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ESG POLICY IN BANKING AND FINANCES SECTOR: CASES OF EUROPEAN COMPANIES

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The contemporary landscape is characterised by a confluence of pressing issues, encompassing the exacerbation of climate change, environmental degradation, societal challenges arising from digitalisation, pandemic risks, and military conflicts. These multifaceted concerns have permeated the forefront of present-day discourse, influencing the agendas of modern businesses through intricate supply chain integration and interdependencies with business partners. A company's reputation, its unequivocal stance on these issues, and its commitments and proactive measures to address them collectively shape its image in the eyes of consumers and stakeholders. Such perceptions wield substantial influence over market positioning and competitiveness, underscoring the significance of non-financial considerations within contemporary business paradigms, i.e. the Environmental, Social, and Governance (ESG) policy.

The increasing importance of these facets within the business sphere and their palpable impact on competitiveness is underscored by the proliferation of diverse frameworks to measure, evaluate, and rate business sustainability. Consequently, the imperative of substantiating, articulating, and implementing an efficacious ESG policy and strategy has become increasingly salient. Within this framework, a comprehensive examination of exemplary ESG practices is paramount, elucidating a successful strategy's fundamental constituents and synergistic configurations.

The banking and finance sectors are not direct pollutants or resource consumers. It seems that those companies do not need ESG policies due to the specificity of their operations. However, these sectors play an important role in shaping sustainable transformations in other industries via investments. This makes them responsible for our future path and the success of the sustainability transition, leading to the need to elaborate and implement ESG policies.

This study aims to review current ESG policies in selected European companies and to provide insights into the main aspects companies consider when developing their practices.

Based on the most recent Sustainalytics Country Risk Rating [3], European nations emerge as frontrunners in embracing the ethos of sustainable development, with 14 European countries securing positions within the top 20 of the sustainability ranking. Consequently, for this study, three prominent European companies representing banking and finance sectors were selected based on Sustainalytics' ESG ratings [2]: 3i Group Plc (<https://www.3i.com/#>); ABANCA Corporación Bancaria SA (<https://www.abancacorporacionbancaria.com/en>);

Ackermans & van Haaren NV (<https://www.avh.be/en>). Among these companies, ABANCA has the lowest ESG risk rating score (6.7 – negligible), followed by Ackermans & van Haaren NV (7.1 – negligible) and 3i Group Plc (10.4 – low). To conduct research we apply Voyant-tools.org v. 2.6.13 (Sinclair & Rockwell, 2016). To explore the approach to ESG strategy, a textual analysis of the objectives, vision, and values articulated within the companies' ESG policies was conducted. Source materials for the study were extracted from the companies' websites and non-financial reports.

Research results reveal the prevalence of specific terms in policies across different companies. For instance, ABANCA Corporación Bancaria SA's policy is characterised by a predominant focus on environmental aspects, while 3i Group Plc places greater emphasis on value. Managers at Ackermans & van Haaren NV prioritise responsibility. This underscores the diversity of approaches in formulating ESG policies and their multifaceted nature. Nevertheless, despite these variations, companies have shared recognition regarding the paramount importance of addressing social and environmental aspects.

The analysis of company policy texts using "social" and "environmental" keywords reveals diverse trends. Social aspects are addressed across companies in various contexts, including the following: 3i Group Plc emphasises social policies and influence; ABANCA Corporación Bancaria SA highlights obligations to promote social progress and people's well-being, recognise social aspects as integral to the ESG approach and sustainability; Ackermans & van Haaren NV prioritises respect for social aspects.

Environmental issues are discussed in various contexts as well: 3i Group Plc mention environmental policies and impact; ABANCA Corporación Bancaria SA consider environmental issues as components of the ESG approach and outline key actions related to environmental aspects. Ackermans & van Haaren NV outline key actions related to environmental aspects (like ABANCA) and stresses respect for environmental aspects.

These trends demonstrate companies' nuanced approaches to addressing social and environmental aspects within their ESG policies, reflecting their commitment to sustainability and responsible business practices.

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