


FROM AMBITION TO REALITY

Five Ways Corporate Banks Can
Live Up To Net Zero Commitments


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ABSTRACT

At the United Nations Climate Change Conference (COP26) in November 2021, [finance took a central role in the global climate agenda for the first time](#), under the banner of the [Glasgow Financial Alliance for Net Zero](#). More than 100 banks have now joined this effort, committing to reach net-zero financed emissions by 2050, and to dramatically reduce the carbon intensity of their lending by 2030.

Corporate banking divisions are at the forefront of this effort. Corporate relationships account for a large share of portfolio emissions for many banks, so will play a big role in meeting group commitments. Yet this is not only about meeting emissions targets. The transition to a low-carbon economy is already driving major shifts in value within and across sectors; taking a lead on this issue will deepen client relationships and position the business for growth.

Industry leaders have already made big strides to build new capabilities, launch new propositions, and to adapt the way they do business. But there is much more to do. This paper focuses on actions required within corporate banking divisions and sets out five key priorities to make the commitments real:

1. Engage with clients.

The most important role banks can play is partnering with their clients to help drive change. Delivering across the corporate franchise will require new capabilities, systematic campaigns, and broad training of existing teams.

2. Build new propositions.

Many green opportunities are very competitive and low margin, while higher-reward opportunities are high risk and complex to deliver. Banks must focus on a small number of the most impactful initiatives where they can innovate and collaborate.

3. Set portfolio emissions targets.

Group commitments must be cascaded into sector and portfolio-level targets that are carefully calibrated to balance ambition and commercial feasibility.

4. Embed across the bank.

Translating targets into action means changing the way decisions are made — including new metrics to assess performance and changes to the credit-underwriting process.

5. Develop climate analytics.

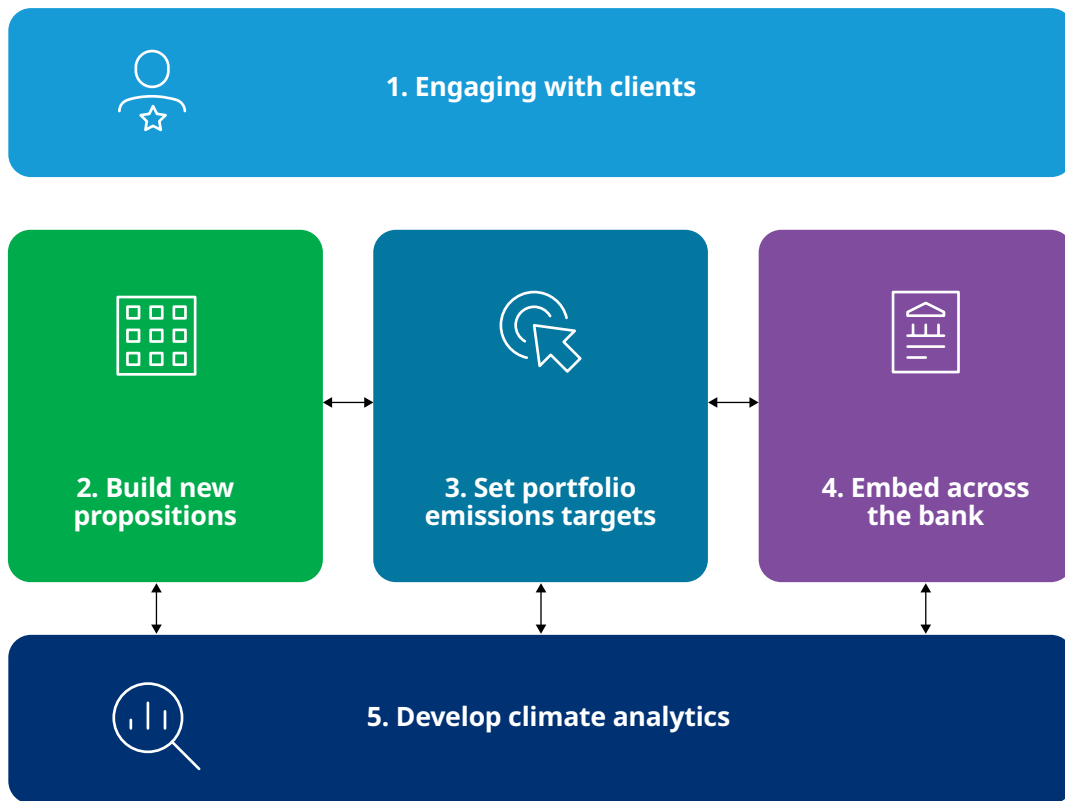
Given the complexity and emotion of the climate challenge, bankers need robust and granular data in a format that can support decision-making and client dialogue.

These significant challenges will require fundamental change to the way corporate banks do business. And, as the pressure mounts to turn commitments into progress, there is no time to waste.

FIVE PRIORITIES FOR CORPORATE BANKS

Fundamental changes are required within corporate banks to meet climate commitments and capture the opportunity. We highlight five key areas here, and drill down on each in the sections that follow.

Exhibit 1: Five priorities for corporate banks



Source: Oliver Wyman analysis

1. ENGAGE WITH CLIENTS



Engaging with clients on climate can be daunting. Climate change as an issue is both technical and emotional. Banks are understandably keen not to be seen as the “climate police,” yet equally do need to set firm policies that can be followed and implemented. Corporate clients are nervous about compromising their access to financing, as well as the reputational and regulatory risks in this space.

Corporations exhibit a range of readiness for the task of engagement. At COP26, the Science Based Targets Initiative (SBTI) announced that more than 1,000 companies globally had committed to science-based emissions reductions in line with the 1.5°C climate ambition. This is a huge demonstration of commitment from many of the world’s largest companies. At the same time, it leaves many more large corporations, as well as the vast majority of small and medium-sized enterprises and mid-sized corporations, without commitments or concrete plans to reduce emissions.

Committing and delivering on a net zero emissions target is a major challenge for most corporations, involving difficult commercial trade-offs. In our recent research with The Climate Group, [“Getting Real: A Blueprint for a Commercially Smart Transition”](#), we explored the transition experiences of 27 leading companies. This highlighted the importance of bold leadership, a system-level approach to innovating the business, and a proactive customer engagement. It also emphasized the important role of finance. To hit their own portfolio-emissions targets, banks will need to work with their clients to support them in developing their own commercially smart transition plans and financing the investments required to make the transition.

To hit their own portfolio-emissions targets, banks will need to work with their clients to support them in developing transition plans and financing the investments required to make the transition. High-emitting, essential industries such as steel, cement, and aviation need investment to transform, and should not be cast aside to achieve near-term, internal-emissions objectives. Exiting relationships with individual companies that refuse to act should be the last resort; a better outcome for all is to support companies to affect change.

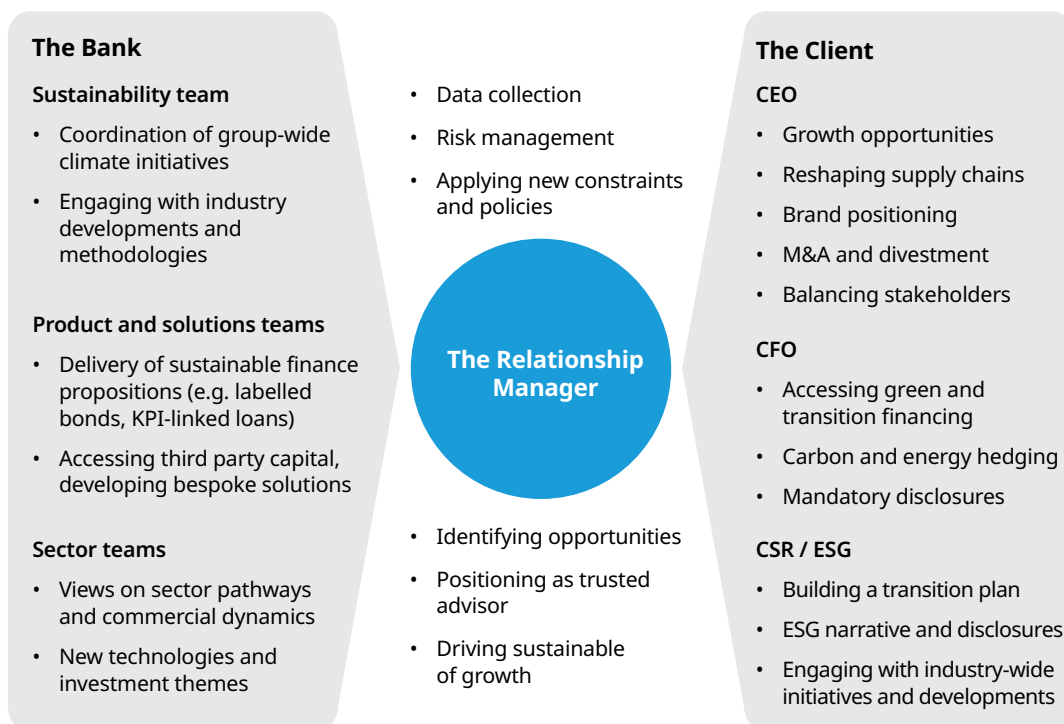
This can be treacherous ground for a relationship manager, who will often be the key interface with corporate clients on climate (see Exhibit 2). And while most banks have established specialist teams that bring real climate expertise, these teams are often spread thin, supporting industry initiatives, regulatory exercises, and external communications.

A key challenge, then, is mobilizing the client-facing teams on climate in a structured way that builds momentum with clients and gives them confidence in the teams. Leading banks are already moving to action, running structured client-outreach programs, often first piloting them in specific regions or sectors, to start the climate transition:

- **Upskilling.** Fundamentally, all relationship managers must be equipped with the knowledge and tools they need to understand and talk about transition plans.

- **Redrawing the client-relationship map.** Relationship managers will need to engage with a range of stakeholders within the client beyond the finance and treasury teams, providing an opportunity for a broader strategic dialogue and opening up broader commercial opportunities.
- **Bringing key new assets.** The outreach plan should include access to additional specialist capabilities, such as the climate and/or sustainable-finance team and structuring capabilities.

Exhibit 2: Relationship Managers will be the key interface with corporate clients



Source: Oliver Wyman analysis

For larger corporations, analyzing their published transition plans is a good way to support engagement. There is a growing consensus around the key elements of a good transition plan and the requirements for mandatory disclosures in many jurisdictions (see Exhibit 3). Leveraging this knowledge allows bankers to offer sector-specific playbooks including benchmarks to show client emissions compared to peers, success stories and case studies, and potential financing opportunities.

Few corporations and SMEs have published transition plans and many lack the dedicated resources to do so. This presents an opportunity for the bank to be a valued partner. Relationship managers should engage as advisors to help clients understand the importance of transition planning, including an approach to measuring emissions, as well as the potential impact of government policy and options for business-model changes to reduce carbon emissions. The approach needs to recognize widely varying levels of maturity and

urgency across the client population, and to create tailored approaches that will directly speak to clients. For example, many SMEs may have a more limited understanding of the climate transition and may operate on a shorter planning horizon. The approach for engaging them can be focused on education, identifying commercial opportunities, and identifying carbon-reduction levers that also deliver cost efficiencies (such as energy-efficiency measures).

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"> • Describe the planned roadmap and the phasing of the specific actions required to reach net zero (e.g. technologies deployed, energy efficiency measures taken) • Describe the usage of carbon credits and offsets with reference to emerging industry guidance (e.g. type of credits used, price applied, verification). Credits and offsets should be disclosed separately from gross emissions figures • Describe the size and nature of current and future low-carbon capital investments (capital allocation alignment) • Describe current and future engagement with customers, clients, and suppliers • Describe current and future engagement with policy and advocacy efforts • Describe how the transition plan supports a just transition • Explore the impacts of different transition scenarios on the firm’s decarbonisation strategy • Describe the responsible retirement plans for high-emitting corporate assets (capital allocation alignment)
Risk management	<ul style="list-style-type: none"> • Describe the operational challenges likely to be encountered in transitioning to a net-zero business • Describe the ways in which the firm will overcome these challenges • Describe the size and nature of the transition and physical risks facing the firm in the short, medium, and long term • Describe the climate impacts that result from firm activities (e.g. risks posed by the firm to the climate)
Metrics & targets	<ul style="list-style-type: none"> • Explicitly state the ambition of the transition plan in terms of net-zero date, interim targets, and the pathway used to develop the net-zero transition plan • Describe short-, medium-, and long-term decarbonisation targets for the firm and individual business lines (if relevant) • Disclose Scope 1, 2, and 3 baseline emissions • Disclose progress made against emissions reductions targets • Disclose other relevant metrics for assessing transition progress (e.g. emissions intensity metrics, energy use, production plans)

Source: Glasgow Financial Alliance For Net Zero: Our progress and plan towards a net-zero global economy

2. INNOVATE AND COLLABORATE TO DEVELOP TRANSITION PROPOSITIONS



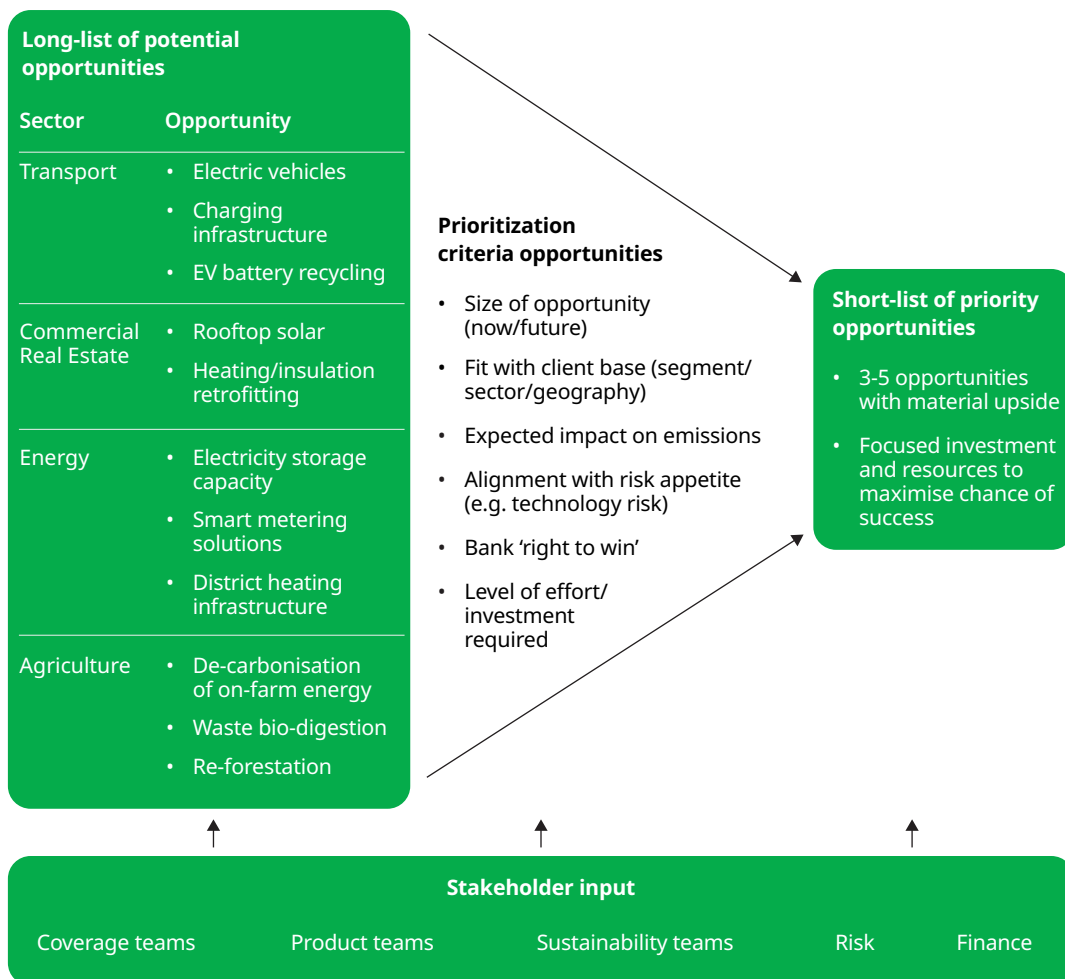
As industries are reshaped, the commercial opportunities for corporate banks are significant — but capturing them is not straightforward. The most obvious green-financing opportunities are already crowded out and increasingly low margin, while others come with significant risks and challenges. Overcoming these downsides requires significant 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.

Therefore, it is imperative to focus effort on a small number of propositions that meet real client needs, are commercially viable, and focused on areas where the bank has a clear right to win (see Exhibit 4).

One of the most significant opportunities is financing transition technologies. According to the World Economic Forum, more than \$50 trillion in incremental global investment will be required by 2050, with more than \$5 trillion required by 2030. Labelled green-finance and sustainability-linked loans are both important tools that have been widely adopted in recent years and should continue on that path. Corporate clients benefit from the added credibility that labelling brings to their transition plans, while banks can benefit from the contribution to their net-zero emissions targets, and green- and transition-lending targets.

Yet these solutions alone are not enough to address the full spectrum of complex financing challenges clients face. Many areas of climate transition rely on new technologies, which bring risks associated with performance and economic viability. These technologies are well known in major emissions-intense industries, such as steel (hydrogen-based, direct-reduced, iron electrolysis), aviation (sustainable aviation fuel, electric and hydrogen fuel cells), and shipping (biofuels, ammonia). In addition to technology-related risks, there are also major political and regulatory risks due to the dependency on public policy to drive changes in business and consumer behavior.

Exhibit 4: Structured process to identify and prioritise climate-related propositions and opportunities

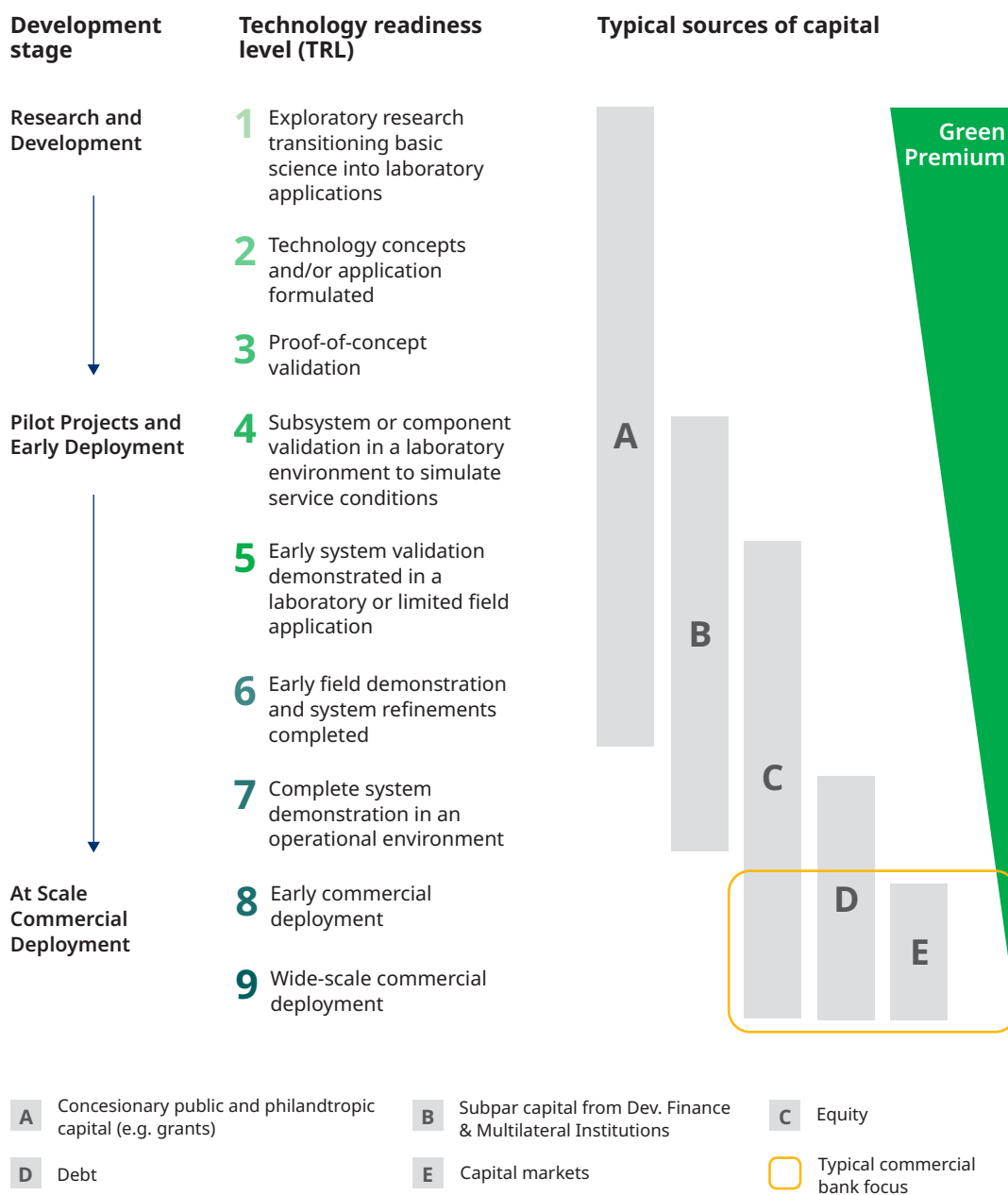


Source: Oliver Wyman analysis

Many of these risks will understandably diminish banks' lending appetite, requiring corporations to tap other sources of capital, particularly in the early stages of development. Funding will include grants from governments and charitable foundations, lending from multi-lateral development banks, and venture-capital and private-equity investments (see Exhibit 5). In many cases, collaboration will be required across public and private sectors. The Global Infrastructure Facility, for example, has collaborated with HSBC, International Finance Corporation, Organization for Economic Co-operation and Development, and Climate Policy Initiative, to create the FAST-Infra venture (Finance to Accelerate the Sustainable Transition-Infrastructure initiative), which is supported by 70-80 other financial institutions. The venture is driving collaboration to direct sustainable-infrastructure financing in developing markets by creating a sustainable-infrastructure label and developing mechanisms to mobilize private investment at scale for the financing of labelled projects.

Banks can play a valuable role in helping clients knit together financing solutions, joining forces with other capital providers with different risk appetites or return requirements, and navigating the range of private and public-sector stakeholders. Banks that collaborate with other providers of capital will be able to support earlier stage technology where there is likely a greater “green premium.”

Exhibit 5: Different sources of capital are required for different levels of technology readiness



Sources: Financing the Transition to a Net Zero Future, October 2021, WEF, Oliver Wyman analysis

Beyond complex financing solutions, banks can support their clients and tap into new opportunities by applying client-led design thinking to identify key pain points, and solve the fundamental problems related to climate transition. These approaches, whose solutions often go beyond banking, can include:

- **Education and advice.** Customers need advice to fully understand their emissions and the actions they can take to transition business practices. For example, a UK bank has trained agriculture-sector relationship managers to advise customers on sustainable-agriculture practices and technologies.
- **Assessment and measurement.** Banks can help customers to measure their emissions or energy consumption. Options to do so include joint ventures with energy providers to directly source data on energy consumption or flux towers for agriculture clients to directly measure emissions from fields.
- **Enlarging ecosystems.** Banks can use their convening power to bring together different parties needed to execute transition for specific sectors. For example, in commercial real estate, banks could join forces with building assessors to identify energy-efficiency opportunities and quantify business cases, as well as insulation and heat-pump manufacturers and engineers to provide a full-service retrofitting proposition.
- **Tapping carbon markets.** A growing number of corporations are choosing to offset their emissions as they reduce them, creating opportunities for banks to finance projects that generate carbon credits and to help clients access carbon markets.

To develop these solutions, it is critical to have a solid view on the underlying business case for corporate climate investments. For example, the Commercial Real Estate business of a bank we recently worked with analyzed its full portfolio to understand the current energy efficiency of each building, along with the potential additional energy cost of different scenarios for future carbon pricing to define energy-efficiency targets. This was then combined with estimated costs to upgrade or retrofit the buildings to quantify the scale of the opportunity where there was a robust financial business case and to prioritize the clients with the biggest upside.

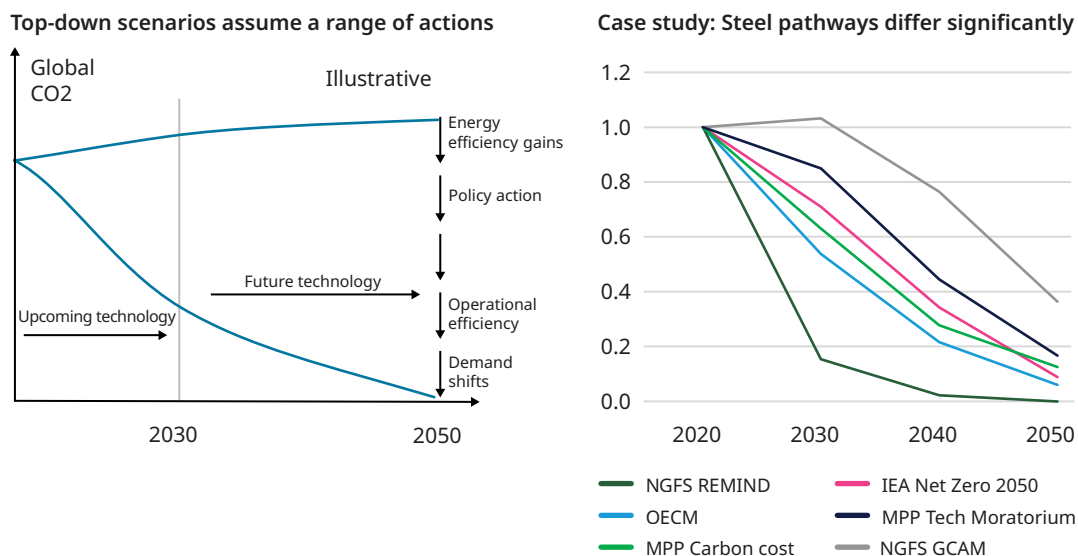


3. SET PORTFOLIO-EMISSIONS TARGETS

Top-down commitments need to be cascaded into clear targets for the corporate bank overall and for specific sectors. This is a technical and analytical challenge, involving complex datasets and new metrics, but also a commercial and strategic one. Fundamentally, emission reduction in many sectors is heavily dependent on external factors, such as changes in government policy and advances in technology. Banks and their clients can influence these but do not directly control them. In calibrating their targets, therefore, banks must carefully balance ambition with the commercial realities of their clients today.

Take, for example, the steel sector. A net-zero target must be set with reference to a benchmark scenario that sets out the appropriate rate of carbon reduction in the industry. A range of third-party organizations have set out such benchmarks, but these differ significantly. For example, the Network for Greening the Financial System (NGFS) REMIND scenario projects more than 80 percent emissions reduction by 2030, while the NGFS GCAM scenario projects only 20 percent by 2040 (see Exhibit 6). This variation is a good thing; these scenarios are complex economic models of major shifts in the economy over a long period of time, so it is important to explore alternative paths and debate critical assumptions. But it is a challenge for banks. As they calibrate their portfolio emissions targets, they need to understand these dynamics and the potential implications for their clients.

Exhibit 6: Comparing carbon-reduction scenarios for the steel industry

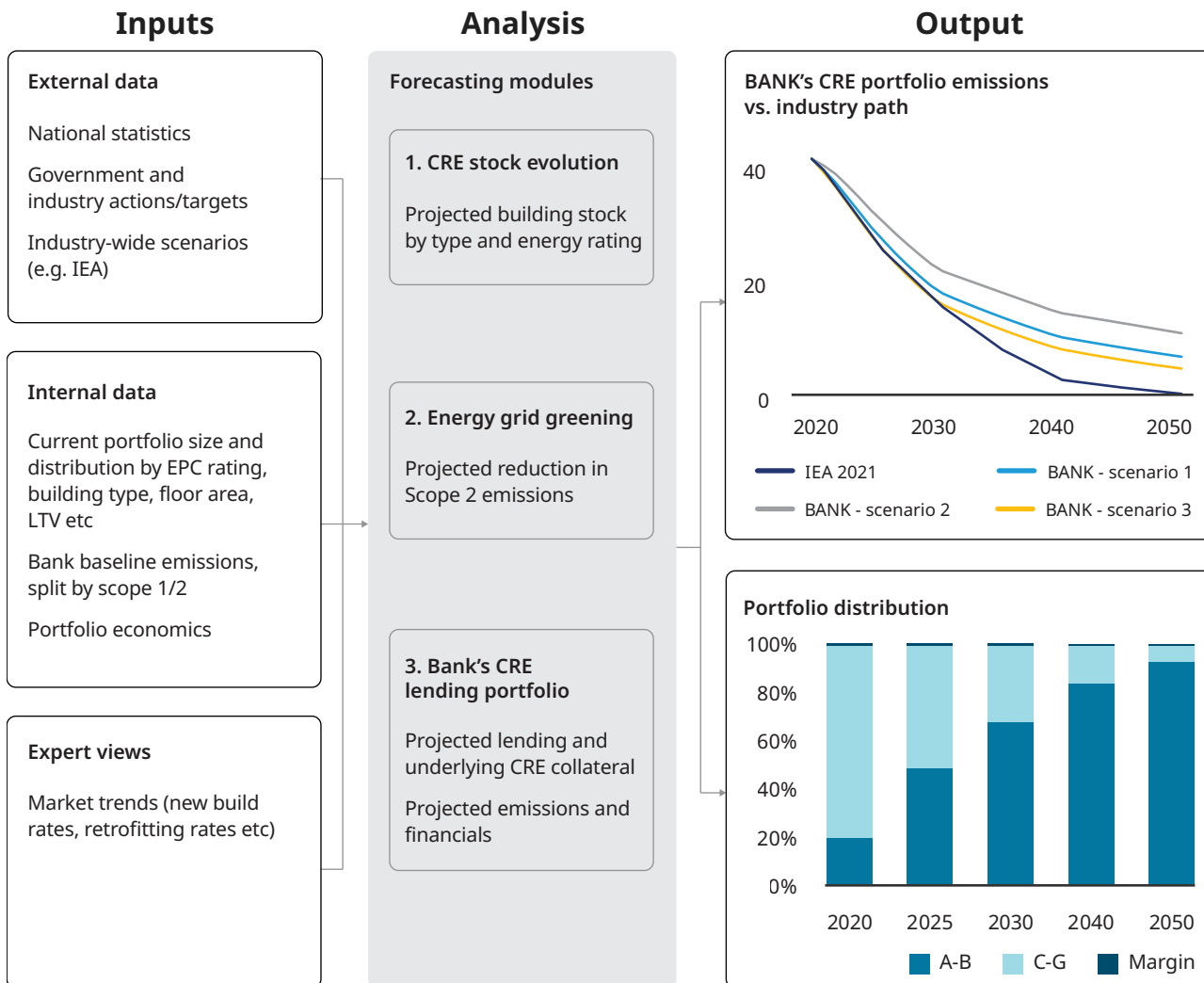


Source: Oliver Wyman analysis

These dynamics have real commercial implications for a bank. Meeting emissions targets may mean pursuing lower-margin business, pursuing competitive green-energy opportunities, or designing products that give customers incentives to green their business.

Consider another example: commercial real estate. The emissions of the portfolio can be modelled based on the characteristics of the underlying buildings. The forward-looking dynamics can be broken down into key drivers, such as the evolution of the building stock, developments in the energy grid, and choices the bank makes. These need to be pressure-tested and debated with the business to ensure that there is clarity and agreement on the steps that are needed to reach the target (see Exhibit 7).

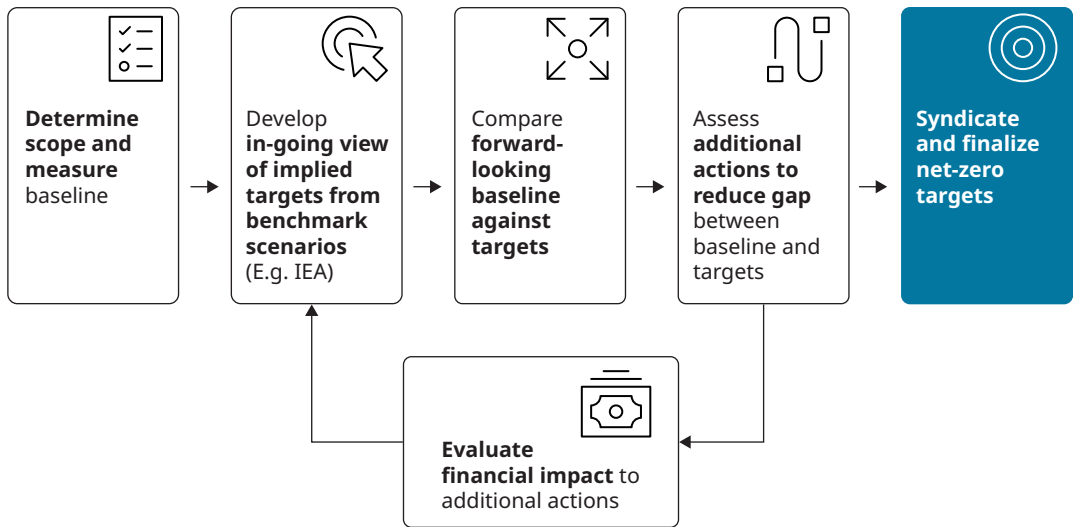
Exhibit 7: Forecasting tool to support portfolio-level target setting (Commercial Real Estate example)



Source: Oliver Wyman analysis

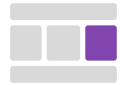
Given these dynamics, the process of target-setting is an inherently iterative one that must be heavily driven by the commercial teams within the corporate bank. Commercial involvement is necessary to ensure that the commitments are credible and achievable, and is also an excellent way to immerse clients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

Exhibit 8: Process for setting feasible net-zero targets



Source: Oliver Wyman analysis

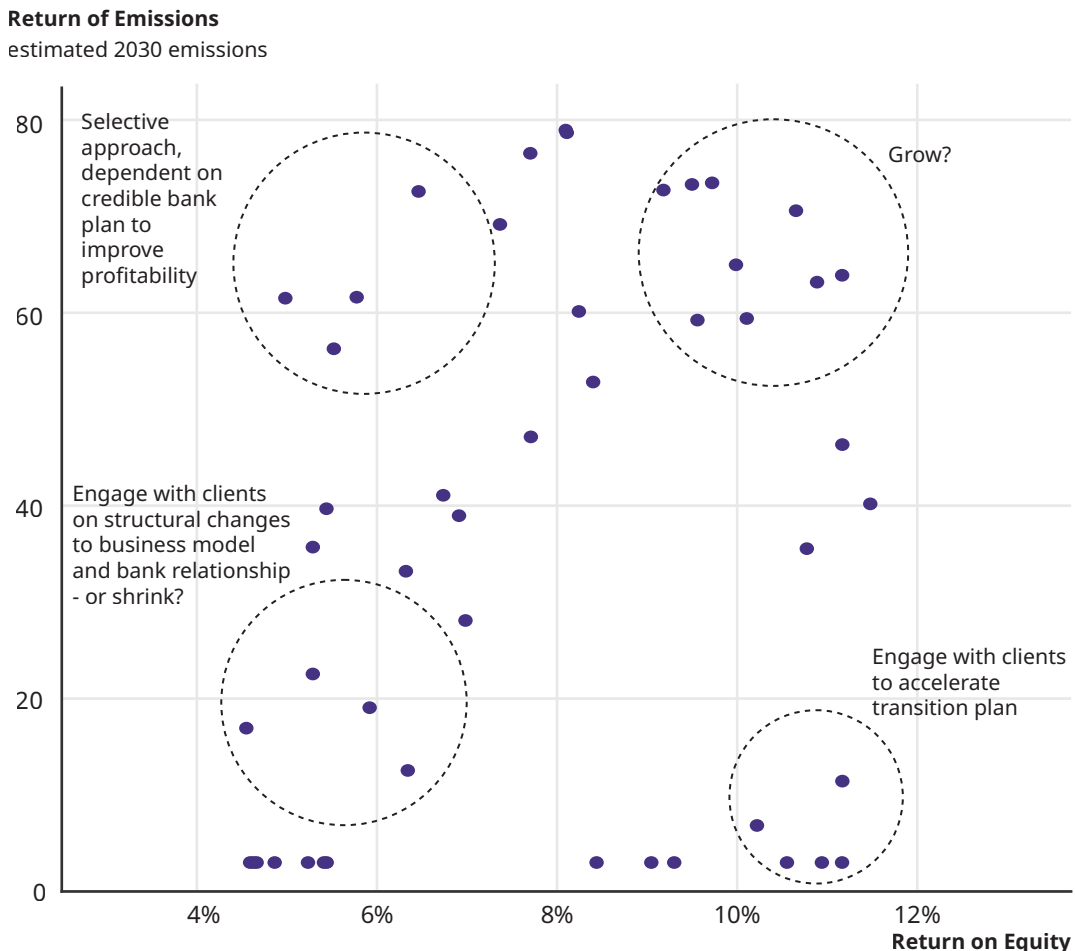
4. EMBED CLIMATE CONSIDERATIONS ACROSS THE BANK



Setting targets, of course, is not enough. Corporate banks also need to make sure there are clear mechanisms in place to drive the business towards those targets. That means looking at the core processes that drive decisions in the bank, and introducing new constraints and considerations into these. A range of approaches are being trialled.

One approach is to adjust performance-measurement and internal-charging frameworks to create incentives to drive the business towards the target. A handful of banks have already implemented green-weighting factors into internal-capital metrics, and some are toying with carbon-charging frameworks. This approach makes it possible to view the business through 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). While any such metric will be imperfect, calculating it is a way to surface potential areas to investigate in more detail, and to inform trade-off decisions and prioritize potential actions.

Exhibit 9: Client-level ‘return on emissions’ needs to be considered alongside ‘return on equity’, taking into account client transition plans



Source: Oliver Wyman analysis

Return on Emissions is a radical new lens to apply to a business. It is perhaps helpful to remember that, only 20 years ago, few banks applied the concept of risk-adjusted returns to their loan books. The introduction of Basel II triggered a revolution in how businesses were managed, leading to completely new metrics to assess performance, and a new way of thinking about client prioritization, a new emphasis on cross-selling, and greater focus on balance-sheet velocity. Time will tell if climate-related actions will trigger a shift of this magnitude, but some lessons are worth recalling:

- **Avoid “analysis paralysis.”** In the early stages of Basel 2, data quality was often a challenge, and there were important debates on methodology that led skeptics to argue that metrics were not reliable indicators. To overcome this, pioneering banks used metrics on a shadow basis as a first step to give users a chance to familiarize themselves with the metrics and use real-world scrutiny to drive rapid improvement.
- **Work on hearts and minds.** Some banks treated Basel 2 as a technical exercise, with a small number of people designing ever more sophisticated models and metrics. Fundamentally, these metrics need to be used by the business. Banks that invested in training, involved the business in the design, and kept things simple, reaped benefits in adoption and usage.
- **Make it count.** As bankers became more familiar with the metrics, they were cascaded from the group level down to business, client, and transaction levels. Those banks that were boldest in pushing these metrics to be used in real pricing and capital-allocation decisions were those that were most successful in changing behaviors.

The other key lever is to ensure that climate considerations are embedded in end-to-end lending processes. This is the point at which client financing needs are identified, data on client emissions is captured, loans are structured, and lending decisions are made that directly drive the level of emissions financed by the bank. Climate cannot be run as a separate initiative but needs to be fully embedded in the lending processes and operating model to drive change, and to avoid inefficiency both for the corporate client and the bank (see Exhibit 10). Climate considerations along the lending value chain include the following high-priority areas:

- **Data collection.** Climate-related client-data collection — such as European Banking Authority requirements to capture Environmental Social & Governance (ESG) checks at point of origination — will need to be integrated with collection of data for other purposes, including client onboarding, know-your-customer, and credit assessment.
- **Credit application.** Credit applications should include data on current and projected future emissions of the borrower over the life of the loan, as well as a consideration of climate-related risks, including both physical and transition risks. Many banks will need to define and categorize eligible ‘green and transition finance’ to support regulatory obligations (such as the EU Taxonomy) or publicly committed targets to support such financing.
- **Loan approval.** Loans are typically approved from two perspectives: business approval that scarce capital should be deployed to this client and returns are sufficient; and credit approval that the risks are understood and within risk appetite. Climate adds new risks to be considered, as well as a need to approve alignment with the bank’s net-zero strategy and that any green lending meets the requirements to avoid ‘green-washing.’ Business approval may also need to take account of the impact of any carbon charging (internally or externally) on economics returns.

- **Monitoring.** Over the life of the loan, both risks and emissions of the borrower will need to be monitored alongside traditional credit metrics to track performance against climate-related commitments, particularly for sustainability-linked loans and similar structures that have specific embedded Key Performance Indicators

Exhibit 10: Climate considerations will need to be factored into many aspects of the end-to-end lending process

Bank lending process step	Climate considerations
1 Strategic planning and client prioritization	<ul style="list-style-type: none"> • Incorporate climate-related risk appetite into strategic planning • Incorporate client-level transition plans into client prioritization
2 Generate lead	<ul style="list-style-type: none"> • Understand baseline and transition plans • Provide advice, including benchmarking emissions and plans vs peers • Identify transition finance opportunities
3 Develop and propose solution	<ul style="list-style-type: none"> • Green products • Transition products • Client climate scoring • Adjust pricing, including climate risk, carbon pricing, eligibility for green funding
4 Complete application	<ul style="list-style-type: none"> • Capture client-climate related data (e.g. GHG, EPC) • Validate data • Borrower-level climate risk assessment
5 Business approval	<ul style="list-style-type: none"> • Business approval of use of carbon budget and ‘Return on Emissions’ • Pricing approval, including any climate-driven adjustments
6 Climate approval	<ul style="list-style-type: none"> • Approval of alignment with climate policy (e.g. coal exclusion), including potential reputational risks • Approval of green labelling / sustainability metrics
7 Credit approval	<ul style="list-style-type: none"> • Credit approval of climate risks (physical, transition)
8 Prepare docs and closing	<ul style="list-style-type: none"> • Incorporate any climate-related conditions and covenants (disclosures, metrics)
9 Book and fund	<ul style="list-style-type: none"> • Store climate-related data • Tag loan in systems (e.g. “green” “transition” etc) • Assign preferential FTP if eligible for green funding
10 Monitor performance	<ul style="list-style-type: none"> • Capture latest emissions data • Monitor client sustainability performance vs commitments, terms and covenants • Portfolio reporting / MI / external disclosure • Monitor climate risk vs appetite
11 Non-performance review	<ul style="list-style-type: none"> • Deep review of clients not delivering on sustainability commitments • Decision to continue support or exit

Source: Oliver Wyman analysis



5. DEVELOP CLIMATE ANALYTICS

Delivering the climate transition — across client engagement, proposition design, target setting and embedding — rests on robust data and analytics. The above actions require objective measurement of emissions baselines and pathways, how they compare to industry benchmarks, and how these would evolve under different scenarios. Best-in-class analytics can support clients in identifying opportunities to reduce emissions, to transform their business models, and to capture growth opportunities from the climate transition.

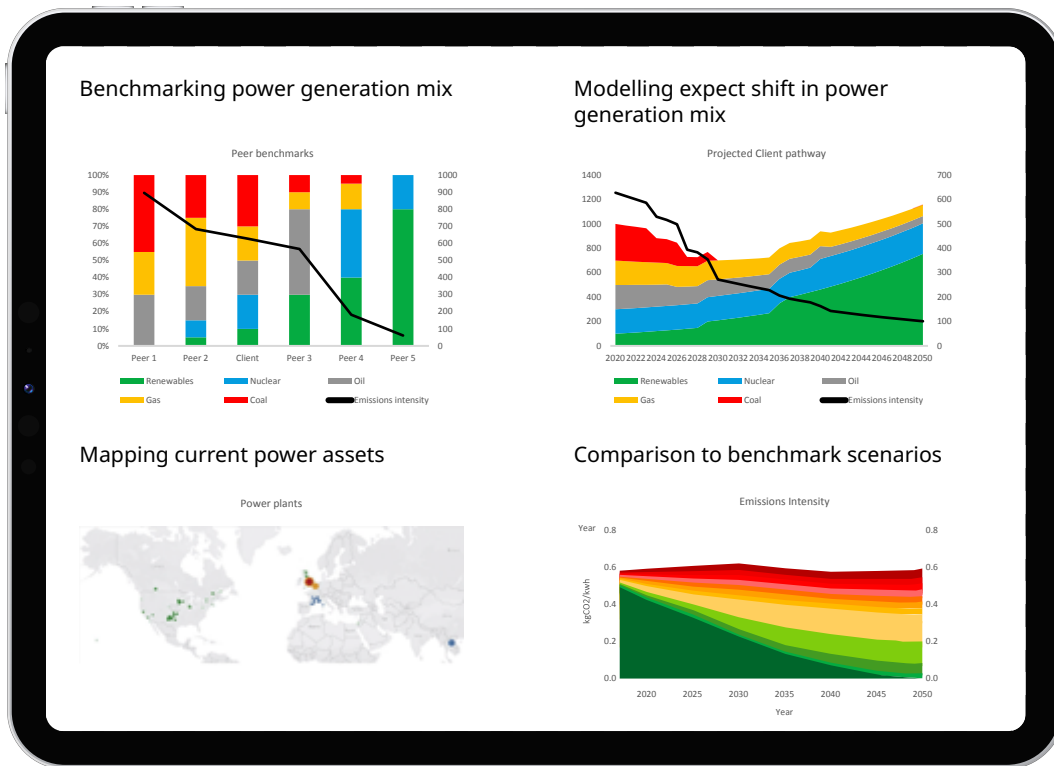
The use cases for climate-related analytics are broad, ranging across:

- Calculation of a financed-emissions baseline
- Projection and scenario analysis of emissions pathways
- Benchmarking of client-emissions pathways against industry and peer benchmarks
- Climate (risk) scoring to aggregate and weight various factors
- Validation of transition-plan commitments against industry levers to test believability and track delivery of transition plan over time
- Identification of client opportunities, such as changes in business mix, use of new technologies, and changes to supply chain or manufacturing locations

Banks will need an industrialized climate-data infrastructure to underpin all these use cases and more. This should be centrally coordinated to minimize duplication and support consistent views across the organisation. While there are many vendors of climate data, there is no single source of objective truth; real value comes from the triangulation of multiple data sources across client-level disclosures, industry bodies, and qualitative information captured from client dialogue. Many industry initiatives quantify emissions pathways for different sectors and geographies, including breaking down the impact of different levers. At a minimum, banks should gather data from these initiatives and other sources to inform house views on sector pathways, to inform portfolio targets, and to keep messaging to clients consistent and based on the most current information. This data also needs to be consistent with data being used to quantify physical and transition risks, as well as regulatory stress-testing exercises.

Banks also have an opportunity to go further in building or providing access to analytics and tooling. It's a way to help clients develop transition plans and take strategic decisions such as changes to supply chains, energy efficiency, and business portfolio strategy. For example, we have helped banks develop dashboards to support relationship-manager engagement with clients, which provide benchmarks on emissions levels against peers and insight on the underlying sector drivers, forecasts for how future changes in business are expected to impact emissions, and mapping against benchmark scenarios (see Exhibit 11). For example, our analytics for the Power & Utilities sector draws on a rich set of data sources across markets providing visibility on current power generation assets and their emissions intensity, and supports what-if analysis on retirement and replacement of end-of-life assets with different technologies. For a bank, this allows a relationship manager to understand how a client compares to peers, to test the credibility of transition plans and identify further optimization levers for clients, and to share this analysis with their clients.

Exhibit 11: Example dashboard to support client engagement on climate



Source: Oliver Wyman analysis

Some banks are looking to partner with leading fintechs to develop analytic solutions to support their clients. For example, a UK bank has partnered with a fintech to pilot a carbon-tracking footprint measurement tool for business banking customers. Customers will be able to track their carbon footprint and understand actions they can take to reduce the environmental impact of their business.

Richer analytics can control climate risk by providing a better understanding of client emissions today and in the future, and help surface commercial opportunities for clients to transform their business models. These discussions can deepen relationships and lead to tangible advisory or financing opportunities for banks.

A vast and growing universe of climate data is available, but the quality, consistency, coverage, and timeliness of vended data is often a challenge. Yet by knitting together a range of sources, including specialist sources, and qualitative and quantitative information gathered directly from the client, it is possible to build sophisticated data cubes rapidly. Getting powerful analytics in the hands of users in simple, digestible formats provides a potential edge in taking decisions and informing client dialogue.

For example, our analytics for the auto sector draws together data on forecast volumes and emissions intensity of different models, as well as manufacturing locations, and supports what-if analysis on the speed of changes in business mix and operating model. For a bank, 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.

To support decision making these complexities need to be boiled down into simpler metrics and assessments. Boiling down multiple dimensions — transition risk, current emissions profile, emissions targets, key lead indicators (such as green capital expenditure) — into a simple assessment framework is an approach several banks are exploring. Ultimately this can be used to drive net-zero portfolio steering, as well as transition risk assessments used for regulatory stress test exercises.

CONCLUSION

Banks have made great progress on committing to support climate transition but are reliant on actions of their clients to meet these commitments. Banks need to act quickly to engage with and support corporations in achieving transition in the real economy — facilitating access to capital to make the necessary investments in new technology and changes to business models. This will require new skills and capabilities within the banks, as well as operating-model changes to embed climate considerations in day-to-day activities. Emissions need to become a binding constraint alongside capital.

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