GRI Sector Standards Project for Financial Services – Capital Markets exposure draft

Comments to be received by 31 May 2025

This exposure draft of the GRI Capital Markets Sector Standard is published for public comment by the Global Sustainability Standards Board (GSSB), the independent standard-setting body of GRI.

Any interested party can submit comments on this draft by 31 May 2025 via this online survey. As required by the GSSB Due Process Protocol, only comments submitted in writing and in English will be considered. Comments will be published on the GRI website and considered a matter of public record. Instructions to submit comments are outlined on the first page of the online questionnaire.

A separate explanatory memorandum summarizes the objectives of the Financial Services Sector Standards project and the summary of the proposals contained within this exposure draft.

This draft is published for comment only and may change before official publication.

For more information, please visit the GRI project webpage. For questions regarding the exposure draft or the public comment period, please send an email to financialservices@globalreporting.org

Contents

Introduction

GRI XX: Capital Markets Sector 202X provides information for organizations in the capital markets sector about their likely material topics. These topics are likely to be material for organizations in the capital markets sector on the basis of the sector's most significant impacts on the economy, environment, and people, including on their human rights.

GRI XX also contains a list of disclosures for organizations in the capital markets sector to report in relation to each likely material topic. This includes disclosures from the GRI Topic Standards and other sources.

The Standard is structured as follows:

- Section 1 provides a high-level overview of the capital markets sector, including its activities, business relationships, context, and the connections between the United Nations Sustainable Development Goals (SDGs) and the likely material topics for the sector.
- Section 2 outlines the topics that are likely to be material for organizations in the capital markets sector and therefore potentially merit reporting. For each likely material topic, the sector's most significant impacts are described and disclosures to report information about the organization's impacts in relation to the topic are listed.
- The Glossary contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text and linked to the definitions.
- The Bibliography lists authoritative intergovernmental instruments and additional references used in developing this Standard, listed by topic. It also lists further resources that the organization can consult.

The rest of the Introduction section provides an overview of the sector this Standard applies to, an overview of the system of GRI Standards, and further information on using this Standard.

Sector this Standard applies to

GRI XX applies to organizations undertaking any of the following:

- Asset ownership
- Asset management
- Wealth management
- Custodian activities
- Investment advisory

This Standard can be used by any organization in the capital markets sector, regardless of size, type, geographic location, or reporting experience.

The organization must use all applicable Sector Standards for the sectors in which it has substantial activities.

Sector classifications

Table 1 lists industry groupings relevant to the capital markets sector covered in this Standard in the Global Industry Classification Standard (GICS®) [1], the Industry Classification Benchmark (ICB) [2], the International Standard Industrial Classification of All Economic Activities (ISIC) [3], and the Sustainable Industry Classification System (SICS®) [4].[1] The table is intended to assist an organization in identifying whether *GRI XX* applies to it and is for reference only.

Table 1. Industry groupings relevant to the capital markets sector in other classification systems

Classification system	Classification number	Classification name
GICS®	40203010	Asset Management & Custody Banks
	40203030	Diversified Capital Markets
ICB	30202000	Diversified Financial Services
	30202010	Asset Managers & Custodians
ISIC	642	Holding companies
	643	Trusts
	6499	Other financial services activities
	653	Pension funds
	6619	Other activities auxiliary to financial services
	663	Fund management
SICS®	FN-AC	Asset Management & Custody Activities

[1] The relevant industry groupings in the Statistical Classification of Economic Activities in the European Community (NACE) [5] and the North American Industry Classification System (NAICS) [6] can also be established through available concordances with the International Standard Industrial Classification (ISIC).

System of GRI Standards

This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI Standards enable an organization to report information about its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts.

The GRI Standards are structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see Figure 1 in this Standard).

Universal Standards: GRI 1, GRI 2 and GRI 3

GRI 1: Foundation 2021 specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. The organization begins using the GRI Standards by consulting *GRI 1*.

GRI 2: General Disclosures 2021 contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities, governance, and policies.

GRI 3: Material Topics 2021 provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

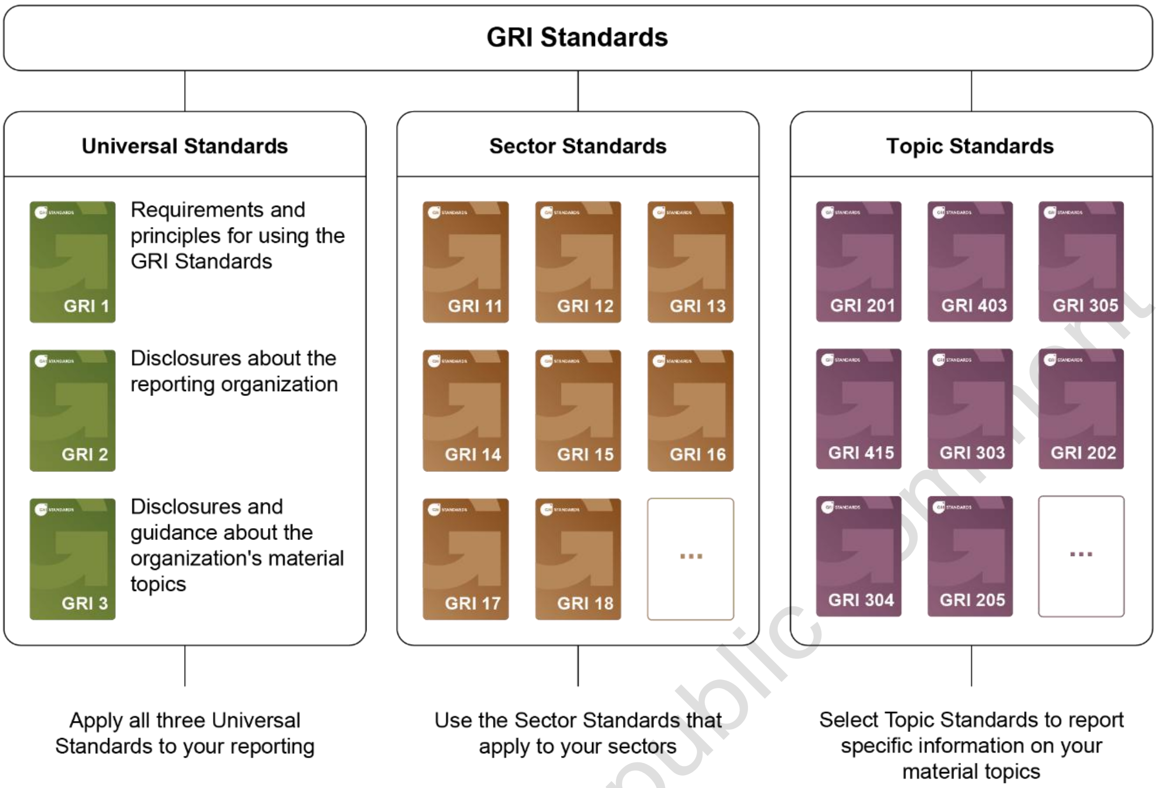
Sector Standards

The Sector Standards provide information for organizations about their likely material topics. The organization uses the Sector Standards that apply to its sectors when determining its material topics and when determining what to report for each material topic.

Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using *GRI 3*.

Figure 1. GRI Standards: Universal, Sector and Topic Standards



Using this Standard

An organization in the capital markets sector reporting in accordance with the GRI Standards is required to use this Standard when determining its material topics and then when determining what information to report for the material topics.

Determining material topics

Material topics represent an organization's most significant impacts on the economy, environment, and people, including their human rights.

Section 1 of this Standard provides contextual information that can help the organization in identifying and assessing its impacts.

Section 2 outlines the topics that are likely to be material for organizations in the capital markets sector. The organization is required to review each topic described and determine whether it is a material topic for it.

The organization needs to use this Standard when determining its material topics. However, circumstances for each organization vary, and the organization needs to determine its material topics according to its specific circumstances, such as its business model; geographic, cultural, and legal operating context; ownership structure; and the nature of its impacts. Because of this, not all topics listed in this Standard may be material for all organizations in the capital markets sector. See *GRI 3: Material Topics 2021* for step-by-step guidance on how to determine material topics.

If the organization has determined any of the topics included in this Standard as not material, then the organization is required to list them in the GRI content index and explain why they are not material.

See Requirement 3 in *GRI 1: Foundation 2021* and Box 5 in *GRI 3* for more information on using Sector Standards to determine material topics.

Determining what to report

For each material topic, an organization reports information about its impacts and how it manages these impacts.

Once an organization has determined a topic included in this Standard to be material, the Standard also helps the organization identify disclosures to report information about its impacts relating to that topic.

For each topic in section 2 of this Standard, a reporting sub-section is included. These sub-sections list disclosures from the GRI Topic Standards that are relevant to the topic. They may also list additional sector disclosures and recommendations for the organization to report. This is done in cases where the Topic Standards do not provide disclosures, or where the disclosures from the Topic Standards do not provide sufficient information about the organization's impacts in relation to a topic. These additional sector disclosures and recommendations may be based on other sources. Figure 2 illustrates how the reporting included in each topic is structured.

The organization is required to report the disclosures from the Topic Standards listed for those topics it has determined to be material. If any of the Topic Standards disclosures listed are not relevant to the organization's impacts, the organization is not required to report them. However, the organization is required to list these disclosures in the GRI content index and provide 'not applicable' as the reason for omission for not reporting the disclosures. See Requirement 6 in *GRI 1: Foundation 2021* for more information on reasons for omission.

The additional sector disclosures and recommendations outline further information which has been identified as relevant for organizations in the capital markets sector to report in relation to a topic. The organization should provide sufficient information about its impacts in relation to each material topic, so that information users can make informed assessments and decisions about the organization. For this reason, reporting these additional sector disclosures and recommendations is encouraged, however it is not a requirement.

When the organization reports additional sector disclosures, it is required to list them in the GRI content index (see Requirement 7 in *GRI 1*).

If the organization reports information that applies to more than one material topic, it does not need to repeat it for each topic. The organization can report this information once, with a clear explanation of all the topics it covers.

If the organization intends to publish a standalone sustainability report, it does not need to repeat information that it has already reported publicly elsewhere, such as on web pages or in its annual report. In such a case, the organization can report on a required disclosure by providing a reference in the GRI content index as to where this information can be found (e.g., by providing a link to the web page or citing the page in the annual report where the information has been published).

See Requirement 5 in *GRI 1* for more information on using Sector Standards to report disclosures.

GRI Sector Standard reference numbers

GRI Sector Standard reference numbers are included for all disclosures listed in this Standard, both those from GRI Standards and additional sector disclosures. When listing the disclosures from this Standard in the GRI content index, the organization is required to include the associated GRI Sector Standard reference numbers (see Requirement 7 in *GRI 1: Foundation 2021*). This identifier helps information users assess which of the disclosures listed in the applicable Sector Standards are included in the organization's reporting.

Defined terms

Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the Glossary. The organization is required to apply the definitions in the Glossary.

References and resources

The authoritative intergovernmental instruments and additional references used in developing this Standard, as well as further resources that may help report on likely material topics and can be consulted by the organization are listed in the Bibliography. These complement the references and resources listed in *GRI 3: Material Topics 2021* and in the GRI Topic Standards.

Figure 2. Structure of reporting included in each topic

Reporting on local communities

If the organization has determined local community is a material topic, this section lists the disclosures that have been identified as relevant for reporting on the topic by the oil and gas sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		

GRI 3: Material Topics	Disclosure 3-3 Management of material topics
	Additional sector recommendations
	- Describe the means for identifying stakeholders and engaging with local communities.
	- List the vulnerable groups that the organization has identified.
	- List any collective or individual rights that the organization has determined to be of particular concern to the local communities.
	- Describe the approach of the organization to engaging with vulnerable groups, including:
	  - How it seeks to ensure engagement is meaningful, and
	  - How it seeks to ensure safe and equitable gender participation.
		11.15.1

Topic Standards disclosures		
GRI 413: Local Communities 2016	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	11.15.2
	Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities Additional sector recommendations - Describe impacts on the health of local communities as a result of exposure to pollution caused by the organization's operations or use of hazardous substances.	11.15.3
Additional sector disclosures		
Report the number and type of grievances filed by local communities, including: - the percentage of these grievances that were addressed and resolved; - the percentage of grievances that were resolved through remediation.		11.15.4

1 Management of the topic
The organization is required to report how it manages each material topic using Disclosure 3-3 in *GRI 3: Material Topics 2021*.

2 Topic Standard disclosures
Disclosures from the GRI Topic Standards that are relevant to the topic are listed here. When the topic is determined by the organization as material, it is required to report these disclosures (if they are relevant to its impacts) or explain why they are not applicable in the GRI content index. See the Topic Standard for the content of the disclosure, including requirements, recommendations, and guidance.

3 Additional sector recommendations
Additional sector recommendations may be listed. These complement Topic Standard disclosures and Disclosure 3-3 with sector-specific reporting expectations. These are recommended to report, but not required.

4 Additional sector disclosures
Additional sector disclosures may be listed. Reporting these, together with any Topic Standard disclosures, ensures the organization provides sufficient information about its impacts in relation to the topic. These are recommended to report, but not required.

5 Sector Standard reference numbers
GRI Sector Standard reference numbers are required to be included in the GRI content index. This helps information users assess which of the disclosures listed in the Sector Standards are included in the organization's reporting.

1. Sector profile

Capital markets cover financial markets where capital is raised and deployed through various financial instruments, including debt and equity. In 2024, the global bond market was estimated at approximately USD 139 trillion [5]. The capital markets sector comprises organizations that influence and direct the allocation of capital to other organizations and activities in all sectors of the economy, with varying levels of investment discretion.

Organizations in the sector, including asset managers, wealth managers, and custodians, play distinct roles in the investment process while managing investments and safeguarding financial assets. Asset managers appointed by asset owners or other asset managers must adhere to a fiduciary duty in their operations. This entails making investment decisions in the best interest of their clients.

Asset owners are characterized by their investment discretion, which includes making decisions about allocating all or most of their assets. Asset owners, including pension funds, sovereign wealth funds, high-net-worth individuals, family offices, endowments, and foundations, often act with long-term investment motivation. They are frequently accountable to beneficiaries or the government. Asset owners establish pre-agreed or marketed investment objectives with asset managers to balance risk and generate expected financial returns.

Sector activities and business relationships

Through their activities and business relationships, organizations can have an effect on the economy, environment, and people and, in turn, make negative or positive contributions to sustainable development. When determining its material topics, the organization should consider the impacts of both its activities and its business relationships. See section 1 in *GRI 3: Material Topics 2021* for more information.

Activities

The impacts of an organization vary according to the types of activities it undertakes. The following list outlines some of the key activities of the capital markets sector, as defined in this Standard. This list is not exhaustive.

Asset manager selection: Asset owners and managers regularly conduct selection processes to mandate asset management services. These processes typically include assessing an asset manager's investment returns, governance practices, and policies on incorporating sustainability in their investment practices.

Asset management: Managing a client's assets to reach agreed financial objectives through portfolio construction and investment decision-making. Risk assessment processes are implemented as part of asset management. These include screening investments by conducting research to evaluate organizations' financial health, governance practices, and sustainability commitments before investing.

Investment consultancy: Advisory and consultancy services include custodian activities, investment policy development, strategic asset allocation, investment research, and investment manager selection, appointment, and monitoring. Services provided do not include active asset management.

Wealth management: Services provided primarily to high-net-worth individuals that include portfolio management and financial planning, as well as tax planning, estate planning, and retirement strategies.

Custodian activities: Safeguarding and holding assets by custodians on behalf of their clients.

Sustainability incorporation: Ongoing consideration of sustainability factors within an investment analysis and decision-making process to maximize positive impacts and minimize negative ones.

Thematic investing: Selecting assets to access specified trends [16]. Trends can be related to environmental and social outcomes. Thematic investing also includes impact investing, where investments are made to generate positive, measurable environmental and social impacts alongside a financial return.

Investee stewardship: Using investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend [17]. Common investee stewardship tools include engagement and voting. Engagement can be conducted individually or collaboratively with other asset owners or managers. Individual engagement refers to direct engagement between an organization and a current or potential investee on responsible business conduct issues, such as addressing the issues with the investee's management. Voting comprises the formal right to vote on management or shareholder resolutions to express approval or disapproval on relevant matters.

Product and service development: Developing new investment products, including structuring them and providing services such as investment advisory, to meet clients' evolving needs.

Fundraising and marketing: Promoting and selling investment products and services to clients directly or through distributors, such as brokers.

Business relationships

An organization's business relationships include relationships that it has with business partners, with entities in its value chain including those beyond the first tier, and with any other entities directly linked to its operations, products, or services. The following types of business relationships are prevalent in the capital markets sector and are relevant when identifying the impacts of organizations in the sector.

Investees are public and private organizations, including businesses such as corporations, governments, and sovereigns, that capital markets organizations invest in for a financial return.

Institutional clients[2] include businesses such as corporations, non-profit organizations, governments, and sovereigns.

Distributors are third-party sales channels for the organization's products and services, such as brokers.

Suppliers provide products and services to capital markets organizations to run their operations. These include data providers and analysts, as well as rating agencies.

Investment consultants include financial experts who guide asset owners and managers by providing investment product recommendations, strategic advice, and comprehensive planning services.

The sector and sustainable development

The capital markets sector plays an instrumental role in promoting sustainable and responsible investment practices, contributing to environmental protection, respecting human rights, and meeting the expectations of relevant stakeholders. Organizations in the sector can have impacts on sustainable development through two primary levers: investment decisions and stewardship activities. Investment decisions encompass pricing capital, structuring investments, asset allocation, and divestment. Broader stewardship activities involve investee and public policy engagement.

While incorporating sustainability in investing may be considered through the lens of risks and opportunities, organizations may extend their focus beyond profits towards their impacts and those of their investees on sustainable development. This shift in focus is driven by recognizing system-level risks, such as climate change, which endanger common assets like the environment on which long-term investor returns depend. Defining sustainability objectives and commitments, as well as incorporating sustainability considerations into investment policies and practices, is increasingly common in the sector. Incorporating sustainability can also lead to the creation of innovative financial instruments that support sustainable development and mitigate negative impacts. Examples include green bonds, sustainability-linked bonds, and blended finance structures. Functioning as stewards of

[2] In the GRI Standards, customers are understood to include end-customers (consumers) as well as business-to-business customers. In this Standard, 'client' is used instead of 'customer' to align with commonly used sector terminology. When referring to 'clients' generally in this Standard, it covers both retail clients (end-customers [consumers]) and and institutional clients (business-to-business customers).

clients' money, organizations are responsible for respecting human rights and protecting the environment [7]. The sector can positively influence corporate behavior with investee stewardship. Through engagement and voting, organizations can foster positive shifts in responsible business conduct and limit negative impacts from their investees.

Climate change mitigation and the need for a just transition are among the sector's main sustainable development challenges. Changes in capital flow are necessary for achieving net zero emissions by 2050. Limiting global warming to well below 2°C while pursuing efforts to limit it to 1.5°C above pre-industrial levels requires an estimated USD 4.7 trillion annual investment in climate solutions between 2021 and 2050 [18]. The sector can invest in renewable energy, energy-efficient technologies, and nature-based solutions, help carbon-intensive industries transition, and promote science-based transition plans. Additionally, emerging green technologies provide new investment opportunities, offering reliable returns for investors [19]. In addition to contributing to climate change mitigation, organizations can support climate change resilience by allocating capital to adaptation solutions. This is increasingly important as the physical impacts of climate change are experienced in many geographic locations and are set to increase with further global warming, resulting in further negative social, environmental and financial impacts.

Similarly, the sector plays an important supportive role in halting and reversing biodiversity loss by 2030 [14]. The Kunming-Montreal Global Biodiversity Framework underscores the potential of leveraging private finance and fostering private sector investment in biodiversity. It also mandates that large financial institutions assess and disclose their impacts on biodiversity.

A thorough, proactive, and ongoing integration of human rights into investment strategies ensures that investments align with ethical standards and prevent and mitigate negative impacts, safeguarding investors' interests and the well-being of local communities and other stakeholders. Conducting human rights due diligence on potential and current investments is motivated by various factors, including owner mandates, investment policies and strategies, and expectations set by authoritative instruments [10], [20]. Organizations in the sector are expected to respect workers' rights, providing a safe and healthy working environment in line with the ILO Declaration on Fundamental Principles and Rights at Work. Organizations in the sector can influence the employment practices of their investees [21]. When organizations in the sector place financial pressures on investees, this can lead to poorer quality jobs being provided by investees or force them to lay off workers.

Organizations have an essential role in upholding ethical standards related to good governance practices. Corruption and financial crime present significant barriers to investment in sustainable development, resulting in profound implications for economic development and employment opportunities in many countries. When public policy engagement is not carried out in a responsible, fair, and transparent manner, the interests of some organizations can have a disproportionate impact on policymaking.

Governments worldwide are implementing legislation to ensure organizations in the sector contribute to meaningful societal value, including national roadmaps and strategies for sustainable finance and regulatory adjustments [22]. Accordingly, stakeholder expectations and regulatory demands for transparent sustainability information from the sector are increasing. Providing transparent and comprehensive reports on sustainability matters for various stakeholders, including investors, entails disclosing key metrics and progress towards pre-established targets and commitments.

Sustainable Development Goals

The Sustainable Development Goals (SDGs), part of the 2030 Agenda for Sustainable Development adopted by the 193 United Nations (UN) member states, comprise the world's comprehensive plan of action to achieving sustainable development.

Since the SDGs and targets associated with them are integrated and indivisible, sector organizations in the capital markets sector have the potential to contribute to all SDGs by enhancing their positive impacts, or by preventing and mitigating their negative impacts on the economy, environment, and people.

The capital markets sector plays a fundamental role in achieving Goal 8: Decent Work and Economic Growth. By providing the necessary capital for organizations to expand and innovate, the sector helps create jobs and stimulate economic growth. The sector significantly contributes to national economies through tax payments which support economic stability and growth. Effective capital allocation is crucial as it directs financial resources towards investments that drive economic development. The sector is also important in achieving Goal 9: Industry, Innovation and Infrastructure by providing the necessary financing for organizations, sovereigns, and sub-sovereigns involved in infrastructure development and technological innovation.

The sector is particularly relevant to achieving Goal 7: Affordable and clean energy. For example, organizations support the transition to a low-carbon economy by channeling investments towards renewable energy projects.

The sector is also linked to the impacts of corruption and financial crime which can affect the achievement of Goal 16: Peace, Justice and Strong Institutions. Ensuring transparency and integrity in financial transactions is essential for building strong institutions and promoting peaceful, inclusive societies.

Table 2 presents connections between the likely material topics for the capital markets sector and the SDGs. These linkages were identified based on an assessment of the impacts described in each likely material topic and the targets associated with each SDG.

Table 2 is not a reporting tool but presents connections between the capital markets sector's significant impacts and the goals of the 2030 Agenda for Sustainable Development.

Table 2. Linkages between the likely material topics for the capital markets sector and the SDGs

Likely material topic	**Corresponding SDGs**
Topic [XX].1 Climate change	Goal 1: No Poverty
	Goal 7: Affordable and Clean Energy
	Goal 8: Decent Work and Economic Growth
	Goal 11: Sustainable Cities and Communities
	Goal 13: Climate Action
	Goal 17: Partnerships for the Goals
Topic [XX].2 Biodiversity	Goal 2: Zero Hunger
	Goal 6: Clean Water and Sanitation
	Goal 12: Responsible Consumption and Production
	Goal 14: Life Below Water
	Goal 15: Life on Land
Topic [XX].3 Water and effluents	Goal 3: Good Health and Well-being
	Goal 6: Clean Water and Sanitation
	Goal 12: Responsible Consumption and Production
	Goal 14: Life Below Water
	Goal 15: Life on Land
Topic [XX].4 Waste	Goal 3: Good Health and Well-being
	Goal 6. Clean Water and Sanitation
	Goal 11: Sustainable Cities and Communities
	Goal 12: Responsible Consumption and Production
	Goal 14: Life Below Water
	Goal 15: Life on Land
	Goal 1: No Poverty

Topic [XX].5 Financial health and inclusion	Goal 2: Zero Hunger
	Goal 3: Good Health and Well-being
	Goal 4: Quality education
	Goal 5: Gender Equality
	Goal 8: Decent Work and Economic Growth
	Goal 9: Industry, Innovation and Infrastructure
	Goal 10: Reduced Inequalities
Topic [XX].6 Client privacy and data security	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].7 Marketing and labeling	Goal 12: Responsible Consumption and Production
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].8 Local communities and rights of Indigenous Peoples	Goal 1: No Poverty
	Goal 2: Zero Hunger
	Goal 5: Gender Equality
	Goal 11: Sustainable Cities and Communities
	Goal 14: Life Below Water
	Goal 15: Life on Land
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].9 Conflict-affected and high-risk areas	Goal 8: Decent Work and Economic Growth
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].10 Non-discrimination and equal opportunity	Goal 5: Gender Equality
	Goal 8: Decent Work and Economic Growth
	Goal 10: Reduced Inequalities
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].11 Forced or compulsory labor	Goal 8: Decent Work and Economic Growth
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].12 Child labor	Goal 8: Decent Work and Economic Growth
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].13 Freedom of association and collective bargaining	Goal 8: Decent Work and Economic Growth
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].14 Occupational health and safety	Goal 3: Good Health and Well-being
	Goal 8: Decent Work and Economic Growth
Topic [XX].15 Employment	Goal 5: Gender Equality
	Goal 8: Decent Work and Economic Growth
	Goal 10: Reduced Inequalities
Topic [XX].16 Remuneration and working time	Goal 5: Gender Equality
	Goal 8: Decent Work and Economic Growth
	Goal 10: Reduced Inequalities
	Goal 8: Decent Work and Economic Growth

Topic [XX].17 Significant changes for workers	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].18 Economic impacts	Goal 1: No Poverty
	Goal 2: Zero Hunger
	Goal 8: Decent Work and Economic Growth
	Goal 9: Industry, Innovation and Infrastructure
	Goal 10: Reduced Inequalities
	Goal 17: Partnerships for the Goals
Topic [XX].19 Prevention of corruption and financial crime	Goal 10: Reduced Inequalities
	Goal 16: Peace, Justice and Strong Institutions
	Goal 17: Partnerships for the Goals
Topic [XX].20 Anti-competitive behavior	Goal 10: Reduced Inequalities
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].21 Tax	Goal 1: No Poverty
	Goal 10: Reduced Inequalities
	Goal 17: Partnerships for the Goals
Topic [XX].22 Public policy	Goal 13: Climate Action Goal 16: Peace, Justice and Strong Institutions
	Goal 17: Partnerships for the Goals

2. Likely material topics

This section comprises the likely material topics for the capital markets sector. Each topic describes the sector's most significant impacts related to the topic and lists disclosures that have been identified as relevant for reporting on the topic by capital markets organizations. The organization is required to review each topic in this section and determine whether it is a material topic for the organization and then determine what information to report for its material topics.

Disclosures on incorporating sustainability in investment

Through their investments, organizations in the capital markets sector can be involved with the impacts of their investees and their respective value chains on the economy, environment, and people, including human rights [26]. Given their many investees, spanning all sectors, managing these impacts and incorporating sustainability in investment is central to their contribution to sustainable development.

Organizations in the capital markets sector can contribute to sustainable development through their investments by supporting efforts to prevent and mitigate negative impacts related to investees and enhance positive ones [29]. This includes impacts arising from the availability or lack of capital, resulting from structuring and pricing, including the impacts of investees on stakeholders along their respective value chains. Focusing too strongly on short-term returns can create conflict between the organization's investment activities and long-term sustainability [30].

Asset owners' and managers' fiduciary duties and mandates increasingly include considerations of long-term implications of their investment decisions which may contribute to system-level impacts [31]. Incorporating sustainability issues into the investment process allows organizations in the sector to assess their investments more comprehensively.

Common approaches for incorporating sustainability include integrating sustainability criteria into analysis, decision-making and portfolio construction. This ensures a focus on investees aligned with the organization's sustainability goals while screening out those that do not. Additionally, organizations in the capital markets sector can implement stewardship practices, such as direct and collective engagement, to promote sustainable business practices, encourage transparency, and drive positive outcomes among investees. When investees fail to prevent or mitigate their negative impacts, or when exclusion policies necessitate it, divestment might be employed as a further measure to uphold sustainability standards [26]. Investment strategies such as thematic and impact investing can also play a significant role in directing capital toward initiatives that generate positive environmental and social impacts.

Through a due diligence approach on their current and potential investees, organizations in the capital markets sector can seek to address negative impacts of their investees [26], [27], [28].

The additional sector disclosures complement Disclosures 3-1 and 3-3 in *GRI 3: Material Topics 2021* about how the organization identifies and manages actual and potential impacts across its activities, business relationships, and material topics, including enabling remediation of negative impacts.

Box 1. Involvement of capital market organizations with negative impacts from investees

Organizations in the capital markets sector should identify actual and potential negative impacts across all their activities and business relationships and assess how they may be involved with them [23], [26], [32], [24]. For negative impacts via investees, capital market organizations should consider business relationships with entities beyond the first tier [32], [33]. This means that the organization should consider the negative impacts from their investees and those in their investees' value chain [32], [33].

Capital market organizations can be involved with negative impacts via their investees when they contribute to those impacts or when their operations, products, or services are directly linked to them. The negative impacts are often directly linked to their operations, products, or services [26] [33], [34]. Direct links may occur when a capital markets organization has provided finance to an investee and the investee, in the context of using this finance, acts in a way that causes or contributes to a negative impact [33]. Organizations that hold minority shares can still be directly linked to negative impacts as a result of their business relationship with the entity causing or contributing to those negative impacts [35]. In such cases, capital market organizations should seek to prevent or mitigate the negative impact, such as raising concerns with other engaged investors [35]. Similarly, direct linkage can occur beyond the first tier of a business relationship [32] – for example, if the investee uses the organization's financial products or services to fund another entity that causes negative impacts. Contributions to negative impacts may occur when a capital markets organization wields significant managerial control over an investee [35]. The way a capital markets organization is involved with negative impacts via investees (i.e., whether it contributes to an impact or whether the impacts are directly linked to its investee) determines how it should address the impacts and whether it has a responsibility to provide for or cooperate in their remediation (see section 2.3 in *GRI 1: Foundation 2021*).

Additional sector disclosures	**SECTOR STANDARD REF #**
Report whether the organization is an asset owner, asset manager, or another type of capital markets organization; Report whether assets are managed directly or indirectly through asset managers and, if asset managers are used, the criteria for selecting them; For asset managers, report: • the percentage breakdown of clients by institutional and retail clients; • whether the organization has wholesale channels.	XX.0.1
Report the total monetary value of assets under management at the end of the reporting period[3] and by percentage breakdown of relevant categories, including: • asset classes; • sectors, including the public sector, and the classification system used; • geographic locations; • low-, middle-, and high-income countries and their definition. Report the investment threshold the organization has determined in reporting the breakdown of assets under management.	XX.0.2
Report the following information about the organization's definitions and commitments to incorporating sustainability in investments: • how impacts on the economy, environment, and people are considered in determining its strategy and business model; • its investment commitments and objectives on sustainability; • how sustainable investment is defined, including the jurisdiction-level taxonomies or labeling regimes it applies or is subject to, where available;	XX.0.3

[3] Assets under management (AUM) refers to the total market value of all assets that an organization or financial institution manages on behalf of its clients or investors. This figure includes uncalled commitments, such as those in private equity or infrastructure, policyholders' funds, off-balance-sheet assets, and the institution's portion of joint venture (JV) assets where relevant. AUM is typically reported at market value, but if market value is unavailable, the latest net realizable value estimate may be used.

• how incorporating sustainability in investments relates to fulfilling its fiduciary duties or equivalent obligations.	
Describe how the organization implements their definitions and commitments in its approach to incorporating sustainability in investments, including: • minimum standards and exclusion policies; • how it uses sustainability-related information in investment decisions, particularly in research, valuation, and portfolio construction through methods such as norms-based, negative, and positive screening; • how its investment objectives are linked to investment instruments with a specific sustainability focus (e.g., green bonds), with a percentage breakdown of assets under management and the criteria for specifying the instruments (e.g., ICMA guidelines); • thematic investment and impact investment products, with a percentage breakdown of assets under management.	XX.0.4
Report the governance bodies and roles responsible for overseeing and implementing the incorporation of sustainability in investments, including: • their competencies regarding sustainable development; • the number of employees with formal responsibilities on sustainability incorporation and the percentage of these compared to the organization's total number of employees; • the number of employees with formal responsibilities on investee stewardship and the percentage of these compared to the organization's total number of employees; • how their remuneration policies and performance reviews align with the organization's sustainable investment objectives and any differences in incentive structures and performance reviews across teams, particularly investment and stewardship teams.	XX.0.5
Describe the process to identify and assess actual and potential impacts from investees at the investment portfolio level, including: • the sectors, geographic locations, and any other factors that inform the process; • the material topics associated with these sectors, geographic locations, and other factors.	XX.0.6
Describe the process to identify and assess actual and potential impacts from investees at the individual investment level, including: • how the process differs by relevant categories, such as asset class and investment size; • frequencies at which the process is applied to relevant categories such as asset classes and investment sizes, and the rationale for these frequencies; • how the organization integrates the findings in the decision-making for new and existing investments; • how the organization assesses its involvement with actual negative impacts of its investees (see Box 1 in this Standard); • whether and how the process of identifying and assessing impacts differs by material topic.	XX.0.7
Describe the approach to investee stewardship, including: • the criteria for selecting investees for stewardship; • the practices used, including collective and direct engagement, and how they differ by relevant categories such as asset class and investment size; • how direct engagement with investees is defined; • the number of investees the organization directly engaged with for each material topic; • where actions taken to address negative impacts do not lead to desired changes, the escalation processes used, including adjusted investment and divestment; • whether and how the approach to investee stewardship differs by material topic;	XX.0.8

• how the organization monitors the stewardship approaches of externally managed portfolios for consistency with its approach to investee stewardship.	
Describe the approach to proxy voting, including: • the number of proxy votes cast in the last annual general meeting season; • the subject of proxy votes cast in the last annual general meeting season; • how the organization monitors the proxy voting approaches of externally managed portfolios for consistency with its approach to proxy voting.	XX.0.9
Describe the approach to collecting data about impacts from investees to inform sustainability reporting, including: • whether primary data from investees is collected and what it covers; • whether and how the organization uses data from third-party data providers; • how the organization addresses data gaps, including whether and how proxies and estimates are used.	XX.0.10
Describe how engagement with relevant stakeholders and experts has informed approaches to sustainability incorporation in investment.	XX.0.11

Topic [XX].[1] Climate change

Organizations contribute to climate change and are simultaneously affected by it. This topic covers an organization’s approach to addressing climate change impacts and the transition to a low-carbon economy, including its contribution to mitigation, adaptation, and securing a just transition.

Climate change mitigation and adaptation require actions that strengthen resilience and address vulnerability to impacts while aiming to limit global warming to 1.5°C above pre-industrial levels [37]. Organizations in the capital markets sector may be involved with climate change impacts through their activities and as a result of their business relationships in all sectors of the economy.

Making financial flows consistent with a pathway towards low greenhouse gas (GHG) emissions and climate-resilient development, requires organizations in the capital markets sector to assess how their investments align with internationally agreed climate goals [38], as per the Paris Agreement and Intergovernmental Panel on Climate Change (IPCC). They should develop science-based transition plans for mitigation and adaptation accordingly. This includes integrating climate impacts, risks, and opportunities across their value chain into risk management systems and investment decisions [38].

The sector can support the transition to a low-carbon economy by providing products and services that enable investees to manage the phase-out of fossil fuel-powered energy. Organizations in the sector can contribute to this transition by redirecting financing away from new or expanded oil, coal, and gas, including liquefied natural gas (LNG) projects, which can lead to further emissions, and toward renewable and low-emitting energy sources. Organizations can also support mitigation efforts by using stewardship at different stages of the investment process. This will encourage investees in GHG emission-intensive sectors to adopt transition plans and align their GHG emissions reduction targets with the latest science and internationally agreed climate goals [40]. Apart from oil, gas, and coal, other GHG emissions-intensive sectors include agriculture, aluminum, cement, commercial and residential real estate, iron and steel, and transport [41]. In addition, organizations can directly and collectively advocate for policy and regulation that support a transition to a low-carbon economy and engage with market actors, such as regulators, to ensure their climate assessments are based on robust methodologies aligned with the Paris Agreement [41].

Organizations in the sector can contribute to climate change adaptation and resilience by increasing financing for climate solutions. This can include climate-resilient infrastructure, cooling systems, and activities safeguarding the natural environment, such as conservation and restoration, particularly in geographic locations vulnerable to climate impacts (see topic XX.2 Biodiversity). This implies assessing the impacts of sectors and activities exposed to climate change’s current and future physical effects that are more likely to harm people and the environment [38] and identifying those that require adaptation strategies, especially in vulnerable geographic locations.

Organizations can also support the transition to a low-carbon economy by incorporating just transition principles in their transition and adaptation plans, which can include portfolio climate risk management and investment strategies [42]. This involves developing policies and criteria for assessing investees’ transition plans, which can result in impacts on workers, local communities, and Indigenous Peoples. Impacts can include the development of new skill sets for workers or an increase in the severity and likelihood of adverse human rights impacts [43].

Organizations in the sector can account for their GHG emissions, including Scope 1, Scope 2, and Scope 3, by each of the 15 categories. The primary focus will be on Scope 3 category 15 emissions, as most of the sector’s GHG footprint comes from financing GHG emission-intensive sectors. Organizations are expected to set short-, medium-, and long-term emissions reduction targets, and track and report their progress against those targets [42].

Reporting on climate change

If the organization has determined climate change to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		

GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics
	
	Additional sector recommendations
	
	• Describe the most significant impacts from climate change mitigation and adaptation activities associated with investment portfolios, including impacts on:
	    - local communities, vulnerable groups, workers, and Indigenous Peoples;
	    - biodiversity.
	• For investee stewardship related to climate change, report:
	    - agreed-upon targets related to investees' performance, along with metrics for evaluating progress;
	    - examples of outcomes of investee stewardship.
		XX.1.1

Topic Standard disclosures		

GRI CC: Climate Change (exposure draft)	Disclosure CC-1 Transition plan for climate change mitigation
	
	Additional sector recommendations
	
	• When reporting transition plan-related policies, include:
	    - policies for investing in investees that:
	        - undertake new oil, gas, and coal projects;
	        - expand existing oil, gas, and coal projects;
	    - policies for managing the early retirement of oil-, gas-, and coal-related assets;
	    - policies for investing in other GHG emission-intensive sectors, with a breakdown by sector;
	    - any asset classes and business relationships excluded from the transition plan-related policies;
	    - the rationale for any exclusions.
	• Describe the policies to evaluate the transition plans of investees, including:
	    - which sectors the policy applies to;
	    - the criteria to assess the quality of the transition plan in line with the latest science and internationally agreed climate goals;
	    - the criteria to assess just transition considerations in the transition plan.
		XX.1.2

GRI CC: Climate Change (exposure draft)	Disclosure CC-2 Climate change adaptation plan *Additional sector recommendations* • When describing the climate change adaptation plan, include: - how the organization assesses the impacts of investments associated with climate change-related physical risks, including impacts on:	XX.1.3

	- workers, local communities, and Indigenous Peoples; - biodiversity. - policies for investing in adaptation and resilience, including: - investments aimed at preventing the physical risks of climate change; - investments aimed at remediating and recovering from the physical risks of climate change.	
GRI CC: Climate Change (Exposure draft)	Disclosure CC-4 GHG emissions reduction target setting and progress *Additional sector recommendations* • When reporting the short-, medium-, and long-term GHG emissions reduction target setting and progress for Scope 3, category 15, include: - targets that apply to the oil, gas, and coal sectors; - targets that apply to other GHG emissions-intensive sectors; - actions or planned actions to increase the scope of targets to cover all sectors; - the monetary value of the relevant investment portfolio at the end of the reporting period that the targets apply to, reported as: - an absolute amount; - a percentage of the total value of the portfolio, reported separately; - a breakdown by sector; - any products, services, or business relationships excluded from the targets; - the rationale for any exclusions; • When reporting progress towards Scope 3, category 15, targets, include: - the progress towards targets related to the oil, gas, and coal sectors; - the progress towards targets related to other GHG emissions-intensive sectors; - how progress resulted in actual economic decarbonization or was caused by portfolio changes. • Report whether an independent third party validated Scope 3 category 15 GHG emission reduction targets and related emissions reduction progress.	XX.1.4
GRI CC: Climate Change (exposure draft)	Disclosure GH-1 Scope 1 GHG emissions	XX.1.5
GRI CC: Climate Change (exposure draft)	Disclosure GH-2 Scope 2 GHG emissions	XX.1.6
GRI CC: Climate Change (exposure draft)	Disclosure GH-3 Scope 3 GHG emissions *Additional sector recommendations* • When reporting Scope 3 emissions, category 15: - include financed emissions, with a breakdown by asset class and sector;	XX.1.7

	- include facilitated emissions, with a breakdown by asset class and sector;
	- report the monetary value at the end of the reporting period of the investment portfolios covered by the calculations reported as:
	    - an absolute amount;
	    - a percentage of the total value of each portfolio
	- explain any limitations of the data collected about investees and any plans to improve the accuracy of the data.	

GRI CC: Climate Change (Exposure draft)	Disclosure GH-4 GHG emissions intensity Additional sector recommendations: • Report emissions intensity ratio(s) for Scope 3, category 15, and the metric (denominator) used.	XX.1.8
GRI CC: Climate Change (Exposure draft)	Disclosure CC-6 Carbon credits	XX.1.9

Additional sector disclosures

Report the monetary value at the end of the reporting period of the investment portfolio, including the percentage of the total value of the portfolio allocated to investees that: • are active in the oil, coal, and gas sectors, with a breakdown by type; • received investment for new and expansion projects related to oil, coal, and gas during the reporting period, with a breakdown by geographic location; • are active in other GHG emissions-intensive sectors, with a breakdown by sector.	XX.1.10
Report the monetary value at the end of the reporting period of the investment portfolios with externally verified targets and transition plans that are in line with the latest science and internationally agreed climate goals, including: • the absolute amount; • the percentage of the total value of each portfolio; • a breakdown by sector. Report the monetary value and percentage of the investment portfolio at the end of the reporting period allocated to investees that have included just transition considerations in their transition plans, including: • the absolute amount; • the percentage of the total value of each portfolio. Describe any limitations of the data collected about investees regarding their transition plans and any plans to improve data accuracy.	XX.1.11
Report the monetary value at the end of the reporting period of the investment portfolio, including the percentage of the total value of the portfolio allocated to investees that undertake: • renewable energy projects, with a breakdown by geographic location; • other climate mitigation activities, with a breakdown by sector and geographic location; • climate adaptation activities, with a breakdown by sector and geographic location. Report the organization’s taxonomies and definitions to classify climate mitigation and adaptation activities. Report any targets the organization has set for improving investing in climate mitigation and adaptation activities.	XX.1.12

References and resources

GRI CC: Climate Change (exposure draft) lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on climate change by the capital markets sector, are listed in the Bibliography.

Topic [XX].[2] Biodiversity

Biodiversity is the variability among living organisms. It includes diversity within species, between species, and of ecosystems. Biodiversity has intrinsic value and is vital to human health, food security, economic prosperity, and mitigation of climate change and adaptation to its impacts. This topic covers impacts on biodiversity, including genetic diversity, animal and plant species, and natural ecosystems.

Commercial activities have significantly altered nature worldwide, leading to unprecedented declines in biodiversity and ecosystem services and posing systemic economic risks [50]. Organizations in the capital markets sector may be involved with biodiversity impacts mainly as a result of their business relationships in all sectors of the economy.

Organizations are expected to align their policies, strategies, and decision-making processes, including investing, with global biodiversity goals and targets [51], [52]. The Kunming-Montreal Global Biodiversity Framework outlines a pathway to achieve the global vision of a world 'living in harmony with nature' by 2050. The framework includes goals for 2050 and targets for 2030 and urges organizations across various economic sectors, including financial institutions, to help halt and reverse biodiversity loss. It aims to put nature on a path to recovery by conserving, restoring, and sustainably using biodiversity, and by ensuring the fair and equitable sharing of benefits from using genetic resources. This requires organizations to adopt new business models, enhance reporting transparency, redirect financing away from harmful activities and scale up those with positive impacts. This can help ensure enough investment to close the biodiversity finance gap by meeting the necessary costs of conservation and restoration of ecosystems worldwide [51].

The Kunming-Montreal Global Biodiversity Framework also sets out expectations for organizations to identify, monitor, and assess biodiversity-related impacts across their activities and business relationships. These impacts can be related to investees whose activities and suppliers' activities lead or could lead to one or more of the direct drivers of biodiversity loss (see Box 1 in *GRI 101: Biodiversity 2024*) or whose sites are located in or near ecologically sensitive areas (see Table 1 in *GRI 101: Biodiversity 2024*) [53]. To identify investees with the most significant impacts, organizations can identify geographical locations and sectors where impacts on biodiversity are most likely to be present and significant. Organizations may not have the information available to identify the most significant biodiversity impacts across their investment portfolio. However, organizations are encouraged to work with data providers and tools, such as remote sensing, to gather the needed data. Organizations in the sector are also expected to report on the biodiversity impacts of their own operations if deemed material [54].

By identifying where impacts on biodiversity occur, organizations can also address the nexus between biodiversity and other impacts, such as how water cycles may be disrupted (see topic XX.3 Water and effluents). Similarly, biodiversity plays a crucial role in climate change mitigation and adaptation by enhancing carbon sequestration and providing species with the capacity to respond to environmental changes (see topic XX.1 Climate change). In addition, impacts on biodiversity may also have consequences for Indigenous Peoples' territories and local communities' resources (see topic XX.8 Local communities and rights of Indigenous Peoples).

Organizations in the capital markets sector can contribute to reversing biodiversity loss by increasing financing for nature-based solutions that protect, sustainably manage and restore biodiversity and its associated ecosystem services [55], [56]. When organizations are involved with negative biodiversity impacts as a result of their business relationships, they can engage investees to address them, including through investee stewardship activities. Organizations in the capital markets sector can further enhance their impact by collaborating with other stakeholders to align financing activities with global biodiversity goals and targets, such as industry initiatives, regulators, or policymakers [53].

Reporting on biodiversity

If the organization has determined biodiversity to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe how the organization incorporates biodiversity considerations in its products and services. • Report the indicators and data used to measure the impacts of investees on biodiversity. • For investee stewardship related to biodiversity, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.2.1
Topic Standard disclosures		
GRI 101: Biodiversity 2024	Disclosure 101-1 Policies to halt and reverse biodiversity loss *Additional sector recommendations* When reporting on the policies to halt and reverse biodiversity loss, include: • the policies for investing in organizations that have or could have significant impacts on biodiversity, with a breakdown by sector; • the policies for investing in organizations that have sites in or near ecologically sensitive areas, with a breakdown by sector; • the policies for investing in organizations that conserve and restore biodiversity, with a breakdown by sector; • the policies for investing in organizations that use genetic resources to ensure they provide access to and share the benefits fairly and equitably with Indigenous Peoples and local communities; • the asset classes, business relationships, and geographic locations excluded from these policies, and describe the rationale for any exclusion.	XX.2.2
Additional sector disclosures		
Describe how the organization identifies investees with the most significant actual and potential impacts on biodiversity, including a description of: • the sectors and the extent of their supply chain covered; • the taxonomies and definitions used to select sectors for the assessment; • the methods used and the assumptions made to identify investees with the most significant impacts on biodiversity, including the data sources used; • the organization's plans to improve or expand the scope of the assessment over the short-, medium- and long-term;		XX.2.3

• the asset classes excluded from the assessment and the rationale for excluding them. Describe any limitations of the data collected about investees and from other sources to identify the ones with the most significant actual and potential impacts on biodiversity. Report the monetary value at the end of the reporting period of the investment portfolio included in the assessment, including: • the absolute amount; • the percentage of the total value of the portfolio; • a breakdown by sector.	
Report the monetary value at the end of the reporting period of the investment portfolio allocated to investees that have identified sites with the most significant impacts on biodiversity, including: • the absolute amount; • the percentage of the total value of the portfolio; • a breakdown by sector.	XX.2.4
Report the monetary value at the end of the reporting period of the investment portfolio allocated to investees that have set targets to minimize negative impacts on biodiversity, including: • the absolute amount; • the percentage of the total value of the portfolio; • a breakdown by sector.	XX.2.5
Report the monetary value at the end of the reporting period of the investment portfolio, including the percentage of the total value of the portfolio, allocated to investees that: • restore or rehabilitate degraded ecosystems; • conserve ecosystems; • undertake climate change mitigation or adaptation; activities that contribute to the protection of biodiversity. Report the taxonomies and definitions that the organization uses to classify restoration and conservation activities, as well as other activities that aim to halt and reverse biodiversity loss. Report the goals and targets for investing in organizations that conserve, restore, and protect biodiversity loss.	XX.2.6

References and resources

GRI 101: Biodiversity 2024 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on biodiversity by the capital markets sector, are listed in the Bibliography.

Topic [XX].[3] Water and effluents

Recognized as a human right, access to fresh water is essential for human life and well-being. The amount of water withdrawn and consumed by an organization and the quality of its discharges can have impacts on ecosystems and people. This topic covers impacts related to the withdrawal and consumption of water and the quality of water discharged.

In 2023, approximately half of the world's population faced severe water scarcity as a consequence of climate change alongside other compounding factors such as land use change, pollution [65], and the privatization of water resources. Organizations in the capital markets sector may be involved with water-related impacts mainly as a result of their business relationships in all sectors of the economy.

Impacts can be more significant when investment portfolios focus on organizations in water-intensive sectors and areas with water stress [66]. Organizations are also exposed to impacts through sovereign and sub-sovereign entities, which form a substantial part of new issuances and debt stocks [67]. Organizations in the sector are also key investors in municipalities and infrastructure projects where they can influence how investments deliver positive impacts such as reducing water loss, improving effluent discharge quality, and supporting desalination projects in areas with water stress.

Organizations can address water-related impacts by setting sustainability goals, making informed portfolio allocation decisions, and influencing investees to prioritize water-related considerations [68]. By aligning their investment activities with water stewardship, organizations can better assess and manage water-related impacts via investees. Water stress caused by unsustainable water withdrawal and pollution has negative impacts on economic sectors, local communities, and biodiversity (see topic XX.2 Biodiversity). In local communities, impacts can lead to concerns over food security, disruptions to essential ecosystems crucial for livelihoods, and an increased risk of water-related conflicts (see topic XX.8 Local communities and rights of Indigenous Peoples).

Incorporating water considerations into their investment strategies allows organizations to drive positive change toward sustainable water use and mitigate negative impacts associated with their investees' water consumption. Capital markets organizations can use their leverage to encourage their investees to implement water stewardship practices. This includes engaging with investees to address the consequences of water-related activities and promote reduced water withdrawal, consumption, and improve effluent discharge quality, thereby fostering sustainable water practices across various sectors [66].

Reporting on water and effluents

If the organization has determined water and effluents to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to water and effluents, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.3.1
Topic Standard disclosures		
GRI 303: Water and Effluents 2018	Disclosure 303-1 Interactions with water as a shared resource	XX.3.2
Additional sector disclosures		
Report the average amount of water consumed by the investees (m^3) per million (currency) of revenue of investees.[4]		XX.3.3
Report the percentage of investees with sites in areas of high water stress without a water management policy.[5]		XX.3.4

References and resources

GRI 303: Water and Effluents 2018 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on water and effluents by the capital markets sector, are listed in the Bibliography.

[4] This disclosure is aligned with the Principle Adverse Indicators included in the EU's Sustainable Finance Disclosures Regulation (SFDR) Regulation - 2019/2088 - EN - sfdr - EUR-Lex (europa.eu).

[5] This disclosure is aligned with the Principle Adverse Indicators included in the EU's Sustainable Finance Disclosures Regulation (SFDR) Regulation - 2019/2088 - EN - sfdr - EUR-Lex (europa.eu).

Topic [XX].[4] Waste

Waste refers to anything that a holder discards, intends to discard, or is required to discard. When inadequately managed, waste can have negative impacts on the environment and human health, which can extend beyond the locations where waste is generated and discarded. This topic covers the impacts of waste and the management of waste.

By 2050, annual global waste is projected to reach 3.4 billion tons. Currently, over 30% of solid waste streams fail to meet environmentally safe treatment standards [72]. Organizations in the capital markets sector may be involved with waste-related impacts mainly as a result of their business relationships in all sectors of the economy.

Organizations may be involved in impacts related to waste by investing in organizations with unsustainably managed waste that may contaminate the environment and have negative impacts on ecosystems as well as on human health. Waste contributes to pollution by releasing harmful substances into the environment, similar to how the discharge of effluents and other pollutants degrades water quality (see topic XX.3 Water and effluents). Other negative impacts associated with waste can include greenhouse gas emissions and biodiversity loss (see topic XX.1 Climate change and XX.2 Biodiversity). Incorporating waste management and circularity considerations into investment analysis, decision-making, and engagement can lead to better waste management practices, increase resource efficiency and prolong product use.

Understanding the waste-related impacts of their investees empowers organizations to gauge and increase the overall circularity of their investment portfolio [73]. The capital markets sector can identify, avoid, and manage potential waste-related impacts via investees by focusing on waste prevention and adopting circularity measures. This includes conducting investee screening and due diligence processes to identify high-waste sectors, especially those with high volumes of hazardous waste or low recycling rates [74]. Organizations can further assess negative waste-related impacts by evaluating investees' policies and plans to manage waste and their mitigation strategies. In addition, organizations can leverage their influence by engaging with investees to encourage them to sustainably manage waste and adopt circular economy principles, such as those aimed at reducing plastic waste [75].

Circular economy strategies can also drive more sustainable investment [76]. This shift can be supported by dedicated investment products and services designed to scale up innovations. Capital market products, such as waste reduction bonds, can also generate positive impacts since bond proceeds fund new waste reduction projects or refinance existing ones that meet eligibility criteria [77].

Reporting on waste

If the organization has determined waste to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to waste, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.4.1
Topic Standard disclosures		
GRI 306: Waste 2020	Disclosure 306-2 Management of significant waste-related impacts	XX.4.2
Additional sector disclosures		
Report the tons of hazardous waste and radioactive waste generated by investees per million (currency) invested, expressed as a weighted average.[6]		XX.4.3

References and resources

GRI 306: Waste 2020 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on waste by the capital markets sector, are listed in the Bibliography.

[6] This disclosure is aligned with the Principle Adverse Indicators included in the EU's Sustainable Finance Disclosures Regulation (SFDR) Regulation - 2019/2088 - EN - sfdr - EUR-Lex (europa.eu).

Topic [XX].[5] Financial health and inclusion

Financial health is the ability of an individual, household, or organization to effectively handle current financial commitments and risks while enabling the achievement of future financial goals. Financial inclusion guarantees affordable and effective access to all individuals and organizations to use suitable financial products and services. This topic covers an organization's approach to financial health and inclusion.

Organizations in the capital markets sector may be involved with impacts related to financial health and inclusion through their activities or as a result of their business relationships.

Organizations can support financial health and inclusion by providing individuals and organizations with access to affordable and suitable products and services, particularly for vulnerable or underserved groups, such as low-income households or remote communities (see topic XX.8 Local communities and rights of Indigenous Peoples). Access to understandable and affordable investment and pension products is crucial for income generation and long-term income planning of clients, including beneficiaries of pension plans [84]. This supports sustainable development by reducing poverty, addressing inequalities, and driving positive economic and societal outcomes.

Capital markets, particularly private equity and debt can also have impacts on financial health and inclusion through dedicated funding for micro-, small, and medium-sized enterprises (MSMEs), which supports broader economic development. Institutional investors can play an additional role in supporting MSMEs by investing in strategies that target these groups and ensuring a steady flow of funds to these organizations. Organizations in the sector can also allocate capital to support the economic viability of underserved and disadvantaged groups, including investing in microfinance or microinsurance.

Positive impacts on financial health and inclusion require policies, procedures, products, and services emphasizing client protection and supporting their best interests, including appropriate dispute and recourse mechanisms. Organizations are expected to provide fair products and services without discrimination or bias and clearly communicate pricing, terms, and conditions [85]. Fairness should be a priority throughout the client journey, including product design, marketing, and selling (see topic XX.10 Non-discrimination and equal opportunity, and XX.7 Marketing and labeling).

Financial education can strengthen clients' financial literacy and behaviors, particularly for first-time users. It enhances their access to suitable products and improves their understanding of relevant terms, conditions, and risks. Organizations in the capital markets sector can support financial literacy by targeting programs to vulnerable and underserved groups or those excluded from the formal financial system. Additionally, organizations in the capital markets sector can invest in innovative technologies that improve organizations' and individuals' access to financial products and services. Digital financial services can improve access to financial services [86]. However, ensuring that all clients benefit from these services requires education to improve digital literacy, as some groups may risk exclusion due to limited access to or understanding of digital tools.

Distribution and sales channels, including workers, brokers, and third-party platforms, are important in driving positive impacts on financial health and inclusion, particularly when recommending products to clients or processing their complaints. These channels can support positive impacts by considering clients' financial health when providing advice and selling products. Organizations in the sector can take actions targeted at distributors, such as implementing incentive and training systems, that encourage them to promote customers' financial health and inclusion.

Reporting on financial health and inclusion

If the organization has determined financial health and inclusion to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the dispute and recourse mechanisms for complaints relating to financial health and inclusion. • Describe the approach to assessing the financial health of the organization's clients and investees, including the use of financial health-related metrics or scores. • Describe the actions targeted at workers, distributors, and third-party platforms aimed at promoting clients' and investees' financial health and inclusion. • Describe whether and how the organization is involved in initiatives and partnerships aimed at enhancing financial health and inclusion. • For investee stewardship related to financial health and inclusion, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.5.1
Additional sector disclosures		
	Report the client and investee groups the organization intends to reach through its financial health and inclusion policies (hereafter referred to as identified client and investee groups) and the process used to determine these groups.	XX.5.2
	Describe how the organization addresses the needs of the identified client and investee groups, including through: • product and service design, including how it incorporates actions to improve access to products and services; • financial education and literacy initiatives, including reporting the number of participants.	XX.5.3
	Report the total number of complaints related to financial health and inclusion, including: • a breakdown of substantiated and non-substantiated complaints; • a breakdown by type of complaint; • a breakdown by type of complainant, including clients (e.g., retail clients), non-clients (e.g., individuals that have been denied access to a product or service), and investees; • most prevalent issues; • any observed trends per complaint type, comparing data from the current period to the previous reporting period.	XX.5.4
	Report the percentage of assets under management allocated to MSMEs, including the organization's definition of MSMEs used.	XX.5.5

References and resources

The authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on financial health and inclusion by the capital markets sector, are listed in the Bibliography.

Topic [XX].[6] Client privacy and data security

Client privacy and data security privacy refers to a client's right to the protection of their data and personal information from losses, data breaches, misuse, or use for purposes other than initially intended. This topic covers the impacts on client privacy and the loss of client data.

Organizations in the capital markets sector may be involved with impacts related to client privacy and data security through their activities or as a result of business relationships.

Digital financial services have increased the datasets available to organizations, allowing them to offer tailored products and services for specific client groups, which can enhance financial health (see topic XX.5 Financial health and inclusion). Conversely, with detailed client information, organizations can encourage clients to purchase tailored products that are not necessarily in their best interests, which can compromise financial health. The availability of large amounts of personal information can threaten client privacy through potential misuse or loss via scams or cyberattacks (see topic XX.19 Prevention of corruption and financial crime). Organizations in the sector are reliant on solid cybersecurity measures to prevent the exposure or misuse of confidential client information like financial details and personal identifiers.

Open finance allows clients to access a wide range of products and services through digital systems by efficiently sharing client data between various providers [95]. However, due to its reliance on data sharing, open finance raises concerns about data protection, for instance, where the quality of providers' security systems and governance may not be consistent, or where providers operate under different regulatory regimes in which client protection laws do not align.

Clients may also not understand the value of their data or how organizations utilize it. They may, therefore, consent to data sharing without fully understanding the potential negative impacts [96]. Client data, used in conjunction with other big data sets sourced externally, for example, from social media for instance, can feed artificial intelligence (AI) and machine learning applications that, while having the objective to avoid biases from human interactions, can instead exacerbate them. This can result in discrimination or unfair treatment of specific client groups based on their behaviors or preferences [97] (see topic XX.10 Non-discrimination and equal opportunity).

Organizations in the sector can also have impacts on client privacy through their investments, particularly those managing large amounts of data that can be hacked or used to identify and exploit client behavioral biases. This creates a systematic risk that technology firms can use client data in a manner that destabilizes societies and produces conflict.

Organizations can strengthen client privacy through robust data management systems and practices to ensure sensitive data is not inappropriately used or shared and to reduce threats of data breaches [98]. By providing clear and transparent information about data handling and privacy policies, organizations can build trust by helping clients make informed decisions about how their personal information is used (see topic XX.7 Marketing and labeling). By undertaking due diligence on data governance and management systems of current and potential investments, organizations can identify potential impacts in their value chains and influence investees to implement data protection practices.

Reporting on client privacy and data security

If the organization has determined client privacy and data security to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the cybersecurity approach for client privacy and data security. • Describe the approach to privacy and security when disclosing client data to third parties. • Describe how the organization informs clients about using client data in data analytics, including in conjunction with external data sources. • For investee stewardship related to client privacy and data security, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.6.1
Topic Standard disclosures		
GRI 418: Customer Privacy 2016	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data[7] *Additional sector recommendations* • Report the total number of clients affected by the identified leaks, thefts, or losses of client data and the percentage of the affected retail clients.	XX.6.2

References and resources

GRI 418: Customer Privacy 2016 lists authoritative intergovernmental instruments relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on client privacy and data security by the capital markets sector, are listed in the Bibliography.

[7] Organizations in the capital markets sector should understand this disclosure in relation to their clients.

Topic [XX].[7] Marketing and labeling

Marketing and labeling refer to the information communicated when selling products and services to customers, which can influence their decision-making. This topic covers the impacts of the organization's product and service information, marketing communication, and labeling.

Organizations in the capital markets sector may be involved with impacts related to marketing and labeling when communicating terms of products and services through their activities or as a result of their business relationships in all sectors of the economy.

Organizations are responsible for providing institutional and retail clients with fair and transparent information about their products and services. This particularly applies to fund documentation and includes information about fees associated sustainability credentials [102]. Long and complex terms can be challenging to understand, particularly for clients with lower levels of financial literacy. At the same time, clear and transparent information supports client protection, financial health and inclusion, along with appropriate products offered and adequate recourse mechanisms (see topic XX.5 Financial health and inclusion).

How product information is communicated can affect a client's ability to fully understand a product or service and make informed decisions. Where organizations or their distributors, such as brokers, misstate or omit essential information, clients may purchase products they do not understand, need or do not meet their investment objectives. Organizations can also mislead their clients when sustainability information about their operations, products, or services is exaggerated or incorrect, resulting in less funding to support sustainable development. Both institutional and retail clients are at risk of purchasing products that are not in their best interest or falling victim to mis-selling practices such as high-pressure sales or exaggerated statements about a potential investment. This can occur when there is a conflict of interest between the organization or its distributors and the client, which may be exacerbated by internal and commercial pressures, such as brokers' remuneration schemes that encourage workers to prioritize sales over clients' needs.

By adhering to regulations and codes of conduct, organizations and their distributors can avoid misleading statements or omissions in marketing and labeling their products and services, contributing to more robust client protection. Anti-greenwashing regulations and sustainability taxonomies increasingly protect clients from greenwashing and provide greater assurance of financial products' environmental and social credentials. However, these regulatory developments are jurisdiction-specific, meaning such assurance is not universal nor consistent worldwide [103].

Organizations can use different means to assist clients in understanding and engaging with product information. For example, organizations can make key product information more accessible by translating information, employing simple language, and using different font sizes [103]. Organizations can also implement mechanisms to manage marketing and labeling-related impacts, such as relevant training and internal systems that signal risky levels of selling.

Reporting on marketing and labeling

If the organization has determined marketing and labeling to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the actions taken by the organization to assist clients in understanding investment product terms and associated fees, including promoting training for workers and distributors. • Describe how the organization monitors the fairness and transparency of its distributors' marketing communications when selling and promoting its investment products. • Describe how the organization informs potential and current clients at the pre-sale stage about conflicts of interest. • Describe the dispute and recourse mechanisms for client complaints regarding marketing and labeling, including: - mislabeling of investment products; - mis-selling practices by the organization's workers or distributors. • For investee stewardship related to marketing and labeling, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.7.1
Topic Standard disclosures		
GRI 417: Marketing and Labeling 2016	Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling *Additional sector recommendations* • Report the total number of incidents of non-compliance with regulations or voluntary codes concerning product and service information and labeling that remained unresolved at the end of the period.	XX.7.2
	Disclosure 417-3 Incidents of non-compliance concerning marketing communications *Additional sector recommendations* • Report the total number of incidents of non-compliance with regulations or voluntary codes concerning marketing communications that remained unresolved at the end of the period.	XX.7.3
Additional sector disclosures		
Report the taxonomies, regulations, and standards the organization complies with in marketing and labeling its sustainable investment products.		XX.7.4

References and resources

GRI 417: Marketing and Labeling 2016 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on marketing and labeling by the capital markets sector, are listed in the Bibliography.

Topic [XX].[8] Local communities and rights of Indigenous Peoples

Local communities and Indigenous Peoples comprise individuals living or working in areas that are affected, or that could be affected by an organization's activities. Indigenous Peoples are at higher risk of experiencing negative impacts more severely as a result of an organization's activities. This topic covers socioeconomic and human rights impacts on local communities and the rights of Indigenous Peoples, including in relation to cultural heritage and health.

Organizations in the capital markets sector may be involved with impacts on local communities and the rights of Indigenous Peoples as a result of their business relationships in all sectors of the economy.

Impacts on local communities and the rights of Indigenous Peoples can stem from investing in infrastructure projects and economic activities. These activities may lead to environmental degradation, displacement, involuntary resettlement, or changes in land use. Such impacts can affect the cultural preservation and livelihoods of local communities and Indigenous Peoples, as well as result in threats to human rights defenders and other stakeholders that may be exposed to retaliation. Negative impacts can be particularly severe for Indigenous Peoples, undermining their relationship with ancestral lands, territories, and resources (see topic XX.2 Biodiversity). As such, organizations must uphold Indigenous Peoples' right to free, prior, and informed consent (FPIC) and safeguard the rights to self-determination and participation [105].

Organizations in the capital markets sector are expected to conduct human rights due diligence to identify risks to people and to address and account for actual and potential human rights impacts [104], [106]. This includes identifying the negative impacts on local communities and the rights of Indigenous Peoples from investees, assessing the nature of these impacts, and determining the organizations' involvement with them. Based on this assessment, actions should be taken to address the negative impacts. Organizations can also set investment policies that safeguard local communities and the rights of Indigenous Peoples, and engage with portfolio organizations or with engage with local communities and Indigenous groups.

The sector can also have positive impacts on local communities and Indigenous Peoples by supporting economic development through access to finance for organizations and activities with inherent social benefits, such as housing, healthcare, transport, and telecommunications. Increasing access to finance for women, Indigenous Peoples, and small and medium-sized enterprises, can further enhance economic development and support projects with a positive social impact (see topic XX.18 Economic impacts). In addition, responsible business practices can help local communities through actions such as microfinance and community development projects.

Reporting on local communities and rights of Indigenous Peoples

If the organization has determined local communities and rights of Indigenous Peoples to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the approach to managing impacts from investees on local communities and rights of Indigenous Peoples, including: – how the organization assesses the quality of engagement with affected stakeholders conducted by its investees; – how the organization assesses the extent to which investees abide by FPIC procedures; – how the organization assesses the quality of safeguards implemented by investees for the protection of human rights defenders or other stakeholders that are exposed to retaliation; – whether and how the organization conducts its own engagement with stakeholders affected by its investees, including: - if engagement with stakeholders affected by investees is done through proxies or experts and how those are selected. • For investee stewardship related to local communities and rights of Indigenous Peoples, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.8.1
Additional sector disclosures		
Report the total number of identified incidents of violation involving the rights of Indigenous Peoples related to investees' infrastructure projects.		XX.8.2

References and resources

GRI 411: Rights of Indigenous Peoples 2016 and *GRI 413: Local Communities 2016* list authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on local communities and on the rights of Indigenous Peoples by the capital markets sector, are listed in the Bibliography.

Topic [XX].[9] Conflict-affected and high-risk areas

When operating in or providing services to conflict-affected and high-risk areas, organizations are more likely to be involved in human rights and legal violations and be implicated in corruption and financial flows contributing to conflict. This topic covers an organization's approach and impacts related to operating in or providing services to conflict-affected and high-risk areas.

Violent conflicts worldwide have increased to the highest levels observed over the past three decades [114], [115]. Organizations in the capital markets sector may be involved with impacts in conflict-affected and high-risk areas as a result of their activities and business relationships in all sectors of the economy.

Organizations in the sector can have impacts related to conflict-affected and high-risk areas through their portfolios, for example, in the form of investments made into sectors that extract natural resources or depend on supply chains sourcing materials from these places. Private sector investments may also inadvertently intensify conflicts through engagement and strategic partnerships with sovereign wealth funds operating in conflict-prone countries. Organizations can enact measures to avoid funds that contribute to conflicts, exacerbate local tensions, or originate from authoritarian regimes [116].

Organizations are expected to comply with national and international sanctions and conduct heightened due diligence on business relationships to identify and manage potential negative impacts of gross human rights abuses in conflict-affected areas [113], [117]. A conflict-sensitive approach can complement human rights due diligence [113]. This can include screening third-party organizations and activities that can exacerbate drivers of conflict, especially in high-risk areas, such as security and surveillance services, and excluding investees as a result of screening [118]. Organizations can enhance their due diligence by requiring their investees to conduct conflict analysis in addition to human rights impact assessments. This approach supports identifying both human rights and conflict risks [119], including factors such as loss of livelihoods and displacement in the analysis, which can inform subsequent mitigation actions. Organizations are responsible for respecting human rights and international humanitarian law in all contexts, including conflicts over territory, resources, and power [112].

Conflicts can take different forms, such as occupation or internal armed conflicts, and their status can change quickly. Due to the dynamic nature of conflict, organizations can take a preventative approach to undertaking conflict analysis in their activities and investments. This includes regularly monitoring the geopolitical situations in conflict-affected and high-risk areas in combination with external data sources, such as corruption indexes and authoritative lists of business activities that facilitate activities in contravention of international humanitarian law, to understand the organization's exposure to actual and potential impacts.

In addition, organizations may be involved with negative impacts related to conflict-affected and high-risk areas by investing in the defense sector when investees export weapons to those areas. Organizations can assess the extent to which investees in the defense sector adhere to and respect applicable regulations, including sanctions and embargoes. Special consideration should be given to weapons regulated under international humanitarian law, where treaties, such as the Treaty on the Prohibition of Nuclear Weapons, serve as one of the relevant international instruments that organizations can incorporate in their due diligence analysis. In conjunction with ongoing conflict analysis, organizations can develop specific policies that align with international weapons treaties and commit to upholding human rights to help manage actual and potential negative impacts.

Organizations in the capital market sector can have positive impacts on conflict-affected and high-risk areas by supporting their economic development and providing access to capital for economic recovery and reconstruction, for example [120]. Organizations can positively contribute to peace and stability by introducing investment instruments, such as peace bonds and peace equity, to support sustainable development in fragile contexts while minimizing potential negative impacts on local dynamics [121]. When conflict erupts in a country where organizations' offices, subsidiaries, or branches are located, they are expected to assess the impacts of their activities in that geographic location [113], [117].

Reporting on conflict-affected and high-risk areas

If the organization has determined conflict-affected and high-risk areas to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

<table>
<tr><th>STANDARD</th><th>DISCLOSURE</th><th>SECTOR STANDARD REF #</th></tr>
<tr><td colspan="3">Management of the topic</td></tr>
<tr><td>GRI 3: Material Topics 2021</td><td>Disclosure 3-3 Management of material topics

Additional sector recommendations

• Describe the organization’s due diligence expectations for investees with activities in conflict-affected and high-risk areas.
• Describe the approach to assessing investees’ due diligence processes and adherence to international humanitarian law for activities in conflict-affected and high-risk areas and how this assessment informs investment decisions.
• For investee stewardship related to conflict-affected and high-risk areas, report:
- agreed-upon targets related to investees' performance, along with metrics for evaluating progress;
- examples of outcomes of investee stewardship.</td><td>XX.9.1</td></tr>
<tr><td colspan="3">Additional sector disclosures</td></tr>
<tr><td colspan="2">Report the monetary value at the end of the reporting period of the investment portfolio exposed to conflict-affected and high-risk areas, including:
• the absolute amount;
• the percentage of the total value of the portfolio.

Describe how the organization’s investment portfolio is exposed to conflict-affected and high-risk areas, including:
• how investments may exacerbate negative impacts in these areas;
• how investments may prevent, mitigate, or remediate impacts in these areas.

Describe how the organization defines conflict-affected and high-risk areas, including the data sources and the assumptions made.</td><td>XX.9.2</td></tr>
<tr><td colspan="2">Report from the organization’s conflict analysis:
• examples of divestment decisions;
• examples of disengaged or divested investees.</td><td>XX.9.3</td></tr>
<tr><td colspan="2">Describe the approach for investing in the defense sector, including:
• whether the organization has a policy for investing in the defense sector;
• the types of investees active in the defense sector included and excluded from the above policy.
• how it considers international weapon treaties, international humanitarian law, and relevant regulations;
• how it relates to the policies and commitments on human rights and conflict-affected and high-risk areas;</td><td>XX.9.4</td></tr>
</table>

References and resources

The authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on conflict-affected and high-risk areas by the capital markets sector, are listed in the Bibliography.

Topic [XX].[10] Non-discrimination and equal opportunity

Freedom from discrimination is a human right and a fundamental right at work. Discrimination can impose unequal burdens on individuals or deny fair opportunities on the basis of individual merit. This topic covers impacts from discrimination and practices related to equal opportunity.

Organizations in the capital markets sector may be involved with impacts related to discrimination and equal opportunity through their activities or as a result of their business relationships in all sectors of the economy.

Discrimination against workers within the capital markets sector can take various forms, such as hiring biases, unfair promotion opportunities, and unfair workload distribution. It can occur, for example, based on ethnicity, religion, gender, or socioeconomic background. Organizations can take actions to promote diversity and equal opportunity at governance and worker levels, such as anti-discrimination policies and inclusive hiring practices. These actions can combat discrimination and promote equal opportunity, resulting in fairer access to promotions, job opportunities, and remuneration (see topic XX.16 Remuneration and working time) [127].

Discrimination can occur between a capital markets organization and its clients or between the organization's distributors, such as brokers, and its clients, through unequal treatment, or access to investment products and services (see topic XX.5 Financial health and inclusion). Organizations may engage in discriminatory practices when selecting other organizations to invest in, potentially against organizations based on their owner's background or other attributes, such as ethnicity or gender. Asset owners and allocators can discriminate when selecting asset managers, and asset managers and owners can discriminate when allocating and pricing capital. Organizations in the capital markets sector can combat discrimination by implementing policies and procedures that prevent discrimination and making these policies publicly available. This can include anti-discrimination guidelines, a transparent complaint resolution process, and audits to ensure compliance.

Organizations in the capital markets sector may be involved with impacts related to discrimination and equal opportunity as a result of their business relationships. This can occur when investing in organizations that promote unfair treatment of their workers and customers, such as organizations that exclude certain groups from their products or services based on gender or ethnicity. They may also be involved with impacts related to discrimination and equal opportunity when outsourcing services to organizations that discriminate against workers or do not provide equal opportunities at work.

Organizations are expected to conduct human rights due diligence to address discrimination and lack of equal opportunity. This includes identifying negative impacts related to discrimination across their activities and business relationships, assessing the nature of these impacts, and determining the organizations' involvement with them. Based on this assessment, actions should be taken to address the negative impacts [126].

When organizations are involved with negative impacts related to discrimination and equal opportunity as a result of their business relationships, they are expected to use their leverage to encourage their business relationships to address the impacts. This can involve engaging with clients, investees, or suppliers, and playing a role in providing for or cooperating in the remediation of these impacts [126]. Organizations can use their stewardship of investees to improve corporate practices and public disclosures related to discrimination and equal opportunity. Additionally, the capital markets sector can support equal opportunity actions by setting up initiatives to expand investment in vulnerable groups [128].

Reporting on non-discrimination and equal opportunity

If the organization has determined non-discrimination and equal opportunity to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the initiatives to promote equal opportunities for workers. • Describe the training initiatives for workers and distributors aimed at promoting non-discriminatory practices towards clients. • For investee stewardship related to non-discrimination and equal opportunity, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.10.1
Topic Standard disclosures		
GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-1 Diversity of governance bodies and employees	XX.10.2
GRI 406: Non-discrimination 2016	Disclosure 406-1 Incidents of discrimination and corrective actions taken *Additional sector recommendations* • Report a breakdown of the total number of incidents of discrimination during the reporting period by: – incidents related to discrimination of workers; – incidents related to discrimination of clients; – incidents related to discrimination of investees; – incidents related to discrimination of other stakeholders.	XX.10.3

References and resources

GRI 405: Diversity and Equal Opportunity 2016 and *GRI 406: Non-discrimination 2016* list authoritative intergovernmental instruments relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on non-discrimination and equal opportunity by the capital markets sector, are listed in the Bibliography.

Topic [XX].[11] Forced or compulsory labor

Forced or compulsory labor is work or service which is exacted from any person under the menace of penalty and for which a person has not offered themselves voluntarily. Freedom from forced or compulsory labor is a human right and a fundamental right at work. This topic covers an organization’s approach to identifying and addressing forced or compulsory labor across its value chain.

In 2021, around 50 million people were estimated to be involved with compulsory labor, with 27.6 million of these individuals subjected to forced labor [131]. Organizations in the capital markets sector may be involved with impacts related to forced or compulsory labor through their activities or as a result of their business relationships in all sectors of the economy. Although forced or compulsory labor is not common within organizations in the capital markets sector, they may be involved with related impacts, for example, when outsourcing services to organizations that use forced or compulsory labor.

Organizations are expected to conduct human rights due diligence to address forced or compulsory labor. This includes identifying negative impacts related to forced or compulsory labor across their activities and business relationships, assessing the nature of these impacts, and determining organizations’ involvement with them. Based on this assessment, actions should be taken to address the negative impacts [130]. Organizations may be involved with the negative impacts of forced or compulsory labor through their business relationships, such as by investing in organizations or procuring products or services from suppliers involved with impacts related to forced or compulsory labor. Special attention may be needed when dealing with business relationships in sectors with heightened risks of forced or compulsory labor. A similar focus can also apply to specific geographic locations, particularly where there are heightened risks for vulnerable workers, such as migrant workers [132].

When organizations are involved with negative impacts related to forced or compulsory labor as a result of their business relationships, they are expected to use their leverage to encourage their business relationships to address those impacts. This can involve engaging with clients, investees, or suppliers and playing a role in providing for or cooperating in the remediation of those impacts [130]. In their investment portfolios, organizations can use their leverage to address actual and potential negative impacts by making informed investment decisions, exercising stewardship with investees, and engaging in dialogues with policymakers and other stakeholders. Leverage will depend on contextual factors, such as the nature of a transaction or relationship. For example, private equity ownership and active management involve different leverage dynamics than passive investment. Equity investors have more direct mechanisms to undertake stewardship activities, such as proxy voting rights [133]. To increase their leverage, organizations in the capital markets sector can engage with other stakeholders that address impacts related to forced or compulsory labor, such as civil society organizations or sector-wide initiatives.

Reporting on forced or compulsory labor

If the organization has determined forced or compulsory labor to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to forced or compulsory labor, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.11.1
Topic Standard disclosures		
GRI 409: Forced or Compulsory Labor 2016	Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	XX.11.2

References and resources

GRI 409: Forced or Compulsory Labor 2016 lists authoritative intergovernmental instruments relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on forced or compulsory labor by the capital markets sector, are listed in the Bibliography.

Topic [XX].[12] Child labor

Child labor is defined as work that deprives children of their childhood, their potential, and their dignity, and that is harmful to their development, including by interfering with their education. It is a violation of human rights and can lead to lifelong negative impacts. Abolition of child labor is a fundamental principle and right at work. This topic covers an organization's approach to identifying and addressing child labor across its value chain.

Around 160 million children were engaged in child labor in 2020, with nearly half subjected to dangerous and hazardous work [137]. Organizations in the capital markets sector may be involved with impacts related to child labor through their activities or as a result of their business relationships in all sectors of the economy. Although child labor is not common within organizations in the capital markets sector, they may be involved with related impacts, for example, when outsourcing services to organizations that use child labor.

Organizations are expected to conduct human rights due diligence to address child labor. This includes identifying negative impacts related to child labor across their activities and business relationships, assessing the nature of these impacts, and determining organizations' involvement with them. Based on this assessment, actions should be taken to address the negative impacts [136]. Organizations may be involved with impacts related to child labor through the provision of products and services, such as investing in organizations in sectors with heightened risks of child labor, or in geographic locations where the remuneration of parents is insufficient to meet the basic cost-of-living estimates. Additionally, organizations in the capital markets sector may procure products or services from suppliers involved with child labor impacts.

When organizations are involved with negative impacts related to child labor as a result of their business relationships, they are expected to use their leverage to encourage their business relationships to address those impacts. This can involve engaging with clients, investees, or suppliers and playing a role in providing for or cooperating in the remediation of those impacts [136]. In their investment portfolios, organizations can use their leverage to address actual and potential negative impacts by making informed investment decisions, exercising stewardship with investees, and engaging in dialogues with policymakers and other stakeholders. Leverage will depend on contextual factors, such as the nature of a transaction or relationship. For example, private equity ownership and active management involve different leverage dynamics than passive investment. Equity investors have more direct mechanisms to undertake stewardship activities, such as proxy voting rights [138]. To increase their leverage, organizations in the capital markets sector can engage with other stakeholders that address impacts related to child labor, such as civil society organizations or sector-wide initiatives.

Reporting on child labor

If the organization has determined child labor to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to child labor, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.12.1
Topic Standard disclosures		
GRI 408: Child Labor 2016	Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	XX.12.2

References and resources

GRI 408: Child Labor 2016 lists authoritative intergovernmental instruments relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on child labor by the capital markets sector, are listed in the Bibliography.

Topic [XX].[13] Freedom of association and collective bargaining

Freedom of association and collective bargaining are human rights and fundamental rights at work. They include the rights of employers and workers to form, join, and run their own organizations without prior authorization or interference, and to collectively negotiate working conditions and terms of employment. This topic covers an organization's approach and impacts related to freedom of association and collective bargaining.

Organizations in the capital markets sector may be involved with impacts related to freedom of association and collective bargaining through their activities or as a result of their business relationships in all sectors of the economy.

Organizations in the capital markets sector are significant employers and play an important role in shaping labor practices that enable or prevent freedom of association and collective bargaining. This can include outsourcing or offshoring certain job functions to locations with weaker labor protections. The rise of casualization, marked by casual work and contract labor that lack social protection and employment security, can also have impacts on freedom of association and collective bargaining (see topics XX.15 Employment and XX.17 Significant changes for workers) [141]. Organizations can establish clear policies and procedures regarding freedom of association and collective bargaining to uphold worker rights. These measures ensure that workers can form and join trade unions and engage in collective bargaining without fear of reprisal.

Organizations may be involved with impacts related to freedom of association and collective bargaining by investing in organizations that violate workers' rights, such as those that obstruct union activity [141]. Additionally, they may procure products or services from suppliers that are involved with impacts related to freedom of association and collective bargaining. Particular attention may be needed when dealing with business relationships in sectors and geographic locations where there are heightened risks of violations of freedom of association and collective bargaining [142].

Organizations are expected to conduct human rights due diligence to address negative impacts related to freedom of association and collective bargaining. This includes identifying those negative impacts across their activities and business relationships, assessing the nature of those impacts, and determining organizations' involvement with them. Based on this assessment, actions should be taken to address the negative impacts [140].

When organizations are involved with negative impacts related to freedom of association and collective bargaining as a result of their business relationships, they are expected to use their leverage to encourage their business relationships to address the impacts. This can involve engaging with clients, investees, or suppliers and playing a role in providing for or cooperating in the remediation of those impacts [140]. In their investment portfolios, organizations can use their leverage to address actual and potential negative impacts by making informed investment decisions, exercising stewardship with investees, and engaging in dialogues with policymakers and other stakeholders. Leverage will depend on contextual factors, such as the nature of a transaction or relationship. For example, private equity ownership and active management involve different leverage dynamics than passive investment. Equity investors have more direct mechanisms to undertake stewardship activities, such as proxy voting rights [143]. To increase their leverage, organizations in the capital markets sector can engage with other stakeholders that address impacts related to freedom of association and collective bargaining, such as trade unions, global union federations, or field-building institutions across these topics [144].

Reporting on freedom of association and collective bargaining

If the organization has determined freedom of association and collective bargaining to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to freedom of association and collective bargaining, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.13.1
Topic Standard disclosures		
GRI 407: Freedom of Association and Collective Bargaining 2016	Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	XX.13.2

References and resources

GRI 407: Freedom of Association and Collective Bargaining 2016 lists authoritative intergovernmental instruments relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on freedom of association and collective bargaining by the capital markets sector, are listed in the Bibliography.

Topic [XX].[14] Occupational health and safety

Healthy and safe work conditions are recognized as a human right and a fundamental right at work. Occupational health and safety involves the prevention of physical and mental harm to workers and the promotion of workers' health. This topic covers impacts related to workers' health and safety.

Organizations in the capital markets sector may be involved with occupational health and safety impacts through their activities or as a result of their business relationships in all sectors of the economy.

Organizations in the capital markets sector can have negative impacts on the mental and physical health of their workers due to excessive workloads, commercial pressures, and job insecurity, which can lead to stress, burnout, and anxiety. Harassment and bullying at work can further exacerbate mental and physical health issues and violate human rights. Inequality in earnings or opportunities and discrimination can also lead to increased stress and the worsening of mental health conditions (see topic XX.10 Non-discrimination and equal opportunity). They may be involved with negative health and safety impacts when outsourcing services to organizations with weaker occupational health and safety standards.

Addressing issues from long working hours and flexible work arrangements is crucial to worker well-being and a healthy work-life balance, including for remote workers (see topic XX.16 Remuneration and working time). Organizations can integrate mental health into their occupational health and safety management systems to address psychosocial risks comprehensively. This integration involves prioritizing collective actions, engaging workers to identify and manage impacts, and ensuring compliance with legal frameworks. Manager training in mental health awareness and communication and worker training in mental health literacy are also essential for a healthy workplace [146].

An estimated 2.78 million workers die each year from a work-related injury or ill health, while an additional 374 million workers suffer from non-fatal work-related incidents [147]. Organizations may be involved with negative occupational health and safety impacts as a result of their business relationships, such as investing in or procuring products or services from other organizations that fail to meet proper workplace safety standards. Special attention may be needed when dealing with business relationships in sectors and geographic locations where there are heightened work-related hazards. Specific sectors can have more significant occupational health and safety impacts on workers due to a range of physical and long-term health risks. The most vulnerable to occupational health and safety impacts include those in precarious employment, informal workers, micro-, small, medium-enterprise (MSME) employees, and workers from marginalized groups, such as migrant workers and racial minorities [148].

Organizations are expected to conduct human rights due diligence to address negative occupational health and safety impacts. This includes identifying negative occupational health and safety impacts across their activities and business relationships, assessing the nature of these impacts, and determining organizations' involvement with them. Based on this assessment, actions should be taken to address the negative impacts [145].

Reporting on occupational health and safety

If the organization has determined occupational health and safety to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to occupational health and safety, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.14.1
Topic Standard disclosures		
GRI 403: Occupational Health and Safety 2018	Disclosure 403-1 Occupational health and safety management system	XX.14.2
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	XX.14.3
	Disclosure 403-3 Occupational health services	XX.14.4
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	XX.14.5
	Disclosure 403-5 Worker training on occupational health and safety	XX.14.6
	Disclosure 403-6 Promotion of worker health	XX.14.7
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	XX.14.8
	Disclosure 403-8 Workers covered by an occupational health and safety management system	XX.14.9
	Disclosure 403-9 Work-related injuries	XX.14.10
	Disclosure 403-10 Work-related ill health	XX.14.11

References and resources

GRI 403: Occupational Health and Safety 2018 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on occupational health and safety by the capital markets sector, are listed in the Bibliography.

Topic [XX].[15] Employment

Employment refers to the various policies and practices that affect the relationship between an organization and its workers. Employment-related policies and practices include recruitment, termination, performance management, and privacy of workers. This topic covers impacts related to employment practices.

Organizations in the capital markets sector may be involved with impacts related to employment through their activities or as a result of their business relationships in all sectors of the economy.

Organizations in the capital markets sector are significant employers and facilitate employment in other sectors through access to financial services and capital (see topic XX.18 Economic impacts) [150]. As employers, the practices and policies of organizations in the capital markets sector have impacts on workers, including through employment arrangements, recruitment and termination policies, and performance management systems. Impacts related to employment practices are not limited to employees but also extend to workers who are not employees, such as agency workers, apprentices, and workers of suppliers to whom services are outsourced. By outsourcing activities, organizations can reduce labor costs or bypass collective agreements (see topic XX.13 Freedom of association and collective bargaining) that are in place for employees, potentially increasing disparities between employees and workers who are not employees.

Worker data is vital in contractual obligations, personnel administration, and human resources functions. Organizations may monitor workers to track work hours, optimize processes, and evaluate performance. When monitoring of workers is poorly managed, fails to adhere to applicable laws, or when workers are not informed about monitoring activities, it can encroach upon a worker’s privacy. By implementing strong cybersecurity measures and adhering to data protection regulations, organizations uphold their commitment to protect worker privacy [151].

Organizations may be involved with negative impacts related to employment by investing in organizations with inadequate policies and practices, such as precarious employment contracts or insufficient safeguards for protecting workers' personal data. Conversely, organizations can contribute to positive impacts by investing in other organizations with high-quality employment practices. Organizations should use their leverage to encourage responsible employment practices across their business relationships, such as client engagement and investee stewardship [152].

Reporting on employment

If the organization has determined employment to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to employment, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.15.1
Topic Standard disclosures		
GRI EMPL: Employment (Exposure draft)	Disclosure EMPL 1 Employment arrangements	XX.15.2
	Disclosure EMPL 2 Apprenticeship and internship	XX.15.3
	Disclosure EMPL 3 Recruitment policies	XX.15.4
	Disclosure EMPL 4 Performance management systems	XX.15.5
	Disclosure EMPL 5 Personal data protection and privacy policies	XX.15.6
	Disclosure EMPL 6 Termination policies	XX.15.7
	Disclosure EMPL 7 New hires and turnover	XX.15.8
	Disclosure EMPL 8 Incidents related to recruitment	XX.15.9
	Disclosure EMPL 9 Performance reviews	XX.15.10
	Disclosure EMPL 10 Incidents related to personal data protection and privacy	XX.15.11

References and resources

GRI EMPL: Employment (exposure draft) lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on employment by the capital markets sector, are listed in the Bibliography.

Topic [XX].[16] Remuneration and working time

Remuneration comprises the basic salary and additional amounts paid to a worker, which should ensure gender equality and non-discrimination. Working time refers to the period when workers are at the disposal of the organization during a specified timeframe and does not reflect the intensity or efficiency of time spent on work. This topic covers an organization's approach to remuneration and working time, including social protection.

Organizations in the capital markets sector may be involved with impacts related to remuneration and working time through their activities or as a result of their business relationships in all sectors of the economy. Impacts related to remuneration and working time are not limited to employees and extend to workers who are not employees, such as agency workers, apprentices, and workers of suppliers to whom services are outsourced.

Organizations in the capital market sector can have unequal remuneration practices characterized by disproportionately high salaries, bonuses, and incentive schemes for certain positions. Such remuneration practices can encourage excessive risk-taking, particularly when bonuses are tied to short-term results without adequate consideration for long-term stability. The remuneration disparity between senior executives and other workers also raises concerns about income inequality. Organizations can improve equality by adopting policies that ensure balanced remuneration and promote a more equitable pay framework across different worker levels.

Remuneration practices can also be unequal based on gender. Globally, men employed in financial services earn, on average, 22% higher incomes than women with the same profiles. The gender pay gap is notably higher among senior executives in the financial services sector than in other sectors [155] (see topic XX.10 Non-discrimination and equal opportunity).

Long working hours are common for organizations in the capital markets sector. With the advent of digitalization and post-Covid adaptations, telework has seen a significant uptake in the sector. While telework can have positive impacts on work-life balance, the transition to telework may exacerbate issues related to extended working hours, contributing to psychosocial impacts and stress [156]. These factors emphasize the importance for employers to prioritize worker well-being, including addressing the issue of working hours, promoting leave and rest hours, and fostering a healthy work-life balance.

In addition to addressing remuneration and working time practices, organizations can enhance workers' overall well-being by implementing comprehensive social protection measures, such as unemployment and retirement benefits. Organizations may also be involved with impacts related to remuneration and working time through their business relationships by investing in other organizations with inadequate policies and practices in areas such as working excessive hours, for example. In many jurisdictions, organizations can significantly influence the remuneration practices of their investees through proxy voting on company remuneration policies. Organizations can use their leverage to encourage responsible practices and policies related to remuneration and working time across their investees, such as stewardship and engagement activities [157].

Reporting on remuneration and working time

If the organization has determined remuneration and working time to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to remuneration and working time, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.16.1
Topic Standard disclosures		
GRI REWO: Remuneration and Working Time (Exposure draft)	Disclosure REWO 1 Policies to determine remuneration	XX.16.2
	Disclosure REWO 2 Policies to determine working time	XX.16.3
	Disclosure REWO 3 Transparency of remuneration and working time	XX.16.4
	Disclosure REWO 4 Remuneration of workers	XX.16.5
	Disclosure REWO 5 Basic gender pay gap	XX.16.6
	Disclosure REWO 6 Social protection coverage	XX.16.7
	Disclosure REWO 7 Monitoring working time	XX.16.8

References and resources

GRI REWO: Remuneration and Working Time (exposure draft) lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on remuneration and working time by the capital markets sector, are listed in the Bibliography.

Topic [XX].[17] Significant changes for workers

A significant change is an alteration to the organization's pattern of operations that can have significant impacts on workers performing the organization's activities, including mergers, outsourcing operations, and restructuring. This topic covers an organization's impacts related to significant changes for workers.

Organizations in the capital markets sector may be involved with impacts related to significant changes for workers through their activities or as a result of their business relationships in all sectors of the economy.

Transformations for organizations in the capital markets sector, such as automation, the deployment of new technologies, including generative artificial intelligence (AI), increasing industry concentration, and globalization, can result in job displacement and income insecurity [159]. Redeployment, and up- and re-skilling of workers are pivotal strategies that organizations can implement to support workers.

Digitalization in financial services has also decentralized labor in the sector [159]. Outsourcing activities could allow organizations in the capital markets sector to reduce labor costs or bypass collective agreements that are in place for employees, potentially increasing disparities between employees and workers who are not employees (see topic XX.15. Employment and topic XX.13 Freedom of association and collective bargaining).

Mergers, acquisitions, and restructuring can have impacts on workers, including job insecurity, higher job stress and workload, and increased forms of disguised employment. These changes can also lead to mass terminations, which require compliance with consultation and notice period regulations. Organizations can mitigate these impacts by prioritizing transparent communication, providing early notice of operational changes, engaging with trade unions or worker representatives, and providing support through resources and open social dialogue [160].

Through their investments, organizations can use their leverage to restructure their business relationships, such as investees, thereby affecting workers. Significant workplace changes can occur in scenarios such as mergers and acquisitions, especially those led by private equity firms. This highlights the importance of addressing their impacts on workers and ensuring adherence to employment-related standards.

Reporting on significant changes for workers

If the organization has determined significant changes for workers to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to significant changes for workers, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.17.1
Topic Standard disclosures		
GRI SICH: Significant Changes for Workers (Exposure draft)	Disclosure SICH 1 Management of significant changes for workers	XX.17.2
	Disclosure SICH 2 Minimum consultation and notice periods	XX.17.3
	Disclosure SICH 3 Redeployment and training	XX.17.4

References and resources

GRI SICH: Significant Changes for Workers (exposure draft) lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on significant changes for workers by the capital markets sector, are listed in the Bibliography.

Topic [XX].[18] Economic impacts

An organization's economic impacts refer to how it affects economic systems, including the economic well-being of its stakeholders, through its operations, quality of products and services, and business relationships at local, national, and global levels.

Organizations in the capital markets sector may be involved with economic impacts through their activities or as a result of their business relationships in all sectors of the economy.

The capital markets sector can support positive economic impacts by investing in assets and fostering entrepreneurship, competition, sector diversity, and sustainable development, particularly in developing economies and underserved communities [161], [162]. Universal owners particularly have incentives to consider the broader economic impacts of their investments in the pursuit of long-term financial returns derived from economies and an environment that is healthy and resilient [163]. Business models that incorporate long-term strategies and incentive structures tied to sustainability outcomes can support positive economic impacts, as well as a long-term approach to sustainable development (see Disclosures on incorporating sustainability in investment in this Standard) [164]. Approaches like stakeholder governance which values various stakeholders' perspectives also help organizations to be more aware of the trade-offs associated with their actions [165]. Through investee stewardship, organizations may also promote positive economic impacts on issues such as inequality.

Investment strategies and practices can also have negative economic impacts at local and national levels [166]. Newly created jobs may not provide decent employment or adequate remuneration, as documented in solar and electric vehicle supply chains [167], which can lead to economic and social instability. In addition, policies that prioritize short-term financial goals and encourage high-risk practices can lead to negative impacts that cascade through economies [164]. For example, certain practices in commodities trading, such as the increased use of indexes, could be linked to more volatile and higher food prices [168]. Where institutional investors have invested in single-family homes, it can be harder for locals to purchase homes [169]. Economies perceived as high-risk can face higher costs of capital from organizations in the sector, limiting opportunities for sustainable development, particularly in developing countries [170].

Organizations in the capital markets sector can have large, sometimes cross-border operations, that spur positive economic impacts through revenues and operating costs distributed as worker salaries and tax payments to governments. Organizations can have impacts on the long-term economic well-being of their workers through the provision of retirement plans with appropriate provisions to pay for such plans in the event of a crisis. In addition, the capital markets sector can benefit from the economic impacts of government assistance through tax credits, financial incentives, guarantees to promote public trust, and bailouts during financial crises.

Organizations' economic impacts on individuals and micro-, small, and medium-sized enterprises (MSMEs) are reflected in financial health and inclusion (see topic XX.5 Financial health and inclusion).

Reporting on economic impacts

If the organization has determined economic impacts to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe how the organization's policies and commitments promote sustainable economic development through the development and distribution of its investments. • For investee stewardship related to economic impacts, report: – agreed-upon targets related to investees' performance, along with metrics for evaluating progress; – examples of outcomes of investee stewardship.	XX.18.1
Topic Standard disclosures		
GRI 201: Economic Performance 2016	Disclosure 201-1 Direct economic value generated and distributed	XX.18.2
	Disclosure 201-3 Defined benefit plan obligations and other retirement plans *Additional sector recommendations* • Report whether the organization has a fund or strategy to pay its pension liabilities in the event of a financial or operational crisis.	XX.18.3
	Disclosure 201-4 Financial assistance received from government *Additional sector recommendations* • Report by country the total monetary value of: - government guarantees; - government bailouts. • Describe government interventions, if any, including the impacts of those interventions, that supported the organization's investment strategy in the event of a financial crisis.	XX.18.4

References and resources

GRI 201: Economic Performance 2016 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on economic impacts by the capital markets sector, are listed in the Bibliography.

Topic [XX].[19] Prevention of corruption and financial crime

Anti-corruption refers to how an organization manages the potential of being involved with corruption. Corruption is practices such as bribery, facilitation payments, fraud, extortion, collusion, money laundering, or the offer or receipt of an inducement to do something dishonest or illegal. Closely related to corruption, financial crime includes various forms of theft and misuse for economic gain. This topic covers the impacts of corruption and financial crime.

Losses from corruption are estimated to be worth over 5% of the annual global GDP, redirecting funds from essential public services such as education and healthcare [174]. Organizations in the capital markets sector may be involved with impacts related to corruption and financial crime through their activities or as a result of their business relationships in all sectors of the economy.

Organizations can become involved in corruption and financial crime through their connections to the broader financial system and criminal activities targeting their clients. This can occur when workers participate in illicit activities, such as market manipulation or exerting undue influence to attract clients and secure business [175]. Additionally, misuse of assets by organizations can cause significant losses for clients, such as through Ponzi schemes.

Capital market organizations may be implicated in corruption and financial crime by facilitating capital mobilization for illicit purposes or handling capital derived from illegal activities. Organizations can be exploited to facilitate money laundering activities that fund crime, such as human trafficking and terrorism [176], [177]. This involvement includes depositing illicit assets in capital markets and establishing illegitimate businesses for investment. A lack of transparency surrounding financial flows can further compound these problems [178]. Organizations can address the negative impacts of money laundering by aligning with existing regulations and stakeholder initiatives [179].

Regarding corruption and financial crime against clients, organizations can implement security mechanisms to protect client assets and data [173] (see topic XX.6 Client privacy and data security). These protection measures are increasingly important as cybercrime grows alongside the sector's digitalization [180].

Organizations can identify corruption and criminal activity by adopting suitable policies and procedures that incorporate these three lines of defense: management controls, risk and compliance oversight, and independent audit assurance [181]. These measures can consider where they do business, their client base, products, and services, and how they obtain and retain business, including their engagement with third parties. Regulations targeting financial crimes might require further mitigation measures, including enhanced due diligence for politically exposed persons [182].

Furthermore, the sector can address the negative impacts of corruption by participating in initiatives on anti-bribery and corruption [181]. Through investee stewardship, organizations can encourage existing or prospective investees to have robust anti-corruption policies and practices [183].

Reporting on prevention of corruption and financial crime

If the organization has determined prevention of corruption and financial crime to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to prevention of corruption and financial crime, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.19.1
Topic Standard disclosures		
GRI 205: Anti-corruption 2016	Disclosure 205-1 Operations assessed for risks related to corruption *Additional sector recommendations* • Report operations assessed for risks related to financial crime.	XX.19.2
GRI 205: Anti-corruption 2016	Disclosure 205-2 Communication and training about anti-corruption policies and procedures *Additional sector recommendations* • Report communication and training about policies and procedures on the prevention of financial crime.	XX.19.3
GRI 205: Anti-corruption 2016	Disclosure 205-3 Confirmed incidents of corruption and actions taken *Additional sector recommendations* • Report the total number and nature of incidents related to financial crime, including: - suspicious incidents identified; - investigated incidents; - confirmed incidents.	XX.19.4
Additional sector disclosures		
Report the total monetary value of client funds lost to financial crime.		XX.19.5

References and resources

GRI 205: Anti-corruption 2016 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on prevention of corruption and financial crime by the capital markets sector, are listed in the Bibliography.

Topic [XX].[20] Anti-competitive behavior

Anti-competitive behavior refers to actions by an organization that can result in collusion with potential competitors, abuse of dominant market position, or exclusion of potential competitors, thereby limiting the effects of market competition. This can include fixing prices or coordinating bids, creating market or output restrictions, imposing geographic quotas, and allocating customers, suppliers, geographic areas, or product lines. This topic covers impacts as a result of anti-competitive behavior.

Fair, efficient, and competitive markets provide clients with a greater choice of quality financial products and services while maintaining a higher quality of service [184] and more competitive pricing. Competition is a fundamental principle for financial client protection [184]. Organizations in the capital markets sector may be involved with impacts related to anti-competitive behavior through their activities or as a result of their business relationships in all sectors of the economy.

Organizations in the sector can be involved with anti-competitive behavior through collaborative agreements with competitors, investment practices, and market concentration [185], [186]. Increasing concentration in the sector now sees less than 2% of economic actors control up to 80% of economic value, representing a 20% increase in capital concentration since the global financial crisis of 2008 [185]. By investing in already concentrated industries or organizations with dominant market positions, organizations in the capital market sector can contribute to market concentration and monopolistic practices. Certain investment strategies can support monopolies by focusing investments into organizations that have dominant market positions which can limit growth opportunities and create barriers to entry for potential competitors.

Organizations can influence investees to undertake anti-competitive decisions, such as restricting output, increasing prices [187], or pursuing mergers and acquisitions. These practices can result in negative impacts related to industry concentration, eroding trust and confidence in the financial system and potentially resulting in legal action against organizations. Through lobbying efforts, organizations may also influence regulation to increase barriers to entry, further limiting competition (see topic XX.22 Public policy).

Organizations can implement policies, procedures, and functions to prevent, detect, and report anti-trust and monopoly practices, which may be similar to those implemented for corruption and financial crime (see topic XX.19 Prevention of corruption and financial crime). Robust global policies on anti-trust and monopoly practices can ensure consistent application across activities and subsidiaries. Additionally, specialized training for workers on anti-competitive behavior and clear guidelines about collaboration and information exchanges can ensure that business units are aware of and comply with relevant regulations. Through stewardship and engagement, organizations can encourage existing or prospective investees to have robust anti-competition policies and procedures. Organizations may also change governance bodies, oversight processes, and internal staffing structures to address anti-competitive behavior.

Reporting on anti-competitive behavior

If the organization has determined anti-competitive behavior to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe any investment policies that intend to limit market concentration. • For investee stewardship related to anti-competitive behavior, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.20.1
Topic Standard disclosures		
GRI 206: Anti-competitive Behavior 2016	Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices *Additional sector recommendations* • Describe the claims of the legal actions reported. • Describe the corrective measures taken in response to the legal actions for anti-competitive behavior, including: - changes to governance bodies and oversight processes; - restructuring with management, business units, or teams; - training for members of governance bodies, management, and workers.	XX.20.2

References and resources

GRI 206: Anti-competitive Behavior 2016 lists authoritative intergovernmental instruments relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on anti-competitive behavior by the capital markets sector, are listed in the Bibliography.

Topic [XX].[21] Tax

Organizations must adhere to tax legislation and align with stakeholder expectations on sound tax practices. Aggressive tax strategies can deprive governments of revenue for implementing public policy and investing in public services, undermining tax compliance more broadly. Tax transparency promotes trust and credibility in an organization's tax practices and the tax system. This topic covers the impacts of an organization’s tax practices and the transparency in implementing them.

Tax revenue plays a crucial role in financing public goods and services, supporting social protection systems, and facilitating investments in public infrastructure [189]. In 2023, corporate profits estimated at $1 trillion were redirected to tax havens worldwide, with 25% of global offshore financial wealth remaining untaxed [190]. Organizations in the capital markets sector may be involved with tax-related impacts through their activities or as a result of their business relationships in all sectors of the economy.

In their tax practices, organizations may use legitimate tax structures, such as relocating profits to mitigate tax liabilities [191] and structuring funds to avoid taxes, and illegitimate structures, such as engaging in tax evasion. Some of these practices can significantly reduce government revenues, particularly in low- and middle-income countries.

Organizations in the capital markets sector play a crucial role in withholding tax on behalf of their clients when investments yield profits. Due to its complexity, this responsibility is often delegated to custodian banks, which can lead to errors, resulting in either over- or underpayment of taxes by clients. Proactively managing withholding taxes allows asset managers to minimize discrepancies and unlock benefits for their clients and themselves, ensuring more accurate and beneficial tax outcomes [192].

With their investees, organizations can systematically consider tax practices within investment decisions and pursue ongoing stewardship and engagement with various actors, including investees, policymakers, and other stakeholders [193]. This can include requesting transparent disclosure of an investee's tax approach and payments and holding them accountable for questionable behavior that may be motivated by tax reasons.

As taxpayers, organizations in the capital markets sector are responsible for their own tax liabilities. Therefore, they must adhere to tax legislation to fulfill their obligations to stakeholders and meet sound tax practice standards. By transparently reporting their approach to tax, organizations can disclose the use of legitimate tax structures and build trust with clients, tax authorities, and other stakeholders.

Reporting on tax

If the organization has determined tax to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • For investee stewardship related to tax, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.21.1
Topic Standard disclosures		
GRI 207: Tax 2019	Disclosure 207-1 Approach to tax	XX.21.2
	Disclosure 207-2 Tax governance, control, and risk management *Additional sector recommendations* • Describe how the organization's tax governance and control framework addresses the tax practices of its investees and, if applicable, custodian banks.	XX.21.3
	Disclosure 207-3 Stakeholder engagement and management of concerns related to tax	XX.21.4
	Disclosure 207-4 Country-by-country reporting	XX.21.5

References and resources

GRI 207: Tax 2019 lists authoritative intergovernmental instruments and additional references relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on tax by the capital markets sector, are listed in the Bibliography.

Topic [XX].[22] Public policy

An organization can participate in public policy development, directly or through an intermediary organization, by means of lobbying or making financial or in-kind contributions to political parties, politicians, or causes. While an organization can encourage the development of public policy that benefits society, participation can also be associated with corruption, bribery, undue influence, or an imbalanced representation of the organization's interests. This topic covers an organization's approach to public policy advocacy and the impacts that can result from the influence an organization exerts.

Organizations in the capital markets sector may be involved with impacts related to public policy through their activities or as a result of their business relationships in all sectors of the economy.

Organizations can exert influence directly through financial support to political parties, election campaigns, research initiatives, and think tanks [197] or indirectly through industry alliances and affiliated associations. Revolving door practices can cause other negative public policy impacts when organizations hire individuals previously employed by financial regulators [198]. This influence can significantly shape public policy on a wide range of topics, including environmental policy and customer protection, potentially leading to regulations that favor a select few organizations. This can result in higher barriers to entry for competitors and unfair prices for financial products [199] (see topic XX.20 Anti-competitive behavior), with far-reaching impacts that undermine the financial stability of the broader economy (see topic XX.18 Economic impacts).

Enhancing consistency and accountability regarding lobbying efforts, such as reporting meetings with regulators [198] and political contributions, can mitigate negative public policy impacts. This includes reporting conflicts between an organization's stated sustainability commitments and opposing advocacy efforts [200] and avoiding 'astroturfing' tactics where a special interest group backs false grassroots support for an issue. Transparency can also prevent conflicts of interest and enable stakeholders to assess the influence organizations have on legislative decisions, policy-making, and regulatory approvals.

Organizations in the capital markets sector can further support public policy by engaging in debates that positively shape sustainability frameworks across all sectors. This helps create additional momentum for other sectors to fulfill environmental and human rights commitments while providing additional certainty for allocating capital [200]. In addition, organizations can leverage their influence to ensure their investees participate in public policy engagement in a manner that promotes environmental and social responsibility. This can include stewardship of investees' public policy engagement and advocating for stronger alignment between those practices and sustainability commitments [201].

Reporting on public policy

If the organization has determined public policy to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the capital markets sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the policy on employment and appointment of former public officials, or persons formerly entrusted with special public service functions, to the organization's governing bodies. • Describe the policy on in-kind contributions for public officials or persons entrusted with special public service functions. • Describe the escalation policy for addressing misalignments between its representative associations or committees and its public policy stance. • For investee stewardship related to public policy, report: - agreed-upon targets related to investees' performance, along with metrics for evaluating progress; - examples of outcomes of investee stewardship.	XX.22.1
Topic Standard disclosures		
GRI 415: Public Policy 2016	Disclosure 415-1 Political contributions	XX.22.2
Additional sector disclosures		
Report the resources allocated to public policy engagement, including the monetary value and percentage of budgetary allocations.		XX.22.3

References and resources

GRI 415: Public Policy 2016 lists authoritative intergovernmental instruments relevant to reporting on this topic.

The additional authoritative instruments and references used in developing this topic, as well as resources that may be helpful for reporting on public policy by the capital markets sector, are listed in the Bibliography.

Glossary

This glossary provides definitions for terms used in this Standard. The organization is required to apply these definitions when using the GRI Standards.

The definitions included in this glossary may contain terms that are further defined in the complete *GRI Standards Glossary*. All defined terms are underlined. If a term is not defined in this glossary or in the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

- anti-competitive behavior
- anti-trust and monopoly practice
- basic salary
- benefit
- business partner
- business relationships
- child
- collective bargaining
- conflict of interest
- corruption
- direct (Scope 1) GHG emissions
- discrimination
- due diligence
- effluent
- employee
- energy indirect (Scope 2) GHG emissions
- forced or compulsory labor
- freedom of association
- governance body
- greenhouse gas (GHG)
- hazardous waste
- human rights
- impact
- indigenous peoples
- infrastructure
- local community
- marketing communication
- material topic
- mitigation
- occupational health and safety management system
- other indirect (Scope 3) GHG emissions
- political contribution
- product and service information and labeling
- remedy / remediation
- remuneration
- reporting period
- scope of GHG emissions
- senior executive
- severity
- stakeholder
- substantiated complaint
- supplier
- supply chain
- sustainable development / sustainability

- value chain
- vulnerable group
- waste
- water consumption
- water stewardship
- water stress
- water withdrawal
- worker
- worker representative
- work-related hazard
- work-related incident
- work-related injury or ill health

Bibliography

This section lists authoritative intergovernmental instruments and additional references used in developing this Standard, as well as resources that the organization can consult.

Introduction

[1] S&P Dow Jones Indices and MSCI Inc, Revisions to the Global Industry Classification Standard (GICS®) Structure, 2018.

[2] FTSE Russell, ICB Structure, Taxonomy Overview, 2019.

[3] United Nations, International Standard Industrial Classification of All Economic Activities, Revision 4, Statistical Papers Series M No. 4/Rev.4, 2008.

[4] Sustainable Accounting Standards Boards (SASB), Sustainable Industry Classification System® (SICS®), 2021. [Online]. Available: sasb.org/find-your-industry/

[5] European Communities, Statistical classification of economic activities in the European Community (NACE). Eurostat, Methodologies and Working Papers, 2008.

[6] North American Industry Classification System (NAICS), Executive Office of the President, Office of Management and Budget, 2017.

Sector Profile

Authoritative instruments:

[7] United Nations Office of the High Commissioner for Human Rights (OHCHR), Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

[8] OECD, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Organisation for Economic Co-operation and Development, 2011.

[9] United Nations, Paris Agreement to the United Nations Framework Convention on Climate Change, 2015.

[10] OECD, Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, 2017.

[11] OECD, Due Diligence for Responsible Corporate Lending and Securities Underwriting: Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises, 2019.

[12] OECD, Responsible Business Conduct Due Diligence for Project and Asset Finance Transactions, 2022.

[13] OECD and GPFI, G20/OECD High-Level Principles on Financial Consumer Protection, 2022.

[14] United Nations Environment Programme and Convention on Biological Diversity, Kunming-Montreal Global Biodiversity Framework, 2022.

[15] United Nations, Transforming our World: The 2030 Agenda for Sustainable Development, 2015.

Additional references:

[16] International Capital Markets Association (ICMA), International Debt Capital Markets Volume, 2024.

[17] CFA Institute, Principles for Responsible Investment (PRI), and Global Sustainable Investment Alliance, Definitions for Responsible Investment Approaches, 2023.

[18] IIGCC, Climate investment roadmap. A tool to help investors accelerate the energy transition through investment and engagement, 2022.

[19] United Nations Environment Programme – Finance Initiative, Unlocking Investment in Net-Zero, 2022.

[20] Principles for Responsible Investment (PRI), Introductory Guide to Responsible Investment. [Online]. Available: https://www.unpri.org/investment-tools/introductory-guides-to-responsible-investment

[21] International Corporate Governance Network (ICGN) and Global Investors for Sustainability and Development Alliance (GISD), ICGN – GISD Model Mandate, 2022.

[22] United Nations Environment Programme and Roadmap for a sustainable financial system, Roadmap for a sustainable financial system, 2017.

Disclosures on incorporating sustainability in investment

Authoritative instruments:

[23] United Nations, Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework, 2011.

[24] OECD, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Organisation for Economic Co-operation and Development, 2011.

[25] United Nations Office of the High Commissioner for Human Rights, The Corporate Responsibility to Respect Human Rights. An interpretative Guide, 2012.

[26] OECD, Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, 2017.

[27] OECD, Due Diligence for Responsible Corporate Lending and Securities Underwriting: Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises, 2019.

[28] OECD, Responsible Business Conduct Due Diligence for Project and Asset Finance Transactions, 2022.

Additional references:

[29] Principles for Responsible Investment (PRI), UNEPFI, and Generation Foundation, A legal framework for impact. Sustainability impact in investor decision-making, 2021.

[30] A. B. Majumdar, The fiduciary responsibility of directors to preserve intergenerational equity. Journal of business ethics. Journal of business ethics, 2019.

[31] Principles for Responsible Investment (PRI), Generation Foundation, and UNEPFI, A legal framework for impact Summary Report - Long term value creation in a changing world, 2024.

[32] United Nations Office of the High Commissioner for Human Rights, The Corporate Responsibility to Respect Human Rights. An interpretative Guide, 2012.

[33] United Nations Office of the High Commissioner for Human Rights, Request from the Chair of the OECD Working Party on Responsible Business Conduct regarding the Guiding Principles on Business and Human Rights and the financial sector, 2013.

[34] UNEP PRI, Human rights due diligence for private markets investors. A technical guide, 2023.

[35] United Nations Office of the High Commissioner for Human Rights, The issue of the applicability of the Guiding Principles on Business and Human Rights to minority shareholdings, 2013.

Resources:

[36] United Nations Office of the High Commissioner for Human Rights, *OHCHR Response to Request from BankTrack for Advice Regarding the Application of the UN Guiding Principles on Business and Human Rights in the Context of the Banking Sector*, 2017.

Topic XX.1 Climate Change

Authoritative instruments:

[37] United Nations, Paris Agreement to the United Nations Framework Convention on Climate Change, 2015.

[38] OECD, Managing Climate Risks and Impacts Through Due Diligence for Responsible Business Conduct: A Tool for Institutional Investors, 2023.

[39] IPCC, ‘Climate Change 2022. Mitigation of Climate Change’, 2022.

Additional references:

[40] UNEP PRI and NZAOA, ‘The Future of Investor Engagement. A call for systematic stewardship to address systemic climate risk’, 2022.

[41] UNEP and NZAOA, Target-setting protocol, 2024.

[42] OECD, OECD Guidance on Transition Finance. Ensuring credibility of corporate climate transition plans, 2022.

[43] ILO, ‘Just Transition Finance Tool for banking and investing activities’, ILO & LSE Graham Research Institute on Climate Change and the Environment, 2022.

Resources:

[44] GFANZ, The Managed Phaseout of High-emitting Assets, How to facilitate the early retirement of high-emitting assets as part of a just transition to a net-zero world, 2023.

[45] Grantham Research Institute on Climate Change and the Environment, Climate change and the just transition. A guide for investor action, 2018.

[46] G. Giese, Z. Nagy, and C. Cote, ‘Net-Zero Alignment Objectives and Strategic Approaches for Investors’. MSCI, 2021.

[47] PRI, ‘Climate Change for Asset Owners’, 2020.

Topic XX.2 Biodiversity

Authoritative instruments:

[48] Ipbes, The global assessment report on biodiversity and ecosystem services - Summary for policymakers, 2019.

[49] United Nations Environment Programme and Convention on Biological Diversity, Kunming-Montreal Global Biodiversity Framework, 2022.

Additional references:

[50] World Economic Forum, ‘Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy’, 2020.

[51] UNEP FI, Convention on Biological Diversity, UNDP, Finance for Biodiversity Foundation, and Finance Montréal, ‘Aligning financial flows with the Kunming-Montreal Global Biodiversity Framework’, 2023.

[52] Convention on Biological Diversity, Business for Nature, Finance for Biodiversity Foundation, and PRI, ‘Financial Sector Guide for the Convention on Biological Diversity. Key actions for nature’, 2021.

[53] Finance for Biodiversity Foundation, ‘Nature Target Setting Framework for Asset Managers and Asset Owner’, 2023.

[54] TNFD, Sector Gudiance. Additional guidance for Financial Institutions, 2024.

[55] International Union for Conservation of Nature, Global Standard for Nature-based Solutions, 2020.

[56] Climate Policy Initiative and Instituto Clima e Sociedade, Toolbox on Financing Nature-Based Solutions, 2024.

Resources:

[57] UNEP, State of Finance for Nature: The Big Nature Turnaround –Repurposing $7 trillion to combat nature loss, 2023.

[58] UNDP, 'Moving mountains. Unlocking private capital for biodiversity and ecosystems', The Biodiversity Finance Initiative, 2020.

[59] IFC, 'Biodiversity Finance Reference Guide. Building on the Green Bond Principles and Green Loan Principles', 2023.

[60] World Bank Group, 'Mobilizing Private Finance for Nature', 2020.

[61] S. Muller and N. Robins, 'Just Nature How finance can support a just transition at the interface of action on climate and biodiversity'. LSE Graham Research Institute on Climate Change and the Environment, 2022.

[62] OECD, 'Biodiversity: Finance and the Economic and Business Case for Action', 2019.

[63] PRI, 'Investor interaction on biodiversity: Discussion paper', 2020.

Topic XX.3 Water and effluents

Authoritative instruments:

[64] United Nations Environment Programme and Convention on Biological Diversity, Kunming-Montreal Global Biodiversity Framework, 2022.

Additional references:

[65] International Panel on Climate Change (IPCC), AR6 Synthesis Report: Climate Change, 2023.

[66] Organisation for Economic Co-operation and Development, Watered down? Investigating the financial materiality of water-related risks in the financial system, 2023.

[67] CDP, High and Dry: How Water Issues Are Stranding Assets, 2022.

[68] Ceres, Investor Water Toolkit, 2020.

Resources:

[69] CDP, Financial Institutions are Valuing Water, 2023.

[70] CERES, Investor Water Toolkit, 2020.

[71] UNEPFI, Setting Sail: Target Setting in the Sustainable Blue Economy, 2024.

Topic XX.4 Waste

Additional references:

[72] World Bank, What a Waste 2.0 A Global Snapshot of Solid Waste Management to 2050, 2018.

[73] UNEP, Changing Finance to Catalyze Transformation: How financial institutions can accelerate the transition to an environmentally sustainable economy, 2021.

[74] Frankfurt School – UNEP Collaboration Centre for Climate Sustainable Energy Finance, Finance for circular economy in low- and middle-income countries, 2022.

[75] Principles for Responsible Investment (PRI), A Guide to investor engagement on plastic packaging, 2021.

[76] Circular Economy Report, Circularity Gap Report, 2024.

[77] Ocean Conservancy, Financing Waste Management and Recycling Infrastructure to Prevent Ocean Plastic Pollution, 2021.

Resources:

[78] Principles for Responsible Investment (PRI), Closing the loop – Responsible investment and the circular economy, 2022.

[79] UNEP FI, 'Financing Circularity: Demystifying Finance for the Circular Economy – United Nations Environment – Finance Initiative', 2020.

[80] UN Principles of Responsible Banking, Guidance on Resource Efficiency and Circular Economy Target Setting, 2023.

[81] WWF, Integration of Plastic Impact Evaluation into ESG Assessments, 2021.

[82] Chatam House, Financing an inclusive circular economy. De-risking investments for circular business models and the SDGs, 2021.

Topic XX.5 Financial health and inclusion

Authoritative instruments:

[83] OECD and GPFI, *G20/OECD High-Level Principles on Financial Consumer Protection*, 2022.

Additional references:

[84] EIOPA European Insurance and Occupational Pensions Authority, Consumer Trends Report 2022, 2023.

[85] Center for Financial Inclusion, Detailed Guidance on the Client Protection Principles, 2019.

[86] World Bank Group, Digital Financial Services, 2020.

Resources:

[87] UNEP FI Principles for Responsible Banking (PRB), Driving Impact on Financial Health and Inclusion of Individuals and Businesses: From Setting Targets to Implementation, 2024.

[88] International Labour Organization (ILO), World Social Protection Report 2020-22, 2021.

[89] UNSGSA, Inclusive Green Finance Working Group (IGFWG), Inclusive Green Finance: A Policy and Advocacy Approach, 2023.

[90] UNSGSA Financial Health Working Group, Financial Health: An Introduction for Financial Sector Policymakers, 2021.

[91] World Bank Group, Financial Inclusion : Lessons from World Bank Group Experience, Fiscal Years 2014-22, 2023.

[92] Principles for Responsible Investment (PRI), Impact investing market map, 2018.

[93] Principles for Responsible Banking (PRB), Guidance on Financial Health & Inclusion Target Setting 2.0, 2022.

Topic XX.6 Client privacy and data security

Authoritative instruments:

[94] OECD and GPFI, G20/OECD High-Level Principles on Financial Consumer Protection, 2022.

Additional references:

[95] European Commission, Digital Finance Strategy for the EU, 2020.

[96] Financial Services Consumer Panel, Consenting adults? - consumers sharing their financial data, 2018.

[97] OECD, Artificial Intelligence, Machine Learning and Big Data in Finance. Opportunities, Challenges and Implications for Policy Makers, 2021.

[98] Bank of International Settlements, Report on open banking and application programming interfaces, 2019.

Resources:

[99] Carnegie Endowment for International Peace, Executive Summary International Strategy to Better Protect the Financial System Against Cyber Threats, 2020.

[100] International Monetary Fund, The Global Cyber Threat, 2021.

[101] Bank of International Settlements, Big techs in finance, on the new nexus between data privacy and competition, 2021.

Topic XX.7 Marketing and labelling

Authoritative instruments:

[102] OECD and GPFI, G20/OECD High-Level Principles on Financial Consumer Protection, 2022.

Additional references:

[103] World Bank Group, ‘Good Practices for Financial Consumer Protection, 2017 edition’, 2017.

Topic XX.8 Local communities and rights of Indigenous Peoples

Authoritative instruments:

[104] UN Working Group on Business and Human Rights, Guiding Principles on Business and Human Rights at 10: Taking Stock of the First Decade, 2021.

Additional references:

[105] Shift Project, Indigenous Rights and Financial Institutions: Free, Prior and Informed Consent, Just Transition and Emerging Practice, 2023.

[106] IFC, ‘Performance Standards on Environmental and Social Sustainability’, 2012.

Resources:

[107] IFC, Investing in People: Sustaining Communities through Improved Business Practice, 2001.

[108] Equator Principles, The Equator Principles III, 2013.

[109] IADB, Lessons from Four Decades of Infrastructure Project-Related Conflicts in Latin America and the Caribbean, 2017.

[110] IFC, Guidance note on financial intermediaries, 2023.

[111] Investor Alliance for Human Rights, Investor Toolkit on Human Rights, 2021.

Topic XX.9 Conflict-affected and high-risk areas

Authoritative instruments:

[112] United Nations Office of the High Commissioner for Human Rights (OHCHR), Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework, 2011.

[113] United Nations General Assembly, Business, human rights and conflict-affected regions: towards heightened action. Report of the Working Group on the issue of human rights and transnational corporations and other business enterprises, 2020.

Additional references:

[114] United Nations and World Bank, ‘Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict’, 2018.

[115] Institute for Economics and Peace, ‘Global Peace Index 2023’, 2023.

[116] S. Behrendt, ‘Sovereign Wealth Funds in Non-democratic countriesÑ Financing Entrenchment or Change?’, Journal of International Affairs, no, 2011.

[117] UNDP, ‘Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts. A Guide.’, New York, 2022.

[118] Investor Alliance for Human Rights and Heartland Initiative, 'Sector-wide risk assessment: Information, Communications and Technology', 2019.

[119] Investor Alliance for Human Rights, Investor Toolkit on Human Rights, 2021.

[120] IFC, 'Generating Private Investment in Fragile and Conflict-Affected Areas', Washington, DC, 2019.

[121] Finance for Peace, Peace Finance Impact Framework Guidance Notes, 2024.

Resources:

[122] UNHCR, 'Global Trends. Forced Displacement in 2022', 2023.

[123] ICRC, 'Business and International Humanitarian Law. An introduction to the rights and obligations of business enterprises under international humanitarian law', 2006.

[124] FCDO and Ecorys, 'ICRC Humanitarian Impact Bond. A case study produced as part of the FCDO DIBs pilot Evaluation', 2021.

[125] Finance for Biodiversity Initiative, 'Breaking the environmental crimes-finance connection', 2022.

Topic XX.10 Non-discrimination and equal opportunity

Authoritative instruments:

[126] United Nations Office of the High Commissioner for Human Rights (OHCHR), Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

Additional references:

[127] International Labour Organization (ILO), Transforming enterprises through diversity and inclusion, 2022.

[128] Principles for Responsible Investment (PRI), Diversity, Equity & Inclusion: Key Action Areas for Investors, 2022.

Resources:

[129] J. Raderstrong, Introduction to Racial Inequity as a System Risk: Why Ivestors Should Care and How They Can Take Action, 2023.

Topic XX.11 Forced or compulsory labor

Authoritative instruments:

[130] United Nations Office of the High Commissioner for Human Rights (OHCHR), Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

Additional references:

[131] Minderoo Foundation, The Global Slavery Index 2023, 2023.

[132] Financial Action Task Force, Financial Flows from Human Trafficking, 2018.

[133] OHCHR, Taking stock of investor implementation of the UN Guiding Principles on Business and Human Rights, 2021.

Resources:

[134] United Nations University Centre for Policy Research, A Blueprint for Mobilizing Finance Against Slavery and Trafficking, 2019.

[135] ILO, Profits and poverty: The economics of forced labour, 2024.

Topic XX.12 Child Labor

Authoritative instruments:

[136] United Nations Office of the High Commissioner for Human Rights (OHCHR), Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework, 2011.

Additional references:

[137] UNICEF, Child Labour: Global estimates 2020, trends and the road forward | International Labour Organization, 2021.

[138] OHCHR, Taking stock of investor implementation of the UN Guiding Principles on Business and Human Rights, 2021.

Resources:

[139] Ethical Trading Initiative, Base Code Guidance: Child labour, 2017.

Topic XX.13 Freedom of association and collective bargaining

Authoritative instruments:

[140] United Nations Office of the High Commissioner for Human Rights (OHCHR), Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework, 2011.

Additional references:

[141] International Labour Organization (ILO), Social Dialogue Report 2022: Collective bargaining for an inclusive, sustainable and resilient recovery, 2022.

[142] United Nations Global Compact, Business & Human Rights Navigator: Freedom of Association. Accessed: Feb, 20, 2024. [Online]. Available: https://bhr-navigator.unglobalcompact.org/issues/freedom-of-association/

[143] OHCHR, Taking stock of investor implementation of the UN Guiding Principles on Business and Human Rights, 2021.

[144] Principles for Responsible Investment (PRI), Why and how investors should act on human rights, 2020.

Topic XX.14 Occupational health and safety

Authoritative instruments:

[145] United Nations Office of the High Commissioner for Human Rights (OHCHR), Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework, 2011.

Additional references:

[146] World Health Organization (WHO), Mental health at work: policy brief, 2022.

[147] United Nations Global Compact and International Labour Organization (ILO), Nine Business Practices for Improving Safety and Health Through Supply Chains and Building a Culture of Prevention and Protection, 2021.

[148] United Nations Global Compact, Business & Human Rights Navigator: Occupational Health and Safety. Accessed: Feb, 20, 2024. [Online]. Available: https://bhr-navigator.unglobalcompact.org/issues/occupational-safety-and-health/

Resources

[149] ILO, ‘Digitalization and the future of work in the financial services sector’, 2022.

Topic XX.15 Employment

Additional references:

[150] ILO, Digitalization and the future of work in the financial services sector, 2022.

[151] F. Hendrickx, Protection of workers' personal data: General principles, vol. 62. in ILO Working Paper, vol. 62. ILO, 2022.

[152] Principles for Responsible Investment (PRI), How investors can advance decent work, 2022.

Resources:

[153] Financial Stability Board, FSB Principles for Sound Compensation Practices, 2009.

[154] Principles for Responsible Investment (PRI), ESG integration: how are social issues influencing investment decisions? 2017.

Topic XX.16 Remuneration and working time

Additional references:

[155] International Labour Organization (ILO), Women in business and management: The business case for change – Sectorial snapshots, 2020.

[156] ILO, Digitalization and the future of work in the financial services sector, 2022.

[157] Principles for Responsible Investment (PRI), How investors can advance decent work, 2022.

Resources:

[158] Financial Stability Board, FSB Principles for Sound Compensation Practices, 2009.

Topic XX.17 Significant changes for workers

Additional references:

[159] ILO, Digitalization and the future of work in the financial services sector, 2022.

[160] Deloitte, Retention after a merger. Keeping your employees from “jumping ship” and your intellectual capital and client relationships “on board”, 2009.

Topic XX.18 Economic impacts

Additional references:

[161] OECD, ‘Finance and Inclusive Growth’, 2015.

[162] J. Glattfelder and S. Battiston, ‘The Architecture of Power: Patterns of Disruption and Stability in the Global Ownership Network’, SSRN Electronic Journal, 2019.

[163] Principles for Responsible Investment (PRI), A Legal Framework for Impact, 2021.

[164] Principles for Responsible Investment (PRI) and UN Global Compact, Coping, Shifting, Changing 2.0. Corporate and Investor Strategies for Managing Market Short-termism’, 2017.

[165] S. Gadinis and A. Miazad, A test of stakeholder capitalism. J. Corp. L., 2021.

[166] United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2024: Financing for Development at a Crossroads, 2024.

[167] The Modern Slavery and Human Rights Policy and Evidence Centre, Respecting Rights in Renewable Energy Addressing forced labour of Uyghurs and other Muslim and Turkic-majority peoples in the production of green technology, 2024.

[168] O. D. Schutter, ‘Food Commodities Speculation and Food Price Crises’, United Nations Special Rapporteur On The Right To Food, no. Briefing Note 02-September 2010, 2010.

[169] J. Coven, The Impact of Institutional Investors on Homeownership and Neighborhood Access, 2023.

[170] United Nations, A World of Debt. A Growing Burden to Global Prosperity, 2023.

Resources:

[171] A. B. Majumdar, The fiduciary responsibility of directors to preserve intergenerational equity. Journal of business ethics. Journal of business ethics, 2019.

[172] World Economic Forum, 'The Role of Financial Services in Society A Multistakeholder Compact', 2013.

Topic XX.19 Prevention of corruption and financial crime

Authoritative instruments:

[173] OECD and GPFI, G20/OECD High-Level Principles on Financial Consumer Protection, 2022.

Additional references:

[174] International Association of Insurance Supervisors (IAIS), Issues Paper on the Use of Big Data Analytics in Insurance, 2020.

[175] International Association of Insurance Supervisors (IAIS), Issues Paper on Combating Corruption and Bribery, 2014.

[176] Basel committee on Banking Supervision, Sound management of risks related to money laundering and financing of terrorism, 2020.

[177] OECD, Illicit Financial Flows from Developing Countries: Measuring OECD Response, 2014.

[178] Transparency International Anti-Corruption Helpdesk Answer, Anti-Corruption Mechanisms in the Banking Sector, 2014.

[179] Financial Action Task Force (FATF), Financial Flows from Human Trafficking, 2018.

[180] OECD, Financial Consumer Protection Policy. Approaches in the Digital Age Protecting consumers' assets, data and privacy, 2020.

[181] PwC, PwC's Global Economic Crime and Fraud Survey, 2022.

[182] The Wolfsberg Group, Wolfsberg Anti-Bribery and Corruption Compliance Programme Guidance, 2023.

[183] Principles for Responsible Investment (PRI), Engaging on Anti-bribery and corruption, 2016.

Topic XX.20 Anti-competitive behavior

Authoritative instruments:

[184] OECD and GPFI, G20/OECD High-Level Principles on Financial Consumer Protection, 2022.

Additional references:

[185] E. Brancaccio, R. Giammetti, M. Lopreite, and M. Puliga, Centralization of capital and financial crisis: A global network analysis of corporate control, 2018.

[186] OECD, 'Competition and Financial Markets', 2009.

[187] E. B. Rock and D. Rubinfeld, Antitrust for Institutional Investors, 2018.

Resources:

[188] G. Scopino, Expanding the Reach of the Commodity Exchange Act's Antitrust Considerations, 2016.

Topic XX.21 Tax

Additional references:

[189] OECD, 'Global Outlook on Financing for Sustainable Development 2021 : A New Way to Invest for People and Planet', 2020.

[190] EU Tax Observatory, 'Global tax evasion report 2024', 2024.

[191] OECD, 'Co-operative Tax Compliance. Building Better Tax Control Frameworks', 2016.

[192] T. König, D. Schneider, and M. Artmeier, ‘Asset managers and withholding tax : Problems, options and best practices for asset managers on withholding tax processing’. Journal of Securities Operations & Custody, 2023.

[193] PRI, ‘Advancing tax transparency: outcomes from the PRI collaborative engagement 2017-2019’, 2020.

Resources:

[194] European Parliament, ‘The Role of the Financial Sector in Tax Planning’, Directorate General for Internal Policies, 2016.

[195] OECD, ‘Tax Planning by Multinational Firms: Firm-Level evidence from a cross-country database’, 2016.

[196] UNDP, Tax for Sustainable Development Goals Initiative Annual Report 2022, 2022.

Topic XX.22 Public policy

Additional references:

[197] OECD, Transparency and Integrity in Lobbying, 2013.

[198] Centre for Research on Multinational Corporations, Taking Lobbying Public the Transparency of Dutch Banks’ Lobbying Activities, 2013.

[199] Leibniz Institute for Financial Research SAFE, Captured by financial institutions? New academic insights for European policymakers, 2021.

[200] UN-convened Net-Zero Asset Owner Alliance, Policy Engagement Guidelines, 2023.

[201] OECD, ‘Regulating corporate political engagement: Trends, challenges and the role for investors’, OECD, Paris, Mar, 2022.

Resources:

[202] OECD, Background Paper 1. The Business Case for Common OECD Standards on Political Engagement for the Private Sector, 2023.

[203] UN Global Compact, Transformational Governance and Responsible Governmental Engagement, 2024.

[204] UN Global Compact, Investing in Transformational Governance, 2024.

[205] We Mean Business Coalition, Climate Ambition Advocacy: a framework for responsible policy engagement, 2023.

[206] I. Shpaizman, Beyond the visible policy agenda: problem definitions disappearing from the agenda as nondecisions. in Journal of Public Policy, 2020.