CHAPTER 5

Sustainability in Banks: Emerging Trends

Abstract This chapter explores and compares the sustainability and environmental disclosure practices of European banks through a multiple case study approach. Through this exploratory analysis, six banks placed on the Global 100 Sustainability Companies list have been scrutinized to identify similarities and differences among banks' sustainability practices that may be linked to country-specific factors. The contributions of the chapter are twofold: on the one hand, the study helps to elucidate the most relevant sustainability practices adopted by banks, and on the other hand, the study offers insights and guidance and encourages future research.

Keywords Disclosure • Multiple case studies • Sustainability practices

5.1 Introduction

What do banks mean when they talk about sustainability? What do they disclose and communicate regarding sustainability?

These two questions have received considerable attention in recent years. Sustainability disclosure is conceived as a form of communication that goes beyond the delivery of financial information. As stated by the Global Reporting Initiative (GRI): "*[S]ustainability reporting or disclosure is the practice of measuring, reporting, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development*" (GRI 2006, p. 3). Statistics from the GRI website show

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that currently more than 1200 financial institutions worldwide engage in sustainability reporting. It is notable that the disclosure of sustainability information through annual reports and websites is becoming increasingly more common on a global scale.

As described in Chap. 4, academia offers a large body of literature on sustainability disclosure that includes (1) studies examining motives and drivers behind the initiation and/or sustainment of social and sustainability reporting (Buhr 2002; O'Dwyer 2002; Spence 2007; Bebbington et al. 2009) and (2) research exploring contextual and internal factors (including managerial and governance attitudes) that influence the nature and extent of social and environmental reporting (Adams and McNicholas 2007; Bebbington et al. 2009).

This chapter compares the sustainability and environmental disclosure practices of European banks from a practical point of view and via a multiple case study approach. Through an exploratory analysis, six banks placed on the Global 100 Sustainable Companies list are scrutinized to identify similarities and differences between banks' sustainability practices.

5.2 Methodological Notes

Previous works in the field of sustainability disclosure has been largely conducted using a content analysis approach (see among others Guthrie and Abeysekera 2006; Jose and Lee 2007; Hahn and Lülfs 2014; Islam et al. 2016).

Content analysis is a research technique that involves identifying replicable and valid inferences from texts to the contexts of their use (Krippendorff 2012) by systematically enumerating the contents of documents and texts based on specific categories and requirements (Belal et al. 2015).

Moreover, "content analysis" is often used as a general term to refer to a number of different strategies used to analyze texts (Vaismoradi et al. 2013) and is also defined as a systematic coding and categorizing approach used to explore large volumes of textual information to determine trends and patterns of words used, frequencies and relationships (Gbrich 2007; Bloor and Wood 2006).

However, a major problem associated with performing a content analysis of disclosed documents is related to the fact that the size and quality of banks' published documents can vary across countries and can be influenced by factors such as dimensions or specific regulations under which they operate (Carè 2017). For example, calculating the number of pages devoted to sustainability documents may be not always be simple to accomplish, as banks can disclose sustainability or CSR information through their annual reports by providing in the same documents on financial and nonfinancial information.

Moreover, the lack of standardization in bank disclosure is often related to the application of country-specific regulations (e.g., the Dutch Banking Code) or voluntary guidance (e.g., the GRI). In particular, with regard to the GRI, despite the fact that they officially aim to provide standardized guidance, they do not provide information or suggestions on how to disclose sustainability information. For this reason, this chapter attempts to understand information disclosed through reports on banks' sustainability disclosure practices and thus surpass the limits of content analysis—related essentially to the use of word count tools—by applying a multiple case study approach. The use of a multiple case study approach necessarily restricts the observations of the investigation, although this may not hinder our empirical analysis as we conduct an in-depth analysis of a limited number of observations (Seawright and Gerring 2008; Adelopo 2017).

In this sense, a qualitative case study allows researchers to study complex phenomena within given contexts (Baxter and Jack 2008, p. 544) and to identify unique means of developing theories via in-depth insights into empirical phenomena (Dubois and Gadde 2002, p. 555). Benefits of the use of case studies for exploring relatively new or little explored phenomena have been illustrated (Eisenhardt 1989; Yin 2009). The use of multiple case studies offers opportunities to (1) cope with a technically distinctive situation in which there are many more variables of interest than data points and (2) benefit from the prior development of theoretical propositions to guide data collection and analysis (Yin 2013). Eisenhardt (1989) highlights the potential of case studies to capture dynamics of a studied phenomenon and suggests that "analyzing data is the heart of building theory from case studies, but it is both the most difficult and the least codified part of the process" (p. 539). To ensure the reliability of this approach, a research protocol has been developed (Yin 2013).

5.2.1 Sampling Procedures

The sample was generated from banks placed on the Top Sustainable 100 Companies list (see Appendix 5.1) for 2017 (Table 5.1).

The final sample of analysis includes the first six banks located in Europe and listed in the Global 100 Sustainable Companies Ranking. Specifically,

Table 5.1 Banks enclosed in the Top Sustainable 100 Companies list

Ranking 2017	*Ranking 2016*	*Ranking 2015*	*Bank*	*Country*	*Score 2017*	*Score 2016*	*Score 2015*
4	7	10	Danske Bank A/S	DK	71.05	72.40	68.40
5	45	n.r.	ING Group	NL	70.93	63.50	–
6	4	21	Commonwealth Bank of Australia	AUS	70	73.90	65.80
17	n.r.	42	Crédit Agricole SA	FR	65.31	–	61.70
20	n.r.	n.r.	Intesa Sanpaolo	IT	64.13	–	–
34	28	46	DNB ASA	N	61.69	66.10	61.40
37	n.r.	n.r.	Royal Bank of Canada	CDN	60.87	–	–
40	18	70	Shinhan Financial Group Co Ltd	ROK	60.68	68.80	56.40
42	35	82	BNP Paribas SA	FR	60.25	64.30	54.10
46	41	58	Skandinaviska Enskilda Banken	S	59.35	63.80	58.70
50	73	79	National Australia Bank Ltd	AUS	58.66	58.90	54.50
55	n.r.	91	Hang Seng Bank Ltd	HK	58.10	–	52.80
58	54	76	Toronto-Dominion Bank	CDN	57.97	62.20	55.90
60	n.r.	n.r.	Banco Santander Brasil SA	BR	57.77	–	–
61	86	86	Bank of Montreal	CDN	57.72	56.80	53.70

Legenda: AUS=Australia; BR=Brazil; CDN=Canada; DK= Denmark; FR=France; HK=Hong Kong; IT=Italy; N=Norway; NL=Netherlands; ROK=Republic of Korea; S=Sweden

Source: Our elaboration from Global 100 Sustainable Companies Ranking

the following banks are considered: BNP Paribas (FR), Crédit Agricole (FR), ING (NL), Danske Bank (DK), DNB ASA (N), and Skandinaviska Enskilda Banken (S). Intesa SanPaolo is excluded from the analysis because it is analyzed as a single case study in Chap. 6 and is thus replaced with Skandinaviska Enskilda Banken.

This sample—which can be considered a convenience sample—is intended to maximize efficiency and validity (Yin 2013) both internally and externally. In particular, external validity (or generalization) represents a major barrier to case study research. In this sense, Yin (2013) refers to the term "analytical generalization" to describe the process by which the findings of a case study can be generalized to develop a theory. Each case is selected to explore sustainable business and disclosure practices for the same geographical area (Europe) based on an assumption that banks included in the sample operate within the same (European) legal framework. Data on the European banks analyzed are presented in Table 5.2.

Table 5.2 Banks data (in euros)

		2016	*2015*	*2014*
Danske Bank	Total number of employees	19.000	19.049	18.603
	Dividends paid	1.189.666	1.084.312	745.405,90
	Total assets	468.135.575	442.496.946	464.016.156
	Net income	2.668.518	1.763.469	530.532
ING Bank	Total number of employees	51.943	52.720	55.945
	Dividends paid	1.345.000	2.200.000	1.225.000
	Total assets	843.919.000	1.001.992.000	828.602.000
	Net income	4.302.000	4.731.000	2.823.000
Credit Agricole	Total number of employees	73.605	71.495	75.396
	Dividends paid	1.878.429	n.a.	n.a.
	Total assets	1.524.232.000	1.529.294.000	1.589.044.000
	Net income	3.955.000	3.971.000	2.760.000
DNB ASA	Total number of employees	11 459	11 840	12 064
	Dividends paid	n.a.	n.a.	n.a.
	Total assets	2,653,201	2,598,530	2,649,341
	Net income	n.a.	n.a.	n.a.
BNP Paribas	Total number of employees	192.419	189.077	187.903
	Dividends paid	0	0	0
	Total assets	2.076.959.000	1.994.193.000	2.077.758.000
	Net income	8.115.000	7.044.000	507.000
Skandinaviska Enskilda Banken	Total number of employees	15.300	15.500	16.000
	Dividends paid	n.a.	n.a.	n.a.
	Total assets	267.814.938	255.058.082	269.865.046
	Net income	1.085.081	1.693.928	1.963.326

Source: Our elaboration from Orbis data

5.2.2 *Data Analysis and Coding Procedure*

Using the research protocol, banks' websites and reports for 2014 to 2016 were analyzed. Then, sustainability reports were classified and preliminarily assessed. From this preliminary assessment, five main dimensions of analysis were detected:

1. Code of conduct, internal policy, and position statements
2. Corporate governance

3. Supported international standards, initiatives, and frameworks
4. Risks management procedures
5. Products and services

The first dimension relates to the general approach that banks apply in terms of corporate social responsibility (CSR) and sustainability. The second dimension refers to the possibility that banks maintain specific boards and committees dedicated to sustainability issues and remuneration policies related to sustainable performance. The third dimension is based on the analysis of the main international initiatives banks tend to support. The fourth dimension is related to the possibility that banks develop specific risk management frameworks to manage emerging environmental and social risks (ESR). Finally, the fifth dimension is devoted to analyzing emerging products and services that banks offer to their clients and how these are integrated within banks' investment strategies and portfolios. The coding schemes applied were developed through an iterative process designed to identify sustainability measures of the banks' business models. In a second phase, descriptions were developed to identify similarities and differences between the cases, facilitating the generation of theoretical concepts (Eisenhardt 1989).

5.3 Case Histories

The following sections describe each bank analyzed based on the five dimensions highlighted in Sect. 5.2. Each case study is described moving from available information, and thus each differs based on the quality and quantity of information disclosed in each of the five selected dimensions.

5.3.1 Case of Danske Bank A/S (Denmark)

Danske Bank was founded in 1871 and is headquartered in Copenhagen (Denmark). It is the largest bank in the Danish retail banking sector (Martensen and Grønholdt 2010) and includes Danske Bank, Realkredit Danmark, and other subsidiaries. The group delivers financial services including banking, insurance, mortgage, asset management, brokerage, credit card, real estate, and leasing services and serves private customers as well as the corporate and institutional sectors worldwide. The five core values of Danske Bank are expertise, integrity, value creation, commitment, and accessibility. Its new Corporate Responsibility Strategy developed in 2015 is based on two strategic themes (fostering financial confidence and accessible finance for everyone) and five areas of focus (contributing to society, responsible customer relationships, responsible employers, the environmental footprint, and responsible supplier relationships) with the aim to integrate responsibility in the core business (Danske Bank Corporate Responsibility Report 2016). The company's corporate responsibility department directs the implementation of its Corporate Responsibility Strategy. The department also prepares progress reports and implements select initiatives (Danske Bank Corporate Responsibility Report 2015).

Code of Conduct, Internal Policy, and Position Statements

Danske Bank upgraded its code of conduct in 2017. The code aims to protect the reputation of the group and to ensure its compliance with applicable laws and regulations by communicating the most essential standards for prudent behavior and conduct expected from its employees in their daily activities (Danske Bank Code of Conduct 2017). Danske Bank has adopted a series of policy (Table 5.3) and position statements (e.g., CO2 emissions, modern slavery, forestry, agriculture, mining and metals, fossil fuels, and arms and defense).

Corporate Governance

The Danske Bank Business Integrity Board includes Executive Board members and heads of the group's business units and support functions. It makes corporate responsibility recommendations to the Executive Board on strategic plans and policies and oversees the implementation of corporate responsibility decisions. Its major functions include: (1) the coordination of the Corporate Responsibility Strategy's implementation and business integration throughout the business; (2) the preparation of progress reports; and (3) the implementation of select corporate responsibility initiatives (Danske Bank CR Factbook 2016).

Supported International Standards, Initiatives, and Frameworks

In 1992, Danske Bank signed the environmental charter for banks under the United Nations (UN) Environmental Programme. Through its Corporate Responsibility Strategy 2015–2018, Danske Bank supports the UN's 2030 Agenda for Sustainable Development and contributes to a

Table 5.3 Policies adopted by Danske Bank

Policy	*Year of adoption*	*Description*
AML CTF and Sanctions Policy	2017	This policy sets out principles and standards for the compliance and management of risks associated with financial crime for Danske Bank Group (Danske Bank AML CTF and Sanctions Policy 2017)
Compliance Policy	2017	This policy sets out the principles and standards for compliance and management of compliance risks in Danske Bank Group (Danske Bank Group Compliance Policy 2017)
Remuneration Policy	2017	This policy applies to all group employees. The policy and the group's general incentive structures reflect the group's objectives for good corporate governance and sustained and long-term value creation for shareholders (Danske Bank Remuneration Policy 2017)
Stakeholder Policy	2016	This policy outlines the group's general principles and guidelines for its relations with stakeholders (Danske Bank Stakeholder Policy 2017)
Diversity and Inclusion Policy	2016	The policy sets out elements of diversity and inclusion, reflecting Danske Bank group's overall aims and specifying focus areas (Danske Bank Diversity and Inclusion Policy 2016)
Responsible Investment Policy	2016	This policy governs the bank's responsible investment practices (Danske Bank Responsible Investment Policy 2017)
Whistleblowing Policy	2017	This policy sets out a scheme that supports the reporting of wrongdoings to management for its attention or intervention. Under this policy, employees are encouraged to raise concerns regarding irregularities and criminal offenses related to fraud, sexual harassment, and other failures to comply with applicable regulations, laws, or internal standards (below referred to as "wrongdoings") to which the group's employees might become aware (Danske Bank Whistleblowing Policy 2017)

Tax Policy	2017	This policy sets out a responsible and transparent approach to taxation and applies to all employees, functions, units of the group, and all separate legal entities once adopted by executive management teams and/or boards of directors (Danske Bank Tax Policy 2017)
External Publication of Information Management Policy	2016	This policy defines information that instructs and guides employees to perform their jobs as competently and efficiently as possible to meet the group's objectives. The policy also establishes common terminology and general principles for working with information across the group (Danske Bank Publication of Information Management Policy 2016)
Investor Relations Policy	2016	This policy informs equity and debt investors, analysts and other IR stakeholders of the group's activities in compliance with all national and international statutory requirements and relevant stock exchange regulations on the basis of corporate governance standards and recommendations from relevant organizations (Danske Bank Investors Relations Policy 2016)
Responsibility Policy	2016	This policy outlines Danske Bank Group's approach to and principles for conducting business in a responsible and transparent manner (Danske Bank Responsibility Policy 2016)
Conflict of Interest Policy	2014	This policy provides examples of conflicts of interest that may arise within the group and specifies minimum standards for actions to be taken to manage such conflicts (Danske Bank Conflict of Interest Policy 2014)

Source: Our elaboration from Danske Bank disclosed documents variety sustainable development goals (SDGs) adopted by the UN in 2015 (e.g., health and well-being, gender equality, climate action, and partnerships). Moreover, Danske Bank supports

1. The UN Global Compact
2. The OECD Guideline for Multinational Enterprises[1]
3. The UN Guiding Principles on Business and Human Rights
4. The UN-supported Principles for Responsible Investment
5. The UN Environment Program Finance Initiatives
6. The ILO Declaration on Fundamental Principles and Rights at Work
7. The Universal Declaration of Human Rights

Risk Management Procedures
Danske Bank has incorporated environmental considerations into its credit procedures to ensure that it takes account national and international requirements regarding the impacts of companies on the environment. In 2016, Danske Bank developed five sector-specific position statements that clarify how screening and environmental, social, and governance (ESG) risk analysis are performed. In particular, they establish a general framework for proactive dialogue about risks and opportunities with customers, business partners, and portfolio companies in which the bank invests. The statements focus on issues related to fossil fuels, forestry, climate change, arms and defense, and mining and metals and cover all operations (Danske Bank CR Report 2016).

Products and Services
From December 2014, the Danske Bank Treasury, which is responsible for the bank's bond holdings, has invested DKK 1 billion in green bonds issued to fund projects that have a positive environmental impact (Danske Bank CR Report 2015, 2016). In 2016, Danske Bank launched the European Corporate Sustainable Bond Fund, which enables customers to invest in companies that support sustainable development. In particular, the European Corporate Sustainable Bond fund invests in bonds issued by companies that meet enhanced responsible investment criteria. The fund employs a cautious approach to controversial industries, exhibits heightened ESG awareness, and integrates innovative sustainability thinking and research through its investment decisions (Danske Bank CR

Report 2016). Danske Bank is the first Nordic bank to join the Climate Bonds Partnership Program[2] and has helped (as advisor) Vasakronan issue a SEK 1 billion green bond in addition to assisting the City of Gothenburg with its first green loan. In addition, Danske Bank assisted Nordic Investment Bank with the issuing of its first 500 million euro-denominated environmental bond (Danske Bank Interim Report—first half 2017, 2017).

Moreover, the group provides a list of screened companies that have been excluded from the bank's investment universe because they are considered incompliant with its Responsibility Policy (e.g., involved in breaching environmental norms, violations of labor rights norms, or the production of nuclear weapons).

5.3.2 Case of ING Group (the Netherlands)

ING was founded in 1991 and is headquartered in Amsterdam, the Netherlands. Currently, the group delivers retail and wholesale banking services to private clients, small businesses, large corporations, financial institutions, and governments. In 2016, Sustainalytics—a global provider of ESG research and ratings—named ING the best performing bank from a list of 395 (ING Application of the Dutch Banking Code 2016).

Code of Conduct, Internal Policy, and Position Statements
The bank's ESR framework outlines environmental and social standards and parameters under which ING conducts business in the animal husbandry, chemicals, defense, energy, forestry and agrocommodities, manufacturing, and mining and metals sectors. The bank's ESR Sector Policy also outlines potential impacts associated with these sectors. ING's ESR Sector Policy describes processes that assist the bank in addressing such risks in a responsible and consistent manner. These consider the following:

- Exclusion/no-go areas of engagement
- The identification of risk and best industry guidance per sector
- ESR due diligence processes, including client and transaction assessment methods
- ESR governance (ING Annual Report 2016, 2017)

Corporate Governance
ING Bank voluntary supports principles of the Dutch Banking Code regarding remuneration to the members of its executive board and it uses these principles as a reference for its own corporate governance. The ESR Sector Policy highlights that responsibility for gathering information and assessing clients and transactions lies with the first line of defense, that is, the front office, deal principals, and other front office representatives. Credit risk management acts as the second line of defense and ensures that the client ESR assessment method has been honored, approves of transaction ESR assessments and ultimately opines on potential required mitigating actions as part of the ESR's outcome approval process. The Sustainability Department advises ING management on the bank's sustainability strategy. As such, it analyses sustainability trends in relation to ING's business conduct (ING Annual Report 2015, 2016).

Supported International Standards, Initiatives, and Frameworks
ING is an equator principle financial institution (EPFI)[3] that implements the EP through its own internal environmental and social policies, procedures, and standards, and it does not offer project finance or project-related corporate loans to clients who do not comply with these principles (ING Group Sustainability Annex 2014). Moreover, the EPs are embedded in ING's ESR framework and credit approval process (ING Annual Report 2016). A dedicated team is responsible for embedding the principles within ING's operations.

In October 2016, ING was ranked among the top 9% of thousands of companies on actions and strategies that combat climate change according to leading nonprofit organization Carbon Disclosure Project (CDP). ING was again named under CDP's "Climate A-list" of 193 companies leading on climate change action, receiving the highest possible score, and it has been recognized with a Euronext/CDP Leadership Award for maintaining outstanding environmental disclosure practices.

In June 2016, ING joined the Ellen MacArthur Foundation as an official Circular Economy 100 (CE100) corporate member to improve its commitment to stimulating the circular economy (ING Application of the Dutch Banking Code 2016).

Currently, ING is committed to the following:

- The Equator Principles Association
- The OECD Guidelines
- The IUCN Red List for Species

- IUCN Protected Areas Categories 1 and 2
- The CDP (formerly known as the Carbon Disclosure Project)
- The GRI
- RE100 commitment to 100% renewable electricity procurement
- A Global CEO letter to world leaders urging concrete climate action (2015)
- The European Financial Services Round Table (EFR) Statement on Climate Change
- The Ellen MacArthur Foundation CE100 (ING Environmental Approach 2017).

ING is also a signatory of the following

- The UN Environmental Program Finance Initiative (UNEP FI) and the UNEP Finance Initiative Climate Change Working Group (UNEP FI CCWG)
- The Energy Efficiency Financial Institutions Group (UNEP FI/ European Commission)
- The UN Global Compact
- The IUCN Leaders for Nature network (ING Environmental Approach 2017).

Risk Management Procedures
ING adopts an ESR framework that is integrated into its overall risk management methodology (ING Group Annual Report 2014). The ESR framework, which is reviewed every three years on the basis of significant changes identified in sectors that are more vulnerable to ESR and impacts, is applied to ING's wholesale banking business department (ING Group Annual Report 2016). The ESR framework covers the sectors of mining and metals, chemicals, defense, energy, forestry and agrocommodities, and manufacturing. It also cites explicit restrictions on activities that are not in line with ING's values (ING Group Annual Report 2015, p. 52). ING's ESR Framework is based on the screening of clients and transactions. In 2015, more than 3326 corporate clients and 4713 corporate lending transactions were assessed under the ESR framework (ING Group Annual Report 2015, p. 53). Moreover, ESRs for all lending transactions are reviewed on a yearly basis following annual credit reviews (ING Group Annual Report 2016). In addition to ESR assessment, lending clients and transactions are reviewed against externally recognized sustainability criteria (ING Group Annual Report 2015).

Products and Services

In 2015, ING issued its first green bond by raising US$800 million and €500 million for an initial issue, and US$62.5 million in a private placement is being used to finance and refinance loans in six different areas: renewable energy, green buildings, public transport, waste management, water management, and energy efficiency (ING Green Bond Programme 2016; ING Environmental Approach 2017). ING also acted as joint bookrunner and arranger on a €1 billion dual-tranche green bond issued by TenneT, a European electricity transmission system operator (ING Annual Report 2015 2016). In 2016, ING won Environmental Finance Green Bond Awards as the "Biggest Issuer" and for "Bond of the Year" (ING Group Annual Report 2016, 2017). Through its subsidiary, ING Groenbank, ING finances sustainable investment by offering lending services to a variety of Dutch sectors at favorable rates. Such sectors involve organic farming, renewable energy generation, sustainable construction, and the reuse of waste materials (ING Annual Report 2016, 2017). ING Groenbank also directs up to 10% of its balance sheet toward financial inclusion activities with microfinance—focused on female entrepreneurs—representing a main component (ING Annual Report 2015, 2016).

In 2016, there was a strategic shift from traditional microfinance portfolios in India and Turkey to the use of a more diversified portfolio in terms of locations and the combination of financial services offered. Microfinance was rebranded as Impact Finance, which now acts as a catalytic fund for initiating impact investments both inside and outside of ING (ING Annual Report 2016, 2017).

5.3.3 Case of Crédit Agricole SA (France)

Crédit Agricole (CA) is headquartered in Montrouge, France. The group delivers retail, corporate, insurance, and investment banking products and services worldwide. The company operates through five segments (asset gathering; French retail banking—LCL; international retail banking; specialized financial services; and large customers). It also delivers payment instruments, loans, saving products, and payment management products and services as well as savings/retirement, death and disability/creditor/group, and property and casualty insurance products.

At CA, negative environmental and/or social impacts related to financing and investments are taken into account based on three pillars: the application of the EPs, CSR sector policies, and the assessment of environmental and social aspects of operations (CA 2015 Registration Document 2016, p. 54). The CA CSR strategy is based on three ambitions and ten focus areas, is based on consultations with employees and outside stakeholders, and is embodied in a process of participatory and evolutionary progress referred to as FReD.

FReD is based on the three sets of standards (i.e., the three CSR pillars: economic, social, and environmental) to create a framework for its entities' actions: Fides (for the economic segment), Respect (for the social segment), and Demeter (for the environmental segment). Each of these areas is associated with 19 commitments. Entities must focus on five areas for each set of standards and must organize at least 15 projects.

Code of Conduct, Internal Policy, and Position Statements

In 2017, the group developed a Group-wide Ethics Charter. This charter, signed by the group's top management personnel, stresses CA's core values of acting responsibly, locally, and with solidarity. It restates principles for actions and behaviors to be observed on a day-to-day basis with customers, employees, suppliers, society at large, and all stakeholders (CA Code of Ethics 2017). From 2013, CA CIB has introduced sector policies to go further in recognizing the social and environmental impacts of its activities, and these are applied group wide. Sector policies set conditions for investment and define criteria for the analysis and screening of all transactions involving the following sectors: armaments (2010); energy (oil and gas, shale gas, and coal-fired power stations); hydro plants and nuclear (2012); mining and metals (2013); transport (aviation, maritime, and automotive) (2013); transport infrastructure (2014); real estate (2015); and forests and palm oil (2015) (CA 2014 Registration Document 2015).

Corporate Governance

The Strategic and CSR Committee of the CA Board of Directors ensures that CSR issues are considered in the group's strategies and operations. The Executive Committee approves of CSR policies and ensures that it has the resources required to implement them. The Sustainable Development Division reporting to the Secretary General of CA supports all those involved and hosts the CSR officer and liaison network (Crédit Agricole 2015–2016 Corporate Social Responsibility 2016). Moreover, part (one-third) of the long-term variable compensation of executive officers is impacted by the CSR performance of CA and is based on the FReD Index group. This portion of variable compensation is paid when the group's index is equal to 2.

Supported International Standards, Initiatives, and Frameworks
CA has been a signatory of the UN Global Compact since 2003; the EPs since 2003; the Principles for Responsible Investment (PRI) since 2006; the Diversity Charter since 2008; the Sustainable Purchasing Charter since 2010; the Charter for the Energy Efficiency of Commercial Buildings since 2013; the Science-Based Targets since 2016; and the RE100 since 2016. Moreover, CA has been cofounding member of the Green Bonds Principles since 2014; the Portfolio Decarbonization Coalition since 2014; the Mainstreaming of Climate Action Within Financial Institutions since 2015; the Catalytic Finance Initiative since 2015; the French Business Climate Pledge since 2015; and the BBCA Association (low-carbon building design) since 2015.

Risk Management Procedures
In 2013, CA Corporate and Investment Banking (CIB) introduced a scoring system for all corporate customers. Customers are scored each year on a scale of three levels (advanced, adequate, and sensitive) based on whether a customer complies with existing sector policies (adequate), whether image risks threaten the bank (sensitive), and whether a customer is listed in the main global CSR indices (advanced).

In addition, from 2014 the EP framework has been applied to project finance advisory services, project finances, project-related corporate loans, and bridge loans. In addition to cases determined under the EP Charter, CA endeavors to apply these principles to all other financing that is directly related to a project on a voluntary basis (CA 2015 Registration Document 2016).

Products and Services
CA arranged over $21 billion in green, social, and sustainability bonds for its major customers in 2016 (CA 2016 Registration Document 2017) as well as a number of transactions on its own account (green notes of €1313 billion) (CA 2015 Registration Document 2016). In 2013, CA launched the *Crédit Agricole CIB Green Notes*. Green Notes are bonds or any other type of financing raised by CA whose proceeds are dedicated to funding environmental projects and companies. CA is developing a complete line of high-impact investment solutions dubbed "Alternative Investments". Such products fund actions for employment, housing, health, the environment, associations, debt relief, and international solidarity (CA 2015–2016 Corporate Social Responsibility 2016).

By 31 December 2016, CA CIB had financed €1.541 billion in green loans thanks to green notes and similar debt products (CA Green Notes Framework 2016). Moreover, in 2015, Amundi—the largest asset manager by assets under management—launched the *Amundi Green Bonds* fund, which enables institutional investors to participate in the financing of the energy and environmental transition by investing in the green bonds market and in debt securities of specialist and leading companies focusing on green technology development (CA 2015 Registration Document 2016; CA 2016 Registration Document 2017). The fund's objective is to outperform the Barclays Global Green Bond Index over the recommended investment period, and it can invest up to 100% in diverse types of bonds issued by governments, supranationals, or corporations and at least 66% in "Green Bonds". Amundi also offers the Amundi Valeurs Durables fund, which invests in European companies that earmark at least 20% of their revenues for the development of green technologies. By the end of 2016, the fund's assets totaled €237 million. In 2016, Amundi also launched an Impact Green Bond fund, which enriches the existing offer in terms of financing the energy and ecological transition (Amundi ESG Integration Governance, Policy & Strategy, 2016). CA CIB has also taken part in the largest issue made by a French corporation (Danone) and in the issuance of the largest euro-denominated green bonds tranche with EDF (Électricité de France) Group (CA 2016 Registration Document 2017).

5.3.4 Case of DNB ASA (Norway)

DNB ASA was founded in 1882 and is headquartered in Oslo, Norway. DNB is Norway's largest financial services group and is one of the largest in the Nordic region in terms of market capitalisation. The group offers a full range of financial services, including loans, savings, advisory services, insurance, and pension products for retail and corporate customers, and it operates through several subsidiaries based in Norway and abroad. It operates through five segments: personal customers, small and medium-sized enterprises, large corporation and international customers, trade, and traditional pension products. It offers its products and services to various sectors (i.e., energy; financial institutions; healthcare; manufacturing; packaging and forest products; seafood; shipping, offshore activities, and logistics; and telecom, media, and technology).

Code of Conduct, Internal Policy, and Position Statements
To date, DNB has published a series of internal steering documents. In particular, the group's guidelines for CSR aim to

- ensure that DNB does not contribute to human and labor rights violations, corruption, serious environmental harm, or other actions which may be perceived as unethical;
- provide a framework for DNB's corporate banking units when assessing CSR performance and climate and ESG risks with customers;
- present DNB's exclusion policy;
- present and explain how industry-specific ESG risks are addressed;
- present and explain DNB's view on controversial activities and customers/activities where credit decisions must be elevated and where an enhanced CSR/ESG assessment must be applied;
- document DNB's CSR/ESG risk assessment process (DNB Group Guidelines for Corporate Social Responsibility 2016).

Supported International Standards, Initiatives, and Frameworks
In addition to the Norwegian standards, DNB supports and participates in a number of global initiatives and international guidelines to ensure responsible operations (DNB 2016 Annual Report 2017). In 2016, DNB joined the UN SDGs.[4] Other supported initiatives include the following:

1. The UNEP FI
2. The OECD's guidelines for multinational companies
3. The UN Guiding Principles on Business and Human Rights
4. The PRI
5. The GRI
6. The EPs
7. The CDP and A-list[5]
8. The Dow Jones Sustainability Index (DJSI)
9. The Norwegian forum for responsible and sustainable investments (Norsif)

Risk Management Procedures
DNB applies a dedicated CSR/ESG risk assessment tool. The CSR/ESG risk assessment tools assist with the assessment of a customer's CSR/ESG risk level and CSR/ESG risk mitigation capacity based on the following five core CSR/ESG themes: the environment, climate change, human and

labor rights, corruption, and governance and transparency (DNB CSR/ESG risk assessment tool 2016).

Products and Services
DNB finances wind, water, and solar power projects and its portfolio totaled more than NOK 46 billion in 2016. Moreover, internationally DNB finances renewable projects managed in Europe, the United States, South America, and Australia (DNB 2016 Annual Report 2017). On February 2015, DNB Bank ASA issued a NOK 1 billion green bond based on financing 14 wind projects (DNB Report on Green Bond Proceeds 2017). Moreover, in following its own Responsible Investment policy, DNB excluded 129 companies deemed in breach of the group's guidelines (DNB 2016 Annual Report Responsible Investment 2017).

5.3.5 Case of BNP Paribas SA (France)

BNP Paribas SA was founded in 1848 and is based in Paris, France. The company was formerly known as Banque Nationale de Paris and changed its name to BNP Paribas SA in May 2000. BNP Paribas delivers a range of banking and financial services in France and internationally and operates through three divisions: domestic markets, international financial services, and CIB. The bank also delivers asset management and investment advisory services to institutions and individuals based in Europe, the United States, Asia, and emerging markets.

Code of Conduct, Internal Policy, and Position Statements
The bank's code of conduct highlights a set of rules of conduct based on the following themes: (1) customers' interests, (2) financial security, (3) market integrity, (4) professional ethics, (5) respect for colleagues, (6) group protection, and (7) involvement with society. The BNP Paribas responsibility policy is structured on 4 pillars and 12 commitments that reflect the bank's social and environmental responsibility (CSR) priorities and specific achievements. The fight against climate change is one of the four pillars of BNP Paribas' CSR disclosure policy.

Corporate Governance
The CSR Committee is tasked with monitoring corporate governance issues.

Its role is to help the Board of Directors adapt corporate governance practices, to report to the Executive Committee, and to coordinate the implementation and monitoring of all CSR actions.

Supported International Standards, Initiatives, and Frameworks
The environmental commitments of BNP Paribas are guided by several principles and global initiatives (e.g., the PRI, the EPs, the Soft Commodities Compact of the BEI, and the Montreal Carbon Pledge). The group endorsed the EPs in 2008 and includes an extra-financial analysis in its project financing documents (Registration Document 2011, p. 370).

The group acknowledges and is committed to respecting a number of principles and norms that underpin the way it does business:

- The UN SDGs
- The ten principles of the UN Global Compact
- The internationally accepted OECD Guidelines for multinational enterprises
- The internationally accepted Standards of Human Rights as defined in the International Bill of Human Rights
- Core labor standards set out by the International Labor Organization (ILO; BNP Paribas Code of Conduct 2016)

Moreover, BNP Paribas is compliant with the reporting requirements of Article 173, the Energy Transition for Green Growth Act, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). BNP also complies with new regulations regarding transparency on and respect for human rights (The UK "Modern Slavery Act"), and in 2017, it published its "Modern Slavery and Human Trafficking Statement". Moreover, BNP Paribas complies with the French corporate duty of vigilance law that requires multinational French companies to "establish and implement a diligence plan which should state the measures taken to identify and prevent the occurrence of human rights and environmental risks resulting from their activities, the activities of companies they control and the activities of sub-contractors and supplier, in France and abroad" (BNP CSR 2016 & 2017 Highlights 2017). BNP Paribas participates in the following key industry initiatives:

- The UN Global Compact (2003)
- The PRI—BNP Paribas Asset Management (2006), BNP Real Estate Investment Management (2015), BNP Paribas Securities Services, and BNP Paribas Cardif (2016)

- The EPs (2008)
- Institutional Investors on Climate Change—IIGCC (2007)
- The UN Women's Empowerment Principles (2011)
- The Roundtable on Sustainable Palm Oil (2011)
- The Green Bond Principles—voluntary guidelines for developing the green bond market (2014)
- The Global Impact Investing Network (2014)
- The Soft Commodities Compact (2014) of the Banking Environment Initiative[6]
- The ILO Business Charter on Disability (2016)
- The Carbon Pricing Leadership Coalition[7] (2017)

Risk Management Procedures
In 2010, BNP Paribas developed a framework for managing ESG risks as part of a global risk management approach based on

- respect for the EPs for major industrial and infrastructure projects;
- the development of financing and investment policies for managing the group's activities in sectors presenting significant ESG issues;
- the use of management and monitoring tools to address such risks;
- the implementation of a specific ESG risk assessment framework for its products and services (Registration Document 2015, p. 458).

This framework was further reinforced in 2015. CSR screening is further used to evaluate the most relevant nonfinancial risks facing sectors that are not covered by specific sector policies. The CIB division has created a CSR screening tool for identifying the main ESG risks applicable to large corporate clients operating in sectors not covered by the sector policies, and clients are subjected to specific due diligence (Registration Document 2014, p. 435). This screening is realized through the use of a questionnaire in the following sectors: consumer goods, capital assets, energy and electricity, oil, gas/chemical products, ICT, health care, transportation, automotive, building and building materials, and metallurgy (Registration Document 2015, p. 460).

Provisions and guarantees covering environmental risks—both for 2014 and for 2013—amount to US$2.6 million, are related to private litigation, and do not cover penalties for noncompliance with regulations (Registration Document 2014, p. 467; Registration Document 2013, p. 430). In 2012 and 2011, provisions and guarantees covering environmental risks amount to US$3.4 million.

Products and Services
BNP Paribas allocated €9.3 million in funding to the renewable energy sector in 2016. In 2015, the group was lead manager of €3.875 billion in green bonds, of which €827 million represented index-linked bonds (BNP Paribas Corporate Social Responsibility 2015). BNP Paribas issued its first green bonds in November 2016 for a total of €500 million. The total amount of green bonds issued in 2016 for which the group was joint lead manager amounted to €2.4 billion. Some of the many transactions in which the group was involved in 2016 include the following:

- The first Turkish green bond issued by Turkiye Sinai Kalkinma Bankasi (US$300 million with BNP Paribas as joint lead manager), whose net income is intended to support investments reducing greenhouse gas emissions in the private sector
- The first euro-denominated green bonds issued by a US electricity generation company (US$1.1 billion, Southern Power)
- The first sovereign green bond in France (€7 billion planned with 22-year maturity) to be used to finance climate, biodiversity, and pollution programs (BNP Paribas Registration Document 2016, 2017)

As an integral part of its governance of green bonds and to support the development of green bond initiatives, BNP Paribas has established a Green Bond Committee (BNP Paribas Green Bond Framework 2016).

The Green Bond Committee is chaired by the head of CSR for BNP Paribas, and its role is

- To review and validate the pool of Eligible Green Assets;
- To validate annual reporting for investors;
- To review appropriate external independent auditor reports and to address any issues that arise;
- To monitor any ongoing evolution related to the green bond market practices in terms of disclosure/reporting and harmonization (BNP Paribas Green Bond Framework 2016).

Annual reporting covers (1) eligible green assets and their relevant environmental impact indicators, (2) the allocation of note net proceeds to eligible green assets detailing the aggregate amount dedicated to each eligible sector, and (3) the balance of unallocated cash and/or cash equivalents and/or other liquid marketable instruments (BNP Paribas Fixed Income Presentation 2017).

In addition, in 2016 BNP Paribas commissioned Oekom research to assist with the issuance of its debut Green Bond. The Oekom assessment is based on five key challenges facing companies in terms of sustainability management: (1) sustainability standards for the lending business, (2) customer and product responsibility, (3) sustainable investment criteria, (4) employee relations and work environments, and (5) business ethics. With regard to BNP Paribas, significant outperformance was achieved on "Sustainable investment criteria", whereas in "Business ethics", the company lags behind the industry's average level (Verification of the Sustainability Quality of the Green Bond issued by BNP Paribas SA 2016).

Moreover, the 16.6% of all loans granted to companies by BNP Paribas in 2016 contributed directly to the achievement of one of the UN SDGs. This involves financing projects related to associations, social work, education, and health care. Moreover, BNP Paribas has supported 407 start-ups having a significant positive impact on the French Retail Banking portfolio (CSR Department Report 2017). Since 2013, BNP Paribas has launched 12 ethical indices that have raised more than €3 billion. These solutions provide investors with a financial return while allowing them to have a positive impact and particularly on the environment (BNP Paribas Registration Document 2016, 2017**).** Finally, BNP Paribas collaborated with the General Directorate of the Treasury for the development of the first French Social Impact Bond (SIB).

5.3.6 Case of Skandinaviska Enskilda Banken (Sweden)

Skandinaviska Enskilda Banken AB (publ) was founded in 1856 and is headquartered in Stockholm, Sweden. The bank delivers corporate, institutional, and private banking services, including savings account, investment banking, securities brokerage, loan, pension, and insurance products. SEB has branches throughout Sweden, in Germany, and in the Baltic States, and it is represented in many countries worldwide.

Code of Conduct, Internal Policy, and Position Statements

SEB's Code of Conduct describes and lays out SEB's values, ethics, and standards of business conduct (SEB Corporate Governance Report 2016). SEB is also governed by a set of policies and instructions including a corporate sustainability policy, environmental policy, and human rights policy among others (SEB Code of Conduct 2016), while position statements refer to child labor, climate change, fresh water, arms and defense, forestry, fossil fuels, mining and metals, renewable energy, and shipping.

Corporate Governance
The external framework for SEB's corporate governance considers the following rules and guidelines:

- The Companies Act
- The Annual Accounts Act
- The Nasdaq Stockholm Issuer Rules
- The Swedish Corporate Governance Code
- The Banking and Financing Business Act
- Rules and guidelines issued by the Swedish Financial Supervisory Authority and by other authorities (SEB Corporate Governance Report 2016)

Policies and instructions that have been drawn up to define the division of responsibility within the group serve as important tools for the board and the president and chief executive officer (the president) in their governing and controlling roles. Such policies and instructions include the following, among others:

- Rules of procedure for the board and instructions for board committees
- Instructions for the president and the group's activities
- the group's credit instruction and risk policy
- Instructions for handling of conflicts of interest
- Instructions for procedures against money laundering and the financing of terrorism
- The code of conduct
- The remuneration policy
- The corporate sustainability policy
- Policies on the assessment of suitability of directors, members of the Group Executive Committee (GEC), and other key function holders

The Corporate Sustainability Committee is chaired by the head of Group Communications.

Supported International Standards, Initiatives, and Frameworks
Within the framework of the UNEP, SEB has joined nine other banks around the world in issuing a Positive Impact Manifesto. SEB is also committed to the following:

1. The UN Global Compact
2. The EPs
3. The eight ILO Core Conventions on Labor Standards
4. The International Covenant on Economic, Social, and Cultural Rights
5. The International Covenant on Civil and Political Rights
6. The Children's Rights and Business Principles
7. The UN Guiding Principles on Business and Human Rights
8. The UN Convention on the Rights of the Child
9. The OECD Guidelines for Multinational Enterprises
10. UN-supported PRI
11. The Universal Declaration of Human Rights
12. The UNEP FI (SEB Corporate Sustainability Policy 2016)

Products and Services
Since 2007 SEB has committed with the World Bank to implement a fixed-income instrument and has also acted as the sole lead manager of the World Bank's inaugural SEK 2.3 billion green bond (SEB 2016 Corporate Sustainability Report 2017). SEB has been involved in the issuance of 10.8% of all green bonds globally. SEB's share in 2015 was 7.6%. In total, 40% of the total volume of green bonds has been issued on the basis of frameworks wherein SEB has served as the structural advisor (SEB 2015 Corporate Sustainability Report 2016). In 2016, SEB was the fourth-largest underwriter in volume with a market share of 4.4% equaling US$3.4 billion, and it has supported other financial sector issuers such as ABN Amro, Bank of China, BNP Paribas, DKB, Rabobank, and SBAB as a structural adviser and/or underwriter.

5.4 Learning from Experience

5.4.1 Disclosure Practices, International Engagement, and Standardization

Our analysis of reporting practices shows that standardization is yet to be realized. From a formal point of view, disclosure practices observed in the sample vary in terms of size and typology and in terms of information disclosed. With regard to forms, sustainability reporting is often integrated into annual reports (as in the case of DNB Bank) or enclosed in specific CSR documents (as in the case of BNP Paribas) (Table 5.4).

The analyzed sample reveals a wide range of reporting typologies adopted by banks and that vary from comprehensive reports—that include both financial and nonfinancial information—to specific reports and notes. The varied nature of these reporting practices can be further explained in light of countries' policies and/or in light of the adoption of international frameworks. In particular, this is the case for France where a specific regulation has been applied. In this vein, French banks must also disclose their provisions or guarantees to cover environmental risks. Thus, variability in the quality and typologies of disclosure is strictly related to countries' specific approaches to CSR and environmental issues.

Another example is represented by ING, for which the document entitled "Application of the Dutch Banking Code" provides information on corporate governance and remuneration issues, risk management procedures, and societal commitment. In addition to country-specific regulations, banks are also engaged in a series of voluntary guidelines such as those of the GRI. The adoption of the GRI standards by banks included in the sample is summarized in Table 5.5.

By excluding CA, which does not adequately disclose based on GRI guidelines, Table 5.6 highlights the other banks' adherence to the standards.

Table 5.4 Documents disclosed by banks

	2016	*2015*	*2014*
Danske Bank A/S	Annual report and corporate sustainability responsibility (CSR) report	Annual report and CSR report	Annual report
ING Group	Annual report	Annual report	Annual report and sustainability annex
Crédit Agricole SA	Annual report and integrated report	Annual report and CSR report	Annual report and CSR report
BNP Paribas SA	Annual report and CSR report	Annual report and CSR report	Annual report and CSR report
DNB ASA	Integrated annual report	Annual report and Annual CSR report	Annual report and Annual CSR report
SEB	Annual report and sustainability report	Annual report and sustainability report	Annual report and sustainability report

Source: Our elaboration

Table 5.5 Adherence with GRI standards

	2016	*2015*	*2014*
Danske Bank A/S	Non-GRI[a]	GRI-G4	GRI-G4
ING Group	GRI-G4	GRI-G4	GRI-G3.1
Crédit Agricole SA	Non-GRI	Non-GRI	Non-GRI
BNP Paribas SA	Citing GRI[b]	Non-GRI	GRI-G3.1
DNB ASA	GRI-G4	GRI-G4	GRI-G4
Skandinaviska Enskilda Banken	GRI-G4	GRI-G4	GRI-G4

Source: Our elaboration from the GRI Database (http://database.globalreporting.org)

[a]Non-GRI refers to sustainability/integrated reports in which the organization discloses information on its economic, environmental, social, and governance performance but with no reference to being based on GRI guidelines or GRI standards

[b]GRI: Uses sustainability/integrated reports that make explicit reference to being based on GRI guidelines (G3, G3.1, or G4) but for which there is no GRI content index

Table 5.6 Accordance with GRI standards

	2016	*2015*	*2014*
Danske Bank A/S	Non-GRI	In accordance (core)	In accordance (core)
ING Group	In accordance (comprehensive)	In accordance (comprehensive)	A+
BNP Paribas SA	None	Non-GRI	Undeclared
DNB ASA	In accordance (core)	In accordance (core)	In accordance (core)
Skandinaviska Enskilda Banken	In accordance (core)	In accordance (core)	B+

Source: Our elaboration from GRI database (http://database.globalreporting.org)

In accordance (comprehensive) = reports contain the statement "*This report has been prepared in accordance with the GRI Standards: Comprehensive option.*"

In accordance (core) = reports contain the statement "*This report has been prepared in accordance with the GRI Standards: Core option.*"

Undeclared = no explicit "in accordance" option is declared, but the report includes a complete G4 content index

The sampled banks are also listed in sustainability indices, such as the DJSI (BNP Paribas and ING Group) and Financial Times Stock Exchange4Good (FTSE4Good) (BNP Paribas).

5.4.2 Banks' Commitments to Sustainability

In analyzing disclosed documents of the sampled banks, it is worth noting that the banks' commitments to sustainability can be summarized based on the following activities:

– Environmental considerations in terms of direct/indirect impacts and dedicated products and services
– International engagement and initiatives (e.g., UNEP FI and SDGs)

All of the sampled banks disclose information on their direct impacts on the environment. Considerable attention is dedicated—by all banks—to issues of gas emissions reduction or climate change and efforts range from the development of environmental and climate-friendly financial instruments to the adoption of special policies and goals. This is in line with international requirements (e.g., GRI) that require banks to highlight their current results that planned objectives in terms of direct impact reduction.

The risk management dimension is the most difficult to assess. While banks such as BNP Paribas and CA—forced by the French legal framework – provide many details on provisions and risk management practices, in the case of other banks information is difficult to retrieve.

With regard to the UN SDGs, only CA does not provide any information on its involvement. Table 5.7 provides an overview of the how other banks engage with the standards.

Table 5.7 shows that some objectives are prioritized by all of the banks, and that climate action is one of these.

Table 5.7 UN sustainable development goals by banks

	Danske Bank	*ING*	*BNP Paribas*	*DNB*	*SEB*
1. No poverty			✓		
2. Zero hunger			✓		
3. Good health and well-being	✓		✓		
4. Quality education	✓	✓	✓	✓	
5. Gender equality	✓		✓		
6. Clean water and sanitation		✓	✓		
7. Affordable and clean energy		✓	✓		
8. Work and economic growth	✓	✓	✓	✓	✓
9. Industry, innovation, and infrastructure		✓			✓
10. Reduced inequality			✓		
11. Sustainable cities and communities		✓	✓		
12. Responsible consumption		✓			
13. Climate action	✓	✓	✓	✓	✓
14. Life below water			✓		
15. Life on land			✓		
16. Peace, justice, and strong institutions		✓	✓		✓
17. Partnerships for the goals	✓	✓	✓		

Source: Our elaboration

5.4.3 Financial Performance and Sustainability Strategies

To explore the possibility that better financial performance may lead banks to disclose more sustainability information, Table 5.8 compares financial data to positions ranked by banks in the Top 100 Sustainability Companies ranking.

From the data and given that the Top 100 Sustainability Companies methodology (see Appendix 5.1) is based strictly on disclosed and publicly available data listed on banks' websites, it is possible to note that

1. Danske Bank moved from the tenth (in 2015) to the fourth (in 2017) position, and thus this bank improved the quality of its own disclosure practices during the period considered. Excluding the value of total assets for 2015, all of the considered variables increased in value in the same period;
2. ING Bank moved from the 45th to the 5th position in 2016/2017 and in the same period all of the considered variables decreased in value;
3. CA moved from 42th to 17th position between 2015 and 2017 and all of the considered variables decreased in value during this period except for the net income for 2016;
4. BNP Paribas moved from the 82th to the 42th position between 2015 and 2017, while the considered variables generally increased in value during this period; and
5. SEB moved from the 58th to the 46th position between 2015 and 2017, while the variable net income value decreased over the same period.

The relationship between improved financial performance and the quality of sustainability disclosure is not clear. However, it is interesting to note that if there is no clear relationship between financial performance and sustainability disclosure, the improved quality of the latter may be explained by a need to regain customer confidence. In this sense, further analysis based on statistical tools is required.

5.4.4 Sustainable Banking Products

It is interesting to note that all of the sampled banks are engaged in green bond initiatives and consequently disclose much more information despite providing other green or social products. As stressed in previous sections of this book, the development of new products and services can be viewed

Table 5.8 Financial data and sustainability companies rankings: A comparison

							Top 100 Sustainability Companies ranking		
		2016	Δ	*2015*	Δ	*2014*	*2017*	*2016*	*2015*
Danske Bank	Total number of employees	19.000	↓	19.049	↑	18.603	4	7	10
	Dividends paid	1.189.666	↑	1.084.312	↑	745.405,90			
	Total assets	468.135.575	↑	442.496.946	↓	464.016.156			
	Net income	2.668.518	↑	1.763.469	↑	530.532			
ING Bank	Total number of employees	51.943	↓	52.720	↓	55.945	5	45	n.r.
	Dividends paid	1.345.000	↓	2.200.000	↑	1.225.000			
	Total assets	843.919.000	↓	1.001.992.000	↑	828.602.000			
	Net income	4.302.000	↓	4.731.000	↑	2.823.000			
CA	Total number of employees	73.605	↑	71.495	↓	75.396	17	n.r.	42
	Dividends paid	1.878.429	n.a	n.a.	n.a.	n.a.			
	Total assets	1.524.232.000	↓	1.529.294.000	↓	1.589.044.000			
	Net income	3.955.000	↑	3.971.000	↑	2.760.000			
DNB ASA	Total number of employees	11,459	↓	11,840	↓	12,064	34	28	46
	Dividends paid	n.a.	n.a.	n.a.	n.a.	n.a.			
	Total assets	2,653,201	↑	2,598,530	↓	2,649,341			
	Net income	n.a.	n.a.	n.a.	n.a.	n.a.			
BNP Paribas	Total number of employees	192.419	↑	189.077	↑	187.903	42	35	82
	Dividends paid	0	=	0	=	0			
	Total assets	2.076.959.000	↑	1.994.193.000	↓	2.077.758.000			
	Net income	8.115.000	↑	7.044.000	↑	507.000			
SEB	Total number of employees	15.300	↓	15.500	↓	16.000	46	41	58
	Dividends paid	n.a.	n.a.	n.a.	n.a.	n.a.			
	Total assets	267.814.938	↑	255.058.082	↓	269.865.046			
	Net income	1.085.081	↓	1.693.928	↓	1.963.326			

Source: Our elaboration

as a market opportunity. As shown in the sections dedicated to green bonds, banks declare their efforts to fight climate change and highlight the total number of green bonds issued underwritten or arranged under a lead manager. Moreover, banks provide information on other products such as microfinance funds (as in the case of SEB) and social impact bonds (as in the case of BNP Paribas).

5.5 Conclusion

This chapter describes the disclosure practices of the six most sustainable banks in Europe based the notion that increased attention to sustainable banking activities from customers and stakeholders has heightened the importance of disclosure.

Banks are adopting international frameworks as a reference point to disclose their information to the public and to highlight their attention to issues such as human rights, financial crimes (e.g., antimoney laundering), and climate change. However, the adoption of well-recognized international standards—such as the GRI—does not guarantee standardization or contents of disclosure, as 50% of the sampled banks did not adopt (or cite) GRI in 2016 and among those that adopt the standards (core and comprehensive) variability in the content and level of disclosure is relevant. Moreover, comparing disclosure practices is further complicated by the presence of a large number of disclosed documents with relevant information and that integrate "core" sustainability reports. In this sense, disclosure is one of the most important instruments that banks can use to demonstrate their "sustainable approaches". However, sustainability reports are not easily accessible and are often completed by a series of other documents that do not provide an immediate overview of what banks do in terms of sustainability. Another issue that does not appear to be fully assessed in actual disclosure practices is related to the role of boards. As highlighted in previous chapters, corporate governance is a major driver toward sustainability in the banking sector. Nevertheless, information on concrete commitments to sustainability is not always available.

Finally, banks are paying more attention to the development of sustainable financial products and especially to green bonds. This confirms that banks view sustainability as a source of market opportunity.

Appendix 5.1: The Global 100 Sustainability Companies

The top 100 Global 100 Sustainability Index is an international standard for evaluating corporate performance on key social and environmental issues. *Corporate Knights screens*, a Canadian magazine which manages the Global 100, analyzes nearly 5000 companies against their global industry peers to produce an annual list. The ranking is based on publicly disclosed data (e.g., financial filings and sustainability reports) and the precise ranking methodology and results of the process are fully disclosed (Global 100 Sustainability Index, 2017). The review process is described in Fig. 5.1.

From the starting universe, screening criteria are applied. The screening criteria are described in Fig. 5.2.

The shortlist obtained from the screening criteria is then analyzed from the KPIs summarized in Fig. 5.3.

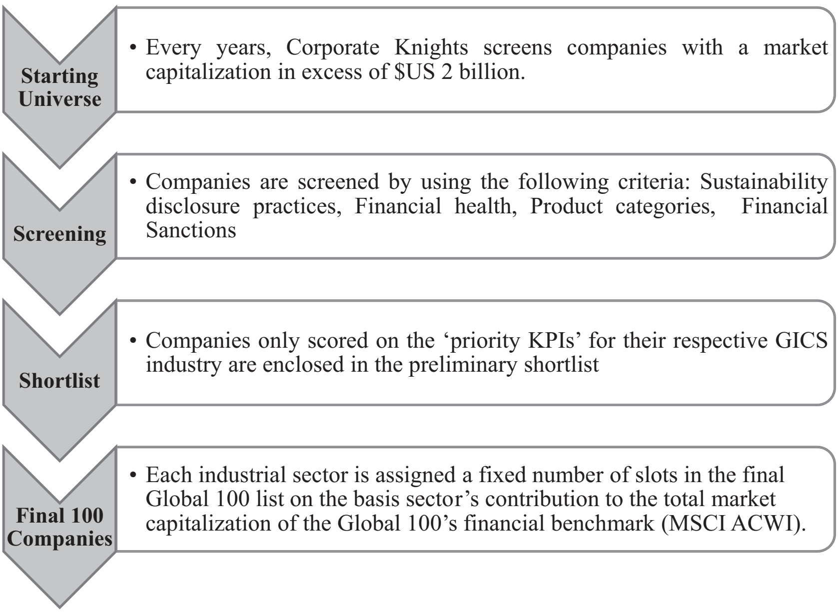

Fig. 5.1 The *Corporate Knight*'s review process (Source: Our elaboration from Global 100 Sustainability Index (2017))

Fig. 5.2 The *Corporate Knight*'s screening process (Source: Our elaboration from Global 100 Sustainability Index (2017))

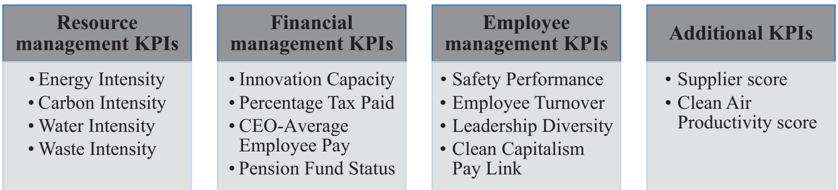

Fig. 5.3 The Global 100's KPIs (Source: Our elaboration from Global 100 Sustainability Index (2017))

Notes

1. The OECD Guidelines for Multinational Enterprises constitute the most comprehensive international instrument on responsible business conduct (RBC). The OECD Guidelines set out principles and standards on RBC and steps that enterprises are expected to take to avoid and address involvement with adverse impacts across a range of societal concerns. For further details see OECD (2001, 2017).
2. The Climate Bonds Initiative is an international investor-focused not-for-profit organisation that works to mobilize debt capital markets for climate change solutions. It works with institutional investors, commercial actors and governments to promote investment in projects and assets necessary to support a rapid transition to a low-carbon and climate resilient economy.

The Climate Bonds Initiative also runs an International Standards and Certification Scheme for climate bonds; investor groups representing $34 trillion in assets sit on its board and some 50 organizations are involved in its development and governance. For further details see the Climate Bond Initiative website at www.climatebonds.net

3. Equator principles (EPs) are risk management frameworks for determining, assessing and managing environmental and social risk through project financing initiatives. The EPs are primarily intended to provide minimum standards for due diligence required to support responsible risk-related decisions and are conceived to ensure sustainable development in project finance. The social, ethical, and environmental policies of financial institutions that adopt this framework differ significantly from those of banks that do not adopt it (Scholtens and Dam 2007). On the role of EPs as a tool for sustainability in the financial sector, see Weber and Acheta (2014). On the relationship between EPs and bank liquidity, see Chen et al. (2017). On the relationship between the adoption of EPs and shareholder value, see Eisenbach et al. (2014).
4. The sustainable development goals (SDGs) were launched in 2015 by the United Nations. The SDGs follow the Millennium Development Goals and are a universal set of targets and indicators designed to help countries end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. For further details see http://www.un.org/sustainabledevelopment/sustainable-development-goals/
5. The CDP is the global standard for the measurement and reporting of climate change information. The A List names the world's businesses leading on environmental performance. For further information see: https://www.cdp.net/
6. The Banking Environment Initiative is convened by the University of Cambridge Institute for Sustainability Leadership (CISL), which also houses the Secretariat. The BEI is a group of international banks convened by the Chief Executives of its members to identify ways to collectively direct capital towards environmentally and socially sustainable economic development. The 'Soft Commodities' Compact is a unique client-led initiative that aims to mobilize the banking industry as a whole to contribute to the transformation of soft commodity supply chains and to therefore help clients achieve zero net deforestation by 2020. It represents one of the key work streams of the BEI. Further information can be retrieved from https://www.cisl.cam.ac.uk
7. The Carbon Pricing Leadership Coalition (CPLC) was officially launched in November 2015 on the opening day of COP21, and it brings together governments, businesses and NGOs who agree and advocate that carbon pollution should be priced fairly, effectively and efficiently. For further information see https://www.carbonpricingleadership.org/

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