



Finance Watch

Making finance serve society

A transition plan barometer for banks

Benchmarking CSRD reporting in the financial sector

**A Finance Watch
Position Paper**

November 2025

Introduction

The first **Corporate Sustainability Reporting Directive (CSRD)** reports, covering the year 2024, have now been published by most companies with more than 500 employees. This milestone offers an opportunity to assess the comparability and quality of sustainability reports, particularly in the banking sector. The CSRD requires companies to disclose their transition plans, which provide insight into market trends, decarbonisation strategies, and transition pathways. Reviewing these early disclosures helps reveal how financial institutions are interpreting and applying the new rules.

Not all countries have transposed the CSRD and further delay is expected. As of 1 July 2025, eight European Economic Area (EEA) countries have not completed the CSRD transposition. Meanwhile, the Omnibus package I introduces new implementation timelines that need to be agreed. This leaves companies in uncertainty, despite measures such as the stop-the-clock initiative for smaller firms and the delegated act quick fix. Assessing CSRD reports helps gauge companies' implementation of the current CSRD and understand the effects of the legislative changes.

Benchmarking CSRD reports can highlight **good and poor practices** in transition plan design and reporting. As several industry initiatives shape expectations for credible plans, emerging market trends will influence regulatory standards. Identifying effective practices early on is therefore crucial to guiding consistent and transparent reporting. Analysing the first wave of CSRD reports enables the formulation of **evidence-based recommendations** for the upcoming transition plan guidance mandated in the Corporate Sustainability Due Diligence Directive (CSDDD), and highlights comparability issues to propose adjustments to the European Sustainability Reporting Standards (ESRS).

This paper examines the application of the CSRD, the reporting and **format of transition plans**, and the availability of Greenhouse Gas (GHG) emission reduction targets. The results support recommendations to strengthen comparability across CSRD reports. Finance Watch expects this preliminary assessment to be followed by a more detailed review in 2026, contributing to the development of CSDDD transition plan guidance and to more consistent and credible transition plans across the EU.

Key Takeaways

1. The European Financial Reporting Advisory Group (EFRAG) should complement the transition plan disclosure requirements with an illustrative representation of GHG emission reduction targets and a mandatory tabular representation.
2. EFRAG should require reporting subsidiaries of non-EU groups disclosing a transition plan to set & disclose GHG emission reduction targets at the EU level. A mere statement that targets are set at group level should not be allowed to comply with the CSRD.
3. EFRAG should require the disclosure of transition plans as soon as the company discloses GHG emission reduction targets.

I. Construction of the sample

The benchmarking exercise is based on a **sample of 64 banks** from 17 EU and EEA countries representing around **75% of the total assets** of the European banking sector, and ensuring coverage of a major part of the banking market. The exercise replicates the sample used by the European Banking Authority (EBA) for its EU-wide stress test,¹ as inadequate practices for these credit institutions could have a consequent impact on the achievement of global sustainability targets. A detailed overview of the sample is provided in the annex to this paper.

This analysis focuses on credit institutions' transition plans to enable a more comprehensive comparison between institutions. In addition, it leverages information from voluntary banking initiatives to identify good and poor practices within the sector. Finance Watch may consider extending its work to non-bank financial institutions at a later stage.

II. Analysis of the sample

A. The impact of the CSRD turmoil on the reports availability

Most banks in non-transposing Member States are voluntarily reporting under the CSRD. While only 62% of the banks in the sample are located in jurisdictions that have transposed the CSRD (Figure 1), 91% of the banks in the sample have submitted a report. This indicates that 76% of the banks not yet subject to the CSRD reporting obligations have chosen to report voluntarily (Figure 2). Consequently, most credit institutions in the sample have already borne the cost of implementing the CSRD, which reduces the potential cost savings associated with a reduction in the number of data points required under the ESRS.

Figure 1: Share of banks in jurisdictions transposing the CSRD

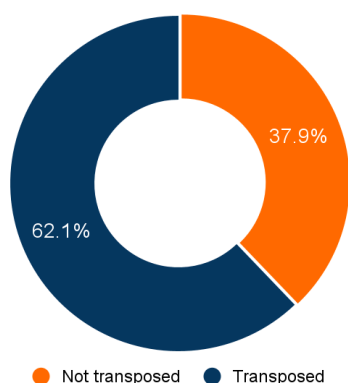
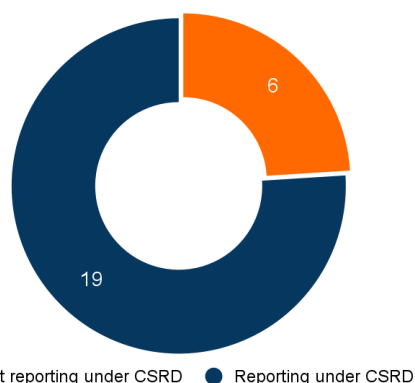


Figure 2: Reporting by banks in jurisdictions not transposing the CSRD



Non-reporting banks are predominantly located in Germany. Among the six banks that have opted not to report under the CSRD, five are based in Germany (Figure 4), whereas only half of the banks in countries that have not transposed CSRD (Figure 3 and 4) are located there (12 out of 25). This may be related to Germany's role in shaping the development of Omnibus I, following strong lobbying from certain German businesses

¹ EBA, *2025 EU-wide stress test*, August 2025.

against the reporting standards.² In addition, authorities in some other non-transposing countries, such as the *Comisión Nacional del Mercado de Valores* (CNMV) in Spain, issued non-binding recommendations to adopt CSRD standards. This result should be considered carefully, as it creates an uneven playing field between Germany and other Member States.

Figure 3: Per-country split of reporting banks in non-transposing countries

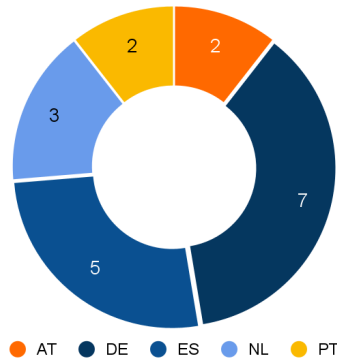
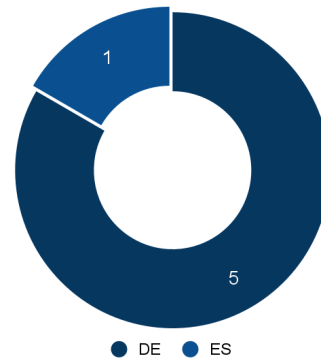


Figure 4: Split of banks not reporting under CSRD



Most banks covered in the sample will still be required to report under the CSRD after the finalisation of the Omnibus I. Their reporting obligations will apply regardless whether the final scope thresholds follow the Commission position (1,000 employees, EUR 50 million turnover, EUR 25 million balance sheet), the Council position (1,000 employees, EUR 450 million turnover), or the position of the European Parliament’s Committee on Legal Affairs (1,000 employees, EUR 450 million turnover). While this may seem positive, as the sample covers 75% of banking assets, Finance Watch cautions that the **Omnibus I will create additional challenges for credit institutions** to prepare their reports. The greater the number of medium-sized companies excluded from the reporting obligations, the more difficult it will be for banks to collect the necessary data from their clients, increasing compliance costs. Unfortunately, it seems inevitable that the CSRD scope will fall below that of the original Non-Financial Reporting Directive (NFRD).

Figure 5: Segmentation of the sample by number of employees

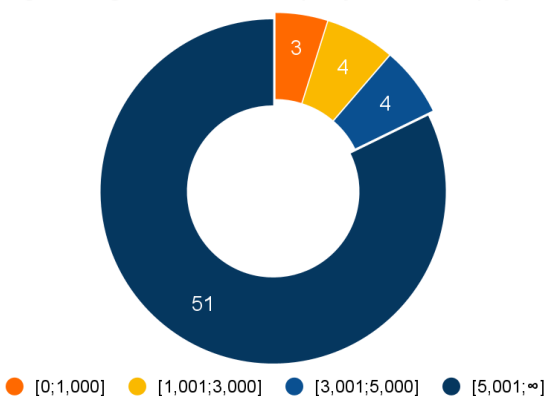
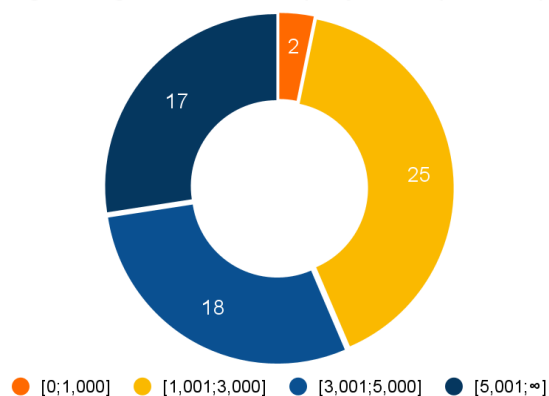


Figure 6: Segmentation of the sample by turnover (in EUR mln)

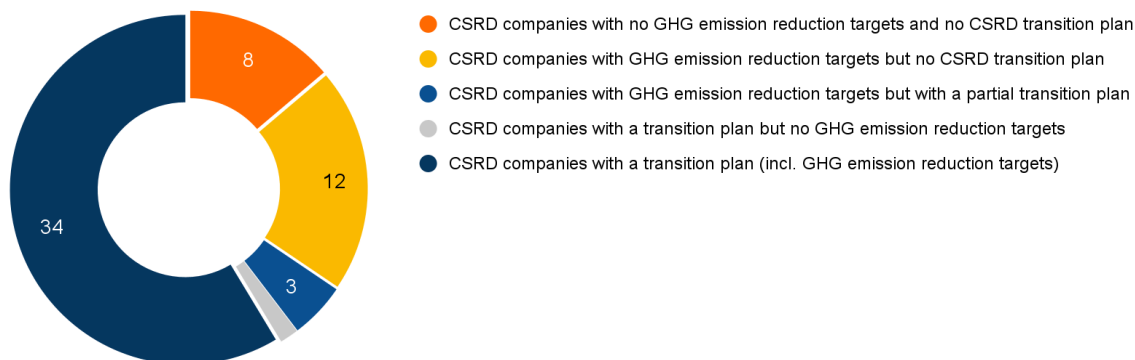


² DIHK, *Entlastung bei der Nachhaltigkeitsberichterstattung: Fünf DIHK-Vorschläge für praxisingerechte ESG-Daten entlang der Wertschöpfungskette*, November 2024.

B. The state of play of transition plan disclosures

This analysis reveals that only 14% of the reporting banks do not have GHG emissions reduction targets. Among those that do, targets vary in ambition levels and their credibility may be difficult to assess. Having GHG emission reduction targets does not guarantee the existence of a *full* transition plan, as **only 59% of reporting banks disclosed their transition plans.** Finance Watch shares concerns over the credibility of emission reduction targets reported by institutions that have not reported a proper transition plan. This brings back the ambiguity surrounding the CSRD transition plan requirement – whether such a plan should be compatible with the objectives of the Paris Agreement, as explained in Finance Watch’s policy brief *Safe transition planning for banks*.³

Figure 7: Split of reporting banks based on the disclosure of GHG emission reduction targets and transition plans



While different legal interpretations currently exist – some banks report a transition plan aligned with beyond 2°C scenarios – Finance Watch notes that reporting a transition plan that is not compatible with the Paris Agreement objectives, compared to only disclosing the targets, would provide more contextual information about the institution’s efforts. This, in turn, allows a better assessment of the credibility of the GHG emission reduction targets. However, in this case, Finance Watch warns that the exemption in Article 22(2) of the CSDDD which states that “companies that report a transition plan for climate change mitigation in accordance with [CSRD] shall be deemed to have complied with the obligation to adopt a transition plan for climate change mitigation referred to in paragraph 1 of this Article” would leave a legislative loophole: companies that report a transition plan that is not compatible with the objectives of the Paris agreement would be deemed compliant with the CSDDD transition plan requirement.

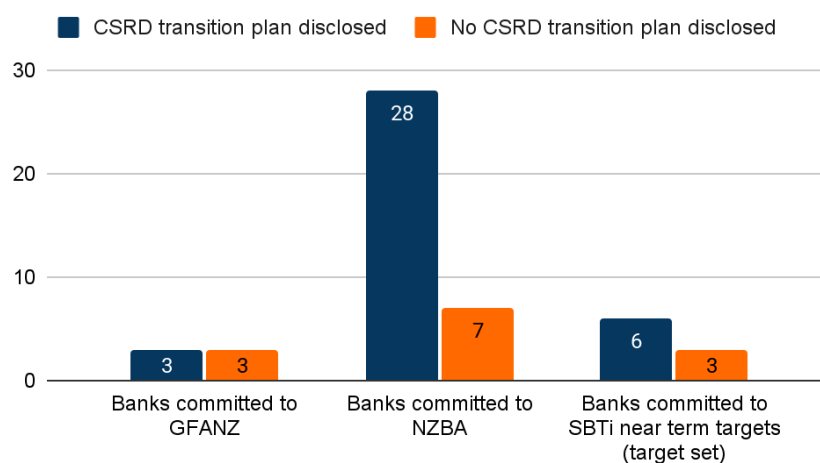
Finance Watch **recommends** (1) the European Commission confirm that the CSRD transition plan need not be fully compatible with the objectives of the Paris Agreement, but that the extent of the alignment should be disclosed; (2) the co-legislators solve the legislative loophole in Article 22(2) of the CSDDD; and (3) EFRAG require the disclosure of the transition plan as soon as the company discloses GHG emission reduction targets to better assess their credibility.

³ Finance Watch, *Safe transition planning for banks: Bringing legal certainty and comparability in an evolving prudential framework*, October 2024, page 15.

There are also challenges in determining whether institutions have adopted a CSRD transition plan. In some cases, credit institutions refer only to plans covering a limited scope of activities or exposures, creating uncertainty about whether all material exposures are considered. Finance Watch therefore emphasizes the importance of retaining the current disclosure requirement in E1-1 stating that “if the undertaking does not have a transition plan for climate change mitigation in place, it shall indicate whether and, if so, when it will adopt one,” as proposed by EFRAG in its consultation.⁴ This also highlights the need to clarify the requirements on such plans including if they have to be Paris-compatible and if they should cover all parts of the banks’ portfolio.

Participation in voluntary climate initiatives is no guarantee for the availability of transition plans. Although 59% of banks have reported a transition plan, Finance Watch observed that banks participating in the Glasgow Financial Alliance for Net Zero (GFANZ) are less likely to disclose one, with only 50% of participating banks reporting a transition plan. Inversely, 66% of banks that have defined near-term SBTi-compliant targets have published a transition plan, as have 80% of the banks committing to the Net Zero Banking Alliance (NZBA). Finance Watch still warns that such voluntary commitments could unintentionally overestimate a credit institution’s efforts and the sustainability of its portfolio and should therefore not be overemphasized in public reporting.

Figure 8: Reporting of transition plan by banks participating in voluntary standards



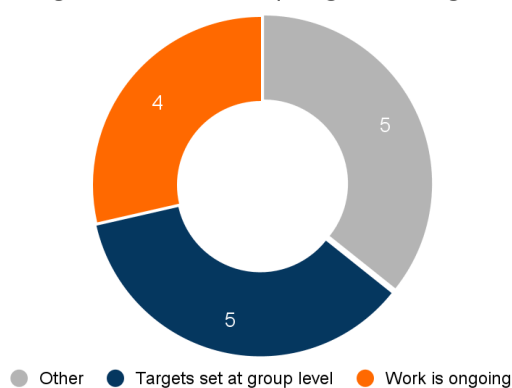
Comparability between transition plans remains a challenge. This is partly due to the lack of a standardized format for companies to disclose their transition plans. Some banks present their plans and GHG emission reduction targets only in free-text form, which can be difficult for users to interpret and process. Some banks use visual representations that are easier for general audiences to follow, while others provide tables that facilitate institutional analysis. As a result, comparing transition plans across institutions and identifying the most ambitious actors remains difficult.

⁴ EFRAG, *Amended ESRS Exposure Draft July 2025 ESRS E1*, July 2025.

Finance Watch **recommends** EFRAG complement the transition plan disclosure requirements with an illustrative representation of GHG emission reduction target and a mandatory tabular representation.

Setting targets at the group level leads to an unlevel playing field between EU and non-EU credit institutions. As highlighted in Figure 9, certain institutions assessed by Finance Watch have indeed reported having a transition plan but have not disclosed GHG emission reduction targets under the justification that their targets are defined at the group level while the parent company is located outside the EU. This leads to a situation where EU subsidiaries could state that they have a Paris-aligned transition plan, but not report any targets if the parent company is not subject to CSRD or the International Sustainability Standards Board standards.

Figure 9: Rationale for not reporting transition targets



Finance Watch **recommends** EFRAG require reporting subsidiaries of non-EU groups disclosing a transition plan to set and disclose GHG emission reduction targets at level. A mere statement that targets are set at group level only should not be sufficient to comply with the reporting obligations.

Conclusion

The first wave of CSRD reports marks a critical step forward in enhancing transparency on companies' holistic efforts to mitigate climate change. However, the co-legislators should consider targeted adjustments to the ESRS to further harmonise reporting practices and ensure a level playing field, notably between EU and non-EU companies.

Strengthening comparability is essential to enhance the credibility and usability of information included in transition plans by investors and other stakeholders. The persistence of uneven implementation increases the risks of greenwashing – voluntary or not – and undermines the benefits of the sustainability reporting framework.

Encouragingly, the co-legislators have maintained the transition plan requirement in their respective compromise texts of the CSDDD, even if some proposed wordings strongly

dilute its strength. As negotiations continue, the upcoming transition plan guidance to be published by the European Commission in accordance with Article 19 of the CSDDD becomes even more crucial to clarify expectations and ensure a robust implementation of the requirement. In upcoming publications, Finance Watch will further develop this initial benchmarking to highlight good and bad practices in terms of target setting, decarbonisation levers, key actions, and financial and investment planning.



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Finance Watch has received funding from the European Union to implement its work programme. There is no implied endorsement by the EU or the European Commission of Finance Watch's work, which remains the sole responsibility of Finance Watch.



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Annex

Table 1: Overview of sample

#	Country	Transposing status	Reporting details				Size indicators			Voluntary commitments			
			CSRD report	Transition plan	Targets & metrics	Rationale for absence of targets	Turnover (mln €)	Balance sheet (mln €)	# of employees	NZBA	GFANZ	SBTi near-term targets	SBTi net-zero
1	AT	Not transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
2	AT	Not transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No
3	BE	Transposed	Yes	No	No	Work is ongoing	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	No	Removed	No
4	BE	Transposed	Yes	No	Yes	N/A	[10,001;∞]	[100,001;500,000]	[5,001;∞]	No	No	Removed	No
5	DE	Not transposed	No	No	No	Set at Group level	[1,000;5,000]	[50,001;100,000]	[0;1,000]	No	No	No	No
6	DE	Not transposed	Yes	No	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[3,001;5,000]	No	No	No	No
7	DE	Not transposed	No	No	No	Other	[1,000;5,000]	[100,001;500,000]	[1,001;3,000]	No	No	No	No
8	DE	Not transposed	Yes	No	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
9	DE	Not transposed	Yes	No	No	Work is ongoing	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
10	DE	Not transposed	No	No	No	Other	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
11	DE	Not transposed	No	No	No	Other	[5,001;10,000]	[100,001;500,000]	[3,001;5,000]	No	No	No	No
12	DE	Not transposed	No	No	No	Other	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	No	No	Targets set	No
13	DE	Not transposed	Yes	No	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	Targets set	No
14	DE	Not transposed	Yes	Partly	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	No	No	No	No
15	DE	Not transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	Yes	No	No
16	DE	Not transposed	Yes	No	No	Set at Group level	N/A	N/A	N/A	Yes	Yes	No	No
17	DK	Transposed	Yes	No	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[3,001;5,000]	No	No	Partly committed	No
18	DK	Transposed	Yes	No	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	Committed	Committed
19	DK	Transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[100,001;500,000]	[3,001;5,000]	Yes	No	Targets set	Committed
20	ES	Not transposed	No	No	No	Other	[1,000;5,000]	[50,001;100,000]	[5,001;∞]	No	No	No	No
21	ES	Not transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No

22	ES	Not transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No
23	ES	Not transposed	Yes	Yes	Yes	Work is ongoing	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No
24	ES	Not transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No
25	ES	Not transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	Yes	No	No
26	FI	Transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
27	FI	Transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No
28	FR	Transposed	Yes	Yes	No		[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	Yes	No	No
29	FR	Transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[500,001;∞]	[5,001;∞]	Yes	No	Targets set	No
30	FR	Transposed	Yes	No	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No
31	FR	Transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No
32	FR	Transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No
33	FR	Transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	Committed	No
34	FR	Transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	Committed	No
35	FR	Transposed	Yes	No	No	Set at Group level	N/A	N/A	N/A	No	Yes	No	No
36	GR	Transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[50,001;100,000]	[5,001;∞]	Yes	No	No	No
37	GR	Transposed	Yes	No	Yes	N/A	[1,000;5,000]	[50,001;100,000]	[5,001;∞]	No	No	Targets set	No
38	GR	Transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[50,001;100,000]	[5,001;∞]	Yes	No	No	No
39	HU	Transposed	Yes	No	Partly	Work is ongoing	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
40	IE	Transposed	Yes	No	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[1,001;3,000]	No	No	No	No
41	IE	Transposed	Yes	No	No	Set at Group level	[1,000;5,000]	[50,001;100,000]	[1,001;3,000]	No	No	No	No
42	IE	Transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	No	Targets set	No
43	IE	Transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	Yes	No	Targets set	No
44	IE	Transposed	Yes	No	No	Set at Group level	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	Yes	No	No
45	IT	Transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[500,001;∞]	[0;1,000]	Yes	No	Targets set	Committed
46	IT	Transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
47	IT	Transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No
48	IT	Transposed	Yes	No	Partly	Work is ongoing	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No
49	IT	Transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No
50	IT	Transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No

51	NL	Not transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No
52	NL	Not transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	No	No
53	NL	Not transposed	Yes	Yes	Yes	N/A	[10,001;∞]	[500,001;∞]	[5,001;∞]	Yes	No	Targets set	No
54	NO	Transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
55	PL	Transposed	Yes	No	No	Work is ongoing	[1,000;5,000]	[50,001;100,000]	[5,001;∞]	No	No	No	No
56	PL	Transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	No	No	No	No
57	PT	Not transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	No	No	Committed	No
58	PT	Not transposed	Yes	Yes	Yes	N/A	[1,000;5,000]	[100,001;500,000]	[5,001;∞]	Yes	No	Removed	No
59	RO	Transposed	Yes	No	No	Work is ongoing	[1,000;5,000]	[0;50,000]	[5,001;∞]	No	No	No	No
60	SE	Transposed	Yes	Partly	Partly	Work is ongoing	[0;1,000]	[0;50,000]	[0;1,000]	No	No	No	No
61	SE	Transposed	Yes	No	Partly	Work is ongoing	[0;1,000]	[50,001;100,000]	[1,001;3,000]	Yes	No	Removed	No
62	SE	Transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	Committed	Committed
63	SE	Transposed	Yes	Yes	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	Committed	Committed
64	SE	Transposed	Yes	Partly	Yes	N/A	[5,001;10,000]	[100,001;500,000]	[5,001;∞]	Yes	No	No	No