SUSTAINABILITY ACCOUNTING STANDARD | FINANCIALS SECTOR

COMMERCIAL BANKS

Sustainability Accounting Standard

Sustainable Industry Classificaton System™ (SICS™) #FN0101

Prepared by the
Sustainability Accounting Standards Board®

February 2014
Provisional Version

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COMMERCIAL BANKS

Sustainability Accounting Standard

About SASB

The Sustainability Accounting Standards Board (SASB) provides sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability issues for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. SASB is an independent 501(c)3 non-profit organization and is accredited to set standards by the American National Standards Institute (ANSI).

SASB is developing standards for more than 80 industries in 10 sectors. SASB's standards-setting process includes evidence-based analysis with in-depth industry research and engagement with a broad range of stakeholders. The end result of this process is the creation of a complete, industry-specific accounting standard which accurately reflects the material issues for each industry.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD

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Table of Contents

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INTRODUCTION

Purpose & Structure

This document contains the SASB Sustainability Accounting Standard (SASB Standard) for Commercial Banks.

SASB Standards are comprised of (1) disclosure guidance and (2) accounting standards on sustainability topics for use by U.S. and foreign public companies in their annual filings (Form 10-K or 20-F) with the U.S. Securities and Exchange Commission (SEC). To the extent relevant, SASB Standards may also be applicable to other periodic mandatory fillings with the SEC, such as the Form 10-Q, Form S-1, and Form 8-K.

SASB's disclosure guidance identifies sustainability topics at an industry level, which may be material— depending on a company's specific operating context— to a company within that industry.

Each company is ultimately responsible for determining which information is material and is therefore required to be included in its Form 10-K or 20-F and other periodic SEC filings.

SASB's accounting standards provide companies with standardized accounting metrics to account for performance on industry-level sustainability topics. When making disclosure on sustainability topics, companies adopting SASB's accounting standards will help to ensure that disclosure is standardized and therefore useful, relevant, comparable, and auditable.

Industry Description

Companies in the Commercial Banks Industry accept deposits and make loans to individuals and corporations. Some firms in this industry are engaged in lending for infrastructure, real estate, and other projects.

Note: The SASB Commercial Banks (FN0101) Standard addresses "pure play" commercial banking services, which SASB recognizes may not include all the activities of integrated financial institutions, such as investment banking & brokerage services, mortgage finance, consumer finance, asset management & custody services, and insurance. Separate SASB accounting standards are available that address the sustainability issues for activities in those industries.

Guidance for Disclosure of Material Sustainability Topics in SEC filings

1. Industry-Level Material Sustainability Topics

For the Commercial Banks Industry, SASB has identified the following material sustainability topics:

- **Financial Inclusion & Capacity Building**
- **Customer Privacy & Data Security**
- **Management of the Legal & Regulatory Environment**
- **Systemic Risk Management**
- **Integration of Environmental, Social, and Governance Risk Factors in Credit Risk Analysis**

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2. Company-Level Determination and Disclosure of Material Sustainability Topics

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is "a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of the information made available."[1]

SASB has attempted to identify those sustainability topics that evidence suggests may be material for all companies within each SICS industry. SASB recognizes, however, that each company is ultimately responsible for determining what is material to it.

Regulation S-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K "any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed."[2]

Furthermore, Instructions to Item 303 state that the MD&A "shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition."

In determining whether a trend or uncertainty should be disclosed, the SEC has stated that management should use a two-part assessment based on probability and magnitude:

- First, a company is not required to make disclosure about a known trend or uncertainty if its management determines that such trend or uncertainty is not reasonably likely to occur.
- If a company's management cannot make a reasonable determination of the likelihood of an event or uncertainty, then disclosure is required unless management determines that a material effect on the registrant's financial condition or results of operation is not reasonably likely to occur.

3. Sustainability Accounting Standard Disclosures in Form 10-K

a. Management's Discussion and Analysis

Companies should consider making disclosure on sustainability topics as a complete set in the MD&A, in a sub-section titled **"Sustainability Accounting Standards Disclosures."**[3]

b. Other Relevant Sections of Form 10-K

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[1] TSC Industries v. Northway, Inc., 426 U.S. 438 (1976).

[2] C.F.R. 229.303(Item 3030)(a)(3)(ii).

[3] SEC [Release Nos. 33-8056; 34-45321; FR-61] Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations: "We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing."

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In addition to the MD&A section, companies should consider disclosing sustainability information in other sections of Form 10-K, as relevant, including:

- **Description of business**—Item 101 of Regulation S-K requires a company to provide a description of its business and its subsidiaries. Specifically Item 101(c)(1)(xii) expressly requires disclosure regarding certain costs of complying with environmental laws:

  Appropriate disclosure also shall be made as to the material effects that compliance with Federal, State, and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries.

- **Legal proceedings**—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations targeting discharge of materials into the environment or primarily for the purpose of protecting the environment.

- **Risk factors**—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filling company.

c. Rule 12b-20

Securities Act Rule 408 and Exchange Act Rule 12b-20 require a registrant to disclose, in addition to the information expressly required by law or regulation, "such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading."

More detailed guidance on disclosure of material sustainability topics can be found in the **SASB Conceptual Framework**, available for download via http://www.sasb.org/approach/conceptual-framework/.

Guidance on Accounting of Material Sustainability Topics

For sustainability topics in the Commercial Banks Industry, SASB identifies two categories of accounting metrics: 1) Quantitative and 2) Discussion and Analysis.

SASB recommends that each company consider using these sustainability accounting metrics when disclosing its performance with respect to each of the sustainability topics it has identified as material.

As appropriate—and consistent with Rule 12b-20[4]—for each sustainability topic, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following related to the topic:

[4] SEC Rule 12b-20: "In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made not misleading."

- the registrant's **strategic approach** to managing performance on material sustainability issues;
- the registrant's **competitive positioning**;
- the **degree of control** the registrant has;
- any **measures the registrant has undertaken** or **plans to undertake** to improve performance; and
- data for registrant's **last three completed fiscal years** (when available).

SASB recommends that registrants use SASB Standards specific to their primary industry as identified in the Sustainability Industry Classification System (SICS™). If a registrant generates significant revenue from multiple industries, SASB recommends that it consider the materiality of the sustainability issues that SASB has identified for those industries and disclose the associated SASB accounting metrics.

Users of the SASB Standards

The SASB Standards are intended for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the Securities Exchange Act of 1934 (the Exchange Act)[5], for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Nevertheless, disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Scope of Disclosure

Unless otherwise specified, SASB recommends:

- That a registrant disclose on sustainability issues and metrics for itself and for entities in which the registrant has a controlling interest and therefore are consolidated for financial reporting purposes (controlling interest is generally defined as ownership of 50% or more of voting shares);[6]
- That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and
- That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that such registrant considers the information necessary for investors to understand its performance with respect to sustainability issues (typically this disclosure would be limited to risks and opportunities associated with these entities).

[5] Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange such as the New York Stock Exchange, the NYSE Amex and the NASDAQ Stock Market or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than $10 million in assets.

[6] See US GAAP consolidation rules (Section 810).

Reporting Format

Activity Metrics and Normalization

SASB recognizes that normalizing accounting metrics is important for the analysis of SASB disclosures.

SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparison of disclosure, to the extent that they are not already disclosed in the Form 10-K (e.g., revenue, EBITDA, etc.).

Such data—termed "activity metrics" —may include high-level business data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions (e.g., for internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Activity metrics disclosed should:

- Convey contextual information that would not otherwise be apparent from SASB accounting metrics.
- Be deemed generally useful for users of SASB accounting metrics (e.g., investors) in performing their own calculations and creating their own ratios.
- Be explained and consistently disclosed from period to period to the extent they continue to be relevant – however, a decision to make a voluntary disclosure in one period does not obligate a continuation of that disclosure if it is no longer relevant or if a better metric becomes available.

Where relevant, SASB recommends specific activity metrics that – at a minimum – should accompany SASB Sustainability Accounting Metric disclosures to aid investors in interpretation, analysis, and benchmarking.

For the Financials Sector, metrics measuring revenue, returns, margins, and regulatory capital are relevant for normalizing and analyzing SASB disclosures. Because these and other relevant financial metrics are readily available in financial statements and from financial data vendors, SASB does not specify activity metrics for the industries within the Financials Sector.

Units of Measure

Unless specified, disclosures should be reported in International System of Units (SI units).

Uncertainty

SASB recognizes that there may be inherent uncertainty when disclosing certain sustainability data and information. This may be related to variables like the imperfectness of third-party reporting systems or the unpredictable nature of climate events. Where uncertainty around a particular disclosure exists, SASB recommends that the registrant should consider discussing its nature and likelihood.

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Estimates

SASB recognizes that scientifically-based estimates, such as the reliance on certain conversion factors or the exclusion of *de minimis* values, may be necessary for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis.

Timing

Unless otherwise specified, disclosure shall be for the registrant's fiscal year.

Limitations

There is no guarantee that SASB Standards address all sustainability impacts or opportunities associated with a sector, industry, or company and, therefore, a company must determine for itself the topics—sustainability-related or otherwise—that warrant discussion in its SEC filings.

Disclosure under SASB Standards is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations. Where such laws or regulations address legal or regulatory topics, disclosure under SASB Standards is not meant to supersede those requirements. Disclosure according to SASB Standards shall not be construed as demonstration of compliance with any law, regulation, or other requirement.

SASB Standards are intended to be aligned with the principles of materiality enforced by the SEC. However, SASB is not affiliated with or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Forward Looking Statements

Disclosures on sustainability topics can involve discussion of future trends and uncertainties related to the registrant's operations and financial condition, including those influenced by external variables (e.g., environmental, social, regulatory, and political). Companies making such disclosures should familiarize themselves with the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Exchange Act, which preclude civil liability for material misstatements or omissions in such statements if the registrant takes certain steps, including, among other things, identifying the disclosure as forward looking and accompanying such disclosure with "meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements."

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Assurance

In reporting on SASB Standards, it is expected that registrants report with the same level of rigor, accuracy, and responsibility as all other information contained in their SEC filings.

SASB encourages registrants to use independent assurance (attestation), for example, an Examination Engagement as described in AT Section 701.

The following sections contain the technical protocols associated with each accounting metric such as guidance on definitions, scope, accounting guidance, compilation, and presentation.

The term "shall" is used throughout this Standard to indicate those elements that reflect SASB's mandatory disclosure requirements. The terms "should" and "may" are used to indicate guidance, which, although not mandatory, provides a recommended means of disclosure.

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Table 1. Material Sustainability Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Financial Inclusion & Capacity Building	Percentage of new accounts held by first-time account holders	Quantitative	Percentage (%)	FN0101-01
	Percentage of total domestic loans for underserved and underbanked business segments	Quantitative	Percentage (%) in U.S. dollars ($)	FN0101-02
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers[7]	Quantitative	Number (#)	FN0101-03
	Loan-to-deposit ratio for: (1) Overall domestic lending (2) Underserved and underbanked business segments	Quantitative	Ratio in U.S. dollars ($)	FN0101-04
	Loan default rates for: (1) Overall domestic lending (2) Underserved and underbanked business segments	Quantitative	Rate in U.S. dollars ($)	FN0101-05
Customer Privacy & Data Security	Number of data security breaches and percentage involving customers' personally identifiable information[8]	Quantitative	Number (#), percentage (%)	FN0101-06
	Discussion of management approach to identifying and addressing vulnerabilities and threats to data security	Discussion and Analysis	n/a	FN0101-07
Management of the Legal & Regulatory Environment	Amount of legal and regulatory fines and settlements associated with financial industry regulation and percentage that resulted from whistleblowing actions[9]	Quantitative	U.S. dollars ($), percentage (%)	FN0101-08
	Number of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system, and percentage that were substantiated[10]	Quantitative	Number (#), percentage (%)	FN0101-09

[7] Note to **FN0101-03** – Disclosure shall include a description of financial literacy initiatives.

[8] Note to **FN0101-06** – Disclosure shall include a description of corrective actions.

[9] Note to **FN0101-08** – Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

[10] Note to **FN0101-09** – Disclosure shall include a description of the nature of the inquiries, complaints, or issues and of any corrective actions taken by registrant in response to information received by its legal and compliance office through an internal monitoring and/or reporting system.

Table 1. Material Sustainability Topics & Accounting Metrics (cont.)

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Systemic Risk Management	Results of stress tests under adverse economic scenarios,[11] including the following measures (actual and projection): (1) Loan losses (2) Losses, revenue, and net income before taxes (3) Tier 1 common capital ratio (4) Tier 1 capital ratio (5) Total risk-based capital ratio (6) Tier 1 leverage ratio	Quantitative	U.S. dollars ($), ratio in U.S. dollars ($)	FN0101-10
	Basel III Liquidity Coverage Ratio (LCR)	Quantitative	Ratio in U.S. dollars ($)	FN0101-11
	Net exposure to written credit derivatives	Quantitative	U.S. dollars ($)	FN0101-12
	Level 3 assets: (1) total value and (2) percentage of total assets	Quantitative	U.S. dollars ($), percentage (%)	FN0101-13
	Skewness and kurtosis of trading revenue	Quantitative	n/a	FN0101-14
Integration of Environmental, Social, and Governance Risk Factors in Credit Risk Analysis	Discussion of how environmental, social, and governance (ESG) factors are integrated into the lending process	Discussion and Analysis	n/a	FN0101-15
	Discussion of credit risk to the loan portfolio presented by climate change, natural resource constraints, human rights concerns, or other broad sustainability trends	Discussion and Analysis	n/a	FN0101-16
	Amount and percentage of lending and project finance that employs: (1) Integration of ESG factors (2) Sustainability themed lending or finance (3) Screening (exclusionary, inclusionary, or benchmarked) (4) Impact or community lending or finance	Quantitative	U.S. dollars ($), percentage (%)	FN0101-17
	Total loans to companies in the following sectors/ industries: Energy/Oil&Gas, Materials/Basic Materials, Industrials, and Utilities	Quantitative	U.S. dollars ($)	FN0101-18

[11] Note to **FN0101-10** –Disclosure shall include a description of the most significant drivers of changes in regulatory capital ratios.

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Financial Inclusion & Capacity Building

Description

Emerging financing models coupled with legislative incentives provide commercial banks with opportunities to offer products and services to underserved populations. In addition, the recent financial crisis demonstrated the importance of diversified and resilient funding sources that these communities can provide. Commercial banks should disclose how they are enhancing shareholder value through efforts to expand inclusion and build capacity.

Accounting Metrics

FN0101-01. Percentage of new accounts held by first-time account holders

.01 An individual shall be considered a first-time account holder if he/she does not have any deposit accounts listed on a bank history report.

- Valid bank history reports are those produced by verification services companies governed by the federal Fair Credit Reporting Act (FCRA).

.02 The registrant shall calculate the percentage as the total number of new checking and savings accounts approved for first-time account holders during the fiscal year divided by the total number of checking and savings accounts opened during the fiscal year.

FN0101-02. Percentage of total domestic loans for underserved and underbanked business segments

.03 The registrant shall disclose the average net amount (in U.S. dollars) of commercial and industrial lending portfolios for underserved business segments as a percentage of the average net amount (in U.S. dollars) of all commercial and industrial lending.

.04 The registrant shall calculate the average net loan amount in conformance with the Federal Financial Institutions Examination Council's (FFIEC) Consolidated Report of Condition and Income (call report) preparation instructions.

.05 The scope includes lending that qualifies as a Small Business Administration (SBA) 7(a) loan for small businesses, lending to businesses that qualify for Small Business Administration's 8(a) Business Development Program (e.g., minority owned businesses), lending to businesses that have minority-owned or women-owned certification (e.g., National Minority Supplier Development Council, Women's Business Enterprise National Council), Community Reinvestment Act of 1977 (CRA) qualified lending (e.g., for small businesses, small farms, and community development), and lending to businesses located in and serving low-income neighborhoods.

.06 The scope of disclosure excludes residential and commercial mortgage activities.

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FN0101-03. Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers

.07 The registrant shall disclose the number of individuals that participated in financial literacy initiatives including, but not limited to, educational programs, workshops, seminars, courses, counseling, and community partnerships.

- The registrant shall calculate the total number of unique individuals who are documented to have participated in at least one of its initiatives during the fiscal year.
- Disclosure shall include participants in ongoing programs in the case that active participation can be documented during the fiscal year.

.08 Unbanked customers are those in households without a checking or savings account who may rely on alternative financial services (AFS), such as payday loans, non-bank money orders, non-bank check cashing services, non-bank remittances, rent-to-own services, pawn shops, or refund anticipation loans (RALs).

.09 Underbanked customers are in households that have a checking and/or a savings account but may still regularly use AFS.

.10 Underserved customers include those who are unbanked, underbanked, or otherwise have limited access to mainstream financial services, often due to limited or no credit history. These customers commonly include young adults, immigrants and/or non-native English speakers, the elderly, ethnic minorities, low-income customers (i.e., with less than $30,000 in household income), or members of the military.

.11 The scope of disclosure shall include both individual retail customers and relevant commercial customers (e.g., small and medium enterprises, minority owned business, etc.).

NOTE TO FN0101-03

.12 The registrant shall describe its initiatives, programs, or financial services that are focused on enhancing the financial literacy of unbanked, underbanked, or underserved customers.

FN0101-04. Loan-to-deposit ratio for:
(1) Overall domestic lending
(2) Underserved and underbanked business segments

.13 The registrant shall calculate the loan-to-deposit (LTD) ratio as the average net loans divided by the average deposits, where:

- Average net loan value (in U.S. dollars) is calculated in conformance with the Federal Financial I nstitutions Examination Council's (FFIEC) Consolidated Report of Condition and Income (call report) preparation instructions.
- Average deposits (in U.S. dollars) are calculated in conformance with the Federal Financial Institutions Examination Council's (FFIEC) Consolidated Report of Condition and Income (call report) preparation instructions.

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.14 The LTD ratio shall be calculated and disclosed for the registrant's overall domestic lending, which includes all U.S. consumer and wholesale loans.

- In the case that the registrant is non-U.S. domiciled, domestic lending shall include all consumer and wholesale lending within the registrant's country of domicile.

.15 The LTD ratio shall be calculated and disclosed for the registrant's lending to underserved and/or underbanked business segments, including all loans disclosed in FN0101-02.

FN0101-05. Loan default rates for:
(1) Overall domestic lending
(2) Underserved and underbanked business segments

.16 The registrant shall calculate the loan default rate as the sum of all loan charge-offs (in U.S. dollars) divided by the average net loan amount (in U.S. dollars).

- Charge-offs are the amount of loans in default (i.e., 120 past due) for which the value of loans has been removed from the registrant's books and charged against loss reserves, less the amount recovered from delinquent borrowers.

- Average net loan value (in U.S. dollars) is calculated in conformance with Federal Financial Institutions Examination Council's (FFIEC) Consolidated Report of Condition and Income (call report) preparation instructions.

.17 The loan default rate shall be calculated and disclosed for the registrant's overall domestic lending, which includes all U.S. consumer and wholesale loans.

- In the case that the registrant is non-U.S. domiciled, domestic lending shall include all consumer and wholesale lending within the registrant's country of domicile.

.18 The loan default rate shall be calculated and disclosed for the registrant's lending to underserved and/or underbanked business segments, including all loans disclosed in FN0101-02.

.19 The scope of disclosure excludes residential and commercial mortgage activities.

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Customer Privacy & Data Security

Description

Ensuring the privacy and data security of personal financial data is an essential responsibility of the commercial banks industry. Companies that fail to manage performance in this area are susceptible to decreased revenue and consumer confidence. Further, although many states have passed laws requiring businesses to notify authorities in the event of a security breach, the current absence of federal standards has led to increased costs as companies are required to comply with a patchwork of state laws. Enhanced disclosure on the number and nature of security breaches and management strategies to address these risks will allow shareholders to understand how commercial banks are protecting shareholder value.

Accounting Metrics

FN0101-06. Number of data security breaches and percentage involving customers' personally identifiable information

.20 The registrant shall calculate and disclose the total number of data security breaches, which are defined as instances of unauthorized acquisition, access, use, or disclosure of protected information.

.21 The scope of disclosure shall be limited to data security breaches, cyber security risks, and incidents that resulted in the registrant's business processes deviating from its expected outcomes for confidentiality, integrity, and availability.

- Disclosure shall include incidents of unauthorized acquisition or acquisition without valid authorization, resulting from people, process, or technology deficiencies or failures.
- Disclosure shall exclude disruptions of service due to equipment failures.

.22 "Personally Identifiable Information" refers to any information about an individual maintained by an agency, including (1) any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information[12].

.23 The registrant shall disclose the percentage of data security breaches involving customers' unencrypted personally identifiable information and the customers were notified of the breach.

- Notification includes that which is voluntary by the registrant or required by state law.
- Disclosure shall include incidents when encrypted data were acquired with an encryption key that was also acquired.
- The registrant may delay disclosure if a law enforcement agency has determined that notification impedes a criminal investigation until the law enforcement agency determines that such notification does not compromise such an investigation.

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[12] GAO Report 08-536, *Privacy: Alternatives Exist for Enhancing Protection of Personally Identifiable Information*, May 2008

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.24 Disclosure shall follow, but not be limited to, the U.S. Security and Exchange Commission's (SEC) CF Disclosure Guidance: Topic No. 2, Cybersecurity.

- At a minimum, this includes when the costs or other consequences associated with one or more known incidents—or the risk of potential incidents—represents a material event, trend, or uncertainty that is reasonably likely to have a material effect on the registrant's results of operations, liquidity, or financial condition, or would cause reported financial information to not be necessarily indicative of future operating results or financial condition (e.g., theft of intellectual property, reduced revenue, increased cybersecurity protection expenditure, litigation costs, etc.).

NOTE TO FN0101-06

.25 The registrant shall describe the corrective actions taken in response to specific incidents, trends in security breaches, or future security uncertainties, such as changes in operations, management, processes, products, business partners, training, or technology.

.26 All disclosure shall be sufficient such that it is specific to the risks the registrant faces, but disclosure itself would not compromise the registrant's ability to maintain data privacy and security.

FN0101-07. Discussion of management approach to identifying and addressing vulnerabilities and threats to data security

.27 The registrant shall identify which attack vectors it has identified as posing a threat or vulnerability, where:

- A threat is defined as any circumstance or event with the potential to adversely impact organizational operations (including mission, functions, image, or reputation), organizational assets, individuals, other organizations, or the Nation through an information system via unauthorized access, destruction, disclosure, or modification of information, and/or denial of service.

- Vulnerability is defined as weakness in an information system, system security procedures, internal controls, or implementation that could be exploited by a threat source.

.28 The registrant shall describe how it addresses the threats and vulnerabilities it has identified, including but not limited to, through operational procedures, management processes, structure of products, selection of business partners, employee training, or use of technology.

.29 The registrant should discuss trends it has observed in type, frequency, and origination of attack vectors.

.30 Disclosure shall include, but not be limited to, preparation, detection, containment, and post-incident activity that is disclosed according to the U.S. Security and Exchange Commission's (SEC) CF Disclosure Guidance: Topic No. 2, Cybersecurity.

- At a minimum this includes when the costs or other consequences associated with one or more known incidents – or the risk of potential incidents – represents a material event, trend, or uncertainty that is reasonably likely to have a material effect on the registrant's results of operations, liquidity, or financial condition or would cause reported financial information not to be necessarily indicative of future operating results or financial condition (e.g., reduced revenue, increased cybersecurity protection expenditure, litigation costs, etc.).

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.31 All disclosure shall be sufficient such that it is specific to the risks the registrant faces but disclosure itself would not compromise the registrant's ability to maintain data privacy and security.

.32 The registrant's disclosure should include a discussion of data and system security efforts that relate to new and emerging attack vectors facing the financial services industry, such as mobile devices (e.g., though mobile banking applications and/or the device itself).

Definitions

NIST-defined attack vectors:

- External/Removable Media – an attack executed from removable media or a peripheral device—for example, malicious code spreading onto a system from an infected USB flash drive.
- Attrition – an attack that employs brute force methods to compromise, degrade, or destroy systems, networks, or services (e.g., a DDoS intended to impair or deny access to a service or application; a brute force attack against an authentication mechanism, such as passwords, captchas, or digital signatures).
- Web – an attack executed from a website or web-based application—for example, a cross-site scripting attack used to steal credentials or a redirect to a site that exploits browser vulnerability and installs malware.
- Email – an attack executed via an email message or attachment—for example, exploit code disguised as an attached document or a link to a malicious website in the body of an email message.
- Improper Usage – any incident resulting from violation of an organization's acceptable usage policies by an authorized user, excluding the above categories—for example, a user installs file sharing software, leading to the loss of sensitive data; or, a user performs illegal activities on a system.
- Loss or Theft of Equipment – the loss or theft of a computing device or media used by the organization, such as a laptop or smartphone.
- Other – an attack that does not fit into any of the other categories.

Additional references

National Institute of Standards and Technology (NIST) 800-30 Rev 1, September 2012.

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Management of the Legal & Regulatory Environment

Description

The regulatory environment surrounding the commercial banks industry continues to evolve both nationally and internationally. Companies must now adhere to a complex and inconsistent set of rules relating to both performance and disclosure on issues including insider trading, anti-trust, price fixing, and market manipulation. In addition, commercial banks are subject to rules against tax evasion, fraud, money laundering, and corrupt practices. Finally, enhanced rewards for whistleblowers established under the Dodd-Frank Act may increase the number of complaints brought to regulators. Firms that can manage these regulatory concerns and ensure compliance will be better positioned to protect shareholder value and limit future liabilities.

Accounting Metrics

FN0101-08. Amount of legal and regulatory fines and settlements associated with financial industry regulation and percentage that resulted from whistleblowing actions

.33 The registrant shall disclose the amount (excluding legal fees) of all fines or settlements associated with enforcement of financial industry regulations, including SEC rules, Federal Reserve Board requirements (e.g., capital adequacy rules), Commodities Futures Trading Commission rules, rules of the Office of Comptroller Currency, provisions of Dodd-Frank (such as those enforced by the Consumer Financial Protection Bureau), FINRA regulations, and Federal Deposit Insurance Corporation policies.

.34 Disclosure shall also include enforcements related to activities adjudicated by federal regulators with an enforcement mandate broader than the financial industry, such as Foreign Corrupt Practices Act violations (enforced by the U.S. Department of Justice), violations of the Specially Designated Nationals List (enforced by the U.S. Treasury Department through its Office of Foreign Asset Control), and Foreign Account Tax Compliance Act violations (enforced by the U.S. Internal Revenue Service).

.35 Disclosure shall include civil actions (e.g., civil judgments, settlements, or regulatory penalties) and criminal actions (e.g., criminal judgments, penalties, or restitutions) taken by any entity (government, businesses, or individuals).

.36 The registrant shall calculate the percentage as the total dollar amount of fines or settlements that resulted from whistleblowing actions divided by the total amount of fines or settlements, where whistleblowing actions are defined as reports of insider illegal activities that have been made public by an employee, contractor, client, or other individual, such as through disclosure to the SEC Office of the Whistleblower or the IRS Whistleblower Office.

NOTE TO FN0101-08

.37 The registrant shall briefly describe the nature (e.g., guilty plea, deferred agreement, non-prosecution agreement) and context (e.g., fraud, anti-trust, insider trading, etc.) of fines and settlements.

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.38 The registrant shall describe any corrective actions it has implemented as a result of each incident. This may include, but is not limited to, specific changes in operations, management, processes, products, business partners, training, or technology.

FN0101-09. Number of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system, and percentage that were substantiated

.39 The registrant shall disclose the total number of instances when legal or regulatory issues were brought to its attention, such as through a monitoring program, reporting system (e.g., a hotline), direct employee communication (e.g., open door policy, email, etc.), or internal whistleblowing action.

.40 This total shall include issues identified by the registrant's compliance system (e.g., internal audit function, risk and compliance software, etc.) and shall exclude whistleblowing actions reported externally such as to regulators or media.

.41 The percentage shall be calculated as the total number of instances or incidents that were substantiated (fully or partially), divided by the total number of recordable inquiries, complaints, or issues.

.42 The scope of disclosure shall focus on those issues that relate to legal and regulatory compliance, excluding workplace code-of-conduct matters such as discrimination or harassment.

NOTE TO FN0101-09

.43 The registrant shall categorize and disclose the nature of inquiries, reports, complaints, allegations, which may include: allegations of insider trading, reports of fraud or misconduct, specific questions about registrant's conflict of interest policy, identifications of risks to compliance, etc.

.44 The registrant shall describe any corrective actions it has implemented as a result of incidents including but not necessarily limited to those that were substantiated. Disclosure may include a description of specific changes in operations, management, processes, products, business partners, training, or technology.

Systemic Risk Management

Description

The recent financial crisis articulated the importance of managing risks to capital in the commercial banks industry. Specifically, firms that failed to ensure adequate capital reserves were unable to protect shareholder value and contributed to a significant market disruption. The systemic nature of the risk results from the interconnectedness of financial institutions and has become a central concern of federal and international regulators. As a result, many banks are required to undergo supervisory stress tests to evaluate whether the company has the capital to absorb losses, continue operations, and meet obligations in the event of adverse economic and financial conditions. In an effort to demonstrate how these risks are being managed, commercial banks should enhance disclosure on metrics, including the results of annual stress tests, Basel III liquidity coverage ratios, exposure to over-the-counter derivatives, and management of risk limits.

Accounting Metrics

FN0101-10. Results of stress tests under adverse economic scenarios, including the following measures (actual and projection):

(1) Loan losses

(2) Losses, revenue, and net income before taxes

(3) Tier 1 common capital ratio

(4) Tier 1 capital ratio

(5) Total risk-based capital ratio

(6) Tier 1 leverage ratio

.45 If the registrant is a "covered institution," it shall report the results of its internally conducted Dodd-Frank Act Stress Test (DFAST) under the severely adverse economic scenario prescribed by the Federal Reserve.

.46 "Covered Institutions" are those financial institutions with total consolidated assets above $10 billion that are required under Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act to conduct self-administered stress tests.

.47 If the registrant is not a "covered institution," it shall report the results of its voluntary stress test administered following guidance recommended by the Office of the Comptroller of Currency.

.48 The registrant shall summarize its actual loan losses, and those projected under a stressed scenario, by loan type in the following table format:

Table 1. Projected Loan Losses by type under stressed scenario[1]

Loan Category	FY End	Stress Period Loss Rate	Stress Period Losses
First lien mortgages, domestic			
Junior liens and home equity lines of credit, domestic			
Commercial and industrial			
Commercial real estate, domestic			
Credit card			
Other consumer			
Total (aggregate)			

(1) Projected loan losses should exclude held-for-sale loans and loans measured at fair value.

.49 The registrant shall summarize projected losses, revenue, and net income before taxes under a stressed scenario in the following table format:

Table 2. Projected losses, revenue, and net income before taxes under stressed scenario

	Billions ($)	Percent of Average Assets
Pre-provision net revenue[1]		
Other revenue[2]		
Less:		
Provision for loan and lease losses		
Realized gains/losses on securities (AFS/HTM)[3]		
Trading and counterparty losses[4]		
Other losses/gains[5]		
Total losses		
Net income before taxes		

(1) Pre-provision net revenue (PPNR) includes net revenues and operating expenses (including operational risk events, mortgage put-back expenses, and other real estate owned costs).

(2) Other revenue includes one-time income and (expense) items not included in PPNR.

(3) Gains/losses on securities represent both available-for-sale ("AFS") and held-to-maturity ("HTM") securities.

(4) Trading and counterparty losses include mark-to-market losses, incremental default risk ("IDR") losses and changes in credit valuation adjustments ("CVA") associated with the global market shock, and credit IDR losses for the remainder of the planning horizon.

(5) Other losses / gains primarily include the projected change in the fair value of loans and loan commitments accounted for under the fair value option associated with the global market shock.

.50 The registrant shall summarize its actual capital ratios for the end of the reporting period and its projected capital ratios under a stressed scenario (including the minimum ratio through the scenario planning period) in the following table format: drivers of changes in regulatory capital ratios such as:

Table 3. Projected Capital Ratios under stressed scenario

	Actual	Stressed	
	FY End	End of Period	Minimum
Tier 1 common capital ratio (%)			
Tier 1 capital ratio (%)			
Total risk-based capital ratio (%)			
Tier 1 leverage ratio (%)			

.51 Capital ratios shall be calculated according to the "Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Capital Adequacy, Transition Provisions, Prompt Corrective Action; Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements" adopted by the Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve System (Fed), and the Office of the Comptroller of the Currency (OCC).

NOTE TO FN0101-10

.52 The registrant shall describe the most significant drivers of changes in regulatory capital ratios such as:

- Types of losses (e.g., changes to CVA, loan defaults, decreased origination of junior lien mortgages, etc.) that contributed most significantly
- Aspects of the stressed scenario that had the most significant impact (e.g., unemployment, home prices, inflation, Treasury yield, etc.)

FN0101-11. Basel III Liquidity Coverage Ratio (LCR)

.53 The registrant shall calculate its LCR as: Stock of high quality liquid assets (HQLA) / Total net cash outflows over the next 30 calendar days.

.54 The registrant shall disclose its average monthly LCR (%) throughout the reporting year.

.55 The registrant shall calculate its LCR, HQLA, and net cash outflows according to methodology outlined by the Bank for International Settlements' (BIS) Basel Committee on Banking Supervision's "Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools" (January 2013).

FN0101-12. Net exposure to written credit derivatives

.56 The registrant shall calculate its net exposure to written credit derivatives as the maximum notional payout of written credit derivatives less the maximum notional payout of purchased credit derivatives on the same reference names, provided:

- the credit protection purchased is on a reference obligation which ranks pari passu with or is junior to the underlying reference obligation of the written credit derivative in the case of single name credit derivatives;
- the remaining maturity of the credit protection purchased is equal to or greater than the remaining maturity of the written credit derivative

.57 For additional guidance the registrant shall refer to paragraph 30 and its accompanying notes in the Basel Committee on Bank Supervision, Basel III leverage ratio framework and disclosure requirements (Basel: Bank for International Settlements, January 2014).

FN0101-13. Level 3 assets: (1) total value and (2) percentage of total assets

.58 Level 3 assets are defined as those whose fair value cannot be determined using observable measures, such as market prices or models; they tend to be illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges.

.59 Level 3 assets shall be identified and classified in the same manner as they are under GAAP Topic 820 Fair Value Accounting where inputs to Level 3 assets are defined as "unobservable inputs for assets or liability."

.60 The registrant shall report its Level 3 assets as a percentage of its total assets (i.e., the sum of Level 1, Level 2, and Level 3 assets).

- Level 1 assets are defined as assets for which quoted prices (unadjusted) exist in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 assets are defined as assets for which there is not a quoted price, but for which a price is observable, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 asset must be observable for substantially the full term of the asset or liability.

FN0101-14. Skewness and kurtosis of trading revenue

.61 The registrant shall calculate the skewness and kurtosis of its trading profits and losses using standard statistical methods, excluding spread profits and losses.

.62 Spread profits and losses are defined as the portion of portfolio profit and loss that generally includes revenue generated by a trading unit from charging higher prices to buyers than the trading unit pays to sellers of comparable instruments over the same period of time (i.e., charging a "spread," such as the bid-ask spread).

.63 Skewness is a statistical measure of asymmetry from the normal distribution in a set of data; skewness can be "negative" or "positive," depending on whether data points are skewed to the left (negative skew) or to the right (positive skew) of the data average.

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.64 Kurtosis is a statistical measure of the "peakedness" or "flatness" of a frequency distribution; it shows if data points are concentrated near the mean or towards the tails of a distribution (as compared with a normal distribution).

.65 Skewness and kurtosis measurements may help capture asymmetric, "fat tail" risks that (1) are not well captured by simple volatility measures, (2) may not be well captured by internal risk measurement metrics, such as VaR, and (3) can be associated with trading strategies that seek to earn short-term profits by taking exposures to these types of risks.

.66 The calculation period for skewness and kurtosis shall be 30 days, 60 days, and 90 days.

GENERAL NOTE TO FN0101-12

N.B. Notional amounts do not reflect the economic exposure in these markets, which is a small fraction of the notional value, but the growth noted here is indicative of the growth in exposure.

Additional references

Federal Insurance Deposit Insurance Corporation (FDIC), Stress Testing Requirements for Certain Banks Final Rules, October 9, 2012.

Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and relationship with, hedge fund and private equity funds, commonly known as the Volcker Rule and adopted jointly by the OCC, Federal Reserve Board, FDIC, and SEC.

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Integration of Environmental, Social, and Governance Risk Factors in Credit Risk Analysis

Description

Environmental, social, and governance (ESG) factors are increasingly contributing to the financial performance of specific projects and companies at large. Commercial banks that fail to address these risks and opportunities could face diminished returns and reduced value for shareholders. Companies should subsequently disclose how ESG factors are integrated into lending processes and the current level of portfolio risk associated with specific sustainability trends. In particular, investor and regulatory pressure is mounting for banks to disclose how they address climate change related risks. Relatedly, banks must monitor and manage "financed emissions" – or the greenhouse gas emissions of firms in which banks are invested or to whom they provide lending.

Accounting Metrics

FN0101-15. Discussion of how environmental, social, and governance (ESG) factors are integrated into the lending process

.67 ESG integration is defined broadly as the incorporation of environmental, social, and governance factors alongside traditional financial considerations in the range of activities and decision making processes involved in lending and project finance.

.68 Environmental, social, and governance (ESG) factors are defined – and their basic uses in financial analysis is described – in the SASB Conceptual Framework in the section, "Key Definitions and Characteristics of Sustainability Accounting and Disclosure."

.69 The registrant shall discuss how it integrates ESG factors into its lending decisions, including but not limited to during the following activities or aspects:

- Credit risk analysis – assessing the increased potential for default (non-performing loans) or payment rescheduling due to ESG factors.
- Valuation of underlying secured assets – assessing the risk of devaluation of collateral and potential for stranded, illiquid assets due to ESG factors.
- Evaluating reputational risk – assessing any potential risks to the registrant's reputation due to management or mismanagement of ESG factors associated with a loan purpose or project, such that it may affect the registrant's ultimate decision to offer lending.
- Assessment of macroeconomic factors – assessing how ESG factors may impact macroeconomic conditions – which in turn may affect credit risk or loan quality – such as GDP, inflation, interest rates, money supply, or industrial production.

.70 The registrant shall discuss how it incorporates ESG metrics into its quantitative analysis, modeling, and statistical methods, including what metrics, standards, benchmarks, or datasets are used and how they are weighed alongside traditional financial metrics in credit risk analysis.

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.71 The registrant should discuss how ESG factors are incorporated into its diversification strategies at a firm level, including if the registrant assesses for concentration of ESG risks and attempts to mitigate them through diversification of these risks.

- This may include how ESG factors intersect with or influence the registrant's view of fundamental factors (economic conditions, Federal Reserve policy, industry trends, geopolitical risks, etc.).

.72 The registrant should discuss how it factors the macroeconomic value of loans into its lending decisions, where this broadly may include considering one or more of the following alongside the projected financial returns of a loan:

- Whether the lending could create or contribute to systemic risk for the economy

- Whether the borrower's activities could create negative social or environmental externalities

.73 The registrant may choose to disclose quantitative data related to its Equator Principles (EP III) implementation, such as the number of projects screened according to Equator Principles (or equivalent) by EP Category.

.74 The registrant may choose to disclose a qualitative description of its EP III implementation, including at a minimum: (1) how concepts have been incorporated into the bank's credit and risk management policies and procedures, (2) responsibility for implementation within the bank, and (3) internal adoption processes and implementation efforts and timetables, as well as staff training to ensure that bank staff are fully informed of the standards.

.75 The registrant may choose to disclose quantitative data related to its Carbon Principles implementation, such as the number of coal plant power plants financed and the percentage subject to Carbon Principles screening.

FN0101-16. Discussion of credit risk to the loan portfolio presented by climate change, natural resource constraints, human rights concerns, or other broad sustainability trends

.76 The registrant shall discuss how it assesses risks to its loan portfolio presented by climate change, natural resource constraints, human rights concerns, or other broad sustainability trends.

- Climate change risks should be understood to include, but not be limited to, direct regulatory costs (e.g., emissions trading costs), anticipated shifts in demand, supply chain impacts, capital expenditures requirements for adaptation or GHG emissions reductions, etc.

- Natural resource constraints risk should be understood to include, but not be limited to, decreased availability, increased competition, and/or volatility in availability for water, forestry products, fossil fuels, and extractives.

- Human rights concerns should be understood to include, but not be limited to, operational risks (project delays or cancellation), legal and regulatory risks (lawsuits or fines), and reputational risks (negative press coverage or brand damage) associated with violations to basic human rights (i.e., those enumerated in the U.N. Universal Declaration of Human Rights).

- Other broad sustainability trends include but are not limited to high-risk (or predatory) lending, offshore outsourcing, global supply chains, or shifting population demographics.

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.77 The registrant shall identify specific industries (or sectors) in which it has exposure to risks from the trends it has identified, where industries are categorized according to a standard industry classification system (e.g., GICS, ICB, NAICS, etc.).

- The registrant should quantify its exposure to sustainability risks as the dollar amount of investment in industries most susceptible to the risks the registrant has identified, or if available, as a risk-adjusted exposure (e.g., to cash flow or discount rates) to these industries.

.78 The registrant shall identify specific geographies (e.g., regions, countries, states, etc.) and/or demographic segments (e.g., income, education, etc.) in which the registrant has activity and recognizes risks from the broad sustainability trends disclosed.

FN0101-17. Amount and percentage of lending and project finance that employs:
(1) Integration of ESG factors
(2) Sustainability themed lending or finance
(3) Screening (exclusionary, inclusionary, or benchmarked)
(4) Impact or community lending or finance

.79 Lending and project finance shall be defined generally as receivables activities disclosed per FASB Section 310 Receivables (Loans and Trade Receivables).

.80 Integration is defined by the systematic and explicit inclusion of material ESG factors into traditional fundamental financial analysis through use of qualitative risks and opportunities, quantitative metrics, and the incorporation of ESG variables into models, etc.

.81 Sustainability themed lending or project finance is defined as lending that identifies, prioritizes, and encourages companies and/or projects that address key sustainability trends (e.g., climate change or sustainable agriculture). Examples of this type of thematic lending may relate to loans to low carbon, energy efficiency-focused corporations, sustainable agriculture-focused companies, or finance for green building, renewable energy, or energy efficiency projects.

.82 Screening of loans is defined by the use of negative, positive, or norms-based selection filters. Negative (also referred to as exclusionary) screening for risk considerations may occur at the sector or company level, or it could be triggered by an activity or action. Positive (also referred to as "best in class") screening includes the selection of companies (or sectors) that outperform their peers in terms of ESG performance. Norms-based (also referred to as benchmark) screening is the screening of companies or projects against a minimum set of ESG criteria (e.g., selected by the registrant, industry best practices, or international norms).

.83 Impact lending (sometimes referred to as community lending) is characterized by lending to or project finance for social enterprises that seek to generate measureable, positive social impact alongside financial returns. This type of lending or project finance may include lending for basic housing, rural water delivery, maternal health, or primary education.

.84 The registrant shall identify and disclose the amount of lending (in U.S. dollars) broken down by the amount that employ:

- Integration of ESG factors
- Sustainability-themed investing
- Screening (exclusionary, inclusionary, or benchmarked)
- Impact or community investing

.85 The registrant shall identify and disclose the amount of any lending that employs more than one ESG integration strategy (e.g., screening and integration).

.86 If the registrant cannot classify its ESG lending or project finance strategy according to one of the four categories identified, then it should provide a description of its practices, indicating the key aspects in which it differs from the categories listed.

FN0101-18. Total loans to companies in the following sectors/industries: Energy/Oil&Gas, Materials/ Basic Materials, Industrials, and Utilities

.87 The registrant shall calculate the value of total loans as the sum of the average net amount (in U.S. dollars) of each outstanding loan.

.88 The registrant shall disclose the total amount of loans in each of the following Global Industry Classification Standard (GICS®) sectors or Industry Classification Benchmark (ICB) industries:

Table 1. Lending by sector/industry

GICS Sector	ICB Industry	Outstanding loans (U.S. dollars)
Energy (10)	**Oil and Gas (0001)**	
Materials (15)	**Basic Materials (1000)**	
Industrials (20)	**Industrials (2000)**	
Utilities (55)	**Utilities (7000)**	

Additional references

[The Carbon Principles](#).

[The Equator Principles (EP) III](#), June 2013.

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