Navigating the increasingly important and complex ESG agenda

At the beginning of 2020, senior leaders' conversation on environmental, social, and governance (ESG) issues focused almost exclusively on climate change. As global leaders assembled for the World Economic Forum's annual meeting in January 2020, climate-related issues occupied the top five spots on the list of risks they expected the world to confront in the year ahead.[1] The sweeping consequences of COVID-19 and the social unrest following the deaths of George Floyd and other people of color have fundamentally changed the narrative. While climate change remains central as the world seeks to "build back better" after the pandemic, the events of the last several months have heightened awareness around racial and social equity, the treatment of customers and employees affected by the pandemic, and even questions relating to the social license to operate for some firms. The ESG agenda has emerged from 2020 as more important and more complex than ever, presenting leaders of large financial institutions with both difficult challenges and significant opportunities.

On November 10–12, directors and senior executives from among the largest banks and insurers globally joined regulators, investors, service providers, and other experts, including senior financial services leaders from EY, for the 2020 Financial Services Leadership Summit (FSLS). The FSLS, which took place via video conferences, covered the ESG agenda, the role of technology in driving competitive advantage across the industry, and potential changes to financial policy moving into 2021. This *ViewPoints* focuses on the ESG portion of the FSLS and reflects the discussion on the following points:

- **An increasingly complex ESG agenda**
- **ESG's opportunities**
- **An investor's perspective: BlackRock's 2021 stewardship expectations**
- **Key challenges to progress**

An increasingly complex ESG agenda

"If you look at the way in which climate and transition risks are coming to the fore, it's now becoming a real business opportunity and risk, arguably the biggest of our generation."

– Executive

In 2021, ESG presents a web of issues that starts with climate change but goes far beyond. Participants discussed several key items on the agenda.

- **Climate change.** While attention to climate change may have dipped at the onset of COVID, it has returned to the top of many agendas. One participant emphasized that climate change is the *"number one systemic concern facing companies around the planet."*[2] An executive added, *"My sense is if you look at the way in which climate and transition risks are coming to the fore, it's now becoming a real business opportunity and risk, arguably the biggest of our generation."* Pressure on financial institutions to achieve net zero emissions and to reduce carbon intensity is becoming *"an inexorable force,"* and with regulators implementing climate stress tests in various markets in 2021, it is expected to intensify.
- **Racial justice and equity.** The tragic deaths of Black men and women at the hands of police in the United States and the disproportionate impact of the coronavirus on communities of color across the Western world have heightened sensitivity around diversity, equity, and inclusion. A number of firms have made public commitments, financial and otherwise, to promote racial justice. A range of stakeholders are now pushing firms to make more tangible progress on creating management teams and boards that are more reflective of the societies they serve. The Nasdaq, for instance, recently called for the Securities and Exchange Commission to mandate new diversity requirements for boards of companies listed on its main exchange.[3] Firms are also facing pressures from their clients. A participant observed, *"People who you previously did bond pitches for, if you don't have a diverse team, you're not getting the business."* Some firms have even turned the tables and are placing similar pressure on their clients. Goldman Sachs announced that it would require all companies it takes public to have at least one diverse board member.[4]
- **Proper treatment of customers.** Financial services firms have granted payment holidays, issued premium refunds, and extended government guaranteed loans to customers to ease the economic pain associated with the coronavirus pandemic. As the virus rages on and government programs wind down, leaders of financial services firms foresee difficult decisions ahead. A director said, *"Early on, we had suspended our overdraft fees, which we continue to do because it's the right thing to do … but you do reach a point where you have to ask, 'Is it our responsibility to lend money and perhaps throw good money after bad, or lend money into*

> *"Do you support businesses when you have to assume they won't survive? That could be worse for everyone at the end of the day. That sounds simple, but these things become very, very difficult."*
>
> – Director

a situation where there is no job and we don't know the potential for one?' It's a very difficult decision." Another director agreed, adding, *"Payment moratoriums are all fine and good, but the question is, Do you support businesses when you have to assume they won't survive? That could be worse for everyone at the end of the day. That sounds simple, but these things become very, very difficult."*

The combination of complex social issues, the profound challenges of climate change, and a deadly global pandemic has resulted in a situation fraught with risk for large banks and insurers. In the past, firms would have assigned these types of issues to corporate social responsibility initiatives that lay outside the core of their businesses, but the paradigm has started to change. *"The expectation in the US at least is that companies will fill a public policy void,"* said one participant. Many stakeholders now expect ESG to move to the center of financial institutions' corporate purpose and strategy, even though they expect these companies to continue to yield economic returns. A director said, *"Clients want their money invested in a way that is environmentally or socially sound. People want to work for companies that are environmentally and socially sound. Investors will ding us if we are not. Regulators are encouraging us down that route."*

ESG's opportunities

> *"On one hand, this is profoundly moral, but it's also a massive opportunity.*
>
> – Participant

Although ESG presents risks for large companies, it is also starting to present new opportunities. Reflecting on the potential in climate alone, a participant said, *"On one hand, this is profoundly moral, but it's also a massive opportunity. If we believe the science that we have 30 years, that gives an urgency and imperative not to get despondent, but to actually say there are trillions needed to transition and preserve economies as we know them. That's a massive opportunity."* The opportunities manifest themselves in a number of ways:

- **Asset and wealth management.** Flows into ESG-linked financial products and services have increased significantly even during the pandemic. According to Morningstar, ESG funds attracted $71 billion in net inflows between April and June of 2020, pushing total assets above $1 trillion.[5] Sustainable funds have outperformed other funds during the pandemic, in part due to their low exposure to oil and gas during the selloff earlier this year.[6] Firms recognize the opportunity. An executive said, *"Our clients have a huge interest in investing sustainably. It is good to do, and it also provides a good return for them. We also see this from asset managers and corporate clients."*

"ESG advisory allows us as an institution to engage with our clients. It allows us to ask, 'How can we help you get to a carbon-neutral point that is acceptable for us as a bank and for a climate as a whole?'"

– Participant

- **Sustainable finance.** While the sustainable finance market remains relatively new, issuance continues to grow, creating underwriting opportunities for banks. According to a recent Refinitiv report, issuers raised $275 billion in the first half of 2020 in the form of sustainability bonds, syndicated loans, and equity capital linked to sustainability outcomes.[7] Of that $275 billion, sustainable bonds represented $200 billion, "an increase of almost half, year-on-year, and double the amount raised in H1 2018."[8] These numbers are a small fraction of the potential size of the financing opportunity. As communities around the world mobilize to meet the challenges posed by climate change and poverty, trillions of dollars in capital will need to be deployed. One participant said, *"Taking just three of the UN Sustainable Development Goals, you can see a $10 trillion investment gap across all markets. So, there is a massive amount of investment needed."* Emerging markets present both the greatest need and perhaps the greatest opportunity for investment. *"Those markets are most at risk from climate change and also from challenges pertaining to social development goals, but that's not where the money is going,"* an executive said. *"If we're actually going to deliver a reduced temperature gradient, we have got to make sure emerging markets move to cleaner power. We looked at the impact of financing a solar plant in India versus France and the impact in terms of carbon reduction in India is seven times greater. If we can get investments into emerging markets, we can really start making a difference."*
- **Advisory services.** Financial institutions are identifying opportunities to help clients integrate ESG into their strategies and business models. The need is particularly acute in industries with a heavy reliance on fossil fuels. *"A lot of our work is not only driving the sustainability strategy of the firm, but also engaging with clients who are working on transition and growth,"* said one bank executive. A participant agreed: *"ESG advisory allows us as an institution to engage with our clients. It allows us to ask, 'How can we help you get to a carbon-neutral point that is acceptable for us as a bank and for climate as a whole?'"*
- **Talent acquisition and retention.** Leaders of financial services firms also see embedding ESG into strategy as an opportunity to acquire and keep talent. A director commented, *"Employees want to be invested in helping people from a social and environmental perspective. Yes, that helps you make returns for shareholders, but you cannot attract good people if you're not thinking about these issues. Younger people take much stronger positions on issues than I did when I was 21."* An executive observed, *"Our colleagues now expect this. From a talent and people*

development perspective, a commitment to sustainability is what employees want."

> *"I don't know how it works. We need investors to give us a guide and then tell us what it is that they're looking for."*
>
> – Director

An investor's perspective: BlackRock's 2021 stewardship expectations

As large institutional investors have begun to identify ESG as a driver of long-term financial performance, their demands for more information about how firms approach these issues is helping to accelerate the ESG agenda. Managing large numbers of sometimes unclear and conflicting investor requests has become a challenge for senior executives and boards of financial services firms. A director said, *"What exactly are investors looking for? Is it more of the S and less of the E and G? We think the S is really important. Do they think E and G should be prioritized? I don't know how it works. We need investors to give us a guide and then tell us what it is that they're looking for."* To provide an investor perspective, FSLS participants were joined by Sandy Boss, Global Head of Investment Stewardship at BlackRock – the largest asset manager globally – for a discussion of BlackRock's 2021 stewardship expectations. The conversation highlighted the following themes:

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>
> – Sandy Boss, BlackRock

- **Climate risk is investment risk.** Ms. Boss emphasized that *"for financial institutions, climate risk management issues are probably the most important ones, and we'll be engaging with companies more on that in the next year."* She added, *"We expect companies to align their underlying business models with the goal of limiting global warming to well below 2 degrees Celsius and reaching net zero greenhouse gas emissions globally by 2050. Our expectation is that a company will have a plan to transition to a low-carbon economy."* For financial institutions the key question is, *"What is the direction of travel for your portfolio?"* She continued, *"We ourselves are also invested in the transition and recognize that it's not a "one size fits all" solution… we want to see the journey and see how you are helping companies"* manage the transition to a low-carbon economy.
- **Board accountability for sustainability oversight is increasing.** Ms. Boss said, " *We are looking for board oversight and sign-off on the sustainability strategy."* Heightened expectations are increasingly being expressed through voting decisions, and Ms. Boss noted that BlackRock's pace of voting against director elections or in favor of climate-related shareholder proposals had *"intensified."* She stated, *"It is clear in our 2021 stewardship expectations[9] that we expect the board to oversee sustainability risk, and that we hold directors accountable. Our team*

engages year-round with the board and management teams at thousands of companies to understand their approach to sustainability and ESG-related risks to inform our vote decisions."

- **Despite challenges with metrics and standards, disclosure is a critical tool for investors.** BlackRock recently called for "convergence of the different private sector reporting frameworks and standards to establish a globally recognized and adopted approach to sustainability reporting."[10] Ms. Boss shared that *"BlackRock believes the optimal outcome and the one most likely to succeed is the one proposed by the IFRS Foundation that would establish a sustainability standards board working with the existing initiatives and building upon their work."* Until a common framework emerges, BlackRock favors metrics aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB) standards. She acknowledged that for financial services, *"we are getting better at measuring carbon intensity, but the methodologies still require improvement. Having said that, there is progress, and we are able to compare different institutions now."* Ms. Boss also pointed out that third-party ESG scores are only one of BlackRock's multiple data sources: *"Third-party ESG scores inform our analysis, but don't dictate an answer. That is why we have the largest, most global stewardship team in the industry – so we can engage with companies on a case-by-case basis to inform our vote."*

"BlackRock believes the optimal outcome and the one most likely to succeed is the one proposed by the IFRS Foundation that would establish a sustainability standards board working with the existing initiatives and building upon their work."

– Sandy Boss, BlackRock

- **Although climate change leads the agenda, broader ESG concerns are also gaining importance.** Over the course of the COVID-19 pandemic, Ms. Boss said, "*We've seen a real realization of [our conviction] that without a sense of purpose, no company will achieve its full potential and will lose its license to operate from key stakeholders. That means treating customers and employees fairly, providing meaningful work, promoting diversity, equity, and inclusion, ensuring sustainable practices across a company's entire supply chain, and contributing to local communities."*

- **Longstanding governance issues continue to drive BlackRock's engagement with issuers.** Ms. Boss pointed out that, while environmental and social issues are increasingly material, *"governance is still at the heart of BlackRock's investment stewardship approach. A strong, independent, capable board is best able to assure that a company is looking out for the best interests of shareholders."* She noted that, in the year to June 30, 2020, BlackRock opposed the re-election of over 5,100 directors,[11] more than ever before, raising governance issues that are central to long-term value creation such as "*concerns about board independence, director*

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> – Director

over-commitment, lack of board diversity, or issues with executive compensation."

Key challenges to progress

As financial institutions contemplate how to tackle the increasingly urgent ESG agenda, they are confronted by a series of challenges. A director summarized the task: *"There are so many angles to consider. It's not a black-and-white and unilateral issue. There are so many intersections of these questions: diversity, the impact on the haves and have-nots … It's like the mood music around the world has changed, and the expectations of us as financial institutions have changed significantly. It all comes under the headline of doing the right thing. And the definition of what is the right thing to do is not totally clear. There is not a box-ticking exercise to get to what the right thing is."* Some of the biggest challenges identified by participants include limitations in measurement, metrics, and standards, gaining alignment around ESG considerations, and navigating often materially divergent policy responses around the world.

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> – Executive

Limitations in measurement, metrics, and standards

Metrics and methodologies for assessing and measuring ESG impact remain imperfect, complicating both internal reporting and external disclosures. An executive said, *"More than ever it is not about whether these should be measured, but what should be measured. Are you looking at E and S metrics that are financially material? What about the impact on climate or impact on social aspects? We need to get down to a core set of standards. A core nucleus."* Efforts to identify that "core nucleus" are complicated because each ESG component presents unique obstacles. Firms need better tools to measure carbon footprints and model the impact of climate change across diverse client and investment portfolios. *"When I look at enterprise risk management issues, the top four or five risks were not sustainability related until someone put this on the agenda … We're now all twisting ourselves up trying to measure environmental risk. Unless we're told how to get there, we'll focus on other things."* With regard to social issues, an executive observed, *"There are huge structural problems with the S because we talk about human capital, but it does not show up on the balance sheet. Headcount shows up as a cost everywhere. A CFO once told me that if I refurbished my building, I could recapitalize the cost and write it off. If I retrained employees, it is a profit and loss hit today, and the business will not meet its targets."*

Standard setters are aware of these limitations, and efforts are under way to develop a consistent framework to measure and compare firms. In September, the International Business Council and the World Economic

Forum, in collaboration with EY, Deloitte, KPMG, and PwC, produced "a set of universal, material ESG metrics and recommended disclosures that could be reflected in the mainstream annual reports of companies on a consistent basis across industry sectors and countries."[12] This set of metrics consists of 21 core and 34 expanded metrics, largely synthesized from existing standards and disclosures and aligned with the principles of the United Nations' Sustainable Development Goals.[13] The five leading voluntary sustainability framework and standard-setting bodies—CDP (formerly the Climate Disclosure Project), Climate Disclosure Standards Board, Global Reporting Initiative, International Integrated Reporting Council, and Sustainability Accounting Standards Board—also announced their intention to work together toward "a comprehensive corporate reporting system" for sustainability.[14] Not to be left out, the International Organization of Securities Commissions and the International Financial Reporting Standards Foundation are also exploring the roles they can play.[15]

"ESG is specific to the business model. What can work for one business may not work for all. Standardization risks having a check-the-box mentality … You need standardization with enough variability."

– Director

Some senior leaders are concerned that the push for standardization may have unintended consequences. A director said, *"I believe in standardization and the desire to do the right thing. From an investor and executive standpoint though, ESG is specific to the business model. What can work for one business may not work for all. Standardization risks having a check-the-box mentality … You need standardization with enough variability."* A participant added, *"If we are too prescriptive, we will narrow things down and shoot ourselves in the foot."* There is precedent for the concerns about over-standardization. An executive said, *"These questions were raised years ago with annual reports where firms copied everyone else's disclosure. That risk exists on some of these topics as firms are assessed on standards. It gets quite difficult because if the standards become too generic, companies literally just check the box."*

Gaining alignment on ESG

Financial institutions are focusing on integrating ESG into strategic planning, business operations, and board oversight. But getting people aligned across these vast organizations remains a challenge.

Approaching ESG from a strategic perspective

Gaining alignment starts by taking a view at the top as to what ESG really represents to the firm given its business and strategy. For many senior leaders, ESG is a series of risks that must be properly managed, and the diverse nature of risks encompassed under the ESG umbrella makes it difficult to view them holistically. An executive said, *"ESG is disaggregated into different buckets … With climate, it is a subset of risks that is contained* *within investment risk and maybe insurance risk. We are thinking about it, but ESG is not one of the top categories of risk like market risk, insurance risk, or credit risk.*"

"There is a risk in all of this, but the opportunity is significant enough that it needs to be fundamental to the business."

– Director

Emphasis on ESG as a risk has been driven in part by the regulators. An EY leader said, *"Some participants will be aware that last summer the United Kingdom's Prudential Regulation Authority issued a supervisory statement on this topic setting expectations for boards in financial services in the UK where they said boards need to understand and assess the financial risks that come from climate change. That caused consternation in a lot of firms in terms of where it should sit and who should have that responsibility … The CROs had it largely."*

As the ESG agenda continues to evolve, some leaders are starting to question the strategic thinking of ESG principally as a risk to the firm. An executive reflected, *"The way we've historically talked about this is as a risk. What is human nature when it comes to risk? Mitigate it. Stop it. I think we've done some disservice to ourselves in that regard. Internally, we're now talking about this as an opportunity to embrace a new tomorrow. That allows us to be more accessible to transitioning the company by focusing on future strategy and building for tomorrow."* A director said, *"This is so fundamental to how we do business. It's like a wholesale cultural shift. We're talking about a lot of little discrete things, but it's going to be a significant wholesale change when we get to the end of this journey. There is risk in all of this, but the opportunity is significant enough that it needs to be fundamental to the business."*

"We are seeing a significant emergence of ESG or sustainability committees, a number of clients are asking how to set up that committee and what it should be made of."

– EY Leader

Clarifying board oversight

While investors increasingly are holding boards responsible for progress, there is little consistency in how boards are overseeing ESG issues. A participant observed, *"There is no clear ownership of this on the board. Finding a place for the board to own it, or try to own it, across all these pieces is important. I do not think anyone is there yet."* To align oversight more effectively, some boards are setting up new, dedicated committees. An EY leader said, *"We are seeing a significant emergence of ESG or sustainability committees, a number of clients are asking how to set up that committee and what it should be made of."* A director on a board with a sustainability committee explained the approach: *"At the board level, we have a corporate culture and responsibility committee which oversees who we'll lend to, internal target setting and progress against those targets, philanthropy and CSR activities, and employee culture and purpose. It also holds the business units accountable for how sustainable finance is being integrated into strategy … Board oversight is in place and works well."*

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>
> – Director

Integrating ESG throughout the organization

Regarding embedding ESG throughout the organization, a director observed, *"It's easier at the board level where there are committees set up to oversee that. It gets more challenging when you look at the executive group because it needs real accountability."* The need for centralized ownership, coordination, and accountability is elevating the role of the chief sustainability officer (CSO) or equivalent: *"Like the CRO role after the financial crisis, the CSO role has to increase in visibility and seniority."* Many firms are appointing very senior people to these roles and giving them significant responsibility. An executive said, *"We have an executive vice president leading this and have hired senior-level people to support him across the organization. The CSO has to be well known across the firm and report directly to CEO, risk, or finance."*

Others felt that the existence of an empowered CSO is not sufficient and that frontline business owners must also integrate sustainability into their decision making. A participant said, *"You need to get it embedded into the first-line strategy. It's not always clear that it's been embedded to the extent that it will need to be."* Several participants agreed that ultimately, the range of issues included in ESG and its growing strategic importance require the CEO to own the ESG strategy. *"There's an argument the CSO is the CEO,"* a director said. *"It comes together there. You need others to operationalize it, to assess the risk, to seize opportunities, but it comes back to the top. The CEO has to be passionate and believe in it and push it down through the organization. I think delegating it too far down will never give it the bite that it needs."* Another participant agreed: *"The CEO always has to be the champion. Perhaps not responsible for all the pillars, but the champion for the strategy of the bank, the culture, and the values. If you want any holistic alignment and engagement, you'll need them to be doing that."*

> *"We cannot take zero risk to oil and gas when I need bonds that go out 20 years. Do you not want people to have life insurance or pensions?"*
>
> – Participant

Managing exposure to fossil fuels

As the world transitions to a more carbon-neutral society, financial services firms are feeling pressure to make public commitments to limit exposure to oil and gas. Few firms are prepared to commit to a full exit. Insurers, for example, need to identify appropriate long-term investment alternatives to ensure future cash flows to meet coming claims. A participant explained, *"We cannot take zero risk to oil and gas when I need bonds that go out 20 years. Do you not want people to have life insurance or pensions? We're trying to balance these different things, and the balancing act is not a big enough part of the* *conversation at this point."* Financial firms also play a fundamental role in supporting the needs of their local economies. In many areas around the world, the fossil fuel industry is a key employer and contributor to the tax base. A rapid migration away from "brown" companies could impose economic and social consequences on these communities. *"We are committed under the 'S' to reinvest savings into the local economy,"* a director said. *"We need to engage to move the discussion along because we cannot invest everything in climate-friendly opportunities, and that's hard to explain to rating agencies and investors."* Engagement, rather than exit, is often the preferred approach as firms move forward. *"If clients are prepared to transition, what do we do? Our current view is we can work with them and help climate change by doing that. If we were to withdraw, someone could come along who won't necessarily help them, so is that the right or wrong thing to do? It's a live debate."*

"There's an ABC soup of regulation. On the European side, we're seeing a lot of political will and enthusiasm behind climate initiatives … It is really difficult, though, to come up with a taxonomy that focuses mainly on European companies, but ultimately fits elsewhere as well."

– Executive

Navigating divergent policy responses around the world

Large banks and insurers will not resolve societal issues like climate change and inequality absent a coherent response from policymakers and regulators. As one participant observed, *"The solutions we need as a society and individually at firms are different because the problems are different."* The fact that key public-sector actors are moving at different speeds on these politically charged issues is an obstacle to developing a coherent approach to ESG across organizations. An executive said, *"There's an ABC soup of regulation. On the European side, we're seeing a lot of political will and enthusiasm behind climate initiatives … It is really difficult, though, to come up with a taxonomy that focuses mainly on European companies, but ultimately fits elsewhere as well."* A director added, *"There are just so many differing standards for multinational organizations. You have climate stress tests in Europe and now perhaps Malaysia, but they're not necessarily embedded in the regulatory requirements in the US. There are diversity and inclusion requirements now receiving more attention in the US, but that might not be the case elsewhere."* The challenge in the United States is particularly acute, with the outgoing administration often seen as moving in the opposite direction as the markets. The Office of the Comptroller of the Currency recently proposed a new law that would impose penalties on US banks that decide to stop lending to oil and gas companies unless the banks could prove their decision was based on an impartial risk analysis.[16] The proposed rule follows a similar move by the Labor Department aimed at discouraging the use savings plans that take ESG rather than purely financial considerations into account.[17]

> *"If policymakers came up with a really well-thought-out, long-term, evolving plan that would move us towards an end outcome, that will force industries to react in predictable, adjustable ways."*
>
> – Executive

Participants affirmed a necessary and positive role for the public sector in charting the path forward in ESG. A participant said, *"While I do believe regulators are committed to working together to have some element of consensus, we'll have to wait and see what success they'll have. Consensus could be helpful from a taxonomy perspective: what qualifies for this, what qualifies for that. They can also clarify the guardrails regulators are really concerned about."* For climate change, financial services leaders would like policy action to define more clearly the process for transitioning to carbon-neutral economies. *"Policymakers need to put a stake in the ground,"* one executive said. *"If policymakers came up with a really well-thought-out, long-term, evolving plan that would move us towards an end outcome, that will force industries to react in predictable, adjustable ways."* A participant added, *"Emerging markets are perceived as riskier from a political instability and overall governmental standpoint. There's going to have be a risk sharing between the public and private sectors."*

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> *"It's ultimately up to us as a board to set the standard on what our companies should be doing."*
>
> – Director

Despite the daunting challenges, leaders of large banks and insurers are moving forward. A participant said, *"We're focused on sustainability and the entirety of the ESG agenda because we think it's the right thing to do, and if you look at the things that were shaping the world pre-COVID—sustainability, inclusion, globalization, and the people it leaves behind—those factors are driving the future of the world, and they can't be tackled by the public sector alone. Financially, it's a good thing to do. Our colleagues expect this … and from a risk management perspective, it's absolutely critical."* Even given gaps and differences in responses to ESG in different parts of the world, the board's role is clear: *"It's ultimately up to us as a board to set the standard on what our companies should be doing."*

Appendix: Summit Participants

In 2020, Tapestry and EY hosted the fourth Financial Services Leadership Summit. In the meetings and in preparation for them, we conducted numerous conversations with directors, executives, supervisors, and other thought leaders. Insights from these discussions inform this *ViewPoints* and quotes from these discussions appear throughout.

The following individuals participated in discussions for the 2020 Financial Services Leadership Summit:

Directors

- Paul Achleitner, Chair of the Supervisory Board, Deutsche Bank
- Clive Adamson, Risk Committee Chair, M&G; Non-Executive Director, JPMorgan Securities
- Homaira Akbari, Non-Executive Director, Santander
- Joan Amble, Non-Executive Director, Zurich Insurance Group
- Bill Anderson, Chair of the Board, Sun Life Financial
- Jeremy Anderson, Vice Chair and Senior Independent Director, Audit Committee Chair, UBS Group AG; Risk Committee Chair, Prudential
- Tony Anderson, Non-Executive Director, Marsh & McLennan
- Alastair Barbour, Audit Committee Chair, Phoenix Group Holdings, Non-Executive Director, RSA
- Win Bischoff, Chair of the Board, JP Morgan Securities
- Norman Blackwell, Chair of the Board, Nominations & Governance Committee Chair, Lloyds Banking Group
- Jonathan Bloomer, Chair of the Board, Morgan Stanley International
- Agnes Bundy Scanlan, Non-Executive Director, Truist Financial
- Jeff Campbell, Non-Executive Director, Aon
- Marcia Campbell, Risk Committee Chair, Canada Life Ltd; Non-Executive Director, CNP Assurances
- Jan Carendi, Non-Executive Director, Lombard International Assurance
- Alison Carnwath, Audit Committee Chair, Zurich Insurance Group
- Michelle Collins, Non-Executive Director, CIBC
- Bill Connelly, Chair of the Supervisory Board and Nomination and Governance Committee, Aegon and Risk Committee Chair, Société Générale
- Howard Davies, Chair of the Board, NatWest Group
- Tom de Swaan, Chair of the Supervisory Board, ABN AMRO
- Carolyn Dittmeier, Chair of Statutory Auditors, Generali

Directors continued

- Terri Duhon, Risk Committee Chair, Morgan Stanley International
- Tom Glocer, Lead Director, Morgan Stanley
- Tobias Guldimann, Audit Committee Chair, Commerzbank
- Robert Herz, Audit Committee Chair, Morgan Stanley
- Sheila Hooda, Risk Committee Chair, Mutual of Omaha; Nominating and Governance Committee Chair, ProSight Global
- Mark Hughes, Risk Committee Chair, UBS
- Bill Kane, Audit Committee Chair, The Travelers Companies, Audit Committee Chair, Transamerica
- Phil Kenworthy, Non-Executive Director, ClearBank
- Christine Larsen, Non-Executive Director, CIBC
- Nick Le Pan, Audit Committee Chair, CIBC
- Brian Levitt, Chair of the Board, TD Bank Financial Group
- Sara Lewis, Audit Committee Chair, Sun Life Financial
- John Lister, Risk Committee Chair, Old Mutual, Pacific Life Re, and Phoenix Life
- Monica Mächler, Non-Executive Director, Zurich Insurance Group
- John Maltby, Non-Executive Director, Nordea
- Trevor Manuel, Chair of the Board, Old Mutual
- Roger Marshall, Audit Committee Chair, Pension Insurance Corporation
- Callum McCarthy, Nomination and Compensation Committee Chair, China Construction Bank
- Richard Meddings, Audit Committee Chair, Credit Suisse, and Chair of the Board, TSB Banking Group
- Scott Moeller, Risk Committee Chair, JPMorgan Securities
- Chuck Noski, Chair of the Board, Wells Fargo
- Fausto Parente, Executive Director, EIOPA
- Debra Perry, Finance and Risk Committee Chair, Assurant; Non-Executive Director, Genworth Financial
- Marty Pfinsgraff, Risk Committee Chair, PNC Financial
- Brian Pomeroy, Non-Executive Director, QBE
- Peter Porrino, Audit Committee Chair, AIG
- Sabrina Pucci, Non-Executive Director, Generali
- Bruce Richards, Chair of the Board, Credit Suisse USA

Directors continued

- Philip Rivett, Non-Executive Director, Standard Chartered
- David Roberts, Chair of the Board, Nationwide Building Society and Beazley
- Sarah Russell, Audit Committee Chair, Nordea
- Manolo Sánchez, Non-Executive Director, Fannie Mae, OnDeck Capital, and BanCoppel
- Alexandra Schaapveld, Audit Committee Chair, Société Générale
- Alice Schroeder, Non-Executive Director, Prudential plc
- Kory Sorenson, Audit Committee Chair, SCOR; Remuneration Committee Chair, Phoenix Group Holdings
- Eric Spiegel, Audit Committee Chair, Liberty Mutual
- Doug Steenland, Chair of the Board, AIG
- Bob Stein, Audit Committee Chair, Assurant; Audit Committee Chair, Talcott Resolution
- Kate Stevenson, Corporate Governance Committee Chair, CIBC
- Katie Taylor, Chair of the Board, RBC
- Peter Taylor, Audit Committee Chair, Pacific Life
- Joan Lamm-Tennant, Non-Executive Director, Equitable Holdings and Hamilton Insurance Group
- Jan Tighe, Non-Executive Director, Goldman Sachs and Progressive
- Mark Weinberger, Non-Executive Director, MetLife
- Tom Woods, Non-Executive Director, Bank of America

Executives

- Antoni Ballabriga, Global Head of Responsible Business, BBVA
- Zelda Bentham, Group Head of Sustainability, Aviva
- Cathy Bessant, Chief Operations and Technology Officer, Bank of America
- David Chalk, Ring Fenced Bank Risk Officer, Lloyds Banking Group
- Martha Cummings, Former Head of Compliance Strategy & Operations, Wells Fargo
- Jim Cunha, Senior Vice President, Secure Payments and FinTech, Federal Reserve Bank of Boston
- Mark Cuthbert, VP General Manager of Strategy, Planning, and Innovation, USAA
- Lara de Mesa, Group Executive Vice-President, Head of Responsible Banking, Executive Chair’s Office, Santander
- Hervé Duteil, Chief Sustainability Officer, Americas, BNP Paribas

Executives continued

- Brad Hu, Chief Risk Officer, Citigroup
- Francis Hyatt, EVP, Chief Sustainability Officer, Liberty Mutual
- Rakhi Kumar, Senior Vice President, Sustainability Solutions, Liberty Mutual
- Scott Liles, Lead Executive, Spire Insurance, Nationwide
- Jed Lynch, Head of Americas, Sustainable & Impact Banking, Barclays
- Kara Mangone, Managing Director, Chief Operating Officer of Sustainable Finance Group, Goldman Sachs
- Tracey McDermott, Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance, Standard Chartered
- Ariel Meyerstein, Senior Vice President, Sustainability and ESG, Citigroup
- Tom Mildenhall, Managing Director, Global Head of Technology Partnership Development, Bank of America
- Alessa Quane, Executive Vice President and Chief Risk Officer, AIG
- Andy Rear, Chief Executive, Digital Partners, Munich Re
- Nick Silitch, Senior Vice President and Chief Risk Officer, Prudential Financial
- Alan Smith, Senior Advisor, ESG and Climate Risk, HSBC
- Jennifer Waldner, Chief Sustainability Officer, AIG
- Cathy Wallace, Senior Vice President and Chief Risk Officer, State Farm

Other

- Sandra Boss, Senior Managing Director and Global Head of Investment Stewardship, BlackRock
- Martin Chorzempa, Research Fellow, Peterson Institute
- John Kim, Founder and Managing Partner, Brewer Lane Ventures
- Clay Lowery, Executive Vice President, Research and Policy, The Institute of International Finance
- Hans Morris, Managing Partner, Nyca Partners
- Carl Robertson, Chief Marketing Officer, Temenos
- Simon Toms, Partner, Mergers and Acquisitions; Corporate Governance, Skadden

EY

- Omar Ali, Managing Partner, Client Services, EMEIA Financial Services
- Andy Baldwin, Global Managing Partner, Client Service
- Jan Bellens, Global Banking and Capital Markets Leader
- Kabari Bhattacharya, Associate Partner and EMEIA Insurance Sustainability and Resilience Leader
- David Connolly, Global Insurance Digital Leader
- Marie-Laure Delarue, Global Assurance Vice Chair
- Andrew Gilder, Assurance Partner and Asia-Pacific Banking and Capital Markets Leader
- John Latham, Global Client Service Partner
- Mike Lee, EY Global Wealth & Asset Management Leader
- John Liver, Global Financial Services Regulatory Network Co-Lead and EMEIA Financial Services Compliance and Conduct Leader
- Gillian Lofts, UK Wealth & Asset Management Leader, EMEIA Sustainable Finance Leader
- Ed Majkowski, Americas Insurance Sector and Consulting Leader
- Peter Manchester, EMEIA Insurance Leader and Global Insurance Consulting Leader
- Nigel Moden, EMEIA Financial Services Banking and Capital Markets Leader
- Kiet Pham, Principal, Americas Banking & Capital Markets Technology Leader
- Greg Raimann, Global Client Service Partner
- Marc Saidenberg, Financial Services Global Regulatory Network Co-Lead, Principal US Financial Services Advisory
- Isabelle Santenac, Global Insurance Leader
- Yang Shim, Global Financial Services Technology Leader and Americas Financial Services Consulting Deputy Leader
- Brandon Sutcliffe, Principal, Sustainability, Climate Change, Risk Management
- Marcel van Loo, EMEIA Financial Services, Regional Managing Partner
- Steve Varley, Global Vice Chair, Sustainability

Tapestry Networks

- Dennis Andrade, Partner
- Eric Baldwin, Principal
- Jonathan Day, Vice Chair
- Brennan Kerrigan, Senior Associate
- Tucker Nielsen, Principal
- Marisa Roman, Associate
- Tara Shea, Project Event Manager

About this document

About *ViewPoints*

ViewPoints reflects the network's use of a modified version of the Chatham House Rule whereby names of network participants and their corporate or institutional affiliations are a matter of public record, but comments are not attributed to individuals, corporations, or institutions. Network participants' comments appear in italics.

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The FSLS is an annual meeting addressing key issues facing leading financial institutions. It brings together non-executive directors, members of senior management, policymakers, supervisors and other key stakeholders committed to outstanding governance and supervision in support of building strong, enduring and trustworthy financial institutions. The FSLS is organized and led by Tapestry Networks, with the support of EY. *ViewPoints* is produced by Tapestry Networks and aims to capture the essence of FSLS discussions and associated research. Those who receive *ViewPoints* are encouraged to share it with others in their own networks. The more board members, members of senior management, advisers and stakeholders who become engaged in this leading-edge dialogue, the more value will be created for all.

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Tapestry Networks is a privately held professional services firm. Its mission is to advance society's ability to govern and lead across the borders of sector, geography, and constituency. To do this, Tapestry forms multi-stakeholder collaborations that embrace the public and private sector, as well as civil society. The participants in these initiatives are leaders drawn from key stakeholder organizations who realize the status quo is neither desirable nor sustainable, and are seeking a goal that transcends their own interests and benefits everyone. Tapestry has used this approach to address critical and complex challenges in corporate governance, financial services, and healthcare.

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Endnotes

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[2] *ViewPoints* reflects the network's use of a modified version of the Chatham House Rule whereby names of network participants and their corporate or institutional affiliations are a matter of public record, but comments are not attributed to individuals, corporations, or institutions. Comments of network participants and guests appear in italics.

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