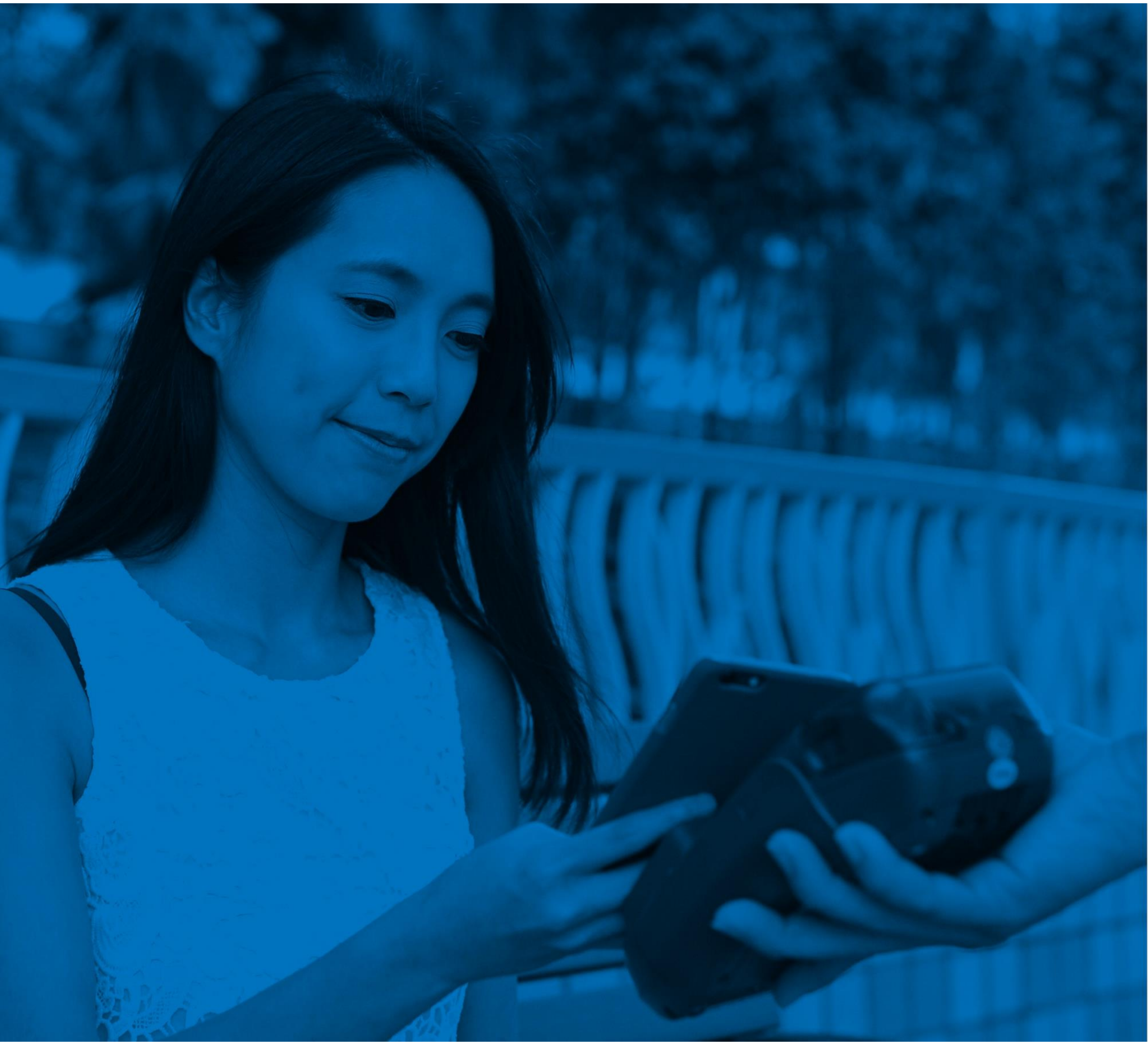


Financial System Benchmark Draft Methodology

Report for Public Consultation
June 2021

Contents

Executive summary

Economic activity has placed the world on an unsustainable path, environmentally and socially. Financial institutions, as a key enabler of the economy, have contributed to this path and have a central role to play in helping reverse this trend. This unsustainable trajectory is not only concerning for people and the planet, but it represents a risk for financial institutions themselves. And as the 2008 financial crisis and the COVID-19 pandemic have demonstrated, issues that may seem contained to products or regions, like sub-prime mortgages in the United States or a new virus outbreak in Wuhan, can quickly ripple through a globalised real economy and the entire financial system.

What is required is a transformation of the financial system so that financial institutions enable a sustainable allocation of resources, and a more accurate representation of risks and opportunities, in line with planetary boundaries and societal conventions (as these are globally defined, e.g. by the Paris Agreement, the UN Guiding Principles on Business and Human Rights). The Financial System Benchmark aims to assist that transformation by publicly evaluating and assessing the world's most influential financial institutions on their readiness to revert this unsustainable trajectory, and their actions in influencing economic activity towards an urgent alignment with planetary boundaries and societal conventions.

Following a year-long consultation, including the publication of the scoping report in January 2021 and the review and incorporation of existing sustainability standards and frameworks (see Appendix 1 for full list, and Sources section per indicator proposed), this draft methodology brings together the key topics and issues on which society expects financial institutions to take action. It describes the necessity for a financial system benchmark, presents the draft indicators along with the rationale for each issue, outlines proposed approaches to scoring and weighting of the measurement areas and sets out provisional timelines for data collection and publication. WBA methodologies and benchmarks serve as both roadmaps and accountability mechanisms for the private sector, highlighting where practice is lagging and, where possible, setting out the steps they can take to meet the needs and expectations of stakeholders.

The Financial System Benchmark will assess 400 financial institutions, focusing on asset owners, asset managers, banks and insurance companies. These 400 institutions are part of the 2,000 most influential companies globally (the SDG2000) that WBA will assess by 2023, across different sectors and industries. All 400 institutions will also be assessed on WBA's core social indicators. These baseline expectations – applied to all 2,000 keystone companies that WBA assesses – have been subjected to extensive consultation and feedback during 2020 and, as such, are not part of this consultation.

Once we have received and incorporated feedback, WBA will publish a finalised methodology for the Financial System Benchmark in December 2021. This will be used to assess the 400 financial institutions. The process, and how institutions in scope can be involved (beyond providing feedback on this draft methodology) is covered in 'The Benchmark development process'. The first benchmark results, including institutional scores, ranking and scoring guidelines, are expected to be published in late 2022.

About WBA and the seven systems transformations

Benchmarking for a better world

The World Benchmarking Alliance (WBA) is building a movement to increase the private sector's impact towards a sustainable future for all.

In 2015, the UN set out a supremely ambitious and transformational plan of action for people, planet and prosperity. The 17 Sustainable Development Goals (SDGs) demonstrate the scale and ambition of this agenda, stimulating action in areas of critical importance to humanity and the planet.

The private sector has a crucial role to play in advancing the SDGs and contributing to the systems transformations needed, but this requires real change in the way that the impact of business is measured to boost motivation and stimulate further action. Together with Allies from the public sector, industry, business, financial institutions, and civil society, WBA is developing transformative benchmarks to measure companies' progress against the global challenges we all face.

The benchmarks demonstrate to companies and their stakeholders where they stand compared to peers and where they can improve. This information provides business and stakeholders with a roadmap for the transformations ahead, showing how sectors can positively leverage their influence and where action is urgent. The benchmarks are informed by best available science and build on existing norms and standards, frameworks and initiatives.

They are free for everyone to use and are continually improved through open and inclusive multi-stakeholder dialogue. By virtue of being public, the benchmarks empower all stakeholders, from consumers and investors to employees and business leaders, with key data and insights to encourage sustainable business practices across all sectors.

Systems transformations

WBA has identified seven systems transformations that are needed to put our society and economy on a more sustainable path (Figure 1). The transformations offer a strategic framework to develop benchmarks and identify keystone companies that are vital to achieving the SDGs.

Figure 1: Seven Systems Transformations

WBA focuses on keystone companies with the greatest potential to positively or negatively impact the systems in which they operate. The SDG2000 (SDG2000) span public, private, and state-owned companies with $46 trillion in collective revenues. Companies are spread across 80 countries and employ 102 million people, with a quarter of the companies headquartered in developing, emerging or frontier markets.

Financial institutions have a dual role to play in this systems transformation framework. First, in terms of the need for them to undergo their own transformation. This is the focus of this draft benchmark methodology. Second, in terms of their direct influence on companies operating in the other six systems. To this end, in addition to our benchmark methodologies and results being public for all to use, WBA works with investors to engage companies using the insights provided by our benchmarks, including through cross-sector coalitions aimed at positively influencing corporate behaviour change.

Why a Financial System Benchmark

The financial system sits at the core of our economy. It serves as a facilitator and intermediary for encouraging, mobilising and allocating funds towards their most productive use and plays a critical role in mitigating risk. Financial institutions are all part of a system that enables economic growth and serves society. According to the conclusions of the United Nations Environment Programme Finance Initiative (UNEP FI) Inquiry into the Design of a Sustainable Financial System, the purpose of the financial system is to be a facilitator of economic activity "in ways which support an inclusive and sustainable real economy"[1].

But today, the financial system does not systematically operate in support of a sustainable real economy. Although some actors in the industry are starting to challenge this, the system has evolved to maximise financial value, confusing the means (financial activity) with the ends (society's needs)[2]. As a result, economic activity carries on unchecked, contributing to a number of negative impacts on people and planet, leading to systematic risks for the market and for financial institutions themselves.

Longstanding operating norms in the economic system are increasingly being challenged, as are the dominant financial institutions that have evolved with it. They are confronted with growing expectations – from a wide array of stakeholders, including employees, regulators, clients and scientists – to evolve further, and urgently, in order to systematically incorporate sustainability. Below, we outline some of the key challenges faced. Some of these as described are specific to capital markets, but these operating norms influence wider financial sector activities (both public and private, in developed and emerging markets), as well as the economy overall.

Operating norms acting as barriers to system transformation

Failure to price in negative externalities

The current economic system does not price in the negative impacts of products and services produced, despite their being borne by society and nature. Financial institutions do not systematically price in negative externalities, such as carbon emissions, failure to pay a living wage or the overfishing of our oceans.

Carbon is one of the few areas where global pricing schemes – such as fiscal policies and emissions trading systems – have been introduced in an effort to address these externalities. A few financial institutions have followed this practice and have attempted to factor in and report their positive and negative externalities in a more holistic way, but these are the exception, rather than the rule[3].

A focus on 'single' materiality

Financial institutions' materiality assessments typically focus on identifying nonfinancial factors, including sustainability factors (sometimes referred to as environmental, social and governance, or 'ESG'), that may influence a company or asset's financial value. Assessing these factors and making decisions accordingly are central to financial institutions' core function of managing risk and return.

A predominance of short-term decision making in financial markets has not helped this perspective of materiality. A 30-year trend among listed companies has seen a focus on short-term benefits for shareholders, rather than long-term interests of the company. Short-termism is also common in incentive structures within companies and financial institutions. This short-term approach is at odds with longer-term thinking that is at the core of sustainability.

What has been considered long term, and potentially less material by financial institutions, is increasingly becoming near term, however. The impact that a company has on the environment and society can rapidly shift and suddenly become financially material to the financial institution, as evidenced in the pandemic. This concept, gaining traction globally, is known as dynamic materiality[4].

Sustainability related systematic risks

Most significant financial institutions are exposed to a broad, diversified portfolio. As a result, the majority of risk and return is influenced by systematic risks to the market overall, rather than to a particular enterprise or asset.[5] Financial decision makers are increasingly grappling with not just how a sustainability factor affects a company, but – crucially – how that company affects the systematic risk that the accumulation of those unaddressed sustainability factors poses for the overall portfolio.

The following sustainability-related systematic risks are gaining traction worldwide:

- Estimates have placed the physical damage from **climate change** at somewhere between one-tenth and one-fifth of global GDP by the end of this century (valued at US$8-17 trillion)[6]. As noted by the CEOs of influential insurers and reinsurers, their business models might be viable in a world with 2-degree warming, but not if the planet warms by 4 degrees[7].
- We are in the midst of a sixth mass extinction, caused by human action. **Biodiversity loss**, driven by loss of habitat as a result of changes in land use and exacerbated by climate change, is of increasing concern to financiers[8]. More than half of global GDP depends on high-functioning biodiversity and ecosystem services.
- Rising **economic inequality**. Over 80% of US$379 trillion in financial assets managed globally by banks, asset managers and institutional investors are held in OECD countries[9]. Less than 4% of global wealth flows to lower and upper middle-income countries (excluding China), yet these comprise 50% of the world's countries. This inequality is not only between countries, but also within countries, with whole segments of societies being left behind. Further, only a small portion of wealth generated is channelled back into investment-oriented industries such as affordable housing, sustainable infrastructure and sustainable agriculture, which are key economic activities needed to achieve the UN Sustainable Development Goals (SDGs).

These issues are not just of concern for capital markets, but affect many areas of economic activity. Policymakers and regulators are closely scrutinising these interconnected challenges of negative externalities, an over-reliance on single materiality and growing sustainability related systematic risks (see Box 1).

Box 1: Public policy developments regarding corporate disclosure

Over the past year, we have witnessed an explosion in policy developments related to corporate sustainability, particularly in terms of disclosure standards and reporting regulations.

These developments have, in part, been motivated by scientific consensus and shifting societal expectations, and reflect the critical role regulation plays in raising the floor for corporate behaviour. Many of these regulatory changes are in consultation or development, and the wide-ranging implications for the financial industry, although significant, are not yet fully understood.

Broadly speaking, though, we are seeing the shift from voluntary to mandatory regimes at various regional and national levels. The EU has been leading the way on this agenda via the newly revised Corporate Sustainability Reporting Directive, but we are seeing encouraging signals elsewhere. In the United States, there are new proposed rules on climate disclosure from the Securities and Exchange Commission, whilst in Asia the Association of Southeast Asian Nations (ASEAN) has announced their support for an ASEAN Taxonomy of Sustainable Finance (ASEAN Taxonomy), with national taxonomies also in development in Singapore and Malaysia.

These efforts are important but also signal the need for global standards that can ensure alignment and consistency in regional approaches, particularly given the systemic nature of the sustainability challenges faced and which require a global response. Here, work is underway by the IFRS Foundation to accelerate convergence in global sustainability reporting standards focused on meeting investors' needs. The International Organization of Securities Commissions (IOSCO) has also called for the creation of a Sustainability Standards Board (SSB), under the governance of the IFRS Foundation, that would help to ensure international consistency of sustainability-related disclosures.

These mandatory regimes are likely to differ in focus, with the EU advocating a double materiality approach, while the IFRS Foundation advocates a narrower approach focused on disclosure for enterprise value creation. This means that, in addition to our tracking these developments closely to ensure the benchmark methodology and indicators remain complementary and additive, we see a continued need for a global benchmark that has in sight influential financial institutions' readiness for the sustainability transformation ahead. In other words, one that continues to raise the bar, in addition to the raising of the floor that mandatory disclosure rules enable. In addition, the enormous significance of these developments means that the active voice of the finance industry in influencing these changes merits scrutiny.

An industry echo chamber?

Overall, the financial industry is perceived as slow to grapple with the operating norms identified above that act as barriers to system transformation. Sustainability professionals place institutional investors near the bottom of the list when asked which sectors are demonstrating sustainability leadership.[10] In this section, we summarise several additional factors that may be hampering the urgent response required by the financial industry.

Self-definitions of sustainability

Over the past few years, there has been a significant move towards responsible investment. Sustainability measurement and management, including consideration of impact on people and planet, has advanced enormously. But few apply this thinking systematically, and it is often inconsistently defined and lacking in transparency. As of 2018, only US$30.7 trillion of assets under management (AUM) were targeting socially responsible investments[11]. Applying a narrower framework, the impact investment market is estimated at US$715 billion[12], less than 0.2% of the financial assets referenced earlier that are managed globally by banks, asset managers and institutional investors.

Even when financial institutions do report their impact on people and the planet, most disclosure is based on comparisons with past performance or the nearest suitable comparator, as is standard when it comes to financial benchmarking. This reflects a self-defined concept of sustainability, instead of a definition in line with what is sustainable according to planetary boundaries and societal conventions[13]. Nearly three-quarters of financial services firms are reporting connections to SDGs, but these focus only on positive effects[14].

Concentration of decision-making in the hands of the few

The financial industry is characterised by a high degree of consolidation. According to a further UNEP Inquiry, 165 of the world's leading asset managers hold more than 65% of the total assets under management[15]. Within these institutions, which are primarily based in North America, Europe and Asia, decision-making power sits overwhelmingly in the hands of white or Asian men. This picture is similar across asset owners, asset managers, insurance companies and banks.

This concentration of decision-making is problematic for a variety of reasons. Embedding diversity and inclusion practices brings diversity of thought, reducing the risk of group think. Research has shown that diversity (whether gender or ethnic) in decision-making bodies is linked to higher financial returns and lower risks[16]. Conversely, the lack of diversity can lead to biases in financing decisions and the design and availability of financial products and services, which may not be tailored to the current customer demographics[17]. Finally, limited diversity in decision-making raises issues in terms of the representation of the end users of the financial system by the decision-makers, and can challenge the license of the financial institutions to operate. These points are widely understood, and are why many financial institutions seek evidence of diversity of gender and ethnicity in the companies they finance.

A complex system that lacks transparency

Finally, the financial system is perceived as opaque and complicated. It comes with technical language and complex procedures and regulation. This makes it hard for many of those who use financial products and services day-to-day to understand how sustainability risks and impacts are assessed and accounted for, and to use this information to hold financial institutions accountable. Only the most engaged and persistent clients know how to navigate this complexity, often relying on the scrutiny of civil society organisations to understand these sustainability risks and – often unintended – impacts.

As societal expectations in relation to sustainability grow, this represents a significant opportunity for financial institutions to engage clients and demonstrate leadership on sustainability. The financial industry is one of few industries that includes institutions that are considered “too big to fail” and that have successively been bailed out by national governments when they do. It is also one of the least trusted of all industries by the general population, with one of the biggest disconnects between trust on the inside (e.g. by employees, where there is relatively high trust of the sector) and those on the outside (e.g. the general population)[18].

The Financial System Benchmark

Financial institutions are uniquely positioned to help bring economic activity onto a sustainable path, in line with planetary boundaries and societal conventions. The consolidation of capital in the hands of relatively few institutions globally means that these actors can have an outsize impact on the financial industry – and global economy.

This poses an immense responsibility and opportunity for these financial institutions to demonstrate leadership. Financial institutions can lead the transformation towards a financial system where risk is more accurately priced, sustainability is rewarded rather than viewed as a nice-to-have, and economic activity does not compromise the needs of future generations.

The benchmark aims to assist financial institutions in this journey by providing a roadmap, highlighting the key issues and topics that can be addressed in their operating practices in order to contribute to the wider financial system transformation needed. The intent is to incentivise action by publicly evaluating and ranking the world’s most influential asset owners, asset managers, banks and insurers, identifying the areas where progress and leadership is possible to influence financial system transformation.

Financial institutions will be able to use the publicly accessible methodology, assessment and rankings to assess their readiness to operate within planetary boundaries and societal conventions, and also to compare themselves to their peers and identify best practice.

The benchmark is also intended as an accountability mechanism. Given that many of these globally influential financial institutions are also clients of one another in various ways, the benchmark offers an opportunity for financial institutions to hold one another to account, with asset owners having a particularly powerful role to play. Beyond financial institutions, other users of the benchmark include policymakers, regulators and supervisory bodies, who can use the insights generated to review regional progress and guide policy choices, and civil society, who can build on the benchmark findings to direct public support and partnership efforts.

A system-level benchmark, across industries

In addition to growing standardisation in sustainability disclosure standards and frameworks designed for financial institutions, there are a number of pioneering initiatives that evaluate influential financial institutions, often by industry and/or by topic (see Appendix 1). Our intent is to complement these initiatives by publishing a cross-industry benchmark, which will publicly evaluate asset owners, asset managers, banks and insurers of different forms, around the world.

Although these elements of the financial system represent distinct industries, with different functions in the market, they are heavily interconnected. Asset owners entrust asset managers with the management of their assets. Often, asset owners are advised by investment consultants, who help in making investment decisions. Asset owners also invest in banks and insurance companies, which – as well as receiving deposits and insurance premiums, respectively, to help manage and mitigate risk – aggregate these resources in order to finance the economy. Furthermore, insurance companies insure assets and companies that investors invest in and that banks lend to. This interconnectedness means that risks and impacts similarly flow throughout the system. This interconnectedness is also why, for system transformation to happen, all these industries need to adapt.

In addition, many financial institutions in scope are managing multiple financial activities that share characteristics across industries. Our proposed methodology therefore focuses on the characteristics that are common to these financial institutions. First, they are all intermediaries of one form or another, managing assets and liabilities. Second, in this capacity, **they all impact people and planet, directly through their organisational practices, and – more significantly, often – indirectly, through their political engagement and their investing, lending, investment banking, insurance underwriting and advisory services.**

The Financial System Benchmark is unique in its breadth (it will assess and rank the 400 most influential financial institutions, globally – see 'Keystone financial institutions'), as well as in its scope (across financial industries) and ambition (seeking to benchmark against globally agreed planetary boundaries and societal conventions). By taking this system-level approach, we seek to add to the evolving landscape of disclosure standards and accountability initiatives.

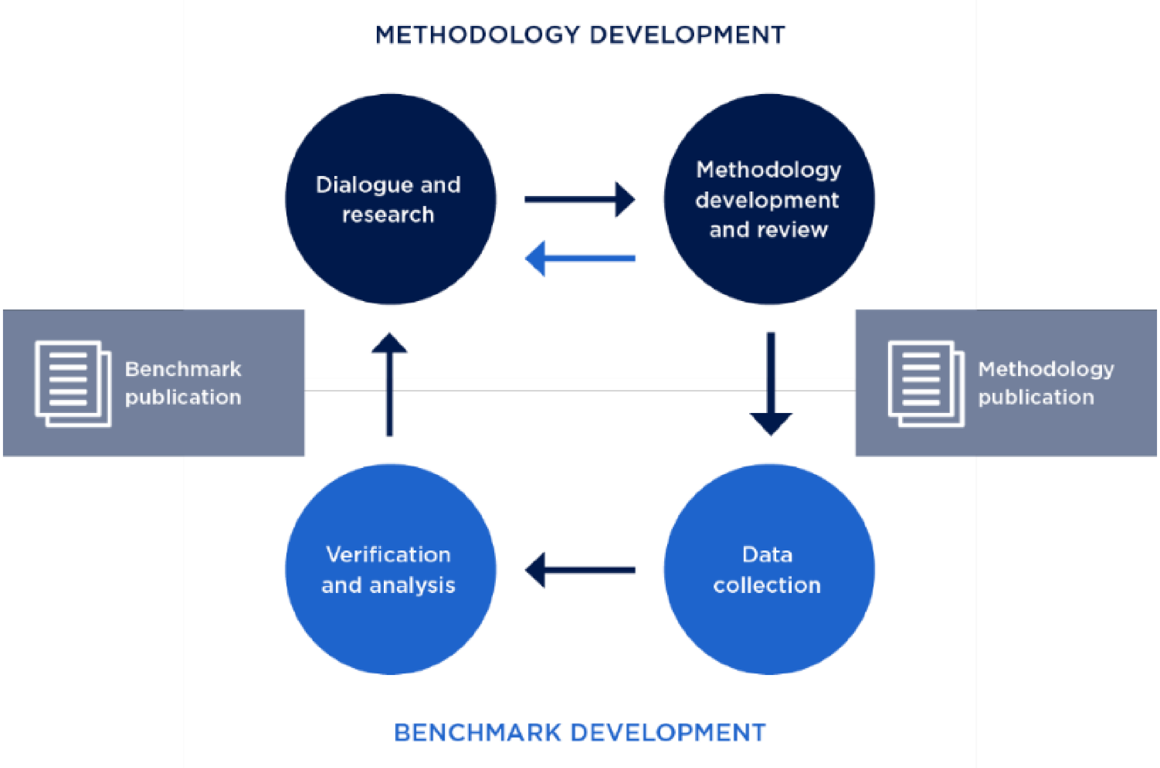
The Benchmark development process

The WBA benchmark development process typically starts with the development of a scoping report, which includes a literature review and research on the most important issues within a transformation topic, and engagement with multiple stakeholders, including topic experts, civil society, governments, academia and industry platforms. The scoping report is published and open for public consultation and this feedback is reviewed and analysed. The next step is the publication of a draft methodology which, similarly, is made available for public consultation and then updated to lead to the final methodology.

Following the publication of the final methodology, which includes the final version of the indicators against which the companies will be assessed, we enter the phase of data collection, based on publicly available information.

WBA analysts then evaluate and score companies against the indicators and engage with them to ensure we have the most relevant publicly available data. The results of this analysis, including a ranking, scores per company and key insights, will be made available and free to use. Benchmark methodologies are regularly reviewed, leading to iterative development over time (Figure 2).

Figure 2: WBA benchmark development process



Financial System Benchmark timelines

The Financial System Benchmark is currently at the stage of the publication of the draft methodology, with the aim of publishing the final methodology in December 2021 (Figure 3). The scoping report was published in January 2021 and was available for public consultation. We held a number of discussions with stakeholders from civil society, governments, standard setters and international organisations and reviewed the feedback we received.

This draft methodology will be made available for public consultation until September 2021. We will hold several virtual consultations in July, as well as inviting written feedback. The final methodology report will be published in December 2021. Data collection will begin in early 2022 with data verification, engagement with the financial institutions and analysis to be undertaken throughout the year. The results of the benchmark, including a ranking, scores per financial institution, analysis and key insights per industry and region and scoring guidelines, are anticipated to be published in late 2022. These will be publicly available on our website.

Figure 3: Financial System Benchmark timeline

Keystone financial institutions

In January 2021, we identified 400 institutions for the scope of the Financial System Benchmark, based on the concept of 'keystone actors' which are organisations with disproportionate influence on the structure and function of the systems within which they operate[19].

The selection of the 400 keystone financial institutions was based on one of the following five principles:

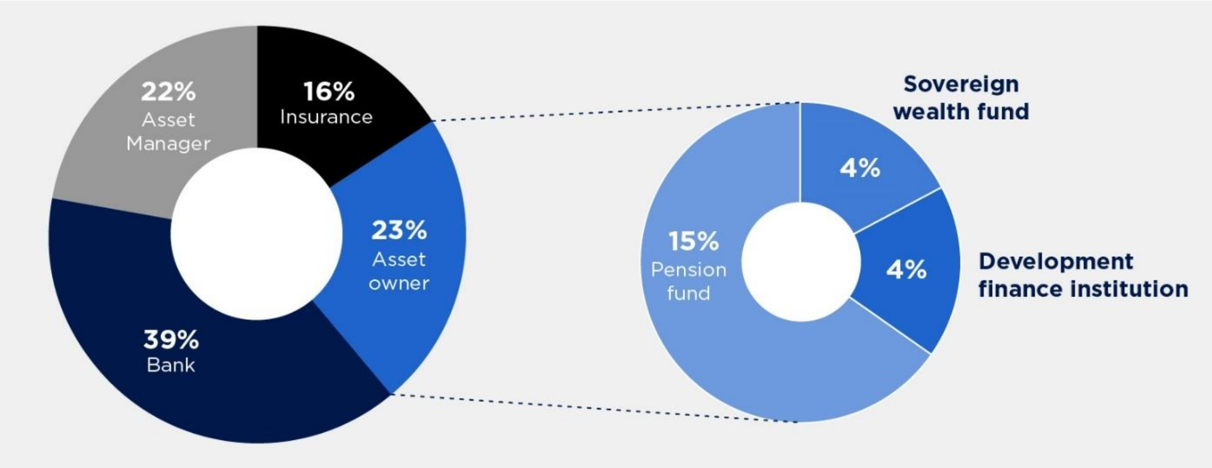
1. The financial institution dominates global production revenues and/or volumes within a particular sector. Note that for asset managers, pension funds and sovereign wealth funds, we used AUM instead of revenues.
2. The financial institution controls globally relevant segments of production and/or service provision.
3. The financial institution connects (eco)systems globally through subsidiaries and supply chains.
4. The financial institution influences global governance processes and institutions.
5. The financial institution has a global footprint, particularly in developing countries.

The keystone financial institutions include publicly-listed, privately-held and state-owned enterprises (full list in Appendix 2).

Breakdown by industry

For the purposes of the benchmark, we focus on the following financial industries: asset owners (including pension funds, development finance institutions and sovereign wealth funds), asset managers (including investment consultants), banks and insurance companies. Although these institutions have distinct functions in the market, and their duties and the ways in which they interact with clients may differ, as noted previously in terms of the transformation required, they share many characteristics.

Figure 4: Industry breakdown of keystone financial institutions within the scope of the benchmark



Note: the categorisation by industry is based on the activities from which financial institutions derive most of their revenues.

Although categorised here by their primary activity, these institutions often manage multiple financial activities. We will particularly focus on core activities most commonly found across these financial institutions: investing, lending, investment banking, advisory services and insurance underwriting (see Box 2 for implications of this for financial inclusion).

These are indicated for each industry in the descriptions below, and summarised in Table 1:

- Asset owners invest and manage assets on behalf of their beneficiaries – pension members in the case of pension funds and states in the case of sovereign wealth funds (SWF). Since investing (asset management and stewardship of those assets) is the primary activity of asset owners, we focus on this for the purposes of the benchmark.
- Development finance institutions (DFIs) are financed by governments to support economic development in low and low- and middle-income countries. Their beneficiaries, for the purposes of this benchmark, are classified as the national governments that finance them and the states, funds, enterprises and projects that are financed. This financing largely consists of investing and lending to public and private sector actors, and it is these activities that we propose as the main focus of our benchmark analysis of DFIs.
- Investment consultants support asset owners, including insurance companies (see below), throughout the investment process. Through their role as an 'outsourced Chief Investment Officer', they have the discretion to manage assets on behalf of their clients. This binds them to the same fiduciary duty as the asset owners whose assets they manage. For the purposes of this benchmark, we will focus our analysis on investment consultants' role in investing and advising clients on how to manage assets.
- Asset managers invest assets that asset owners entrust to them, pooling assets from different asset owners into products (investment funds or vehicles). For the purposes of this benchmark, we plan to evaluate asset managers in a similar vein as investment consultants, i.e. with a focus on their investing and advisory services.
- Banks receive deposits from private clients and institutions, which they use to provide loans and other types of financing to (other) private clients and institutions that need funds for consumption or investment (commercial banking). Some banks act as intermediaries in the

financial market by facilitating companies' fundraising, as well as the mergers and acquisitions of companies (investment banking, including securities underwriting and financial advisory activities). Banks are one of the most complex institutions in scope to evaluate due to their involvement in multiple financing activities. For the purposes of this benchmark, we will evaluate their role in investing, commercial banking /lending, investment banking and advisory activities, with the latter including services to bank's clients such as wealth management.

- **Insurance companies** are the system's risk managers and carriers, as they prevent and cover insured losses suffered within the economy when risks materialise. Their clients can range from individuals, businesses and governments to financial institutions in scope of this benchmark, including insurance companies themselves. Insurance companies also act as long-term investors, as they pool premiums paid by policyholders and invest them. Due to their involvement in multiple financing activities, we will focus on their underwriting and investing for the purposes of this benchmark.

Table 1: Beneficiary/client and activity focus of the benchmark, per industry

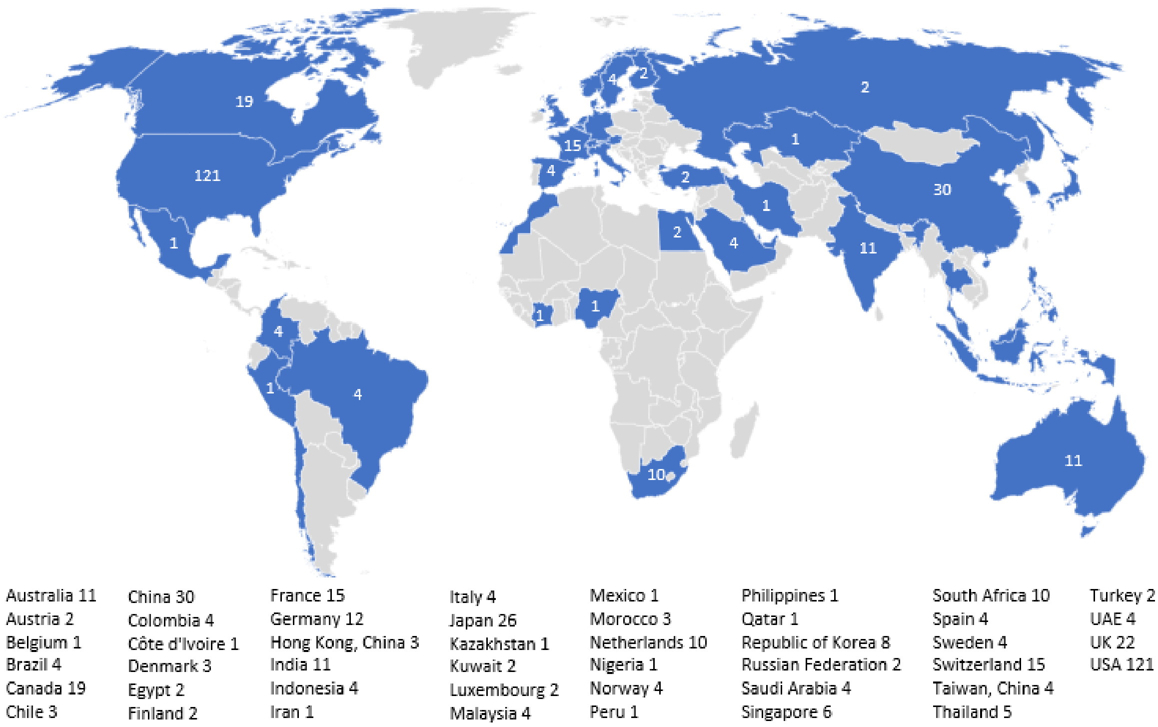
Industry	Beneficiary/client focus	Activity focus
Pension funds	**Beneficiary:** Pension members	Investing
SWF	**Beneficiary:** States	Investing
DFIs	**Beneficiary:** States (Low/Low Middle Income countries) **Client: Investees/**Borrowers	Investing, lending
Investment consultants	**Client:** Asset owners, insurance companies	Investing, advisory services
Asset managers	**Client:** Asset owners, investment consultants, banks, insurance companies	Investing, advisory services
Banks	**Client:** Any individual or entity receiving a financial service from a bank. It can be a client receiving a loan from a bank, as well as an entity making a deposit or using other bank services such as wealth management.	Investing, lending, investment banking, advisory services
Insurance companies	**Client:** Any individual or entity receiving insurance from an insurance company.	Investing, insurance underwriting, advisory

Breakdown by country

The geographic breakdown illustrated in Figure *5: Geographic spread of financial institutions within the scope of the benchmark, by headquarter*5 reflects where financial institutions are headquartered (and not where their impact is felt). They are clustered in the world's global financial centres (United States, Europe and East Asia).

However, the majority of these institutions have a global influence, with operations, clients, investments, financing products and impacts in many countries outside these financial centres. Financial institutions headquartered outside global financial centres are usually smaller in size, with respect to revenues and AUM, than their counterparts in high-income countries. However, they operate in areas where most progress is needed in terms of sustainable development. To accommodate for regional differences in size, we relaxed the inclusion criteria for institutions headquartered in Latin America, Africa and South and Southeast Asia. For example, while the revenue and AUM threshold for inclusion for all banks is $7 billion in revenue and $150 billion AUM, the threshold for inclusion for banks from Latin America, Africa and South and Southeast Asia was lowered to $2 billion and $30 billion respectively.

Figure 5: Geographic spread of financial institutions within the scope of the benchmark, by headquarters



The list of 400 financial institutions in scope of the Financial System Benchmark is provided in Appendix 3.

Box 2: Financial inclusion

This focus on the most globally influential institutions, and concentration of power and decision making identified earlier in the report, means that by the majority of local and regional financial institutions – the primary touch point most of the world's population has with financial services – are not in scope of the benchmark. A further implication is that the topic of financial inclusion is also not a major focus of the benchmark, which, given the primary activities outlined above of the institutions in scope, highlights (but is by no means exclusive to) corporate facing activities of the financial system.

Financial inclusion is, however, critical to sustainable development and the financial system's contribution to meeting the SDGs. It intersects with digitally enabled financial technology (fintech), which is revolutionising access to, and use of, financial services by individuals and firms, enabling inclusion of people and enterprises who were previously excluded from more traditional financial services. This development has frequently been driven by smaller financial institutions acting as disrupters, and by companies that identify as technology companies, rather than financial institutions. WBA is therefore exploring the potential for financial inclusion to be the specific focus of a future 'spotlight' benchmark.

Methodology

In developing the methodology, we first undertook extensive consultations and desktop research (see Acknowledgements). We have since reviewed over 60 voluntary reporting frameworks, principles and normative standards, guidelines or metrics (referred to going forwards as 'initiatives' and listed in Appendix 2). In identifying the issues that seem vital for the transformation of the financial system, we were guided by the best available science and were mindful of stakeholder expectations.

Principles for identifying initiatives

During our research, we started by consulting the most widely used disclosure frameworks (e.g. SASB, GRI) and then turned to additional initiatives that were addressing specific industries and/or specific issues required for the financial system transformation identified. We identified these additional initiatives using the following principles:

1. **Alignment with planetary boundaries and societal conventions:** Is the initiative's starting point the impact of the financial institution on planetary boundaries and/or societal conventions? This is in line with the Benchmark's aim to assess keystone financial institutions on their readiness to revert our current unsustainable trajectory and to stay within planetary boundaries and societal conventions.

2. **Publicly available:** Are the results of applying the initiative made public by financial institutions, or could they be? This aligns with our focus on incentivising public disclosure of progress.

3. **Wide coverage:** Does the initiative match the characteristics of a wide range of financial institutions, as defined in the previous 'Keystone financial institutions' section, as opposed to a particular market sub-industry (such as microfinance) or product (like funds or bonds)? This aligns with our focus on scale and breadth, and on organisational practices, as opposed to specific products.
4. **Global momentum:** Is the framework in use by a number of financial institutions, beyond one particular region? This is based on our system transformation focus, which requires a certain degree of global buy-in.

Naturally, we gravitated towards existing frameworks to understand current industry expectations. However, we also gathered from our consultations that society (informed by science) expects much more from financial institutions, and we therefore attempted to incorporate these expectations into our metrics. There is far more cross-sector work to do in terms of defining and agreeing global targets, frameworks and disclosure standards in relation to planetary boundaries and societal conventions, and in developing accompanying standards that cover financial institution activity, which tend to lag behind those available for companies. Only climate change mitigation seems increasingly well understood within the financial system, with industry-specific frameworks that together establish the expectations of private sector action, including from financial institutions.

If financing activities were aligned with planetary boundaries and societal conventions, this would greatly contribute to meeting the SDGs. The 2030 Agenda provides a clear set of targets and indicators that need to be met, by governments, the private sector and civil society working together. Our starting point for this benchmark is therefore to concentrate on progress on those boundaries and conventions that are globally defined, and for which there are established goals or principles *for financial institution action*: the Paris Agreement and the UN Guiding Principles on Business and Human Rights. A robust consensus on reporting frameworks and metrics is still emerging for others (e.g. biodiversity/nature), and our proposed indicators reflect that. There are notably few disclosure frameworks designed for financial institutions that enable an assessment of their contribution to the SDGs, in a holistic way, rather than cherry picking those where positive contribution is sought. Wherever possible, we have included these as sources to our proposed indicators.

We tried to balance the aspiration of where the financial institutions need to head to operate sustainably, backed by the best available science and societal expectations for the transformation required, with the need to be relevant and pragmatic of what can be delivered by them and measured by WBA in the near term. In this process, we were also guided by our Expert Review Committee (see Acknowledgments). The measurement areas proposed, and the indicators within each measurement area, are the issues which we felt should be prioritised for the first iteration of the benchmark (as mentioned earlier, to be published by the end of 2022).

At the same time, we continue to learn. Preferences evolve, markets shift and science advances. At WBA, we have a standard practice to review and improve methodologies to ensure they are dynamic and relevant. This will also apply to the Financial System Benchmark. In the case where the issue is important but an indicator cannot yet be formulated to enable a meaningful assessment, we may introduce the topic into the benchmark in future years. This is not to signal that the issue is not important today, but rather to indicate that we understand that this is a journey for both the financial institutions and society as we move towards a sustainable economy.

Structure of the indicators and approach to scoring

Each indicator will have the following section's structure:

- *Topic:* a short title of the issue/topic.
- *Indicator:* sets out the topic-specific outcomes expected of the company.
- *Rationale:* sets out the reason why the topic is included in the benchmark and why it is considered important for the financial system transformation
- *Elements/metrics:* sets out the specific actions that companies will be assessed against under this indicator.
- *Sources:* lists the key existing initiatives that the indicator aligns with.

For each indicator, WBA is currently developing the scoring guidelines, which will be used during the data collection and assessment process in 2022. The scoring guidelines will be published with the benchmark results in late 2022. The guidelines will reflect the elements set out for each indicator and will also recognise sub-sector-specific differences across industry, where relevant. Tables 2 and 3 set out two examples that will be used in the approach to scoring guidelines, depending on the indicator and its elements.

Table 2: Five-layer example of a scoring guideline

Score	Example scoring guideline
0	No evidence has been found that the company is implementing activities relating to the indicator.
0.5	The company discloses information that mentions very few elements of the indicator (e.g. policy which is not company-wide, vague commitment, targets which are not time-bound)
1	The company discloses information that cover half of the elements of the indicator (e.g. company-wide policy but with missing elements)
1.5	The company discloses information that fulfil more than half the elements of the indicator (e.g. company-wide policy, time-bound targets but on only one issue)
2	The company discloses information that fulfil all the elements of the indicator.

Table 3: Three-layer example of a scoring guideline

Score	Example scoring guideline
0	No evidence has been found that the company is implementing activities relating to the indicator.
~~0.5~~	~~The company discloses information that mentions very few elements of the indicator (e.g. policy which is not company-wide, vague commitment, targets which are not time-bound)~~
1	The company discloses information that cover half of the elements of the indicator (e.g. company-wide policy but with missing elements)
~~1.5~~	~~The company discloses information that fulfil more than half the elements of the indicator (e.g. company-wide policy, time-bound targets but on only one issue)~~
2	The company discloses information that fulfil all the elements of the indicator.

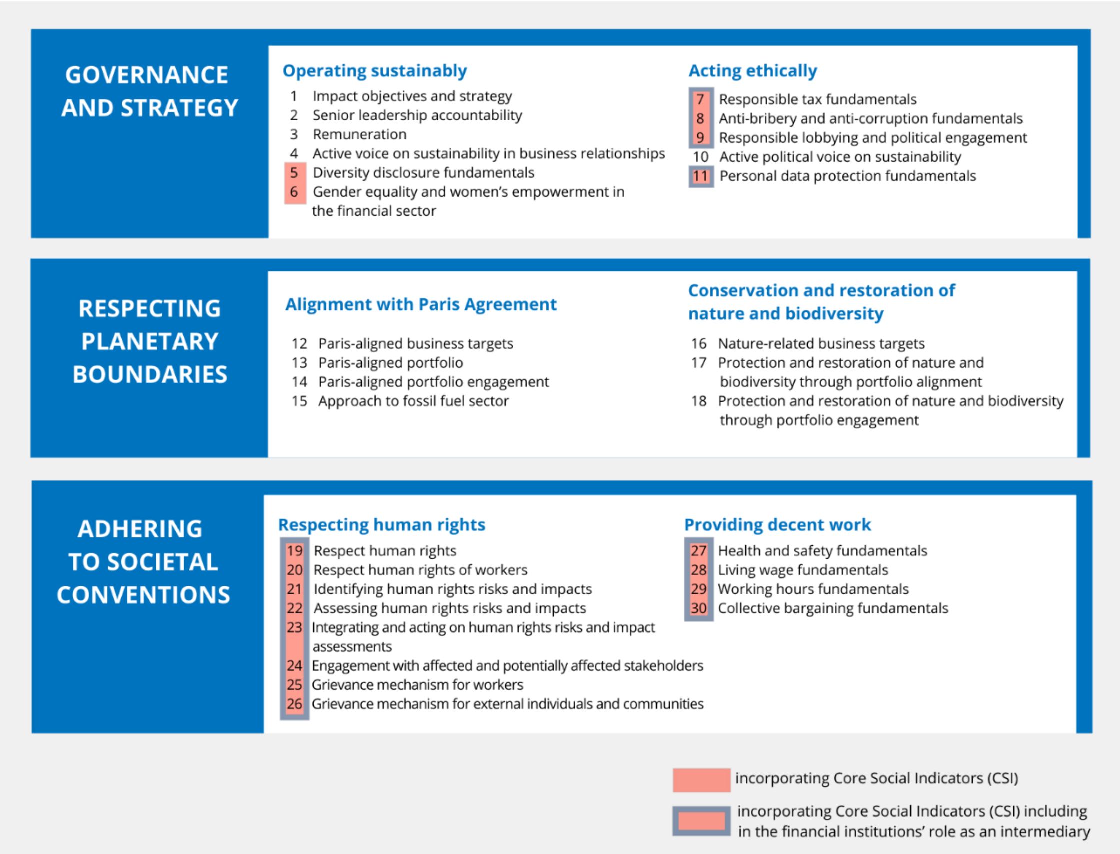
Please note that some topics will be inherently more reliant on quantitative targets and performance data (e.g. women on the board/financed emissions), whereas others will rely more on a qualitative assessment of policy, processes and implementation.

Incorporating the Core Social Indicators

WBA is assessing all 2,000 keystone companies on a core set of social transformation criteria that outline the minimum expectations that companies should adhere to. These consist of 18 core social indicators (CSI), which are applied across all WBA benchmarks and represent at least 20% of the final score. Each core social indicator receives a maximum of one (1) mark, except for CSI 4 (Assessing human rights risks and impacts) and CSI 5 (Integrating and acting on human rights risks and impact), which receive two (2) marks. All 18 core social indicators then add to 20 marks (out of 100).

On top of these, we have added an additional layer of assessment of financial institutions in their financing role as intermediaries. We define this financing role through the following activities: investing, lending, investment banking, advisory services and insurance underwriting. This is due to the significant impact, as highlighted in our research and consultations, that financial institutions have through these activities. This additional layer is added to 16 out of the 18 core social indicators. It comes in the form of an extra element in the indicator, which will be assessing whether the financial institution embeds the issues of the indicator in its role of an intermediary, i.e. its financing activities, including its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

Figure 6: Financial System Benchmark methodology structure



The full proposed methodology is indicated in Figure 6. This illustrates that the 16 core social indicators will also apply to each of the financial institution's financing activities: investing, lending, investment banking, advisory services and insurance underwriting. In addition, for two core social indicators (CSI 14 Gender equality and women's empowerment and CSI 13 Workforce diversity disclosure fundamentals), we have added more than one element/metric, which we felt were necessary additions for the transformation needed. In doing so, we renamed them Gender equality and women's empowerment *in the financial sector*; and ~~Workforce~~ Diversity disclosure fundamentals.

Note that for the indicators that include the core social indicators, there are no "rationale" or "sources" as they have already been finalized, after extensive consultation, as part of the social transformation framework. These finalised (e.g. no longer for consultation) elements are in *italic*.

Consultation questions

1. Do you have general feedback on the proposed Financial System Benchmark?

2. Do you have general feedback on the draft methodology for the Financial System Benchmark?

A. Governance and Strategy

This measurement area is divided into two themes: Operating sustainably and Acting ethically.

Operating sustainably

This theme focuses on the integration of impact considerations into the operating practices of financial institutions, in line with planetary boundaries and societal conventions.

This measurement area includes evaluating the processes that financial institutions have in place organisation-wide to assess their positive and negative, intended and unintended impact; whether they have evaluated the effects of these impacts on a variety of internal and external stakeholders; whether they have developed a strategy in mitigating negative impacts and increasing positive impacts; whether their strategies include clear and measurable targets. It also includes indicators on whether the financial institution's highest governing board is held responsible and accountable for its progress on targets and the processes that the financial institutions have in place to assess their impact, as well as targets and metrics around the gender and overall diversity in decision-making.

Consultation question

3. Do you have general feedback on the proposed Financial System Benchmark structure?

1. Impact objectives and strategy

Indicator: The financial institution has integrated impact on people and planet into its principles, management processes and strategy, and follows key processes to identify its impacts.

Rationale: The vast majority of corporate disclosures in the financial industry are based on self-defined concepts of sustainability, rather than sustainability as defined in line with planetary boundaries and societal conventions. This indicator attempts to bring to the forefront key processes that would reflect an embedding of sustainability in the organisation's governance and strategy. By acknowledging the institution has impact, and following a process for systematically identifying those impacts, financial institutions can prioritise the impacts and stakeholders they will focus on and devise a strategy with clearly defined targets to both mitigate negative impact and increase positive impacts, and contribute to a more sustainable future for all.

Elements/metrics:

(a) The financial institution has set organisation-wide principles/values to operate sustainably AND

(b) The financial institution has translated these principles/values into a process to identify negative and positive impacts AND

(c) The financial institution has evaluated the negative and positive impact of its activities and defined clear sustainability objectives AND

(d) Following from commitment to and consideration of negative impact in (a) and (b), the financial institution discloses any industries or activities that it has chosen to exclude from its financing activities.

Sources: PRI Reporting Framework (2021), UNEP FI Positive Impact Principles (2018), GRI Universal Standards (2020), SDG Impact Standards for Enterprises (2020), Sustainable Development Goals Disclosure (SDGD) Recommendations (2020), UNDP Impact Standards (2020), OECD Impact Standards for Financing Sustainable Development (2021), Impact Management Project System of Standards (forthcoming 2021)

2. Senior leadership accountability

Indicator: The financial institution has established senior leadership accountability for operating sustainably.

Rationale: A financial institution committed to operating sustainably appoints specific individuals at the board/highest level with direct and overall responsibility for the institution's negative and positive impacts across its activities, and has them report on progress against targets to the highest levels of leadership.

Elements/metrics:

(a) The financial institution assigns decision-making and oversight responsibility for sustainability objectives and targets to the highest governance body (e.g. board). AND

(b) The members at the highest level of the financial institution's governance body (e.g. board members) have competencies relating to economic, environmental and social topics.

Sources: UN GP Reporting Framework A1.1, A2.2, GRI 102-22, GRI 102-26, PRI ISP 6, 7, WEF IBC Governance body composition, Climate Action 100+ Net-Zero Company Benchmark sub-indicator 8.1 – 8.3, ShareAction AODP Global Climate Index 2018 Question G1.1-G1.2, ShareAction Got it Covered G1.1, ShareAction Banking on a Low-Carbon Future II Question 43, CDP Questions 1.1 – 1.2

Consultation question

4. Do you have any feedback on the level of sustainability experience that could be considered sufficient to drive the transformation towards a financial institution operating sustainably? For example, what specific experience/knowledge or skills are most relevant to the transformation readiness sought?

3. Remuneration

Indicator: The financial institution has aligned its financial and other incentive structures with sustainability targets across the organisation, from analyst to board member.

Rationale: A financial institution committed to operating sustainably has introduced sustainability-linked incentive structures across its organisation from the highest level of governance to the lowest (such as analyst) level. This addresses a practice of short-termism that is present in the way financial institutions operate, which often prioritises short-term financial returns, rather than a long-term approach, which is at the core of sustainability. In order for sustainability to be engrained in a financial institution's practices, financial and other incentives need to be aligned with a long-term approach, which includes specific sustainability metrics.

Elements/metrics:

(a) The financial institution links performance criteria in remuneration policies for members at the highest level of its governance body (e.g. board members) to its objectives and targets on sustainability/addressing its financial institution's impacts. AND

(b) The financial institution aligns its remuneration of the executive team with sustainability targets. AND

(c) The financial institution aligns the incentives structures across the whole organisation with sustainability targets.

Sources: PRI ISP 8.2, GRI 102-35, CDP C1.3, ShareAction Point of No Returns G1.2, UK Stewardship Code Principle 2, WEF IBC Remuneration

4. Active voice on sustainability in business relationships

Indicator: The financial institution has an active voice on sustainability in its relationship with its clients and beneficiaries.

Rationale: Client relationships and fiduciary duty towards beneficiaries frame the scope of what a financial institution can achieve through its financing activities. It is therefore important that a financial institution has an active voice on sustainability in its relationships with its clients and beneficiaries (as defined earlier in Table 1). This will enable it to broaden the scope of risks and opportunities to address through its financing activities that can, ultimately, drive changes in real-world outcomes.

We understand that clients and beneficiaries most often sit on the liabilities sides of financial institutions' balance sheets. However, in some industries, such as banking, clients are reflected on both sides of the balance sheet. It is important for a financial institution to have an active voice on sustainability with all its clients and beneficiaries, on both sides of the balance sheet.

Elements/metrics:

(a) The financial institution provides evidence that its financial professionals received a training on environmental, social and governance (ESG) topics. AND

(b) The financial institution discloses the average and share (%) of hours of training on ESG topics per person that the financial institution's financial professionals have undertaken during the reporting period. AND

(c) The financial institution has a publicly available statement applicable to all its financing activities, which outlines risks and impacts to society and environment arising from its financing activities, to its clients and beneficiaries. AND

(d) The financial institution has a publicly available statement, applicable to all its financing activities, that takes clients' and beneficiaries' sustainability preferences into account when making financing decisions.

Source: WEF IBC Training Provided, GRI 404-1, GRI 404-2, EU SFDR, upcoming update to MiFID II

5. Diversity disclosure fundamentals

Indicator: The financial institution demonstrates a commitment to and understanding of diversity, both in terms of its workforce and in terms of its clients/beneficiaries.

Rationale: Decision-making power is highly concentrated within the financial industry. This consolidation of influence is mostly in global financial centres in the global north, where decision makers are primarily white and male. Limited diversity of views is linked to suboptimal business and financial outcomes, as diversity of opinions has been proven to mitigate risk and enhance financial returns. In addition, this consolidation risks a disconnect between the ethnic, gender and cultural diversity of the financial professionals and that of their (existing and potential) client base. This may lead to biases in financing decisions and the design and availability of products and services.

This indicator is based on the core social indicator CSI 13 Workforce Diversity Fundamentals, which requires the financial institution to disclose the percentage of employees for each employee category by at least four indicators of diversity. In addition, a financial institution committed to operating sustainably discloses the breakdown of clients/beneficiaries by income group/company size (e.g. by number of employees).

Elements/metrics:

(a) The financial institution discloses the proportion of its total direct operations workforce for each employee category by age group. AND

(b) The financial institution discloses the proportion of its total direct operations workforce for each employee category by gender. AND

(c) The financial institution discloses the proportion of its total direct operations workforce for each employee category by race or ethnicity. AND

(d) The financial institution discloses the proportion of its total direct operations workforce for each employee category by one or more additional indicators of diversity (e.g. disability, sexual identity and marital and family status, etc). AND

(e) The financial institution discloses the breakdown of clients/beneficiaries by income group/company size (e.g. by number of employees).

6. Gender equality and women's empowerment in the financial sector

Indicator: The financial institution promotes gender equality and women's empowerment in the financial sector.

Rationale: Women are underpaid and underrepresented, more so in the financial services sector than other industries[20]. However, gender diversity has been proven to be linked with higher financial returns and lower risks. A financial institution committed to operating sustainably publicly commits to gender equality and women's empowerment, promotes women in decision-making positions and publishes information on the pay gap (basic remuneration and bonus).

Elements/metrics:

(a) The financial institution has a public commitment to gender equality and women's empowerment. AND

(b) The financial institution discloses one or more time-bound targets on gender equality and women's empowerment. AND

(c) The financial institution has at least 40% women on the highest governance body. AND

(d) The financial institution discloses the ratio of the basic salary and remuneration of women to men in its total direct operations workforce for each employee category or the gender pay gap by different employee categories, by significant locations of operation. AND

(e) The financial institution discloses the gender bonus gap between women and men.

Sources: Justice, Equity, Diversity, Inclusion (JEDI) Collaborative, JUST Capital, Equileap, WEF IBC Pay equality and Pay gap, GRI 405-2

Acting ethically

The following four indicators come from the Act Ethically section of the Social framework, which will be applied across all SDG2000 companies.

7. Responsible tax fundamentals (CSI 16)

Indicator: The financial institution has a public global tax approach and discloses its corporate income tax payments on a country-by-country basis.

Elements/metrics:

- *(a) The financial institution has a publicly available global tax strategy, which is approved by the highest governance body. AND*
- *(b) A governance body or executive-level position is tasked with accountability for compliance with the financial institution's global tax strategy. AND*
- *(c) The financial institution clearly discloses the amount of corporate income tax paid for each tax jurisdiction where the financial institution is a resident for tax purposes. AND*
- (d) The financial institution embeds the principles of responsible taxation above throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as – but not limited to – engagement, voting and supporting shareholder proposals.

8. Anti-bribery and anti-corruption fundamentals (CSI 17)

Indicator: The financial institution publicly prohibits bribery and corruption and takes steps to identify and address bribery and corruption risks and incidents.

Elements/metrics:

- *(a) The financial institution has a publicly available policy statement prohibiting bribery and corruption. AND*
- *(b) The financial institution describes the process(es) to identify its bribery and corruption risks and impacts in specific locations or activities covering its own operations. AND*
- *(c) The financial institution includes anti-bribery and anti-corruption clauses in its contracts with business relationships. AND*
- *(d) The financial institution indicates that it has a confidential and anonymous channel/mechanism accessible to all stakeholders to raise bribery and corruption concerns and complaints without fear of reprisals. AND*
- (e) The financial institution embeds the principles of anti-bribery and anti-corruption, including the importance of confidential whistle-blower mechanisms, throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

9. Responsible lobbying and political engagement (CSI 18 including in the role of the financial institution as an intermediary)

Indicator: The financial institution has an approach to lobbying and political engagement and has related controls in place.

Rationale: This indicator is based on the core social indicator CSI 18 Responsible lobbying and political engagement fundamentals, which requires the financial institution to set out its lobbying and political engagement approach and disclose its expenditures on lobbying activities. In addition, a financial institution committed to operating sustainably ensures that its direct and indirect lobbying and political engagement activities are consistent across the institution and aligned with its commitments.

Elements/metrics:

(a) *The financial institution has a publicly available policy statement(s) (or policy(ies)) setting out its lobbying and political engagement approach. AND*

(b) *The financial institution has a publicly available policy statement that specifies that it does not make political contributions. AND*

(c) *The financial institution discloses its expenditures on lobbying activities. AND*

(d) *The financial institution requires third-party lobbyists to comply with its lobbying and political engagement policy (or policies). AND*

(e) The financial institution embeds the principles of responsible lobbying and political engagement in its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

10. Active political voice on sustainability

Indicator: The financial institution has an active voice on sustainability in its lobbying and engagement.

Rationale: A financial institution operating sustainably ensures that it has an active voice in public policy on sustainability. It engages consistently across its direct and indirect (through trade associations) lobbying and political (engagement) activities. It ensures that positions taken through trade associations and political activities are consistent with its positions on sustainability and are mutually reinforcing.

Elements/metrics:

(a) The financial institution publicly discloses internal or third-party audits of its direct lobbying and political engagement activities made in order to ensure alignment with its sustainability policy and commitments. AND

(b) The financial institution publicly discloses internal or third-party audits of its lobbying and political engagement activities through trade associations in order to ensure alignment with its sustainability policy and commitments.

Sources: CDP Question 12.3, FinanceMap Q6, CPA-Zicklin Index, Climate Action 100+ Net-Zero Company Benchmark sub-indicator 7.3, PRI ISP 23.2, WEF IBC Alignment of strategy and policies to lobbying, Universal Owner

11. Personal data protection fundamentals (CSI 15)

Indicator: The financial institution publicly commits to protecting personal data and has a global approach to data privacy.

Elements/metrics:

(a) The financial institution has a public commitment to protecting personal data. AND

(b) The financial institution has a global publicly available privacy statement in relation to the collection, sharing and access to personal data. AND

(c) The financial institution embeds the principles of personal data protection throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

B. Respecting planetary boundaries

This measurement area focuses on the actions and strategies that the financial institution undertakes in order to operate sustainably within planetary boundaries. This includes undertaking actions to mitigate climate change (reducing greenhouse gas emissions) and prevent biodiversity loss.

Alignment with Paris Agreement

Climate change mitigation requires that financial institutions commit to align their business strategies with the Paris Agreement, which aims to limit global warming to 1.5 degrees Celsius this century. In order to have a chance of achieving this, global greenhouse gas emissions must be more than halved from 2010 levels by 2030 and reach 'net-zero' by 2050.

12. Paris-aligned targets

Indicator: The financial institution has science-based targets for its financed emissions, which are aligned with 1.5-degree pathways.

Rationale: A financial institution that has a Paris-aligned business aligns its strategy for financing activities with achieving global net-zero emissions by 2050. It reports in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and sets science-based targets across its operations and financing activities. This includes medium-term (e.g. 2025 and 2030) GHG absolute and intensity emissions reduction targets and similar reference targets at a portfolio level for climate solutions, as defined by internationally adopted frameworks.

Elements/metrics:

(a) The financial institution reports in line with the TCFD recommendations. AND

(b) The financial institution is a member of industry initiatives that have targets consistent with 1.5-degree pathways (e.g. for asset owners, being members of IIGCC or UN-convened Net-Zero Asset Owner Alliance; for asset managers, being a signatory to the Net Zero Asset Managers Initiative; for banks, being a signatory to UNEP FI's Principles for Responsible Banking – Collective Commitment to Climate Action etc.) AND

(c) The financial institution sets science-based targets for its financed emissions, including underwritten and advised emissions consistent with 1.5-degree pathways. AND

(d) The financial institution sets medium-term (e.g. 2025 and 2030) GHG absolute and intensity emissions reduction targets. AND

(e) The financial institution sets medium-term (e.g. 2025 and 2030) targets at a portfolio level for climate solutions.

Sources: UNEP FI Principles for Responsible Banking; Insurance scorecard 3.1. & 3.5.; IIGCC; UN-convened Net-Zero Asset Owner Alliance; Net Zero Asset Managers Initiative; Climate Action 100+ Net-Zero Company Benchmark sub-indicator 10.1; ShareAction Point of No Returns Question G1.4; ShareAction AODP Global Climate Index 2018 Question G1.3; ShareAction Banking on a Low-Carbon Future II Question 42.a, SBTi, PACTA, Fair Finance Guide International, WEF IBC TCFD Implementation and Paris-aligned GHG emissions targets

13. Paris-aligned portfolio

Indicator: The financial institution aligns its financing activities with 1.5-degree pathways, as part of implementing a Paris-aligned business strategy.

Rationale: A financial institution committed to aligning its portfolio with the Paris Agreement measures and discloses its financed emissions and financing of climate solutions on an annual basis. It publicly discloses the % of portfolio emissions covered, with the aim to increase the portfolio coverage of reported financed emissions to 100%. Such a financial institution discloses the data quality underpinning emission disclosure anywhere in the range from industry averages to actual real-world emissions. It also invests in climate solutions as recognized by internationally adopted frameworks, e.g. EU Taxonomy.

Additional note: In accounting for emission reductions, we rely on the work by the SBTi which states that "SBTi requires that financial institutions set targets based on emission reductions through direct action within their own operations or their investment and lending portfolios." This means that approaches such as carbon dioxide removal, avoided emissions, offsets, etc. do not count under any of our indicators asking for emissions accounting. Such approaches "are only considered to be an option for financial institutions seeking to support additional emission reductions beyond their science-based targets"[21]

Elements/metrics:

(a) The financial institution discloses the scope 1, 2 & 3 of its financed emissions resulting from its financing activities and the coverage of emissions reported. AND

(b) The financial institution discloses the data quality (e.g. industry averages, actual real-world emissions) across its reported emissions under (a). AND

(c) The financial institution discloses the amount ($) and share (%) of its financing activities devoted to climate solutions. AND

(d) The financial institution defines climate solutions according to internationally adopted frameworks, e.g. EU Taxonomy, Climate Bond Initiative.

Sources: Science-based Targets Initiative, Collective commitment to climate action (Banks); IIGCC Net Zero Investment Framework, Climate Safe Lending Pathway, UNEP FI PSI, Fair Finance Guide International, PCAF, PACTA, WEF IBC GHG emissions, GRI 305-3, GHG Protocol, EU Sustainable Finance Taxonomy, Climate Bonds Initiative

Consultation question

5. The aim of this indicator is to incentivise financial institutions to disclose their financed GHG emissions in the real economy. Are the elements sufficient? If not, do you have any feedback on additional elements we could add?

14. Paris-aligned portfolio engagement

Indicator: The financial institution engages with companies it provides financial services to in line with 1.5-degree pathways, as part of implementing a Paris-aligned business strategy.

Rationale: A financial institution that aligns its financing activities with the Paris Agreement actively embeds this in its engagement with the companies it provides financial services (investment, lending, investment banking, advisory, insurance underwriting) to in order to ensure they adopt a net-zero emissions strategy.

Elements/metrics:

Investment activities:

(a) The financial institution has a publicly available stewardship policy that outlines how it aims to align its stewardship activities with 1.5-degree pathways. AND

(b) The financial institution publishes its voting record, including voting rationale. AND

(c) The financial institution did not vote against any shareholder resolution that advanced environmental practices of investee companies over the last reporting year. AND

(d) The financial institution filed one or more shareholder resolutions over the last reporting year with the intention for an investee company to adopt a corporate strategy in line with 1.5-degree pathways.

Lending, investment banking, advisory activities, insurance underwriting:

(a) The financial institution has publicly available sector policies that outline how the financial institution works with the companies it provides financial services to in order for them to adopt a corporate strategy aligned with 1.5-degree pathways. AND

(b) In these sector policies, the financial institution explicitly lists conditions and milestones applied to companies in order to ensure that the companies it provides financial services to adopt a corporate strategy aligned with 1.5-degree pathways.

Sources: IIGCC Net Zero Investment Framework, UN-convened Net-Zero Asset Owner Alliance, Insurance scorecard, Climate Safe Lending Pathway, Collective Commitment to Climate Action, FinanceMap, Insurance scorecard

Consultation questions

6. Much company engagement happens in confidence. Do you have any feedback on focusing on voting and shareholder resolutions (investing) and financing conditions (investing, lending, investment banking, advisory and insurance underwriting) as a strong enough proxy for assessing whether a financial institution advances a business strategy aligned with 1.5-degree pathways among companies it provides financial services to? For the few financial institutions in scope that only invest in private equity, what would be a good proxy?

7. According to our consultations, reaching net-zero emissions by 2050 (the goal of 1.5-degree pathways) is likely to be more challenging in the near term in low, low- and upper-middle income countries. Do you have any specific feedback on how we can we make this indicator more inclusive of the climate change mitigation challenge in these countries?

15. Approach to fossil fuel sector

Indicator: The financial institution adjusts its activities in fossil fuel sectors in line with the best available science.

Rationale: A financial institution committed to addressing climate change in line with the Paris Agreement is adjusting its financing activities across the fossil fuel value chain (coal-fired power generation, thermal coal mining, tar sands oil, Arctic, offshore and fracked oil & gas and liquified natural gas (LNG), conventional oil and gas). It has already discontinued or plans to discontinue all provision of financial services to companies that do not have a clear and explicit timeline to align with limiting global warming to 1.5°C and has stopped providing financial services (investing, lending, investment banking, advisory and insurance underwriting) to new fossil fuel projects.

Elements/metrics:

(a) The financial institution does not provide any type of financial service to any new fossil fuel projects. AND

(b) The financial institution has a policy on financing activities, outlining a strategy to phase out the provision of any type of financial service to existing projects and companies across the fossil fuel value chain, unless they have a clear corporate strategy aligned with 1.5°C pathways. AND

(c) The financial institution does not provide any type of financial service to companies across the fossil fuel value chain that do not have a corporate strategy aligned with 1.5°C pathways.

Sources: Fair Finance Guide International, Climate Safe Lending Network, Insurance Scorecard, RAN Banking on Climate Chaos, International Energy Agency

Conservation and restoration of nature and biodiversity

This theme focuses on the ways financial institutions can contribute to conservation and restoration of nature and biodiversity. More than half of global GDP depends on high-functioning biodiversity and ecosystem services. Loss of biodiversity and ecosystem collapse risk irreversible catastrophic damage to people and the planet, and in turn to financial institutions.

16. Nature and biodiversity-related business targets

Indicator: The financial institution sets science-based targets for land use, resource exploitation and ecosystem integrity.

Rationale: A financial institution that operates within planetary boundaries sets science-based targets for land use, resource exploitation and ecosystem integrity (nature-related targets) for its financing activities (investing, lending, investment banking, advisory and insurance underwriting). It sets intermediate targets and recognises the risks posed to biodiversity and nature as systemic risks, material to its financing activities (e.g. by reporting in line with the recommendations of the upcoming Taskforce on Nature-related Financial Disclosures).

Elements/metrics:

(a) The financial institution identifies risks posed to biodiversity and nature as systemic risks, material to its financing activities. AND

(b) The financial institution identifies the positive and negative impacts its financing activities have on biodiversity and nature. AND

(c) The financial institution has nature-related science-based targets for its financing activities. AND

(d) The financial institution has set intermediate targets (e.g. 5 and 10 years) for its footprint on land use, resource exploitation, biodiversity and ecosystem integrity for its financing activities.

Sources: Science Based Target Network (2020), TNFD, Finance for Biodiversity Pledge

Consultation question

8. The understanding of the role that the private sector, including financial institutions, can play in conserving and restoring nature and biodiversity is still developing. Several initiatives are in development that aim to understand and assess risks that the destruction of nature poses to financial institutions, as well as impacts that financial institutions have on nature itself (e.g. Science Based Target Network, Taskforce for Nature-related Financial Disclosure, Finance for Biodiversity Pledge). Do you have any feedback on further frameworks would be most relevant to the financial institutions of the benchmark?

17. Protection and restoration of nature and biodiversity through portfolio alignment

Indicator: The financial institution adjusts its financing activities to address land use change, resource exploitation and ecosystem integrity.

Rationale: A financial institution that operates within planetary boundaries discloses the amount (number) and share (%) of its financing activities in sectors and countries with the highest dependency and impact on nature and biodiversity (priority sectors). It explains the process to identify these sectors and discloses any financing criteria it has towards them.

Elements/metrics:

(a) The financial institution provides a definition of priority sectors and the process to identify them. AND

(b) The financial institution discloses the amount ($) and share (%) of its financing portfolio in priority sectors. AND

(c) The financial institution discloses financing criteria it has towards priority sectors.

Sources: EU Regulation on sustainability-related disclosures in the financial services sector (SFDR)-additional information, GRI 304, UNEP FI 'Beyond Business As Usual': Biodiversity Targets and Finance, ENCORE, Finance for Biodiversity Pledge, PBAF

18. Protection and restoration of nature and biodiversity through portfolio engagement

Indicator: The financial institution engages with companies it provides financial services to in line with the nature-related targets, as defined in Indicator 16.

Rationale: A financial institution that operates within planetary boundaries actively engages with the companies it provides financial services to in order to ensure they adopt a business strategy that protects and restores nature and biodiversity. Through stewardship and financing conditions, it outlines the steps a company needs to satisfy in order to improve its impact on nature and biodiversity if the company were to continue the business relationship with the financial institution.

Elements /metrics:

Investment activities:

(a) The financial institution has a publicly available stewardship policy that outlines how it aims to improve its impact on nature and biodiversity through its stewardship activities. AND

(b) The financial institution did not vote against any shareholder resolution that advances the impact on nature and biodiversity of investee companies within priority sectors over the last reporting year. AND

(c) The financial institution filed one or more shareholder resolutions over the last reporting year with the intention for an investee company to adopt a corporate strategy aligned with the conservation and restoration of nature and biodiversity.

Lending, investment banking, advisory activities, insurance underwriting:

(a) The financial institution has publicly available policies for priority sectors that outline how it works with the companies it provides financial services to in order for them to adopt a corporate strategy aligned with the conservation and restoration of nature and biodiversity. AND

(b) In these sector policies, the financial institution explicitly lists conditions and milestones applied to companies in order to ensure that the companies it provides financial services to adopt a corporate strategy aligned with the conservation and restoration of nature and biodiversity.

Sources: Finance for Biodiversity Pledge, ENCORE

Consultation question

9. Engagement between financial institutions and companies they provide financial services to usually happens in private. Focusing on real world outcomes on biodiversity and nature, what would be feasible to anticipate financial institutions to disclose in relation to such engagement, that works across the breadth of financing activities in scope?

C. Adhering to societal conventions

This measurement area is based on the Social transformation framework, mentioned earlier. It includes eight indicators on respecting human rights and four on providing and promoting decent work. For all indicators in this measurement area, we added an element asking financial institutions to address the issue at hand through their role as intermediaries, i.e. through their financing activities (investing, lending, investment banking, advisory and insurance underwriting).

Respecting human rights

Human rights are inextricably linked to the SDGs, with the 2030 agenda aiming to 'realise the human rights of all'. It is expected that all businesses respect human rights, which means to avoid infringing on the human rights of others as well as to address adverse human rights impacts which they cause, contribute to or are involved in across their entire value chain. Building on the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD human rights due diligence framework, this measurement area aims to assess financial institutions' approach to respecting human rights.

We propose to use this approach as a central pillar in our assessment of financial institutions' commitments to societal needs more broadly. The focus of the assessment outlined in the indicators below is seen as a necessary building block for the wider system transformation sought - financial institutions systematically incorporating societal conventions into their decision making and actions.

Systematically applying the steps proposed in the indicators below could also have wider implications and impacts. Embedding respect for human rights in activities such as political engagement or when setting strategic asset allocation could lead to mitigation of certain systematic risks - rising income inequality, erosion of workers' rights and wage depression[22].

19. Commitment to respect human rights (CSI 1 including in the role of the financial institution as an intermediary)

Indicator: The financial institution publicly commits to respecting all internationally recognised human rights across its activities, including in its role as an intermediary.

Elements/metrics:

(a) The financial institution has a publicly available policy statement committing it to respect human rights, which is approved by the highest governance body. AND

(b) The financial institution embeds respect for human rights throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

20. Commitment to respect the human rights of workers (CSI 2 including in the role of the financial institution as an intermediary)

Indicator: The financial institution publicly commits to respecting the principles concerning fundamental rights at work in the eight ILO core conventions as set out in the ILO Declaration on Fundamental Principles and Rights at Work. It also has a publicly available statement of policy committing it to respect the human rights of workers in its business relationships, including in its role as an intermediary.

Elements/metrics:

(a) The financial institution has a publicly available policy statement committing it to respecting the human rights that the ILO has declared to be fundamental rights at work, which is approved by the highest governance body. AND

(b) The financial institution has a publicly available statement of policy that expects its business relationships to commit to respecting the human rights that the ILO has declared to be fundamental rights at work. AND

(c) The financial institution embeds the respect of the ILO fundamental rights at work throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

21. Identifying human rights risk and impacts (CSI 3 including in the role of the financial institution as an intermediary)

Indicator: The financial institution proactively identifies its human rights risks and impacts, including in its role as an intermediary.

Elements/metrics:

(a) The financial institution describes the process(es) to identify its human rights risks and impacts in specific locations or activities covering its own operations. AND

(b) The financial institution describes the process(es) to identify its human rights risks and impacts in specific locations or activities through relevant business relationships. AND

(c) The financial institution embeds the proactive identification of human rights risks and impacts throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

22. Assessing human rights risks and impacts (CSI 4 including in the role of the financial institution as an intermediary)

Indicator: Having identified its human rights risks and impacts, the financial institution assesses them and then prioritises its salient human rights risks and impacts, including in its role as an intermediary.

Elements/metrics:

(a) *The financial institution describes its process(es) for assessing its human rights risks and discloses what it considers to be its salient human rights issues. This description includes how relevant factors are taken into account, such as geographical, economic, social and other factors. OR*

(b) *The financial institution publicly discloses the results of its assessments, which may be aggregated across its operations and locations. AND*

(c) The financial institution embeds the assessment of human rights risks and impacts throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

23. Integrating and acting on human rights risk and impact assessments (CSI 5 including in the role of the financial institution as an intermediary)

Indicator: The financial institution integrates the findings of its assessments of human rights risks and impacts into relevant internal functions and processes by taking appropriate actions to prevent, mitigate or remediate its salient human rights issues, including in its role as an intermediary.

Elements/metrics:

(a) *The financial institution describes its global system to take action to prevent, mitigate or remediate its salient human rights issues, AND this includes a description of how its global system applies to its supply chain. OR*

(b) *The financial institution provides an example of the specific conclusions reached and actions taken or to be taken on at least one of its salient human rights issues as a result of assessment processes in at least one of its activities/operations in the last three years. AND*

(c) The financial institution embeds the integration and actions on human rights risks and impact assessments throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

24. Engagement with affected and potentially affected stakeholders (CS 6 including in the role of the financial institution as an intermediary)

Indicator: As part of identifying and assessing its human rights risks and impacts, the financial institution identifies and engages with stakeholders whose human rights have been or may be affected by its activities, including in its role as an intermediary.

Elements/metrics:

(a) *The financial institution discloses the categories of stakeholders whose human rights have been or may be affected by its activities. AND*

(b) *The financial institution provides at least two examples of its engagement with stakeholders whose human rights have been or may be affected by its activities (or their legitimate representatives or multi-stakeholder initiatives) in the last two years.*

(c) The financial institution embeds the engagement with affected and potentially affected stakeholders throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

25. Grievance mechanisms for workers (CSI 7 including in the role of the financial institution as an intermediary)

Indicator: The financial institution has one or more channel(s)/mechanism(s) (its own, third party or shared) through which workers can raise complaints or concerns, including in relation to human rights issues, and including in its role as an intermediary.

Elements/metrics:

(a) *The financial institution indicates that it has one or more channel(s)/mechanism(s), or participates in a third-party or shared mechanism, accessible to all workers to raise complaints or concerns related to the financial institution*. AND

(b) The financial institution embeds the issue of the availability of a grievance mechanism for workers throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals

26. Grievance mechanisms for external individuals and communities (CSI 8 including in the role of the financial institution as an intermediary)

Indicator: The financial institution has one or more channel(s)/mechanism(s) (its own, third party or shared) through which individuals and communities of users who may be adversely impacted by the financial institution can raise complaints or concerns, including in relation to human rights issues, and including in its role as an intermediary.

Elements/metrics:

(a) *The financial institution indicates that it has one or more channel(s)/mechanism(s), or participates in a shared mechanism, accessible to all external individuals and communities* *who may be adversely impacted by the financial institution (or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of adverse impacts), to raise complaints or concerns*. AND

(b) The financial institution embeds the issue of the availability of a grievance mechanism for external individuals and communities throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals

Consultation questions

10. Do you have any feedback on the way we have added elements under the eight indicators to ensure these human rights issues are embedded in the business-to-business engagement of the financial institutions?

11. Are there any regulatory or other reasons why financial institutions would not be able to embed these issues in their financing activities?

Provide and promote decent work

Enabling the growth of the economy and creating jobs are often cited as positive impacts of the financial system. However, the SDGs call for "sustained, inclusive and sustainable economic growth, full and product employment and decent work for all". It is, therefore, an imperative to ensure that jobs created through the provision of financial services to companies are decent and enable workers to realise their potential.

27. Health and safety fundamentals (CSI 9 including in the role of the financial institution as an intermediary)

Indicator: The financial institution publicly commits to respecting the health and safety of workers and discloses relevant data. It also places health and safety expectations on and monitors the performance of its business relationships, including in its role as an intermediary.

<u>Elements/metrics</u>:

(a) The financial institution has a publicly available policy statement committing it to respect the health and safety of workers. AND

(b) The financial institution discloses quantitative information on health and safety for its workers. AND

(c) The financial institution has a publicly available statement of policy that expects its business relationships to commit to respecting the health and safety of their workers. AND

(d) The financial institution discloses how it monitors the health and safety performance of its business relationships. AND

(e) The financial institution embeds health and safety fundamentals throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

28. Living wage fundamentals (CSI 10 including in the role of the financial institution as an intermediary)

Indicator: The financial institution is committed to paying its workers a living wage and supports the payment of a living wage by its business relationships, including in its role as an intermediary.

Elements/metrics:

(a) The financial institution discloses a time-bound target for paying all workers a living wage or that it has achieved paying all workers a living wage. AND

(b) The financial institution describes how it determines a living wage for the regions where it operates. AND

(c) The financial institution describes how it works to support the payment of a living wage by its business relationships. AND

(d) The financial institution embeds the provision of a living wage throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

29. Working hours fundamentals (CSI 11 including in the role of the financial institution as an intermediary)

Indicator: The financial institution does not require workers to work more than the regular and overtime hours and places equivalent expectations on its business relationships, including in its role as an intermediary.

Elements/metrics:

(a) The financial institution publicly states that workers shall not be required to work more than 48 hours in a regular work week or 60 hours including overtime. AND

(b) The financial institution publicly states that all overtime work must be consensual and be paid at a premium rate. AND

(c) The financial institution has a public expectation that its business relationships shall not require workers to work more than 48 hours in a regular work week or 60 hours including overtime. AND

(d) The financial institution embeds the respect for regular and overtime hours throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

30. Collective bargaining fundamentals (CSI 12 including in the role of the financial institution as an intermediary)

Indicator: The financial institution discloses information about collective bargaining agreements covering its workforce and its approach to supporting the practices of its business relationships in relation to freedom of association and collective bargaining, including in its role as an intermediary.

Elements/metrics:

(a) The financial institution discloses the proportion of its total direct operations workforce covered by collective bargaining agreements. AND

(b) The financial institution describes how it works to support the practices of its business relationships in relation to freedom of association and collective bargaining.

(c) The financial institution supports the freedom of association and collective agreements throughout its financing activities, including in its financing conditions, due diligence processes and stewardship activities, such as engagement, voting and supporting shareholder proposals.

Consultation questions

12. Do you have any feedback on the way we have added elements under the four indicators to ensure that these issues under the theme of providing decent work are embedded in the business-to-business relationships of the financial institutions?

13. Are there any regulatory or other reasons why the financial institutions would not be able to embed these issues in their financing activities?

Approach to weighting

Companies will be assessed and ranked against all the indicators. Currently, there are 30 indicators. Each indicator will be assigned a score according to the scoring guidelines (to be developed during the data collection phase in early 2022). Based on the individual indicator scores, the sum of scores for an indicator group (such as a measurement area) will be aggregated, and a company's total score will be the sum of scores per measurement area. This approach will result in an overall score for each company, as well as a score per measurement area where the top performance would be scored at 100.

At the moment, we have 30 indicators spread across three measurement areas:

A. Governance and Strategy (11 indicators)

B. Environment/Respecting planetary boundaries (7 indicators)

C. Social Inclusion/Adhering to societal conventions (12 indicators)

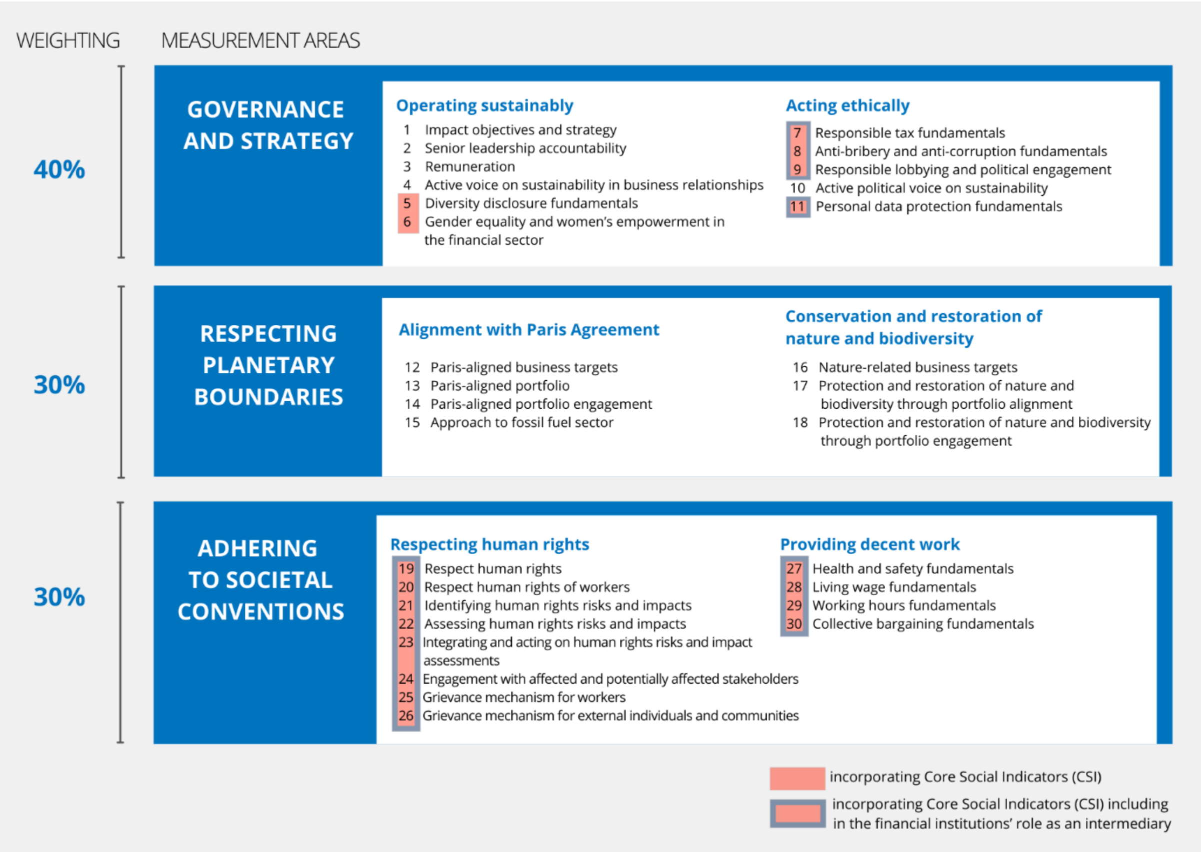
WBA is considering the following option for the allocation of weights across the measurement areas. The weighting approach will be the same for all companies in the benchmark, meaning that the weight per measurement area will be consistently applied.

The Governance and strategy measurement area is proposed to carry a weight of 40%, noting its relatively high importance in reflecting the values and culture of the financial institution, and translating these into processes, practices and actions. This measurement area includes a 6% weight, which is allocated by default to the core social indicators (Indicators 5-11).

The Respecting planetary boundaries measurement area is proposed to carry a weight of 30%, representing its key role in the sustainability and survival of our planet.

The Adhering to societal conventions measurement area is proposed to carry a weight of 30%, integrating the core social indicators and adding elements with regards to the role that financial institutions have as intermediaries in driving change on these issues. Within this measurement area, the core social indicators (without the extra elements) represent a 14% weight (Indicators 19-30).

Figure 7: Proposed weighting of measurement areas



Consultation questions

14. Do you have any feedback on the proposed weights of the measurement areas?

Next steps

Please provide feedback by following this link in response to the questions we have highlighted under each section, measurement area or indicator. Over the coming months, we will review these comments and incorporate them into the final methodology. We will also hold a number of consultation and feedback sessions to continue the open dialogue we have with stakeholders; please visit our website for more details, including dates and logistics. Please reach out to us at info.financial@worldbenchmarkingalliance.org with any additional comments or questions.

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We give our thanks to the co-hosts and partners in the regional consultations that took place between September and December 2020:

- *Asia-Pacific:* Asian Corporate Governance Association;
- *India:* Confederation of Indian Industry;
- *Europe:* NVB (Dutch Banking Association);
- *Japan:* Financial Services Agency;
- *Sub-Saharan Africa:* Code for Responsible Investing in South Africa, and the Continental Business Network;
- *United Kingdom:* City of London Corporation, and Impact Investing Institute; and
- *United States:* Ceres, and Institute for International Finance.

We want to thank the almost 250 consultation participants in our scoping conversations throughout late 2020, representing the following industry groups:

Industry	Participants
Academia	4
Asset management	41
Banking	31
Benchmarking and ratings organisations	4
Business or investor platforms	24
Civil society	45
Financial services	45
Government or policymakers	14
Insurance	13
Pension funds	8
Reporting platforms or standards setters	19
Total	**248**

We also wish to thank the more than 100 individuals who have generously shared their time, experience and feedback – over and above the consultations indicated above – helping us explore the scope and measurement areas for such a benchmark.

We are also grateful to our Expert Review Committee (ERC) for their continued guidance and support. The ERC has provided input on the draft indicators and methodology development and will continue to advise on the scope, structure, content and methodology of the benchmark.

The members of our ERC are:

- Careen Abb, Positive Impact Finance, Programme Lead, UN Environment Programme (UNEP) Finance Initiative
- Caroline Ashley, Global Director of Systems Change Programmes, Forum for the Future
- Butch Bacani, Programme Leader, UN Environment Programme's Principles for Sustainable Insurance Initiative
- Barbara Bijelic, Legal Expert & Financial Sector Lead, Responsible Business Conduct Centre, OECD
- Jean-Francois Gagnon, FSA, Partner, Strategy, Investment & Sustainable Finance, Ernst & Young, Canada
- Jim Hawley, Truvalue Labs, Senior ESG Advisory, Factset and Truvalue Labs, a Factset company and Professor Emeritus, School of Business and Economics, Saint Mary's College of California
- Dr Adriana Kocornik, Senior Manager of Metrics and Research, Global Alliance for Banking on Values
- Cary Krosinsky, Author, Advisor, Lecturer, Yale and Brown
- Monique Mathys, Impact Management Project
- Elina Rolfe, Director, Reporting & Assessment, Principles for Responsible Investment (PRI)
- Shankar Venkateswaren, ECube Investment Advisor

WBA is funded by a group of governments, foundations and philanthropic organisations that share our vision for the future, the full list of which is available on our website. We would like to thank them for their support, without which none of our work would be possible.

Our continually growing Alliance of more than 240 organisations represents civil society, business networks, reporting platforms, standards setters, financial institutions and multilateral organisations, with SDG 17: Partnerships for the Goals at its core. WBA would like to thank our Allies for the support and expertise they provide, and we look forward to their contributions during the consultation period.

Appendix 1: Voluntary disclosure frameworks and accountability initiatives focused on financial institutions

The following voluntary disclosure frameworks and accountability initiatives were reviewed as part of the research to build the draft methodology:

Banking Environment Initiative (Cambridge Institute for Sustainability Leadership)

BankTrack Human Rights Benchmark

B Impact Assessment (B Lab)

CDP Questionnaire, CDP Non-Disclosure Campaign and Science-Based Targets Campaign

Center for Climate-Aligned Finance (Rocky Mountain Institute)

Center for Political Accountability CPA-Zicklin Index

Climate Action 100+

Climate Action in Financial Institutions

Climate Disclosure Standards Board

Climate Finance Leadership Initiative

Climate Safe Lending Network

Climate Transparency Hub (ADEME)

ClimateWise Principles (Cambridge Institute for Sustainability Leadership)

Collective Commitment to Climate Action

Fair Finance International (Oxfam)

Finance for Biodiversity Pledge

Financial Services Human Rights Benchmark (University of Sydney)

Financing the Transition to a Net Zero Future (World Economic Forum)

Forests & Finance Bank Policy Matrix

Future-Fit Business Benchmark

Global Alliance for Banking on Values

Global Pension Transparency Benchmark

Global Reporting Initiative Standards

Impact Management Project's Dimensions of Impact and Impact Classes (ABC for investors)

IMVO Convenanten

InfluenceMap (including FinanceMap)

Insure Our Future Insurance Scorecard

IRIS+ (Global Impact Investing Network)

MSCI SDG Tracker

Net Zero Asset Managers Initiative

Net Zero Finance Tracker (in development)

Net-Zero Insurance Underwriting Alliance (in development)

Net Zero Investment Framework (Institutional Investors Group on Climate Change)

Responsible Business Conduct for Institutional Investors, and Due Diligence for Responsible Corporate Lending and Securities Underwriting (Organisation for Economic Co-operation and Development)

Operating Principles for Impact Management (International Finance Corporation)

Paris Agreement Capital Transition Assessment (2° Investing Initiative)

Partnership for Carbon Accounting Financials

Partnership for Biodiversity Accounting Financials

Principles for Responsible Banking, Positive Impact Initiative and Principles for Sustainable Insurance (United Nations Environment Programme Finance Initiative)

Principles for Responsible Investment Reporting Framework

Rainforest Action Network (Banking on Climate Chaos)

Real Impact Tracker

Responsible Asset Allocator Initiative

Science Based Targets initiative for financial institutions

Science Based Targets Network

ShareAction: Point of No Returns, Banking on a Low-Carbon Future II, Pension Funds AODP Global Climate Index and Got it covered? Insurance in a changing climate, Insuring Disaster

Social Value International Standards and Guidance (including Social Return on Investment methodology)

Sustainability Accounting Standards Board Financial Standards

Sustainable Development Investments Asset Owner Platform

Sustainable Development Goals Impact Standards (United National Development Programme)

Sustainable Finance League Tables (Refinitiv)

Sustainable Finance Report 2019: Sustainable Banking in ASEAN (World Wildlife Fund)

Task Force on Climate-related Financial Disclosures

Task Force on Nature-related Financial Disclosure

The Investor Agenda

The Test of Corporate Purpose Initiative

The UK Stewardship Code 2020

United Nations-convened Net-Zero Asset Owner Alliance

United Nations-convened Net-Zero Banking Alliance

United Nations Guiding Principles Reporting Framework

Universal Standards for Social Performance Management

Value Reporting Framework (to be launched 2021 from the merger of the Sustainability Accounting Standards Board and the International Integrated Reporting Council)

World Economic Forum Measuring Stakeholder Capitalism

Appendix 2: The 400 financial institutions in scope of the Financial System Benchmark

Company Name	Country of Headquarters	Region	Industry
ABN AMRO	Netherlands	Europe & Central Asia	Bank
Absa Group	South Africa	Sub-Saharan Africa	Bank
Abu Dhabi Investment Authority (ADIA)	UAE	Middle East & North Africa	SWF
Achmea	Netherlands	Europe & Central Asia	Insurance
ADB	Philippines	East Asia & Pacific	DFI
Advent International	USA	North America	Asset Manager
Aegon	Netherlands	Europe & Central Asia	Insurance
AfDB	Côte d'Ivoire	Sub-Saharan Africa	DFI
Affiliated Managers Group (AMG) (AQR Capital Management)	USA	North America	Asset manager
Agirc-Arrco	France	Europe & Central Asia	Pension fund
Agricultural Bank of China	China	East Asia & Pacific	Bank
AIA	Hong Kong, China	East Asia & Pacific	Insurance
Alberta Investment Management Corporation (AIMCo)	Canada	North America	Pension fund
Alecta	Sweden	Europe & Central Asia	Pension fund
Allianz (PIMCO)	Germany	Europe & Central Asia	Insurance
AllState	USA	North America	Insurance
American Century	USA	North America	Asset manager
American International Group	USA	North America	Insurance
Ameriprise Financial (Columbia Threadneedle)	USA	North America	Asset manager
AMP Group	Australia	East Asia & Pacific	Bank
Amundi	France	Europe & Central Asia	Asset manager
Andreessen Horowitz	USA	North America	Asset Manager
Anima Holding	Italy	Europe & Central Asia	Asset manager
ANZ Banking Group	Australia	East Asia & Pacific	Bank
Aon (AON Hewitt)	United Kingdom	Europe & Central Asia	Asset Manager
Apax Partners	United Kingdom	Europe & Central Asia	Asset Manager

APG Group (ABP and Bouwnijverheid (bpfBOUW))	Netherlands	Europe & Central Asia	Pension fund
Apollo Global Management	USA	North America	Asset manager
Arbejdsmarkedets Tillaegspension	Denmark	Europe & Central Asia	Pension fund
Artisan Partners	USA	North America	Asset manager
Assicurazioni Generali (Generali Investment, Banca Generali)	Italy	Europe & Central Asia	Insurance
Athene Holding	USA	North America	Insurance
Attijariwafa Bank	Morocco	Middle East & North Africa	Bank
AustralianSuper	Australia	East Asia & Pacific	Pension fund
Aviva	United Kingdom	Europe & Central Asia	Insurance
Aware Super	Australia	East Asia & Pacific	Pension fund
AXA (Alliance Bernstein)	France	Europe & Central Asia	Insurance
Axis Bank	India	South Asia	Bank
Baillie Gifford	United Kingdom	Europe & Central Asia	Asset manager
Bain Capital	USA	North America	Asset Manager
Baird Financial Corp	USA	North America	Bank
Banco Bilbao Vizcaya Argentaria (BBVA)	Spain	Europe & Central Asia	Bank
Banco Bradesco (Bradesco Asset Management)	Brazil	Latin America & Caribbean	Bank
Banco Davivienda	Colombia	Latin America & Caribbean	Bank
Banco de Chile	Chile	Latin America & Caribbean	Bank
Banco de Credito e Inversiones	Chile	Latin America & Caribbean	Bank
Banco del Estado de Chile	Chile	Latin America & Caribbean	Bank
Banco do Brasil	Brazil	Latin America & Caribbean	Bank
Banco Santander	Spain	Europe & Central Asia	Bank
Bancolombia	Colombia	Latin America & Caribbean	Bank
Bangkok Bank	Thailand	East Asia & Pacific	Bank
Bank Central Asia (BCA)	Indonesia	East Asia & Pacific	Bank
Bank Mandiri	Indonesia	East Asia & Pacific	Bank
Bank Negara Indonesia (Persero)	Indonesia	East Asia & Pacific	Bank
Bank of Africa BMCE Group	Morocco	Middle East & North Africa	Bank
Bank of America (Bank of America Merrill Lynch)	USA	North America	Bank
Bank of Ayudhya (Krungsri)	Thailand	East Asia & Pacific	Bank

Bank of Baroda	India	South Asia	Bank
Bank of Beijing	China	East Asia & Pacific	Bank
Bank of China (BOC)	China	East Asia & Pacific	Bank
Bank of Communications	China	East Asia & Pacific	Bank
Bank of India	India	South Asia	Bank
Bank of Montreal (Bancorp, BMO Global Asset Management)	Canada	North America	Bank
Bank of New York Mellon (Insight Investment)	USA	North America	Bank
Bank of Nova Scotia	Canada	North America	Bank
Bank of Shanghai	China	East Asia & Pacific	Bank
Bank Rakyat Indonesia (BRI)	Indonesia	East Asia & Pacific	Bank
Bank VTB	Russian Federation	Europe & Central Asia	Bank
Banque Centrale Populaire	Morocco	Middle East & North Africa	Bank
Banque Misr	Egypt	Middle East & North Africa	Bank
Barclays	United Kingdom	Europe & Central Asia	Bank
Bayerische Landesbank	Germany	Europe & Central Asia	Bank
Bayerische Versorgungskammer	Germany	Europe & Central Asia	Pension fund
Berkshire Hathaway	USA	North America	Asset Manager
BlackRock	USA	North America	Asset manager
Blackstone Group	USA	North America	Asset manager
BNP Paribas	France	Europe & Central Asia	Bank
Bridgewater Associates	USA	North America	Asset manager
BrightSphere Investment Group	USA	North America	Asset manager
British Columbia Investment Management Corporation (BCI)	Canada	North America	Pension fund
Brookfield Asset Management	Canada	North America	Asset manager
Caisse de dépôt et placement du Québec (CDPQ)	Canada	North America	Pension fund
Caisse des Depots	France	Europe & Central Asia	Pension fund
Caixa Econômica Federal	Brazil	Latin America & Caribbean	Bank
Caixabank	Spain	Europe & Central Asia	Bank
California Public Employees Retirement System (CalPERS)	USA	North America	Pension fund
California State Teachers Retirement System (CalSTRS)	USA	North America	Pension fund
Cambridge Associates	USA	North America	Asset Manager

Canada Pension Plan Investment Board	Canada	North America	Pension fund
Canadian Imperial Bank of Commerce (CIBC Asset Management)	Canada	North America	Bank
Canara Bank	India	South Asia	Bank
Capital Group	USA	North America	Asset manager
Capital One Financial Corporation	USA	North America	Bank
Cathay Financial Holding (Conning)	Taiwan, China	East Asia & Pacific	Asset manager
CDC Group	United Kingdom	Europe & Central Asia	DFI
Central Provident Fund	Singapore	East Asia & Pacific	Pension fund
Charles Schwab Corporation	USA	North America	Asset manager
China Construction Bank	China	East Asia & Pacific	Bank
China Development Bank	China	East Asia & Pacific	DFI
China Everbright Bank	China	East Asia & Pacific	Bank
China Investment Corporation (CIC)	China	East Asia & Pacific	SWF
China Life Insurance Group Company (China Life)	China	East Asia & Pacific	Insurance
China Merchants Group (China Merchants Bank)	China	East Asia & Pacific	Bank
China Minsheng Bank	China	East Asia & Pacific	Bank
China Pacific Insurance	China	East Asia & Pacific	Insurance
China Taiping Insurance	China	East Asia & Pacific	Insurance
China Zheshang Bank	China	East Asia & Pacific	Bank
Chubb	Switzerland	Europe & Central Asia	Insurance
CI Financial Corp	Canada	North America	Asset manager
CIMB	Malaysia	East Asia & Pacific	Bank
CITIC Group	China	East Asia & Pacific	Bank
Citigroup	USA	North America	Bank
Citizens Financial Group	USA	North America	Bank
Civil Service Retirement System	USA	North America	Pension fund
CNP Assurances	France	Europe & Central Asia	Insurance
Commerzbank	Germany	Europe & Central Asia	Bank
Commonwealth Bank of Australia	Australia	East Asia & Pacific	Bank
Covea	France	Europe & Central Asia	Insurance
Credit Agricole	France	Europe & Central Asia	Bank

Credit Mutuel	France	Europe & Central Asia	Bank
Credit Suisse Group	Switzerland	Europe & Central Asia	Bank
CTBC Financial	Taiwan, China	East Asia & Pacific	Insurance
CVC Capital Partners	Luxembourg	Europe & Central Asia	Asset Manager
D. E. Shaw Group	USA	North America	Asset Manager
Dai-ichi Life Holdings	Japan	East Asia & Pacific	Insurance
Danske Bank	Denmark	Europe & Central Asia	Bank
DBS	Singapore	East Asia & Pacific	Bank
DekaBank	Germany	Europe & Central Asia	Asset manager
Deutsche Bank (DWS)	Germany	Europe & Central Asia	Bank
Dimensional Fund Advisors	USA	North America	Asset manager
DNB	Norway	Europe & Central Asia	Bank
Dodge & Cox	USA	North America	Asset manager
DZ Bank Group (Union Investment)	Germany	Europe & Central Asia	Bank
E Fund Management	Hong Kong, China	East Asia & Pacific	Asset manager
Eaton Vance	USA	North America	Asset manager
EBRD	United Kingdom	Europe & Central Asia	DFI
Edmond de Rothschild Group	France	Europe & Central Asia	Bank
EFG International	Switzerland	Europe & Central Asia	Bank
EIB	Luxembourg	Europe & Central Asia	DFI
Employees Provident Fund Organization of India (EPFO)	India	South Asia	Pension fund
Erste Group Bank	Austria	Europe & Central Asia	Bank
Fannie Mae	USA	North America	Bank
Federal Employees Retirement System	USA	North America	Pension fund
Federal Retirement Thrift Investment Board (FRTIB)	USA	North America	Pension fund
Federated Hermes	USA	North America	Asset manager
Federation of National Public Service Personnel Mutual Aid Associations	Japan	East Asia & Pacific	Pension fund
Fidelity International	United Kingdom	Europe & Central Asia	Asset manager
Fidelity Investments	USA	North America	Asset manager
Fifth Third Bancorp	USA	North America	Bank
First Abu Dhabi Bank	UAE	Middle East & North Africa	Bank

First Eagle Investment	USA	North America	Asset manager
First Republic Bank	USA	North America	Bank
FirstRand	South Africa	Sub-Saharan Africa	Bank
Florida State Board of Administration	USA	North America	Pension fund
FMO	Netherlands	Europe & Central Asia	DFI
Franklin Resources (Franklin Templeton)	USA	North America	Asset manager
Freddie Mac	USA	North America	Bank
Fubon Financial	Taiwan, China	East Asia & Pacific	Insurance
Future Fund	Australia	East Asia & Pacific	SWF
GAM	Switzerland	Europe & Central Asia	Asset manager
Geode Capital Management	USA	North America	Asset manager
Georgia Teachers	USA	North America	Pension fund
GIC	Singapore	East Asia & Pacific	SWF
Goldman Sachs	USA	North America	Bank
Government Pension Investment Fund (GPIF)	Japan	East Asia & Pacific	Pension fund
Groupama Group	France	Europe & Central Asia	Insurance
Groupe BPCE (Natixis Investment Managers, Ostrum Asset Management)	France	Europe & Central Asia	Bank
Grupo Aval Acciones y Valores (Grupo Aval)	Colombia	Latin America & Caribbean	Bank
Grupo Credicorp (Banco de Credito del Peru)	Peru	Latin America & Caribbean	Bank
Grupo Financiero Banorte	Mexico	Latin America & Caribbean	Bank
Guggenheim Partners	USA	North America	Asset manager
Haci Omer Sabanci Holding (Sabancı)	Turkey	Europe & Central Asia	Bank
Hana Financial Group	Republic of Korea	East Asia & Pacific	Bank
Harvest Fund Management	China	East Asia & Pacific	Asset manager
HDFC Bank	India	South Asia	Bank
HDI Versicherungen (Talanx Group)	Germany	Europe & Central Asia	Insurance
Healthcare of Ontario Pension Plan	Canada	North America	Pension fund
Hong Kong Monetary Authority	Hong Kong, China	East Asia & Pacific	SWF
HSBC (Hang Seng Bank)	United Kingdom	Europe & Central Asia	Bank
Hua Xia Bank	China	East Asia & Pacific	Bank
Huaxia Life Insurance	China	East Asia & Pacific	Insurance

Huishang Bank	China	East Asia & Pacific	Bank
IADB	USA	North America	DFI
ICICI Bank	India	South Asia	Bank
IFM Investors	Australia	East Asia & Pacific	Asset manager
Industrial and Commercial Bank of China (ICBC)	China	East Asia & Pacific	Bank
Industrial Bank	China	East Asia & Pacific	Bank
ING	Netherlands	Europe & Central Asia	Bank
International Finance Corporation (IFC)	USA	North America	DFI
Intesa Sanpaolo (Eurizon)	Italy	Europe & Central Asia	Bank
Invesco	USA	North America	Asset manager
Investec	South Africa	Sub-Saharan Africa	Bank
Investment Corporation of Dubai (ICD)	UAE	Middle East & North Africa	SWF
Isbank	Turkey	Europe & Central Asia	Bank
ISDB	Saudi Arabia	Middle East & North Africa	DFI
Itaúsa (Itau Unibanco Holding)	Brazil	Latin America & Caribbean	Bank
J. Safra Sarasin	Switzerland	Europe & Central Asia	Bank
Janus Henderson	United Kingdom	Europe & Central Asia	Asset manager
Japan Pension Fund Association	Japan	East Asia & Pacific	Pension fund
Japan Post Bank	Japan	East Asia & Pacific	Bank
Japan Post Insurance	Japan	East Asia & Pacific	Insurance
JP Morgan Chase & Co	USA	North America	Bank
Julius Bär	Switzerland	Europe & Central Asia	Bank
Kasikornbank	Thailand	East Asia & Pacific	Bank
KB Financial Group	Republic of Korea	East Asia & Pacific	Bank
KBC Groep	Belgium	Europe & Central Asia	Bank
KeyCorp	USA	North America	Bank
KfW (DEG)	Germany	Europe & Central Asia	DFI
KKR	USA	North America	Asset Manager
Kleiner Perkins Caufield & Byers	USA	North America	Asset Manager
Kommunal Landspensjonskasse Gjensidig Forsikringsselskap (KLP)	Norway	Europe & Central Asia	Pension fund
Korea Investment Corporation	Republic of Korea	East Asia & Pacific	SWF

Kotak Mahindra Bank	India	South Asia	Bank
Krung Thai Bank	Thailand	East Asia & Pacific	Bank
Kuwait Investment Authority	Kuwait	Middle East & North Africa	SWF
La Banque Postale	France	Europe & Central Asia	Bank
Labor Pension Fund	Taiwan, China	East Asia & Pacific	Pension fund
Landesbank Baden-Württemberg	Germany	Europe & Central Asia	Bank
Lazard	USA	North America	Asset manager
Legal and General Group	United Kingdom	Europe & Central Asia	Asset manager
LGT Group	Switzerland	Europe & Central Asia	Bank
Liberty Mutual	USA	North America	Insurance
Life Insurance Corporation of India	India	South Asia	Insurance
Lincoln National	USA	North America	Insurance
Lloyds Banking Group	United Kingdom	Europe & Central Asia	Bank
Loomis, Sayles & Company	USA	North America	Asset manager
Lord Abbett	USA	North America	Asset manager
Los Angeles County Employees Retirement Association (LACERA)	USA	North America	Pension fund
LSV Asset Management	USA	North America	Asset manager
M&G	United Kingdom	Europe & Central Asia	Asset manager
Macquarie Group	Australia	East Asia & Pacific	Asset manager
Malaysia Employees Provident Fund	Malaysia	East Asia & Pacific	Pension fund
Manulife	Canada	North America	Insurance
Mapfre	Spain	Europe & Central Asia	Insurance
Massachusetts Mutual Life Insurance (Barings)	USA	North America	Insurance
Massachusetts PRIM	USA	North America	Pension fund
Maybank	Malaysia	East Asia & Pacific	Bank
Meiji Yasuda Life Insurance	Japan	East Asia & Pacific	Insurance
Mercer	USA	North America	Asset Manager
Mesirow Financial	USA	North America	Asset manager
Metlife	USA	North America	Insurance
Michigan Retirement Systems	USA	North America	Pension fund
Minnesota State Retirement System	USA	North America	Pension fund

Mirae Asset Financial Group	Republic of Korea	East Asia & Pacific	Asset manager
Mitsubishi UFJ Financial Group (First Sentier (State) Investments)	Japan	East Asia & Pacific	Bank
Mizuho Financial Group (Asset Management One)	Japan	East Asia & Pacific	Bank
MN (Stichting Pensioenfonds Metaal en Techniek & Stichting Pensioenfonds Metaal en Elektro)	Netherlands	Europe & Central Asia	Pension fund
Momentum Metropolitan	South Africa	Sub-Saharan Africa	Insurance
Morgan Stanley	USA	North America	Asset manager
MS&AD Insurance	Japan	East Asia & Pacific	Insurance
Mubadala Development Company	UAE	Middle East & North Africa	SWF
Munich Re (MEAG)	Germany	Europe & Central Asia	Insurance
National Australia Bank	Australia	East Asia & Pacific	Bank
National Bank of Canada	Canada	North America	Bank
National Bank of Egypt	Egypt	Middle East & North Africa	Bank
National Development Fund	Iran	Middle East & North Africa	SWF
National Federation of Mutual Aid Associations for Municipal Personnel	Japan	East Asia & Pacific	Pension fund
National Mutual Insurance Federation of Agricultural Cooperatives (zenkyoren)	Japan	East Asia & Pacific	Insurance
National Pension Service of Korea	Republic of Korea	East Asia & Pacific	Pension fund
Nationwide	USA	North America	Insurance
NatWest Group	United Kingdom	Europe & Central Asia	Bank
Nedbank Group	South Africa	Sub-Saharan Africa	Bank
Neuberger Berman	USA	North America	Asset manager
New China Life Insurance	China	East Asia & Pacific	Insurance
New Enterprise Associates	USA	North America	Asset Manager
New York City Retirement Systems	USA	North America	Pension fund
New York Life Insurance Company	USA	North America	Insurance
New York State Common Retirement Fund	USA	North America	Pension fund
New York State Teachers Retirement System (NYSTRS)	USA	North America	Pension fund
Ninety One	South Africa	Sub-Saharan Africa	Asset manager
Nippon Life Insurance	Japan	East Asia & Pacific	Insurance
NISA Investment	USA	North America	Asset manager
NN Group	Netherlands	Europe & Central Asia	Insurance

Nomura Holdings (Nomura Asset Management)	Japan	East Asia & Pacific	Bank
Nordea Bank (Nordea Life & Pension)	Finland	Europe & Central Asia	Bank
Norfund	Norway	Europe & Central Asia	DFI
Norges Bank Investment Management (Government Pension Fund Global)	Norway	Europe & Central Asia	SWF
Norinchukin Bank	Japan	East Asia & Pacific	Bank
North Carolina Retirement System	USA	North America	Pension fund
Northern Trust	USA	North America	Asset manager
Northwestern Mutual	USA	North America	Insurance
OeEB	Austria	Europe & Central Asia	DFI
Ohio Public Employees Deferred Compensation Program	USA	North America	Pension fund
Ohio Public Employees Retirement System (OPERS)	USA	North America	Pension fund
Old Mutual	South Africa	Sub-Saharan Africa	Insurance
Ontario Municipal Employees	Canada	North America	Pension fund
Ontario Teachers' Pension Plan Board	Canada	North America	Pension fund
OP Financial Group	Finland	Europe & Central Asia	Bank
Oregon Public Employees	USA	North America	Pension fund
ORIX Group (Robeco Group)	Japan	East Asia & Pacific	Asset manager
Oversea-Chinese Banking Corporation	Singapore	East Asia & Pacific	Bank
Pacific Mutual Holding Company (Pacific Life)	USA	North America	Insurance
Payden & Rygel	USA	North America	Asset manager
Pension Fund Association for Local Government Officials	Japan	East Asia & Pacific	Pension fund
People's Insurance Company of China (PICC)	China	East Asia & Pacific	Insurance
PFA	Denmark	Europe & Central Asia	Pension fund
PGGM (PFZW)	Netherlands	Europe & Central Asia	Pension fund
Pictet Group (Pictet Asset Management)	Switzerland	Europe & Central Asia	Bank
Ping An Insurance	China	East Asia & Pacific	Insurance
PNC Financial Services Group	USA	North America	Bank
Postal Savings Bank of China	China	East Asia & Pacific	Bank
Power Corp of Canada (Great-West Lifeco, IGM Financial)	Canada	North America	Insurance
PRIMECAP	USA	North America	Asset manager
Principal Financial (Principal Global Investors)	USA	North America	Asset manager

Proparco	France	Europe & Central Asia	DFI
Prudential	United Kingdom	Europe & Central Asia	Insurance
Prudential Financial (PGIM)	USA	North America	Asset manager
PSP Investments Canada	Canada	North America	Pension fund
Public Bank	Malaysia	East Asia & Pacific	Bank
Public Institution for Social Security	Kuwait	Middle East & North Africa	Pension fund
Public Investment Corporation (PIC)	South Africa	Sub-Saharan Africa	Pension fund
Public Investment Fund (Sanabil Investments)	Saudi Arabia	Middle East & North Africa	SWF
Punjab National Bank	India	South Asia	Bank
Qatar Investment Authority (QIA)	Qatar	Middle East & North Africa	SWF
Qsuper	Australia	East Asia & Pacific	Pension fund
Rabobank	Netherlands	Europe & Central Asia	Bank
Raymond James Financial	USA	North America	Asset manager
Regents of the University of California	USA	North America	Pension fund
Renaissance Technologies	USA	North America	Asset Manager
Resona Holdings	Japan	East Asia & Pacific	Bank
Royal Bank of Canada	Canada	North America	Bank
Royal London Group	United Kingdom	Europe & Central Asia	Insurance
Russell Investments	USA	North America	Asset Manager
SAFE Investment Company	China	East Asia & Pacific	SWF
SAMA Foreign Holdings	Saudi Arabia	Middle East & North Africa	SWF
Samruk-Kazyna	Kazakhstan	Europe & Central Asia	SWF
Samsung Life Insurance	Republic of Korea	East Asia & Pacific	Insurance
Sanlam	South Africa	Sub-Saharan Africa	Insurance
Saudi National Bank	Saudi Arabia	Middle East & North Africa	Bank
Sberbank	Russian Federation	Europe & Central Asia	Bank
Schroders (Schroders Investment Management)	United Kingdom	Europe & Central Asia	Asset manager
SEI Investments	USA	North America	Asset manager
Sequoia Capital	USA	North America	Asset Manager
Shanghai Pudong Development Bank	China	East Asia & Pacific	Bank
Shengjing Bank	China	East Asia & Pacific	Bank

Shinhan Financial Group	Republic of Korea	East Asia & Pacific	Bank
Shinkin Central Bank	Japan	East Asia & Pacific	Bank
Siam Commercial Bank	Thailand	East Asia & Pacific	Bank
Skandinaviska Enskilda Banken (SEB)	Sweden	Europe & Central Asia	Bank
Societe Generale	France	Europe & Central Asia	Bank
Sompo Holdings	Japan	East Asia & Pacific	Insurance
Sony Financial Holdings	Japan	East Asia & Pacific	Insurance
Sparkassen-Finanzgruppe Hessen-Thueringen (Landesbank Hessen-Thueringen (Helaba Group))	Germany	Europe & Central Asia	Bank
St. James' Place	United Kingdom	Europe & Central Asia	Bank
Standard Bank	South Africa	Sub-Saharan Africa	Bank
Standard Chartered	United Kingdom	Europe & Central Asia	Bank
Standard Life Aberdeen (Aberdeen Standard Investments)	United Kingdom	Europe & Central Asia	Asset manager
State Bank of India	India	South Asia	Bank
State Farm Insurance	USA	North America	Insurance
State of Wisconsin Investment Board	USA	North America	Pension fund
State Street Corporation (State Street Global Advisors)	USA	North America	Asset manager
State Teachers Retirement System of Ohio	USA	North America	Pension fund
Stifel Financial Corp	USA	North America	Asset manager
Sumitomo Life Insurance	Japan	East Asia & Pacific	Insurance
Sumitomo Mitsui Financial Group (Sumitomo Mitsui Banking Corporation)	Japan	East Asia & Pacific	Bank
Sumitomo Mitsui Trust Holdings (Nikko Asset Management)	Japan	East Asia & Pacific	Asset manager
Sun Life Financial (MFS Investment Management)	Canada	North America	Insurance
Sura Asset Management	Colombia	Latin America & Caribbean	Asset manager
Svenska Handelsbanken	Sweden	Europe & Central Asia	Bank
Swedbank	Sweden	Europe & Central Asia	Bank
Swiss Life Holding (Swiss Life Asset Management)	Switzerland	Europe & Central Asia	Insurance
Swiss Re	Switzerland	Europe & Central Asia	Insurance
T&D Holdings	Japan	East Asia & Pacific	Insurance
T. Rowe Price Group	USA	North America	Asset manager
Taikang	China	East Asia & Pacific	Insurance

TCW Group	USA	North America	Asset manager
Teacher Retirement System of Texas	USA	North America	Pension fund
Temasek	Singapore	East Asia & Pacific	SWF
Tenessee Consolidated Retirement System (TCRS)	USA	North America	Pension fund
The Carlyle Group	USA	North America	Asset Manager
TIAA (Nuveen)	USA	North America	Pension fund
Tokio Marine Holdings	Japan	East Asia & Pacific	Insurance
Toronto Dominion Bank (TD Bank, TD Asset Management)	Canada	North America	Bank
TPG	USA	North America	Asset Manager
Travelers	USA	North America	Insurance
Truist	USA	North America	Bank
Two Sigma Advisers	USA	North America	Asset Manager
UBS	Switzerland	Europe & Central Asia	Bank
UniCredit	Italy	Europe & Central Asia	Bank
Union Bancaire Privee	Switzerland	Europe & Central Asia	Bank
United Overseas Bank (UOB)	Singapore	East Asia & Pacific	Bank
Universities Superannuation Scheme	United Kingdom	Europe & Central Asia	Pension fund
US Bancorp	USA	North America	Bank
US International Development Finance Corporation	USA	North America	DFI
USAA	USA	North America	Insurance
Vanguard Group	USA	North America	Asset manager
Virginia Retirement System	USA	North America	Pension fund
Vista Equity Partners	USA	North America	Asset Manager
Vontobel Holding (Vontobel Asset Management)	Switzerland	Europe & Central Asia	Asset manager
Voya Financial	USA	North America	Asset manager
Warburg Pincus	USA	North America	Asset Manager
Washington State Investment Board	USA	North America	Pension fund
Wellington Management	USA	North America	Asset manager
Wells Fargo	USA	North America	Bank
Westpac	Australia	East Asia & Pacific	Bank
Willis Towers Watson	United Kingdom	Europe & Central Asia	Asset Manager

Woori Financial Group	Republic of Korea	East Asia & Pacific	Bank
Zenith Bank	Nigeria	Sub-Saharan Africa	Bank
Zurcher Kantonalbank	Switzerland	Europe & Central Asia	Bank
Zurich Insurance Group	Switzerland	Europe & Central Asia	Insurance

DFI – Development finance institution

SWF – Sovereign wealth fund

Endnotes

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