traction. Some **51% of banks are piloting the PACTA methodology to align their financial portfolios with the Paris Agreement objectives.** However, this has yet to be reflected in banks' official commitments to climate neutrality.

Recommendation: banks should adopt and refine methodologies to measure their financing of emissions, and set financing targets in line with climate goals such as those of the Paris Agreement.

3. Have risk management practices that are more advanced for climate risks than for broader ESG risks – with most building climate scenario analysis capabilities. However, the financial impact of climate change on banks remains challenging to measure due to a lack of quantitative information. For example, **only 22% of banks provide quantitative data on the materiality of climate risks.**

Recommendation: banks should provide further quantitative data to enhance their disclosure of the financial impacts of climate change.

4. Implement sustainability reporting standards, mostly focused on climate objectives, with the most commonly used being CDP and TCFD. For banks disclosing under TCFD, the level of detail, especially with respect to strategy, metrics and targets remains low. In terms of metrics and targets, GHG emissions are the most reported. However, a key reporting challenge remains Scope 3 GHG emissions. For example, **only 11% of banks disclose matters in relation to their financing activities.**

Recommendation: banks should expand their sustainability reporting in line with the TCFD recommendations for better climate disclosure, and should also improve the granularity and completeness of the information disclosed, such as metrics relating to Scope 3 GHG emissions.

5. Have a corporate offering that is more mature than the offering for individuals, and climate and environmental products are more prevalent than economic and social products. For example, **78% of banks have developed a green bond offering, whereas only 32% have developed green products for individuals.** Overall the comparability of offering between banks remains a challenge due to a lack of standardised reporting frameworks.

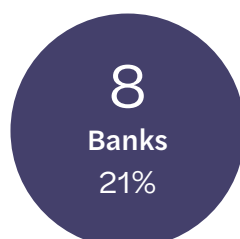
Recommendation: banks should further develop retail products and enhance their reporting to give a clear view of the type of products offered, the target market and the amounts financed.

State of play

Outstanding



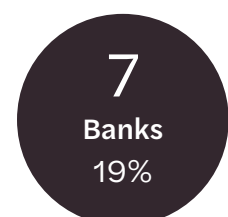
Leaders



Supporters



Followers



Methodology



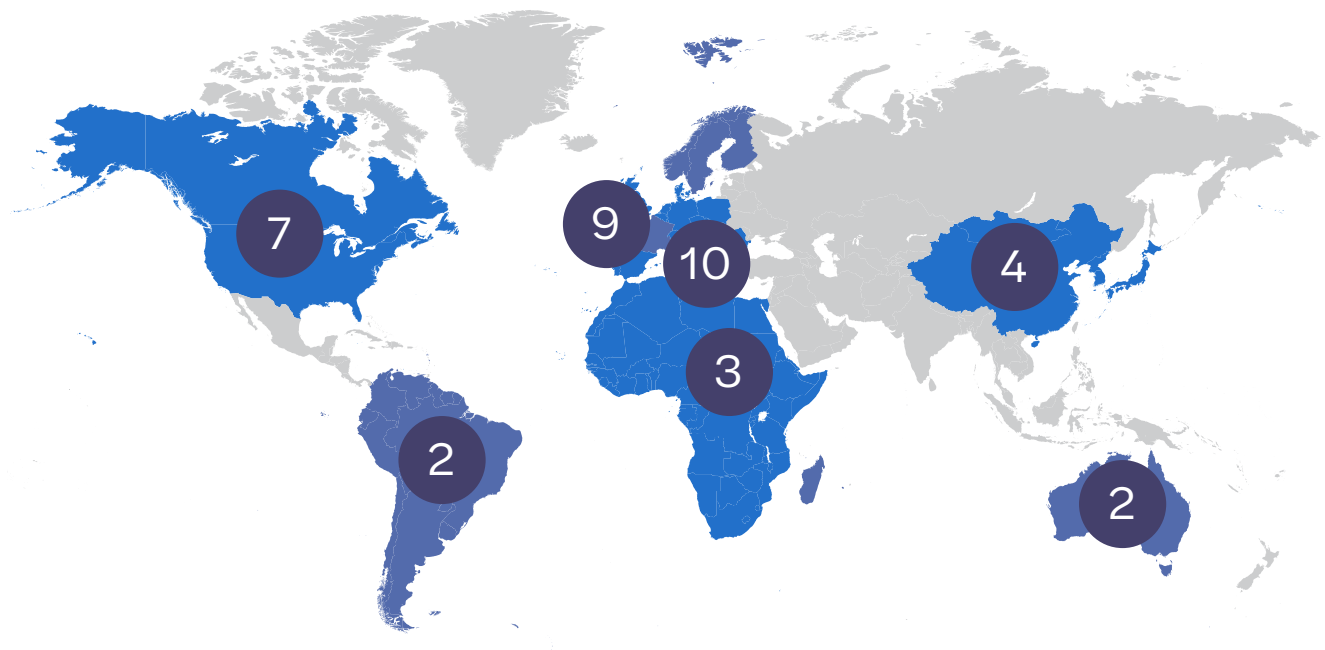
Scope

The Mazars benchmark assesses the sustainability practices of a sample of 37 banks. We have focused our analysis on banks based in Africa, the Americas, Asia-Pacific and Europe. The banks selected are the largest in their respective geographies by total assets.

Most of the banks selected have demonstrated a significant interest in sustainability and climate

change by implementing frameworks, participating in the United Nations Environment Programme Finance Initiative (UNEP FI), and/or committing to the UNEP FI Principles for Responsible Banking (PRB).

This study builds on previous Mazars reports published in 2020: “Responsible banking practices, benchmark study” and “How banks are responding to the financial risks of climate change”.



Sample of banks

North America

Bank of America
Citibank
Goldman Sachs
JP Morgan Chase
Morgan Stanley
Royal Bank of Canada
Wells Fargo

South America

Banco Bradesco
Itaú Unibanco

UK & France

Barclays
BNP Paribas
Credit Agricole
Groupe BPCE
HSBC
Lloyds Bank
NatWest Group (RBS)
Societe Generale
Standard Chartered

Other Europe

BBVA
Credit Suisse
Deutsche Bank
ING
Nordea
Santander
SEB
Swedbank
UBS
UniCredit

Africa

Absa Group
FirstRand
Standard Bank

Asia-Pacific

Agricultural Bank of China
Australia and New Zealand Banking Group
Commonwealth bank
ICBC
Mitsubishi FG
Mizuho Financial Group

Assessment process

Our analysis is based on banks' 2019/2020 reporting period and publicly available information (e.g. CSR/annual reports and information held on banks' websites).

We used an assessment matrix to evaluate the banks' approach to sustainability, covering:

- Culture and governance;
- Strategy;
- Risk management;
- Disclosure and reporting; and
- Services and products.

Our assessment criteria are based on expectations set out by UNEP FI and global financial regulatory bodies, for embedding sustainability and for managing the financial risks from climate change. Criteria are expressed as questions, e.g. "Does the bank identify clear sustainability roles and responsibilities allocated to one or multiple committees?"

Scoring and Ranking

For each assessment criteria, banks that demonstrated sufficient evidence of compliance achieved a positive score. Those that did not achieve compliance with the criteria received a negative score.

With an equal weighting given to each criteria, banks were then ranked and grouped based on the percentage of positive scoring, as detailed in the table below.

Category	Rating bands	Performance
Outstanding	Achieved a 'positive score' in over 95% of criteria	Demonstrate a comprehensive approach that meets almost all criteria.
Leaders	Achieved a 'positive score' in 80% to 95% of criteria	Demonstrate a strong approach that meets most of the criteria.
Supporters	Achieved a 'positive score' in 60% to 79% of criteria	Demonstrate a sustainable approach across some criteria.
Followers	Achieved a 'positive score' in under 60% of criteria	Demonstrate limited evidence of a sustainable approach across the criteria.

Structure

In our report, the "Key finding" sections highlight the state of play of banks' practices in the relevant area, illustrated by an overall statement and the

main underlying metrics. The "Examples of leading practices" sections provide concrete examples of good practices.

Benchmark study results



Benchmark study results

Culture and governance for sustainability

Banks with a sustainable culture foster sustainability awareness and demonstrate top-level commitment. This approach is also reflected in their corporate governance structure through board and management responsibilities, board composition and incentives that align with ESG criteria.

Key finding

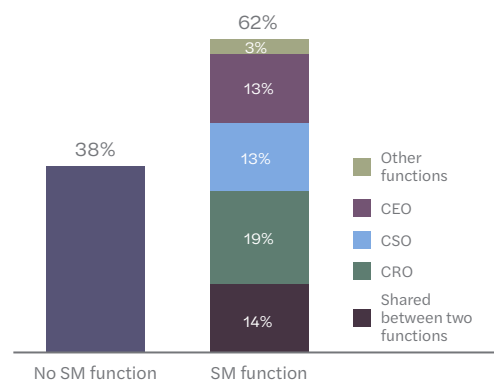
Banks increasingly foster a culture of sustainability and allocate responsibility for this to senior management functions. On average

74%

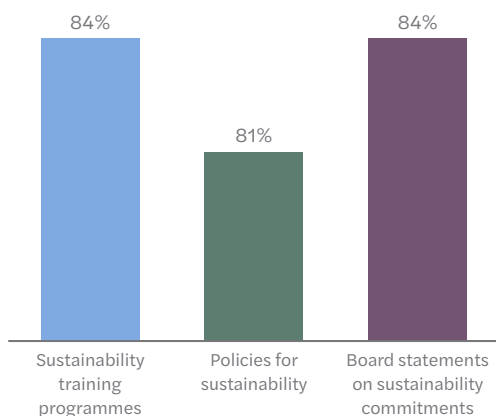
of banks have now implemented measures that foster a culture of sustainability and adapted their governance structure, compared to 49% last year.

Banks could further improve by taking into account ESG skills in selecting their board composition and measuring ESG performance when setting remuneration.

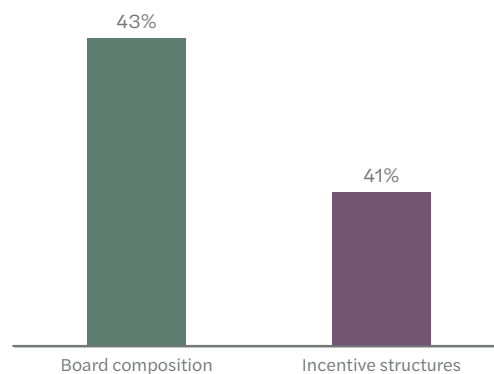
Identification of senior management functions responsible for sustainability
(% of banks assessed)



Implementation of measures to foster a culture of sustainability
(% of banks assessed)



Incorporation of ESG criteria in board composition and incentive structures
(% of banks assessed)



Examples of leading practices

Measures to foster a culture of sustainability

The Bank's Sustainability Group provided training to the front office, credit risk and compliance teams to raise awareness in specific sectors and explain their responsibilities in identifying ESG risks. It also developed detailed industry-specific risk guidance notes covering more than 50 environmentally and socially sensitive activities across ten sectors to further support business line and function teams.

Responsibilities for sustainability

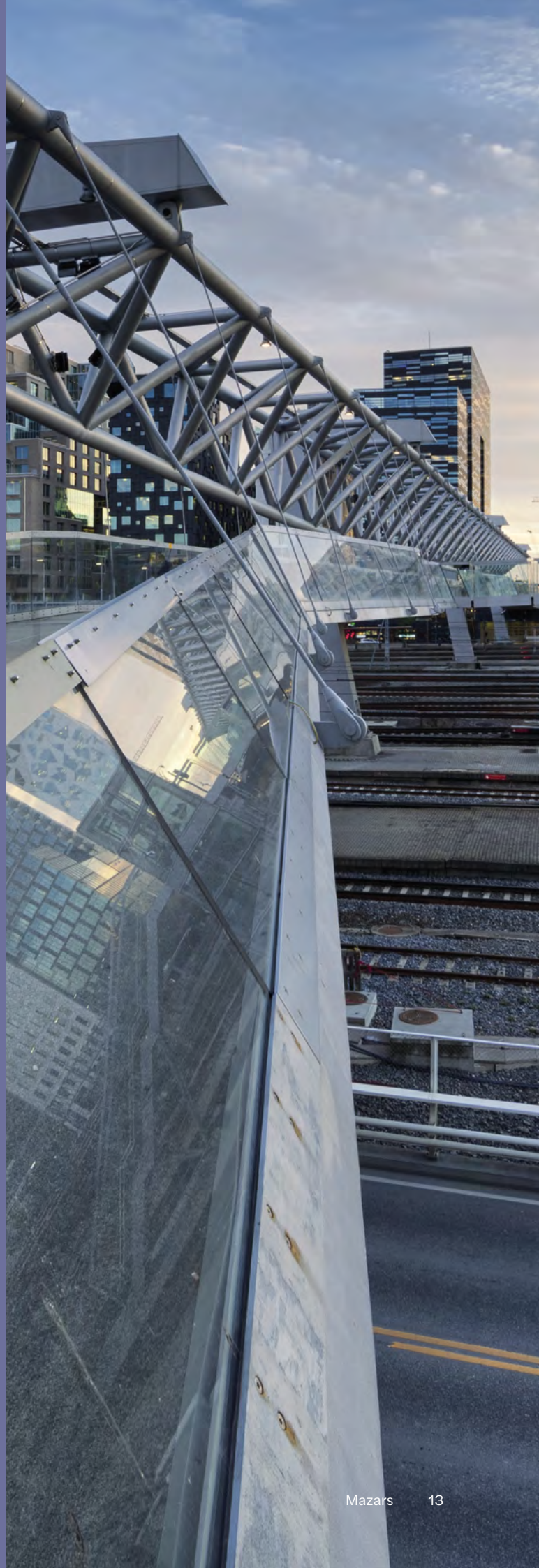
The Bank's Board and its Committees (Risk, Audit and Governance Committees) oversee senior management, responsible for the management of environmental and social risks and opportunities, including climate change. The Board provides oversight of the strategic approach to sustainability.

Incorporation of ESG criteria in Board composition

The Bank requires all Board directors to have experience in ESG matters. Current directors evidence this through relevant educational backgrounds and leadership positions at sustainable finance institutes or other non-profit organisations.

Incorporation of ESG criteria in incentive structures

The Bank's annual incentive scorecards of some senior management functions and the Board members have 30% weightings for measures linked to outcomes that underpin ESG targets and metrics.



Benchmark study results

Sustainability strategy

Banks with a sustainability strategy integrate the SDGs, the Paris Agreement objectives and other relevant frameworks into their key business decisions. They also continuously assess their most significant environmental and social impacts to set up specific targets that ensure contribution to societal goals.

Key finding

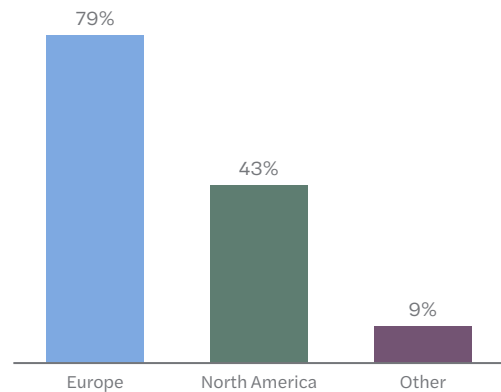
Most banks commit to SMART targets for sustainability, with climate-related targets the most prevalent. Methodologies for strategic alignment with the Paris Agreement have gained traction. For example,

51%

of banks are piloting the PACTA methodology to align their financial portfolios with the Paris Agreement objectives. However, this has yet to be reflected in banks' official commitments to climate neutrality*.

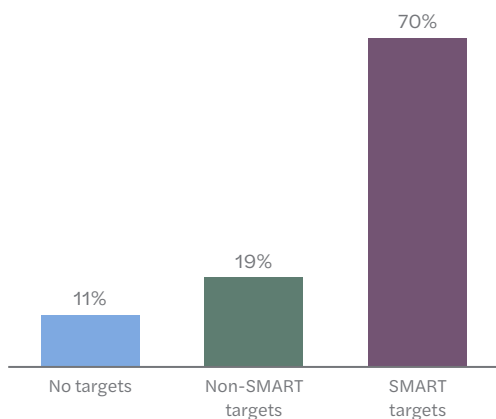
Regional adoption rate of PACTA methodology

(% of banks adopting PACTA methodology per region)



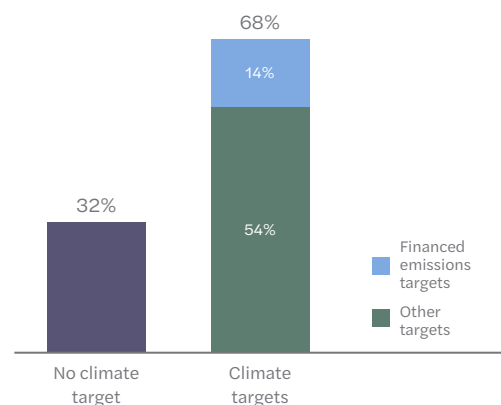
Definition of sustainability targets

(% of banks assessed)



Definition of climate finance targets

(% of banks assessed)



*Disclaimer: it is worth noting that in 2020 several banks have set-up climate-related targets for their activities. This trend will be reflected in our 2021 Benchmark Study.

Examples of leading practices

Financed emissions targets

- The Bank pledged to be net-zero in Scope 3 emissions across all of its financing activity by 2050. It notably committed to setting, disclosing and implementing a strategy with targets – starting with, but not limited to, the energy and power sectors.
- The Bank aims to have an energy-positive mortgage portfolio by 2050. It has highlighted relevant steps to achieving this, such as providing homeowners with green mortgages and renovation loans.

Methodology

The Bank performed a portfolio analysis looking at sectors, geographies and types of financing, and disclosed its direct contribution to indicators underlying the SDGs. It also followed the PACTA methodology to assess its portfolio's alignment to various climate scenarios and with the Paris Agreement. This analysis was used to identify the most significant strategic goals to be supported in the future by the bank.



Benchmark study results

ESG risk management, focus on climate risks

Banks with an effective ESG risk management framework (RMF) have adapted their risk policies and processes to identify and measure environmental and social impacts including climate risks. They adopt specific metrics to monitor identified impacts and risks and implement mitigation measures to address them when material.

Key finding

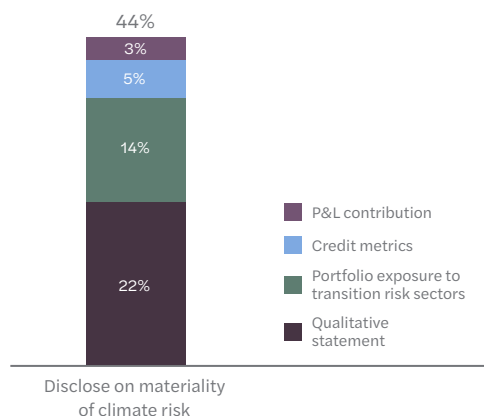
Due to the current regulatory focus, risk management practices are more advanced for climate risks than for broader ESG risks, with most banks building climate scenario analysis capabilities. However, the financial impact of climate change on banks remains challenging to measure due to a lack of quantitative information. For example, **only**

22%

of banks provide quantitative data on the materiality of climate risks.

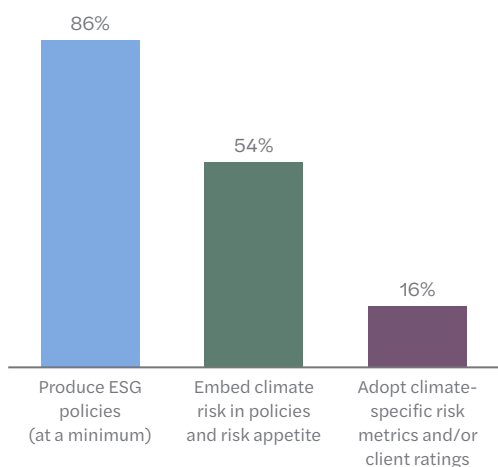
Risk materiality assessment

(% of banks assessed)



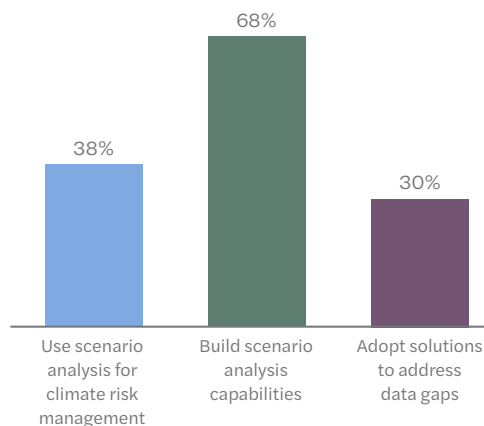
Integration of ESG criteria into risk management framework

(% of banks assessed)



Scenario analysis and data gaps

(% of banks assessed)



Examples of leading practices

Scenario analysis capabilities and data gaps

- The Bank is building scenario analysis capabilities through climate scenario training for risk and research teams.
- The Bank participates in international initiatives (e.g. TCFD UNEP FI Pilot II) and pilot programmes organised by central banks (BoE and ACPR).

Materiality assessment

In 2019, the Bank undertook a Group-wide exploratory stress test using a three-year scenario covering both physical and transitional impacts to identify key vulnerabilities. The Bank clearly explained the methodology and assumptions used, as well as the outcomes and next steps.



Benchmark study results

ESG reporting standards

ESG disclosure and reporting standards provide banks with guidelines to demonstrate their ESG impact, the implications of ESG issues for business performance, and how these are managed across the organisation. Banks also standardise disclosures, enhancing transparency for external stakeholders.

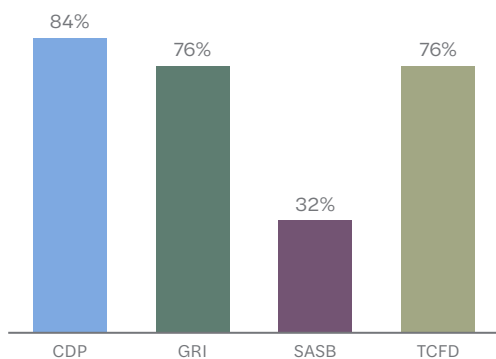
Key finding

Most banks implement sustainability reporting standards, mostly focused on climate objectives, with the most commonly used being CDP and TCFD. For banks disclosing under TCFD, the level of detail, especially with respect to strategy, metrics and targets remain low. In terms of metrics and targets, GHG emissions are the most reported. However, a key reporting challenge remains Scope 3* GHG emissions. For example, **only**

11%

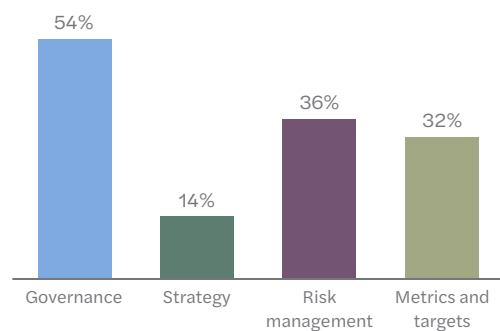
of banks disclose matters in relation to their financing activities.

Implementation of ESG reporting standards
(% of banks assessed)

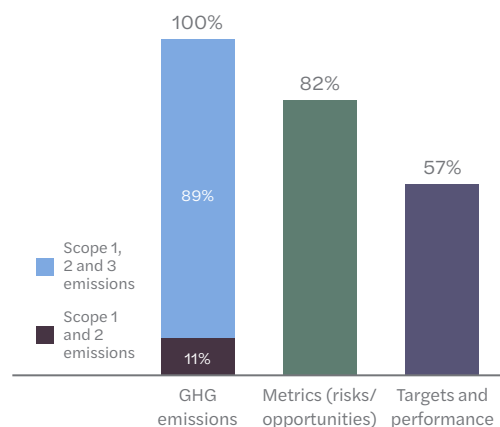


State of alignment with TCFD recommendations

(% of banks adopting TCFD)



State of alignment with TCFD recommendations on metrics and targets
(% of banks adopting TCFD)



*Disclaimer: It is worth noting that banks reporting on Scope 3 emissions seldom did so for all 15 categories referenced in the Greenhouse Gas Protocol's Technical Guidance for Calculating Scope 3 emissions.

Examples of leading practices

TCFD disclosure

- The Bank reports on its governance structure and responsibilities for sustainability, showing that board-level committees have oversight over ESG matters through a quarterly summary of key risks facing the bank (including climate risk). Additionally, a management-level committee with representation across all major business lines oversees the bank's strategy and initiatives for ESG activities and practices.
- To disclose its strategy, the Bank described scenario analyses conducted in 2019 to assess its loan book's resilience to physical and transition risks. The studies found the bank's business model to be resilient to these risks, and the bank committed to aligning its loan book with the goals of the Paris Agreement.
- The Bank assesses the impact of transition risk on corporate clients' credit risk using an in-house risk methodology. This assessment is validated by two lines of defence and escalated to management in cases of high risk.
- The Bank discloses metrics on Scope 1, 2 and 3 emissions, including emissions from new large-scale power generation projects financed. It also discloses targets for 2030 on environmental finance, reduced financing of coal-fired power generation facilities, and reduced emissions from internal operations. Metrics showing performance against objectives as at FY2019 are also included in the report.



Benchmark study results

Responsible services and products

By developing responsible services and products, banks can contribute to sustainable goals such as the SDGs and the Paris Agreement. The development of harmonised frameworks and innovative products across banking activities is crucial to achieving sustainable finance objectives.

Key finding

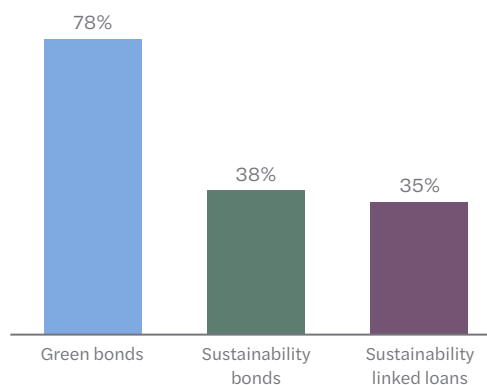
The corporate offering is more mature than the offering for individuals, and climate and environmental products are more prevalent than economic and social products*. For example,

78%

of banks have developed a green bond offering, whereas only 32% developed green products for individuals. Overall the comparability of offering between banks remains a challenge due to a lack of standardised reporting frameworks.

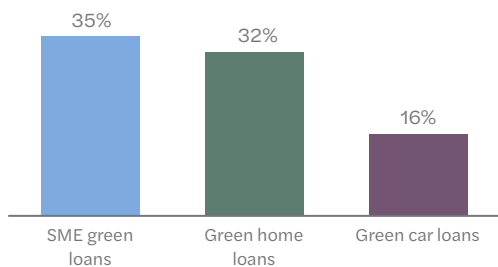
Most common products for corporates

(% of banks assessed)



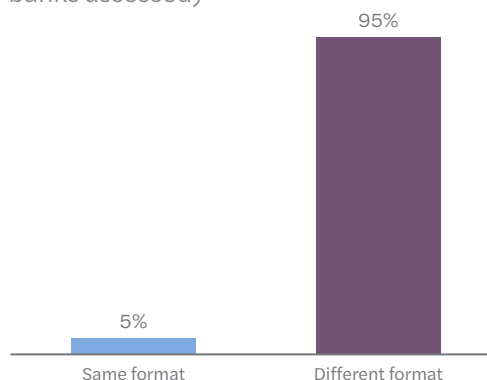
Most common products for SMEs and individuals

(% of banks assessed)



Similarity of reporting format on product type and quantity

(% of banks assessed)



*Disclaimer: it is worth noting that in 2020, economic and social products soared with the Covid-19 crisis. This trend will be reflected in our 2022 Benchmark Study.

Examples of leading practices

Product innovation

- The Bank created the first green European commercial mortgage-backed security, a green bond that enables companies to tap capital markets based on their collateral's sustainable aspects.
- The Bank introduced an interest-free eco-loan for any owner of a dwelling used as a principal residence in France to finance insulation work or improve overall energy performance level.
- To help alleviate the economic and social impact of the Covid pandemic, the Bank has participated in the issuance of over \$15 billion of Covid bonds globally in 2020.

Disclosure on responsible products

The Bank clearly disclosed its sustainable finance offering by type of clients targeted, type of products proposed, amounts and evolution compared to 2018.

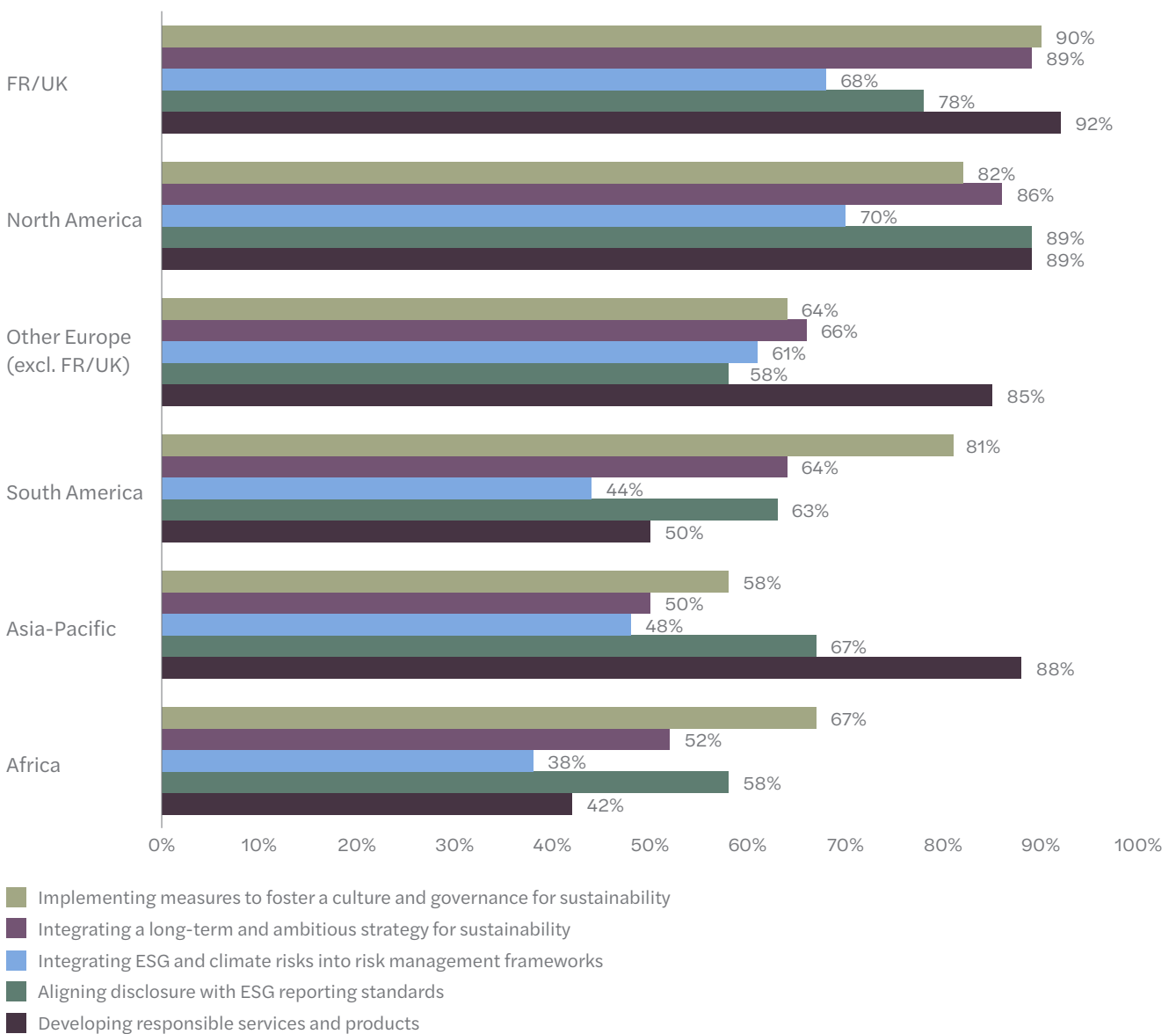


Benchmark study results

Geographic analysis

This section provides an overview of banks' sustainability practices across geographies. It shows the percentage of banks of a particular geography which have obtained a positive score in each assessment area.

Geographic score per criteria of assessment



Europe

French and UK banks take a leading position on culture and governance, strategy and the development of responsible product offering. Banks from both countries also score highly on the alignment of disclosures with ESG reporting standards and the integration of ESG risks in risk management frameworks. There is still room for improvement in climate scenario analysis for risk management purposes and on disclosures. Like the BoE, the Banque de France and the European Central Bank are increasing their focus on these areas; we expect banks to make these improvements in the short term and for their reporting next year to reflect this.

“Despite the numerous commitments and indicators published by French businesses that relate to ESG matters, there is still a lot of work to be done. That was the finding of the AMF and the ACPR in late 2020, which is only reinforced by this latest benchmark study. Looking forward, we can expect the EU to focus on its Sustainable-Finance Disclosure Regulation and Taxonomy, which should improve the situation for member states. It should, however, be seen as one step of many more since disclosure alignment remains a major challenge.

Judging by recent French-UK climate stress test exercises, the two countries are doing very well. Nevertheless, work is still underway to further integrate environmental and climate risk issues into overall risk management frameworks. Recent consultations at the European level are a great example of where there is room for improvement: the European Banking Authority is enacting its action plan until 2025 to properly deal with prudential treatment. Meanwhile EU authorities are moving in the right direction with adoption of a shared risk management framework.”

Matthieu Ribes
Partner, France

Other European banks (excluding French and UK banks) also perform very well on the responsible product offering. However, they perform slightly less well than their French, UK and North American counterparts on governance, strategy, disclosure and risk management, where their practices are less advanced. We expect that the EU Taxonomy’s adoption, along with the ECB’s climate-related risks integration review in 2022, will encourage these banks to enhance their current practice in the next reporting period.

Africa

African banks achieved a good score on culture and governance, but significant enhancements will be required on risk management and responsible product offering for them to close the gap with other jurisdictions. In May 2020, the National Treasury of South Africa set up a new strategy on “Financing a sustainable economy” and advised local regulators and the financial sector to establish standards on identifying, monitoring, and reporting environmental and social risks. This is likely to support progress in the future.

“The Prudential Authority in South Africa is focusing more than ever on the ESG commitments of banks. Shareholders are taking a similar approach and are increasingly aware of specific climate change policies and the need for banks to adhere to them. Judging by their annual integrated reporting, banks here are taking notice of this and making a concerted effort around ESG matters – and we anticipate more sustainable improvements in the near and long-term future.”

Riaan Eksteen
Partner, South Africa

Benchmark study results

Geographic analysis

North America

North American banks perform well on governance, strategy, ESG disclosures, and responsible product offering. Despite the US regime being less mature on some of these topics, North American banks have done particularly well in the implementation of ESG disclosures, where they have outperformed French and UK banks on average. As with French and UK banks, there is still room for better integration of ESG risks into their risk management framework. We expect this promising trend to continue in the coming years with the US administration's renewed commitment to the Paris Agreement.

"We cannot wait for another crisis to upend our world: climate risk and ESG risks are critical global and economic issues and need to be treated as such. In the US we are seeing regulators recognise this, alongside our pivotal re-entry into the Paris Agreement. The challenge is how to translate these renewed commitments into understandable data and practical metrics so as many organisations as possible can get involved and make change happen.

"Regulators and banking institutions in the US find themselves on the same page, both increasingly aware of the implications of climate change to the stability of the financial system. As a result, we expect to see climate and ESG risk factors make their way further into governance frameworks, risk assessment processes, reporting and overall business strategies."

Gina Omolon
Partner, USA

South America

South American banks perform very well on governance and sustainability. Nevertheless, they need to work on the integration of ESG risks, including climate risks within their risk management frameworks, and the development of a responsible product offering. The local regulatory and governmental initiatives in sustainability and climate risks remain at an early stage of development.

"We have seen a lot of progress in Brazil in recent years when it comes to ESG. Central bank resolutions in 2014 and 2017 created solid foundations: the first encouraged financial institutions to implement environmentally and socially responsible policies and the second pushed banks to identify, measure, evaluate, monitor, report and mitigate environmental and social risks together with an integrated structure of risk management. Then, in 2020, the Brazil Central Bank signed a Memorandum of Understanding with the Climate Bonds Initiative, signalling its continued ESG commitment.

Areas of improvement for Brazil include large banks doing more to promote new standards and structures concerning sustainability efforts. One challenge is to have more of the market recognise that sustainability leads to productivity and profitability, rather than stalling it. ESG also plays a key role in recruitment and retention: as people become more and more interested in sustainable business practice, they will increasingly choose to work for companies with strong ESG credentials."

Douglas Souza de Oliveira
Partner, Brazil

Asia-Pacific

Asia-Pacific banks perform particularly well with respect to their responsible product offering. Two-thirds of these banks propose sustainable services and products across all of their business lines. The overall scores for banks in the region show room for improvement on strategy, risk management and disclosures. In Hong Kong, New Zealand and Australia, new regulation is expected to build climate resilience and effective disclosures and will likely develop a more systematic approach to sustainability. Finally, significant discrepancies in the region remain between the best-performing countries and the lowest-performing ones.

“Responsible banking and ESG themes are rapidly gaining traction in Asia amongst governments, regulators and financial institutions. While different Asian markets are at understandably different stages in this evolution, we can safely say responsible banking is on the agenda. Consider, for instance, the number of regulator industry consultations and new guidelines that are currently in progress.

ESG matters are also gaining traction as investment opportunities, albeit from a very low base. It’s a trend catalysed – and partly driven – by commitments made by large institutional asset holders, including national pension and sovereign funds as well as government-funded incentives.

Leading banking institutions in the region are ramping up sustainable financing initiatives and in return there is increased appetite among corporates and investors. Overall, the trend is set to continue, with regulators enthusiastic to keep it on the agenda, the growing involvement of the private sector and ever-increasing public awareness of the importance of tackling ESG issues.”

Sean Choo
Partner, Singapore



Conclusion

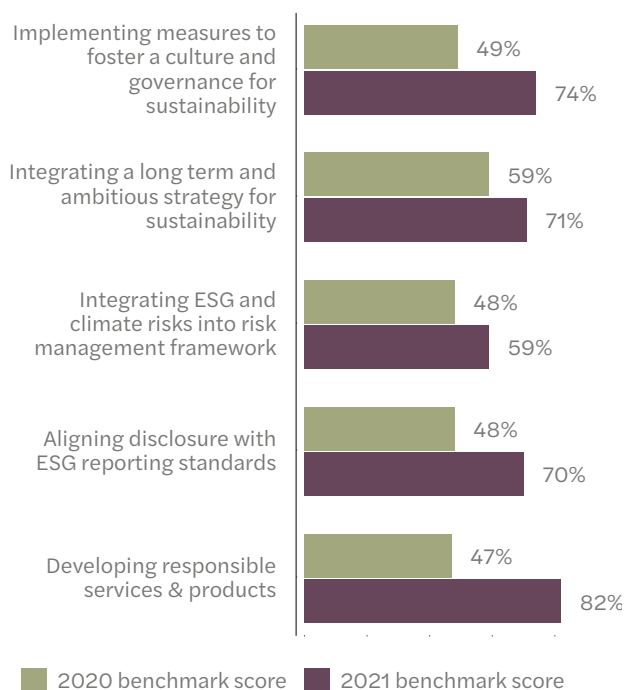


Progress made

Since Mazars' last benchmark study, our research highlights progress in all of the sustainable finance dimensions assessed:

- Sampled banks have expanded their responsible product offering (74% increase), and most now offer these products across multiple business lines;
- There has been an increase in the percentage of banks that foster a culture of sustainability and have updated their governance structures accordingly (51% increase);
- An increased percentage of banks now align their disclosures with ESG reporting standards (45% increase);
- Less progress has been made in embedding ESG risks including climate criteria into risk management framework and implementing strategies for sustainability (22% and 20% increase respectively).

Progress per criteria of assessment



What's next?

The coming years present genuine opportunities for progress in sustainability and climate change-related matters. The development of governmental initiatives, improvements in data availability and emergence of new risk management methodologies will make it easier for banks to take necessary action in this area.

In particular:

- The implementation of European regulations, including the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR), will drive further improvement in the quality of disclosures in Europe.
- The growing adoption of TCFD recommendations, along with climate stress testing in the UK in 2021 and in Europe in 2022, will encourage banks to better manage climate-related risks and bridge data gaps.
- The US's announcement to re-join the Paris Agreement, and the potential impacts on the local banking regulation and disclosure requirements, will likely reinforce North American sustainability practices.
- Globally, as governments work on post Covid recovery and climate transition plans ahead of the COP26 and COP15 (the UN Climate Change and Biodiversity conferences) in 2021, further financing opportunities will emerge and this should accelerate product development across all geographies.
- Finally, in the medium to long term, the convergence work between IIRC, GRI and SASB, as well as the potential creation of a global sustainability standard by the IFRS Foundation, should help to improve the comparability of sustainability disclosures across geographies - although it may be a while before this materialises in banks' reporting.

Glossary

Term	Definition
Climate-related risk	<p>Refer to the potential negative impacts of climate change on a company or organisation.</p> <ul style="list-style-type: none">• Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g. cyclones, droughts, floods and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g. sea-level rise).• Climate-related risks can also be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses and reputational considerations.
Greenhouse gas (GHG) emissions scope levels	<p>Emissions are disclosed across three scopes:</p> <ul style="list-style-type: none">• Scope 1 refers to all direct GHG emissions.• Scope 2 refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam.• Scope 3 refers to other indirect emissions not covered in Scope 2 that occur in the reporting company's value chain, including both upstream and downstream emissions.

Abbreviations

Term	Definition
ACPR	Autorité de contrôle prudentiel et de résolution (French Prudential Supervision and Resolution Authority)
BoE	Bank of England
CDP	Carbon Disclosure Project
ECB	European Central Bank
ESG	Environmental, Social and Corporate Governance
FCA	Financial Conduct Authority
GHG	Greenhouse gases
GRI	Global Reporting Initiative
PACTA	Paris Agreement Capital Transition Assessment
PRB	Principles for Responsible Banking
RMF	Risk management framework
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SFDR	Sustainable Financial Disclosure Regulation
SMART	Specific, Measurable, Accurate, Relevant, Time-bound
TCFD	Task Force on Climate-related Financial Disclosures
UNEP FI	United Nations Environment Programme Finance Initiative

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