

Bank Investor Engagement Project

Assessment of Participating Banks

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Disclaimer: All research in this document is based solely on publicly available information and was collected by or before April 2021.










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Assessment of Participating Banks

Sample

Banks recruited for the IIE Banking Project

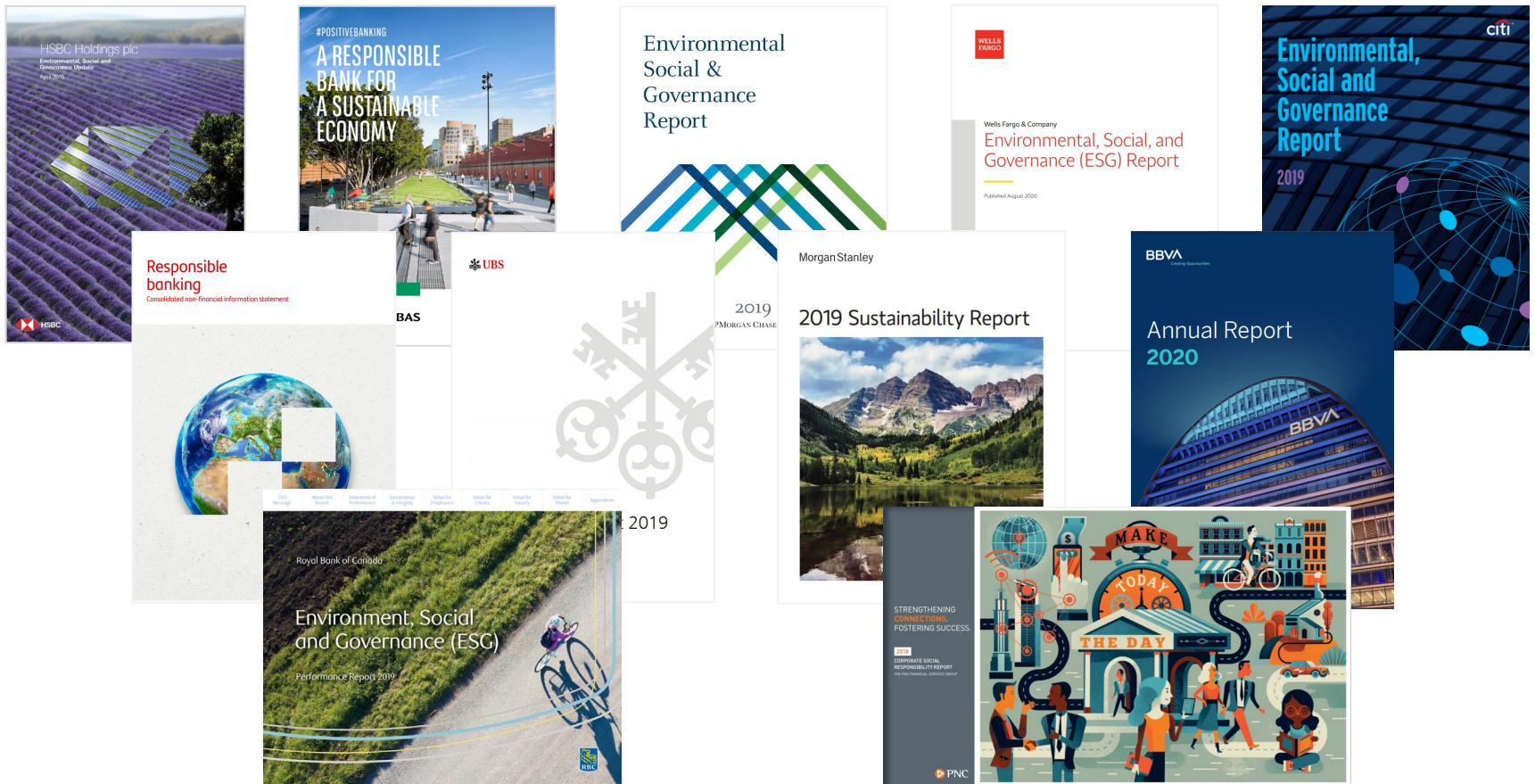
	Banking Institution	Headquarters	Total Assets (US\$B)
1.	 HSBC	UK	\$ 2,715
2.	JPMORGAN CHASE & CO.	US	\$ 2,687
3.	 BNP PARIBAS	France	\$ 2,429
4.		US	\$ 1,951
5.		US	\$ 1,928
6.	 Santander	Spain	\$ 1,703
7.	 RBC Royal Bank	Canada	\$ 1,116
8.	 UBS	Switzerland	\$ 972
9.	Morgan Stanley	US	\$ 895
10.		Spain	\$ 782
11.	 PNC	US	\$410

Summary of Key Findings

Assessment Type	Findings
Sustainability Reporting <ul style="list-style-type: none"> Formal sustainability report or integrated report Materiality assessment 	<ul style="list-style-type: none"> All banks published a formal sustainability/integrated report. Most of the banks published a materiality analysis. 9/11 banks report according to TCFD. 8/11 banks disclose SASB indices and 7/11 banks GRI indices. A range of social issues are of top concern for the banks assessed. Customer engagement & satisfaction, Data privacy & security, Human capital management, Access to finance & affordability, and Financing environmental impact are commonly considered financially material.
Governance for Sustainability <ul style="list-style-type: none"> Dedicated board committee for sustainability 	<ul style="list-style-type: none"> There is oversight and accountability for sustainability at the board level - five banks have a sustainability committee, and five have integrated responsibilities for sustainability into other committees
ESG Initiatives <ul style="list-style-type: none"> Participation in UNEP FI, PRB, Equator Principles, Science Based Targets Initiative 	<ul style="list-style-type: none"> ESG initiatives are prominent and widely adopted. A number of banks are yet to join the Principles for Responsible Banking and Science-Based Target Initiative
ESG Ratings <ul style="list-style-type: none"> MSCI ESG Rating Sustainalytics ESG Risk Rating Refinitiv Company ESG Scores 	<ul style="list-style-type: none"> Acc. to MSCI's rating, none of the banks are laggards on their resilience to ESG risks. Sustainalytics' rating indicate that most of the banks are considered to have medium or high ESG risk. Overall, Refinitiv scored the banks as having good ESG performance, except for Morgan Stanley. UBS and BNP Paribas are scored best.
Sustainable/Green Finance <ul style="list-style-type: none"> Green Bonds Fossil Fuel Financing Forest500 Deforestation Rating 	<ul style="list-style-type: none"> All banks issue green bonds. The money spent by banks on fossil fuel financing far outweighs the amount of issuance on green bonds. Banks have taken steps to address deforestation, however further action is required.




Sustainability Reporting

All participating banks publish a formal sustainability report



Sustainability Reporting

TCFD and SASB are the frontrunners for sustainability reporting

Banking Institution		Formal Sustainability Reporting?	 GRI Reporting	 SASB Reporting	 TCFD Reporting
1.	HSBC	Y	N	N	Y
2.	JPMorgan	Y	Y	Y	Y
3.	BNP Paribas	Y	N	N	Y
4.	Citi	Y	Y	N	Y
5.	Wells Fargo	Y	Y	Y	N
6.	Santander	Y	Y	Y	Y
7.	RBC	Y	N	Y	Y
8.	UBS	Y	Y	Y	Y
9.	Morgan Stanley	Y	N	Y	Y
10.	BBVA	Y ¹⁾	Y	Y	Y
11.	PNC	Y ²⁾	Y ³⁾	Y ⁴⁾	N
Total 'Yes'		11/11	7/11	8/11	9/11

¹⁾ BBVA follows an integrating reporting approach. Their non-financial disclosures can be found in their Annual Report.

²⁾ For 2019, PNC decided to forgo publishing a full report and instead chose a brief summary that focuses on Covid-19 and inequality.

³⁾ GRI index disclosed in 2018 report, but not in 2019 summary.

⁴⁾ SASB index disclosed in 2019 summary, but not in 2018 report.

Sustainability Reporting Frameworks



Global Reporting Initiative (GRI)

Description

The Global Reporting Initiative is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

The GRI Standards help organizations understand their outward impacts. This increases accountability and enhances transparency on their contribution to sustainable development.

Organizations can either use the GRI Standards to prepare a sustainability report in accordance with the Standards. Or they can use selected Standards, or parts of their content, to report information for specific users or purposes, such as reporting their climate change impacts for their investors and consumers.

The GRI was founded in 1997.

Key stakeholders

Corporates, Investors, Labor Constituencies, and Civil Society

Supporters

More than 10,000 GRI reporters in over 100 countries, including some of the world's major banks (e.g. Citigroup, Santander, Barclays)

Sustainability Reporting Frameworks



Sustainability Accounting Standards Board (SASB)

Description

SASB is a non-profit organization, founded to develop sustainability accounting standards. Its stated mission “is to establish industry-specific disclosure standards across ESG topics that facilitate communication between companies and investors about financially material, decision-useful information. Such information should be relevant, reliable and comparable across companies on a global basis.”

SASB standards are used by companies around the world in a variety of disclosure channels, including their annual reports, financial filings, company websites, sustainability reports, and more.

SASB was founded in 2011.

Key stakeholders

Investors and corporates

Supporters

Hundreds of companies around the world and across every sector are using SASB standards, including some of the major banks (e.g. Bank of America, Barclays, Goldman Sachs, RBC, Santander, UBS, Wells Fargo)

Sustainability Reporting Frameworks



Task Force on Climate-related Financial Disclosures (TCFD)

Description

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.

The TCFD has developed a framework to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes.

It was founded in 2015.

Key stakeholders

Investors and corporates

Supporters

Nearly 800 organizations worldwide have committed to support TCFD, including many of the major banks.

Sustainability Reporting Materiality

Most sustainability reports include an ESG materiality assessment

Banking Institution		Materiality Assessment	Environmental	Social	Governance
1.	HSBC	Y	✓	✓	✓
2.	JPMorgan	Y	✓	✓	✓
3.	BNP Paribas	Y	✓	✓	✓
4.	Citi	Y	✓	✓	✓
5.	Wells Fargo	Y	✓	✓	✓
6.	Santander	Y	✓	✓	✓
7.	RBC	Y	✓	✓	✓
8.	UBS	Y	✓	✓	✓
9.	Morgan Stanley	N	-	-	-
10.	BBVA	Y	✓	✓	✓
11.	PNC	Y	✓	✓	✓
Total 'Yes'		10/11	10/11	10/11	10/11

Sustainability Reporting Materiality

Material issues as disclosed by banks compared to MSCI and SASB (standardized)

Top 8 issues



Customer engagement and satisfaction



Human capital management
(i.e., human capital development, diversity and inclusion, talent attraction and retention)



Corporate governance



Business ethics



Financing environmental impact
(i.e., climate-related)



Access to finance and affordability



Data privacy and security



Financing societal impact
(i.e., Community investing)



Sustainability Reporting Materiality

Material issues as disclosed by banks compared to MSCI and SASB (standardized)

Assessment methodology

The following two slides contain a table comparing which ESG issues are considered financially material for banks by ESG data provider MSCI, disclosure standard setter SASB and ten banks participating in the project. Please note the following:

- For MSCI, the [ESG Industry Materiality Map](#) was used.
- For SASB, the [SASB Materiality Map®](#) was used.
- For the participating banks, issues were gathered from their proprietary materiality analysis (most often presented in the form of a materiality matrix) and found within the banks' latest sustainability reports. As Morgan Stanley has not yet disclosed the outcome of a formal materiality analysis, the bank was excluded from the table.
- Data providers, standard-setters and companies use different terms for similar issues. For the purpose of this comparison, terminology was standardized (e.g., “*Sustainable investing*” and “*Responsible Investment and Financing*” were standardized using the latter term).
- Issues are presented in layers and mapped to broader themes (e.g., *Talent attraction and retention* falls under *Human Capital Management*).
 - Companies in the sample have disclosed issues at different levels of granularity (e.g., most banks disclosed *Corporate Governance* as material issue, while Santander specified that particularly *Board composition* is relevant in the context of sustainability)

Sustainability Reporting

Materiality

Material issues as disclosed by banks compared to MSCI and SASB (standardized)

		MSCI	SASB	HSBC	JP Morgan	BNP Paribas	Citi	Wells Fargo	Santander	RBC	UBS	BBVA	PNC
Environmental	Responsible investment and financing	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Financing environmental impact	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Assessment of climate-related opportunities and solution development (e.g. financing transition to a low-carbon economy)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Assessment of climate-related risks (e.g. fossil fuel financing)				✓	✓	✓	✓	✓		✓	✓	
	Protection of biodiversity					✓							
	Operational environmental impact			✓	✓	✓	✓		✓				
Social	Customer engagement and satisfaction	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Customer financial protection	✓	✓				✓	✓	✓			✓	✓
	Customer financial health					✓	✓		✓			✓	
	Customer satisfaction			✓	✓		✓		✓	✓	✓	✓	✓
	Fair and transparent marketing and advertising				✓	✓	✓	✓	✓			✓	
	Human capital management	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Human capital development	✓			✓	✓	✓		✓	✓	✓		✓
	Employee diversity and inclusion			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Talent attraction and retention				✓	✓	✓		✓	✓	✓	✓	✓
	Employee wellbeing			✓	✓		✓		✓	✓		✓	
	Compensation and benefits				✓			✓					
	Data privacy and security	✓	✓		✓	✓	✓	✓	✓	✓		✓	✓
	Access to finance and affordability	✓	✓		✓	✓	✓		✓	✓		✓	
	Financing societal impact				✓	✓	✓	✓	✓	✓	✓	✓	✓
	Financing solutions that generate positive social impacts				✓		✓		✓	✓		✓	
	Community investment				✓	✓	✓	✓	✓	✓	✓	✓	✓
	Innovation / Digital transformation					✓	✓		✓	✓	✓		✓
	Human rights						✓		✓			✓	
	Responsible procurement					✓				✓			



Sustainability Reporting Materiality

Material issues as disclosed by banks compared to MSCI and SASB (standardized)

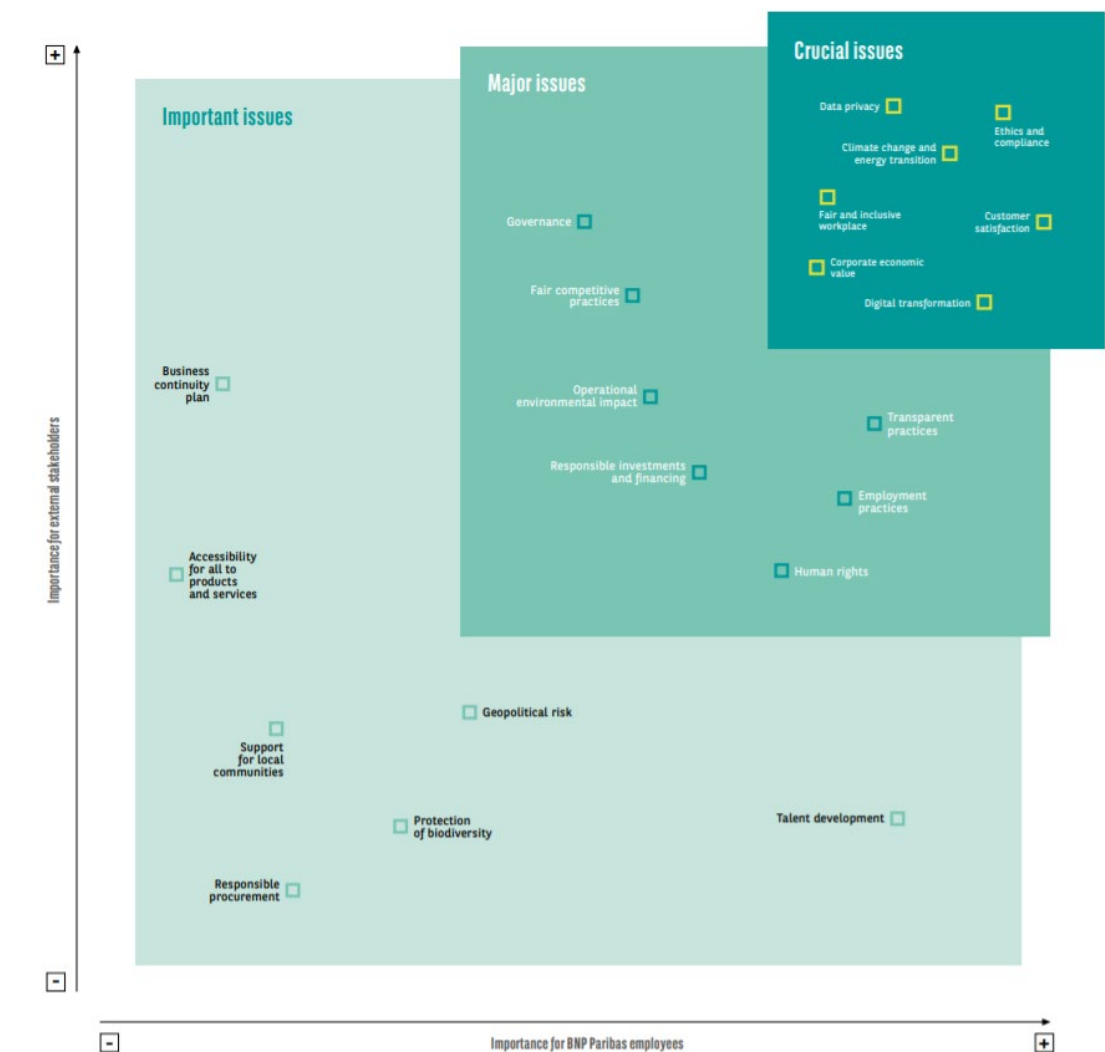
		MSCI	SASB	HSBC	JP Morgan	BNP Paribas	Citi	Wells Fargo	Santander	RBC	UBS	BBVA	PNC
Governance	Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Ownership & Control	✓							✓				
	Investor relations								✓				
	Shareholder activism								✓				
	Board	✓			✓				✓				
	Board composition	✓							✓				
	Executive remuneration	✓						✓	✓		✓		
	Transparency, accountability and reporting	✓				✓	✓						
	Responsible tax practices	✓							✓				
	Business ethics	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
	Operating within the legal & regulatory environment				✓		✓		✓	✓	✓		✓
	Zero-tolerance conduct / grievance mechanisms				✓		✓						
	Fair competitive practices				✓	✓	✓	✓	✓				
	Systemic risk management		✓	✓		✓	✓	✓	✓	✓		✓	✓
	Partnerships with civil society/government				✓		✓						
	Regulatory reform						✓		✓				
	Stakeholder engagement							✓					

Materiality Analysis

BNP Paribas



BNP PARIBAS

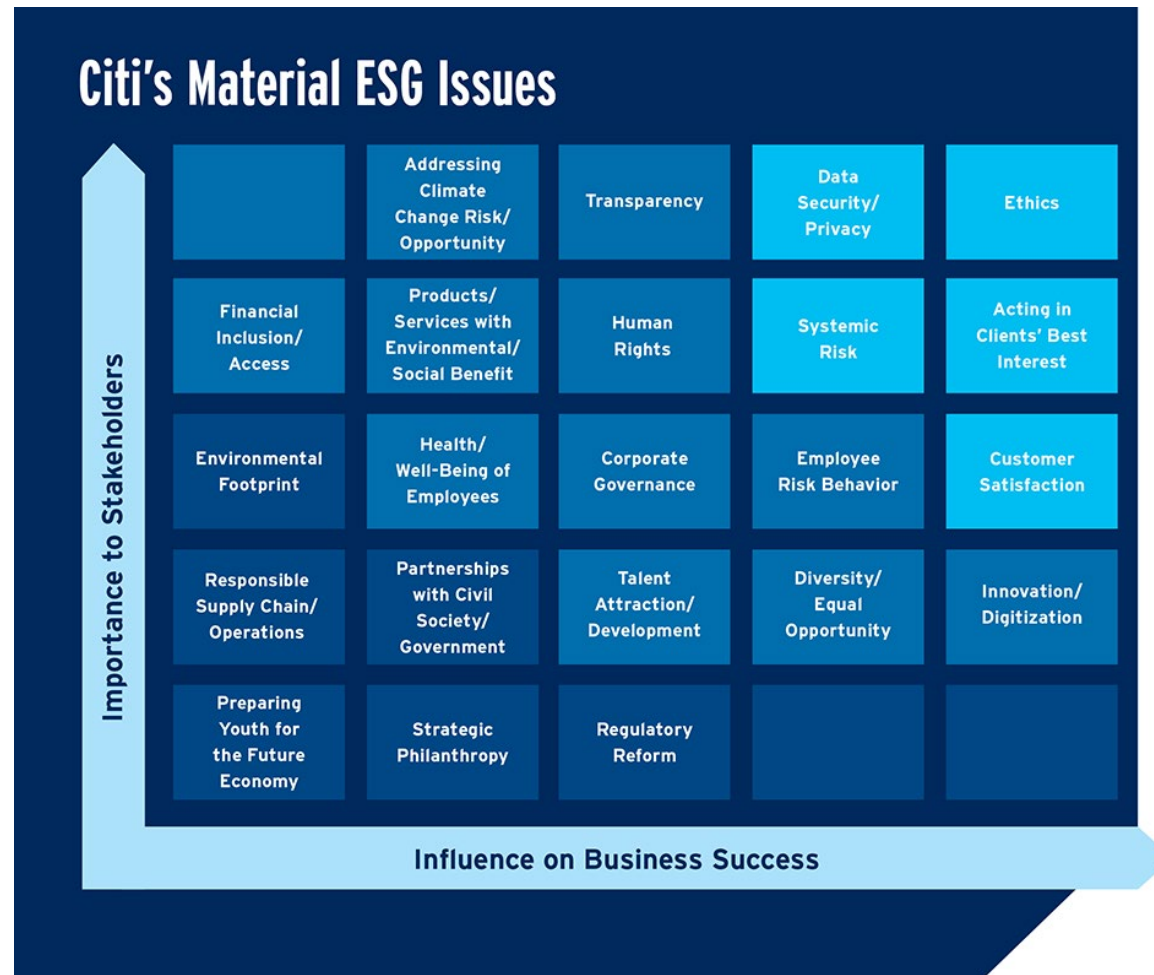


Source: BNP Paribas (2019). [2019 Integrated Report](#).



Materiality Analysis

Citigroup



Source: Citigroup (2019). [Environmental, Social and Governance Report 2019.](#)



Materiality Analysis

Wells Fargo

WELLS FARGO

As part of our materiality assessment, we interviewed internal and external stakeholders, including more than 30 Wells Fargo leaders and subject matter experts from across the company, and members of our external Stakeholder Advisory Council. We also included content from stakeholders representing Wells Fargo customers, employees, ESG investors, government, media, NGOs, and financial peers.

As of August 2020, we're in the process of developing new ESG goals and frameworks to address the themes and topics generated by the materiality assessment.

The following 14 topics were identified by Wells Fargo as being the most significant to our internal and external stakeholders in our most recent materiality assessment:

- Business ethics
- Business policies and practices
- Climate risk management
- Community development
- Compensation and benefits
- Corporate governance
- Corporate risk management and compliance
- Customer privacy and data security
- Diversity and inclusion
- Employee incentives and risk-taking
- Environmental and social due diligence
- Fair and responsible lending and pricing
- Stakeholder engagement
- Transparent information and fair advice for customers

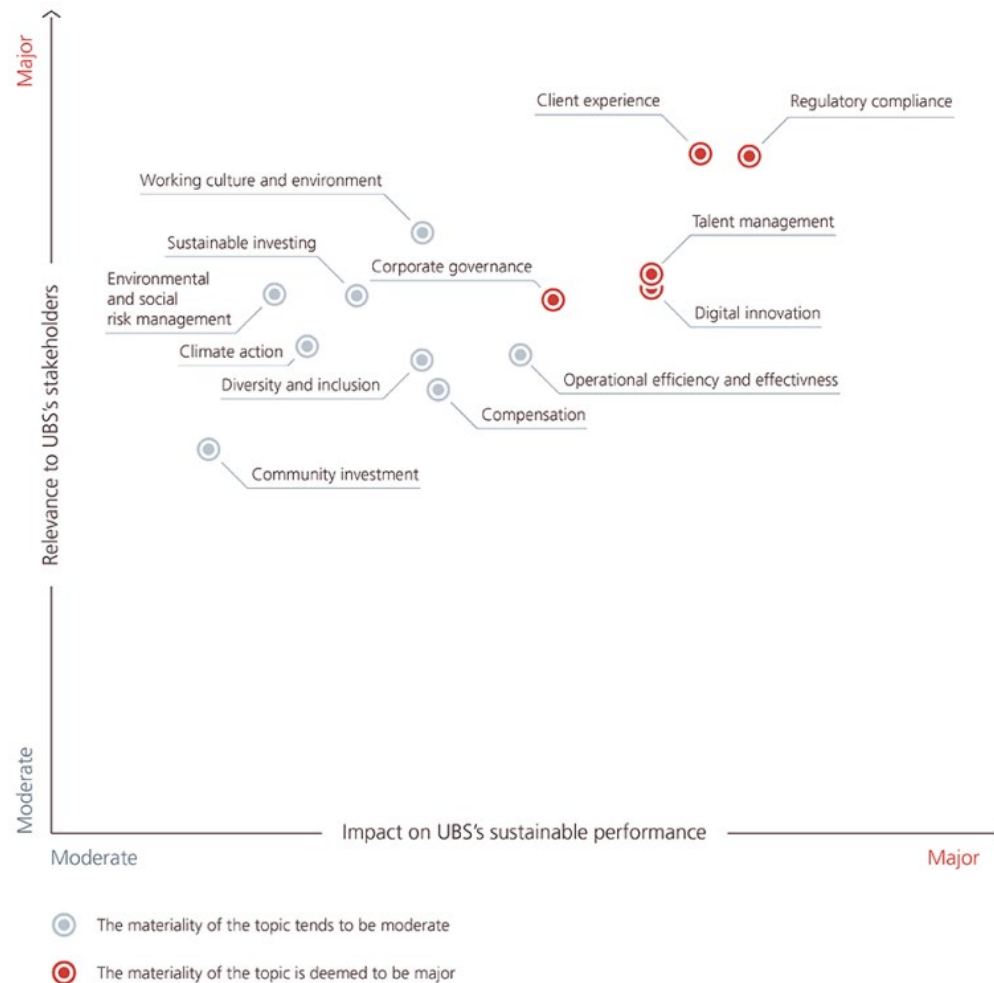


Materiality Analysis

UBS



UBS materiality matrix 2019

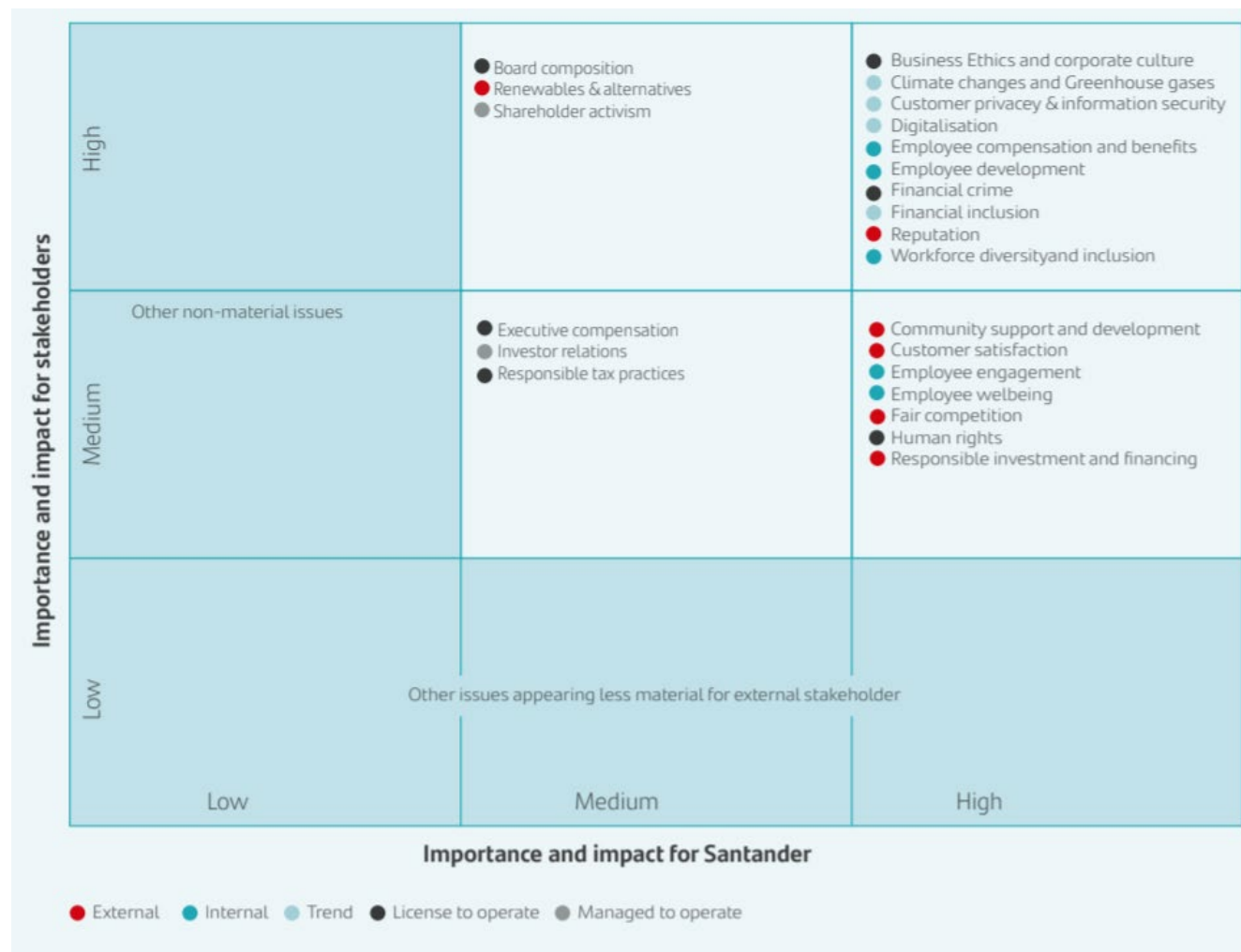


Source: UBS (2020). [Sustainability Report 2019](#).



Materiality Analysis

Santander

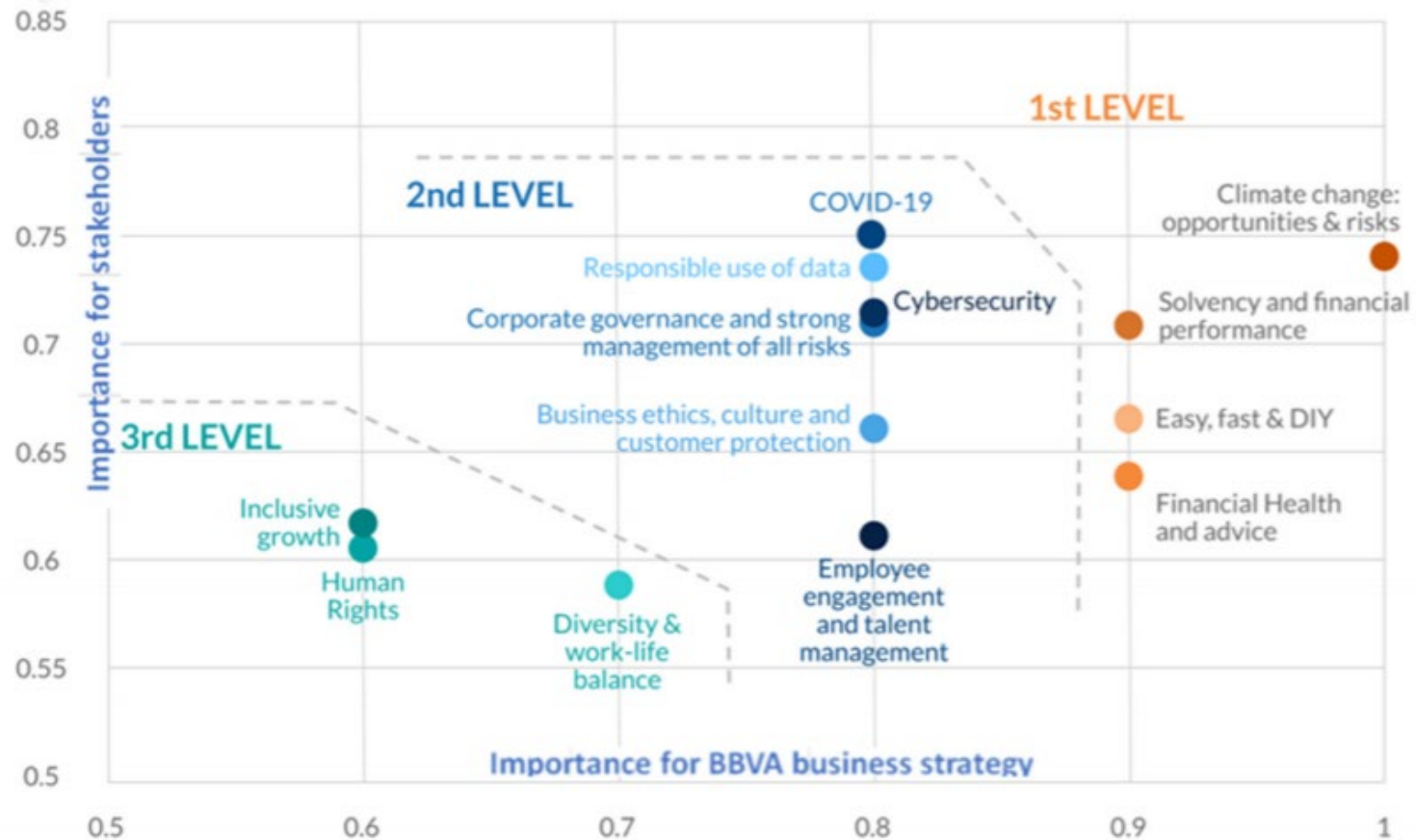


Source: Santander (2019). [Environmental, Social and Governance Supplement](#).



Materiality Analysis

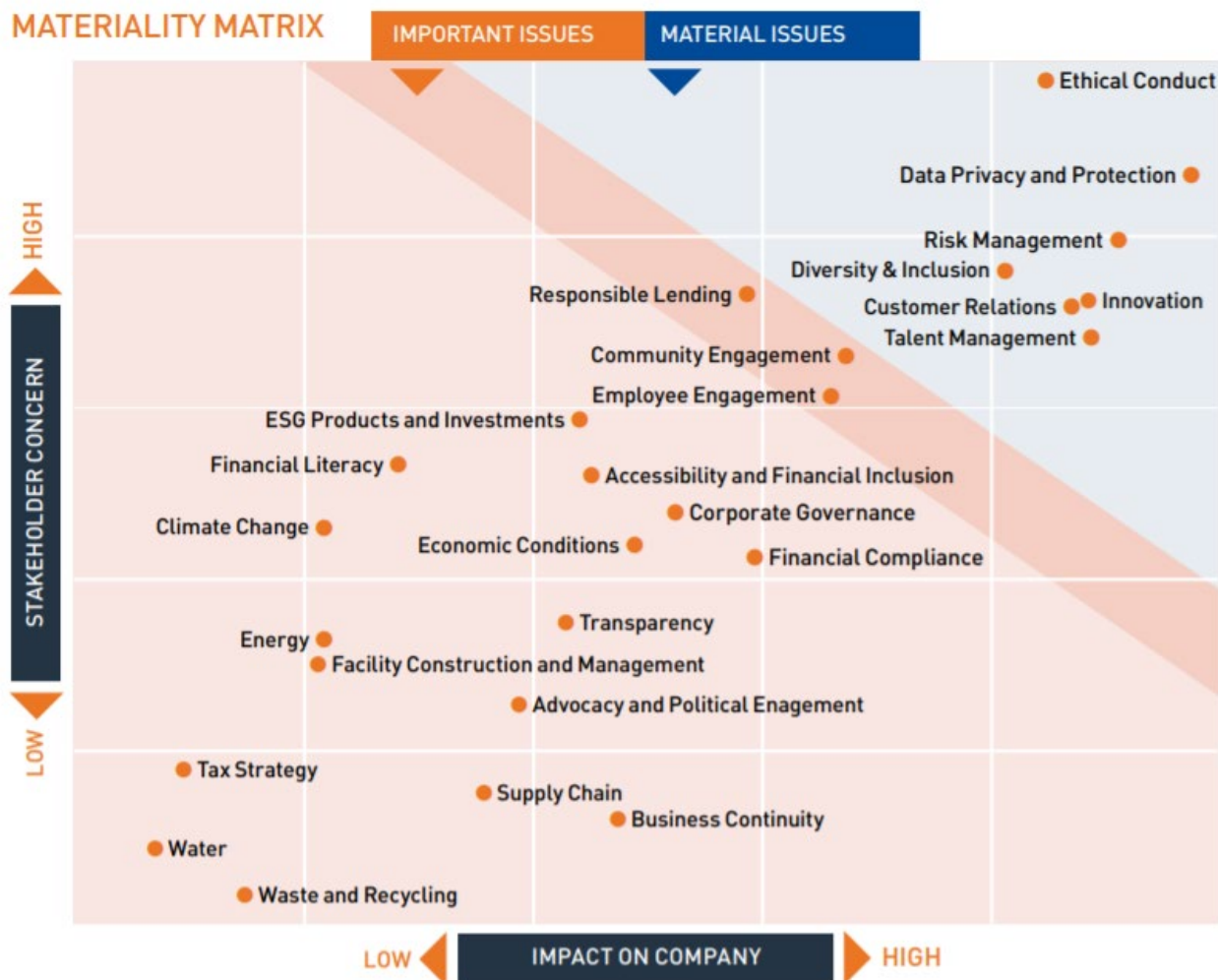
BBVA



Source: BBVA (2020). [Annual Report 2020](#).

Materiality Analysis

PNC



Source: PNC (2018). [2018 CSR Report](#).

Governance for Sustainability

Five banks have a sustainability committee at the board level

Banking Institution		Sustainability committee	Name of sustainability committee	Integrated governance for sustainability
1.	HSBC	N	-	Y
2.	JPMorgan	Y	<i>Public Responsibility Committee</i>	-
3.	BNP Paribas	Y	<i>Corporate Governance, Ethics, Appointments & CSR Committee</i>	-
4.	Citi	N	-	Y
5.	Wells Fargo	Y	<i>Corporate Responsibility Committee</i>	-
6.	Santander	Y	<i>Responsible Banking, Sustainability & Culture Committee</i>	-
7.	RBC	N	-	N
8.	UBS	Y	<i>Corporate Culture & Responsibility Committee</i>	-
9.	Morgan Stanley	N	-	Y
10.	BBVA	N	-	Y
11.	PNC	N	-	Y
Total 'Yes'		5/11		5/6

Governance for Sustainability







Example: Santander

	Voluntary committees (permitted under Bylaws)		Mandatory committees (required by law and under Bylaws)	
	Decision-making powers	Support and proposal in strategic areas	Supervision, information advice and proposal functions in risk, financial information and audit, nomination and remuneration matters	
Board committees	Executive committee	Responsible banking, sustainability and culture committee	Audit committee	Appointments committee
		Innovation and technology committee	Risk supervision, regulation and compliance committee	Remuneration committee
External advisory board		International advisory board (members are non-directors)		

Source: Santander (2020). [Board Committees](#).





ESG Initiatives

Banks are participating in ESG initiatives at different levels

Banking Institution		UNEP Finance Initiative	Principles for Responsible Banking	Equator Principles	Science Based Targets Initiative
			 PRINCIPLES FOR RESPONSIBLE BANKING		
1.	HSBC	Y	N	Y	Y
2.	JPMorgan	N	N	Y	N
3.	BNP Paribas	Y	Y	Y	Y
4.	Citigroup	Y	Y	Y	N
5.	Wells Fargo	N	N	Y	N
6.	Santander	Y	Y	Y	N
7.	RBC	Y	N	Y	N
8.	UBS	Y	Y	N	N
9.	Morgan Stanley	N	N	N	N
10.	BBVA	Y	Y	Y	Y
11.	PNC	N	N	N	N
Total 'Yes'		7/11	5/11	8/11	3/11



ESG Initiatives

Banks are participating in ESG initiatives at different levels

Initiative	Type	ESG Issue(s)	Description	Supporters
	Initiative	ESG	Partnership between United Nations Environment Programme (UNEP) and the global financial sector to mobilize private sector finance for sustainable development. The UNEP FI has established the following frameworks on sustainable finance: Principles for Responsible Banking (PRB), Principles for Sustainable Insurance (PSI), and the Principles for Responsible Investment (PRI).	UNEP FI works with more than 350 members – banks, insurers, and investors, and over 100 supporting institutions.
 PRINCIPLES FOR RESPONSIBLE BANKING	Reporting framework	ESG	The Principles for Responsible Banking are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.	200 signatories representing around 40% of the banking industry and serving more than 1.6 billion people worldwide.
 EQUATOR PRINCIPLES	Reporting framework	E & S	The Equator Principles (EP) are a framework used by financial institutions to determine, assess and manage environmental and social risk in projects.	113 financial institutions in 37 countries have adopted the Equator Principles.
 SCIENCE BASED TARGETS	Initiative	Climate	Companies commit to set out a clearly defined path to reduce emissions in line with the Paris Agreement goals. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.	More than 1000 supporters worldwide, 63 banks, including: ING, Credit Agricole, Société Générale, HSBC, Commerzbank, NatWest.

ESG Ratings

While MSCI considers some banks as ESG leaders, Sustainalytics has ranked most banks as having medium to high ESG risk

Banking Institution		ESG Rating MSCI 	ESG Risk Rating  SUSTAINALYTICS	ESG Score REFINITIV 
1.	HSBC	BBB	25	81
2.	JPMorgan	BBB	28	82
3.	BNP Paribas	AA	25.6	93
4.	Citi	A	26.3	85
5.	Wells Fargo	BB	30.8	73
6.	Santander	BBB	27.1	89
7.	RBC	A	16.9	82
8.	UBS	AA	24.8	90
9.	Morgan Stanley	AA	22.7	59
10.	BBVA	AAA	22.5	80
11.	PNC	A	22.5	77

* Ratings/Scores as of 4/21/2021

Sustainable Finance Activities

All banks now issue green bonds, but financing fossil fuels remains a prominent activity

		Green Bonds		Fossil Fuels		Deforestation
Banking Institution		Green Bond Issuance	Primary Issuance H1 2020 (US\$B)	Total Fossil Fuel Financing 2019 (US\$B)	Total Fossil Fuel Financing 2016 to 2019 (US\$B)	Forest 500 Score (0-100)
1.	HSBC	Y	\$ 3.10	\$ 26.55	\$ 86.53	54
2.	JPMorgan	Y	\$ 4.6	\$ 64.93	\$ 268.59	41
3.	BNP Paribas	Y	\$ 4.50	\$ 30.62	\$ 84.22	62
4.	Citi	Y	\$ 4.8	\$ 52.41	\$ 187.67	48
5.	Wells Fargo	Y	-	\$ 45.24	\$ 197.91	14
6.	Santander	Y	\$ 2.10	\$ 8.98	\$ 25.74	46
7.	RBC	Y	-	\$ 35.11	\$ 140.68	26
8.	UBS	Y	-	\$ 6.42	\$ 35.06	47
9.	Morgan Stanley	Y	\$ 3.3	\$ 22.83	\$ 91.97	45
10.	BBVA	Y	-	\$ 4.79	\$ 17.45	30
11.	PNC	Y	-	-	-	0

The Forest 500 rating assess financial institutions in respect to their policies addressing potential deforestation embedded in forest-risk commodity supply chains.

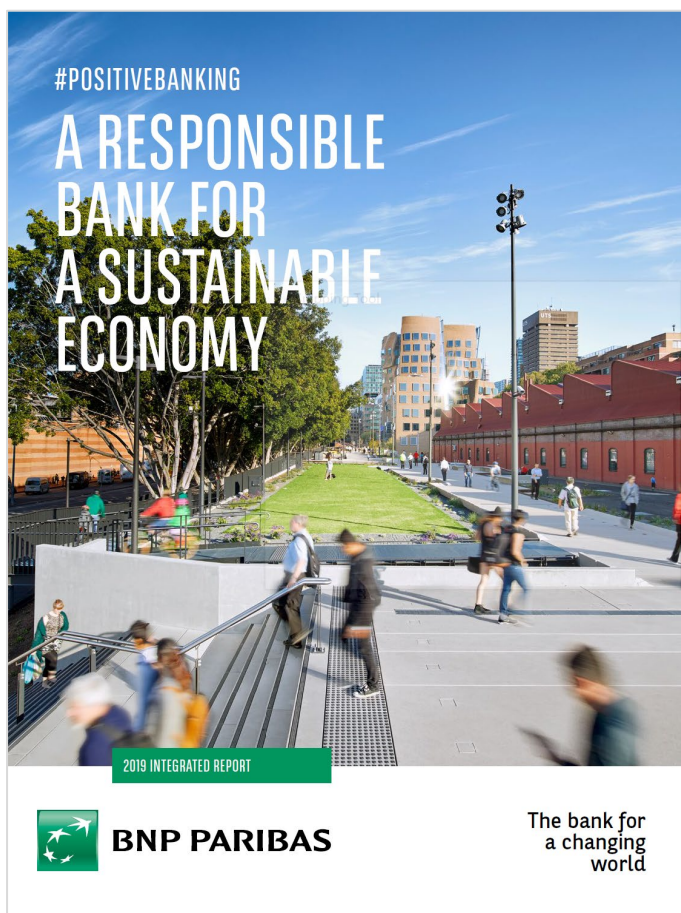
Additional Insights: Case Study

BNP Paribas

Integrated report & dedicated TCFD report



BNP PARIBAS



Source: BNP Paribas (2019). [2019 Integrated Report.](#)

Source: BNP Paribas (2019). [2019 TCFD Report.](#)



Governance for Sustainability

BNP Paribas



BNP PARIBAS





BNP Paribas

A multi-dimensional approach to governing sustainability



BNP PARIBAS

A diverse board composition



4 Directors are listed to have expertise in CSR

Corporate Governance, Ethics, Nominations and CSR Committee (CGEN)

Members

Monique Cohen (C) (i)
Pierre André de Chalendar (i)
Marion Guillou (i)
Daniela Schwarzer (i)

The Board reviews the Group's social and environmental responsibility report, and the Bank's Modern Slavery Act statement.

The Board of directors:

- approved the Group's social and environmental responsibility report, including the Extra-Financial Performance Statement, with the amendments proposed by the Committee;
- approved the Bank's statement in relation to the Modern Slavery Act.

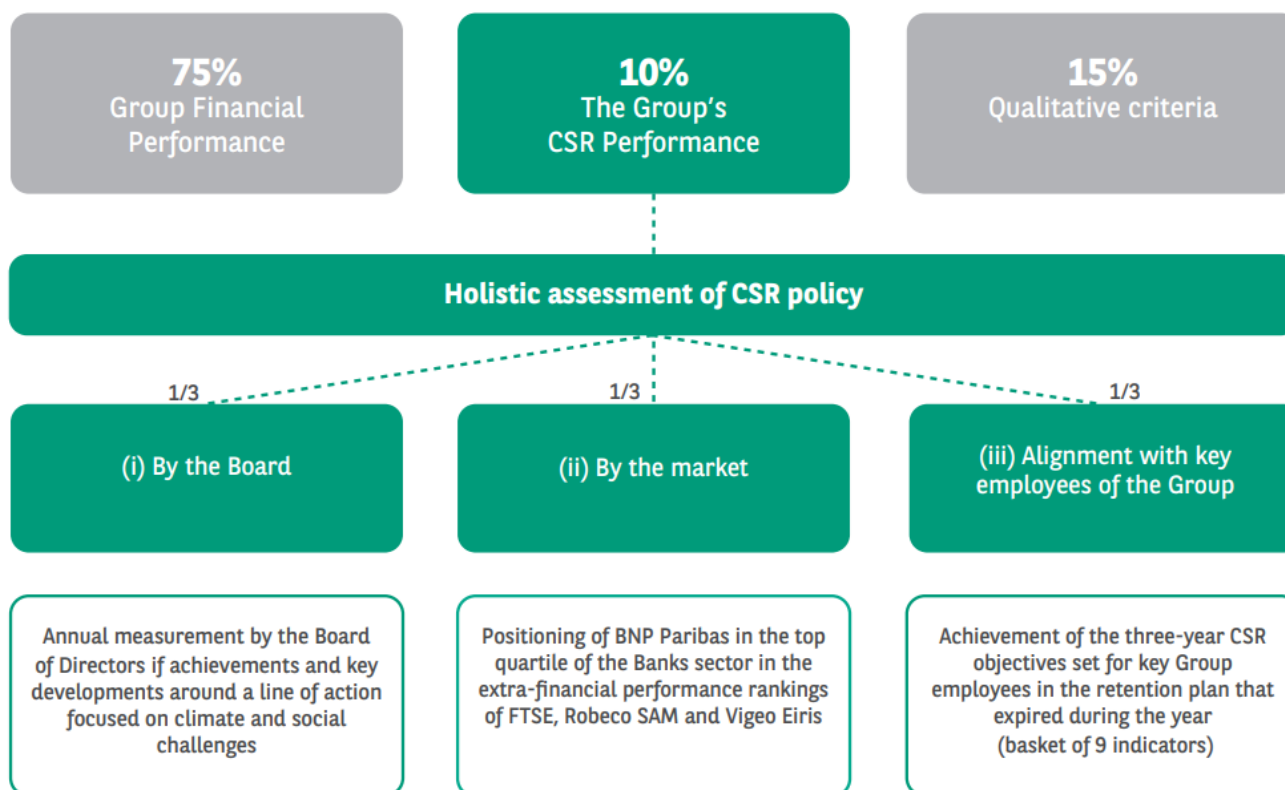
BNP Paribas

A multi-dimensional approach to governing sustainability



BNP PARIBAS

Remuneration is linked with the company's CSR performance.



BNP Paribas

A leader amongst banks in their ESG rating



BNP PARIBAS

BNP PARIBAS SA

(BNP)

Industry: Banks

Country/Region: France

MSCI
ESG RATINGS



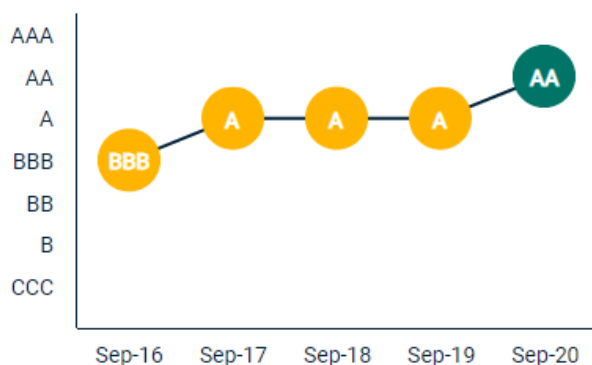
CCC	B	BB	BBB	A	AA	AAA
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BNP was upgraded in September, 2020.

BNP is a **leader** among 192 companies in the **banks industry**.

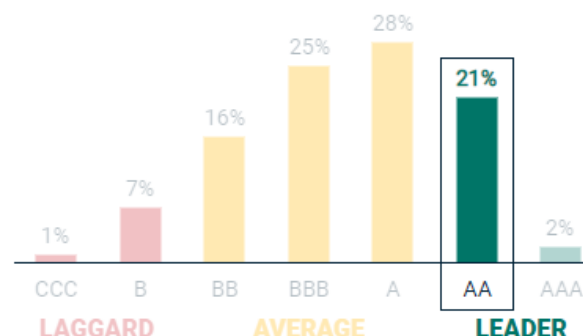
ESG Rating history

MSCI ESG Rating history data over the last five years or since records began.



ESG Rating distribution

Universe: MSCI ACWI Index constituents banks, n=192.



Source: MSCI (2020). [ESG Ratings Corporate Search Tool](#).



BNP Paribas

Medium ESG risk in the banking industry



BNP PARIBAS

BNP Paribas SA

Industry Group: Banks

Country: France

Identifier: PAR:BNP

ESG Risk Rating

25.7 Medium Risk



Ranking

INDUSTRY GROUP
Banks 235 out of 976

UNIVERSE
Global Universe 5202 out of 12806





BNP Paribas

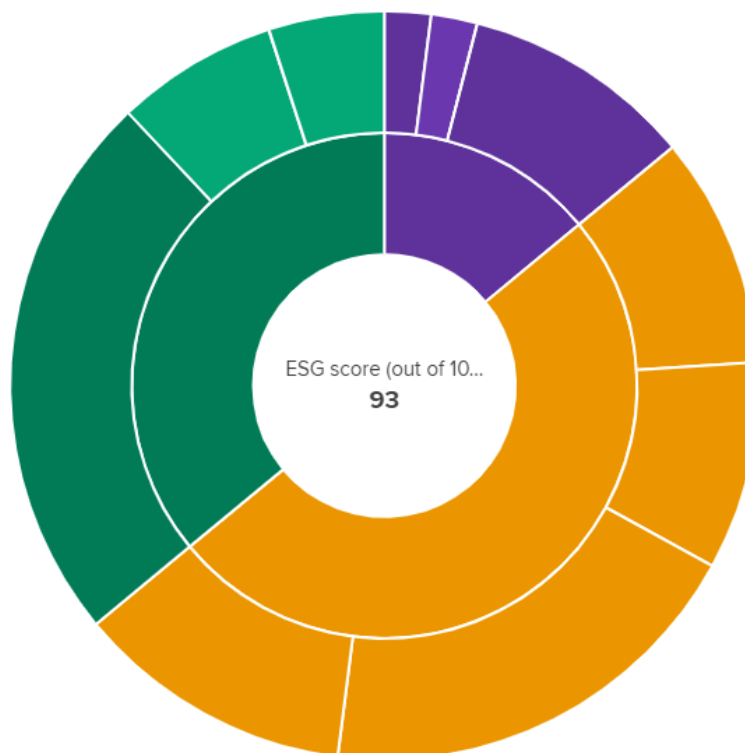
Excellent relative ESG performance and high degree of transparency in reporting material ESG data publicly.



BNP PARIBAS

BNP Paribas SA ESG score (out of 100): **93**

Environment ⓘ	95
Emissions	98
Resource Use	84
Innovation	97
Social ⓘ	96
Human Rights	96
Product Responsibility	96
Workforce	98
Community	93
Governance ⓘ	88
Management	93
Shareholders	79
CSR Strategy	76



COMPARISON AND RANK


BNP Paribas SA is a Banking Services company. Below is the rank of this company out of all the companies in its industry. Get the most comprehensive, detailed, and up to date sector and industry classification available with the Refinitiv Business Classification [here](#)


1/901

Out of Banking Services Companies.

USEFUL LINKS

[ESG brochure](#) 

[Contribute ESG data](#) 

[ESG scores methodology](#) 

Source: Refinitiv (2020). [Company ESG scores.](#)

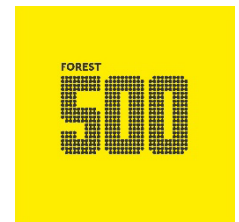
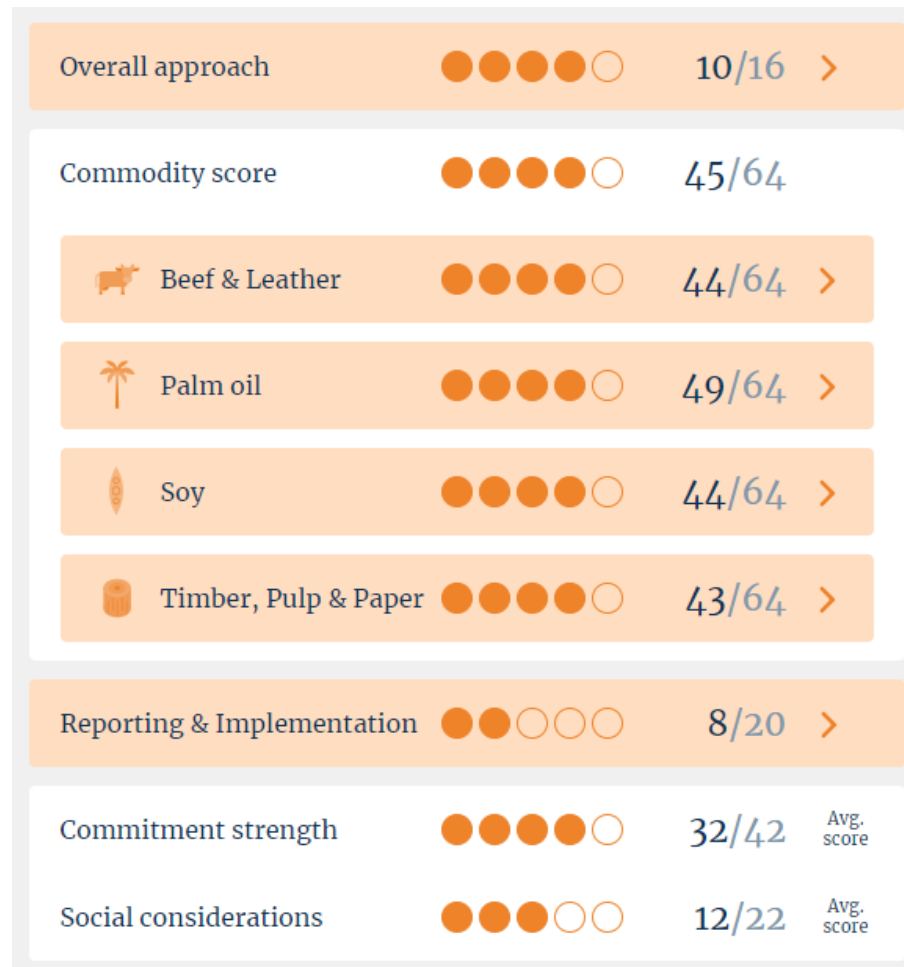
BNP Paribas

Medium deforestation score



BNP PARIBAS

Total
Score:  62%



Source: Forest500 (2020). [Financial Institutions.](#)

What's Next?

What's Next?



More standardized reporting: Reporting standards and frameworks are consolidating to establish common ESG disclosure metrics and lay the ground for consistent, comparable sustainability reporting.



Impact measurement: There will be increasing emphasis on measuring the real-world impact of products and services. New impact datasets and assessment methodologies will emerge, and banks will need to show their positive impacts on society and the environment.



Collaboration for sustainability: In 2020, the Principles for Responsible Banking hit the 200 member mark. In the coming years, we expect more banks to work collectively on ESG initiatives, with increasing involvement from the biggest players.



Regulatory developments: The sustainable finance agenda will continue to progress globally. Banks can expect a regulatory environment that is increasingly favorable to ESG, with a special focus on managing climate risk.

What's Next?



More standardized reporting

Big4 accounting firms and WEF have joined forces to develop standardized reporting framework

Measuring Stakeholder Capitalism
Towards Common Metrics and Consistent Reporting of Sustainable Value Creation



IFRS published a Consultation Paper to assess demand for global sustainability standards and, if demand is strong, assess whether and to what extent the Foundation might contribute to the development of such standards.

Major standard setters have announced collaboration

Statement of Intent to Work Together Towards Comprehensive Corporate Reporting

Summary of alignment discussions among leading sustainability and integrated reporting organisations CDP, CDSB, GRI, IIRC and SASB

Facilitated by the Impact Management Project, World Economic Forum and Deloitte



INTEGRATED REPORTING



IFRS® Foundation

Consultation Paper on Sustainability Reporting

What's Next?



More standardized reporting

Measuring Stakeholder Capitalism
Towards Common Metrics and
Consistent Reporting of Sustainable
Value Creation

Big4 accounting firms and WEF have joined forces to
develop standardized reporting framework



**Statement of Intent to
Work Together Towards
Comprehensive Corporate
Reporting**



Major standard setters have announced
collaboration

INTEGRATED REPORTING <IR>

IFRS[®] Foundation

Consultation Paper on
Sustainability Reporting



IFRS published a Consultation Paper to assess demand for
global sustainability standards and, if demand is strong, assess
whether and to what extent the Foundation might contribute to
the development of such standards.

What's Next?



Impact measurement



Initiatives such as the Impact-Weighted Accounts Initiative (IWAI) are scrutinizing and assessing organizations' (including banks) external impacts.

“Impact-weighted accounts are line items on a financial statement, such as an income statement or a balance sheet, which are added to supplement the statement of financial health and performance by reflecting a company’s positive and negative impacts on employees, customers, the environment and the broader society.

The aspiration is an integrated view of performance which allows investors and managers to make informed decisions based not only on monetized private gains or losses, but also on the broader impact a company has on society and the environment.”


What's Next?



Impact measurement



Based on the Impact-Weighted Accounts Initiative, up and coming data firm Richmond Global Sciences (RGS) has developed a frameworks to assess the Real Impact in Financial Terms (RIFT™) of banks and capture the external impacts of a company's products and services.

Subindustry	Lowest (per \$ revenue)	Median (per \$ revenue)	Highest (per \$ revenue)
 Banks	-\$0.52	-\$0.06	\$0.18

more ▼

Our extended dataset includes:

- Effect of debt on depression
- Effects of loans on macro-financial risk
- Regulatory fines
- Green bonds

What's Next?



Collaborations for sustainability

More banks are expected to join ESG initiatives such as the Principles for Responsible Banking and collaborate more widely to address sustainability issues like climate change.



PRINCIPLES FOR
RESPONSIBLE
BANKING



Sustainable
Banking
Network



BNP PARIBAS

CLIMATE CHANGE

Pension giant and BNP Paribas AM unite for climate lobbying effort

Swedish fund, French investment house and Church of England Pensions Board announce tie-up to develop framework.



UNIVERSITY OF
CAMBRIDGE
INSTITUTE FOR
SUSTAINABILITY LEADERSHIP

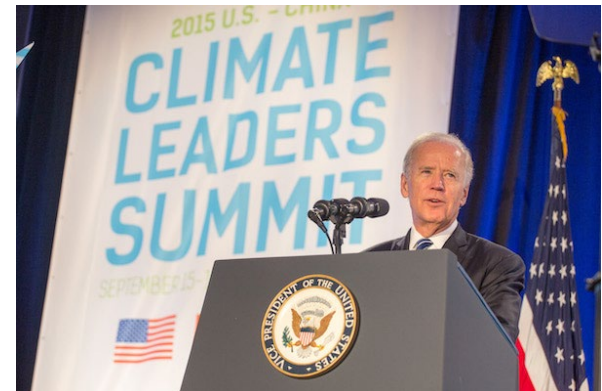
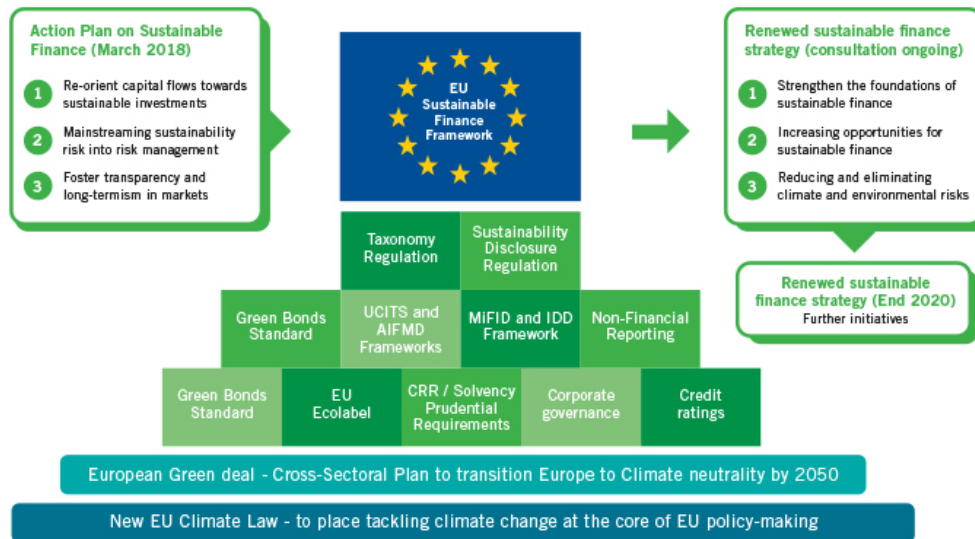
**Banking
Environment
Initiative**

What's Next?



Regulatory developments





The sustainable finance agenda will be a major focus for regulators.



Assessment of other Large Banks




Complimentary Sample

Additional large banks

Banking Institution		Headquarters	Total Assets (US\$B)
1.	 BARCLAYS	UK	\$ 1,510
2.		US	\$ 993
3.		Canada	\$ 496
4.	TRUIST 	US	\$ 473

Sustainability Reporting

All banks publish a formal sustainability report and report in accordance with SASB standards; GRI and TCFD are each referenced by three out of four banks.

Banking Institution		Formal Sustainability Reporting?	GRI Reporting	SASB Reporting	TCFD Reporting
					
1.	Barclays	Y	Y	Y	Y
2.	Goldman Sachs	Y	N	Y	Y
3.	CIBC	Y	Y	Y	Y
4.	Truist	Y	Y	Y	N
Total 'Yes'		4/4	3/4	4/4	3/4

Sustainability Reporting Materiality

Most sustainability reports include an ESG materiality assessment

Banking Institution		Materiality Assessment Published	Environmental	Social	Governance
1.	Barclays	Y	✓	✓	✓
2.	Goldman Sachs	N			
3.	CIBC	Y	✓	✓	✓
4.	Truist	N			
Total 'Yes'		2/4	2/4	2/4	3/4

Most common
issues
mentioned



Climate Change



Diversity & Inclusion,
Data security

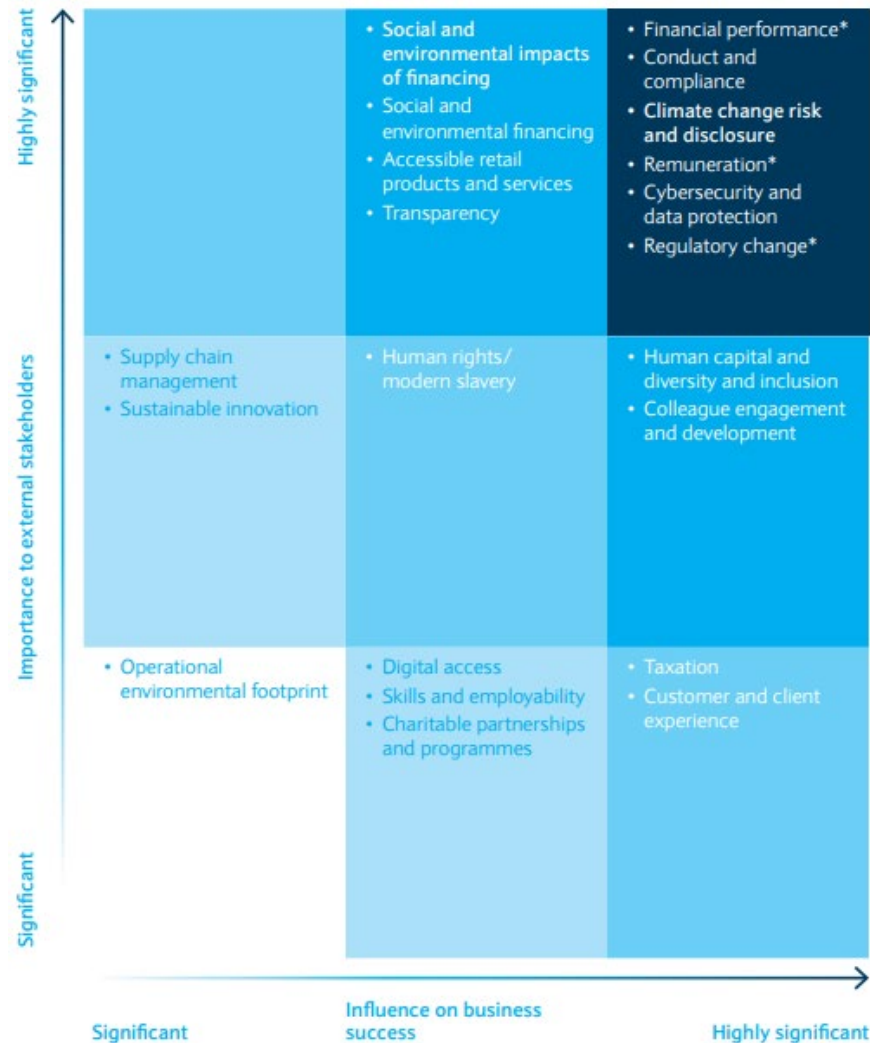


Corporate
Governance

Material ESG Issues



Barclays



Source: Barclays (2019). [Environmental, Social and Governance Report](#).




Governance for Sustainability

Only one bank has a sustainability committee at the board level

Banking Institution		Sustainability committee	Name of sustainability committee	Integrated governance for sustainability
1.	Barclays	N	-	Y
2.	Goldman Sachs	Y	<i>Public Responsibilities Committee</i>	-
3.	CIBC	N	-	N
4.	Truist	N	-	N
	Total 'Yes'	1/4		1/3




ESG Initiatives

Banks are participating in ESG initiatives at different levels

Banking Institution		UNEP Finance Initiative	Principles for Responsible Banking	Equator Principles	Science Based Targets Initiative
			PRINCIPLES FOR RESPONSIBLE BANKING		
1.	Barclays	Y	Y	Y	N
2.	Goldman Sachs	N	N	N	N
3.	CIBC	Y	N	Y	N
4.	Truist	N	N	N	N
Total 'Yes'		2/4	1/4	2/4	0/4

ESG Ratings

MSCI indicates mostly average ESG performance, Sustainalytics identifies medium to high ESG risk exposure while Refinitiv considers three banks as performing excellent.

Banking Institution		ESG Rating MSCI 	ESG Risk Rating  SUSTAINALYTICS	ESG Score REFINITIV 
1.	Barclays	A	23.8	89
2.	Goldman Sachs	BBB	28.1	82
3.	CIBC	AA	18.3	75
4.	Truist	A	23.6	60

* Ratings/Scores as of 4/21/2021

- **MSCI ESG Ratings** aims to measure a company's resilience to long-term, financially relevant ESG risks. Ratings range from leader (AAA,AA), average (A,BBB,BB) to laggard (B,CCC).
- **Sustainalytics ESG Risk Ratings** measures the degree to which ESG issues are putting a company's enterprise value at risk. Ratings are ranked as negligible (0-10), low (10-20), medium (20-30), high (30-40), and severe (40+).
- **Refinitiv Company ESG Scores** provide a rounded and comprehensive scoring of a company's ESG performance, based on the reported information pertaining to the ESG pillars, with the ESG controversies overlay captured from global media sources. Scores range from 0 to 100, with scores in the fourth quartile (> 75 to 100) indicating excellent relative ESG performance and high degree of transparency.

Sustainable Finance Activities

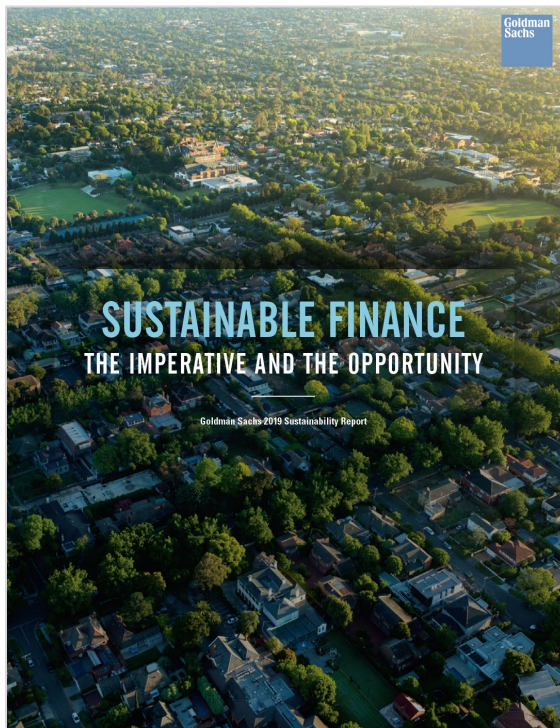
Three of the four banks now issue green bonds, but financing fossil fuels remains a prominent activity

		Green Bonds		Fossil Fuels		Deforestation
Banking Institution		Green Bond Issuance	Primary Issuance H1 2020 (US\$B)	Total Fossil Fuel Financing 2019 (US\$B)	Total Fossil Fuel Financing 2016 to 2019 (US\$B)	Forest 500 Score (0-100)
1.	Barclays	Y	\$ 3.1	\$ 29.67	\$ 118.11	37
2.	Goldman Sachs	Y	\$ 2.1	\$ 22.10	\$ 83.75	34
3.	CIBC	Y	-	\$ 19.38	\$ 57.73	-
4.	Truist	N	-	-	-	-

The Forest 500 rating assess financial institutions in respect to their policies addressing potential deforestation embedded in forest-risk commodity supply chains.

Case Study: Goldman Sachs

Sustainability report aligned with SASB & TCFD frameworks



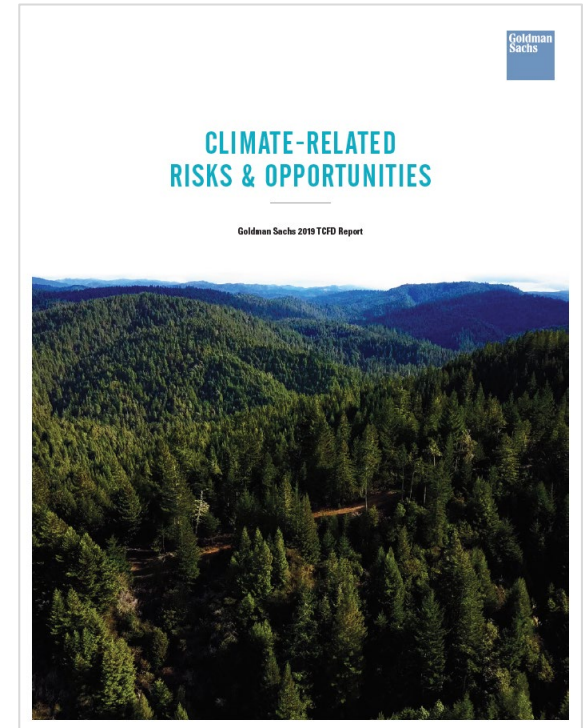
Goldman Sachs 2019 Sustainability Report

SASB INDEX

This report is evidence of our ongoing commitment to provide disclosure under the Sustainability Accounting Standards Board (SASB) standards. We have included the below disclosures related to the three sectors that are most closely aligned to our mix of businesses: Asset Management & Custody Activities, Investment Banking & Brokerage, and Commercial Banks. Disclosures that appeared in more than one of these sector standards are included in a separate section at the top. Unless otherwise noted, all data and descriptions apply to our entire firm, not just the businesses relevant to that sector. We do not currently disclose all metrics included in the standards for these three sectors, but we will continue to evaluate them in the future. All data is as of or for the year ended December 31, 2019 unless otherwise noted.

Topic	Accounting Metric	Category	Code	Response
Disclosures Included in Multiple Sectors' Standards				
Diversity & Inclusion	Percentage of gender and race/ethnicity group representation for: (1) executive management, (2) non-executive management, (3) professionals and (4) all other employees	Quantitative	FN-AC-320a.1 FN-IS-320a.1	U.S. Workforce Demographics As part of our commitment to improving diversity at the firm, we have also published diversity goals here .
Business Ethics	Description of whistleblower policies and procedures	Discussion and Analysis	FN-AC-510a.2 FN-IS-510a.2 FN-CS-510a.2	Raising Integrity Concerns Code of Business Conduct and Ethics
	Total amount of monetary losses as a result of legal proceedings associated with: • Marketing and communication of financial product related information to new and existing customers • Fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry law or regulatory, and • Professional integrity, including duty of care	Quantitative	FN-AC-570a.2 FN-AC-570a.1 FN-IS-570a.1 FN-IS-570a.2 FN-CS-570a.1	During 2019, our total net provisions for all litigation and regulatory proceedings were \$1.2B.
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	FN-IS-550a.1 FN-CS-550a.1	The G-SIB surcharge is updated annually based on financial data from the prior year and is generally applicable for the following year. The G-SIB surcharge is calculated using two methodologies, the higher of which is reflected in the firm's risk-based capital requirements. The first calculation (Method 1) is based on the Basel Committee's methodology, which, among other factors, relies upon measures of the size, activity and complexity of each G-SIB. The second calculation (Method 2) uses similar inputs but includes a measure of reliance on short-term wholesale funding. Further information about Method 1 can be found on the Bank for International Settlements' website and further information about Method 2 can be found on the Federal Reserve Board's website . We are bound by Method 2 and our applicable G-SIB buffer is 2.5%. Please see pages 8-9, 71-72 and 172-173 of our 2019 Form 10-K for further information. Further information about the indicators that factor into the calculation can be found in our FR Y-15 filing, which can be accessed here .
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	Discussion and Analysis	FN-IS-550a.2 FN-CS-550a.2	We conduct various scenario analyses including as part of the Comprehensive Capital Analysis and Review and Dodd-Frank Act Stress Tests, as well as our resolution and recovery planning. Please see pages 10-13 and 68-71 of our 2019 Form 10-K .

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Case Study: Goldman Sachs



Governance for sustainability

Public responsibilities committee

BOARD OF DIRECTORS CHAIRMAN AND CEO: DAVID SOLOMON; LEAD DIRECTOR: ADEBAYO OGUNLESİ				
AUDIT COMMITTEE	COMPENSATION COMMITTEE	GOVERNANCE COMMITTEE	PUBLIC RESPONSIBILITIES COMMITTEE	RISK COMMITTEE
4 Members: All Independent	4 Members: All Independent	9 Members: All Independent	3 Members: All Independent	6 Members: 5 Independent

- Dedicated committee to oversee sustainability.
- Sustainability/ESG is also explicitly identified as a skill/experience of board members.

PUBLIC RESPONSIBILITIES COMMITTEE RISK MANAGEMENT OVERSIGHT INCLUDES:

- Brand and reputational risk, including client and business standards considerations, as well as the receipt of reports from the Firmwide Reputational Risk Committee regarding certain transactions that may present heightened reputational risk
- Sustainability / ESG risk

Case Study: Goldman Sachs

Governance for sustainability

A diverse board composition

DIVERSITY OF NOMINEES ENHANCES BOARD PERFORMANCE				
36%	~5 YEARS	64	54%	27%
NOMINEES WHO JOINED IN THE LAST 5 YEARS	MEDIAN TENURE	MEDIAN AGE	NOMINEES WHO ARE DIVERSE BY RACE, GENDER OR SEXUAL ORIENTATION	NOMINEES WHO ARE NON-U.S. OR DUAL CITIZENS



Organization's approach to sustainability was an engagement topic with shareholders.

Case Study: Goldman Sachs



Average rating on ESG

**THE GOLDMAN SACHS GROUP,
INC.**
(GS)

MSCI
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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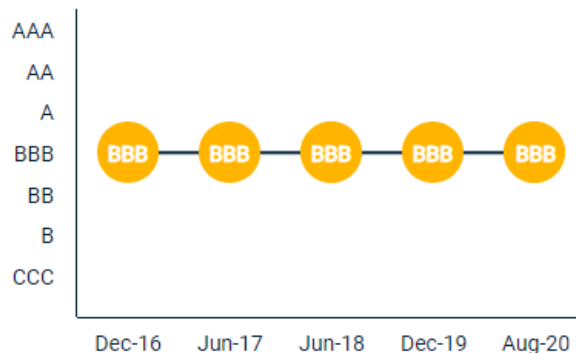
Industry: Investment Banking & Brokerage
Country/Region: United States of America

Goldman Sachs's rating remains unchanged since June, 2017.

Goldman Sachs is **average** among 54 companies in the **investment banking & brokerage industry**.

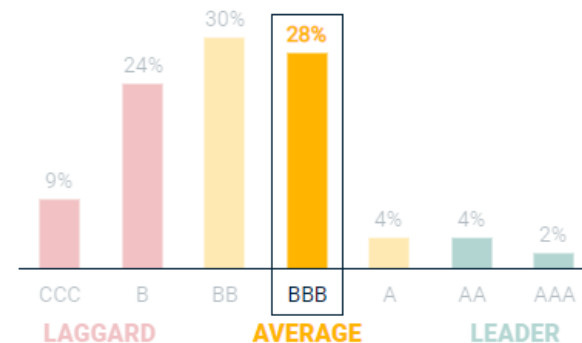
ESG Rating history

MSCI ESG Rating history data over the last five years or since records began.



ESG Rating distribution

Universe: MSCI ACWI Index constituents investment banking & brokerage, n=54.



Source: MSCI (2020). [ESG Ratings Corporate Search Tool](#).



Case Study: Goldman Sachs

Medium ESG risk



The Goldman Sachs Group, Inc.

Industry Group: Diversified
Financials

Country: United States

Identifier: NYS:GS

ESG Risk Rating

27.9 Medium
Risk



Ranking

INDUSTRY GROUP
Diversified Financials **257** out of 680

UNIVERSE
Global Universe **6224** out of 12806

Source: Sustainalytics (2020). [Company ESG Risk Ratings.](#)





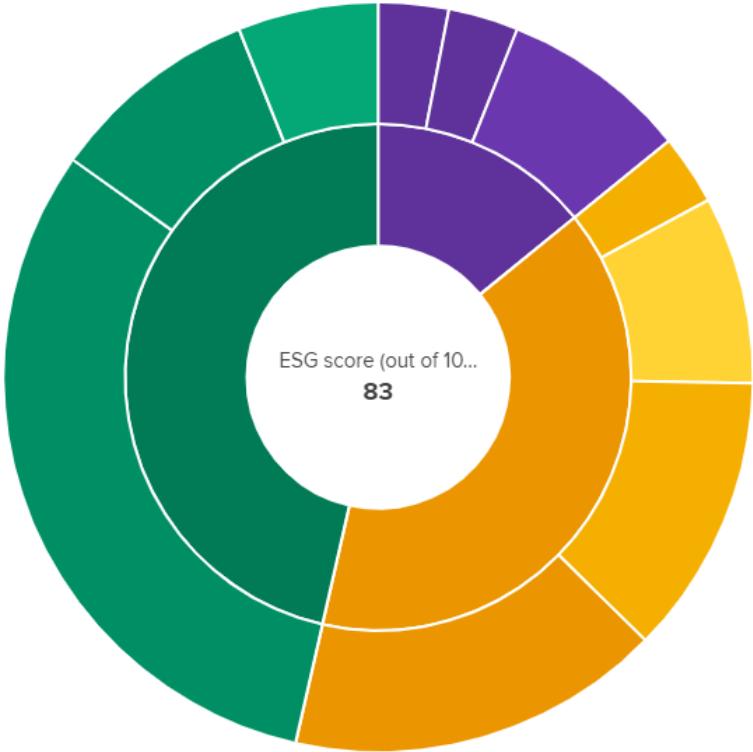
Case Study: Goldman Sachs



Good ESG performance

Goldman Sachs
Group Inc ESG score
(out of 100): **83**

Environment ⓘ	94
Emissions	99
Resource Use	100
Innovation	89
Social ⓘ	80
Human Rights	76
Product Responsibility	45
Workforce	79
Community	99
Governance ⓘ	83
Management	84
Shareholders	82
CSR Strategy	75



COMPARISON AND RANK

Goldman Sachs Group Inc is a Investment Banking & Investment Services company. Below is the rank of this company out of all the companies in its industry. Get the most comprehensive, detailed, and up to date sector and industry classification available with the Refinitiv Business Classification [here](#)

6/310

Out of Investment Banking & Investment Services Companies.

USEFUL LINKS

ESG brochure [↓](#)

Contribute ESG data [→](#)

ESG scores methology [↓](#)

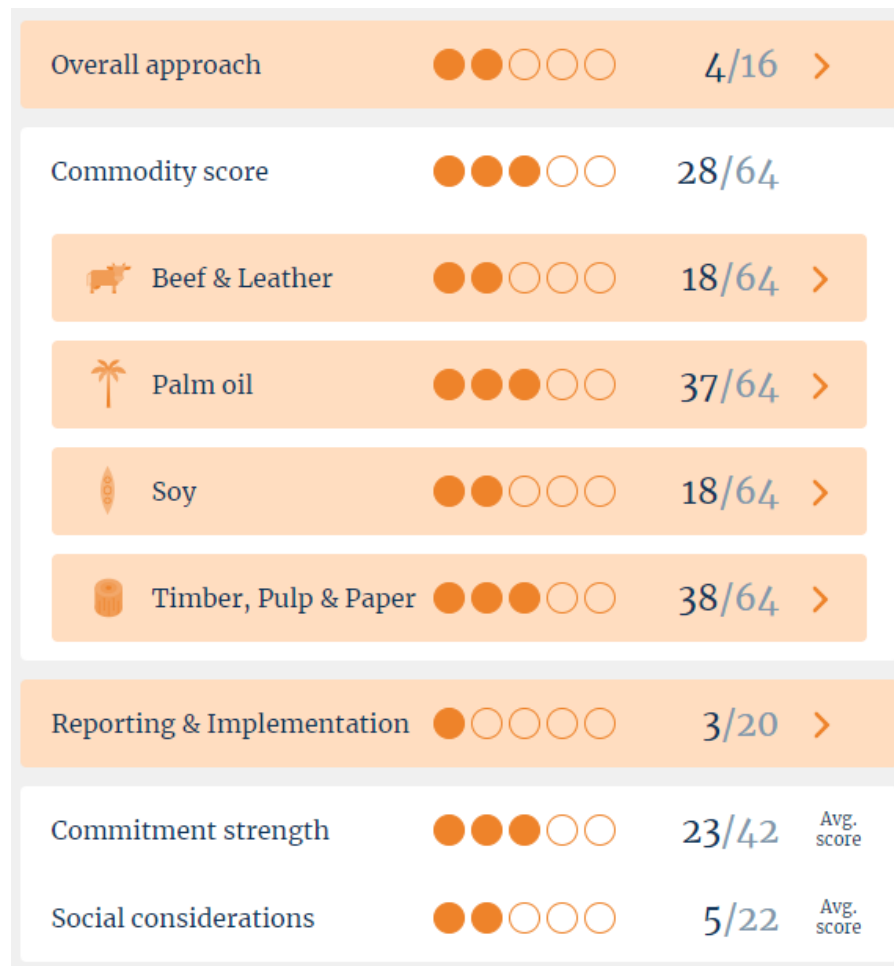
Source: Refinitiv (2020). [Company ESG Scores.](#)



Case Study: Goldman Sachs

Low deforestation score

Total Score: ●●○○○ 34%



Source: Forest500 (2020). [Financial Institutions.](#)