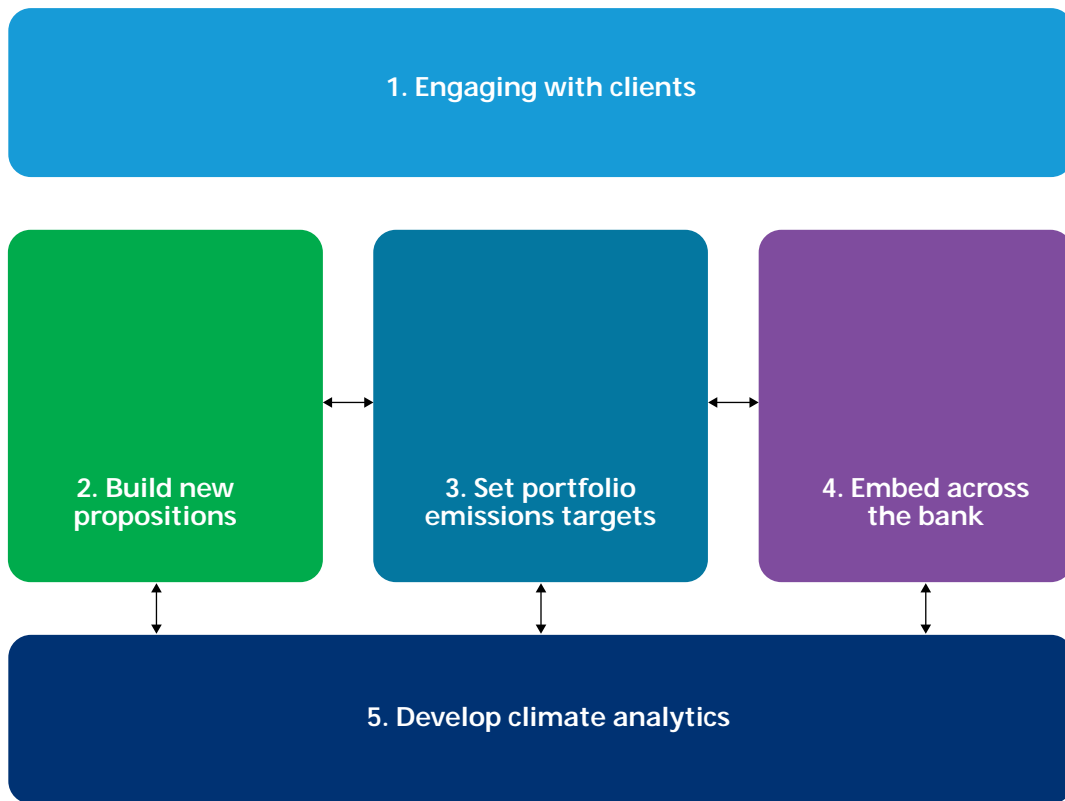


██████
Ronan O'Kelly
Serge Gwynne
James

: i bXUa YbhU`WUUb[Yg'UFY'fYei]fYX'k]h.]b`V&fdcfUH'VUb_g'hc'a YYhW]a UH'W&a a]ha Ybhg` UbX`WUdh fY'h.Y'cddcfh b]hm'K Y'\][\`h' j Y'_YmUFYUg\YfYzUbX'Xf]''Xck b'cb`YUW`]b'h.Y` sections that follow.

Exhibit 1: Five priorities for corporate banks



Engaging with clients on climate can be daunting. Climate change as an issue is both



- **Redrawing the client-relationship map.** Relationship managers will need to engage

Exhibit 3: Key elements of good corporate transition plan

Common users	
Governance	<ul style="list-style-type: none">• Describe the board and management's oversight and approval of the net-zero transition plan• Describe the reporting to be done in support of the net-zero transition plan and the process for its review and update• Describe the incentives and impacts on remuneration tied to the execution of the net-zero transition plan
Strategy	<ul style="list-style-type: none">• 8YgW]VY h\Y d`UbbYX`fcUXa Ud`UbX`h\Y d`Ug]b[`cZH\Y`gdYVW WUW]cbgfYei]fYX`hc`fYUW`bYhnYfc`fY`["`h`VW`bc`c[]YgXYd`cnYXZyYbYf[mY` VYbWna`YUgi`fYgHJ_Ybk• 8YgW]VY h\Y i`gU[Y`cZWfVcb`WYX]hg`UbX`c`gYhg`k`]h`fYZYfYbW`hc`Ya`Yf[]b[`



5g]bXi ghf]YgUFY fYg\ UdYXžh\Y Vta a YfVU`cddcfh b]h]YgZcfVtfdcfUHY VUb_gUFY`
g][b] Wbhi` Vi hWdhi f]b[`h\Ya`]g`bchghfU[\hZcfk UfX`H\Y`a cghcVj]ci g[fYYb! bUbV]b[`
opportunities are already crowded out and increasingly low margin, while others come
k]h`g][b] Wbhf]g_g`UbX WU`Yb[Yg`Cj YfVta]b[`h\YgY Xck bg]XYgfyei]fYg][b] Wbhi
investment and commitment from senior executives. There is a danger of spreading
resources too thinly and launching a raft of bottom-up initiatives and products that do
not scale.

H\YfYZcfYž]h]g]a dYfU]h] Y`hc`ZcW`gY` cfhcb`U`ga`U`bi`a`VYf`cZdfcdcg]h]cbg`h`U`ha`YYhfYU`
W]YbhibYYXgžUFY Vta a YfVU`mj]UV`YžUbX ZcW`gY`cb`UFYUg`k` \YfY`h\Y`VUb`_\`Ug`U`WU`f`f][\h`
to win (see Exhibit 4).

Cby`cZh\Y`a`cghg][b] Wbhcddcfh b]h]Yg]g` bUbV]b[` hfUbg]h]cb`hYVW`bc`c[]Yg`5WtFX]b[`hc`
h\Y`K`cf`X`9Wtbc`a]W`cfi`a`ža`cfY`h`Ub`)`\$`hf`]`cb`]b`]b`WY`a`Y`b`H`U`[`c`V`U`]bj`Y`g`h`a`Y`b`h`k`]`V`Y`
fyei]fYX`Vm&\$`\$`ž`k`]h`a`cfY`h`Ub`)`hf`]`cb`fyei]fYX`Vm&\$`\$`@UVY`YX`[fYYb! bUbW`UbX`
gi`ghU]bUV]]h`]b`YX`c`Ubg`UFY`V`ch`]a`dcf`H`Ub`h`tc`c`g`h`U`h`U`j`Y`V`Y`Y`b`k`]XY`m`UX`cd`h`Y`X`]b`f`Y`W`b`h`
nY`U`f`g`Ub`X`g`ci`X`V`b`h`]bi`Y`c`b`h`U`h`d`U`h`"7`c`f`d`c`f`U`H`Y`W`]Y`b`h`g`V`Y`b`Y` h`Z`f`c`a` h`Y`U`X`X`Y`X`W`Y`X`]V`]h`m`
h`U`h`U`V`Y`]b[`V`f`]b[`g`h`c`h`Y`f`hf`U`b`g`]h]cb`d`U`b`g`ž`k` \`Y`V`U`b`_`g`W`b`V`Y`b`Y` h`Z`f`c`a` h`Y`V`b`h`f`]vi`h]cb`
to their net-zero emissions targets, and green- and transition-lending targets.

M`h`h`Y`g`Y`gc`i`h]cbg`U`cbY`UFY`b`ch`Y`b`ci`[\`h`c`U`X`X`f`Y`g`g`h`Y`Z`i`gd`Y`W`f`i`a`c`Z`V`e`a`d`Y`I`i` bUbV]b[`
challenges clients face. Many areas of climate transition rely on new technologies, which
Vf]b[`f]g_g`UggcV]U]hYX`k`]h`d`Y`f`Z`c`f`a`Ub`W`Ub`X`Y`V`b`c`a`]W`j`]UV`]h`m`h`h`Y`g`Y`h`Y`V`W`b`c`c`[]Y`g`U`f`Y`k`Y`
_`b`c`k`b`]b`a`U`c`f`Y`a`]gg]cbg!]b`h`Y`b`g`Y`]b`Xi`ghf]Y`g`ž`gi`W`U`g`g`h`Y`Y`f`l`n`X`f`c`[Y`b`!V`U`g`Y`X`ž`X`]f`Y`W`h`f`Y`X`i`W`X`ž`
iron electrolysis), aviation (sustainable aviation fuel, electric and hydrogen fuel cells), and
g`l`d`d`]b[`f`V`]c`Z`Y`g`ž`U`a`a`cb`]U`e`"b`U`X`X`]h]cb`h`c`h`Y`V`W`b`c`c`[n`f`Y`U`h`Y`X`f]g_g`ž`h`Y`f`Y`UFY`U`gc`a`U`c`f`
dc`]h]W`Ub`X`f`Y`[i`U`h`c`f`m`f]g_g`Xi`Y`h`c`h`Y`X`Y`d`Y`b`X`Y`b`W`h`c`b`d`i`V`]W`d`c`]W`h`c`X`f`]j`Y`W`Ub`[Y`g`]b`
business and consumer behavior.

Exhibit 4:

6Ub_gWb'd'UmUj U'i UV'Y'fc'Y]b\Y'd]b['W]Ybhg'_b]h'c[Yh\Yf' bUbVb['gc'i h]cbgž'c]b]b[' ZcfWg'k]h' c'h\Yf'Wd]hU'dfcj]XYfg'k]h' X] YfYbhf]g_ UddYh]hYg'cf'fYh' fb'fYei]fYa YbhgžUbX' bUj][Uh]b['h\Y'fUb[Y'cZdf]j UH'UbX'di V]WgYW'cf'ghU_Y\c'XYfg''6Ub_g'h UhV'c''UVcfUH'k]h'

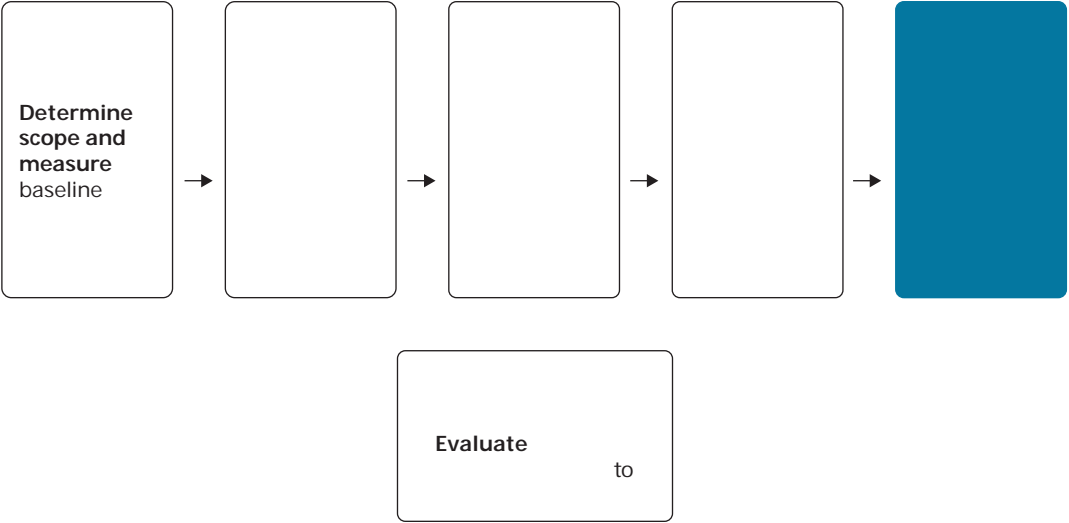
6YncbX`Wta d`Yl` bUbVfb[`gc`i h]cbgZ`VUb_g`Wfb`gi ddcfh`h`Y]f`W]YbHg`UbX`hUd`]bhc`bYk`
cddcfh`b]h]Yg`VmUdd`n]b[`W]YbH`YX`XYg][`b`h`b_]b[`hc`]XYbh]Zm_YmdU]b`dc]bhgZ`UbX`gc`]Y`
the fundamental problems related to climate transition. These approaches, whose solutions
cZhb`[`c`VYncbX`VUb_]b[`Z`Wfb include:

-

H\YgY`XnbUa]Wj\Uj Y`fYU`Vt a a YfVjU`ja d`jWjh]cbg`Zcf`UVUb_""A YYh]b[`Ya]gg]cbg`hUf[Yhg'a Um

Given these dynamics, the process of target-setting is an inherently iterative one that must be necessary to ensure that the commitments are credible and achievable, and is also an excellent way to immerse clients in the practical realities and hard choices (see Exhibit 8).

Exhibit 8: Process for setting feasible net-zero targets



GHh]b['hJf[YhgzcZVwi fgYz]g'bchYbci [\ "7cfdcfUHY VUb_g'U'gc bYYX'hc'a U_Y'gi fY'h.YfY'UFY' WYUF'a YVUUb]ga g]b'd'UW'hc'Xf]j Y'h.Y'Vi g]bYgg'hc'k UfXg'h'cgY 'hJf[Yhg''H\ Uha YUbg''cc_]b[' Uhh'Y'Ve'fY'dfcWggYg'h UhXf]j Y'XYW]g]cbg]b'h'Y'VUb_z'UbX]b'hc'Xi V]b['bYk 'V'bg b considerations into these. A range of approaches are being trialled.

C bY UddfcUW]g'hc'UX↑ ghidYfZcfa UbW!a YUgi fYa YbU WYUHY]bWbU]j Yg'hc'Xf]j Y'h.Y'Vi g]bYgg'hc'k UfXg'h'Y'hJf[YH"5'\UbXZ] ``cZVUb_g'\Uj Y'U'fYUXm implemented green-weighting factors into internal capital metrics, and some are toying with W]fV b!WUf[]b['ZfUa Y cf_g''H\]g'UddfcUW'a U_Yg]hd a new lens — considering clients in terms of their Return on Emissions (or expected future emissions) alongside traditional return metrics such as Return on Equity (see Exhibit 9).

For example, our analytics for the auto sector draws together data on forecast volumes and
Ya]gg]cbg]bhYbg]hmcZX] YfYbha cXY'gžUg'k Y''Ug'a Ubi ZUVi f]b[``cVWh]cbgžUbX'gi ddcfhg'
k \UH]ZUbU'mg]g'cb'h\Y'gdYYX'cZV\Ub[Yg']b'Vi g]bYgg'a]l' UbX'cdYfUh]b['a cXY''': cf'U'VUb_ž
this allows a relationship manager to understand how their client compares to peers today,
to test the credibility of transition plans, identify further optimization levers for clients, and
to share this analysis with clients.

Hc'gi ddcfhXYV]g]cb'a U_]b['h\YgY'Vt'a d'YI]h]Yg'bYYX'hc'VY'Vc]'YX'Xck b']bhc'g]a d'Yf'a Yhf]Vg'
UbX'UggYgga Ybhg''6c]'b['Xck b'a i 'h]d'Y'X]a Ybg]cbg' 'hfUb]g]h]cb'f]g_žW'ffYbhYa]gg]cbg'
dfc 'YžYa]gg]cbg'hUf[Yhgž'_Ym''YUX]bX]VWh'cf'f]i V\ 'Ug[fYYb'WUd]hU'YI dYbX]hi fYE']bhc'U'

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