

OECD Business and Finance Policy Papers

Mapping climate-related metrics in the financial sector

No.96



Mapping climate-related metrics in the financial sector

Mapping climate-related metrics in the financial sector

Financial institutions face considerable challenges in measuring and disclosing greenhouse gas (GHG) emissions, particularly for financed emissions. Data gaps, evolving methodologies and varying levels of granularity can hinder the comparability of the information disclosed. This paper identifies the main data gaps hindering the assessment of financial institutions' progress toward their GHG emission reduction targets and net-zero commitments. Drawing on several third-party data sources, it also presents an analysis of the ambition, scope and feasibility of climate commitments disclosed. The paper also proposes a framework to monitor the transparency, comparability, and credibility of net-zero commitments in the financial sector.

This paper is part of the series “OECD Business and Finance Policy Papers”, <https://doi.org/10.1787/bf84ff64-en>.

© OECD 2026.

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Member countries of the OECD.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Cover design: © Mariia Vitkovska / Getty Images



Attribution 4.0 International (CC BY 4.0)

This work is made available under the Creative Commons Attribution 4.0 International licence. By using this work, you accept to be bound by the terms of this licence (<https://creativecommons.org/licenses/by/4.0/>).

Attribution – you must cite the work.

Translations – you must cite the original work, identify changes to the original and add the following text: *In the event of any discrepancy between the original work and the translation, only the text of original work should be considered valid.*

Adaptations – you must cite the original work and add the following text: *This is an adaptation of an original work by the OECD. The opinions expressed and arguments employed in this adaptation should not be reported as representing the official views of the OECD or of its Member countries.*

Third-party material – the licence does not apply to third-party material in the work. If using such material, you are responsible for obtaining permission from the third party and for any claims of infringement.

You must not use the OECD logo, visual identity or cover image without express permission or suggest the OECD endorses your use of the work.

Any dispute arising under this licence shall be settled by arbitration in accordance with the Permanent Court of Arbitration (PCA) Arbitration Rules 2012. The seat of arbitration shall be Paris (France). The number of arbitrators shall be one.

Foreword

Robust, comparable, and decision-useful climate-related metrics are essential for financial institutions to effectively manage risks to which they are exposed. Scope 3 emissions, which include emissions by the debtors and portfolio companies of a financial institution, are especially relevant for the financial sector accounting for the largest share of its GHG emissions. Yet assessing climate-related exposures requires more than GHG emissions data alone and they must be complemented by information on portfolio composition, including investments in high- and low-carbon activities, as well as on the company's engagement practices, governance frameworks, and transition strategies.

Financial institutions continue to face considerable challenges in measuring and disclosing GHG emissions, particularly for financed emissions. Data gaps, evolving methodologies, and varying levels of granularity can hinder the comparability of disclosed information. These challenges are especially pronounced for smaller institutions and in emerging and developing economies, where data availability is more limited. In addition, key asset classes such as private equity, sovereign bonds, and loans often fall outside the scope of the most commonly used methodologies, leading to blind spots in assessing climate-related risks and exposures.

A key pillar of credible climate risk management is the adoption and disclosure of clear GHG emissions reduction targets. Robust net-zero commitments, accompanied by transparent reporting on progress, enhance accountability, support effective risk management, and build trust among stakeholders. Targets offer strategic direction internally, while enabling external stakeholders to evaluate whether institutions are on track toward their climate commitments. To track progress toward emission targets, financial institutions typically rely on both absolute and intensity-based metrics.

This paper identifies the main data gaps hindering the assessment of financial institutions' progress toward their GHG emission reduction targets and net-zero commitments. Drawing on several third-party data sources, it presents an analysis of the ambition, scope, and feasibility of disclosed climate commitments. By mapping these challenges, this paper proposes a framework to monitor the transparency, comparability, and credibility of net-zero commitments in the financial sector.

This paper has been developed by the Capital Markets and Financial Institutions Division of the OECD Directorate for Financial and Enterprise Affairs. It was prepared by Valentina Cociancich and Xue Han, with the support of John O'Shea and Matthis Cadeau, under the supervision of Caio de Oliveira, Head of the Sustainable Finance and Corporate Governance Team, and Serdar Çelik, Head of Division. Input was provided by delegates to the OECD Working Party on Sustainable Finance.

Table of contents

Foreword	4
Abbreviations and acronyms	7
Executive summary	8
1 Introduction	10
2 Market practices	11
2.1. A comprehensive set of information points and metrics for the financial sector	11
2.2. Disclosure of GHG emission metrics	13
2.3. Disclosure of GHG emission reduction targets and net-zero commitments	23
2.4. Corporate governance and risk assessment disclosure	29
3 Assessing financial institutions' net-zero commitments	32
3.1. Assessing existing targets and net-zero commitments	32
3.2. Country cases: Financial authorities' role in monitoring GHG emission targets	36
3.3. Revenues, portfolio and underwriting activities	41
4 Key challenges, policies and practices for better monitoring net-zero commitments	45
4.1. Key challenges and potential policies	45
4.2. A proposed framework for monitoring net-zero commitments	48
References	50
Annex A. Methodology for data collection and classification	53

FIGURES

Figure 2.1. Reported GHG emissions and data coverage of listed financial institutions, 2016-24	13
Figure 2.2. Disclosure of reported and estimated scope 1 and 2 GHG emissions, 2024	14
Figure 2.3. Disclosure of total scope 3 reported and estimated GHG emissions, 2024	15
Figure 2.4 Changes in reported scope 3 emissions of a group of listed financial institutions	16
Figure 2.5 Reported and estimated scope 3, category 15 GHG emissions, 2024	17
Figure 2.6 Methodologies used for GHG emission reporting, 2024	20
Figure 2.7 Reported and estimated GHG emissions for all scopes of a group of listed financial institutions, 2024	21
Figure 2.8. Reported and estimated GHG emission intensity per assets, 2024	22
Figure 2.9 GHG emissions with external assurance, 2024	23

Figure 2.10 Disclosure of GHG emission reduction targets, 2024	23
Figure 2.11. Financial institutions setting scope 3 GHG emissions reduction targets, 2024	24
Figure 2.12. Financial institutions with emission targets disclosing baseline and target years, 2024	25
Figure 2.13. Listed financial institutions disclosing baseline emissions, 2024	25
Figure 2.14. Disclosure of science-based and net-zero GHG emission reduction targets, 2024	26
Figure 2.15. Commitment to the SBTi targets by listed financial institutions, 2024	27
Figure 2.16. Transition planning by financial institutions, 2024	29
Figure 2.17. Climate-related risks identified as material by financial institutions, 2024	29
Figure 2.18. Self-reported board-level oversight of climate-related issues, 2024	30
Figure 2.19 Existence of a board committee responsible for sustainability, 2024	30
Figure 2.20 Executive and board compensation linked to sustainability matters, 2024	31
Figure 3.1 The average annual GHG emission reduction rate of scope 3 GHG emissions, 2024	32
Figure 3.2 Target year of the existing GHG emission reduction targets, 2024	33
Figure 3.3 Reported scope 3 GHG emissions covered by financial institutions' targets on scope 3 GHG emissions, 2024	34
Figure 3.4 Progress of listed financial institutions in reaching the scope 3 reduction target, 2024	35
Figure 3.5 Projected pathway of GHG emissions of listed financial institutions, 2023-50	36
Figure 3.6. Portfolio contribution to green and climate solutions: green revenues, 2024	42
Figure 3.7. Global sustainable bond issuance and outstanding amount	42
Figure 3.8 Sustainable syndicated loans and sustainable-linked syndicated loans: issuances 2015-2024	43
Figure 3.9 Sustainable loans and sustainable-linked loans: issuances in 2024, industry distribution	44

TABLES

Table 2.1 Most common topics and metric categories for financial institutions	11
Table 2.2 Scope 3 GHG emissions in existing reporting initiatives	18
Table 4.1. Key challenges and potential policies	45
Table 4.2 A proposed framework for monitoring progress against net-zero commitments by financial institutions	48

Abbreviations and acronyms

A-P	Asia-Pacific	IIGCC	Institutional Investors Group on Climate Change
AUM	assets under management	IPCC	Intergovernmental Panel on Climate Change
BIS	Bank for International Settlements	ISAE	International Standard on Assurance Engagements
CCM	carbon credit mechanism	ISIN	International Securities Identification Number
CDP	Carbon Disclosure Project	ISO	International Organization for Standardization
CEO	Chief Executive Officer	ISSB	International Sustainability Standards Board
CO ₂ e	carbon dioxide equivalent	JP	Japan
CN	China (People's Republic of)	KPI	key performance indicators
CPI	Consumer Price Index	KRI	key risk indicators
CPRS	climate policy relevant sectors	LSI	less significant institution
CSRD	Corporate Sustainability Reporting Directive	MTF	Multilateral Trading Facility
CTB	Climate Transition Benchmark	NACE	Nomenclature statistique des activités économiques dans la Communauté européenne
EBA	European Banking Authority	NDC	Nationally Determined Contribution
ECB	European Central Bank	NGFS	Network for Greening the Financial System
EFRAG	European Financial Reporting Advisory Group	NZIF	Net Zero Investment Framework
EIOPA	European Insurance and Occupational Pensions Authority	OECD	Organisation For Economic Co-Operation and Development
ESAP	European Single Access Point	OTC	over the counter
ESG	environmental, social and governance	ISO	International Organization for Standardization
ESMA	European Securities and Markets Authority	PAB Regulation	Paris Aligned Benchmark Regulation
ESRB	European Systemic Risk Board	PACTA	Paris Agreement Capital Transition Assessment
ESRS	European Sustainability Reporting Standards	PCAF	Partnership for Carbon Accounting Financials
ESRS E1	European Sustainability Reporting Standards E1 Climate Change	REIT	Real Estate Investment Trust
EU	European Union	RIC	Refinitiv Identification Code
FCA	Financial Conduct Authority	SBTi	Science Based Targets initiative
FSB	Financial Stability Board	SBTi-FI	SBTi Guidance for the Financial Sector
GFANZ	Glasgow Financial Alliance for Net Zero	SDS	sustainable development scenario
GHG	greenhouse gas	SI	significant institution
GHG Protocol	Greenhouse Gas Protocol	SLB	sustainability-linked bond
GRI	Global Reporting Initiative	SSM	Single Supervisory Mechanism
G-SIBs	Global Systemically Important Banks	TCFD	Task Force on Climate-Related Financial Disclosures
GSS	green, social and sustainability	TPT	Transition Plan Taskforce
IAASA	Irish Auditing and Accounting Supervisory Authority	TRBC	the Refinitiv business classification
IASB	International Accounting Standards Board	UK	United Kingdom
IEA	Internal Energy Agency	UNFCCC	United Nations Framework Convention on Climate Change
IFRS	International Financial Reporting Standards	WBCSD	World Business Council for Sustainable Development
IFRS S2	IFRS S2 Climate-Related Disclosures	WRI	World Resources Institute

Executive summary

This paper identifies key challenges in assessing the current state of climate-related metric disclosures by financial institutions and proposes a framework for monitoring their net-zero commitments.

Disclosure of emission metrics. The largest portion of GHG emissions from the financial sector comes from indirect emissions, specifically classified as scope 3 emissions, notably the so-called “financed emissions” resulting from financial institutions’ investments. However, disclosure rates remain low. In 2024, only 19% of listed financial institutions globally reported scope 3 GHG emissions.

Using GHG emission estimates by external service providers may help fill data gaps in reported GHG emissions. For example, the data coverage for scope 3 GHG emissions increases from 19% when using reported data, to 57% when using estimated data from two prominent data providers. Likewise, a comparison between reported and estimated GHG emissions for 1 166 listed financial institutions suggests that the sector may underreport its current GHG emissions by up to eight times, if estimated data is accurate.

Globally, one-third of financial institutions that reported GHG emissions had a third party assuring the information. Insurance companies had relatively higher levels of third-party verification, including in Developed Asia-Pacific excl. US (54%), Europe (54%), and the United States (34%).

Disclosure of GHG emission reduction targets and net-zero commitments. Financial institutions may adopt a comprehensive strategy that considers climate risks and opportunities, including GHG emission reduction targets. Globally, 908 listed financial institutions have set GHG emission reduction targets, and 78% of them have set net-zero targets. Nevertheless, despite the relevance of financed emissions, only 27% of listed financial institutions disclosing targets have set scope 3 GHG emission reduction targets, and 41% of them have committed to science-based targets. Moreover, only 8% of financial institutions globally have developed a climate-related transition plan.

Even among the financial institutions disclosing GHG emission reduction targets, incomplete disclosures can hinder investors’ ability to compare institutions’ progress and assess their management’s performance toward net-zero goals. Data from three major commercial database providers indicate a significant gap in disclosures among listed financial institutions with reduction targets, particularly concerning the baseline year and baseline emission data.

Analysis of the available data for targets and net-zero commitments. The ambition, comprehensiveness, and feasibility of GHG emission reduction targets help assess the credibility and effectiveness of financial institutions’ climate-related goals.

One way to evaluate the ambition of corporate reduction targets is by assessing annual reduction rates. On average, listed financial institutions aim for a 4% annual reduction rate of total GHG emissions globally.

Comprehensiveness reflects the extent to which a company’s target addresses its total emissions. In 2024, only 55% of total reported GHG emissions were covered by these targets, with Europe leading in coverage at 65%, followed by the United States (61%) and Emerging and Developing Asia excl. China (51%).

Regarding feasibility, targets may be challenging to achieve when ambition and comprehensiveness are high. In 2024, 65% of listed financial institutions failed to meet their targets, while only 35% successfully met all or some of the targets.

Corporate governance and materiality of climate-related risks. Globally, 22% of financial institutions identified climate-related risks as material, accounting for 87% of total assets in 2024. Smaller shares are found in emerging markets and developing economies.

Financial institutions that identify climate-related risks as material are also proactive in ensuring board oversight of those risks. Globally, 85% of listed financial institutions by total assets report board oversight of climate-related risks, with the People's Republic of China (hereafter 'China') and Developed Asia-Pacific excl. US having the highest shares of companies. Globally, 16% of financial institutions have a board-level committee responsible for broader sustainability-related issues. Fifteen percent of boards considered sustainability matters when establishing key executives' compensation in 2024.

Solutions for improving the data to monitor progress against net-zero commitments. A clear set of credible, transparent and comparable metrics is needed to track progress on GHG emission reduction targets by financial institutions. Several potential solutions exist for enhancing the data needed to monitor net-zero commitments.

To enhance data availability: (i) focus on a limited set of essential metrics to monitor net-zero commitments in the financial sector, including historical GHG emissions, GHG emission reduction target rate(s), target year(s), baseline year, and emissions covered by the target; (ii) adhere to high-quality, understandable, enforceable and internationally recognised climate-related disclosure frameworks; (iii) create digital taxonomies for climate-related disclosure and/or a digital platform centralising financial institutions' public climate-related information.

To increase the quality of climate-related disclosure: (i) phase in requirements for annual assurance attestations by an independent, competent, and qualified attestation service provider for the most relevant climate-related metrics by financial institutions; (ii) oversee financial institutions' disclosure of GHG emissions based on a comparison between reported and estimated emissions.

To improve the credibility and effectiveness of GHG emission reduction targets: (i) encourage the development of net-zero transition plans by all financial institutions; (ii) provide regulatory incentives for financial institutions to provide more climate finance.

A proposed framework for monitoring net-zero commitments. A framework for monitoring progress against net-zero commitments by financial institutions could be structured around five high-level steps: (i) collect GHG emissions and reduction targets, ensuring a minimum level of information; (ii) evaluate reduction targets by GHG emission scopes, focusing on assessing their ambition, comprehensiveness, and feasibility; (iii) monitor adherence to voluntary initiatives, emphasising tangible performance and outcomes rather than mere participation; (iv) assess the corporate governance of financial institutions; (v) track climate finance, including green bonds, sustainable loans and investments in green technologies.

1 Introduction

The disclosure of greenhouse gas (GHG) emissions by financial institutions, as well as their adoption of GHG emission reduction targets and other related commitments, are useful in at least two ways. First, central banks, financial regulators and investors can better understand the financial institutions' climate-related performance and whether those institutions' strategy and governance are capable of adequately managing existing risks. Second, it can allow investors and other stakeholders to make informed decisions based on company's climate-related goals and performance against those goals.

Previously, the OECD analysed the metrics and methodologies used by five voluntary frameworks to support the monitoring of financial institutions' net-zero commitments (OECD, 2023^[1]). The conclusion was that while voluntary frameworks provide a valuable resource on the information to be disclosed by financial institutions, more could be done to outline a clear set of specific and credible metrics.

This paper builds on the previous work by assessing current disclosure practices in the financial sector. The second chapter identifies the main data gaps for a stakeholder willing to assess financial institutions' progress against their GHG emission reduction targets, including net-zero commitments, using prominent third-party (commercial) data providers. The third chapter presents an analysis of the available data on existing GHG emission reduction targets and underwriting activities. The fourth chapter proposes how policymakers and financial authorities could use the findings in this paper to reduce data gaps, improve data quality and assess net-zero commitments at a sector level.

The paper defines "financial institutions" to include companies in the following industries: (i) retail and commercial banks (commercial banks, consumer finance, and mortgage finance); (ii) insurance companies; (iii) investment banks (including brokerage services); and (iv) asset managers (including custody activities). Analysis is typically by industry or, when data is limited, for all financial institutions.

The paper analyses disclosure practices considering both the individual number of companies adopting specific practices and the sizes of the institutions doing so. The metrics used as a proxy of the size of the financial institutions and their potential impact on financial markets are the total assets of institutions as informed in their financial statements and their assets under management (AUM). Notably, their total owned assets include the loans or other forms of credit they extend to their clients. AUM are the resources their clients own that financial institutions may invest in equity, bonds and other assets.

The dataset developed for this paper's coverage varies depending on the data point. For instance, it includes information on 1 167 listed financial institutions with total owned assets of USD 171 trillion and USD 120 trillion of AUM at the end of 2024, whether they reported some or all of their GHG emissions in 2023 or 2024. This sample is from a wider universe of 4 922 listed financial institutions globally with total owned assets of USD 194 trillion and USD 139 trillion of AUM.

2 Market practices

2.1. A comprehensive set of information points and metrics for the financial sector

A clear set of comparable, credible and transparent metrics is needed to track progress on GHG emission reduction targets by financial institutions. In this context, the OECD analysed the guidance the main voluntary frameworks provided on the information financial institutions should disclose in the report *Assessing net-zero metrics for financial institutions* (OECD, 2023^[1]). The OECD analysis found commonalities in the topics these frameworks cover. Still, it noted limited alignment on specific metrics and calculation methods to assess the progress of financial institutions toward their net-zero targets. The topics and categories of the identified metrics are summarised in the first column of Table 2.1.

The second column states whether the identified metrics are currently made available by the commercial data providers whose datasets are used to develop the current report (Bloomberg, LSEG, Morningstar, MSCI, COGEM) for a non-negligible number of financial institutions. The column also shows in which figures of the paper the data is presented (information about the number of financial institutions disclosing the specific metric is included in the notes to the figures).

The third and fourth columns indicate in which sections of the two major international sustainability accounting standards the information points and metrics are requested: the IFRS S2 Climate-related Disclosures set by the International Sustainability Standards Board (ISSB) and the European Sustainability Reporting Standard (ESRS) E1 Climate Change adopted by the European Commission. 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 broader adoption of IFRS S2 and ESRS E1.

Table 2.1 Most common topics and metric categories for financial institutions

Greenhouse Gas emissions metrics	Reference figures	IFRS S2	ESRS E1
Historic and current GHG emissions	Figure 2.1 Figure 2.2 Figure 2.2 Figure 2.3 Figure 2.7 Figure 2.8 Figure 2.5 Figure 2.8 Figure 2.9	IFRS S.2.29(a) IFRS S2.B19– B63	ESRS E1.6 (44–52) ESRS E1.6 (53 ¹ –55) ESRS E1.AR39–52
GHG emission targets (short, medium and long-term)	Figure 2.10 Figure 2.11 Figure 2.12 Figure 2.13 Figure 2.14	IFRS S2.33–37	ESRS E1.4 (30) ESRS E1.4 (34) ESRS E1.AR23–31
Alignment assessment with a benchmark, including Paris Agreement	N/A	IFRS S.22(b)	ESRS E1.16(a) ESRS E1.AR5
Use of offsets (current and future)	N/A	IFRS S2.36(e)	ESRS E1.7

Greenhouse Gas emissions metrics	Reference figures	IFRS S2	ESRS E1
E1.AR56-64			
Portfolio composition metrics			
Portfolio share in low GHG assets and climate solutions	N/A	IFRS S2.16(c) IFRS S.2.29(e)	ESRS E1.16(c)(e)
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)
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)
Investment allocation practices driving GHG emissions reductions		--	ESRS E1.16(b)
Overall portfolio composition and sector coverage		IFRS S.2.29(e)	--
Engagement metrics			
General engagement/stewardship practices	N/A	--	--
Voting procedures and practices	N/A	--	--
Engagement escalation process	N/A	--	--
Collaborations and alliance engagements	Figure 2.15	IFRS S.22(b)	ESRS E1.16(a) ESRS E1.AR5
Advocacy-based activities	N/A	--	--
Strategy and governance metrics			
Remuneration linked to climate performance	Figure 2.20	IFRS S.2.29(g)	ESRS 2 GOV-3 (13)
Management/Board oversight and accountability	Figure 2.18 Figure 2.19	IFRS S.2.6(a)(b)	ESRS E1.13
Integration of climate considerations in internal reporting and analytical processes	N/A	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
Integration of climate considerations in strategic decision-making and investment strategies	Figure 2.17	IFRS S.2.14(a)	ESRS E1.26 ESRS E1.28 ESRS E1.AR31
General strategy on climate goals and transition plans	Figure 2.16	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

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

Note: "N/A" means the metric is not currently available, or it is available only for a negligible number of financial institutions, in the commercial databases used for the dataset developed for the report.

Source: OECD, (2023^[1]), *Assessing net-zero metrics for financial institutions: Supporting the monitoring of financial institutions' commitments*, <https://doi.org/10.1787/dedcfe56-en>. EFRAG and IFRS Foundation, (2024^[2]), *ESRS–ISSB Standards: Interoperability Guidance*, <https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/ESRS-ISSB%20Standards%20Interoperability%20Guidance.pdf>

2.2. Disclosure of GHG emission metrics

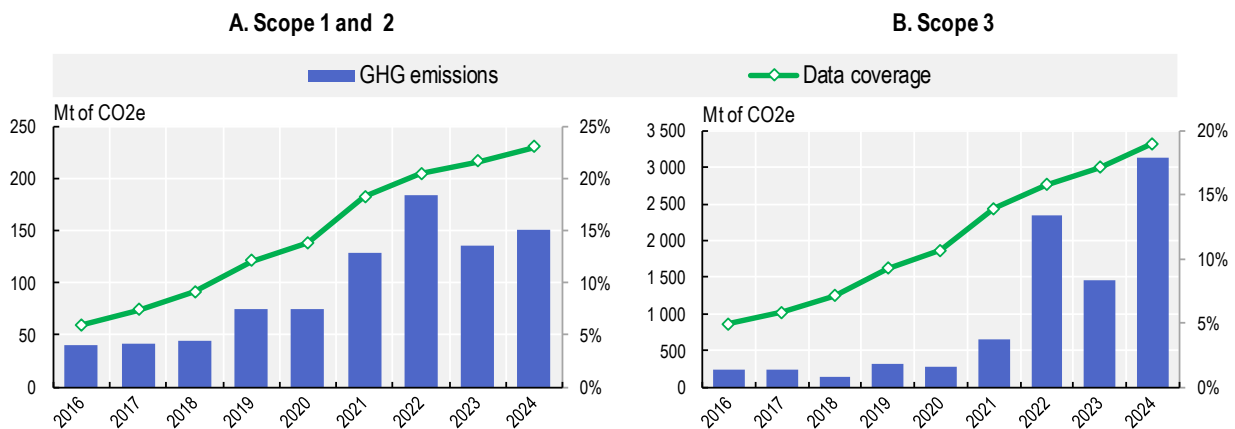
Public awareness and regulatory actions around climate change have accelerated in recent years. This has generated greater interest from investors in companies' GHG emissions. A reporting system is an important first step in any effort to reduce GHG emissions. It requires accurately measuring, tracking, and reporting the emissions resulting directly from the company's activities (scope 1), emissions indirectly related to energy consumption (scope 2), and emissions generated in the supply chain, including those by companies financed by the financial institution (scope 3). Compared to all other sectors, and due to the nature of their activities, scope 3 GHG emissions are particularly relevant to financial institutions, which account for the largest share of GHG emissions from the financial sector.

Figure 2.1 aggregates the reported historical GHG emissions of financial institutions listed globally in 2024. As the data coverage of the reported GHG emissions is relatively low (less than 20% of listed financial institutions disclosed such information in 2024), the aggregated disclosed GHG emissions cannot represent the whole financial sector. To ensure consistency, the analysis relies solely on information from one data provider (Bloomberg).

The share of financial institutions disclosing GHG emissions has been rapidly increasing over the past years, ranging from 6% (scope 1 and scope 2 GHG emissions) and 5% (scope 3 GHG emissions) of financial institutions in 2016 to 23% (scope 1 and scope 2 GHG emissions) and 19% (scope 3 GHG emissions) in 2024 (Figure 2.1).

Based on available data, disclosed scope 3 GHG emissions increased by a third from 2022 to 2024. The average annual disclosed scope 1 and scope 2 GHG emissions between 2022 and 2024 are fourteen times lower than the average annual scope 3 GHG emissions in the past three years.

Figure 2.1. Reported GHG emissions and data coverage of listed financial institutions, 2016-24



Note: Data coverage is calculated as the share of listed financial companies that disclose their GHG emissions relative to the total number of listed financial institutions. In 2024, 1 134 listed financial institutions disclosed scope 1 and 2 GHG emissions and 934 disclosed scope 3 GHG emissions.

Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

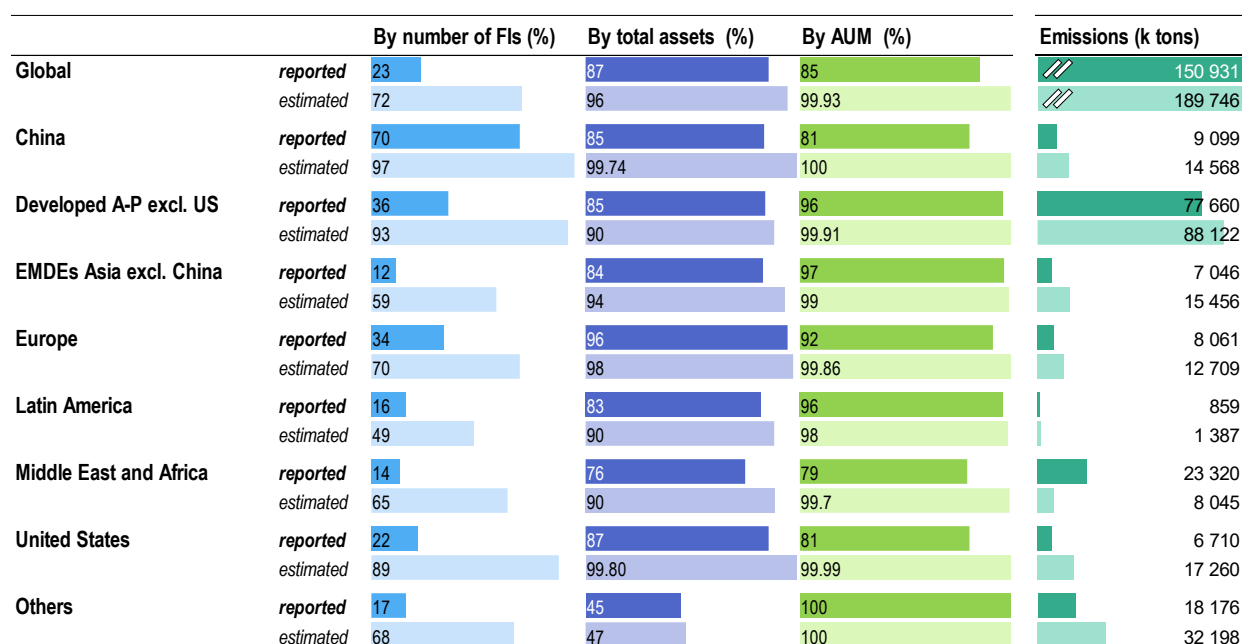
Globally, a relatively small percentage of financial institutions (23%) reported their scope 1 and 2 GHG emissions in 2024, as presented in Figure 2.2. However, data availability significantly increases when assessed by total assets, particularly in Europe (96%), the United States (87%) and Developed Asia-Pacific excl. US (85%).

Due to the lack of information about GHG emissions reported by the companies themselves, some service providers offer an estimation of the GHG emissions of individual companies. Financial institutions can use both reported and estimated data to obtain a comprehensive picture of their emission performance. While reported data offers direct insights from companies, estimated data can significantly improve data availability, especially in developing countries. This may allow institutions to fill gaps where reported data is lacking, ensuring a more robust and inclusive assessment of GHG emission metrics across regions and industries.

Nevertheless, it should be considered that estimated data have limitations, especially when comparing GHG emissions at the company level. Estimated data rely on broader evaluations tied to specific countries and sectors, rather than individual company performance. As a result, this approach provides a general understanding of GHG emissions trends. Still, it lacks the granularity needed to gauge the GHG emission performance of a specific company against its peers. This comparability gap may challenge financial institutions to determine whether an investee company is truly over- or underperforming in its climate efforts.

This paper uses two datasets for the estimation of GHG emissions, in addition to the data from the main data providers: one developed by Pladifex COGEM project, hosted at the Institut Louis Bachelier, and the one provided by MSCI (which only has estimates for scope 3 GHG emissions). While the methodologies for the two datasets meaningfully differ (the former relies on a machine learning model and the latter on a methodology with greater human input), they both use publicly available data, such as companies' financial reports and regional carbon intensity generation data, to estimate GHG emissions by companies (Barreau, Fahmaoui and Tankov, 2024^[3]; MSCI ESG Research LLC, 2023^[4]).

Figure 2.2. Disclosure of reported and estimated scope 1 and 2 GHG emissions, 2024



Note: The data coverage for total assets and AUM of companies disclosing GHG emissions is 87% and 85%, respectively, of all listed financial institutions. Listed financial institutions for which there is either reported or estimated emission data are included in the analysis. The disclosure of reported and estimated scope 1 and 2 GHG emissions is based on available information from 4 922 listed financial institutions. The analysis includes information from 1 138 and 3 526 listed financial institutions with reported and estimated scope 1 and 2 GHG emissions, respectively. Reported GHG emissions data are collected from Bloomberg, and estimated data are collected from Bloomberg, COGEM and MSCI. For ease of reading, GHG emissions are shown on a scale up to 100 000 tons of CO₂e.

Source: OECD Corporate Sustainability dataset, Bloomberg, COGEM and MSCI. See Annex A for details.

The Greenhouse Gas Protocol (GHG Protocol), one of the most recognised standards for GHG emissions accounting, defines scope 3 emissions as all indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Compared to scope 1 and 2 emissions, data coverage for reported scope 3 emissions is lower (Figure 2.3). In particular, reported emissions are more widely available for scope 1 and 2, especially for larger companies, which typically have greater reporting resources. While only 19% of scope 3 data is based on company-reported data, nearly half is based on estimates. Nevertheless, scope 3 emissions, both when reported and estimated, are substantially larger than scope 1 and 2. When considering all available information, estimated emissions are eight times larger than reported ones.

Figure 2.3. Disclosure of total scope 3 reported and estimated GHG emissions, 2024

		By number of FIs (%)	By total assets (%)	By AUM (%)	Emissions (k tons)
Global	<i>reported</i>	19	77	78	3 133 305
	<i>estimated</i>	57	61	91	25 339 984
China	<i>reported</i>	30	58	43	33 060
	<i>estimated</i>	75	36	58	1 827 091
Developed A-P excl. US	<i>reported</i>	32	79	96	894 384
	<i>estimated</i>	77	43	91	1 903 976
EMDEs Asia excl. China	<i>reported</i>	7	58	53	117 565
	<i>estimated</i>	52	31	77	311 543
Europe	<i>reported</i>	33	98	98	1 706 691
	<i>estimated</i>	60	91	98.35	6 361 004
Latin America	<i>reported</i>	16	82	96	29 192
	<i>estimated</i>	40	71	98	198 069
Middle East and Africa	<i>reported</i>	10	59	70	48 206
	<i>estimated</i>	53	54	95	419 121
United States	<i>reported</i>	17	83	79	28 456
	<i>estimated</i>	53	89	99.90	14 054 211
Others	<i>reported</i>	17	45	100	275 751
	<i>estimated</i>	61	30	9	264 970

Note: Listed financial institutions for which there is either reported or estimated emission data are included in the analysis. The disclosure of reported and estimated scope 3 GHG emissions is based on available information from 4 922 listed financial institutions. The analysis includes information from 929 and 2 830 listed financial institutions with reported and estimated scope 3 emissions, respectively. Reported GHG emissions data are collected from Bloomberg, and estimated data are collected from Bloomberg, COGEM and MSCI. For ease of reading, GHG emissions are shown on a scale up to 1 000 000 tons of CO₂e.

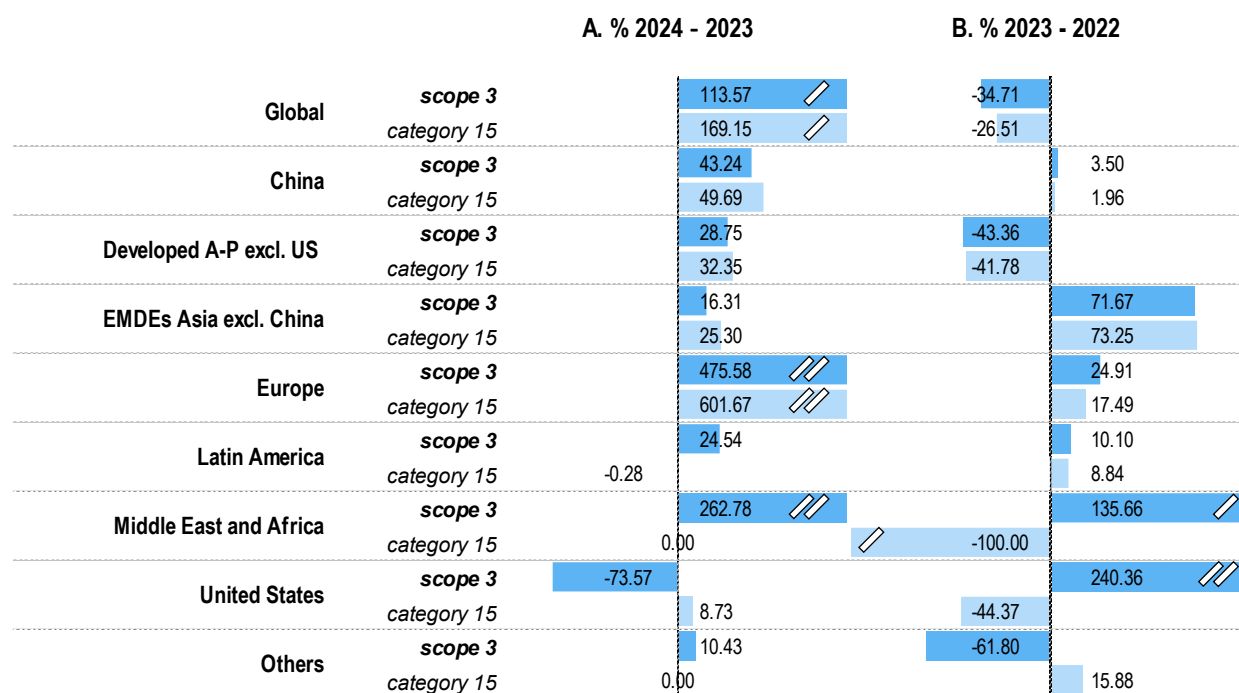
Source: OECD Corporate Sustainability dataset, Bloomberg, COGEM, MSCI. See Annex A for details.

The largest opportunity for financial service companies to reduce GHG emissions lies in their lending and investment activities. GHG Protocol classifies indirect emissions from a company's value chain into 15 categories. The so-called "financed emissions" (category 15) represent most of financial institutions' total GHG emissions and encompass the emissions deriving from financial institutions' investments, including equity or debt investments and project finance (GHG Protocol, 2011^[5]).

Between 2024 and 2023, reported scope 3 emissions increased across all regions but the United States. As shown in Figure 2.4, this change is strongly driven by the financed emissions, which rise in parallel in most of the regions, suggesting an improved ability of companies in disclosing this category. Notably, scope 3 emissions rose by nearly 5-fold for European financial institutions that reported them every year between 2022 and 2024. When looking at the reported financed emissions for the same group of companies, the increase is even more significant, at 6-fold. The null change of reported financed emissions in Middle East and Africa and other economies is due mainly to a lack of available information.

Conversely, reported scope 3 emissions declined in 2023 compared to the previous year, even in light of the smaller number of companies disclosing such information, as shown in Figure 2.1, Panel B. In most of the regions, the change in the reported financed emissions has the same sign as that of reported all scope 3 emissions, except in the United States, the Middle East and Africa and other economies.

Figure 2.4 Changes in reported scope 3 emissions of a group of listed financial institutions

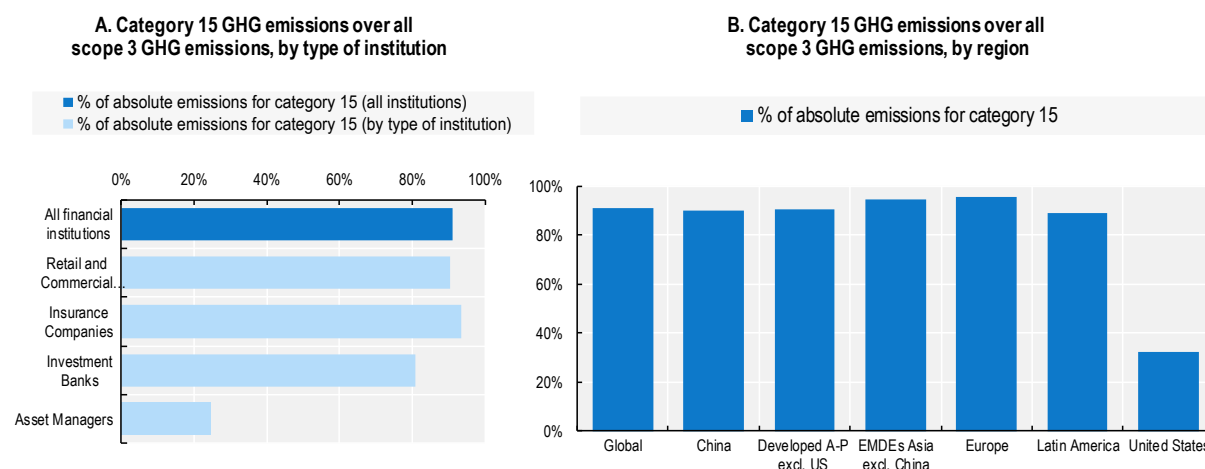


Note: The analysis includes 750 listed financial institutions that reported their scope 3 emissions in 2022, 2023 and 2024. The same group of companies is used to analyse year-on-year changes in both total scope 3 emissions and category 15 emissions.

Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

Among financial institutions that report financed emissions, 91% of their scope 3 GHG emissions, expressed in tons, are attributable to lending and investment activities. Financed emissions over all scope 3 GHG emissions are above the average for the insurance companies (Figure 2.5, Panel A). Financed emissions represent around 90% of all estimated scope 3 GHG emissions in almost all regions, except in the United States (32%) (Figure 2.5, Panel B).

Figure 2.5 Reported and estimated scope 3, category 15 GHG emissions, 2024



Note: The figure is based on available information from 929 listed financial institutions reporting scope 3 emissions. The analysis includes information from 278 listed financial institutions reporting their category 15 GHG emissions. In Panel B, Middle East and Africa and other economies are not represented due to the limited number of financial institutions disclosing estimated category 15 GHG emissions in the country. Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, COGEM. See Annex A for details.

By developing a scope 3 GHG emission inventory, companies can understand the overall emission profile of their upstream and downstream activities. This information provides companies with an understanding of where emissions and potential associated risks and opportunities lie in the value chain. It also allows them to assess the relative significance of scope 3 GHG emissions compared to their direct GHG emissions (GHG Protocol, 2011^[5]). Table 2.2 and Box 2.1 provide an overview of key existing initiatives that financial institutions can adopt to disclose their scope 3 GHG emissions inventories and set relevant targets.

Box 2.1. Scope 3 GHG emissions in existing reporting initiatives

In 2006, the Intergovernmental Panel on Climate Change (IPCC) developed and revised in 2019 the IPCC Guidelines for National GHG Inventories, which provides a methodological framework for estimating national inventories of anthropogenic emissions (i.e., emissions deriving from human activities). The Guidelines describe the sources and sinks of GHG emissions. The Guidelines provide also methodologies for GHG inventory arrangements and management, data gathering, compilation, and reporting.

In 2015, the Financial Stability Board (FSB) developed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a set of voluntary disclosure recommendations for companies to provide information that aids investors and relevant stakeholders in making informed decisions about climate-related financial risks. The TCFD recommendations covered companies' governance, strategy and risk management, as well as climate-related metrics and targets, including the scope 3 GHG emissions. In 2023, the TCFD completed its mandate. Its recommendations have been incorporated into the ISSB's IFRS S2.

Among various methodologies, the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard, issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), provides initial and detailed guidance for companies to set scope 3 boundaries and calculate scope 3 GHG emissions (GHG Protocol, 2011^[5]). In conformance

with the requirements set forth in this standard, the Partnership for Carbon Accounting Financials (PCAF) published an accounting and reporting standard on financed emissions, outlining an approach to calculate GHG emissions resulting from activities financed through lending and investment portfolios (scope 3, category 15 emissions).

To address the demand for comparable emission data, there has been collaboration around the interoperability of related standards. In May 2024, the International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG) published an interoperability guidance to facilitate the implementation of the standards (EFRAG and IFRS Foundation, 2024^[2]). The ISSB also coordinates work with the International Accounting Standards Board (IASB) and the GRI to facilitate the standards' interoperability. Likewise, the CDP climate change questionnaire is aligned with the TCFD recommendations.

Some initiatives may require companies not only to disclose their GHG emissions but also to set their reduction targets. For instance, this is the case of Science Based Targets initiative (SBTi), in which companies must set long-term, science-based targets that align with a global average temperature 1.5°C higher than in pre-industrial times for a target year no later than 2050 as part of their net-zero commitment (SBTi, 2024^[6]).

The International Organization for Standardization (ISO) provides organisations with guidelines to achieve unified, consistent practices across geographies and industries. Notably, ISO 14064-1:2018 (International Organization for Standardization, 2018^[7]) focuses on the quantification and reporting of GHG emissions and removals at the organisational level and provides guidance on preparing a comprehensive GHG emission inventory, covering GHG emissions that arise throughout the value chain. Given the complexity of scope 3 accounting, ISO 14064-1:2018 provides a framework to offer clarity and ensure transparency, completeness, and accuracy in emissions reporting.

Table 2.2 Scope 3 GHG emissions in existing reporting initiatives

Institution	Main Initiative	Disclosure content of scope 3 emissions		Calculation guidance on scope 3 GHG emissions	Users
		Category-level*	Portfolio-level**		
World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)	GHG Protocol Corporate Value Chain Accounting and Reporting Standard 2011	Total scope 3: Required Each category: Required	-	Yes	All sectors
Financial Stability Board (FSB)	Task Force on Climate-related Financial Disclosures (TCFD) Framework 2017	Total scope 3: Recommended Each category: -	-	No	All sectors
International Sustainability Standards Board (ISSB)	International Financial Reporting Standards S2 Climate-related Disclosures 2023	Total scope 3: Required Each category: Required	-	Yes	All sectors
European Union (EU)	European Sustainability Reporting Standards 2023	Total scope 3: Required Each category: Required	-	Yes	All sectors
Paris Aligned Investment Initiative	Net Zero Investment Framework 2021	Total scope 3: Recommended	Listed equity Corporate bonds	No	All sectors

Institution	Main Initiative	Disclosure content of scope 3 emissions		Calculation guidance on scope 3 GHG emissions	Users
		Category-level*	Portfolio-level**		
		Each category: -	Lending activities Project finance		
Science Based Targets initiative (SBTi)	Financial Sector Science-Based Targets Guidance 2022	Total scope 3: Recommended Categories 1-14: Recommended Category 15: Required	Listed equity Corporate bonds Lending activities Project finance	Yes	Financial sector
Partnership for Carbon Accounting Financials (PCAF)	The Global GHG Accounting and Reporting Standard Part A: Financed Emissions 2022	Total scope 3: Required Each category: Required	Listed equity Corporate bonds Sovereign debt Lending activities Project finance Insurance underwriting	Yes	Financial sector
CDP	CDP Climate Change Questionnaire and Reporting Guidance 2023	Total scope 3: Required Each category: Required	-	No	All sectors (sector-specific requirements)
Intergovernmental Panel on Climate Change (IPCC)	2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories	-	-	Yes	All sectors
ISO	ISO 14064-1:2018	Total scope 3: Recommended Each category: -	-	Yes	All sectors

Note: * "Required" classification is where terms such as "require", "required", "shall", "must" and/or "required if significant" are used in the report; and "Recommended" classification is where terms such as "recommend", "recommended", "to the extent possible" and/or "may" are employed in the report. "-" means no reference to these terms in the report.

** Portfolio-level column includes details when the disclosure of specific asset classes is required or recommended (rather than only a broader disclosure for scope 3 or category 15).

Source: Standards, frameworks and websites of the institutions visited between March 2024 and July 2025; OECD elaboration.

The financial sector may face significant challenges in measuring and reporting GHG emissions due to evolving methodologies and data availability, especially for financed emissions. Notably, data availability and quality could vary across the value chain, especially for smaller businesses in emerging markets and developing economies. If a financial institution engages with multiple stakeholders across the value chain, resource constraints may limit its ability to report emissions. Additionally, methodologies often provide different levels of granularity to identify the drivers of financed emissions. This can make it difficult to understand and compare emission disclosures, potentially obscuring individual activities that deviate from the transition pathway but remain hidden when the data is aggregated. If reporting methodologies are widely used, gaps remain for large asset classes such as private equity, loans, and sovereign bonds, creating blind spots where climate concerns may go unnoticed (Network for Greening the Financial System, 2024^[8]). Such methodological gaps can create blind spots that limit the visibility of the financing that continues to be allocated to non-climate activities.

Furthermore, alongside physical risk exposures, companies in high-emitting industries are more likely to face regulatory, market, and reputational risks during the transition to a low-carbon economy. Evaluating portfolio composition is crucial for identifying both physical and transition risk exposures, ultimately

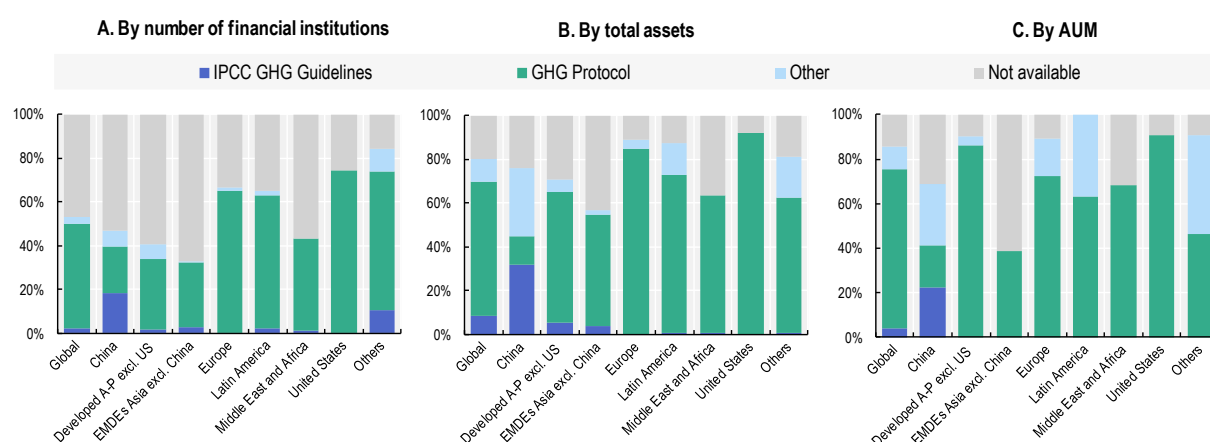
enabling more effective risk management. For these reasons, GHG emissions metrics need to be complemented by portfolio composition metrics, including investments in climate solutions and carbon-intensive assets, as well as information on engagement, strategy and governance (Table 2.1).

Tracking the share of a portfolio in high-emitting industries or by specific technologies may be particularly relevant for informed decision-making, especially when GHG emissions data from investee companies are lacking. By assessing the share of investments in high-emitting industries, investors can estimate the potential carbon intensity of their portfolios, even in the absence of direct GHG emission data. This enhances understanding of portfolio alignment with net-zero goals and encourages investor engagement with these companies.

Harmonising the industry classifications employed by companies and data providers is essential to ensure the comparability of portfolio composition metrics. The need for standardisation also applies to financial instruments, particularly those with sustainability characteristics. In this context, the EU Platform on Sustainable Finance has aimed to categorise financial products that pursue sustainability strategies (EU Platform on Sustainable Finance, 2024^[9]).

Globally, only half of the financial institutions reporting their GHG emissions in 2024 provide details on the methodology they employ to account for the emissions. The GHG Protocol standards are consistently used across all regions. Notable exceptions are observed in China, where 19% of companies owning 32% of total assets reported GHG emissions according to the IPCC GHG Guidelines (Figure 2.6).

Figure 2.6 Methodologies used for GHG emission reporting, 2024

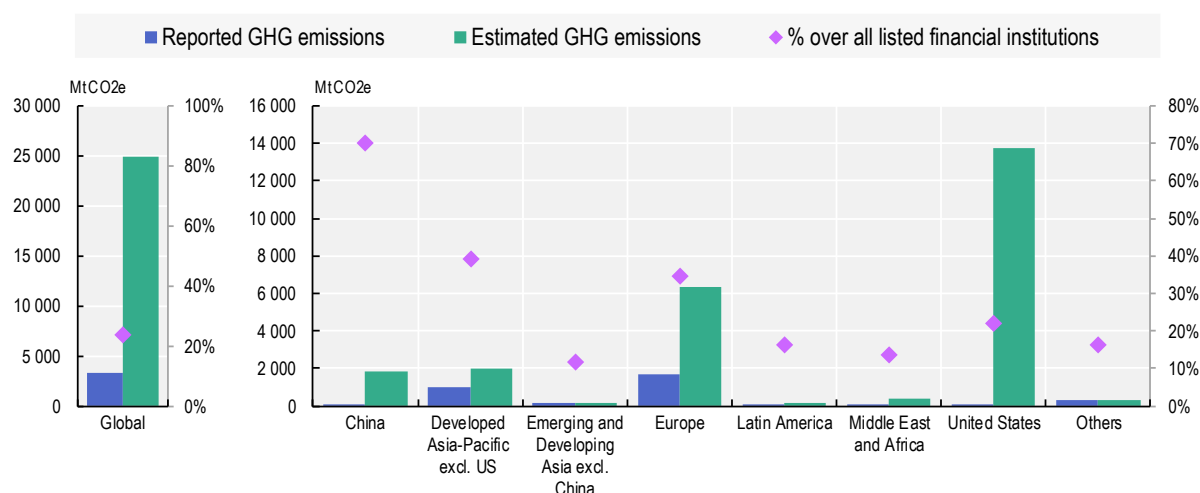


Note: The disclosure of the methodologies used for GHG emission reporting is based on available information from 1 166 listed financial institutions disclosing GHG emissions. The use of a specific methodology for their GHG emission reporting is disclosed by 619 listed financial institutions.

Source: OECD Corporate Sustainability dataset, Bloomberg, LSEG. See Annex A for details.

In Figure 2.2 and Figure 2.3, the last column shows total reported and estimated GHG emissions by different groups of financial institutions. In Figure 2.7 below, total reported and estimated GHG emissions (for all scopes) are for the same group of financial institutions, for which data is available for both actual disclosure and estimation by a third-party. Globally, only one-fourth of listed financial institutions disclosed both estimated and reported data in 2024, with similar percentages regionally. A noteworthy exception is China, where investors can have access to both reported and estimated data for 70% of listed financial institutions. In this comparison, it is possible to see how much financial institutions may be underreporting their GHG emissions according to the existing estimations.

Figure 2.7 Reported and estimated GHG emissions for all scopes of a group of listed financial institutions, 2024



Note: The figure displays aggregated data for which both actual disclosure and estimation by a third-party are available in 2024. Only listed financial institutions that provide both reported and estimated emission data are included in the analysis. The disclosure of reported and estimated GHG emissions is based on available information from 1 166 listed financial institutions. Reported GHG emissions data are collected from Bloomberg, and estimated data are collected from Bloomberg, COGEM and MSCI.

Source: OECD Corporate Sustainability dataset, Bloomberg, COGEM, MSCI. See Annex A for details.

There are several reasons for financial institutions to disclose their carbon performance in terms of absolute emissions. Absolute emissions metrics are straightforward and closely tied to the global carbon budget, making them easy to interpret and calculate. Moreover, they provide a clear overview of total emissions without requiring extensive data inputs. Widely available and applicable to all asset classes, absolute emissions represent a practical choice for tracking emissions. Nevertheless, emissions reductions reflected by these metrics might occur because the investee companies have scaled down their production or operations, rather than actual improvements in climate performance. This may lead to a partial picture of how effectively a company is tackling climate challenges.

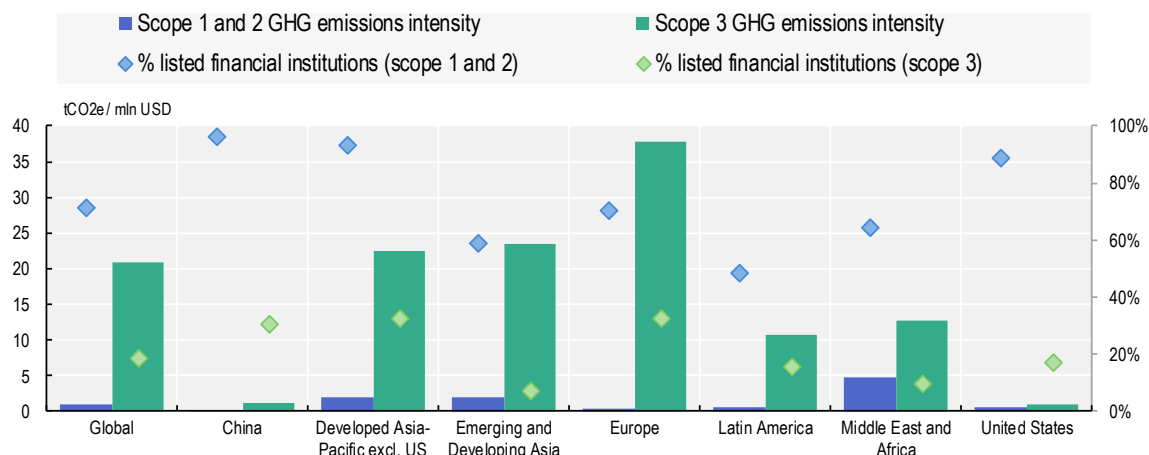
Intensity-based metrics assess GHG emissions relative to output, offering a clearer perspective on efficiency improvements regardless of a company's size or growth. Emission intensity per asset is a key metric for assessing the environmental impact of financial institutions, providing insight into their emissions relative to their asset base. Financial institutions seeking greater comprehensiveness in their emission disclosures may favor carbon intensity-based metrics, as they highlight performance relative to their investments.

A lower emission intensity indicates that a company generates fewer emissions for each dollar of assets, reflecting better sustainability practices and a reduced carbon footprint. When companies integrate environmental considerations into their operations, reducing emission intensity becomes a key goal, particularly for institutions managing large asset portfolios. However, these metrics are more complex to calculate, require extensive data, and may make comparisons between companies with different activities challenging. Furthermore, when assessing the historical performance, investors should consider that intensity-based metrics are potentially affected by fluctuations in macroeconomic conditions and that, even if climate performance improves on an intensity basis, total emissions could still rise.

Emission intensity is higher when considering the reported scope 3 GHG emissions, which reflects the greater relevance of these emissions for the financial sector. Emission intensity is near zero for both scope 1 and 2 in China, the United States and Europe, while it reaches 5 tons of CO₂e per million USD in the Middle East and Africa (Figure 2.8).

Scope 3 emissions intensity is above the global average in Europe (38 tons of CO₂e per USD million), Developed Asia-Pacific excl. US (22 tons of CO₂e per USD million), and Emerging and Developing Asia excl. China (24 tons of CO₂e per USD million).

Figure 2.8. Reported and estimated GHG emission intensity per assets, 2024



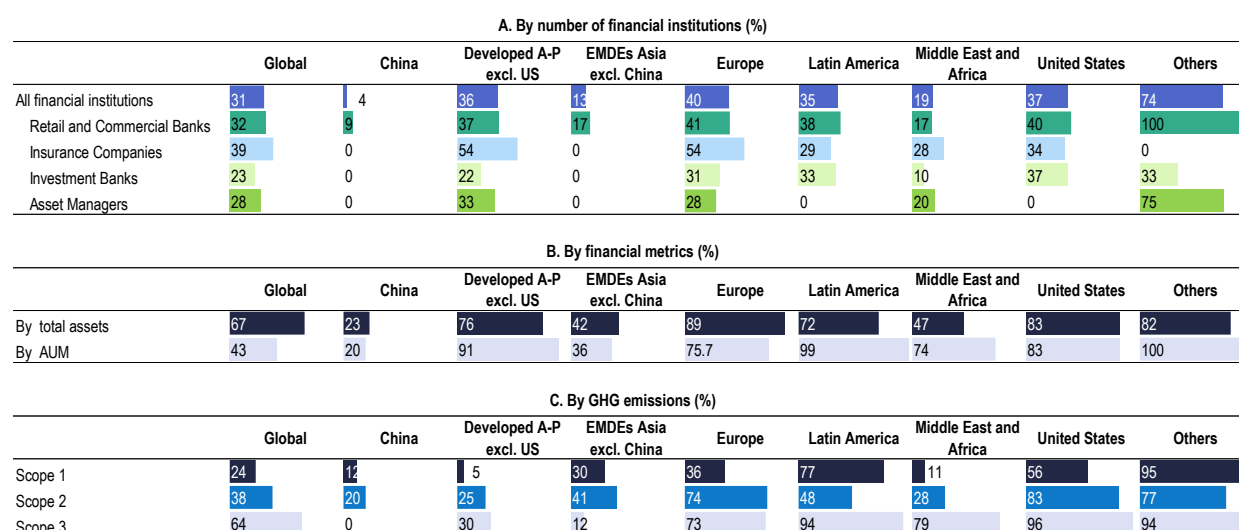
Note: The economic intensity of scope 1 and 2 GHG emissions and scope 3 GHG emissions is calculated by dividing tons of CO₂e emissions by total assets in million US dollars. When reported emissions are unavailable, estimated emissions are used. The reported and estimated GHG emission intensities are based on available information from 3 526 (scope 1 and 2) and 929 (scope 3) listed financial institutions. The emission intensity calculation is based only on the total assets of financial institutions disclosing scope 1 and 2 (blue bar) or scope 3 (green bar).

Source: OECD Corporate Sustainability dataset, Bloomberg, COGEM, MSCI. See Annex A for details.

Although GHG emissions might be subject to a different level of assurance than other sustainability-related information, financial institutions show similar trends compared to the assurance of their broader sustainability-related reports (OECD, 2024^[10]). Globally, only one-third (31%) of all financial institutions representing two-thirds of total assets (67%) assured their reported GHG emissions in 2024 (Figure 2.9). In the United States, 37% of the financial institutions accounting for 83% of total assets owned and managed assured their GHG emissions. Compared with other financial institutions, insurance companies are the biggest assurers by number of companies in several regions, especially in Developed Asia-Pacific excl. US (54%), Europe (54%) and Latin America (29%).

The global assurance of GHG emissions by third parties is homogenous across regions but varies significantly by emission scopes. Globally, 24% of scope 1 GHG emissions, 38% of scope 2 emissions, and 64% of scope 3 emissions are independently assured by third parties. In the United States and Latin America, the majority of reported GHG emissions undergo voluntary third-party verification.

Figure 2.9 GHG emissions with external assurance, 2024



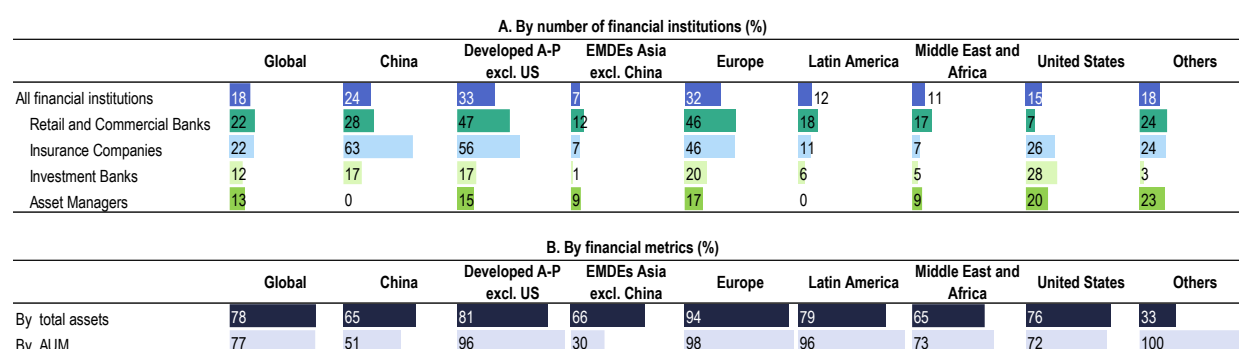
Note: The disclosure of the use of assurance on GHG emission reporting is based on available information from 1 166 listed financial institutions disclosing GHG emissions. The analysis includes information from 360 listed financial institutions assuring their scope 1, 2 or 3 emissions. Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

2.3. Disclosure of GHG emission reduction targets and net-zero commitments

To effectively mitigate GHG emissions and align with corporate climate goals, it is helpful for financial institutions to adopt a comprehensive strategy that encompasses robust net-zero commitments, and transparent disclosure of GHG emission reduction targets. This commitment lays the foundation for credible climate action and helps build trust among stakeholders. Disclosure of GHG emission reduction targets is crucial for accountability and transparency, enabling stakeholders to assess progress and hold organisations accountable for their commitments. Clear, measurable targets not only guide internal efforts but also enhance public trust and investor confidence.

Globally, 908 listed financial institutions have set a GHG emission target, accounting for 78% of total assets and 77% of AUM (Figure 2.10). Developed Asia-Pacific excl. US has the highest share of listed financial institutions disclosing GHG emission reduction targets (33%), followed by Europe (32%) and China (24%).

Figure 2.10 Disclosure of GHG emission reduction targets, 2024



Note: The disclosure of GHG emission targets is based on available information from 4 922 listed financial institutions. The analysis includes information from 908 listed financial institutions disclosing reduction targets.

Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, LSEG, SBTi Target Dashboard. See Annex A for details.

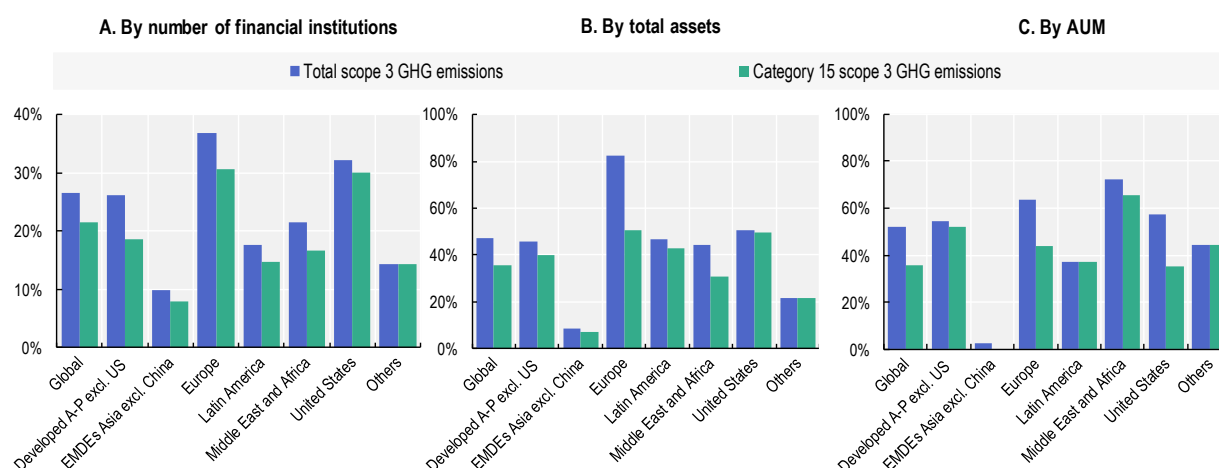
Listed financial institutions with significant total owned assets or significant AUM are more likely to set GHG emission reduction targets. For instance, 12% of listed financial companies in Latin American economies reported emission reduction targets, accounting for 79% of total assets and 96% of AUM. A similar pattern arises in the United States, Europe, and Developed Asia-Pacific excl. US.

For financial institutions, setting reduction targets for scope 3 GHG emissions, particularly in category 15 (investments), is essential to advancing their net-zero targets. This strategy extends their influence beyond direct operations, mitigating financial risks and aligning with global climate goals.

Globally, 27% of listed financial institutions have published a reduction target including their scope 3 GHG emissions, while 22% also included their category 15 scope 3 GHG emissions in the target (Figure 2.11). This means that, globally, about 80% of the institutions that have set a scope 3 target also considered financed emissions in the target, ranging from 71% in Developed Asia-Pacific excl. US to 93% in the United States.

Europe has the highest percentage of financial institutions setting a reduction target for scope 3 GHG emissions, including their category 15 GHG emissions. Thirty-seven percent of listed financial institutions (83% by total assets and 64% by AUM) in Europe disclosed the scope 3 GHG emission targets and 31% also set reduction targets for the category 15 of scope 3 GHG emissions.

Figure 2.11. Financial institutions setting scope 3 GHG emissions reduction targets, 2024



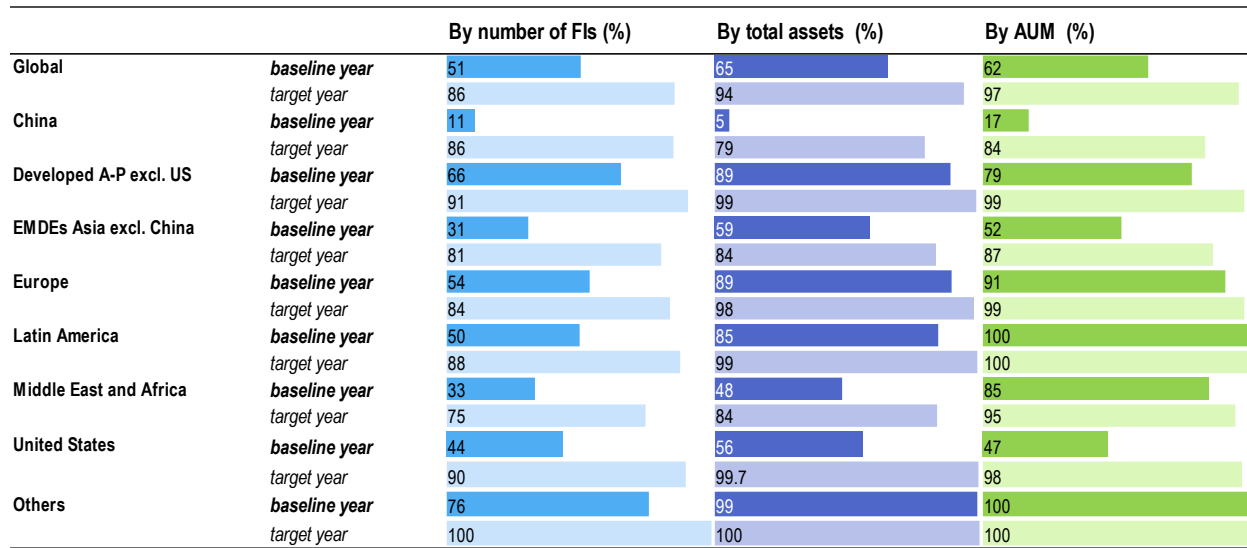
Note: The disclosure by listed financial institutions setting reduction targets is based on available information from 908 listed financial institutions disclosing reduction targets. The analysis includes information from 241 and 195 listed financial institutions disclosing total scope 3 and category 15 scope 3 GHG emissions, respectively. In the figure, China is not represented due to the limited number of financial institutions disclosing reduction targets for financed emissions in the country. Latin America's shares could be underrepresented due to lack in data availability.

Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, LSEG, SBTi Target Dashboard. See Annex A for details.

The disclosure of detailed target metrics, such as the target year, baseline year, and baseline emissions allows comparable analysis. These metrics provide clarity, enhance transparency and accountability, support evidence-based decision-making, and build credibility with stakeholders.

The baseline year and target year are necessary for investors and stakeholders to assess the meaning of GHG emission reduction targets (both in relative and absolute terms) for an individual company. In general, the availability of the target year is higher than that of the baseline year. 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 2.12). In Developed Asia-Pacific excl. US, two-thirds of financial institutions by number of companies reported the baseline year and 91% the target year.

Figure 2.12. Financial institutions with emission targets disclosing baseline and target years, 2024

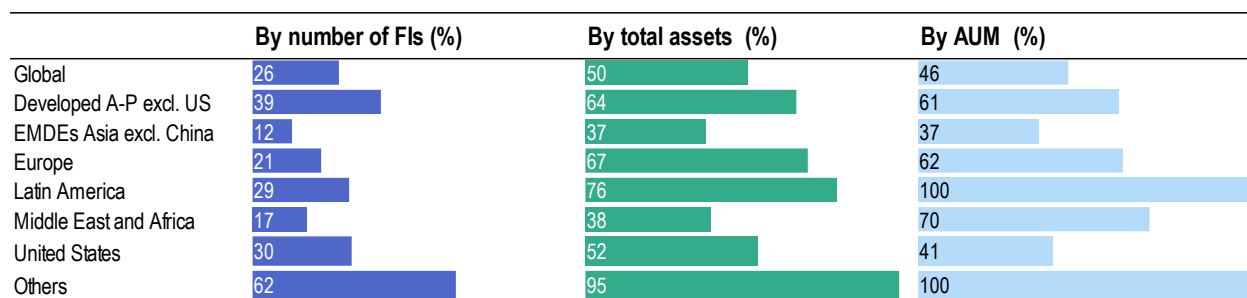


Note: The disclosure of listed financial institutions with GHG targets is based on available information from 908 listed financial institutions disclosing reduction targets. The analysis includes information from 461 and 783 listed financial institutions that disclose a baseline year and a target year,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

Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, LSEG, SBTi Target Dashboard. See Annex A for details.

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 (50% by total assets and 46% by AUM) globally disclosed the baseline emissions (Figure 2.13). In Developed Asia-Pacific excl. US, 39% of companies in the financial sector disclosed their baseline emissions to reach reduction targets, representing roughly two-thirds of total assets and AUM. In Emerging and Developing Asia excl. China, only 12% of the companies disclosed baseline emissions but they account for 37% of regional total assets and AUM.

Figure 2.13. Listed financial institutions disclosing baseline emissions, 2024



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. In the figure, China is not represented due to the limited number of financial institutions disclosing baseline emissions in the country.

Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, LSEG, SBTi Target Dashboard. See Annex A for details.

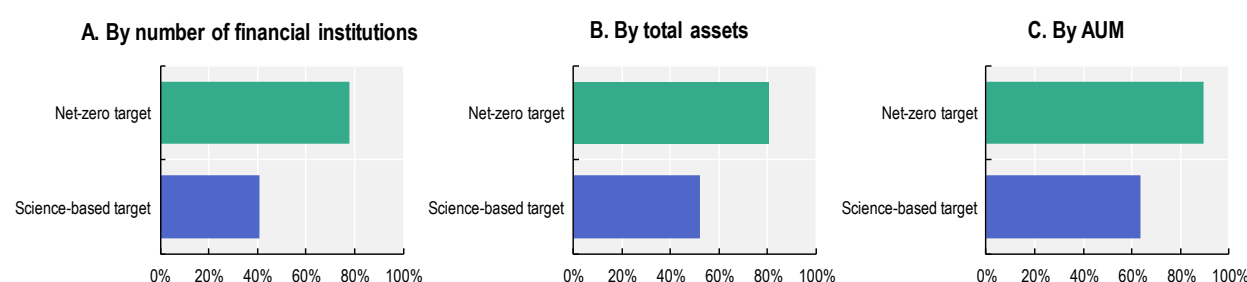
2.3.1. Adherence to voluntary initiatives

Science-based emission targets are those that align with the objectives of the Paris Climate Agreement, aiming to restrict global warming to well below 2 degrees Celsius above pre-industrial levels. Net-zero

reduction targets aim to achieve the point where the GHG emissions released into the atmosphere equal the amount removed from it. The balance can be achieved by reducing emissions across all sectors and offsetting any remaining emissions through carbon removals.

Globally and across regions, most listed financial institutions demonstrate a high ambition and engagement in setting a net-zero emission target. Seventy-eight per cent of listed financial institutions claim that their targets aim to achieve net-zero GHG emissions (Figure 2.14). Developed Asia-Pacific excl. US and Europe are the top two regions whose financial institutions disclosed their engagement in setting GHG emission reduction targets to reach net-zero balance and the goals of the Paris Climate Agreement. Conversely, only 41% of listed financial institutions disclosing reduction targets declare their ambition and engagement in setting science-based GHG emission reduction targets.

Figure 2.14. Disclosure of science-based and net-zero GHG emission reduction targets, 2024



Note: The disclosure of science-based targets and net-zero targets is based on available information from 908 listed financial institutions disclosing reduction targets. The analysis includes information from 372 and 707 listed financial institutions that disclose science-based targets and net-zero targets, respectively. The first group includes listed financial institutions that disclose a GHG emission reduction target and that the target is science-based. The second group includes listed financial institutions that disclose a GHG emission target and that the target is aligned with net-zero goals. The disclosure of science-based targets is intended when the company claims that the disclosed target is linked to science-based temperature scenarios, including, but not limited to, targets that have been submitted to and reviewed by the SBTi. The disclosure of net-zero targets is meant when the disclosed target aims for net-zero emissions, as defined by the company.

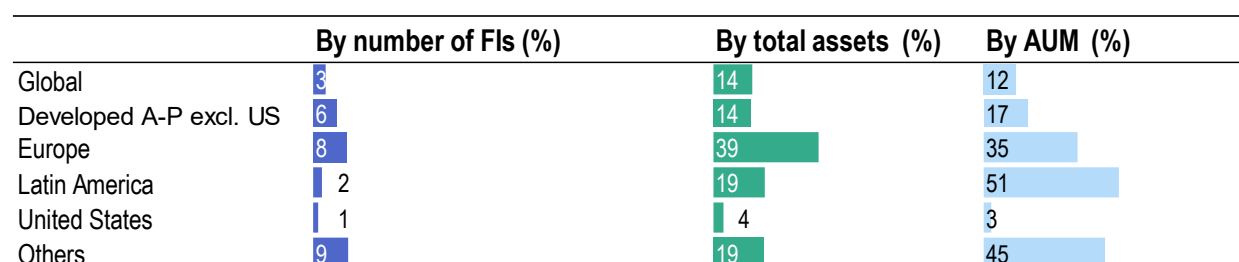
Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI, SBTi Target Dashboard. See Annex A for details.

The SBTi guidance for the financial sector (hereafter “SBTi-FI”) uses backward-looking emission-based metrics to quantify financed emissions alongside forward-looking target-based metrics to evaluate alignment to plans or pathways aligned with the Paris Climate Agreement. SBTi-FI enables a financial institution to use GHG emission metrics to define portfolio decarbonisation targets.

SBTi requires financial institutions to disclose high-quality and transparent emission data, tracking progress through an action plan to achieve the targets. Financial institutions must set near-term science-based targets, align them with 1.5°C pathways, and assess their financing activities related to fossil fuels. SBTi provides a specific methodology to set science-based targets for financial institutions, makes available a reporting tool, and outlines validation criteria and recommendations to ensure the targets are credible, science-based, and effective.

Commitment to the SBTi starts by submitting a letter establishing an intention to set a science-based target. Companies in the financial sector have much less commitment to setting emission targets in line with the SBTi, compared to disclosing GHG emission reduction targets, science-based targets and net-zero targets. Fourteen per cent of listed financial institutions by total assets have committed to setting science-based emission reduction targets globally (Figure 2.15). In Europe, 8% of listed financial institutions, corresponding to 39% of regional total assets, have submitted a letter to the SBTi committing to develop science-based targets.

Figure 2.15. Commitment to the SBTi targets by listed financial institutions, 2024



Note: The disclosure of the commitment to SBTi targets is based on available information from 4 922 listed financial institutions. The analysis includes information from 160 listed financial institutions committing to the SBTi targets. In the figure, China and Middle East and Africa are not represented due to the limited number of financial institutions disclosing reduction targets for financed emissions in the country and region. Shares of Latin America, Emerging and Developing Asia excl. China and the United States could be underrepresented due to a lack of data availability.

Source: OECD Corporate Sustainability dataset, SBTi Target Dashboard, Bloomberg, MSCI. See Annex A for details.

Glasgow Financial Alliance for Net Zero (GFANZ) is a coalition of leading financial institutions committed to accelerating the net-zero transition and fostering a commitment to achieving net-zero goals by 2050. The GFANZ Net Zero Transition Plan framework recommends strategies for financial institutions to decarbonise portfolios in line with net-zero 2050 targets. At the end of 2024, over 700 financial institutions, including 80% of G-SIBs, are members of the GFANZ, with more than two-thirds having set out their plans for net-zero transition in line with the GFANZ Net-Zero Transition Plan framework (Glasgow Financial Alliance for Net Zero, 2024^[11]).

The Net Zero Investment Framework (NZIF), developed by the Institutional Investors Group on Climate Change (IIGCC), provides a comprehensive roadmap for investors to decarbonise their portfolios, guiding asset owners and asset managers on how to set targets, assess emissions, and allocate capital towards low-carbon solutions.

Both initiatives are integral to embedding net-zero commitments into the core operations of financial institutions. By adopting the NZIF, institutions gain a clear methodology to implement climate-conscious investment strategies, while GFANZ ensures collaboration and accountability across the financial sector. Together, they represent a systematic approach to support the low-carbon transition, while actively managing climate risks in portfolios.

Transition plans are a crucial element of climate-related disclosures, offering insights into how companies are preparing for risks, opportunities, and potential business model shifts arising from the climate transition. Transition plans serve as an essential tool for investor decision-making, thereby enhancing market efficiency and supporting capital allocation and risk management. Transition plans can also help micro-prudential authorities ensure the safety and soundness of financial institutions by assessing the impact of climate change on their strategy and operations. This can prompt supervisors to engage with financial companies on how to measure their progress in reducing exposure to climate-related risk across short-, medium-, and long-term horizons (Network for Greening the Financial System, 2025^[12]). Additionally, they can play a significant role in shaping the design of sustainability-labelled funds and financial instruments. The definition of a transition plan differs among jurisdictions, largely shaped by the disclosure standards and framework guidelines each region chooses to adopt (The Board of the International Organization of Securities Commissions, 2024^[13]).

According to the ESRS, a transition plan is part of a company's overall strategy, outlining the goals, actions and resources needed to move towards a low-carbon economy. This includes measures such as reducing GHG emissions and achieving climate neutrality. The ESRS require companies to disclose information on their ongoing climate-related transition plans publicly. Nevertheless, under the EU Omnibus Simplification

Package, which revises and simplifies the Corporate Sustainability Reporting Directive, the requirement for companies to adopt a transition plan for climate mitigation would be removed.

The GFANZ considers transition plans as a strategic action plan that encompasses all operations of an organisation. A transition plan is defined as a set of goals, actions, and accountability mechanisms to align business operations with a path towards achieving net-zero GHG emissions, resulting in a tangible reduction of emissions in the real economy. According to the GFANZ, a transition plan should be aligned with the goal of reaching net-zero emissions by 2050, in accordance with Paris Climate Agreement objectives. To reach this net-zero goal, the GFANZ requires a multifaceted approach, with financial institutions to set specific operational targets, like maintaining a certain share of green loans. The GFANZ framework is not focused on the disclosure but provides a guideline for the development of transition plans by financial institutions.

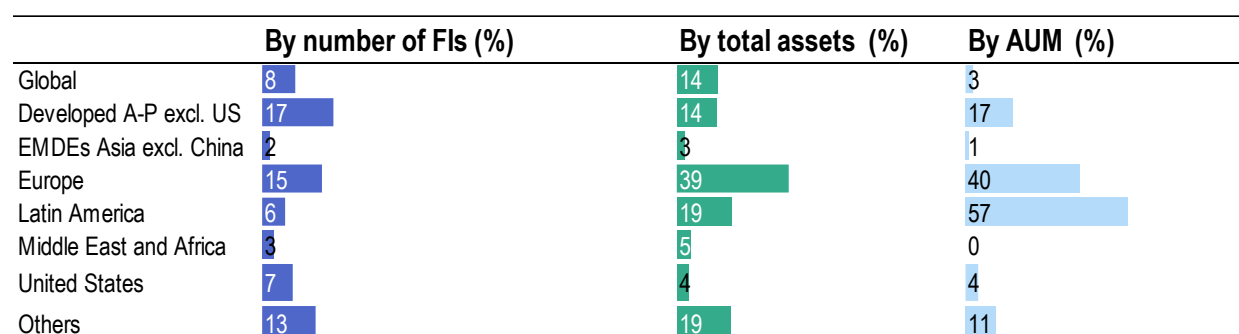
While the GFANZ represents one of the most comprehensive and cross-cutting global initiatives in sustainable finance, other sector-specific alliances also play an important role in advancing net-zero objectives within their respective domains. Among them, the Net-Zero Banking Alliance (NZBA) brought together banks committed to aligning their lending and investment portfolios with net-zero emissions by 2050. Broadly aligned with the goals and principles of the GFANZ, the NZBA operated as an independent initiative tailored to the banking sector and built upon the GFANZ framework to guide its members. In October 2025, the NZBA announced the cessation of its operations.

The ISSB requires companies to provide information on how they plan to address climate-related risks and opportunities in their strategy and decision-making processes, taking into account any climate goals they have set. This is part of an organisation's overall strategy. Specifically, IFRS S2 requires companies to disclose information on their climate-related transition plans, outlining the key assumptions used in their development and the dependencies upon which these plans are based.

The Transition Plan Taskforce (TPT), established by the UK government in 2022, was tasked with developing a gold standard for climate transition plan disclosure. The TPT Framework offers a set of recommendations to help an entity more effectively disclose its transition plan, designed to be consistent with, and build on, the ISSB. It recommends that entities integrate material information about transition plan into their general purpose financial reports, but notes that some companies may prepare a standalone transition plan as good practice. The TPT Framework builds on the transition plan guidance developed by GFANZ, thereby promoting international alignment on the key elements that constitute a robust and credible transition plan. According to the TPT, a well-designed transition plan clearly articulates the company's objectives and priorities for responding and contributing to the low-carbon, climate-resilient transition, while managing climate-related risks and opportunities. The TPT provides recommendations to enhance the effectiveness of transition plan disclosures, with a focus on ensuring firms consider three interrelated channels – decarbonising the entity, responding to the entity's climate-related risks and opportunities, and contributing to an economy-wide transition. The IFRS Foundation assumed responsibility for the TPT Framework in 2024 and has used it to develop educational materials on transition plan disclosures, in accordance with IFRS S2.

In 2024, only 8% of global financial institutions publicly disclosed that they had an active climate-related transition plan in place (Figure 2.16). Developed Asia-Pacific excl. US and Europe have the highest proportion of institutions with established climate transition plans, although the number does not exceed 17%.

Figure 2.16. Transition planning by financial institutions, 2024



Note: The disclosure of the transition planning is based on available information from 4 922 listed financial institutions. The analysis includes information from 393 listed financial institutions disclosing a transition plan. In the figure, China is not represented due to the limited number of financial institutions disclosing reduction targets for financed emissions in the country.

Source: OECD Corporate Sustainability dataset, Bloomberg, LSEG. See Annex A for details.

2.4. Corporate governance and risk assessment disclosure

Another useful step for financial institutions is considering different possible scenarios caused by climate change and identifying potential risks and opportunities. This process usually includes identifying and classifying scenario-related risks and opportunities and including them in the companies' risk management process.

As shown in Figure 2.17, identifying climate-related risks as material to the company is most common among retail and commercial banks and insurance companies with high percentage of companies. Across all financial institutions, China (63%) and the United States (57%) have the highest percentage. However, only 22% of companies globally identify climate-related risks as material, and even fewer in developing regions that tend to be more affected by climate change.

Figure 2.17. Climate-related risks identified as material by financial institutions, 2024

A. By number of financial institutions									
In per cent	Global	China	Developed A-P excl. US	EMDEs Asia excl. China	Europe	Latin America	Middle East and Africa	United States	Others
All financial institutions	22	63	27	8	25	16	9	57	19
Retail and Commercial Banks	28	64	35	13	34	22	14	55	27
Insurance Companies	29	63	60	7	38	15	8	72	29
Investment Banks	13	62	13	1	17	9	2	52	0
Asset Managers	9	0	19	9	8	4	3	0	23

B. By financial metrics									
In per cent	Global	China	Developed A-P excl. US	EMDEs Asia excl. China	Europe	Latin America	Middle East and Africa	United States	Others
By total assets	87	95	78	58	95	82	58	95	64
By AUM	95	0	90	41	97	96	57	97	100

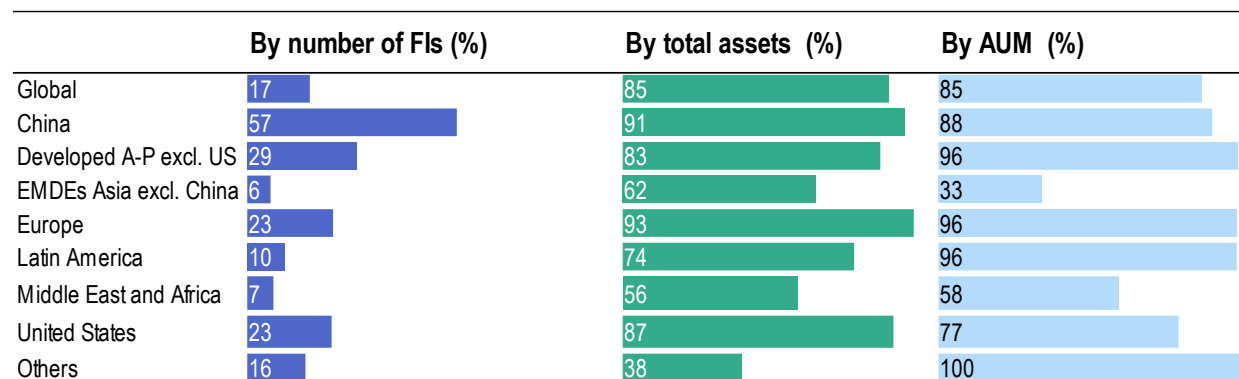
Note: The disclosure of climate-related risks identified as material by financial institutions is based on 4 922 listed financial institutions. The analysis includes information from 1 106 listed financial institutions conducting materiality assessment of climate-related risks. In the figure, asset managers' shares could be underrepresented due to a lack of data availability, across all regions.

Source: OECD Corporate Sustainability dataset, Bloomberg, MSCI. See Annex A for details.

Among all regions, financial institutions identifying climate-related risks as material are equally active in ensuring their boards oversee those risks. Similarly, the largest institutions within each region are the ones that focus most on integrating climate change into the companies' governance. In China, companies self-

reporting oversight of climate-related issues represent the highest share by number of companies (57%), corresponding to 91% by total assets and 88% by AUM (Figure 2.18).

Figure 2.18. Self-reported board-level oversight of climate-related issues, 2024



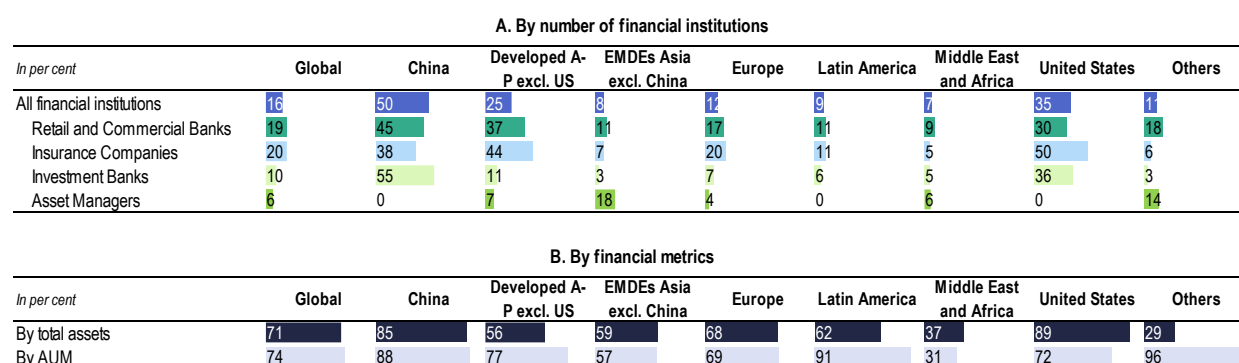
Note: The disclosure of the self-reported board-level oversight of climate-related issues is based on 4 922 listed financial institutions. The analysis includes information from 827 listed financial institutions disclosing board-level oversight on climate-related issues.

Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

A sustainability committee may support the management and oversight of sustainability in a focused and coordinated way across the company (IFC, 2021^[14]). Establishing a board committee responsible for sustainability is not the only way for a company to manage its sustainability risks, and a committee, if not well structured, may even be ineffective in doing so (OECD, 2024^[10]). However, the existence of a sustainability board committee may be a proxy for the importance boards place on sustainability-related risks.

In China, 50% of all financial institutions have a sustainability board committee. The other regions range from 35% (United States) to 8% (Emerging and Developing Asia excl. China) (Figure 2.19). A similar picture also emerges when looking at total assets, with companies representing 85% of total assets in China having a sustainability board, compared to only 37% in the Middle East and Africa.

Figure 2.19 Existence of a board committee responsible for sustainability, 2024

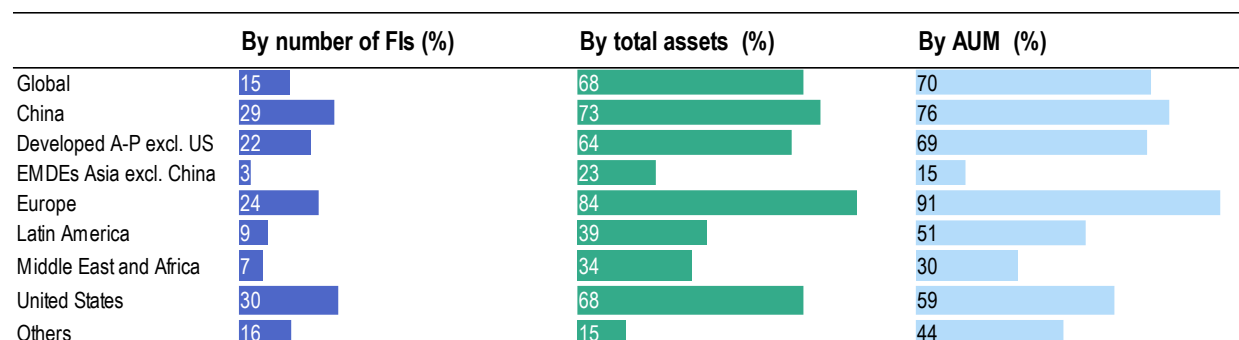


Note: The disclosure of the board committees responsible for sustainability is based on available information from 4 922 listed financial institutions. The analysis includes information from 770 listed financial institutions. In the figure, other economies' shares could be underrepresented due to a lack of data availability.

Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

To fulfil their key functions in assessing the company's risk profile and guiding its governance practices, boards may also consider sustainability matters when establishing key executives' compensation. Figure 2.20 shows the percentage of listed financial institutions that link executive compensation to sustainability matters in 2024, by number of institutions, total assets, and AUM.

Figure 2.20 Executive and board compensation linked to sustainability matters, 2024



Note: The disclosure of the executive compensation linked to sustainability matters is based on available information from 4 922 listed financial institutions. The analysis includes information from 748 listed financial institutions disclosing executive or board compensation linked to sustainability matters.

Source: OECD Corporate Sustainability dataset, Bloomberg, LSEG. See Annex A for details.

3 Assessing financial institutions' net-zero commitments

3.1. Assessing existing targets and net-zero commitments

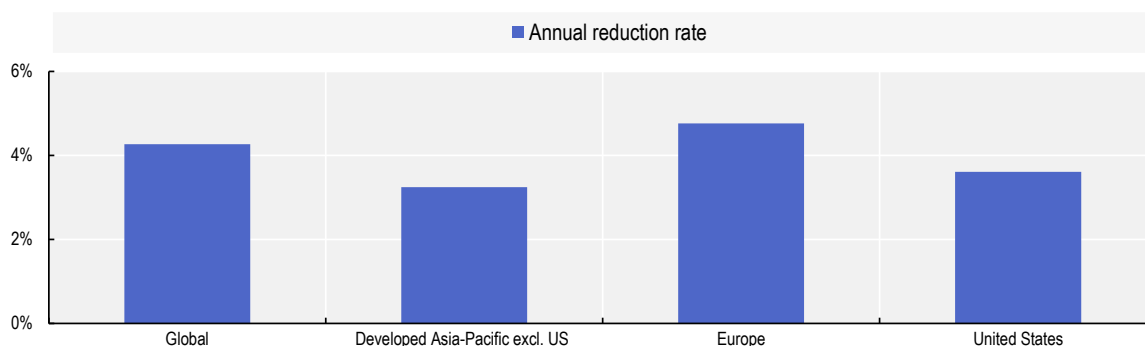
Financial institutions' GHG emission reduction targets vary in terms of their comprehensiveness, ambition, and feasibility. These factors are relevant to assessing the credibility and effectiveness of a financial institution's climate-related commitment.

To gauge ambition and enable comparisons between companies, annual reduction metrics encompass key target-specific data. The annual reduction is calculated by dividing the rate of emissions change by the time span between the base year and the target year. Considering all the data gaps, it is only possible to calculate annual targeted reduction rates for a limited number of financial institutions.

On average, listed financial institutions aim to reduce their scope 3 GHG emissions at an annual rate of 4.3% globally (Figure 3.1). Europe leads with the most ambitious emission reduction targets of scope 3 GHG emissions, with financial institutions pursuing an average annual reduction rate of 5%. The higher average may be partly explained by the small size of the sample. In addition, while short-term targets may be high, long-term targets may tend to lower the level of ambition, due to a decrease in the company's carbon budget. Availability and data quality are crucial elements to assess net-zero commitments of financial institutions.

Figure 3.1 measures the average annual reduction of GHG emissions based on data collected from Bloomberg after applying quality checks (see Annex A for further details on the methodology used). The analysis considers only scope 3 GHG emission targets, integrating total GHG emission targets when the company's scope 3 GHG emissions account for at least 80% or higher percentage of the total GHG emissions.

Figure 3.1 The average annual GHG emission reduction rate of scope 3 GHG emissions, 2024



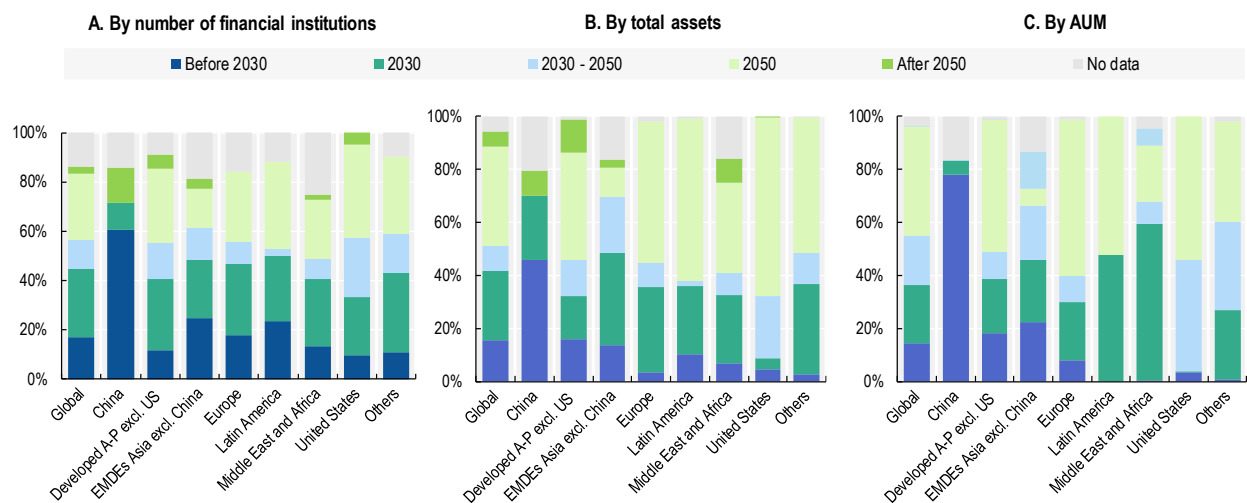
Note: The average annual reduction rate of absolute emissions is calculated based on 164 listed financial institutions that disclosed reduction targets for scope 3 GHG emissions. The inclusion of only one country and two regions is due to a lack of data availability.

Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

International organisations and initiatives often set 2030 and 2050 as target years to coordinate global efforts towards sustainable development. For example, the United Nations has set 2030 as the target year to achieve the 17 Sustainable Development Goals, while some international climate agreements, such as the Paris Climate Agreement, have set 2050 as the target year for achieving net-zero carbon emissions globally.

Globally, among the listed financial institutions that have disclosed their GHG emission reduction target, 86% disclosed the target year. Half of them have set their reduction target year as 2030 (28%) or 2050 (27%), accounting for 64% of total assets owned and managed (Figure 3.2). Only a small portion by number of companies disclosed targets between 2030 and 2050 (12%) and after 2050 (3%). Less than 17% of the target years were set before 2030.

Figure 3.2 Target year of the existing GHG emission reduction targets, 2024

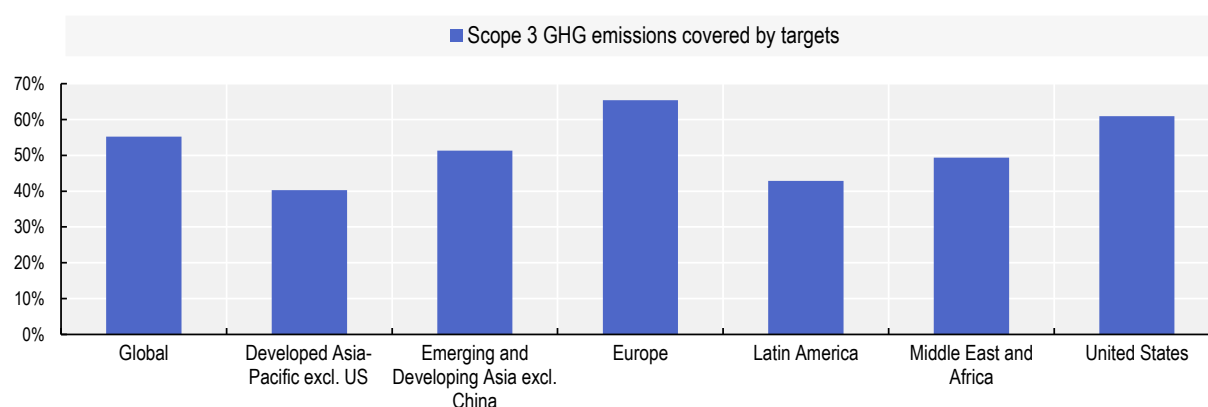


Note: The analysis includes information from 783 listed financial institutions disclosing the target year. The “Before 2030” category includes financial institutions that set the target year between 2024 and 2029. The “2030 – 2050” category includes financial institutions that set the target year between 2031 and 2049. The “After 2050” category includes financial institutions that set their target year from 2051 onwards.

Source: OECD Corporate Sustainability dataset, MSCI, LSEG, Bloomberg. See Annex A for details.

Comprehensiveness reflects the extent to which a company’s targets address its total emissions. A company may set multiple targets, each covering different portions of its emissions. By comparing the baseline emissions with the company’s GHG emissions at the time of the target setting, the comprehensiveness of its strategy can be evaluated. On a global scale, the emission reduction targets of scope 3 GHG emissions set by listed financial institutions cover 55% of the total reported GHG emissions among the institutions that have disclosed a GHG emission reduction target (Figure 3.3). Emissions reduction targets of scope 3 GHG emissions are most comprehensive in Europe and the United States, where listed financial institutions, on average, cover 65% and 61% of their reported scope 3 GHG emissions within their reduction goals, respectively. Emerging and Developing Asia excl. China (51%) and Middle East and Africa (49%) follow.

Figure 3.3 Reported scope 3 GHG emissions covered by financial institutions' targets on scope 3 GHG emissions, 2024



Note: The disclosure of the coverage of GHG emission reduction targets is based on available information from 197 listed financial institutions that disclosed GHG emission targets. China and other economies are not represented in the figure due to the limited number of financial institutions disclosing reduction targets for financed emissions.

Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

The feasibility of GHG emission targets can be assessed by determining whether a company has met its past targets and whether it is on track to meet its current stated targets. To measure this progress, reported scope 3 GHG emissions in 2024 are compared against the projected pathway of each financial institution's GHG emission reduction.

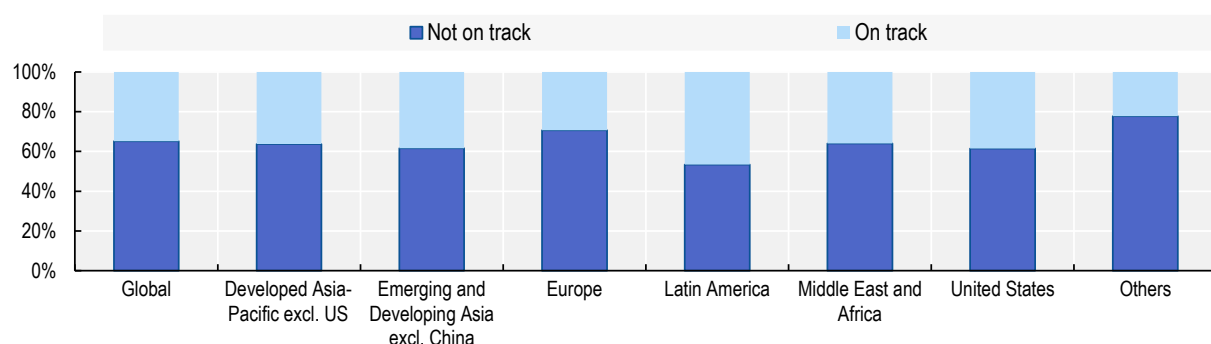
There is an inherent trade-off between the feasibility of emission reduction targets and their comprehensiveness and ambition. Financial institutions may struggle to meet their targets if those targets are overly ambitious and all-encompassing.

Globally, among the financial institutions that have set emission reduction targets of scope 3 GHG emissions, 65% have not met their targets, and only 35% have met the committed targets, assuming that there is a linear reduction path (Figure 3.4)

In all regions except Latin America, over 60% of financial institutions that have set emission reduction targets of scope 3 GHG emissions are not on track to meet them, suggesting that the targets may have been too ambitious or that decarbonisation efforts have fallen short.

Latin America demonstrates the highest feasibility for meeting scope 3 emission reduction targets among listed financial institutions. Almost half of these institutions have successfully met their targets of scope 3 GHG emissions.

Figure 3.4 Progress of listed financial institutions in reaching the scope 3 reduction target, 2024



Note: The disclosure of the progress of listed financial institutions in reaching the emission reduction target is based on available information from 505 listed financial institutions that disclosed both reduction targets of scope 3 emissions and GHG emissions in 2024. To measure this progress, the company's GHG emissions in the current reporting year of the target are compared with the projected value following a linear pathway between the base year emissions and target year emissions. Targets must be set in years beyond 2024. In the figure, China is excluded from the analysis due to a lack of data.

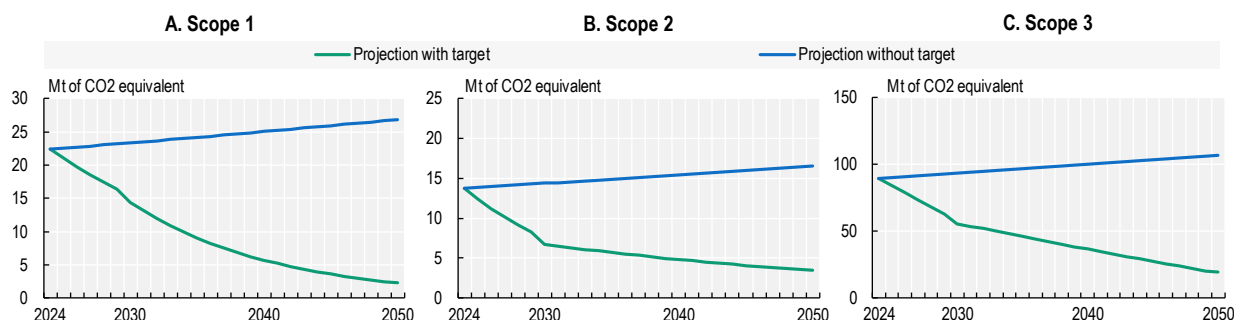
Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

In Figure 3.5, GHG emission projection *without targets* considers the 2024 reported GHG emissions and assumes a business-as-usual default 0.7% annual growth in absolute emissions. This rate was the annual growth rate in the GHG emissions associated with combustion of fossil fuels from 2012 to 2022 globally (IEA, 2024^[15]). Conversely, GHG emission projection with targets is the company's projected GHG emissions in tons of CO₂e for the specific year, taking any considered climate target at face value. These emissions are projected by taking into account the reported GHG emissions of 2024 and the company's pledged climate targets to reduce GHG emissions, if available (see Box 3.1 and Annex for further details on the methodology used).

Overall, the projected emissions with targets show a rapid decline in the short term (Figure 3.5). By 2050, the projected GHG emissions with targets for scope 1, scope 2, and scope 3 are estimated to represent 10%, 25%, and 22%, respectively, of the 2024 emission levels.

The reduction rates for the projected GHG emissions with targets are more ambitious from 2024 to 2030 than from 2030 to 2050. Projected pathways progression after 2030 slows down because, for some financial institutions, targets are only available up to 2030 and complementary ones in the longer term are not. Between 2024 and 2030, the annual reduction rates are expected to be 6% for scope 1, 10% for scope 2, and 7% for scope 3. From 2030 to 2050, these rates increase to 9% for scope 1, but decrease to 3% and 5% for scope 2 and scope 3, respectively.

Figure 3.5 Projected pathway of GHG emissions of listed financial institutions, 2023-50



Note: The disclosure of the emission projected pathways is based on available information from 1 135 and 38 listed financial institutions for which scope 1 and 2 projections and scope 3 projections are available, respectively.

Source: OECD Corporate Sustainability dataset, Bloomberg. See Annex A for details.

Box 3.1. Projection of the GHG emissions

Projection of GHG emissions with targets

Figure 3.5 presents a forward-looking projection of GHG emissions based on the emission reduction targets disclosed by listed financial institutions. In 2024, the institutions' most recent reported GHG emissions are used. For the years 2025 to 2050, emissions are estimated based on the disclosed targets. Any gaps between the reported 2024 emissions and the targeted emissions in the specified target years are bridged using a linear interpolation model.

Projection of GHG emissions without targets

To provide a comparative analysis of forward-looking GHG emissions, Figure 3.5 also models a scenario where companies with disclosed reduction targets do not pursue any emissions reduction commitments. This projection without targets illustrates a business-as-usual pathway, assuming no actions are taken to achieve low-carbon goals. In this scenario, a default annual growth rate of 0.7% in absolute emissions is applied, reflecting the global average increase in GHG emissions from fossil fuel combustion between 2012 and 2022 (IEA, 2024_[15]).

3.2. Country cases: Financial authorities' role in monitoring GHG emission targets

Although some financial authorities may not be explicitly mandated to track net-zero commitments, they may monitor financial institutions' performance against their net-zero commitments for at least three reasons. First, they may recognise that financial institutions that align their activities and investments with global climate goals may better manage their transition risks since their portfolios will be steered to investee companies with smaller carbon footprints. Second, financial authorities may understand that financial institutions have a role in incentivising non-financial companies to phase out high-emitting activities and invest further in low-carbon technologies, reducing climate change risks for the financial markets and the economy more broadly. Third, specifically in the case of financial institutions that pledge to be in line with global climate goals, financial authorities may decide to monitor the truthfulness of such a pledge to protect the interests of the clients for whom environmental matters are important when choosing the services of a financial institution. The following analysis benefited from the contributions of volunteer jurisdictions.

3.2.1. European Union

National central banks in the European Union are part of the European banking supervision system under the Single Supervisory Mechanism (SSM), which includes the European Central Bank (ECB) and the national supervisory authorities of member countries. The ECB focuses on the Significant Institutions (SIs) by regularly assessing their financial situation, verifying their compliance with prudential requirements, taking any necessary supervisory measures, and performing stress tests. Less Significant Institutions (LSIs) are supervised directly by the national central banks, which provide harmonised supervision guided by the general policies and instructions issued by the ECB. In 2022, SIs of the member countries participated in the ECB Thematic Review on institutions' climate-related and environmental risk strategies, as well as their governance and risk management frameworks and processes. The ECB Thematic Review was conducted by the ECB and 21 national competent authorities and covered 186 banks. In 2023, the ECB reviewed practices and trends of climate-related and environmental risk disclosure of 103 SIs and 28 LSIs in the Eurozone. The assessment covered the existence, substantiation and soundness of disclosures across key areas of the supervision expectations, including materiality assessment, business model and strategy, governance, risk management, and metrics and targets. The information typically considered in the assessment included: annual reports, non-financial reports, sustainability reports and EBA Pillar 3 reports. For consistency with other supervisory exercises performed in 2022, the ECB also considered the documents submitted by the institutions in the context of its 2022 ECB Thematic Review on climate-related and environmental risks and the 2022 climate risk stress test.

Since 2025, the ECB's remit includes the supervision of transition plans developed by European banks in the context of the implementation of the Basel reforms. Under the new prudential framework, European banks will be required to submit their transition plans, which will include specific objectives and targets for the transition to a sustainable economy.

In parallel, European banks and financial intermediaries are subject to disclosing ESG information in the EBA Pillar 3 templates, as well as under the TCFD principles and recommendations. In 2023, large institutions with listed securities published the first set of annual disclosures on ESG risks under EBA's Pillar 3 disclosure requirements. Notably, the European Banking Authority (EBA) requires banks to disclose exposures to carbon-intensive activities and assets that may experience physical risk as a result of climate change, financed emissions data and alignment of metrics with 2050 net-zero goals.

In the scope of the European Commission's Renewed Sustainable Finance Strategy, the EBA conducts the one-off Fit-for-55 climate risk scenario analysis in collaboration with the other European Supervisory Authorities (ESAs), the ECB and the European Systemic Risk Board (ESRB). The exercise aims at assessing the resilience of the financial sector in line with the Fit-for-55 package, and to gain insights into the capacity of the financial system to support the transition to a lower carbon economy under conditions of stress. In November 2025, the EBA published the Guidelines on environmental scenario analysis on the management of ESG risks. The Guidelines aim to support institutions in developing their internal capabilities and skills necessary for setting and using scenarios, primarily to test the shock-absorbing capacity of their capital and liquidity reserves as well as the resilience of their business model over the medium to long-term (European Banking Authority, 2025^[16]).

At the funds level, the European Insurance and Occupational Pensions Authority (EIOPA) published an opinion on sustainability claims alongside its final report on greenwashing in April 2024. The opinion, setting out a series of principles applicable at product- and entity-level, requires providers to substantiate claims related to longer-term sustainability objectives, such as transition plans or commitments, with detailed plans, interim targets and regular reporting on the implementation status of their plans. The EIOPA plans to monitor supervisory actions taken by competent authorities starting in 2026.

The European Securities and Markets Authority (ESMA) published a similar report in June 2024. The report examines the current supervisory framework for monitoring greenwashing risks and sets out an agenda

for ESMA and national competent authorities to follow going forward. Specifically, ESMA committed to fostering supervisory convergence by introducing common strategic supervisory priorities and actions focusing on sustainability-related disclosures. Further, ESMA plans to develop indicators to monitor greenwashing risk, support the deployment of supervisory tools, and provide additional guidance in high-risk greenwashing areas.

Box 3.2. The ECB review on climate-related and environmental risks

2022 ECB Thematic Review on climate-related and environmental risks

The results of the review show that some leading institutions have started to use transition planning tools, along with targeted client engagement to enhance the resilience of their business model over longer time horizons. Such intermediaries usually use scientific pathways to assess their portfolio's alignment with the Paris Climate Agreement and set concrete intermediate targets showing how portfolios have to evolve over time to meet longer-term objectives, such as reaching net-zero emissions by 2050. Transition planning policies, processes and actions are integrated into these institutions' organisational framework.

However, a wait-and-see approach in strategy-setting is still prevalent in most institutions. In particular, long-term strategic commitments are not supported by intermediate targets, limits and thresholds, or these are set such that there is negligible immediate impact on the institution's exposure profile. Moreover, it is still rare for institutions to test their strategies against various pathways.

The majority of institutions have also started to determine the impact of climate-related risks on their business strategy and established an initial set of key performance indicators (KPIs) for their strategic response. However, in most cases this is an initial approach at an early stage of development. An example of such an initial approach could be that an institution has communicated its goal to achieve net-zero GHG emissions, including from its financing activities by 2050 or earlier, and even set intermediate objectives. Often KPIs are not formulated in a way that allows for effective implementation and monitoring of progress.

Several leading institutions employ forward-looking tools to determine the impact of climate-related risks on their business strategy and use the results as a basis for concrete strategic actions. Some institutions use scientific pathways in their strategy-setting process to set concrete intermediate targets, typically using portfolio alignment methodologies, to pursue longer-term strategic objectives. The more advanced institutions demonstrate awareness of the need to use up-to-date scientific pathways to set targets that are sufficiently ambitious. These targets show how the institution's portfolios have to evolve over time in order to meet the longer-term objectives. In addition, these institutions have adjusted their product offering to achieve their targets and established policies and procedures to follow up on misalignments in their portfolios.

2023 ECB review of climate-related and environmental risks disclosure practices and trends

The disclosure review is based on a supervisory assessment of institutions' publicly available disclosures end 2021 as a reference date, or a later date where available. According to the supervision expectations, institutions are expected to disclose the KPIs and key risk indicators (KRIs) used for the purposes of their strategy-setting and risk management, as well as their current performance against these metrics. Alignment metrics can be an important tool for banks to measure their progress towards the Paris Climate Agreement objectives applied to their portfolio.

Financed emissions are one of the key elements in approaches to climate risk identification, measurement and management. There are still heterogeneities around the disclosed data and

supporting information, such as the non-disclosure of scope 3 financed emissions, disclosure for parts of portfolios only, and the lack of clarity regarding banks' measurement approaches.

For effective target-setting, material portfolios need to be identified. Credit portfolios in key risk sectors can be identified using the NACE sector classification. However, only a few institutions provided a breakdown of all exposures by NACE code. Around one-third of the institutions in scope have carried out a Paris Agreement Capital Transition Assessment (PACTA) analysis. PACTA methodology allows banks to take a forward-looking approach to assessing portfolios in key risk sectors for alignment using different scenarios. However, the observed outcomes of the analyses were often not in-depth.

In general, the International Energy Agency (IEA) scenarios predominated for target-setting. Several institutions have not only published a description and the sector coverage for each scenario but also provided further granularity down to the regional level. For example, the IEA Sustainable Development Scenarios (SDS) benchmarks for the EU are much more restrictive in specific areas (e.g. power, oil and gas, automotive and coal) than those for non-EU OECD member countries or global scenarios. However, most banks use global benchmarks for their alignment analysis. Institutions publish their targets and respective alignments for each sector. These include both the trajectories for the invested portfolio and the targets under the selected scenarios.

In practice and on a portfolio level, target-setting initiatives and portfolio alignment approaches of banks do not describe how portfolio emission reductions are achieved. For example, where a portfolio has become more climate-aligned between two dates, no explanation of what drove that specific improvement is given (e.g. whether the portfolio emissions were reduced through portfolio reallocation or disinvestment, or whether the underlying counterparty managed to decarbonise its processes or production).

Source: European Central Bank, (2022^[17]), *Walking the talk. Banks gearing up to manage risks from climate change and environmental degradation*, <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.thematicreviewcerreport112022-2eb322a79c.en.pdf>; Bank of Italy, (2023^[18]), *Action plans for the integration of climate-related and environmental risks into non-bank intermediaries' business processes: main findings and good practices*, https://www.bancaditalia.it/focus/sostenibilita/vigilanza-sostenibilita/01_Piani_di_azione_LSI_EN.pdf; European Central Bank, (2023^[19]), *The importance of being transparent. A review of climate-related and environmental risks disclosures practices and trends*, <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.theimportanceofbeingtransparent042023-1f0f816b85.en.pdf>

3.2.2. Greece

For LSIs directly supervised by the Bank of Greece, initiatives are implemented in line with actions taken at the EU level. The Central Bank has undertaken specific actions to test the level of awareness of Greek banks about the strategic relevance of climate-related and environmental risks for the sustainability of their business models. Notably, all LSIs have submitted action plans outlining concrete actions and timelines for conducting their own materiality assessments. These plans consider climate-related and environmental risks in relation to their operating environment, business model, risk profile, and governance structures, regardless of the institution's size. A proportionate and gradual approach is being followed, considering the complexity of banks' business model and their significance from a financial stability perspective.

3.2.3. Ireland

The Central Bank of Ireland does not currently formally track institutions' performance against their net-zero commitments. However, several supervisory mechanisms are ongoing to ensure financial institutions are meeting supervisory expectations in managing climate-related risks.

Data challenges arise when approaching retail banks' performance against net-zero commitments. Banks often lack reliable data on their current GHG emissions as their carbon footprint is largely driven by the loan portfolio. This is primarily because many of their counterparties do not report GHG emissions data. The Central Bank of Ireland has developed analytics which currently, or will in the future, enable supervisors to better assess the general alignment or trajectory of banks' loan portfolios with their GHG emissions-related commitments. These analytics include assessing banks' loan book profiles and tracking changes over time, focusing on the climate policy relevant Climate Policy Relevant Sectors (CPRS) and lending to the top 25 global emitters; developing proxies for banks' emission profile and intensity, for example using Eurostat emissions and emissions intensity data for the sectors and countries of the bank's loan counterparties or by using information on publicly quoted loan counterparties GHG emissions from third-party information providers.

Performance against net-zero commitments is not tracked for the insurance sector, mainly due to the nascent status of net-zero commitments and the lack of data.

Concerning investment funds' supervision, the Central Bank of Ireland monitors GHG emissions in many ways, from underlying portfolio level upward, within Irish-authorized investment funds and firms. These metrics are calculated quarterly, allowing for historical oversight of trends and developments within investment firms and products. Some examples include the assessment of absolute emissions and the measurement of emission intensity, both per revenue and energy use. Additionally, the Central Bank has implemented an assessment of implied temperature impact via the TCFD guidelines for the evaluation of companies' path to net zero. Additionally, data on the presence and types of reduction targets deployed by companies are collected and stored.

Similarly, the Central Bank maintains detailed data on portfolio activities regarding regulatory alignment, such as the ability to assess all criteria for the Paris Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB) EU Regulations. These processes are in place for all investment products, totalling around EUR 4.5 trillion in net asset value across 6 800 products.

With the introduction of the EU Corporate Sustainability Reporting Directive (CSRD), the level of data on net-zero commitments and associated plans will improve significantly. Although the Irish Auditing and Accounting Supervisory Authority (IAASA) is the supervisory authority for the CSRD, the Central Bank of Ireland will be informed of its supervisory work.

3.2.4. Italy

The Bank of Italy does not directly monitor financial institutions' performance regarding their net-zero commitments or their progress toward these targets.

With reference to the institutions falling under the competence of the national supervisory authorities, in early 2022, the Bank of Italy identified an initial set of supervisory expectations for the integration of climate-related and environmental risks into the corporate strategies, governance and control systems, risk management frameworks and disclosure requirements of supervised banking and financial intermediaries. The Bank of Italy participated in the ECB's Thematic Review of significant banks with a sample of 21 LSIs and carried out a domestic thematic review on a sample of non-bank intermediaries. The survey answers were made available to the LSIs and non-bank intermediaries, urging the governing bodies of these financial institutions to adopt action plans. The main results of the analysis of the action plans prepared by LSIs and non-bank intermediaries were published, together with an update of the good practices observed.

Moreover, the Bank of Italy carried out an analysis of Pillar 3 ESG disclosures provided by significant Italian banks and a sample of 11 significant European banks, and an analysis of the information provided in the sustainability-related disclosure of 30 Italian banks that were required to provide KPIs under the EU Taxonomy. According to the Bank of Italy's discussions with the banking industry, the availability and

quality of sustainability data for borrowers or investees is one of the most critical topics for banks, especially with regard to information on the exposure to climate-related risks of small and medium-sized enterprises.

3.2.5. United Kingdom

The United Kingdom has no immediate plans to track financial institutions' performance against their net-zero commitments. The United Kingdom has focused on improving the standard of transition plan disclosures in both the financial and real economy sectors, including by supporting the Transition Plan Taskforce (TPT).

The TPT's disclosure framework sets out the key metrics and performance indicators that firms can disclose to track for themselves and allow others to track their performance against net-zero and transition commitments. This will enable firms to be held accountable by their shareholders, customers, and civil society for meeting their sustainability commitments.

The UK Financial Conduct Authority (FCA) has set out that it expects to consult on its approach to the ISSB standards and, as part of this process, intends to develop guidance for its expectations on transition plans that reference the TPT Disclosure Framework. The Bank of England expects to primarily be a user of information from transition plans-related disclosures to inform its work and support its objectives of economic and financial stability. Separately, the UK government is considering whether it could track and report low-carbon investment at a national and sectoral level over time. Such estimates could be compared with UK national net-zero targets. However, any tracking-exercise would not be undertaken at a firm-level.

3.3. Revenues, portfolio and underwriting activities

Assessing a financial institution's portfolio composition and revenues enables investors and other relevant stakeholders to track changes in the institution's investment or lending approach. Decarbonisation goals can be achieved by reducing investments in carbon-intensive assets and redirecting financial resources from these assets towards green businesses.

The share of green revenues provides an indication of where a company stands in relation to its green transition. At the same time, the portfolio analysis may provide insights into the company's direction. By assessing the portfolio composition, investors can gauge financial institutions' investment or lending approach to reduce their GHG emission footprint and intensity. The issuance of sustainable market instruments can reflect the operational changes that a financial institution is making to align its business with net-zero commitments.

3.3.1. Green revenues

Globally, in 2024, only 0.7% of listed financial institutions disclosed a positive green revenue share, calculated as green revenues over total revenues. Regional distribution ranges from 0.4% in Emerging and Developing Asia excl. China to 2% in Developed Asia-Pacific excl. US. When disclosed, green revenues account for an average of 12% of total revenues. (Figure 3.6).

Figure 3.6. Portfolio contribution to green and climate solutions: green revenues, 2024

	Average green revenues (%)	By number of FIs (%)	By total assets (%)	By AUM (%)
Global	12	0.7	1	1
Developed A-P excl. US	10	2	4	0.1
EMDEs Asia excl. China	17	0.4	2	2
Europe	19	0.5	0.03	0

Note: This figure is based on available information from 4 922 listed financial institutions. The analysis includes information from 1 770 listed financial institutions disclosing the green revenues as a percentage of the total revenues, 33 of which report a share greater than zero. The average green revenues are calculated as the mean percentage of green revenues relative to total revenues across the 33 financial institutions that disclosed positive green revenues, displayed by region. The figure displays only jurisdictions with at least 5 financial institutions disclosing green revenues. In the figure, China, Latin America, the Middle East and Africa and the United States are excluded from the analysis due to a lack of data.

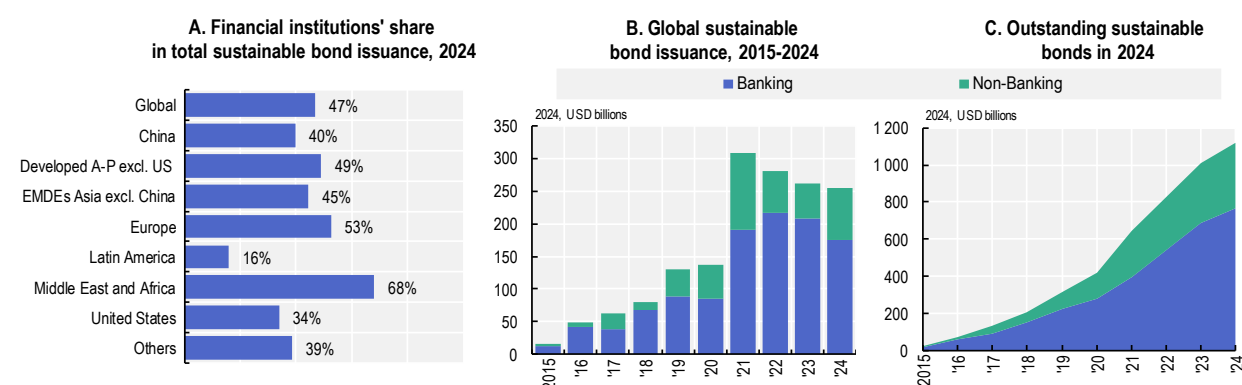
Source: OECD Corporate Sustainability dataset, Bloomberg, LSEG. See Annex A for details.

3.3.2. Sustainable bonds

Sustainable bonds provide a key financing source for financial institutions seeking to meet their sustainability objectives. Sustainable bonds fall into two main categories: “Use of Proceeds Bonds” and “Sustainability-Linked Bonds” (SLBs). SLBs have variable financing costs based on the issuer meeting specific sustainability targets, but the proceeds do not have to be allocated to sustainable projects. Meanwhile, for “Use of Proceeds Bonds,” the proceeds are earmarked for financing or refinancing eligible green, social, or sustainable projects. This category specifically includes green, social and sustainability bonds (GSS bonds). Green bonds fund environmentally beneficial projects, including specific categories such as “blue bonds” or “climate bonds”. Social bonds target projects addressing social issues, while sustainability bonds finance a mix of both green and social projects (OECD, 2025^[20]).

Over the past five years, sustainable bonds issued by the financial sector have experienced notable growth as a source of capital market financing, representing nearly half (47%) of the global issuance amount in corporate sustainable bonds over 2020-24. In 2024, the outstanding amount of sustainable bonds issued by the financial sector totalled USD 1 121 billion. The outstanding amount of sustainable bonds issued by the banking sector accounted for USD 765 billion, representing 68% of the outstanding amount of the sustainable bonds issued by financial institutions. Conversely, non-banking companies’ outstanding amount of sustainable bonds totalled USD 356 billion, which is 32% of the outstanding amount of all corporate sustainable bonds issued by financial institutions (Figure 3.7).

Figure 3.7. Global sustainable bond issuance and outstanding amount



Source: OECD Corporate Sustainability dataset, Bloomberg, LSEG. See Annex A for details.

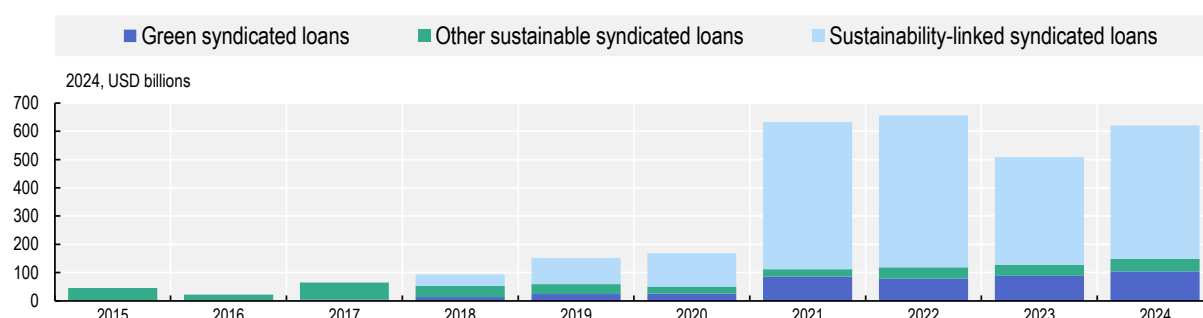
Europe has been the most active region in the issuance of sustainable bonds market by the financial sector. From 2015 to 2024, 54% of the global amount issued by financial institutions through sustainable bonds was raised by European companies, followed by Developed Asia-Pacific excl. US (16%), China (14%), and the United States (10%).

3.3.3. Sustainable loans

Sustainable loans are an alternative source of financing that can be used to pursue sustainable goals. Similarly to sustainable bonds, sustainable loans can be classified into two main categories: loans aimed at financing projects with a positive environmental and/or social impact (green, social and sustainable loans); and the loans that link the loan contract terms to the borrower's sustainability performance (sustainability-linked loans). In this section, only syndicated loans are analysed because information is more widely available in cases where more than one financial institution lends to the same borrower(s).

Since 2015, sustainable lending has grown significantly, with a total sustainable syndicated issuance of USD 621 billion in 2024, over 13 times higher than in 2015 (Figure 3.8). Sustainability-linked loans have dominated the issuances since 2019. In 2023, after a sharp increase in issuance in 2021 and 2022, sustainable lending showed a slight decrease. In 2024, USD 104 billion were allocated through green loans, USD 472 billion through sustainability-linked loans and USD 45 billion through other sustainable syndicated loans.

Figure 3.8 Sustainable syndicated loans and sustainable-linked syndicated loans: issuances 2015-2024

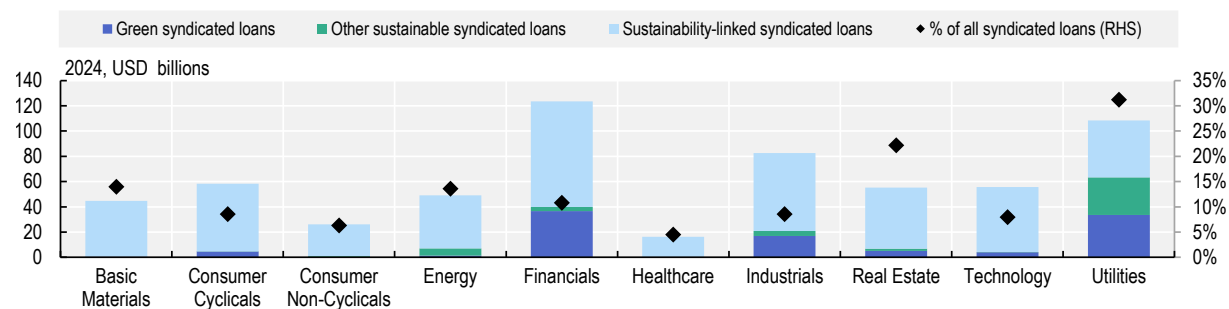


Source: OECD Corporate Sustainability dataset, LSEG.

The financial and utilities sector received the largest proportion of sustainable loans in 2024, with USD 123 billion and USD 108 billion corresponding to 11% and 31% of each industry's total syndicated loans, respectively (Figure 3.9). The financial industry collected 35% of the total green loans and 18% of the total sustainability-linked loans issued in 2024. One-third of green loans were allocated to the utilities industry, reaching almost USD 34 billion in 2024. Sustainable syndicated loans, other than green and sustainability-linked loans, primarily directed their proceeds to utilities (USD 29.7 billion), energy (USD 5.8 billion) and industrials (USD 3.9 billion).

Sustainability-linked syndicated loans accounted for the most used categories among sustainable syndicated loans in all industries, collecting USD 471 billion. In 2024, USD 104 billion were raised through green syndicated loans and USD 45 billion through other sustainable loans.

Figure 3.9 Sustainable loans and sustainable-linked loans: issuances in 2024, industry distribution



Source: OECD Corporate Sustainability dataset, LSEG.

4 Key challenges, policies and practices for better monitoring net-zero commitments

This paper identifies the main data gaps to assess financial institutions' progress against their GHG emission reduction targets, using several third-party data providers, as well as analysis of the available data on how ambitious, comprehensive and feasible existing GHG emission reduction targets are. There are at least two pending questions that could be further explored. First, what could be solutions to close the existing data gaps for better monitoring net-zero commitments. Second, what core features would the ideal framework for monitoring net-zero commitments by financial institutions have.

4.1. Key challenges and potential policies

A clear set of credible, transparent and comparable metrics is needed to track progress on GHG emission reduction targets by financial institutions. Following the disclosures recommended by five voluntary frameworks to support the monitoring of financial institutions' net-zero commitments (OECD, 2023^[1]), this paper identifies the main data gaps to assess financial institutions' progress against their GHG emission reduction targets, using several third-party (commercial) data providers (Table 2.1). This section proposes potential policies for better monitoring net-zero commitments.

Table 4.1. Key challenges and potential policies

Challenges	Potential policies
Data availability and comparability	Solution 1: focus only on a limited set of essential metrics to monitor net-zero commitments in the financial sector, including historical GHG emissions (especially scope 3 and its category 15), GHG emission reduction target rate(s), target year(s), baseline year, the use of carbon offsets to meet targets, and emissions covered by the target. Solution 2: adhere to climate-related disclosure frameworks consistent with high-quality, understandable, enforceable and internationally recognised standards that facilitate the comparability of sustainability-related disclosure across financial institutions and markets. Solution 3: create digital taxonomies for climate-related disclosure and/or a digital platform centralising financial institutions' public climate-related information.
Quality of disclosure of climate-related metrics	Solution 1: phase in requirements for annual assurance attestations of climate-related disclosures by an independent, competent, and qualified attestation service provider for the most relevant climate-related metrics by financial institutions, such as GHG emissions. Solution 2: oversee the quality and credibility of financial institutions' disclosure of GHG emissions based on a comparison between reported and estimated emissions.
Credibility and effectiveness of GHG emission reduction targets	Solution 1: encourage all financial institutions to develop and disclose net-zero transition plans (aligned with a standardised framework). Solution 2: provide better transparency of financial institutions' supply of climate finance.

Data availability and comparability for climate-related metrics. In 2024, only 23% of listed financial institutions globally reported scope 1 and 2 GHG emissions, a percentage that drops to 19% for scope 3 GHG emissions (Figure 2.1). Among the financial institutions disclosing GHG emission reduction targets,

only half have also disclosed the baseline year of the target, 86% the target year (Figure 2.12), and 26% the baseline emissions data (Figure 2.13).

The lack of data availability may be due to a combination of the following three factors.

Factor one: The financial institution may wish to disclose a specific metric but considers it too costly to develop the internal systems and expertise to collect and disclose the information. Data collection may be notably costly for investee companies that do not already disclose GHG emissions. This seems important since large financial institutions (with corresponding more significant resources) are more likely to disclose climate-related metrics than smaller ones. For instance, the 19% of financial institutions disclosing scope 3 GHG emissions represent 77% of total assets of all listed financial institutions in 2024 (Figure 2.3).

Factor two: Even where cost is not an obstacle, the financial institution may consider that there are no clear standards or methodologies allowing it to report truthful information that does not expose management to liability risks.

Factor three: The financial institution may report the information, but in a non-standardised way that is not easily readable by a machine. While investors and financial authorities may be able to analyse information of individual financial institutions, they will typically need to rely on commercial data providers to compare several institutions, especially if located in different jurisdictions. However, data providers cannot track detailed information from more than 4 000 listed financial institutions cost-effectively if it is not machine-readable.

The issue raised in *factor one* possibly has two solutions. One is capacity building for smaller firms, especially those based in developing economies: financial institutions, investee companies and service providers will need to gain the necessary knowledge of climate-related matters to develop cost-effective processes and good practices. Another solution is for financial authorities to require the disclosure of at least a limited set of essential metrics to enable monitoring of net-zero commitments in the financial sector. This paper analyses some of these essential metrics, including historical GHG emissions (especially scope 3 and its category 15), GHG emission reduction target rate(s), target year(s), baseline year, and emissions covered by the target.

The challenge in *factor two* has received significant attention from policymakers and standard setters. Several recommended disclosures in the main voluntary frameworks to support the monitoring of financial institutions' net-zero commitments are now covered by the IFRS S2 Climate-related Disclosures set by the International Sustainability Standards Board, and the European Sustainability Reporting Standard E1 Climate Change adopted by the European Commission (Table 2.1). The existence of disclosure requirements in those standards may reduce concerns by financial institutions' management on how to report on climate-related matters.

The question raised in *factor three* has also been dealt with by some recent initiatives. In April 2024, the ISSB published the IFRS Sustainability Disclosure Taxonomy (ISSB Taxonomy), enabling companies to provide a digital reporting package and allowing investors to search, extract and compare sustainability-related financial disclosures (IFRS, 2024^[21]). In December 2023, the European Union adopted the European Single Access Point package (ESAP), which is expected to be operational by 2027. The ESAP is a digital platform centralising public financial and non-financial information about companies and investment products disclosed in accordance with European regulations (European Council, 2023^[22]). Further, the Bank for International Settlements (BIS) is developing tools to assemble, extract, estimate, and analyse sustainability data. The Project Gaia under development is a large language model trained on climate and corporate reports from financial firms and aims to reduce data gaps related to climate-related risks (Bank for International Settlements, 2025^[23]).

Quality of climate-related metrics. The quality of reported GHG emissions by financial institutions may be an issue for two reasons. First, only one-third of financial institutions that reported GHG emissions had a third party assuring the information in 2024 (Figure 2.9). Second, when comparing reported and

estimated GHG emissions for a group of 1 166 listed financial institutions, it appears that the financial sector may be substantially underreporting its current GHG emissions (Figure 2.7).

The adoption of independent assurance by a competent and qualified external service provider is vital to enhancing the accuracy and quality of the reported data. To improve the quality of disclosed data, policymakers and financial authorities may consider phasing in requirements for annual assurance attestations by an independent, competent, and qualified attestation service provider for the most relevant climate-related metrics for financial institutions. Likewise, financial authorities may want to ensure the quality of GHG emission disclosure of institutions by comparing reported and estimated emissions, which would allow authorities to focus on financial institutions with a higher probability of misreporting.

Credibility and effectiveness of GHG emission reduction targets. Globally, 908 listed financial institutions (representing 18% of total listed financial institutions, 78% by total assets and 77% by AUM) disclosed GHG emission reduction targets in 2024 (Figure 2.10). Disclosure of GHG emission reduction targets is essential for the accountability of financial institutions that pledge to support the transition to a low-carbon economy, as it allows investors and stakeholders to evaluate ambition and progress.

When assessing the credibility and effectiveness of the reduction targets set by financial institutions, the levels of ambition, comprehensiveness and feasibility play an essential role.

Ambition may be evaluated based on annual reduction metrics. While recognising that sectorial information may be more useful, on average, listed financial institutions with targets aim for a 4.3% annual GHG reduction globally (Figure 3.1).

Comprehensiveness reflects the extent to which a company's targets address its total emissions. In 2024, only 55% of total reported GHG emissions were covered by these targets (Figure 3.3).

Feasibility may be measured by the share of institutions that have reached or are on the path to meeting their targets. Globally, 65% of institutions setting a reduction target have not met their targets, while the remaining 35% have met the targets (Figure 3.4).

Financial institutions with GHG emission reduction targets are projected to have scope 1, 2 and 3 GHG emissions corresponding to 10%, 25% and 22%, respectively, of their 2024 reported GHG emission levels in 2050 (Figure 3.5). Notably, the reduction goals are more ambitious for the period between 2023 and 2030 compared to 2030 to 2050, underscoring the accountability of current management for achieving these targets.

A way for policymakers and financial authorities to increase the number of financial institutions disclosing GHG emission reduction targets, including net-zero commitments, and to augment the ambition and comprehensiveness of existing targets, would be to mandate the development of net-zero transition plans (aligned with a standardised framework) in the financial sector. Only 8% of financial institutions have set a climate-related transition plan globally (Figure 2.16). Nevertheless, policymakers should consider whether the benefits in terms of understanding companies' transition planning and progress outweigh the costs for financial institutions. Moreover, policymakers and financial authorities in some jurisdictions may face legal limitations in requiring the adoption of transition plans with certain characteristics that may eventually limit financial institutions' business decisions.

Limited environmental impact of net-zero commitments by financial institutions. Financial institutions are not the only sources of financing for high-emitting non-financial companies. Even if most financial institutions adopt ambitious and comprehensive GHG emission reduction targets in line with global climate goals, high-emitting non-financial companies may reinvest their profits and attract investments from states, individuals or other non-financial entities. In parallel with efforts to track progress on GHG emission reduction targets by financial institutions, attention should be paid to financing low-emitting companies that can outcompete companies with higher emissions in their respective markets.

Globally, less than 1% of listed financial institutions disclosed their green revenue share as a percentage of total revenues in 2024 (Figure 3.6). The value of sustainable syndicated loans is another way to assess financial institutions' green activities. In 2024, sustainable lending equalled USD 621 billion, corresponding to 11% of all syndicated loans (Figure 3.8). Better transparency of the supply of climate finance could support a better understanding of financial institutions' role in financing low-emitting companies.

4.2. A proposed framework for monitoring net-zero commitments

This paper identifies a list of core metrics for monitoring corporate net-zero commitments in the financial sector. While data availability is currently low, it is expected to increase. Using increasingly available data, financial authorities, investors and other stakeholders can monitor financial institutions' net-zero commitments. This section proposes a framework for monitoring net-zero commitments structured around five core steps.

Table 4.2 A proposed framework for monitoring progress against net-zero commitments by financial institutions

Steps	Purpose	Key Metrics
1. Collecting GHG Emissions and Reduction Targets	Ensure a minimum level of information to monitor net-zero commitments	i) Historical GHG emissions (especially scope 3 and its category 15) and methodology used to calculate emissions ii) GHG emission reduction target rate(s), target year(s), baseline year, the use of carbon offsets to meet targets, and emissions covered by the target(s) iii) Third-party assurance of the information above iv) Estimated GHG emissions (especially scope 3)
2. Evaluating Reduction Targets by Scope	Assess ambition, comprehensiveness, and feasibility of GHG emission reduction targets by scope	i) Annual reduction rate, including especially for scope 3 GHG emissions ii) Interim milestones for 2030 and 2050 iii) Benchmarks for ambition: pathways aligned with Paris Agreement goals iv) Coverage ratio of targeted emissions over total GHG emissions v) Emissions on track with target projections
3. Monitoring Adherence to Voluntary Initiatives	Align targets with credible voluntary initiatives	i) Commitment in net-zero credible voluntary initiatives (e.g. SBTi, GFANZ, NZIF)
4. Reviewing Corporate Governance	Integrate climate risk and sustainability into governance structures	i) Board committees for sustainability ii) Integration of climate-related assessments with financial risk management iii) Variable remuneration linked to climate objectives
5. Tracking Climate Finance	Monitor capital allocation toward sustainable initiatives regardless of financed emissions	i) Sustainable bonds issuance ii) Sustainable loans iii) Investments in clean technology

The first step emphasises collecting GHG emissions data and reduction targets, ensuring a minimum level of information to monitor net-zero commitments. To achieve this, it is recommended that the following metrics be collected: (i) historical GHG emissions (especially scope 3 and its category 15); (ii) information about GHG emission reduction targets, including reduction target rate(s), target year(s), baseline year, the use of carbon offsets to meet targets, and emissions covered by the target(s); (iii) third-party assurance of the previous information; (iv) estimated GHG emissions (especially scope 3 GHG emissions). If the information is available, all of it would ideally be specific for each material economic sector of the investee companies and financial institutions' debtors.

The second step involves evaluating reduction targets by GHG emission scopes, focusing on assessing their ambition, comprehensiveness, and feasibility. Establishing standardised benchmarks and monitoring interim milestones for 2030 and 2050 would provide a clear pathway for tracking the progress of these targets. Using different milestones should be avoided in favour of the comparability and robustness of the analysis.

The third step consists in monitoring adherence to voluntary initiatives may be helpful to ensure alignment with credible climate action frameworks. Such initiatives can incentivise financial institutions to set near-term science-based targets, as is the case with SBTi, and provide specific methodological recommendations to ensure that targets are credible, science-based and effective. Financial institutions can also join alliances such as the GFANZ, which promotes a common approach to transition plans and recommends portfolio decarbonisation strategies in line with net-zero 2050 targets. Lastly, some initiatives, such as NZIF, support financial institutions in defining their decarbonisation path, providing a clear methodology from target setting to capital allocation. To strengthen the credibility of their commitment, institutions should be assessed on their progress toward meeting initiative milestones, emphasising tangible performance and outcomes rather than mere participation.

The fourth step entails a reviewing of climate-related risk governance is also necessary, to assess the integration of climate-related risks into financial risk management frameworks and promote the establishment of board-level sustainability committees, at least for the largest financial institutions facing climate change as a financially material risk.

A final step would be to track climate finance, including sustainable bonds, sustainable loans and investments in green technologies, to assess how capital is allocated toward sustainable initiatives.

References

- Bank for International Settlements (2025), *BIS Innovation Hub work on green finance*, [23]
https://www.bis.org/about/bisih/topics/green_finance.htm.
- Bank of Italy (2023), *Action plans for the integration of climate-related and environmental risks into non-bank intermediaries' business processes: main findings and good practices*, [18]
https://www.bancaditalia.it/focus/sostenibilita/vigilanza-sostenibilita/01_Piani_di_azione_LSI_EN.pdf.
- Barreau, T., M. Fahmaoui and P. Tankov (2024), *Estimating Corporate Greenhouse Gas Emissions*, [3]
<https://doi.org/10.2139/ssrn.4922542>.
- Bruckhaus, F. (2017), "SEC Issues Interpretations Relating to Rule 144A and Regulation S", [25]
Oxford Business Law Blog, <https://blogs.law.ox.ac.uk/business-law-blog/blog/2017/01/sec-issues-interpretations-relating-rule-144a-and-regulation-s>.
- EFRAG and IFRS Foundation (2024), *ESRS–ISSB Standards: Interoperability Guidance*, [2]
<https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/ESRS-ISSB%20Standards%20Interoperability%20Guidance.pdf>.
- EU Platform on Sustainable Finance (2024), *Platform Briefing on product categorisation*, [9]
https://finance.ec.europa.eu/document/download/8a3d0e56-4453-459b-b826-101b1067290f_en?filename=241217-sustainable-finance-platform-proposal-categorisation-products_en.pdf.
- European Banking Authority (2025), *Guidelines on environmental scenario analysis*, [16]
<https://www.eba.europa.eu/sites/default/files/2025-11/170da4c8-9b56-4fb0-ad60-94d433b7e866/Guidelines%20on%20environmental%20scenario%20analysis.pdf?>.
- European Central Bank (2023), *The importance of being transparent. A review of climate-related and environmental risks disclosures practices and trends*, [19]
<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.theimportanceofbeingtransparent042023~1f0f816b85.en.pdf>.
- European Central Bank (2022), *Walking the talk. Banks gearing up to manage risks from climate change and environmental degradation*, [17]
<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.thematicreviewcerreport112022~2eb322a79c.en.pdf>.

- European Council (2023), *Council adopts regulation easing access to corporate information for investors*, <https://www.consilium.europa.eu/en/press/press-releases/2023/11/27/council-adopts-regulation-easing-access-to-corporate-information-for-investors/>. [22]
- GHG Protocol (2011), *Corporate Value Chain Accounting and Reporting Standard*, https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf. [5]
- Glasgow Financial Alliance for Net Zero (2024), *GFANZ 2024 Progress Report*, <https://assets.bbhub.io/company/sites/63/2024/11/GFANZ-Progress-Report-2024.pdf>. [11]
- IEA (2024), *Greenhouse Gas Emissions from Energy Data Explorer*, <http://Greenhouse Gas Emissions from Energy Data Explorer>. [15]
- IFC (2021), *Sustainability Committees: Structure and Practices*, <https://www.ifc.org/content/dam/ifc/doc/mgrt/focus-15-sustainability-committees.pdf>. [14]
- IFRS (2024), *ISSB publishes its digital sustainability taxonomy, helping investors analyse sustainability disclosures efficiently*, <https://www.ifrs.org/news-and-events/news/2024/04/issb-publishes-its-digital-sustainability-taxonomy/>. [21]
- International Organization for Standardization (2018), , <https://www.iso.org/standard/66453.html#:~:text=This%20document%20specifies%20principle%20and,of%20an%20organization%27s%20GHG%20inventory>. [7]
- MSCI ESG Research LLC (2023), *Scope 3 Carbon Emissions Methodology*, <https://www.msci.com/documents/1296102/34424357/MSCI+ESG+Ratings+Methodology+-+Carbon+Emissions+Key+Issue.pdf/bfc8304f-bf60-d4ad-07e4-9f72d2892f79?t=1666182592995>. [4]
- Network for Greening the Financial System (2025), *Target setting and Transition plans*, <https://www.ngfs.net/en/publications-and-statistics/publications/ngfs-notes-relating-transition-plans-climate-target-setting-and-climate-scenario-analysis%3F>. [12]
- Network for Greening the Financial System (2024), *Improving Greenhouse Gas Emissions Data*, https://www.ngfs.net/sites/default/files/medias/documents/ngfs_information_note_on_improving_ghg_emission_data.pdf. [8]
- OECD (2025), *Sustainable Bonds: Trends and Policy Recommendations*, https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/sustainable-bonds_70ea7450/26726c68-en.pdf. [20]
- OECD (2024), *Global Corporate Sustainability Report 2024*, OECD Publishing, Paris, <https://doi.org/10.1787/8416b635-en>. [10]
- OECD (2023), *Assessing net-zero metrics for financial institutions: Supporting the monitoring of financial institutions' commitments*, OECD Publishing, Paris, <https://doi.org/10.1787/dedcfe56-en>. [1]
- SBTi (2025), *SBTi Target Dashboard*, <https://sciencebasedtargets.org/target-dashboard>. [24]
- SBTi (2024), *Getting Started Guide*, <https://sciencebasedtargets.org/resources/files/Getting-Started-Guide.pdf>. [6]

The Board of the International Organization of Securities Commissions (2024), *IOSCO Report on Transition Plans*,^[13]
https://www.iosco.org/library/pubdocs/pdf/IOSCOPD772.pdf?mc_cid=8da0b6b00e&mc_eid=bf85b81fce.

Annex A. Methodology for data collection and classification

A.1. OECD Corporate Sustainability dataset

A.1.1. Regional classification

The category “Developed Asia-Pacific excl. US” includes Australia, Canada, Hong Kong (China), Japan, Macau, New Zealand, Singapore, South Korea and Chinese Taipei. “Latin America” includes jurisdictions both in Latin America and in the Caribbean. “Europe” includes all jurisdictions that are fully located in the region, including the United Kingdom and Switzerland but excluding Russia and Türkiye. “Middle East and Africa” includes jurisdictions classified as “Middle East and Central Asia” in IMF’s World Economic Outlook Database. Excluding those already considered in “Developed Asia-Pacific excl. US” and Israel. “Emerging and Developing Asia excl. China” includes all jurisdictions in Asia that are classified as emerging market and developing economies in IMF’s World Economic Outlook Database excluding China. “Others” includes jurisdictions that are not represented in the other categories in the figure (e.g., Türkiye).

Among the 4 922 listed financial institutions considered in this paper, 1 352 financial institutions are listed in Emerging and Developing Asia excl. China in 2024, followed by Europe (921), Developed Asia-Pacific excl. US (758), United States (633), Middle East and Africa (748), Latin America (280), China (115) and other economies (115).

A.1.2. Listed companies

The dataset contains information for 4 922 worldwide listed financial institutions with total owned assets of USD 197 trillion and total assets under management (AUM) of USD 115 trillion. The raw financial dataset contains all security observations listed on each stock exchange. The following cleaning steps are applied:

- Firms listed on an over-the-counter (OTC) market are excluded.
- Firms listed on a multilateral trading facility (MTF) are excluded.
- Security types classified as “units” and “trust” are excluded.
- Security types identified as “REITs” and “investment funds” are excluded.
- Firms identified as delisted are excluded.
- For firms with multiple observations but different countries of domicile, their true country of domicile is manually checked to remove duplicate observations.
- For firms listed on several stock exchanges, only the primary listing is kept.

In the broad category of “financial institutions”, the paper includes the listed companies in the following industries:

- “Retail and Commercial Banks”, which encompass commercial banks, consumer finance, and mortgage finance
- “Insurance Companies”

- “Investment Banks”, which refers not only to investing banking but also to brokerage services
- “Asset Managers”, which also comprehends custody activities.

Total assets are computed when analysing retail and commercial banks, insurance companies and investment banks. Assets under management are computed when analysing retail and commercial banks, insurance companies, investment banks and asset managers.

A.1.3. Data management

The OECD Corporate Sustainability dataset integrates market data from multiple providers, with LSEG, Bloomberg, and MSCI being the main sources. This dataset is created by merging various data inputs based on the availability, relevance, and specific attributes of the metrics.

The main data sources were controlled against each other to ensure consistency. Information was retrieved in August 2024, September 2025 and November 2025. No data imputation is performed, and missing data is recorded as unavailable.

The estimated GHG emissions data integrates research work realised thanks to Pladifes COGEM project in the context of the Pladifes EquipEx (ANR-21-ESRE-0036), hosted at the Institut Louis Bachelier.

The SBTi target data is derived from SBTi Target Dashboard (SBTi, 2025^[24]).

In order to build a single variable, data may need to be aggregated from various data providers and multiple metrics. In the first instance, data is merged using common company identifiers (ISIN, RIC or company names). In the second instance, different metrics are consolidated into a single variable.

Merging different datasets using company identifiers: Datasets are merged by employing identifiers such as ISIN (International Securities Identification Number), RIC (Refinitiv Identification Code), and company names. When merging Bloomberg data with the LSEG dataset, ISIN is used as the primary identifier, and then any unmatched ISINs in the Bloomberg dataset are checked. For any unmatched, the corresponding RIC is retrieved, and the Bloomberg dataset is merged with the main sample. Subsequently, the company name is retrieved, including any previously used name, and used to identify the remaining unmatched. The same procedures are followed when merging MSCI data with the LSEG dataset. When merging estimates from the Pladifes COGEM project with the LSEG dataset, RIC is used.

Merging different metrics into a single variable: In some cases, it is necessary to merge multiple metrics to enhance coverage. The criteria for merging metrics are relevance, quality, and coverage.

Relevance: metrics that are most relevant to the analysis are prioritised.

Quality: For relevant metrics, priority has been given to data from high-quality providers. Quality is assessed by manually comparing data for large firms with available public sources.

Coverage: When relevance and quality are similar, the metric with the highest data coverage is prioritised.

Only Bloomberg data is used for reported GHG emissions. Estimated GHG emissions from Bloomberg, MSCI and COGEM are merged. Whenever a company lacks estimated data from one or more providers, Bloomberg data is prioritised, followed by COGEM and MSCI data.

A.1.4. Corporate sustainability

This firm-level dataset (OECD Corporate Sustainability dataset) presents information on whether companies disclose sustainability information and the used accounting standards, the external assurance of sustainability information, GHG emission reduction targets, climate-related risks management, the presence of a sustainability committee reporting directly to the board, self-reported board level oversight of climate-related issues and executive remuneration linked to sustainability factors.

Sustainability disclosure by trusts, funds or special purpose acquisition companies is excluded from the universe under analysis. Sustainability disclosure for years prior to 2023 is also excluded.

Figure 2.1 displays the reported GHG emissions (scope 1, scope 2, and scope 3) and data coverage among listed financial institutions globally over the past decade (2016 to 2024). For both data coverage and GHG emission disclosure analyses, only Bloomberg data is used for all years. Companies that reported zero emissions are excluded from the analysis.

Figure 2.2 displays the shares of listed financial institutions with reported or estimated scope 1 and scope 2 GHG emissions available (by no. of companies, by total assets, by AUM and by tons of emissions) within each region. Only financial institutions reporting either scope 1 or scope 2 GHG emissions are considered when measuring the share among all listed financial institutions. The same approach is used for estimated emissions. GHG emission dataset is prepared according to the methodology described in Section A.1.3.

Figure 2.3 displays the percentage of listed financial institutions with reported or estimated scope 3 GHG emissions available (by no. of companies, by total assets, by AUM and by tons of emissions), globally and within each region. Only financial institutions reporting scope 3 GHG emissions are considered when measuring the share among all listed financial institutions. The same approach is used for estimated emissions. GHG emission dataset is prepared according to the methodology described in Annex A.1.3

Figure 2.4 displays the changes in scope 3 emissions and category 15 scope 3 emissions for 2024-2023 and 2023-2022 (by volume of GHG emissions), globally and within each region. Only companies with reported emissions for 2024, 2023 and 2022 are included. GHG emission dataset is prepared according to the methodology described in Annex A.1.3.

Figure 2.5 displayed the scope 3 category 15 GHG emissions as a share of scope 3 emissions by listed financial institutions in 2024 by category of financial institution, globally and within each region. Reported GHG emissions are first considered. If not available, estimated GHG emissions are taken into account.

Figure 2.6 displays the share of listed financial institutions disclosing the methodologies that were used in reporting GHG emissions (by no. of companies and by total assets and AUM) in 2024 among all listed financial institutions that reported GHG emissions, globally and within each region. The figure includes listed financial institutions that reported either scope 1 or scope 2 and listed financial institutions that reported scope 3 GHG emissions in 2024. GHG emission dataset is prepared according to the methodology described in Section A.1.3.

Figure 2.7 displays the reported and estimated GHG emissions (by no. of companies and by total assets and AUM) globally and within each region. Only listed financial institutions with available data for both reported and estimated emission data are included in the analysis. GHG emission dataset is prepared according to the methodology described in Section A.1.3

Figure 2.8 displays the GHG emission intensity and the share of financial institutions for which it is measurable, globally and within each region. The GHG emission intensity is calculated by dividing tons of CO₂e emissions by total assets in millions of US dollars. Reported GHG emissions are first considered. If unavailable, estimated GHG emissions are used. Only companies for which either reported or estimated emissions for scope 1 and 2 are considered when assessing scope 1 and 2 emission intensity. Only companies for which either reported or estimated scope 3 emissions are considered when assessing scope 3 emission intensity.

Figure 2.9 shows the share of financial institutions that require an assurance by an external third party on either scope 1 and 2 or scope 3 reported emissions (by no. of companies, by total assets, by AUM and by tons of emissions), globally and within each region.

Figure 2.10 displays the shares of companies that disclosed GHG emission reduction targets (by no. of companies and by total assets and AUM) among all listed financial institutions, globally and within each region.

Figure 2.11 displays the shares of listed financial institutions that disclosed GHG scope 3 emission targets and scope 3 category 15 targets (by no. of companies and by total assets and AUM) among all listed financial institutions that disclosed GHG emission reduction targets, globally and within each region.

Figure 2.12 displays the shares of companies that disclosed a baseline year and target year (by no. of companies and by total assets and AUM) among all listed financial institutions that disclosed GHG emission reduction targets, globally and within each region.

Figure 2.13 displays the shares of companies that disclosed baseline emissions (by no. of companies and by total assets and AUM) among all listed financial institutions that disclosed GHG emission reduction targets, globally and within each region.

Figure 2.14 displays the shares of companies that disclosed science-based and net-zero reduction targets (by no. of companies and by total assets and AUM) among all listed companies globally.

Figure 2.15 displays the shares of listed financial institutions committing to setting SBTi science-based targets (by no. of companies and by total assets and AUM) among all listed companies that disclosed GHG emission reduction targets, globally and within each region.

Figure 2.16 displays the share of financial institutions having conducted transition planning (by no. of companies and by total assets and AUM), globally and within each region.

Figure 2.17 displays the shares of companies identifying climate-related risks as material (by no. of companies and by total assets and AUM) among all listed financial institutions, globally and within each region.

Figure 2.18 displays the share of companies having a board level oversight of climate-related issues (by no. of companies and by total assets and AUM) among all listed financial institutions, globally and within each region.

Figure 2.19 displays the share of companies that disclosed having a board committee responsible for sustainability (by no. of companies and by total assets and AUM) among all listed financial institutions, globally and within each region. A company is considered to have such a committee if its responsibilities explicitly include oversight of Corporate Social Responsibility, sustainability, and energy efficiency activities, regardless of the name of the committee. For example, a company with a “risk management committee” would be included in the categorisation if it mentioned that the committee is responsible for managing sustainability risks.

Figure 2.20 displays the share of companies that indicated establishing their executive or board compensation linked to sustainability matters (by no. of companies and by total assets and AUM) among all listed financial institutions, globally and within each region. The compensation policy includes remuneration for executive directors, non-board executives, and other management bodies based on “ESG or sustainability factors”.

Figure 3.1 displays the average annual reduction percentage of GHG emission inventory, globally and within each region. The analysis is based on the OECD Corporate Sustainability dataset, which consolidates data from multiple providers (LSEG, MSCI and Bloomberg). When both baseline and target emission values are available, the percentage reduction is calculated directly from them. In cases where these data are missing or incomplete, the reported reduction percentage disclosed by the company is used. To ensure the consistency and integrity of the data used in the analysis, the following validation checks are performed:

Consistency between target and baseline emission values: targets where target emissions exceed or equal baseline emissions are not considered in the analysis.

Temporal consistency between target and baseline years: targets where the target year equals or precedes the baseline year are not excluded from the analysis.

Plausibility of the time horizon: targets set before 2024 were excluded from the analysis.

Data completeness: where key target components are missing (e.g. baseline or target values), the reduction rate could not be computed, and those records are excluded from quantitative aggregation.

The annual reduction percentage is calculated by dividing the total reduction percentage by the number of years between the base year and the target year, where the total reduction percentage is the targeted emissions as of the base year. When a financial institution does not disclose a standalone scope 3 GHG emission target but scope 3 emissions represent at least 80% of its total emissions, the company's total GHG emission reduction target is considered. When a single financial institution discloses multiple target years, the earliest year is used.

Figure 3.2 displays the shares of companies that set GHG emission reduction targets before 2030, by 2030, between 2030 and 2050, by 2050 or after 2050 (by no. of companies and by total assets and AUM) among all listed financial institutions that disclosed GHG emission reduction target year, globally and within each region. When a company sets multiple targets, the most recent target is considered.

Figure 3.3 displays the average coverage rate of GHG emission targets within each region. The coverage rate for each company represents the ratio between the baseline emissions indicated by the target and the disclosed GHG emissions for the same year. This approach allows the assessment of the share of the GHG emissions covered by the target, that is the share of emission reduction from the baseline year. The analysis draws on the OECD Corporate Sustainability dataset, which consolidates data from multiple providers (LSEG, MSCI and Bloomberg). To ensure the consistency and integrity of the data used in the analysis, the following validation checks are performed:

Consistency between target and baseline emission values: targets where target emissions exceed or equal baseline emissions are not considered in the analysis.

Temporal consistency between target and baseline years: targets where the target year equals or precedes the baseline year are not excluded from the analysis.

Data completeness: where key target components are missing (e.g. baseline or target values), the reduction rate could not be computed, and those records are excluded from quantitative aggregation.

When a financial institution does not disclose a standalone scope 3 GHG emission target but scope 3 emissions represent at least 80% of its total emissions, the company's total GHG emission reduction target is considered. When a single financial institution discloses multiple target years, the most recent year is used.

Figure 3.4 displays the progress of the targeted total GHG emissions as of 2024, globally and within each region. To measure this progress, the company's GHG emissions in the current reporting year of the target are compared with the hypothetical value that would be emitted if emissions followed a linear pathway between the base year emissions and target year emissions. When a financial institution does not disclose a standalone scope 3 GHG emission target but scope 3 emissions represent at least 80% of its total emissions, the company's total GHG emission reduction target is considered. When a single financial institution discloses multiple target years, the most recent year is used.

Figure 3.5 displays the projected GHG emissions (scope1, scope 2 and scope 3) with target and without target from 2023 to 2050 at global level. The projection is the aggregated GHG emissions for those institutions that disclosed a clear reduction target and reported GHG emissions in 2024.

Figure 3.6 displays the shares of companies disclosing the green revenues as a percentage of the total revenues. When disclosed, average green revenues are presented as the mean percentage of green revenues relative to total revenues. The analysis relies on LSEG classification of "green revenues".

A.1.5. Sustainable bonds

Sustainable bonds are mainly collected from LSEG. This dataset contains deal-level information of nearly 19 000 bonds issued by both the corporate and official sectors from 109 jurisdictions since 2013. This dataset provides a detailed set of information for each sustainable bond issue, including the identity, nationality, and industry of the issuer; the type, interest rate structure, maturity date and rating category of the bond, the amount of and “use of proceeds” obtained from the issue. The issuance amounts were adjusted by 2024 US Consumer Price Index (CPI).

For sustainable bonds, values for corporations correspond to the “gross proceeds” (i.e. the amount paid by investors to acquire the bonds) in most cases. Where the information on the gross proceeds in the original dataset could not be retrieved, the “original amount issued” (i.e. the face value of the bonds in their legal documentation) has been used as follows: 38% of the amount issued from 2013 to 2024 corresponds to the original amount issued, whereas the remaining 62% corresponds to the gross proceeds. For that 62% in which the gross proceeds are used, the gross proceeds are 7% higher than original amount issued. However, the amount issued in “all corporate bonds”, which includes conventional bonds, corresponds to the gross proceeds amounts in all cases.

LSEG data contains both Regulation S and Rule 144A sustainable bonds. Rule 144A presents a safe harbour from the registration requirements of the Securities Act for resales of securities not fungible with securities listed on a US securities exchange to qualified institutional buyers. Regulation S provides a safe harbour from the registration requirements of the Securities Act for offerings made outside the United States (Bruckhaus, 2017^[25]). The calculations presented take account of this factor, and an exercise to eliminate the duplication when a single bond was issued both under Regulation S and Rule 144A was performed.

When calculating the outstanding amount of bonds in a given year, issues that are no longer outstanding due to being redeemed earlier than their maturity should also be deducted. Outstanding values refer to the “principal amount” or otherwise to the “original amount issued” (i.e. the face value of the bonds in their legal documentation) when the “principal amount” could not be retrieved. The early redemption data are obtained from LSEG and cover bonds that have been redeemed early due to being repaid via final default distribution, called, liquidated, put or repurchased. The early redemption data are merged with the primary bond market data via international securities identification numbers (i.e. International Securities Identification Numbering).

A.1.6. Sustainable loans

Syndicated loans are collected from LSEG. A loan is considered syndicated when the issue is syndicated, that is a group of investment banks purchases shares from the issuer for resale to investors (also called an underwriting group). The dataset contains deal-level information of nearly 130 000 syndicated loans, with the announcement data between 2015 and 2024. The total amount corresponds to full loan package amount for all tranches.

Sustainable loans are those syndicated loans for which either the proceeds of the loan are used for green purposes (“green loans”), or the pricing of a loan is tied to the borrower’s performance against pre-determined sustainability criteria (“sustainability-linked loans”) or borrower’s industry is one of the following TRBC – Refinitiv business classification codes (“other sustainable loans”): Renewable Energy Equipment & Services, Wind Systems & Equipment, Stationary Fuel Cells, Photovoltaic Solar Systems & Equipment, Thermal Solar Systems & Equipment, Biomass Power Energy Equipment, Waste to Energy Systems & Equipment, Hydropower Equipment, Wave Power Energy Equipment, Renewable Energy Services, Geothermal Equipment, Renewable Fuels, Biodiesel, Ethanol Fuels, Pyrolytic & Synthetic Fuels, Biomass & Biogas Fuels, Hydrogen Fuel, Carbon Capture & Storage, Electrical (Alternative) Vehicles, Sustainable & Energy Efficient Home Builders, Organic Farming, Power Charging Stations, Alternative Electric Utilities,

Hydroelectric & Tidal Utilities, Solar Electric Utilities, Wind Electric Utilities, Biomass & Waste to Energy Electric Utilities, Geothermal Electric Utilities, Independent Power Producers, Renewable Independent Power Producers.

A.1.7. OECD approach: assessing corporate GHG emission reduction targets

This paper evaluates the GHG emission reduction targets that are committed by corporates in their sustainability-related reports (hereafter referred to as corporate targets) using three key indicators: (1) the annual reduction rate, to measure the ambition of the corporate targets; (2) the GHG emission target coverage ratio, to assess their comprehensiveness, and (3) the “on track” status of targets, to assess the feasibility of corporate targets.

The ambition of corporate targets is assessed using the annual reduction rate, calculated with the following formula:

$$Ambition_i = \left(\frac{target\ value_i - base\ value_i}{target\ year_i - base\ year_i} \right) / \left(\frac{target\ value_i}{base\ value_i} \right)$$

The comprehensiveness of corporate targets is assessed using the coverage rate, calculated with the following formula:

$$Comprehensiveness_i = \max_t (base\ value_{i,t} / GHG\ emission_{i,t})$$

The feasibility of corporate targets is calculated with the following formula:

$$\{Feasibility_i = \begin{cases} n\ track, & \text{if } sum(GHG\ emission_{i,n,2024} < path_{i,n,2024}) = N \\ not\ on\ track, & \text{if } sum(GHG\ emission_{i,n,2024} > path_{i,n,2024}) = N \end{cases}$$

$$path_{i,n,2023} = linear\ model(base\ value, target\ value)_{2024}$$

where N stands for the number of targets.

Figure 3.1, Figure 3.2 and Figure 3.4 focus on the scope 3 GHG emissions targets, integrating total GHG emission targets when a firm’s scope 3 GHG emissions account for 80% or higher percentage of the total GHG emissions.

Mapping climate-related metrics in the financial sector

No.96

Financial institutions face considerable challenges in measuring and disclosing greenhouse gas (GHG) emissions, particularly for financed emissions. Data gaps, evolving methodologies and varying levels of granularity can hinder the comparability of the information disclosed. This paper identifies the main data gaps hindering the assessment of financial institutions' progress toward their GHG emission reduction targets and net-zero commitments. Drawing on several third-party data sources, it also presents an analysis of the ambition, scope and feasibility of climate commitments disclosed. The paper also proposes a framework to monitor the transparency, comparability, and credibility of net-zero commitments in the financial sector.

