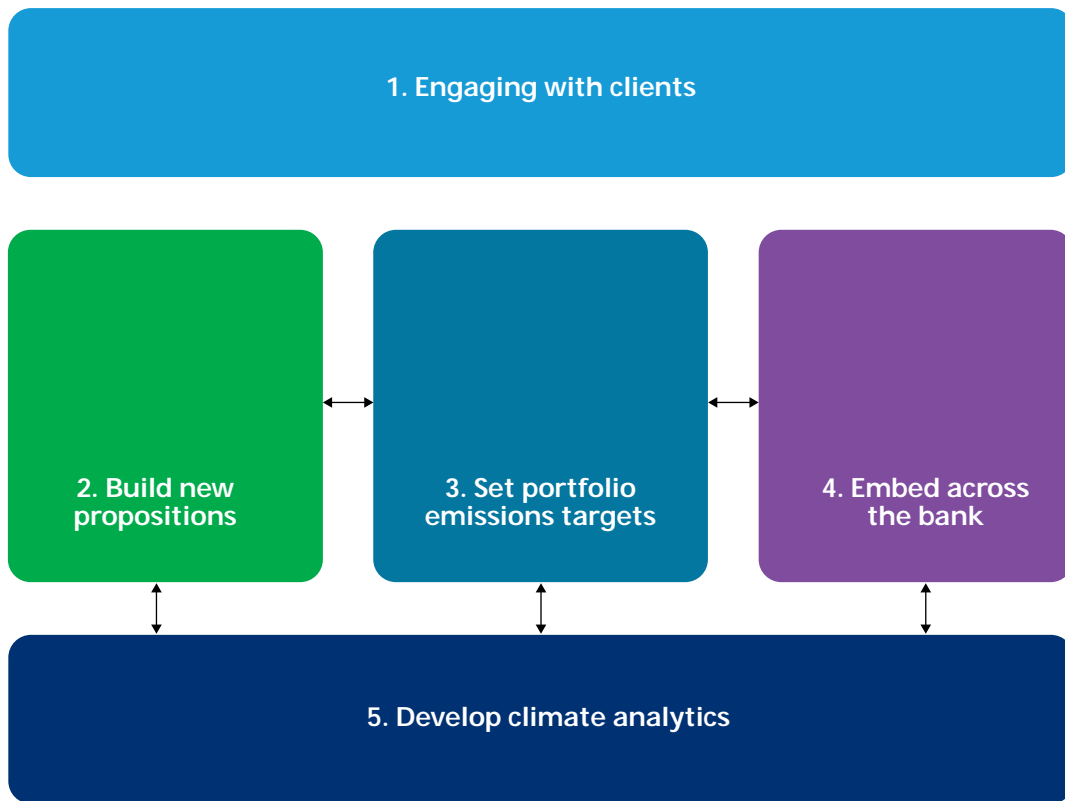


██████  
Ronan O'Kelly  
Serge Gwynne  
James



: i bXUa YbhU' WUb[ Yg'UFY'fYei ]fYX'k ]h.]b'W'fdcfUH'VUb\_g'hc'a YYhW]a UH'W'a a ]ha Ybhg' UbX'Wdh fY'h.Y'cddcfh b]m'iK Y'\ ][\ ]\ h' j Y'\_YmUFYUg\YfYzUbX'Xf]'Xck b'cb'YUW' ]b'h'Y' sections that follow.

**Exhibit 1: Five priorities for corporate banks**



Engaging with clients on climate can be daunting. Climate change as an issue is both



- **Redrawing the client-relationship map.** Relationship managers will need to engage





5g]bXi ghf]YgUFY fYg\ UdYXžh\Y Vta a YfVU`cddcfH b]h]YgZcfVtfdcfUH\ VUb\_gUFY`  
g][ b] Wbhi` Vi hWdhi f]b[` h\Ya` ]g`bchgfU[ \hZcfk UfX`H\Y`a cghcVj ]ci g[ fYYb! bUbV]b[`  
opportunities are already crowded out and increasingly low margin, while others come  
k ]h` g][ b] Wbhf]g\_g`UbX WU`Yb[ Yg`Cj YfVta ]b[` h\YgY Xck bg]XYg fYei ]fYg g][ b] Wbhi  
investment and commitment from senior executives. There is a danger of spreading  
resources too thinly and launching a raft of bottom-up initiatives and products that do  
not scale.

H\YfYZcfYž]h]g]a dYfUHj] Y`hc`ZcW`gY` cfhcb`U`ga` U`bi` a` VYf`cZdfcdcg]h]cbg`h`U`ha` Y`hf`YU`  
W]Ybhib`Y`X`gž`UFY`Vta` a` YfVU`mj` ]UV`Yž`UbX`ZcW`gY`cb`UFY`Ug`k` \`YfY`h\Y`VUb`\_\`Ug`U`WU`f`f][` \`h`  
to win (see Exhibit 4).

CbY`cZ`h\Y`a` cghg][` b] WbhcddcfH b]h]Yg]g` bUbV]b[` ]fUbg]h]cb`h`VW`bc`c[ ]Yg`5Wt`fX]b[` ]hc`  
h\Y`K`cf`X`9Wt`bca` ]W`cfi` a` ža` cfY`h`Ub` )` \$`hf` ]`cb` ]b`]b`WY`a` Y`b`H`U` ]`c`VU` ]bj` Y`g`h`a` Y`b`h`k` ]`VY`  
f`Yei` ]fYX`Vm`&\$` \$`žk` ]h` `a` cfY`h`Ub` )` ]f` ]`cb` f`Yei` ]fYX`Vm`&\$` \$`@UVY`YX` [ fYYb! bUbW`UbX`  
gi` ghU]bUV] ]h` ]b`YX`c`Ubg`UFY`Vch` ]a` dcfHUbh`tc`g`h`U`h`Uj` Y`VYYb`k` ]XY`m`UX`cd`hYX` ]b` f`Y`W`b`h`  
n`Y`Uf`g`UbX`g`ci` `X`Vt`b`h]bi` Y`cb`h`U`hd`U`h`"7`cf`dc`f`UH`W`Y`b`hg`V`Y`b`Y` h`Z`f`ca` h\Y`U`X`X`Y`X`W`Y`X`V` ]h`m`  
h`U`h`UVY` ]b[` ]f` ]b[` g`h`c` h`Y`f` ]f`Ubg]h]cb`d`Ub`gž`k` \`Y`VUb`\_g`W]b`V`Y`b`Y` h`Z`f`ca` h\Y`Vt`b`h]f]Vi` h]cb`  
to their net-zero emissions targets, and green- and transition-lending targets.

M`h`h`Y`g`Y`gc`i` h]cbg`U`cbY`UFY`b`ch`Y`b`ci` [ \`h`c`U`X`X`f`Y`gg`h`Y`Z`i` `gd`Y`W`f`i` a` `c`Z`V`ta` d`Y`I` ` bUbV]b[`  
challenges clients face. Many areas of climate transition rely on new technologies, which  
Vf]b[` ]f]g\_g`Uggc`V]U`hY`X`k` ]h` d`Y`f`Z`c`f`a` UbW`UbX`Y`Vt`b`ca` ]Wj` ]UV] ]h`h`h`Y`g`Y`h`VW`bc`c[ ]Yg`UFY`k` Y`  
\_bck`b` ]b` `a` U`cf`Ya` ]gg]cbg!]b`h`Y`bgY` ]bXi` ghf]Ygžgi` W`Ug`ghY`Y`f`l`n`X`fc[ ]b!V`Ug`Y`X`ž`X`]f`Y`W`h`f`Y`X`i` W`X`ž`  
iron electrolysis), aviation (sustainable aviation fuel, electric and hydrogen fuel cells), and  
g`l`dd]b[` ]fV]c`Z` Y`gž`Ua` a` cb]U`"b`U`X`X`]h]cb`h`c`h`VW`bc`c[ n`f`Y`U`hY`X`f]g\_gž`h`Y`f`Y`UFY`U`gc` `a` U`cf`  
dc` ]h]W`UbX`f`Y[ ]`U`h`c`f`m`f]g\_g`Xi` Y`hc` h\Y`X`Y`d`Y`b`X`Y`b`W`h`c`b`di` V`]W`d`c` ]W`h`c`X`f]j` Y`W`Ub[ ]Yg]b`  
business and consumer behavior.

**Exhibit 4:**



6Ub\_gWb'd`UmUj U'i UV`Y'fc`Y]b`Y'd]b[ `W]YbHg`\_b]h'c[ Yh`Yf' bUbVb[ `gc`i h]cbgž`c]b]b[ `ZcfWg`k ]h`c`h`Yf`Wd]hU`dfcj ]XYfg`k ]h`X] YfYbhf]g\_ UddYh]hYg`cf`fYh fb`fYei ]fYa YbHgžUbX`bUj ][ Uh]b[ `h`Y`fUb[ Y`c`Zdf]j UH`UbX`di V`]WgYWcf`ghU\_Y`c`XYfg"6Ub\_g`h`UhVt`UVcfUH`k ]h`

6YncbX`Wta d`Yl` bUbVfb[ `gc`i` h]cbgZ`VUb\_g`Wfb`gi` ddcfh`h`Y]f`W]Yb`hg`UbX`hUd`]b`hc`bYk`  
cddcf`h`b]h]Yg`VmUdd`n]b[ `W]YbH`YX`XYg][`b`h`b\_]b[ `hc`]XYb`h]Zm\_YmdU]b`dc]b`hgZ`UbX`gc`]Y`  
the fundamental problems related to climate transition. These approaches, whose solutions  
cZn]b[ `c`VYncbX`VUb\_]b[ `Z`Wfb include:

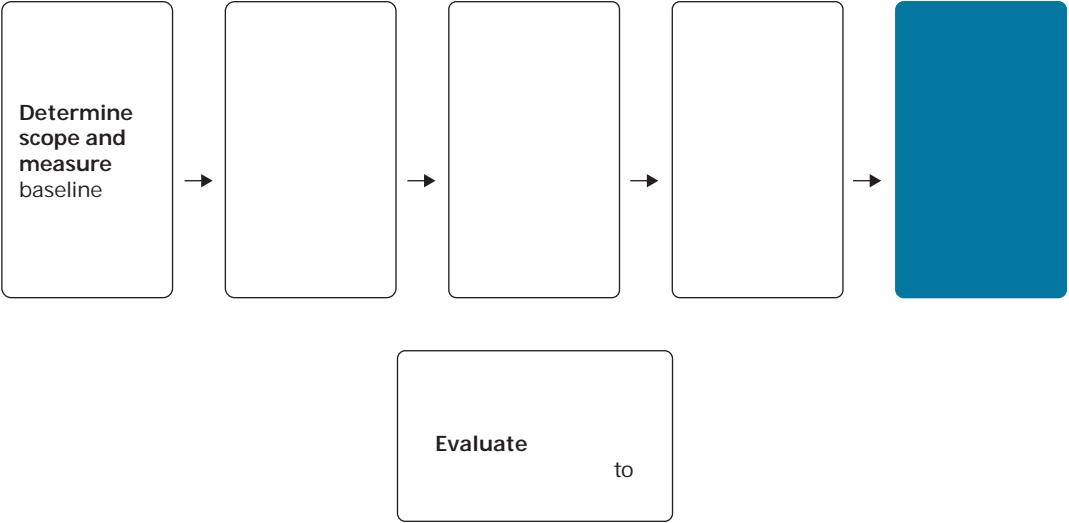
-



H\YgY`XnbUa ]Wj\Uj Y`fYU`Vt a a YfVjU`ja d`jWjh]cbg`Zcf`UVUb\_""A YYh]b[ `Ya ]gg]cbg`hUf[ Yhg'a Um

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

**Exhibit 8: Process for setting feasible net-zero targets**



GHh]b[ 'hJf[ YhgzcZVwi fgYz]g'bchYbci [ \ "7cfdcfUHY VUb\_g'U'gc bYYX'hc'a U\_Y'gi fY'h.YfY'UfY' WYUf'a YVUUb]ga g]b'd'UW'hc'Xf]j Y'h.Y'Vi g]bYgg'hc'k UfXg'h'cgY 'hJf[ Yhg''H\ Uha YUbg''cc\_]b[ ' Uhh'Y'Ve'fY'dfcW'ggYg'h'UhXf]j Y'XYW]g]cbg]b'h'Y'VUb\_z'UbX']b'hc'Xi V]b[ 'bYk 'V'bg b considerations into these. A range of approaches are being trialled.

C bY UddfcUW ']g'hc'UX↑ ghidYfZcfa UbW!a YUgi fYa YbU WYUHY ']bWbU]j Yg'hc'Xf]j Y'h.Y'Vi g]bYgg'hc'k UfXg'h'Y'hJf[ YH"5'\UbXZ] ``cZVUb\_g'\Uj Y'U'fYUXm implemented green-weighting factors into internal capital metrics, and some are toying with W]fV b!WUf[ ]b[ 'Z'Ua Y cf\_g''H\]g'UddfcUW 'a U\_Yg]hd a new lens — considering clients in terms of their Return on Emissions (or expected future emissions) alongside traditional return metrics such as Return on Equity (see Exhibit 9).











For example, our analytics for the auto sector draws together data on forecast volumes and  
Ya ]gg]cbg]bhYbg]hmcZX] YfYbha cXY'gžUg'k Y''Ug'a Ubi ZUVi f]b[ ``cVWh]cbgžUbX'gi ddcfhg'  
k \UH]ZUbU'mg]g'cb'h\Y'gdYYX'cZV\Ub[ Yg']b'Vi g]bYgg'a ]l' UbX'cdYfUh]b[ 'a cXY''': cf'U'VUb\_ž  
this allows a relationship manager to understand how their client compares to peers today,  
to test the credibility of transition plans, identify further optimization levers for clients, and  
to share this analysis with clients.

Hc'gi ddcfhXYV]g]cb'a U\_]b[ 'h\YgY'Vt'a d'YI ]h]Yg'bYYX'hc'VY'Vc]'YX'Xck b']bhc'g]a d'Yf'a Yhf]Vg'  
UbX'UggYgga Ybhg''6c]'b[ 'Xck b'a i 'h]d'Y'X]a Ybg]cbg' 'hfUb]g]h]cb'f]g\_žW'ffYbhYa ]gg]cbg'  
dfc 'YžYa ]gg]cbg'hUf[ Yhgž'\_Ym''YUX ]bX]VU]hcf'g'f]ji V\ 'Ug[ fYYb'WUd]hU'YI dYbX]hi fYE' ]bhc'U'

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