

**ESG as a risk management factor :**

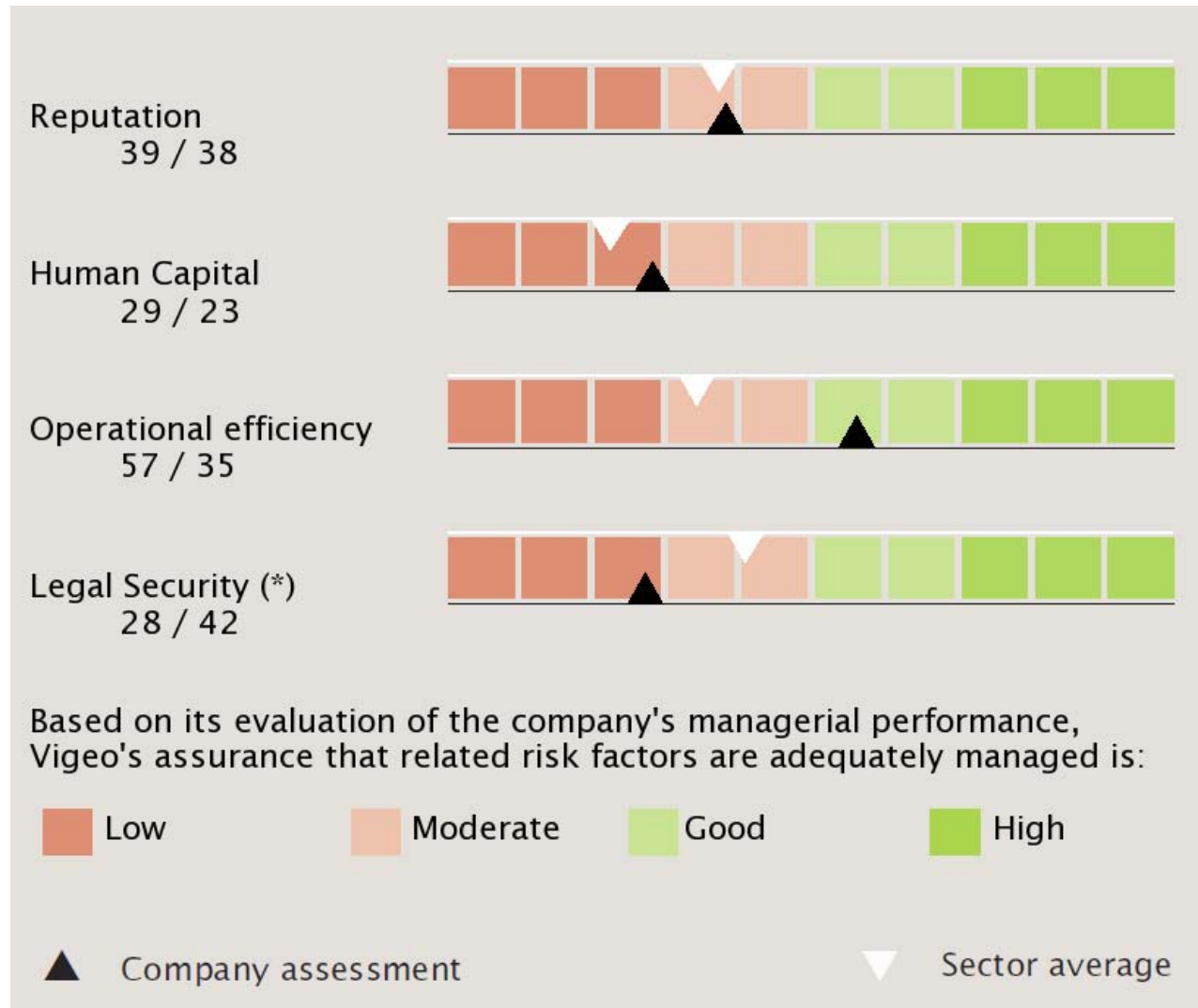
**VigeoEiris approach**

# ESG management: Why this matters

## Intangible assets and business value

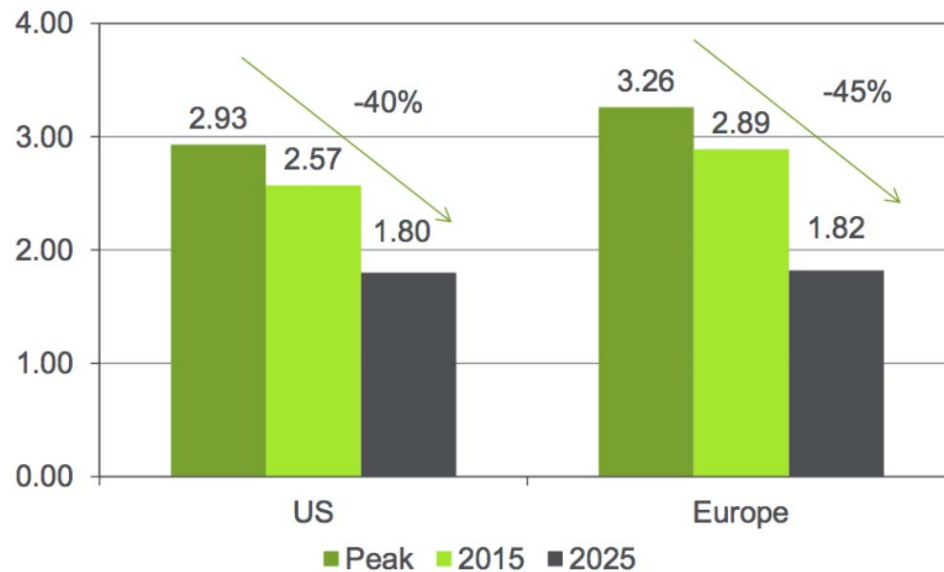
### Our Mission Statement:

We assess the degree to which companies and public corporations take into account environmental, social and governance objectives, which constitute risk factors for them in the definition and implementation of their strategy and policies.



# How the management of ESG factors may affect company assets value

Figure 11. At the Tipping Point of Full-Time Employee Reduction (million)



Source: ECB, United States Bureau of Labor Statistics, Citi Research estimates

Citigroup analysts predict a 40% to 50% staff reduction from pre-crisis highs, due to the impact of financial crisis and the increase of technology and automation processes in the banking sector.

## BANKING JOB LOSS SURVEY

JOB LOSSES AND RESTRUCTURING PROCESS IN THE FINANCIAL SECTOR



# Key ESG issues in the banking sector

S&E Lending Risk



Access to finance



Business ethics



Corporate governance



Non discrimination



Transparency on ESG





**INTEGRATED GOVERNANCE** is “the system by which companies are directed and controlled, in which sustainability issues are integrated in a way that ensures value creation for the company and beneficial results for all stakeholders in the long term”.

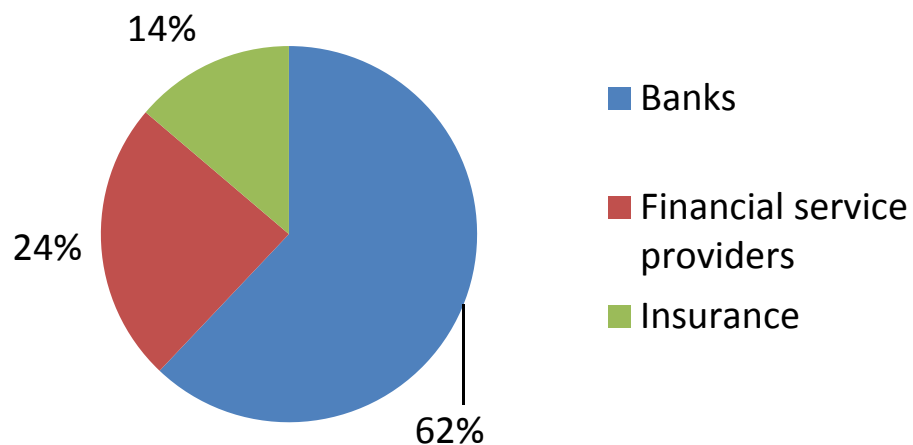
Source : “Integrated Governance: a New Model of Governance for Sustainability” issued by United Nations (UNEP) 2014

Example of VigeoEiris indicators to assess the level of integration of sustainability in the governance model :

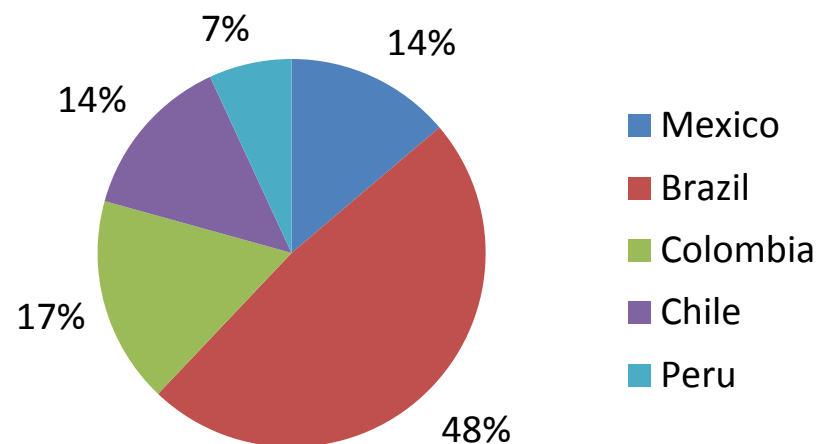
- Top-level responsibilities over CSR
- Skills and expertise of non-executive directors (including CSR)
- Review of CSR issues at Board level
- Inclusion of CSR risks in the scope of the company's internal controls system
- External assurance of CSR reporting
- Presentation of the company’s CSR strategy to shareholders and investors
- Board’s attitude towards CSR-related shareholder resolutions
- Performance conditions (including CSR factors) to determine the variable remuneration for Executives

# VigeoEiris universe of Latin American financial institutions (as of today)

## Sectors represented



## Countries represented



## CSR performances – main findings :

- Level of disclosure on ESG practices can be improved, being at 49% (Europe: 64%; NAM: 56%; AP: 52%).
- On average the level of transparency appear higher on customer management and business ethics.



On July 2016, VigeoEiris published **The Emerging Market 70 Ranking**, comprised of the 70 best performing companies from a reference universe of 800 from 31 emerging countries.

**Five out of the 70** companies in the ranking are Financial institutions based in Latin America.

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