# Transition plans of the EU banking sector: a progress towards transparency but a need of going further

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"The plans of the undertaking, including implementing actions and related financial and investment plans, [to] ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement [...] and the objective of achieving climate neutrality by 2050 [...]."

CSRD Art 30

The first approach implemented in the European Union (EU) Environmental, Social and Governance (ESG) regulatory framework has been to define "what is green", through the EU Taxonomy. But there has been a progressive recognition that such an approach should be complemented to enable the transition from the current state of the economy towards a low-carbon economy, across industry and finance sectors, with the view of achieving the goal of the Paris Agreement and Net Zero in 2050. With this perspective, **transition plans have been the subject of increased attention, to now being identified as plausible key enabling tools for the transition**. In June 2023, the European Commission published a recommendation on transition finance extending the current approach and acknowledging the central role of transition plans (Transition plans are gradually included in the European normative and legislative landscape: in sustainability disclosure frameworks, in the European Banking Authority (EBA) Pillar 3 ESG, in the European Central Bank (ECB) supervisory expectations, in the CS3D and in various international voluntary frameworks (*e.g.*, GFANZ), Science Based Targets Initiative (SBTi), the UK Transition Plan Taskforce (TPT), etc.). Concurrently, we note rising doubts on whether transition plans, net-zero targets, and transition finance are credible mechanisms, or just mere communication tools.

**The publication of transition plans by the European banking sector amongst their annual financial and non-financial publications allows for the first time an assessment of their contents and their comparability.** The analysis of these plans is even more important as they should also reflect the state of transition of their clients: corporates, public entities, SMEs and households.

First analysis of the transition plans of the biggest EU banks tends to show that their publication in 2025 linked to their 2024 accounts – for the first time under CSRD – gives some interesting information about their decarbonization targets and strategy, but also that they need to be improved in their contents and presentation.

## 1. The good news: the transition plans of the biggest EU banks give some interesting information about their decarbonisation priorities, targets and strategies

There have been two interesting studies on the sustainable data and the transition plans published by the largest banks in the EU: a study by KPMG on the 20 EU biggest banks and a study by PwC on 14 French financial institutions (including 9 banks, 3 insurers and 2 asset-managers). The two studies give similar results on the approach taken, the choices made in the reporting and notably in the transition plans.

**The studies underline the efforts made by these banks at their highest level for these publications.**

The analysis of double materiality assesses the financial risks and opportunities for the bank, linked to the sustainable topics, and the sustainable impact of its activities. Only the impacts, risks and opportunities which are judged significant are assessed and published. All the banks have considered climate change as significant and published information and data according to the

EU standard E1. The emission of greenhouse gas (ghg) linked to the activities of the banks are for 95% due to “financed emissions” (Scope 3, category 3.15). These emissions are the emissions of ghg generated by the activities of the enterprises that the banks finance. Most of the banks use the Partnership for Carbon Accounting Framework (PCAF) for the estimates of financed emissions.

The KPMG study gives the following main results:

- -90% of the banks adhere to NZBA[1] (Net Zero Banking Alliance) and have published a transition plan;
- 80% of the banks have published targets of reduction of ghg on financed emissions;
- their primary reference scenario is the IEA (International Energy Agency) Net Zero by 2050;
- a significant majority of the panel has published targets for 9 of the most carbonated sectors, in application of the NZBA guidelines: petrol and gas (70%), production of electricity (75%), cars (70%), iron and steel (65%), cement (55%), maritime transport (55%), aviation (60%), residential mortgage loans (65%), commercial buildings (80%);
- most targets are expressed in terms of carbon intensity, with fewer in absolute terms, generally for the oil and gas sectors.

A study of PwC on 14 French financial institutions (9 banks, 3 insurers and 2 asset-managers) give similar results:

- the transition plans of the 9 French banks are based on a widespread adoption of the PCAF standard ;
- on average, banks have set targets for 9 out of the 12 priority sectors defined by the NZBA.

## 2. The weak points in the contents of the transition plans

The two studies already mentioned underline some weak points in the contents of the transition plans. Reclaim Finance, a militant NGO, has also criticized the transition plans of the banks in a study vigorously entitled “Bank transition plans: a roadmap to nowhere”, which will be discussed below.

**Despite the adoption of common methodologies, the publications reveal non-standardised portfolio coverage and limited comparability.** The information provided is often based on estimates of the data of their clients which can make their comparability more difficult, notably on the climate section. Moreover, **almost all the banks declare that the information on the financed emissions is incomplete.** The most important limit is on the scope of some counterparts, like the sovereign debt, housing loans, car loans, loans to households. The PwC study shows that 42% of audited reports have a low level of data control and formalisation of the Scope 3 cat. 15 indicator.

For some of these banks, the decarbonization targets are only targets for a sector, without a link to the assets financed by the bank, nor to the financed emissions which have been calculated.

Finally, **as for the decarbonization levers, the disclosures remain too often general and lack robust quantification, making it difficult to assess their actual effectiveness and to compare them across institutions.**

### The criticism of Reclaim Finance

Reclaim Finance is one of the rare NGOs which have looked into the transition plans of the banks. They have published a paper with much criticism entitled “Transition plans: a road to nowhere”. They have analysed the disclosures in 2025 of 17 of the 20 biggest EU and United Kingdom (UK) banks and they have even given ratings of these banks by using five criteria on five areas: decarbonisation targets, decarbonisation strategy, engagement strategy, reporting and governance, just transition and biodiversity. Nearly all the banks score below 50/100 overall and the average global score reached 41%. “Reporting and governance” has the best score (71/100 on average), “decarbonisation strategy” and “engagement strategy” the lowest ones.

A part of their criticism aligns with the studies of KPMG and PwC, highlighting a lack of control of data reported by the clients or by third-party providers. They also highlight differences in methodology between banks, for example in their definitions of “transition” and emphasise that some disclosures do not provide important information; for instance two banks (Barclays and UBS) aggregate all fossil fuel sectors together.

**The lack of clear decarbonisation strategy and engagement strategy is the most important criticism.** There is an interesting comment on the banks “minimizing their responsibility for decarbonisation”. Some banks claim they have little leverage and shift responsibility almost entirely into policymakers, other companies and

1. The NZBA has lost many members and its survival is doubtful.

## Box 1. The transition plans of Crédit Agricole and BBVA

### 1. The transition plans of Crédit Agricole and BBVA give two interesting examples of decarbonization targets for 2030

**Decarbonisation targets of Crédit Agricole:**

- -75% for petrol and gas (6.1 $MtCO_2e$, compared to 24.3 $MtCO_2e$ financed in the accounts of 2020) and already -70% between 2018 and 2024,
- -58% on electricity production (95 $gCO_2e/kWh$), and already -29% since 2018,
- -40% for commercial real estate (22 $kgCO_2e/m^3$/year), and only -14% since 2018,
- -50% for cars (95 $gCO_2/km$), and -21% since 2018,
- -25% for aviation (750 $gCO_2e$/Revenue Ton Kilometer), and -14% since 2018,
- -36% for maritime transport (3.98 $gCO_2e$/Dead Weight Tonnage by nautical mile), and -16% since 2018,
- -20% for cement (537 $kgCO_2$/ton), but +3% since 2018,
- -26% for steel (1.4 $tCO_2$/ton), but only -3% since 2018.

**Decarbonisation targets of BBVA:**

- -30% for oil and gas (9.8 $MtCO_2e$, compared to 14 $MtCO_2e$ in 2020) and already -25% between 2021 and 2024,
- -52% for electricity production (107 $gCO_2e/kWh$) and already -37% since 2020,
- -44% for commercial real estate (11.7 $kgCO_2e/m^2$/year), and no figure available for recent evolution,
- -46% for cars (110 $gCO_2/km$) and -19% since 2020,
- -18% for aviation (73 $gCO_2e$/PKM) but +0,4% since 2022,
- -17% for cement (579 $kgCO_2e$/ton) and -4% since 2020,
- -23% for steel (984 $kgCO_2e$/ton) and -10% since 2020.

These targets are expressed in carbon intensity, except for oil and gas where they are expressed in absolute terms.

Crédit Agricole and BBVA do not publish decarbonisation targets for coal but both banks have set the goal of eliminating their exposure to coal customers by 2030 in developed countries and by 2040 globally.

**Not only these two banks publish their decarbonization targets of 8 sectors for 2030, but also the recent evolution of the financed emissions of these sectors** since 2018 for Crédit Agricole and since 2020 (or 2021 or 2022 for some sectors) for BBVA. This information allows to assess the credibility of their targets. For example:

- the Crédit Agricole's target for petrol and gas (-75%) is almost reached (-70% already done since 2018), contrarily to its target for cement (-20%, but +3% since 2018);
- for BBVA, the decarbonisation target for oil and gas (-30%) seems within reach (-25% since 2021), but not for aviation (target of -18% and +0,4% since 2020.

### 2. The levers used to reach these targets are not well enough defined

**Crédit Agricole has set the following main priorities and objectives to reach the decarbonisation targets:**

- To accelerate the development of low carbon energies;
- To accompany the transition of their clients and society; for instance, the objective is to finance electric vehicles at the level of 1/3 of new vehicles financed and electric and hybrid at 1/2 in 2025;
- To reduce the environmental footprint linked to its functioning, with two objectives: 100% of renewable energy on all the sites around the world, and -50% of the emissions linked to the professional mobility.

**BBVA indicates that their strategy is based on achieving two main objectives, each with its own actions and levers:**

- Financing sustainable business, with the target of channeling €300 Bn into sustainable business between 2018 and 2025, target already reached in 2024;
- Achieve net zero emissions by 2050 through interim targets for 2030, develop a decarbonisation strategy for its loan portfolio and establish metrics to monitor the progress of decarbonisation.

The two reports give interesting examples of their decarbonisation activities and projects, but lack a short but precise and complete presentation of the decarbonisation levers.

consumers. The report recognizes that banks are not fully responsible for the transition but have a role in encouraging or discouraging economic activities which are beneficial or detrimental to climate. Some transition reports, like the reports of Crédit Agricole and BBVA (*see Box 1*) underline the efforts made towards SMEs and consumers for instance, notably through providing information and expertise.

**Other parts of the criticism are more debatable.** For instance, they criticise the absence, alongside 2030 targets, of 2050 targets. In the current context, with the uncertainties linked to the data and to the sectoral transition scenarios, 2030 targets bring valuable information, especially if you can compare the targets with the more recent evolution of the concerned sectors financed by the bank, like in the case of Crédit Agricole and BBVA (*see Box 1*).

They are also questioning the inclusion of Green bonds and Sustainability-linked bonds among the financial instruments supporting energy transition, although the proceeds of these bonds finance activities and project favourable to climate.

One conclusion of the Reclaim finance paper is worth quoting: **"This is the first year of reporting for the CSRD, so banks may refine their reporting in the future... However, the Omnibus proposal is likely to massively weaken reporting standards for financed companies and disincentivize the development of accurate and useful non-financial reporting."**

## 3. The transition plans need to be improved in their presentation to the banks' stakeholders

**The transition plans of the largest European banks have not raised comments** neither from their shareholders during the annual general assemblies, nor from employees, clients, politicians or even climate experts and climate-militant NGOs, except Reclaim finance.

During the general assemblies of shareholders of these banks, there have been very few questions about their climate strategies and in general not a single question focusing on their transition plans. One reason is probably that the priority of climate strategy is lower in 2025 for the shareholders of a European bank in the geopolitical and economic context, which is particularly stressful. But **the length and the complexity of the sustainable disclosures do not induce shareholders to raise questions on transition plans, especially when the language used in the sustainable report seems to underline the positive orientation of the bank in this field.** There may be also the feeling that the climate strategy is essential for carbonated industries and sectors (and many questions on this issue are raised at general assemblies in these sectors), not for the banking sector. But this feeling is not completely true: the banking sector can at least influence and support the decarbonisation of carbonated sectors and is also facing risks if this decarbonation is too slow.

**For these reasons, sustainability disclosures by the big European banks should be as clear and concrete as possible for a large public.** Some big banks have been able to do so already this year, their examples should give impetus to their competitors for next year.

## Conclusion

The publication of the transition plans of the largest European banks in 2025 in application of the EU regulation has proved to be **progress in transparency.** In particular, almost all the large EU banks have published decarbonisation targets linked to the 8 or 9 most carbonated sectors that they finance. **There is however progress to be made in terms of the accuracy and comparability of these publications, in the definition of the decarbonisation strategies and levers, and also in their presentations to a large public, at least the stakeholders of the banks.**

**Ideally, the second wave of the publications next year could lead to an improvement, notably through comparison and alignment with the best reports. Unfortunately, the Omnibus proposal and the general backlash against the Green Deal could reduce the availability of reliable data of banks' clients and the general inducement of making progress in this field.**

## Bibliography


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