
Banking Survey 2022 Methodology



Methodology

Scope

This survey features the 25 largest European banks (excluding Russia). We selected banks based on their total assets, according to the S&P 2022 list of the world's 100 largest banks^{cv}. This resulted in the inclusion of all the banks in the previous iteration of this survey^{cvii} aside from ABN AMRO, and six additional banks, listed as follows (with headquarters):

- BPCE (France)
- CaixaBank (Spain)
- Crédit Mutuel (France)
- DZ Bank (Germany)
- La Banque Postale (France)
- Rabobank (Netherlands)

Aside from CaixaBank, none of these are publicly listed, but productive engagement is possible with all of them. Their inclusion represents not only an expansion in the number of banks we are including (from 20 to 25), but also a broadening of our methodology; only publicly listed banks featured in our 2020 survey.

The total assets covered by these banks totals over €28 trillion²¹.

Survey questionnaire

The most substantial change to this year's survey is that **we have included questions on biodiversity for the first time**. This is a growing strategic priority for ShareAction, reflecting the growing consensus on its importance as an area of focus in the finance sector^{cviii}.

We have also built considerably on our approach to climate benchmarking. Our questionnaire builds on but goes beyond the Taskforce for Carbon-Related Disclosures recommendations by focusing on both the risks faced by banks and the impacts that their financing has on the climate and our ecosystems (that is, taking a double materiality approach). It also reflects the significant transformation that the banking sector has gone through since our last survey (December 2019). As an example, at that time no bank in our sample had committed to net-zero – now all of them do.

21 This figure is from 31 December 2021 according to S&P Global Market Intelligence, the most recent data available when we selected banks for inclusion in the survey.

Our examination of banks' sectoral policies and net-zero targets has been particularly detailed and robust, reflecting how important these are for banks, civil society organisations, and investors. The differences in methodology between this survey and our 2020 survey is such that scores are not directly comparable.

The questionnaire had four parts:

Theme 1: Climate and biodiversity governance

The focus of this theme is how banks' governance structures and processes facilitate good decision-making on financing with impacts on climate and biodiversity, rather than on governance as a thematic topic for ESG financing. Questions focused on board oversight, training, and the linking of key performance indicators to climate and biodiversity topics. This section divides into two very similar subsections: one focusing on climate change, the other on biodiversity.

Theme 2: Climate strategy

In this section, our emphasis was on the banks' financing activities. For almost all questions, we explicitly set aside the banks' own operations (for example, commitments to ensure the bank's offices are energy efficient), which, while laudable, have a much less significant real-world impact. Investments, and associated policies from asset management arms, were also set aside for almost all questions. This helps ensure the banks can be compared fairly. We publish a separate ranking of global asset managers, including many of the asset management wings of these large European banks – the next edition of which is due to be published in early 2023.

2.1 Climate strategy I - climate-related risks and negative impacts

This focuses on banks' approaches to the negative impacts of climate change, including risk identification and integration, net-zero alignment, and high-carbon disclosures. It also features a detailed analysis of targets and policies for key industrial sectors and carbon-intensive areas, including decarbonisation plans, phase-out plans, and exclusions.

2.2 Climate strategy II - climate-related opportunities and positive impacts

This focuses on how banks are identifying and seeking opportunities to contribute to the climate transition, such as by financing green energy. This is commonly called 'green finance' or 'sustainable finance'. It includes assessments of how opportunities are identified and scrutinised, target-setting, and the scope of current disclosures.

Theme 3: Biodiversity strategy

As for Theme 2, our emphasis was on the banks' financing activities and not their own operations. This includes the identification and integration of biodiversity issues, target-setting, and policy and sectoral commitments. The latter examines banks' approaches to areas of global biodiversity importance, key sectors and commodities, and deforestation. The focus is mainly on risks associated with biodiversity loss, though opportunities feature in some questions.

Theme 4: Climate and biodiversity engagement and collaboration

This includes lobbying practices, participation in collaborative initiatives, and engagement with other organisations on the issues identified in the survey. As with governance, similar questions were asked separately regarding climate change-related and biodiversity-related engagement.

Survey process

We began developing the survey questionnaire in late 2021 and completed it in May 2022. The selection of banks was finalised in January 2022.

Across all areas, we consulted extensively with in-house subject matter specialists and external experts to develop our questionnaire. The full survey questionnaire can be found [here](#).

To alleviate the burden on participants, we pre-filled the questionnaire for each bank based on publicly available information: annual reports, policies, and other forms of online disclosures. Banks were made aware of our survey timelines in February 2022 and we sent the pre-filled questionnaires to them in June 2022. For the net-zero target theme, data was collected until 31 October 2022 to align with the deadline given to founding members of the NZBA to set targets. For all other themes, our cut-off date for publicly available information was 25 July 2022, and we considered requests to include information published after this on a case-by-case basis until 20 August 2022.

We received a 100 per cent response rate; all 25 banks responded to our request to verify their data and provided additional information themselves. As well as data linked to publicly available sources, banks were given an opportunity to share information with us privately to complement their answers and help contextualise their approaches. As we made clear to banks, our scoring has been led by the publicly available data they provided; for most questions in the survey, maximum credit was only awarded if public, specific examples could be shared.

Scores and grades

We assigned scores to individual answer options within the survey, which were used to calculate an overall score for each bank.

The questions regarding biodiversity were clearly separated from those regarding climate change. The scores for biodiversity and climate were therefore calculated separately. Biodiversity contributes one third to the overall score, climate two thirds. This reflects the fact that climate change is a more mature topic for banks, on which we asked a greater number of questions, in more detail. It is not intended as a comment on the relative importance of these two areas. Similarly, sections within Climate and Biodiversity were given specific weights (e.g. the section on climate risks was weighted more than twice as much as that on climate opportunities). Further information on these section weights is available on request.

As with our most recent surveys for asset managers and insurance companies, we have assigned grades to the performance of each bank (Figure 32). These grades are intended to help with interpretation of banks' performance. We chose to use common international examination grades as we felt these would be generally easy to understand. The average grade – 43.7 per cent – corresponds to a C+.

Figure 32: Maximum and minimum for the grade boundaries applied to the banks' scores. Each band is one standard deviation wide (~7.6 per cent), aside from three in the middle which are half a standard deviation wide (~3.8 per cent), in order to more clearly differentiate between banks in the middle of the ranking.

Heat-map key:	● 87.5 > 100	● 37.5 > 50
section % scores	● 75 > 87.5	● 25 > 37.5
	● 62.5 > 75	● 12.5 > 25
	● 50 > 62.5	● 0 > 12.5

Grade	Minimum	Maximum
A+	79.7%	100.00%
A	72.1%	79.7%
A-	64.5%	72.1%
B+	57.0%	64.5%
B	49.4%	57.0%
B-	45.6%	49.4%
C+	41.8%	45.6%
C	38.0%	41.8%
C-	30.5%	38.0%
D+	22.9%	30.5%
D	15.3%	22.9%
D-	7.8%	15.3%
F	0.00%	7.8%

Additional detail on Figure 18

The green finance multiple is calculated by dividing the annualised green finance target by the annualised average volume of fossil fuel financing over 2016–2021. A range is calculated when the bank’s target includes sustainability-related opportunities that are not directly connected to climate change and/or when the bank includes products and services other than lending and capital markets facilitation. The higher end of the range is calculated using the target published by the bank without any adjustments. The lower end of the range is calculated by a) dividing the target by three if it includes sustainable finance commitments or equivalent, to account for the spread across green, social, and sustainability, and b) applying a 25 per cent discount to the target if it covers products and services other than lending and capital markets facilitation. Annualised volumes include the start and end year. Exchange rates used as of 11 August 2022: euros to US dollars – 1.03; pounds to US dollars – 1.22; Swiss francs to US dollars – 1.06; Danish krone to US dollars – 0.14. Crédit Agricole, Crédit Mutuel, DZ Bank, La Banque Postale, UBS, and Rabobank’s targets were excluded from this analysis as the metrics used didn’t fit this methodology.