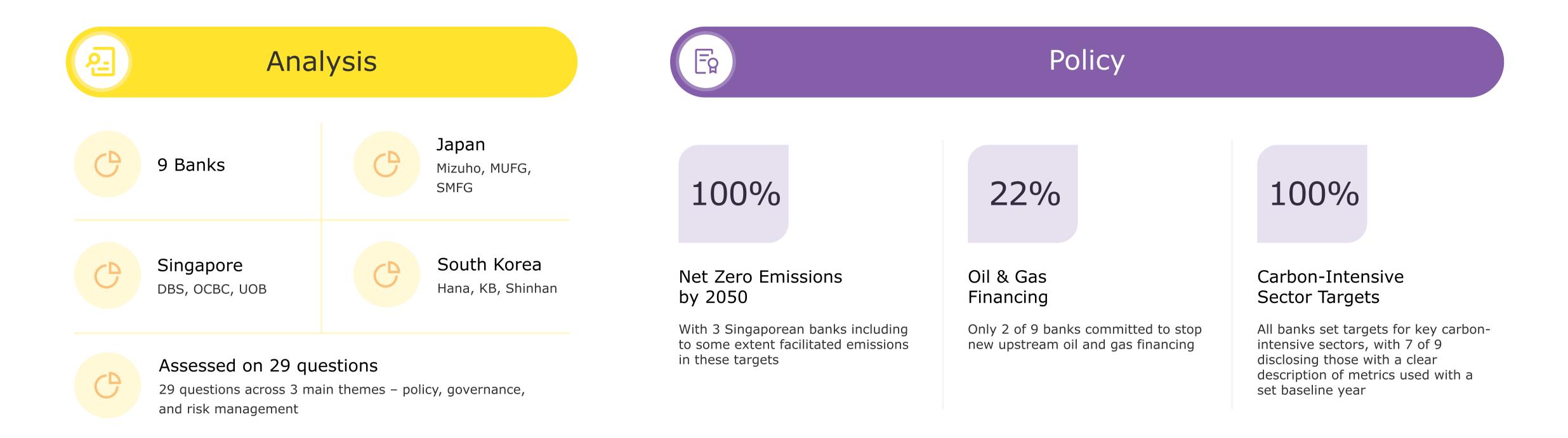
Shifting Gears

Key Asian Banks Can Accelerate The Energy Transition





Results Highlights

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Governance

All Banks					
Net Zero Set a 2050 net zero financed emissions target	TCFD Aligned with four pillars (governance, strategy, risk management, metrics and targets)	Sustainable Financing Disclosed level and committed to increasing it	77%	44%	66%
			Climate Expertise	Board Member Expertise	Remuneration Schem
Carbon-intensive Sectors Set emissions reduction targets for either some or all key sectors in their portfolio	Scenario Analyses Disclosed results for evaluating physical climate and energy transition risks	Risk Assessment Developed internal capacity systems to evaluate climate, sustainability, and ESG risks	7 of 9 banks board-level committees oversee climate-related sustainability issues, but none explicitly consider climate-related experience in board nomination procedure	4 of 9 banks have a board member with relevant academic or operational experience in climate change-related issues	6 of 9 banks have a remuner scheme that considers clima change-related sustainability performance
Singapore Aligned sectoral targets with			Risk Management		
Most ambitious targets		1.5°C scenario			
• Japan Set 2030 targets for power, oil & gas, steel, and real estate Mizuho & MUFG lead in helping clients manage energy transition risks		22%	66%	100%	
Set 2030 targets for power and steel targets use emissions intensity metric		Transition Risk Matrix 2 of 9 banks, Mizuho and MUFG, provided a sufficient transition risk matrix which outlines portfolio	GHG Emissions Reporting All the Japanese and South Korean banks provided analysis of client GHG emissions reporting, but	Scenario Analyses All banks disclosed scenario a for physical climate change ar energy transition risks	

Key Takeaways

Banks should enhance their role in the energy transition and climate response by:

- Broadening net-zero emissions targets to include more banking \bigcirc activities, including facilitated emissions.
- Setting comprehensive interim and long-term sectoral targets aligned \bigcirc with a 1.5°C pathway, with clear metrics and baseline year.
- Establishing a policy on new upstream oil and gas projects and a long- \bigcirc term policy on oil and gas financing covering the entire supply chain.
- Setting coal financing policies that ensure a total withdrawal of corporate \bigtriangledown and project financing to coal companies and eliminate loopholes.
- Including climate change performance in determining executive remuneration and ensuring specific climate-change expertise at the board level for strategy and risk assessment.
- \bigcirc Developing and disclosing a transition risk matrix, or similar tool, to guide clients, especially in carbon-intensive sectors.
- O Disclosing detailed reporting of financed emissions at the sectoral level, in terms of volume and share of total portfolio, covering both lending and investments.