

## Net-Zero Banking Alliance

### Industry-led, UN-convened

is pleased, together with other peer bank signatories, to commit to:

- transition all operational and attributable GHG emissions from our lending and investment<sup>1</sup> portfolios to align with pathways to net-zero by mid-century, or sooner, including CO<sub>2</sub> emissions reaching net-zero at the latest by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. This approach will take into account the best available scientific knowledge, including the findings of the IPCC, so we commit to review and (if necessary) revise our targets at least every five years after the target is set.<sup>2</sup>
  - GHG emissions here refer to banks' Scope 1, 2 and 3 emissions. Banks' Scope 3 emissions should include their clients' Scope 1 and 2 and Scope 3 emissions, where significant, and where data allow.
- use decarbonisation scenarios which: are from credible and well-recognised sources; are no/low overshoot; rely conservatively on negative emissions technologies; and to the extent possible, minimise misalignment with other Sustainable Development Goals. We will provide a rationale for the scenario(s) chosen.
- prioritise our efforts where we have, or can have, the most significant impact, i.e. the most GHG-intensive and GHG-emitting sectors within our portfolios, which are key to the transition to a net-zero carbon economy.
- use the bank-led UNEP FI Guidelines for Climate Target Setting for Banks<sup>3</sup> ("Guidelines") to set scenario-based intermediate targets for 2030, or sooner, for priority GHG-intensive and GHG-emitting sectors.

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1 By the time net zero is achieved, all material attributable emissions will be covered. But at present, this refers to on-balance sheet investment and lending activities with the exclusion of on-balance sheet securities held for client facilitation and market-making purposes (as opposed to held for investment). Off-balance sheet activities, including facilitated capital markets activities, will be considered in the next version of bank-led UNEP FI Guidelines for Climate Target Setting for Banks. Banks may choose to include capital markets activity in target setting in advance of a revision of the Guidelines.

2 This commitment exclusively focuses on banking activities. Where entities within the group structure carry out other types of business such as insurance, pensions funds, or asset management, it may be appropriate for those entities to follow alternative net-zero frameworks.

3 [The Guidelines](#) apply on a comply-or-explain basis.

- publish annually and share with UNEP FI for review, to monitor consistency with the UN Race to Zero criteria and evidence that action is being taken in line with the commitments made here:
  - progress against absolute emissions and/or emissions intensity targets following relevant international and national GHG emissions reporting protocols and/or climate portfolio alignment methodologies;
  - progress against a board-level reviewed transition strategy setting out proposed actions and climate-related sectoral policies; and
  - disclosure for key sectors will be made within one year of setting of the target.
- contribute to the ongoing development of the Guidelines.

We will meet this commitment through:

- facilitating the necessary transition in the real economy through prioritising client engagement, and offering products and services to support clients’ transition;
- engaging on corporate and industry (financial and real economy) action, as well as public policies, to help support a net-zero transition of economic sectors in line with science and giving consideration to associated social impacts; and
- supporting innovation, the near-term deployment of existing viable technologies, and scaling up the financing of credible, safe, and high-quality climate solutions that are compatible with other Sustainable Development Goals.

In implementing and reaching targets for all Scopes of emissions, offsets can play a role to supplement decarbonisation in line with climate science. The reliance on carbon offsetting for achieving end-state net zero should be restricted to carbon removals to balance residual emissions where there are limited technologically or financially viable alternatives to eliminate emissions. Offsets should always be additional and certified.

This Commitment recognises the vital role of banks in supporting the transition of the real economy to net-zero emissions, but we will only succeed in achieving this objective if our clients and other stakeholders also play their part. We make this Commitment with the expectation that governments will follow through on their own commitments to ensure that the objectives of the Paris Agreement are met.

**Signature** .....

**Role** .....

**On behalf of** .....

**Date** .....