



# Item 04 – GRI Sector Standard Project for Financial Services: Banking Sector Standard – Exposure draft

## For GSSB approval

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<b>Project</b>	GRI Sector Standards Project for Financial Services
<b>Description</b>	<p>This document sets out the exposure draft of the GRI Sector Standard for banking. The document is submitted for GSSB approval for public exposure.</p> <p>If approved, the public exposure is proposed to commence in early March 2025 and run until the end of May 2025.</p>

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# 1 Introduction

2 *GRI XX: Banking Sector 20XX* provides information for organizations in the banking sector about their  
3 likely material topics. These topics are likely to be material for organizations in the banking sector on  
4 the basis of the sector's most significant impacts on the economy, environment, and people, including  
5 on their human rights.

6 [*GRI XX*] also contains a list of disclosures for organizations in the banking sector to report in relation  
7 to each likely material topic. This includes disclosures from the GRI Topic Standards and other  
8 sources.

9 The Standard is structured as follows:

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

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

## 24 Sector this Standard applies to

25 [GRI XX] applies to organizations undertaking any of the following:

- 26 • Consumer banking
- 27 • Commercial banking
- 28 • Corporate banking
- 29 • Investment banking

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

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

## 34 Sector classifications

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

40 **Table 1. Industry groupings relevant to the banking sector in other classification systems**

Classification system	Classification number	Classification name
<b>GICS®</b>	4010	Banks
	40201050	Commercial & Residential Mortgage Finance
	40201060	Transaction & Payment Processing Services
	40202010	Consumer Finance
	40203020	Investment Banking & Brokerage
<b>ICB</b>	3010	Banks
	30201020	Consumer Lending
	30201025	Mortgage Finance
	30202000	Diversified Financial Services
<b>ISIC</b>	641	Monetary intermediation
	6491	Leasing
	6492	Other credit granting
<b>SICS®</b>	FN-IB	Investment Banking & Brokerage
	FN-CB	Commercial Banks
	FN-CF	Consumer Finance
	FN-MF	Mortgage Finance

<sup>1</sup> 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).

## 41 System of GRI Standards

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

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

### 49 **Universal Standards: GRI 1, GRI 2 and GRI 3**

50 [GRI 1: Foundation 2021](#) specifies the requirements that the organization must comply with to report in  
51 accordance with the GRI Standards. The organization begins using the GRI Standards by consulting  
52 [GRI 1](#).

53 [GRI 2: General Disclosures 2021](#) contains disclosures that the organization uses to provide  
54 information about its reporting practices and other organizational details, such as its activities,  
55 governance, and policies.

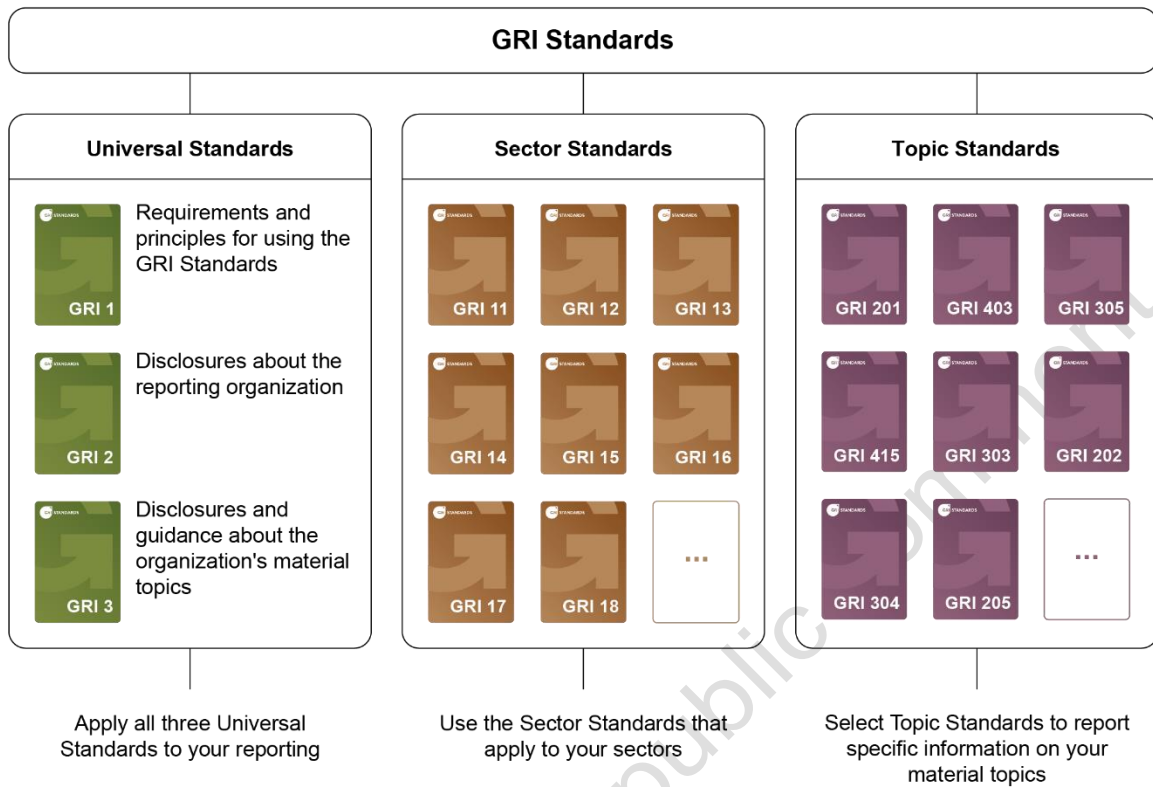
56 [GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains  
57 disclosures that the organization uses to report information about its process of determining material  
58 topics, its list of material topics, and how it manages each topic.

### 59 **Sector Standards**

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

### 63 **Topic Standards**

64 The Topic Standards contain disclosures that the organization uses to report information about its  
65 impacts in relation to particular topics. The organization uses the Topic Standards according to the list  
66 of material topics it has determined using [GRI 3](#).



68 **Using this Standard**

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

72 **Determining material topics**

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

75 [Section 1](#) of this Standard provides contextual information that can help the organization in identifying  
 76 and assessing its impacts.

77 [Section 2](#) outlines the topics that are likely to be material for organizations in the banking sector. The  
 78 organization is required to review each topic described and determine whether it is a material topic for  
 79 it.

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

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

88 See [Requirement 3 in GRI 1: Foundation 2021](#) and [Box 5 in GRI 3](#) for more information on using  
 89 Sector Standards to determine material topics.

## 90 **Determining what to report**

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

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

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

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

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

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

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

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

125 See [Requirement 5 in GRI 1](#) for more information on using Sector Standards to report disclosures.

## 126 **GRI Sector Standard reference numbers**

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

## 133 **Defined terms**

134 Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the  
135 [Glossary](#). The organization is required to apply the definitions in the Glossary.

## 136 **References and resources**

137 The authoritative intergovernmental instruments and additional references used in developing this  
138 Standard, as well as further resources that may help report on likely material topics and can be

139 consulted by the organization are listed in the [Bibliography](#). These complement the references and  
 140 resources listed in [GRI 3: Material Topics 2021](#) and in the GRI Topic Standards.

141 **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.		
disclosure	disclosure	sector standard ref #
<b>1</b>	<b>Management of the topic</b>	<b>5</b>
GRI 3: Material Topics	Disclosure 3-3 Management of material topics  <b>3</b> 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
<b>2</b>	<b>Topic Standards disclosures</b>	
GRI 413: Local Communities 2016	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities  <b>3</b> 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, 15.2 11, 15.3
<b>4</b>	<b>Additional sector disclosures</b>	
	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.

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# 1. Sector profile

143 Organizations in the banking sector serve as financial intermediaries, providing customers with  
144 financing to achieve their goals or expand their businesses and facilitating financial transactions  
145 across all sectors. The banking sector is a major contributor to the global economy. In 2021, the  
146 global financial assets of the banking sector increased to USD182.9 trillion, representing a share of  
147 37.6% of total global financial assets [16]. Organizations in the sector serve a diverse range of retail  
148 and institutional customers, including individuals, businesses such as small and medium-sized  
149 organizations and corporations, non-profit organizations, governments, and sovereigns. Banking  
150 organizations are licensed to receive deposits and make loans. Banking business lines include  
151 consumer, commercial, corporate, and investment banking. Additionally, organizations in the sector  
152 may offer asset management services.

153 The banking sector consists of various organizations serving specific customer groups along one or  
154 more business lines. Universal banking organizations provide an entire range of banking services.  
155 Multilateral, bilateral, or regional development banks provide commercial banking services to private  
156 and public organizations in lower- and middle-income economies to promote economic development.  
157 These development banks are crucial for economic growth by facilitating access to capital and  
158 financial services.

## 159 Sector activities and business relationships

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

### 165 Activities

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

#### 169 Activities by business line:

170 **Consumer banking:** Providing products and services to retail customers, namely deposit and  
171 savings accounts, payment services, consumer credit, and loans, including home loans.

172 **Commercial banking:** Providing products and services to small institutional customers, such as small  
173 and medium-sized organizations and local government, including deposit and savings accounts,  
174 payment services, lines of credit, and leasing and property lending.

175 **Corporate banking:** Providing products and services to large institutional customers such as  
176 corporations, non-profit organizations, governments, and sovereigns. Beyond the commercial banking  
177 services, additional corporate services include project and asset finance and leasing, trade finance,  
178 and export credit.

179 **Investment banking:** Providing products and services to institutional customers associated with the  
180 primary capital market, namely bond issuances, initial public offerings, and mergers and acquisitions.

181 **Asset management:** Generally provided to high-net-worth individuals or institutional customers. It  
182 involves managing a customer's assets to reach agreed financial objectives through portfolio  
183 construction and investment decision-making. Risk assessment processes are implemented as part of  
184 asset management. These include screening investments by researching to evaluate organizations'  
185 financial health, governance practices, and sustainability commitments before investing.

#### 186 Operational activities:

187 **Customer engagement:** Using the organization's leverage with their institutional customers to  
188 influence them to prevent or mitigate negative impacts. In this context, customer engagement refers  
189 to direct engagement between the organization and the customer. It can include actions such as

190 incorporating expectations of responsible business conduct into customer contracts or requesting  
191 time-bound action from customers to address or mitigate a particular impact.

192 **Investee stewardship:** Using asset managers' influence to protect and enhance long-term value for  
193 customers, including the common economic, social, and environmental assets on which their interests  
194 depend [12]. Common investee stewardship tools include engagement and voting. Engagement  
195 involves interactions between an asset manager and current or potential investees on various issues,  
196 including improving investees' responsible business conduct. Voting comprises the formal right to  
197 vote on management or shareholder resolutions to express approval or disapproval on relevant  
198 matters.

199 **Data protection and analysis:** Collecting, storing, and analyzing customer data to offer customized  
200 banking solutions and protect data and assets from external threats. Cybersecurity is an essential part  
201 of customer data and asset protection.

202 **Product and service development:** Developing new banking products and services to meet  
203 customers' evolving needs.

204 **Sales and marketing:** Promoting and selling banking products and services to customers directly or  
205 through distributors.

## 206 **Business relationships**

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

212 **Institutional customers** include businesses such as corporations, non-profit organizations,  
213 governments, and sovereigns.<sup>2</sup>

214 **Investees** are public and private organizations, including businesses such as corporations,  
215 governments, and sovereigns, that banking organizations invest in for a financial return.

216 **Distributors** are organizations that provide sales channels for the banking organizations' products  
217 and services, such as agents and third-party platforms.

218 **Suppliers** are organizations that provide a range of products and services to banking organizations to  
219 run their operations. These include providers of cleaning services, security for premises,  
220 cybersecurity, IT support, insurance, as well as sustainability-related services such as consultants  
221 and providers of sustainability data.

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<sup>2</sup> In the GRI Standards, customers are understood to include end-customers (consumers) as well as business-to-business customers. When referring to 'customers' generally in this Standard, it covers both retail customers (end-customers [consumers]) and institutional customers (business-to-business customers).

222

## The sector and sustainable development

223 The banking sector plays a crucial role in supporting the economy's overall health by facilitating  
224 transactions and providing financial services. Banking organizations equip individuals, households,  
225 and organizations with the financial resources to withstand economic shocks and invest in the future.  
226 By extending an estimated USD 225 trillion in credit annually to the real economy worldwide [16],  
227 banking organizations enable all sectors of the economy to operate, which in turn may have positive  
228 and negative impacts on the economy, environment, and people, including on their human rights.

229 Banking products, such as general-purpose corporate loans or project finance, support institutional  
230 customers' activities which can in turn lead to various impacts. By assessing and disclosing impacts in  
231 their lending and investment portfolios, banking organizations can better understand the impacts on  
232 their institutional customers and investees. This information helps to guide financing decisions,  
233 customer engagement, and investee stewardship activities.

234 The banking sector can contribute to global environmental goals by directing financial flows towards  
235 nature-based solutions and decarbonizing the economy. In addition, banking organizations can use  
236 their leverage to influence the efforts of their institutional customers and investees in the climate  
237 transition and in halting and reversing biodiversity loss. The Paris Agreement aims to limit global  
238 warming to well below 2°C while pursuing efforts to limit it to 1.5°C above pre-industrial levels [9].  
239 Achieving this goal depends on financial flows that enable the decarbonization of the economy, such  
240 as ending new investments in fossil fuels, as well as scaling up climate change adaptation and  
241 resilience, such as financing climate change-resilient infrastructure and activities that safeguard the  
242 natural environment. Banking organizations can support halting and reversing biodiversity loss by  
243 increasing financial resources for nature-based solutions, conservation, and restoration efforts [14],  
244 including in emerging markets and developing economies [17].

245 Organizations in the banking sector are responsible for respecting human rights [7]. As significant  
246 employers, banking organizations can have impacts on workers through their remuneration, working  
247 time, and hiring practices. Issues such as excessive workloads, inequality in remuneration, and  
248 discrimination can have an impact on workers' rights. Through the provision of banking services  
249 across the economy, banking organizations can have negative and positive impacts on workers in all  
250 sectors. Banking organizations can become involved with negative impacts by providing products and  
251 services to organizations in sectors at risk of severe human rights violations, such as child labor.  
252 Organizations in the sector are expected to identify and assess negative human rights impacts across  
253 their business relationships and take steps to prevent and mitigate them. Activities such as  
254 infrastructure projects financed by the banking sector can result in the economic displacement of  
255 Indigenous Peoples and local communities [18]. These projects can also create positive impacts such  
256 to as job creation and housing development, boosting local economies and supporting production  
257 across different sectors, for example, through the construction of roads [19].

258 Organizations in the sector are central to financial health and inclusion. Through appropriate design,  
259 and ethical marketing and labeling practices that provide fair and transparent information, banking  
260 products and services can improve financial health and inclusion and promote healthy and inclusive  
261 economies when targeted at vulnerable or underserved groups, such as low-income households,  
262 people in rural areas, or micro-, small, and medium-sized enterprises (MSMEs). Access to affordable  
263 and suitable banking products and services can have positive impacts on individual financial health by  
264 facilitating home ownership or education investments, reducing inequalities, and promoting economic  
265 development [20].

266 The banking sector can further contribute to society via its unique role in combating corruption,  
267 bribery, and financial crime. This involves compliance with strict regulations and frameworks, such as  
268 those for anti-money laundering (AML) and combatting the financing of terrorism (CFT), which help  
269 detect and report suspicious activities. By incorporating ongoing human rights considerations into  
270 such procedures, banking organizations can identify and prevent negative human rights impacts by,  
271 for instance, flagging suspicious transactions potentially linked to proceeds from forced or compulsory  
272 labor to relevant authorities [21].

273 Banking organizations have a responsibility to promote and maintain customer protection. Good  
274 customer protection in the sector involves a multi-faceted approach, including protecting customers  
275 from cybercrime, data breaches, and scams that can result in the loss of private data or assets [15]  
276 [22].

277

## Sustainable Development Goals

278 The Sustainable Development Goals (SDGs), part of the 2030 Agenda for Sustainable Development  
 279 adopted by the 193 United Nations (UN) member states, comprise the world’s comprehensive plan of  
 280 action to achieve sustainable development [10].

281 Since the SDGs and targets associated with them are integrated and indivisible, organizations in the  
 282 banking sector have the potential to contribute to all SDGs by enhancing their positive impacts, or by  
 283 preventing and mitigating their negative impacts on the economy, environment, and people. Through  
 284 the provision of products and services to customers in all sectors of the economy, the sector may be  
 285 associated with all SDGs to some degree, although its contribution to specific goals is more evident  
 286 than others.

287 The banking sector is central to other economic sectors and is crucial in building a more resilient and  
 288 sustainable economic model. By directing financial flows towards activities related to the sustainable  
 289 use of nature and respecting climate limits, the sector can contribute to Goal 6: Clean Water and  
 290 Sanitation, Goal 7: Affordable and Clean Energy, Goal 13: Climate Action, Goal 14: Life Below Water,  
 291 and Goal 15: Life on Land, among others.

292 Banking organizations can ensure that economic growth benefits a broader spectrum of society  
 293 through responsible lending practices and financial inclusion initiatives, thereby reducing inequality  
 294 and promoting social stability by contributing to such SDGs as Goal 5: Gender Equality and Goal 10:  
 295 Reduced Inequalities. By providing inclusive, affordable, and appropriate banking products and  
 296 services, the sector can also contribute to Goal 9: Industry, Innovation and Infrastructure and Goal 11:  
 297 Sustainable Cities and Communities, allowing for adequate, safe, and affordable housing. The sector  
 298 plays a fundamental role in achieving Goal 8: Decent Work and Economic Growth. By providing  
 299 essential financial services, banking organizations facilitate the flow of capital to individuals and  
 300 organizations, enabling entrepreneurship, innovation, and industrialization. The sector can support  
 301 micro-, small, and medium-sized enterprises (MSMEs) through tailored banking products, helping  
 302 these organizations expand and create jobs.

303 A fair, efficient, and competitive banking sector provides customers with a broader choice of quality  
 304 banking products and services while maintaining a high quality of service. Through strong governance  
 305 and management systems that prevent anti-competitive behavior, corruption, and financial crime, the  
 306 banking sector can also contribute to Goal 16: Peace, Justice, and Strong Institutions.

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

310 Table 2 is not a reporting tool but presents connections between the banking sector’s significant  
 311 impacts and the goals of the 2030 Agenda for Sustainable Development.

312 **Table 2. Linkages between the likely material topics for the banking 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 15: Life on Land
Topic [XX].5 Financial health and inclusion	Goal 1: No Poverty
	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 Customer 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
Topic [XX].17 Significant changes for workers	Goal 8: Decent Work and Economic Growth
	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 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



## 314 2. Likely material topics

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

### 320 Disclosures on incorporating sustainability in 321 banking and investment

322 Through the provision of products, services, and investments, organizations in the banking sector can  
323 be involved with the impacts of their customers and investees, and their respective value chains, on  
324 the economy, environment, and people, including their human rights [23], [24], [25]. Given their many  
325 customers and investees, spanning all sectors, managing these impacts and incorporating  
326 sustainability into banking and investment is central to their contribution to sustainable development.  
327

328 Organizations in the banking sector can contribute to sustainable development through their products,  
329 services, and investments by supporting efforts to prevent and mitigate negative impacts related to  
330 customers and investees and enhance positive ones. Incorporating sustainability issues into the  
331 banking and investment process allows organizations in the banking sector to assess their lending  
332 and investment portfolios more comprehensively.  
333

334 Common approaches for incorporating sustainability include integrating sustainability criteria into  
335 analysis and decision-making on lending and investment. Additionally, organizations in the banking  
336 sector can implement engagement and stewardship practices, such as collective and direct  
337 engagement, to promote the prevention and mitigation of impacts from their customers and  
338 investees. Further approaches can focus on lending to customers and investing in organizations that  
339 align with the banking organization's sustainability goals and cease lending to or divesting from those  
340 that do not. This is particularly important after failed mitigation attempts or when policies require  
341 exclusion due to negative impacts. Banking products with a sustainability focus and thematic  
342 investment products can also play a significant role in directing capital toward initiatives that generate  
343 positive environmental and social impacts.  
344

345 Through a due diligence approach on their current and potential customers and investees,  
346 organizations in the banking sector can seek to address negative impacts of their customers and  
347 investees [23], [24], [25]. Impact management includes managing negative and positive impacts. This  
348 can include different actions such as developing and implementing policies and processes, adjusting  
349 portfolio composition, customer engagement, investee stewardship, pursuing advocacy and  
350 partnerships, and enabling remediation of negative impacts.  
351

352 The additional sector disclosures complement Disclosures 3-1 and 3-3 in *GRI 3: Material Topics 2021*  
353 about how the organization identifies and manages actual and potential impacts across its activities,  
354 business relationships, and material topics. These disclosures should be reported for an  
355 organization's institutional customers. Organizations in the banking sector that undertake investment  
356 should report these disclosures for both institutional customers and investees.  
357

#### **Box 1. Involvement of banking organizations with negative impacts from institutional customers**

Organizations in the banking 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], [24], [25] [26], [27], [28]. For negative impacts via customers, banking organizations should consider business relationships with entities beyond the first tier [27], [29]. This means that organizations should consider the negative impacts from their customers and those in their customers' value chain [29].

Banking organizations can be involved with negative impacts via their customers when they contribute to those impacts or when their operations, products, or services are directly linked to them [29]. The negative impacts are often directly linked to their operations, products, or services [29].

A banking organization may contribute to a negative impact when all the following conditions are met:

- The negative impact caused or contributed to by the customer was foreseeable.
- A loan was known (or likely) to be used for activities with a high likelihood of causing or contributing to a negative impact.
- The provision of a loan occurred without adequate due diligence of the customer's business conduct [25].

In project and asset finance transactions, where proceeds are circumscribed, banking organizations are only involved with the negative impacts of the funded project or asset. In the case of general-purpose loans, banking organizations can be involved with all the negative impacts of their customers because these loans finance a customer's activities [25].

Where these conditions for contributions are not met, banking organizations may still be considered directly linked to the impact. Direct links may occur where a bank has provided finance to a customer, and the customer, in the context of using this product, acts in such a way that it causes or contributes to a negative impact [29]. Similarly, a direct link can occur beyond the first tier of a customer relationship – for example, if the customer uses a bank's financial products or services to fund another entity that causes or contributes to negative impacts [29] [30].

The way a banking organization is involved with negative impacts via customers (i.e., whether it contributes to an impact, or whether the impacts are directly linked to its customer) determines how it should address them and whether it has a responsibility to provide for or cooperate in their remediation (see [section 2.3 in GRI 1: Foundation 2021](#)).

358

Additional sector disclosures	SECTOR STANDARD REF #
Report the total monetary value of the organization's lending portfolio at the end of the reporting period and by percentage breakdown of relevant categories, including: <ul style="list-style-type: none"> <li>• customer types and how they are defined;</li> <li>• sectors, including the public sector, and the classification system used;</li> <li>• geographic locations;</li> <li>• low-, middle-, and high-income countries and their definition.</li> </ul>	XX.0.1
Report the total monetary value of assets under management at the end of the reporting period <sup>3</sup> and by percentage breakdown of relevant categories, including: <ul style="list-style-type: none"> <li>• asset classes;</li> <li>• sectors, including the public sector, and the classification system used;</li> <li>• geographic locations;</li> <li>• low-, middle-, and high-income countries and their definition.</li> </ul>	XX.0.2
Report the investment threshold the organization has determined in reporting the breakdown of assets under management.	
Report the organization's overarching approach to incorporating sustainability in banking and investment, including:	XX.0.3

<sup>3</sup> 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.



<ul style="list-style-type: none"> <li>• how impacts on the economy, environment, and people are considered in determining its strategy and business model;</li> <li>• its commitments and objectives on sustainability;</li> <li>• how sustainable products, services, and investments are defined, including the jurisdiction-level taxonomies or labeling regimes it applies or is subject to, where available.</li> </ul>	
<p>Describe how the organization implements its approach to incorporating sustainability in banking and investment, including:</p> <ul style="list-style-type: none"> <li>• minimum standards and exclusion policies;</li> <li>• how its objectives on sustainable development are linked to banking products and services with a specific sustainability focus;</li> <li>• how its 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);</li> <li>• 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;</li> <li>• relevant thematic and impact products and services for lending, with a breakdown by sustainability focus;</li> <li>• thematic investment and impact investment products, with a percentage breakdown of assets under management.</li> </ul>	XX.0.4
<p>Report the <u>governance bodies</u> and roles responsible for overseeing and implementing the incorporation of sustainability in banking and investment, including:</p> <ul style="list-style-type: none"> <li>• their competencies regarding sustainable development;</li> <li>• the number of <u>employees</u> with formal responsibilities on sustainability incorporation and the percentage of these compared to the organization's total number of employees;</li> <li>• the number of employees with formal responsibilities on customer engagement and the percentage of these compared to the organization's total number of employees;</li> <li>• the number of employees with formal responsibilities on investee stewardship and the percentage of these compared to the organization's total number of employees;</li> <li>• how <u>remuneration</u> policies and performance reviews align with the organization's sustainable banking and investment objectives and any differences in incentive structures and performance reviews across teams.</li> </ul>	XX.0.5
<p>Describe the process to identify and assess actual and potential impacts from customers and investees at the lending and investment portfolio levels, including:</p> <ul style="list-style-type: none"> <li>• the sectors, geographic locations, and any other factors that inform the process;</li> <li>• the material topics associated with these sectors, geographic locations, and other factors.</li> </ul>	XX.0.6
<p>Describe the process to identify and assess actual and potential impacts from customers and investees at the transaction level, including:</p> <ul style="list-style-type: none"> <li>• how the process differs by relevant categories, such as customer type, business line, asset class, and loan and investment size;</li> <li>• frequencies at which the process is applied to relevant categories such as customer type, business line, asset class, and loan and investment size, and the rationale for these frequencies;</li> <li>• how the organization integrates the findings in the decision-making for new and existing loans and investments;</li> <li>• how the organization assesses its involvement with actual negative impacts of its customers and investees (see Box 1 in this Standard);</li> <li>• whether and how the process of identifying and assessing impacts differs by material topic.</li> </ul>	XX.0.7
<p>Describe the approach to customer engagement and investee stewardship, including:</p>	XX.0.8

<ul style="list-style-type: none"> <li>• the criteria for selecting customers for engagement and investees for stewardship;</li> <li>• the practices used, including collective and direct engagement, and how they differ by relevant categories such as customer type, business line, asset class, and loan and investment size;</li> <li>• how direct engagement with customers and investees is defined;</li> <li>• the number of customers the organization directly engaged with for each of the material topics;</li> <li>• the number of investees the organization directly engaged with for each of the material topics;</li> <li>• where actions taken to address negative impacts do not lead to desired changes, the escalation processes used, including adjusted and stopped lending, adjusted investment and divestment;</li> <li>• whether and how the approach to customer engagement and investee stewardship differs by material topic.</li> </ul>	
<p>Describe the approach to collecting data about impacts from customers and investees to inform sustainability reporting, including:</p> <ul style="list-style-type: none"> <li>• whether primary data from customers and investees is collected and what it covers;</li> <li>• whether and how the organization uses data from third-party data providers;</li> <li>• how the organization addresses data gaps, including whether and how proxies and estimates are used.</li> </ul>	XX.0.9
<p>Describe how engagement with relevant <u>stakeholders</u> and experts has informed approaches to sustainability incorporation in banking and investment.</p>	XX.0.10

## 359 **Topic [XX].[1] Climate change**

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

364 Climate change mitigation and adaptation require actions that strengthen resilience and address  
365 vulnerability to impacts while aiming to limit global warming to 1.5°C above pre-industrial levels [34].  
366 Organizations in the banking sector may be involved with climate change impacts through their  
367 activities and as a result of their business relationships in all sectors of the economy.

368 Making financial flows consistent with a pathway towards low greenhouse gas (GHG) emissions and  
369 climate change-resilient development requires organizations in the banking sector to assess how their  
370 on- and off-balance sheet products and services align with internationally agreed climate goals [35],  
371 as per the Paris Agreement and the Intergovernmental Panel on Climate Change (IPCC). They should  
372 develop science-based transition plans for mitigation and adaptation accordingly. This includes  
373 integrating climate impacts, risks, and opportunities across their value chain and into their  
374 management systems, as well as lending and investment decisions [35].

375 The sector can support the transition to a low carbon economy by providing products and services that  
376 enable customers and investees to manage the phase-out of fossil fuel-powered energy.  
377 Organizations in the sector can contribute to this transition by redirecting financing away from new or  
378 expanded oil, coal, and gas (including liquefied natural gas (LNG) projects that can lead to further  
379 emissions and toward renewable and low-emitting energy sources. Organizations can support  
380 mitigation efforts by using their leverage to engage customers and investees in GHG emission-  
381 intensive sectors to adopt transition plans and GHG emissions reduction targets aligned with the latest  
382 science and internationally agreed climate goals. Apart from oil, coal, and gas, other GHG emission-  
383 intensive sectors include agriculture, aluminum, cement, commercial and residential real estate, iron  
384 and steel, power generation, and transport [37]. Organizations can link product interest rates to  
385 emissions performance [38]. Organizations can engage with industry associations, regulators, or  
386 policymakers to foster a supportive environment to transition to a low-carbon economy [38].

387 Organizations in the sector can contribute to climate change adaptation and resilience by increasing  
388 financing for climate solutions. Such solutions can include climate change-resilient infrastructure,  
389 cooling systems, and activities safeguarding the natural environment, including biodiversity  
390 conservation or restoration, especially in geographic locations most vulnerable to climate impacts (see  
391 [topic XX.2 Biodiversity](#)). Supporting adaptation efforts also implies assessing the impacts of sectors  
392 and activities exposed to the current and future physical effects of climate change that are more likely  
393 to harm people and the environment [35] and identifying those that require adaptation strategies,  
394 especially in vulnerable geographic locations. Organizations in the sector can also engage with their  
395 customers and investees to understand and support their adaptation needs and develop financial  
396 products that support adaptation [39].

397 Organizations in the sector can also support the transition to a low carbon economy by incorporating  
398 just transition principles into their transition and adaptation plans [40] This involves developing policies  
399 and criteria for assessing the transition plans of customers and investees, resulting in impacts on  
400 workers, local communities, and Indigenous Peoples. Impacts can include social and economic  
401 opportunities, such as new skill sets for workers, or negative impacts that increase the severity or  
402 likelihood of adverse human rights impacts [41].

403  
404 Organizations in the sector can account for their GHG emissions, including Scope 1, Scope 2, and  
405 Scope 3, by each of the 15 categories. The primary focus will be on Scope 3 category 15 emissions,  
406 as most of the sector’s GHG footprint comes from emissions attributable to organizations arising from  
407 their lending, investing, and facilitating capital market transactions for GHG emission-intensive  
408 sectors. Organizations are expected to set short-, medium-, and long-term emissions reduction targets  
409 and track and report their progress against those targets [40].

410 **Reporting on climate change**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Describe the impacts of climate change mitigation and adaptation activities associated with the lending and investment portfolios, including impacts on:                             <ul style="list-style-type: none"> <li>- local communities, <u>vulnerable groups</u>, workers, and Indigenous Peoples;</li> <li>- biodiversity.</li> </ul> </li> <li>• For customer engagement and investee stewardship related to climate change, report:                             <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.1.1
<b>Topic Standard disclosures</b>		
<b>GRI CC: Climate Change (Exposure draft)</b>	<p><a href="#">Disclosure CC-1 Transition plan for climate change mitigation</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• When reporting the transition plan-related policies, include:                             <ul style="list-style-type: none"> <li>- policies for lending to and investing in customers and investees that:                                     <ul style="list-style-type: none"> <li>- undertake new oil, gas, and coal projects;</li> <li>- expand existing oil, gas, and coal projects;</li> </ul> </li> <li>- policies for managing the early retirement of oil-, gas-, and coal-related assets;</li> <li>- policies for the provision of banking products and services to other GHG emissions-intensive sectors, with a breakdown by sector;</li> <li>- any products, services, and business relationships excluded from the transition plan-related policies;</li> <li>- the rationale for any exclusions.</li> </ul> </li> <li>• Describe the policies to evaluate the transition plans of customers and investees, including:                             <ul style="list-style-type: none"> <li>- which sectors and customer types the policy applies to;</li> <li>- the criteria to assess the quality of the transition plan in line with the latest science and internationally agreed climate goals;</li> <li>- the criteria to assess just transition considerations in the transition plan.</li> </ul> </li> </ul>	XX.1.2
<b>GRI CC: Climate Change</b>	<p><a href="#">Disclosure CC-2 Climate change adaptation plan</a></p> <p><i>Additional sector recommendations</i></p>	XX.1.3

<p><b>(Exposure draft)</b></p>	<ul style="list-style-type: none"> <li>• When describing the climate change adaptation plan, include: <ul style="list-style-type: none"> <li>- how the organization assesses the impacts of loans and investments that are associated with climate change-related physical risks, including impacts related to: <ul style="list-style-type: none"> <li>- workers, local communities, and Indigenous Peoples;</li> <li>- biodiversity;</li> </ul> </li> <li>- the policies for the provision of products and services related to climate change adaptation and resilience, including: <ul style="list-style-type: none"> <li>- banking products and services aimed at preventing the physical risks of climate change;</li> <li>- banking products and services aimed at remediating and recovering from the physical risks of climate change.</li> </ul> </li> </ul> </li> </ul>	
<p><b>GRI CC: Climate Change (Exposure draft)</b></p>	<p><a href="#">Disclosure CC-4 GHG emissions reduction target setting and progress</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• When reporting the short-, medium- and long-term GHG emissions reduction target setting and progress for Scope 3, category 15, include: <ul style="list-style-type: none"> <li>- targets that apply to the oil, gas, and coal sectors;</li> <li>- targets that apply to other GHG-emission-intensive sectors;</li> <li>- actions or planned actions to increase the scope of targets to cover all sectors;</li> <li>- the monetary value at the end of the <u>reporting period</u> of the relevant lending and investment portfolios that the targets apply to, reported as: <ul style="list-style-type: none"> <li>- an absolute amount;</li> <li>- as a percentage of the total value of each portfolio, reported separately;</li> <li>- a breakdown by sector;</li> </ul> </li> <li>- any products, services, or business relationships excluded from the targets;</li> <li>- the rationale for any exclusions.</li> </ul> </li> <li>• When reporting the progress towards Scope 3, category 15, targets include: <ul style="list-style-type: none"> <li>- the progress towards targets related to the oil, gas, and coal sectors;</li> <li>- the progress towards targets related to other GHG-emissions-intensive sectors;</li> <li>- how progress resulted in actual economic decarbonization or was caused by changes in the portfolios.</li> </ul> </li> <li>• Report whether an independent third party has validated Scope 3, category 15, GHG emissions reduction targets, and the related emissions reduction progress.</li> </ul>	<p>XX.1.4</p>
<p><b>GRI CC: Climate Change (Exposure draft)</b></p>	<p><a href="#">Disclosure GH-1 Scope 1 GHG emissions</a></p>	<p>XX.1.5</p>
<p><b>GRI CC: Climate Change</b></p>	<p><a href="#">Disclosure GH-2 Scope 2 GHG emissions</a></p>	<p>XX.1.6</p>

(Exposure draft)		
<b>GRI CC: Climate Change (Exposure draft)</b>	<p><a href="#">Disclosure GH-3 Scope 3 GHG emissions</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>When reporting Scope 3 emissions, category 15: <ul style="list-style-type: none"> <li>include financed emissions, with a breakdown by asset class and sector;</li> <li>include facilitated emissions, with a breakdown by asset class and sector;</li> <li>report the monetary value at the end of the reporting period of the lending and investment portfolios covered by the calculations, reported as: <ul style="list-style-type: none"> <li>an absolute amount;</li> <li>a percentage of the total value of each portfolio;</li> </ul> </li> <li>explain any limitations of the data collected about customers and investees and any plans to improve the accuracy of the data.</li> </ul> </li> </ul>	XX.1.7
<b>GRI CC: Climate Change (Exposure draft)</b>	<p><a href="#">Disclosure GH-4 GHG emissions intensity</a></p> <p>Additional sector recommendations:</p> <ul style="list-style-type: none"> <li>Report emissions intensity ratio(s) for Scope 3, category 15, and the metric (denominator) used.</li> </ul>	XX.1.8
<b>GRI CC: Climate Change (Exposure draft)</b>	<p><a href="#">Disclosure CC-6 Carbon credits</a></p>	XX.1.9

**Additional sector disclosures**

Report the monetary value at the end of the reporting period of the lending and investment portfolios separately, including the percentage of the total value of each portfolio allocated to customers and investees that:

- are active in the oil, gas, and coal sectors, with a breakdown by type;;
- received products and services for new and expansion projects related to the oil, gas, and coal sectors 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 lending and investment portfolios with externally verified targets and transition plans that are in line with the latest science and internationally agreed climate goals, reported separately for each portfolio, including:

- the absolute amount;
- the percentage of the total value of each portfolio;
- a breakdown by sector.

XX.1.11

Report the monetary value at the end of the reporting period of the lending and investment portfolios allocated to customers and investees that have included just transition considerations in their transition plans, reported separately for each portfolio, including:

- the absolute amount;

<ul style="list-style-type: none"> <li>the percentage of the total value of each portfolio.</li> </ul> <p>Describe any limitations of the data collected about customers and investees regarding their transition plans and any plans to improve data accuracy.</p>	
<p>Report the monetary value at the end of the reporting period of the lending and investment portfolios separately, including the percentage of the total value of each portfolio allocated to customers and investees that undertake:</p> <ul style="list-style-type: none"> <li>renewable energy projects, with a breakdown by geographic location;</li> <li>other climate mitigation activities, with a breakdown by sector and geographic location;</li> <li>climate adaptation activities, with a breakdown by sector and geographic location.</li> </ul> <p>Report the organization's taxonomies and definitions to classify climate mitigation and adaptation activities.</p> <p>Report any targets the organization has set for improving lending and investing in climate mitigation and adaptation activities.</p>	XX.1.12

413 **References and resources**

414 [GRI CC: Climate Change \(exposure draft\)](#) lists authoritative intergovernmental instruments and  
415 additional references relevant to reporting on this topic.

416 The additional authoritative instruments and references used in developing this topic, as well as  
417 resources that may be helpful for reporting on climate change by the banking sector, are listed in the  
418 [Bibliography](#).



## 419 **Topic [XX].[2] Biodiversity**

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

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

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

440 The Kunming-Montreal Global Biodiversity Framework also sets out expectations for organizations to  
441 identify, monitor, and assess biodiversity-related impacts across their activities and business  
442 relationships. These impacts can be related to customers and investees whose activities and  
443 suppliers' activities lead or could lead to one or more of the direct drivers of biodiversity loss (see [Box](#)  
444 [1 in GRI 101: Biodiversity 2024](#)) or whose sites are located in or near ecologically sensitive areas (see  
445 [Table 1 in GRI 101: Biodiversity 2024](#)) [53]. To identify customers and investees with the most  
446 significant impacts on biodiversity, banking organizations can identify geographical locations and  
447 sectors where impacts on biodiversity are most likely to be present and significant. Organizations may  
448 not have the information available to identify the most significant biodiversity impacts across their  
449 lending and investment portfolios. However, organizations are encouraged to work with data providers  
450 and tools, such as remote sensing, to gather the needed data. Organizations in the sector are also  
451 expected to report the biodiversity impacts of their own operations if deemed material [54].

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

459 Organizations in the banking sector can contribute to reversing biodiversity loss by increasing  
460 financing for nature-based solutions that protect, sustainably manage and restore biodiversity and its  
461 associated ecosystem services [55], [56]. When organizations are involved with negative biodiversity  
462 impacts as a result of their business relationships, they can engage institutional customers and  
463 investees to address them, including through investee stewardship activities. Organizations in the  
464 banking sector can further enhance their impact by collaborating with other stakeholders to align  
465 financing activities with global biodiversity goals and targets, such as industry initiatives, regulators, or  
466 policymakers [57].

467



468 **Reporting on biodiversity**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Describe how the organization incorporates biodiversity considerations in its products and services.</li> <li>• Report the indicators and data used to measure the impacts of customers and investees on biodiversity.</li> <li>• For customer engagement and investee stewardship related to biodiversity, report:                             <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.2.1
<b>Topic Standard disclosures</b>		
<b>GRI 101: Biodiversity 2024</b>	<p><a href="#">Disclosure 101-1 Policies to halt and reverse biodiversity loss</a></p> <p><i>Additional sector recommendations</i></p> <p>When reporting on the policies to halt and reverse biodiversity loss, include:</p> <ul style="list-style-type: none"> <li>• the policies for providing banking products and services to customers and investing in organizations that have or could have an impact on biodiversity, with a breakdown by sector;</li> <li>• the policies for providing banking products and services to customers and investing in organizations that have sites in or near ecologically sensitive areas, with a breakdown by sector;</li> <li>• the policies for providing banking products and services to customers and investing in organizations that conserve, restore, and protect biodiversity, with a breakdown by sector;</li> <li>• the policies for providing banking products and services to customers and 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;</li> <li>• the business lines, business relationships, and geographic locations excluded from these policies, and describe the rationale for any exclusion.</li> </ul>	XX.2.2
<b>Additional sector disclosures</b>		
<p>Describe how the organization identifies customers and investees with the most significant actual and potential impacts on biodiversity, including a description of:</p> <ul style="list-style-type: none"> <li>• the sectors and the extent of their <u>supply chains</u> covered;</li> <li>• the taxonomies and definitions used to select sectors for the assessment;</li> </ul>		XX.2.3

<ul style="list-style-type: none"> <li>• the methods used and the assumptions made to identify customers and investees with the most significant impacts on biodiversity, including data sources used;</li> <li>• the organization’s plans to improve or expand the scope of the assessment over the short-, medium- and long-term;</li> <li>• the business lines excluded from the assessment and the rationale for excluding them.</li> </ul> <p>Describe any limitations of the data collected about customers and investees to identify the ones with the most significant actual and potential impacts on biodiversity.</p> <p>Report the monetary value at the end of the <u>reporting period</u> of the lending and investment portfolios included in the assessment, reported separately for each portfolio, including:</p> <ul style="list-style-type: none"> <li>• the absolute amount;</li> <li>• the percentage of the total value of the portfolio;</li> <li>• a breakdown by sector.</li> </ul>	
<p>Report the monetary value at the end of the reporting period of the lending and investment portfolios allocated to customers and investees that have identified sites with the most significant impacts on biodiversity, reported separately for each portfolio, including:</p> <ul style="list-style-type: none"> <li>• the absolute amount;</li> <li>• the percentage of the total value of the portfolio;</li> <li>• a breakdown by sector.</li> </ul>	XX.2.4
<p>Report the monetary value at the end of the reporting period of the lending and investment portfolio allocated to customers and investees that have set targets to minimize negative impacts on biodiversity, reported separately for each portfolio, including:</p> <ul style="list-style-type: none"> <li>• the absolute amount;</li> <li>• the percentage of the total value of the portfolio;</li> <li>• a breakdown by sector.</li> </ul>	XX.2.5
<p>Report the monetary value at the end of the reporting period of the lending portfolio allocated to customers that have sites in or near ecologically sensitive areas, including:</p> <ul style="list-style-type: none"> <li>• the absolute amount;</li> <li>• the percentage of the total value of the portfolio;</li> <li>• a breakdown by sector.</li> </ul>	XX.2.6
<p>Report the monetary value at the end of the reporting period of the lending and investment portfolio separately, including the percentage of the total value of the portfolio allocated to customers and investees that:</p> <ul style="list-style-type: none"> <li>• restore or rehabilitate degraded ecosystems;</li> <li>• conserve ecosystems;</li> <li>• undertake climate change mitigation or adaptation activities that contribute to the protection of biodiversity.</li> </ul> <p>Report the taxonomies and definitions that the organization uses to classify restoration and conservation activities, as well as other activities that contribute to the protection of biodiversity.</p> <p>Report the goals and targets for lending to and investing in organizations that conserve, restore, and protect biodiversity.</p>	XX.2.7

472 **References and resources**

473 [GRI 101: Biodiversity 2024](#) lists authoritative intergovernmental instruments and additional references  
474 relevant to reporting on this topic.

475 The additional authoritative instruments and references used in developing this topic, as well as  
476 resources that may be helpful for reporting on biodiversity by the banking sector, are listed in the  
477 [Bibliography](#).

Exposure draft for public comment

## 478 **Topic [XX].[3] Water and effluents**

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

483 In 2023, approximately half of the world's population faced severe water scarcity, a consequence  
484 attributed to the effects of climate change alongside compounding factors such as land use change,  
485 pollution [68], and the privatization of water resources. Organizations in the banking sector may be  
486 involved with water-related impacts mainly as a result of their business relationships in all sectors of  
487 the economy.

488 The impacts that banking organizations are involved with as a result of their customers and investees  
489 are more significant when their lending and investment portfolios include organizations in water-  
490 intensive sectors and areas with water stress [69]. Organizations can also play a positive role by  
491 funding infrastructure upgrades that reduce water loss, improve effluent discharge quality, and support  
492 desalination projects in areas with water stress. Additionally, organizations can help enhance the  
493 sustainable management of water resources by lending and investing in technologies and other  
494 organizations focused on promoting water efficiency and conservation [70].

495 Organizations can address water-related impacts by incorporating water considerations into their  
496 financing decisions. Screening for water-related impacts through due diligence enables organizations  
497 to identify actual and potential impacts in their lending and investment portfolios and influence  
498 customers and investees to improve their water-related practices through engagement. This can  
499 consider how their customers' and investees' water withdrawal, consumption, and pollution have  
500 negative impacts on economic sectors, local communities, and biodiversity (see [topic XX.2](#)  
501 [Biodiversity](#)). In local communities, impacts can lead to concerns over food security, disruptions to  
502 essential ecosystems crucial for livelihoods, and an increased risk of water-related conflicts (see [topic](#)  
503 [XX.8 Local communities and rights of Indigenous Peoples](#)).

504 By engaging with customers and investees, organizations can support the long-term sustainable  
505 management of water resources. They can incentivize customers and investees, especially those in  
506 water-intensive sectors, to implement sustainable water management practices. This includes  
507 engaging with customers and investees to address the consequences of water-related activities, and  
508 promote reduced water withdrawal and consumption, and improve effluent discharge quality, thereby  
509 fostering sustainable water practices across various sectors [71].

510 **Reporting on water and effluents**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>For customer engagement and investee stewardship related to water and effluents, report:               <ul style="list-style-type: none"> <li>agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.3.1
<b>Topic Standard disclosures</b>		
<b>GRI 303: Water and Effluents 2018</b>	<a href="#">Disclosure 303-1 Interactions with water as a shared resource</a>	XX.3.2
<b>Additional sector disclosures</b>		
Report the average amount of water consumed by investees (m <sup>3</sup> ) per million (currency) of revenue of investees. <sup>4</sup>		XX.3.3
Report the percentage of investees with sites located in areas of high water stress without a water management policy. <sup>5</sup>		XX.3.4

513 **References and resources**

514 [GRI 303: Water and Effluents 2018](#) lists authoritative intergovernmental instruments and additional  
 515 references relevant to reporting on this topic.

516 The additional authoritative instruments and references used in developing this topic, as well as  
 517 resources that may be helpful for reporting on water and effluents by the banking sector are listed in  
 518 the [Bibliography](#).

<sup>4</sup> 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 \(europa.eu\)](#).

<sup>5</sup> 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 \(europa.eu\)](#).

## 519 **Topic [XX].[4] Waste**

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

524 By 2050, annual global waste is projected to reach 3.4 billion tons. Currently, over 30% of solid waste  
525 streams fail to meet environmentally safe treatment standards [75]. Organizations in the banking  
526 sector may be involved with waste-related impacts mainly as a result of their business relationships in  
527 all sectors of the economy.

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

538 The banking sector can identify, avoid, and mitigate potential waste-related impacts via customers and  
539 investees by focusing on waste prevention and adopting circularity measures. This includes  
540 conducting customer and investee screening and due diligence processes to identify high-waste  
541 sectors, especially those with high volumes of hazardous waste or low recycling rates [76].  
542 Organizations can further assess negative waste-related impacts by evaluating customers' and  
543 investees' policies and plans to manage waste and their mitigation strategies. In addition,  
544 organizations can embed sustainable waste management and circular economy criteria into their  
545 lending and investment policies for high-waste sectors. Leveraging their influence, organizations can  
546 engage with customers and investees to encourage them to sustainably manage waste and adopt  
547 circular economy principles, such as those aimed at reducing plastic waste [77].

548 Organizations in the banking sector can play an important role in the systemic shift required to foster a  
549 more resilient and sustainable economic model, where adopting sustainable materials, circularity, and  
550 advanced waste management technologies can significantly reduce negative environmental impacts  
551 [78]. By integrating circular economy principles into their lending and investments, organizations can  
552 also provide products and services tailored to the circular economy's needs.

553 By reconsidering the assets accepted as collateral to include durable circular assets, organizations  
554 can better align their financial practices with the principles of the circular economy [79]. This shift  
555 acknowledges the extended lifespan and sustainable value of circular economy products and circular  
556 business model innovations designed to promote long-term value creation and sustainability [79].

557 **Reporting on waste**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• For customer engagement and investee stewardship related to waste, report:               <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.4.1
<b>Topic Standard disclosures</b>		
<b>GRI 306: Waste 2020</b>	<a href="#">Disclosure 306-2 Management of significant waste-related impacts</a>	XX.4.2
<b>Additional sector disclosures</b>		
	Report the tons of hazardous waste and radioactive waste generated by investees per million (currency) invested, expressed as a weighted average. <sup>6</sup>	XX.4.3

560 **References and resources**

561 [GRI 306: Waste 2020](#) lists authoritative intergovernmental instruments and additional references  
 562 relevant to reporting on this topic.

563 The additional authoritative instruments and references used in developing this topic, as well as  
 564 resources that may be helpful for reporting on waste by the banking sector, are listed in the  
 565 [Bibliography](#).

<sup>6</sup> 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 \(europa.eu\)](#).



566

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

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

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

574 Banking organizations can support financial health and inclusion by providing individuals and  
575 organizations with access to affordable and suitable banking products and services, such as  
576 accounts, credit, and planning and budgeting tools. Impacts on financial health and inclusion are  
577 enhanced when these products and services target vulnerable or underserved groups and  
578 organizations, such as low-income households and micro-, small, and medium-sized enterprises  
579 (MSMEs). This approach can support sustainable development by reducing poverty, addressing  
580 inequalities, and driving positive economic and societal outcomes (see [topic XX.18 Economic](#)  
581 [impacts](#)).

582 Banking organizations can also offer funding to entrepreneurs and small organizations through  
583 microfinance services and small credit facilities, especially to boost rural economies (see [topic XX.8](#)  
584 [Local communities and rights of Indigenous Peoples](#)). Access to affordable and appropriate credit  
585 prevents individuals from falling into perpetual debt cycles and reduces the wealth gap. Additionally,  
586 home loans play a significant role in supporting financial health and inclusion by facilitating home  
587 ownership.

588 Organizations in the banking sector can have negative impacts on financial health and inclusion  
589 through de-risking, where they exit customer relationships or close accounts perceived as high-risk.  
590 This practice can lead to individuals or organizations being excluded from the formal financial system,  
591 including non-profit organizations providing humanitarian services. Closing bank branches can also  
592 hinder access to banking services for local communities and vulnerable groups by limiting the  
593 availability of banking access points where customers can access basic financial services. The  
594 requirements to open bank accounts may also exclude certain individuals or groups, such as those  
595 lacking official documentation due to migration or housing status. While such requirements may be  
596 regulated, in some cases, access can be improved through changes to banking organizations’ internal  
597 compliance requirements or by clearly communicating these requirements.

598 Positive impacts on financial health and inclusion require policies, procedures, products, and services  
599 emphasizing customer protection and supporting their best interests, including appropriate dispute  
600 and recourse mechanisms. Organizations are expected to provide fair products and services without  
601 discrimination or bias and clearly communicate pricing, terms, and conditions [87]. Fairness should be  
602 a priority throughout the customer journey, including product design, marketing, and selling (see [topic](#)  
603 [XX.9 Non-discrimination and equal opportunity](#) and [XX.7 Marketing and labeling](#)).

604 Financial education can strengthen customers’ financial literacy and behaviors, particularly for first-  
605 time users. It enhances their access to suitable products and improves their understanding of relevant  
606 terms, conditions, and risks. Organizations in the banking sector can support financial literacy by  
607 targeting programs to vulnerable and underserved groups or those excluded from the formal financial  
608 system. Additionally, organizations in the banking sector can invest in innovative technologies that  
609 improve organizations’ and individuals’ access to banking products and services. Digital financial  
610 services, such as mobile money services, can improve access to financial services [88]. However,  
611 ensuring that all customers benefit from these services requires education to improve digital literacy  
612 as some groups may risk exclusion due to limited access to or understanding of digital tools.

613 Distribution and sales channels, including workers, agents, and third-party platforms, are important in  
614 driving positive impacts on financial health and inclusion, particularly when recommending products to  
615 customers or processing their complaints. These channels can support positive impacts by  
616 considering customers’ financial health when providing advice and selling products. Organizations in



617 the banking sector can take actions targeted at distributors, such as implementing incentive and  
618 training systems, that encourage them to promote customers' financial health and inclusion.

Exposure draft for public comment

619 **Reporting on financial health and inclusion**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><b>Disclosure 3-3 Management of material topics</b></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Describe the dispute and recourse mechanisms for complaints relating to financial health and inclusion.</li> <li>• Describe the approach to assessing the financial health of the organization’s customers, including the use of financial health-related metrics or scores.</li> <li>• Report the actions to prevent and address customer over-indebtedness, including examples of proactive interventions, such as addressing regular overdraft usage and high spending relative to income.</li> <li>• Describe the policies regarding de-risking practices, including strategies to prevent and <u>mitigate</u> unintended exclusion of individuals and organizations from the formal financial system.</li> <li>• Describe the actions to prevent and mitigate financial exclusion of non-profit organizations, including comprehensive risk assessments, informed mitigation measures, and non-profit organization engagements to promote financial inclusion.</li> <li>• Describe the actions targeted at workers, distributors and third-party platforms aimed at promoting customers’ financial health and inclusion.</li> <li>• Describe whether and how the organization is involved in initiatives and partnerships aimed at enhancing financial health and inclusion.</li> <li>• For customer engagement and investee stewardship related to financial health and inclusion, report:                             <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.5.1
<b>Additional sector disclosures</b>		
	Report the customer groups the organization intends to reach through its financial health and inclusion policies (hereafter referred to as identified customer groups) and the process used to determine the customer groups.	XX.5.2
	Describe how the organization addresses the needs of the identified customer groups, including through: <ul style="list-style-type: none"> <li>• product and service design, including how it incorporates actions to improve access to products and services;</li> </ul>	XX.5.3

<ul style="list-style-type: none"> <li>financial education and literacy initiatives, including reporting the number of participants.</li> </ul>	
Report the percentage breakdown of the organization's products and services by the identified customer groups that used them during the <u>reporting period</u> .	XX.5.4
Report the percentage of MSMEs that have: <ul style="list-style-type: none"> <li>an outstanding loan or credit with the organization;</li> <li>a deposit account with the organization.</li> </ul> Include the organization's definition of MSMEs used.	XX.5.5
Report the number of: <ul style="list-style-type: none"> <li>new home loans issued by the organization within the identified customer groups;</li> <li>defaulted home loans within the identified customer groups.</li> </ul>	XX.5.6
Report the total number of complaints related to financial health and inclusion, including: <ul style="list-style-type: none"> <li>a breakdown of <u>substantiated</u> and non-substantiated <u>complaints</u>;</li> <li>a breakdown by type of complaint;</li> <li>a breakdown by type of complainant, including both customers (e.g., retail customers) and non-customers (e.g., individuals that have been denied access to a product or service);</li> <li>most prevalent issues;</li> <li>any observed trends per complaint type, comparing data from the current period to that from the previous reporting period.</li> </ul>	XX.5.7
Report the number of the organization's banking access points <sup>7</sup> in low-populated or economically disadvantaged areas by geographic location by type of access point, including: <ul style="list-style-type: none"> <li>how this number compares to the total number of banking access points in the geographic locations reported on;</li> <li>the percentage increase or decrease of the number of the organization's banking access points between the beginning and the end of the reporting period.</li> </ul>	XX.5.8

622 **References and resources**

623 The authoritative instruments and references used in developing this topic, as well as resources that  
624 may be helpful for reporting on financial health and inclusion by the banking sector, are listed in the  
625 [Bibliography](#).

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<sup>7</sup> Access points include all those points of transaction where customers are able to access the basic financial services provided by the financial institution (this might include one or more of the following: ATMs, withdrawals or deposits, filing a loan application, opening or closing a bank account).

## 626 **Topic [XX].[6] Customer privacy and data security**

627 **Customer privacy and data security refers to a customer’s right to the protection of their data**  
628 **and personal information from losses, data breaches, misuse, or use for purposes other than**  
629 **initially intended. This topic covers the impacts on customer privacy and the loss of customer**  
630 **data.**

631 Financial services is one of the most data-intensive industries in the world [98], collecting vast  
632 amounts of customer data including personal information about spending habits, health, and assets.  
633 Organizations in the banking sector may be involved with impacts related to customer privacy and  
634 data security through their activities and as a result of their business relationships.

635 Organizations in the sector use customer data to assess risk and inform pricing. Digital financial  
636 services have increased the datasets available to banking organizations allowing them to offer  
637 tailored products and services for specific customer groups which can enhance financial inclusion  
638 (see [topic XX.5 Financial health and inclusion](#)). Conversely, with detailed customer information,  
639 organizations can encourage customers to purchase tailored products that are not necessarily in their  
640 best interests which can compromise financial health. The availability of large amounts of personal  
641 information can threaten customer privacy through potential misuse or loss via scams or cyberattacks  
642 (see [topic XX.19 Prevention of corruption and financial crime](#)). Organizations in the sector are reliant  
643 on solid cybersecurity measures, such as encryption, firewalls, and secure authentication protocols, to  
644 prevent the exposure or misuse of confidential customer information such as financial details and  
645 personal identifiers.

646 Open finance allows customers to access a wide range of products and services through digital  
647 systems by efficiently sharing customer data between various providers [99]. However, due to its  
648 reliance on data sharing, open finance raises concerns about data protection, for instance, where the  
649 quality of providers’ security systems and governance may not be consistent or where providers  
650 operate under different regulatory regimes in which customer protection laws do not align

651 Customers may also not understand the value of their data or how organizations utilize it. They may,  
652 therefore, consent to data sharing without fully understanding the potential negative impacts [100].  
653 Customer data, used in conjunction with other big data sets sourced externally, for example, from  
654 social media, can feed artificial intelligence (AI) and machine learning applications that while having  
655 the objective to avoid biases from human interactions, can instead exacerbate them. This can result in  
656 discrimination or unfair treatment of specific customer groups based on their behaviors or preferences  
657 [82] (see [topic XX.10 Non-discrimination and equal opportunity](#)).

658 Organizations can strengthen customer privacy and data security through robust data management  
659 systems and practices to ensure sensitive data is not inappropriately used or shared and to reduce  
660 threats of data breaches [101]. By providing clear and transparent information about data handling  
661 and privacy policies, organizations can help customers understand how their data is used, make  
662 informed decisions about their personal information, and build customer trust (see [topic XX.7](#)  
663 [Marketing and labeling](#)).

664 **Reporting on customer privacy and data security**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p data-bbox="400 510 943 539"><a href="#">Disclosure 3-3 Management of material topics</a></p> <p data-bbox="400 568 815 598"><i>Additional sector recommendations</i></p> <ul data-bbox="443 604 1204 1032" style="list-style-type: none"> <li>• Describe the approach to cybersecurity in relation to customer privacy and data security.</li> <li>• Describe the approach to privacy and security when disclosing customer data to third parties.</li> <li>• Describe how the organization informs customers about the use of customer data in data analytics, including in conjunction with external data sources.</li> <li>• For customer engagement and investee stewardship related to customer privacy and data security, report:                             <ul data-bbox="539 887 1166 1032" style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.6.1
<b>Topic Standard disclosures</b>		
<b>GRI 418: Customer Privacy 2016</b>	<p data-bbox="400 1120 1193 1178"><a href="#">Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</a></p> <p data-bbox="400 1209 815 1238"><i>Additional sector recommendations</i></p> <ul data-bbox="443 1245 1177 1328" style="list-style-type: none"> <li>• Report the total number of customers affected by the identified leaks, thefts, or losses of customer data and the percentage of the affected retail customers.</li> </ul>	XX.6.2

667 **References and resources**

668 [GRI 418: Customer Privacy 2016](#) lists authoritative intergovernmental instruments relevant to  
 669 reporting on this topic.

670 The additional authoritative instruments and references used in developing this topic, as well as  
 671 resources that may be helpful for reporting on customer privacy and data security by the banking  
 672 sector, are listed in the [Bibliography](#).

## 673 **Topic [XX].[7] Marketing and labeling**

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

678 Organizations in the banking sector may be involved with impacts related to marketing and labeling  
679 through their activities or as a result of their business relationships in all sectors of the economy,  
680 including their customers and investees. For example, when communicating terms and conditions for  
681 products and services through their activities or as a result of their business relationships. Impacts are  
682 particularly relevant for organizations providing products and services to retail customers and small  
683 businesses that may lack financial literacy or resources to understand complex terms and conditions.

684 Organizations in the banking sector are responsible for providing customers with fair and transparent  
685 terms and conditions for their products and services, including associated sustainability information  
686 [105]. Long and complex terms and conditions can be challenging to understand. At the same time,  
687 clear and transparent information supports customer protection and financial health and inclusion  
688 alongside appropriate products and recourse mechanisms (see [topic XX.5 Financial health and](#)  
689 [inclusion](#)).

690 How product information is communicated can affect a customer's ability to fully understand a product  
691 or service and make informed decisions. Where organizations or their distributors misstate or omit  
692 essential information, customers may purchase products they do not understand or need.  
693 Organizations can also mislead their customers when sustainability information about their  
694 operations, products, or services is exaggerated or incorrect, resulting in less funding to support  
695 sustainable development than expected. Both institutional and retail customers risk purchasing  
696 products not in their best interest or falling victim to mis-selling practices, such as aggressive and  
697 high-pressure sales. This can occur when there is a conflict of interest between the organization or its  
698 distributors and customers, which may be exacerbated by internal and commercial pressures, such as  
699 remuneration schemes that encourage workers to prioritize sales over customers' needs.

700 By adhering to regulations and codes of conduct, organizations and their distributors can prevent and  
701 mitigate misleading statements or omissions in marketing and labeling their products and services,  
702 contributing to stronger customer protection. Anti-greenwashing regulations and sustainability  
703 taxonomies increasingly protect customers from greenwashing and provide greater assurance of  
704 financial products' environmental and social information. However, these regulatory developments are  
705 jurisdiction-specific, meaning such assurance is neither universal nor consistent worldwide [106].

706 Organizations can use different means to assist customers in understanding and engaging with  
707 product information. For example, organizations can make key product information more accessible  
708 by translating information, employing simple language, and using different font sizes [106].  
709 Organizations can also implement mechanisms to manage marketing and labeling-related impacts,  
710 such as relevant training, internal systems that signal abnormal levels of selling, and procedures that  
711 prevent conflict-of-interest transactions from taking place.

712 **Reporting on marketing and labeling**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a>  <i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Describe the actions taken by the organization to assist customers in understanding the terms and conditions of its banking products and services, including promoting training for workers and distributors.</li> <li>• Describe how the organization monitors the fairness and transparency of its distributors' <u>marketing communications</u> when selling and promoting its products and services.</li> <li>• Describe how the organization informs potential and current customers at the pre-sale stage about conflicts of interest, including remuneration schemes based on the number of products and services sold.</li> <li>• Describe the dispute and recourse mechanisms for customer complaints regarding marketing and labeling, including:                             <ul style="list-style-type: none"> <li>- mislabeling of banking products and services;</li> <li>- mis-selling practices by the organization's workers or distributors.</li> </ul> </li> <li>• For customer engagement and investee stewardship related to marketing and labeling, report:                             <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.7.1
<b>Topic Standard disclosures</b>		
<b>GRI 417: Marketing and Labeling 2016</b>	<p><a href="#">Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling</a>  <i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Report the total number of incidents of non-compliance with regulations or voluntary codes concerning <u>product and service information and labeling</u> that remained unresolved at the end of the <u>reporting period</u>.</li> </ul>	XX.7.2
	<p><a href="#">Disclosure 417-3 Incidents of non-compliance concerning marketing communications</a>  <i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• 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 reporting period.</li> </ul>	XX.7.3

Additional sector disclosures	
Report the taxonomies, regulations, and standards the organization complies with in marketing and labeling its sustainable banking products.	XX.7.4

715 **References and resources**

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

718 The additional authoritative instruments and references used in developing this topic, as well as  
719 resources that may be helpful for reporting on marketing and labeling by the banking sector, are listed  
720 in the [Bibliography](#).

Exposure draft for public comment



## 721 **Topic [XX].[8] Local communities and rights of** 722 **Indigenous Peoples**

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

729 Organizations in the banking sector may be involved with impacts on local communities and the rights  
730 of Indigenous Peoples, mainly as a result of their business relationships in all sectors of the economy.

731 Impacts on local communities and the rights of Indigenous Peoples can stem from corporate lending,  
732 including for large-scale, long-term infrastructure projects and economic activities. These activities  
733 may lead to environmental degradation, displacement, involuntary resettlement, or changes in land  
734 use. Such impacts can affect the cultural preservation and livelihoods of local communities and  
735 Indigenous Peoples, as well as result in threats to human rights defenders and other stakeholders  
736 that may be exposed to retaliation. Negative impacts can be particularly severe for Indigenous  
737 Peoples, undermining their relationship with ancestral lands, territories, and resources (see [topic XX.2](#)  
738 [Biodiversity](#)). As such, organizations must uphold Indigenous Peoples' right to free, prior, and  
739 informed consent (FPIC) and safeguard the rights to self-determination and participation [108].

740 Organizations in the banking sector are expected to conduct human rights due diligence to identify  
741 risks to people and to address and account for actual and potential human rights impacts [107], [109].  
742 This includes identifying the negative impacts on local communities and the rights of Indigenous  
743 Peoples from customers and investees, assessing the nature of these impacts, and determining the  
744 organizations' involvement with them. Based on this assessment, actions should be taken to address  
745 the negative impacts.

746 The sector can also have positive impacts on local communities and Indigenous Peoples by  
747 supporting economic development through access to capital for organizations and activities with  
748 inherent social benefits, provided the terms are responsible and fair. Increasing access to finance for  
749 underserved groups, such as lending practices focused on women, Indigenous Peoples, and small  
750 and medium-sized enterprises, can further enhance economic development, support job creation, and  
751 have a positive social impact (see [topic XX.18 Economic impacts](#)). Organizations can further enhance  
752 the financial inclusion of local communities through increased access points and community  
753 investments (see [topic XX.5 Financial health and inclusion](#)). In addition, responsible business  
754 practices can help local communities through actions such as microfinance and community  
755 development projects.

756 **Reporting on local communities and rights of Indigenous Peoples**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Describe the approach to managing impacts from customers and investees on local communities and rights of Indigenous Peoples, including:                             <ul style="list-style-type: none"> <li>- how the organization assesses the quality of engagement with affected stakeholders conducted by its customers and investees;</li> <li>- how the organization assesses the extent to which customers and investees are abiding by Free, Prior, and Informed Consent procedures</li> <li>- how the organization assesses the quality of safeguards implemented by customers and investees for the protection of human rights defenders or other stakeholders that are exposed to retaliation;</li> <li>- whether and how the organization conducts its own engagement with stakeholders affected by its customers and investees, including:                                     <ul style="list-style-type: none"> <li>○ if engagement with stakeholders affected by its customer or investees is done through proxies or experts and how those are selected.</li> </ul> </li> </ul> </li> <li>• For customer engagement and investee stewardship related to local communities and rights of Indigenous Peoples, report:                             <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.8.1
<b>Additional sector disclosures</b>		
	<p>Report the total number of identified incidents of violations involving the rights of Indigenous Peoples related to project finance or investment provided by the organization.</p> <p>Report whether these incidents took place in the context of:</p> <ul style="list-style-type: none"> <li>• customers, investees, or transactions for which an impact assessment based on international standards that address the rights of Indigenous Peoples has been conducted, such as the Equator Principles and IFC Performance Indicators; or</li> <li>• other business relationships.</li> </ul>	XX.8.2

760 **References and resources**

761 [GRI 411: Rights of Indigenous Peoples 2016](#) and [GRI 413: Local Communities 2016](#) list authoritative  
 762 intergovernmental instruments and additional references relevant to reporting on this topic.

763 The additional authoritative instruments and references used in developing this topic, as well as  
764 resources that may be helpful for reporting on local communities and rights of Indigenous Peoples by  
765 the banking sector are listed in the [Bibliography](#).

Exposure draft for public comment

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

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**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.**

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Violent conflicts worldwide have increased to the highest levels observed over the past three decades [122], [123]. Organizations in the banking sector may be involved with impacts in conflict-affected and high-risk areas through their activities or as a result of their business relationships in all sectors of the economy.

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Organizations in the sector can have impacts related to conflict-affected and high-risk areas through their customers and investees. Banking 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 on gross human rights abuses in conflict-affected areas [121], [124]. Human rights due diligence can be complemented by a conflict-sensitivity approach [121]. This can include screening third-party organizations and activities that can exacerbate or address drivers of conflict, especially in high-risk areas, such as security and surveillance services, and excluding customers or investees as a result of screening [125]. Organizations can also have impacts related to conflict-affected and high-risk areas when their products or services are used by actors to channel resources that fund illicit activities (see [topic XX.19 Prevention of corruption and financial crime](#)). This may include services typically excluded from due diligence, such as payment systems [125].

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Organizations can enhance their due diligence by requiring their customers and investees to conduct conflict analysis in addition to human rights impact assessments. This approach supports identifying both human rights and conflict risks [126], including factors such as loss of livelihoods and displacement in the analysis, which can inform subsequent mitigation actions. Organizations have a responsibility to respect human rights and international humanitarian law in all contexts, including conflicts over territory, resources, and power [120].

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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 own activities and value chains. 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.

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In addition, organizations may be involved with negative impacts related to conflict-affected and high-risk areas through financing the defense sector when customers and investees export weapons to these areas. Organizations can assess the extent to which customers and 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 into 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.

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Organizations in the banking sector can have various positive impacts on conflict-affected and high-risk areas, for example, supporting their economic development and providing access to capital for economic recovery and reconstruction [127]. Organizations can positively contribute to peace and stability by introducing investment instruments, such as peace bonds, that are intended to support sustainable development in fragile contexts while minimizing potential negative impacts on local dynamics [128]. Banking services enable affected communities to withstand economic shocks. At the same time, remittances sustain and contribute to local economic activity during crises (see [topic XX.8 Local communities and rights of Indigenous Peoples](#)). When conflict erupts in a country where organizations' offices, subsidiaries, or branches are located, they are expected to assess the impacts of their own activities in that geographic location [120]

820 **Reporting on conflict-affected and high-risk areas**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p data-bbox="464 539 1010 573"><a href="#">Disclosure 3-3 Management of material topics</a></p> <p data-bbox="464 595 884 629"><i>Additional sector recommendations</i></p> <ul data-bbox="512 651 1206 1115" style="list-style-type: none"> <li>• Describe the organization’s due diligence expectations for customers and investees with activities in conflict-affected and high-risk areas.</li> <li>• Describe the approach to assessing customers’ and investees’ due diligence processes and adherence to international humanitarian law for activities in conflict-affected and high-risk areas and how this assessment informs lending and investment decisions.</li> <li>• For customer engagement and investee stewardship related to conflict-affected and high-risk areas, report:                             <ul data-bbox="608 965 1206 1115" style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.9.1
<b>Additional sector disclosures</b>		
	<p data-bbox="204 1223 1142 1317">Report the monetary value at the end of the <u>reporting period</u> of the lending and investment portfolios that are exposed to conflict-affected and high-risk areas, reported separately for each portfolio, including:</p> <ul data-bbox="252 1317 871 1384" style="list-style-type: none"> <li>• the absolute amount;</li> <li>• the percentage of the total value of the portfolio.</li> </ul> <p data-bbox="204 1406 1185 1469">Describe how the organization’s lending and investments portfolios are exposed to conflict-affected and high-risk areas, including:</p> <ul data-bbox="252 1469 1217 1563" style="list-style-type: none"> <li>• how loans and investments may exacerbate negative impacts in these areas;</li> <li>• how loans and investments may prevent, mitigate, or <u>remediate</u> impacts in these areas.</li> </ul> <p data-bbox="204 1592 1214 1655">Describe how the organization defines conflict-affected and high-risk areas, including the data sources and the assumptions made.</p>	XX.9.2
	<p data-bbox="204 1693 767 1727">Report from the organization’s conflict analysis:</p> <ul data-bbox="252 1727 991 1794" style="list-style-type: none"> <li>• examples of stopped lending or divestment decisions;</li> <li>• examples of disengaged customers or divested investees.</li> </ul>	XX.9.3
	<p data-bbox="204 1794 1114 1856">Describe the approach for providing products and services to customers and investees in the defense sector, including:</p> <ul data-bbox="252 1856 1169 2007" style="list-style-type: none"> <li>• whether the organization has a policy for investing in the defense sector;</li> <li>• the types of customers or investees active in the defense sector that are included and excluded from the above policy;</li> <li>• how it considers international weapon treaties, international humanitarian law, and relevant regulations;</li> </ul>	XX.9.4

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| <ul style="list-style-type: none"><li>• how it relates to policies and commitments on human rights and conflict-affected and high-risk areas.</li></ul> |  |
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823 **References and resources**

824 The authoritative instruments and references used in developing this topic, as well as resources that  
825 may be helpful for reporting on conflict-affected and high-risk areas by the banking sector, are listed in  
826 the [Bibliography](#).

Exposure draft for public comment

## 827 **Topic [XX].[10] Non-discrimination and equal** 828 **opportunity**

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

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

836 Discrimination against workers within the banking sector can take various forms, such as hiring  
837 biases, unfair promotion opportunities, and unfair workload distribution. It can occur, for example,  
838 based on ethnicity, religion, gender, or socioeconomic background. Organizations can take actions to  
839 promote diversity and equal opportunity at governance and worker levels, such as anti-discrimination  
840 policies and inclusive hiring practices. These actions can combat discrimination and promote equal  
841 opportunity, resulting in fairer access to promotions, job opportunities, and remuneration (see [topic](#)  
842 [XX.16 Remuneration and working time](#)) [134].

843 Discrimination can occur between a banking organization and its customers or between the  
844 organization's distributors and its customers, through unequal treatment, or access to banking  
845 products and services (see [topic XX.5 Financial health and inclusion](#)). Organizations in the banking  
846 sector can perpetuate discrimination by limiting access to banking products and services and  
847 implementing policies, assessments, and models that may include discriminatory elements. These  
848 practices can have an impact on access to products and services, credit decisions, and fair prices.  
849 For example, organizations in the banking sector can discriminate against customers when individuals  
850 are unfairly treated during the credit application process based on ethnicity, religion, or age, for  
851 example. Organizations can combat discrimination by implementing policies and procedures that  
852 prevent customer discrimination and making these policies publicly available. This can include anti-  
853 discrimination guidelines, a transparent complaint resolution process, and audits to ensure  
854 compliance.

855 Algorithmic credit scoring can reinforce biases against specific demographic groups, exacerbating  
856 discrimination and inequalities through unequal lending to those groups. To mitigate biases and  
857 potential discriminatory outcomes, banking organizations can establish robust ethical artificial  
858 intelligence governance, policies, and measures [135].

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

865 Organizations are expected to conduct human rights due diligence to address discrimination and lack  
866 of equal opportunity. This includes identifying negative impacts related to discrimination and equal  
867 opportunity across their activities and business relationships, assessing the nature of these impacts,  
868 and determining organizations' involvement with them. Based on this assessment, actions should be  
869 taken to address the negative impacts [133]. When organizations are involved with negative impacts  
870 related to discrimination and equal opportunity as a result of their business relationships, they are  
871 expected to use their leverage to encourage their business relationships to address those impacts.  
872 This can involve engaging with customers, investees, or suppliers, and playing a role in providing for  
873 or cooperating in the remediation of those impacts [133].

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875 **Reporting on non-discrimination and equal opportunity**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p data-bbox="411 548 959 577"><a href="#">Disclosure 3-3 Management of material topics</a></p> <p data-bbox="411 593 834 622"><i>Additional sector recommendations</i></p> <ul data-bbox="411 627 1220 1227" style="list-style-type: none"> <li>• Describe the initiatives to promote equal opportunities for workers.</li> <li>• Describe the training initiatives for workers and distributors aimed at promoting non-discriminatory practices towards customers.</li> <li>• Describe the policies and procedures to prevent or mitigate negative impacts related to discrimination against customers, including how they are implemented, monitored, and followed in practice, including in:                             <ul data-bbox="558 929 906 992" style="list-style-type: none"> <li>- credit scoring processes;</li> <li>- data and algorithms used.</li> </ul> </li> <li>• For customer engagement and investee stewardship related to non-discrimination and equal opportunity, report:                             <ul data-bbox="558 1064 1181 1227" style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.10.1
<b>Topic Standard disclosures</b>		
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	<p data-bbox="411 1344 1177 1373"><a href="#">Disclosure 405-1 Diversity of governance bodies and employees</a></p>	XX.10.2
<b>GRI 406: Non-discrimination 2016</b>	<p data-bbox="411 1523 1198 1585"><a href="#">Disclosure 406-1 Incidents of discrimination and corrective actions taken</a></p> <p data-bbox="411 1608 834 1637"><i>Additional sector recommendations</i></p> <ul data-bbox="411 1664 1173 1827" style="list-style-type: none"> <li>• Report a breakdown of the total number of incidents of discrimination during the <u>reporting period</u> by:                             <ul data-bbox="558 1731 1045 1827" style="list-style-type: none"> <li>- incidents related to discrimination of workers;</li> <li>- incidents related to discrimination of customers;</li> <li>- incidents related to discrimination of other <u>stakeholders</u>.</li> </ul> </li> </ul>	XX.10.3

878 **References and resources**

879 [GRI 405: Diversity and Equal Opportunity 2016](#) and [GRI 406: Non-discrimination 2016](#) list  
 880 authoritative intergovernmental instruments relevant to reporting on this topic.

881 The additional authoritative instruments and references used in developing this topic, as well as  
882 resources that may be helpful for reporting on non-discrimination and equal opportunity by the  
883 banking sector, are listed in the [Bibliography](#).  
884

Exposure draft for public comment

## 885 **Topic [XX].[11] Forced or compulsory labor**

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

891 In 2021, around 50 million people were estimated to be involved with compulsory labor, with 27.6  
892 million of these individuals subjected to forced labor [140]. Organizations in the banking sector may  
893 be involved with impacts related to forced or compulsory labor through their activities or as a result of  
894 their business relationships in all sectors of the economy. Although forced or compulsory labor is not  
895 common within organizations in the banking sector, they may be involved with related impacts, for  
896 example, when outsourcing services to organizations that use forced or compulsory labor.

897 Organizations are expected to conduct human rights due diligence to address forced or compulsory  
898 labor. This includes identifying negative impacts related to forced or compulsory labor across their  
899 activities and business relationships, assessing the nature of these impacts, and determining  
900 organizations' involvement with them. Based on this assessment, actions should be taken to address  
901 the negative impacts [139]. Special attention may be needed when dealing with business  
902 relationships in sectors with heightened risks of forced or compulsory labor. A similar focus can also  
903 apply to specific geographic locations, particularly where there are heightened risks for vulnerable  
904 workers, such as migrant workers [141].

905 Organizations in the banking sector may be involved with negative impacts related to forced or  
906 compulsory labor through the provision of products and services to organizations that participate in  
907 modern slavery or human trafficking. Perpetrators of modern slavery can use banking services to  
908 facilitate instances of forced or compulsory labor and launder the resulting proceeds of such  
909 arrangements. Consequently, organizations in the banking sector have a significant role to play in  
910 detecting patterns that arise from coercion, exploitation, and the misuse of banking services and  
911 accounts [141]. Anti-money laundering (AML) and combating the financing of terrorism (CFT)  
912 frameworks offer an important mechanism to reduce risks of handling and laundering proceeds of  
913 forced or compulsory labor (see [topic XX.19 Prevention of corruption and financial crime](#)) [142].  
914 Additionally, organizations in the banking sector may procure products or services from suppliers that  
915 are involved with impacts related to forced or compulsory labor.

916 When organizations are involved with negative impacts related to forced or compulsory labor as a  
917 result of their business relationships, they are expected to use their leverage to encourage their  
918 business relationships to address those impacts. This can involve engaging with customers,  
919 investees, or suppliers and playing a role in providing for or cooperating in the remediation of those  
920 impacts [139]. To increase their leverage, organizations in the banking sector can engage with other  
921 stakeholders that address impacts related to forced or compulsory labor, such as civil society  
922 organizations or sector-wide initiatives.

923 **Reporting on forced or compulsory labor**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p data-bbox="403 521 943 544"><a href="#">Disclosure 3-3 Management of material topics</a></p> <p data-bbox="403 577 815 600"><i>Additional sector recommendations</i></p> <ul data-bbox="443 611 1201 875" style="list-style-type: none"> <li>• Describe the approach to monitoring transactions to identify risks of forced or compulsory labor.</li> <li>• For customer engagement and investee stewardship related to forced or compulsory labor, report:               <ul data-bbox="539 734 1166 875" style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.19.1
<b>Topic Standard disclosures</b>		
<b>GRI 409: Forced or Compulsory Labor 2016</b>	<p data-bbox="403 969 1150 1025"><a href="#">Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor</a></p>	XX.19.2

926 **References and resources**

927 [GRI 409: Forced or Compulsory Labor 2016](#) lists authoritative intergovernmental instruments relevant  
 928 to reporting on this topic.

929 The additional authoritative instruments and references used in developing this topic, as well as  
 930 resources that may be helpful for reporting on forced or compulsory labor by the banking sector, are  
 931 listed in the [Bibliography](#).

## 932 **Topic [XX].[12] Child labor**

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

938 Around 160 million children were engaged in child labor in 2020, with nearly half subjected to  
939 dangerous and hazardous work [146]. Organizations in the banking sector may be involved with  
940 impacts related to child labor through their activities or as a result of their business relationships in all  
941 sectors of the economy. Although child labor is not common within organizations in the banking  
942 sector, they may be involved with related impacts, for example, when outsourcing services to  
943 organizations that use child labor.

944 Organizations are expected to conduct human rights due diligence to address child labor. This  
945 includes identifying negative impacts related to child labor across their activities and business  
946 relationships, assessing the nature of these impacts, and determining organizations’ involvement with  
947 them. Based on this assessment, actions should be taken to address the negative impacts  
948 [145]. Organizations may be involved with impacts related to child labor through the provision of  
949 products and services, such as lending to customers in sectors with heightened risks of child labor or  
950 in geographic locations where the remuneration of parents is insufficient to meet the basic cost-of-  
951 living estimates. Additionally, organizations in the banking sector may procure products or services  
952 from suppliers that are involved with child labor impacts.

953 When organizations are involved with negative impacts related to child labor as a result of their  
954 business relationships, they are expected to use their leverage to encourage their business  
955 relationships to address those impacts. This can involve engaging with customers, investees, or  
956 suppliers and playing a role in providing for or cooperating in the remediation of those impacts [145].  
957 To increase their leverage, organizations in the banking sector can engage with other stakeholders  
958 that address impacts related to child labor, such as civil society organizations or sector-wide  
959 initiatives.

960 **Reporting on child labor**

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p data-bbox="400 530 943 560"><a href="#">Disclosure 3-3 Management of material topics</a></p> <p data-bbox="400 573 820 602"><i>Additional sector recommendations</i></p> <ul data-bbox="443 607 1204 813" style="list-style-type: none"> <li>• For customer engagement and investee stewardship related to child labor, report:               <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.12.1
<b>Topic Standard disclosures</b>		
<b>GRI 408: Child Labor 2016</b>	<p data-bbox="400 913 1150 974"><a href="#">Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor</a></p>	XX.12.2

963 **References and resources**

964 [GRI 408: Child Labor 2016](#) lists authoritative intergovernmental instruments relevant to reporting on  
 965 this topic.

966 The additional authoritative instruments and references used in developing this topic, as well as  
 967 resources that may be helpful for reporting on child labor by the banking sector, are listed in the  
 968 [Bibliography](#).

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

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

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

979 Organizations in the banking sector are significant employers and play an important role in shaping  
980 labor practices that enable or prevent freedom of association and collective bargaining. This can  
981 include outsourcing or offshoring certain job functions to locations with weaker labor protections. The  
982 rise of casualization, marked by casual work and contract labor that lack social protection and  
983 employment security, can also have impacts on freedom of association and collective bargaining (see  
984 [topics XX.15 Employment](#) and [XX.17 Significant changes for workers](#)) [150]. Organizations can  
985 establish clear policies and procedures regarding freedom of association and collective bargaining to  
986 uphold worker rights. These measures ensure that workers can form and join trade unions and  
987 engage in collective bargaining without fear of reprisal.

988 Organizations may be involved with impacts related to freedom of association and collective  
989 bargaining by lending to or investing in organizations that violate workers' rights, such as those that  
990 obstruct union activity [150]. Additionally, they may procure products or services from suppliers that  
991 are involved with impacts related to freedom of association and collective bargaining. Particular  
992 attention may be needed when dealing with business relationships in sectors and geographic  
993 locations where there are heightened risks of violations of freedom of association and collective  
994 bargaining [151].

995 Organizations are expected to conduct human rights due diligence to address negative impacts  
996 related to freedom of association and collective bargaining. This includes identifying those negative  
997 impacts across their activities and business relationships, assessing the nature of those impacts, and  
998 determining organizations' involvement with them. Based on this assessment, actions should be  
999 taken to address the negative impacts [149].

1000 When organizations are involved with negative impacts related to freedom of association and  
1001 collective bargaining as a result of their business relationships, they are expected to use their  
1002 leverage to encourage their business relationships to address those impacts. This can involve  
1003 engaging with customers, investees, or suppliers, and playing a role in providing for or cooperating in  
1004 the remediation of those impacts [149]. To increase their leverage, organizations in the banking sector  
1005 can engage with other stakeholders that address impacts related to freedom of association and  
1006 collective bargaining, such as trade unions, global union federations, or sector-wide initiatives.



1007 **Reporting on freedom of association and collective bargaining**

1008 If the organization has determined freedom of association and collective bargaining to be a material  
 1009 topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the  
 1010 banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>For customer engagement and investee stewardship related to freedom of association and collective bargaining, report:               <ul style="list-style-type: none"> <li>agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.13.1
<b>Topic Standard disclosures</b>		
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	<p><a href="#">Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</a></p>	XX.13.2

1011 **References and resources**

1012 [GRI 407: Freedom of Association and Collective Bargaining 2016](#) lists authoritative intergovernmental  
 1013 instruments relevant to reporting on this topic.

1014 The additional authoritative instruments and references used in developing this topic, as well as  
 1015 resources that may be helpful for reporting on freedom of association and collective bargaining by the  
 1016 banking sector, are listed in the [Bibliography](#).

## 1017 **Topic [XX].[14] Occupational health and safety**

1018 **Healthy and safe work conditions are recognized as a human right and a fundamental right at**  
1019 **work. Occupational health and safety involves the prevention of physical and mental harm to**  
1020 **workers and the promotion of workers' health. This topic covers impacts related to workers'**  
1021 **health and safety.**

1022 Organizations in the banking sector may be involved with occupational health and safety impacts  
1023 through their activities or as a result of their business relationships in all sectors of the economy.

1024 Organizations in the banking sector can have negative impacts on the mental and physical health of  
1025 their workers due to excessive workloads, commercial pressures, and job insecurity, which can lead  
1026 to stress, burnout, and anxiety. Harassment and bullying at work can further exacerbate mental and  
1027 physical health issues and violate human rights. Inequality in earnings or opportunities and  
1028 discrimination can also lead to increased stress and the worsening of mental health conditions (see  
1029 [topic XX.10 Non-discrimination and equal opportunity](#)). They may be involved with negative health  
1030 and safety impacts when outsourcing services to organizations with weaker occupational health and  
1031 safety standards.

1032 Organizations in the banking sector dealing with substantial financial assets are frequent targets for  
1033 theft, including robberies and other criminal activities, which can have an impact on worker health and  
1034 safety. For example, security guards may face violence, which can put them in physical danger and  
1035 lead to psychological distress. Additionally, cybersecurity threats can increase stress and anxiety for  
1036 workers who manage incidents where vast amounts of customer data or assets are compromised.

1037 Addressing issues from long working hours and flexible work arrangements is crucial to worker well-  
1038 being and a healthy work-life balance, including for remote workers (see [topic XX.16 Remuneration](#)  
1039 [and working time](#)). Organizations can integrate mental health into their occupational health and safety  
1040 management systems to address psychosocial risks comprehensively. This integration involves  
1041 prioritizing collective actions, engaging workers to identify and manage impacts, and ensuring  
1042 compliance with legal frameworks. Manager training in mental health awareness and communication  
1043 and worker training in mental health literacy are also essential for a healthy workplace [153].

1044 An estimated 2.78 million workers die each year from a work-related injury or ill health, while an  
1045 additional 374 million workers suffer from non-fatal work-related incidents [154]. Organizations may  
1046 be involved with negative occupational health and safety impacts as a result of their business  
1047 relationships, such as lending to, investing in, or procuring products or services from other  
1048 organizations that fail to meet proper workplace safety standards. Special attention may be needed  
1049 when dealing with business relationships in sectors and geographic locations where there are  
1050 heightened work-related hazards. Specific sectors can have more significant occupational health and  
1051 safety impacts on workers due to a range of physical and long-term health risks. The most vulnerable  
1052 to occupational health and safety impacts include those in precarious employment, informal workers,  
1053 micro-, small, medium-enterprise (MSME) employees, and workers from marginalized groups, such  
1054 as migrant workers and racial minorities [155].

1055 Organizations are expected to conduct human rights due diligence to address negative occupational  
1056 health and safety impacts. This includes identifying negative occupational health and safety impacts  
1057 across their activities and business relationships, assessing the nature of these impacts, and  
1058 determining organizations' involvement with them. Based on this assessment, actions should be  
1059 taken to address the negative impacts [152].

1060 **Reporting on occupational health and safety**

1061 If the organization has determined occupational health and safety to be a material topic, this sub-  
 1062 section lists the disclosures identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• For customer engagement and investee stewardship related to occupational health and safety, report:               <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.14.1
<b>Topic Standard disclosures</b>		
<b>GRI 403: Occupational Health and Safety 2018</b>	<a href="#">Disclosure 403-1 Occupational health and safety management system</a>	XX.14.2
	<a href="#">Disclosure 403-2 Hazard identification, risk assessment, and incident investigation</a>	XX.14.3
	<a href="#">Disclosure 403-3 Occupational health services</a>	XX.14.4
	<a href="#">Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety</a>	XX.14.5
	<a href="#">Disclosure 403-5 Worker training on occupational health and safety</a>	XX.14.6
	<a href="#">Disclosure 403-6 Promotion of worker health</a>	XX.14.7
	<a href="#">Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</a>	XX.14.8
	<a href="#">Disclosure 403-8 Workers covered by an occupational health and safety management system</a>	XX.14.9
	<a href="#">Disclosure 403-9 Work-related injuries</a>	XX.14.10
	<a href="#">Disclosure 403-10 Work-related ill health</a>	XX.14.11

1063 **References and resources**

1064 [GRI 403: Occupational Health and Safety 2018](#) lists authoritative intergovernmental instruments and  
 1065 additional references relevant to reporting on this topic.

1066 The additional authoritative instruments and references used in developing this topic, as well as  
1067 resources that may be helpful for reporting on occupational health and safety by the banking sector,  
1068 are listed in the [Bibliography](#).

Exposure draft for public comment

## 1069 **Topic [XX].[15] Employment**

1070 **Employment refers to the various policies and practices that affect the relationship between an**  
1071 **organization and its workers. Employment-related policies and practices include recruitment,**  
1072 **termination, performance management, and privacy of workers. This topic covers impacts**  
1073 **related to employment practices.**

1074 Organizations in the banking sector may be involved with impacts related to employment through their  
1075 activities or as a result of their business relationships in all sectors of the economy.

1076 Organizations in the banking sector are significant employers and facilitate employment in other  
1077 sectors through access to financial services and capital (see [topic XX.18 Economic impacts](#)) [157]. As  
1078 employers, the practices and policies of organizations in the banking sector have impacts on workers,  
1079 including through employment arrangements, recruitment and termination policies, and performance  
1080 management systems. Impacts related to employment practices are not limited to employees but also  
1081 extend to workers who are not employees, such as agency workers, apprentices, and workers of  
1082 suppliers to whom services are outsourced. By outsourcing activities, organizations can reduce labor  
1083 costs or bypass collective agreements (see [topic XX.13 Freedom of association and collective](#)  
1084 [bargaining](#)) that are in place for employees, potentially increasing disparities between employees and  
1085 workers who are not employees.

1086 Worker data is vital in contractual obligations, personnel administration, and human resources  
1087 functions. Organizations may monitor workers to track work hours, optimize processes, and evaluate  
1088 performance. When monitoring of workers is poorly managed, fails to adhere to applicable laws, or  
1089 when workers are not informed about monitoring activities, it can encroach upon a worker's privacy.  
1090 By implementing strong cybersecurity measures and adhering to data protection regulations,  
1091 organizations uphold their commitment to protect worker privacy [158].

1092 Organizations may be involved with negative impacts related to employment by lending to or investing  
1093 in organizations with inadequate policies and practices, such as precarious employment contracts or  
1094 insufficient safeguards for protecting workers' personal data. Conversely, organizations in the sector  
1095 can contribute to positive impacts by lending to or investing in organizations with high-quality  
1096 employment practices. Organizations should use their leverage to encourage responsible  
1097 employment practices across their business relationships, such as customer engagement and  
1098 investee stewardship [159].

1099 **Reporting on employment**

1100 If the organization has determined employment to be a material topic, this sub-section lists the  
 1101 disclosures identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• For customer engagement and investee stewardship related to employment, report:               <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.15.1
<b>Topic Standard disclosures</b>		
<b>GRI EMPL: Employment (Exposure draft)</b>	<a href="#">Disclosure EMPL 1 Employment arrangements</a>	XX.15.2
	<a href="#">Disclosure EMPL 2 Apprenticeship and internship</a>	XX.15.3
	<a href="#">Disclosure EMPL 3 Recruitment policies</a>	XX.15.4
	<a href="#">Disclosure EMPL 4 Performance management systems</a>	XX.15.5
	<a href="#">Disclosure EMPL 5 Personal data protection and privacy policies</a>	XX.15.6
	<a href="#">Disclosure EMPL 6 Termination policies</a>	XX.15.7
	<a href="#">Disclosure EMPL 7 New hires and turnover</a>	XX.15.8
	<a href="#">Disclosure EMPL 8 Incidents related to recruitment</a>	XX.15.9
	<a href="#">Disclosure EMPL 9 Performance reviews</a>	XX.15.10
	<a href="#">Disclosure EMPL 10 Incidents related to personal data protection and privacy</a>	XX.15.11

1102 **References and resources**

1103 [GRI EMPL: Employment \(exposure draft\)](#) lists authoritative intergovernmental instruments and  
 1104 additional references relevant to reporting on this topic.

1105 The additional authoritative instruments and references used in developing this topic, as well as  
 1106 resources that may be helpful for reporting on employment by the banking sector, are listed in the  
 1107 [Bibliography](#).

## 1108 **Topic [XX].[16] Remuneration and working time**

1109 **Remuneration comprises the basic salary and additional amounts paid to a worker, which**  
1110 **should ensure gender equality and non-discrimination. Working time refers to the period when**  
1111 **workers are at the disposal of the organization during a specified timeframe and does not**  
1112 **reflect the intensity or efficiency of time spent on work. This topic covers an organization's**  
1113 **approach to remuneration and working time, including social protection.**

1114 Organizations in the banking sector may be involved with impacts related to remuneration and  
1115 working time through their activities or as a result of their business relationships in all sectors of the  
1116 economy. Impacts related to remuneration and working time are not limited to employees and extend  
1117 to workers who are not employees, such as agency workers, apprentices, and workers of suppliers to  
1118 whom services are outsourced.

1119 Organizations in the banking sector can have unequal remuneration practices, characterized by  
1120 disproportionately high salaries, bonuses, and incentive schemes for certain positions. Such  
1121 remuneration practices can encourage excessive risk-taking, particularly when bonuses are tied to  
1122 short-term results without adequate consideration for long-term stability. The remuneration disparity  
1123 between senior executives and other workers also raises concerns about income inequality.  
1124 Organizations can improve equality by adopting policies that ensure balanced remuneration and  
1125 promote a more equitable pay framework across different worker levels.

1126 Remuneration practices can also be unequal based on gender. Globally, men employed in financial  
1127 services earn, on average, 22% higher incomes than women with the same profiles. The gender pay  
1128 gap is notably higher among senior executives in the financial services sector than in other sectors  
1129 [162] (see [topic XX.10 Non-discrimination and equal opportunity](#)).

1130 Long working hours are common in the banking sector. With the advent of digitalization and post-  
1131 Covid adaptations, telework has seen a significant uptake in the sector. While telework can have  
1132 positive impacts on work-life balance, the transition to telework may exacerbate issues related to  
1133 extended working hours, contributing to psychosocial impacts and stress [163]. These factors  
1134 emphasize the importance for organizations to prioritize worker well-being, including addressing the  
1135 issue of working hours, promoting leave and rest hours, and fostering a healthy work-life balance.

1136 In addition to addressing remuneration and working time practices, organizations in the banking  
1137 sector can enhance workers' overall well-being by implementing comprehensive social protection  
1138 measures, such as unemployment and retirement benefits. Banking organizations may also be  
1139 involved with impacts related to remuneration and working time through their business relationships,  
1140 for example, by lending to, investing in, or procuring products or services from organizations with  
1141 inadequate policies and practices, such as excessive working hours. Organizations can use their  
1142 leverage to encourage responsible practices and policies related to remuneration and working time,  
1143 such as customer engagement and investee stewardship, across their business relationships [164].



1144 **Reporting on remuneration and working time**

1145 If the organization has determined remuneration and working time to be a material topic, this sub-  
 1146 section lists the disclosures identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>For customer engagement and investee stewardship related to remuneration and working time, report:                             <ul style="list-style-type: none"> <li>agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.16.1
<b>Topic Standard disclosures</b>		
<b>GRI REWO: Remuneration and working Time (Exposure draft)</b>	<a href="#">Disclosure REWO 1 Policies to determine remuneration</a>	XX.16.2
	<a href="#">Disclosure REWO 2 Policies to determine working time</a>	XX.16.3
	<a href="#">Disclosure REWO 3 Transparency of remuneration and working time</a>	XX.16.4
	<a href="#">Disclosure REWO 4 Remuneration of workers</a>	XX.16.5
	<a href="#">Disclosure REWO 5 Basic gender pay gap</a>	XX.16.6
	<a href="#">Disclosure REWO 6 Social protection coverage</a>	XX.16.7
	<a href="#">Disclosure REWO 7 Monitoring working time</a>	XX.16.8

1147 **References and resources**

1148 [GRI REWO: Remuneration and Working Time \(exposure draft\)](#) lists authoritative intergovernmental  
 1149 instruments and additional references relevant to reporting on this topic.

1150 The additional authoritative instruments and references used in developing this topic, as well as  
 1151 resources that may be helpful for reporting on remuneration and working time by the banking sector,  
 1152 are listed in the [Bibliography](#).

## 1153 **Topic [XX].[17] Significant changes for workers**

1154 **A significant change is an alteration to the organization's pattern of operations that can have**  
1155 **significant impacts on workers performing the organization's activities, including mergers,**  
1156 **outsourcing operations, and restructuring. This topic covers an organization's impacts related**  
1157 **to significant changes for workers.**

1158 Organizations in the banking sector may be involved with impacts related to significant changes for  
1159 workers through their activities or as a result of their business relationships in all sectors of the  
1160 economy.

1161 Transformations for organizations in the banking sector, such as automation, the deployment of new  
1162 technologies, including generative artificial intelligence (AI), increasing industry concentration, and  
1163 globalization, can result in job displacement and income insecurity [166]. Redeployment and up- and  
1164 re-skilling of workers are pivotal strategies that organizations can implement to support workers.

1165 Digitalization in financial services has also decentralized labor in the sector [166]. Outsourcing  
1166 activities could allow organizations in the banking sector to reduce labor costs or bypass collective  
1167 agreements that are in place for employees, potentially increasing disparities between employees and  
1168 workers who are not employees (see [topic XX.15 Employment](#) and [topic XX.13 Freedom of](#)  
1169 [association and collective bargaining](#)).

1170 Mergers, acquisitions, and restructuring can have impacts on workers, including job insecurity, higher  
1171 job stress and workload, and increased forms of disguised employment. These changes can also lead  
1172 to mass terminations, which require compliance with consultation and notice period regulations.  
1173 Organizations can mitigate these impacts by prioritizing transparent communication, providing early  
1174 notice of operational changes, engaging with trade unions or worker representatives, and providing  
1175 support through resources and open social dialogue [167].

1176 Organizations may also be involved with impacts related to significant changes for workers through  
1177 their business relationships, for example, through investment banking services that facilitate mergers  
1178 and acquisitions. These activities can have impacts on workers, including job security. Organizations  
1179 can use their leverage to encourage responsible practices and policies across their business  
1180 relationships, such as customer engagement and investee stewardship [164].

1181 **Reporting on significant changes for workers**

1182 If the organization has determined significant changes for workers to be a material topic, this sub-  
 1183 section lists the disclosures identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<a href="#">Disclosure 3-3 Management of material topics</a> <i>Additional sector recommendations</i> <ul style="list-style-type: none"> <li>• For customer engagement and investee stewardship related to significant changes for workers, report:               <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.17.1
<b>Topic Standard disclosures</b>		
<b>GRI SICH: Significant Changes for Workers (Exposure draft)</b>	<a href="#">Disclosure SICH 1 Management of significant changes for workers</a>	XX.17.2
	<a href="#">Disclosure SICH 2 Minimum consultation and notice periods</a>	XX.17.3
	<a href="#">Disclosure SICH 3 Redeployment and training</a>	XX.17.4

1184 **References and resources**

1185 [GRI SICH: Significant Changes for Workers \(exposure draft\)](#) lists authoritative intergovernmental  
 1186 instruments and additional references relevant to reporting on this topic.

1187 The additional authoritative instruments and references used in developing this topic, as well as  
 1188 resources that may be helpful for reporting on significant changes for workers by the banking sector,  
 1189 are listed in the [Bibliography](#).

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## Topic [XX].[18] Economic impacts

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**An organization's economic impact refers 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.**

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Organizations in the banking sector may be involved with economic impacts via their own activities or as a result of their business relationships in all sectors of the economy.

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Through the development and distribution of products and services organizations in the banking sector promote the expansion of new and existing businesses, which can enhance the economic productivity of other sectors and lead to the creation of new jobs. Through the facilitation of international remittances from individuals in one country to another, organizations enable a significant source of income for developing economies. With the emergence of sustainable finance products, the banking sector can dedicate capital to organizations and projects with socio-economic impacts, such as reducing poverty, promoting education, and supporting inclusive economic development for project beneficiaries.

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There are also negative impacts associated with economic development [168]. Business expansion may see jobs replaced through investments in automation. Newly created jobs may not provide decent employment or adequate remuneration, as documented in solar and electric vehicle supply chains [169], which can lead to economic or social instability. Regional economies dependent on the fossil fuel sector may experience other negative economic impacts when capital is redirected to renewable energies [170].

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Organizations in the banking sector can support sustainable economic development through strategies and policies that ensure their products and distribution take into consideration potential negative economic impacts. Policies that prioritize short-term financial goals and encourage high-risk practices can lead to negative impacts that cascade through economies [171]. For example, certain practices in commodities trading, such as the increased use of indexes, could be linked to more volatile and higher food prices [172]. 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 banking and investment](#) in this Standard). Approaches such as stakeholder governance, which value various stakeholders' perspectives, also help organizations to be more aware of the trade-offs associated with their actions [173].

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Organizations in the banking sector can have large, sometimes cross-border, operations that spur positive economic impacts through revenue and operating costs, distributed as worker salaries and tax payments to governments. Organizations can have additional 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 banking 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.

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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](#)).

1232 **Reporting on economic impacts**

1233 If the organization has determined economic impacts to be a material topic, this sub-section lists the  
 1234 disclosures identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p data-bbox="467 539 1018 573"><a href="#">Disclosure 3-3 Management of material topics</a></p> <p data-bbox="467 589 895 618"><i>Additional sector recommendations</i></p> <ul data-bbox="517 622 1193 1019" style="list-style-type: none"> <li data-bbox="517 622 1193 741">• Describe how the organization’s policies and commitments promote sustainable economic development through the development and distribution of its:               <ul data-bbox="612 745 935 801" style="list-style-type: none"> <li data-bbox="612 745 935 775">- products and services;</li> <li data-bbox="612 779 935 801">- investments.</li> </ul> </li> <li data-bbox="517 808 1193 1019">• For customer engagement and investee stewardship related to economic impacts, report:               <ul data-bbox="612 869 1193 1019" style="list-style-type: none"> <li data-bbox="612 869 1193 958">- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li data-bbox="612 963 1193 1019">- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.18.1
<b>Topic Standard disclosures</b>		
<b>GRI 201: Economic Performance 2016</b>	<p data-bbox="467 1111 1126 1173"><a href="#">Disclosure 201-1 Direct economic value generated and distributed</a></p>	XX.18.2
	<p data-bbox="467 1223 1177 1285"><a href="#">Disclosure 201-3 Defined benefit plan obligations and other retirement plans</a></p> <p data-bbox="467 1301 895 1330"><i>Additional sector recommendations</i></p> <ul data-bbox="517 1335 1161 1429" style="list-style-type: none"> <li data-bbox="517 1335 1161 1429">• Report whether the organization has a fund or strategy in place to pay its pension liabilities in the event of a financial or operational crisis.</li> </ul>	XX.18.3
	<p data-bbox="467 1447 1094 1509"><a href="#">Disclosure 201-4 Financial assistance received from government</a></p> <p data-bbox="467 1525 895 1554"><i>Additional sector recommendations</i></p> <ul data-bbox="517 1559 1110 1653" style="list-style-type: none"> <li data-bbox="517 1559 1110 1653">• Report by country the total monetary value of:               <ul data-bbox="612 1592 908 1653" style="list-style-type: none"> <li data-bbox="612 1592 908 1621">- government guarantees;</li> <li data-bbox="612 1626 908 1653">- government bailouts.</li> </ul> </li> </ul>	XX.18.4

1235 **References and resources**

1236 [GRI 201: Economic Performance 2016](#) lists authoritative intergovernmental instruments and  
 1237 additional references relevant to reporting on this topic.

1238 The additional authoritative instruments and references used in developing this topic, as well as  
 1239 resources that may be helpful for reporting on economic impacts by the banking sector, are listed in  
 1240 the [Bibliography](#).

## 1241 **Topic [XX].[19] Prevention of corruption and** 1242 **financial crime**

1243 **Anti-corruption refers to how an organization manages the potential of being involved with**  
1244 **corruption. Corruption is practices such as bribery, facilitation payments, fraud, extortion,**  
1245 **collusion, money laundering, or the offer or receipt of an inducement to do something**  
1246 **dishonest or illegal. Closely related to corruption, financial crime includes various forms of**  
1247 **theft and misuse for economic gain. This topic covers the impacts of corruption and financial**  
1248 **crime.**

1249 Losses from corruption are estimated to be worth over 5% of the annual global GDP, redirecting funds  
1250 from essential public services such as education and healthcare [179]. Organizations in the banking  
1251 sector may be involved with impacts related to corruption and financial crime through their activities or  
1252 as a result of their business relationships in all sectors of the economy.

1253 Organizations can become involved in corruption and financial crime through connections to the  
1254 broader financial system and criminal activities targeting their customers [180]. This can occur when  
1255 workers engage in illicit activities, such as market manipulation or exerting undue influence to attract  
1256 customers and secure business[179]. Organizations facilitating financial transactions involving the  
1257 public sector, such as public contracting and spending, may also be implicated in corrupt practices  
1258 [181].

1259 The sector may be involved with corruption and financial crime through the wrongful use of its  
1260 products and services, such as money laundering [182]. Bank accounts can be used to access the  
1261 laundered proceeds of various criminal activities [183] and finance other illegal activities, such as  
1262 human trafficking and terrorism [184]. Organizations can avoid negative impacts by being transparent  
1263 about beneficial owners of assets or funds, conducting due diligence and risk assessment on  
1264 prospective customers [185], promptly reporting any suspicious transactions, and complying with  
1265 regulations and stakeholder initiatives to combat money laundering. Anti-money-laundering policies  
1266 generally recommend a risk-based approach to compliance procedures, focusing efforts on high-risk  
1267 criteria and avoiding unnecessary compliance burdens on customers. Where certain groups cannot  
1268 feasibly fulfill onerous compliance requirements, their access to banking may be compromised (see  
1269 [topic XX.5 Financial health and inclusion](#)).

1270 Criminals can target banking systems and customers' deposits or data to execute unauthorized  
1271 payments through fraudulent means, such as email and credit card scams, phishing, and malware  
1272 attacks [186] (see [topic XX.6 Customer privacy and data security](#)). Banking organizations can  
1273 implement security systems to protect assets from financial crime, which is increasingly important as  
1274 cybercrime grows alongside the sector's digitalization [178], [186].

1275 Organizations can identify corruption and criminal activity by adopting suitable policies and  
1276 procedures, incorporating the three lines of defense—management controls, risk and compliance  
1277 oversight, and independent audit assurance [184]. These measures can consider where they do  
1278 business, their customer base, products, and services, and how they obtain and retain business,  
1279 including their engagement with third parties. Regulations targeting financial crimes may require  
1280 further mitigation measures, including enhanced due diligence for politically exposed persons [185].

1281 Furthermore, the sector can address the negative impacts of corruption by participating in initiatives  
1282 on anti-bribery and corruption [180]. Through customer engagement and investee stewardship,  
1283 organizations can encourage existing or prospective customers and investees to have robust anti-  
1284 corruption policies and practices [187].

1285 **Reporting on prevention of corruption and financial crime**

1286 If the organization has determined prevention of corruption and financial crime to be a material topic,  
 1287 this sub-section lists the disclosures identified as relevant for reporting on the topic by the banking  
 1288 sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a>  <i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Describe how the organization incorporates lines of defence in its the prevention, identification, and internal reporting of corruption and financial crime, including:                             <ul style="list-style-type: none"> <li>- operational level procedures and functions, related to record keeping, approval procedures and reporting structures;</li> <li>- specialized risk management and regulatory compliance procedures and functions, including how compliance standards are established for the organization;</li> <li>- internal and external auditing procedures and functions;</li> <li>- any best practice or industry guidelines the organization subscribes to.</li> </ul> </li> <li>• For customer engagement and investee stewardship related to prevention of corruption and financial crime, report:                             <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.19.1
<b>Topic Standard disclosures</b>		
<b>GRI 205: Anti-corruption 2016</b>	<p><a href="#">Disclosure 205-1 Operations assessed for risks related to corruption</a>  <i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Report operations assessed for risks related to financial crime.</li> </ul>	XX.19.2
<b>GRI 205: Anti-corruption 2016</b>	<p><a href="#">Disclosure 205-2 Communication and training about anti-corruption policies and procedures</a>  <i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• Report communication and training about policies and procedures on the prevention of financial crime.</li> </ul>	XX.19.3
<b>GRI 205: Anti-corruption 2016</b>	<p><a href="#">Disclosure 205-3 Confirmed incidents of corruption and actions taken</a>  <i>Additional sector recommendations</i></p>	XX.19.4



	<ul style="list-style-type: none"> <li>• Report the total number and nature of incidents related to financial crime, including: <ul style="list-style-type: none"> <li>- suspicious incidents identified;</li> <li>- investigated incidents;</li> <li>- confirmed incidents.</li> </ul> </li> </ul>	
<b>Additional sector disclosures</b>		
Report the total monetary value of customer funds lost to financial crime.		XX.19.5

1289 **References and resources**

1290 [GRI 205: Anti-corruption 2016](#) lists authoritative intergovernmental instruments and additional  
1291 references relevant to reporting on this topic.

1292 The additional authoritative instruments and references used in developing this topic, as well as  
1293 resources that may be helpful for reporting on the prevention of corruption and financial crime by the  
1294 banking sector, are listed in the [Bibliography](#).

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1295

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

1296 **Anti-competitive behavior refers to actions by an organization that can result in collusion with**  
1297 **potential competitors, abuse of dominant market position, or exclusion of potential**  
1298 **competitors, thereby limiting the effects of market competition. This can include fixing prices**  
1299 **or coordinating bids, creating market or output restrictions, imposing geographic quotas, and**  
1300 **allocating customers, suppliers, geographic areas, or product lines. This topic covers impacts**  
1301 **as a result of anti-competitive behavior.**

1302 Fair, efficient, and competitive markets provide customers with a greater choice of quality financial  
1303 products and services while maintaining a higher quality of service and more competitive pricing  
1304 [188]. Competition is a fundamental principle for financial customer protection [188]. Organizations in  
1305 the banking sector may be involved with impacts related to anti-competitive behavior mainly through  
1306 their activities.

1307 Banking organizations can be involved in anti-competitive behavior through various means, including  
1308 collusion and price fixing [189], [190]. This type of behavior can result in negative impacts, eroding  
1309 trust and confidence in the financial system and potentially resulting in legal action against  
1310 organizations. Anti-competitive practices increase potential negative impacts related to further  
1311 misconduct relating to customer treatment, including extra fees, unjustifiable covenants, or unethical  
1312 selling practices. Conversely, there are legitimate forms of competitor collaboration in the sector, such  
1313 as sharing credit records. Through lobbying efforts, organizations can also influence regulation to  
1314 increase barriers to entry, further limiting competition (see [topic XX.22 Public policy](#)).

1315 Additionally, market concentration can harm competition as mergers and acquisitions lead to fewer  
1316 banks overall. Less competition, especially in local communities and remote areas, can have negative  
1317 impacts on customer protection and the financial health and inclusion of traditionally vulnerable  
1318 groups, such as people in low-income and rural areas (see [topic XX.5 Financial health and inclusion](#))  
1319 [191].

1320 Organizations can implement policies, procedures, and functions to prevent, detect, and report anti-  
1321 trust and monopoly practices, which may be similar to those implemented for corruption and financial  
1322 crime (see [topic XX.X Prevention of corruption and financial crime](#)). Robust global policies on anti-  
1323 trust and monopoly practices can ensure consistent application across activities and subsidiaries.  
1324 Additionally, specialized training for workers on anti-competitive behavior and clear guidelines about  
1325 collaboration and information exchanges can ensure that business units are aware of and comply with  
1326 relevant regulations. Organizations may also change governance bodies, oversight processes, and  
1327 internal staffing structures to address anti-competitive behavior.

1328 **Reporting on anti-competitive behavior**

1329 If the organization has determined anti-competitive behavior to be a material topic, this sub-section  
 1330 lists the disclosures identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p data-bbox="464 528 1011 557"><a href="#">Disclosure 3-3 Management of material topics</a></p> <p data-bbox="464 573 884 602"><i>Additional sector recommendations</i></p> <ul data-bbox="512 607 1206 817" style="list-style-type: none"> <li>• For customer engagement and investee stewardship related to anti-competitive behavior, report:               <ul data-bbox="608 667 1206 817" style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.20.1
<b>Topic Standard disclosures</b>		
<b>GRI 206: Anti-competitive Behavior 2016</b>	<p data-bbox="464 902 1182 960"><a href="#">Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</a></p> <p data-bbox="464 976 884 1005"><i>Additional sector recommendations</i></p> <ul data-bbox="512 1010 1206 1317" style="list-style-type: none"> <li>• Describe the claims of the legal actions reported.</li> <li>• Describe the corrective measures taken in response to the legal actions for anti-competitive behavior, including:               <ul data-bbox="608 1133 1206 1317" style="list-style-type: none"> <li>- changes to governance bodies and oversight processes;</li> <li>- restructuring within management, business units, or teams;</li> <li>- training for members of governance bodies, management, and workers.</li> </ul> </li> </ul>	XX.20.2

1331 **References and resources**

1332 [GRI 206: Anti-competitive Behavior 2016](#) lists authoritative intergovernmental instruments relevant to  
 1333 reporting on this topic.

1334 The additional authoritative instruments and references used in developing this topic, as well as  
 1335 resources that may be helpful for reporting on anti-competitive behavior by the banking sector, are  
 1336 listed in the [Bibliography](#).

1337

## Topic [XX].[21] Tax

1338 **Organizations must adhere to tax legislation and align with stakeholder expectations on sound**  
1339 **tax practices. Aggressive tax strategies can deprive governments of revenue for implementing**  
1340 **public policy and investing in public services, undermining tax compliance more broadly. Tax**  
1341 **transparency promotes trust and credibility in an organization's tax practices and the tax**  
1342 **system. This topic covers the impacts of an organization's tax practices and the transparency**  
1343 **in implementing them.**

1344 Tax revenue plays a crucial role in financing public goods and services, supporting social protection  
1345 systems, and facilitating investments in public infrastructure [192]. In 2023, corporate profits estimated  
1346 at USD 1 trillion were redirected to tax havens worldwide, with 25% of global offshore financial wealth  
1347 remaining untaxed [193]. Organizations in the banking sector may be involved with tax-related  
1348 impacts through their activities or as a result of their business relationships in all sectors of the  
1349 economy.

1350 As intermediaries in the global economy, banking organizations can unknowingly or knowingly  
1351 facilitate tax avoidance and evasion strategies for their customers. The use of tax havens and other  
1352 tax structures may be for legitimate or illegal purposes, such as laundering proceeds from illicit  
1353 activities (see [topic XX.19 Prevention of corruption and financial crime](#)). Some of these practices may  
1354 comply with tax laws and international treaties but can significantly reduce government revenues,  
1355 particularly in low- and middle-income countries.

1356 Organizations in the banking sector can decrease tax burdens by utilizing certain strategies, such as  
1357 establishing subsidiaries in tax havens which they can offer as customer service and use for their own  
1358 benefit. Banks can also capitalize on the advantageous rates in low-tax jurisdictions through profit-  
1359 shifting strategies and use internal interest payments to transfer their profits [194], [195].

1360 Organizations can manage their tax impacts via customers and investees through sound internal  
1361 policies and processes, including appropriate customer due diligence, transaction monitoring, and  
1362 investee stewardship. This can avoid negative impacts, such as concealing account owners' identities  
1363 from tax authorities, violating international sanctions, and structuring transactions to exploit  
1364 mismatches between jurisdictions to avoid payments [196]. Additionally, banks play a role in  
1365 discouraging tax avoidance and evasion amongst their customers and investees.

1366 As taxpayers, banking organizations are responsible for their own tax liabilities. Therefore, they must  
1367 adhere to tax legislation to fulfill their obligations to stakeholders and meet sound tax practice  
1368 standards. As part of their tax practices and role as financial intermediaries, the sector is expected to  
1369 uphold transparency and foster collaborative communication with tax authorities. This approach aims  
1370 to enhance compliance and contribute to an improved tax system [197].

1371

1372 **Reporting on tax**

1373 If the organization has determined tax to be a material topic, this sub-section lists the disclosures  
 1374 identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>For customer engagement and investee stewardship related to tax, report:               <ul style="list-style-type: none"> <li>agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.21.1
<b>Topic Standard disclosures</b>		
<b>GRI 207: Tax 2019</b>	<a href="#">Disclosure 207-1 Approach to tax</a>	XX.21.2
	<p><a href="#">Disclosure 207-2 Tax governance, control, and risk management</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>Describe how the organization's tax governance and control framework addresses the tax practices of its customers and investees.</li> </ul>	XX.21.3
	<a href="#">Disclosure 207-3 Stakeholder engagement and management of concerns related to tax</a>	XX.21.4
	<a href="#">Disclosure 207-4 Country-by-country reporting</a>	XX.21.5

1375 **References and resources**

1376 [GRI 207: Tax 2019](#) lists authoritative intergovernmental instruments and additional references  
 1377 relevant to reporting on this topic.

1378 The additional authoritative instruments and references used in developing this topic, as well as  
 1379 resources that may be helpful for reporting on tax by the banking sector, are listed in the [Bibliography](#).

1380

## Topic [XX].[22] Public policy

1381 **An organization can participate in public policy development, directly or through an**  
1382 **intermediary organization, by means of lobbying or making financial or in-kind contributions**  
1383 **to political parties, politicians, or causes. While an organization can encourage the**  
1384 **development of public policy that benefits society, participation can also be associated with**  
1385 **corruption, bribery, undue influence, or an imbalanced representation of the organization's**  
1386 **interests. This topic covers an organization's approach to public policy advocacy and the**  
1387 **impacts that can result from the influence an organization exerts.**

1388

1389 Organizations can exert influence directly through financial support to political parties, election  
1390 campaigns, research initiatives, and think tanks [198] or indirectly through industry alliances and  
1391 affiliated associations. Revolving door practices can cause other negative public policy impacts when  
1392 organizations hire individuals previously employed by financial regulators [199]. This influence can  
1393 significantly shape public policy on a wide range of topics, including environmental policy and  
1394 customer protection, potentially leading to regulations that favor a select few organizations. This can  
1395 result in higher barriers to entry for competitors and unfair prices for financial products [200] (see [topic](#)  
1396 [XX.20 Anti-competitive behavior](#)), with far-reaching impacts that undermine the financial stability of  
1397 the broader economy (see [topic XX.18 Economic impacts](#)).

1398 Enhancing consistency and accountability regarding lobbying efforts can mitigate negative public  
1399 policy impacts, such as reporting meetings with regulators [199] and political contributions. This  
1400 includes reporting conflicts between an organization's stated sustainability commitments and  
1401 opposing advocacy efforts [201] and avoiding 'astroturfing' tactics where a special interest group  
1402 backs false grassroots support for an issue. Transparency can also prevent conflicts of interest and  
1403 enable stakeholders to assess the influence organizations have on legislative decisions, policy-  
1404 making, and regulatory approvals.

1405 Organizations in the banking sector can further support public policy by engaging in debates that  
1406 positively shape sustainability frameworks across all sectors. This helps create additional momentum  
1407 for other sectors to fulfill environmental and human rights commitments while providing additional  
1408 certainty for allocating capital [201].

1409 **Reporting on public policy**

1410 If the organization has determined public policy to be a material topic, this sub-section lists the  
 1411 disclosures identified as relevant for reporting on the topic by the banking sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
<b>Management of the topic</b>		
<b>GRI 3: Material Topics 2021</b>	<p><a href="#">Disclosure 3-3 Management of material topics</a></p> <p><i>Additional sector recommendations</i></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Describe the policy on in-kind contributions for public officials or persons entrusted with special public service functions.</li> <li>• Describe the escalation policy for addressing misalignments between its representative associations or committees and its own public policy stance.</li> <li>• For customer engagement and investee stewardship related to public policy, report:               <ul style="list-style-type: none"> <li>- agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;</li> <li>- examples of outcomes of customer engagement and investee stewardship.</li> </ul> </li> </ul>	XX.22.1
<b>Topic Standard disclosures</b>		
<b>GRI 415: Public Policy 2016</b>	<a href="#">Disclosure 415-1 Political contributions</a>	XX.22.2
<b>Additional sector disclosures</b>		
	Report the resources allocated to public policy engagement, including monetary value and percentage of budgetary allocations.	XX.22.3

1412 **References and resources**

1413 [GRI 415: Public Policy 2016](#) lists authoritative intergovernmental instruments relevant to reporting on  
 1414 this topic.

1415 The additional authoritative instruments and references used in developing this topic, as well as  
 1416 resources that may be helpful for reporting on public policy by the banking sector, are listed in the  
 1417 [Bibliography](#).



1418

# Glossary

1419 This glossary provides definitions for terms used in this Standard. The organization is required to  
1420 apply these definitions when using the GRI Standards.

1421 The definitions included in this glossary may contain terms that are further defined in the complete  
1422 [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in  
1423 the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

1424

- 1425 • anti-competitive behavior
- 1426 • anti-trust and monopoly practice
- 1427 • basic salary
- 1428 • benefit
- 1429 • business partner
- 1430 • business relationships
- 1431 • child
- 1432 • collective bargaining
- 1433 • conflict of interest
- 1434 • corruption
- 1435 • direct (Scope 1) GHG emissions
- 1436 • discrimination
- 1437 • due diligence
- 1438 • effluent
- 1439 • employee
- 1440 • energy indirect (Scope 2) GHG emissions
- 1441 • forced or compulsory labor
- 1442 • freedom of association
- 1443 • governance body
- 1444 • greenhouse gas (GHG)
- 1445 • hazardous waste
- 1446 • human rights
- 1447 • impact
- 1448 • indigenous peoples
- 1449 • infrastructure
- 1450 • local community
- 1451 • marketing communication
- 1452 • material topic
- 1453 • mitigation
- 1454 • occupational health and safety management system
- 1455 • other indirect (Scope 3) GHG emissions
- 1456 • political contribution
- 1457 • product and service information and labeling
- 1458 • remedy / remediation
- 1459 • remuneration
- 1460 • reporting period
- 1461 • scope of GHG emissions
- 1462 • senior executive
- 1463 • severity
- 1464 • stakeholder
- 1465 • substantiated complaint
- 1466 • supplier
- 1466 • supply chain

- 1467 • sustainable development / sustainability
- 1468 • value chain
- 1469 • vulnerable group
- 1470 • waste
- 1471 • water consumption
- 1472 • water stress
- 1473 • water withdrawal
- 1474 • worker
- 1475 • worker representative
- 1476 • work-related hazard
- 1477 • work-related incident
- 1478 • work-related injury or ill health

Exposure draft for public comment

## 1479 Bibliography

1480 This section lists authoritative intergovernmental instruments and additional references used in  
1481 developing this Standard, as well as resources that the organization can consult.

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1494

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## 1530 **Disclosures on incorporating sustainability in banking and investment**

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