GRI Sector Standards Project for Financial Services – Banking exposure draft

Comments to be received by 31 May 2025

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

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

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

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

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

Contents

Introduction

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

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

The Standard is structured as follows:

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

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

Sector this Standard applies to

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

- Consumer banking
- Commercial banking
- Corporate banking
- Investment banking

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

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

Sector classifications

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

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

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

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

System of GRI Standards

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

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

Universal Standards: GRI 1, GRI 2 and GRI 3

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

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

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

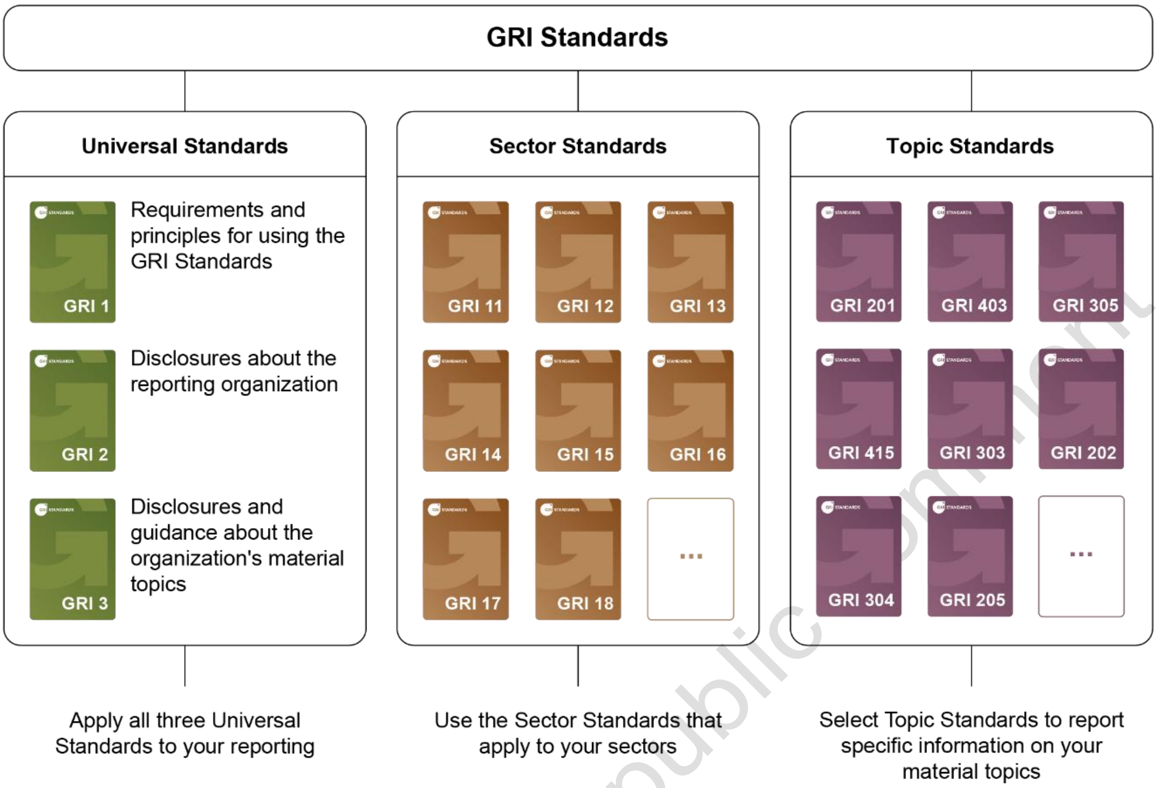
Sector Standards

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

Topic Standards

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

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



Using this Standard

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

Determining material topics

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

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

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

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

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

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

Determining what to report

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

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

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

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

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

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

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

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

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

GRI Sector Standard reference numbers

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

Defined terms

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

References and resources

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

Figure 2. Structure of reporting included in each topic

Reporting on local communities

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		

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

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

1 Management of the topic

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

2 Topic Standard disclosures

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

3 Additional sector recommendations

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

4 Additional sector disclosures

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

5 Sector Standard reference numbers

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

1. Sector profile

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

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

Sector activities and business relationships

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

Activities

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

Activities by business line:

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

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

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

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

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

Operational activities:

Customer engagement: Using the organization’s leverage with their institutional customers to influence them to prevent or mitigate negative impacts. In this context, customer engagement refers to direct engagement between the organization and the customer. It can include actions such as incorporating expectations of responsible business conduct into customer contracts or requesting time-bound action from customers to address or mitigate a particular impact.

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

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

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

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

Business relationships

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

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

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

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

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

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

The sector and sustainable development

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

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

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

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

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

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

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

Sustainable Development Goals

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

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

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

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

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

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

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

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

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

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

Topic [XX].12 Child labor	Goal 8: Decent Work and Economic Growth
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].13 Freedom of association and collective bargaining	Goal 8: Decent Work and Economic Growth
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].14 Occupational health and safety	Goal 3: Good Health and Well-being
	Goal 8: Decent Work and Economic Growth
Topic [XX].15 Employment	Goal 5: Gender Equality
	Goal 8: Decent Work and Economic Growth
	Goal 10: Reduced Inequalities
Topic [XX].16 Remuneration and working time	Goal 5: Gender Equality
	Goal 8: Decent Work and Economic Growth
	Goal 10: Reduced Inequalities
Topic [XX].17 Significant changes for workers	Goal 8: Decent Work and Economic Growth
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].18 Economic impacts	Goal 1: No Poverty
	Goal 2: Zero Hunger
	Goal 8: Decent Work and Economic Growth
	Goal 9: Industry, Innovation and Infrastructure
	Goal 10: Reduced Inequalities
	Goal 17: Partnerships for the Goals
Topic [XX].19 Prevention of corruption and financial crime	Goal 10: Reduced Inequalities
	Goal 16: Peace, Justice and Strong Institutions
	Goal 17: Partnerships for Goals
Topic [XX].20 Anti-competitive behavior	Goal 10: Reduced Inequalities
	Goal 16: Peace, Justice and Strong Institutions
Topic [XX].21 Tax	Goal 1: No Poverty
	Goal 10: Reduced Inequalities
	Goal 17: Partnerships for the Goals
Topic [XX].22 Public policy	Goal 13: Climate Action
	Goal 16: Peace, Justice and Strong Institutions
	Goal 17: Partnerships for the Goals

2. Likely material topics

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

Disclosures on incorporating sustainability in banking and investment

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

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

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

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

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

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

Organizations in the banking sector should identify actual and potential negative impacts across all their activities and business relationships and assess how they may be involved with them [23], [24], [25] [26], [27], [28]. For negative impacts via customers, banking organizations should consider business relationships with entities beyond the first tier [27], [29]. This means that organizations should consider the negative impacts from their customers and those in their customers' value chain [29].

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

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

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

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

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

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

Additional sector disclosures	**SECTOR STANDARD REF #**
Report the total monetary value of the organization's lending portfolio at the end of the reporting period and by percentage breakdown of relevant categories, including: • customer types and how they are defined; • sectors, including the public sector, and the classification system used; • geographic locations; • low-, middle-, and high-income countries and their definition.	XX.0.1
Report the total monetary value of assets under management at the end of the reporting period[3] and by percentage breakdown of relevant categories, including: • asset classes; • sectors, including the public sector, and the classification system used; • geographic locations; • low-, middle-, and high-income countries and their definition. Report the investment threshold the organization has determined in reporting the breakdown of assets under management.	XX.0.2
Report the organization's overarching approach to incorporating sustainability in banking and investment, including:	XX.0.3

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

• how impacts on the economy, environment, and people are considered in determining its strategy and business model; • its commitments and objectives on sustainability; • how sustainable products, services, and investments are defined, including the jurisdiction-level taxonomies or labeling regimes it applies or is subject to, where available.	
Describe how the organization implements its approach to incorporating sustainability in banking and investment, including: • minimum standards and exclusion policies; • how its objectives on sustainable development are linked to banking products and services with a specific sustainability focus; • how its objectives are linked to investment instruments with a specific sustainability focus (e.g., green bonds), with a percentage breakdown of assets under management and the criteria for specifying the instruments (e.g., ICMA guidelines); • how it uses sustainability-related information in investment decisions, particularly in research, valuation, and portfolio construction through methods such as norms-based, negative, and positive screening; • relevant thematic and impact products and services for lending, with a breakdown by sustainability focus; • thematic investment and impact investment products, with a percentage breakdown of assets under management.	XX.0.4
Report the governance bodies and roles responsible for overseeing and implementing the incorporation of sustainability in banking and investment, including: • their competencies regarding sustainable development; • the number of employees with formal responsibilities on sustainability incorporation and the percentage of these compared to the organization's total number of employees; • the number of employees with formal responsibilities on customer engagement and the percentage of these compared to the organization's total number of employees; • the number of employees with formal responsibilities on investee stewardship and the percentage of these compared to the organization's total number of employees; • how remuneration policies and performance reviews align with the organization's sustainable banking and investment objectives and any differences in incentive structures and performance reviews across teams.	XX.0.5
Describe the process to identify and assess actual and potential impacts from customers and investees at the lending and investment portfolio levels, including: • the sectors, geographic locations, and any other factors that inform the process; • the material topics associated with these sectors, geographic locations, and other factors.	XX.0.6
Describe the process to identify and assess actual and potential impacts from customers and investees at the transaction level, including: • how the process differs by relevant categories, such as customer type, business line, asset class, and loan and investment size; • frequencies at which the process is applied to relevant categories such as customer type, business line, asset class, and loan and investment size, and the rationale for these frequencies; • how the organization integrates the findings in the decision-making for new and existing loans and investments; • how the organization assesses its involvement with actual negative impacts of its customers and investees (see Box 1 in this Standard); • whether and how the process of identifying and assessing impacts differs by material topic.	XX.0.7
Describe the approach to customer engagement and investee stewardship, including:	XX.0.8

• the criteria for selecting customers for engagement and investees for stewardship; • the practices used, including collective and direct engagement, and how they differ by relevant categories such as customer type, business line, asset class, and loan and investment size; • how direct engagement with customers and investees is defined; • the number of customers the organization directly engaged with for each of the material topics; • the number of investees the organization directly engaged with for each of the material topics; • where actions taken to address negative impacts do not lead to desired changes, the escalation processes used, including adjusted and stopped lending, adjusted investment and divestment; • whether and how the approach to customer engagement and investee stewardship differs by material topic.	
Describe the approach to collecting data about impacts from customers and investees to inform sustainability reporting, including: • whether primary data from customers and investees is collected and what it covers; • whether and how the organization uses data from third-party data providers; • how the organization addresses data gaps, including whether and how proxies and estimates are used.	XX.0.9
Describe how engagement with relevant stakeholders and experts has informed approaches to sustainability incorporation in banking and investment.	XX.0.10

Topic [XX].[1] Climate change

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

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

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

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

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

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

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

Reporting on climate change

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the most significant impacts from climate change mitigation and adaptation activities associated with lending and investment portfolios, including impacts on: - local communities, vulnerable groups, workers, and Indigenous Peoples; - biodiversity. • For customer engagement and investee stewardship related to climate change, report: - agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress; - examples of outcomes of customer engagement and investee stewardship.	XX.1.1
Topic Standard disclosures		
GRI CC: Climate Change (Exposure draft)	Disclosure CC-1 Transition plan for climate change mitigation *Additional sector recommendations* • When reporting the transition plan-related policies, include: - policies for lending to and investing in customers and investees that: - undertake new oil, gas, and coal projects; - expand existing oil, gas, and coal projects; - policies for managing the early retirement of oil-, gas-, and coal-related assets; - policies for the provision of banking products and services to other GHG emissions-intensive sectors, with a breakdown by sector; - any products, services, and business relationships excluded from the transition plan-related policies; - the rationale for any exclusions. • Describe the policies to evaluate the transition plans of customers and investees, including: - which sectors and customer types the policy applies to; - the criteria to assess the quality of the transition plan in line with the latest science and internationally agreed climate goals; - the criteria to assess just transition considerations in the transition plan.	XX.1.2
GRI CC: Climate Change	Disclosure CC-2 Climate change adaptation plan *Additional sector recommendations*	XX.1.3

(Exposure draft)	• When describing the climate change adaptation plan, include:
	- how the organization assesses the impacts of loans and investments that are associated with climate change-related physical risks, including impacts related to:
	  - workers, local communities, and Indigenous Peoples;
	  - biodiversity;
	- the policies for the provision of products and services related to climate change adaptation and resilience, including:
	  - banking products and services aimed at preventing the physical risks of climate change;
	  - banking products and services aimed at remediating and recovering from the physical risks of climate change.	

GRI CC: Climate Change (Exposure draft)	Disclosure CC-4 GHG emissions reduction target setting and progress
	Additional sector recommendations
	• When reporting the short-, medium- and long-term GHG emissions reduction target setting and progress for Scope 3, category 15, include:
	- targets that apply to the oil, gas, and coal sectors;
	- targets that apply to other GHG-emission-intensive sectors;
	- actions or planned actions to increase the scope of targets to cover all sectors;
	- the monetary value at the end of the <u>reporting period</u> of the relevant lending and investment portfolios that the targets apply to, reported as:
	  - an absolute amount;
	  - as a percentage of the total value of each portfolio, reported separately;
	  - a breakdown by sector;
	- any products, services, or business relationships excluded from the targets;
	- the rationale for any exclusions.
	• When reporting the progress towards Scope 3, category 15, targets include:
	- the progress towards targets related to the oil, gas, and coal sectors;
	- the progress towards targets related to other GHG-emissions-intensive sectors;
	- how progress resulted in actual economic decarbonization or was caused by changes in the portfolios.
	• Report whether an independent third party has validated Scope 3, category 15, GHG emissions reduction targets, and the related emissions reduction progress.
		XX.1.4

GRI CC: Climate Change (Exposure draft)	Disclosure GH-1 Scope 1 GHG emissions	XX.1.5
GRI CC: Climate Change	Disclosure GH-2 Scope 2 GHG emissions	XX.1.6

(Exposure draft)		

GRI CC: Climate Change (Exposure draft)	Disclosure GH-3 Scope 3 GHG emissions
	
	Additional sector recommendations
	• When reporting Scope 3 emissions, category 15:
	- include financed emissions, with a breakdown by asset class and sector;
	- include facilitated emissions, with a breakdown by asset class and sector;
	- report the monetary value at the end of the reporting period of the lending and investment portfolios covered by the calculations, reported as:
	  - an absolute amount;
	  - a percentage of the total value of each portfolio;
	- explain any limitations of the data collected about customers and investees and any plans to improve the accuracy of the data.
		XX.1.7

GRI CC: Climate Change (Exposure draft)	Disclosure GH-4 GHG emissions intensity Additional sector recommendations: • Report emissions intensity ratio(s) for Scope 3, category 15, and the metric (denominator) used.	XX.1.8
GRI CC: Climate Change (Exposure draft)	Disclosure CC-6 Carbon credits	XX.1.9
Additional sector disclosures		
Report the monetary value at the end of the reporting period of the lending and investment portfolios separately, including the percentage of the total value of each portfolio allocated to customers and investees that: • are active in the oil, gas, and coal sectors, with a breakdown by type;; • received products and services for new and expansion projects related to the oil, gas, and coal sectors during the reporting period, with a breakdown by geographic location; • are active in other GHG emissions-intensive sectors, with a breakdown by sector.		XX.1.10
Report the monetary value at the end of the reporting period of the lending and investment portfolios with externally verified targets and transition plans that are in line with the latest science and internationally agreed climate goals, reported separately for each portfolio, including: • the absolute amount; • the percentage of the total value of each portfolio; • a breakdown by sector. Report the monetary value at the end of the reporting period of the lending and investment portfolios allocated to customers and investees that have included just transition considerations in their transition plans, reported separately for each portfolio, including: • the absolute amount; • the percentage of the total value of each portfolio.		XX.1.11

Describe any limitations of the data collected about customers and investees regarding their transition plans and any plans to improve data accuracy.	
Report the monetary value at the end of the reporting period of the lending and investment portfolios separately, including the percentage of the total value of each portfolio allocated to customers and investees that undertake: • renewable energy projects, with a breakdown by geographic location; • other climate mitigation activities, with a breakdown by sector and geographic location; • climate adaptation activities, with a breakdown by sector and geographic location. Report the organization's taxonomies and definitions to classify climate mitigation and adaptation activities. Report any targets the organization has set for improving lending and investing in climate mitigation and adaptation activities.	XX.1.12

References and resources

GRI CC: Climate Change (exposure draft) lists authoritative intergovernmental instruments and additional references relevant to reporting on climate change by the banking sector.

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

Topic [XX].[2] Biodiversity

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

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

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

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

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

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

Reporting on biodiversity

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

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

• the methods used and the assumptions made to identify customers and investees with the most significant impacts on biodiversity, including data sources used; • the organization’s plans to improve or expand the scope of the assessment over the short-, medium- and long-term; • the business lines excluded from the assessment and the rationale for excluding them. Describe any limitations of the data collected about customers and investees to identify the ones with the most significant actual and potential impacts on biodiversity. Report the monetary value at the end of the reporting period of the lending and investment portfolios included in the assessment, reported separately for each portfolio, including: • the absolute amount; • the percentage of the total value of the portfolio; • a breakdown by sector.	
Report the monetary value at the end of the reporting period of the lending and investment portfolios allocated to customers and investees that have identified sites with the most significant impacts on biodiversity, reported separately for each portfolio, including: • the absolute amount; • the percentage of the total value of the portfolio; • a breakdown by sector.	XX.2.4
Report the monetary value at the end of the reporting period of the lending and investment portfolio allocated to customers and investees that have set targets to minimize negative impacts on biodiversity, reported separately for each portfolio, including: • the absolute amount; • the percentage of the total value of the portfolio; • a breakdown by sector.	XX.2.5
Report the monetary value at the end of the reporting period of the lending portfolio allocated to customers that have sites in or near ecologically sensitive areas, including: • the absolute amount; • the percentage of the total value of the portfolio; • a breakdown by sector.	XX.2.6
Report the monetary value at the end of the reporting period of the lending and investment portfolio separately, including the percentage of the total value of the portfolio allocated to customers and investees that: • restore or rehabilitate degraded ecosystems; • conserve ecosystems; • undertake climate change mitigation or adaptation activities that contribute to the protection of biodiversity. Report the taxonomies and definitions that the organization uses to classify restoration and conservation activities, as well as other activities that contribute to the protection of biodiversity. Report the goals and targets for lending to and investing in organizations that conserve, restore, and protect biodiversity.	XX.2.7

References and resources

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

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

Topic [XX].[3] Water and effluents

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

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

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

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

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

Reporting on water and effluents

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

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

References and resources

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

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

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

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

Topic [XX].[4] Waste

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

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

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

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

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

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

Reporting on waste

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

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

References and resources

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

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

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

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

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

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

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

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

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

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

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

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

Reporting on financial health and inclusion

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		

GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics
	Additional sector recommendations
	• Describe the dispute and recourse mechanisms for complaints relating to financial health and inclusion.
	• Describe the approach to assessing the financial health of the organization’s customers, including the use of financial health-related metrics or scores.
	• Report the actions to prevent and address customer over-indebtedness, including examples of proactive interventions, such as addressing regular overdraft usage and high spending relative to income.
	• Describe the policies regarding de-risking practices, including strategies to prevent and mitigate unintended exclusion of individuals and organizations from the formal financial system.
	• Describe the actions to prevent and mitigate financial exclusion of non-profit organizations, including comprehensive risk assessments, informed mitigation measures, and non-profit organization engagements to promote financial inclusion.
	• Describe the actions targeted at workers, distributors and third-party platforms aimed at promoting customers’ financial health and inclusion.
	• Describe whether and how the organization is involved in initiatives and partnerships aimed at enhancing financial health and inclusion.
	• For customer engagement and investee stewardship related to financial health and inclusion, report:
	  - agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;
	  - examples of outcomes of customer engagement and investee stewardship.
		XX.5.1

Additional sector disclosures		
Report the customer groups the organization intends to reach through its financial health and inclusion policies (hereafter referred to as identified customer groups) and the process used to determine the customer groups.		XX.5.2
Describe how the organization addresses the needs of the identified customer groups, including through: • product and service design, including how it incorporates actions to improve access to products and services;		XX.5.3

• financial education and literacy initiatives, including reporting the number of participants.	
Report the percentage breakdown of the organization's products and services by the identified customer groups that used them during the reporting period.	XX.5.4
Report the percentage of MSMEs that have: • an outstanding loan or credit with the organization; • a deposit account with the organization. Include the organization's definition of MSMEs used.	XX.5.5
Report the number of: • new home loans issued by the organization within the identified customer groups; • defaulted home loans within the identified customer groups.	XX.5.6
Report the total number of complaints related to financial health and inclusion, including: • a breakdown of substantiated and non-substantiated complaints; • a breakdown by type of complaint; • a breakdown by type of complainant, including both customers (e.g., retail customers) and non-customers (e.g., individuals that have been denied access to a product or service); • most prevalent issues; • any observed trends per complaint type, comparing data from the current period to that from the previous reporting period.	XX.5.7
Report the number of the organization's banking access points[7] in low-populated or economically disadvantaged areas by geographic location by type of access point, including: • how this number compares to the total number of banking access points in the geographic locations reported on; • the percentage increase or decrease of the number of the organization's banking access points between the beginning and the end of the reporting period.	XX.5.8

References and resources

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

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

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

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

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

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

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

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

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

Reporting on customer privacy and data security

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

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

References and resources

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

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

Topic [XX].[7] Marketing and labeling

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

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

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

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

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

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

Reporting on marketing and labeling

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

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

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

References and resources

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

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

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

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

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

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

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

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

Reporting on local communities and rights of Indigenous Peoples

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the approach to managing impacts from customers and investees on local communities and rights of Indigenous Peoples, including: – how the organization assesses the quality of engagement with affected stakeholders conducted by its customers and investees; – how the organization assesses the extent to which customers and investees are abiding by Free, Prior, and Informed Consent procedures – how the organization assesses the quality of safeguards implemented by customers and investees for the protection of human rights defenders or other stakeholders that are exposed to retaliation; – whether and how the organization conducts its own engagement with stakeholders affected by its customers and investees, including: ○ if engagement with stakeholders affected by its customer or investees is done through proxies or experts and how those are selected. • For customer engagement and investee stewardship related to local communities and rights of Indigenous Peoples, report: - agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress; - examples of outcomes of customer engagement and investee stewardship.	XX.8.1
Additional sector disclosures		
Report the total number of identified incidents of violations involving the rights of Indigenous Peoples related to project finance or investment provided by the organization. Report whether these incidents took place in the context of: • customers, investees, or transactions for which an impact assessment based on international standards that address the rights of Indigenous Peoples has been conducted, such as the Equator Principles and IFC Performance Indicators; or • other business relationships.		XX.8.2

References and resources

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

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

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

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

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

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

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

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

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

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

Reporting on conflict-affected and high-risk areas

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		

GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics
	
	Additional sector recommendations
	
	• Describe the organization's due diligence expectations for customers and investees with activities in conflict-affected and high-risk areas.
	• Describe the approach to assessing customers' and investees' due diligence processes and adherence to international humanitarian law for activities in conflict-affected and high-risk areas and how this assessment informs lending and investment decisions.
	• For customer engagement and investee stewardship related to conflict-affected and high-risk areas, report:
	  - agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress;
	  - examples of outcomes of customer engagement and investee stewardship.
		XX.9.1

Additional sector disclosures		
	Report the monetary value at the end of the reporting period of the lending and investment portfolios that are exposed to conflict-affected and high-risk areas, reported separately for each portfolio, including: • the absolute amount; • the percentage of the total value of the portfolio. Describe how the organization's lending and investments portfolios are exposed to conflict-affected and high-risk areas, including: • how loans and investments may exacerbate negative impacts in these areas; • how loans and investments may prevent, mitigate, or remediate impacts in these areas. Describe how the organization defines conflict-affected and high-risk areas, including the data sources and the assumptions made.	XX.9.2
	Report from the organization's conflict analysis: • examples of stopped lending or divestment decisions; • examples of disengaged customers or divested investees.	XX.9.3
	Describe the approach for providing products and services to customers and investees in the defense sector, including: • whether the organization has a policy for investing in the defense sector; • the types of customers or investees active in the defense sector that are included and excluded from the above policy; • how it considers international weapon treaties, international humanitarian law, and relevant regulations;	XX.9.4

• how it relates to policies and commitments on human rights and conflict-affected and high-risk areas.	

References and resources

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

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

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

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

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

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

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

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

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

Reporting on non-discrimination and equal opportunity

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the initiatives to promote equal opportunities for workers. • Describe the training initiatives for workers and distributors aimed at promoting non-discriminatory practices towards customers. • Describe the policies and procedures to prevent or mitigate negative impacts related to discrimination against customers, including how they are implemented, monitored, and followed in practice, including in: – credit scoring processes; – data and algorithms used. • For customer engagement and investee stewardship related to non-discrimination and equal opportunity, report: - agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress; - examples of outcomes of customer engagement and investee stewardship.	XX.10.1
Topic Standard disclosures		
GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-1 Diversity of governance bodies and employees	XX.10.2
GRI 406: Non-discrimination 2016	Disclosure 406-1 Incidents of discrimination and corrective actions taken *Additional sector recommendations* • Report a breakdown of the total number of incidents of discrimination during the reporting period by: - incidents related to discrimination of workers; - incidents related to discrimination of customers; - incidents related to discrimination of other stakeholders.	XX.10.3

References and resources

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

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

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

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

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

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

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

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

Reporting on forced or compulsory labor

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe the approach to monitoring transactions to identify risks of forced or compulsory labor. • For customer engagement and investee stewardship related to forced or compulsory labor, report: - agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress; - examples of outcomes of customer engagement and investee stewardship.	XX.19.1
Topic Standard disclosures		
GRI 409: Forced or Compulsory Labor 2016	Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	XX.19.2

References and resources

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

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

Topic [XX].[12] Child labor

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

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

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

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

Reporting on child labor

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

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

References and resources

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

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

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

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

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

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

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

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

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

Reporting on freedom of association and collective bargaining

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

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

References and resources

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

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

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

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

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

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

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

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

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

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

Reporting on occupational health and safety

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

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

References and resources

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

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

Topic [XX].[15] Employment

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

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

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

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

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

Reporting on employment

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

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

References and resources

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

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

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

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

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

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

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

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

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

Reporting on remuneration and working time

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

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

References and resources

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

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

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

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

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

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

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

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

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

Reporting on significant changes for workers

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

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

References and resources

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

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

Topic [XX].[18] Economic impacts

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

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

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

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

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

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

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

Reporting on economic impacts

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

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

References and resources

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

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

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

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

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

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

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

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

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

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

Reporting on prevention of corruption and financial crime

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

STANDARD	DISCLOSURE	SECTOR STANDARD REF #
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe how the organization incorporates lines of defence in its the prevention, identification, and internal reporting of corruption and financial crime, including: - operational level procedures and functions, related to record keeping, approval procedures and reporting structures; - specialized risk management and regulatory compliance procedures and functions, including how compliance standards are established for the organization; - internal and external auditing procedures and functions; - any best practice or industry guidelines the organization subscribes to. • For customer engagement and investee stewardship related to prevention of corruption and financial crime, report: - agreed-upon targets related to customers' and investees' performance, along with metrics for evaluating progress; - examples of outcomes of customer engagement and investee stewardship.	XX.19.1
Topic Standard disclosures		
GRI 205: Anti-corruption 2016	Disclosure 205-1 Operations assessed for risks related to corruption *Additional sector recommendations* • Report operations assessed for risks related to financial crime.	XX.19.2
GRI 205: Anti-corruption 2016	Disclosure 205-2 Communication and training about anti-corruption policies and procedures *Additional sector recommendations* • Report communication and training about policies and procedures on the prevention of financial crime.	XX.19.3
GRI 205: Anti-corruption 2016	Disclosure 205-3 Confirmed incidents of corruption and actions taken *Additional sector recommendations*	XX.19.4

	• Report the total number and nature of incidents related to financial crime, including: - suspicious incidents identified; - investigated incidents; - confirmed incidents.	
Additional sector disclosures		
Report the total monetary value of customer funds lost to financial crime.		XX.19.5

References and resources

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

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

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

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

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

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

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

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

Reporting on anti-competitive behavior

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

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

References and resources

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

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

Topic [XX].[21] Tax

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

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

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

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

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

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

Reporting on tax

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

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

References and resources

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

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

Topic [XX].[22] Public policy

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

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

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

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

Reporting on public policy

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

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

References and resources

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

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

Glossary

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

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

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

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

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