



Disclosure Guidance Integrated Banking & Financial Services

Technical Bulletin

Prepared by the
Sustainability Accounting Standards Board ®

February 2014

Integrated Banking & Financial Services

Technical Bulletin

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 issues likely to be material for each industry.

Sustainability Accounting Standards Board

75 Broadway, Suite 202
San Francisco, CA 94111
415.830.9220
info@sasb.org

www.sasb.org

SASB Legal Publications Disclaimer: The content made available in this publication is copyrighted by the Sustainability Accounting Standards Board. All rights reserved. You agree to only use the content made available to you for non-commercial, informational or scholarly use within the organization you indicated you represent and to keep intact all copyright and other proprietary notices related to the content. The content made available to you may not be further disseminated, distributed, republished, or reproduced, in any form or in any way, outside your organization without the prior written permission of the Sustainability Accounting Standards Board. To request permission, please contact us at info@sasb.org.

SASB Sustainability Accounting Standard – Technical Bulletin Integrated Banking & Financial Services

Introduction

SASB develops sustainability accounting standards specific to each industry as categorized by the Sustainable Industry Classification System (SICS™). However, in certain sectors, including the Financials sector, many firms have some degree of horizontal integration and therefore are exposed to sustainability risks and opportunities associated with multiple industries. Designed for banking and financial services companies engaged in multiple industries, this bulletin discusses how to avoid redundant disclosure while allowing investors to understand the full extent of sustainability risks and opportunities.

Disclosure Guidance

SASB recommends that companies use the following framework in determining SASB topics and metrics for disclosure:

Revenue or Market Share Threshold

- A company shall disclose on material sustainability topics for each industry from which it generates 15% or more of its revenue.
- A company shall disclose on material sustainability topics for each industry where it is among the top five companies in terms of market share (by revenue), even if the industry represents less than 15% of its revenue.

Disclosing Sustainability Topics across Different Industries

When a registrant discloses using SASB standards for two or more industries (hereafter referred to as “segments”), the disclosure shall be (i) aggregated for the entity for common sustainability topics and (ii) broken down by segment for topics or metrics that are unique to that segment.

Aggregate Disclosure

- When a registrant discloses on a sustainability topic common to two or more industries, the accounting metrics and any associated discussion and analysis should address the registrant’s performance on the sustainability topic as an aggregate of all segments where the issue is material.
 - *Note: For certain topics it is logical for the registrant to disclose accounting metrics for the entire entity, regardless of whether the issue is material for individual segments.*
- Where it is material for the understanding of company performance—or if a common topic has unique accounting metrics in different industries—the registrant shall additionally disclose metrics and provide discussion and analysis at the segment level.

Segment Disclosure

- Segment-specific topics include (i) topics that are clearly unique to a segment (e.g. *Environmental Risk to Mortgaged Properties*) and (ii) topics that are similar across segment but where analysis of performance

would be performed at the segment-level (e.g. *Financial Inclusion* and *Integration of Environmental, Social, and Governance Factors*).

Example Disclosure Framework

An example of the suggested disclosure framework for a fictional company is provided below. Its lines of business and associated revenue profile according to SICSTM are as follows:

- Investment Banking & Brokerage (29% of revenue)
- Commercial Banking (27%)
- Consumer Finance (18%)
- Asset Management (16%)
- Mortgage Finance (10%*) – *Registrant should not report*

** Registrant is not among top 5 industry players*

The tables below identifies:

1. Disclosure topics and accounting metrics that are common for more than one business segment (e.g., Customer Privacy and Data Security and Systemic Risk Management) and where it is logical to disclose at the entity-wide level. These are presented in Table 1, "*Aggregate Sustainability Topics and Accounting Metrics.*"
2. Disclosure topics that are unique and disclosure topics that are the common across industries but have industry-specific accounting metrics are presented in Tables 2a-d, "*Segment Sustainability Topics & Accounting Metrics.*"

Table 1. Aggregate Sustainability Topics & Accounting Metrics

Topic	Accounting metric disclosure	Category	Unit of measure	Code
Employee Incentives & Risk Taking	Discussion of variable compensation policies and practices	Discussion and Analysis	n/a	FN0102-01
	Percentage of total compensation that is variable for: (1) executives and (2) all others	Quantitative	Percentage (%) in U.S. dollars	FN0102-02
	Percentage of variable compensation that is equity for: (1) executives and (2) all others	Quantitative	Percentage (%) in U.S. dollars	FN0102-03
	Percentage of employee compensation which includes <i>ex post</i> adjustments for: (1) executives and (2) all others	Quantitative	Percentage (%) in U.S. dollars	FN0102-04
	Number of instances when risk limits were breached and the number and percentage by response: (1) position reduced, (2) risk limit temporarily increased, (3) risk limit permanently increased, (4) other	Quantitative	Number (#), percentage (%)	FN0102-05
Employee Inclusion	Percentage of gender and racial/ethnic group representation for: (1) executives and (2) all others	Quantitative	Percentage (%)	FN0102-06
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 ¹	Quantitative	U.S. dollars (\$)	FN0102-07
	Number of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system, percentage that were substantiated ²	Quantitative	Number (#), percentage (%)	FN0102-08
	Number of conflicts of interest disclosed to clients, customers, and/or counterparties	Quantitative	Number (#)	FN0102-09
Systemic Risk Management	Results of stress tests under adverse economic scenarios ³ , 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 (\$)	FN0102-10
	Basel III Liquidity Coverage Ratio (LCR)	Quantitative	Ratio in U.S. dollars (\$)	FN0102-11
	Notional amount of over-the-counter (OTC) derivative positions	Quantitative	U.S. dollars (\$)	FN0102-12
	Level 3 assets: (1) total value and (2) percentage of total assets	Quantitative	U.S. dollars (\$), percentage (%)	FN0102-13
	Skewness and kurtosis of portfolio revenue	Quantitative	n/a	FN0102-14

¹ Note to **FN0102-07** – Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

² Note to **FN0102-08** – Disclosure shall include a description of the nature of the inquiries, complaints, or issues and of any corrective actions taken by the registrant in response to information received by its legal and compliance office through an internal monitoring and/or reporting system.

³ Note to **FN0102-10** – Disclosure shall include a description of the most significant drivers of changes in regulatory capital ratios.

Topic	Accounting metric disclosure	Category	Unit of measure	Code
Customer Privacy & Data Security	Number of data security breaches and percentage involving customers' personally identifiable information ⁴	Quantitative	Number (#), percentage (%)	FN0201-03
	Amount of fraudulent transaction activity, percentage from: (1) card-not-present fraud and (2) card-present and other fraud	Quantitative	U.S. dollars (\$), percentage (%)	FN0201-04
	Description of data security and fraud prevention efforts related to new and emerging technologies and/or new and emerging threats.	Discussion and Analysis	n/a	FN0201-05

Table 2. Segment Sustainability Topics & Accounting Metrics

Table 2a. Investment Banking & Brokerage

Topic	Accounting Metric	Category	Unit of measure	Code
Integration of Environmental, Social, and Governance Risk Factors in Advisory, Underwriting, and Brokerage Activities	Discussion of how environmental, social, and governance (ESG) factors are incorporated into core products and services	Discussion and Analysis	n/a	FN0102-15
	Amount of sustainability-focused services, activities, and products, broken down by: (1) origination, (2) market making, and (3) advisory and underwriting ⁵	Quantitative	U.S. dollars (\$)	FN0102-16
	Deal size of advisory and underwriting transactions for companies in the following sectors/industries: Energy/Oil&Gas, Materials/Basic Materials, Industrials, and Utilities	Quantitative	U.S. dollars	FN0102-17

Table 2b. Consumer Finance

Topic	Accounting Metric	Category	Unit of measure	Code
Financial Inclusion	Revenue from credit and debit products targeting unbanked and underbanked segments	Quantitative	U.S. dollars (\$)	FN0201-01
	Percentage of new accounts held by first-time credit card holders	Quantitative	Percentage (%)	FN0201-02
Transparent Information & Fair Advice for Customers	Amount of legal and regulatory fines and settlements associated with disclosure, transparency, or marketing ⁶	Quantitative	U.S. dollars (\$)	FN0201-06
	Payout ratio for add-on products ⁷	Quantitative	Ratio in U.S. dollars (\$)	FN0201-07

⁴ Note to **FN0201-03**—Disclosure shall include a description of corrective actions implemented in response to data security incidents or threats.

⁵ Note to **FN0102-02** – Disclosure shall include a description of sustainability-focused services, activities, and products, broken down by: (1) origination, (2) market making, and (3) advisory and underwriting.

⁶ Note to **FN0201-06**—Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

⁷ Note to **FN0201-07**—Disclosure shall include a description of the type of add-on products offered and of how compensation of sales representatives is related to the sales of these products.

Topic	Accounting Metric	Category	Unit of measure	Code
Responsible Lending & Debt Prevention	For customers with FICO scores above and below 640 (subprime): (1) average customer debt (2) average APR (3) mean and median age of accounts (4) average monthly full payment rate	Quantitative	U.S. dollars (\$), percentage (%), years, rate	FN0201-08
	Percentage of applications accepted for applicants with FICO scores above and below 640 (subprime)	Quantitative	Percentage (%)	FN0201-09
	Average annual fees per account for pre-paid transaction products	Quantitative	U.S. dollars (\$)	FN0201-10

Table 1c. Asset Management

Topic	Accounting Metric	Category	Unit of measure	Code
Transparent Information & Fair Advice for Customers	Amount of fines and settlements associated with failure to provide adequate, clear, and transparent information about products and services ⁸	Quantitative	U.S. dollars (\$)	FN0103-06
	Description of procedure or programs to provide adequate, clear, and transparent information about products and services, including risks, alternatives, and conflicts of interest	Discussion and Analysis	n/a	FN0103-07
Systemic Risk Management	(1) Registered and (2) unregistered assets under management	Quantitative	U.S. dollars (\$)	FN0103-10
	Value of collateral received from securities lending and amount received from repurchase agreements involving clients' assets	Quantitative	U.S. dollars (\$)	FN0103-11
Integration of Environmental, Social, and Governance Risk Factors in Investment Management & Advisory	Discussion of how environmental, social, and governance (ESG) factors are integrated into investment analysis and decisions and of how this integration intersects with fiduciary duties	Discussion and Analysis	n/a	FN0103-15
	Percentage of assets under management, by major asset class, that employ: (1) Integration of ESG factors (2) Sustainability themed investing (3) Screening (exclusionary, inclusionary, or benchmarked) (4) Impact or community investing	Quantitative	Percentage (%) in U.S. dollars	FN0103-16
	(1) Percentage of total proxies voted and (2) number of proxy votes supporting environmental, social, and/or governance (ESG) shareholder proposals, including percentage resulting in company action	Quantitative	Percentage (%), number (#)	FN0103-17
	Ratio of embedded carbon content of proved hydrocarbon reserves held by investees to total assets under management	Quantitative	Tons CO ₂ / U.S. dollars (\$)	FN0103-18

Table 2d. Commercial Banking

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

⁸ Note to **FN0103-06**—Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

Topic	Accounting Metric	Category	Unit of measure	Code
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers ⁹	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
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 outstanding to companies in the following sectors/industries: Energy/Oil&Gas, Materials/Basic Materials, Industrials, and Utilities	Quantitative	U.S. dollars (\$)	FN0101-18

⁹ Note to **FN0101-03** – Disclosure shall include a description of financial literacy initiatives.