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ESG in Banking Thinking through the sustainability lens

FIBAC 2021

What is ESG?



Environmental

Climate change, usage of natural resources, impact on biodiversity, pollution and waste management

Also includes **financing of activities** with a positive impact on natural environment



Social

Improving **employee wellbeing**, human rights, across the supply chain and promoting in larger society

Social pillar also includes product **safety and accountability**, respect for privacy and data security.



Governance

Core corporate governance (structure, composition, right, disclosure) and **business integrity** (such as bribery, fraud, corruption, whistleblowing, amongst others)

Ethical behaviors and transparency in **corporate governance**

Approaching the ESG opportunity

Defence

Commit to Net Zero

Well-defined goals and targets across ESG

Build data set for measurement

Comply with new set of (upcoming) regulations

Communicate a clear and credible transition pathway

Offence

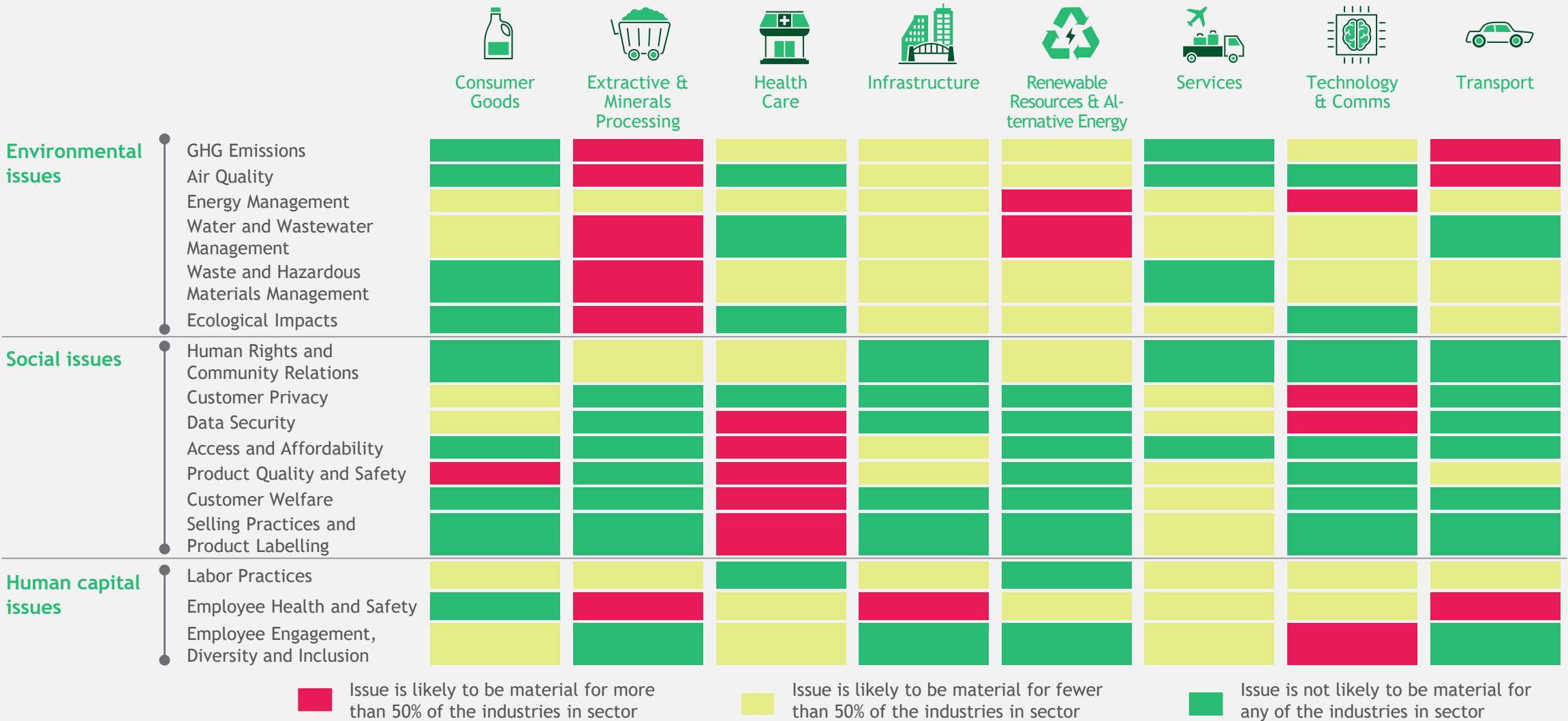
Develop transition and green finance products

Clear risk management and mitigation strategies across portfolio

Elevate relationship - Become the strategic advisor to clients

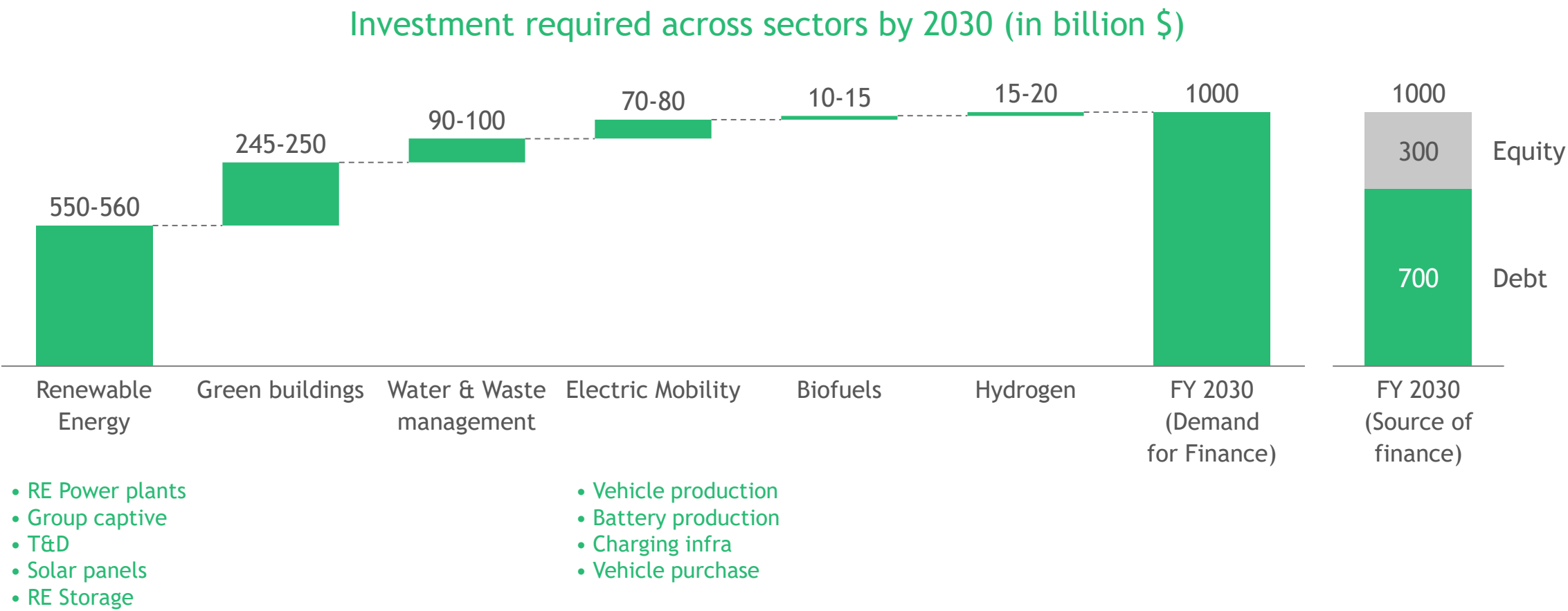
Differentiate sustainability agenda for clients, staff, stakeholders

Sustainability will mean different things to different sectors, with climate just one of many critical topics



Source: SASB Materiality Map, BCG analysis

India's climate transition finance needs \$1T investment by 2030 across sectors; primary burden to be on wholesale market



Source: IEA Energy outlook, IGBC, FAME, Ministry of Power, BCG analysis
Based on India's climate commitment on RE by 2030



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