InfluenceMap

Big Four UK Banks: Falling Short on Climate Action?

A Climate Risk Assessment of Barclays, HSBC, Lloyds Banking Group, and NatWest

MAY 2025

Table of Contents

FinanceMap is a research program by global climate change think tank InfluenceMap. Metrics and analysis featured in this report are available in full at FinanceMap.org. All financial institutions assessed in this research were offered the opportunity to review the analysis and provide feedback prior to release.

InfluenceMap

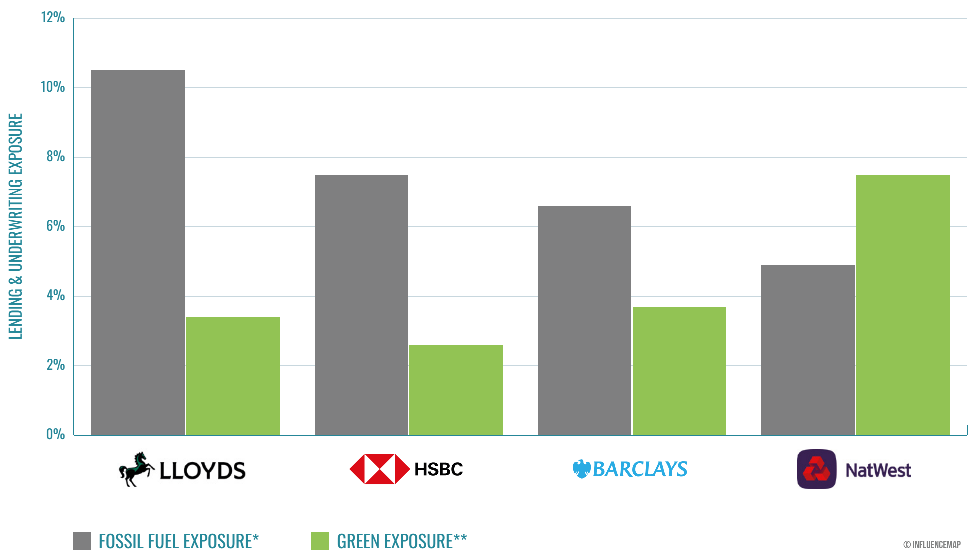
Executive Summary

- **FinanceMap's 2025 assessment of the Big Four UK banks—Barclays, HSBC, Lloyds Banking Group, and NatWest—finds that despite commitments to net zero by 2050, the four banks' climate-related activities do not align with net-zero pathways.** A lack of robust fossil fuel exclusion policies has led all four banks' 2020–2024 financing activities to be misaligned with the International Energy Agency's (IEA) Net Zero by 2050 Scenario, while three of the four banks show higher 2020–2024 deal flows to fossil fuel companies than to green ones. During the same period, Barclays and HSBC actively advocated to weaken the UK's climate-related policy ambition. NatWest and Lloyds demonstrated consistent support for government policy intended to direct financing towards the transition. These findings result from assessments of the banks' top-line climate strategies and policies, 2020–2024 corporate lending and capital markets underwriting activities, and government policy advocacy.
- **Each of the four largest UK banks allocated at least 5% of total 2024 financing to fossil fuel companies,[1] with Barclays the most exposed at 7.3%.** However, in 2024, the banks on average financed less to fossil fuel companies relative to total deal value (5.8%) than their largest US[2] (7.5%) peers, while financing similarly to European[3] (5.8%) peers. Between 2020 and 2024, three of the four UK banks consistently favored financing fossil fuel companies over green companies:[4] Lloyds at a ratio of 3.1 to 1, HSBC 2.9 to 1, and Barclays 1.8 to 1. NatWest has opposed this trend: in each year from 2020 to 2024, its total financing deal value to green companies was greater than to fossil fuel companies at a ratio of 1.5 to 1 over the 5 years. At 7.5% of total deal value, NatWest has over double the exposure to green companies than the other UK banks assessed during the 2020–2024 period.
- **All four UK banks' 2020–2024 lending and underwriting portfolios are misaligned with the IEA's Net Zero Emissions by 2050 (NZE) Scenario.** Specifically, analysis of the companies financed by the four banks in the automotive, power, and upstream oil and gas sectors finds their forecasted activities to be misaligned on average with the IEA NZE's scale-up of green technologies and phaseout of polluting ones. Nonetheless, on the score's range of -100% to +100%, UK banks are found to be on average less misaligned (-25%) than their European (-28%) and US (-30%) peers.
- The four UK banks have overall strong disclosure of their climate strategies and governance, including emissions reduction targets across a wide range of high-emitting sectors in their portfolios. **However, their restrictions and exclusions for fossil fuel financing, though generally more ambitious than other regions, are not robust compared to science-based benchmarks.** While the banks have all prohibited direct financing to fossil fuel expansion, none have restricted financing to companies with plans for fossil fuel expansion, allowing for substantial continued financing to fossil fuel companies as demonstrated above. The UK Big Four could set a strong example on climate governance by maintaining the ambition of their top-line and sectoral targets, while strengthening their actions to reduce emissions, most notably by setting stronger restrictions on financing to fossil fuel companies.

1 *Defined as companies primarily active in the fossil fuel production supply chain. See Methodology section for more details.*
2 *US banks included in assessment: J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley.*
3 *European banks included in assessment: BNP Paribas, Crédit Agricole, Santander, Société Générale, UBS.*
4 *Defined as companies deriving more than 75% of revenue from EU taxonomy-aligned activities. See Methodology section for more details.*

- **All four banks were actively engaged in policy discussions about transition finance**, advocating for a scale-up of financing to decarbonize high-emitting sectors. However, only NatWest and Lloyds recognized the significant risks of greenwashing and carbon lock-in associated with the concept of transition finance, identified by the Intergovernmental Panel on Climate Change (IPCC). Barclays actively opposed regulatory requirements to determine eligibility for transition finance, while HSBC cautioned the government against defining what a "credible net zero transition" should look like.
- **Both Barclays and HSBC advocated against the ambition of the UK's proposed sustainable finance framework** in direct communications with the government, failing to align their policy advocacy with their commitment to direct financing flows towards credible decarbonizing activities. The banks leveraged criticism of the EU sustainable finance framework to oppose UK policies, asserting that regulation harms competitiveness, with Barclays broadly questioning the utility of climate-related financial regulation. **In contrast, NatWest and Lloyds pushed for a supportive policy framework designed to ensure transparency and credibility**, with both banks supporting the UK Green Taxonomy and NatWest clearly supporting the implementation of mandatory transition planning. Going forward, consistent advocacy for an ambitious policy framework will be crucial if the Big Four UK banks are to reach their net-zero goals.

Figure 1: UK Banks' Fossil Fuel vs Green Financing Exposure, 2020–2024



*Fossil fuel companies are defined as companies primarily active in the fossil fuel production supply chain.

**Green companies are defined as companies deriving at least 75% of revenue from EU taxonomy-aligned activities.

Introduction

Since the passing of the Climate Change Act in 2008, the UK Government has made successive pledges to decarbonize the economy, committing to a legally binding target of net zero by 2050 in 2019. However, in July 2024 the UK Climate Change Committee (CCC)— the independent body created to advise Parliament on emissions reduction—stated that the UK was "off-track for Net Zero." To reach the country's 2050 target, the CCC's Seventh Carbon Budget estimates that investment in the transition must increase to an average of £26 billion per year between 2025 and 2050.[5]

The UK government has emphasized the importance of the financial sector in tackling this financing gap, stating in a 2023 parliamentary report that "financial institutions, by integrating societal benefits into their capital allocation, can play a major role in the transition to net zero."[6] This FinanceMap report seeks to assess the climate impact of the UK's four largest banks by total assets—Barclays, HSBC, Lloyds Banking Group, and NatWest—which between them hold £5.54 trillion in assets.[7]

The Big Four UK banks play a key role in facilitating the transition in the UK and globally. Both HSBC and Barclays have significant global influence, ranking 7th and 16th in the list of the world's largest banks by assets.[8] Both banks feature in the Financial Stability Board's list of Global Systemically Important Banks (G-SIB), facing higher capital requirements due to their integral place in the function of the global economy.

5 *Between 2025 and 2050, an average investment of £26 billion per year will be needed in the Balanced Pathway, peaking in the first half of the transition; Climate Change Committee,* The Seventh Carbon Budget, *February 2025, Pg. 85.*

6 *House of Commons Environmental Audit Committee Report,* The Financial Sector and the UK's Net Zero Transition, *November 2023, Pg. 7.*

7 *As of December 31, 2024.*

8 *S&P Global,* The world's largest banks by assets, *April 2024.*

Banking and Climate Change

In recent years, increasing attention has been focused on the power of the banking sector, through its financing and lending activities, to facilitate the climate transition. In its Net Zero by 2050 Scenario, the International Energy Agency (IEA) signaled the need for annual clean energy investment worldwide to more than triple from 2021 to 2030 to around $4 trillion.[9] It also made clear that there is no need for investment in new fossil fuel supply to achieve net zero.

Despite the dramatic increase in top-line support for climate action by banks since 2020, InfluenceMap's 2022 Finance & Climate Change report found a significant gap between the world's largest financial institutions' commitments to achieving net zero, and their policies and financing activities. Additionally, voluntary financial sector frameworks to coordinate action on net zero by 2050 have experienced significant setbacks, culminating in the Net-Zero Banking Alliance's (NZBA) April 2025 decision to drop its requirement for banks to set targets aligned with limiting global temperature rise to 1.5 °C.[10]

This report will analyze whether the UK's Big Four banks have been effective in aligning their activities with a net-zero pathway. Assessments of (i) climate governance, strategy, and policies, (ii) corporate lending and capital markets underwriting portfolios, and (iii) government policy engagement by the banks will form a holistic overview of the banks' climate performance.

FinanceMap's Research

FinanceMap is a research program by climate think tank InfluenceMap seeking to drive positive change in the financial sector's impact on climate change, as well as to hold the sector accountable to its climate commitments. FinanceMap produces data and analysis on key actors in the financial sector and assesses to what extent they are using their influence to impact real-economy climate outcomes.

9 *International Energy Agency,* Net Zero by 2050: A Roadmap for the Global Energy Sector, *May 2021.*

10 *UNEP FI,* Net-Zero Banking Alliance renews mandate with increased focus on unlocking opportunities for financing real economy decarbonization, *April 2025.*

InfluenceMap

Summary Results

Table 1: Summary of Research Results

Bank	Financing Deal Value Assessed	Green to Fossil Fuel Financing Ratio	Financing Net Zero Alignment Score	Climate Governance Score	Policy Engagement	
					Score	Intensity
Barclays	£861B	1 : 1.8	-25%	B	D+	24%
HSBC	£667B	1 : 2.9	-25%	B-	C-	19%
Lloyds Banking Group	£60.8B	1 : 3.1	-18%	B-	C	18%
NatWest	£114B	1.5 : 1	-28%	B-	C	22%

Results: Climate Governance, Strategy, and Policies

FinanceMap's Climate Governance, Strategy, and Policies assessment analyzes how financial institutions are incorporating climate risk into their decision-making and operations. This analysis specifically explores the banks' alignment with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations and science-based benchmarks. Details about the methodology for this assessment area can be found in Appendix B.

Table 2: Average Assessment Score by Region

Region	Average Climate Governance Score
UK Banks	B-
European Banks[11]	C+
US Banks[12]	D

Table 2 shows the average scores for banks across the UK, Europe, and the United States. With an average score of **B-**, the UK banks have the highest average score of the assessed regions. This means they have a relatively thorough level of disclosure on how they have incorporated climate into governance, strategy, and risk management, and have set some emissions reduction targets and fossil fuel sector policies that show concrete consideration of climate. However, the banks' targets and policies leave gaps that allow for substantial financing to fossil fuels, as evidenced by the following section on financing activities.

11 *European banks included in assessment: BNP Paribas, Crédit Agricole, Santander, Société Générale, UBS*

12 *US banks included in assessment: J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley*

Net-Zero Commitments and Interim Targets

All four banks joined the Net-Zero Banking Alliance at its inception in April 2021 and have set net zero by 2050 targets. Barclays and HSBC have stated that their 2050 targets apply to both lending and underwriting/capital markets activities, whereas Lloyds and NatWest have not yet made clear to which segments of their business the long-term target applies. All four banks have set 2030 interim targets in line with NZBA guidance for a range of high-emitting sectors. The UK banks generally have more comprehensive target coverage of sectors than their peers in other regions, especially US banks. However, the quality and coverage of the four banks' targets vary. For example, all of Barclays' interim sector targets apply to both lending and capital markets activities, while only HSBC's targets for the oil and gas and power sectors include facilitated emissions. Lloyds' and NatWest's sector targets only apply to on-balance sheet emissions for now. Additionally, most of the banks' sector emissions targets are set in emissions intensity metrics rather than absolute emissions targets. Emissions intensity targets allow sector emissions to grow or remain the same, even as emissions intensity decreases. Details about the banks' sector targets are shown in Table 3.

Table 3: Summary of UK Banks' Climate Targets

Bank	Net Zero by 2050 Target	2030 Target Sectors Disclosed	Coverage of Interim Targets	Absolute Emissions Targets	Pathway Temperature Alignment
Barclays	Yes	9 (Energy, Power, Cement, Steel, Automotive Manufacturing, Aviation, UK Commercial Real Estate, Agriculture, UK Housing)	Lending and capital markets	Energy and agriculture sectors absolute; rest intensity-based	All aligned with 1.5 °C scenarios
HSBC	Yes	7 (Oil and Gas, Power and Utilities, Cement, Iron Steel and Aluminum, Aviation, Automotive, Thermal Coal Mining)	Targets for oil and gas and power sectors include facilitated emissions; rest apply to lending only	Oil and gas and thermal coal mining sectors absolute; rest intensity-based	All aligned with 1.5 °C scenarios
Lloyds Banking Group	Yes	9 (Oil and Gas, Power Generation, Retail Motor, Road Passenger Transport, Automotive (OEMs), Aviation, Agriculture, UK Mortgages, Commercial and Residential Real Estate)	On-balance sheet only	Oil and gas and agriculture sectors absolute; rest intensity-based	Eight aligned with 1.5 °C scenarios and one aligned with below 2 °C scenario
NatWest	Yes	9 (Oil and Gas, Electricity Generation, Automotive Manufacturing, Freight Road, Passenger Rail, Passenger Road, Agriculture, Commercial Real Estate, Residential Mortgages)	On-balance sheet only	All intensity-based targets	Four aligned with 1.5 °C scenarios and five aligned with below 2 °C scenarios

Climate-Related Reporting

The UK banks' TCFD disclosures are generally strong, and climate factors are considered in governance, strategy, and risk management across the organizations. This has translated into the banks setting targets and policies that demonstrate an attempt to lessen their impact on the climate and mitigate climate risks to their businesses, though their actions are not comprehensive enough to support their net-zero commitments.

Governance

All four banks have board oversight of climate issues and strategy, and all have management-level committees dedicated to climate and/or sustainability. At these four UK Banks, strong climate governance has led to positive actions and policies more so than in other regions, especially the US. These positive actions include setting interim emissions reduction targets covering several high-emitting sectors and setting stronger risk management policies for fossil fuel financing than other regions.

Strategy

Disclosure of climate strategy is comparable across the four banks. Lloyds has less robust disclosure of its climate scenario analysis, while the other three banks have more comprehensive disclosure of scenarios used and various implications of the analyses for their businesses and strategies.

Three of the four banks (HSBC, Lloyds, and NatWest) have published climate transition plans. Barclays states that it is working towards publishing its own transition plan but has not yet. HSBC's, Lloyds', and NatWest's transition plans mainly consist of sector strategies for the sectors for which they have set emissions targets. The banks describe overarching trends and pathways for each sector but generally disclose fewer comprehensive details about their actions to support decarbonization for their clients within each sector. Sector strategies often involve engagement with clients as a primary means of achieving emissions targets, though descriptions of engagement processes lack detail about structure and outcomes. Additionally, in their transition plans, all three banks highlight that the decarbonization of their portfolios is dependent on broader economic, policy, and sectoral change.

Risk Management

All four banks have integrated climate risk into their overall risk management approach via risk appetite setting, risk management frameworks, or governance structures, and have described how they assess the relative materiality of risks and incorporate climate risk into other risk types. Additionally, all four banks have fossil fuel sector risk policies to manage the impact of climate risk on their organizations. However, further analysis of their fossil fuel policies below will show that these policies generally do not facilitate a reduction in fossil fuel financing adequate to mitigate climate risk.

Metrics and Emissions Reporting

Metrics

Metrics are important tools to help understand how banks are measuring and monitoring climate-related risks and opportunities. Some key metrics disclosed by the Big Four UK banks are outlined below:

- All four banks incorporate climate into executive remuneration policies and disclose the weighting of climate and/or sustainability considerations.
- All four banks disclose sustainable and/or green financing targets as well as progress made towards these targets.
- All four banks disclose some metrics about exposure to carbon-related or climate-risk exposed sectors. However, the parameters of these metrics and what they measure vary, making it difficult to compare exposure across banks by their own metrics.

Emissions

All four banks have relatively comprehensive Scope 3 Category 15, or financed emissions, disclosure (particularly compared to other regions) spanning a range of sectors. Barclays and NatWest have the highest granularity by sector of their emissions disclosure. As of this year, all four banks have begun to include disclosure of their facilitated emissions from capital markets activities. HSBC discloses facilitated emissions for only two sectors, while the other three banks have more comprehensive coverage of capital markets activities.

Renewable and Nuclear Energy

All four banks appear to be increasing their financing to renewable energy activities, particularly through sustainable or green financing commitments.

- Barclays has set a commitment of $1 trillion in sustainable and transition financing by 2030.
- HSBC has set a commitment of between $750 billion and $1 trillion of sustainable finance by 2030.
- Lloyds has achieved its previous short-term goal of £15 billion of sustainable finance by 2024 and has committed to finance another £30 billion between 2024 and 2026.
- NatWest has committed to £100 billion in climate and sustainable financing by 2025.
- All four banks publicly disclose their methodologies for determining what financing contributes to their sustainable financing goals. Barclays has published separate frameworks for what it considers sustainable finance and transition finance, with the latter including nuclear energy. The other three banks have policies about compliance with international safety standards for nuclear energy financing but are unclear on their position on nuclear in the energy transition.
- Barclays' transition finance framework also includes many technologies that allow for the prolonged use of fossil fuels, such as carbon capture utilization and storage (CCUS) and coal-to-gas switching. Additionally, it states that Barclays may agree upon eligible transactions on an ad-hoc basis, leading to lack of transparency on what exactly is included in its sustainable and transition finance goals.

Fossil Fuel Policies

Following the integration of climate change considerations into their governance, strategy, and risk management, the UK banks have set fossil fuel financing exclusion policies to address climate risk at their organizations.

FinanceMap analysis shows that, despite being relatively better than some other regions, the UK banks have not aligned their financing to fossil fuels with their net-zero commitments. Table 4 shows the FinanceMap scores for the Big Four banks' fossil fuel exclusion policies and a comparison to the averages of other regions. However, while the UK banks on average score higher for fossil fuel policies, some European banks, particularly the French banks, score on par or higher individually, with best practice being demonstrated by BNP Paribas and Société Générale.

Table 4: UK Banks' Scores for Fossil Fuel Exclusion Policies

Bank	Coal Score	Oil and Gas Score
Barclays	C	C
HSBC	C	C
Lloyds Banking Group	B-	C
NatWest	B-	D
European Banks[13]	C	D+
US Banks[14]	F	E-

13 European banks included in assessment: BNP Paribas, Crédit Agricole, Santander, Société Générale, UBS

14 US banks included in assessment: J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley

Coal Policies

Phasing out coal mining and coal-fired power generation in line with IPCC timelines is integral to keeping 1.5 °C within reach. The UK banks have all set coal financing phaseout dates and have laid out various policies to reduce financing to coal over time. However, the strength of their policies varies, leading to a disparity in scores among the banks. All four banks have excluded financing to companies planning new or expanded coal mining or coal-fired power generation. All four banks have also excluded project financing for coal. The banks' exclusions to companies with existing coal activities along with their phaseout timelines are presented in Table 5. Additionally, HSBC is the only bank with a financed emissions reduction target for the coal sector. It has set a target of an absolute reduction in Scope 3 emissions for its coal portfolio by 70% by 2030.

As shown in Table 5, NatWest and Lloyds lead on the assessment of coal policies due to their stricter thresholds for inclusion of coal companies. While HSBC's thresholds for taking on new coal clients are strict, its criteria for new financing to existing companies are quite lax, with the bank allowing financing to companies with up to 40% of revenue generated from coal, only applying to countries in the EU and OECD. Barclays' revenue thresholds for all companies with coal remain lax at 30%. The Big Four banks could improve scores by limiting exceptions to their phaseout targets to ensure all coal financing is phased out by their target dates, and lowering thresholds to prevent more financing to coal companies in the interim.

Table 5: Summary of UK Banks' Coal Exclusion Policies

Bank	Phaseout Timeline	Has Exclusions for Project Financing	Exclusions for Coal Companies
Barclays	2030 for OECD; 2035 for non-OECD	Yes	No financing to companies with more than 30% of revenue from coal mining or 30% of revenue from coal-fired power generation; Lowered its revenue threshold for coal-fired power generation from 50% to 30% starting in 2025
HSBC	2030 for OECD; 2040 for non-OECD	Yes	No financing or advisory services to existing clients for activities not aligned with its coal phaseout and will withdraw from clients that plan to or have begun coal expansion; Has excluded new financing to existing clients in the EU and OECD with more than 40% of revenue from coal unless for clean energy; Will not take on new clients with more than 10% of revenue (or greater than 5Mt) from coal mining or 10% of revenue (or greater than 1GW) from coal-fired power generation, except for reducing emissions or early retirement of thermal coal assets
Lloyds Banking Group	2030	Yes	No lending to clients planning new coal mines or plants, and will not provide financing to companies with more than 5% of revenue from coal mining or 20% of revenue from thermal coal-fired power generation; Will not finance companies that are not planning to phase out coal by 2030
NatWest	Oct 1, 2024, for UK; 2030 rest of world	Yes	No lending to new coal clients and will not lend to existing clients expanding coal capacity; Will not provide finance to companies generating more than 15% of revenue or power production from coal unless they have a Paris-aligned transition plan

Oil and Gas Policies

Robust oil and gas exclusion policies are critical to achieve a bank's net-zero commitment and mitigate climate risk. The IEA's Net Zero Emissions by 2050 Scenario does not allow for approval of new oil and gas fields for development beyond projects committed to in 2021.[15] All of the Big Four UK banks have set policies to restrict some financing to the oil and gas sector. However, these policies are not comprehensive and leave gaps that allow for continued finance to fossil fuels. As shown in Table 6, all four banks have exclusions for direct financing to new oil and gas production, but all four will continue to finance fossil fuel companies contingent on companies having a transition plan or setting out decarbonization strategies. Additionally, each has described, in varying levels of detail, the criteria used for assessing the credibility of a company's transition plan. However, no bank has placed explicit restrictions on companies that are planning new oil and gas exploration or production.

Table 6: Summary of UK Banks' Oil and Gas Exclusion Policies

Bank	Policy Coverage of Financing Activities	Policy Coverage of Oil and Gas Activities	Direct Financing to Oil and Gas	Financing to Oil and Gas Companies	Direct Financing to Unconventional Oil and Gas	Financing to Companies with Unconventional Activities
Barclays	Lending and underwriting/ advisory	Upstream only	No project financing to new oil or gas fields	Will not finance new clients that are 'Energy Groups' with >10% of capital expenditure in expansion and Energy Groups must be disclosing on transition plans or decarbonization strategies	Will not provide project financing to Arctic activities, oil sands, ultra-deep water, extra heavy oil, or fracking in UK and Europe	Will not provide finance to companies that are materially engaged in Arctic exploration production, fracking in UK and Europe, or oil sands companies, or Energy Groups with greater than 20% production from oil sands, extra heavy oil, fracking in UK/EU, or Arctic activities, or to clients engaged in O&G activities in the Amazon biome
HSBC	Lending and underwriting/ advisory	Upstream only	No project financing to new oil or gas fields	Financing is conditional on company having credible transition policy; Will not finance new clients where >10% capital expenditure is in exploration or if the client's plan is not consistent with HSBC's targets or it is unwilling to engage on its transition plan	Will not provide new finance or advisory for projects in ultra-deepwater offshore, environmentally or socially critical areas (including the Amazon biome, Antarctic, Arctic, etc.), or associated infrastructure; Will finance shale gas given due diligence where permissible locally	Will not start a new relationship with clients who have >10% production volume from: ultra-deepwater offshore O&G projects, shale oil projects, or heavy oil projects

15 *International Energy Agency,* Net Zero by 2050: A Roadmap for the Global Energy Sector*, October 2021, Pg. 21.*

Lloyds Banking Group	Lending, unclear if other activities included	Upstream, Midstream, and Downstream	No project financing or reserve-based lending to new oil or gas fields	Will support clients with transition plans; Will not provide financing to new clients in the sector except for renewable energy or transition technology and where the company has a transition plan	Will not provide project finance for Arctic or Antarctic activities, oil sands, fracking, and ultra-deep-water activities	Will not finance companies involved in oil sands activities unless already approved before 2021; Will not provide reserve-based or borrowing-based financing to companies involved in Arctic and Antarctic activities
NatWest	Lending and underwriting/ advisory	Upstream only	No reserve-based lending to oil and gas exploration or production to new customers, expanding to existing customers in 2026	Will only finance upstream companies with more than half of their assets in the UK and stopped lending and underwriting to oil and gas majors that didn't have credible transition plan in 2021	Will not provide project finance for fracking, ultra-deep water, or oil sands; Will not provide project finance or reserve-based lending Arctic or Antarctic exploration and production	Will not finance companies carrying out oil sands activities and coal-bed methane/ coal liquefaction activities if those activities have not been assessed in the company's transition plan

In addition to sector financing policies, all four banks have set 2030 emissions reduction targets for the oil and gas/energy sector, though coverage of the targets vary as shown in Table 7. Most notably, Barclays, HSBC, and Lloyds' targets align with best practice and are set in absolute emissions metrics, whereas NatWest's target is set in emissions intensity metrics.

Table 7: Summary of UK Banks' Oil and Gas/Energy Sector Emissions Targets

Bank	Scopes Covered by Target	Oil and Gas Activities Covered by Target	Financing Activities Covered	Scenario Used	Absolute vs. Intensity-Based Target
Barclays	1, 2, and 3	Upstream activities only	Capital markets and lending	IEA NZE	Absolute target
HSBC	1, 2, and 3	Upstream and integrated/ diversified activities only	Facilitated emissions and on-balance sheet lending	IEA NZE	Absolute target
Lloyds Banking Group	1, 2, and 3	Extraction, transport via pipeline, refining, and commodity trading from supermajors	Lending only	IEA NZE	Absolute target
NatWest	Has separate target for Scopes 1 and 2 and Scope 3	Scope 1 and 2 target is extraction only; Scope 3 target is upstream	Lending only	Scope 1 and 2 target is UK CCC BNZ; Scope 3 target is IEA NZE	Emissions-intensity based target

The banks' restrictions on project- and/or reserve-based lending to new oil and gas fields appear to be a step in reducing financing in line with the IEA Net Zero pathway. However, financing from these banks can still flow to companies that are carrying out new exploration and production. Without restrictions on companies developing new oil and gas in the banks' sector policies or transition plan assessments, the UK banks are not limiting fossil fuel financing in line with credible net-zero pathways. This is made apparent by the analysis of their portfolios in the following section.

Results: Portfolio Analysis

FinanceMap's portfolio analysis assesses the climate performance of financing facilitated by banks through their corporate lending and capital markets underwriting activities. The four UK banks' portfolios assessed here include deals between 1st January 2020 and 31st December 2024. This covers £1.70 trillion in facilitated financing, of which £916 billion is corporate lending and £786 billion is bond and equity underwriting. Project financing is not assessed. Deal data has been gathered from the Bloomberg Terminal LEAG tables. As this assessment is based on third-party data rather than the banks' own reporting, coverage of facilitated financing portfolios varies between banks.[16]

Methodology

FinanceMap uses three metrics to assess financial portfolios: fossil fuel exposure, green exposure, and portfolio net-zero alignment.

The exposure metrics assess the types of companies financed. Fossil fuel companies are defined as having primary business activities within the fossil fuel production value chain, identified using company sector classifications.[17] Green companies are identified using the EU taxonomy for sustainable activities, with companies that derive 75% or more revenue from relevant activities being classified as green.

The net zero alignment score assesses the banks' financing in four climate critical sectors (automotive, coal, oil and gas, and power), by first assessing the alignment of each sector individually and then combining the sector assessments to produce a portfolio-level alignment. This results in a percentage score ranging from -100% to 100%, where 0% indicates alignment with the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario. For a deeper methodological discussion, please refer to Appendix B and to the FinanceMap Banking Methodology.

16 *Coverage of banks' deal portfolios and deal value data vary depending on Bloomberg Terminal data availability. Given a lack of transparency by the banks on their full deal books, assessing the level of coverage is difficult. Only Barclays discloses 'Total Loans & Advances & Loan Commitments' in annual reporting. Over the 5 years assessed, this FinanceMap report covers 48% of Barclays' deal value based on this data point.*

17 *Sector classifications used: BICS, GICS, and NAICS.*

Exposure Metrics

Fossil Fuel Exposure

This research identifies £119 billion in lending and underwriting deal value by the Big Four banks to companies in the fossil fuel production value chain between 2020 and 2024, representing 7.0% of total financing assessed (£1.70 trillion). Of this fossil fuel financing, £56 billion is in corporate loans, with the remaining £63 billion facilitated through bond and equity underwriting. The UK banks financed £116 billion to companies in the oil and gas sector and £2.3 billion to companies belonging to the coal sector during the assessed period.

As displayed in Table 8, there is a significant difference in the total financing assessed between UK banks, therefore it is instructive to compare individual banks' fossil fuel activities using the fossil fuel exposure percentage. In the five years of assessed financing, NatWest is the least exposed to the fossil fuel sector at 4.9%, while Lloyds is the most exposed at 10.5% of total financing assessed going to companies in the fossil fuel production value chain.

The combined exposure of UK banks to the fossil fuel sector is 7.0%, placing them between the collective exposure of the largest European (8.4%) and US banks (6.6%). From the European and US banks assessed, only Société Générale (13%), Crédit Agricole (10.7%) and Wells Fargo (10.6%) have higher fossil fuel exposure than Lloyds (10.5%) in the period assessed. Goldman Sachs (4.4%) and UBS (3.2%) are the only banks in the assessed sample to be less exposed to fossil fuel companies than NatWest (4.9%).

Table 8: UK Banks' Fossil Fuel Financing vs Other Regions, 2020–2024

Bank	Fossil Fuel Exposure	Fossil Fuel Financing	Total Financing Assessed
Lloyds Bank	10.5%	£6.36B	£60.8B
HSBC	7.5%	£50.1B	£667B
Barclays	6.6%	£56.7B	£861B
NatWest	4.9%	£5.59B	£114B
Largest European Banks (avg.)[18]	8.4%	£193B	£2.30T
Largest US Banks (avg.)[19]	6.6%	£614B	£9.31T

18 Largest European banks by assets included in assessment: BNP Paribas, Crédit Agricole, Santander, Société Générale, UBS

19 Largest US banks by assets included in assessment: J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley

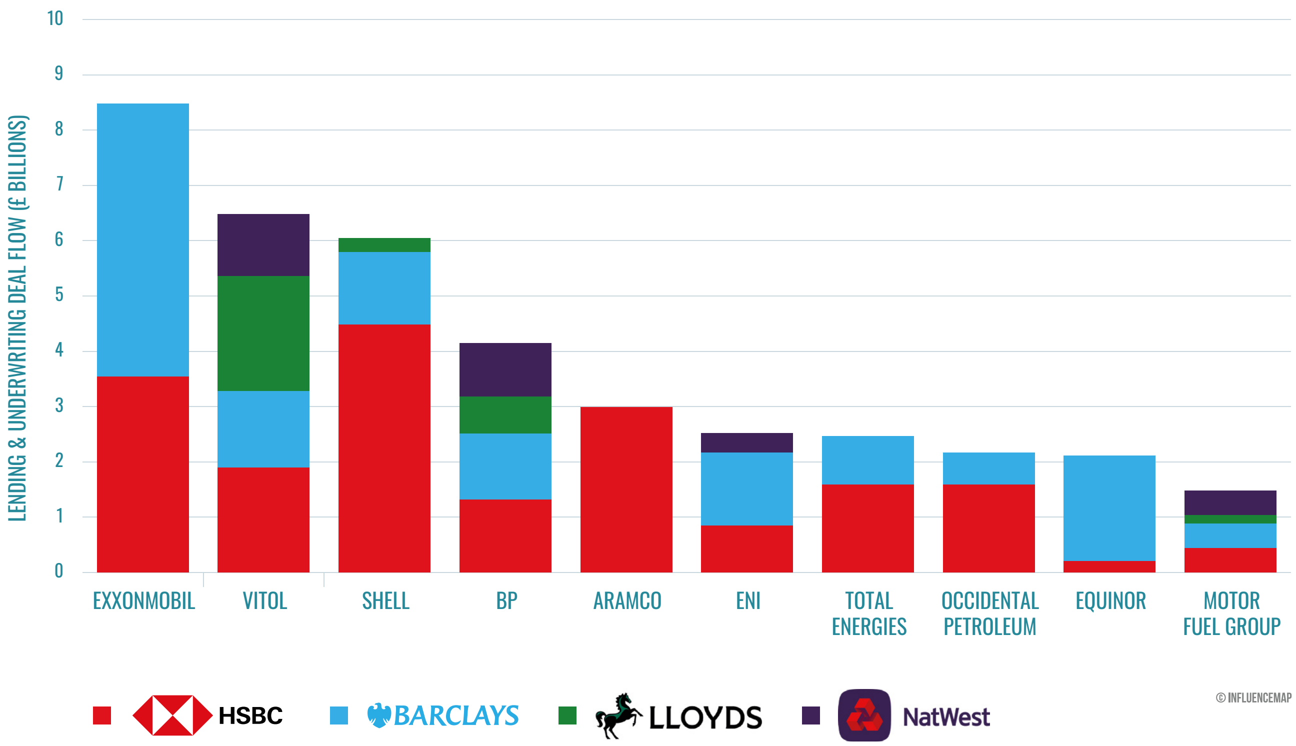
Table 9: UK Banks' Fossil Fuel Exposure by Financing Area, 2020–2024

Bank	Fossil Fuel Exposure	
	Corporate Lending	Bond and Equity Underwriting
Lloyds Bank	15.2%	4.6%
HSBC	6.4%	8.9%
Barclays	5.1%	8.2%
NatWest	6.1%	3.7%

The breakdown of fossil fuel exposure by financing type in Table 9 shows that the larger banks (HSBC and Barclays) are more exposed to fossil fuel companies in bond and equity underwriting portfolios than in corporate lending portfolios. The reverse is true for NatWest and Lloyds. The largest difference in fossil fuel exposure between financing activities is seen at Lloyds, where corporate lending is over three times more exposed to fossil fuels than bond and equity underwriting.

The £119 billion in identified financing from UK banks to the fossil fuel sector between 2020 and 2024 was spread over 1,183 individual deals with 354 companies. Five oil majors—ExxonMobil, Shell, BP, Aramco, and TotalEnergies—cumulatively received £24.1 billion in financing deal flows from the UK banks, accounting for 20.3% of the banks' total identified fossil fuel financing.

Figure 2: UK Banks' Financing of the Oil and Gas Value Chain (2020–2024)



Exclusion Policies and Facilitated Financing

As demonstrated in the previous section, the Big Four banks have all set fossil fuel exclusion policies with the aim of reaching their net zero by 2050 targets. Despite these policies, the UK banks consistently financed companies developing oil and gas projects between 2020 and 2024, in direct misalignment with the IEA Net Zero by 2050 scenario.

Table 10 shows the largest deals to expansionary fossil fuel companies from the banks in 2024. The Global Oil and Gas Exit List (GOGEL) flags all four fossil fuel companies in the table for short-term upstream expansion, upstream exploration, and midstream pipeline expansion.[20] While both Barclays and HSBC have policies to exclude financing for new upstream oil and gas projects, their policies have still allowed for considerable financing to companies with expansionary activities through bond underwriting. HSBC states that "support for fossil fuel companies is conditional on the company having credible transition policy." Aramco and TotalEnergies are projected to increase oil and gas production in the 5 years following 2024, according to Asset Impact data. NatWest also facilitated underwriting and lending deals to expansionary oil and gas companies BP and EQT Corporation in 2024, while Lloyds was involved in an underwriting deal with BP. Financing these companies is misaligned with the IEA's Net Zero Emissions by 2050 Scenario, which prescribes a decrease in both oil and gas production from 2021 onwards.

20 An explanation of the basis of these activities can be found on the GOGEL website.

Table 10: UK Banks' 2024 Financing Deals to Expansionary Oil and Gas Companies

Bank	Date	Fossil Fuel Company	Financing Type	Other Banks Involved	League Credit
Barclays	5th March 2024	Chrysaor (now Harbour Energy)	Corporate Lending	DNB, J.P. Morgan	£1.18 billion
HSBC	7th June 2024	Aramco	Bond Underwriting	J.P. Morgan, Citi, Goldman Sachs, Bank of America, Morgan Stanley, and others	£549 million
	10th July 2024				£234 million
HSBC	3rd September 2024	TotalEnergies	Bond Underwriting	Citi, J.P. Morgan, Mizuho, Santander, Société Générale	£381 million
	12th November 2024			Barclays, Bank of America, Goldman Sachs, Natixis, SMFG	£345 million
Barclays	12th November 2024	TotalEnergies	Bond Underwriting	HSBC, Bank of America, Goldman Sachs, Natixis, SMFG	£345 million
Barclays	5th September 2024	Woodside	Bond Underwriting	J.P. Morgan, Mizuho, UBS	£380 million

Green Exposure

Compared to the fossil fuel sector, companies identified as green receive considerably less financing from the Big Four UK banks. Combined, the banks facilitated £59.7 billion in financing to green companies from 2020 to 2024, representing 3.5% of total financing assessed. This is half (50.3%) of the deal flow financed to the fossil fuel sector. Corporate lending accounted for £24.9 billion in green financing, while bond and equity underwriting accounted for the remaining £34.7 billion.

Table 11 shows that NatWest is the most exposed to green companies (7.5%), while HSBC (2.6%) is the least. Compared to other regions, none of the largest European or US banks assessed have a higher exposure to green companies than NatWest, with Santander (6.7%) and BNP Paribas (5.3%) the next most exposed to green companies.

Comparing the UK banks' green exposure to their fossil fuel exposure shows that NatWest is the only UK bank to have green financing exceed fossil fuel financing for the 2020–2024 period.

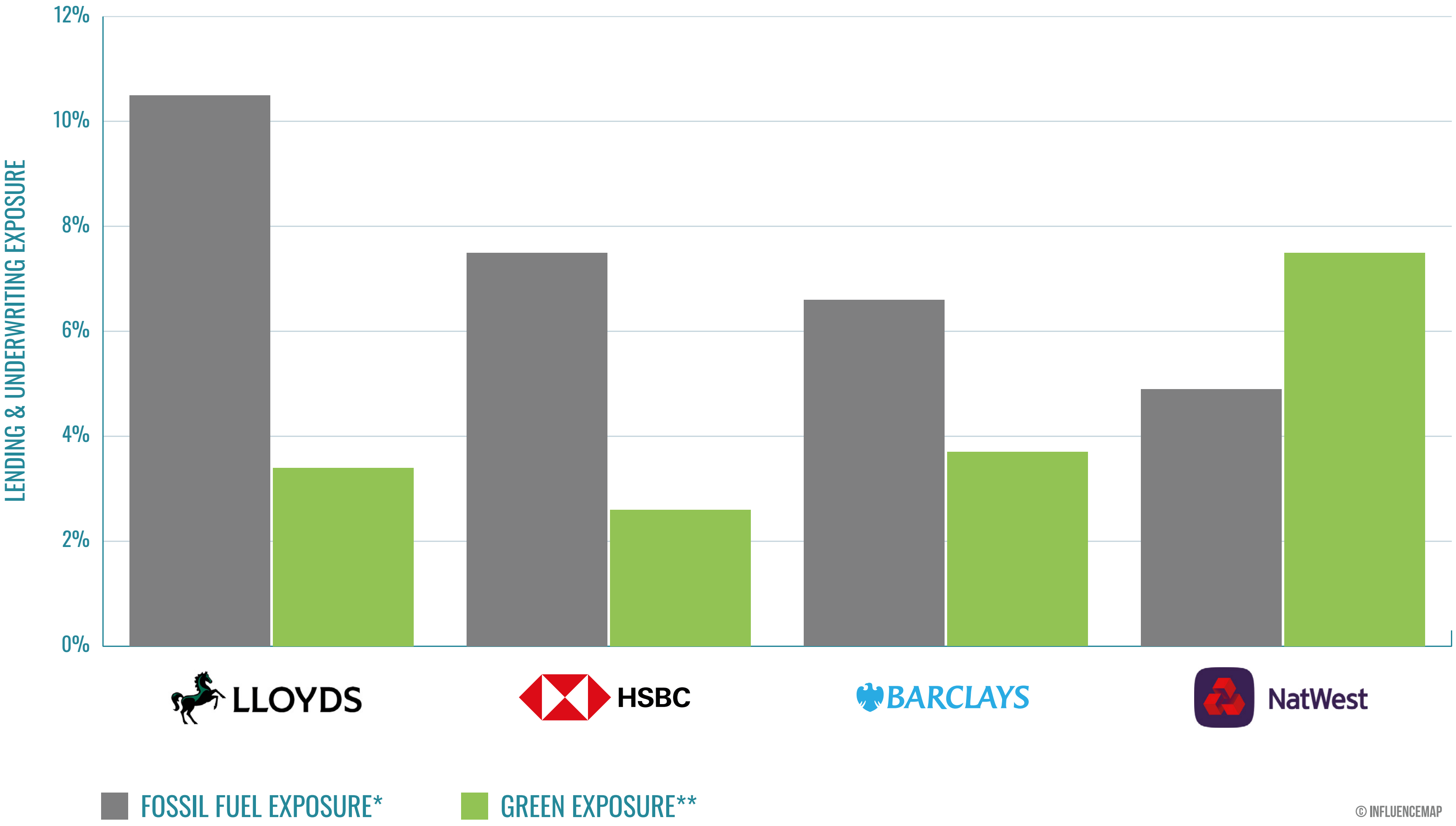
Table 11: UK Banks' vs Other Regions' Green Exposure, 2020–2024

Bank	Green Exposure	Green Financing	Total Financing Assessed
NatWest	7.5%	£8.57B	£114B
Barclays	3.7%	£32.0B	£861B
Lloyds Bank	3.4%	£2.05B	£60.8B
HSBC	2.6%	£17.1B	£667B
Largest European Banks[21] (avg.)	4.9%	£114B	£2.30T
Largest US Banks[22] (avg.)	2.2%	£201B	£9.31T

21 *Largest European banks by assets included in assessment: BNP Paribas, Crédit Agricole, Santander, Société Générale, UBS*

22 *Largest US banks by assets included in assessment: J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley*

Figure 3: UK Banks' Fossil Fuel vs Green Financing Exposure, 2020–2024

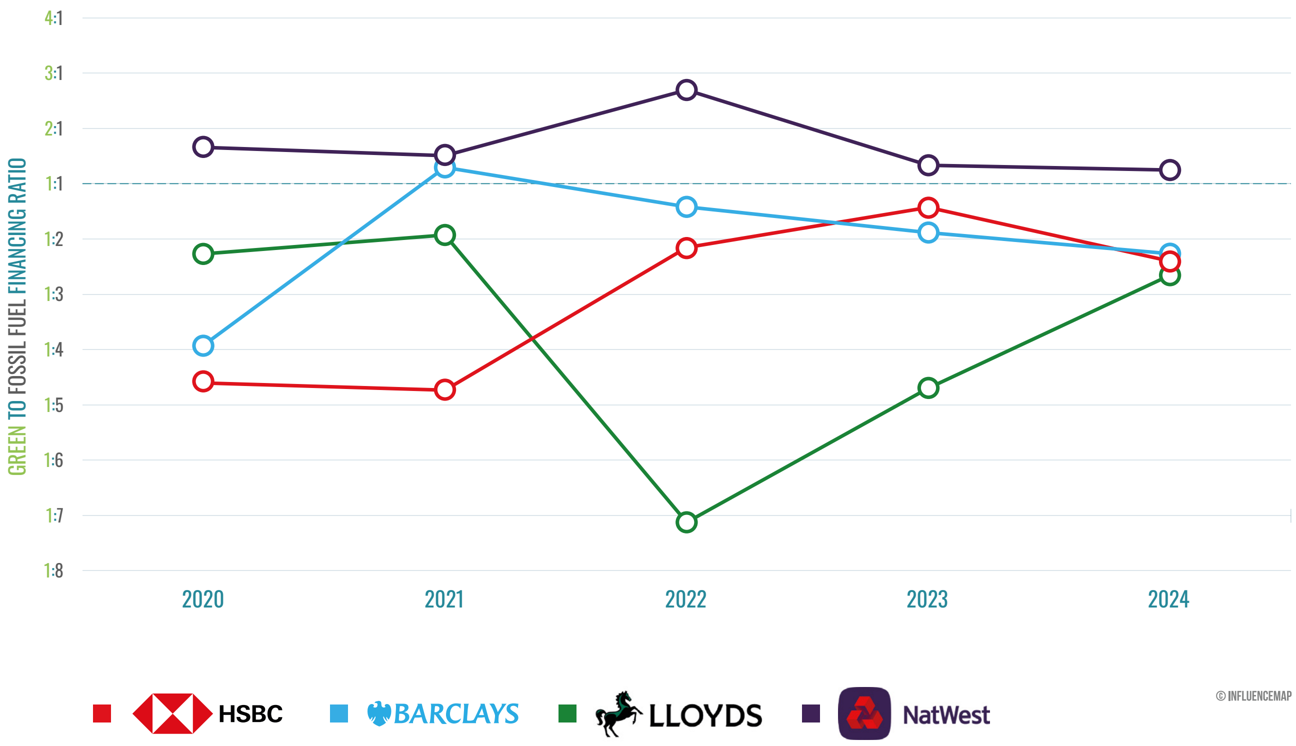


*Fossil fuel companies are defined as companies primarily active in the fossil fuel production supply chain.

**Green companies are defined as companies deriving at least 75% of revenue from EU taxonomy-aligned activities.

However, 2024 saw a drop off in green exposure across all four banks. NatWest and Lloyds saw their lowest green exposure of the 5 years assessed, while Barclays and HSBC saw their 2nd lowest green exposure during this year. Despite the decline in green exposure, NatWest (1.2 to 1) was the only bank in 2024 to favor green over fossil fuel financing, while Lloyds (1 to 2.7) favored fossil fuel financing relative to green financing more than any of the four UK banks in the same year.

Figure 4: UK Banks' Green to Fossil Fuel Financing Ratio, 2020–2024



Portfolio Net Zero Alignment

FinanceMap's portfolio net zero alignment metric, based on the PACTA methodology, assesses banks' facilitated financing in four climate-critical sectors—automotive, power, upstream oil and gas, and coal mining. The percentage score between -100% and 100% represents the cumulative alignment of companies financed by a portfolio with the IEA Net Zero Emissions by 2050 (NZE) scenario. To interpret the results, -20% alignment means a portfolio is financing companies which are producing 20% too much in polluting technologies and 20% too little in green technologies on average compared to the IEA Net Zero pathway for the 5 years following.

This assessment is based on £1.70 trillion facilitated by the Big Four UK banks across corporate lending and bond and equity underwriting between 2020 and 2024. Financing to companies within climate-critical PACTA sectors sums to a total of £261 billion. Note that not all financing to fossil fuel companies identified in the previous section is included in the portfolio alignment assessment, as the PACTA methodology only assesses the upstream portion of the fossil fuel value chain.

The net zero alignment of the UK banks' financing portfolios from 2020 to 2024 can be seen in Table 12. The four UK banks are all significantly misaligned with the IEA Net Zero scenario, with 10% separating the most misaligned portfolio, NatWest (-28%), from the least misaligned, Lloyds (-18%). This alignment score is the combination of the calculated alignments of each bank's corporate lending portfolio and bond and equity portfolio, weighted by the financing value of each. Combining the net zero alignment of the UK banks results in an average alignment of -25%.

Table 12: UK Banks' Net Zero Alignment vs Other Regions, 2020–2024

Bank	Net Zero Alignment	Exposure to PACTA Sectors
NatWest	-28%	15%
Barclays	-25%	13%
Lloyds Bank	-18%	18%
HSBC	-25%	8%
Largest European Banks[23] (avg.)	-28%	14%
Largest US Banks[24] (avg.)	-30%	9%

While still considerably misaligned, the UK banks' average net zero alignment score is slightly better aligned than both the US and European averages. Of the US banks assessed, only Wells Fargo (-26%) is better aligned that NatWest, with the remaining banks from the region more misaligned. Lloyds is less misaligned than any assessed bank from other regions, with Santander (-21%) the next least misaligned.

The cause of the variation in alignment between banks can be explained by looking into the detail of specific sector alignment and each banks' exposure to those sectors.

23 *Largest European banks by assets included in assessment: BNP Paribas, Crédit Agricole, Santander, Société Générale, UBS*

24 *Largest US banks by assets included in assessment: J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley*

Table 13: UK Banks' Net Zero Alignment Sector Breakdown (2020–2024)

Bank	Automotive		Oil and Gas		Power	
	Net Zero Alignment	Sector Exposure	Net Zero Alignment	Sector Exposure	Net Zero Alignment	Sector Exposure
NatWest	-16%	5%	-7%	2%	-30%	9%
Barclays	-19%	3%	-9%	3%	-28%	8%
Lloyds Bank	-19%	12%	-3%	4%	-24%	3%
HSBC	-18%	2%	-14%	4%	-32%	3%

Table 13 shows that across the five years of financing, each bank is misaligned in each of the three sectors assessed. The coal mining sector has not been assessed due to the banks' low exposure to the sector. For all UK banks, the power sector is the most misaligned sector assessed, with Lloyds (-24%) the least misaligned and HSBC (-32%) the most misaligned within UK banks. The oil and gas sector is on average the least misaligned sector, with Lloyds (-3%) again the least misaligned and HSBC (-14%) most misaligned.

Power Sector Misalignment

The IEA Net Zero Emissions by 2050 scenario (NZE) requires significant growth in sustainable activities globally, with green power generation capacity required to increase by 264% from 2024 to 2030. Alongside this growth, the NZE prescribes a 26% drop in capacity from coal-fired power generation. Across all regions assessed, the power sector is consistently the most misaligned. Power companies financed by the UK banks are projected to increase renewable capacity from 2024 to 2030, while also decreasing coal-fired capacity. However, the pace of the transition is too slow when compared with the NZE. The gap between financed companies' projected green power generation capacity and the capacity prescribed by the NZE is the source of the sector's misalignment. While the projected renewable capacity increases by 35% from 2023 to 2029, the capacity of hydro- and nuclear-based power generation at companies financed decreases in the same period, leaving the sector misaligned with the significant increases required by the NZE scenario.

Automotive Sector Misalignment

The UK banks' automotive sector alignment has the smallest range of results of any sector assessed, with three percentage points separating Lloyds (-19%) and NatWest (-16%). Lloyds Bank has the highest exposure to the sector at 12%. This relative high exposure means Lloyds Banks' portfolio level alignment is more heavily weighted toward its automotive sector alignment score than the other banks assessed. This analysis assessed financing to 11 automotive companies from the four UK banks included in 2024, all of which were misaligned with the IEA's NZE pathway for automotive production.

Results: Policy Engagement

InfluenceMap's assessment of the climate-related policy engagement of the Big Four UK banks analyzes the banks' direct engagement with policymakers as well as indirect engagement through industry associations. InfluenceMap considers measures issued by government bodies relating to both real-economy decarbonization policies and policies to tackle climate-related financial risk, including taxonomies and regulated corporate climate disclosure. Details of InfluenceMap's scoring methodology can be found in Appendix B.

Performance Bands of the four largest UK banks fall between **C** and **D+**, reflecting some spread between the banks in their positioning on key climate policies. All banks exhibit an engagement intensity of greater than 13%, demonstrating active engagement with the policy landscape.

All four UK banks hold a board seat at or retain membership to at least two of three major UK financial industry associations: UK Finance; TheCityUK; and The Investment Association. The banks' membership to these associations and their policy engagement performance can be seen in Appendix A. All three industry associations have been engaged on climate-related policies, with UK Finance and The Investment Association largely mirroring the most oppositional positions of the Big Four banks. In contrast, TheCityUK has expressed more supportive positions for climate-related policy.

Table 14: Summary of UK Banks' Policy Engagement Assessment Scores

Bank	Performance Band	Organization Score	Engagement Intensity (Global)	Relationship Score
NatWest	C	67%	22%	55%
Lloyds Banking Group	C	61%	18%	59%
HSBC	C-	58%	19%	56%
Barclays	D+	51%	24%	53%

Figure 5 illustrates the UK banks' policy engagement sorted by source, comparing their public-facing reporting (Annual & Sustainability Reports), with positions taken in direct communications with policymakers.

NatWest and Lloyds emerged as clear leaders in supportive positions taken in direct engagements with government. While both banks advocated directly for ambitious climate-related policies, they were less clearly supportive in public-facing statements, demonstrating an opportunity to better amplify positive positions through public channels. Barclays adopted the most positive positions in public reporting amongst the banks but consistently took significantly less supportive positions on specific climate-related financial and real-economy policies in direct communications with government.

Figure 5: UK Banks' Public Reporting vs Direct Communications with Government

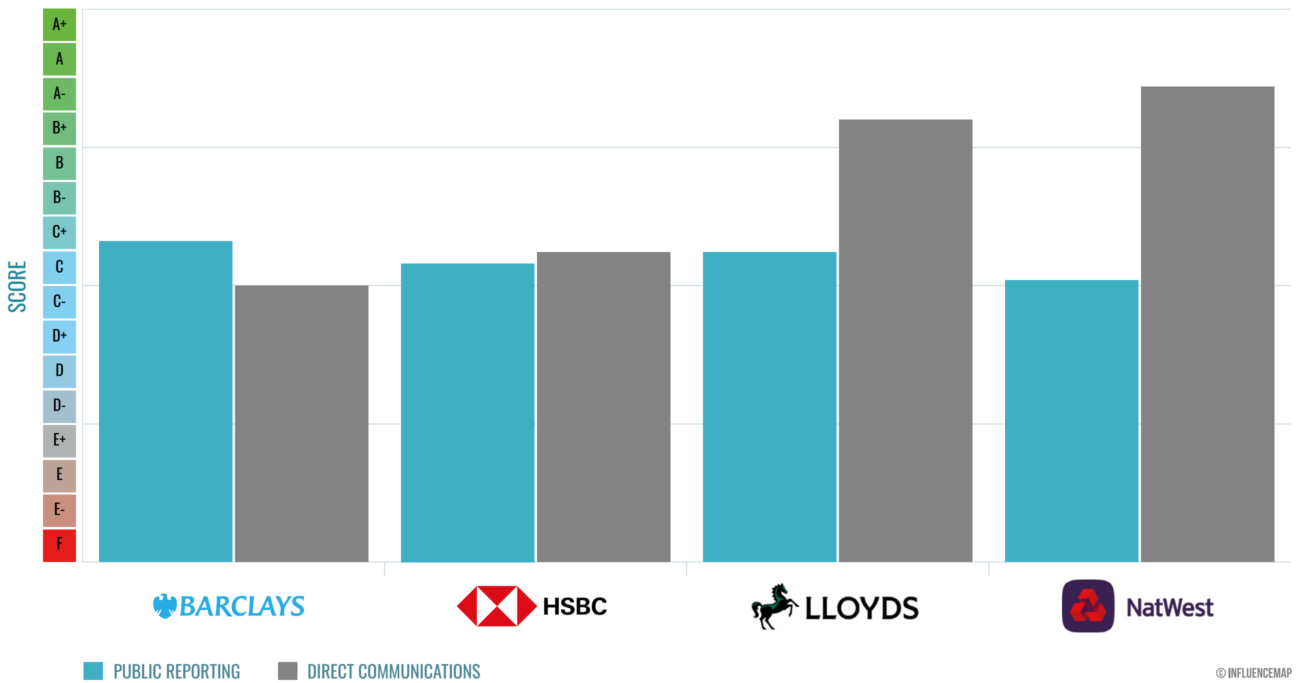


Table 15: Regional Comparison of Policy Engagement Scores

Region	Average Performance Band	Average Engagement Intensity
UK Banks	C-	20.8%
US Banks[25]	D+	13.3%
European Banks[26]	C-	19.1%

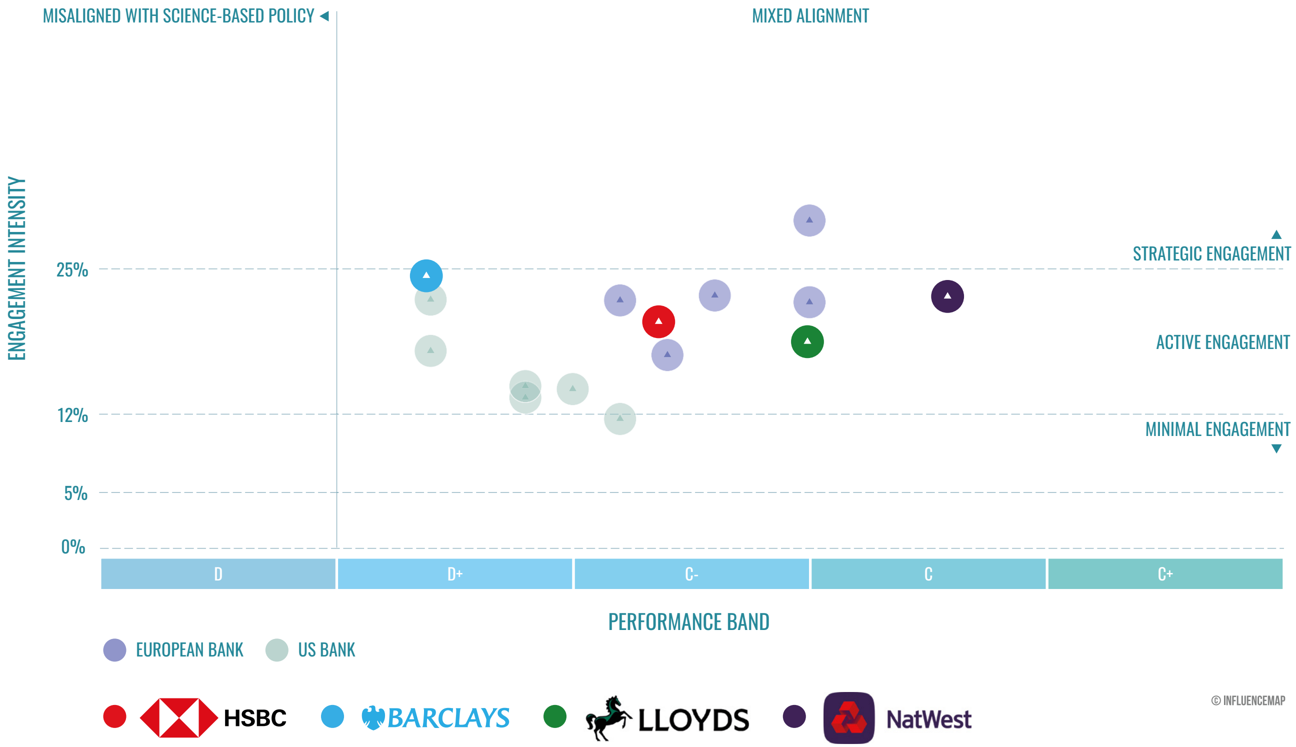
On average, the Big Four UK banks were more engaged and performed better in their policy engagement than their US counterparts. This higher average engagement intensity likely reflects the greater volume of proposed and implemented regulations in the UK compared to the US. On average, the UK banks show similar levels of, and scores for, engagement to their European counterparts.

However, as shown in Figure 6, the policy engagement of the Big Four UK Banks varies more than their European counterparts. Although both European and UK banks have an average performance band of C-, the UK banks see a much wider distribution of scores, with NatWest emerging as a clear leader amongst all regions and Barclays lagging behind the European banks, achieving a similar Performance Band to the average US bank.

25 US banks included in assessment: J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley

26 European banks included in assessment: BNP Paribas, Crédit Agricole, Santander, Société Générale, UBS

Figure 6: Comparison of UK Banks' Policy Engagement with Other Regions



Financing the Transition

The UK was an early mover in proposing policy action on sustainable finance, with its 2021 'Greening Finance' package including commitments to introduce mandatory disclosure aligned with the Task Force on Climate-related Financial Disclosures (TCFD), transition plan disclosure requirements, and a UK Green Taxonomy. As of May 2025, only mandatory TCFD-aligned disclosures have been implemented. The following section will analyze the Big Four banks' engagement with UK policy intended to direct financing towards the energy transition.

Transition Finance

Transition finance has been defined by the UK Government's 2023 Green Finance Strategy as "financial products and services that support higher emitting companies and activities to become green," and has become a central pillar of Chancellor Rachel Reeves' plan to make the UK an attractive environment for investment. However, in its Sixth Assessment Report, the Intergovernmental Panel on Climate Change (IPCC) noted the limited evidence around the decarbonization benefit of financing high-GHG emissions activities due to the difficulty of assessing the alignment of transition financing with climate mitigation goals and the risk of "locking in" a higher rate of future emissions.[27] It emphasized that insufficient ambition and coherence of public policies, including financial regulation, is the root cause of financing misalignment.[28]

The role of policymakers in the transition finance market remains uncertain, however, the OECD Guidance on Transition Finance has highlighted the importance of climate transition plans and taxonomies to determine the credibility of transition finance. In December 2023, the UK Government launched the Transition Finance Market Review (TFMR), with a mandate to develop a "high integrity approach" to transition finance. The Big Four UK banks have actively engaged with this review, with representatives from Barclays, HSBC, and NatWest sitting on its expert panel and all four banks responding to the Review's Call for Evidence. Responses were obtained by InfluenceMap via Freedom of Information (FOI) request in January 2025.

Table 16 shows the positioning of the Big Four UK banks on key aspects of transition finance in direct communications with the government. All four banks have supported the need for increased financing to decarbonize high-emitting sectors, however there is a clear divide in the four banks' positioning on how to define transition finance and the role that regulation should play.

27 IPCC AR6 WGIII, Chapter 15: Investment and finance, 15.3.3 Fossil Fuel-related and Transition Finance, *Pg. 1567.*
28 IPCC AR6 WGIII, Chapter 15: Investment and finance, 15.3.3 Fossil Fuel-related and Transition Finance, *Pg. 1566.*

Table 16: UK Banks' Positions on Transition Finance

Bank	Scale up of Transition Finance	Regulating Transition Finance	Recognizing Risk of Carbon Lock-in	Green and Transition Finance Distinction
Barclays	Positive	Negative	Negative	Positive
HSBC	Positive	Negative	N/A	Negative
Lloyds	Positive	N/A	Positive	Positive
NatWest	Positive	Positive	Positive	Positive

Positive	Supportive positioning
Negative	Unsupportive positioning
N/A	No evidence of engagement found

In 2022, HSBC, Barclays, and NatWest submitted comments to the consultation on the update to the UK Green Finance Strategy, pushing for greater government support for the scale-up of transition finance. Both Barclays and NatWest broadly supported the need for recipients of transition finance to demonstrate progress towards decarbonization goals. However, in 2024 comments to the TFMR, while NatWest argued that policy can outline the "minimum expected/mandated standards" and supported eligibility criteria "clearly delineated" from green finance, Barclays argued that the government's approach in defining transition finance should be principles-based and non-legislative. Barclays also appeared to use the TFMR consultation to broadly question the effectiveness of climate-related financial regulation, warning that "overly stringent regulation could inadvertently hinder capital flows."

While all four banks supported a degree of flexibility, NatWest suggested that this should avoid precluding access to finance for nascent solutions, while ensuring the phaseout of net zero-misaligned activities. Contrastingly, Barclays emphasized the "inherent ambiguities in transition finance," while HSBC urged the review to be "cautious in defining 'credible net zero transition'," stating that "we should not seek to objectively define credible."

Only NatWest and Lloyds recognized the specific risks of greenwashing posed by transition finance and advocated for careful consideration to avoid carbon lock-in. In a 2024 press release, NatWest stated the need for financing to be project-specific, and be focused around decommissioning high-emitting assets. HSBC and Barclays did not clearly recognize these risks, with Barclays identifying "potential accusations of perceived greenwashing" as a key barrier to the scale-up of transition finance, and supporting "grandfathering" measures which risk technology lock-in.

In its response to the TFMR, Barclays listed possible eligible activities for transition finance, including conversion of coal plants to fossil gas-based energy generation and the use of liquified natural gas (LNG) to replace heavy fuels in marine transport.[29] This fossil-to-fossil fuel switching has been identified by the IPCC as a "dangerous strategy" risking energy supply infrastructure lock-in.[30]

29 *In its Transition Finance Framework, Barclays stated that investments would require a "plan for future continued decarbonization that is demonstrated to be aligned with IPCC 1.5°C", however, how the risk of carbon lock-in would be mitigated is unclear.* Previous *InfluenceMap research has shown that narratives promoting LNG and fossil gas as "cleaner" alternatives have been widely* employed *by the fossil fuel industry.*

30 *IPCC AR6 WGIII,* Chapter 11: Industry, 11.3.5 Electrification and Fuel Switching*, Pg. 1182.*

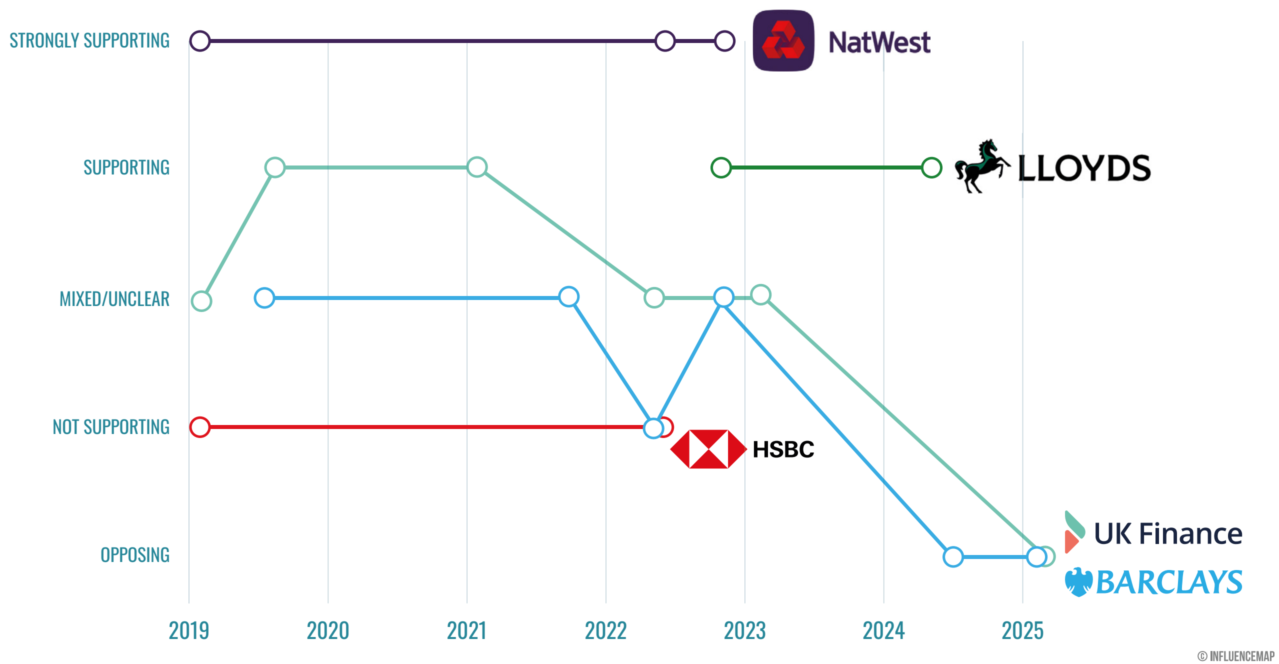
UK Green Taxonomy

The UK Government published its proposal for a UK Green Taxonomy in 2021, which drew heavily upon the structure of the EU Taxonomy. All Big Four UK banks have been actively engaged on the proposal, adopting contrasting stances. Figure 7 illustrates how the banks' and industry group UK Finance's positioning on the UK Green Taxonomy evolved in direct communications with the UK Government between 2019 and 2025.

NatWest advocated in favor of a UK-based taxonomy prior to the tabling of the government proposal in 2021. Following broadly supportive comments in 2022, Lloyds wrote in a 2024 consultation response that a UK Green Taxonomy would "provide major benefits in terms of clarity and certainty." In contrast, both Barclays and HSBC took unsupportive positions informed by the implementation of EU Taxonomy Regulation. Both banks stated that the EU Taxonomy had proved overly complex and lacked support for transition finance activities, with Barclays suggesting that this had "inhibited financial flows," and both banks pushed for a more flexible framework in the UK. Barclays hardened its opposition in its response to the TFMR and the 2025 consultation on the UK Green Taxonomy, pushing for a "non-legislative" approach, opposing mandatory reporting requirements, and advocating for the inclusion of transition activities without any position on eligibility criteria.

Industry groups have also influenced the conversation. UK Finance questioned the use-case for the UK Green Taxonomy in a 2024 report, asserting that there was

Figure 7: UK Banks' and UK Finance's Direct Communications on Proposed UK Green Taxonomy (2019–2025)



insufficient evidence demonstrating that taxonomies mobilize low-carbon capital. Its oppositional position was further solidified in its response to the 2025 consultation, where it suggested the taxonomy would hinder competitiveness. UK Finance also supported the widening of any voluntary taxonomy criteria to include "transition" activities in high-emitting sectors without clear safeguards to avoid carbon lock-in. The Investment Association similarly did not support the use of taxonomies as a requirement for accessing transition finance, and opposed the development of the UK Green Taxonomy in 2025. In contrast, TheCityUK CEO Miles Celic broadly supported the implementation of the UK Green Taxonomy in 2023, and in its 2024 response to the TFMR, TheCityUK supported a clear distinction between green and transition in a taxonomy to help investors identify eligible activities.

Some of the banks' and industry associations' positioning on the proposed legislation appears to be reflected in reduced ambition from the government. Despite earlier government commitments to mandatory taxonomy reporting, in her 2024 Mansion House speech, Chancellor Rachel Reeves committed to consult only on the "value case for a UK Green Taxonomy."

Transition Planning

The UK Government has identified transition plans - laying out an entity's targets, actions, and resources for its transition towards a lower-carbon economy - as a crucial regulatory tool to translate companies' commitments on net zero into action. A 2022 G20 Sustainable Finance Working Group report recommended the implementation and disclosure of transition plans as a key mechanism to minimize greenwashing risk when deploying transition finance.

At COP26 in Glasgow, the UK Government committed to mandate disclosure of transition plans for listed companies on a 'comply or explain' basis. It subsequently established the Transition Plan Taskforce (TPT) in April 2022 to develop a 'gold standard' for transition plan disclosure, with all four banks represented in the Banking Working Group. As of May 2025, the TPT framework remains voluntary, and policy around the verification of transition plans, and their role in credibility assessments for transition finance, remains unclear.

All four banks have expressed support for the work of the TPT in developing a robust framework and sector-specific guidance. However, only NatWest has consistently supported the UK Government's intention to make transition plans mandatory, advocating for "more comprehensive, clearer and science based transition plans/metrics to enhance credibility, mitigate greenwashing risk, improve financial institution comparability, and attain benchmarking." NatWest also supported integrating transition plan disclosure into annual reporting.

Barclays appeared to support mandating "science-based transition plans to a strict timetable" in 2022. However, in response to the TPT's draft disclosure framework and implementation guidance in 2023, Barclays argued that the government should delay the proposed requirement to disclose transition plans in annual reporting, subject to improvements in data availability. Barclays also supported moderating the recommendations on engagement with value-chain companies, suggesting that the framework should not "overstate the ability of firms to alter behaviour in their value chain." TheCityUK mirrored Barclays' position on engagement provisions of the framework, suggesting they were "unduly onerous." Meanwhile, UK Finance supported mandatory disclosure, however pushed for "more qualitative and principles-based disclosures."

In response to the TFMR, Lloyds supported the use of TPT-aligned transition plans in assessing the credibility of transition finance, but did not clearly support mandatory requirements. Barclays similarly supported the use of transition plans in the facilitation of general purpose transition finance but did not clearly support mandatory requirements, emphasizing the lack of consensus regarding 'good practice' and mechanisms to validate transition plans. Similarly, while HSBC stated that there "may be" a role for the TPT disclosure framework to determine the credibility of general purpose lending under the banner of transition finance, it warned against an "overly prescriptive" approach.

In November 2024, the Chancellor announced that the government intended to consult on "how best to take forward the manifesto commitment on transition plans." In this statement, the Chancellor aligns with some of the banks' positions highlighted above, appearing to falter on previous government commitments to mandate transition plan disclosures.

UK Real-Economy Policy Engagement

The Big Four banks have all voiced top-line support for real-economy climate policy to transition the energy mix. Barclays, Lloyds, and NatWest have all engaged directly with broadly supportive positions on specific policies aimed at decarbonizing housing and transport. While HSBC has cited "ambitious and credible governmental policy" as a prerequisite to achieve its own net zero commitments, it failed to engage directly in support of policies intended to decarbonize the real economy.

Climate and Housing

In 2022, emissions from residential buildings accounted for a fifth of the UK's greenhouse gas emissions. The UK Government's advisory body, the Climate Change Committee (CCC), has made clear that without a "near-complete" decarbonization of the housing sector, the UK cannot meet its legally binding emissions reduction target. Lloyds, Barclays, and NatWest all supported proposed Minimum Energy Efficiency Standards (MEES) in the privately rented sector, and advocated for the reform of underlying Energy Performance Certificate (EPC) metrics. Lloyds was the most ambitious in supporting housing decarbonization policy, advocating for greater ambition in MEES and supporting a ban on gas boilers as part of Future Homes Standard (FHS).

Decarbonizing Transport

Surface transport is the greatest source of pollution in the UK, making up 26% of emissions.[31] The UK banking sector's involvement in personal and business vehicle leasing has made this a focus for policy advocacy. In 2022 and 2023, Lloyds subsidiaries Lex Autolease and Blackhorse advocated for the UK Government to raise the ambition of the UK Zero Emissions Vehicle (ZEV) mandate and supported tightening UK CO2 standards for cars and vans. The ZEV mandate was also broadly supported by Barclays and NatWest.

Transparency

Aligned with the 2022 Global Standard on Responsible Corporate Climate Lobbying, InfluenceMap assesses transparency around direct and indirect climate lobbying and the robustness of companies' climate policy engagement reviews. The Big Four banks exhibit varying degrees of transparency on their lobbying activities, both direct and indirect.

- HSBC appears to be the least transparent about its direct climate-related policy engagement, failing to disclose any of its engagements with specific climate proposals. Despite having the most supportive direct engagements with policymakers, NatWest and Lloyds had limited transparency around their direct lobbying. All evidence of direct communications with government were obtained via use of the Freedom of Information Act (2000), demonstrating an opportunity for NatWest and Lloyds to better publicize their direct engagements with policymakers. Barclays was the only bank to publish details of direct engagements on its website.
- All four banks were limited or lacking in their indirect engagement disclosure. HSBC lagged in this respect, having not published a list of trade association memberships since 2020. Barclays, NatWest, and Lloyds all published at least a partial list of trade association memberships, but all three could improve by detailing these associations' policy engagements. There is an opportunity for the UK banks to conduct comprehensive climate lobbying reviews and demonstrate regional leadership for the banking sector on transparency.

Unlike the EU Commission, the UK Government does not publish responses to stakeholder consultations or minutes of meetings with industry, nor does it require lobbying disclosures by companies. InfluenceMap has conducted research on steps the UK Government could take to improve transparency around lobbying, including by publishing consultation responses, reforming the lobbying register, and mandating lobbying disclosures.

31 *Department for Transport: Official Statistics, Transport and Environment Statistics, October 2023.*

Conclusion

FinanceMap's assessment of the four largest UK banks finds that despite setting net-zero goals, the banks are generally falling short on their commitments to climate action. Notably, none of the four banks have restricted financing to fossil fuels in line with science-based pathways, resulting in substantial amounts of money still flowing from the banks to fossil fuel companies. Meanwhile, Barclays and HSBC advocated against climate-related financial regulation intended to ensure the credibility of green and transition financing.

The research finds that despite having set some restrictions on fossil fuel financing, the banks have maintained substantial exposure to fossil fuels over the past five years. For oil and gas, all four banks have set exclusions for direct financing to new oil and gas fields. However, none of the banks have excluded financing to companies that are planning new oil or gas exploration and production, leaving a crucial gap allowing for continued financing to new fossil fuels. While the banks all state that financing to oil and gas companies is contingent on having credible transition plans or decarbonization strategies, none of their criteria require companies to restrict new oil and gas production, in direct misalignment with the IEA Net Zero by 2050 scenario.

The lack of comprehensive financing restrictions for fossil fuel companies is reflected in the Big Four's financing activities. All four banks' 2020–2024 lending and underwriting deal portfolios are misaligned with the IEA Net Zero by 2050 scenario, and only NatWest had a higher exposure to green companies than to fossil fuel companies. NatWest's exposure to green companies of 7.5% is more than double the exposure of any of the other three banks.

All four banks have supported the scale-up of "transition finance." However, without clear regulatory guidelines on eligible activities, this poses a risk of greenwashing and "locking in" future emissions. Both Barclays and HSBC took unsupportive positions around regulatory requirements to assess the credibility of green and transition financing. In contrast, Lloyds and NatWest took consistently supportive positions on proposed policy. Going forward, consistent advocacy for an ambitious policy framework will be crucial if the Big Four UK banks are to reach their net-zero goals.

In relation to their own net-zero commitments and transition plans, the banks all assert that broader economic, policy, and sectoral changes will be necessary for the decarbonization of their portfolios. NatWest, Lloyds, and Barclays have all directly engaged in support of real-economy policies to decarbonize housing and road transport in the UK, demonstrating the potential for financial institutions to exercise positive policy influence in climate-critical sectors to which they are exposed. Although HSBC has claimed it is reliant on ambitious policy to decarbonize the real economy to achieve its net zero goals, it has not translated this into positive policy advocacy.

The banks have demonstrated that they recognize the importance of the net-zero transition, setting long-term net-zero goals, and interim decarbonization targets. However, in the absence of policy that redirects financial flows away from the fossil fuel sector, the banks continue to fall short of their commitments by financing the expansion of fossil fuel production. If the banks are to uphold their climate commitments and become leaders in the climate space, they must take stronger action in line with net-zero pathways.

Appendix A: Industry Associations

Table I: UK Banks' Industry Association Memberships and Scores

Industry Association	Barclays	HSBC	NatWest	Lloyds	Performance Band	Organization Score	Engagement Intensity (Global)
TheCityUK					C+	67%	17%
The Investment Association					C	62%	22%
UK Finance					C-	57%	17%

Board Membership

Membership

Not a Member

Appendix B: Methodology

This section gives a high-level overview of the metrics used in FinanceMap's assessment of banks and the underlying methodologies. For an in-depth explanation of these methodologies, please refer to the FinanceMap Banking Methodology document. This research is largely divided into three assessment areas: (i) portfolio analysis, (ii) climate governance, strategy, and policies scoring, and (iii) policy engagement scoring, each with its own metrics and methods.

Table II: Summary of FinanceMap Assessment Areas

Assessment Area	Metrics	Benchmark Used	Data Sources
Portfolios	Fossil fuel and green financing, portfolio net zero alignment	EU Taxonomy on Sustainable Activities, IEA Net Zero Emissions by 2050 scenario	Bloomberg, PACTA for Banks, Asset Impact
Climate Governance, Strategy and Policies	Climate governance score	TCFD and IFRS-S2 Recommendations, NZBA Guidance, IPCC/ IEA Science-Based Policy (SBP) Benchmarks	Bank disclosures including TCFD, ESG, sustainability reports, sector policies, CDP Responses
Policy Engagement	Engagement on sustainable finance and real-economy climate policy	UN Guide on lobbying, government policy benchmarks	Data sources used by InfluenceMap's policy engagement methodology

Climate Governance, Strategy, and Policies Assessment

FinanceMap's Climate Governance, Strategy, and Policies analysis assesses statements financial institutions are making on how they are incorporating climate issues into their decision-making and operations using FinanceMap's matrix methodology. This methodology is adapted from the Task Force on Climate-Related Financial Disclosures (TCFD) and new International Financial Reporting Standards (IFRS) foundation's IFRS-S2 guidance, Net Zero Banking Alliance (NZBA) reporting, and IPCC and IEA technology statements.

The TCFD and IFRS-S2 standards provide guidance on 11 recommendations across four areas which are reflected in FinanceMap's matrix: Governance, Strategy, Risk Management, and Metrics and Targets. For each recommendation, the TCFD includes guidance for all sectors, and specific guidance and disclosure recommendations for banking, asset owners, insurers, and asset managers. Following the wave of net zero announcements from financial institutions in 2020-2021, additional benchmarks were introduced to strengthen the ambition of scoring criteria for targets. This analysis is supplemented with NZBA guidance for target setting to respond to the increased ambition in the sector.

Additionally, Science-Based Policy (SBP) benchmarks are used to measure the alignment of a financial institution's technology positions with the science of climate change. Technology positions and exclusion criteria do not clearly fit into an existing TCFD recommendation, therefore additional technology-specific queries were added to the assessment. These benchmarks are applied to a financial institution's internal policies on technologies including coal, oil, gas, nuclear and renewables. It also assesses a financial institution's engagement with broader climate and energy policy issues such as advocacy on the role and importance of different energy types in the future energy mix.

For each query, all publicly available evidence on a financial institution's relevant activities and processes are scored against qualitative scoring guidelines on a five-point scale from -2 to +2. A score of -2 indicates the evidence demonstrates significant underperformance relative to the benchmarks, while +2 indicates evidence of positive TCFD alignment and/or ambitious technology positions.

The scores for all evidence pieces within a query are weighted together to create a cell score for each of the 16 queries. The 16 query-level scores are in turn weighted together to create a top-line score for the performance of a financial institution's climate governance, strategy, and policies as a whole. This top-line score if displayed as a letter grade between A+ to F. For a full explanation of each query and the weighting calculations, please refer to the FinanceMap Banking Methodology document.

Portfolio Assessment

FinanceMap's assessment of banking portfolios seeks to comprehensively assess a bank's corporate lending and bond and equity underwriting activities. The Bloomberg Terminal LEAG function is used to access deal data for the banks analyzed. This research in particular assesses all corporate lending and bond and equity underwriting deals between 2020 and 2024 for the four largest UK Banks. FinanceMap uses two primary types of metrics to analyze banking portfolios: (i) exposure metrics, and (ii) portfolio net zero alignment scores.

Exposure Metrics

FinanceMap analyzes the exposure of portfolios to (i) fossil fuel production value chain companies, and (ii) companies which are primarily active in sustainable activities, or "green" companies. Exposure metrics are calculated both in absolute value and as a percentage of the portfolio's total value. The following sections explain how FinanceMap identifies fossil fuel and green companies respectively. FinanceMap calculates a portfolio's fossil fuel exposure by flagging all companies in a portfolio which are primarily active in fossil fuel production value chains based on their BICS, GICS, and NAICS sector classifications. The fossil fuel production value chain is defined as the universe of companies of which the primary sector of operations is in or uniquely related to the up-, mid-, and/or downstream segments of oil and gas production or the coal mining sector. This includes companies of which the primary operations are services specific to these sectors (e.g. exploration, surveying, pipeline infrastructure, etc.). FinanceMap defines green companies on the basis of the EU taxonomy for sustainable activities (abbr. "EU taxonomy"). Specifically, all companies with over 75% of revenue deriving from activities which demonstrate substantial contribution to climate change mitigation under the EU taxonomy are considered "green" under this methodology.

FinanceMap gathers data on companies' percentage of revenue contributing to climate mitigation from Bloomberg. Specifically, Bloomberg Terminal provides data for the "estimated revenue demonstrating substantial contribution to climate change mitigation" under the EU taxonomy. FinanceMap supplements this with Bloomberg data on companies' revenue in BICS sectors which are classified as having substantial contribution to climate mitigation with no criteria (e.g. solar or wind power generation, production of zero- emissions vehicles, power storage, etc.) All companies with over 75% revenue in either the former or the sum of the latter are considered "green."

Portfolio Paris Alignment

The other primary metric FinanceMap uses to analyze portfolios is the Portfolio Paris Alignment (PA) Score. This metric uses the industry-standard Paris Agreement Capital Transition Assessment (PACTA) tool, an open- source methodology managed by RMI and expanded upon by FinanceMap, to measure the alignment of a portfolio of companies with the IEA Net Zero Emissions by 2050 Scenario (NZE). FinanceMap uses the PACTA tool to assess a portfolio's Paris Alignment on the basis of deals in the power, upstream oil and gas, coal mining, and automotive sectors. Alignment is calculated by comparing the forecast green and polluting production of portfolio companies in these sectors against IEA NZE pathways over the period 2020-2029. The portfolio net zero alignment scores produced range from -100% (highly misaligned) to +100% (outperforming the NZE pathway), with a score of 0% representing a portfolio invested in companies of which the production aligns with the IEA NZE. Portfolio net zero alignment scores are calculated at technology, sector, and portfolio levels. Portfolio scores are derived from sector scores, which are in turn derived from technology-level scores. For an in-depth explanation of this metric, please refer to the FinanceMap Banking Methodology document.

Policy Engagement Assessment

This research also examines the banks' direct and indirect engagement with both climate-related financial regulation (also, sustainable finance policy) and with real-economy climate policy. InfluenceMap defines "policy engagement" based on the UN Guide for Responsible Corporate Engagement in Climate Policy (2013), which defines a range of corporate activities as engagement, such as advertising, social media, public relations, sponsoring of research, and direct contact with regulators and elected officials. Similarly to the climate governance, strategies, and policies assessment methodology, InfluenceMap's assessment of policy engagement qualitatively analyzes publicly available evidence on an organization's policy engagement activities against government-standard and science-based benchmarks. InfluenceMap's system does not take a position on climate-related policy efficacy, but instead measures corporate positions against Paris Agreement-aligned benchmarks of government policy. The data sources analyzed include organizational websites, social media, senior management statements, regulatory consultation comments, financial disclosures, and reliable media outlets.

InfluenceMap's climate finance policy engagement assessment produces four key metrics:

- The **Performance Band** (A+ to F) is a full measure of an organization's climate-related policy engagement, accounting for both its own engagement and that of its industry associations. Grades from A+ to B (i.e. above 75%) indicate broad support for science-aligned climate policy, while grades from D to F (i.e. below 50%) indicate increasingly misaligned climate-related policy engagement;
- The **Organization Score** (0-100) expresses how supportive or obstructive the organization is toward climate-related policy. Scores under 50 indicate misalignment between the organization's direct climate policy engagement and IPCC recommendations on limiting global temperature rise to 1.5°C;
- The **Relationship Score** (0-100) expresses how supportive or obstructive the organization's industry associations are towards climate-related policy aligned with IPCC recommendations on limiting global temperature rise to 1.5°C. Scores under 50 indicate misalignment between the climate policy engagement of an organization's industry associations and science-aligned recommendations;
- The **Engagement Intensity** (0-100) is a measure of the level of policy engagement by the organization, whether positive or negative. Scores above 13 indicate active engagement, and scores above 25 indicate highly active or strategic engagement.