Your Benchmarking Report

January 2021
Agenda

1. Benchmark Panel
2. ESG Performance Benchmark
3. ESG Criteria Benchmark
4. Conclusions
## Benchmark Panel Presentation

Company ABC has requested to be benchmarked against 4 peers from the Specific Purpose Banks Sector

<table>
<thead>
<tr>
<th>Company</th>
<th>Overall Score</th>
<th>Sector</th>
<th>Headquarters</th>
<th>Last Assessment</th>
<th>Ranking (Europe)</th>
<th>Information Rate</th>
<th>Engagement with V.E during Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC</td>
<td>74/100</td>
<td>Specific Purpose Banks</td>
<td>France</td>
<td>2021/03</td>
<td>1/20</td>
<td>99%</td>
<td>yes</td>
</tr>
<tr>
<td>XYZ</td>
<td>62/100</td>
<td>Specific Purpose Banks</td>
<td>Germany</td>
<td>2021/03</td>
<td>5/20</td>
<td>96%</td>
<td>yes</td>
</tr>
<tr>
<td>AAA</td>
<td>68/100</td>
<td>Specific Purpose Banks</td>
<td>Netherlands</td>
<td>2021/03</td>
<td>3/20</td>
<td>95%</td>
<td>no</td>
</tr>
<tr>
<td>BBB</td>
<td>66/100</td>
<td>Specific Purpose Banks</td>
<td>Luxembourg</td>
<td>2021/03</td>
<td>3/11</td>
<td>98%</td>
<td>no</td>
</tr>
<tr>
<td>CCC</td>
<td>69/100</td>
<td>Specific Purpose Banks</td>
<td>Phillipines</td>
<td>2021/03</td>
<td>1/11</td>
<td>98%</td>
<td>yes</td>
</tr>
</tbody>
</table>
Overall Score Benchmark

Scores

- ABC's overall absolute score is advanced (74/100) and above the sector average
- This represents an improvement (+ 4 points) since the previous assessment by V.E (70/100)
- This high level of performance reflects the company's' strong integration of ESG factors into its business strategy as evidence by its policies and 5 years strategic plan
- All companies in this sector are large multinationals and are exposed to controversies on Human Rights, Community Involvement and Environmental issues
Overall Score Evolution 2018 to 2021

ABC’s ESG overall score (2021/03)

Overall Score Trend

<table>
<thead>
<tr>
<th>Compared to 2020</th>
<th>+4 points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compared to 2018</td>
<td>+0 points</td>
</tr>
</tbody>
</table>

Ranking

<table>
<thead>
<tr>
<th>Rank in sector</th>
<th>1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank in region</td>
<td>35/1601</td>
</tr>
<tr>
<td>Rank in universe</td>
<td>42/5000</td>
</tr>
</tbody>
</table>

Takeways

- Improvements in ABC’s performance are attributed to improve disclosures on policies and measures to address material ESG issues
- ESG Score evolutions:
  - Environmental Pillar: increased overall by +6 score points
  - Social Pillar: increased overall by +3 score points
  - Corporate Governance Pillar: increased overall by +4 score points
- Domain’ score evolutions:
  - Human Rights – increased overall by +8 score points
  - Business Behaviour – increased overall by +7 score points
  - Environment – increased overall by +6 score points
  - Corporate Governance – increased overall by +4 score points
## Zoom in - Climate Change

### Climate Change Scores – High Materiality

| 59/100 |

#### Takeways

- **Improving Performance (59/100)**
- **Strengths**
  - Commitments are now aligned with the Paris Agreement
  - ABC now refrains from financing coal and hydrocarbon related projects (unconventional and conventional)
  - All projects financed by the ABC are subject to a climate vulnerability assessment
  - ABC monitors, measures, reports and computes ex ante carbon footprint assessment.
- **Areas for improvement**
  - Commitments should include a policy on Housing & Real Estate and targets linked to a reduction of carbon footprint financing portfolio
  - ABC should measure and consolidate its direct CO2 emissions at group level
  - ABC should establish targets with regard to its energy consumption/CO2 emissions that cover the entire group
The panel displays an advanced performance on Climate Change:

- **ABC** is exposed to some controversies of high severity but has proactively responded to the allegations.
- Additionally, the reporting scope regarding **ABC's** own energy consumption and CO2 emissions is limited to only some operations.
- **AAA** has precise targets to limit emissions to 1.15 million tons of CO2 equivalent per year by 2020 in its project financing.
- **BBB** discloses an ambitious target to provide EUR 1 trillion of investments in climate action and environmental projects from 2021 to 2030.
- All Institutions report on the avoided CO2 emissions linked to their financing of renewable energy projects.
- Only **BBB** reports on the overall GHG emissions, which has actually significantly increased over the 2013-2017 period.

**Scores**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC</td>
<td>59/100</td>
</tr>
<tr>
<td>XYZ</td>
<td>86/100</td>
</tr>
<tr>
<td>AAA</td>
<td>79/100</td>
</tr>
<tr>
<td>BBB</td>
<td>68/100</td>
</tr>
<tr>
<td>CCC</td>
<td>57/100</td>
</tr>
</tbody>
</table>

Average: 67.8
Median: 67.0
Standard deviation: 6.4
AAA works with other financial institutions in the Platform Carbon Accounting Financials (PCAF) initiative aiming to improve carbon footprinting in the financial sector to formulate ambitions and track progress in decarbonizing the economy. This initiative works towards harmonized approaches for greenhouse gas accounting among development banks and other international finance institutions, resulting in concrete guidance on the harmonized accounting of greenhouse gas emission reductions from investments in renewable energy.

In November 2019, BBB released a new energy lending policy where it proposes to stop considering new loans to fossil fuel projects, including natural gas infrastructure, from the end of 2021, cutting approximately EUR 2 billion of yearly investments. It would be the first multilateral financial institution to make such a commitment. Energy projects applying for BBB funding will have to show they can produce one kilowatt hour of energy while emitting less than 250 grammes of carbon dioxide.

CCC’s climate policy encompasses five key strategies and associated targets including the disinvestment from thermal coal sector and the decarbonisation of its portfolio.

XYZ is aligned with the Sciences Based Targets Initiative (SBTI) recommendations on establishing commitment to align with a 1.5°C scenario, with a timeframe covering a maximum of 15 years.

Best Practices – Climate Change

Climate Change – Benchmark Best Practices

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### Takeways

- **Improving Performance (59/100)**
- **Strengths**

  - ABC has established quantitative targets and is committed to increasing funding to the Mitigation Resilience Funding Facility (supporting peace, resilience and stability in countries with political, social and economic crises) to EUR 200 million by 2025.

  - ABC undertakes a dialogue with stakeholders in the elaboration/revision of all its human rights strategies or policies. NGOs working within the field of human rights are systematically invited to review and comment strategies through plenary sessions or series of working groups held at ABC.

  - ABC has earmarked a EUR 3 million budget for 2020-2025 for technical assistance activities, aiming to assist client companies in their governance and in-house management or improve their E&S practices.
The panel displays an advanced performance level in this criterion.

All Institutions appear to have strong measures to assess human rights risks in their financing activities and set up of grievance mechanism through which stakeholders affected can voice their concerns.

All Institutions are exposed to isolated or occasional controversies of high severity where they are accused of violating severe human rights in their project financing impacting local communities in Honduras and Panama.

Additionally, BBB is accused of having no policy on mitigating risk on local communities in conflict zones and continuing to target its lending towards authoritarian regimes.

The overall performance of ABC in this criterion is lowered by the fact that the institution is exposed to an isolated controversy of high severity where it is accused of land grabbing in the Democratic Republic of the Congo.
### Best Practices - Human Rights Standards

<table>
<thead>
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<th>Human Right Standards – Benchmark Best Practices</th>
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- **AAA** has established agreements on international responsible business conduct regarding human rights between local governments, financial institutions, and civil society.

- **BBB** and **CCC** have established complaint mechanisms to allow individuals, companies, organisations or other affected parties who believe that they have been or will be negatively impacted by a project financed by **XYZ** to file a complaint directly with the Company.

- **XYZ** partners with international NGOs specialised on Human Rights to co-develop internal policies and provide staff training on the importance of Human Rights integration within financing activities.
Main areas for improvements

Global Summary

» **KPIs** disclosure across multiple ESG areas:
  » data on corruption incidents reported internally
  » data on anti-competitive incidents reported internally,
  » data on lobbying budget,
  » data on employee turnover or mobility rates,
  » data on energy consumption
  » consolidated health and safety indicators.

» Disclosure on **corrective measures following controversies**.

» **Human Capital** management disclosures
  » Policies on career management
  » Policies on freedom of association and the right to collective bargaining.
Talk to our Team

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Our offices:
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