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Belgian Banks Climate Transition Plans

A 2024 Stocktake

November 2025



ROYAUME DE BELGIQUE

Ministre de la Mobilité, du Climat et de la transition
Environnementale, chargé du Développement durable

KONINKRIJK BELGIË

Minister van Mobiliteit, Klimaat en Ecologische Transitie,
belast met Duurzame Ontwikkeling

Foreword by minister Jean-Luc Crucke

The climate transition is not only a challenge, but also an opportunity to make our economy future-proof. This study provides interesting initial results from an exercise that has never before been carried out in Belgium. While our neighboring countries have been monitoring the climate commitments of their financial sectors for some time, this is a first for Belgium.

The financial sector plays a key role in the shift towards a climate-neutral economy. Banks help determine the direction in which our economy evolves: they finance today's projects that will shape tomorrow's society. They can phase out harmful activities and stimulate sustainable projects. And above all, they are close to their clients — businesses, SMEs, and savers — and therefore know better than anyone what opportunities and concerns exist in practice. The purpose of this study is threefold. In order to monitor progress, a baseline measurement first had to be carried out. This maps out to what extent Belgian banks have transition plans, measure the emissions of their entire portfolio, and are still involved in financing activities with a high climate impact, such as fossil fuels. This baseline provides a starting point: a first “snapshot” of where the sector stands today, so that future editions can better track progress and policy effectiveness.

The results present a positive initial picture. All banks integrate climate criteria into their credit and investment policies, more than 90% offer green products, and most report on their direct and indirect emissions. Sustainability is increasingly being incorporated into long-term strategies and is increasingly seen as a strategic priority.

At the same time, there are still clear areas for improvement — which is good news, as it means there is room for further progress. Only a minority of banks have already set a Net Zero target for 2050, and some institutions continue to support projects that, according to the International Energy Agency, are not compatible with a climate-neutral future. In addition, sustainability teams are under increasing pressure: reporting requirements remain, while the supporting framework is coming under strain due to European simplification initiatives. As a result, data gaps threaten to widen, even though transparency is crucial.

This study therefore not only shows where the sector stands today, but also where cooperation is needed. Banks cannot carry the transition alone. They need predictable policies, coherent regulations, and a clear perspective. The federal government wants to be a partner in this: by strengthening dialogue with the sector, working together on better data and policy frameworks, and helping to find solutions that accelerate the financing of the transition.

I would like to thank the banks for their openness and participation in this process, the administration for its coordination, and Climact for the work delivered. This first study is an important step in the cooperation between government and the financial sector, with one common goal: a sustainable and resilient Belgian economy.

Happy reading,
Jean-Luc Crucke

Minister for Mobility, Climate, Ecological Transition, responsible for Sustainable Development

Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis



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Foreword by Febelfin

"Failing to plan is planning to fail."

The transition to a sustainable economy is not a distant ambition, but a clear necessity. In that transition, transition plans serve as a crucial roadmap.

We greatly appreciate the work delivered by the FPS Public Health, Food Chain Safety and Environment and their consultant Climact for their report on the 2024 Climate Transition Plans of Belgian banks. The report clearly shows that Belgian banks are deeply integrating climate mitigation criteria into their lending and/or investment decisions, and are also offering various green financing solutions. The finding that banks increasingly view the climate transition as a strategic opportunity rather than a burden is both fascinating and encouraging.

In particular, we are pleased to read several concrete next steps and policy recommendations in this report. These confirm the proposals the sector has long advocated. The financial sector is eager to be a partner for policymakers and public administrations to jointly work towards a successful, sustainable, and inclusive transition.

This report was written by Climact on behalf of the following Federal Public Service (FPS):

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An electronic version of the report is available on the website of the Federal Climate Change Department: www.klimaat.be

Key messages | Summary of the stock take

- 1 ~90% of assessed banks report on Scopes 1, 2, and 3, covering both direct and financed emissions. Yet, inconsistent methodologies hinder peer comparison and nationwide analysis.
- 2 While 90% of assessed banks have pledged to phase out new coal capacity financing in the near future for all of their activities, 33% (small or private banks in this study) lack exclusion threshold for investees or clients with oil & gas expansion plans.
- 3 On the positive side, all banks integrate climate mitigation criteria into their lending and/or investment decisions and over 90% of them offer green products for part of their activities.
- 4 Only 38% of Belgian banks have set Net Zero targets by 2050 on some activities, 62% set near-term or self-imposed targets on green lending, bond underwriting or other specific banking activities — while these are often non-binding, they signal intent and drive the sector towards more sustainable practices.
- 5 Dedicated reduction targets are most commonly applied to lending, asset owner and asset management activities, while capital market operations and insurance activities rarely fall under specific commitments.

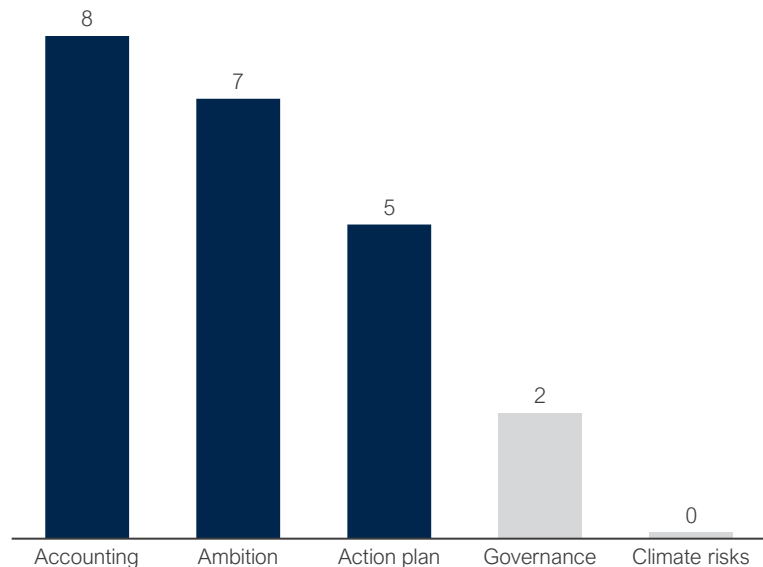
Key messages | What was shared throughout the interviews

- 6 Most banks¹ view the **climate transition** more **as a strategic opportunity than as a burden** — to strengthen client relationships, drive innovation in products, and position themselves for long-term growth.
- 7 All interviewed banks **continue to put ESG forward**, reflecting the enduring relevance of sustainability in their long-term strategies despite current uncertainties and changing geopolitical context.
- 8 All banks call for **more consistency through time and stronger alignment between regional and federal policies** to provide the certainty needed to support the transition. In addition to clearer policy direction from the government, there is also a need for Belgium-specific and sector-specific scenarios to guide all actors in their decarbonization efforts, and to identify financing needs and gaps.
- 9 Data quality and availability remains another major barrier for Belgian banks to develop accurate carbon footprints, targets and action plans, which the public sector could address through the development of data streamlining and gathering policies (i.e. with EPC data).
- 10 Banks are ready to finance Belgium's transition but underline decarbonization requires shared responsibility: financing a sustainable future demands clear societal alignment and coordinated action from public authorities, the private sector, and society at large.

Why a stock take ? Context, aim and limitations of the report

Climate change represents one of the most pressing challenges of our time. Its consequences are already tangible across the globe, growing in scale, frequency and intensity year after year. Addressing this crisis requires the mobilization of all sectors of society to limit global warming to 1.5°C and avoid its most devastating impacts. Within this collective effort, **banks play a pivotal role**: as key providers of financing at scale, they are one of the main enablers of the transition towards a more sustainable economy.

What are the most challenging transition topics for banks to address ?
(number of banks identifying the topic as priority challenge)



In line with the **Corporate Sustainability Reporting Directive (CSRD)**, Belgian banks are required as of 2024 to disclose their ESG strategies and actions. In particular, their **reporting on climate change covers five key areas** that are seen as key parts of an overall transition plan: carbon accounting, the definition of climate ambitions, the development of action plans, climate risk assessments, and governance structures.

This report offers a **stock take of the climate change disclosures of a selection of Belgian banks**. Its objective is twofold: first, to provide a **consolidated overview of the current state of play of financed emissions, the banks' ambitions and actions**; and second, to **highlight the key challenges** they face in designing and implementing credible transition plans. In doing so, the report also aims to shed light on **how policy can further support banks** in setting and achieving ambitious, practical, and effective climate strategies.

Banks highlighted **carbon accounting, ambition setting and action plan development as the three most challenging areas** to address, therefore the focus of the report is on these three themes. The analysis is **based exclusively on publicly available information** from 2024 reports, complemented by **interviews** with sustainability managers. **Thirteen banks were assessed**, eleven of which agreed to participate in interviews.

The 13 assessed banks have been classified according to their scope of activity

Legend ● Local Belgian bank ☆ Bank part of an international group and/or operating outside of Belgium

Activities and criteria for inclusion		Small ¹		Retail								Private		
		●	●	☆	☆	☆	●	☆	●	☆	☆	●	☆	☆
Lending	Entities that provide loans, such as retail or commercial banks, as well as non-bank lenders													
Asset owner investing	Entities that own investments, such as asset owners, re/insurance companies (asset side), banks (direct investing activities), pension funds, family offices, etc													
Asset management	Entities that manage investments (such as asset and wealth management firms) on behalf of clients													
Insurance underwriting	Entities that provide insurance underwriting services, such as primary insurers, reinsurers or captives (i.e., all entities that have a license to be a risk carrier).													
Capital market activities	Entities such as investment banks that facilitate the primary issuance of capital market instruments													

1. Small banks = Belgium-focused banks with narrow service offering and limited customer base.

Note: Activity included only if performed by the bank (e.g. distribution of insurance products is not identified)

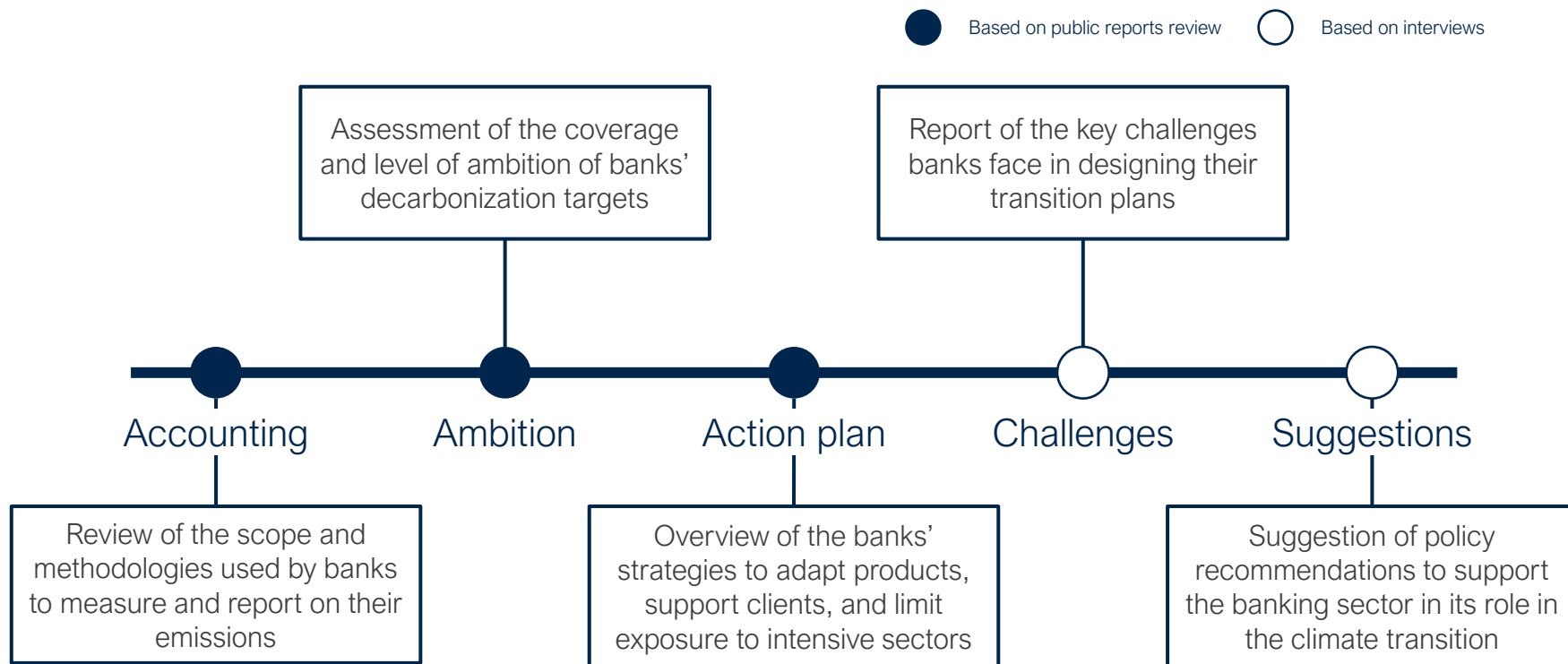
Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis



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The report is structured around 5 key topics



ACCOUNTING

The first step to defining a robust transition plan

Carbon accounting is critical for banks to answer to **mandatory reporting requirements**, yet precise and accurate accounting practices are also the **bedrock for a solid transition plan**. As the saying goes: “You can’t manage what you don’t measure”. Performing a thorough carbon footprint is therefore the first step for a bank in defining its transition plan.

A bank’s carbon footprint provides an accurate view of the emissions linked to its own operations (“Scope 1”), its electricity consumption (“Scope 2”), as well as its indirect, value chain emissions (“Scope 3”). In the financial sector, **indirect emissions represent most of the footprint, as these include financed emissions**: the greenhouse gas emissions associated with the investments and lending activities of the bank.

While all banks account for some degree of carbon emissions, they **do not disclose them with the same degree of transparency**, as the scope and depth of this accounting vary significantly, even though most follow the same methodology.

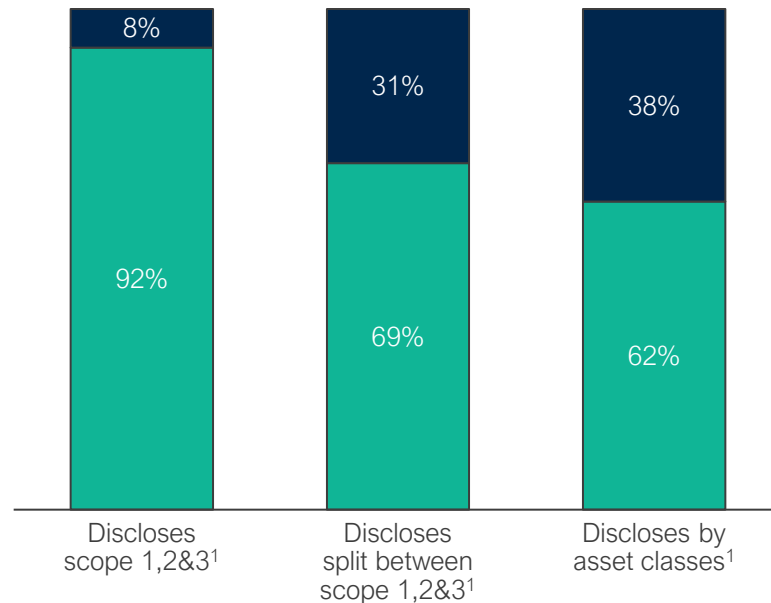
Carbon accounting is also **crucial from an industry perspective**, as it allows to **benchmark** the carbon intensity of different banking services across financial actors.

92% of Belgian banks account for the direct and value chain emissions of their counterparties in their own GHG-inventory and ~70% follow the PCAF methodology

Granularity of financial emissions footprint

(number of banks that disclose GHG emissions accordingly, as share of total)

- The bank reports emissions as such
- The bank does not report its emissions as such



Accounting for emissions linked to financial activities has **become standard practice for banks due to mandatory** (e.g. Pillar 3 transition risks & SFDR PAI disclosure) **standards and frameworks**. **Robust methodologies** (e.g., PCAF, GHG Protocol) exist to ensure consistency in accounting practices. It allows to estimate the **exposure to carbon intensive activities** and can thus be seen as a proxy for transition risks.

ESRS standard for CSRD disclosure references the PCAF standard to account for financed emissions (i.e. emissions linked to investing & lending). This standard requires to report (depending on the asset class) on the direct (scope 1 & 2) and indirect (scope 3) emissions of clients. The study identified that **most banks follow the PCAF standard**, yet not all of them follow the same template. Additionally, a number of banks choose to **use financed emissions estimates from other disclosures** (e.g. SFDR PAI or Pillar 3 transition risks), meaning that absolute emission estimates remain **difficult to compare**.

All banks except for one² report on the 3 scopes of its clients' emissions. Four banks only report an aggregated number for their clients' Scope 1,2 & 3 emissions, which doesn't allow for an in depth understanding of the source of these emissions.

Roughly **half of the assessed banks** provide a detailed **breakdown of emissions by asset class following PCAF guidance** (e.g. mortgages, business loans) which allows for a clearer understanding of the carbon intensity of their different activities.

1. For the banks' most relevant activities. 2. Part of the "small bank" group.

Note: sample size n= 13 for all three visualizations.

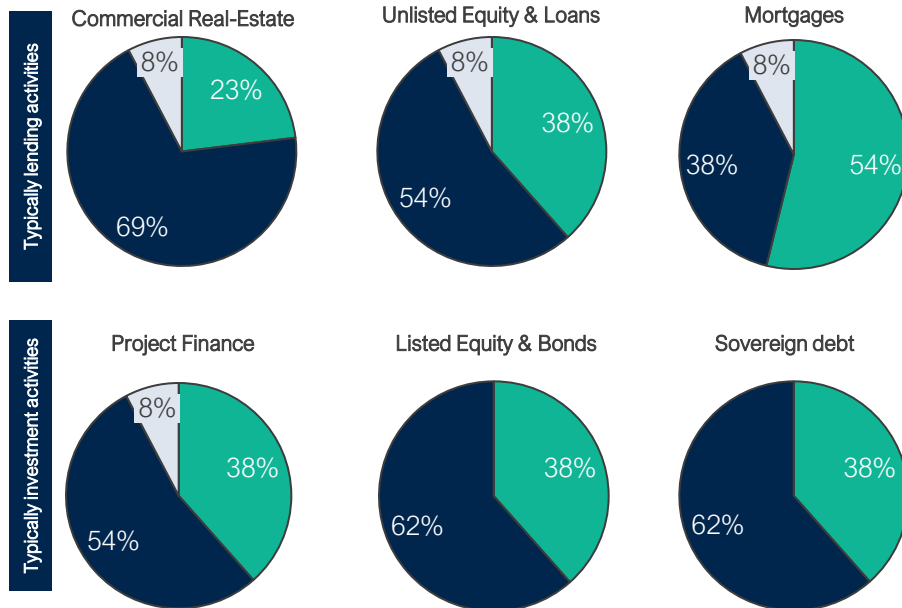
Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis

Data remains one of the largest issues faced by banks today, with mortgages being the only asset class with over 50% bank-level emissions reporting

Granularity of financial emissions footprint

(number of banks that disclose their emissions for this specific activity, as share of total)

- The bank reports emissions from this activity separately
- The bank does not report emissions from this activity separately
- The bank does not offer this service



While more than 90% of financial entities report emissions at an aggregated level, few of them disclose emissions from their different asset classes.

Challenges regarding data collection vary depending on the type of actor:

- Smaller banks** are primarily lending-focused and exposed to transition risks from long-term credits. Data collection is challenging due to limited client disclosure.
- Private banks** are typically asset management-centric and aligned with SFDR disclosures. Data on listed instruments is more readily available.
- Large retail banks** provide a broader range of financial activities, including asset management and insurance, leading to more complex emissions profiles.

Additionally, we notice activity specificities:

- Emissions from capital market activities** (e.g., M&A, bond underwriting) are limitedly disclosed, yet standards exist, and these activities can contribute to sustainable investments. These activities are also typically less important for Belgian banks.
- Emissions from liquidity portfolios** (government and investment-grade bonds) are significant in volume but rarely disclosed on as they show limited opportunity for decarbonization.

Belgian banks financed emissions reporting shows medium data quality and high variability

PCAF quality score per asset class¹



PCAF appears as the reference framework for assessing the reporting quality of Belgian banks financed emissions. All 13 assessed banks rely on this data quality index and aim to report on it on a yearly basis, yet today **only part of the assessed banks have reported a PCAF quality score (5)**. Most banks also disclose the data providers they use for their financed emissions (Scope 3.15) footprint, providing additional transparency to their reporting.

This year's reporting highlights **medium overall data quality and strong variability across asset classes**. For some asset classes, only three banks disclosed data quality scores, **limiting comparability**. This situation **could be improved through stronger policy support**, particularly regarding real-estate assets (Mortgages and Commercial Real Estate). The lack of available **EPC data** and inconsistent categorization across regions **remain major obstacles**, significantly undermining the accuracy of carbon accounting in this segment.

For other asset classes, similar challenges exist and are widely recognized by the banks. Most institutions stressed that addressing these issues requires national-level action. In practice, this means developing and **publishing nationwide databases and enforcing companies to disclose** reliable, standardized data that can then be used consistently by financial institutions. Initiatives by the financial sector such as KUBE ESG were also mentioned as important to improve data quality

1. 1 is the highest possible score in data quality.

Note: sample size n = 5 for Mortgages, 6 for Sovereign Debt, 3 for Unlisted Equity, 4 for Listed Equity & Bonds, 3 for Commercial RE.

Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis

The targets assessed in this section were categorized as follows:

	Absolute reduction	Fin. em. ¹ intensity reduction	WACI ² reduction	Physical intensity reduction ³	Engagement/ ITR ⁴	Solution financing
Description	A reduction in absolute financed emissions	A reduction in intensity (relative reduction) of financed emission	A reduction in weighted average carbon intensity per euro revenue of counterparties	Reduction in physical emission intensity of specific sector in portfolio	A target that focuses on the transition status of counterparties	Target on financing a portion or certain amount in transition solutions
	- xx% tCO ₂ e	- xx% tCO ₂ e/ m.eur invested	- xx% tCO ₂ e/ m.eur revenues of counterparts	-xx% tCO ₂ e/m ²	portfolio aligned with 2°C	
Goal	Reduce total transition risk	Reduce relative transition risk	Reduce relative transition risk Compare between peers	Reduce sector specific transition risks Real world transition	Reduce counterparty specific transition risk Support/track transition of counterparties	Capture climate opportunities
Mostly used for	Lending (in fossil fuel sector)	Lending & asset management	Asset management (PAI indicator)	Lending, asset management	Lending, asset management	Lending, asset management

1. Financed emissions 2. Weighted Average Carbon Intensity: a relative reduction (in %) of the weighted average of investee companies' carbon intensity (weighted against the size of the investment) 3. This sets a target on tCO₂e per sector-specific unit, instead of per € 4. Implied Temperature Rise
Source: CLIMACT analysis



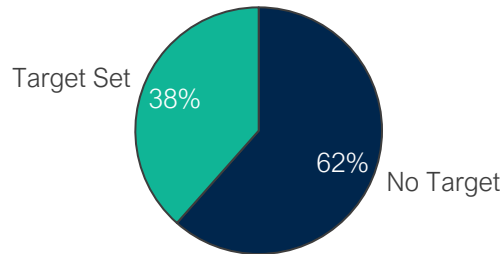
AMBITION

The decarbonization goal which contributes to the transition

38% of assessed banks committed to Net Zero by 2050 and 62% only to Near-Term targets, while 38% have not disclosed any public commitments

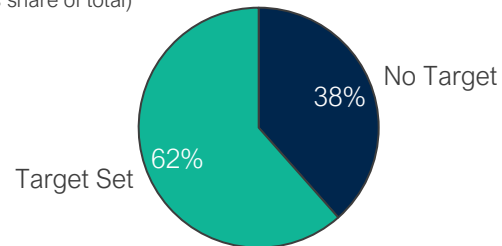
Share of banks having set a net zero target by 2050

(number of banks that have set a target on at least some part of their activities, as share of total)



Share of banks having set short term targets

(number of banks that have set a target on at least some part of their activities, as share of total)



The financial sector ranks just above the energy sector as the industry with the **lowest share of institutions holding SBTi targets** set or validated.

Where targets exist, they are **typically limited to specific portfolio segments**, most often corporate loans and mortgages, while other asset classes and/or financial activities remain largely exclude for various reasons including lack of data, limited size of the activity and/or limited action levers available. Moreover, the majority of these are physical intensity reduction targets, which do **not necessarily result in a reduction of absolute emissions**.

Two distinct approaches to target-setting can be observed among Belgian banks:

- Some institutions adopt a **cautious stance, choosing to delay public target-setting** until they are confident that targets can be met. They emphasize the need for a clear regulatory framework that provides incentives for clients to transition, stressing that without such support, targets risk being unattainable or achievable only at the expense of business growth.
- Other actors prioritize **signaling their commitment by setting targets, even when achievement is uncertain**. They adopt a dynamic approach, continuously monitoring and adjusting their strategies. This approach is more often seen among smaller banks with a more selective client base.

Some banks have not yet defined long-term targets but have either **committed to SBTi** or set their **own near-term goals**. These self-defined targets typically focus on a minimum volume of green loans to be distributed. While such targets are non-binding, they help set a direction for the industry and encourage progress toward more sustainable practices.

Within the assessed banks, **38% did not set any target**. These are typically the small and private banks.



Belgian banks address each activity with different types of targets, focused mostly on high-impact sectors and solution financing

Target type per activity

(number of banks that have set a target)

Activity	Target type					
	Absolute reduction	Financed emission IR ¹	WACI-reduction	Physical IR	Engagement / ITR target	Climate solution financing
Lending	0	0	0	1	0	0
• Corporate loans	1	2	1	6	3	6
• SME-loans	0	2	1	3	2	4
• Mortgages	1	2	1	5	3	5
Asset owner investing	1	2	2	3	4	3
Asset management	0	1	2	0	3	3
Capital markets activities	0	0	0	0	0	0
Insurance	0	1	0	0	0	0

Physical intensity reduction and climate solution financing are the most widely-used types of targets at activity-level.

They align well with the role of banks as enablers of the transition and could be the basis to compare banks ambitions with BE-specific scenarios & financing needs

Absolute reduction is the least popular target type, although useful in sectors that need to shrink (fossil fuel) in the transition, at aggregate level it is more a lagging indicator

No specific targets on capital market activities (CMA) reported by banks in scope, and limited targets on **insurance**. This is the result of low carbon accounting maturity, limited action levers for underwriting.

1. Intensity reduction

Note: sample size n= 13

Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis

ACTION PLAN

The roadmap to decarbonization

A robust action plan is central to a credible transition strategy. Through their action plans, banks develop a roadmap of activities that enable to reduce their footprint.

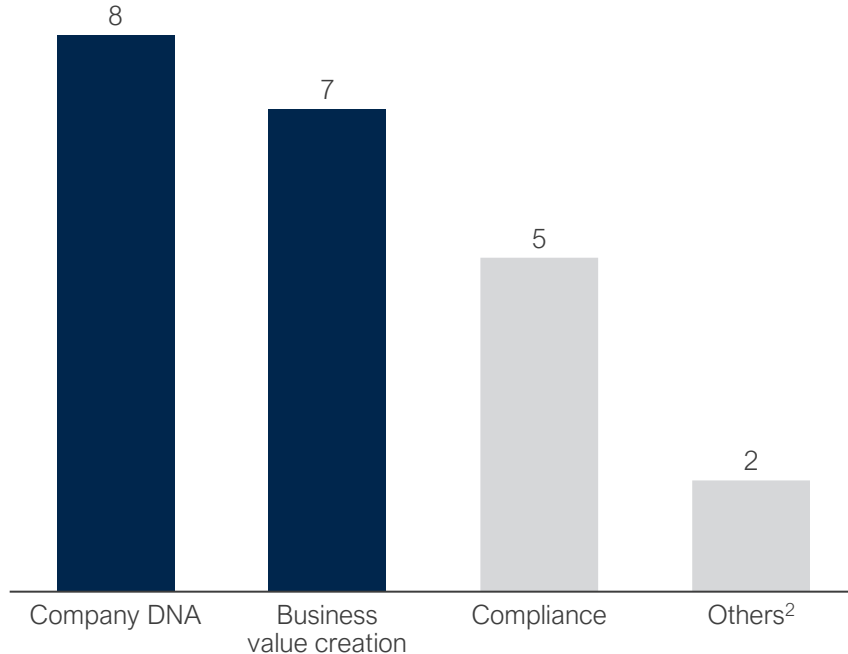
For a bank, these actions can take different forms:

- **Sustainable products:** the development of green financial products such as sustainability-linked loans and green bonds
- **Exclusion policies:** a commitment to stop financing specific sectors and/or specific actors in a high-emitting sector not meeting specific climate criteria, for example fossil fuels
- **Voting policies:** the use of proxy voting rights to influence investee's behavior towards sustainable decisions such as capex-plans, strategic orientation, etc.
- **Divestment:** the sale of shares or bonds with a company in a high-emitting sector or which does not align with the bank's objectives
- **Internal process integration:** the integration of climate considerations into core banking processes, such as lending process, credit risk models or capital allocation frameworks
- **Engagement policies:** the development of a structured two-way engagement with a client or investee regarding climate commitments and actions
- **Support of climate solutions:** the financing of projects or technologies that enable to reduce or remove GHG emissions
- **New services:** the development of additional services to support clients in their transition, such as advisory or analytical support

These actions enable banks to mitigate transitions risks and to enter new sectors and markets.

Belgian banks¹ mention their prime two drivers for developing a transition plan are company DNA and business value creation

Reasons for driving the development of a transition plan
(number of banks that indicated each reason as Top 2)



Belgian banks are motivated by a **strong conviction that they must act on climate change**. Sustainability and climate change have long been present on the agenda, and it appears they have been embedded in the company values of most banks.

Interviews reveal that Belgian banks increasingly **recognize the benefits of climate action**, for their shareholders and their clients.

Interestingly, **risk management was only mentioned once** as a driver for developing transition plans. This suggests that banks today primarily consider the development of transition plans as future-oriented, value-creating exercises rather than as a protective measure against potential transition risks.

Of course, regulatory compliance also plays a role in accelerating the development of transition plans, yet the findings indicate that **banks see regulation as an enabling framework** that supports their sustainability ambitions, rather than the core reason for pursuing them.

¹ This reflects the views of the sustainability teams of the banks. ² Others include shareholders' push and risk management.

Note: sample size n=10

Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis



Core banking activities - lending and asset management - are largely tackled by several types of action, while CMA and insurance activities remain limitedly addressed (I/II)

Per type of activity, share of banks that have developed each type of supporting climate action
(number of banks that have indicated to have set a specific target on a specific activity¹, as share of total)

Activity	Supportive climate actions taken							
	Sustainable products	Exclusion policies	Voting policies	Divestment	Internal process integration	Engagement policies	Invest / support climate solutions	New services
Corporate loans	75-90%	>90%	N/A	N/A	75-90%	75-90%	>90%	10-25%
SME-loans	50-75%	50-75%	N/A	N/A	50-75%	50-75%	75-90%	10-25%
Mortgages	50-75%	25-50%	N/A	N/A	50-75%	75-90%	75-90%	25-50%
Asset owner investing	50-75%	75-90%	50-75%	50-75%	50-75%	75-90%	50-75%	N/A
Asset management	25-50%	50-75%	75-90%	25-50%	50-75%	50-75%	25-50%	10-25%
Capital markets activities	N/A	25-50%	N/A	N/A	10-25%	N/A	N/A	N/A
Insurance	25-50%	25-50%	N/A	N/A	N/A	10-25%	10-25%	N/A

1. % are based on the number of banks involved in that activity

Note: sample size n= 13 being the maximum

Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis

Core banking activities - lending and asset management - are largely tackled by several types of action, while CMA and insurance activities remain limitedly addressed (II/II)

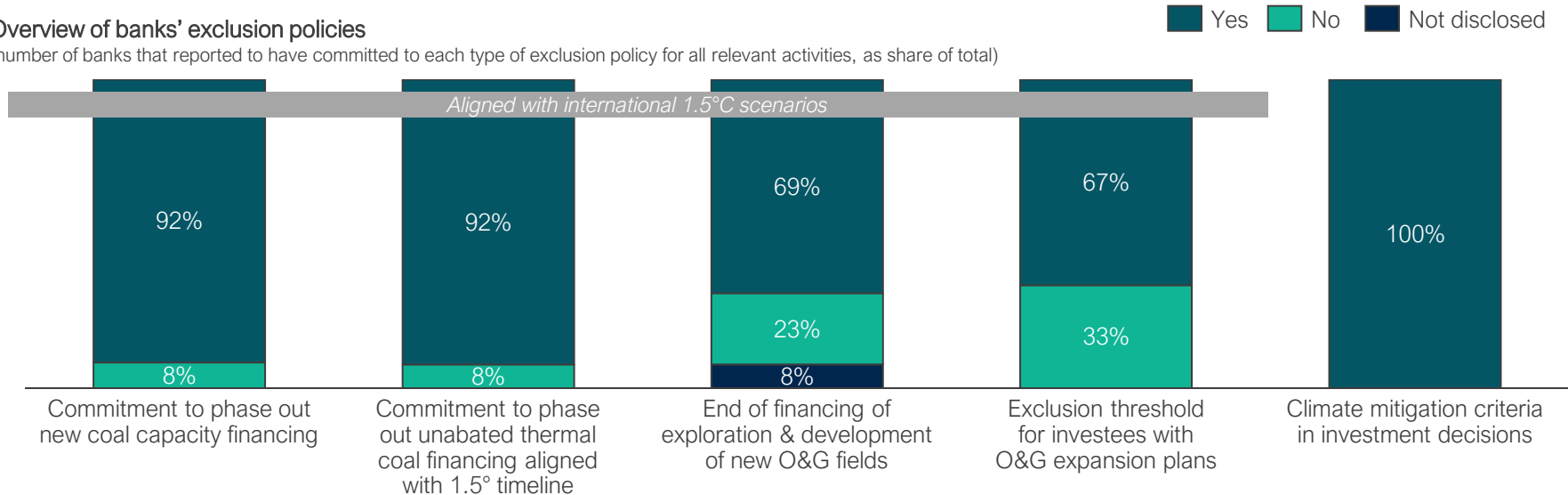
- Most banks offer clients **green products across their service offering**. In their lending practices these are mainly **interest-rate discounts** in case the financed activity/project is green. For asset management activities most banks offer **sustainable investment funds**, where some banks offer them as the standard product to clients.
- Banks at the moment also favour other enabling actions for clients in their lending practices. **All types of clients are engaged around climate aspects** through various means: 1:1 discussions with bankers, mass-communication, etc. Specific offerings are developed for climate solutions, typically focused on renovation, renewable energy & e-mobility.
- Some banks even developed **new non-financial services** to support clients and create business value. These typically focus on **energy management and renovations**.
- **Exclusion policies** are mostly **focused on large counterparties** as showcased by a higher uptake in corporate lending & investment activities. This is **linked to data availability**, counterparty **maturity and regulation**. For private & SME clients, exclusion is far less used as several banks expressed their role of financing the whole economy.
- **Less action** is taken **for capital market activities (CMA) & insurance**. CMA is only done by large banks for typically larger business & corporate clients. It can thus be an **important lever to raise capital for the transition**. In **insurance**, due to the contractual nature of these relationships, clear action levers are limited, and **focus** is more logically put on **mitigating physical climate risks**.



Most Belgian banks have defined exclusion policies in all key emission-intensive sectors

Overview of banks' exclusion policies

(number of banks that reported to have committed to each type of exclusion policy for all relevant activities, as share of total)



Phasing out of coal-related activities is widely supported by Belgian banks, yet oil and gas-related activities are still partly supported. This is further illustrated by the banks' quantitative PAI disclosures (9 out of the 13 assessed), which revealed that 0,9% – 10,48% of their corporate & business lending still support the fossil fuel industry¹. Yet, all assessed banks declare they consider climate mitigation criteria in their investment decisions, notably through the definition of “responsible investment policies” and the development of ESG credit assessment frameworks and scorecards.

1. This percentage was computed by taking the Total gross carrying amounts exposed to Mining of coal and lignite (B.05), extraction of crude petroleum and natural gas (B.06) and manufacture of coke oven products (C.19) divided by the total carrying amount of the loan/credit book.

Note: sample size n= 13 banks, except for ‘commitment to phase out new coal capacity financing’ and ‘exclusion threshold for investees with O&G expansion plans’ where sample size n=12 banks.

Source: Publicly available reports, interviews conducted as part of the study, CLIMACT analysis

CHALLENGES & SUGGESTIONS

The roadblocks and way forward

Banks play a central role in **financing the transition**, yet they are exposed to an uncertain environment and several challenges in developing ambitious transition plans.

Indeed, the challenging regulatory and geopolitical context creates uncertainty for banks to **support their clients in the transition**. Still, climate action continues to be seen as a **strategic necessity** and a source of **competitive advantage**, and the assessed banks mention they are mostly willing to hold on to their targets despite the uncertainties.

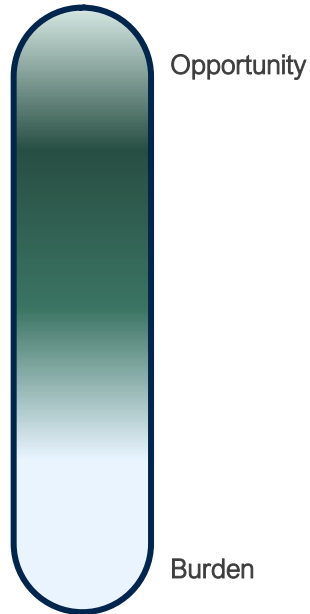
Additionally, interviews with Belgian banks highlighted various challenges regarding the development of their transition plan, including the lack of a consistent and business-value oriented **national direction** which creates strategic uncertainty for banks, **technical barriers** which undermine accurate carbon accounting and disclosure quality, and the need to reconcile climate goals with **other priorities related to social and other environmental topics**.

There is a strong belief that **policies can play a strategic role in supporting the banks**, through measures at the regional and federal level.

Despite a challenging regulatory and geopolitical context, Belgian banks still see the transition as an opportunity, and are willing to hold on to their stated ambition

Number of votes 

Do you see the transition as a burden or an opportunity ?

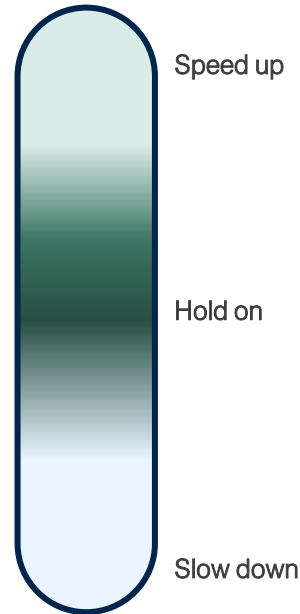


Despite the **reporting burden** felt by the financial sector around ESG topics, most banks **still see the transition as an opportunity**.

Indeed, supporting the transition means **ensuring the resilience of clients** in the future - corporate clients incentivized to invest in green technologies and energy, private clients encouraged to pursue property renovations - and therefore, strengthening their long-term solvability.

Ultimately, supporting the transition is considered a **growth and strategic long-term opportunity** for banks.

In this geopolitical context, are you willing to slow down, hold on or speed up on your ambition transition plan ?



Most banks indicated their **intention to maintain their current climate ambitions** and transition plans, despite prevailing geopolitical and regulatory uncertainties. While the pace of certain initiatives may fluctuate—some progressing more slowly, others being accelerated—the **priority remains to continue supporting the Belgian market and society**.

Moreover, a majority of stakeholders emphasized that **climate change remains a threat regardless of the existing macro-economic and political circumstances**.

Finally, given the **significant effort invested** in ongoing climate initiatives and the **benefits and opportunities** these represent for the banks and their clients, these are unlikely to be slowed down in response to short-term uncertainty.

8 challenges encountered by banks throughout the development of their transition plan

National Direction

1. The lack of consistency of the national ambition, both over time and with science, to aligned with a 1.5°C pathway, impacts the banks' ability to meet their targets.
2. Discrepancies between the federal and regional directions and implementation, resulting into an inconsistent and unpractical NECP, hinder the banks' ability to provide nation-wide sustainable services.
3. Banks with a large SME portfolio are constrained by these companies' capacity to act and/or report on climate change, hindering their ability to reach ambitious decarbonization targets.

Data

4. The lack of data availability, both from companies (not all companies measure their emissions, or at least not fully) and from households (clients do not know and/or report the EPC label of their property), hinders the banks' carbon footprint reporting.
5. The lack of EPC data consistency between regions (as EPC categories have been defined differently between Flanders, Brussels and Wallonia) forces banks to use proxies that do not accurately reflect the impact of their mortgage portfolio.
6. The low data quality, linked to the lack of data availability which results in banks estimating a large part of their data set, reduces the overall quality of their reporting and hinders comparison and tracking of progress.

Priority

7. The Just Transition is also mentioned as a priority by some banks, resulting in cautiousness to set clear Net Zero pathways without the necessary government support to vulnerable households and SMEs.
8. Differing views as to what the role of the banks is in the transition – driving it versus merely supporting it – impacts the speed and depth of the actions they are willing to take to decarbonize their portfolios.



Different policy levels can support transition planning with concrete measures linked to a consistent long-term vision

Policy level	Concrete next steps	Long-term policy
	- Ensure incentive for SMEs to act on climate change by pushing for a tailored reporting framework, lighter yet actionable - Ensure that updated SFDR framework creates fair, clear & workable guidelines to develop sustainable and impact-focused products, reducing oversight burden imposed by national regulators.	Guarantee stability regarding policy and reporting frameworks (CSRD, CSDDD, ...) both for large companies and SMEs in the future
	- Develop a state-guarantee backed framework to support renovations for vulnerable households - Review and translate existing government work on transition scenarios & financing into accessible formats that banks and industries can directly leverage to draft their own transition plans and identify financing gaps - Develop integrated social climate plan that ensures vulnerable households are supported in transition of their housing & transport, together with the regions	- Create a positive narrative around the transition as the way to build a resilient Belgian economy - Ensure NECP is build on integrated scenario at sector level that can be exploited by banks to benchmark clients & portfolios on national transition
	- Create an open-access EPC database managed by the government - Align on an actionable framework to disclose regional ambitions, to enable actors to align their decarbonization plans to these ambitions, and to ease consolidation of the NECP at national level	Streamline EPC labels between regions

Suggested next steps for this study

1

Extend the study to other financial actors, such as insurers, pension funds, asset managers, private equity & debt funds, venture capitals,... to create a complete stock take of the financial sector in Belgium

2

Monitor this stock take on an annual basis, in collaboration with the sector, to provide an up-to-date and accurate view of the financial sector's ambition regarding climate in Belgium

3

Structure the dialogue between banks & policy makers to strengthen the alignment on how to finance the Belgian transition

Disclaimer

This report aims to provide an aggregated perspective on the level of ambition within the Belgian banking sector, and to identify opportunities for policy support that could accelerate the transition. It is not intended to compare individual banks.

The analysis draws primarily on publicly available information. The 2024 CSRD reports and exclusion policies of the 13 banks in scope were reviewed, complemented by additional documents when explicitly referenced by the banks. Interviews were also conducted with the banks' sustainability teams. Therefore, the insights gathered may not reflect the position of the institutions as a whole.

Despite the banks' involvement, the conclusions presented here are solely the result of CLIMACT's interpretation of the available data and interview inputs. While every effort was made to provide an accurate picture of the banks' ambition in Belgium, the breadth of some banks' reporting across multiple publications means that certain details may have been overlooked.

Finally, all data presented in this report has been anonymized.

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