

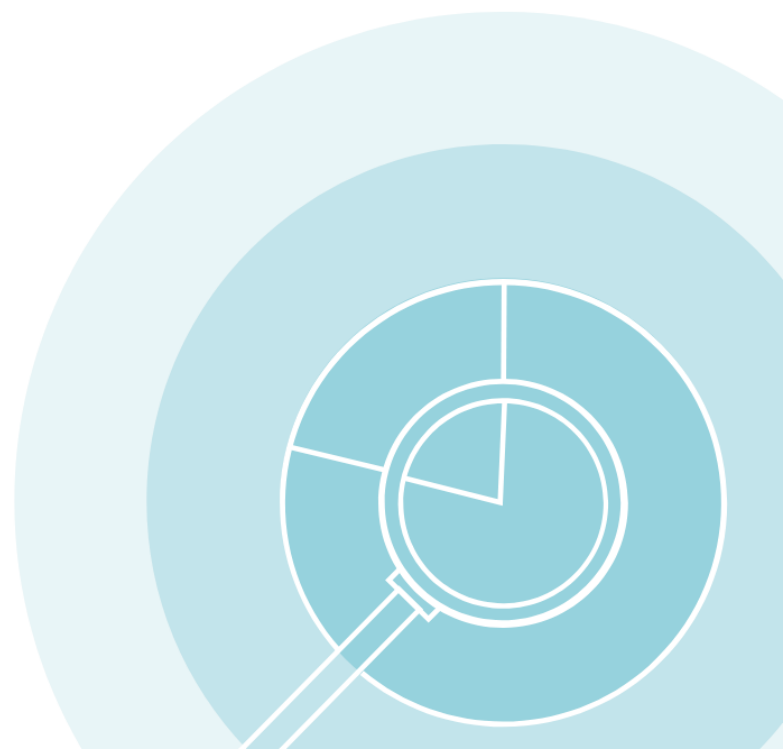


What the NZBA leaves behind

Stocktake on banks' net zero interim targets

Note

3 Octobre 2025



About the Sustainable Finance Observatory

The [Sustainable Finance Observatory](#) is an international independent think tank specialized in unlocking private finance for a sustainable transition.

Since 2025, our organization is the result of the merger between the international think tank 2° Investing Initiative - 2DII, (a pioneering organization in supporting private financiers on climate alignment and impact investing since 2012) and the "Observatoire de la finance durable" (set up by the French Minister of Economy and Finance in 2019 to monitor the ESG commitments of the Paris Financial Center).

Our activities aim to remove barriers to private financing around three fundamental pillars: Transparency, Impact and Bankable Sustainable Solutions (financial engineering).

Our work relies on robust financial expertise supported by former experienced bankers, sustainable finance analysts and lawyers in our team and by a Scientific and Expert Committee composed of some fifty senior academics and practitioners. The President of our board is Mr François Gemenne, lead co-author of the 6th IPCC report.

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Executive Summary

2025 is a pivotal year in the transition of private finance. The global climate finance landscape is undergoing considerable changes. Notable modifications in strategic orientation are occurring in the Glasgow Financial Alliance for Net Zero (GFANZ), and its banking arm, the Net-Zero Banking Alliance (NZBA), ended on October 3, 2025, following several months of withdrawals, guidelines softening and members consultations.

Major U.S. banks – Goldman Sachs, JPMorgan Chase, Citigroup, Wells Fargo, Morgan Stanley – have first withdrawn from the NZBA, reducing the alliance's U.S. banking sector coverage **from 44.6% to just 0.045% of assets**. This wave of exits, lately followed by European banks – HSBC, Barclays and UBS – was driven largely by political pressures as well as legal pressures like antitrust lawsuits and interpretations of fiduciary duty. And while the grounds for these legal pressures seem weak, their consequences are not – as evidenced by BlackRock's departure from NZAM and the end of the NZBA.

Hence, GFANZ has redefined its purpose, from *'a whole economy transition'* in 2021 to *'transition finance opportunities and solutions'* in 2025¹. Before its end, the NZBA updated its guidelines to soften mandatory 1.5°C alignment, now allowing broader, less prescriptive pathways toward carbon neutrality. Former 'Guidelines' became non-binding 'Guidance', marking **a notable decline in ambition** and uniformity of climate targets. This retreat is seen as a concession to political realities, particularly in the U.S., but **raises concerns over transparency, accountability** and probable greenwashing.

Amid the dilution of climate commitments, a new strategic pivot is emerging: **redirecting efforts toward bridging the energy transition finance gap** in emerging markets. This shift is in line with international objectives and responds to the chronic under-allocation of global capital to low-carbon projects in the Global South. While promising, the approach's success will hinge on **enhancing the pipeline of "bankable" projects**, where risk-return profiles meet investor requirements to draw in private capital from GFANZ members.

Our study shows that despite institutional withdrawals and relaxed NZBA rules in April 2025, **the majority of banks – especially in Europe – have so far maintained their individual sectoral decarbonization and sustainable financing targets**. Almost all European banks reviewed retained their interim sectoral and financing targets from 2024 to 2025, with a few reinforcing them. In America and Japan, banks displayed a wider range of reactions. Among 9 banks reviewed, only 3 have explicitly restated their targets in 2025: Scotiabank, MUFG and Mizuho, others provided limited or no updates, indicating a potential pause or reconsideration of their climate strategies. Notably, Wells Fargo made the decision to formally drop its sectoral emissions reduction targets altogether.

2025 was supposed to be the due date for the first interim targets. Instead, the challenge expected from private finance lies in the means to contribute to global climate finance goal, and how they will live alongside existing portfolio decarbonization targets.

¹ [Glasgow Financial Alliance for Net Zero, October 2021](#) and [September 2025](#)

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1. 2025: pivotal year for private finance's transition

1.1. Assessment of withdrawals

Launched in April 2021, **the Glasgow Financial Alliance for Net-Zero (GFANZ)** brings together many major players in the financial sector (banks, insurers, asset managers, institutional investors) around an ambitious goal: to achieve net zero emissions by 2050. But a recent wave of departures by major financial institutions is raising crucial questions about the future of this coalition and the alliances that make it up.

Net-Zero alliances: a strategic commitment to decarbonisation

GFANZ's four main coalitions, the Net-Zero Asset Manager Initiative (NZAM), the Net-Zero Asset Owner Alliance (NZAOA), the Net-Zero Banking Alliance (NZBA) and the Net-Zero Insurance Alliance (NZIA) were established to accelerate the transition to a low-carbon economy. According to Paul Bodnar, former head of sustainable investment at BlackRock, these alliances were crucial in coordinating the financial sector's commitment to decarbonising the global economy². A few years later, the same group withdrew from the NZAM.

BlackRock's withdrawal and its consequences

On 10 January 2025, BlackRock, one of the world's largest asset managers, announced its withdrawal from the NZAM. This event had a major impact on the sector and immediately prompted a reaction from the initiative, which reiterated in a press release³ dated 10 January 2025 that **climate risk remains a major financial risk**, reaffirming the legitimacy of the alliance despite this withdrawal. Nevertheless, the alliance announced in another press release⁴ dated 13 January 2025 that it had launched a review of its model to ensure that it remains adapted to recent changes in regulatory expectations, particularly in the United States. This review process has led to the suspension of signatories' monitoring and reporting activities, leaving a period of uncertainty about the future of the initiative and, more importantly, the commitments made by institutions when they joined the alliance. To this day, the NZAM website still displays this unique statement on the page where all asset managers' commitments were registered and detailed: *NZAM is launching a review of the initiative to ensure it remains fit for purpose in the new global context.*

² [Net-Zero Alliances, the keys to collaboration in the financial sector - BNP Paribas](#)

³ [Statement on Blackrock's departure from the initiative](#)

⁴ [Update from the Net Zero Asset Managers initiative](#)

US banks flee

BlackRock's withdrawal is part of a broader trend. On 6 December 2024, Goldman Sachs became the first US bank to leave the NZBA. This was swiftly followed by other major US financial institutions, including JPMorgan Chase, Citigroup, Wells Fargo and Morgan Stanley. Consequently, **the proportion of NZBA assets in the US banking sector dropped from 44.6% at the end of 2023 to just 0.045% by the end of 2024**. Of the US banks that remain members of the alliance, Amalgamated is the largest, with a total balance sheet of \$9 billion — just 0.5% of the average balance sheet of the aforementioned five banks.

Table 1. Share of NZBA assets in the US banking sector

	12/2023	12/2024
Total assets of the USA banking sector (in millions of USD) Source: Fed	23,164,600	23,519,400
Total NZBA assets in USA banking sector (in millions of USD)	10,330,694	10,597
Total NZBA assets in USA banking sector (in %)	44.6%	0.045%

Table 2. NZBA status of the world's largest banks (>\$1,000bn in assets)

	Banks (> \$1,000bn in assets)⁵	Total Assets 31/12/2023 (USD Bn)	NZBA status⁶
USA	JPMorgan Chase & Co.	3,875.39	Withdrawal on 7 January 2025
USA	Goldman Sachs	1,641.59	Withdrawal on 6 December 2024
USA	Morgan Stanley	1,193.69	Withdrawal on 2 January 2025
USA	Citigroup	2,200.83	Withdrawal on 31 December 2024
USA	Bank of America Corp.	3,180.15	Withdrawal on 31 December 2024
USA	Wells Fargo & Co.	1,932.47	Withdrawal on 20 December 2024
CAN	Bank of Nova Scotia	1,041.11	Withdrawal on 20 January 2024
JAP	Mitsubishi UFJ Financial Group	2,816.77	Withdrawal on 4 March 2025
JAP	Mizuho	1,923.56	Withdrawal on 31 March 2025
UK	HSBC	2,919.84	Withdrawal on 11 July 2025
UK	Barclays	1,891.72	Withdrawal on 1 st August 2025
EUR	UBS Group	1,717.25	Withdrawal on 7 July 2025
UK	Lloyds Banking Group	1,122.76	Member
EUR	BNP Paribas SA	2,867.44	Member
EUR	Crédit Agricole	2,736.95	Member
EUR	Banco Santander	1,986.36	Member
EUR	Deutsche Bank	1,450.57	Member
EUR	Société Générale SA	1,717.49	Member
EUR	BPCE Group	1,706.80	Member
EUR	ING Group	1,078.35	Member
EUR	Crédit Mutuel Group	1,262.95	Member
EUR	Intesa Sanpaolo	1,066.74	Member
JAP	Sumitomo Mitsui Financial Group	2,027.34	Member
CHI	Industrial and Commercial Bank of China (ICBC)	6,303.44	Not a member
CHI	Agricultural Bank of China	5,623.12	Not a member
CHI	China Construction Bank	5,400.28	Not a member
CHI	Bank of China	4,578.28	Not a member
CHI	Postal Savings Bank of China	2,217.86	Not a member
CHI	Bank of Communications	1,982.89	Not a member
CHI	China Merchants Bank	1,555.30	Not a member
CHI	Shanghai Pudong Development Bank	1,207.18	Not a member
JAP	Japan Post Bank	1,625.60	Not a member
CAN	Royal Bank of Canada	1,566.41	Not a member
CAN	Toronto-Dominion Bank	1,428.29	Not a member

⁵ S&P Global, [the world's largest banks by assets at the end of 2023](#)

⁶ UNEPFI - NZBA, [Members](#)

1.2. When collective climate action raises legal risks

This massive withdrawal may largely be attributable to an increasingly hostile political and regulatory environment and increased perception of legal risk in some jurisdictions.

Accusations of collusion

After Trump's re-election, 11 US state attorney generals filed a lawsuit against the three largest asset managers — BlackRock, Vanguard Group and State Street Corporation. The lawsuit alleges that these asset managers cooperated as shareholders in US coal companies to force a reduction in coal production. These asset managers hold large stakes in nine major US coal companies — including 34.2% of Arch Resources and 30.4% of Peabody Energy, the two biggest publicly traded coal producers.⁷

The complaint claims that their joint participation in climate alliances like the Net Zero Asset Managers Initiative (NZAM) and Climate Action 100+ is strong evidence of a horizontal agreement to use their common ownership of coal companies to limit production. The lawsuit argues that the goal of cutting CO₂ emissions by more than half by 2030 and reaching net zero by 2050 harms fair competition in the market. The lawsuit also says that BlackRock misled shareholders by not informing shareholders its funds would be used to advance climate goals and claiming its non-ESG funds were focused only on financial returns, while in fact the firm used all its investments to support its climate goals.

The legal claims are based on both federal and state laws — including Section 7 of the Clayton Act, Section 1 of the Sherman Act, and specific antitrust laws from Texas, Montana, and West Virginia. Texas also sued BlackRock for misleading business practices. The states asked for several remedies: a formal court statement, financial damages, a legal order to stop the asset managers from using their shares to influence production, and civil penalties or fines.

Following these accusations, BlackRock announced its official withdrawal from NZAM on January 9, 2025, in a public statement⁸:

"Many of our largest clients around the world — including 100% in Europe — have made net zero commitments. That is why we joined various climate finance groups in recent years. However, our participation in some of these organizations has caused confusion about BlackRock's practices and exposed us to legal investigations by various public officials. After a regular review of our continued involvement in these groups, we are formally withdrawing from the Net Zero Asset Managers Initiative."

BlackRock, January 2025

⁷ [Harvard Law School Forum on Corporate Governance, Texas et al. v. BlackRock, Inc. et al.](#)

⁸ [Excerpt from letter to clients on BlackRock's decision to leave NZAM](#)

On May 22, 2025, The Federal Trade Commission (FTC) and the U.S. Department of Justice (DOJ) filed a Statement of Interest, arguing in favor of the States and supporting the idea that climate finance coalitions are detrimental to market competition and American consumers interest⁹. On July 8, 2025, *the federal district court for the Eastern District of Texas denied three large institutional investors' motion to dismiss 13 states' federal antitrust claims*¹⁰.

This may become a test case for the assessment of sustainability cooperation under US antitrust law. The complaint may fail on the facts because there was no agreement between the defendants and no impact on competition between the asset managers or the coal companies or because US antitrust law can allow for a thoughtful efficiency defence and rule of reason analysis to permit investor cooperation to mitigate market failures that lead to climate change.¹¹ On the other hand, if the complaint succeeds this will have critical consequences for collective action on climate change and the existence of the net zero financial alliances – and indeed **regardless of the legal outcome of the complaint, it can be argued that it is already having an effect due to the withdrawal of BlackRock from the NZAM initiative.**

It should also be noted that while competition and antitrust concerns appear to be particularly problematic for US members of the net zero financial alliances, the problem is also apparent in other jurisdictions. Although recent developments in many jurisdictions seek to provide clarity on membership of a sustainable initiative (which may include membership of a net zero financial alliance) in terms of compliance with competition/antitrust laws, the legal framework varies by jurisdiction. And it should be noted that key financial institutions in Europe have also withdrawn from net zero financial alliances primarily motivated by concerns over US antitrust laws.¹²

Fiduciary duty

In this context, it is also worth noting that fiduciary duty continues to be a recurring argument invoked by financial institutions when navigating the legal uncertainties of climate-related commitments.

At its core, fiduciary duty refers to the obligation of financial actors to act in the best interest of their clients. Traditionally, this has been interpreted narrowly in terms of maximizing financial returns with primary duties of loyalty and care. In the U.S., for example, some interpretations hold that fiduciaries must focus exclusively on financial returns, excluding broader ESG considerations. This may have contributed to the more cautious, sometimes defensive approach from U.S.-based financial institutions, especially amid increasing political pushback against ESG investing.

⁹ [FTC and DOJ File Statement of Interest in Energy Collusion Case Against BlackRock, State Street, and Vanguard](#)

¹⁰ [climatecasechart.com, Texas v. BlackRock, Inc.](#)

¹¹ [Dolmans, M., Lin, W., Lee, C., 2025, Sustainable Antitrust Policy in the US – Hot water or Hot Air](#)

¹² See [Sustainable Finance Observatory \(formerly 2° Investing Initiative\), 2024, Financing the Transition: Improving the effectiveness of the Net-Zero Alliances](#)

By contrast, other jurisdictions in theory allow fiduciaries to take into account non-financial factors, provided they are relevant to long-term value. Case law in such contexts is beginning to support the inclusion of climate risk as part of prudent investment behavior. Moreover, reports by the PRI, UNEP FI, and institutions like I4CE argue that excluding ESG considerations may constitute a breach of fiduciary duty, given growing evidence that climate and other sustainability risks are financially material over the long term.

These observations reveal considerable uncertainty about – and variability in relation to – the interpretation of fiduciary duties in the context of climate risk considerations. Rather than being definitive in relation to how it should integrate climate risk considerations, the concept can be considered vulnerable to the external context where it is applied. While including ESG factors might still be challenged in some courts, failing to include them may increasingly be seen as irresponsible or even negligent and as a risk factor over time.

1.3. NZBA: from new mandate and softer 'guidance' to the end

In a press release¹³ published on 31 December, the GFANZ announced that it would be dropping the requirement for its members to publish clear targets, thus allowing "any financial institution working to mobilise capital and reduce barriers to financing the energy transition to participate".

In a press release¹⁴ in April 2025, the NZBA also announced the renewal of its mandate, with greater emphasis on liberalising opportunities for financing the decarbonisation of the real economy. Indeed, members voted overwhelmingly in favour of supporting plans to strengthen the support the alliance provides to its members. Among the changes introduced by the NZBA in this new mandate were:

"Recognise a wider range of trajectories towards carbon neutrality, aligned with the Paris Agreement's goals of limiting global temperature rise to well below 2°C and aiming for 1.5°C. This recognition offers banks with exposure to diverse markets and sectors greater flexibility to manage their targets and transition their balance sheets, while incorporating the carbon neutrality trajectories by 2050, with little or no overshoot of 1.5°C, already used by many member banks and which remain the benchmark."

NZBA, April 2025

In this new mandate, the NZBA dropped the obligation to set targets to align with 1.5°C and replaced an obligation to achieve carbon neutrality by 2050 with a vague target, as Lucie Pinson, funder of Reclaim Finance NGO, pointed out¹⁵: *"The proposed text removes any binding obligation: what was previously presented as 'guidelines' for setting targets becomes mere 'guidance'"*.

The vote on the new NZBA mandate was overwhelmingly approved by its members (90% in favor, with 80% voting¹⁶), reflecting a broadly shared willingness to relax climate ambitions. Despite the lack of transparency in the alliance's governance and voting process, which does not allow the respective positions of banks to be known, Triodos Bank publicly stated it had voted against the new mandate. The adoption of this revised

¹³ [Statement from GFANZ Leadership](#)

¹⁴ [Net-Zero Banking Alliance renews mandate with increased focus on unlocking opportunities for financing real economy decarbonization](#)

¹⁵ [Lucie Pinson's LinkedIn post](#)

¹⁶ [NZBA abandons climate goals](#)

mandate led the bank to leave the alliance on 15 April 2025, in an act of protest. In a press release, it stated¹⁷:

"Triodos Bank believes that by only 'encouraging' members to set and publicly disclose targets to support meeting the temperature goals of the Paris Agreement, the new guidance provides too much leeway for banks. Triodos Banks also disapproves letting go of the requirement to have a 1.5 degrees Celsius target. That is why Triodos Bank has voted against the proposed changes".

Triodos Bank, April 2025

Indeed, these adjustments marked **a loss of ambition** that is highly detrimental to the banks' commitment to decarbonising their portfolios and the incentive to increase accountability on their climate actions. To this day, no other coalition of banks on climate action has shown itself to be able to replace the NZBA.

At the same time, these adjustments were in line with the consensus on the need to prioritise efforts to finance the energy transition in view of the **mixed results of portfolio decarbonisation approaches** on financial flows towards decarbonised investments in the real economy. Indeed, this approach alone is insufficient faced with overall the lack of demand for climate projects meeting the risk/return expectations of private financiers.

Hence these recent developments raised several concerns: would the lower overall level of ambition displayed make climate action more politically acceptable given the current geopolitical context? Will the withdrawal of ambitious commitments not, on the contrary, make it even more difficult to mobilise private finance for the effective transition of economies, particularly emerging ones?

Answers are to be found in the late announcement of **the end of the NZBA**¹⁸ on October 3rd 2025. This end comes as the result of a second voting process among members of this alliance, that was likely to have been generated by the latest departures of European bank – Barclays¹⁹, HSBC²⁰ and UBS²¹ – a proof that the softening of the guidance failed to preserve one remaining strength of the alliance: its members.

The end of the NZBA was accompanied by **a 4th version of the guidance**²², almost identical to the 3rd but removing all references to the alliance and its members and presenting itself as a *"resource" "to support banks' climate transitions and establish good practice"*.

¹⁷ [Triodos Bank leaves NZBA](#)

¹⁸ [Net Zero Banking Resources, UNEP FI -3 October 2025](#)

¹⁹ [Statement on the Net Zero Banking Alliance, Barclays, 1 August 2025](#)

²⁰ [Statement on the Net Zero Banking Alliance, HSBC, 11 July 2025](#)

²¹ [UBS has withdrawn from the Net-Zero Banking Alliance, UBS, 7 August 2025](#)

²² [Guidance for Climate Target Setting for Banks v4 – October 2025](#)

The comparison below highlights the **main changes between the NZBA Guidelines of April 2024 and the Guidances of April and October 2025**:

An explanatory note to the NZBA Guidelines dated May 2024²³ included the following terminology: *"In the Guidelines, verbs have a specific meaning, and the following terminology is used:*

- **Shall** means that a process is **mandatory**, on a *comply-or-explain* basis,
- **Should** means that a process is **optional** but **strongly recommended**,
- **May** means that a process is **optional**."

Version 2 of April 2024 Guidelines introduced a new requirement for **target setting for capital market activities**²⁴. The same requirements applied to capital market activities as to lending activities. These targets, which were supposed to be published from 1st November 2025, appear to have been **removed** since they no longer appear in the 2025 Guidance (so even before the initial requirements came into force). Admittedly, the inclusion of capital market activities requires considerable effort, particularly in terms of data collection. Nevertheless, the Alliance had anticipated these efforts, providing for a gradual implementation period and accompanying resources to help its members define their objectives for capital markets. This removal has been confirmed by the latest 4th version of the Guidance.

²³ [Supporting Notes for guidelines for climate target setting version 2](#)

²⁴ The latter refers to the actions of *bookrunners* in issuing new debt and equity instruments for public and private companies, as well as in syndicated loans.

Table 3. Changes in NZBA guidelines between 2024 and 2025

Guidelines for Climate Target Setting for Banks v2 - <u>April 2024</u> ²⁵	Guidance for Climate Target Setting for Banks v3 - <u>April 2025</u> ²⁶	Guidance for Climate Target Setting for Banks v4 - <u>October 2025</u> ²⁷
<p>Ambition</p> <p>Targets shall at a minimum align with a goal to limit global warming to 1.5°C above the preindustrial average by the end of the century, be science-based and support the transition towards a net-zero economy by 2050.</p>	<p>Ambition</p> <p>Targets should align with the goals of the Paris Agreement, aiming to limit global warming to well below 2°C, striving for 1.5°C, as established by world governments in 2015, be science-based and support the global transition towards a net-zero economy.</p>	<p>Ambition</p> <p>identical</p>
<p>Targets</p> <p>Banks shall set, at a minimum, a 2030 (or sooner) and 2050 target.</p>	<p>Targets</p> <p>Banks are recommended to set a 2030 and a 2050 target.</p>	<p>Targets</p> <p>identical</p>
<p>Four guidelines</p>	<p>Four recommendations</p>	<p>Four recommendations</p>
<p>Intermediate targets</p> <p>Banks shall set an intermediate target for 2030 or sooner and may set further intermediate targets.</p>	<p>Intermediate targets</p> <p>Banks should set an intermediate target for 2030 and may set further intermediate targets.</p>	<p>Intermediate targets</p> <p>identical</p>
<p>Capital market activities</p> <p>Capital markets arranging and underwriting activities refer to the actions of bookrunners in the issuance of new debt and equity instruments for both public and private companies, and syndicated loans</p> <p>It is not required to include structuring and/or advisory services on equity and debt securities or advisory services including on mergers and acquisitions. Note that the bank's issuance of its own capital instruments is not included</p> <p>Banks are encouraged to include capital market activities in targets as soon as practicable. Banks shall have reviewed existing targets to include capital markets activities by 1 November 2025 and include capital markets activities in any new targets set after 1 November 2025.</p>	<p>Capital market activities</p> <p>Capital markets arranging and underwriting activities refer to the actions of bookrunners in the issuance of new debt and equity instruments for both public and private companies, and syndicated loans</p> <p>It is not suggested to include structuring and/or advisory services on equity and debt securities or advisory services including on mergers and acquisitions. Note that the bank's issuance of its own capital instruments is not included.</p>	<p>Capital market activities</p> <p>identical</p>

²⁵ [Guidelines for Climate Target Setting for Banks v2 – April 2024](#)

²⁶ [Guidance for Climate Target Setting for Banks v3 – April 2025](#)

²⁷ [Guidance for Climate Target Setting for Banks v4 – October 2025](#)

1.4. The new GFANZ paradigm: a credible response to the climate finance gap?

As indicated in its press release *2025: New Year Update from the GFANZ Secretariat*, the GFANZ coalition seems to have changed direction and wishes to focus its action on closing the global investment gap:

GFANZ will turn its focus to closing the investment gap to help unlock the more than \$5 trillion a year opportunity created by countries modernizing their energy systems and putting economies onto a low-carbon path in the next decade. This will help strengthen growth, create jobs globally, and help mobilize the capital needed for the transition, especially in emerging markets and developing countries (EMDCs).

GFANZ, January 2025

This decision seems to be in line with the objectives set by the international community at COP29, which aim to triple finance to developing countries from USD 100 billion to USD 300 billion annually in order to scale up total financing to USD 1.3 trillion by 2035, by mobilizing public and private sources.²⁸

The need to finance the transition in emerging countries

The figures are revealing: developing countries, which are estimated to account for two third of greenhouse gas emissions²⁹, are suffering from a structural financing shortfall. Financing the climate transition in developing countries is the United Nations' top priority if the Paris climate agreement is to be reached, accounting for almost half of the world's climate investment needs by 2035 in the LDCs excluding China³⁰. According to the IMF and the UN, 70 to 90% investment needs must be covered by private capital. However, 95% of global capital remains invested in developed countries and China. This under-allocation is not linked to a lack of available capital. On the contrary, there is an overabundance of global liquidity, with an estimated \$482 trillion of global financial assets³¹, compared to only USD 1.3 Trillion of global annual climate finance. The blockage stems mainly from the lack of "bankable" projects, which meet the risk/return profile of public and private financiers in economic and institutional contexts marked by multiple challenges. Here bankability is referred to in the broad sense accepted by public and private financiers as the project's capacity to be financially sustainable, operationally viable and capable of operating successfully over the long term (i.e. the project will not

²⁸ [COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods](#)

²⁹ [Lisa Sachs, Director of the Columbia Center on Sustainable Investment](#)

³⁰ [Raising ambition and accelerating delivery of climate finance - IHLEG](#)

³¹ [Private Investment Mobilization Action Plan Consultations Report](#)

cease to provide the expected services and will be able to service its debt or deliver the expected returns).

Faced with high costs of capital, heightened perception of risk, high levels of sovereign debt, scarcity of concessional financing, and insufficient local capacities in financial engineering, unlocking pathways and practical ways to move from words to effective action is a major challenge. Addressing this challenge requires a combination of financial techniques, institutional arrangements, and related preconditions that have successfully mobilized private finance in emerging markets and developing countries. This calls for the deployment of efficient finance techniques, structures, and business models, effective ways to use concessional funding, risk-sharing and credit enhancement options, the requirements for finance expertise, techniques to scale up pipelines of bankable projects, and ways to increase domestic capital mobilization.

In particular, the worsening sovereign debt crisis, one of the major challenges facing multilateral development banks (MDBs), has led them to recently launch a vast reform movement³². The objective set for the MDBs is to scale up their non-debt instruments, in particular to mobilize more private capital. In their last joint report, MDBs report an increase of 24% in MDB-backed private sector mobilization.³³ The rate of mobilization of private capital by the MDBs is beginning to progress slowly - from \$0.25 leveraged by \$1 of MDB public financing for years to 0.38 in 2023³⁴ - but remains largely insufficient to achieve the ambitious targets leverage set by the MDBs "From 'Billions to Trillions", campaign³⁵ requiring a 1-9 leverage ratio and the need to mobilize 70 to 90% of private capital.

In the face of these barriers, **GFANZ is deploying its renewed priority of financing the energy transition through its commitment to country platforms**, which bring public, private, domestic and international finance together behind green transition plans and policies. These platforms can play a role in mobilizing private finance and ensuring an efficient capital stack.

Since climate transition in developing countries depends to a large extent on their energy transition, country platforms are organised in particular through the Just Energy Transition Partnerships (JETP), which aim to coordinate public and private financing around a gradual phase-out of fossil fuels, while strengthening national capacities for investment in renewable energies.

Indonesia's JETP, for example, is an ambitious programme, with USD 20 billion in pledged commitments, shared equally between public and private funds. However, there are still obstacles to operational implementation, linked to the lack of a pipeline of bankable projects that meet the criteria of private financiers, and to political obstacles linked in particular to the risks of transition. An analysis by the think-tank Climate Policy Initiative

³² [MDBs Working as a System for Impact and Scale](#)

³³ [2023 Joint Report: Mobilization of Private Finance by MDBs and DFIs](#)

³⁴ [Multilateral development bank climate finance: the Good, Bad and the Urgent](#)

³⁵ [Did Paris Call It Quits on Billions to Trillions ? - Center for Global Development](#)

stresses in particular that the competitiveness of coal in Indonesia and the off-grid coal-fired power plant projects currently underway are hampering implementation of the programme³⁶.

"It demonstrates that commitments for no new fossil fuel expansion come with a lot of caveats, seemingly exempting strategic national interests and permits already in the pipeline."

Climate Policy Initiative, 2023,
about Indonesia's JETP

Finally, having embodied the net zero ambition of developed countries' financial sector, GFANZ now seems to be taking on a more targeted role in financing the transition in the LMICs, where the success of the transition on a global scale will largely depend. This strategic shift may make it possible to rethink the Net Zero alliances as tools for systemic transformation, and no longer just as alignment showcases. Nevertheless, the impact of GFANZ in this new mandate will depend on the ability of these countries to generate additional pipelines of bankable projects at scale.

The Sustainable Finance Observatory has produced a study highlighting **the role of techniques and financial expertise in increasing the volume of pipelines of bankable projects** in the LMICs, drawing on best practice in different geographies³⁷.

This challenge is not unique to developing countries. Within Europe, the EU Sustainable Finance Platform, in its report *Monitoring Capital Flows to Sustainable Investments*³⁸, has reached a similar conclusion: the problem is not a lack of available finance, but rather a shortage of bankable projects and investment vehicles that meet investor's risk/return expectations. The report emphasizes the limited potential to develop profitable projects in the short term, which highlights the importance of a conducive policy framework, notably in relation to the Clean Industrial Deal: *"In order to meet the required level of investments to achieve the goals of the Paris Agreement worldwide, it is necessary to progressively maximise the mobilisation of private capital, using public funds as a catalyst."*

³⁶ [Indonesia's JETP is a glass half full](#), Climate Policy Initiative, November 2023

³⁷ [Unlocking Capital with Finance Expertise Hubs: Addressing the Country Capacity Gap in Developing Bankable Development and Climate Projects](#)

³⁸ [UE Platform on Sustainable Finance : Monitoring Capital Flows to Sustainable Investments – Final report March 2025](#)

2. Up-to-date inventory of banks' interim targets

2.1. European banks

In 2024, the SF Observatory conducted a study³⁹ on the 19 main European banks that are members of the NZBA in order to analyse their net zero commitments, using its exclusive dedicated tool: the Net Zero Donut^{®40}. Their intermediate sectoral targets were identified and analysed. The purpose of this part is now to update this inventory following the major changes in the net zero alliances and to **determine the extent to which the recent announcements by the GFANZ and the NZBA have had an impact on the level of ambition of individual banks** with regard to their financed emissions reduction trajectory.

Key figures from the 2024 report on European banks' net-zero commitments: Progress towards intermediate targets

Types of interim targets	No	Yes
Alignment	17	2
Financing	5	14
Absolute decarbonisation	19	0
Relative decarbonisation	18	1
Sectoral decarbonisation	0	19
Engagement	18	1

Table 1. Distribution of European banks' interim targets

Sector	# banks
Oil and Gas	17
Coal	6 ¹⁷
Power	17
Iron and steel	16
Aluminium	4
Cement	14
Automotive manufacturing and sales	17
Road transport	3
Aviation	13
Rail	1
Shipping	10
Commercial real estate	12
Residential real estate	9
Agriculture	3

Table 2. Distribution of European banks' sectoral targets

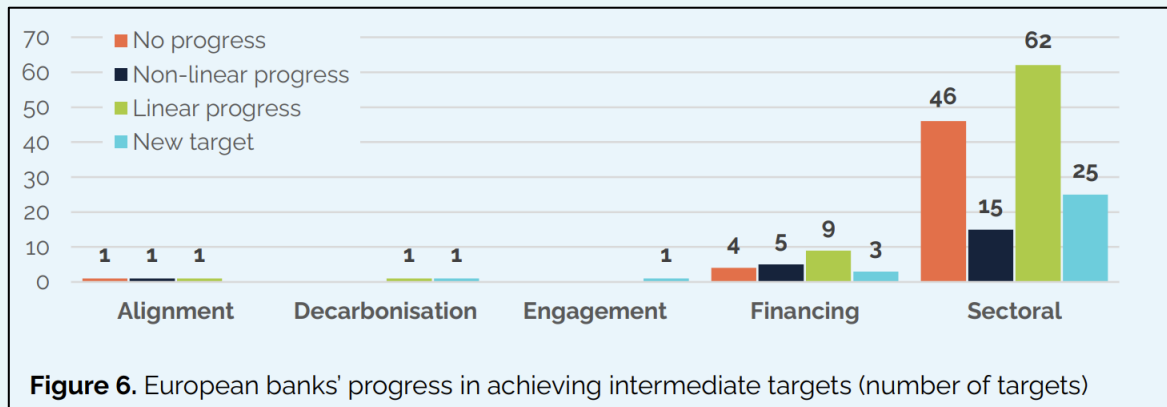
Analysis of the report on the banks' net zero commitments showed that of the 175 interim targets set by 19 French and European banks, including **148 specific to the sectors financed** (85% of interim targets) and 21 sustainable financing targets (12%), **progress has been made towards achieving 77 sector targets, 62 of which are on a linear trajectory**, and 14 financing targets, 9 of which are on a linear trajectory. This represents 11 banks that have not reduced their carbon footprint related to the sectors financed, and 4 that have

³⁹ [Report on European Banks' 'Net Zero' Commitments, SF Observatory, December 2024](#)

⁴⁰ [Net Zero Donut, Sustainable Finance Observatory](#)

achieved a reduction but on a non-linear trajectory. In total, 8 banks (42%) are in line with their interim sustainable financing targets.

We note that **52%** of the sectoral objectives **have progressed**, and **42%** of the sectoral objectives have **progressed linearly**.⁴¹



The following analysis therefore briefly presents the evolution of the intermediate objectives of the European banks that have been identified since their most recent extra-financial publications. References to the banks' extra-financial reports are quoted in the table. These adjustments are all the more significant given that complete, quantified sectoral decarbonisation objectives are essential if a bank is to make a real contribution to the transition of the economy as a whole: they make it possible to move from a logic of exclusion to a proactive strategy, by engaging the most emissive sectors to clear trajectories towards a low-carbon economy, and to establish action plans associated with these trajectories.

Indeed, **decarbonization targets alone are very unlikely to generate real economy impacts**, due to bias and flaws such as paper decarbonization which consists in doing trade-offs within the portfolio to exit high-emitting sectors and thus display a "clean" portfolio without contribution to the real economy's transition. This is why recent research based on practices experience points out that GHG emissions metrics and targets fall short and **need complementary forward-looking and qualitative metrics and targets**⁴².

⁴¹ Net Zero Donut assesses progress towards interim targets on a scale of 0 to 5: 0 being no progress or no recent data, 3 being observed but non-linear progress, or progress in all but one sector, and 5 being linear progress in at least all but one sector. For more information, see the [report](#).

⁴² [Beyond Financed Emissions: How Complementary Approaches Can – and Can't – Help Quantify Contributions to the Transition](#), RMI, 2025

Table 4. Changes in interim targets for 19 European banks based on their 2025 extra-financial publications for the 2024 financial year compared with their 2024 publications

	Sectoral targets	Financing targets	Most recent sources
Banco Santander	Maintained	Maintained	Annual report 2024 – p.60 / p.23 Q1 2025 Sustainability report – p. 8
Barclays	Maintained (even after exit from NZBA)	Maintained (even after exit from NZBA)	Annual report 2024 – p.63 2025 Transition update – p. 15-55 Statement on the Net Zero Banking Alliance, Barclays, 1 August 2025
BBVA	Maintained	Maintained	Annual report 2024 – p.75-76 Sustainability as a growth engine, March 2025 – p. 13-16
BNP Paribas	Maintained	Maintained	DEU 2024 – p.723 / p.727 Trajectoires climat BNP Paribas 2025
Crédit Agricole	Maintained	Maintained	DEU 2024 – p.82 / p.7
Crédit Mutuel AF	Maintained	N/A	DEU 2024 – p.130 Rapport NZBA CMAF – p. 4
Crédit Mutuel Arkea	Maintained	N/A	DEU 2024 – p.183 / p. 195 Feuille de route finance durable – p.8
Deutsche Bank	Maintained	Maintained	Sustainable data compendium 2024 (March 2025) – p.5 2024 annual report – p.241
BPCE	Maintained	Maintained	DEU BPCE 2024 – p.125
HSBC Group	Lack of update (since exit from NZBA)	Lack of update (since exit from NZBA)	Annual report 2024 – p.3 NZ transition plan (January 2025) – p.85
ING	Updated	Maintained	Annual report 2024 – p.111 Climate progress update 2024 – p.33 SBTi Near Term validation (March 2025)
Intesa SanPaolo	Updated	Maintained	2024 climate report (March 2025) – p.111 / p.97
La Banque Postale	Updated	N/A	DEU 2024 – p.113 / p.44 Trajectoires de décarbonation
Lloyds	Maintained	Maintained	2024 Sustainability report – p.83 / p.66
NatWest	Maintained	Updated	Sustainability report 2024 – p.26 / p.21
Société Générale	Maintained	Maintained	DEU 2024 – p.340 / p.48
Standard Chartered	Maintained	N/A	Sustainable finance impact report 2024 (February 2025) – p.3
UBS	Lack of update (since exit from NZBA)	N/A	Sustainability report 2024 – p.29 Sustainability investor presentation, March 2025 – p. 11-12
UniCredit	Maintained	Maintained	2024 annual report – p.264 / p.82 Environmental statement 2025 – p. 33

This table shows that the revisions to the NZBA framework have, at this stage, had a limited effect on the intermediate targets of European banks. Although some adjustments can be observed within a few institutions, no direct and certain link between these adjustments and the changes to the NZBA framework can be made so far.

While quitting the NZBA, each of the three following European banks stated differently whether its targets taken through NZBA membership are still relevant:

- **Barclays** argues that *“with the departure of most of the global banks, the organisation no longer has the membership to support [it] transition.”* Yet the bank confirms that *“[its] targets to mobilise \$1trillion of Sustainable and Transition Financing and for financed emissions remain unchanged”* and that it is **still “committed to our ambition to be a net zero bank by 2050.”**⁴³
- **HSBC** emphasises on *“supporting our customers’ transition”*, acknowledging *“the Net Zero Banking Alliance played a role in developing guiding frameworks to help banks establish their initial target-setting approach.”* The group also *“work[s] towards updating and implementing our Net Zero Transition Plan later in 2025”* and specifies that *“[its] approach to setting financed emissions targets will continue to be informed by the latest scientific evidence and credible industry-specific pathways.”*⁴⁴ This suggests that further details are expected in the coming months.
- **UBS** also highlights *“supporting our clients in understanding the impact of climate change in their business models”* and *“consider[s] climate change risks and opportunities across [the] bank for the benefit of [its] clients, investors and all [its] stakeholders”* but **does not mention neither its commitment to carbon neutrality in 2050 nor its decarbonization targets.**⁴⁵ Following the release, no public update has been made on targets and commitments.

Among banks still members of the NZBA, the following elements are worth noting:

- According to our Net Zero Donut 2024 report, **Deutsche Bank** is the only European bank to have formalised a commitment target for its financed entities — a practice that remains uncommon among banks but is more prevalent among investors. However, while Deutsche Bank initially set a quantitative target - 90% of its high-emitting clients to commit to carbon neutrality by 2026 - it appears to have abandoned this objective. The bank states in its 2024 annual report : *“The bank aims to encourage as many of its high-emitting clients in the most carbon-intensive sectors to commit to net-zero. However, due to alternating dynamics internationally with regards to net-zero commitments, the bank **no longer believes it is realistic to achieve the ambition of 90% from 2026 onwards.** Nevertheless, Deutsche Bank will report annually on the progress regarding the ambition”*

⁴³ [Statement on the Net Zero Banking Alliance, Barclays, 1 August 2025](#)

⁴⁴ [Statement on the Net Zero Banking Alliance, HSBC, 11 July 2025](#)

⁴⁵ [UBS has withdrawn from the Net-Zero Banking Alliance, 7 Aug 2025](#)

- **ING group** tightened its interim targets for electricity in 2024, from a 53% reduction in carbon intensity from a 2018 baseline of 335 kg CO₂e/MWh (scope 1) to a 78% reduction to 2030 from a 2018 baseline of 297kg CO₂/MWh, and has refined its methodology by adding part of scope 3 for the aviation sector, scope 2 for the cement sector and made minor updates to its real estate targets. In March 2025, its 2030 intermediate targets were validated by SBTi through the Near-Term Criteria. However, the sectoral targets were not explicitly recalled in its late [2025 Climate Update](#) (18 September 2025) as they were in the [2024 Climate Update](#).
- **Intesa SanPaolo** has strengthened its target for reducing emissions from the commercial real estate sector, from 27.98 kgCO₂e/m² to 22,11 kgCO₂/m² by 2030.
- **La Banque Postale** has updated its sectoral decarbonization targets from 2020 baselines to 2022 baselines, without changing the levels of 2030 intensity targets.
- **NatWest** updated its financing target **from “£100 billion climate and sustainable financing and funding between July 2021 and the end of 2025” to “£200 billion in Climate and Transition Finance between 1 July 2025 and the end of 2030”**, due to the reach of the first target during Q1 2025. However, in 2023, NatWest presented a **default target for the aviation sector** in order to validate its SBTi objectives, **without however formally committing to it**. This lack of commitment explains the disappearance of this target in subsequent reports.

2.2. American and Japanese banks

The table and paragraph below provide a comparative overview of the sectoral interim targets between the 2024 and 2023 reports of the US banks.

Table 5. Changes in intermediate targets for US and Japanese banks based on their 2025 extra-financial publications compared with their 2024 extra-financial publications

	Sectoral targets	Financing targets	Most recent source
JPMorgan Chase	Lack of update	Lack of update	Climate report 2024 (Nov. 2024) – p.21
Goldman Sachs	Lack of update	Maintained	Sustainability Report 2023 2024 annual report – p.28
Morgan Stanley	Lack of update	Lack of update	2030 Interim Financed Emissions Targets (Oct. 2024) – p.5 2023 sustainability report
Citigroup	Lack of update	Maintained	2023 Citi Climate Report 2024 annual report – p.72
Bank of America	Lack of update	Lack of update	Sustainability at Bank of America (Sept. 2024)
Wells Fargo	Cancelled	Maintained	Statement on Wells Fargo's Climate Goals & Targets (28/02/2025)
Scotiabank	Maintained	Maintained	2024 Climate Report (March 2025) – p.49
MUFG	Maintained	Maintained	Climate report 2025 – p.6 / p.25
Mizuho	Maintained	Maintained	Annual report 2025 – p. 61

Among the major financial institutions that have adjusted or clarified their climate strategies:

- Wells Fargo** announced in a press release dated 27 February 2025⁴⁶ following the NZBA announcements: *"We are adjusting our approach to focus on doing what banks do best - providing financing and expertise to help customers pursue their own objectives. As of today, **we are discontinuing our sector-specific 2030 interim financed emissions targets and our goal to achieve net zero by 2050 for financed emissions.** We will maintain our 2030 sustainable finance goal; our 2030 operational sustainability goals; and our 2050 goal for Wells Fargo's own operational emissions."*
- Scotiabank** spokeswoman Katie Raskina said in a statement⁴⁷ sent to Bloomberg that the bank would continue to finance the transition to a low-carbon economy, support its customers in their sustainability strategies and report on its progress. In addition, in 2019, the Bank committed to providing \$100 billion of climate finance by 2025. By the end of 2024, climate finance since 2019 had reached \$174 billion,

⁴⁶ [Statement on Wells Fargo's Climate Goals and Targets](#)

⁴⁷ [Scotiabank - press release](#)

so the targets have been revised upwards in 2022 to provide \$350 billion of climate finance by 2030. ⁴⁸

- In a press release dated 7 January 2025⁴⁹, a **JP Morgan** spokesperson assures that they will continue to work in complete independence and will remain focused on *"pragmatic solutions aimed at promoting low-carbon technologies while strengthening energy security"*.
- **Goldman Sachs**, in a statement provided to [ESG Today](#), 9 December 2024⁵⁰, announced that it had already made significant progress towards its net zero emissions objectives and plans to extend its objectives to other sectors in the coming months, as well as measuring and communicating their progress. However, no up-to-date official communication has been found.
- In a press release dated 11 October 2024⁵¹, **Mizuho Financial Group** announced the addition of exposures to the gas liquefaction and oil refining businesses (scope 1 and 2), in order to better reflect greenhouse gas emissions along the entire value chain. Its targets have then been confirmed in its late 2025 integrated report⁵².
- In its 2024 annual report, **Citigroup** stated⁵³ that the first assessments in the automotive and steel sectors had been completed, to complement those carried out in the energy and power sectors in 2023.

⁴⁸ [2024 CLIMATE REPORT](#)

⁴⁹ [JP Morgan becomes latest major US bank to exit NZBA](#)

⁵⁰ [Goldman Sachs Exits Net Zero Banking Alliance](#)

⁵¹ [News Release – Mizuho](#)

⁵² [Integrated Report \(Annual Review\) / Financial Data of Mizuho Financial Group, Inc.](#)

⁵³ [2024 annual report](#)



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