

Net-Zero Commitments and Prudential Risks in the Dutch Financial Sector



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Foreword

This report aims to support De Nederlandsche Bank (DNB), the central bank of the Netherlands, in assessing risks stemming from financial institutions' net-zero commitments. Failing to align with net-zero commitments may expose financial institutions to legal and reputational risks as well as other prudential risks driven by climate-related risks. This report develops a supervisory framework for assessing these risks.

Chapter 1 sets out the report's objective, analytical approach and structure, and explains why risks stemming from net-zero commitments may be relevant for prudential supervision.

Chapter 2 reviews the main climate-related disclosure frameworks relevant for Dutch financial institutions. It covers frameworks designed to support prudential risk assessment, as well as other relevant frameworks that may also provide useful information for supervisors.

Chapter 3 examines the climate-related information financial institutions currently disclose in practice based on a detailed review of disclosures from 43 Dutch and other European financial institutions. These disclosures provide insight into the metrics and indicators institutions use to manage climate-related net-zero transition risks. The chapter reviews public disclosures by Dutch financial institutions, including banks, pension funds and insurers, and assesses how this information may support assessment of net-zero commitments.

Chapter 4 discusses the practical challenges supervisors face when relying on climate-related disclosures. It highlights limitations in comparability, methodology and data quality, as well as potential blind spots that may limit supervisors in assessing net-zero commitments and related risks. The chapter also explains how DNB, and by extension other supervisors, may use internal data to address these challenges. It also identifies remaining obstacles and sets out considerations for supervisors and policy makers.

Chapter 5 develops a monitoring framework that DNB can use to assess legal and reputational risks stemming from financial institutions' net-zero commitments, as well as other prudential risks that may arise where alignment with net-zero pathways is delayed or insufficient. It includes guidance for quantitative and qualitative assessment, including governance and risk-management practices.

The analysis is based on a detailed review of public disclosures by 43 Dutch and European financial institutions, as well as a cross-country analysis of selected indicators using the OECD Corporate Sustainability dataset.

This report was funded by the European Union via the Technical Support Instrument, and implemented by the OECD, in co-operation with the European Commission' Reform and Investment Task Force (SG REFORM). It was developed by the Capital Markets and Financial Institutions Division of the OECD Directorate for Financial and Enterprise Affairs. It was prepared by Devran Zeyrek, John O'Shea and Valentina Cociancich, under the supervision of Caio de Oliveira, Head of the Sustainable Finance and Corporate Governance Team, and Serdar Çelik, Head of Division. The project benefited from collaboration and contributions from DNB. Feedback from the Dutch Ministry of Finance, the Netherlands Authority for the Financial Markets, the European Central Bank, the European Banking Authority, the OECD Working Party on Sustainable Finance and Dutch financial institutions was also considered in preparing the report.

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Abbreviations and acronyms

AFM	Netherlands Authority for the Financial Markets	ITS	implementing technical standards
BCBS	Basel Committee on Banking Supervision	KPI	key performance indicator
BTAR	banking book taxonomy alignment ratio	kWh	kilowatt hour
CDP	Carbon Disclosure Project	LSI	less significant institution
CO ₂	carbon dioxide	NGFS	Network for Greening the Financial System
CRD	Capital Requirements Directive	NPE	non-performing exposure
CRR	Capital Requirements Regulation	NZE	Net Zero Emissions (scenario)
CRREM	Carbon Risk Real Estate Monitor	NZIF	Net Zero Investment Framework
CSRD	Corporate Sustainability Reporting Directive	OECD	Organisation for Economic Co-operation and Development
DNB	De Nederlandsche Bank	ORSA	own risk and solvency assessment
EBA	European Banking Authority	P&C	property and casualty
ECB	European Central Bank	PAI	principal adverse impact
EIOPA	European Insurance and Occupational Pensions Authority	PCAF	Partnership for Carbon Accounting Financials
EPC	energy performance certificate	RTS	regulatory technical standards
ESG	environmental, social and governance	SBTi	Science Based Targets initiative
ESMA	European Securities and Markets Authority	SFDR	Sustainable Finance Disclosure Regulation
ESRS	European Sustainability Reporting Standards	SME	small and medium-sized enterprise
EU	European Union	SNCI	small and non-complex institution
EUR	euro	TCFD	Task Force on Climate-related Financial Disclosures
FLAG	Forest, Land and Agriculture	tCO ₂ e	tonnes of carbon dioxide equivalent
GAR	green asset ratio	tkm	tonne-kilometre
GHG	greenhouse gas	TSI	Technical Support Instrument
GWh	gigawatt hour	UN	United Nations
IEA	International Energy Agency	USD	United States dollar
IFRS	International Financial Reporting Standards	vkm	vehicle-kilometre
IORP	Institution for occupational retirement provision	WACI	weighted average carbon intensity
ISSB	International Sustainability Standards Board		

Executive summary

Financial institutions' net-zero commitments may give rise to prudential risks when institutions' stated targets are not matched by credible progress and governance and risk-management practices. Such gaps may point to weaknesses in transition planning and may expose institutions to credit, market, legal, operational and reputational risks. Assessing these risks requires information that is comparable, decision-useful and sufficiently granular.

Because net-zero pathways are typically defined at sector level, this report adopts a sector-based analytical lens. It focuses on financed emissions associated with lending, investment and underwriting activities. Sector-level net-zero pathways typically describe how emissions intensity should decline relative to physical activity, such as emissions per tonne of output in manufacturing. Assessing exposures against these pathways can therefore help to assess whether institutions' transition trajectories are credible and whether misalignment may point to prudential risks.

Key insights

The regulatory and voluntary disclosure frameworks are fragmented. Dutch financial institutions are subject to a mix of regulatory, supervisory and voluntary frameworks, including the Corporate Sustainability Reporting Directive (CSRD), the Sustainable Finance Disclosure Regulation (SFDR), European Banking Authority (EBA) Pillar 3 disclosures, the European Central Bank (ECB) Guide on climate-related and environmental risks, Solvency II and reporting practices based on the Partnership for Carbon Accounting Financials (PCAF). These frameworks differ in scope, objective and required metrics, limiting cross-sector comparability. As a result, it remains uncertain whether the information currently disclosed is sufficient for assessing the risks attached to net-zero commitments from a prudential perspective.

Public disclosures remain uneven, with bank loan-book reporting currently offering the most decision-useful information. The report reviews disclosures by banks, pension funds and insurers in the Netherlands and other European jurisdictions. Large banks generally provide the most granular information, including sector-level pathway-alignment metrics, financed emissions and exposure data through EBA Pillar 3 templates. By contrast, pension funds and insurers generally rely on portfolio-level indicators such as financed emissions, weighted average carbon intensity (WACI), and fossil-fuel exposure, which are useful for high-level screening but do not allow robust assessment of alignment with sector-specific net-zero pathways. In a European comparison, Dutch financial corporates provide relatively more climate-related information and are more often subject to external assurance.

Due to their compatibility with sectoral alignment pathways, physical emissions-intensity metrics are more suitable than WACI for assessing alignment with net-zero commitments. Sector-level physical metrics, such as kgCO₂/m² in real estate or gCO₂/tonne kilometre in transport, can be compared directly against science-based net-zero pathways and therefore provide the clearest basis for assessing net zero-related prudential risks. WACI remains useful as a relative indicator of portfolio carbon intensity, but it has important limitations: as it is portfolio-weighted and cannot be benchmarked directly against

physical pathways, the WACI cannot help to assess net-zero alignment. For instance, the WACI may move because of valuation, inflation or exchange-rate effects rather than genuine decarbonisation.

Internal supervisory data can partly address these limitations but not fully resolve them. DNB receives granular data on holdings and exposures for pension funds and insurers and can combine these with emissions estimates to construct institution-level and sector-level indicators, including financed emissions and decomposed WACI. Such data improve comparability and allow supervisors to analyse sector exposures beyond what public reporting currently permits. However, these approaches still depend on the quality of underlying emissions and activity data, and they do not eliminate the need for stronger sector-level reporting where material risks are concerned.

Proposed supervisory framework

- Overall, supervisors should assess risks related to net-zero commitments primarily at the level of material economic sectors.
- Quantitatively, supervisors should prioritise sector-level physical emissions-intensity metrics and compare them with relevant reference pathways, while also considering the size, maturity, credit quality and financed emissions of the underlying exposures.
- Qualitatively, supervisors should assess governance, transition planning, risk-management practices, internal controls and engagement strategies, especially where quantitative information is incomplete, weak or indicates misalignment.

1 Report objective and analytical approach

This chapter sets out the report's objective, analytical approach and structure, and explains why risks stemming from financial institutions' net-zero commitments are relevant for prudential supervision. Falling short of these commitments may expose institutions to legal and reputational risks, while misalignment with net-zero pathways may heighten credit, market and liquidity risks driven by transition pressures. The report adopts the supervisor's lens and develops a monitoring methodology for DNB to assess climate-related prudential risks.

1.1. Report objective

Assessing the risks that stem from financial institutions' net-zero commitments is relevant for prudential supervision.

Falling short of net-zero commitments may expose financial institutions to legal and reputational risks, including potential litigation, loss of market confidence, and governance concerns, which may in turn affect financial soundness. Misalignment with net-zero pathways may also increase exposure to other prudential risks driven by climate-related risk. For example, continued financing of carbon-intensive activities may heighten vulnerability to asset stranding, credit deterioration, market repricing or declining collateral values as policies, technologies and market preferences shift towards lower-emission alternatives.

This report aims to support the development of a supervisory framework to manage these risks for DNB, which may also be suitable for use by other European supervisors. To this end, it analyses in detail the reporting practices of financial institutions in the Netherlands and assesses the suitability of supervisory data and analyses that supervisors may build on. These disclosures provide insights into the metrics and indicators institutions use to manage climate-related net zero transition risks, as well as for supervisors to assess them. The report focusses on financed emissions, i.e. the emissions that financial institutions finance through their lending, investment and underwriting activities, commonly referred to as Scope 3, category 15 emissions.

As outlined in the ECB Guide on climate-related and environmental risks (ECB, 2020^[1]) and DNB Guide to managing climate and nature-related risks (DNB, 2025^[2]), climate-related and environmental risks should be assessed as drivers of traditional prudential risk categories.

Supervisors need information that enables them to evaluate whether institutions' transition planning and actual progress align with their net-zero commitments. A lack of credible alignment may point to heightened transition risks. Such information is also relevant for investors, as it can help them price climate-related risks in the equity and debt issued by financial institutions. While supervisors focus on macro- and micro-level financial stability, investors may pursue other objectives, such as identifying mispricing of securities. Similarly, the Network for Greening the Financial System (NGFS) notes that climate-related targets in transition plans can inform micro-prudential supervision, while ineffective, ambiguous or weakly monitored targets may create financial, legal and reputational risks (NGFS, 2025^[3]).

The report aims to support DNB in fulfilling its prudential risk mandate by identifying the information needed to assess whether financial institutions are making credible progress towards their net-zero commitments. It develops a monitoring methodology to assess progress towards net-zero commitments, as well as the prudential risks that may arise from not achieving them. In doing so, the report highlights potential supervisory blind spots arising from data gaps, incomplete reporting practices and limitations in data comparability and quality. These shortcomings may hamper effective prudential risk assessment.

The report does not assess whether the wider economy is likely to remain aligned with net-zero pathways, nor does it estimate the likelihood or materiality of potential risks arising from aggregate misalignment. Instead, the report focusses on how supervisors can assess risks that may arise when financial institutions' activities or exposures are misaligned with their net-zero commitments.

The supervisory framework serves as guidance for quantitative and qualitative assessments, including governance and risk management practices. It is not intended to create binding supervisory expectations or formal guidelines.

The relevance of climate-related risk assessment is reinforced by empirical evidence from the ECB. Banks with higher exposure to climate-related transition risks face higher borrowing costs in interbank repo markets. Analysis by the ECB interprets part of this premium as compensation for higher perceived counterparty credit risk, with the effect becoming stronger during periods of financial stress. This suggests

that climate transition risk can already affect banks' funding conditions, rather than representing a purely forward-looking concern (ECB, 2025^[4]).

1.2. Analytical method

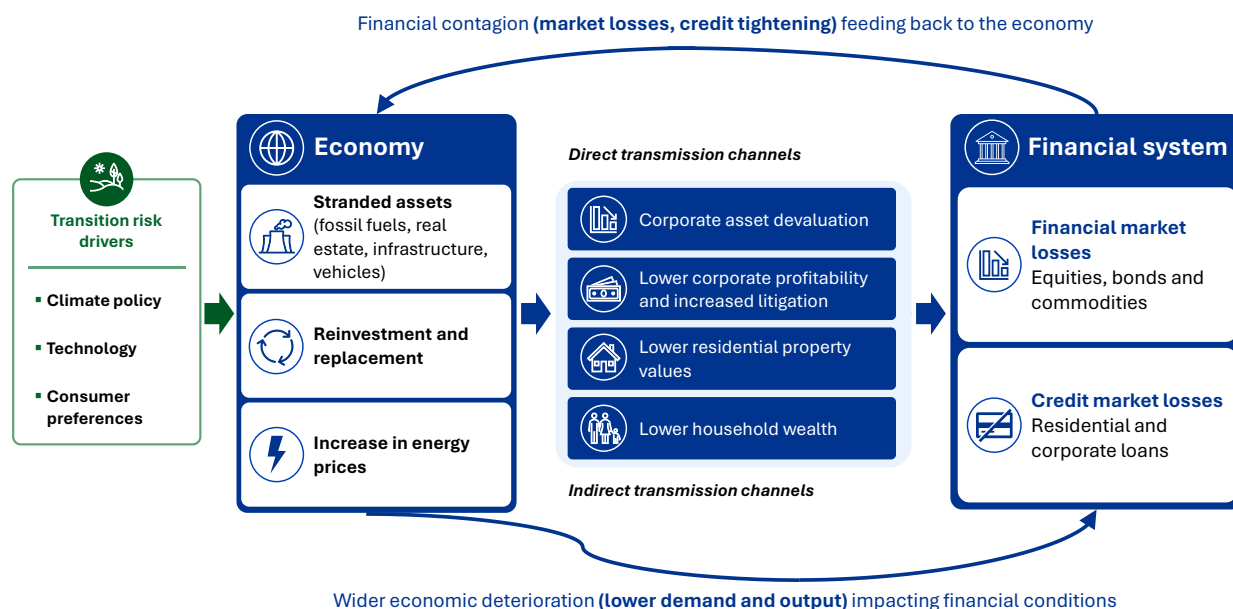
1.2.1. Prudential risk-based assessment

The report adopts the supervisor's lens, focussing on prudential risks stemming from potential misalignment with net-zero commitments. It does not assess whether financial institutions contribute adequately to broader sustainability-related goals, for instance as measured by the EU Taxonomy.

The prudential risks considered fall into two broad groups. First, legal and reputational risks may arise where institutions' activities are perceived to be inconsistent with their public net-zero commitments, potentially resulting in litigation, regulatory action or loss of market confidence. Legal risk constitutes a form of operational risk, while reputational risk can act as a cross-cutting driver across prudential risk categories. Second, misalignment may indicate exposure to transition pressures – policy, technological and market shifts away from carbon-intensive activities, which can translate into credit, market and liquidity risk, for example through weakened repayment capacity of borrowers, repricing of assets or declining collateral values. Where these risk categories are discussed together in the following chapters, they are referred to collectively as “risks”. Figure 1.1 describes how transition risk may affect prudential risks, and Chapter 4 discusses these risk channels in detail.

Figure 1.1. How do climate-related risks drive prudential risks?

Transition risk drivers may affect the real economy through asset devaluation, lower debt-servicing capacity and collateral marketability, and can transmit to the financial system through prudential risk channels



Source: Based on the NGFS report “Guide for Supervisors: Integrating climate-related and environmental risks into prudential supervision”.

1.2.2. What does meeting net-zero commitments entail?

The EU Green Deal, approved in 2020 and reflected in European Climate Law, and the Dutch Climate Act target a 55% net reduction of GHG emissions by 2030 compared to 1990 levels, and climate neutrality by 2050. The Dutch financial sector Climate Commitment, signed in 2019, was linked to the initial Dutch Climate Agreement, which targeted a 49% reduction of GHG emissions by 2030. In 2026, the EU further updated its ambition by setting a legally binding climate target of a 90% net GHG emissions reduction by 2040.

Fifty-seven Dutch banks, insurers, pension funds, asset managers and sector associations committed to supporting these objectives through the Dutch Financial Sector Climate Commitment, signed in 2019 (klimaatcommitment.nl, 2026^[5]). At the time, the Dutch Climate Agreement targeted a 49% reduction of GHG emissions by 2030 compared to 1990 levels, before the national target was strengthened to 55%.

Assessing company-level emission reductions since 1990 faces several challenges, such as limited information on 1990 emission levels, varying base years in current corporate reporting, and the emergence and discontinuation of entity-level economic activities. Therefore, net-zero pathways are typically defined and assessed at the sectoral or regional level (ECB, 2024^[6]; 2022^[7]).

Science-based net-zero pathways, such as the IEA Net-Zero Emissions scenario (NZE) for the energy sector, describe emissions-intensity pathways for economic sectors and regions. These pathways rely on physical alignment metrics, which express emissions per unit of physical activity, capacity or output, such as kgCO₂/m² in real estate. For each year, a pathway defines the emissions-intensity level consistent with reaching net zero by 2050. In the following chapters, these pathways are described as “physical emissions-intensity pathways”, using terminology similar to the ECB (2022^[7]). Because this assessment refers to year-specific intensity levels rather than to reductions relative to a historical reference point, no base year is required: a company whose emissions intensity tracks a trajectory approaching net zero by 2050 is considered on a credible transition path, regardless of its starting point. Further, if all companies align with their respective sectoral physical emissions-intensity pathways, which ultimately converge to zero emissions (or near-zero in certain sectors), this implies absolute emissions reductions consistent with Paris Agreement objectives.

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2 Disclosure frameworks relevant for prudential risk assessment

This chapter presents the main disclosure frameworks that shape climate-related reporting by Dutch financial institutions. It covers EU climate and sustainability regulation, supervisory requirements applicable across the banking, pension and insurance sectors, and the voluntary frameworks institutions commonly use to measure emissions and set net-zero targets. The chapter shows that the resulting landscape is fragmented: requirements are largely subsector-specific and rely on differing metrics, leaving it uncertain whether the information currently disclosed is sufficient to assess financial institutions' net-zero commitments from a prudential perspective.

2.1. Chapter objective

Financial institutions in the Netherlands are subject to a range of regulatory requirements. These arise from EU-level climate and sustainability regulatory frameworks, national and EU-level supervisory expectations on climate-related risks, and are supported by voluntary frameworks and agreements.

This chapter explains the main disclosure frameworks that aim to support prudential risk assessment, as well as other investor-focussed frameworks that may also be informative for prudential risk assessment. It argues that the current climate-related disclosure framework landscape for financial institutions is fragmented, and therefore has three main limitations for prudential risk assessment.

Table 2.1 provides an overview of the main regulatory and supervisory frameworks and the financial subsectors to which they apply. Voluntary frameworks, such as PCAF, the IEA NZE scenario, IFRS S1/S2 and the SBTi, are not shown separately, as they are in principle available to all financial institutions. An exception is the IEA NZE scenario, which serves as the mandatory reference pathway for banks' emissions-intensity alignment disclosures under EBA Pillar 3 Template 3.

Table 2.1. Climate-related regulation and supervisory requirements across financial subsectors

Disclosure and supervisory requirements are largely subsector-specific, with banks subject to the most extensive template-based requirements

	Banks	Pension funds	Insurers
EU climate and sustainability regulation			
CSRD	●	●	●
SFDR		●	●
IORP II		●	
EU Taxonomy	●		●
Supervisory requirements			
EBA Pillar 3 ESG (CRR)	●		
EBA Guidelines on the management of ESG risks	◐		
ECB Guide	◐		
Solvency II / ORSA			●
DNB Guide		◐	◐

● Mandatory where in scope

◐ Supervisory expectation

Note: CSRD and EU Taxonomy apply to entities within CSRD scope (staged application; scope narrowed by the 2025 Omnibus). SFDR entity-level PAI statements are mandatory above 500 employees and comply-or-explain below. SFDR applies to credit institutions only where they provide portfolio management, and to insurers in respect of insurance-based investment products. The EU Taxonomy's disclosure requirements (Article 8) apply to the same companies as the CSRD, and therefore do not generally cover occupational pension funds. Pension funds may still report taxonomy alignment for individual investment products under the SFDR. EBA Pillar 3 ESG requirements apply in three tiers under CRR III: the full template set for large institutions, a simplified set for other listed institutions and large subsidiaries, and a reduced set of core ESG risk indicators for small and non-complex institutions (SNCIs). The DNB Guide refers banks to the ECB Guide.

2.2. EU climate and sustainability regulatory framework

The European Union has developed an extensive climate and sustainability regulatory framework in recent years, in line with the objectives of the European Green Deal. This framework comprises a set of EU-level regulations and directives, some directly applicable, others implemented in national law, and supervisory expectations that differ in scope, entity coverage, and objectives. These differences, including whether requirements apply to financial institutions, non-financial corporates, or specific financial subsectors, may complicate the comparability of disclosed information across institutions and financial subsectors.

This section provides a structured overview of the main regulatory frameworks relevant for Dutch financial institutions. It outlines the primary objectives of these frameworks, identifies the types of institutions subject to regulation, and highlights the metrics useful for prudential supervision.

2.2.1. Corporate Sustainability Reporting Directive (CSRD)

The CSRD supports the EU's goal of achieving carbon neutrality by 2050 by improving corporate transparency on sustainability, including climate-related disclosures relevant to assessing transition risks. The application of the CSRD takes place in stages. It requires in-scope companies to report standardised information on their climate-related strategy, transition plans, GHG emissions, targets and progress under the European Sustainability Reporting Standards (ESRS). The 2025 Omnibus simplification process narrows the scope of CSRD reporting, meaning that fewer companies will be required to report or will report later than initially planned (Official Journal of the European Union, 2026^[1]). To partly address the resulting information gap, the European Commission adopted a voluntary sustainability reporting standard for SMEs in July 2025.

Under the CSRD, companies must detail in a standardised manner their climate-related strategy, transition plans, GHG emissions, targets, and progress towards achieving them. To meet CSRD requirements, companies must report information in line with the ESRS covering a broad range of environmental, social, and governance issues, including climate change, biodiversity and human rights.

The directive also requires sustainability disclosures to be subject to external assurance at a limited level. This requirement applies to all companies within the scope of the CSRD. External assurance enhances the credibility, comparability and reliability of climate-related reporting by providing independent verification of data quality and methodological consistency.

2.2.2. Sustainable Finance Disclosure Regulation (SFDR)

The SFDR intends to enhance market transparency. It requires asset managers, other investment firms, and financial advisers to disclose specific information on how they take sustainability risks and principal adverse impacts (PAIs) on sustainability factors into account in their investment decisions. PAIs are intended to help investors assess whether investment decisions have negative effects on sustainability factors, including climate, environmental and social outcomes. Additionally, financial institutions subject to the regulation must improve the transparency of their remuneration policy by considering sustainability-related risks and disclose product-level information on sustainable investments.

At entity level, the obligation to publish a detailed PAI statement is mandatory for financial market participants with more than 500 employees, while smaller entities, including many occupational pension funds, benefit from a “comply or explain” approach (EBA, EIOPA, ESMA, 2025^[2]).

The SFDR regulatory framework provides a list of indicators for the PAIs statement of the financial market participants. The list includes mandatory and voluntary indicators on environmental and social factors, for which the institution must state the adverse impacts, as well as mitigation actions and targets. Indicators for equity investments include (among others):

- PAI 1: Scope 1, 2, 3, and total GHG emissions
- PAI 2: Carbon footprint relative to investment value
- PAI 3: GHG intensity of investee companies (scope 1, 2 and 3 emissions / revenue)
- PAI 4: Exposure to companies active in the fossil fuel sector
- PAI 5: Share of non-renewable energy consumption and production
- PAI 6: Energy consumption intensity per high impact climate sector

- PAI 10: Violations of UN Global Compact Principles and of the OECD Guidelines on Responsible Business Conduct for Multinational Enterprises
- *(optional)* Investments in companies without carbon emission reduction initiatives
- *(optional)* Share of securities not issued under European Union legislation on environmentally sustainable bonds.

The GHG intensity of investee companies (PAI 3) corresponds to the WACI, as defined by other frameworks (further details on WACI can be found in Chapter 3).

The regulatory framework also provides indicators applicable to investments in sovereigns and supranational institutions and to investments in real estate assets, including (among others):

Investments in sovereigns and supranationals:

- GHG intensity of investee countries
- investee countries subject to social violations.

Investments in real estate assets:

- exposure to fossil fuels through real estate assets
- exposure to energy-inefficient real estate assets
- *(optional)* energy consumption intensity.

Further, the SFDR regulatory technical standards (RTS) require financial market participants to disclose data sources, measures taken to ensure data quality, how data are processed, and the proportion of data that are estimated.

In November 2025, the European Commission proposed amendments to the SFDR to simplify sustainability disclosures and reduce compliance costs. The proposal removes entity-level PAI disclosures, including the current “comply or explain” regime for smaller financial market participants, and shift the framework towards simplified product-level disclosures. As the proposal is still subject to the ordinary legislative process, the current SFDR requirements remain applicable until the revised framework is adopted and enters into application.

2.2.3. IORP II Directive

The IORP (Institution for Occupational Retirement Provision) II Directive (Official Journal of the European Union, 2016^[3]), in force since 2017, sets standards to ensure the soundness of occupational pension schemes and the protection of members and beneficiaries. In this regard, it requires institutions for occupational retirement provision (IORPs) – funds that manage retirement savings for employees through employer-sponsored schemes – to consider environmental, social and governance (ESG) factors in investment policy and risk management where relevant and to disclose how and whether they do so.

They are required to disclose whether and how ESG factors are taken into account in their investment policy and whether and how environmental, climate, social and corporate governance factors are considered in their investment approach.

As part of their risk management systems, IORPs must conduct a risk assessment of their pension activities and make it available to the competent authorities. Where relevant, this assessment should cover ESG risks related to the investment portfolio and its management, including emerging risks such as climate change, use of resources, other environmental and social risks, and asset depreciation resulting from regulatory changes (stranded assets).

The system of governance must include consideration of ESG factors where relevant in investment decisions and be subject to regular internal review.

IORPs may justify limited or no consideration of ESG factors, if this is consistent with the proportionality principle and adequately disclosed.

2.2.4. EU Taxonomy for Sustainable Activities

The EU Taxonomy for sustainable activities is a classification system that sets criteria for economic activities aligned with a net-zero trajectory by 2050 and other environmental goals. Its main goal is to direct investments to the economic activities most needed for the transition, in line with the European Green Deal objectives.

The EU Taxonomy defines a list of sectors and activities that can be classified as sustainable, enabling or transitional, and establishes specific disclosure requirements for all types of financial and non-financial companies. The economic activities classified as “sustainable” under the EU Taxonomy are generally consistent with 1.5°C decarbonisation trajectories. Enabling activities allow others to make a substantial contribution to an environmental objective, while transitional ones are where there are no technologically or economically feasible low-carbon alternatives and GHG emission levels correspond to the best performance in the sector or industry.

The EU Taxonomy applies to companies subject to the CSRD, including non-financial and financial corporations. Corporations disclose different key performance indicators (KPIs) in relation to the taxonomy. For example, credit institutions disclose the green asset ratio (GAR), i.e. the share of the institution’s assets financing taxonomy-aligned economic activities. Asset management activities, including those conducted by asset managers as well as investment portfolios managed by banks and insurance companies, disclose the proportion of their investments that are taxonomy-aligned, based on the applicable regulatory templates. Insurance companies must additionally disclose the share of gross premiums from insurance activities associated with coverage of climate risks.

2.3. Supervisory requirements for climate-related risks

2.3.1. EBA Pillar 3 climate risk disclosure requirements

The Capital Requirements Regulation (CRR) (Official Journal of the European Union, 2013^[4]) mandates the European Banking Authority (EBA) to develop implementing technical standards (ITS) for Pillar 3 disclosures on ESG risks. Adopted in 2022, the ITS include mandatory, quantitative disclosure requirements for climate-related transition and physical risks, including information on alignment with net-zero pathways, exposures to high-carbon assets and assets subject to chronic and acute climate change events. These Pillar 3 requirements are designed to support CRR institutions (primarily banks)¹ in reporting meaningful and comparable information on how ESG risks and vulnerabilities may exacerbate other risks in their balance sheets.

CRR III expands the scope of ESG disclosure requirements beyond large credit institutions to also include (i) small and non-complex institutions (SNCIs), and (ii) other listed institutions and large subsidiaries (Official Journal of the European Union, 2024^[5]). In contrast to the largest banks for which all requirements are mandatory, other listed institutions and large subsidiaries must disclose a simplified set of information, while SNCIs must report a simplified set of core ESG risk indicators, such as exposure to physical and transition risks and fossil fuel sectors.

The EBA requires qualitative information on the governance, strategy, and risk management of financial institutions for climate-related risks, which is relevant for evaluating banks’ organisational capacity and strategic approach to risk management. Alongside qualitative information on ESG risks, institutions are required to provide quantitative information referring to (see Annex for details):

- transition risk, including sector-level alignment metrics that compare financed activities against science-based net-zero emissions-intensity pathways
- physical risk, including exposures that are potentially vulnerable to physical climate risks, distinguishing between acute and chronic hazards
- mitigation actions associated with economic activities aligned with the EU Taxonomy
- other mitigating actions and exposures to climate-related risks not aligned with the EU Taxonomy but contributing to the counterparties' climate transition or adaptation process.

Lastly, the EBA requires banks to explain data sources and methodological choices used in their disclosures, including providing transparency on how estimates are derived.

2.3.2. EBA ESG supervisory reporting requirements

In April 2026, the EBA launched a consultation on proposed ESG supervisory reporting requirements under Article 430 Capital Requirements Regulation (CRR) as part of a broader simplification package under CRR III. These requirements build on the EBA's previous ad hoc ESG data collection, which used templates developed for Pillar 3 ESG disclosures, and would establish a dedicated framework for information reported to competent authorities for supervisory purposes. The main proposed changes include the removal from supervisory reporting of EU Taxonomy-related data points, including information on the Green Asset Ratio (GAR) and Banking Book Taxonomy Alignment Ratio (BTAR), and the introduction of reporting requirements that include obligor-level information on environment-related concentration risks in selected corporate sectors directly for supervisory authorities. Related Pillar 3 disclosure requirements are being amended through a separate process under Articles 434a and 449a CRR. The supervisory reporting consultation does not, by itself, confirm whether all proposed supervisory reporting changes will be reflected in the Pillar 3 public disclosure framework. The final ITS are expected to be adopted following the consultation process.

2.3.3. EBA Guidelines on the management of Environmental, Social and Governance (ESG) risks

The EBA Guidelines on the Management of Environmental, Social and Governance risks ("EBA Guidelines"), published in January 2025, aim to operationalise the prudential framework established by the Capital Requirements Directive (CRD VI). They expect institutions to identify, measure, manage and monitor ESG risks over the short, medium and long term. EBA Guidelines apply to credit institutions and investment firms within the meaning of Article 4(1) point 3 of the CRR. Specifically, they will apply to ECB-supervised institutions starting from January 2026, while small and non-complex institutions are expected to comply starting from January 2027.

EBA Guidelines specify that governance arrangements institutions are expected to have in place and set:

- minimum standards and reference methodologies for the identification, measurement, management and monitoring of ESG risks
- qualitative and quantitative criteria for the assessment of the impact of ESG risks on the risk profile and solvency of institutions in the short, medium and long term
- the content of plans to be prepared by the management body, amongst which specific timelines and intermediate quantifiable targets and milestones.

2.3.4. ECB Guide on climate-related and environmental risks

In November 2020, the ECB published the Guide on Climate-related and Environmental Risks ("ECB Guide"), establishing principles-based supervisory expectations for how banks should integrate climate

and environmental risks into their governance, strategy and risk management frameworks. The ECB Guide is intended for significant institutions supervised by the ECB, while less significant institutions may apply it voluntarily.

The ECB's approach emphasises forward-looking identification and assessment of climate-related and environmental risks, requiring banks to identify material risk drivers and to map them to sectors, portfolios, and counterparties using appropriately granular classifications.

Banks are expected to integrate climate-related considerations into their client due diligence and credit processes, gathering relevant information such as exposure to high-emission activities, vulnerability to transition and physical risks, and, where material and available, data on emissions and counterparties' transition strategies.

The ECB Guide sets out 13 supervisory expectations organised around four key areas: (i) business strategy and processes, (ii) governance and risk appetite, (iii) risk management, and (iv) disclosure. Banks under ECB supervision are expected to conduct self-assessments against these expectations and submit implementation plans, with the ECB subsequently conducting thematic reviews to assess progress.

By the end of 2024, banks were expected to meet all supervisory expectations on climate-related and environmental risks. During this period, the ECB monitored banks' remediation of shortcomings and implementation plans, taking follow-up and enforcement actions as needed. It also conducted targeted deep dives, including on litigation and reputational risks, as well as dedicated on-site inspections.

ECB's climate-related supervisory priorities for 2026-2028 include (ECB, 2025^[6]):

- follow-up and monitoring to ensure banks fix remaining gaps in how they identify, measure and manage climate risks (building on the ECB's earlier climate reviews and climate stress test findings, e.g. shortcomings in governance, data, scenario analysis and integration into risk management)
- a thematic review of banks' transition planning (prudential transition plans), in line with CRD VI
- a horizontal assessment of banks' compliance with Pillar 3 ESG disclosure requirements, including a targeted review of physical risk disclosures
- a deep dive into banks' capabilities to address ongoing climate-risk challenges, including physical risk
- targeted on-site inspections of banks' climate risk management, either as a standalone focus or embedded in other reviews (e.g. credit risk).

2.3.5. EIOPA's climate-related expectations for European insurers

Under the Solvency II framework, the European Insurance and Occupational Pensions Authority (EIOPA) expects insurers to integrate climate change risks into their governance, risk management systems and the Own Risk and Solvency Assessment (ORSA), including through forward-looking climate scenario analysis and materiality assessments.

The Solvency II Directive mandates EIOPA to assess the potential for a dedicated prudential treatment of assets or activities associated substantially with environmental or social objectives, or harm to such objectives, and to assess the impact of proposed amendments on insurance and reinsurance undertakings in the European Union (EIOPA, 2024^[7]). In November 2024, EIOPA recommended potential additional capital requirements for fossil fuel assets to effectively reflect transition risks in the Solvency II capital framework (EIOPA, 2024^[8]).

The EIOPA Final Report on the Prudential Treatment of Sustainability Risks for Insurers covers three areas: the market risk of assets exposed to the climate transition, the impact of climate risk-related prevention measures on non-life underwriting risks and the treatment of social risks. Nevertheless, these proposals are not yet binding and would require legislative action to become prudential requirements.

There are currently no explicit Pillar 1 mandatory prudential requirements for insurers to measure or disclose the carbon intensity of their underwriting portfolios, nor to demonstrate alignment with net-zero pathways or specific temperature scenarios.

2.3.6. Climate-related risk integration under Solvency II and Own risk and solvency assessment (ORSA)

Insurance companies must integrate climate-related risks into their ORSA reports under Solvency II, analysing how future physical and transition risks could affect their risk profile and solvency, but are not required to disclose the granular emissions intensity metrics and net-zero pathway alignment that banks must report.

2.3.7. DNB Guide to managing climate and nature-related risks

DNB's Guide to Managing Climate and Nature-related Risks ("DNB Guide") sets out principles-based supervisory expectations and good practices on how institutions are expected to embed climate- and nature-related risks into governance, strategy and risk management. In particular, the guide expects institutions to identify, assess and manage these risks in a forward-looking manner, to integrate them into their risk appetite and decision-making processes, and to ensure appropriate data, metrics and scenario analyses are used where risks are material, without prescribing specific methodologies or indicators.

The guide is intended for institutions supervised by DNB, such as insurers, pension funds, investment firms and payment institutions, and was updated most recently in September 2025. For banks, DNB explicitly points to the ECB Guide, analysed above, as the applicable supervisory reference (DNB, 2025^[9]).

2.4. Voluntary frameworks for climate-related risks

In addition to the regulatory and supervisory frameworks described in the preceding sections, financial institutions have committed to a range of voluntary frameworks and methodological initiatives to measure, disclose and assess climate-related risks and progress toward net-zero commitments.

This section focusses on voluntary frameworks that are either (i) referenced in regulatory or supervisory disclosures, or (ii) widely used in practice and extend the information available for assessing net-zero commitments. For example, the IEA NZE scenario is used as the reference pathway in the EBA Pillar 3 Template 3, while the Partnership for Carbon Accounting Financials (PCAF) is referenced in the EBA Pillar 3 instructions as a possible methodology for estimating financed emissions and is widely used in practice (The European Commission, 2022^[10]). As of 2025, PCAF counted more than 700 financial institution signatories representing over USD 98 trillion in assets globally (PCAF, 2026^[11]).

Broader net-zero alliances or similar initiatives are not discussed separately here. While they provide guidance on target-setting and transition planning, they primarily support the implementation of net-zero commitments within participating institutions rather than introducing distinct disclosure metrics relevant for supervisory assessment. For instance, the Net Zero Investment Framework (NZIF) developed by the Institutional Investors Group on Climate Change provides methodological guidance for asset owners and asset managers on assessing portfolio alignment with net-zero pathways. In an analysis conducted for this report of ten of the largest European asset managers, only two institutions disclosed portfolio alignment information based on such voluntary frameworks.

2.4.1. The IFRS Sustainability Disclosure Standards and the Task Force on Climate-related Financial Disclosures (TCFD)

In 2023, the International Sustainability Standards Board (ISSB), established by the IFRS Foundation, issued the IFRS Sustainability Disclosure Standards: the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2).

The purpose of the ISSB was to provide capital market participants with the information they need to support better investment decisions. The standards require companies to disclose information on the governance, strategy, risk management, and metrics and targets related to sustainability- and climate-related risks and opportunities, enabling investors to assess how these factors may affect financial performance over the short, medium and long term. The IFRS Sustainability Disclosure Standards are intended for entities that publish general purpose financial reports for investors and other external capital market participants.

IFRS S1 sets out general requirements for the disclosure of sustainability-related risks and opportunities that could reasonably affect a company's financial performance. These disclosures follow the four-pillar structure originally developed by the TCFD: governance, strategy, risk management, and metrics and targets. IFRS S2 sets out specific disclosure requirements for climate-related risks and opportunities, including information on emissions, transition plans, climate targets, and scenario analysis. It builds on the general framework in IFRS S1 and applies the same four-pillar structure.

The IFRS Sustainability Disclosure Standards build on the framework developed by the TCFD, which was disbanded in 2023. The TCFD had been established to respond to growing demand from investors, lenders and insurers for better information on how climate change may affect companies' financial performance. Its objective was to improve the disclosure of climate-related risks and opportunities and enable stakeholders to assess their potential financial impacts.

The TCFD developed a framework to guide companies in disclosing climate-related information around four pillars:

- Governance: Oversight of climate-related risks and opportunities by the board and senior management.
- Strategy: Actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning.
- Risk Management: Processes used to identify, assess and manage climate-related risks.
- Metrics & Targets: Indicators and targets used to measure and manage climate-related risks and opportunities.

2.4.2. Partnership for Carbon Accounting Financials (PCAF)

Partnership for Carbon Accounting Financials (PCAF) is an industry-led initiative that developed a widely used standard for measuring and disclosing financed emissions across asset classes (loans, listed equity and corporate bonds, project finance, commercial real estate, mortgages, etc.) (PCAF, 2025^[12]). The PCAF Standard is commonly used by banks, asset managers and other asset owners when they report financed emissions and portfolio decarbonisation progress.

PCAF is not a legally mandatory reporting framework under EU law. Financial institutions are not required to use PCAF specifically. However, EU regulations increasingly require financial institutions to disclose financed emissions, and PCAF provides a practical and widely used method to calculate these required disclosures.

PCAF also introduces a standardised data-quality scoring system that allows users and supervisors to understand how financed emissions figures are derived and how reliable they are. These data-quality scores are assigned by the reporting financial institution itself in accordance with the PCAF methodology and therefore represent a self-assessment of the underlying data sources and estimation methods. For each exposure, institutions must assign a data-quality score ranging from 1 (highest quality) to 5 (lowest quality), based on the source and robustness of the underlying emissions and activity data.

A score of 1 reflects the use of primary, counterparty-specific data, such as verified Scope 3 emissions reported directly by the borrower or investee company and matched to exposure-specific activity data (e.g. loan amount, outstanding balance). At the other end of the spectrum, a score of 5 indicates that emissions are derived from high-level proxy data, such as sector or regional averages, applied where no company-specific emissions information is available. Intermediate scores reflect reliance on modelled or estimated data.

2.4.3. Science-based net-zero pathways and alignment frameworks

Beyond disclosure frameworks, financial institutions commonly rely on science-based transition pathways and alignment initiatives to set sectoral targets for their financial exposures and assess progress against net-zero commitments. Pathways such as the IEA NZE scenario provide reference decarbonisation trajectories for different sectors, subsectors and regions.

These trajectories indicate how the emissions intensity of economic activities would need to evolve over time to remain consistent with a 1.5°C transition. Financial institutions can compare the emissions intensity of their financed activities with these trajectories to assess whether their sector exposures are broadly aligned with a net-zero pathway.

Methodological initiatives, such as the Science Based Targets initiative (SBTi), build on these reference pathways and translate them into target-setting approaches that financial institutions can apply to their portfolios. In practice, pathways therefore serve both as benchmarks for assessing alignment and as the scientific basis for methodologies used to set and validate portfolio targets.

International Energy Agency (IEA) Net Zero Emissions scenario (NZE)

The NZE scenario, developed by the IEA, is a widely used science-based reference pathway for assessing alignment with the Paris Agreement, particularly in the energy and energy-intensive sectors. The IEA NZE scenario, used as a reference pathway for scenario alignment, provides a global 1.5°C pathway describing how the energy system must evolve to reach net zero by 2050, by defining sectoral emissions trajectories, technology deployment pathways, and energy demand and supply evolution across regions (IEA, 2021^[13]).

It is also the reference pathway for banks' emissions-intensity alignment disclosures under the EBA Pillar 3 ESG framework (Official Journal of the European Union, 2022^[14]). Under Pillar 3 ESG disclosure templates, notably Template 3, institutions are required to report alignment metrics against a science-based net-zero scenario, with the IEA NZE scenario used as the reference point.

In practice, financial institutions, most notably banks, often need to translate the IEA NZE's system-level sectoral trajectories into exposure-level benchmarks that can be applied to their loan portfolios. For example, in the buildings sector, the NZE scenario assesses progress primarily through energy demand per square metre (kWh/m²), changes in the energy mix (such as electrification and fuel switching), and the decarbonisation of energy supply, reflected in declining emissions per unit of energy consumed (gCO₂/kWh).

While these elements define the overall emissions trajectory of the sector, the NZE scenario does not generally provide building-level emissions-intensity thresholds expressed directly in kgCO₂ per square metre, differentiated by country and property type. As a result, institutions cannot easily assess whether

individual buildings or mortgage exposures are aligned with a Paris-consistent pathway based on NZE data alone.

To operationalise real-estate alignment assessments, banks therefore commonly rely on the Carbon Risk Real Estate Monitor (CRREM). CRREM translates Paris-aligned climate objectives into country- and property-type-specific decarbonisation pathways expressed in kgCO₂/m², enabling clearer exposure-level benchmarking. Similar logic applies to other sectors.

In shipping, for instance, banks often apply the Poseidon Principles methodology, which benchmarks vessel emissions intensity against decarbonisation trajectories linked to international climate objectives for maritime transport. As with CRREM, such tools are best understood as implementation methodologies that operationalise alignment assessments in specific sectors, while the IEA NZE scenario remains the regulatory reference pathway for Template 3 disclosures under the EBA Pillar 3 framework.

Science Based Targets initiative (SBTi)

Originating from a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute and the World Wildlife Fund (WWF), the Science Based Targets initiative (SBTi) develops standards, tools and guidance that allow companies to set GHG emissions reductions targets in line with what is needed to reach net-zero by 2050 at latest (SBTi, 2026^[15]).

SBTi also provides methodologies and independent validation enabling companies, including financial institutions, to set GHG reduction targets that are consistent with recognised science-based net-zero pathways. Where economy-wide scenarios such as the IEA NZE pathway and other existing implementation methodologies do not provide sectoral or institutional specificity, SBTi develops sector- and activity-specific methodologies for target setting. This is, for instance, relevant in land-intensive sectors through its Forest, Land and Agriculture (FLAG) guidance, which provides dedicated methodologies for setting targets in areas such as livestock and dairy production (SBTi, 2025^[16]). Some Dutch banks reference FLAG when setting portfolio targets in agricultural sub-sectors; for example, Rabobank discloses intensity-based dairy-, beef- and soy-sector targets aligned with SBTi FLAG methodologies (Rabobank, 2024^[17]).

2.5. Fragmented disclosure metrics undermine uniform climate reporting

The current climate-related disclosure framework landscape for financial institutions has three main limitations for prudential risk assessment. First, disclosure requirements are largely sector-specific, applying to different parts of the financial sector and therefore limiting cross-sectoral comparison. Second, the various frameworks require different metrics and indicators, which further complicates the comparability of disclosed information across institutions and sectors. Third, it remains uncertain whether the information currently disclosed is sufficient and appropriate for assessing financial institutions' net-zero commitments from a prudential risk perspective.

For banks, prudential disclosure is anchored in the EBA Pillar 3 ESG templates under the CRR. These include counterparties' absolute emissions alongside exposures and credit quality indicators (Template 1), and pathway-alignment metrics against science-based scenarios (Template 3).

For pension funds and insurers, mandatory public disclosure of portfolio-level net-zero alignment information is more limited. Large pension funds and insurers may fall within the CSRD and ESRS where applicable, which support entity-level sustainability reporting. Insurers are also subject to governance and risk-management expectations under Solvency II. However, these frameworks do not provide the same standardised, template-based information on sector exposures, financed emissions, credit quality and pathway alignment as EBA Pillar 3 disclosures for banks.

For asset management activities on behalf of clients, including where these activities are carried out within banking or insurance groups, the SFDR applies through product- and entity-level sustainability disclosures. This includes PAI indicators such as absolute GHG emissions of investee companies (PAI 1), carbon footprint (PAI 2), GHG intensity (PAI 3, commonly referred to as WACI), and exposure to fossil-fuel companies (PAI 4).

As a result, financial institutions disclose climate-related information using a range of non-uniform metrics and indicators, including absolute financed emissions, WACI, fossil-fuel exposure for asset management, and, in banking, template-based information, including physical net-zero pathway alignment measures. It therefore remains unclear which metric, or combination of metrics, supervisors should prioritise to monitor in order to assess the prudential risks associated with financial institutions' net-zero commitments. The next chapter analyses reported information in detail, with the aim of distilling supervisory-relevant information for assessing net-zero commitments and associated risks.

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Notes

¹ In CRR terminology, “institutions” refers to CRR-scope entities (credit institutions and, where applicable, certain investment firms). Article 449a CRR initially covered large, listed institutions; CRR3 expanded the scope to all institutions from 1 January 2025.

3

Monitoring progress towards net-zero commitments in practice

This chapter examines the climate-related information that Dutch financial institutions currently disclose in practice and assesses how far it can support supervisory monitoring of net-zero commitments. Drawing on the public reporting of banks, pension funds and insurers, it reviews disclosures on emissions, exposures to carbon-intensive sectors, and governance and risk-management practices, alongside international evidence on target coverage and external assurance. The chapter finds that large banks provide the most detailed and standardised information, including sector-level pathway-alignment metrics under EBA Pillar 3, whereas pension funds and insurers rely mainly on portfolio-level indicators. It argues that sector-level physical emissions-intensity metrics offer the clearest measure of net-zero alignment, with WACI, absolute financed emissions and taxonomy metrics providing complementary but more limited information.

3.1. Chapter objective

The previous chapter outlined the regulatory, supervisory and voluntary frameworks that shape climate-related disclosures by financial institutions. Building on this landscape, this chapter examines the climate-related information currently disclosed by financial institutions in practice. In particular, two elements are relevant for supervisory analysis: first, information on current emissions and exposures to carbon-intensive sectors; and second, the emissions-reduction targets institutions set, which reflect their intended transition trajectory.

Firstly, the chapter presents the share of emissions covered by targets and the prevalence of external assurance of emissions disclosures internationally. Following this aggregate perspective, the chapter examines the information reported by a selection of Dutch financial institutions and assesses how it may support monitoring progress against net-zero commitments. The chapter is based on the examination of the public reporting by more than 70% of Dutch financial corporations with total assets above EUR 15 billion, based on their latest reporting date, as well as select relatively smaller financial institutions to broaden the assessment of reporting practices.

The following sections review the information disclosed across financial subsectors, including banking, asset management, and insurance underwriting, regarding emissions, portfolio exposure to transition risks and governance and risk management practices. For each financial subsector, the analysis summarises the information reported by the largest firms in the Netherlands, for which considerably more information is publicly available.¹

Smaller banks, pension funds and insurance companies generally disclose less granular climate-related information, limiting detailed analysis using public data. Chapter 4 discusses the resulting supervisory challenges and explains how supervisory data and analysis may help address them.

After presenting the information currently disclosed, the chapter assesses how publicly reported quantitative information may be used for risk assessment of net-zero commitments.

3.2. Overview of disclosed climate risk-related information

3.2.1. How widespread are emission reduction targets in the financial sector?

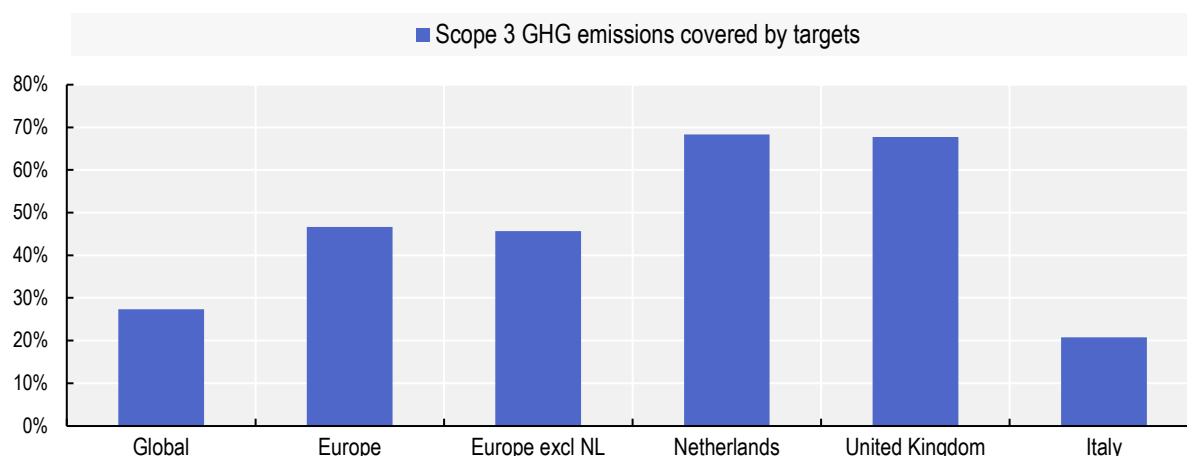
Jurisdictions in which financial institutions have committed to fewer net-zero transition targets may be less exposed to legal and reputational risks. However, the absence of targets and underlying transition planning may also indicate higher climate-related traditional prudential risks, such as market, credit or liquidity risk.

Figure 3.1 shows the share of reported Scope 3 emissions for which financial institutions have set reduction targets. This provides a high-level indication of how much of the financial sector's reported emissions are linked to forward-looking commitments.

Globally, listed financial institutions have set reduction targets for 28% of reported Scope 3 emissions among institutions that disclose such targets. The Netherlands and the United Kingdom show higher shares (68%) than the European average. In Italy, institutions set targets covering only 21% of their Scope 3 emissions.

Figure 3.1. Reported scope 3 GHG emissions covered by financial institutions' targets on scope 3 GHG emissions, 2024

Target coverage of reported Scope 3 emissions varies widely across jurisdictions, with higher shares in the Netherlands and the United Kingdom



Note: The disclosure of the coverage of GHG emission reduction targets is based on available information from 198 listed financial institutions that disclosed GHG emission targets, 3 of which are located in the Netherlands. The differences may also reflect the relative importance of large financial institutions within each jurisdiction, as larger institutions are more likely to face stricter reporting requirements and often set emissions-reduction targets as part of their climate strategies. As the underlying data are derived from third-party data providers, the results also depend on the availability and coverage of emissions and target data in these databases.

Source: OECD Corporate Sustainability dataset, Bloomberg.

3.2.2. Assurance of emissions reporting

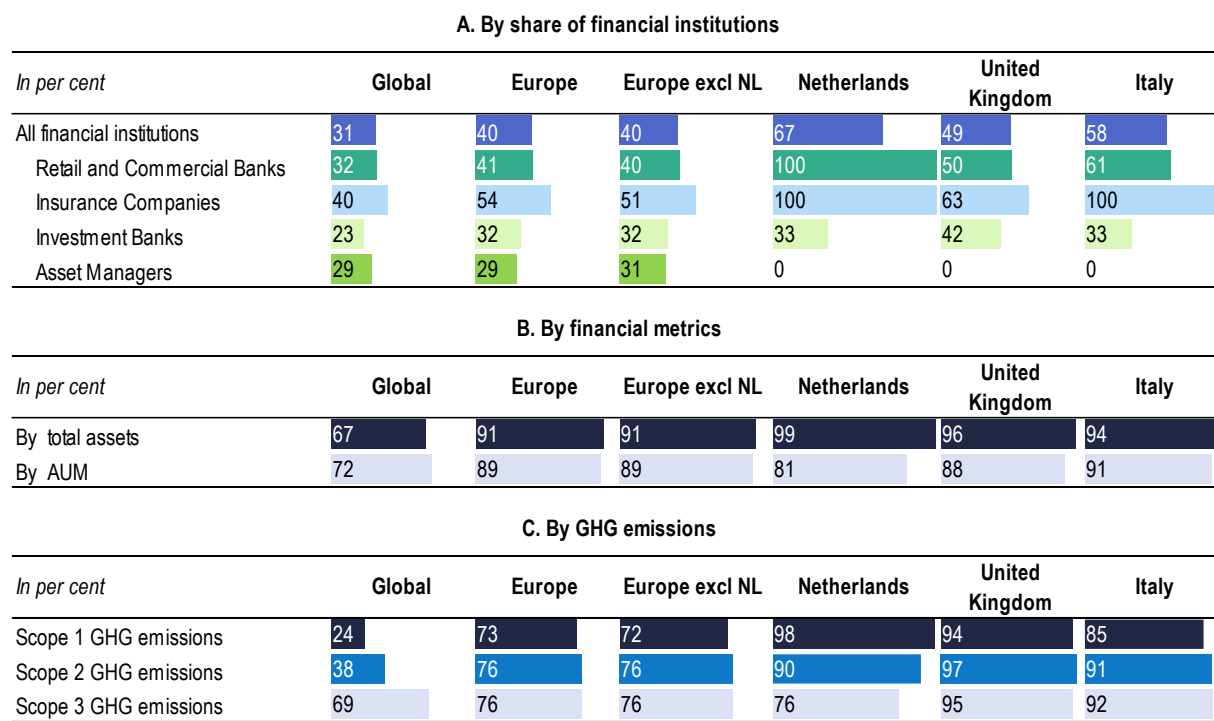
Third-party assurance can strengthen the reliability of emissions disclosures and reduce uncertainty for supervisory analysis.

Globally, around one-third of all listed financial institutions, representing two-thirds of global total assets, assured their reported GHG emissions in 2024 (Figure 3.2).

In Europe, 40% of listed financial institutions representing 91% of total assets in the region assured their emissions by a third-party provider. This practice is more widespread in the Netherlands, covering 67% of listed financial institutions and 99% of total assets.

Figure 3.2. GHG emissions with external assurance, 2024

Emissions assurance is more widespread among European and Dutch listed financial institutions, especially when weighted by total assets



Note: The disclosure of the use of assurance on GHG emission reporting is based on available information from 1 126 listed financial institutions disclosing GHG emissions. The analysis includes information from 354 listed financial institutions assuring their scope 1, 2 or 3 emissions, 6 of which are in the Netherlands.

Source: OECD Corporate Sustainability dataset, Bloomberg.

3.2.3. Overview of climate-related information by Dutch financial institutions

Figure 3.3 summarises the main types of climate-related information publicly disclosed across financial sectors that may support prudential monitoring of net-zero commitments. The overview shows that banks' loan portfolios are subject to the most detailed and standardised disclosures, including absolute financed emissions, net-zero pathway alignment metrics and detailed reporting on sector exposures under EBA Pillar 3 templates.

In contrast, reporting for asset management, pension funds and insurance activities relies more on portfolio-level indicators, and information on carbon-intensive sector exposures is limited to fossil fuels. Bank assets other than loans and underwriting activities are currently subject to more limited or principle-based disclosure expectations, resulting in less comparable information across sectors.

Figure 3.3. Overview of publicly reported information by financial institutions potentially relevant for supervisory risk assessment of net-zero commitments

While banks report detailed information on emissions metrics and sectoral exposures, public reporting on investments held by pension funds and insurers are limited

Information points	Banks			Investment activities under SFDR (incl. pension funds)	Insurance activities	
	Bank loans		Other bank assets ³			
	Significant institutions	Less significant institutions				
(i) Emissions-metrics						
Absolute financed emissions	✓	✓	No standardised reporting requirements ³	✓	- Not required - Large insurers disclose tCO₂e voluntarily.	
Weighted-average carbon intensity (portfolio level) ¹	X	Not usually reported in standardised manner		✓	- Not required - Large insurers report WACI or similar intensity measures	
Sectoral physical emissions intensity incl. targets	✓ ²	Not usually reported in standardised manner		X	- Not required - Large insurers report physical intensity for sectors such as real estate and motor voluntarily	
(ii) Portfolio composition						
Carbon intensive sector exposures (EBA Templates 1,2 and 4)	✓	Not usually reported in standardised manner	No standardised reporting requirements ³	Limited to exposure to fossil fuel activities (PAI 4)	- Not required - Large insurers often report financed emissions by sector voluntarily	
EU Taxonomy Alignment ⁴	✓	Not usually reported in standardised manner		✓		
(iii) Governance & risk						
Qualitative information on governance, risk management & client engagement	- Integration of climate risks into credit risk processes and sector exposure monitoring (EBA & ECB guides)⁵ - Monitoring of counterparties' transition risks and engagement with clients (EBA & ECB guides)⁵		- Integration of climate risks into market-risk, investment and other balance-sheet exposures (EBA & ECB guides)⁵ - Monitoring of transition and physical risks across material exposures (ECB Guide)⁵		- Integration of sustainability risks into investment decisions and remuneration policies (SFDR Art. 3, 5, 6) - Due diligence and mitigation actions regarding principal adverse sustainability impacts (SFDR Art. 4; SFDR RTS PAI indicators)	- Integration of climate-related risks into underwriting risk assessment (Solvency II; EIOPA risk expectations) - Forward-looking assessment of climate risks through ORSA (Solvency II; EIOPA guidance)

1. Weighted-average carbon intensity; Calculated as tCO₂e/EUR m revenue and weighted by market value, equivalent to SFDR PAI 3.
2. Metrics and targets are reported with varying per cent coverage of each banks' loan portfolio (details in Section 3.3).
3. Asset management activities of banks may represent an exception and fall under SFDR. In these cases, banks report PAI statements corresponding to these activities.
4. BTAR for banks and GAR for asset management activities.
5. Simplified requirements for less significant institutions. Pension fund report information where they fall under and comply with SFDR.

Source: Public disclosures of 43 Dutch and European financial institutions (2025 annual or integrated reports where available; 2024 reporting for selected pension funds), and underlying frameworks explained in Chapter 2.

3.3. Banks

3.3.1. Data overview

The section is based on an analysis of the public reporting of nine Dutch banks. Six fall within the EBA Pillar 3 ESG category of large listed and non-listed institutions, while one is a large subsidiary of a non-EU banking group and two classify as other non-listed institutions. Under the proposed CRR3 proportionality framework, these categories correspond respectively to the full, simplified and reduced sets of EBA Pillar 3 ESG disclosures (EBA, 2026^[1]; 2022^[2]). Of the nine banks, seven have signed the Dutch financial sector Climate Commitment; the exceptions are one of the two non-listed institution and the subsidiary of the non-EU banking group.

While reporting by large institutions is generally extensive and relatively comparable, reporting by other non-listed institutions, large subsidiaries and small and non-complex institutions is more limited and varies across institutions and categories. Therefore, the analysis below focusses on the reporting practices of large institutions and illustrates these through selected examples. The large subsidiary of a non-EU banking group follows a distinct reporting profile. Its disclosures focus mainly on qualitative ESG risk integration and group-level climate ambitions rather than entity-specific emissions or sector-alignment targets.

3.3.2. Bank loans

Emissions-related information

The six largest Dutch banks (referred to as “Bank A”, “Bank B” and “Bank C” and so forth), together representing 84% of total Dutch banking assets,² publish detailed disclosures on physical emissions-intensity alignment for their loan portfolios.

Figure 3.4 provides an overview, taking the reporting of Bank A as an example of how this information is typically reported by banks falling within the EBA Pillar 3 ESG category of large listed and non-listed institutions.

Disclosures under EBA Template 3 typically include the baseline year, interim targets (for 2030), indicators of progress towards those targets, and information on whether the targets are aligned with recognised science-based pathways such as the IEA NZE or the Carbon Risk Real Estate Monitor (CRREM) pathway. The disclosures also allow users to identify both the sector with the largest monetary exposure and the sector contributing the largest share of financed emissions. The first may be more relevant from a transition-risk perspective, while the second may be more relevant for legal or reputational risk.

While the template presents the corresponding net-zero pathway against which alignment is assessed, disclosures often provide limited information on subsector composition, such as the geographic distribution of residential real estate portfolios or exposures to specific subsectors within commercial real estate (e.g. offices, warehouses or logistics facilities).

Figure 3.4. EBA ESG Pillar 3: Template 3 of a Dutch bank, as of December 2024

The disclosure allows supervisors to assess financial and emissions exposure at sector level, the chosen physical emissions-intensity metric and the net-zero pathway used for comparison, as well as interim targets for the selected metric

Economic sector	Carrying amount (mEUR)	% total loans exposure ¹	Financed emissions (tCO ₂)	% exposure (emissions)	Net-zero pathway	Intensity metric	Latest reported	Interim (2030) target
 Residential mortgages	155 956	61%	1,113,120	18%	CRREM ¹ 1.5°C NL V2	kgCO ₂ /m ²	19.5	16.6
 Commercial RE	11 412	4%	295,793	5%	CRREM ¹ 1.5°C NL V1	kgCO ₂ /m ²	60.3	35.7
 Power generation	1 445	<1%	12,504	0%	IEA NZE 2050	kgCO ₂ /MWh	3.5	<188
 Oil & gas upstream	303	~0%	132,752	2%	IEA NZE 2050	Absolute committed financing	804	987

Notes: Select sectors. (1) Carbon Risk Real Estate Monitor.

Source: Bank A's annual report 2024.

Sector exposures and portfolio composition

This section presents sector-level climate-related information that significant Dutch banks currently disclose and that may support supervisory risk assessment, especially in relation to risks such as asset-stranding. Data detailed in the section is approximated for anonymisation purposes.

Template 1 of Bank A's 2024 Pillar 3 report (as of 31 December 2024) provides an overview of credit exposures to carbon-intensive sectors together with the associated financed emissions and credit risk indicators. For example, the bank reports an exposure of EUR ~7 billion³ to a carbon-intensive sector. Within this sector, EUR ~1 billion (around 15%) is classified as Stage 2 (exposures that have experienced a significant increase in credit risk) and EUR ~750 million (around 11%) as non-performing exposures (NPEs; where the borrower is unlikely to repay in full or is more than 90 days past due). The sector also accounts for 21% of the bank's financed emissions among sectors that significantly contribute to climate change. Such information allows supervisors to identify concentrations of weaker credit exposures in carbon-intensive sectors and assess potential vulnerabilities to transition risks, such as carbon pricing or technological change.

Template 2 reports banks' exposures to energy-inefficient real estate collateral, using Energy Performance Certificate (EPC) labels to indicate building efficiency. In the case of Bank A, the residential mortgage portfolio amounts to EUR ~150 billion, of which EUR ~15 billion is secured by properties with the lowest energy ratings (EPC labels E, F or G), representing ~10% of total exposure. In addition, ~40% of the residential portfolio lacks an official EPC label, and ~90% of efficiency data is estimated. This information helps supervisors assess potential risks related to collateral depreciation or renovation requirements as climate policies tighten.

Template 4 discloses banks' exposures to the world's largest GHG emitting companies, allowing supervisors to identify concentrated financing of high-emitting counterparties. In Bank A's reporting, exposures to these companies are practically non-existent. Reported exposures are similarly negligible or zero for the other five large institutions analysed.

In its April 2026 consultation, the EBA proposes to replace this template with a new supervisory reporting template on obligor-level environment-related corporate exposures. Rather than focussing only on the world's largest greenhouse-gas emitters, the proposed template would require banks to report material exposures to individual corporate counterparties in selected environmentally sensitive sectors. This would allow supervisors to assess concentration risk using counterparty-level information on exposure size, credit quality, transition plans, pathway alignment, financed emissions and emissions intensity. The proposed template would be part of supervisory reporting only, not public Pillar 3 disclosure, as it contains obligor-level information.

The EBA also proposes removing taxonomy-related templates previously included in the ad hoc ESG reporting exercise, including Templates 6 to 9 and the Banking Book Taxonomy Alignment Ratio (BTAR). These templates measure the share of banking-book exposures financing activities classified as environmentally sustainable under the EU Taxonomy, including through the Green Asset Ratio and the broader BTAR. The removal reflects the EBA's simplification approach and reduces reliance on taxonomy-alignment information in supervisory ESG reporting.

Governance, risk management & engagement

Across the six large Dutch banks analysed, disclosures show a broadly similar approach to climate-related governance and risk management. Oversight of climate strategy and climate-related risks is generally anchored at board level and supported by dedicated committees or senior management structures. Executive management is responsible for implementing the bank's climate strategy and sector decarbonisation targets.

Climate-related and environmental risks are integrated into enterprise risk-management frameworks and are assessed alongside traditional financial risks, including through sector risk assessments, scenario analysis and portfolio monitoring. Banks also state that climate considerations are incorporated into credit processes and client due diligence, particularly in carbon-intensive sectors.

All six banks disclose fossil-fuel-related exclusions or restrictions, although the scope of these policies differs across institutions. Three banks combine restrictions on selected fossil-fuel activities with active transition engagement in high-emission sectors. This includes client ESG assessments, transition-readiness or transition-plan assessments, sector-specific decarbonisation targets and, in some cases, consequences for clients that do not make sufficient progress, such as stricter credit conditions or potential client exit.

Two banks apply fossil-fuel exclusions within a public-sector mandate. Their engagement therefore uses similar tools, such as ESG assessments, monitoring of climate action plans and strategic client meetings, but applies them to public-sector clients, including municipalities, housing associations, healthcare and education institutions, water authorities and drinking water companies. One bank applies sustainability criteria as an ex-ante eligibility filter for financing and investments. Its policies exclude fossil-fuel production, energy production using fossil fuels and companies that use fossil fuels in their production processes, alongside other restricted activities such as mining. Its disclosures therefore focus more on portfolio eligibility, selection criteria and net-zero alignment targets than on engagement with high-emission corporate counterparties.

Among the other non-listed institutions analysed, one bank follows a similar ex-ante eligibility approach. It requires all financing to meet minimum sustainability criteria, does not finance fossil fuels and reports engagement with business-lending clients and listed investee companies on climate-related matters. The other institution, a development bank, applies a more transaction-specific model. It screens and categorises customers by ESG risk, embeds ESG and Paris-alignment requirements in the investment process, uses action plans and monitoring during the investment period, and applies fossil-fuel exclusions and phase-out criteria adapted to its development-finance mandate.

For banks that deliberately limit or avoid exposures to carbon-intensive sectors, less extensive reporting on engagement with high-emission counterparties may reflect the prior governance choice to restrict such exposures, rather than a weaker engagement framework.

Overall, the disclosures illustrate the type of qualitative governance, risk-management and client-engagement information that significant Dutch and European institutions report in response to supervisory expectations under the ECB Guide on climate-related and environmental risks and the EBA Guidelines on the management of ESG risks, as explained in section 2.3. The disclosures of the other non-listed institutions appear consistent with a proportionate application of similar expectations.

Data quality and scope

Among the six largest banks, the scope and presentation of alignment disclosures differ. Bank A reports the coverage of its disclosures by sector, with reported scope ranging from 0% to 86% depending on the sector. Bank B reports targets and progress for approximately 63% of its eligible assets. Bank C discloses that 95% of its carbon-intensive assets covered under its net-zero commitments are included in its reporting scope. Bank C indicates that the remaining 5% of exposures will either be incorporated in future updates or remain excluded due to methodological constraints. The two public-sector banks report sector-level coverage close to 100% for most of their main lending sectors, including housing, healthcare, education and public infrastructure. Coverage is lower in selected sectors, such as renewable energy, but remains relatively high at around 70%. One bank does not appear to report an explicit portfolio coverage measure for its climate-related reporting.

The abovementioned variation in reported coverage is consistent with the EBA's Template 3 design and instructions, which is intended to capture banks' Paris-alignment efforts across eight selected sectors, rather than requiring full coverage of the entire loan book (EBA, 2022^[2]). In particular, it does not require disclosure for all economic activities and may therefore exclude sectors with relatively low emissions or limited relevance for transition-risk assessment such as professional services and education.

With respect to data quality, the six largest banks report financed emissions using the PCAF data-quality framework. Reported data quality in 2025 is typically around 3.0-3.5 on the PCAF scale, where a score of 1 reflects verified counterparty-reported emissions data and a score of 5 reflects estimates based on high-level proxies such as sector or regional averages. This indicates reliance predominantly on counterparty-specific or sector-level estimated data rather than verified reported data or high-level national proxies. All nine banks show improvements in reported data quality compared with previous reporting years. For the two other non-listed institutions, data quality scores are similar for one institution, while they are lower for the development bank, potentially reflecting its footprint in less developed markets, where counterparty emissions reporting may be less robust.

The presentation of data-quality scores differs across institutions. Four banks, including the two public-sector banks, report data quality by economic sector, covering areas such as real estate, housing, healthcare, education, public infrastructure, energy and transport. The two remaining large banks report data quality by exposure type or client segment, including business loans, mortgages, corporate bonds and equity. Among the other non-listed institutions, one reports data quality by sector, while the other reports data quality by emissions scope, funding source and product type.

Across banks, data quality for residential real estate or housing exposures is generally lower than for other sectors, or lower than the weighted average where banks report by exposure type. This likely reflects the granular nature of residential mortgage portfolios, which consist of a large number of household exposures and often rely on estimated building-level energy and emissions data.

3.3.3. Other assets

As previously analysed, loan portfolios and other banking-book exposures are covered by the EBA ESG Pillar 3 disclosure framework, which provides structured information on sector exposures, financed emissions and alignment with net-zero pathways. Asset management activities conducted by banks and non-bank financial institutions are typically reported under the SFDR, which relies on portfolio-level rather than sector-level information. Other bank exposures, such as trading-book assets or strategic equity investments, are subject to less standardised climate-related disclosure.

Emission-related information

Bank A monitors the carbon intensity of client assets using WACI. This covers securities held in investment portfolios managed on behalf of clients and is reported separately from the bank's loan portfolio. The bank has set WACI reduction targets for 2025, 2030 and 2050, focussing on Discretionary Model Portfolios (DMP) where it has investment discretion (around 41% of client securities). Its climate targets apply primarily to equity holdings in these portfolios and are measured as tonnes of CO₂e per million euros of revenue, relative to market benchmarks.

Bank A appears to monitor WACI at the level of individual "building blocks", by separating investment portfolios or mandates within its discretionary portfolio structure, each assessed against its benchmark to track progress towards targets. However, the disclosures do not clarify whether these building blocks correspond to distinct investment funds, sector exposures or other forms of portfolio segmentation. While Banks B and C do not refer to WACI as a measurement method in their group reporting, both publish separate PAI statements for their asset management businesses in line with SFDR. The two public-sector

banks do not appear to finance material emissions-generating activities outside their banking books, which explains the absence of comparable reporting for these assets.

Sector exposures and portfolio composition

For assets outside banks' loan portfolios, publicly available climate-related portfolio disclosures are generally more limited. Where banks conduct asset management activities, the main publicly available sector-related information typically appears in PAI statements under SFDR.

These disclosures include indicators such as PAI 4 (exposure to companies active in the fossil-fuel sector) and, where reported, PAI 17 (exposure to fossil fuels through real estate assets). PAI 4 is a mandatory indicator, while PAI 17 is optional and therefore not consistently reported across institutions. In practice, the disclosures of Bank A and other large Dutch banks largely follow this pattern.

3.4. Pension funds

3.4.1. Data overview

As discussed in Chapter 2, pension funds are subject to both IORP II and the SFDR. IORP II requires pension funds to consider ESG factors in investment policy, governance and risk management, while the SFDR is more directly relevant for emissions-related reporting through principal adverse impact indicators. Under the SFDR, pension funds with less than 500 employees benefit from a “comply or explain” approach at entity level and are therefore not uniformly required to publish a detailed PAI statement. As a result, some pension funds choose not to publish an entity-level PAI statement and instead disclose a statement explaining why PAIs are not considered.

In terms of commitments, five Dutch pension funds representing around 75% of total pension assets have committed to the Dutch Climate Agreement.

Pension funds report emissions-related information, sector exposure and portfolio composition in a similar manner, with selected differences in exclusion and engagement policies. The following section shows how pension funds report this information and describes how exclusion and engagement approaches may differ.

3.4.2. Emissions-related information

Pension funds that comply with the SFDR report portfolio-level emissions indicators for their equity, corporate bond and real estate investments. When targets are specified, they usually follow the EU Green Deal's and Dutch Climate Agreement's headline reduction targets of reducing absolute GHG emissions by 50% by 2030 – commonly using 2019 as the baseline year. Similar to the approach used by other large Dutch asset owners, the target is not explicitly measured against sector-specific 1.5°C pathways.

Table 3.1. Pension funds: Emissions-related PAI reporting

Emissions-related PAI reporting of pension funds centres on portfolio-level emissions and carbon intensity

PAI no.	Information point	Reported information	Typical targets
PAI 1	Portfolio GHG emissions	million tCO ₂ e	50% reduction in carbon footprint for listed equities, liquid credit, and real estate holdings by 2030 vs. 2019.
PAI 2	Carbon footprint	tCO ₂ e / EUR M invested	50% reduction by 2030 vs. 2019 for listed equities, liquid credit, and real estate.
PAI 3	GHG intensity of investments	tCO ₂ e / EUR M revenue	50% reduction in WACI by 2030 vs. 2019 for listed equities and liquid credit.

Source: PAI statements of large Dutch pension funds.

3.4.3. Sector exposures and portfolio composition

Public reporting provides limited sector-level detail on portfolio exposures. While pension funds often report separately on real estate, they do not differentiate between residential and commercial real estate. Instead, they often differentiate between listed and non-listed real estate investments.

Standardised portfolio composition indicators for pension funds are available mainly through SFDR PAI disclosures, including exposure to companies active in the fossil fuel sector. These indicators are useful as high-level screening information but provide limited insight into the transition risk of the remaining portfolio.

Pension funds often apply investment restrictions and portfolio policies, including exclusions or limits on direct investments in coal, oil and gas. For example, one large pension fund divested from fossil-fuel producers and sold its liquid fossil-fuel investments in 2024.

By contrast, another large pension fund applies a selective approach and continues to invest only in oil and gas companies that meet its transition-related criteria.

Table 3.2. Pension funds: Sectoral exposure and portfolio composition-related reporting

While pension fund PAI disclosures provide information on select carbon-intensive sectors, such as fossil fuels or energy-inefficient real estate, they are less granular than template-based bank reporting

PAI no.	Information point	Reported value	Common targets / approach
PAI 4	Exposure to fossil fuel producers	% of investments	Divestment of liquid fossil fuel exposures achieved / planned; engagement of remaining exposures or limits to investments that fulfill transition criteria
PAI 5	Share of non-renewable energy consumption & production	% of total energy sources	Usually not considered explicitly in the climate strategy
PAI 6	Energy consumption intensity (high climate impact sectors)	e.g. electricity, gas, steam supply: GWh / EUR M revenue	Usually not considered explicitly in the climate strategy
PAI 17	Exposure to fossil fuels via real estate assets	% of real estate investments	Improve data quality
PAI 18	Exposure to energy-inefficient real estate assets	% of real estate investments	Focusing on reducing energy consumption and emissions of real estate assets
PAI 19	Investees without carbon emission reduction initiatives	% of investments	Aiming to invest only in companies with credible transition strategies by 2030

Source: Annual reports and PAI statements of large Dutch pension funds.

In addition to these disclosures, some funds provide more detailed information on investment policies related to carbon-intensive sectors. For example, one large Dutch pension fund reports that it actively divests from companies with high carbon emissions that do not set adequate absolute or intensity-based emissions-reduction targets, and aims to eliminate any exposure to such companies by 2030.

The same fund has also set a target for its real estate portfolio to align with CRREM decarbonisation pathways by 2030. In addition, it reports an ambition to increase investments in climate solutions, including renewable energy and other transition-related assets.

3.4.4. Governance, risk management and engagement

Overall, an analysis of Dutch pension funds' disclosure suggests that climate-related governance and risk management are described at fund level, but usually focussed on investment governance, oversight of external asset managers, portfolio-level risk monitoring and stewardship, rather than on specific processes such as individual investment-specific decision making and due diligence.

For one of the pension funds analysed, the annual report indicates that the fund's board is responsible for overall strategy and policy, including sustainable and responsible investment, while climate-related risks and opportunities are integrated into investment decisions and risk management. The report also explains that engagement is a core tool of the investment approach, with climate identified as one of the main engagement themes.

3.4.5. Data quality and scope

The four large Dutch pension funds that have been analysed provide limited assurance over parts of their climate-related disclosures. For listed equity and corporate bond portfolios, data quality for scope 1 and 2 emissions appears materially stronger than for loan portfolios and private-market exposures. Reported PCAF scores for these asset classes can be close to the high-quality end of the scale, with some large managers reporting weighted scores below 2.0. However, this does not hold across all asset classes or emissions scopes: data quality weakens for investees' scope 3 emissions, private equity, mortgages, and other exposures where institutions rely more on proxies, sector averages or external estimates.

3.5. Insurers

3.5.1. Data overview

Insurance companies' business activities can be separated into three categories relevant for prudential supervision. First, their insurance operations: (i) underwriting insurance policies and (ii) investing assets held to meet future obligations to policyholders. Additionally, insurers also offer (iii) investment products or asset-management services to clients.

These activities are subject to different disclosure requirements. Investment activities may be covered by both the CSRD, SFDR where applicable, and the EU Taxonomy. Under the EU Taxonomy, insurers disclose KPIs for both investments and non-life underwriting, including the share of investments and gross non-life premiums associated with taxonomy-aligned activities. However, they are not subject to a standardised quantitative disclosure framework equivalent to EBA Pillar 3 templates for banks.

Reported financed and underwritten emissions, therefore, depend strongly on the scope of reporting of each insurance company. For some insurers, underwritten emissions represent only a small share of reported Scope 3 category 15 emissions, while for others with broader coverage of their underwriting they can constitute a larger emissions share.

For insurance companies, investment-related emissions may be easier to steer through portfolio allocation, while underwriting emissions depend more on the pace of sectoral economic activity in the transition to net-zero.

3.5.2. Emissions-related information

The analysis covers nine of the largest insurers in the Netherlands. Among them, eight reference the Paris Agreement and three signed the Dutch Climate Commitment. Moreover, four report PAI indicators in line with SFDR for their investment activities and six set targets or mention they encourage target-setting of their investees with reference to the SBTi. The scope of these targets differs across insurers: they may relate to proprietary, policyholder-linked investments, client investment activities, or, where disclosed, underwriting-related emissions.

3.5.3. Sector exposures and portfolio composition

Information on the emissions associated with underwriting activities is reported less systematically than that on insurers' investment portfolios held on behalf of asset management clients. Insurers often disclose emissions associated with selected underwriting activities, such as property and casualty (P&C) insurance or health insurance.

Similarly, insurers often report targets only for select sectors and activities. For example, insurers may report an absolute financed emission reduction target for their asset management activities on behalf of clients and for their P&C insurance coverage.

3.5.4. Governance, risk management and engagement

Eight of the nine insurers explicitly mention transition risks, and five mention or outline their transition planning practices, and two intend to release transition plans in the coming years.

Recent EIOPA monitoring indicates that insurers have made significant progress in incorporating climate change considerations into ORSA, with most insurers in scope of EIOPA's monitoring now including climate scenarios covering both transition and physical risks. Many undertakings apply quantitative approaches and increasingly link assessments to management actions. However, practices remain heterogeneous across firms and jurisdictions, and limited data availability and quality can still lead to simplified approaches or qualitative assumptions (EIOPA, 2025^[3]).

3.5.5. Data quality and scope

Seven of the nine insurers explicitly mention PCAF standards in their reporting and appear to commonly calculate financed emissions for their investment portfolios using these standards. However, they rarely publish detailed PCAF data-quality scores. In addition, emissions associated with underwriting activities are generally not accompanied by PCAF data-quality indicators.

The sector is therefore developing voluntary standards for insurance-related emissions to improve consistency in reporting (The Dutch Association of Insurers, 2025^[4]).

3.6. What metrics and information are best suited for net-zero alignment?

3.6.1. Publicly disclosed metrics and information related to net-zero commitments

Based on the information in the previous sections, this section discusses the publicly available information that can be used to assess whether financial institutions are on a credible path to meet their net-zero

commitments. While existing regulatory and voluntary disclosure requirements are not always designed with prudential supervision as their primary objective, they provide a useful proxy for which information is currently available, comparable and easily accessible to supervisors.

The section discusses four types of metrics and information: absolute financed emissions, WACI, physical emissions-intensity metrics and taxonomy alignment metrics. Each provides useful information, but they differ in how well they allow users to assess whether financial institutions' exposures are aligned with net-zero pathways. Their discussion sets the basis for identifying and discussing what metrics and information are best suited for assessing legal and reputational and other prudential risks related to net-zero commitments.

3.6.2. Absolute financed emissions

Absolute financed emissions, which capture the total GHG emissions associated with a financial institution's exposures, allow for a clear and simple assessment. They provide a transparent and intuitive measure of the overall carbon footprint of financed economic activities. However, they do not capture changes in the emissions intensity of financial exposures. Increasing financing for transitioning economic activities and sectors, such as gradually electrifying transportation companies, may temporarily increase the absolute financed emissions of certain sector exposures of financial institutions, while emissions per unit of physical output (e.g. tonne-kilometre) or per unit of financing decline. Therefore, absolute emissions alone do not allow for a complete assessment of alignment with net-zero commitments.

3.6.3. WACI

In contrast, WACI relates emissions to an economic denominator, typically revenues. At the portfolio level, WACI is calculated by weighting investee companies' emissions intensity by their portfolio weight, typically based on the market value of exposures. Asset managers and pension funds commonly report the metric, initially recommended by the TCFD (TCFD, 2017^[5]), and now widely referenced across climate-related frameworks.

WACI is relatively simple to calculate, comparable across institutions irrespective of size, and useful for tracking relative changes in portfolio carbon exposure over time. However, WACI has four important limitations:

1. First, as it is reported only at portfolio level, a declining WACI does not necessarily indicate improved sectoral alignment with net-zero pathway risks and may mask misalignment of individual sectoral exposures. This report argues that the risks stemming from the net zero transition are best analysed at a sectoral level. An institution may reduce its overall WACI by divesting from its most carbon-intensive assets, while other sector exposures continue to deviate or deviate more strongly from net-zero pathways. Sector-level WACI reporting would allow supervisors to assess whether emissions intensity is declining consistently across all major sector exposures and would therefore be significantly more informative. In practice, such sector-level WACI reporting is neither mandatory nor commonly observed, as shown in the analysis of current market practices in the previous section. Sector-level data would rather need to be calculated based on internal data.
2. Second, WACI measures carbon exposure rather than pathway alignment. It cannot be assessed against sectoral physical emissions-intensity pathways and therefore does not allow supervisors to confirm whether an institution is on track to achieve its net-zero commitments, particularly when sectoral exposures remain far from net-zero. While this limitation diminishes as portfolios approach net-zero levels over time, it remains material for assessing legal and reputational risks related to net-zero commitments in the near and medium term.
3. Third, as a portfolio-weighted measure, it is sensitive to changes in asset valuations. For example, a decline in the market value of carbon-intensive companies reduces their weight in the portfolio,

which may lead to a decrease in WACI even in the absence of real emission reductions. Changes in WACI may therefore reflect valuation effects rather than genuine decarbonisation progress. Isolating these effects requires further decomposing portfolio weights into transaction and price effects.

4. Fourth, as a revenue-normalised measure, it is sensitive to pricing-driven revenue changes, as well as inflation and exchange rate fluctuations. WACI may decline when, for instance, oil and gas, power, or digital services become more expensive while emissions per unit of physical output remain unchanged. These effects may reflect commodity cycles, scarcity, or pricing power rather than genuine decarbonisation. WACI may also decline due to the inflationary effect on revenues in a short time period. This limitation can partly be overcome by correcting revenue for inflation and exchange rate effects (DNB, 2021^[6]).

3.6.4. Physical emissions-intensity metrics

Building on the above, this report identifies assessing sectoral physical emissions-intensity against sectoral net-zero pathways as the most suitable basis for assessing alignment with net-zero commitments. Portfolio-level WACI may still provide complementary information for high-level screening and portfolio comparison, but it should not be interpreted as a substitute for sector-level pathway-alignment metrics.

For this assessment to be meaningful, alignment needs to be measured at sector level, using the most appropriate physical metrics to normalise emissions according to sector-specific activity. For example, in transport, emissions may be expressed per tonne-kilometre, reflecting the underlying economic output and enabling meaningful comparison across counterparties and over time. Applying these sector-specific normalisation approaches allows exposures to be compared against sectoral net-zero pathways. This enables a more accurate assessment of alignment with net-zero commitments and the associated legal and reputational risks from misalignment (further discussed in Chapter 4).

If a financial institution ensures that its exposures in each relevant sector evolve in line with net-zero emissions-intensity pathways, it can be considered on a credible transition trajectory, regardless of the base year used or whether its business activities expand in the short or medium term. This is because such pathways define how emissions per unit of activity must decline over time in line with science-based net-zero scenarios, rather than fixing a static level of absolute emissions.

If all sectors in a financial institution's portfolio follow such trajectories, which ultimately converge to zero (or near-zero in certain sectors), this necessarily implies absolute emissions reductions consistent with the Paris Agreement. At the same time, this approach avoids penalising temporary increases in absolute financed emissions if they result from a relatively larger increase in the transitional economic activity being financed. Thus, the approach avoids penalising temporary increases in absolute financed emissions where these reflect growth in transition-aligned economic activity. Supervisors should therefore avoid relying only on absolute emission reductions to mitigate legal and reputational risks, where this may, in the short or medium term, discourage transition-aligned growth.

Further, reporting of physical emissions-intensity information and targets has also been identified by the ECB as good practice for significant institutions in meeting supervisory expectations (ECB, 2022^[7]).

3.6.5. Taxonomy alignment metrics

Taxonomy alignment metrics, such as the GAR and the BTAR required under EU Taxonomy-related disclosures and EBA Pillar 3 templates, provide valuable information on the share of activities aligned with EU environmental objectives. However, the objective of GAR and BTAR is to measure the share of exposures that are aligned with the EU Taxonomy, thereby providing transparency on the extent to which financial institutions finance activities considered environmentally sustainable under EU criteria. They are not designed to assess transition risk or alignment with net-zero pathways.

This limitation is inherent to the design of the EU Taxonomy. It recognises transitional activities, which are permitted where no technologically or economically feasible low-carbon alternatives exist and where GHG emission levels correspond to the best performance in the sector or industry. This implies that the best available alternative might still emit more than the net-zero pathway required emissions because: (a) technological breakthroughs enabling true zero-emission production may not yet be commercially viable at scale (e.g. green hydrogen steel production, electric commercial aviation); (b) certain industrial processes have inherent residual emissions even with best available technology (e.g. cement clinker production, agricultural methane); and (c) the “best in sector” threshold today (such as 100gCO₂e/kWh from fossil gaseous fuels or 1.331 tCO₂e/t for hot iron manufacturing (European Commission, 2025^[8])) remains above near-zero levels required by 2050 (and potentially at other points in time).

GAR and BTAR should therefore not be interpreted as substitutes for net-zero alignment metrics. While full taxonomy alignment is likely to be broadly consistent with net-zero objectives by 2050, this outcome depends on the progressive tightening of taxonomy thresholds and the eventual phase-out of transitional activities with residual emissions. GAR and BTAR therefore serve different measurement objectives and should not be interpreted as substitutes for net-zero alignment metrics.

3.6.6. Conclusion: Sector-level physical emissions-intensity metrics provide the clearest basis for assessing net-zero alignment

Physical emissions-intensity alignment information allows for the most accurate assessment against net-zero pathways. In the absence of such information, supervisors and financial institutions may use WACI, including decompositions (see Chapter 4), as a second-best alternative. Additionally, absolute financed emissions and their relative reductions should also be considered, as they are visible to the public and may shape perceptions of progress in the short and medium term. Finally, exposure to high-emitting sectors may affect how the reputation of financial institutions is perceived but is secondary to net-zero pathway alignment.

Absolute emission may provide a misleading signal if not interpreted alongside intensity-based, sector-specific metrics. While WACI can be a more meaningful indicator, physical emissions-intensity based metrics enable clearer assessment against sectoral net-zero pathways and are thus best suited for assessing legal and reputational risk of net-zero commitments. This is consistent with the Dutch Authority for the Financial Markets’ (AFM) 2025 review of major Dutch banks and insurers, which identifies sector-level financed-emissions reporting, physical intensity targets and sector-specific decarbonisation goals as key elements for understanding institutions’ contribution to real-economy decarbonisation (AFM, 2025^[9]). Lastly, during bilateral meetings between the OECD and Dutch banks and insurers, most of the financial institutions agreed that sectoral physical emissions-intensity pathways allow for the most accurate assessment, while recognising that WACI may be helpful for high-level comparisons.

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Notes

¹ The section seeks to present reporting practices by financial subsector. This is partly constrained by heterogeneous and relatively less extensive reporting by smaller institutions. Some smaller institutions, predominantly development and promotional banks, do not meaningfully finance carbon-intensive sectors based on their stated mission or mandate and therefore intentionally rely on governance choices rather than detailed sector-level exposure reporting.

² Based on their 2025 financial year end reporting and DNB statistics for the consolidated total assets of the Dutch banking sector (DNB, 2026_[10]).

³ Approximate and illustrative data for anonymisation purposes.

4

Supervisory challenges

This chapter discusses the practical challenges supervisors face when assessing climate-related risks associated with net-zero commitments, and how internal data, available to supervisors, may help address them. It examines the main constraints on publicly disclosed information, which include: for banks, differences in the metrics institutions use for the same sector exposures; for pension funds and insurers, the absence of comparable sector-level reporting; and, across all sectors, limited data quality and reliance on estimated emissions.

4.1. Chapter objective

This chapter discusses the practical challenges encountered when assessing the climate-related data that are relevant in the context of net-zero commitments for supervisory purposes, building on the analysis presented in the preceding chapters. While this analysis is largely based on public disclosures, the report considers the supervisory and internal data that prudential supervisors may have access to and use.

First, this chapter introduces how publicly available data – which are a good proxy for which information is currently available – can inform prudential risk assessment. It then highlights limitations in the comparability and suitability of publicly disclosed information, as well as methodological gaps and potential data blind spots that may affect the monitoring of financial institutions' net-zero commitments and associated transition risks.

The chapter then presents how the DNB, and by extension other supervisors, can address these challenges using supervisory and internal data, often collected directly from financial institutions and complemented with data from commercial data providers. Further, it highlights challenges that internal supervisory data may not be able to address. It then develops considerations for supervisors as well as policymakers. While recommendations for policymakers are not directly addressed to supervisors, they can inform supervisory decision making and engagement with other public authorities, policymakers and the private sector.

The insights derived from this analysis and considerations inform the supervisory framework for assessing risks proposed in Chapter 5.

4.2. Assessing prudential risks based on publicly disclosed information

4.2.1. Risk categories and publicly available information

Financial institutions' net-zero commitments are relevant from a prudential perspective insofar as they affect relevant risks. This section assesses the suitability of publicly disclosed information for evaluating legal and reputational risks, as well as other prudential risks, including credit, market, liquidity and other operational risks. It focusses on established and widely reported information primarily based on the regulations and reporting practices explained in Chapters 2 and 3.

The usefulness of publicly disclosed information varies across financial institutions. Disclosure frameworks for banks, such as those developed by the EBA, request relatively granular data on exposures, emissions, and credit quality. By contrast, public disclosures by pension funds and insurers typically provide less insight into underlying portfolio risks. This limits their direct use for detailed risk assessment.

Internal data and analyses may address this challenge. DNB, for example, collects asset-level exposure data from financial institutions and combines these with emission estimates, enabling assessment of exposures to emission-intensive activities by economic sector, as further explained in section 4.4. Such analyses may draw on supervisory reporting collected under frameworks such as the CRD VI, as well as on data integrated from other supervisory authorities – such as the ECB – or commercial data providers.

Noting that reputational risk can act as a cross-cutting risk driver across traditional prudential risk categories, the analysis below first considers credit, market and liquidity risk. It then turns to operational risk, where legal risks related to net-zero commitments are most directly situated, before focussing in more detail on legal and reputational risks related to net-zero commitments.

4.2.2. Credit, market and liquidity risk

Prudential risks driven by climate-related risk drivers may arise where misalignment with net-zero pathways exposes financial institutions to transition pressures, meaning policy, market or technological changes that affect the value, profitability or viability of carbon-intensive activities. These pressures may affect borrowers, issuers, collateral values or financial assets through higher carbon costs, declining demand, technological substitution, stranded assets, market repricing or lower asset liquidity. Supervisors, therefore, need information that combines transition risk indicators with financial exposures and other risk indicators.

Credit risk may arise where transition pressures affect borrowers' or debt issuers' ability to meet financial obligations. Market risk may arise where investors reprice equities, corporate bonds or real estate assets before actual credit losses occur. Liquidity risk may arise where climate-related repricing reduces the marketability or collateral value of assets, increases margin or collateral needs, or affects funding costs and outflows.

Two types of information are particularly relevant. First, sector-level alignment with physical emissions-intensity pathways helps supervisors assess whether exposures are likely to become more vulnerable to transition pressures over time. Second, information on the size and characteristics of sectoral exposures helps assess the potential materiality of the risk. For banks' loan books, EBA ESG Pillar 3 Templates 1 to 4 are therefore the most useful public information source. They combine sector exposures, financed emissions, credit-quality indicators, maturity, collateral information, counterparty concentrations and sector-level alignment metrics. For pension funds and insurance portfolios, comparable public information is not available. Section 4.4. explains how supervisory data may fill this gap, and what further actions supervisors may consider.

Sector-level analysis is important because climate-related risks differ across economic sectors. Where financial institutions' exposures consist of activities that do not transition towards available low-emission alternatives, this may affect borrowers' profitability, asset values and debt-servicing capacity. Over time, these effects may be reflected in sector-level credit-quality indicators, such as Stage 2 exposures or non-performing loans.

As discussed above, physical emissions-intensity metrics, such as those reported under EBA ESG Pillar 3 Template 3, allow supervisors to assess whether sectoral exposures are aligned with net-zero pathways, implying financing of available low-emission technologies. Deviation from such pathways indicates potential misalignment and therefore provides a clear basis for further supervisory assessment. Where deviation is material and persists over time, supervisors may assess, for instance, whether this is accompanied by deteriorating sector-level credit-quality indicators, including Stage 2 exposures and non-performing loans reported under EBA Template 1. Maturity of exposures and sectoral targets may provide supervisors with further insight into the forward-looking risks and mitigating measures of financial institutions.

Different sectors face distinct economic circumstances. Real estate exposures may be affected by energy efficiency standards and renovation costs. Transport, power, steel and oil and gas exposures may be affected by carbon prices, technology shifts, demand changes and phase-out policies. Carbon-intensive sectors with long-dated exposures, deteriorating credit quality and weak targeted alignment with net-zero pathways may therefore warrant closer supervisory scrutiny. Further, sector-level assessment is important as aggregate information may hide risk. Exposure to carbon intensive sectors may be obscured at the aggregate level, especially in large portfolios.

Liquidity risk assessment should also consider collateral channels. Template 2 is relevant where energy-inefficient real estate collateral may face valuation pressure, reducing its usefulness as security. This can matter where mortgages are securitised or included in covered-bond pools. If the underlying properties are seen as more exposed to transition risk, the related securities may become less attractive to investors,

harder to sell, or subject to higher haircuts when used as collateral. In simple terms, the same mortgage portfolio may raise less funding if markets or central banks assign a lower value to the collateral.

This channel may become more relevant as central banks factor climate risk into collateral valuation. When banks borrow from the central bank, they must pledge assets as collateral. The central bank then assigns a value to these assets and applies a discount, or “haircut”, to protect itself against losses if the asset falls in value. In July 2025, the ECB announced that it would introduce a climate factor in the Eurosystem collateral framework (ECB, 2025^[1]). This factor is intended to reflect the risk that certain assets may lose value under adverse climate transition shocks. Where the climate factor applies, the ECB may assign a lower collateral value to the asset, meaning that banks can borrow less against it. While the ECB measure initially applies to marketable assets issued by non-financial corporations, it illustrates the broader liquidity channel: climate-related valuation risks can reduce the funding capacity of assets used as collateral.

4.2.3. Legal and reputational risk

Legal risk constitutes a form of operational risk, as it may arise from failures in internal processes, controls, disclosures or governance that expose institutions to claims, litigation or regulatory action. Reputational risk is not a standalone prudential risk category in the same way, but can act as a cross-cutting risk driver across prudential risk categories.

Legal and reputational risks may arise where financial institutions’ net-zero commitments are public and their activities are perceived to be inconsistent with their net-zero commitments. While this risk may ultimately depend on how courts and the public assess progress towards net-zero commitments, financial institutions can contribute to shaping this assessment. By providing transparent and decision-useful information, they can support a more consistent and informed understanding of transition progress, reduce the risk of misinterpretation and strengthen the credibility of disclosed net-zero strategies.

As explained in Section 3.6, physical emissions-intensity alignment information (EBA ESG Pillar 3 template 3 for banks; no similar information for pension funds and insurers) allows for the clearest assessment against net-zero pathways and thus for assessing legal and reputational risks tied to net-zero commitments. This is because alignment assessment allows supervisors to understand (past and) forward-looking sectoral exposure trajectories in relation to the net-zero pathways that financial institutions target in the medium term. Based on this information, supervisors can assess whether material deviations from these pathways arise. Where substantial deviations occur in carbon-intensive sectors, supervisors may further quantify the potential risk using publicly available information, such as exposure size (in financial and emissions terms), credit quality indicators (EBA ESG Pillar 3 template 1 for banks; no comparable publicly disclosed information for pension funds and insurers) and other relevant financial data.

In the absence of such information, supervisors and financial institutions may use WACI, including decompositions (see Section 4.4), as a second-best alternative. Additionally, absolute financed emissions and their relative reductions should also be considered, as they are visible to the public and may shape perceptions of progress in the short and medium term. Finally, exposure to high-emitting sectors may affect how the reputation of financial institutions is perceived but is secondary to net-zero pathway alignment.

4.2.4. Other operational risk

Operational risk (other than legal risk) may arise where financial institutions lack adequate data, systems, processes or governance to identify, measure and manage risks related to net-zero commitments. The main risk is not the emissions exposure itself, but that weak data or controls lead to inaccurate disclosures, poor risk assessment, ineffective transition planning or greenwashing-related failures. This risk is relevant because prudential risk assessment depends on data quality, as well as the availability of adequate sectoral data.

Such data, including sector-level alignment metrics, require reliable emissions data, sector classification, activity data and pathway comparisons. Exposure-based risk assessment requires accurate mapping of financial exposures, counterparties, collateral, maturities and credit-quality indicators. Weaknesses in either part can affect supervisors' ability to assess both whether transition pressures may become material and how large the exposure could be.

Supervisors may use public disclosures of financial institutions, mostly available for banks, that provide insight into operational risk by explaining the scope, methodology and data sources used for climate-related metrics. In EBA Pillar 3 reporting, this information is mainly found in the narrative accompanying quantitative templates, especially financed emission disclosures, and in the qualitative information on governance, business strategy and risk management.

Comparable public information is less consistently available for pension funds and insurers. Where disclosed, PCAF data-quality scores can provide additional insight into the reliability of financed emissions' estimates, which serve as the basis for both WACI and physical emissions-intensity metrics. These scores are not disclosed only by banks: pension funds, insurers and other financial institutions may also publish them when applying the PCAF standard. However, disclosure remains voluntary and uneven. Supervisors may therefore need to assess data collection, validation, governance and board oversight in more detail, as discussed further in Chapter 5.

4.3. Comparability and data quality challenges

4.3.1. Diverging benchmark pathways

Physical emissions-intensity data and targets are only decision-useful for supervisory risk assessment when compared against adequate net-zero pathways.

Net-zero pathways vary across countries and asset types within economic sectors. Since the portfolios of banks and non-bank financial institutions differ in their country and asset type exposures, their benchmark pathways may, and likely should, also differ accordingly. However, financial institutions usually do not report the subsector composition of their sectoral exposures. Section 5.2. analyses practical challenges related to the assessment of financial institutions' sectoral pathways in detail.

Without adequate information on financial institutions' subsector exposures and the net-zero pathways used to assess them, supervisory assessment becomes less accurate.

4.3.2. Diverging data across financial sectors

Differences in reporting requirements and business models make aggregate comparisons across financial subsectors difficult and potentially misleading. Supervisors may consider assessing which parts of the financial sector harbour the largest climate-related risks, both in aggregate form and by economic sector. This may include comparing risks in pension fund asset portfolios with those in bank loan books or assessing the aggregate financing of carbon-intensive sectors. However, differences in reporting requirements create uneven data across financial sectors, as discussed in Section 2.5. Banks are subject to more granular disclosure requirements than pension funds or insurers: while pension funds often disclose high-level indicators such as WACI, banks provide more detailed sector-level information for their loan portfolios.

Aggregate indicators can support high-level companions, but they do not provide a sufficiently precise view of prudential risk. Aggregate indicators such as absolute financed emissions or WACI may help compare broad carbon exposure across financial subsectors. However, they do not capture economic sector-level dynamics or the specific context of each financial sector.

Because financial subsectors differ in business models, instruments, maturities and economic sector exposures, comparing climate-related risk at aggregate financial sector level may be of limited use. Pension funds and insurers may invest in liquid equities and corporate bonds issued by transitioning carbon-intensive companies, while banks may provide long-term, less liquid loans and face stricter supervisory expectations for credit exposures. Insurers may also underwrite carbon-intensive but essential economic activities through short-term policies, which entail relatively lower risk dynamics.

Supervisors should prioritise economic sector-level assessment, as climate-related prudential risks are economic-sector specific. For example, transition risk in real estate may arise through tightening energy efficiency standards and renovation costs, while transition risk in aviation or shipping may arise through fuel costs, technology shifts or demand changes. Supervisors therefore need information on financial institutions' exposures by economic sector, rather than only aggregate indicators at financial-institution or financial-sector level.

More uniform economic sector-level reporting would allow supervisors to compare climate-related risks across financial subsectors more effectively. If banks, pension funds and insurers reported comparable information for their major sector exposures – such as physical emissions-intensity information, or sector-level WACI – supervisors could compare climate-related risks across loan, equity and corporate bond portfolios. For example, if all institutions reported financed emissions per tonne-kilometre for transport exposures, supervisors could identify whether one financial sector is more exposed to net-zero misaligned transport assets than another. If the financial sector supports a transitioning economy across economic sectors, an individual financial subsector should not deviate materially from net-zero pathways compared to other financial subsectors. Therefore, observing such economic sector-level differences across financial subsectors may be insightful to supervisors.

At present, publicly available information does not support such cross-sectoral assessment sufficiently (see sections 2.5 and 3). Internal data available to supervisors could however fill part of this gap, enabling more consistent sector-level analysis (see Section 4.4).

4.3.3. Diverging data between institutions in the same financial sector

Business models, objectives and mandates may vary even between financial institutions within the same subsector, for example between promotional banks and traditional commercial banks. As a result, institutions may differ in their sectoral focus, risk appetite and exposure profiles. For example, promotional banks may focus on economic sectors based on public-sector-led activity and investment such as healthcare, education and social housing, and they may have little or no exposure to carbon-intensive sectors such as manufacturing or non-renewable energy generation. Commercial banks may also show varying involvement in specific economic sectors. While some banks may have medium-term exposures to fossil fuel sectors, based on their engagement strategy, others may choose to divest. Based on strategic decisions and built expertise, financial institutions in the same financial sector may also have exposure to different carbon-intensive economic sectors such as agriculture and manufacturing. Therefore, as argued in Section 4.3.2, aggregate comparisons may obscure economic-sector level risks.

Further, institution-level aggregation or comparison of total exposures across similar financial institutions can be challenging and not necessarily insightful. Financial institutions' different sectoral exposures, as well as their targets, are measured using different metrics. For example, power generation, when reported, is typically measured in gCO₂/kWh, while real estate is measured in kgCO₂/m². Aggregating these metrics to a single institution-level figure would obscure the distinct transition dynamics and risks within each sector. It would also make it difficult to assess whether one financial institution's portfolio is more or less aligned than another's.

For the banking sector, current reporting practices already allow for meaningful sector-level comparison. Concerning real estate exposures, all major Dutch banks have significant residential mortgage exposures

and commonly report emissions per square metre. These data can be aggregated and compared against an appropriate benchmark, such as CRREM. However, even residential real estate pathways differ across countries because buildings' emissions depend on national energy mixes, floor area assumptions and property types. Accurate supervisory assessment therefore requires information on the geographical composition of sector portfolios where banks hold material cross-country exposures.

The latest EBA proposal partly addresses this issue for some exposure templates. For Template D 01.00 (as per the EBA's April 2026 consultation package), for instance, the EBA proposes a country breakdown for loans and debt securities measured at amortised cost. This breakdown is subject to materiality thresholds. Institutions report country-level information where non-domestic exposures exceed 10% of total exposures and separately identify countries representing more than 1% of total exposures, while smaller countries' exposures are aggregated. However, Template D 03.00 on sector-level emissions intensity and targets is not subject to the same country-breakdown requirement. As a result, supervisors may know the country composition of certain sector exposures, but not necessarily the country composition of the emissions-intensity metrics, targets and the relevant pathway for assessment of alignment with net-zero goals.

Reporting-related challenges also remain pronounced in sectors with heterogeneous subsector composition. Commercial real estate is one example. One bank may be more exposed to warehouses, while another may be more exposed to hotels or retail property. These property types can require different emission reduction pathways because their energy use, operating hours, heating and cooling needs, and current emissions per square metre differ. Differences in subsector exposures may also be the result of portfolio allocation choices. However, without subsector-level breakdowns (over time) it is not possible to assess to what extent banks' exposures reflect deliberate strategic positioning versus underlying asset characteristics. In April 2026, the EBA's proposal of new reporting requirements do not foresee mandatory subsector breakdowns based on materiality thresholds. Supervisors therefore may not expect such information to be publicly available in the near term.

Even for similar sectors, banks may use different reporting metrics. For agriculture, Bank A uses a financial intensity metric, reported as mtCO_2e per EUR million financed, and its benchmark is based on the Netherlands' 2022 Climate and Energy Outlook, rather than a sector-specific 1.5°C physical emissions-intensity pathway. However, Bank B reports selected agricultural exposures, such as soy and dairy, separately using physical intensity metrics, such as tCO_2e per tonne of product. Similarly, for transport-related exposures using mtCO_2/tkm , whereas Bank A provides more granular reporting by separating car and van transport in mtCO_2/vkm and truck transport in mtCO_2/tkm . Comparison of economic sector-level exposures between institutions can therefore be challenging where reporting practices vary.

Varying portfolio coverage across similar financial institutions may also hinder accurate assessment. Financial institutions are still expanding the scope of their reporting as data availability improves. Although coverage varies, large banks already report on much of their carbon-intensive exposure.

Smaller banks, for which similar reporting is not yet mandatory, may need additional time to provide comprehensive and high-quality data. If disclosures omit parts of carbon-intensive assets, comparisons across institutions may become misleading or inconsistent. The same challenge persists for insurance companies and pension funds.

4.3.4. Limited data quality and availability

Data quality

Limited and weak climate reporting data quality puts overall data quality (including supervisory data) into question. Financial institutions rely on emissions data from borrowers, investees and insured counterparties, which is often estimated or unverified.

Data quality is generally poorer for exposures to SMEs, private companies and activities outside public capital markets, such as bank loans and insurance underwriting, where counterparties are less likely to report under the CSRD. By contrast, listed equities and corporate bonds often benefit from broader company-level disclosure and data provider coverage.

Reported data quality varies materially by institution, asset class and emission scope. For large Dutch and other European banks, financed emissions data quality for most loan portfolios is typically around 3.0-3.5 on the PCAF scale, indicating reliance mainly on counterparty-specific or sector-level estimates rather than verified reported data. For large Dutch pension funds' investment portfolios, Scope 1 and 2 data for listed equities and corporate bonds can be stronger, with funds often reporting weighted PCAF scores below 2.0 for listed equities and corporate bonds, indicating a relevant share of verified data. However, data quality weakens for Scope 3 emissions, private equity, mortgages and other exposures, as institutions rely more on proxies, sector averages or external estimates for these segments.

Further, the Dutch Authority for the Financial Markets also notes that PCAF data-quality scores should be interpreted with care. Emissions data reported by an intermediary, such as an external asset manager reporting fund-level emissions to an insurer or pension fund, may receive a relatively high score even where the underlying investee company data rely on estimates or sector averages, merely because the data is considered to have been “reported” by the asset manager rather than “estimated” by the pension fund in the example (AFM, 2025^[2]).

Estimation methodologies may also differ materially. PCAF notes that limited data is often the main challenge in calculating insurance-associated emissions and provides data-quality scoring to improve transparency (PCAF, 2022^[3]). However, PCAF guidance for insurance-associated emissions is still evolving and does not yet cover all lines of business. The first PCAF insurance standard covered commercial lines and personal motor insurance, while the 2025 update added project insurance and treaty reinsurance. By contrast, guidance for financed emissions in loans and investments is better established.

Therefore, the Dutch Association of Insurers has set up sector teams to review participating insurers' CSRD reports, test them against PCAF guidance, discuss differences in assumptions and working methods, and agree on calculation steps for ESG sector standards. These methodological differences reduce comparability, even where institutions rely on the same overall standard. The sector is therefore developing voluntary standards for insurance-related emissions to improve consistency in reporting (The Dutch Association of Insurers, 2025^[4]). Therefore, the DNB may expect more consistent climate-related reporting of Dutch insurers.

Data availability

Even when banks provide extensive climate reporting on their loan books, disclosure on non-loan balance-sheet assets often remains limited. These portfolios are often dominated by government bonds but may also include corporate bonds and equities. For example, Bank A discloses EUR 47 billion in “financial investments”, comprising government and corporate debt securities. The same bank reports the WACI of these holdings and benchmarks it against an index but does not provide specific emissions-reduction targets for this portfolio.

For real estate exposures across financial sectors, data-quality issues may persist where energy-efficiency labels are missing, and institutions rely on estimated EPCs or energy-consumption data.

Separately, insurance underwriting and pension fund investments are currently not subject to standardised quantitative climate reporting comparable to EBA ESG templates for bank loan portfolios. While select insurers provide detailed disclosures, this limits public information available for supervisory risk assessment across the sectors.

The AFM's 2025 review of four major Dutch banks and four major Dutch insurers reached a similar conclusion: differences in scope, definitions, metrics and methodologies continue to limit comparability of financed emissions reporting and transition plans (AFM, 2025^[2]).

4.4. The role of internal data in addressing comparability and data quality challenges

4.4.1. Internal data

Central banks and supervisors tend to have more data available than what is publicly reported. This internal data helps address some of the comparability and data quality challenges identified above. Unlike public disclosures, supervisory data can provide more granular information on financial institutions' holdings and positions, including asset-level exposures. This allows supervisors to assess exposures by economic sector, instrument type and, where available, counterparty characteristics.

Internal data refers to both the reported data received by DNB's supervisory division from institutions under supervision and to data received by DNB's statistics division from financial institutions with reporting obligations. DNB receives asset-level exposure data from financial institutions, including pension funds and insurers. These data are matched with data on emissions and financials of counterparties, allowing the calculation of consistent institution- and sector-level carbon footprint indicators, such as financed emissions and WACI.

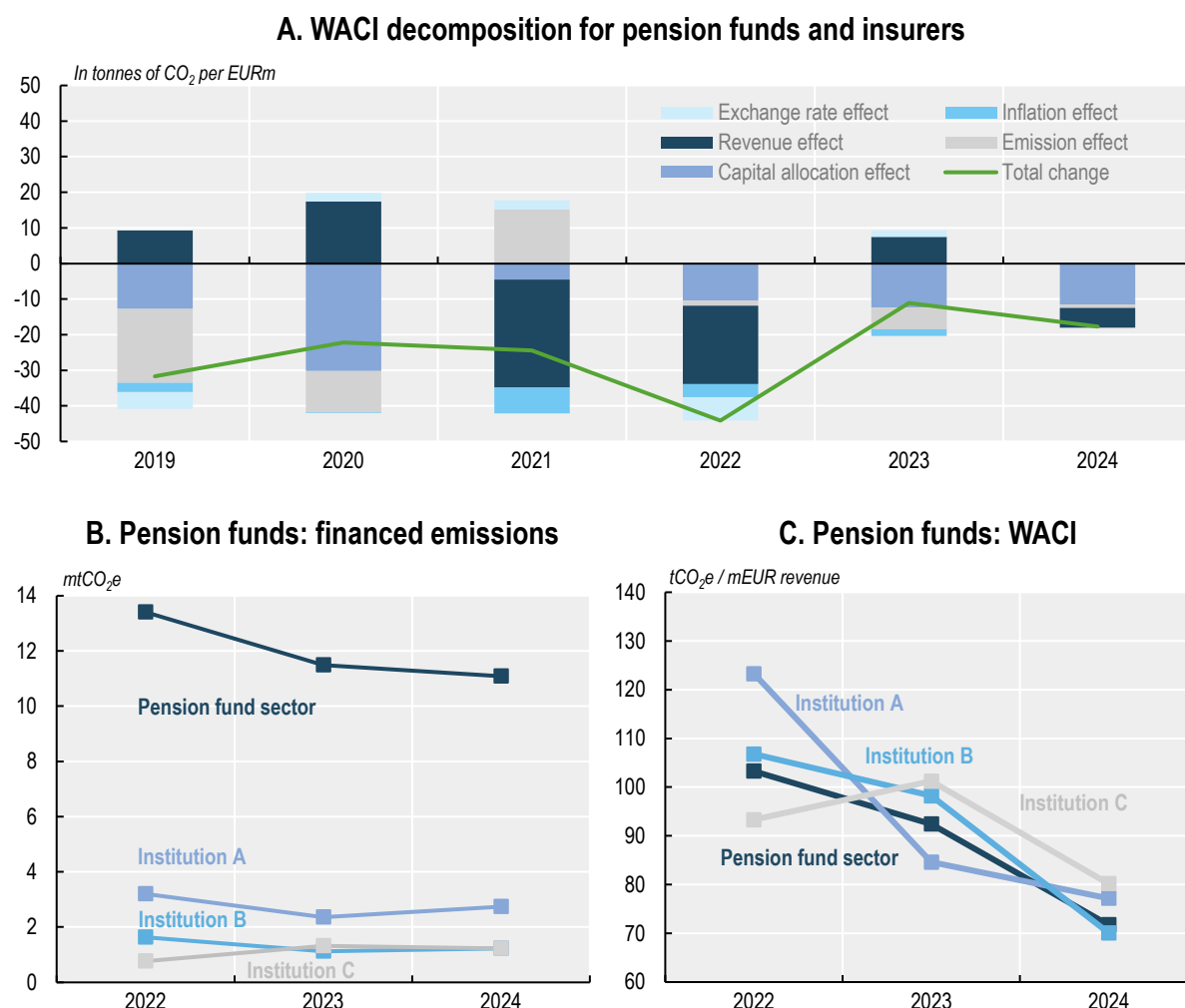
DNB's internal data are used to calculate carbon footprint indicators, which are also published as part of the ECB climate change indicators (ECB, 2025^[5]). This allows for more detailed and economic sector-level analysis of financial exposures in carbon-intensive sectors. Such data also permits DNB to overcome the limitation of WACI usually being disclosed only on the portfolio level (see Section 3.6) and it allows for the calculation of harmonised indicators, meaning institutions can be compared to each other and, by construction, to a financial sectoral benchmark. This data is illustrated in Figure 4.1.

Further, DNB and the ECB use decompositions to better interpret changes in WACI over time (DNB, 2025^[6]; ECB, 2025^[7]; DNB, 2023^[8]). The decompositions differentiate portfolio-weight, emissions, revenues, inflation and exchange rates, helping supervisors better understand changes in WACI. In practice, these decompositions partly overcome the third and fourth limitations (asset and revenue-driven fluctuations) of WACI, as explained in Section 3.6. Decomposing the portfolio-weight effect allows supervisors to better understand the contribution of emissions reductions and the revenue efficiency. Additionally, adjusting revenues for inflation and exchange rates allows for a more accurate assessment of the real revenue contribution to WACI.

The relevance of such adjustments is illustrated by DNB's analysis of Dutch pension funds and insurers. Between 2012 and 2019, WACI of pension funds and insurers declined by 34.5% and 31.0%, respectively. After adjusting for inflation and exchange-rate effects, the decline was smaller, at 24.1% and 23.7% (DNB, 2021^[9]).

Figure 4.1. Internal supervisory data: decomposed and financial sector-level WACI

Internal analyses and data allow supervisors to decompose WACI, substantially improving potential interpretation of emissions trajectories at economic-sector and financial-sector level



Note: Financial sector-level figures are produced as part of the ESCB climate change-related indicators, while institution-level figures are internally available to DNB users. Emissions data for 2024 are based on nowcasting techniques.

Source: ECB (2025^[5]), Climate change-related indicators <https://www.ecb.europa.eu/stats/all-key-statistics/horizontal-indicators/sustainability-indicators/html/index.en.html>; DNB (2025^[6]), Climate risks for the financial sector <https://www.dnb.nl/en/statistics/dashboards/sustainability-in-the-dutch-financial-sector/climate-risks-for-the-financial-sector/>, and internal DNB data.

4.4.2. Remaining comparability and data challenges

Internal data and the decomposition of WACI improve the interpretation and suitability of WACI for risk assessment, especially in light of limited public data availability, such as for pension funds and insurers. However, limitations remain.

First, decomposition methods of WACI would benefit from a clearer distinction between changes in portfolio weights caused by market-value movements and changes driven by active portfolio positioning. A financial institution's WACI may decline because the share price of a carbon-intensive company falls, reducing its portfolio weight, even if the institution has not sold any shares. This reflects passive greening and may indicate that transition risk has already materialised. By contrast, a decline caused by reducing the number

of shares or bonds held reflects an active portfolio decision that reduces the exposure of the institution's exposure to the transition risk. Without this distinction, WACI changes attributed to portfolio weights can remain ambiguous.

Second, revenue effects remain difficult to interpret. A decline in WACI caused by higher revenues may reflect genuine carbon-efficiency gains if a company produces more or higher-value output with the same or lower emissions. However, revenues may also increase due to commodity price shocks, scarcity, or pricing power. For example, oil, gas, electricity, air travel or digital services may become more expensive without any improvement in emissions per unit of physical output. In such cases, WACI may decline even though the underlying activity has not become more carbon efficient.

Decomposed WACI also remains difficult to compare against sectoral net-zero pathways. Net-zero pathways are typically defined using physical emissions-intensity metrics that reflect sector activity, such as emissions per square metre or per kilowatt-hour. WACI is instead based on emissions per unit of revenue and weighted by portfolio value. Even when decomposed, it therefore cannot directly show whether exposures in a specific economic sector are aligned with physical net-zero pathways. This limitation is particularly relevant for legal and reputational risks, where the credibility of net-zero commitments is central, and for market risk, where misalignment may eventually be priced into asset values. Physical emissions-intensity metrics avoid several of these limitations because they relate emissions to physical activity rather than financial revenues or market values. They therefore do not require decomposition to distinguish price-driven revenue growth from improvements in operational emissions efficiency, or market-value changes from changes in underlying activity. However, they still depend on reliable emissions data – just like the WACI – and sector-specific activity data – which is not always reported.

Therefore, data quality remains a constraint. Emissions estimates may rely on external data providers, proxies or sector-level assumptions, especially where counterparties are SMEs, private companies or otherwise outside public financial markets. Physical activity data may also be difficult to obtain for pension funds and insurers, particularly where exposures are held indirectly through funds or where counterparties do not report the relevant activity indicators. This challenge may persist if the scope of CSRD reporting is reduced, as fewer companies would be required to publish sustainability data.

Indirect investments through funds add a further data challenge. Financial institutions often invest through funds rather than holding all securities directly. To assess the underlying climate exposure, supervisors need to identify the securities or assets held by those funds (DNB, 2024^[10]). If a pension fund invests in an investment fund, supervisors need to know what that investment fund owns. Look-through data can reveal indirect exposures where underlying fund-holding data are available. However, it may still leave gaps where funds are foreign, holdings cannot be attributed, or fund-of-fund structures require further look-through steps.

4.5. Considerations for supervisors and policymakers

4.5.1. Considerations for supervisors

Legal and reputational risks related to net-zero commitments, as well as other climate-related prudential risks, may need to be assessed on an economic sector basis. This is because net-zero pathways are generally defined for specific sectors and activities, using metrics that reflect how those sectors decarbonise, such as kgCO₂/m² for real estate or gCO₂/tkm for transport. Climate-related risk drivers also affect sectors differently and may translate into different prudential risks. In real estate, renovation requirements, energy-efficiency standards or higher energy costs may weaken borrowers' repayment capacity, increasing credit risk. Where mortgage exposures are securitised, included in covered-bond pools or used as collateral, lower values or weaker marketability may also create market or liquidity risk.

This becomes more relevant as central banks, including the ECB, start incorporating climate transition risks into collateral valuation frameworks (ECB, 2025^[1]). In power, transport, steel, oil and gas, carbon prices, technology shifts, demand changes or phase-out policies may affect borrowers' earnings, asset values and refinancing conditions. Additionally, supervisors may consider differentiating between business lines in insurance underwriting, as the risk profile depends on the insured activity, policy duration, claims exposure and the insurer's ability to reprice or adjust coverage at renewal. For example, short-term motor or property policies may allow faster repricing than long-term liability or life products.

Assessing progress against net-zero commitments for prudential purposes benefits from the complementary use of climate-related metrics. Indicators such as WACI and sector-level physical alignment metrics may be used complementarily and depending on data availability and quality.

WACI allows supervisors to compare the emission intensity of financial institutions in monetary terms and to identify institutions with relatively carbon-intensive portfolios. Where decomposed, WACI can also help supervisors distinguish whether changes in portfolio carbon intensity are driven by changes in emissions, revenues, portfolio weights or macroeconomic effects such as inflation and exchange-rate movements. However, even decomposed WACI remains subject to the limitations discussed above. In particular, it cannot be assessed directly against sectoral net-zero pathways, which are generally defined using physical activity metrics.

Sector-level physical emissions-intensity metrics assessed against relevant reference pathways remain the clearer tool for assessing alignment with net-zero trajectories, and thereby legal and reputational risks that financial institutions may face. They can also support the assessment of other prudential risks driven by climate-related risk drivers, especially where misalignment points to future transition pressure in material sector exposures. Where reported in a comparable manner, they also enable sector-level comparisons across institutions.

The analysis in this report shows that existing disclosure frameworks support such assessments unevenly. Large banks subject to the EBA's ESG Pillar 3 disclosure requirements currently provide the most detailed and decision-useful information, including sector-level physical emissions-intensity metrics and targets, as well as information on sectoral financial exposures and financed emissions. Public disclosures by pension funds and insurers are less granular, reflecting differences in regulatory scope and European supervisory expectations.

Where sector-level emissions information is not available and physical emissions intensity metrics are not reported, supervisors may consider assessing sector-level emissions and trajectories based on internal data such as through decomposition of indicators like WACI. However, supervisors need to be aware of the limitations of such analysis as discussed in Section 4.4.2. Supervisors may build such indicators through a combination of supervisory data and emission estimates from commercial data providers. The DNB, for instance, collects information on positions and holdings from pension funds and insurers (supervisory data) and matches this information with emissions estimates and publicly available financial data such as market values, sourced from commercial data providers.

Supervisors may partly bridge these differences with supervisory data and internal data analysis, while recognising the limitations discussed above. Where climate-related risks in large pension funds or insurers appear material and insufficiently managed, supervisors may consider encouraging these institutions to report sectoral physical emissions-intensity information to DNB, where such information can be obtained at reasonable cost. This may be more feasible in sectors where the underlying physical activity data are already used by companies for business management and reporting. In real estate, for example, floor area is commonly used to report portfolio size or rental performance, making emissions per square metre a relatively accessible metric. Similarly, in steel or cement, tonnes produced are core production indicators, making emissions per tonne of output relatively well available. Where such data are already used in ordinary business steering, supervisors may expect better availability and potentially higher data quality.

Where they are not, physical emissions-intensity metrics may be more costly to collect, of lower data quality, and less comparable across institutions.

Data quality, reporting coverage and reliance on estimated emissions affect the extent to which disclosed information can be compared across institutions and sectors. These challenges are likely to remain relevant. Smaller institutions face lighter disclosure requirements, and recent revisions to the CSRD may reduce the expected scope of corporate sustainability reporting. This may limit anticipated improvements in data availability and quality.

Supervisors may therefore need to consider how these developments affect their monitoring strategies and engagement with policymakers. If data quality and reporting scope do not improve sufficiently, supervisors may place greater weight on transition plans, governance arrangements, internal controls and risk management practices.

Supervisors may also consider engaging with regulators and policymakers where the wider economy is observed to deviate substantially from net-zero pathways, as this may affect supervisory expectations towards financial institutions. For example, if economies rely on higher-emitting energy sources for longer than net-zero pathways allow, related activities may become difficult to finance or insure where they are no longer aligned with supervisory expectations. This would require supervisors to consider whether risks stem mainly from weak risk management by individual institutions, or from a broader misalignment between economic activity, policy pathways and net-zero objectives.

In this context supervisors may treat climate-driven risks arising from insurance underwriting separately, given their distinct business nature. In insurance underwriting, climate-related risks arise through the liabilities insurers assume when covering policyholders' risks. Higher underwriting-related emissions, or slower reductions in such emissions, do not necessarily mean that the insurer faces higher transition risk. They may reflect slower transition in the insured real economy. However, prudential concerns may arise where climate-related risks are not adequately identified, priced or managed in underwriting practices. By contrast, investments held by insurance companies may create climate-related risks that are directly relevant for prudential supervision.

Where decarbonisation levers depend mainly on public policy or real-economy infrastructure, supervisors should not be expected to address these alone. However, supervisors may communicate relevant risk insights to relevant public authorities, especially where delays in sectoral transition pathways affect the credibility of financial institutions' transition plans or the prudential risks arising from their exposures. By contrast, if an individual financial institution's misalignment is institution-specific and substantial, it may warrant stronger supervisory engagement.

4.5.2. Considerations for policymakers

Some challenges extend beyond the direct supervisory mandate. For example, diversified companies may face difficulties determining the appropriate physical normalisation metrics for emissions reporting across multiple sectors. Inconsistent approaches may limit comparability across financial institutions' portfolios. Clearer guidance on subsector reporting could therefore improve the usability of climate-related disclosures for financial risk assessment.

Where reasonable and proportionate, regulators could prioritise economic-sector-level information and physical emissions-intensity metrics. Transition risks are sector-specific: real estate, power, transport, steel or oil and gas face different policy, technology and demand pressures. Sector-level disclosures, including physical emissions-intensity alignment metrics, are therefore more informative for assessing progress against net-zero pathways and identifying exposures that may become vulnerable to transition pressures.

Chapter 2 showed that the regulatory framework and supervisory expectations remain fragmented across financial subsectors. This partly reflects differences in business models. However, policymakers may still

seek to make disclosure requirements more consistent. This could include reducing reliance on indicators with limited prudential relevance and focussing instead on physical emissions-intensity information and sectoral views where these are proportionate to the size and capacity of financial institutions. Supervisors would then need to bridge fewer differences and remaining data gaps through supervisory data. While supervisory data can be insightful and suitable for risk assessment, it also faces limitations, as explained in Section 4.4.2.

High regulatory asymmetries may also create incentives for risk migration and regulatory arbitrage within the financial system. Financing of carbon-intensive activities may shift from more strictly supervised institutions, such as large banks, to less regulated parts of the financial sector, including pension funds, asset managers or private credit companies. In such cases, transition risks may spread within the financial system while declining more slowly than required for an orderly transition.

For the reasons discussed in Section 3.6, policymakers may also consider deprioritising taxonomy-alignment metrics if the insight they provide is limited for several stakeholders, such as supervisors (for risk assessment) or investors (for capital allocation). This is consistent with the EBA's April 2026 consultation on ESG supervisory reporting, which proposes removing taxonomy-related reporting templates previously included in the ad hoc ESG reporting exercise. The analysis in this report supports this direction, as taxonomy-alignment metrics are not designed to assess whether financial exposures are aligned with net-zero pathways. Furthermore, financial institutions may incur disproportionate costs to gather this data.

The EBA also proposes replacing the existing template on exposures to the top 20 carbon-intensive firms with a new debtholder-level template on environmental corporate exposures. This change can provide insights beyond sector-level exposures, especially where risks are concentrated in a small number of large counterparties.

The EBA proposal also uses materiality thresholds to limit the reporting burden while preserving relevant country-level information. For Template 1, which includes a detailed sector-level view of financial and emissions exposures, combined with credit quality indicators, institutions would report country-level information where non-domestic exposures exceed 10% of total exposures. Within that breakdown, only countries representing more than 1% of total exposures would be reported separately. Smaller country exposures would be aggregated into an "other countries" category.

Policymakers may consider encouraging a similar approach for physical emissions-intensity metrics where non-domestic exposures are material. For example, if a financial institution has material real estate exposures outside its domestic market, country-level emission intensity information would help supervisors assess whether the reported pathway reflects the underlying portfolio. Similarly, where a subsector accounts for more than 10% of a sector exposure and more than 1% of the total portfolio exposure, institutions could be encouraged to provide a more detailed breakdown. In commercial real estate, this may be relevant where a large share of exposure is concentrated in higher-emitting subsectors, such as certain logistics or warehouse assets, which may follow different decarbonisation pathways than offices or residential property.

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5

Framework for risk-assessment of net-zero commitments in the financial sector

This chapter develops the monitoring framework that supervisors can use to assess the prudential risks stemming from financial institutions' net-zero commitments. The framework combines a quantitative and a qualitative assessment, both organised at the level of economic sectors, and is grounded in current reporting practices and the data supervisors can realistically access. The quantitative component sets out which indicators supervisors may rely on for each type of institution – sector-level physical emissions-intensity metrics and targets where financial institutions, notably banks, report them, and internal-data measures such as decomposed sector-level WACI where they do not. The qualitative component provides a questionnaire on governance, risk-management and engagement practices, drawn from existing supervisory principles.

5.1. Chapter objective and structure

5.1.1. Chapter objective

This chapter develops the monitoring framework that DNB can use to assess the prudential risks that stem from financial institutions' net-zero commitments.

The monitoring framework is first established top-down. Financial institutions have publicly committed to net-zero emissions, and the preceding chapters have shown that legal and reputational risks can be mitigated by credible progress towards these commitments. Such progress can be assessed through alignment with sector-level physical emissions-intensity pathways.

At the same time, the approach is informed by a bottom-up review of current reporting practices, based on the analysis of publicly available disclosures by Dutch financial institutions. While existing regulatory and voluntary disclosure requirements are not always designed with prudential supervision as their primary objective, they are a good proxy for which information is currently available, comparable and easily accessible to supervisors.

Additionally, the framework considers information DNB has access to through its ongoing reporting channels with Dutch financial institutions. Incorporating this perspective ensures that the proposed approach remains grounded in reporting practices that can realistically be used in day-to-day supervision.

Further, the chapter includes an assessment of sectoral exposures of select financial institutions with net-zero pathways based on physical emissions intensity metrics (Section 5.2.2) – which the framework puts forward as the primary indicator for assessing legal and reputational risks related to net-zero commitments, as well as a relevant metric for assessing other climate-driven prudential risks. The analysis details the practical challenges that may arise in the context of such assessments and incorporates guidance for these in the supervisory framework.

5.1.2. Framework structure

The supervisory framework distinguishes between quantitative and qualitative assessment components. The quantitative dimension provides guidance on how supervisors can use climate-related indicators to assess the prudential risks that stem from financial institutions' net-zero commitments. Where relevant, it links climate-related indicators (e.g. financed emissions by sector or emissions-intensity alignment) with financial indicators (e.g. sectoral exposures, remaining maturities, Stage 2 exposures and non-performing exposures).

The framework does not provide a full overview of the prudential information supervisors typically use to assess credit, market, liquidity or operational risk. Indicators such as liquidity indicators, funding profiles, collateral management practices or market-risk sensitivities are discussed only where needed to explain how climate-related risk drivers may amplify traditional prudential risks.

The quantitative guidance is structured in three subsections. First, it sets out propositions that apply across financial sectors and risk channels. Second, it identifies the public disclosures, internal data and supervisory analyses that can support risk assessment (Table 5.1). Third, it provides practical guidance on how supervisors may use this information, drawing on the preceding analysis.

The qualitative assessment outlines general propositions, including a questionnaire for assessing financial institutions' governance, risk-management and engagement practices. The questionnaire translates existing supervisory principles and disclosure expectations into concrete questions, rather than introducing new requirements. It draws on the Basel Committee's Corporate Governance Principles for Banks, the EBA Guidelines on the management of ESG risks and IFRS S2. As such it does not create an additional

reporting burden for institutions and instead allows supervisors to assess information available in existing disclosures in a structured manner for climate-related risks.

The quantitative and qualitative assessments can be conceptually structured as in Figure 5.1 below. The rest of this section explains further.

Figure 5.1. Conceptual steps for quantitative and qualitative assessment of climate-related prudential risks

Quantitative assessment requires an economic-sector-level view and adequate emissions-intensity data, while qualitative assessment becomes especially important where data quality and availability is low

A. Conceptual steps for quantitative assessment of climate-related prudential risks

- 1 Assess the coverage and reliability of the underlying data, including reporting perimeter, data-quality indicators and methodological limitations.
- 2 Analyse exposures on an economic sector basis and identify material sector exposures using sectoral financed emissions, relevant for legal and reputational risk, and financial exposure, relevant for other prudential risks.
- 3 Assess pathway-alignment in material sectors, based on physical emissions-intensity metrics, interim targets and their deviation from net-zero pathways.
- 4 Where sectoral physical emissions-intensity shows deviation from net-zero pathways, consider metrics that help quantify the size of the potential risks; including sectoral emission and financial exposure together with credit-quality indicators, maturity and other relevant financial information.
- 5 When relying on second-best measures such as sectoral WACI, pathway alignment cannot be assessed directly. Supervisors may instead assess sectoral exposure trajectories over time and compare these between similar institutions in the same financial sector.
- 6 Potential supervisory engagement where material sector exposures show persistent misalignment, weak data quality or limited evidence of credible transition planning.
- 7 Complement quantitative indicators with qualitative assessment where data quality is particularly weak and data gaps remain, including transition planning, governance, risk-management, and engagement practices.

B. Conceptual steps for qualitative assessment of climate-related prudential risks

- 1 Assess the institution's mandate and business model, as these shape which sectors it finances.
- 2 Review transition plans and interim targets to assess whether pledged net-zero commitments are supported by time-bound implementation measures, including exclusion policies and financing criteria.
- 3 Review governance arrangements, including whether management bodies have clear responsibility for climate-related risk oversight and implementation of net-zero commitments.
- 4 Assess whether climate-related risks are integrated into risk appetite, risk management, scenario analysis and internal control processes.
- 5 Review engagement practices, including whether counterparties or investee companies are subject to measurable milestones, escalation processes and consequences where progress is insufficient.

5.2. Quantitative risk assessment of legal and reputational risks of net-zero commitments and climate-related prudential risks

5.2.1. General propositions

Legal and reputational risks related to net-zero commitments, as well as other prudential risks driven by climate-related factors, may need to be assessed on an economic sector basis. This is because net-zero pathways are generally defined for specific sectors and activities, using metrics that reflect how those sectors decarbonise. Climate-related risk drivers also affect sectors differently.

Supervisors should assess the coverage and reliability of the relevant data. This includes evaluating the reporting perimeter and disclosed data-quality indicators. This assessment helps supervisors determine the extent to which reported information can be relied upon, whether it should be complemented with third-party estimates, or whether further supervisory engagement is needed. It also informs the level of prudence applied when assessing apparent risks.

Where quantitative information is of lower quality or shows gaps that may be difficult to entirely overcome – such as for SNCIs, LSIs, or relatively smaller pension funds and insurers – supervisors may place greater emphasis on qualitative assessments, including transition planning, governance, risk management and engagement practices of financial institutions.

Supervisors may also monitor whether institutions expand reporting scope and improve data quality over time, thereby gradually reducing uncertainty in their supervisory mandate and increasing confidence in their assessments.

5.2.2. Assessing sector exposure alignment with net-zero commitments

The analysis of sectoral net-zero pathways described in this section uses physical emissions intensity metrics reported for bank loan books of large listed and non-listed institutions – currently the sole financial sector activity obliged to report such disclosures publicly.

The analysis here does not extrapolate past emission reduction progress against future emission levels, as progress towards targets does not necessarily follow a predetermined trajectory. For example, a bank may hold a number of relatively high-emitting assets in a sector where emission reductions have so far been limited, resulting in a relatively flat emissions reduction curve. However, if the bank can demonstrate that these loans are set to expire soon and will not be refinanced, the sector's emissions intensity could decline sharply once those exposures mature. Further, sectoral emissions pathways that financial institutions have followed historically are often non-linear and irregular in shape, making projection difficult. Therefore, this analysis focusses on monitoring and assessing financial institutions' current progress, rather than predicting future progress towards net-zero commitments.

For methodologically accurate comparisons, emissions-intensity reduction progress per sector must be assessed against appropriate sectoral emissions reduction pathways. Selecting an appropriate pathway requires consideration of the composition of sectoral portfolios, which often aggregate exposures across multiple subsectors and geographies, each associated with different emissions profiles and decarbonisation trajectories. In real estate, for example, emissions-intensity pathways differ between residential and commercial assets, and within residential portfolios between single-family and multi-family buildings, reflecting differences in building characteristics, energy use and renovation potential. In addition, required emissions-intensity reductions vary by country, due to differences in climate conditions, building standards, energy mixes and policy frameworks. Figure 5.2 and Figure 5.3 are based on pathways developed under the CRREM, presented in Section 2.4.3.

Figure 5.2 illustrates that real estate pathways can differ materially across countries and asset types. For instance, the required emissions intensity for residential single-family housing in 2030 differs by around 26% between Germany and the Netherlands. Given this heterogeneity, it is important that financial institutions clearly specify which pathways they apply and how these relate to the underlying composition of their portfolios.

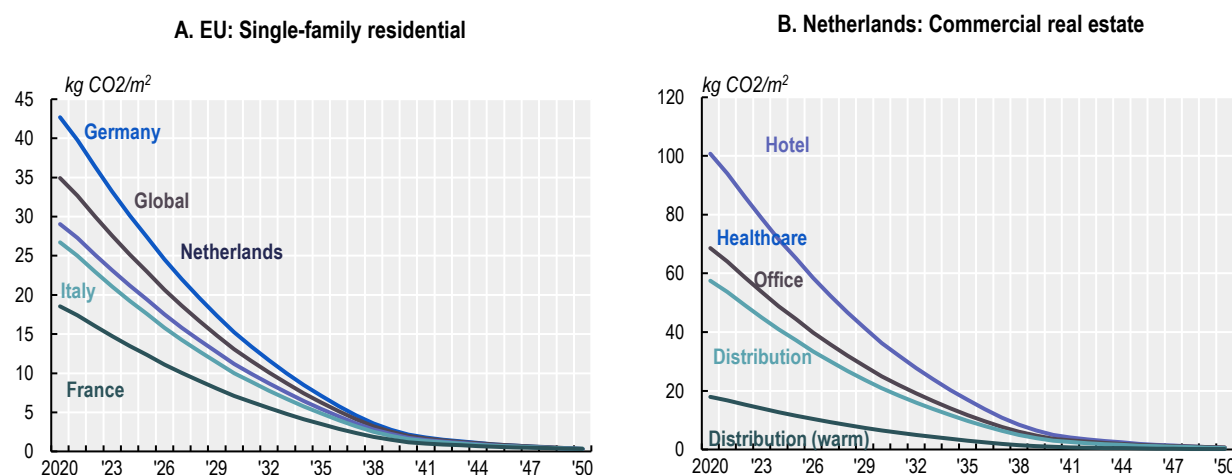
Large banks usually name the net-zero pathways they use to assess alignment of their sector exposures, albeit without further information on their country or subsector composition. They also do not explain the rationales for the pathways chosen in standardised fashion – e.g. whether a domestic pathway has been chosen because non-domestic exposures are less material in monetary size or emissions. Similarly, institutions typically do not disclose detailed country or subsector portfolio information of their sectoral exposures, making it difficult to assess whether the pathway corresponds adequately to the sectoral assets.

Figure 5.3 compares the reported physical emissions intensity of the three largest Dutch banks and their weighted average trend, by gross carrying amount, for the residential and commercial real estate sectors. All three banks operate in both the residential and commercial real estate sectors and report emissions intensity using comparable metrics, allowing for meaningful aggregation and comparison. Panel A compares their recent reported climate performance in real estate against the Netherlands' single-family residential real estate CRREM net-zero pathway.

Differences in pathways have practical impacts (Figure 5.2). Bank A applies the latest CRREM version 1.5°C pathway for its residential mortgage portfolio, but does not clarify whether the pathway is weighted according to the country distribution of its real estate portfolio, nor does it provide a country-level breakdown of its residential mortgage exposures (Figure 5.3). This limits the extent to which supervisors can assess whether reported targets are aligned with the relevant physical emissions-intensity pathways applicable to the underlying exposures.

Figure 5.2. CRREM emissions intensity pathways by region and real estate type

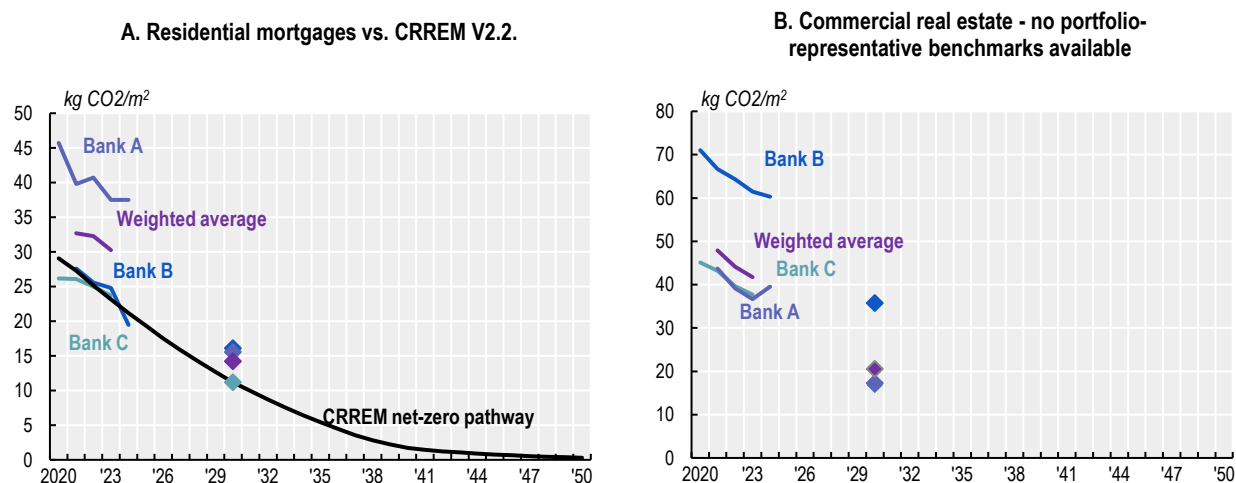
While pathways converge towards 2050, differences in the short and medium term can be sizeable – such as a 26% difference in the required kgCO_2/m^2 intensity for residential single-family mortgages in Germany and the Netherlands in 2030.



Source: CRREM V2.

Figure 5.3. Physical emissions-intensity of Dutch banks' residential and commercial real estate portfolios

Two of the three largest Dutch banks' residential mortgage portfolio align with the corresponding net-zero pathways, and reported information allows for comparisons and aggregated assessments



Notes: Targets reflect the latest reported information for each bank. Bank A's real estate targets are based on its 2023 annual report. The bank removed these targets from its FY 2024 disclosure.

1. In Panel A, the CRREM net-zero pathway represents CRREM's most up-to-date (version 2.2) single-family net-zero pathway for the Netherlands.
2. In Panel B, a representative commercial real estate pathway would need to consider banks' commercial real estate portfolio exposure to the following categories: office, retail high-street, shopping centres, retail warehouses, hotel, distribution warehouse (cold and warm, respectively), healthcare, lodge/leisure. While individual banks presumably use their internal data to compute their corresponding CRREM commercial real estate pathway, they currently do not disclose such information. Therefore, the analysis is unable to compare their pathways against an aggregate or their individual CRREM pathways in this category. Analyses are subject to limited data quality. Therefore, analysis as the above may not describe economic realities accurately and should be considered with variation and unknown confidence intervals. Although the exact distance between reported performance or targets and net-zero pathways may therefore be uncertain, the analysis nevertheless helps supervisors assess the direction and pace of changes over time.

Source: CRREM, Company Reports.

Panel A of Figure 5.3 compares the banks' reported emissions intensity in the residential real estate sector against the Netherlands-specific single-family CRREM pathway. The comparison shows that two banks' reported targets align with the pathway, while one bank reports a deviation.

Deviations from the pathway can reflect several factors. Deviations may indicate slower progress towards net-zero alignment, as well as differences in portfolio composition, such as greater exposure to countries or subsectors with different emissions baselines or more lenient pathways (Figure 5.1, Panel A). A more detailed comparison is not possible because banks currently do not publicly disclose country breakdowns for their sector exposures.

Panel B of Figure 5.3 compares the banks' reported physical emissions intensity in the commercial real estate sector. An equivalent science-based net-zero pathway is not shown due to data limitations. Constructing such a benchmark would require a weighted pathway reflecting each bank's exposure to different commercial real estate subsectors. Nevertheless, the banks disclose their required 2030 convergence values for most reported sectors, indicating that they benchmark their progress internally against sector- or subsector-weighted trajectories.

Even without a harmonised benchmark, peer comparisons can still provide useful supervisory insight. Differences in reported emissions intensities may highlight institutions whose portfolios or targets deviate

materially from those of comparable peers. In the case shown in Panel B, Bank A reports higher physical emissions intensity and higher target levels than the other two institutions, although these differences may partly reflect variation in portfolio composition.

Where exposures overlap, institutions sometimes report sector emissions using different metrics, which limits comparability. For instance, in the automotive sector, two banks measure their exposure in kilograms of CO₂ per vehicle-kilometre, while the third bank uses tonne-kilometres, – a metric that accounts for both vehicle distance and cargo weight – making direct comparison with vehicle-kilometres difficult.

5.2.3. Indicators relevant for the risk assessment

Table 5.1 structures the information supervisors may rely on when assessing prudential risks. The framework does not position these indicators as stand-alone quantitative criteria. They should be assessed together with institutions' own risk assessment, scenario analysis and stress-testing practices, where available. This reflects the way climate-related risks are commonly assessed in supervision: reported indicators can help identify potential vulnerabilities, while scenario analysis and stress testing help assess how these vulnerabilities may affect institutions under adverse transition or physical-risk assumptions.

Pathway-alignment analysis is particularly relevant for assessing prudential risks related to net-zero commitments. It also helps supervisors identify whether sector exposures may become more vulnerable to other prudential risks driven by climate-related factors. Supervisors should therefore assess pathway information together with sectoral information on financial exposure and financed emissions. For large listed and non-listed banks, EBA ESG Pillar 3 Template 1 provides relevant information on sectoral exposures, financed emissions, maturity and credit quality. For pension funds, insurers and other banks, supervisors may rely on internal data on positions and holdings, which may be matched with emissions estimates. Because there are currently no disclosure or supervisory reporting requirements covering such information for these sectors, the relevant data is not yet available or reported across these financial sectors. Therefore, supervisors may use sectoral weighted average carbon intensity as an alternative measure in these sectors.

Table 5.1. Quantitative indicators for supervisory risk assessment

Supervisors should ideally rely on sectoral intensity-based indicators to assess emission trajectories, and sectoral emissions and financial exposures to assess the extent of prudential risks

	Credit, market and liquidity risk	Legal and reputational risk	Other operational risk
Large listed and non-listed institutions	• Sector-level physical emissions-intensity metrics and targets (EBA Template 3) • Sectoral financed emissions and financial exposure (EBA Templates 1 and 3) • Where material, information on real estate collateral energy efficiency (EBA Template 2) and counterparties (EBA Template D 04.00)	• Sector-level physical emissions-intensity metrics and targets (EBA Template 3) • Sectoral financed emissions and financial exposure (EBA Templates 1 and 3)	• Data scope and coverage; PCAF scores where disclosed; other/internal methodologies • Governance and risk-management
Other non-listed institutions	• Internal data for carbon-intensive sector exposures • Engagement for particularly carbon-intensive holdings and positions	• Decomposed economic sector WACI based on internal data • Reduction in total and economic sector absolute financed emissions	• Data scope and coverage; PCAF scores where disclosed; other/internal methodologies • Governance and risk-management

	Credit, market and liquidity risk	Legal and reputational risk	Other operational risk
SNICs and LSIs	- Internal data for carbon-intensive sector exposures - Engagement for particularly carbon-intensive holdings and positions	- Decomposed economic sector WACI based on internal data - Reduction in total and economic sector absolute financed emissions	- Data scope and coverage; PCAF scores where disclosed; other/internal methodologies - Governance and risk-management
Pension funds	- Internal data for carbon-intensive sector exposures - Engagement for particularly carbon-intensive holdings and positions	- Decomposed economic sector WACI based on internal data - Reduction in total and economic sector absolute financed emissions	- Data scope and coverage; PCAF scores where disclosed; other/internal methodologies - Governance and risk-management
Insurers (investments)	- Internal data for carbon-intensive sector exposures - Engagement for particularly carbon-intensive holdings and positions	- Decomposed economic sector WACI based on internal data - Reduction in total and economic sector absolute financed emissions	- Data scope and coverage; PCAF scores where disclosed; other/internal methodologies - Governance and risk-management

Notes: EBA Template D 04.00 refers to the proposed supervisory reporting to competent authorities in the EBA's April 2026 proposed simplification of supervisory reporting. The report recognises that supervisors may treat climate-driven risks arising from insurance underwriting separately, given their distinct business nature. In insurance underwriting, climate-related risks arise through the liabilities insurers assume when covering policyholders' risks. Higher underwriting-related emissions, or slower reductions in such emissions, do not necessarily mean that the insurer faces higher transition risks. They may instead reflect slower transition in the insured real economy. However, prudential concerns may arise where climate-related risks are not adequately identified, priced or managed in underwriting practices.

5.2.4. Practical guidance

For carbon-intensive sectors, where available, supervisors may compare reported physical emissions-intensity metrics and interim targets with the referenced net-zero pathways used by the institution. Based on publicly reported and supervisory data, this is largely only possible for significant banks that list their equity.

Where substantial deviations from pathways occur for material sector exposures, supervisors may consider further supervisory engagement. For financial institutions for which such information is not available, supervisors may analyse decomposed sectoral WACI trajectories instead.

Where intermediate targets are disclosed but not yet aligned with net-zero pathways, supervisors may encourage financial institutions to disclose what a pathway-aligned intermediate target would be, reflecting their subsector exposures. Supervisors may also request additional qualitative information on how the institution's transition plan mitigates risks arising from these sector exposures.

When financial institutions set intermediate targets that are not yet fully aligned with net-zero pathways (as for Bank B in Figure 5.3), it may be useful for the supervisor to monitor both the current distance to the net-zero-aligned target, and its distance to the bank's stated target.

Even when targets appear to align with net-zero pathways, supervisors and institutions should verify that the chosen benchmark reflects the portfolio's actual composition. That is because differences between the net-zero pathway requirement of different countries or subsector exposures can be substantial (Figure 5.2). If subsector composition is unclear, supervisors may request more granular disclosure of portfolio composition to assess alignment against representative sector pathways.

When large institutions do not disclose or bilaterally communicate sector-level targets for carbon-intensive sectors, supervisors may consider further supervisory engagement.

Materiality thresholds may be applied to prioritise sectors or counterparties based on exposure size in financial terms and emissions contribution. Large financial exposures may indicate higher potential prudential materiality. Nevertheless, sectors with high financed emissions may be relevant for legal and

reputational risk, even where the financial exposure is smaller. Supervisors may therefore need to consider both dimensions when selecting sectors or counterparties for closer assessment and engagement.

5.3. Qualitative risk assessment of legal and reputational risks of net-zero commitments and climate-related prudential risks

5.3.1. General propositions

Supervisory assessments of risks related to net-zero commitments should consider both reported data and forward-looking information, including targets where available. Where such data is incomplete or of low quality, supervisors may place greater weight on whether the institution has a credible transition plan, including arrangements to manage risks from misalignment with net-zero commitments. This includes: (i) whether the institution's mandate and business model are consistent with reducing transition-sensitive exposures; (ii) whether sector strategies include exposure limits or financing criteria for high-emitting activities exposed to transition risks; (iii) whether counterparty engagement includes measurable milestones and escalation mechanisms; (iv) whether climate-related risks are integrated into credit, investment, liquidity and scenario-analysis processes; and (v) whether governance assigns clear accountability for implementation and monitoring.

Mandate matters because it can shape the sectors an institution finances and the risk profile of those exposures. For example, Dutch healthcare institutions operate under the Green Deal for Sustainable Healthcare, which aims to reduce CO₂ emissions and climate-neutral healthcare by 2050, while housing associations are linked to the national objective of a CO₂-neutral housing stock by 2050. Where lending is concentrated in sectors with public mandates or sector-wide transition commitments, transition risk dynamics may differ from those of commercial portfolios with larger exposures to carbon-intensive corporate sectors. Guarantees by public authorities may also reduce prudential credit risk where they apply. These elements help supervisors assess whether reported targets are supported by credible processes and whether climate-related risks are actively managed.

Exclusion policies and minimum standards may act as prudential risk mitigants. For example, an institution may prohibit new financing for thermal coal expansion, require oil and gas clients to have credible transition plans, or apply minimum energy-efficiency standards for new real estate financing. Such policies can reduce legal and reputational, and other prudential risks. They may also lead to a materially different transition risk profile compared with portfolios that show declining emissions intensity but still retain material exposure to high-emitting activities. Where such policies are clear and binding, especially for smaller and less complex institutions, the quantitative assessment may be less demanding.

For smaller or specialist banks, limited exposure to carbon-intensive sectors may reflect deliberate strategic non-exposure rather than weak reporting or data gaps. Supervisors should therefore distinguish between exclusions based on mandate or risk appetite, and limited information caused by methodological constraints. This distinction can help avoid misinterpreting low reported exposure as poor disclosure, or weak reporting as low risk.

The assessment should remain focussed on prudential risks stemming from misalignment with net-zero commitments. However, information on capital allocation can provide complementary supervisory insight. Two institutions with similar emissions intensities may have different real-economy impacts depending on whether they mainly finance incumbent firms on credible transition pathways or direct solutions such as renewable energy, circular economic activities or nature-based solutions. Such information should not replace risk assessment, but it can help supervisors understand the credibility of transition strategies and the institution's role in reducing future climate-related risk drivers.

5.3.2. Questionnaire for assessing governance, risk-management and engagement practices

In addition to quantitative metrics, central banks and supervisors may assess progress towards net-zero commitments through regular qualitative assessments. Such assessments may help determine whether financial institutions have robust governance, risk management and engagement frameworks in place to identify, manage and mitigate climate-related risks and support the achievement of their net-zero commitments.

The questionnaire set out below was developed by translating existing supervisory principles and disclosure expectations into concrete, assessable questions, rather than by introducing new requirements. It draws on the Basel Principles for Banks, the EBA Guidelines on the management of ESG risks, and IFRS S2, which set out high-level expectations on governance, risk management, internal controls, and transition planning, but do not prescribe specific question formats.

The questions were formulated by identifying the relevant principles and expectations in these frameworks and operationalising them into clear supervisory checks, with an explicit focus on climate-related and net-zero transition risks. The fourth column in the table specifies the underlying principles or sections from which each question is derived.

Based on publicly available disclosures, the reporting of the six largest Dutch banks has been sufficient for answering most of the below questions positively, with minimal exceptions (questions 8 and 12). By contrast, for smaller banks, insurers and pension funds, public reporting would often be insufficient to address all the topics covered by the questionnaire. It may, therefore, be useful for bilateral engagements between DNB and non-bank financial institutions and smaller banks.

Especially in light of the limited data quality (highlighted in Section 3.3.) supervisors should pay attention to whether financial institutions have established clear responsibilities within their management bodies for climate-related risk oversight, integrated climate-related risks into their risk appetite frameworks, and developed credible transition plans with time-bound targets linked to their business strategy.

Table 5.2. Governance, risk-management and engagement questionnaire

Where quantitative information is weak, incomplete or indicates misalignment with targets, qualitative assessment can help supervisors evaluate whether risks are being identified, governed and managed effectively

No.	Question	Source document	Section/Principle
A. Governance			
1	Is the board responsible for overseeing the institution's strategy, including net-zero commitments?	Basel Principles for Banks	Principle 1 (Board responsibilities)
2	Has the board set clear net-zero objectives and integrated climate-related risks, including net-zero transition risks, into the institution's risk appetite and strategic frameworks?	EBA Guidelines; Basel Principles for Banks	Title II points 22(b), 23; Basel Principle 1
3	Does the board receive regular updates on the institution's progress towards its net-zero targets?	Basel Principles for Banks; EBA Guidelines	Basel Principle 1; EBA Title II points 24-25
4	Has senior management been tasked with implementing the board-approved net-zero strategy?	Basel Principles for Banks	Principle 4 (Senior management role)
5	Is there a designated executive responsible for climate-related risks?	EBA Guidelines	Title V, Section 20 (Risk management function)
6	Does the institution have an independent risk management function that covers climate-related risks?	Basel Principles for Banks; EBA Guidelines	Basel Principle 6; EBA Title V Section 20
7	Is the Chief Risk Officer (CRO) independent, and does the board approve appointments and dismissals of the CRO?	Basel Principles for Banks	Principle 6 (CRO independence)

No.	Question	Source document	Section/Principle
8	Is senior management remuneration linked to the achievement of long-term sustainability goals, including climate-related and net-zero targets?	Basel Principles for Banks; EBA Guidelines	Basel Principle 11; EBA Title II point 22(f)
B. Risk Management			
9	Has the institution integrated climate-related risks, including net-zero transition risks, into its risk management framework?	EBA Guidelines	Title II point 23; Title V Section 17
10	Are climate-related risks assessed using stress testing and scenario analysis?	Basel Principles for Banks	Principle 7 (Risk identification and assessment)
11	Are climate-related risks explicitly incorporated into the institution's risk appetite and limits setting?	EBA Guidelines	Title II points 22(b), 23; Title V Section 17
12	Does the internal audit function regularly review how climate-related risks are managed?	EBA Guidelines	Title V, Section 22 (Internal audit function)
13	Does the compliance function monitor whether the institution meets climate-related legal obligations and internal sustainability policies?	EBA Guidelines	Title V, Section 21 (Compliance function)
C. Stewardship / Engagement			
14	Does the institution disclose how it engages with clients, counterparties or investees on climate-related risks and transition plans, and whether it monitors progress or outcomes from such engagement?	EBA Guidelines; ECB Guide on climate-related risks	Title V – Section 4: Risk management function (points 57-59); Expectation 7
D. Transition Planning			
15	Does the institution have a comprehensive transition plan in place with sector-specific decarbonisation strategies or pathways and clear phase-out timelines for carbon-intensive assets?	IFRS S2	Paragraph 14 (Transition plan disclosure) – and added detail on transition plan execution by OECD team

Notes: Supervisors may use the questionnaire proportionately and focus bilateral questions on areas where public disclosures are insufficient, unclear or indicate potential weaknesses in governance, risk management or transition planning.

Source: Based on EBA Guidelines; Basel Committee's Corporate Governance Principles for Banks.

Annex A. International comparison of high-level emissions-related information

Metrics for listed financial institutions

Below, the analysis presents statistics on the disclosure of baseline and target years, as well as baseline emissions, for Europe, Europe excluding the Netherlands, the Netherlands, the United Kingdom and Italy, using data from listed financial companies. The metrics included provide insight into the state of emissions reporting by financial institutions in the Netherlands while providing a global average, regional average, for comparison. For these metrics, financial institutions in the Netherlands have more widespread reporting practices than the benchmark jurisdictions included.

Emissions baseline and target years

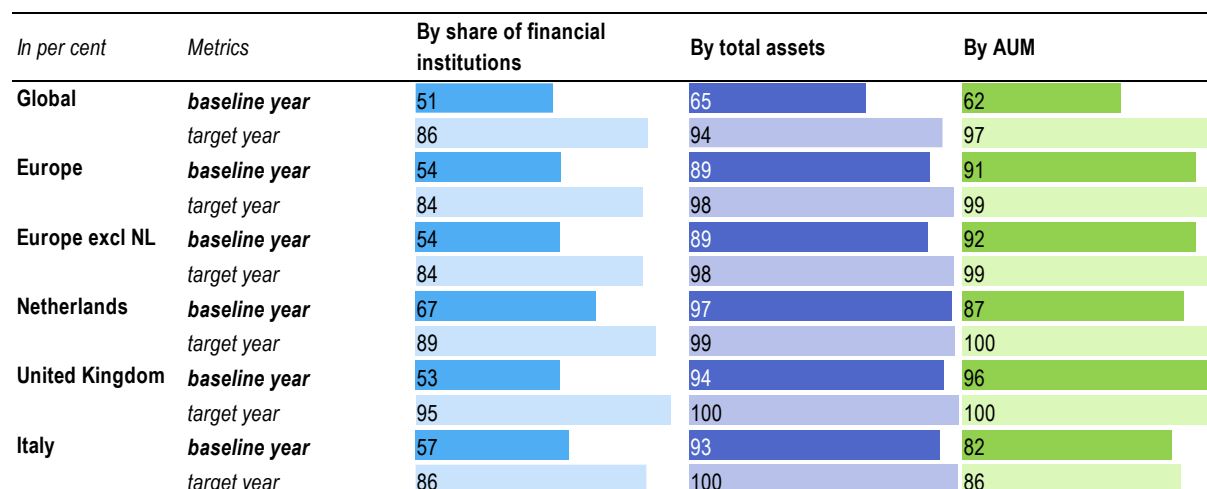
Disclosure of baselines, target years and quantitative goals support transparency and progress tracking. While, in principle, the choice of a baseline year is not decisive if an institution's sectoral exposures are aligned with physical emissions-intensity pathways to net-zero, most institutions are not yet fully aligned across their portfolios in practice. As a result, baseline years remain relevant in external communication and supervisory dialogue, as they provide a reference point for demonstrating interim progress and transparency in efforts to improve alignment with net-zero pathways over time.

Providing a baseline year and target year is necessary for investors and stakeholders to assess the meaning of GHG emissions reduction targets for an individual company. In general, the availability of the target year is higher than that of the baseline year for the dataset analysed. Around half of the financial institutions with a stated target year but no corresponding base year have disclosed a net-zero target. In any case, the information provided by financial institutions that lack either base or target information may be insufficient for external evaluation. These metrics are computed by number of firms, by total assets and by assets under management (AUM). Total assets represent everything a company owns, while assets under management (AUM) refers to the investments a firm manages on behalf of clients.

Globally, the baseline year is available for only half of the companies disclosing reduction targets (65% by total assets and 62% by AUM), while 86% of companies (94% by total assets and 97% by AUM) disclosed the target year (Figure A A.1). In Europe, 54% of companies (89% by total assets and 91% by AUM) disclose baseline years, while 84% of companies (98% by total assets and 99% by AUM) disclose target years for their emissions targets. These figures are significantly higher in the Netherlands, where 67% of companies (97% by total assets and 87% by AUM) disclose a baseline year for their targets and 89% of companies (99% by total assets and 100% of AUM) disclose a target year for their emissions targets.

Figure A A.1. Financial institutions with emission targets disclosing baseline and target years, 2024

Disclosure of baseline and target years is lower by institution count than by total assets and AUM, indicating stronger disclosure among larger financial institutions.



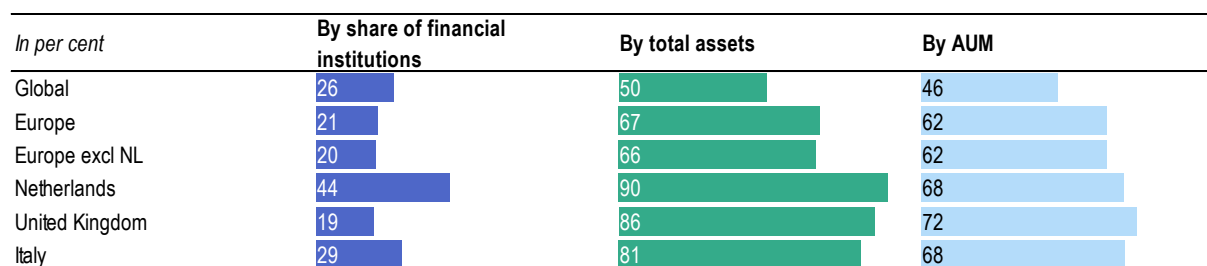
Note: The disclosure of listed financial institutions with GHG targets is based on available information from 908 listed financial institutions disclosing reduction targets. The analysis includes information from 461 and 783 listed financial institutions, 6 and 8 of which are in the Netherlands, that disclose a baseline year and a target year, respectively.

Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, LSEG, SBTi Target Dashboard.

The disclosure of baseline emissions provides a clear reference point and enables effective monitoring. Compared with other target details, the baseline emissions are least disclosed by financial companies. Only 26% of listed financial institutions with emissions targets (50% by total assets and 46% by AUM) at a global scale disclosed their baseline emissions (Figure A A.2). In Europe, this percentage is lower, at 21% of financial institutions (67% by total assets and 62% by AUM), while in the Netherlands 44% of financial institutions (90% by total assets and 68% by AUM) disclosed their baseline emissions.

Figure A A.2. Listed financial institutions disclosing baseline emissions, 2024

In the Netherlands, baseline emissions disclosure is higher than in other regions by institution count and covers 90% of total assets.



Note: The disclosure of listed financial institutions with GHG emission targets is based on available information from 908 listed financial institutions disclosing reduction targets. The analysis includes information from 237 listed financial institutions that disclose baseline emissions, 4 of which are in the Netherlands (2 insurance companies and 2 retail/commercial banks).

Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, LSEG, SBTi Target Dashboard.

Annex B. Details on disclosure frameworks and reporting of financial institutions in practice

Corporate Sustainability Reporting Directive (CSRD) and International Financial Reporting Standards (IFRS)

The CSRD supports the EU's goal of achieving carbon neutrality by 2050 by improving corporate transparency on sustainability, including climate-related disclosures relevant to assessing transition risks. To meet CSRD requirements, companies must report information in line with the ESRS, covering a broad range of environmental, social, and governance issues, including climate change, biodiversity and human rights.

As of the end of 2024, the ESRS are the most frequently adopted standard, used by 46% of the jurisdictions covered by the OECD Corporate Governance Factbook (OECD, 2025^[1]). The International Financial Reporting Standards (IFRS) Sustainability Standards set by the International Sustainability Standards Board (ISSB) are the second most commonly used sustainability standards, adopted by 17% of OECD Factbook jurisdictions.

Table A B.1 illustrates the interoperability between the ESRS E1 Climate Change and the IFRS S2 Climate-related Disclosures for a set of defined climate-related metrics, showing commonalities covered by these frameworks (OECD, 2026^[2]). However, there is limited alignment on specific metrics and calculation methods to assess the progress of financial institutions towards their net-zero targets. For each metric, the table indicates whether it is required by the ESRS E1 and the IFRS S2, and whether it is available from the major commercial data providers (LSEG, Bloomberg, Morningstar, and MSCI). The existence of disclosure requirements in those standards may signal that any data gaps for the relevant metrics and information points would be expected to be reduced soon with the broader adoption of the ESRS E1 and the IFRS S2.

Table A B.1. Most commonly reported information and metrics for financial institutions in IFRS S2 and ESRS E1

Climate-related metrics	IFRS S2	ESRS E1	Availability by commercial data providers
GHG emission metrics			
Historic and current absolute GHG emissions	IFRS S.2.29(a) IFRS S2.B19–B63	ESRS E1.6 (44-52) ESRS E1.6 (53 ¹ -55) ESRS E1.AR39-52	Commonly available
GHG emission targets (short, medium and longterm)	IFRS S2.33-37	ESRS E1.4 (30) ESRS E1.4 (34) ESRS E1.AR23-31	Commonly available
GHG emissions intensity ²	IFRS S2.33 IFRS S2. B66	ESRS E1.4 (53) ESRS E1.5 (40) ESRS E1.6 (34a)	Not available

Climate-related metrics	IFRS S2	ESRS E1	Availability by commercial data providers
Alignment assessment with a benchmark, incl. Paris Agreement	IFRS S.22(b)	ESRS E1.16(a) ESRS E1.AR5	Not available
Use of offsets (current and future)	IFRS S2.36(e)	ESRS E1.7 E1.AR56-64	Not available
Portfolio composition metrics			
Portfolio share in low GHG assets and climate solutions	IFRS S2.16(c) IFRS S.2.29(e)	ESRS E1.16(c)(e)	Not available
Portfolio share in assets consistent with net-zero, or with targets assessed on alignment	IFRS S2.16(c) IFRS S.2.29(e)	ESRS E1.16(c)	Not available
Portfolio share in carbon-intensive assets and assets exposed to transition risks and phase out	IFRS S.2.29(b)(c)(e)	ESRS E1.16(d)	Not available
Investment allocation practices driving GHG emissions reductions	--	ESRS E1.16(b)	Not available
Overall portfolio composition and sector coverage	IFRS S.2.29(e)	--	Not available
Engagement metrics			
General engagement/stewardship practices	--	--	Commonly available
Voting procedures and practices	--	--	Not available
Engagement escalation process	--	--	Not available
Collaborations and alliance engagements	IFRS S.22(b)	ESRS E1.16(a) ESRS E1.AR5	Commonly available
Advocacy-based activities	--	--	Not available
Strategy and governance metrics			
Remuneration linked to climate performance	IFRS S.2.29(g)	ESRS 2 GOV-3 (13)	Commonly available
Management/Board oversight and accountability	IFRS S.2.6(a)(b)	ESRS E1.13	Commonly available
Integration of climate considerations in internal reporting and analytical processes	IFRS S.2.6(b)(ii) IFRS S.2.15-21 IFRS S.2.22 IFRS S.2.24-26	ESRS E1.20-25 ESRS E1.26-29 ESRS E1.65-70 ESRS E1.AR8 ESRS E1.AR11-12 ESRS E1.AR13-15 ESRS E1.AR70-74	Not available
Integration of climate considerations in strategic decision-making and investment strategies	IFRS S.2.14(a)	ESRS E1.26 ESRS E1.28 ESRS E1.AR31	Commonly available
General strategy on climate goals and transition plans	IFRS 2.14(a)(b)(c)	ESRS E1.1 (14-15) ESRS E1.19 ESRS E1.26 ESRS E1.28 ESRS E1.AR1-2 ESRS E1.AR8 ESRS E1.AR31	Commonly available

1. According to ESRS E1.53, companies shall disclose the GHG emission intensity based on net revenue.

2. While ESRS E1 specifically refers to net revenue-based emissions intensity, IFRS S2 does not prescribe any specific intensity-based measure.

Source: OECD (2026^[2]), Mapping climate-related metrics in the financial sector, <https://doi.org/10.1787/e91736e8-en>

EBA Pillar 3 climate risk disclosure requirements

The EBA Pillar 3 ESG disclosure framework provides a structured and standardised set of information points that can support assessment of transition risks – such as asset stranding. Notably through Templates 1, 2 and 4. These templates allow supervisors to identify where and how transition risks may materialise on banks' balance sheets.

Template 1 enables a sector-by-sector assessment of banks' exposures to non-financial corporations, based on harmonised economic activity classifications. It combines information on the size of exposures with indicators of credit quality (such as the share of exposures that have experienced a significant increase in credit risk or are non-performing – i.e. where the borrower is unlikely to repay in full or is more than 90 days past due), financed emissions, accumulated impairments and remaining maturities. This information allows supervisors to assess whether carbon-intensive sectors also exhibit signs of elevated credit risk or long-dated exposures, which may be particularly vulnerable to tightening climate policies, technological disruption or demand shifts.

Template 2 links real estate-backed lending exposures to the energy efficiency of the underlying collateral, using both qualitative labels and quantitative energy-consumption indicators, while also disclosing the extent of missing or estimated data. This enables supervisors to identify banks with a material share of collateral that may be exposed to transition risks stemming from building-related climate policies, such as stricter efficiency standards or renovation requirements, which could adversely affect collateral values.

Template 4 provides information on banks' aggregate exposure to the world's highest-emitting corporates, including the size and maturity of such exposures. This allows supervisors to assess concentration risks linked to a small number of globally significant emitters whose business models may face structural challenges in a net-zero transition. High exposure to such counterparties may amplify credit, market and reputational risks in the event of abrupt policy or market adjustments.

Taken together, these templates allow supervisors to form a risk-focused view of banks' transition exposure, complementing alignment metrics by highlighting where deviations from net-zero pathways could translate into financially material prudential risks.

Table A B.2 provides an overview of all quantitative templates and their purpose for assessing climate-related financially material risks.

Table A B.2. EBA Pillar 3 ESG risk disclosure templates

Template number	Information points and key financial risks
Template 1 (transition risks)	- Standardised, sector-by-sector breakdown of banks' banking book exposures to non-financial corporations, based on their NACE economic activity codes. - Uniform for all banks. Including the gross carrying amount, financed emissions (Scope 1, 2, and 3), the proportion of exposures in Stage 2¹ and classified as Non-Performing² (NPE), accumulated impairment, and the remaining maturity profile broken down into buckets of less than or equal to 5 years, 5-10 years, 10-20 years, and over 20 years, and including their weighted average. Credit risk arising from increases in the probability of default (PD) and the loss given default (LGD) of counterparties, especially for low credit quality and long-term exposures. Market risk deriving from adverse changes in the fair value of financial assets, especially for long-term positions, more exposed to abrupt repricing and higher volatility driven by transition-related shocks.
Template 2 (transition risks)	- Standardised breakdown of real estate-backed loan book, linking the gross carrying amount of these exposures directly to the energy efficiency of the underlying property collateral. - Link quantitative energy consumption (kWh/m²) and qualitative Energy Performance Certificate (EPC) labels (from A to G), while highlighting the volume of exposures with missing official labels and the percentage of data that is estimated. - Allows central banks to identify which institutions have significant collateral value at risk from climate transition policies, such as mandatory building renovations or carbon taxes, which could render inefficient "brown" properties more costly to operate / less valuable. Credit risk due to collateral depreciation and potential stranded assets, increasing LGD.
Template 3 (transition risks)	- Sector-level alignment metrics that compare financed activities against science-based net-zero emissions-intensity pathways. - Typically includes baseline year, current metric value, interim targets (often 2030), and an indication of the distance to target and/or alignment with the reference pathway, alongside explanations of methodology, scope and data coverage.

Template number	Information points and key financial risks
	Enables supervisors to assess whether banks' material sector exposures are evolving in line with Paris Agreement-consistent decarbonisation trajectories.
	Credit risk arising from higher PD and LGD of counterparties. Reputational risk from loss of confidence and image deterioration due to targets' misalignment. Legal and compliance risk deriving from potential climate litigation and greenwashing.
Template 4 (transition risks)	- Aggregate exposure to the 20 corporations worldwide with the highest absolute carbon emissions. Includes the total gross carrying amount of these exposures, their percentage of the total banking book, the portion classified as "environmentally sustainable," and the average maturity. - Allows central banks to identify the according risk, ensuring no single institution is overexposed to a handful of "carbon giant" counterparties whose business models could be fundamentally at odds with a net-zero transition.
	Credit risk deriving from impairment of their credit quality and eventually credit losses. Market risk arising from potential equity devaluation and abrupt repricing as markets anticipate transition policies Reputational risk deriving from exposures to allegedly controversial companies. Legal risk arising from potential climate litigation and greenwashing exposures.
Template 5 (physical risks)	- Exposures that are potentially vulnerable to physical climate risks, distinguishing between acute hazards (e.g. floods, storms, wildfires) and chronic hazards (e.g. heat, sea-level rise). - Structured view of the volume and share of exposures subject to these risks, typically by relevant asset classes/counterparties and geographic breakdowns, and may include information on risk assessment approaches and data limitations. - Allows supervisors to identify banks with comparatively higher concentrations of physically exposed assets and to gauge where physical risk could translate into credit, market or operational risk channels.
	Credit risk arising from higher PD and LGD of counterparties. Market risk due to higher market volatility. Operational risk deriving from physical disruption and business continuity impacts.
Templates 6-9 (EU taxonomy-aligned exposures)	Share of their activities that are aligned with the EU Taxonomy, including the calculation of taxonomy KPIs such as the GAR and the BTAR, and related breakdowns of taxonomy-aligned exposures.
	Reputational risk due to loss of confidence and image deterioration. Compliance risk deriving from disclosure failure and greenwashing exposures.
Template 10 (climate mitigation actions not covered in the EU Taxonomy)	- Climate mitigation actions and exposures that contribute to transition objectives but are not captured as taxonomy-aligned, such as certain green bonds and sustainability-linked products. - Provides visibility on the scale of banks' mitigation-related activities beyond the Taxonomy perimeter and can be used to understand how institutions support decarbonisation outside the Taxonomy.
	Reputational risk due to loss of confidence for lack of mitigation actions.

Notes: Black text summarises the information each EBA template requires banks to disclose. Blue text is the OECD's attribution of the prudential risks that the disclosed information may help assess; it is indicative and not exhaustive. (1) Loans classified as Stage 2 represent exposures with a significant increase in credit risk since initial recognition. (2) Non-performing loans represent loans where the borrower is unlikely to repay in full or is more than 90 days past due.

Source: EBA (2025^[3]), Final Report - Guidelines on the management of environmental, social and governance risks, <https://www.eba.europa.eu/sites/default/files/2025-01/fb22982a-d69d-42cc-9d62-1023497ad58a/Final%20Guidelines%20on%20the%20management%20of%20ESG%20risks.pdf>; (EBA, 2022^[4]), EBA publishes binding standards on Pillar 3 disclosures on ESG risks, <https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-binding-standards-pillar-3-disclosures-esg>, except for the risk assessment in the second column.

The disclosures enable a comprehensive assessment of credit risk (e.g. through exposures to high-carbon sectors and stranded assets), market risk (e.g. through valuation impacts on carbon-intensive assets), liquidity risk (e.g. through potential capital flight from transition-exposed portfolios), and different operational risk (e.g. through physical damage to assets and business continuity disruptions).

Central banks can refer to the EBA Pillar 3 ESG risk disclosure for assessing risks stemming from stranded assets, hard-to-abate sectors and high-carbon assets (templates 1 to 4) and risks arising from a lack of climate adaptation and physical exposure and vulnerability to climate events (template 5). Specifically, the

information disclosed in template 3 enables monitoring alignment of financed emissions with physical emissions-intensity pathways.

Templates 6 to 10 allow for measuring the proportion of a bank's financing to EU Taxonomy-aligned activities.

Detailed reporting of financial institutions in the UK and Italy

Banks

The analysis presents information from the sustainability and annual reports of two large European banks, one based in Italy and one in the United Kingdom, each among the largest banks by total assets in their respective countries.

Generally, the British bank's reporting provides fewer data points than the Italian bank and the largest Dutch banks. The British bank lacks coverage of several key economic sectors and does not report measures of financial and emissions exposure for some of the industries that are present in the report. The Italian bank's emissions disclosure is more comprehensive and comparable to the most complete sustainability-related disclosure by Dutch banks.

United Kingdom

Table A B.2 provides an overview of the emissions metrics and targets set by the British bank. These emissions are reported for industries considered to have high and hard-to-abate emissions. However, residential and commercial real estate portfolios, which may constitute a substantial portion of total assets and financed emissions, are not covered in the bank's recent publications. The bank also does not disclose the absolute financed emissions attributable to each sector – except for oil and gas, and thermal coal and mining – nor the monetary exposure to individual carbon-intensive sectors. As a result, the absence of complete financial and emissions exposure data limits the ability to prioritise exposures based on both monetary size and emissions contribution.

The British bank sets a 2030 decarbonisation target range based on the International Energy Agency's (IEA) Net Zero Emissions (NZE) and Announced Pledges Scenario (APS). The NZE describes a pathway to net zero CO₂ emissions by 2050, consistent with limiting warming to 1.5°C and the goals of the Paris Agreement. The APS reflects full implementation of all national energy and climate targets and is associated with a 1.7°C temperature rise by 2100. All intermediate targets are based on global net-zero pathways. Given that the bank operates a globally diversified portfolio, the use of global pathways may represent a pragmatic approximation. A more precise target-setting approach would align decarbonisation pathways with the bank's actual geographic exposure across sectors. In practice, it is difficult to assess the suitability of the chosen approach because the bank does not disclose the geographical composition of its sectoral exposures.

For the sectors on which the bank reports emissions metrics, it assigns PCAF data-quality scores ranging between 2.2 and 3.0, indicating that the estimates are primarily based on borrower-level data, supplemented only where necessary with modelled estimates and industry averages.

For its asset management operations, the bank has set targets aligned with the UK Sustainability Disclosure Requirements that broadly mirror the climate-related reporting obligations under the SFDR, as explained in the main text of this report. In 2023, the bank reported a WACI reduction of 44% from the 2019 baseline. Further, the bank has set a target to reduce this metric by 50% by 2030 relative to the 2019 baseline. The reported WACI is associated with a PCAF data-quality score of 2.3, reflecting that emissions estimates are partly derived from modelled data where company-reported emissions are unavailable.

Table A B.3. Emissions reporting of a large British bank

Economic sector	Financed emissions (2023, tCO ₂ e)	% exposure (emissions)	Assessment against net-zero pathway	Intensity metric	Latest reported (2023)	Interim (2030) target range ¹
Residential real estate	-	-	No target set	Not reported	Not reported	Not reported
Commercial real estate	-	-	No target set	Not reported	Not reported	Not reported
Oil and gas	23 200 000	-	IEA NZE (2024 update) ²⁾	tCO ₂ e		14% - 30% reduction vs. baseline
Power and utilities	-	-	IEA NZE (2024 update)	tCO ₂ e/GWh	349	195 - 270
Cement	-	-	IEA NZE (2024 update)	tCO ₂ e/t cement	0.59	0.47 – 0.56
Iron and steel	-	-	IEA NZE (2024 update)	tCO ₂ e/t steel	2.1	1.29 – 1.52
Aviation	-	-	IEA NZE (2024 update)	tCO ₂ e/million rtk	79.6	709 - 776
Automotive	-	-	IEA NZE (2024 update)	tCO ₂ e/million vkm	152.4	66 – 95
Thermal coal mining	1 440 000	-	IEA NZE (2024 update)	tCO ₂ e	1.44	70% reduction vs. baseline

1. With the lower bound representing NZE and the upper bound APS targets.

2. The bank states that its targets align with the latest net-zero pathways of the IEA, updated in 2024.

Source: Company reporting.

Italian bank

Table B.4 presents the emissions reporting and targeting practices of one of the major Italian banks across key economic sectors. It provides a granular mapping of financial exposure and financed emissions, enabling assessment prioritising based on monetary exposure and emissions contribution. Oil and gas, residential real estate, and power generation are the most significant in terms of financed emissions and residential real estate is by far the largest category when evaluated by financial metrics. Detailed information on both the financial and emissions-based size of each industry can reduce uncertainty and potential blind spots for the bank as well as regulators.

The Italian bank reports on physical emissions intensities for most sectors in addition to the sectors' total financed emissions. This practice is consistent with net-zero alignment, which the bank benchmarks and targets using the IEA's Net-zero Scenario and other industry-specific, science-based frameworks. Coal mining is not covered by a physical intensity metric; however, it has targeted full divestment from coal mining activities by 2030. All the provided economic sectors have corresponding targets for 2030, which supports the bank's alignment with net-zero objectives.

Unlike several of the largest banks in the Netherlands, the Italian bank does not opt to align with the CRREM benchmarks for its real estate assets. Instead, the bank aligns its commercial real estate with a group-specific pathway calculated by the SBTi tool and its residential real estate with a pathway described as "specific to the portfolio". Coal mining exposure is low and addressed through a divestment-based zero-emissions approach rather than an intensity-reduction pathway, reflecting a clear exit strategy from the sector.

Table A B.4. Emissions reporting of a large Italian bank

Economic sector	% total loans exposure (2024)	Financed emissions (2024, tCO ₂)	% exposure (emissions)	Assessment against net-zero pathway	Intensity metric	Latest reported (2024)	Interim (2030) target
Agriculture - Primary farming	0.69%	700 000	3.43%	Yes – Europe Avg. NGFS NZ 2050	tCO ₂ e/mEUR revenue	675	641
Aluminium	0.31%	400 000	1.96%	Yes – IEA NZE 1.5° (2021)	tCO ₂ e/t aluminium	4.38	4.31
Automotive	1.00%	1 000 000	4.90%	Yes – IEA Net Zero Scenario	gCO ₂ e/vkm	192	100
Cement	0.15%	600 000	2.94%	Yes – IEA Net Zero Scenario	tCO ₂ e/t cement	0.64	0.5
Coal mining	0.01%	100 000	0.49%	No	EUR billion exposure	0.01	0
Commercial real estate	5.95%	500 000	2.45%	Yes – bank-specific, SBTi tool	kgCO ₂ e/m ²	38.94	22.11
Iron and steel	0.69%	1 000 000	4.90%	Yes – bank-specific, SBTi tool	tCO ₂ e/t steel	0.82	0.81
Oil and gas	2.78%	12 600 000	61.76%	Yes – IEA Net Zero Scenario	gCO ₂ e/MJ	64	55
Power generation	5.64%	1 500 000	7.35%	Yes – IEA Net Zero Scenario	kgCO ₂ e/MWh	123	110
Residential real estate	82.77%	2 000 000	9.80%	No	kgCO ₂ e/m ²	28.77	19.26

Source: Company reporting.

Asset managers

As in the Netherlands, selected asset managers in the United Kingdom and Italy report less detailed and wide-ranging information than banks in the same jurisdictions. Below, the analysis covers the reporting practices of two large European asset managers, one British and one Italian. Both are among the largest domestic asset managers by assets under management in their respective countries. The British asset manager provides emissions information for a set of relevant sectors and physical intensity measures for a subset of assets, while the Italian asset manager only provides a few specific points of insight on its associated emissions. Notably, the British asset manager reports WACI at the sector level, which provides a more granular view of portfolio emissions than the portfolio-level WACI disclosures typically reported by large Dutch asset managers.

British asset manager

The British asset manager provides several tables of information related to its financed emissions: by economic sector, by asset class, and several focused data points on real estate and electricity generation. For each of the six reported sectors, the asset manager provides total financed emissions, WACI, and the corresponding PCAF data-quality scores for 2024, shown in Table B.5 below. Although “Utilities” and “Government” produced the largest amounts of financed emissions, financing in “Materials” and “Energy” shows much higher emissions intensities relative to the level of financial exposure.

Table A B.5. Emissions reporting of a large British asset manager

Economic Sector/Asset	By value (%)	Financed emissions (tCO ₂ e)	WACI (tCO ₂ /mEUR revenue)	PCAF Score	Target set
Utilities	10	1 600 000	181.7	2.2	No
Energy	5	900 000	220.8	2.1	No
Materials	1	300 000	333.5	1.3	No
Industrials	6	300 000	57.5	2.3	No
Government	16	1 200 000	95.45	2.2	No
Others	62	800 000	16.1	2.3	No
Total	100	4 900 000	58.65	2.3	Yes – 50% of 2019 level
Bond	90	4 700 000	63	2.3	No
Property	9	100 000	16	2.3	No
Equity	1	-	38	2.3	No

Source: Company reporting.

The asset manager also provides information on the physical emissions intensity for its real estate and electricity generation exposure, and states that the corresponding intermediate targets have been independently verified by SBTi. Although physical intensity data is reported, it is for a limited set of assets that do not cover a large scope of the company's assets. They are also not accompanied by estimates of financial size.

Table A B.6. Reported physical intensity metrics of a large British asset manager

Category	2019 value	2024 value	Target (2030)	Units
Electricity generation project finance portfolio	-	49	60	KgCO ₂ e/kWh
Real estate investment portfolio	58	44	24	tCO ₂ e/m ²
Downstream leased assets	55	39	20	tCO ₂ e/m ²

Source: Company reporting.

Italian asset manager

Aside from the PAI indicators required under the SFDR, the Italian asset manager provides limited emissions and sustainability information. Rather than detailed sectoral breakdowns, it reports aggregate metrics for its investment portfolios and the share of its real estate portfolio aligned with the CRREM Paris Agreement-aligned pathway. Overall, the level of disclosure is broadly comparable to that of large Dutch asset managers operating under the same SFDR framework.

The asset manager reports aggregate financed emissions and carbon-intensity indicators for its investment portfolios and highlights reductions in emissions intensity relative to earlier reporting periods. It also reports progress against emissions-related targets and increasing alignment of real estate assets with CRREM benchmarks, including the proportion of the portfolio that follows a net-zero pathway.

Pension funds

The analysis examined the reporting of large Italian and British pension funds and found that, where metrics are disclosed, reporting covers the same indicators as Dutch pension funds, with no notable differences in scope or methodology. Supervisors may, however, receive additional sector-level exposure information bilaterally.

Insurance companies

Similar to the Netherlands, reporting on underwriting activities of insurers in the UK and Italy is generally limited. Again as in the Netherlands, insurers' investment activities exhibit reporting practices broadly similar to those of large asset managers in the UK and Italy.

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Net-Zero Commitments and Prudential Risks in the Dutch Financial Sector

Net-zero commitments by financial institutions may create legal and reputational risks when stated targets are not matched by credible progress. This report presents a monitoring framework for assessing risks related to financial institutions' net-zero commitments. The framework includes quantitative and qualitative assessments focused on governance and risk-management practices. It analyses public disclosures by Dutch and other European financial institutions, considers supervisory data available to De Nederlandsche Bank, and identifies comparability and data-quality challenges that may hinder risk assessment.

The report explores how sector-level physical emissions-intensity metrics can provide a suitable basis for assessing alignment with net-zero commitments, and thereby legal and reputational risks. It also identifies opportunities to improve reporting in a cost-effective manner and deprioritise disclosures that may be costly but have limited relevance for assessing potentially material risks.



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