SASB STANDARDS

Now part of IFRS Foundation

Commercial Banks

Sustainability Accounting Standard

FINANCIALS SECTOR

Sustainable Industry Classification System® (SICS®) FN-CB

Under Stewardship of the International Sustainability Standards Board

INDUSTRY STANDARD | VERSION 2023-12

IFRS Sustainability

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ABOUT THE SASB STANDARDS

As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance and evolve the SASB Standards and encourages preparers and investors to continue to use the SASB Standards.

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) requires entities to refer to and consider the applicability of disclosure topics in the SASB Standards when identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. Similarly, IFRS S1 requires entities to refer to and consider the applicability of metrics in the SASB Standards when determining what information to disclose regarding sustainability-related risks and opportunities.

In June 2023, the ISSB amended climate-related topics and metrics in the SASB Standards to align them with the industry-based guidance accompanying IFRS S2 *Climate-related Disclosures*. In December 2023, the ISSB amended the non-climate-related topics and metrics in connection with the International Applicability of SASB Standards project.

Effective Date

This version 2023-12 of the Standard is effective for all entities for annual periods beginning or after January 1, 2025. Early adoption is permitted for all entities.

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INTRODUCTION

Overview of SASB Standards

The SASB Standards are a set of 77 industry-specific sustainability accounting standards ("SASB Standards" or "Industry Standards"), categorised pursuant to the Sustainable Industry Classification System® (SICS®).

SASB Standards include:

1. **Industry descriptions** – which are intended to help entities identify applicable industry guidance by describing the business models, associated activities and other common features that characterise participation in the industry.

2. **Disclosure topics** – which describe specific sustainability-related risks or opportunities associated with the activities conducted by entities within a particular industry.

3. **Metrics** – which accompany disclosure topics and are designed to, either individually or as part of a set, provide useful information regarding an entity's performance for a specific disclosure topic.

4. **Technical protocols** – which provide guidance on definitions, scope, implementation and presentation of associated metrics.

5. **Activity metrics** – which quantify the scale of specific activities or operations by an entity and are intended for use in conjunction with the metrics referred to in point 3 to normalise data and facilitate comparison.

Entities using the SASB Standards as part of their implementation of ISSB Standards should consider the relevant ISSB application guidance.

For entities using the SASB Standards independently from ISSB Standards, the *SASB Standards Application Guidance* establishes guidance applicable to the use of all Industry Standards and is considered part of the Standards. Unless otherwise specified in the technical protocols contained in the Industry Standards, the guidance in the SASB Standards Application Guidance applies to the definitions, scope, implementation, compilation and presentation of the metrics in the Industry Standards.

Historically, the *SASB Conceptual Framework* set out the basic concepts, principles, definitions and objectives that guided the SASB Standards Board in its approach to setting standards for sustainability accounting.

Use of the Standards

SASB Standards are intended to aid entities in disclosing information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. An entity determines which Industry Standard(s) and which disclosure topics are relevant to its business, and which associated metrics to report. In general, an entity should use the SASB Standard specific to its primary industry as identified in SICS® . However, companies with substantial business in multiple SICS® industries should refer to and consider the applicability of the disclosure topics and associated metrics in additional SASB Standards.

The disclosure topics and associated metrics contained in this Standard have been identified as those that are likely to be useful to investors. However, the responsibility for making materiality judgements and determinations rests with the reporting entity.

Industry Description

Commercial banks accept deposits and make loans to individuals and corporations, and engage in lending to infrastructure, real estate and other projects. By providing these services, the industry serves an essential role in the functioning of global economies and in facilitating the transfer of financial resources to their most productive capacity. The industry is driven by the volume of deposits, quality of loans made, the economic environment and interest rates. The risk from mismatched assets and liabilities further characterises the industry. The regulatory environment governing the commercial banking industry witnessed significant changes in the wake of the 2008 global financial crisis and continues to evolve today. These and other regulatory trends may affect performance. Commercial banks with global operations must manage new regulations in many jurisdictions that are creating regulatory uncertainty, particularly regarding the consistent application of new rules.

Note: This standard addresses 'pure play' commercial banking services, which may not include all the activities of integrated financial institutions, such as investment banking and brokerage services, mortgage finance, consumer finance, asset management and custody services, and insurance. Separate standards address the sustainability issues for activities in those industries.

SUSTAINABILITY DISCLOSURE TOPICS & METRICS

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected [1]	Quantitative	Number, Percentage (%)	FN-CB-230a.1
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CB-230a.2
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development [2]	Quantitative	Number, Presentation currency	FN-CB-240a.1
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240a.2
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	FN-CB-240a.3
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers [3]	Quantitative	Number	FN-CB-240a.4
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410a.2
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	Metric tons (t) CO_2-e	FN-CB-410b.1
	Gross exposure for each industry by asset class	Quantitative	Presentation currency	FN-CB-410b.2
	Percentage of gross exposure included in the financed emissions calculation	Quantitative	Percentage %	FN-CB-410b.3
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	n/a	FN-CB-410b.4

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[1] Note to **FN-CB-230a.1** – The disclosure shall include a description of corrective actions implemented in response to data breaches.

[2] Note to **FN-CB-240a.1** – The disclosure shall include a description of how the entity's compliance with applicable jurisdictional laws or regulations are integrated into its financial inclusion and capacity building strategy.

[3] Note to **FN-CB-240a.4** – The disclosure shall include a description of financial literacy initiatives.

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TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations [4]	Quantitative	Presentation currency	FN-CB-510a.1
	Description of whistleblower policies and procedures	Discussion and Analysis	n/a	FN-CB-510a.2
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category [5]	Quantitative	Basis points (bps)	FN-CB-550a.1
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	n/a	FN-CB-550a.2

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, Presentation currency	FN-CB-000.A
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate[6]	Quantitative	Number, Presentation currency	FN-CB-000.B

[4] Note to **FN-CB-510a.1** – The entity shall briefly describe the nature, context and any corrective actions taken because of monetary losses.

[5] Note to **FN-CB-550a.1** – The entity shall describe whether the Global Systemically Important Bank (G-SIB) score is calculated by the entity or obtained from regulatory authorities and whether the entity is required to report the underlying data to the regulators.

[6] Note to **FN-CB-000.B** – Mortgage loans as well as revolving credit loans shall be excluded from the scope of the disclosure.

Data Security

Topic Summary

Ensuring personal financial data privacy and security is an essential responsibility of Commercial Banks. Entities that fail to safeguard customer data may be susceptible to decreased revenue and consumer confidence. As the growth in mobile banking and cloud storage continues and more bank operations become technology- and internet-dependent, data security management becomes increasingly important. Sophisticated technology and continuous staff training are essential amid growing cybersecurity threats. The metrics for this disclosure topic focus on providing more detail on efforts related to safeguarding data against emerging and continuously evolving cybersecurity threats and technologies, and security breaches compromising customers' information. Enhanced disclosure on management strategies to address these risks may permit shareholders to understand how commercial banks are protecting shareholder value.

Metrics

FN-CB-230a.1. (1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected

1 The entity shall disclose (1) the total number of data breaches identified during the reporting period.

1.1 A data breach is defined as an unauthorised occurrence on, or conducted through, an entity's information systems that jeopardises the confidentiality, integrity or availability of an entity's information systems or any information contained therein.

1.1.1 Information systems are defined as information resources, owned or used by the entity, including physical or virtual infrastructure controlled by such information resources, or components thereof, organised for the collection, processing, maintenance, use, sharing, dissemination or disposition of an entity's information to maintain or support operations.

1.2 The scope of the disclosure excludes occurrences in which an entity has reasonable and supportable belief that the occurrence (i) does not pose a risk of damage to the entity's business performance or prospects and (ii) does not pose a risk of economic or social disadvantage to individuals.

2 The entity shall disclose (2) the percentage of data breaches that were personal data breaches.

2.1 A personal data breach is defined as a data breach resulting in the accidental or unauthorised destruction, loss, alteration, disclosure of, or access to, personal data transmitted, stored or otherwise processed.

2.2 Personal data is defined as any information that relates to an identified or identifiable living individual. Various pieces of information, which collected together can lead to the identification of a particular person, also constitute personal data.

2.2.1 The entity may define personal data based on applicable jurisdictional laws or regulations. In such cases, the entity shall disclose the applicable jurisdictional standard or definition used.

2.3 The scope of the disclosure shall include incidents during which encrypted data was acquired with an encryption key that also was acquired, as well as whether a reasonable belief exists that encrypted data could be converted readily to plaintext.

2.3.1 Encryption is defined as the process of transforming plaintext into ciphertext.

3 The entity shall disclose (3) the total number of unique account holders affected by personal data breaches.

3.1 Accounts that the entity cannot verify as belonging to the same account holder shall be disclosed separately.

4 The entity may delay disclosure if a law enforcement agency has determined that notification impedes a criminal investigation, and may be delayed until the law enforcement agency determines that such notification does not compromise the investigation.

Note to **FN-CB-230a.1**

1 The entity shall describe any corrective actions taken in response to data breaches, such as changes in operations, management, processes, products, business partners, training or technology.

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

3 The entity may disclose its policy for disclosing data breaches to affected account holders in a timely manner.

FN-CB-230a.2. Description of approach to identifying and addressing data security risks

1 The entity shall describe its approach to identifying information system vulnerabilities that may pose a data security risk.

1.1 Vulnerability is defined as a weakness in an information system, implementation, system security procedure or internal control that could be exploited.

1.2 Data security risk is defined as the risk of any circumstance or event with the potential to affect organisational operations (including mission, functions, image or reputation), assets, individuals, or other organisations or governments through an information system via unauthorised access, destruction, disclosure, modification of information or denial of service.

2 The entity shall describe its approach to managing identified data security risks and vulnerabilities, which may include operational procedures, management processes, structure of products, selection of business partners, employee training and use of technology.

3 The entity shall discuss observed trends in type, frequency and origination of attacks on its data security and information systems.

4 The entity shall describe its policies and procedures for disclosing data breaches to its customers in a timely manner.

5 The entity's disclosure shall include a discussion of data and system security efforts that relate to new and emerging cyber threats and attack vectors facing the financial services industry.

5.1 Emerging cyber threats may include cyber threats arising from the use of near-field communication payment systems, mobile banking and web-based banking.

5.2 Attack vectors may include ransomware, loan stacking schemes, money mule schemes and remote access attacks.

6 The entity shall describe the regulatory environment in which it operates related to data security.

6.1 The discussion shall include data security policies and procedures the entity adopted for regulatory compliance or voluntarily as an industry best practice.

7 The entity shall describe the degree to which its approach aligns with an external standard or framework or applicable jurisdictional legal or regulatory framework for managing data security, such as:

7.1 the ISO/IEC 2700 series;

7.2 the National Institute of Standards and Technology (NIST), *Framework for Improving Critical Infrastructure Cybersecurity*, 2018;

7.3 the New York State Department of Financial Services 23 NYCRR 500, *Cybersecurity Requirements for Financial Services Companies*; and

7.4 the Office of the Comptroller of the Currency (OCC) Bulletin 2013-29, *Third-Party Relationships: Risk Management Guidance*, 2013.

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

Financial Inclusion & Capacity Building

Topic Summary

As their primary business activity, commercial banks must continuously balance their capacity building efforts with the risks and opportunities associated with lending to unbanked, underbanked or underserved customers. Emerging financing models and technologies provide banks with an opportunity to offer products and services in previously underserved markets and obtain additional sources of revenue. Entities that can meet the need to extend credit and financial services to low-income populations and small businesses while avoiding predatory and irresponsible lending practices may create long-term value and improve brand reputation. These services also should be complemented by efforts to improve financial literacy, which will assist customers in making informed decisions. By disclosing their approach to financial inclusion and capacity building, commercial banks can provide investors with decision-useful information for assessing banks' ability to ensure long-term, sustainable value creation.

Metrics

FN-CB-240a.1. (1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development

1 The entity shall disclose (1) the total number of loans outstanding that qualify for programmes designed to promote small business and community development, and (2) the total amount outstanding on these loans.

1.1 Loans that qualify for programmes designed to promote small business and community development are defined in accordance with applicable jurisdictional laws or regulations. The entity shall disclose the jurisdictional standards or definitions used.

2 The scope of community development loans includes loans primarily funding community services for low- or moderate-income individuals, and the development, revitalisation or stabilisation of low- or moderate-income regions.

3 The scope of community development loans includes loans related to microfinance lenders, social banks or community development finance institutions (CDFIs).

4 The scope of small business loans includes loans to farms.

5 The scope of the disclosure excludes loans for personal expenditures or residential property.

Note to **FN-CB-240a.1**

1 The entity shall provide a description of its short- and long-term strategy or plan to expand its portfolio of qualified loans promoting small business and community development.

2 The entity shall include a discussion of its examination results for compliance with applicable jurisdictional laws or regulations related to the disclosure.

3 The entity shall describe how its examination results are integrated into its short- and long-term financial inclusion and capacity building strategy.

FN-CB-240a.2. (1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development

1 The entity shall disclose (1) the total number of past due and nonaccrual loans or, alternatively, the total number of loans subject to forbearance that qualify for programmes designed to promote small business and community development, and (2) the total amount outstanding on these loans.

1.1 Loans that qualify for programmes designed to promote small business and community development are defined in accordance with applicable jurisdictional laws or regulations. The entity shall disclose the jurisdictional standards or definitions used.

2 The scope of community development loans includes loans primarily funding community services targeted to low- or moderate-income individuals, and the development, revitalisation or stabilisation of low- or moderate-income regions.

3 The scope of community development loans includes loans related to microfinance lenders, social banks or community development finance institutions (CDFIs).

4 The scope of small business loans includes loans to farms.

5 The scope of the disclosure excludes loans for personal expenditures or residential property.

6 The scope of disclosure includes loans originated and purchased by the entity.

FN-CB-240a.3. Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers

1 The entity shall disclose the total number of no-cost checking accounts held by unbanked or underbanked customers as of the end of the reporting period.

1.1 No-cost checking accounts are defined as bank accounts providing core services without extra fees, monthly or annual maintenance fees, or minimum average balance requirements.

1.1.1 Core services may include access to a debit card, access to internet and mobile banking, or access to deposits and withdrawals.

1.2 Unbanked customers are defined as individuals and families who have rarely, if ever, held a checking account, a savings account, or other type of transaction or cheque cashing account at an insured depository institution.

1.3 A household is categorised as underbanked if it had a checking or savings account and used one of these products or services from an alternative financial services (AFS) provider in the past 12 months: money orders, cheque cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans or auto title loans.

2 The entity may also disclose the number of no-cost checking accounts opened and closed during the reporting period by unbanked and underbanked customers.

FN-CB-240a.4. Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers

1 The entity shall disclose the number of individuals that participated in financial literacy initiatives for unbanked, underbanked or underserved customers.

1.1 The scope of financial literacy initiatives may include educational programmes, workshops, seminars, courses, counselling and community partnerships.

1.2 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 cheque cashing services, non-bank remittances, rent-to-own services, pawn shops or refund anticipation loans.

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

1.4 Underserved customers include those who are unbanked, underbanked or otherwise have limited access to mainstream financial services, often because of limited or no credit history.

2 The entity shall calculate the total number of unique individuals who are documented to have participated in at least one initiative conducted by the entity during the reporting period.

2.1 The disclosure shall include participants in ongoing programmes for which active participation can be documented during the reporting period.

3 The scope of the disclosure shall include both individual retail customers and relevant commercial customers (for example, small and medium-sized enterprises and minority owned business).

4 The scope of the disclosure shall include financial literacy initiatives provided by the entity directly as well as by third parties that have a contractual agreement with the entity to provide such initiatives.

Note to **FN-CB-240a.4**

1 The entity shall describe its initiatives, programmes or financial services focused on enhancing the financial literacy of unbanked, underbanked or underserved customers.

Incorporation of Environmental, Social, and Governance Factors in Credit Analysis

Topic Summary

As financial intermediaries, commercial banks contribute to significant positive and negative environmental and social externalities through their lending practices. Environmental, social and governance (ESG) factors can have material implications for the underlying entities, assets and projects to which commercial banks lend across a range of industries. Therefore, entities increasingly must examine ESG factors when determining the quality of collateral. Commercial banks also may enable positive environmental and social externalities to generate significant revenue streams through their lending practices. Commercial banks that fail to address these risks and opportunities could face diminished returns and reduced value for shareholders. Commercial banks should subsequently disclose how ESG factors are integrated into lending processes and the current level of portfolio risk associated with specific sustainability trends. Specifically, investor and regulatory pressure is mounting for banks to disclose how they address climate change related risks.

Metrics

FN-CB-410a.2. Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis

1 The entity shall describe its approach to the incorporation of environmental, social and governance (ESG) factors in its credit analysis.

1.1 The definition of incorporation of ESG factors is aligned with that of the Global Sustainable Investment Alliance (GSIA) and includes the use of ESG information in the investment decision-making processes.

1.2 Examples of ESG factors and issues are provided in the *PRI Reporting Framework—Main definitions 2018*, section 'ESG issues'.

1.3 Credit analysis is defined as a method to calculate the creditworthiness of a business or organisation to honour debt obligations. This method seeks to identify the appropriate level of default risk associated with financing such business, organisation or project.

2 The scope of disclosure shall include commercial and industrial lending as well as project finance.

3 The entity shall describe the policies that determine its approach to the incorporation of ESG factors in its credit analysis.

4 The entity shall discuss how it incorporates ESG factors when estimating credit losses over the contractual term of the entity's financial assets.

5 The entity shall describe its approach to implementation of the aspects of the entity's ESG incorporation practices.

5.1 The description shall include:

5.1.1 Parties responsible for the day-to-day incorporation of ESG factors

5.1.2 Roles and responsibilities of employees involved

5.1.3 Approach to ESG-related research

5.1.4 Approach to incorporating ESG factors into assessing creditworthiness of borrowers

6 The entity shall describe its oversight and accountability approach to the incorporation of ESG factors.

6.1 The description shall include:

6.1.1 Formal oversight individuals or bodies involved

6.1.2 Roles and responsibilities of employees involved

6.1.3 Criteria used in assessing the quality of ESG incorporation

7 The entity shall discuss whether it conducts scenario analysis or modelling in which the risk profile of future ESG trends is calculated at the portfolio level of commercial and industrial credit exposure.

7.1 ESG trends may include climate change, natural resource constraints, human capital risks and opportunities, and cybersecurity risks.

8 The entity shall discuss ESG trends it considers apply broadly in terms of their effect on sectors and industries, as well as the trends it deems as sector- or industry-specific.

8.1 The entity may further provide the discussion in the context of geographical exposure of its commercial and industrial credit portfolio.

9 The entity shall describe significant concentrations of credit exposure to ESG factors, which may include carbon-related assets, water-stressed regions and cybersecurity risks.

10 The entity shall describe how ESG factors are incorporated in the assessment of and influence the entity's views on:

10.1 Traditional macroeconomic factors such as the economic conditions, central bank monetary policy, industry trends, and geopolitical risks that affect creditworthiness of borrowers

10.2 Traditional microeconomic factors such as supply and demand for products or services that affect financial conditions and operational results of borrowers as well as their creditworthiness

10.3 Overall creditworthiness of a borrower

10.4 Maturity or tenor of a loan

10.5 Expected loss, including probability of default, exposure at default and loss given default

10.6 Value of posted collateral

11 The entity may disclose additional quantitative measures related to its approach to the incorporation of ESG factors in credit analysis, such as:

11.1 Number of commercial and industrial loans and project finance screened according to the Equator Principles (EP III) (or equivalent) by EP Category

11.2 Number of loans for which a review of environmental or social risks was performed, for example, by the entity's Environmental and Social Risk Management (ESRM) group

Financed Emissions

Topic Summary

Entities participating in commercial banking activities face risks and opportunities related to the greenhouse gas emissions associated with those activities. Counterparties, borrowers or investees with higher emissions might be more susceptible to risks associated with technological changes, shifts in supply and demand and policy change which in turn can impact the prospects of a financial institution that is providing financial services to these entities. These risks and opportunities can arise in the form of credit risk, market risk, reputational risk and other financial and operational risks. For example, credit risk might arise in relation to financing clients affected by increasingly stringent carbon taxes, fuel efficiency regulations or other policies; credit risk might also arise through related technological shifts. Reputational risk might arise from financing fossil-fuel projects. Entities participating in commercial banking activities are increasingly monitoring and managing such risks by measuring their financed emissions. This measurement serves as an indicator of an entity's exposure to climate-related risks and opportunities and how it might need to adapt its financial activities over time.

Metrics

FN-CB-410b.1. Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3

1 The entity shall disclose its absolute gross financed emissions, disaggregated by Scope 1, Scope 2, and Scope 3 emissions for each industry by asset class.

1.1 In preparing this disclosure, the entity shall apply the requirements for measuring greenhouse gas emissions in accordance with paragraph 29(a) of IFRS S2 *Climate-related Disclosures* (S2) and the corresponding requirements in paragraph B62 for entities with commercial banking activities.

1.2 In applying paragraph B62 of S2, the entity shall apply the principles of aggregation and disaggregation from paragraphs B29 and B30 of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information.*

FN-CB-410b.2. Gross exposure for each industry by asset class

1 The entity shall disclose the gross exposure for each industry by asset class, expressed in the presentation currency of the entity's financial statements.

1.1 In preparing this disclosure, the entity shall apply the requirements in paragraph B62 of IFRS S2 *Climate-related Disclosures* for entities with commercial banking activities.

1.2 In applying paragraph B62 of S2, the entity shall apply the principles of aggregation and disaggregation from paragraphs B29 and B30 of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information.*

FN-CB-410b.3. Percentage of gross exposure included in the financed emissions calculation

1 The entity shall disclose the percentage of the entity's gross exposure included in the financed emissions calculation.

1.1 In preparing this disclosure, the entity shall apply the corresponding requirements in paragraph B62 of IFRS S2 *Climate-related Disclosures* (S2) for entities with commercial banking activities.

1.2 In applying paragraph B62 of S2, the entity shall apply the principles of aggregation and disaggregation from paragraphs B29 and B30 of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*.

2 If the percentage of the entity's gross exposure included in the financed emissions calculation is less than 100%, the entity shall disclose information that explains the exclusions, including the type of assets excluded.

FN-CB-410b.4. Description of the methodology used to calculate financed emissions

1 The entity shall disclose the methodology the entity used to calculate its financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of gross exposure.

1.1 In preparing this disclosure, the entity shall apply the requirements in paragraph B62 of IFRS S2 *Climate-related Disclosures* (S2) for entities with commercial banking activities.

1.2 In applying paragraph B62 of S2, the entity shall apply the principle of estimation from Paragraph 78 of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information.*

Business Ethics

Topic Summary

The regulatory environment surrounding the Commercial Banks industry continues to evolve internationally. Entities must adhere to a complex and often inconsistent set of rules relating to performance and conduct, as well as provide disclosure on issues including insider trading, antitrust behaviour, price fixing and market manipulation. Entities are subject to strict legal requirements against tax evasion, fraud, money laundering and corrupt practices. In some jurisdictions, enhanced rewards for whistle-blowers may increase the number of complaints brought to regulators. Entities that ensure regulatory compliance through robust internal controls may build trust with clients, increase revenue and protect shareholder value by minimising losses incurred because of legal proceedings.

Metrics

FN-CB-510a.1. Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations

1 The entity shall disclose the total amount of monetary losses incurred during the reporting period resulting from legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice or other related financial industry laws or regulations.

2 The legal proceedings shall include any adjudicative proceeding involving the entity, whether before a court, a regulator, an arbitrator or otherwise.

3 The losses shall include all monetary liabilities to the opposing party or to others (whether as the result of settlement, verdict after trial or otherwise), including fines and other monetary liabilities incurred during the reporting period as a result of civil actions (for example, civil judgements or settlements), regulatory proceedings (for example, penalties, disgorgement or restitution) and criminal actions (for example, criminal judgements, penalties or restitution) brought by any entity (for example, governmental, business or individual).

4 The scope of monetary losses shall exclude legal and other fees and expenses incurred by the entity in its defence.

5 The scope of the disclosure shall include legal proceedings associated with the enforcement of applicable jurisdictional laws or regulations.

6 The disclosure also shall include enforcements related to activities adjudicated by applicable jurisdictional regulators with mandates broader than the financial industry.

7 The entity shall disclose the relevant jurisdictional regulatory authority or authorities used in its calculation.

Note to **FN-CB-510a.1**

1 The entity shall briefly describe the nature (for example, judgement or order issued after trial, settlement, guilty plea, deferred prosecution agreement or non-prosecution agreement) and context (for example, fraud, antitrust or market manipulation) of all monetary losses resulting from legal proceedings.

2 The entity shall describe any corrective actions implemented in response to the legal proceedings. This may include specific changes in operations, management, processes, products, business partners, training or technology.

FN-CB-510a.2. Description of whistleblower policies and procedures

1 The entity shall describe the processes and policies that are set out in its whistleblower programme, including internal compliance programmes; whistleblower hotline details (for example, whether it is managed by an independent third party); reference to, and publication of, the hotline number (for example, within corporate compliance manuals or codes of ethics); whistleblower incentives for reporting violations; and methods for submitting tips.

2 The disclosure shall identify the applicable jurisdictional whistleblower laws or regulations with which the entity must comply.

3 The disclosure shall include a discussion of any violations of whistleblower regulations and any corrective actions the entity has implemented in response to violations.

Systemic Risk Management

Topic Summary

Commercial Bank entities that fail to manage risks to capital effectively may suffer significant losses while increasing their liabilities. Because of the interconnectedness of the global financial system, these failures can contribute to significant market disruption and financial crises. The systemic interconnectedness of financial institutions has become a central concern for regulators. As a result, many jurisdictions require that banks undergo supervised stress tests to evaluate whether the entity has sufficient capital reserves and liquidity to absorb losses, continue operations and meet obligations during adverse economic and financial conditions. Failure to meet regulatory requirements may lead to penalties and substantially increased future compliance costs. Commercial banks should improve their disclosures by measuring how well they can absorb shocks arising from systemic stresses to demonstrate how risks associated with their size, complexity, interconnectedness, substitutability and cross-jurisdictional activity are being managed. Entities that commit to enhanced disclosures may experience improved investor and shareholder confidence, potentially leading to increased revenues.

Metrics

FN-CB-550a.1. Global Systemically Important Bank (G-SIB) score, by category

1 The entity shall disclose its Globally Systematically Important Bank (G-SIB) score for these categories: (1) size, (2) cross-jurisdictional activity, (3) interconnectedness, (4) substitutability, (5) complexity and (6) overall score.

2 The G-SIB scores are defined by, and shall be calculated according to, the methodology established by the latest version of the Bank of International Settlements' (BIS) Basel Committee on Banking Supervision's *Global systematically important banks: updated assessment methodology and the higher loss absorbency requirement* (BCBS assessment methodology).

2.1 The set of indicators used in the calculation of the G-SIB score is outlined by the BCBS assessment methodology in the reporting instructions and the reporting template.

2.1.1 The entity shall refer to the reporting instructions and the reporting template for the relevant reporting period.

2.2 The G-SIB score calculation is provided by the technical summary of the BCBS assessment methodology. The BCBS assessment methodology further provides:

2.2.1 denominators used for score calculation for the relevant reporting period; and

2.2.2 the cut-off score used to identify G-SIBs, and bucket thresholds used to allocate G-SIBs to buckets for the purposes of calculating the specific higher loss absorbency (HLA) requirements for each institution.

3 The entity shall disclose the latest available G-SIB score at the time of reporting.

4 The entity shall consider the above references used to determine the G-SIB score to be normative references, meaning that any future updates made to them shall be considered updates to this guidance.

Note to **FN-CB-550a.1**

1 The entity shall describe whether it obtains the score from the relevant supervisory authority after reporting the indicators used to calculate the G-SIB score, or whether it calculates the score internally using the BCBS assessment methodology.

2 The entity shall describe whether its applicable jurisdictional legal or regulatory authority requires the entity to report the data required for the G-SIB calculation, or whether the entity chooses to report the data voluntarily.

FN-CB-550a.2. Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities

1 The entity shall discuss how results of mandatory and voluntary stress tests and capital planning reports for prudential regulatory purposes inform the entity's decisions and are integrated into capital planning, long-term corporate strategy and other business activities.

2 The entity shall discuss how the stress test results inform its approach with respect to its environmental, social and governance (ESG) strategy.

3 The entity may disclose the results of its stress tests along with this discussion.

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