



Corporate Responsibility and Sustainability in financial services

# More than the money's green here

Prompted by concerned investors, a large North American regional bank is laying plans to address environmentally and socially sustainable business practices in an effort to further its position in corporate responsibility.

## Listening to the marketplace

The bank recognized that environmental and social sustainability was becoming a pressing issue with both investors and consumers. The trigger for action came when an institutional investment group initiated a shareholder resolution asking the bank to initiate a formal sustainability report and to develop a more detailed response to the Carbon Disclosure Project, a nonprofit group that compiles information about companies' greenhouse gas emissions for use by investors.

Although the resolution was defeated, the bank's management team decided that the growing interest in sustainability among investors and stakeholders made it important to align the company's business priorities with sustainability drivers. Executives also wanted to explore opportunities to improve shareholder value and bottom-line performance through environmentally and socially friendly products and services. Finally, executives felt that anticipating sustainability issues subject to potential regulation and legislation would help the bank prepare for and proactively manage possible business and consumer implications.

## Charting a sustainable course

The bank undertook a detailed study of the impact of its business on environmental, social, and economic factors and benchmarked its current performance against stakeholder expectations in order to develop a sustainability strategy and a specific plan for action. With Deloitte's assistance, the bank:

- Benchmarked its current social and environmental performance against effective practices employed by global, local, and niche banks
- Interviewed external stakeholders, including investor groups, customers, suppliers, and influential national and local non-governmental organizations concerned with environmental and social sustainability, to determine marketplace expectations



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- Developed a sustainability strategy that incorporated the results of the benchmarking study, the external interviews, and input from bank leadership
- Developed plans for specific sustainability initiatives including, but not limited to:
  - **A green rewards debit card program.** The bank's retail arm is collaborating with other retail businesses to allow consumers to purchase environmentally friendly products using debit card reward points.
  - **Green building.** The teams managing the bank's retail branch expansion program are evaluating options for green design and construction of new retail facilities, including potential Leadership in Energy and Environmental Design (LEED) certification.
  - **Energy audits.** The bank is currently conducting energy audits of its facilities to identify high-impact energy-saving opportunities. These audits will be conducted on an ongoing basis and are expected to help the organization prioritize future energy-saving initiatives.
  - **Green IT.** Green initiatives in the bank's IT function include an upgrade to more energy-efficient servers, virtualization to improve server efficiency, and a printer consolidation program to reduce the number of bank's printers by 75 percent.
  - **Carbon risk analysis.** The commercial lending business is considering regular risk analyses on its investment portfolio to identify companies and industries at risk for being adversely affected by potential carbon legislation.
- Inventoried its greenhouse gas emissions to include this data in its report to the Carbon Disclosure Project
- Established a dedicated sustainability program office and assigned a senior executive to oversee the bank's sustainability initiatives

## The bottom line

The bank's sustainability activities have positioned it to grow revenue from new environmentally and socially sensitive product offerings, allowed it to reduce costs through operational efficiencies, and decreased sustainability-related risk in its investment portfolio. Additionally, the bank is now able to deliver a more detailed response to the Carbon Disclosure Project. In 2009, the bank also plans to prepare a report based on the G3 framework of the Global Reporting Initiative, a globally recognized coalition of businesses, non-governmental organizations, and other concerned organizations that supports disclosure of corporate sustainability activities.



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