



**SUSTAINABILITY IS
A SOLID BUSINESS
INVESTMENT
FOR FINANCIAL
SERVICES**

The science is clear: we must limit global temperature increases to 1.5 degrees Celsius or face the irreversible impacts of climate change. According to **one estimate by Swiss Re**, if global temperature increases continue at the current rate of 2.0 to 2.6 degrees Celsius by 2050, and the Paris Agreement and 2050 net-zero targets are not met, global GDP would shrink by 11 to 14 percent.

The financial-services sector, as a steward of sustainability, has a dual mandate:

- 1. Transform their business operations and investment principles to finance the right projects for net-zero emissions
- 2. Empower firms and leaders who will accelerate the energy-transition journey.

Capgemini Invent has the industry expertise and technology knowledge to help financial-services leaders align their business and financing activities with net-zero initiatives:



Understanding the full impact of Scope 3 (value chain) emissions of a financial institution's portfolio.



Developing a comprehensive transition plan for sustainable business operations.



Positioning investments in sustainability transformation as crucial during times of business discontinuity.

Bring us your toughest questions on how to re-invent your business around sustainability – and prepare for that first conversation with these perspectives from Capgemini Invent.



MAKING THE SUSTAINABLE BUSINESS MODEL WORK

There is a vast spectrum of ESG principles that can be integrated into day-to-day operations. Sustainable transformation programs can impact multiple company functions, depending on which factors are the right fit for your transformation goals.

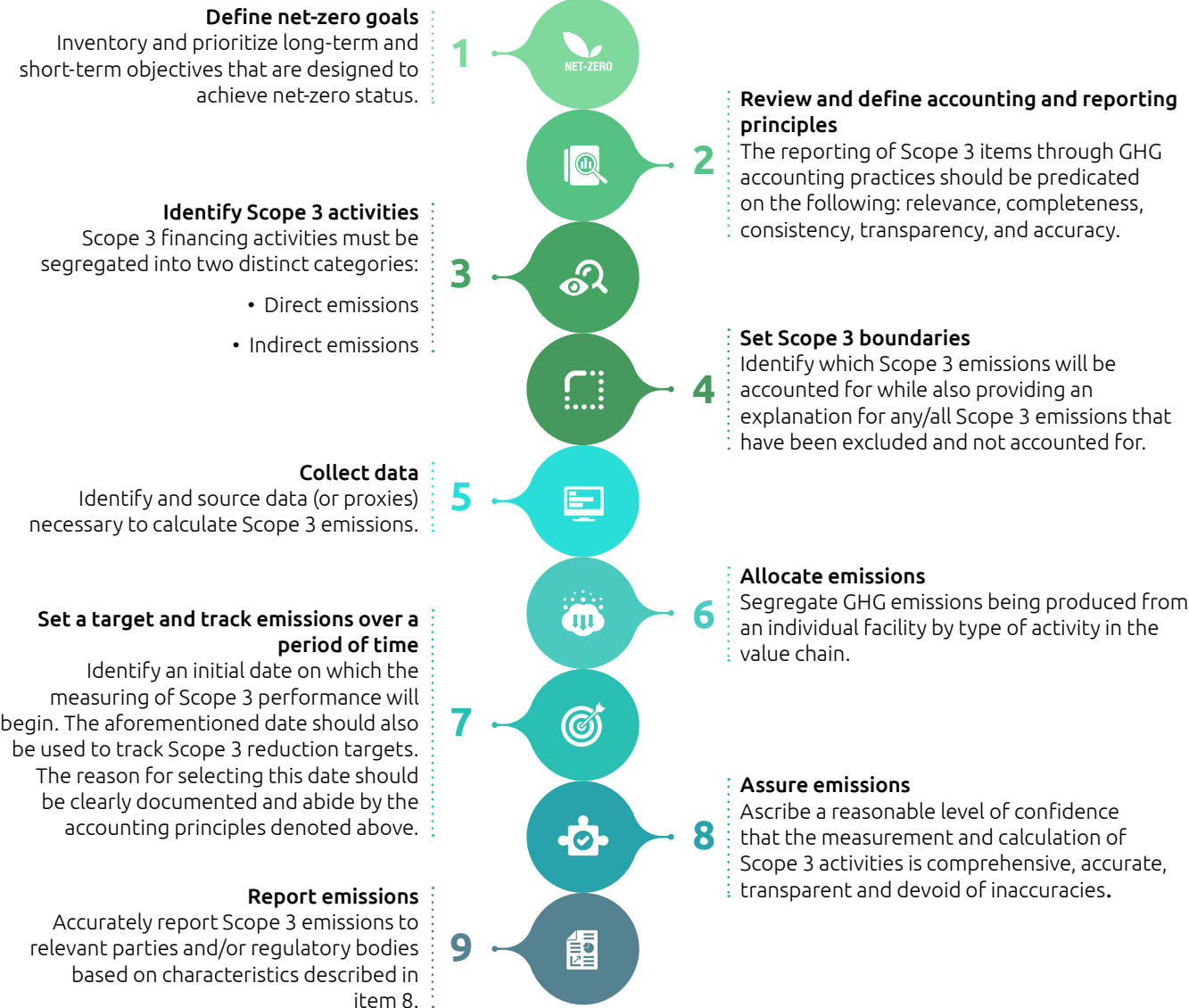
ESG intervention areas, their impact on various business functions, and the long-lasting change that comes from building this capability:



HOW DOES YOUR ORGANIZATION INTEGRATE EMISSIONS REPORTING AND SUSTAINABLE LENDING INTO ITS OPERATING MODEL?

Given that there is no established best practice or standard framework for GHG emissions reporting, many large financial institutions base their reporting model on best practices aggregated from various frameworks.

While a banking-sector standard Scope 3 reporting rubric does not yet exist, Greenhouse Gas Protocol – an organization that establishes global standardized frameworks to measure GHG emissions from private- and public-sector operations, value chains, and mitigation actions – established nine components that a representative Scope 3 reporting system should include.



WHAT DOES A COMPREHENSIVE TRANSITION PLAN FOR SUSTAINABLE BUSINESS OPERATIONS IN FINANCIAL SERVICES LOOK LIKE?

Capgemini Invent sustainable-vision matrix



What's driving sustainable vision in financial services?

Our research identified four main groups of banks – minimalists, believers, opportunists, and leaders – and what drives each institution to invest in sustainability. Leaders have launched initiatives to change the way they operate, allocate their investments differently, design new types of products, manage new risks, and measure the results. The

reality is that very few banks can be considered sustainability leaders. Others, like believers, showcase clear ambition and commitment but struggle to implement it across the value chain, while banks in the minimalist category are taking a reactive stance as they are forced by regulations to change.

HOW TO BECOME A SUSTAINABILITY LEADER

DEFINE THE STRATEGY AND TRANSFORMATION PLAN

- Define a purpose, a vision, and an ambition
- Know your starting point (maturity diagnoses)
- Define a roadmap (e.g. carbon zero) at operational and portfolio level
- Build the transformation plan
- Address the SR function and establish good organization and good governance
- Identify ecosystems and potential partnerships

CREATE NEW PRODUCTS AND SERVICES

- Adapt your marketing and sales capability to meet organizational sustainability standards
- Analyze your current product portfolio to find where new products and business models will fit in
- Rebuild your customer journey roadmap to provide a customer experience better aligned to your new, more sustainable products

ENGAGE STAKEHOLDERS

- Engage customers towards a social economy, and rethink the brand experience
- Identify and manage impact on the business to engage employees from awareness to training
- Engage employees (from awareness to training)
- Manage your relationships with external stakeholders (regulators, investors, NGOs, etc.) to maintain visibility throughout the organization

SIMPLIFY HOW YOUR ORGANIZATION GATHERS AND MEASURES DATA

- Define key performance indicators (reporting, management, risk monitoring, etc.)
- Identify the metrics your organization will use to optimize systems and processes (i.e., value chain analysis)
- Build the data collection process and set up data governance
- Integrate ESG criteria into decision chains (including risks)
- Automate your reporting and dashboard functionality

ESTABLISH RESPONSIBLE OPERATION AND PROCESSES

- Integrate CSR into management operations to support sustainable process optimization
- Optimize your operating model based on sustainability criteria
- Adopt a more sustainable supply chain and sourcing strategy
- Set up a sustainable real estate strategy

ADOPT GREEN IT PRACTICES

- Define a vision and objectives for your IT capability
- Diagnose and triage any outstanding issues: infrastructure, applications and equipment, project management and processes, etc.
- Build an action plan to integrate CSR into green IT practices from the ground up



The climate-research group CDP estimates only 26 percent of global banks collect climate-related data from all their customers.

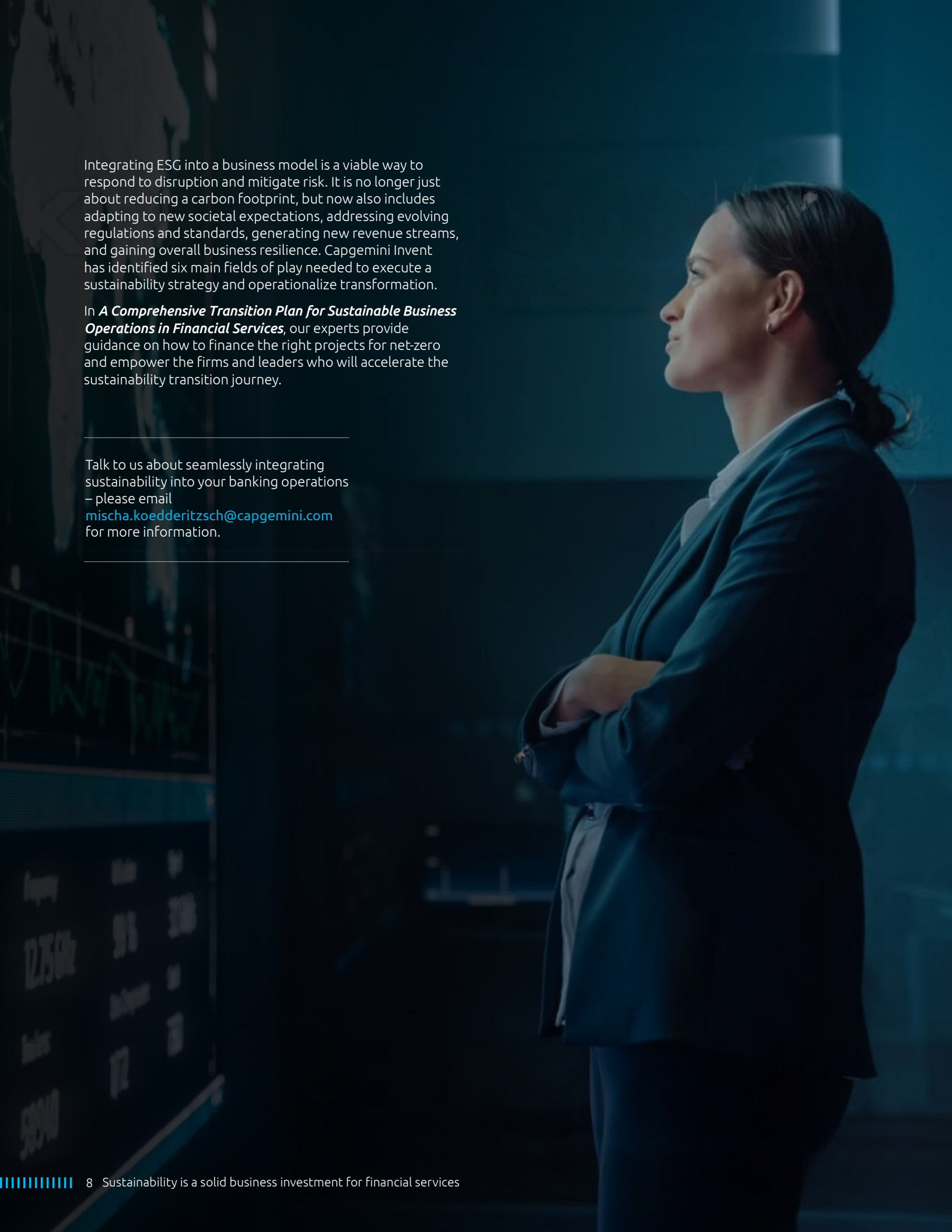
Measuring a bank's Scope 3 emissions, both upstream and downstream, relies on the availability of high-quality data and the ability to integrate it within existing business processes.

From the perspective of the reporting institution, there are several challenges associated with this. For many companies, especially SMEs (small- to medium-sized enterprises) and privately held companies, this kind of data is largely unavailable – and standing up a robust data pipeline for reporting purposes would require a large investment of

resources. Another key challenge is the lack of a federally mandated emissions-reporting framework in the United States. Even when emissions data is available, banks and their clients alike can struggle with how to report on that data in a transparent and meaningful way.

Our new whitepaper, ***Banking on sustainability: The future of GHG emissions reporting and sustainable lending***, helps banking leaders identify the full impact of their portfolio emissions sources – Scope 1 (direct), Scope 2 (indirect) and, most importantly, Scope 3 (value chain) – empowering them to build solutions to evolve their product offerings and service model to become sustainability advisors to their clients.



A woman in a blue blazer is shown in profile, looking towards the right. She has her arms crossed and is standing in front of a large digital display. The display shows various data points and charts, including a bar chart with three bars of increasing height and a line graph. The background is a dark, modern office setting with blue lighting.

Integrating ESG into a business model is a viable way to respond to disruption and mitigate risk. It is no longer just about reducing a carbon footprint, but now also includes adapting to new societal expectations, addressing evolving regulations and standards, generating new revenue streams, and gaining overall business resilience. Capgemini Invent has identified six main fields of play needed to execute a sustainability strategy and operationalize transformation.

In ***A Comprehensive Transition Plan for Sustainable Business Operations in Financial Services***, our experts provide guidance on how to finance the right projects for net-zero and empower the firms and leaders who will accelerate the sustainability transition journey.

Talk to us about seamlessly integrating sustainability into your banking operations – please email mischa.koedderitzsch@capgemini.com for more information.



About Capgemini Invent

Capgemini Invent enables CxOs to envision and shape the future of their businesses. Located in more than 36 offices and 37 creative studios around the world, it comprises a 10,000+ strong team of strategists, data scientists, product and experience designers, brand experts and technologists who develop new digital services, products, experiences and business models for sustainable growth.

Capgemini Invent is an integral part of Capgemini, a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 360,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2022 global revenues of €22 billion (about \$23 billion USD at 2022 average rate).

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