

AFME survey on organisational set up of Sustainable Finance related functions within firms

August 2020



- The purpose of the survey was to identify how banks begin to integrate sustainable finance related considerations across internal functions.
- The survey, conducted from April to June of 2020, is based on the anonymised and aggregated responses of 13 largest globally active financial and capital market participants.

Overall, firms began to integrate sustainable finance considerations across various business functions and to build corporate governance structures with the ultimate oversight by the Board.

- All respondents include sustainable finance-related considerations in the **decision making and/or organisational set up** of their firms.
- The majority of respondents incorporate sustainable finance into their **overall business strategy**.
- Most of respondents **set sustainability targets**, including on sustainable finance, using major international frameworks and standards.
- The majority of firms have established **Board level oversight** and **executive committees** on sustainable finance.
- Firms have started **integrating sustainable finance across various functions** with risk management and business development being more advanced at this stage.

Options	N. Of Answers
UN Sustainable Finance Development Goals (SDGs)	11
2015 Paris Agreement on Climate Change	8
Science Based Targets	2
None	1

85% of firms apply **at least one** internationally recognized framework to align their sustainability targets with.

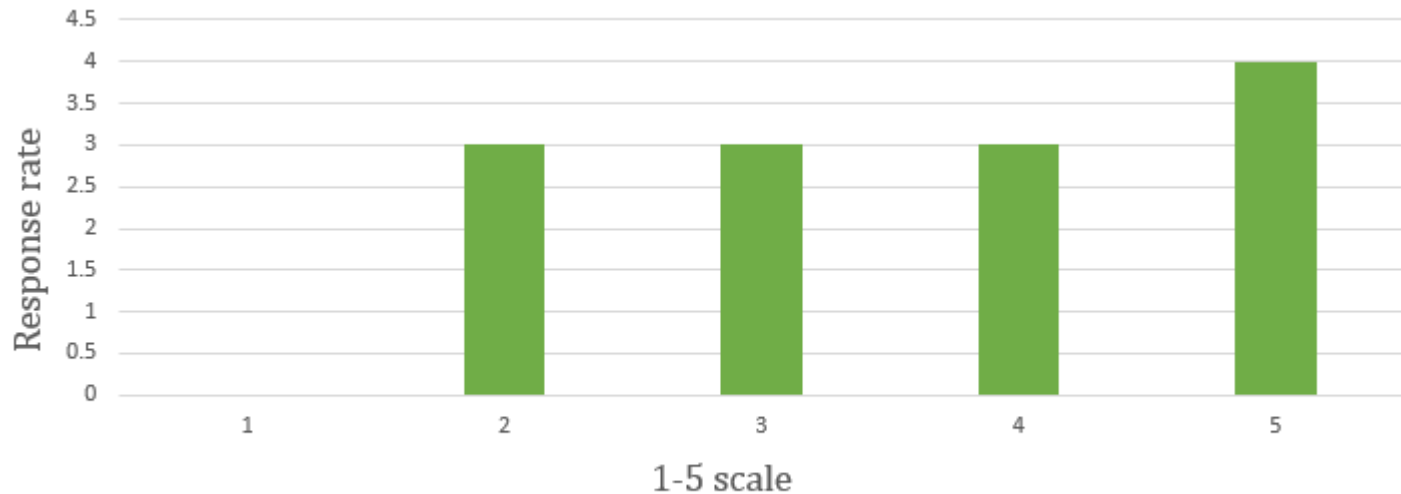
Other frameworks frequently mentioned by respondents: TCFD, UN Principles for Responsible Banking, UN Global Compact, GRI.

Are your organisation's sustainability targets, including Sustainable Finance, aligned with existing frameworks and standards?

Please select all that apply.

Please specify how much Sustainable Finance related considerations are regarded in the decision making and/or organisational set up of your firm (pages 5/-12/ reflect responses across specific areas):

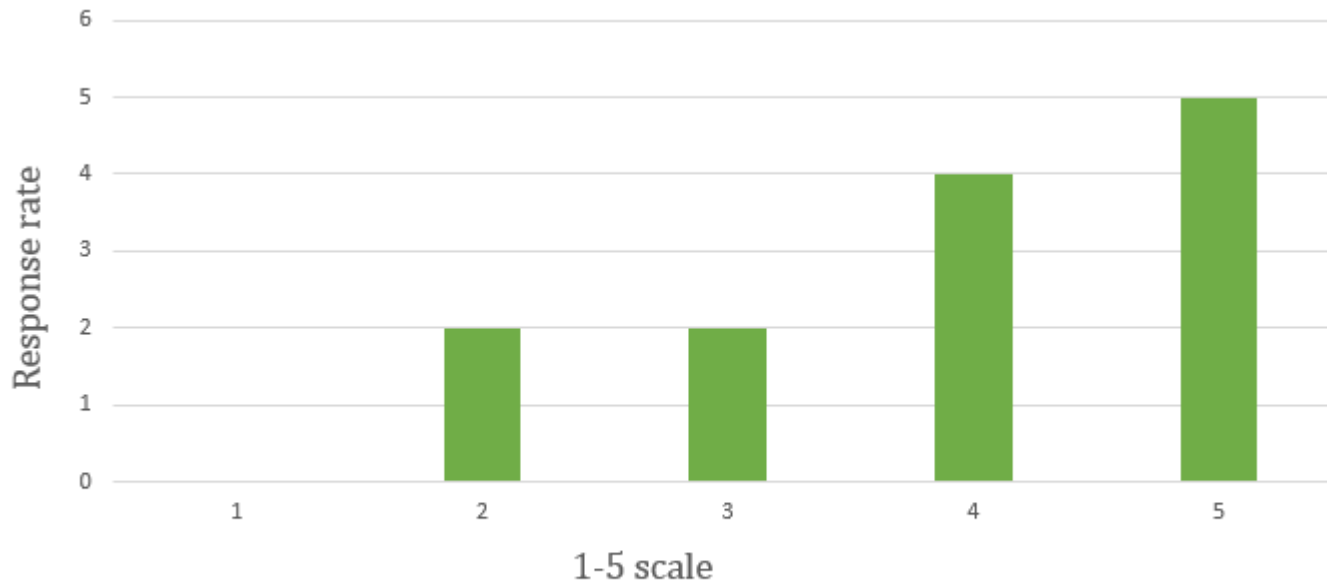
Setting priorities by the Board of Directors and establishment of Board Committees



(1=not taken into account, 5=integral part of the strategy and business operations)

- Most respondents (77%) created dedicated structures, such as Sustainability Committees.
- The Boards of Directors oversee SF and receive regular updates.

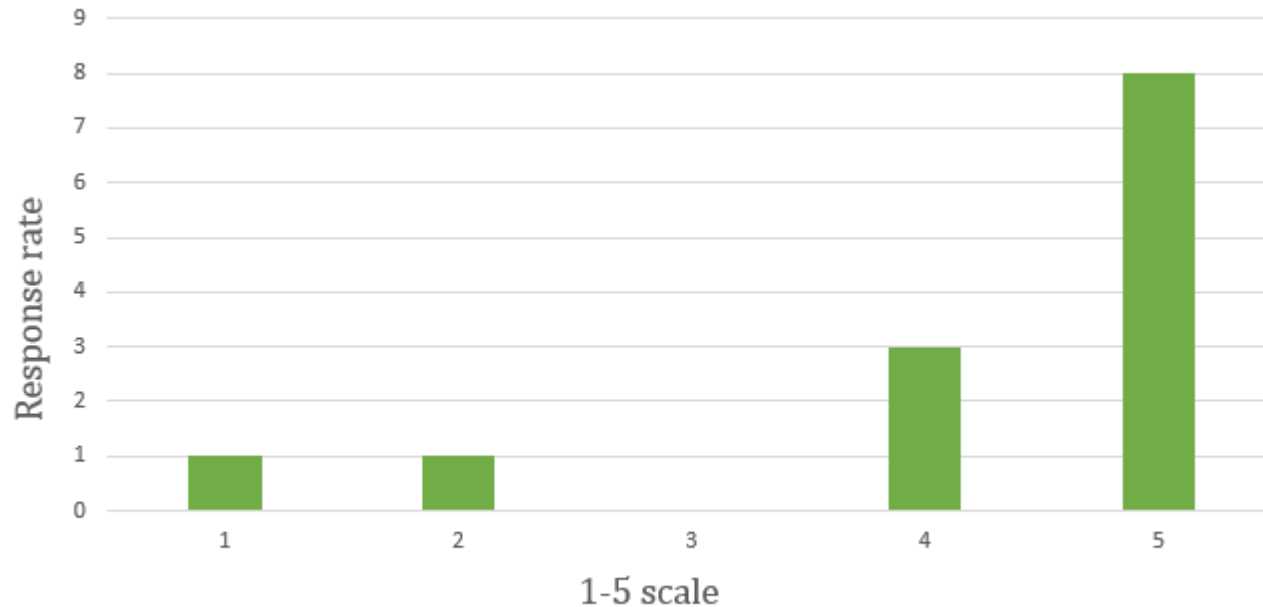
Establishment of a Management Committee (below Board level):



(1=not taken into account, 5=integral part of the strategy and business operations)

- The majority of respondents (85%) created ad-hoc committees to oversee sustainable finance, to identify new opportunities and to ensure the execution of the firm's strategy and annual objectives.

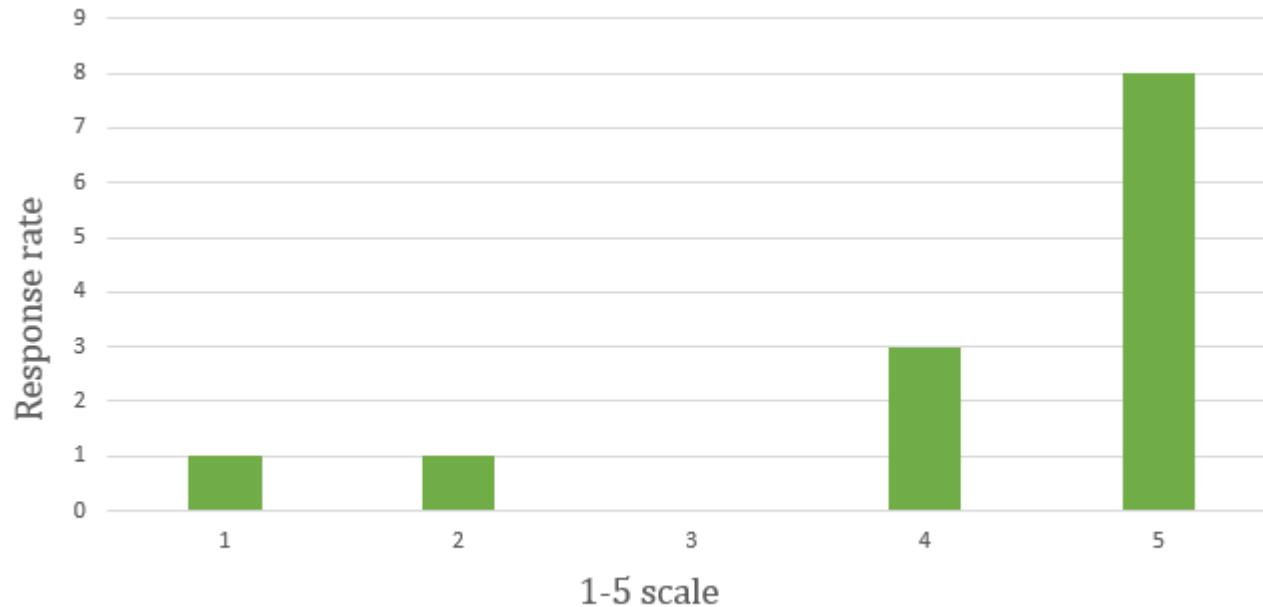
Appointment of the Head of Sustainable Finance/Chief Sustainability Officer
(or alternative position overseeing Sustainable Finance function(s):



(1=not taken into account, 5=integral part of the strategy and business operations)

- The majority of respondents (85%) appointed a Global Head of Sustainable Finance (or equivalent), who is responsible for driving innovation, developing expertise and leadership in SF and coordinating overall work on sustainable finance issues.

Definition of the overall strategy (e.g. through a separate sustainability strategy including business metrics and targets):



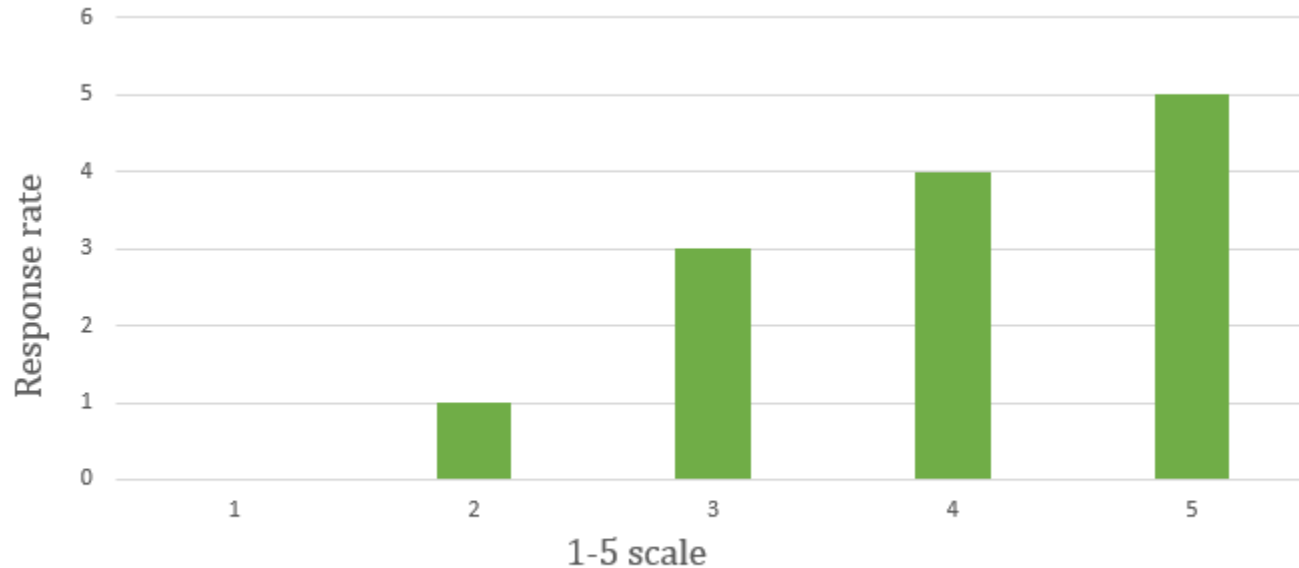
(1=not taken into account, 5=integral part of the strategy and business operations)

- For the majority (85%) of respondents, sustainability is an integrated and central part of their corporate strategy.

Which lines of defence, business unit(s) and individual(s) are responsible for defining strategy, metrics and targets and for progress monitoring?

Function	Line of defence	Business unit	Role of the individual responsible for sign off
Role of the individual responsible for sign off	Most respondents indicated the 1LD (few reported a combination of 1LD and 2LD with 2LD represented by Risk Management)	Several business units were indicated, including their combination: Corporate & Investment Bank, Group Sustainability, Wealth Management, Wholesale, Retail & Commercial Bank, Public Policy, Risk	Among the roles mentioned by respondents: Head of SF, Head of Wealth Management, Vice Chairman, Board of Directors, Chief Risk Officer
Monitoring and reporting on progress	Most respondents indicated a combination of 1LD and 2LD	Several business units were indicated, including their combination: Finance, Compliance, Risk Management, Wealth Management, Group Sustainability, Public Policy	The respondents indicated the following: Global Head Strategy and Planning, Head of Wealth Management, Group Head of Corporate Affairs, Group CEO, Global Environmental Executive, Head of Finance, CFO

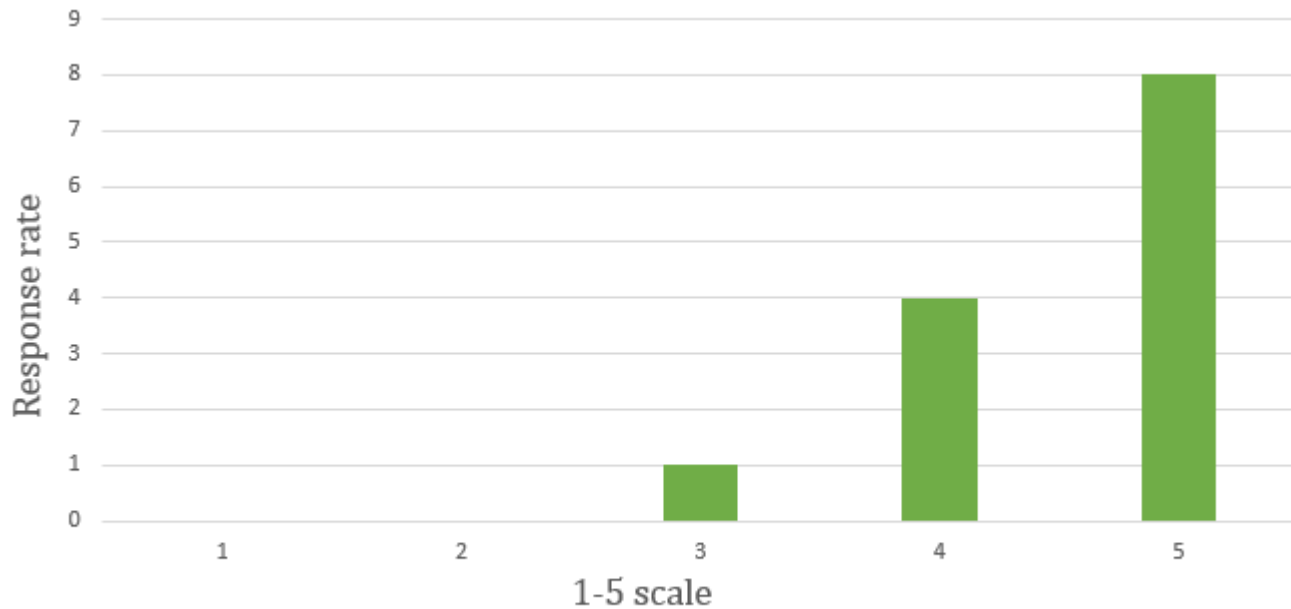
Definition and ownership of risk management policies:



(1=not taken into account, 5=integral part of the strategy and business operations)

- The majority of respondents incorporate climate-related risks into their overall risk assessments for clients.
- ESG is part of the respondents' Credit Policy, or Risk Management or there is a dedicated Environmental and Social Risk Policy Framework.

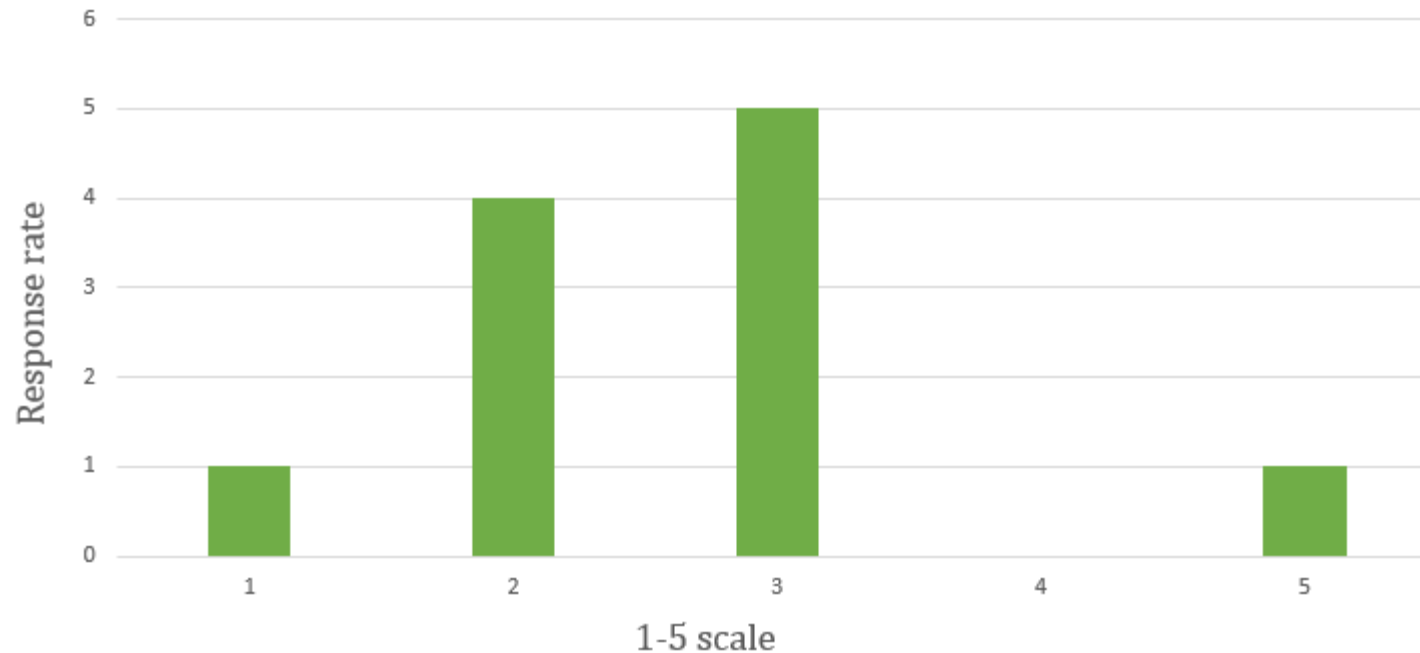
Annual reporting / disclosure of Sustainable Finance activities:



(1=not taken into account, 5=integral part of the strategy and business operations)

- Respondents report Sustainable Finance activities either in an independent sustainability report or in the annual financial report.
- Several main business units are responsible for this process: sustainability committees, CSR, Finance.

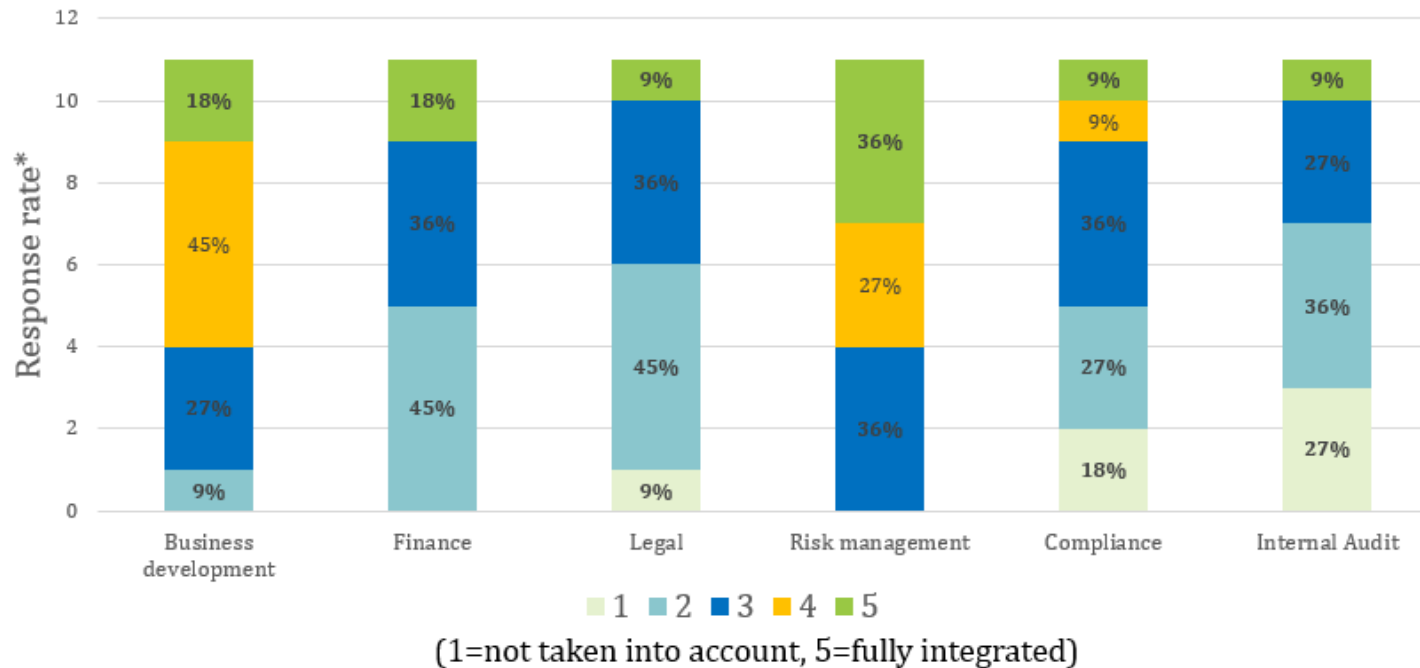
Executive recruitment and remuneration



- Senior executives have a proportion of their remuneration linked to progress on ESG more generally (but not sustainable finance specifically). Sustainability metrics are usually part of the remuneration agreements.

(1=not taken into account, 5=integral part of the strategy and business operations)

Please rank on a scale from 1 to 5 the degree of coordination and integration of Sustainable Finance across key business functions (*11 firms responded)



- Firms begin to incorporate sustainable finance considerations across a range of key functions with most progress within business development and risk management (63% of respondents have generally integrated SF within these functions).

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