

GLOBAL ESG MONITOR: BANKS AND INSURANCE COMPANIES ON THE RIGHT TRACK WITH THEIR CLIMATE REPORTING, UNTAPPED POTENTIAL IN RESILIENCE REPORTING AND TRANSPARENCY

- **Banks and insurance companies as key players and stakeholders in climate reporting: Players in both sectors are not yet fully living up to their responsibilities in sustainability reporting as companies, investors and risk managers.**
- **Average reporting quality overall: Banks and insurance companies achieve just under half of all points. Despite this mediocre quality, they are slightly above the overall sample.**
- **Mediocre performance also in climate reporting: Some financial companies already report comprehensively on resilience and greenhouse gas emissions, but there is a lack of detailed information on the financial risks and opportunities resulting from climate change.**
- **Preparedness for the ESRS standards: A lot still needs to be done in both sectors until the publication of the ESRS-compliant reports. Positive impetus is being provided by a few pioneers.**

Wiesbaden, 11 November 2024 – As investors and lenders, banks and insurance companies are fundamental enablers of the compatibility of economic prosperity and ecological sustainability. The fact that the two must be considered together, now also literally thanks to the Corporate Sustainability Reporting Directive (CSRD), is not yet sufficiently reflected in the sustainability reports of the two sectors.

In the evaluation of the Global ESG Monitor (GEM) 2024, both sectors just miss the 50 percent mark for their reporting quality and are therefore only slightly above the average of the overall sample of 194 companies (45 percent of points).

Michael Diegelmann, co-founder of GEM and co-CEO of the IR and ESG consultancy cometis, comments: "Banks and insurance companies can tap into further future-proof investment and return opportunities in the long term through the pressure they generate. To this end, they should also continue to improve their own reporting quality. The best practices of the pioneers from the sectors show that there is still a lot of potential here."

For its evaluation, the GEM analyzed the non-financial reporting of 194 companies, including 10 large insurers and 10 banks, taking into account the most important

reporting frameworks, in particular the European Sustainability Reporting Standards (ESRS).

The companies analyzed include some of the largest private credit institutions and the largest insurers in Europe. As critical components of the financial infrastructure, they are in daily contact with thousands of companies.

Strategic awareness of key climate issues exists, but not enough depth in reporting

Climate reporting affects insurers and banks as companies themselves, but also as enablers of the Green Deal. This makes comprehensive reporting quality that goes beyond a commitment to the Paris Climate Agreement or the disclosure of scope emissions all the more important. This is precisely where companies have scored most of their points so far. In some new areas, such as the presentation of transition plans, the representatives of both sectors also perform well.

Where considerable gaps do exist, is in reporting on the topic of resilience for example. In terms of points, both sectors are well above the overall sample (38 percent of points) with figures of just under 60 percent. Only around half of the nine significant institutions according to the European Central Bank report on resilience analyses. And the picture is not necessarily better for insurers. In particular, the level of reporting on the financial impact of climate change is extremely low (15 percent of points). The almost complete lack of reporting on financial aspects such as net income, transition risks and market opportunities is particularly noticeable here.

Ariane Hofstetter, co-founder of GEM and board member of the IR and ESG consultancy cometis, sums up the challenges for both sectors: "Climate change is already causing immense costs today. Transparent reporting is therefore essential, because it is about more than just documented responsibility, but about the sustainable transformation of the economy."

ESRS compliance is also an important indicator of this. In the GEM evaluation, banks and insurers still score below 50 percent. Both sectors need to communicate more transparently here, both in their own interests and in view of their status as important partners and stakeholders for numerous companies.

Further information on the Global ESG Monitor and selected sector specials can be found online at www.globalESGmonitor.com.

About the Global ESG Monitor

The Global ESG Monitor (GEM) is an independent think tank dedicated to analyzing and comparing the quality of sustainability reports. Since its foundation in 2020, the GEM has analyzed over 1,300 reports from more than 500 companies worldwide. The operationalization of quality (transparency & context) is based on the methodology of the GEM ASSAY™, which integrates the principles and criteria of the European Sustainability Reporting Standards (ESRS), the Global Reporting Initiative (GRI), IFRS (IFRS S1 and S2), the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Global Compact (UNGC) and the German Supply Chain Sustainability Act (LkSG). In addition, findings from the dialog with relevant stakeholder groups are incorporated into the methodology. To ensure very high data quality, each company report is subjected to a triple evaluation. The results of the analysis are published by the GEM Academy and the Impact Challenger Days. Interested companies can access detailed, customized analyses to improve their own sustainability reporting. The GEM thus offers companies a second opinion on their reporting and helps them to continuously develop their sustainability communication through peer group comparisons and benchmark analyses. Further information can be found at www.globalESGmonitor.com.

About the Integrity Star Award

The Integrity Star Award (ISA) recognizes the best sustainability reports from the DAX® , MDAX® , SDAX® and an international sample. The award makes best practices publicly accessible and provides comparative data and benchmarking opportunities. The aim is to provide companies with a data-based foundation for improving their sustainability reporting so that they can meet the high expectations of stakeholders and regulatory authorities. The assessment is not carried out by artificial intelligence or a jury, but by an experienced team of analysts who analyze the reports using the sound, objective methodology of the GEM ASSAY™. At the same time, the companies are shown how their reports could be perceived by stakeholders. The Integrity Star Award is based on the evaluation of the current sustainability reports before the expected changes by the ESRS and can serve as a basis for future progress measurements.

About the Impact Challenger Days

The Impact Challenger Days (ICD) are dedicated to the topic of sustainability reporting in all its facets. The focus is on ESRS and CSRD, materiality, environmental issues and social and governance topics. In addition, the ICD will present sector-specific findings and, thanks to the cooperation with IR24, contributions that take a closer look at the topic of sustainability from a capital market perspective. Take part in the ESG webinar series free of charge: [here](#).

Contact:

Michael Diegelmann

Phone: +49 61120585512

E-mail: michael.diegelmann@globalESGmonitor.com

Ariane Hofstetter

Phone: +49 61120585518

E-mail: ariane.hofstetter@globalESGmonitor.com