

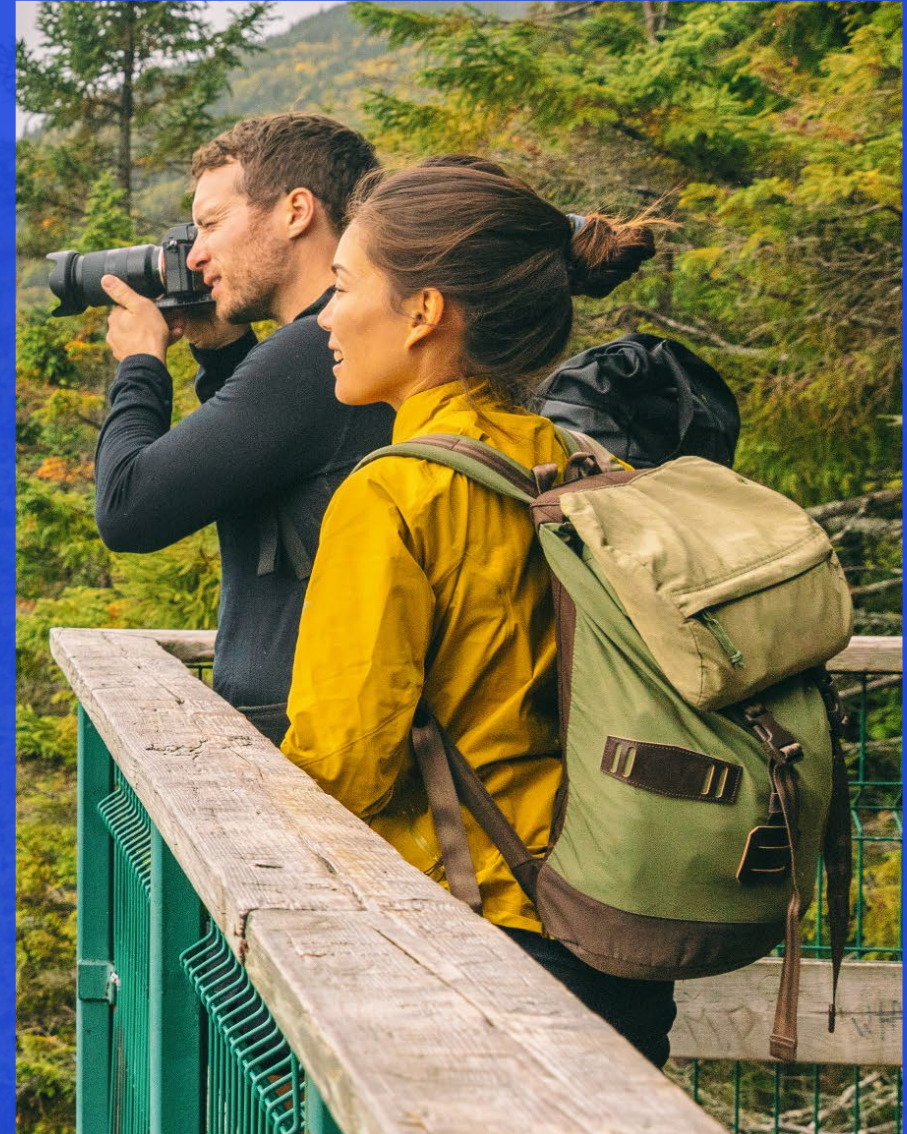


# Banks' sustainability-related disclosures

Benchmarking sustainability-related disclosures in the 2024 reporting cycle

—  
June 2025

**KPMG. Make the Difference.**





# Purpose of this report

**This report presents key observations from our benchmarking analysis of 33 global banks’ sustainability-related disclosures in the 2024 reporting cycle.**

For 2024, we dive into sustainability-related topics with strategic relevance to, and clear alignment with, the banking sector. It is an expansion of our analysis in prior years which focused on climate-related disclosures. Given that climate reporting is relatively mature and comprehensive at many banks, this analysis also assesses reporting progress on other sustainability-related topics.

The sustainability reporting landscape is evolving rapidly. This year, we saw the first reports prepared under the CSRD. In addition, we saw the Omnibus proposals from the European Commission which are likely to result in changes to sustainability reporting requirements for entities operating in Europe. We also anticipate a broader use of the ISSB Standards across jurisdictions.

We did not benchmark banks against the specific requirements of any reporting framework. Rather, this report aims to illustrate the current state of sustainability-related disclosures in the banking industry, showcasing – where relevant – how these disclosures have evolved from the previous year and highlighting opportunities for further refinement.

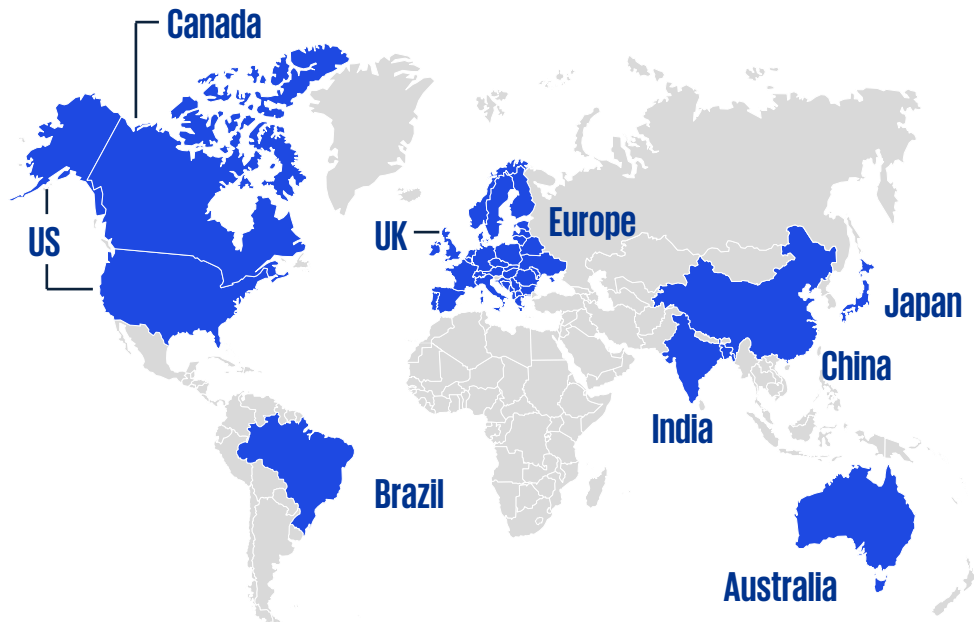
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# Scope and approach

## Coverage

We reviewed sustainability-related disclosures from **33 major banks** in their most recent reporting cycle. They apply a range of voluntary and mandatory frameworks.



## Key topic areas

This analysis focuses on reporting topics that have been selected because they are commonly relevant to banks.

### Environmental

- Financed and facilitated emissions
- Net-zero and emissions reduction targets
- Sustainable finance
- Emissions data quality

### Social

- Customer-related programmes
- Measuring social impacts

### Governance

- Sustainability governance and business conduct

## How the analysis was performed

We reviewed publicly available climate and sustainability-related disclosures from annual reports and, where applicable, other relevant standalone documents.

Disclosures were from the 2024 reporting cycle and compared with 2023 where relevant. The same banks as in the prior year were included, except for two whose 2024 reports were unavailable due to later release dates.

Most banks' latest annual reports cover the year ended 31 December 2024. For those with non-calendar financial years, we used their most recent reports (e.g. 30 September 2024).

We exercised a certain level of judgement when comparing and assessing these disclosures.





# Executive summary

As banks expand their sustainability-related disclosures, it is becoming increasingly important to deliver a connected and focused narrative. With many disclosure frameworks applied, comparing and understanding ESG performance can be a challenge.

## Landscape

Disclosures look different by geography, reflecting the wide range of starting points, reporting frameworks and methodologies used.

Most banks focus disclosures on climate, customer and workforce-related topics, where reporting expectations and data are most developed.

Disclosures on topics such as biodiversity, that generally manifest through the downstream value chain, are less detailed. This is either due to data limitations and less-developed reporting frameworks, or to banks considering the topics immaterial.

Banks can evolve their reporting further by taking a more focused approach when determining which topics to discuss – reporting on material issues that have the most consequential impact.

## Connectivity with ECL disclosures

References to climate continue to increase in credit risk disclosures. Although some banks quantify climate-related ECL, the amounts disclosed remain small.

## Financed and facilitated emissions

Most banks report on financed emissions. Some have begun disclosing facilitated emissions. An emerging good practice is the use of reconciliations to show how much of the bank's total portfolio is covered by their emissions disclosures.

## Sustainable financing

Most banks disclose sustainable and/or transition finance targets. However, the transparency on definitions and outcomes delivered by these instruments can be improved.

## Emissions targets and data quality

More banks are sharing PCAF data quality scores for loan portfolios alongside their financed emissions metrics and targets.

Where data quality is lower, some banks have not disclosed targets due to the risk of misstatement.

## Measuring social impacts

Banks report many financial inclusion and consumer protection initiatives. However, a lack of standardised metrics and targets for outcomes makes it difficult to assess the effectiveness of these initiatives.

## Governance

Business conduct disclosures are primarily qualitative with few metrics and fewer targets. Banks have begun disclosing their risk management approaches to AI ethics and algorithmic bias.

The background of the slide features a landscape of a dense forest of evergreen trees in the foreground, with rolling hills and mountains in the distance. The entire image is overlaid with a semi-transparent blue filter. A dark blue rectangular box is positioned in the upper-left to center area of the slide, containing the text.

# 01 Overall observations



# A snapshot of the reporting landscape

Synchronising reporting and streamlining sustainability narratives can enhance clarity and cohesiveness

## Timing of disclosures



release their annual report and sustainability-related disclosures simultaneously (2023: 43 percent)

Three percent of banks publish sustainability-related disclosures within one month of their annual reports, while 24 percent do so more than one month later.

Banks face challenges with the recency of certain sustainability data. Financed emissions data is particularly problematic because it is sourced from the value chain.

As a result, 57 percent of banks disclose financed emissions data that is at least 12 months older than the financial reporting period.

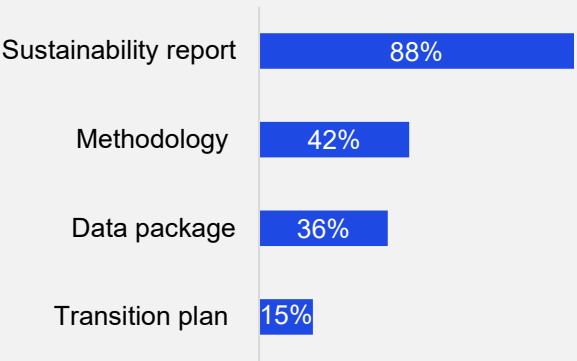
For the remaining 42 percent of banks, some align data with the financial reporting period while others use a mixed approach.

## Location of disclosures

In addition to the annual report, most banks publish separate reports with more detailed sustainability information. These aim to provide additional context or specialist information without cluttering key messages.

It is important to tell a connected story. When using multiple reports, it may be more challenging to get a comprehensive view and assess the connectivity between the financial and non-financial information.

Other than the annual report, banks separately publish one or more of the following:



## Volume of disclosures

The volume of sustainability-related disclosures varies widely between banks.

Environmental disclosures dominate. This reflects more mature and comprehensive reporting on topics such as climate and carbon.

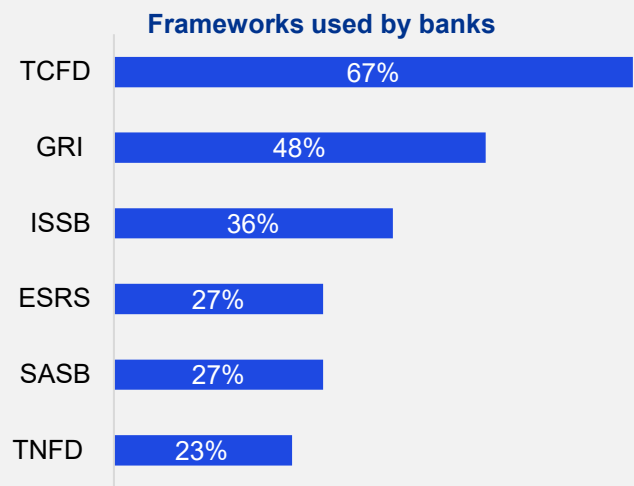
Banks may consider further streamlining their sustainability narratives by focusing on quantitative data and key messages aligned with strategic goals and regulatory requirements.



# A snapshot of the reporting landscape (continued)

## Reporting frameworks

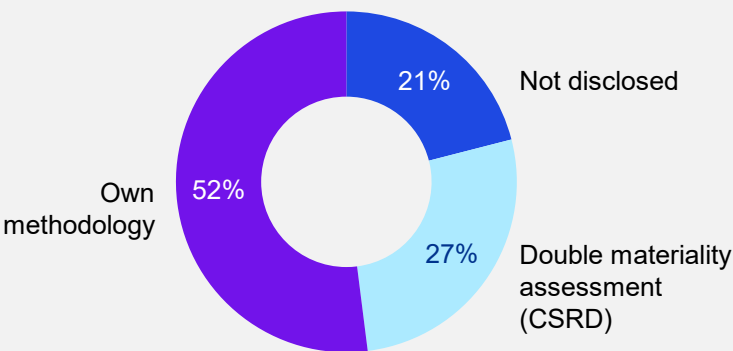
Banks reference various frameworks to guide their sustainability-related disclosures, but disclosing compliance with reporting frameworks is largely driven by jurisdictional regulatory requirements.



In 2023, many banks disclosed support for the TNFD. In 2024, 18 percent of banks explicitly disclose compliance or alignment with the TNFD framework.

## Materiality and restatements

### Materiality methodologies used by banks



Six banks using their own methodology refer to double materiality assessments; however, they do not refer to CSRD.

Materiality can also inform the type and nature of restatements. Given the evolving state of financed emissions data and methodologies, restatements are not uncommon.



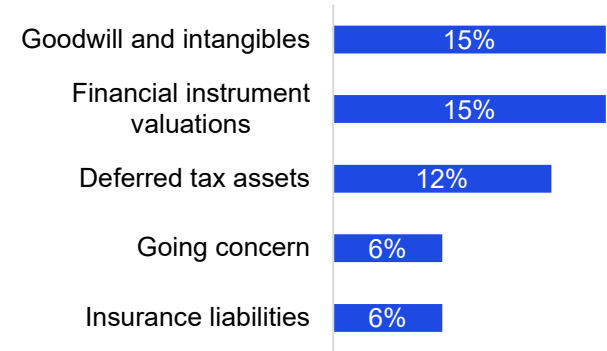
# Connectivity with financial statements

Although reference to climate in credit risk disclosures is common, there is diversity in practice in other areas

The connectivity between sustainability and financial reporting continues to evolve. Climate risks are most often discussed in the context of credit risk management and ECL. However, the quantified impact of climate risk on ECL remains relatively limited.

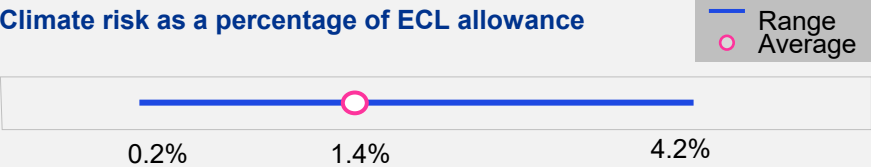
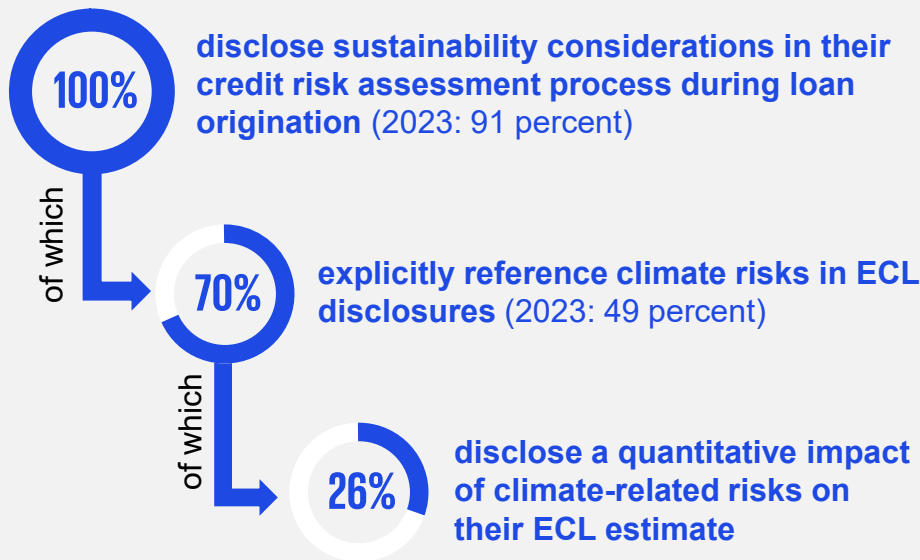
References to climate in other areas of the financial statements are less common.

### Climate risk references in the financial statements



Conversely, in financial reporting, banks often recognise provisions or disclose contingent liabilities arising from customer and business conduct matters. However, it is often unclear whether or how they are considered in the social and governance pillars of sustainability reporting.

### Credit risk disclosures



The impact of climate risks on ECL includes sectoral and/or macroeconomic effects as well as geography-specific physical damage from extreme weather events.

### Litigation and claims



Most of these banks recognise or disclose financial penalties, misconduct and customer compensation in the financial statements only.

Only a few banks draw links between financial and sustainability-related disclosures on customer and business conduct matters. Banks that do, generally explain their responses to fines (e.g. root-cause analyses) or disclose the impact on executive compensation.



# Sustainability-related disclosures at a glance

Disclosures on climate change, the bank’s own workforce and customers are the most comprehensive

Almost all banks provide climate-related disclosures. After climate, the sustainability-related topics most comprehensively covered in disclosures are customers and end-users, governance and workforce matters. More limited disclosures on other topics appear to reflect materiality decisions (most evident in Europe), the comparatively recent emergence of the topic and challenges with data availability (e.g. biodiversity and ecosystems).

Topics		Australia	Asia	UK	Europe	Americas
Environmental	Climate change					
	Water and marine resources*					
	Biodiversity and ecosystems*					
	Resource use and circular economy					
Social	Own workforce					
	Suppliers and their employees					
	Affected communities					
	Customers and end-users					
Governance	Business conduct					
	Tax transparency					

- Comprehensive disclosures (i.e. a dedicated report or sub-section) with metrics, targets, comparison and risk information
- Fair level of disclosures with one missing element of either metrics, targets or risk information
- Fewer disclosures with two missing elements of either metrics, targets or risk information
- Datapoint only or a few sentences

\*Water and marine resources is considered a separate reporting topic under ESRS, but as part of the “Nature and biodiversity” topic in some other reporting frameworks.

# Sustainability-related disclosures at a glance

## Climate

Climate-related disclosures are among the most advanced across all regions. Banks typically include dedicated sections, or publish standalone reports, that provide comprehensive views of climate strategies, including metrics and targets, risk assessments and progress. For more details, refer to [Section 2](#).

## Water and marine resources

Disclosures are still developing and vary significantly because the topic manifests primarily at a local and sector level in the value chain. Banks' disclosures focus on operational water use and contain limited metrics or targets. Few banks describe specific risks or impacts linked to water scarcity or marine ecosystem impacts.

## Biodiversity and ecosystems

Banks most frequently disclose nature-related risks, nature-based solutions, land use and forest management, and biodiversity conservation financing. Although these disclosures often describe actions taken and integration into risk frameworks, they rarely include specific targets or measurable biodiversity-related metrics.

## Resource use and circular economy

Disclosures focus primarily on internal practices such as recycling and waste reduction. Circular economy principles are not yet widely reflected in financing strategies. Banks that do provide disclosures include operational rather than strategic information.

## Own workforce

Disclosures are well-developed and often include metrics and targets related to diversity, inclusion, engagement and talent development. Many banks also report on workforce-related risks, and actions to attract and retain employees.

## Suppliers and their employees

Disclosures regarding value chain workers are less common and are generally limited to supplier codes of conduct or ESG screening criteria. Few banks disclose working conditions at outsourced service providers or in investment-related supply chains.

## Affected communities

Community-related disclosures typically cover philanthropic initiatives, volunteering and community investment initiatives. A limited number of banks assess risks and impacts on communities arising from their financial products or investment activities.

## Customers and end-users

Disclosures relating to customers and end-users are becoming more common and include metrics. This and business conduct are bank-specific topics that banks can impact directly through their own operations, rather than influence through their value chain. For more details, refer to [Section 3](#).

## Business conduct

While most banks disclose governance practices, such as board composition, policies and sustainability oversight, there is an opportunity to strengthen the connection between actions and outcomes. For more details, refer to [Section 4](#).

## Tax transparency

Disclosure on tax transparency is an emerging area. Banks either include descriptions of their tax transparency strategy, risk management approach and related metrics, or they make little or no reference to the topic.



# 02 Environmental

- Financed and facilitated emissions
- Net-zero and emissions reduction targets
- Sustainable financing
- Emissions data quality

# Financed and facilitated emissions

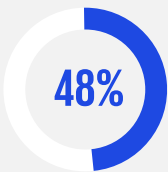
Disclosures of portfolio coverage for financed emissions, and of facilitated emissions, are gaining traction

Banks are strengthening their climate-related disclosures, but progress is uneven across key areas. Most banks have set intermediate and long-term net-zero targets and are advancing transparency of financed emissions in select lending sectors. On average, banks disclose financed emissions in seven lending sectors. On average, banks disclose financed emissions in seven lending sectors.

Reconciliations of a bank’s total loan portfolio with its financed emissions metrics and targets help users to assess the impact of reducing emissions in these sectors relative to the bank’s overall activities.

Facilitated emissions reporting is still at an early stage, with some banks providing disclosure or rationales for exclusion.

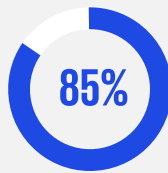
## Financed emissions



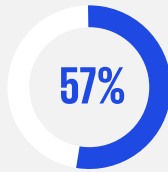
disclose the amount of the loan portfolio covered by financed emissions reporting

Banks typically disclose the percentage of total loans covered by financed emissions reporting.

A few banks include a reconciliation to on- and off-balance sheet exposures for which metrics and targets have been set.

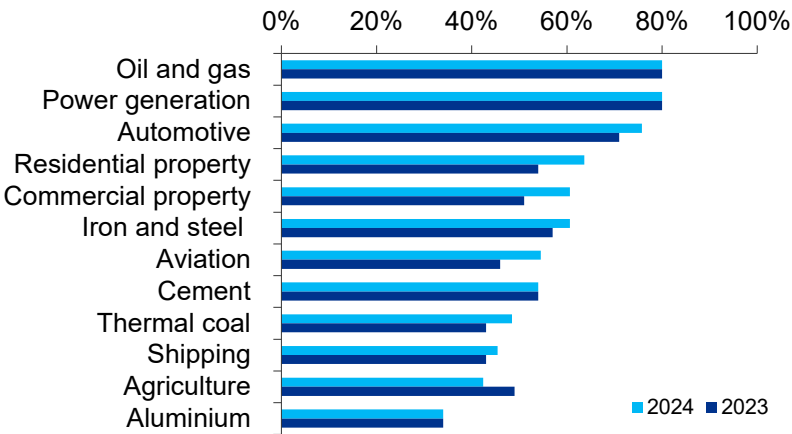


disclose targets for financed emissions by sector

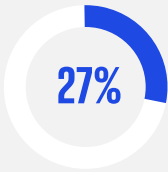


clearly state whether they are on track to meet financed emissions targets

## Lending sectors where financed emissions are disclosed\*



## Facilitated emissions



report facilitated emissions using the PCAF methodology

Some banks note they need more time to report all facilitated emissions. Others do not explain the absence of facilitated emissions disclosures.

\* For comparability, 2023 has been adjusted to include only those banks that we are benchmarking in 2024.



# Net-zero and emissions reduction targets

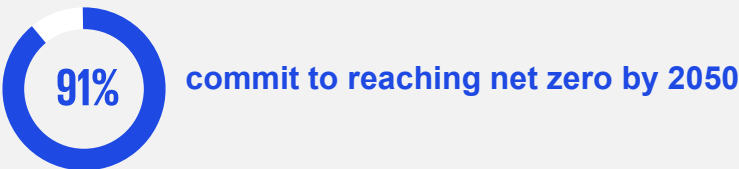
Risk and dependency disclosures are expanding as interim target dates draw nearer

Most banks have set long-term and intermediate net-zero targets, but transparency on progress and corrective actions remains limited. This makes it difficult to assess the sufficiency of current efforts and achievability.

Some banks have left the NZBA: 57 percent of our sample are currently members, compared to 83 percent in 2023. However, this does not appear to have affected their net-zero targets.

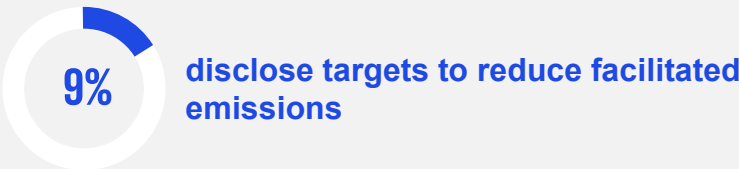
Nevertheless, most banks disclose risks and dependencies that could hinder achievement of net-zero targets. Disclosures focus on external factors rather than how the banks plan to consider these factors in their target setting, risk assessment, capital allocation and strategic planning.

## Net-zero transition targets



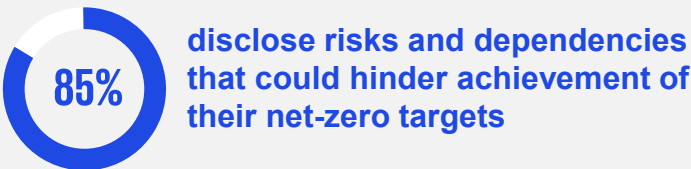
All banks that have committed to reaching net zero have set at least one target to reduce their financed greenhouse gas emissions, with an interim timeline between 2025 and 2035.

Interim financed emissions targets typically focus on specific sectors – most often oil and gas, and power generation.

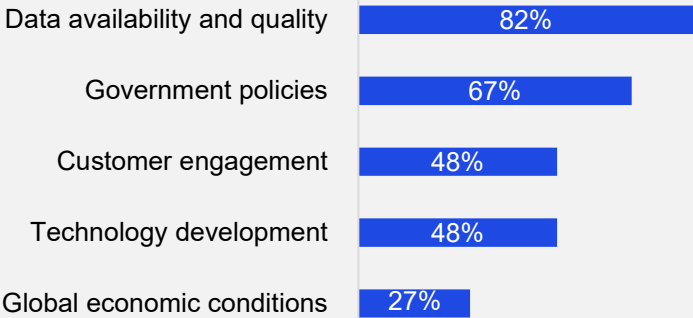


Facilitated emissions targets are typically based on reductions relative to baseline metrics.

## Risks and dependencies



### Most disclosed dependencies



Other dependencies include the decarbonisation of the electricity grid, global alignment and coordination between banks and regulators, the evolution of methodologies, and supply-chain support.

# Sustainable financing

Most banks have sustainable finance targets but there is room for more transparency on project eligibility and outcomes

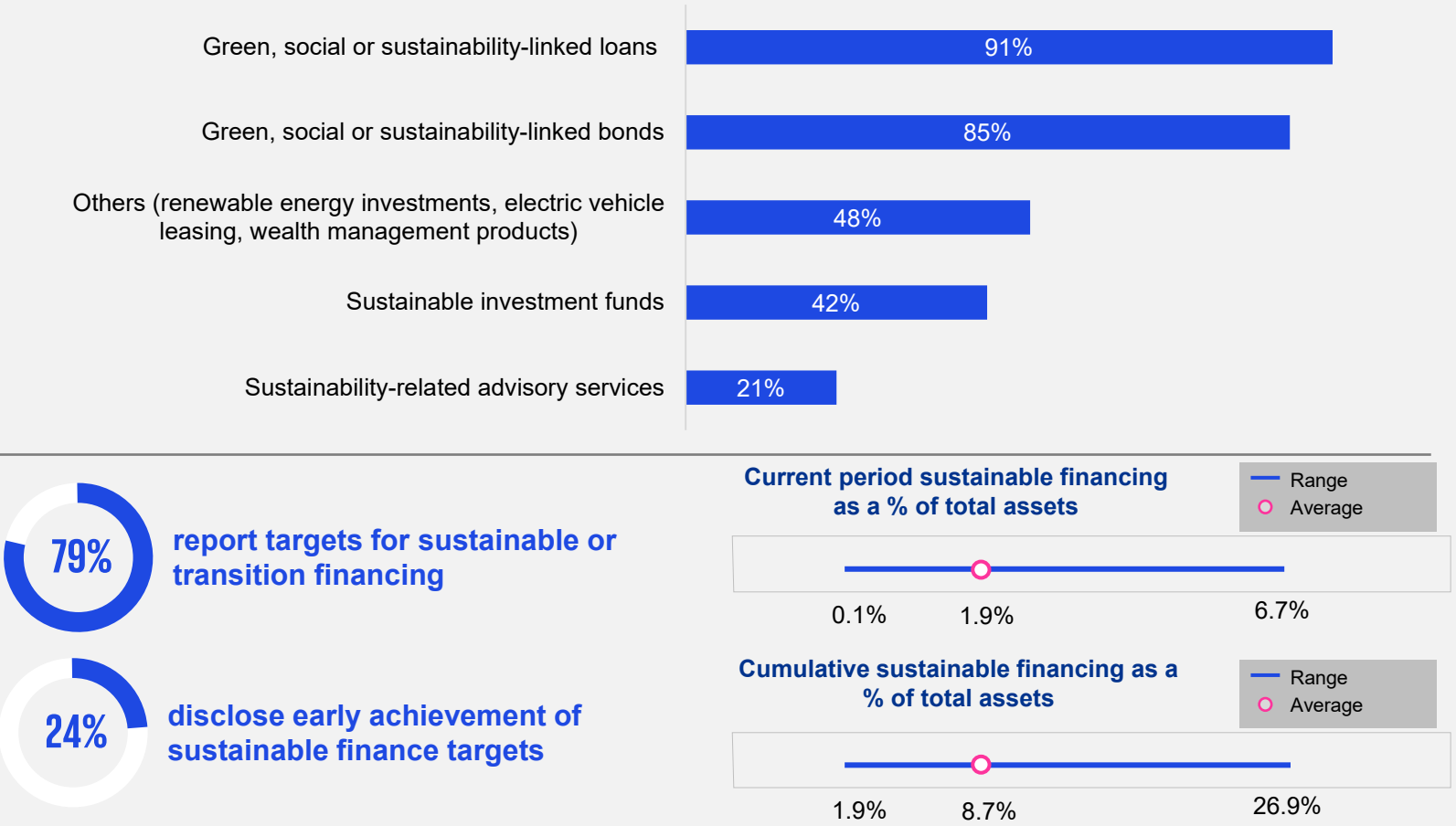
Sustainable financing often refers to sustainability-linked, green, transition, and social loans and bonds. Some of these instruments offer financial incentives to meet environmental or social goals.

Other instruments can be used only to finance sustainable projects or assets, for example, green mortgages and electric vehicle loans.

At present, there are no universally aligned definitions of eligibility for green or sustainable financing. Therefore, comparability between banks remains challenging.

Banks have an opportunity to tell a clearer story around the outcomes of these instruments and their effectiveness in contributing to sustainability objectives and targets, including emissions reduction.

## Sustainable finance instruments disclosed





# Emissions data quality

## Variable data quality presents challenges for reliable reporting

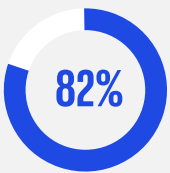
Limited data availability, accessibility, timeliness and quality are reported as key challenges for banks in setting financed emissions targets and measuring progress against them.

Frameworks such as PCAF improve the consistency and transparency of data quality assessments and disclosures.

Most banks disclose PCAF data scores by sector. Some also disaggregate sectors by emissions scope (e.g. oil and gas Scope 1 and 2, and oil and gas Scope 3 greenhouse gas emissions). Others simply reference the use of PCAF data scores without disclosing them.

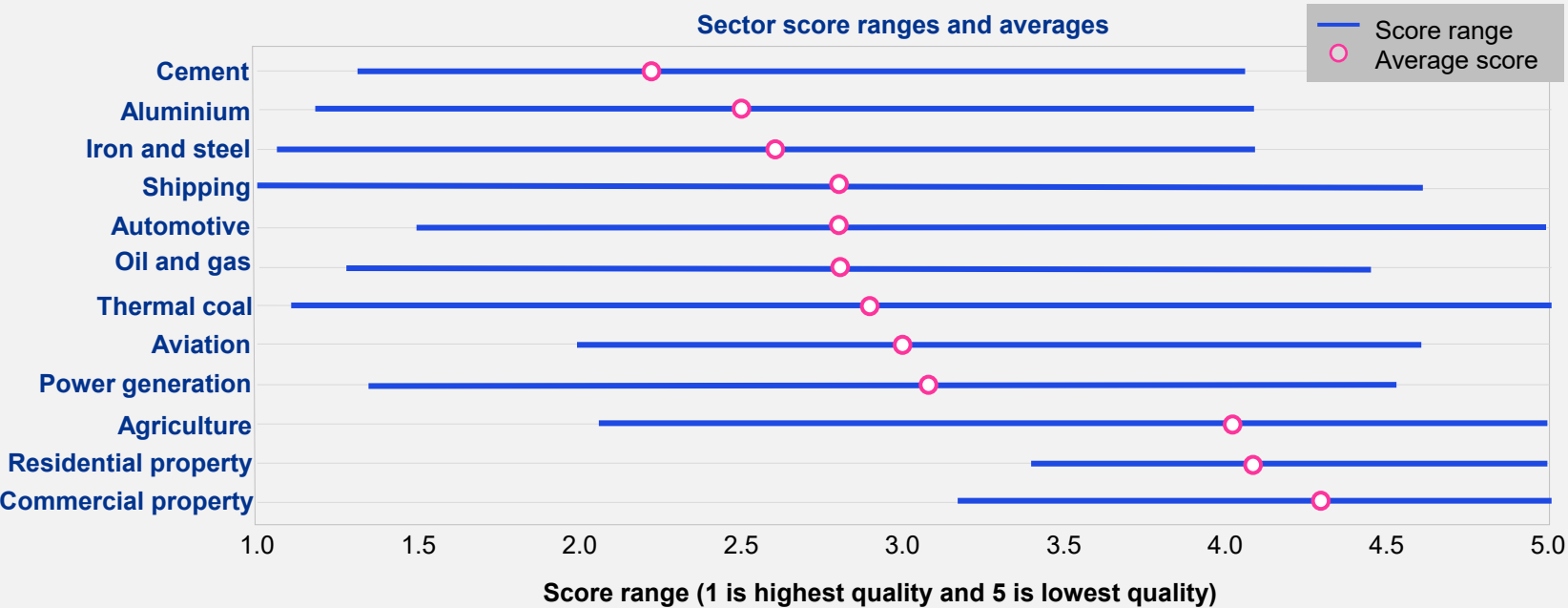
Variable PCAF scores across sectors highlight the need for differentiated data quality strategies that prioritise sectors with high uncertainty and material exposure.

## PCAF data quality scores



use the PCAF framework to report data quality for financed emissions (2023: 75 percent)

Some banks do not disclose financed emissions targets where data quality scores are higher than 4, due to a high risk of restatement.



# 03 Social

- Customer-related programmes
- Measuring social impacts



# Customer-related programmes

Despite ample narrative on financial inclusion and customer protection, providing meaningful insight into outcomes is challenging

Disclosures on financial inclusion and customer protection vary significantly.

Banks typically consider negative impacts on customers to be a business risk. They disclose customer-related initiatives that focus primarily on retail customers and small businesses.

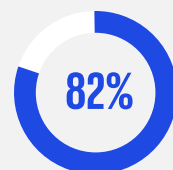
Most banks report programmes implemented and customer groups covered, and provide metrics on amounts invested or uptake. However, few disclose clear targets or actual customer outcomes.

Banks have further opportunity to link metrics on the implementation and reach of customer-related programmes with expected outcomes. Given that financial inclusion and customer protection are bank-specific issues, there is also an opportunity to develop more effective metrics and targets in these areas. This would make it easier to assess and compare the effectiveness of programmes.

## Retail customer initiatives

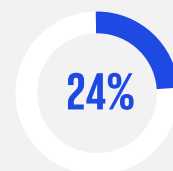
Most banks disclose at least one initiative to support customers. These initiatives primarily focus on:

- fraud prevention training;
- financial literacy and education;
- access to banking through low- or no-fee accounts; and
- first-time home buyer programmes.



disclose metrics for retail customer initiatives

Metrics for programmes that address specific customer needs tend to be the most informative. Examples include the number of households supported and amount of credit provided.

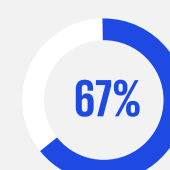


disclose targets for retail customer initiatives

## Small business initiatives

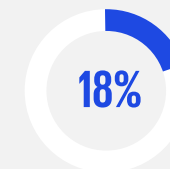
Most banks disclose at least one initiative to support entrepreneurs, small businesses or businesses run by individuals from communities the banks consider marginalised or underrepresented. These initiatives primarily focus on:

- mentorship programmes;
- specialised lending programmes; and
- financial literacy and skills-based workshops.



disclose metrics for small business initiatives

Metrics include the number of small businesses using specific products, hours spent meeting customers, amounts invested in start-ups and connections made between entrepreneurs and mentors or sponsors.



disclose targets for small business initiatives

# Measuring social impacts

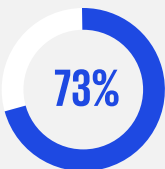
Fraud prevention and complaint-handling are the most commonly reported customer care metrics

The impact banks have on customers is a critical aspect of responsible banking, yet measurement and reporting on this topic varies.

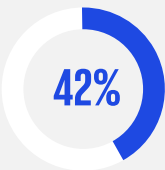
Many banks are taking steps to prevent external fraud (fraud by third parties), but there is no standard approach to measure or disclose losses absorbed by the bank or its customers. It is therefore difficult to evaluate the actual outcome on customers.

Various metrics are used to measure customer complaints across regions. Enhanced customer care disclosures are seen in Europe and the UK. This may be due to related regulation in these jurisdictions.

## External fraud

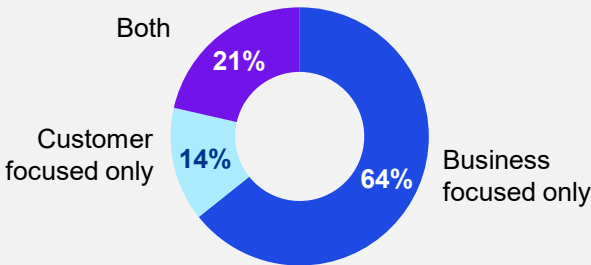


disclose measures to prevent fraud and increase customer awareness of it



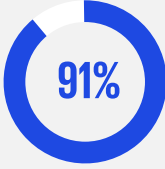
disclose metrics related to fraud prevention

Type of fraud prevention metrics

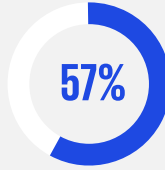


Customer-related metrics, such as the number of reported scams and fraud cases, can help banks understand the effectiveness of their initiatives. Business-related metrics typically quantify operational losses incurred.

## Customer complaints



describe procedures for handling customer complaints



disclose metrics on customer complaints

The lack of a common approach and the use of different metrics for customer complaints makes it difficult to compare performance between banks.

Some banks disclose the use of customer complaint data to measure business conduct outcomes. However, metrics vary between banks and can include the total number of complaints or year-on-year changes.

Some use net promoter scores to measure customer satisfaction and provide insight into the overall effectiveness of their customer strategies.



# 04 Governance

- Sustainability governance and business conduct

# Sustainability governance and business conduct

Governance disclosures differ across regions with business conduct disclosures being most prominent in Europe

Many European banks that adopted ESRS in 2024 make specific disclosures on business conduct. Banks in other regions typically focus on disclosing the overall governance of sustainability-related matters. Regardless of the framework applied, business conduct disclosures are primarily qualitative with few metrics and even fewer targets. Banks continue to evolve their disclosures on risk management approaches. Common topics include disclosures on sustainability policies, board and committee compositions, and executive remuneration.

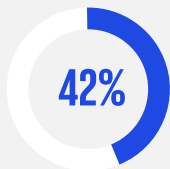
Responsibility for sustainability-related matters has been incorporated at board level at all the banks. 61 percent have incorporated sustainability mandates into existing committees and 39 percent have set up separate committees.

Most banks are integrating sustainability-related factors into executive compensation, so this is no longer a differentiator.

## Policies

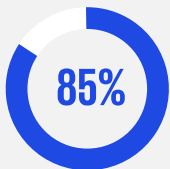
Banks disclose policies on various aspects of business conduct and governance on sustainability-related matters.

### Business conduct policies disclosed

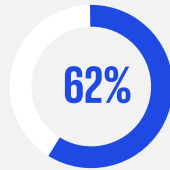


disclose AI ethics and algorithmic bias risks in their sustainability reporting

## Executive compensation

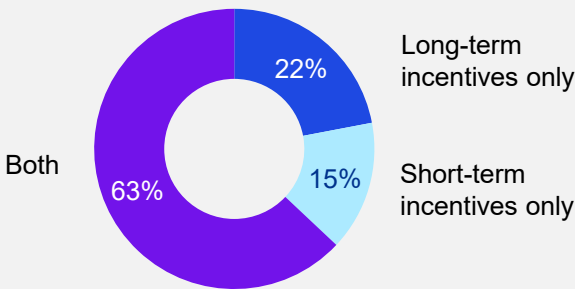


include sustainability-related factors in executive compensation



explain how sustainability-related performance is measured and affects compensation

### Sustainability-linked incentives



Almost two-thirds of banks include sustainability in executive remuneration across both short- and long-term time horizons.



# Abbreviations and key terms

## **AI**

Artificial Intelligence

## **CSRD**

Corporate Sustainability Reporting Directive

## **ECL**

Expected credit loss

## **ESG**

Environmental, Social, Governance

## **ESRS**

European Sustainability Reporting Standards

## **GHG**

Greenhouse gases

## **GRI**

Global Reporting Initiative

## **ISSB**

International Sustainability Standards Board

## **NZBA**

Net-Zero Banking Alliance

## **PCAF**

Partnership for Carbon Accounting Financials

## **SASB**

Sustainability Accounting Standards Board

## **TCFD**

Task Force on Climate-related Financial Disclosures

## **TNFD**

Task Force on Nature-related Financial Disclosures

# Keeping in touch



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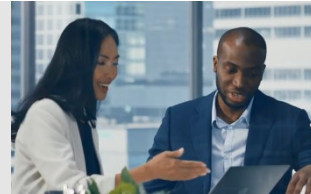
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With thanks to Lauren Eddy and Talita Silva for their significant contribution.

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Publication name: *Banks' sustainability-related disclosures 2024*

Publication number: 137889

Publication date: June 2025

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