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Equitable Bank Standards

A PATH FOR BANKS TO FINANCE AN EQUITABLE AND REGENERATIVE FUTURE

A PUBLICATION BY

beneficial state foundation

Equitable Bank Standards

BENEFICIAL STATE FOUNDATION

Beneficial State Foundation is a 501(c)3 nonprofit that works to advance financial justice and impactful systemic change in our communities and in the banking system. The foundation is the founding investor of Beneficial State Bank, a triple-bottom-line certified Community Development Financial Institution, and the administrator of the Clean Vehicle Assistance Program which provides grants and affordable financing to help income-qualified Californians to purchase clean vehicles.

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INTRODUCTION

ABOUT THE EQUITABLE BANK STANDARDS

The Equitable Bank Standards provide a measurable, step-by-step pathway for all U.S. banks to foster transformational change within their communities. Whether a bank's leaders are newly curious about how to operate more responsibly, or they are already recognized for achieving positive outcomes, the Standards provide clear guidance for continued progress.

The Equitable Bank Standards are a work in — and for — progress. This first draft was developed in partnership with community bankers, finance experts, economic justice advocates, and academic researchers. We will update the Standards regularly, based on both what communities ask for and what banks can provide.

WHY THIS APPROACH?

Beneficial State Foundation envisions a future where all people and our planet thrive. We all depend on a financial system that is aligned with that vision.

Until now, the U.S. lacked a comprehensive framework with clear guidance on how banks can drive positive social and environmental impact.

Beneficial State Foundation recognizes that no bank yet meets all the standards, including our own Beneficial State Bank. This is not a certification program. Rather, we invite all banks to find their own starting point and use the Standards to create their own path.

We must reinvent our economy with community prosperity at its core. Banks need to operate equitably, to shift from benefiting some to benefitting all.

We aspire to make beneficial banking the status quo for banking in the United States. This ambition hinges on mobilizing banks to establish best practices, policymakers to make those practices law, and the public to demand banking which actually serves them.

STRUCTURE

The Equitable Bank Standards are separated into five categories:

GOVERNANCE IN THE PUBLIC INTEREST

establishes an ownership structure, business model, goals, strategies, decision-making bodies, and decision-making protocols that avoid negative impact and maximize positive impact for people and the planet. These requirements ensure all stakeholders have a voice and set accountability measures to align a bank's results and methods of achieving them with publicly communicated goals.

OPERATIONAL PRACTICES

integrate the values of worker dignity and engagement, diversity, equity, inclusion, and environmental stewardship into the internal functions such as facilities management, procurement, and communications.

CORPORATE CITIZENSHIP

advocates for regulations, and supports campaigns that protect the planet and advance well-being and equity for people, particularly those from systemically excluded groups.

LENDING AND INVESTMENTS

use the power of finance to deliver sustainable, positive economic, social, and environmental outcomes, and to strive to avoid negative outcomes.

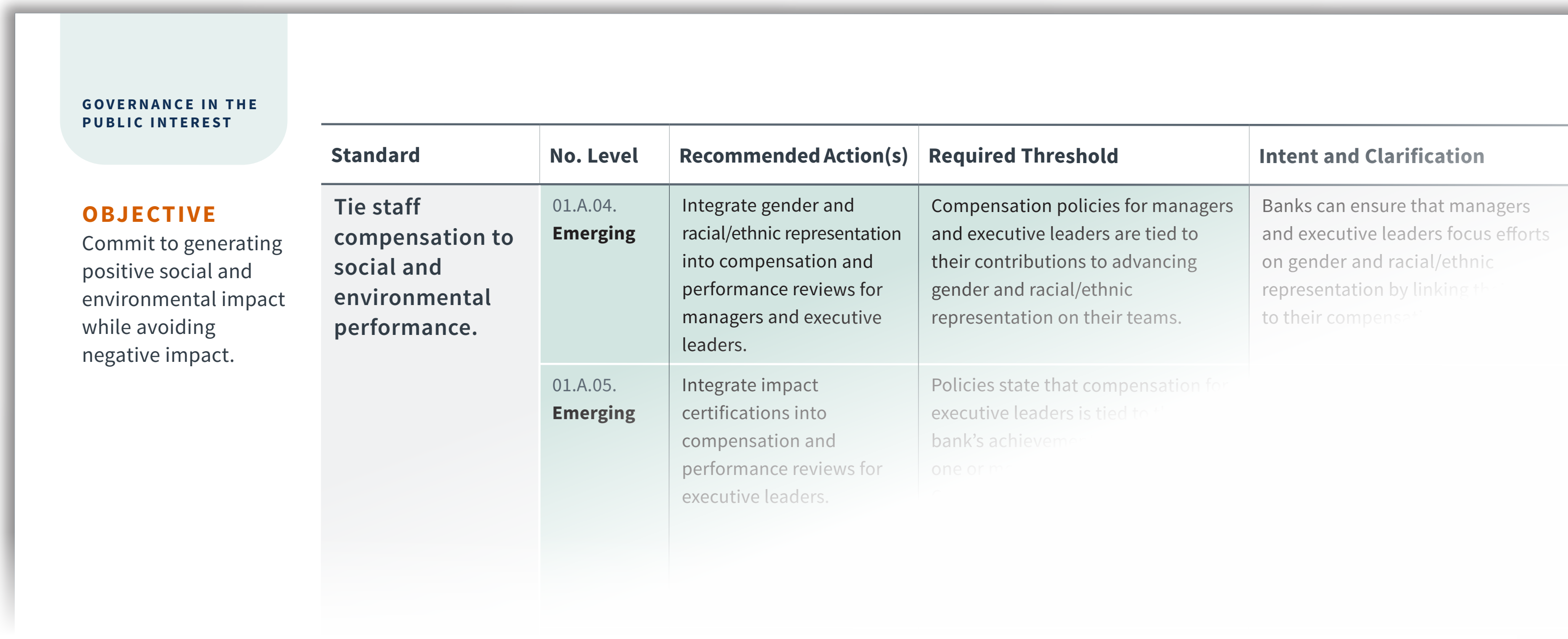
PRODUCTS AND SERVICES

deliver affordable products and services in an equitable, inclusive, and environmentally sound manner.

STANDARDS COMPONENTS

Each Standard has four components:

	Standard	Recommended Action(s)	Required Threshold	Intent and Clarification
OBJECTIVE What the standard aims to achieve.	Description of the standard itself.	An action or actions a bank can take to meet the objective. For many objectives, technically equivalent steps could also be taken.	The point at which the standard is reached.	Additional context, explanation, and justification for the criteria, as well as guidance on best practices and recommendations for implementation.



GOVERNANCE IN THE PUBLIC INTEREST

OBJECTIVE
Commit to generating positive social and environmental impact while avoiding negative impact.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Tie staff compensation to social and environmental performance.	01.A.04. **Emerging**	Integrate gender and racial/ethnic representation into compensation and performance reviews for managers and executive leaders.	Compensation policies for managers and executive leaders are tied to their contributions to advancing gender and racial/ethnic representation on their teams.	Banks can ensure that managers and executive leaders focus efforts on gender and racial/ethnic representation by linking th to their compens
	01.A.05. **Emerging**	Integrate impact certifications into compensation and performance reviews for executive leaders.	Policies state that compensation fo executive leaders is tied to bank's achievem one or m	

STANDARDS LEVELS

The Standards are designed to encourage continued improvement over time. Banks will set requirements, targets, benchmarks, and outcomes to become increasingly equitable. As such, each Standard is classified at one of three graduated levels, with each level including the degree of attainment reflected by the preceding, lower levels:

ESSENTIAL
EQUITABLE PRACTICES

Represent standards for operating ethically with the goal of minimizing negative impacts for all stakeholders, including customers, the community, and the environment.

01.A.01.
Essential

EMERGING
EQUITABLE PRACTICES

Represent standards further along the equitable banking journey whereby banks avoid harm, while proactively seeking a positive impact for people and the planet.

01.A.03.
Emerging

INDUSTRY LEADING
EQUITABLE PRACTICES

Represent industry leading standards and best practices toward generating substantial and long-term positive impact.

01.A.06.
Industry Leading

ABBREVIATIONS

BSF	Beneficial State Foundation
B Corp	Certified B Corporation
CDBA	Community Development Bankers Association
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act
FDIC	Federal Deposit Insurance Corporation
GABV	Global Alliance for Banking on Values
ISEAL	International Social and Environmental Accreditation and Labeling
ROE	Return on Equity
ROA	Return on Assets

DEFINITIONS

Advocacy	Activities performed for or against a public-policy issue or cause with intention of influencing decision-making. • Direct lobbying: attempts to persuade legislators to enact or not enact a bill through communication with any member of a legislative body (to be considered a direct lobbying communication, it must refer to specific legislation and reflect a view on such legislation). • Grassroots/indirect lobbying: involves encouraging legislators' constituencies to exercise their influence with their legislators on behalf of, or against, some legislation. *Examples:* • Supporting public-policy positions directed at issues. • Working to make an administrative agency of the government change or adopt new policies, rules, or regulations. • Testifying before a legislative committee.
Base Pay* * *https://www.investopedia.com/terms/b/base-pay.asp*	The initial salary paid to an employee, not including benefits, bonuses, or raises.
BIPOC	Black, Indigenous, and Person/People of Color.
Culturally Competent* * *https://nccc.georgetown.edu/curricula/culturalcompetence.html*	The ability of banks and financial service providers to serve customers and applicants with diverse values, beliefs, and behaviors. Includes tailoring delivery to meet clients' social, cultural, and linguistic needs.
Diversity	An approach to include and involve people of different identities, including race, gender, sexual orientation, etc.
Do No Harm / Negative Impact	Bank lending or deposits may not be used to foster negative impact sectors, activities, or business transactions as defined and described in Resource C.
Egregious Violations	Violations that are likely intentional, neglectful, and harmful to consumers and/or communities.
Equity* * *https://generalassemb.ly/blog/diversity-inclusion-equity-differences-in-meaning/*	An approach to ensure everyone has access to the same opportunities based on their unique needs. It recognizes that advantages and barriers exist and, as a result, we all don't start from the same place. It begins by acknowledging this unequal starting place and committing to correct and address this imbalance.
Full-time Employee* * *https://www.irs.gov/affordable-care-act/employers/identifying-full-time-employees*	A person employed, on average, at least 30 hours of service per week, or 130 hours of service per month in a calendar month.
Inclusion	The practice of including people from diverse backgrounds, particularly in decision-making processes, and creating a workplace that values honest feedback and criticism from a wide range of voices.

DEFINITIONS

May	Indicates an option.
Must	Indicates a requirement.
Part-time Employee	Part-time employees work fewer hours in a day or during a workweek than full-time employees; the latter are typically employed for 40 hours, and at least 30 hours, per week. Part-time workers may also be those who only work during certain parts of the year.
Policy	Internal or operational requirements, or outlines, of company rules, procedures, decision-making, or implementation. The only exception is in the Corporate Citizenship category, where “policy” represents measures taken by governmental entities.
Predatory Lending	The act of providing financial products and services that impose unfair, deceptive, or abusive terms on a borrower.
Pro Mission / Positive Impact	Using bank lending or deposits to foster socially and environmentally responsible sectors, activities, or business transactions.
Public Commitment	A commitment represents an obligation that must be fulfilled. It is stronger than an aspirational statement. It requires completion, not best efforts. To qualify as a public commitment, the obligor must remain accountable to fulfilling the commitment. *To qualify as a public commitment:* • The commitment must have a place on the website that can be navigated to from the homepage, *And at least one of the following must be met:* • a social media post on LinkedIn or Twitter addressing the commitment. • news blast to members, employees, board, and others on an electronic or physical mailing list. • inclusion of the commitment in the next Annual Report.
Real Economy Assets* *https://www.gabv.org/the-impact/the-scorecard/real-economy	The real economy relates to economic activities that generate goods and services as opposed to a financial economy that is concerned exclusively with buying and selling in the financial markets. Financial intermediation can be classified as Real Economy (as opposed to Financial Economy) if it is directly linked to a Real Economy Asset or Activity, with one degree of separation. *See GABV definition for more details.*
Should	Indicates a recommendation.
Social Impact	Measuring and making decisions based on social consequences and benefits, instead of only financial or monetary motives.
Social Justice	Interventions, advocacy, and changes made to benefit individuals and groups who have been historically alienated and excluded from traditional financial systems in some way. Social justice should involve issues at the intersection of politics and the economy, including racism, sexism, homophobia, transphobia, xenophobia, and income and wealth inequity.

DEFINITIONS

Standards	Standard-setting bodies typically call their work a “standard”. However, we are breaking from convention to name ours the Equitable Bank Standards. We currently do not have plans to create an accredited standard-setting body. To maintain consistency with previous materials we will continue using “standards” to refer to the general concept and “Standards” to refer to the standards within the Equitable Bank Standards.
Staff	All full-time, part-time, and contract staff.
Systemically Excluded Groups	Historically and statistically, certain identifiable groups of people within our society have faced longstanding oppression, discrimination, and marginalization. Many are legally protected from being harmed or harassed by laws, practices, and policies that discriminate against them due to shared characteristics. They face barriers to attaining financial health and wealth and are subject to the resulting inequities of these systemic forces. Each bank should consider this reality to ensure equitable access to banking services. Excluded groups may be defined by*: race, color, religion (includes religious dress and grooming practices), sex/gender (includes pregnancy, childbirth, breastfeeding and/or related medical conditions), gender identity, gender expression, sexual orientation, marital status, medical condition (genetic characteristics, cancer, or a record or history of cancer), military or veteran status, national origin (includes language use and possession of a driver’s license issued to persons unable to prove their presence in the United States), ancestry, disability (mental and physical, including HIV/AIDS status, and genetic characteristics), genetic information, age (over 40). **Not an exhaustive list*

NORMATIVE REFERENCES

The following documents informed the Standards and are referenced within. For dated references, or when a version number is specified, only the edition cited applies. For undated references, or where the version number is not specified, the latest edition applies.

1. Global Alliance for Banking on Values
2. International Living Future Institute's Just Label 2.0
3. B Corp Certification
4. Great Place to Work Certification
5. Science Based Targets initiative (SBTi)
6. UN Principles for Responsible Banking
7. UN Impact Radar
8. Future-Fit Business Benchmark
9. Bank On
10. International Organization for Standardization

GOVERNANCE IN THE PUBLIC INTEREST

Governance standards compel banks to establish an ownership structure, business model, goals, strategies, decision-making bodies, and decision-making protocols that avoid negative impact and maximize positive impact for people and the planet. These requirements ensure all stakeholders have a voice, and that there are accountability measures to align a bank's results and methods of achieving them with publicly communicated goals.

01.A. ORGANIZATIONAL STRUCTURE

OBJECTIVE

Commit to generating positive social and environmental impact while avoiding negative impact.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Make an official, written corporate commitment to people and the planet.	01.A.01. **Essential**	Establish and follow mission statement or governing document.	Mission statement or key governing document includes commitment to well-being of people and planet.	Banks should have a mission to generate positive social and environmental impact, not just positive financial returns. Having social and environmental impact in a mission statement and reflected in governance practices ensures claims are taken seriously and are central to the bank's measures of success.
	01.A.02. **Emerging**	*See Recommended Action above.*	Mission statement or governing document includes: • A commitment to avoid negative social and environmental impacts.	Some banks may have a mission statement or another commitment to positive impact, but not have a commitment to avoid negative impact. For example, this "loophole" means a bank could lend to affordable housing projects (positive impact), but also pollute the water supply for those homes by lending to an offending company (negative impact). Stating an additional commitment to avoid harm helps to prevent this type of counterproductive lending.
	01.A.03. **Emerging**	*See Recommended Action above.*	Mission statement or governing document includes a commitment to social justice.	Banks seeking to generate positive social impact must make specific efforts to ensure that people from systemically excluded groups have an equal chance at achieving financial well-being. Placing this commitment in the mission statement ensures that social justice, as defined in the "Definitions" section of this document, is core to banks' social impact goals.

OBJECTIVE
Commit to generating positive social and environmental impact while avoiding negative impact.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Tie staff compensation to social and environmental performance.	01.A.04. **Emerging**	Integrate gender and racial/ethnic representation into compensation and performance reviews for managers and executive leaders.	Compensation policies for managers and executive leaders are tied to their contributions to advancing gender and racial/ethnic representation on their teams.	Banks can ensure that managers and executive leaders focus efforts on gender and racial/ethnic representation by linking their efforts to their compensation.
	01.A.05. **Emerging**	Integrate impact certifications into compensation and performance reviews for executive leaders.	Policies state that compensation for executive leaders is tied to the bank's achievement or renewal of one or more of the following: B Corp Certification, JUST Program Certification, Great Place to Work Certification.	When executives oversee achievement and renewal of certifications for social and environmental performance, these efforts become a high priority. These certifications give banks a strong understanding of how to drive continuous improvement. High scores show signs of an industry leading institution.
	01.A.06. **Industry Leading**	Integrate impact outcomes into compensation and performance reviews for all staff.	Compensation and performance reviews for all staff, along with executive leadership, include social and environmental impact considerations.[1]	Banks can ensure their staff members focus efforts on positive social and environmental impacts by linking variable compensation to these outcomes.
Set accountable social and environmental impact goals that the board enforces.	01.A.07. **Emerging**	Write board document to include impact goals in key governing documents, such as: • Bank bylaws, • Board policy and procedure documents, • Reports to the board, • Board meeting minutes.	Bank's impact report has actual and potential negative impacts stated, including: • All lending to contra-mission sectors, as described in Resource C, • Environmental footprint and climate risks (GHG emissions, water footprint, waste generation, forest-related risks).	By incorporating social and environmental impact goal-setting and monitoring into the responsibilities and duties of the board of directors, banks can ensure that leadership and staff will make efforts to meet and/or exceed social and environmental impact goals.

1 — How to integrate ESG issues into executive pay https://www.unpri.org/download?ac=1878
https://hbr.org/2019/07/5-steps-for-tying-executive-compensation-to-sustainability

OBJECTIVE
Commit to generating positive social and environmental impact while avoiding negative impact.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Transparently report on social and environmental impact.	01.A.08 **Emerging**	Publish positive social and environmental impact results in impact report.	Bank's impact report is: • Published annually, • Made publicly available, • Integrated with financial reporting.	Publicly reporting the banks' annual social and environmental impact goals and performance ensures the public can hold banks accountable for these goals.
	01.A.09. **Industry Leading**	Publish both positive and negative social and environmental impact together with financials.	Bank's impact report states actual and potential negative impacts, including: • All lending to exploitative or extractive industries or practices, as listed in Resource C of this document, • Environmental footprint and climate risks (GHG emissions, water footprint, waste generation, forest-related risks), • Any legal or regulatory violations found or active within the year, and the bank's responses.	Publicly reporting the banks' annual negative social and environmental-impact ensures the public can hold the banks accountable and demand a reduction of negative impacts.
Establish within the bank's articles of incorporation that the board must account for social and environmental impact in its decisions.[1]	01.A.10. **Industry Leading**	Adjust the following governing documents as needed to mandate social and environmental impact: • Articles of Incorporation, • Stock Certificates, • Bylaws.	Articles of incorporation have state that the firm is a public benefit corporation or similar, stock certificates have stated that the firm is a public benefit corporation or similar, bylaws have assigned the board of directors' responsibilities for including social and environmental impact in their decisions.	By using a nonprofit, benefit corporation, social-purpose corporation, flexible-purpose corporation, LC3 or similar structure, banks demonstrate a serious commitment to social and environmental impact because these structures either allow or mandate the banks to make decisions which avoid negative and increase positive social or environmental impact.

1 — Corporation type examples: non-profit ownership, benefit corporation, social purpose corporation, cooperative, or other public interest structure.

Objective	Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
OBJECTIVE Commit to generating positive social and environmental impact while avoiding negative impact.	**Design ownership structure to limit the amount of profit that can be distributed to individuals.**	01.A.11. **Industry Leading**	Adjust the following governing documents as needed to place limits on allowable profit distribution to individuals: • Articles of incorporation, • Bylaws, • Other governing documents.	Articles of incorporation, bylaws, or other governing documents have stated the banks' structure as nonprofit, L3C, or other structure that limits the amount of profit that can be distributed to individuals.	Structuring banks to limit the amount of profit that can be distributed to individuals helps ensure banks can make decisions that advance social and environment impact vs. profit-maximization for shareholders.
OBJECTIVE Seek and respond to community and stakeholder input to generate positive social and environmental impact.	**Engage with community stakeholders to determine how to best serve their needs.**	01.A.12. **Essential**	Write policy and guidance on how to respond when the bank is contacted by community for engagement, support, or community-benefits agreements. Write down partnership agreements and actions taken. Survey for feedback from organizations on their experiences working with the bank when formal relationships are created.	Executive leadership or community relations department has enacted policy and guidance documentation that includes a commitment to collaborate with organizations, and protocols that staff should follow to helpfully engage with organizations. Over a specific period, the survey and feedback results should have provided a representative sample of the bank's collaborators and should reveal a positive experience from most respondents.	Banks should authentically and helpfully engage with community groups who approach the bank. Banks should complete a community benefits agreement related to mergers, acquisitions, and Community Reinvestment Act examinations[1], rather than avoid groups or reluctantly engage in the bare minimum necessary to meet CRA requirements.

1 —Community Benefits Agreement Explained:
https://www.policylink.org/equity-in-action/newsletters/banks-cbas
http://calreinvest.org/publications/bank-agreements/

OBJECTIVE

Seek and respond to community and stakeholder input to generate positive social and environmental impact.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Engage with community stakeholders to determine how to best serve their needs.	01.A.13. **Emerging**	Engage the community, including individuals from systemically excluded groups, in a formal, proactive process to design bank strategy, products, and services that meet their needs.	Executive leadership or community relations department has enacted policy and guidance documentation specifying goals, engagement processes, complaint processes, and documentation of results. The process includes survey data from the last two years, and a plan for collecting additional feedback at least biennially on how to work with the community to meet their needs.	Banks should commit to serving the needs of their communities, and should proactively partner and design with community organizations to accomplish this goal.
	01.A.14 **Industry Leading**	Offer products and services designed by community.	One or more of banks' products or services was originated and generated by community groups that include individuals from systemically excluded groups.	To truly serve the needs of communities, particularly individuals from systemically excluded groups, banks should provide products and services based on needs and designs generated by the community. The bank's role in this case should be focused on listening and determining how to execute, rather than leading or originating the process.

OBJECTIVE
Comply with laws and regulations.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Always maintain good standing with all regulators and do not engage in egregious practices.	01.A.15. **Essential**	Act in compliance with the letter and spirit of all banking laws and regulations. Monitor all operations for compliance and communicate and correct any problematic findings as soon as found.	Has no current or past post-judgement civil action by the Consumer Financial Protection Bureau.[1]	The Consumer Financial Protection Bureau (CFPB) may enforce laws by filing an action in federal district court or by initiating an administrative adjudication proceeding. Post-judgement civil actions are court directives that organizations must follow to meet ongoing compliance obligations. These serious matters generally reveal banks' flagrant disregard for customer well-being and a violation of ethical business practices. While banks may mistakenly violate a technical, non-harmful regulation, they should not knowingly or consistently violate any regulations.
	01.A.16. **Essential**	Have no egregious governance violations or offenses listed in the Good Jobs First Violation Tracker according to Resource B.[2]	Has no violations or offenses occurring within the last three years.	The Good Jobs First Violations Tracker is the first wide-ranging database on corporate misconduct. It covers banking and other cases resolved by federal regulatory agencies —and all parts of the Justice Department since 2000— plus cases from state Attorney Generals and selected state regulatory agencies. In all, 490,000 civil and criminal cases from more than 300 agencies with total penalties of $669 billion are documented.

1 — *Consumer Financial Protection Bureau Court Enforcement Actions*

2 — See Resource B for Egregious Violation Offenses. Egregious violations are defined as violations that are likely not accidental and come with a more severe penalty.

OBJECTIVE
Comply with laws and regulations.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Always maintain good standing with all regulators and does not engage in egregious practices.	01.A.17. **Essential**	Implement practices and programs that avoid incurring any Tier 3 civil money penalties by a federal regulatory agency.[1]	Has not received a Tier 3 civil money penalty for significant harm in the last three years.	Most Tier 3 penalties are for violations resulting in significant harm to consumers or members of a community. Some Tier 3 penalties respond to the repetition of violation or size of the restitution and less about the harm done. Evaluation should be sure to primarily focus on harm done to the affected consumers or community.
Comply with Community Reinvestment Act obligations to meet community credit needs.	01.A.18. **Essential**	Implement practices and programs necessary to comply with CRA requirements.	Has received a CRA rating of “Satisfactory” or higher on the bank’s most recent exam.	The CRA requires banks to follow obligations to help meet the credit needs of low- and moderate-income communities. At bare minimum all banks should meet a Satisfactory rating.
	01.A.19. **Emerging**	*See Recommended Action above.*	Has received a CRA rating of “Outstanding” on the bank’s most recent exam.	Banks explicitly seeking to generate positive social impact should rate as “Outstanding” on their most recent exam.

1 — https://www.fdic.gov/regulations/safety/manual/section14-1.pdf
“A Tier 3 penalty of the lessor of $1,100,000 or 1% of total assets may be assessed if a violation, unsafe or unsound practice, or breach of fiduciary duty is knowingly committed and causes a substantial loss to the institution or a substantial pecuniary gain to the violator.”

OBJECTIVE
Commit to operating in an ethical manner.*

These standards have been informed by Future Fit Business Benchmark and the Federal Depository Insurance Commission Corporate Code of Conduct Guidance on Implementing an Effective Ethics Program.

OBJECTIVE
Demonstrate a strong commitment to worker engagement and empowerment by incorporating employee needs and voices in bank strategy.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Implement and enforce an ethics program that follows FDIC guidance.[1]	01.A.20. **Essential**	Establish written code of ethics.	The code has ethics issues, as well as monitoring and reporting procedures included, and complies with the FDIC's Guidance on Implementing an Effective Ethics Program.	All banks should have a code of ethics to ensure all bankers behave, and all departments operate, ethically.
Enforce code of ethics.	01.A.21. **Emerging**	Compliance or human resources department has policy and procedure documents for informing staff, monitoring, and enforcing the Code of Ethics.	The code has ethics benchmarks, as well as monitoring and reporting procedures included, and complies with the Future Fit Business Benchmark BE20, "Business is conducted ethically."[2]	Banks seeking to minimize negative impacts should incorporate broader ethics benchmarks beyond those outlined in FDIC guidance.
Implement an inclusive employee-engagement process to ensure employees have a voice in organizational culture and operations.[3]	01.A.22. **Essential**	Executive leadership or human resources department documents establish policies and practices to ensure employees can provide input on internal organizational culture and operations.	Practices and process documents include the following: • Methods employees can use to provide input, including at least one anonymous option, • Decision-making method and people included, and maximum wait time to review and consider input, • Feedback to the workforce on what steps have been taken to address their concerns and an explanation of why particular steps have or have not been taken, • The requirement to maintain a registry of submissions.	Banks should provide a clear process for employees to provide input on improving internal organizational culture and operations. Banks should also build a culture of inclusion and belonging that fosters staff well-being, empowerment, and retention. The implementation of a clear and specific process supports less-vocal staff to voice their concerns and helps builds trust with the leadership team. Refer to ISO standards 10018:2020 and 10015:2019 for guidance on people management.[4]

1 — FDIC Corporate Conduct Guidance on Implementation: https://www.fdic.gov/news/news/financial/2005/fil10505.pdf
2 — FutureBreak Even Goal 20: https://futurefitbusiness.org/goals/be20/
3 — UK Financial Reporting Council (FRC) Corporate Governance Code
4 — https://www.iso.org/news/ref2496.html

OBJECTIVE

Demonstrate a strong commitment to worker engagement and empowerment by incorporating employee needs and voices in bank strategy.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Implement formal, proactive process for employees to influence bank operations, strategy, and the design of products and services.[1]	01.A.23. **Emerging**	Establish policies and processes to consult employees on bank strategy and the design of products and services.	Policy and process documents include the following: • Methods employees can use to provide input, including at least one anonymous option, • Decision-making method and people included, and maximum wait-time to review and consider input, • Feedback to the workforce on what steps have been taken to consider their ideas, and an explanation of why particular steps have or have not been taken. • Requirement to maintain a registry of submissions developed with employee input.	Providing employees with the opportunity to offer input on banks' strategy and products & services ensures that banks are informed by practitioners and those who have the closest relationships with customers. Employee input empowers, builds trust with, and fosters commitment and loyalty from employees. While not all employees or roles may have insights on every strategy and decision, every employee should be given an opportunity to share on a non-mandatory basis.

1 — https://emperor.works/insights/culture-reporting-employee-engagement-and-employee-voice/; Example: Designate a non-executive director to liaise with the workforce or a director appointed from the workforce; a designated non-executive director; or a combination, a designated non-executive who is working with an advisory panel, and/or Executive Committee with worker representation.

OBJECTIVE

Demonstrate a strong commitment to worker engagement and empowerment by incorporating employee needs and voices in bank strategy.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Support workers' right to organize and bargain collectively for better working conditions.	01.A.24. **Essential**	Establish a policy to sign neutrality agreements when requested.	Has signed an agreement to remain neutral to a union's efforts to organize the bank's workers when requested.	In a company where workers are treated as vital and essential stakeholders, there may be no need for a formal collective bargaining process. However, the employer should allow workers to decide for themselves. While it is illegal for employers to influence their employees' decision to form a union, violations are rampant.[1] This standard reinforces the need for compliance with this law. Neutrality agreements affirm that the bank will not resist unionization efforts.
	01.A.25. **Emerging**	Make public commitment to neutrality.	Bank has published, and publicly communicated, a written commitment to remain neutral if workers exercise their right to organize.	Leadership should support the rights of workers to make their own decisions related to unionization. Proactively publishing this commitment suggests that a bank truly seeks to maintain neutrality, rather than just comply with the law that requires it to remain neutral.

1 — Prevalence of Violations of Federal Law in Union Election Campaigns *https://www.epi.org/publication/unlawful-employer-opposition-to-union-election-campaigns/*

OPERATIONAL PRACTICES

The Operational Practices standards compel banks to integrate the values of worker dignity and engagement, diversity, equity, inclusion, and environmental stewardship into their internal functions such as facilities management, procurement, and communications.

02.A. EMPLOYEE TREATMENT

OBJECTIVE
Practice fair performance and compensation policies.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Commit to offering good jobs by having a written commitment or policy to offer full-time employment instead of part-time employment wherever possible.	02.A.01. **Essential**	Make public commitment or establish written policy in favor of full-time employment.	80% of workforce has been retained on full-time basis.	The intent is to provide employees with sufficient work hours to cover basic living expenses. With full-time status, employees can access workplace benefits such as paid sick leave, short-term disability insurance, and/or health insurance coverage.
Provide well-defined contribution retirement plan to all employees.	02.A.02. **Essential**	Design and offer a generous retirement plan with employer contributions. Implement ongoing efforts to encourage staff to participate in and make the most of their retirement plan.	Has created an internal campaign to support employees' retirement with a goal of 95% employee enrollment in defined-contribution plan. Offers all employees a minimum of 3% of salary match from employer to retirement plan. Has a waiting period no longer than 90-day for retirement plan eligibility.	Banks should do their best to support and invest in the financial future of their employees.

OBJECTIVE
Practice fair performance and compensation policies.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Establish a maximum CEO-to-median pay ratio that promotes pay equity.	02.A.03. **Essential**	Implement a maximum CEO-to-median pay ratio commitment that promotes pay equity.	The CEO-to-median pay ratio is no greater than 50:1.[1]	The intent of an equitable compensation program is to reduce the huge discrepancies in employee compensation, especially as it relates to the traditional overvaluation of work performed by senior executives and the undervaluation of work performed by employees in the lowest job classifications.
	02.A.04. **Emerging**	*See Recommended Action above.*	The CEO-to-median pay ratio is no greater than 20:1.	
	02.A.05. **Industry Leading**	*See Recommended Action above.*	The CEO-to-median pay ratio is no greater than 7:1.[2]	
Provide all staff a livable wage.	02.A.06. **Essential**	Annually set the minimum base pay for employees to the regional or local living wage according to the MIT Living Wage Calculator.	Pays all employees a minimum-base pay equal to regional or local living wage for household of one adult, based on MIT Living Wage Calculator.[3]	Wages are set at one-adult and zero-children threshold in city or county where bank employee is located.
	02.A.07. **Emerging**	*See Recommended Action above.*	Pays all employees a minimum base-pay of 1.10x regional or local living wage for one-adult household, based on MIT Living Wage Calculator.[3]	Wages are set at one-adult and zero-children threshold in city or county where bank employee is located with 10% uplift.
	02.A.08. **Industry Leading**	*See Recommended Action above.*	Pays all employees a minimum base-pay of 1.20x regional or local living wage for one-adult household, based on MIT Living Wage Calculator.[3]	Wages are set at one-adult and zero-children threshold in city or county where bank employee is located with 20% uplift.

1 — The nation's top-ten banks average-pay ratio was 265:1 in 2017 and 19 second-tier banks had a CEO-to-worker pay ratios of 154:1 *https://inequality.org/wp-content/uploads/2018/04/Bank-Pay-Ratios.pdf*

2 — A Harvard study showed the U.S. public thinks the ideal CEO-to-worker pay gap would be less than 7:1. *https://hbr.org/2014/09/ceos-get-paid-too-much-according-to-pretty-much-everyone-in-the-world*

3 — MIT Living Wage Calculator: *https://livingwage.mit.edu/*

OBJECTIVE
Practice fair performance and compensation policies.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Ensure sales quotas are reasonable.	02.A.09. **Emerging**	Set sales quotas that can be regularly met by sales staff.	At least 75% of employees that are subjected to quotas are consistently able to attain their goals.	Sales targets are reasonable and attainable without employees feeling the need to apply undue pressure to prospective or existing clients to open new deposit or credit accounts.
Establish compensation incentives for employees based on bank-wide financial performance.	02.A.10. **Emerging**	Implement a compensation incentive policy that ensures all employees receive an identical bonus for bank-wide performance.	100% of employees receive an identical year-end bonus for bank-wide performance when the following criteria are met: the institution generated profits in excess of working capital requirements, and it distributed a fair dividend to shareholders.	By providing an identical bonus to all staff for bank-wide performance, bank signals that when the bank does well, all staff do well, and that those with lower compensation are needed and appreciated as much as those with higher compensation. This bonus payout does not preclude additional performance-based compensation for high-performing staff.
	02.A.11. **Industry Leading**	Implement a compensation incentive policy that ensures employees receive an equity-oriented bonus for bank-wide performance.	100% of employees receive a year-end bonus for bank-wide performance on an equitable basis when the following criteria are met: the institution generated profits in excess of working capital requirements, and it distributed a fair dividend to shareholders.[1]	Equitable means that the bank intentionally redistributes a larger share of the bonus pool to those at the lower end of the wage spectrum. A bank could allot most of the bonus pool to all employees paid at the bank's median wage or lower. This supports equity and ensures not only that all employees are valued, but that those with lower compensation benefit even more than those with higher compensation when the bank does well.

1 — Examples:
1) Amount is based on number of years of service
2) Amount is based on number of months worked in incentives period

OBJECTIVE
Practice fair performance and compensation policies.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Provide employees with access to their own financial interest in the company.[1]	02.A.12. **Industry Leading**	Make company stock available to all employees.	An Employee Stock Ownership Plan (ESOP), or technical equivalent, has been implemented.	Research shows that ESOPs provide retirement benefits that are both larger and much more equitably distributed than most other retirement plans.
Seek and utilize feedback from employees at all affected levels and departments when designing a variable compensation plan.[2]	02.A.13. **Industry Leading**	Launch employee task force to develop recommendations for variable compensation plans.	Any implemented variable compensation plan has been developed by a task force comprised of affected employees.	Design a performance incentive system encompassing the wisdom and creativity of the employees impacted by such a system.
Base variable compensation incentives on a team or department's collective performance.[3]	02.A.14. **Industry Leading**	Create an incentive program that includes team- or department-based collective performance incentives.	At least one incentive in the organization's incentive program is based on team or department performance.	Optimize collaboration and teamwork within departments and branches. Team members receive an equitable distribution of incentives.

1 — Definition Employee Stock Ownership Plan (ESOP): https://www.investopedia.com/terms/e/esop.asp, Example: https://www.merchantsbank.com/about/benefits

2 —Variable compensation is an incentive and/or bonus employers pay to employees whose performance meets or exceeds company expectations, provided the company meets its own goals for productivity, profitability, and other criteria such as social and environmental impact. That is, when both the company succeeds and the employee succeeds, the employer hands out additional cash compensation beyond base salary or wage. The variable compensation depends on how well the company performs during the year and how well the employee performs during an evaluation period.

3 —Taken from Bank Worker Rights: https://actionnetwork.org/petitions/sign-the-bank-worker-bill-of-rights

OBJECTIVE
Ensure employee satisfaction, well-being, and belonging.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Allow employees to have options for settling employer-employee disputes.	02.A.15. **Essential**	Establish a fair employer-employee dispute-policy statement that helps ensure employees are empowered, adequately represented, and heard.	Policy mandates that employees shall not be required to resolve employment disputes through arbitration.	Private arbitration allows companies to restrict employees' access to the legal system and potentially hides misconduct that would otherwise be made public in court.[1]
Implement employee-grievance policies.	02.A.16. **Essential**	Establish a complaints system.	Has implemented a system for employees to submit complaints and have them resolved.	There should be a clearly defined process to address employee concerns and issues.
	02.A.17. **Emerging**	Establish an employee relations committee.	Has established an employee relations committee to address employee grievances and to encourage executive leadership to act upon recommendations.[2]	Implementing an employee relations committee demonstrates an elevated level of concern for the well-being of all employees and retention of the workforce.
Make efforts to support employee well-being.[3]	02.A.18. **Emerging**	Implement employee well-being efforts, such as the following: • Appoint senior leader with responsibility for employee well-being, • Create well-being programs for employees that are convenient and accessible, • Annually set and measure progress toward goals.	50% or more of employees have participated in one or more well-being programs offered by the bank.	It is important for employers to prioritize employee well-being.

1 — Mandatory Binding Arbitration: https://www.investopedia.com/terms/m/mandatory-binding-arbitration.asp
2 — Employee grievance policy: https://www.insperity.com/blog/how-to-create-an-employee-grievance-policy/
3 — 1) Employee survey information from BCORP; 2) Employee net promoter score (eNPS) metric

OBJECTIVE
Ensure employee satisfaction, well-being, and belonging.

OBJECTIVE
Commit to diversity, equity, and inclusion.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Make efforts to ensure staff of all identities feel a sense of belonging.[1]	02.A.19. **Emerging**	Take all the following steps: • Launch an annual employee inclusion survey, • Set goals and measure progress towards achieving them.	50% or more of employees from systemically excluded groups have affirmed a sense of belonging.	Belonging is a key outcome when an employer makes a sustained investment in developing an inclusive culture. When employees feel included, they perceive that the organization cares for them as individuals and values their contributions for more than just their professional expertise and contributions to the bottom line.
Make efforts to retain employees.[2]	02.A.20. **Emerging**	Take all the following steps: • Conduct annual retention interviews, • Set and measure employee-retention goals and desired outcomes.	Has measured progress annually towards desired outcomes. The average employee retention rate has reached 90% or higher.	Setting and measuring retention rates across demographic or identity groups help identify the effectiveness of inclusion efforts.
Ensure pay equity throughout the bank.[3]	02.A.21. **Essential**	Take all the following steps: • Conduct biennial compensation gap analyses, • Adjust compensation when inequities are uncovered.	Pay variances have been identified and pay adjustments have been completed.	Equitable pay requirements should include consideration of unconscious bias based on gender, identity, race, ethnicity, and other protected classes. Banks should test for pay equity, and implement changes to ensure that employees from systematically excluded groups are not underpaid compared with their counterparts.

1 — 1) Employee survey information from BCORP; 2) Employee net promoter score (eNPS) metric
2 — From B Impact Assessment
3 — The Centre for Global Inclusion's Global Diversity & Inclusion Benchmarks https://centreforglobalinclusion.org/wp-content/uploads/2017/09/GDIB-V.090517.pdf

OBJECTIVE
Commit to diversity, equity, and inclusion.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Increase racial and ethnic representation in hiring and promotion for all levels of staff and board.	02.A.22. **Emerging**	Annually collect and publicize racial and ethnic demographic data for hiring, promotions, and turnover for all levels of staff and board.	Demographic data has been published in the Annual Report or an impact/CSR report. Collects data in EEO-1 Data Collection Format.	Establish accountability with stakeholders to track the progress of diversity initiatives at all levels of the organization. Help stakeholders understand progress on key diversity metrics. To provide a clear picture, include a breakdown of demographic data across your full staff and board.
	02.A.23. **Emerging**	Annually create and publish racial and ethnic representation goals for hiring, promotions, and turnover for all levels of staff and board. Develop diversity goals at all levels of responsibility.[1]	Diversity goals that exceed industry averages have been set. Progress towards meeting goals have been published in the Annual Report or an impact/CSR report. Collects data in EEO-1 Data Collection Format.	Banks should represent the full diversity of the communities they serve. Representation goals should be shared via the same classifications as reported to the U.S. Equal Employment Opportunity Commission.
Increase racial and ethnic representation in hiring and promotion for all levels of staff and board.	02.A.24. **Industry Leading**	Racial and ethnic representation throughout all levels of staff and board approaches the demographic representation of the bank's geographic footprint.	All levels of staff and the board have achieved racial and ethnic representation that closely approximates the diversity of communities the bank serves based on census data or a technical equivalent. Has collected data in EEO-1 Data Collection Format.	Banks should reflect the full diversity of the communities they serve, and where they draw talent. For national banks, it is vital that the executive leadership team and the board be as diverse as the entire country, with equitable representation across all racial and ethnic identities.

1 — This standard was developed in support with the National Reinvestment Coalition.

OBJECTIVE
Commit to diversity, equity, and inclusion.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Ensure diversity, equity, inclusion, and social justice values are incorporated into the bank's human resources and operational practices.[1]	02.A.25. **Emerging**	Create a formal human resources program dedicated to DEI education. Include diversity, equity, inclusion, and social justice education in the bank's new-employee orientation and its ongoing job-specific training for all positions.[2]	100% of new employees have received DEI training during onboarding process due to human resources program.	Employees obtain an understanding of the business case for DEI initiatives in banking and in society more broadly.
	02.A.26. **Industry Leading**	Establish an executive-level officer committed to Diversity, Equity, and Inclusion.	The DEI Officer has been appointed and currently works full-time at the bank.	The DEI Officer should report to the CEO or COO.

1 — Chief culture officer explained: https://www.shrm.org/hr-today/news/hr-magazine/pages/070815-chief-culture-officers.aspx

2 — The Centre for Global Inclusion's Global Diversity & Inclusion Benchmarks https://centreforglobalinclusion.org/wp-content/uploads/2017/09/GDIB-V.090517.pdf

02.B. PURCHASING & FACILITY OPERATIONS

OBJECTIVE

Commit to carbon footprint reduction and social equity in purchasing.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Reduce carbon emissions of bank operations.	02.B.01. **Essential**	Present organization's target to SBTi for validation.	Has publicly committed to meet Science-Based Targets Initiative financial sector recommendations.[1]	Communicate target to stakeholders and show a commitment to reducing carbon emissions of bank operations. Reference standard 03.B.08 for reducing emissions of loan portfolios.
	02.B.02. **Emerging**	Report carbon emissions via CDP.[2]	Has reduced Scope 1, 2, and 3 emissions from the previous year in alignment with Science-Based Target Initiative financial sector recommendations for 1.5-degree Celsius global temperature targets or net zero by 2050.[3]	Align with Science Based Targets initiative's (SBTi) most current guidance.
	02.B.03. **Industry Leading**	*See Recommended Action above.*	Has reduced Scope 1, 2, and 3 emissions from the previous year in alignment with Science-Based Targets Initiative financial sector recommendations for 1.5-degree Celsius global temperature targets or net zero by 2040.[4]	While this currently exceeds SBTi guidance, it helps to reduce emissions faster than current recommendations to help avoid climate-related disasters.

1 — *Science-Based Targets Validation Criteria*

2 — *www.cdp.net*

3 — Science-Based Targets are targets adopted by companies to reduce greenhouse gas (GHG) emissions. They are considered "science-based" if they align with what the latest climate science says is necessary to meet the goals of the Paris Agreement —to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. *https://sciencebasedtargets.org/faq/*

4 — Science-Based Targets are targets adopted by companies to reduce greenhouse gas (GHG) emissions. They are considered "science-based" if they align with what the latest climate science says is necessary to meet the goals of the Paris Agreement —to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.. *https://sciencebasedtargets.org/faq/*

OBJECTIVE
Commit to carbon footprint reduction and social equity in purchasing.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Implement a social and environmental procurement policy.	02.B.04. **Emerging**	Document written goals, policies, and procedures. Indicate results in Annual Reports.	Has set procurement goals to support entities that are committed to positive social and environmental impact and entities owned by individuals from systemically excluded groups. Has collected data on mission and ownership of bank's suppliers and vendors. Has written policies and procedures to guide and enforce data collection and measurement toward achievement of goals.	Use bank's purchasing power to advance equity and social and environmental impact in their communities by financially supporting entities committed to positive social and environmental impact and entities owned by individuals from systemically excluded groups. Policy inspiration and resources are available from Sustainable Purchasing Leadership Council and Race Matters Toolkit.[1]
	02.B.05. **Industry Leading**	Publish the racial and ethnic ownership breakdown of the banks' significant suppliers and vendors.	Data has been: • Published in the bank's Annual Report, impact/CSR report, or DEI report, • Provided about all significant suppliers and vendors, • Disaggregated by race and ethnicity.	The intent is to provide transparency and to hold banks accountable for supplier diversity goals.

1 — https://assets.aecf.org/m/resourcedoc/AECF-Racematters-GuidelinesforPromotingRacially_Equitable_Purchasing-2006.pdf

LENDING AND INVESTMENTS

The Lending and Investment standards urge banks to deliver value to society by using the power of finance to deliver sustainable positive economic, social, and environmental outcomes, and to strive to avoid negative outcomes.

03.A. LOAN POLICY TO CREATE POSITIVE IMPACT

OBJECTIVE
Provide loans to positive social impact sectors and activities

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Deploy loan dollars to support positive social impact.	03.A.01. **Essential**	Clearly state positive social impact lending goals in official bank strategy and/or business goal communications. Measure percent of total loan portfolio by dollar and volume deployed toward positive social impact activities according to criteria in Resource D.	Has lent no less than 50% of loans toward positive social impact activities, when measured by both dollar and volume, within five years of setting the goal.	Ensure depositors' dollars are lent to activities that are positive for people and the planet. An example of positive impact is provided in Resource D. Exceptions can be made for loans that automatically renew or are longer than 5-years.
	03.A.02. **Emerging**	See *Recommended Actions* above.	Has lent 51% to 74% of loans toward positive social impact activities, by both dollar amount and volume.	
	03.A.03. **Industry Leading**	See *Recommended Actions* above.	Has lent 75% or more of loans toward positive social impact activities, by both dollar amount and volume.	
Evaluate each commercial loan for social impact.	03.A.04. **Emerging**	Implement policies and guidelines for evaluating loans for their potential social impact.	All commercial loans made after implementation of this practice have been evaluated for potential social impact, using an industry-accepted tool for positive and negative impact analysis.	Ensure banks make their best effort to determine a loan's likely positive or negative impact. Use this alongside credit analysis to decide whether to approve the loan. This is a necessary step toward structuring a loan portfolio that achieves the desired social impact metric.

OBJECTIVE
Provide loans to positive social impact sectors and activities

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Measure and report on social and environmental impact outcomes of loans.	03.A.05. **Industry Leading**	Provide documentation on how loans have delivered positive outcomes for people and planet.	Has reported on concrete outcomes for one or more segments of the bank's lending activity and made the information available.	Go beyond reporting on dollars loaned to various activities by evaluating the actual outcomes of loans for people and the planet. Example outcome metrics: number of new affordable housing units built, people receiving healthcare, trees planted, tons of carbon sequestered.
Ensure all new loan products, features, and programs are specifically designed to support positive social impact activities and industries.	03.A.06. **Industry Leading**	Implement a tool to evaluate the potential positive and negative social impacts of offerings and use it to guide the design of any new loan product, service, or feature being considered.	All new loan products, services, and features have been specifically designed to support positive social impact activities and industries.	Banks' leadership considers positive and negative social impact at the design stage for all efforts. Examples of positive and negative sector categories are provided in Resources C and D.
Take meaningful and consistent actions toward racial equity in lending.	03.A.07. **Essential**	Test loan portfolio annually for disparate impact by race and ethnicity and enact measures to eliminate it when uncovered.	100% of loan portfolio is tested for disparate impact annually. Identifiable measures have been enacted to eliminate disparate impact in all areas where found.	Ensure that, at a minimum, banks are vigilant and intentional in avoiding racial discrimination and disparate impact in their lending. The bank could work with racial equity consultants to receive additional guidance and support.

OBJECTIVE
Provide loans to individuals from racially diverse and systemically excluded groups.

OBJECTIVE
Provide loans to individuals from racially diverse and systemically excluded groups.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Take meaningful action to increase credit to economically disadvantaged individuals from BIPOC groups.	03.A.08. **Industry Leading**	Develop and implement one or more fairly priced loan products with the specific goal of increasing the number of loans disbursed to economically disadvantaged individuals from BIPOC groups.	Has one or more loan products informed by a needs analysis of at least one economically disadvantaged BIPOC group, resulting in: • Specific and culturally competent support for individuals in various racial or ethnic groups, • Fair pricing and terms in line with the bank's other loan products and programs.	Ensure banks make concerted, authentic efforts to increase access to credit for racial and ethnic minority groups to redress long-standing issues of institutional and structural racism.
	03.A.09. **Industry Leading**	Develop and implement one or more products, programs, or initiatives with the specific goal of providing economic redress to Black Americans. Redress may include but is not limited to the following: additional equity capital, credit enhancements, reduction or elimination of interest rates or fees. May use special dispensation such as Special Purpose Credits.[1]	Has one or more loan products that provide additional resources or mechanisms to support Black American descendants of people enslaved in the United States, above and beyond those provided to the overall loan applicant pool. Any such mechanism and support must comply with all laws and regulations.	Banks must go beyond equitable treatment to implement bold, transformative solutions that begin to provide redress for centuries of discrimination, bias, institutional racism, and financial exclusion that the banking industry has perpetuated through its financing of slavery, participation in redlining, and discriminatory practices still in place today at some banks. Banks rely on and steward public and taxpayer dollars and, therefore, should serve the public interest. A truly just, equitable, and transformative bank seeks to repair past injustices.

1 — Special Purpose Credits: https://www.consumerfinance.gov/rules-policy/regulations/1002/8/
https://www.occ.gov/publications-and-resources/publications/community-affairs/community-developments-investments/archive/pub-cd-newsletter-summer-2001.pdf

OBJECTIVE
Provide loans to micro businesses.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Makes meaningful efforts to provide capital to micro- and/or early-stage businesses.	03.A.10. **Emerging**	Create loan program descriptions and program plans and set goals.	Has offered or is currently developing a loan program to provide a meaningful amount of capital to either micro- or early-stage businesses.	Micro- and early-stage businesses are important to the economy, as they create jobs broadly, and offer pathways to income and wealth-building for economically excluded individuals. This standard is designed to address the fact that banks have a responsibility to foster a healthy ecosystem for micro- and early-stage businesses, and to ensure that banks make meaningful efforts to support small businesses. This is important, given that banks are generally not financially driven to make these loans, due to their reduced profitability.
	03.A.11. **Emerging**	Create micro- and/or early-stage businesses program with stated lending goals.	Program is on track to meet, or has met, its goals.	

OBJECTIVE
Provide loans to micro businesses.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Uses the majority of assets in direct originations to borrowers.	03.A.12. **Essential**	Set a goal and implement processes to ensure that the majority of assets on the books are direct loans to borrowers, as opposed to financial economy assets.	Has originated 50% or more of the bank's assets directly to borrowers.	Many banks, particularly larger banks, have a large portion of their assets in financial instruments, rather than direct loans to serve the needs of businesses and individuals. Banks should use most of their depositors' money toward their primary function in society — originating new loans to real, tangible activities in their communities— rather than buying and selling of financial assets such as shares purchased on the secondary market, hedge funds, credit default swaps, collateralized debt obligations, or mortgage-backed securities Banks should both meet the needs of their communities and have a relationship with their borrowers to best serve them. The Global Alliance for Banking on Values refers to these direct loans in the loan portfolio as Real Economy Assets.
	03.A.13. **Emerging**	*See Recommended Actions above.*	Has originated 65% or more of the bank's assets directly to borrowers.	

03.B. LOAN POLICY TO AVOID NEGATIVE IMPACT

OBJECTIVE
Avoid loans to harmful industries.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Reduce carbon emissions of loan portfolio.	03.B.01. **Essential**	Make public commitment to reducing carbon emissions. Report on gross and net carbon emissions of loan portfolio.	Has committed to reduce carbon emissions of loan portfolio year-over-year in alignment with Science-Based Targets Initiative recommendations for the Financial Industry.[1] Has used Platform for Carbon Accounting Financials or an equivalent methodology endorsed by climate scientists. Reports annually on gross and net carbon emissions of loan portfolio. Reductions have met the SBTi Financial Industry reduction targets.	Banks must work to reduce carbon emissions of their loan portfolios and align their lending with global targets to reduce emissions and help avoid climate-related disasters. Reference standards 02.B.01 – 02.B.03 for reducing emissions of bank operations.
	03.B.02. **Emerging**	*See Recommended Actions above.*	Reductions have exceeded SBTi Financial Industry reduction targets.	

1 — *Science-Based Targets* are targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement —to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

OBJECTIVE
Avoid loans to harmful industries.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Do not provide financing to industries and sectors responsible for significant negative impacts to people and the planet.	03.B.03. **Essential**	Make a public commitment[1] to make no loans to any of the following negative impact sectors: • Fossil-fuel extraction, production, distribution, or sales, • Any form of correctional facilities, • Any form of predatory lending, • Semi-automatic or automatic weapons. • Illegal discriminatory practices Document the purpose, borrower, and sector of all loans made and renewed after commitment.	Has committed to stop making or renewing any loans in these negative impact areas within three years after such declaration. No loans have been made or renewed in the sectors described herein. See Resource C for more details on negative impact sectors and activities.	Banks should stop providing financial support to industries or sectors that are responsible for significant negative impacts to people and the planet. To be good stewards of depositor dollars, banks must proactively support positive social and environmental impact activities through their lending and must also intentionally and explicitly attempt to avoid negative impacts. The sectors and industries listed here cause significant harm to people and the planet.
Do not provide financing to industries and sectors responsible for significant negative impacts to people and the planet.	03.B.04. **Emerging**	*See Recommended Actions above.*	Zero percent of the bank's loan portfolio is in these negative impact sectors. See Resource C for more details on negative impact sectors and activities.	

1 — Triodos Bank Minimum Standards for financing and investments can provide guidance to banks when documenting their own purpose and sector descriptions. https://www.triodos.com/downloads/about-triodos-bank/triodos-banks-minimum-standards.pdf

OBJECTIVE
Avoid loans to harmful industries.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Do not provide financing to industries and sectors responsible for significant negative impacts to people and the planet.	03.B.05. **Emerging**	Make a public commitment to make no loans to negative impact sectors including: • Alcohol sellers of any kind that market to minors or have repeated citations, • Tobacco products except Indigenous producers and sellers related to religious or spiritual practices, • Privatization of public water sources. Document the purpose, borrower, and sector of all loans made and renewed after three years from date of commitment.	Has committed to stop making or renewing any loans in these negative impact areas within three years after such declaration. No loans have been made or renewed in the sectors described herein. See Resource C for more details on negative impact sectors and activities.	Banks should stop providing financial support to industries or sectors that are responsible for significant negative impacts to people or the planet, including those industries which are more complex or difficult to assess and monitor.
Do not provide financing to industries and sectors responsible for significant negative impacts to people and the planet.	03.B.06. **Industry Leading**	*See Recommended Actions above.*	Zero percent of the bank's loan portfolio is in these negative impact sectors. See Resource C for more details on negative impact sectors and activities.	

03.C. INVESTMENT POLICY TO CREATE POSITIVE IMPACT AND AVOID NEGATIVE IMPACT

OBJECTIVE
Invest its securities portfolio in industries with positive impact and divest from negative-impact industries.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Commit to goal of zero investments in exploitative or extractive industries.	03.C.01. **Essential**	Make a public commitment to no investments in negative impact sectors including: • Fossil-fuel extraction, production, distribution, or sales. • Any form of correctional facilities. • Any form of predatory lending. • Semi-automatic or automatic weapons. • Illegal discriminatory practices. Publish statistics and information on bank's investments in a public report. See Resource C for more details on negative impact sectors and activities.	Has publicly committed within a three-year timeframe to screen out all funds and instruments that invest in these negative impact sectors. Has published the bank's disaggregated investments in an Annual Report that: • Is consumer-facing, • Is widely accessible, • Includes annual goals, • Includes progress against previous year.	As with their loan portfolios, banks should ensure that their investment portfolio is not supporting harmful activities.
Commit to goal of zero investments in exploitative or extractive industries.	03.C.02. **Emerging**	*See Recommended Actions above.*	Has screened out all instruments that invest in any of these negative impact sectors. See Resource C for more details on negative impact sectors and activities.	

OBJECTIVE
Invest its securities portfolio in industries with positive impact and divest from negative-impact industries.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Investing for environmental and social good.	03.C.03. **Emerging**	Create and implement a policy that requires the bank to proactively invest in positive social impact funds or instruments.	Has invested proactively in funds and instruments that are designed for positive social and environmental impact.	As with their loan portfolios, banks should continually make efforts to increase the amount of investments that are contributing to positive social and environmental impact.
	03.C.04. **Industry Leading**	Publicly pledges to commit 50% or more of its investments by dollar in positive social impact funds or instruments.	Has reported publicly that 50% or more of its investments by dollar are in funds and instruments that are designed for positive social and environmental impact.	

PRODUCTS AND SERVICES

The Products and Services standards aim to deliver affordable products and services in an equitable, inclusive, and environmentally sound manner.

04.A. CUSTOMER SERVICE & SUPPORT

OBJECTIVE

Gather and analyze customer data to ensure that the bank is equitably serving systemically excluded groups.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Collect data on inclusion in systemically excluded groups, for all customers where legally permissible.	04.A.01. **Emerging**	Include demographic data questions that cover all categories of systemically excluded groups (where legally permissible) on all product applications and/or client intake forms. Write procedures to collect data.	Has included questions for top three products and services where legally permissible. Has included all categories of systemically excluded groups, where legally permissible. Has included a process detailing how questions are distributed to ensure the correct people provide accurate information. Has tracked response rate.	Banks must collect data to analyze and learn whether they are equitably serving people of various races, genders, ages, abilities, and other systemically excluded groups.
Conduct disparate impact analyses on all products to ensure all customers are being served equitably regardless of whether they belong to a systemically excluded group.	04.A.02. **Emerging**	Analyze differences in approval rates, interest rates, fees charged, terms, and total annual cost for each product or service.	Every product and service has been tested according to regulatory guidance at least every three years. Efforts are made to eliminate any disparate impact found.	Many economically disadvantaged individuals from systemically excluded groups have less access to products and services, and often pay more for the ones they do have. It's critical for banks to understand these disparate impact analyses so they can know whether systemically excluded communities continue to receive inequitable treatment.

OBJECTIVE
Gather and analyze customer data to ensure that the bank is equitably serving systemically excluded groups.

OBJECTIVE
Treat all customers with dignity and respect.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Conduct customer surveys to determine how well the bank's products and services are meeting their needs.	04.A.03. **Emerging**	Survey customers on their financial needs, and how well the bank is serving them.	Has conducted customer surveys that: • Occur at least every three years, • Include questions about financial needs, and how well the bank is serving their needs, • Include results with representative samples of customer groups, including those from economically and systemically excluded groups.	For banks to serve the needs of their customers equitably, they must ask their customers directly, and respond to requested changes accordingly.
Ensure all customers are treated with dignity and respect regardless of whether they belong to a systemically excluded group.	04.A.04. **Essential**	Conduct banking-specific anti-bias training for all employees.	Has conducted training that: • Includes banking-specific material and examples, • Requires employees to practice and respond to scenarios, • Includes content on economically and systemically excluded groups, • Is provided to all employees annually.	Many studies reveal how disparate treatment and discrimination based on race, gender, age, or ability negatively affect customers. Studies by NCRC, New America, The Center for Investigative Reporting, and others show differences in customer service and information provided, offerings of products, approval rates, and pricing to customers of color compared to white customers. Banks must train employees to recognize and mitigate the effects of implicit and explicit bias.[1]

1 — https://www.thomsonreuters.com/en-us/posts/investigation-fraud-and-risk/banks-kyc-behavioral-science

OBJECTIVE
Treat all customers with dignity and respect.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Ensure all customers are treated with dignity and respect regardless of whether they belong to a systemically excluded group.	04.A.05. **Essential**	Train all staff to know every form of legally permissible proof of identification to access banking products and services. Ensure account applications include all forms of allowable ID (e.g. driver's license, passport, matricular consular, municipal IDs, Individual Taxpayer Identification Numbers) together on the same question. Conduct customer surveys and customer-service audits to uncover any biased or disrespectful treatment.	Training is mandatory for all staff upon hire. Training has explained the types of IDs, reasons for each, and the importance of accepting them for reasons of economic equity and financial inclusion. Survey results have been reported to executive leadership and adverse findings in surveys have been addressed.	Non-citizen residents are underserved in banking partially because of lack of clarity about what is legally allowed and required, as well as fear and discomfort in working with banks. Bank staff should be clear on the laws and regulations and should welcome all potential customers, serve non-citizens equitably, and minimize the marginalization of non-citizens.
	04.A.06. **Emerging**	Train bank employees on when it is permissible and necessary to ask prospective and current clients for citizenship status.	All staff have been trained annually. Employees consistently only ask for citizenship status when legally required.	

OBJECTIVE
Treat all customers with dignity and respect.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Provide culturally appropriate and linguistically tailored services to meet the needs of each of the bank's target customer groups.	04.A.07. **Emerging**	Hire customer-facing staff who can serve the bank's target customer groups in their primary languages.	Language assistance has been available during regular business hours for each target customer language.	Banks must provide services in every target customer group's primary language to adequately serve them.
	04.A.08. **Industry Leading**	Train customer-facing staff on how to provide culturally competent customer service for each of the bank's target customer groups.	All customer-facing staff have been trained on intercultural competency on an annual basis.	Banks must provide services that are culturally appropriate for every target customer group to adequately serve them.

OBJECTIVE
Help customers choose the most suitable products and services prioritizing customer well-being.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Assist all customers in choosing products and services that are in their best interests, based on their financial situation, regardless of whether they belong to a systemically excluded group.	04.A.09. **Emerging**	Train employees to ensure each customer clearly understands the full costs, associated fees, and benefits of potential products or services. Commit to policy ensuring all customers are guided to choose the products and services that are in their best interest, regardless of the customer's identity, or the financial benefit to the bank.	Training for consumer understanding has been delivered to all customer-facing staff on an annual basis. Employees consistently and equitably help customers understand the costs, benefits, and suitability of products and services they are considering.	Historically, some banks created products and incentive programs that were not in the best financial interest of some of their customers, especially those from systemically excluded groups. The banks knowingly encouraged their staff to convince customers to choose these products because it financially benefited the bank and/or the employee. Banks must create policies, incentives, and education to ensure this does not happen anymore. In addition, as described above, many studies have revealed the disparate treatment and discrimination still currently experienced according to race, gender, age, and ability. Studies by NCRC, New America, The Center for Investigative Reporting, and others have shown differences in customer service and information provided, offerings of products, approval rates, and pricing to customers of color compared to white customers. Banks must train employees to recognize and stop acting with implicit and explicit bias.[1]

1 — https://www.thomsonreuters.com/en-us/posts/investigation-fraud-and-risk/banks-kyc-behavioral-science/

OBJECTIVE

Provide education, counseling, and referral services to help applicants and customers get financial services that best meet their needs.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Provide ongoing education to help customers access relevant and beneficial banking products.	04.A.10. **Essential**	Provide educational workshops and materials to help customers understand and choose products that are beneficial for them.	Educational workshops/webinars have been: • Offered at least quarterly, • Freely available to all. Educational content has included: • Requirements, barriers, and entry pathways to bank accounts, small business loans, and mortgages, if offered, • Principles and examples of fair banking, • Lessons on what people should be aware of and ask for from their bank.	Banks should commit the necessary resources to ensure that all people have the information they need to understand the pathways to access fair banking services, including checking, savings, and loan products. This will benefit those who unfairly pay more to access financial services, or those who have more difficulty getting access to capital.
Provide access to technical assistance for loan applicants and borrowers based on their financial needs.	04.A.11. **Emerging**	Provide in-house technical assistance *or* a robust referral program based on relationships with qualified technical-assistance providers. Provide grants or other forms of compensation to the technical-assistance providers who serve bank clients. Train and mandate customer-facing staff to provide technical-assistance services, either as part of internal programs or as a volunteer to partner organizations.	All clients and applicants experiencing financial difficulty have been provided with, or referred to, qualified technical-assistance services. Compensation to technical-assistance providers has been commensurate with the volume of service they provide for bank clients. Training has been given to all customer-facing staff. Customer-facing staff's performance reviews evaluate the quality and frequency with which they deliver or provide referrals to meaningful technical assistance for customers and applicants.	Banks are given a public charter to operate. As such, they should commit to helping borrowers and loan applicants meet their financial needs, regardless of whether they are approved for a loan. To do this, banks can set up their own technical-assistance services. Alternatively, banks can refer borrowers to technical-assistance providers which the bank can support via grants and employee-volunteer hours.

OBJECTIVE

Provide education, counseling, and referral services to help applicants and customers get financial services that best meet their needs.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Provide in-house assistance, or give references for technical assistance to support applicants and clients specifically from BIPOC groups.	04.A.12. **Emerging**	Publish plan and goals; staffing, recruiting, and training materials; and referral program materials and requirements.	Has trained and deployed staff members that are of the same race, ethnicity, or identity as the bank's target customers, and applicants from BIPOC groups. Has referred customers formally to organizations focused on providing culturally competent services.	In addition to ensuring that borrowers have access to technical assistance generally, banks should ensure that they provide community members from BIPOC groups with referrals to organizations led by people of similar identities.

04.B. LOAN PRODUCTS

OBJECTIVE
Support the needs of prospective borrowers, particularly people from systemically excluded groups, through transparent underwriting.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Provide clear underwriting criteria to prospective customers.	04.B.01. **Essential**	Train customer-facing employees to explain underwriting decision-making criteria as clearly as possible to prospective customers.	Employees show proficiency in their customer support and understanding of underwriting criteria. Trains customer-facing employees at least once, and trains new hires when onboarding. Policies and procedures require customer-facing employees to offer underwriting criteria to all prospective borrowers.	Banks should seek to maximize the success of potential borrowers. For customers to be best prepared to apply for and receive a loan, they need to understand what the underwriting factors are, and what data is used to make lending decisions.
	04.B.02. **Emerging**	Make underwriting criteria for all loan products available to all prospective customers and borrowers.	Underwriting criteria information provided to all prospective loan customers is: • Clearly explained at a 5th-grade reading level, • Freely available to all prospective customers on a public page of the bank's website, • Provided by staff to all prospective borrowers, • Listed with the alternative data sources used, and • Offered in the primary languages of the bank's target customer groups.	

OBJECTIVE

Support the needs of prospective borrowers, particularly people from systemically excluded groups, through transparent underwriting.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Ensure loan collateral is fairly assessed to protect customers.	04.B.03. **Industry Leading**	Include loan collateral assessment in credit policy.	Credit policy prevents banks from making loans in which the collateral (car, equipment) is likely to lose its value or usefulness before the loan is paid off.	With the goal of making a loan payment option enticing to borrowers, some banks and lenders knowingly offer loan terms that are longer than the useful life and/or value of an asset, leaving borrowers owing payments on an asset they can no longer use. Banks should avoid such practices.
Apply the same underwriting criteria regardless of whether loan is originated, purchased, or planned for sale.	04.B.04. **Industry Leading**	Establish credit policy that covers purchase of loans.	Credit policy states that underwriting criteria for loans that the bank purchases are the same as those it originates.[1, 2]	Some banks/lenders apply less stringent underwriting criteria for loans they plan to sell, recognizing that the borrower's ability to repay is not necessary for them to sell the loans and make money. This can set borrowers up for loans that they will not be able to repay and can cause them significant financial harm. Banks should set borrowers up for success regardless of whether banks intend to keep their loans or sell them.
	04.B.05. **Industry Leading**	Establish credit policy that covers the sale of loans.	Credit policy states that underwriting criteria for loans the bank intends to sell are the same as those it intends to keep, and that the bank must vet buyers of loans the bank intends to sell.[3]	

1 — Office of the Comptroller of the Currency '2016 Survey of Credit Underwriting Practices': Bank Originations Hold Versus Sell Data
https://www.occ.treas.gov/publications-and-resources/publications/survey-of-credit-underwriting-practices/index-survey-of-credit-underwriting-practices.html

2 — Measures the debt-to-income, payment-to-income, disposable income; reviews updated credit-bureau reports for signs of financial distress post-loan such as increased credit utilization.

3 — Office of the Comptroller of the Currency '2016 Survey of Credit Underwriting Practices': Bank Originations Hold Versus Sell Data
https://www.occ.treas.gov/publications-and-resources/publications/survey-of-credit-underwriting-practices/index-survey-of-credit-underwriting-practices.html

OBJECTIVE

Support the needs of prospective borrowers, particularly people from systemically excluded groups, through transparent underwriting.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Establish processes that identify and rectify fair-lending concerns.	04.B.06. **Emerging**	Establish and implement bank policy that mandates: • Regular testing of all underwriting models for fair lending, • Modifications to underwriting models when fair lending concerns are discovered.	Bank policy has mandated annual back tests and analyses of its underwriting model(s) to identify and rectify any fair-lending concerns. Action has been taken to address any fair lending concerns revealed through testing.	Banks should seek to serve all customers equitably through their lending. Banks should conduct analyses to determine whether they are doing so.
	04.B.07. **Industry Leading**	*See Recommended Action above.*	Bank policy has mandated annual back tests and analyses of its AI and econometric model(s) that are designed to forecast the probability and timing of borrower defaults to identify and rectify any fair lending concerns. Test results that have revealed fair lending concerns have led the bank to develop plans to change the model(s).	
Use alternative factors to help a loan applicant show their ability to repay.	04.B.08. **Emerging**	Include information about the use of alternative factors in credit policy.[1]	Has credit policy that allows the use of timely bill payments, bank account information, small dollar loans, and other types of alternative data that indicate the applicant's ability to repay, in lieu of a FICO credit score.	Customers may have no credit history or are not scoreable (often due to issues of systemic racism that have left borrowers without the equity, collateral, or robust credit file used by banks to assess creditworthiness). Using innovative factors such as timely bill payments can validate the borrower's ability to repay and enable the bank to extend credit where it otherwise would not have done so.

1 — The State of Alternative Credit Data: *https://www.experian.com/assets/consumer-information/white-papers/alternative-credit-data-paper.pdf*

OBJECTIVE
Support the needs of prospective borrowers, particularly people from systemically excluded groups, through transparent underwriting.

OBJECTIVE
Offer loan pricing and terms that serve the needs and best interests of customers, particularly those from systemically excluded groups.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Use character-based and/or peer-based underwriting in lieu of requiring traditionally defined criteria of the 5 Cs (Collateral, Capacity, Capital, Conditions, Character) to evaluate applicants.	04.B.09. **Industry Leading**	Include the option to use character- or peer-based underwriting in lieu of the 5Cs in the credit policy, guidelines, and protocols.	Has credit policy that allows the use of character-based and/or peer-based underwriting as an alternative to the 5Cs.	Due to the impacts of systemic racism, applicants of color lack the robust credit file generally used by banks to assess creditworthiness. Banks seeking to advance racial equity should offer alternative ways for applicants of color to access credit that is independent of traditional underwriting criteria. Peer-based underwriting is a process in which credit decisions are made (or substantially informed) by community members who have personal relations with the applicant, and a deep understanding of local community conditions and needs.
Ensure that all loan products are designed to serve the needs and best interest of all customers.	04.B.10. **Essential**	Achieve through product design that is in the best interest of all customers, as well as appropriate loan policies, pricing, and terms.	Loan policy documents state a commitment to serve the best interest of all customers. Designs pricing and terms for all credit processes in the customers' best interest.	Banks should center customers' best interests and should not offer pricing or terms that would knowingly result in harmful impacts.
Specify consumer interest rate caps that make business sense, while protecting prospective customers from predatory lending.	04.B.11. **Industry Leading**	Achieve through appropriate annual percentage rates and consumer loan policies.	Consumer loan annual percentage rates (APRs) are as low as possible while still covering the bank's costs. Consumer loan APRs never exceed 36%.	Interest rate cap structures serve to benefit the borrower in a rising-rate environment, and to protect borrowers from predatory practices.

OBJECTIVE

Offer loan pricing and terms that serve the needs and best interests of customers, particularly those from systemically excluded groups.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Conduct race and gender equity analyses when any loan product is created or updated.	04.B.12. **Emerging**	Include a requirement to conduct an analysis for race and gender in all product development policies and protocols.	The design process for new and updated loan products requires staff to analyze and predict likely disparate impact based on a borrower's race or gender.	This analysis is necessary to ensure systemically excluded groups are not negatively impacted by a product's design and delivery, and that they are not adversely affected by product re-design.
	04.B.13. **Industry Leading**	Include alternatives to risk-based pricing in loan-pricing policy and guidelines.	One or more of the bank's loan products does not employ traditional risk-based pricing.	Borrowers from systemically excluded groups will appear as higher risk due to long-standing systems of oppression and financial exclusion. Risk-based pricing will cause these borrowers to experience unfair and inequitable costs. They should be afforded the opportunity to demonstrate their creditworthiness to avoid higher costs. Borrowers with equal loan amounts and repayment performance should have, by the end of the loan term, paid the same total in interest and fees. This could be performance-based pricing, rather than risk-based.

OBJECTIVE
Provide fair and compassionate collections processes.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Prohibit abusive debt collection practices.	04.B.14. **Essential**	Create and implement collections policies and procedures that prohibit abusive debt-collection practices. Align collections contractor agreements with internal policies. Create and implement staff and contractor monitoring procedures to enforce harm reduction policies.	Bank has implemented a zero-tolerance policy for abusive debt-collection practices. The bank and its contractors have not harassed, threatened, oppressed, or abused any person in connection with the collection of a debt. Staff and contractors assigned to debt collection have been monitored on a regular basis to ensure they do not engage in these practices. The bank has enforced these policies through performance reviews, pay, and potential termination to prevent or stop these tactics immediately.	Some banks and lenders employ unethical and unprofessional practices to scare people into making payments toward their outstanding debts. Banks must always treat customers with respect and work with them to determine a solution. They should also require any debt collection contractors to follow similar business practices.
Prohibit debt collection activities beyond the statute of limitations.	04.B.15. **Essential**	Create and implement collections policies and procedures that align with legal statutes of limitations. Align collections contractor agreements with internal policies. Create and implement staff- and contractor monitoring procedures to enforce policies.	Collections policies prohibit explicit attempts to collect a debt beyond the statute of limitations.	Some debt collectors continue to contact borrowers beyond the statute of limitations with the goal of making money from them. Banks and their contractors should not contact borrowers for repayment after their state's statute of limitations.

OBJECTIVE
Provide fair and compassionate collections processes.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Verify that the information provided in purchased loan portfolios is correct before attempting to collect on debt from borrowers.	04.B.16. **Essential**	Create and implement collections policies and procedures that require reviews of purchased loan portfolios. Align collections-contractor agreements with internal policies. Create and implement staff and contractor monitoring procedures to enforce polices.	Collections policies require the bank to independently review any outstanding debt from a purchased-loan portfolio prior to engaging in debt collection activities.[1]	Some financial institutions begin collections processes on borrowers in purchased-loan portfolios before checking whether the borrower should be in collections. Banks should keep their borrowers' best interests at heart and prevent causing them unwarranted stress and confusion.
Design collections processes to prevent unnecessary stress and financial hardship.	04.B.17. **Emerging**	Create and implement collections policies and procedures to prevent undue stress to borrowers. Align collections-contractor agreements with internal policies. Create and implement staff- and contractor-monitoring procedures to enforce policies.	Collections policies require staff and/or contractors to: • Inform borrowers in advance of applying late payment penalties, allowing them to make payments before incurring penalties.[2] • Proactively assist borrowers with options before incurring fees, negative credit reporting, repossession, legal action, or other penalties.[2]	While still protecting the bank's principal and seeking borrower repayment, banks should also work in the borrower's best interest and make efforts to help them avoid fees and negative marks on their credit, even if it results in lower fee-income for the bank.

1 — Collect data on: Borrower, the original creditor, any previous payments or collection efforts, and the previous owner of the debt.
More information on loan portfolio sales: https://www.lexisnexis.com/uk/lexispsl/bankingandfinance/document/391289/5C0P-DF41-F185-X029-00000-00/Secondary_trading_and_loan_portfolio_sales_overview

2 — See Resource G for examples.

04.C. FAIR DEPOSIT AND TRANSACTIONAL SERVICES

OBJECTIVE
Offer deposit and transactional services that serve the needs and best interests of customers, particularly those from systemically excluded groups.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Establish pricing to cover operating costs and allow for 6-10% return on equity (ROE).[1]	04.C.01. **Emerging**	Draft pricing policies and guidelines. Write financial reports for business lines. Write annual financial report for bank. Document bank policy, and investor agreements, on annual ROE.	Pricing policy and guidelines include a commitment to charge no more than necessary to cover bank costs. Bank policy and investors agree to a target average ROE of 6-10%. Policy includes a trigger plan to investigate when ROE is above or below target ROE in a given year and adjust accordingly. Average annual ROE over previous three-year period has been 10% or less.	Banks should implement a pricing policy which will cover operating costs and allow for a fair profit while generating reasonable returns for shareholders. Banks should not price their products based on the maximum price the market will pay for the product. In some scenarios, it may be prudent to price some products at or below cost to attract and retain those consumers who have been systemically excluded from traditional banking services.
Do not offer different or discretionary pricing or fee waivers for high-balance customers.	04.C.02. **Emerging**	Establish pricing policies, guidelines and price sheets that ensure staff do not offer preferential pricing or fee waivers for high-balance customers. Analyze monthly and annual fees charged to ensure parity for all customers regardless of balance.	Pricing policies and guidelines state that staff do not have discretion over pricing, except in cases of customer financial hardship. Price sheets show consistent pricing for customers, regardless of balance. Bank-provided analysis of total costs of accounts for all customers has revealed no consistent difference in costs for high-balance customers vs. low-balance customers.	Banks should not charge more for lower-average balance customers than those with higher-average balances. This can happen when banks allow fee waivers and other discretionary pricing decisions and offer these as incentives to join or stay at the bank.

1 — Beneficial State Bank practices adjusting fees based on costs. The Beneficial State Foundation will create a guide to support other banks.

OBJECTIVE
Minimize or eliminate overdraft fees to support financially vulnerable customers.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Support customers by preventing or lessening the impact of overdraft fees.	04.C.03. **Essential**	Post debits sequentially from the smallest to the largest amount to minimize the number of overdraft items.[1]	Bank has implemented policy.	When banks debit largest amount first, this can lead to several overdraft charges when smaller debit amounts are subsequently posted.
	04.C.04. **Essential**	Offer overdraft protection transfers.[2]	Bank has implemented policy to permit the transfer of funds from a linked account to prevent overdrafts.	Banks should institute overdraft protection as a vital safeguard.
	04.C.05. **Emerging**	Implement maximum number of overdraft fees allowable on deposit products charging an overdraft fee.[3]	Has charged maximum of once per month, or 12 times per calendar year.	Banks should limit the number of overdraft fees to lessen the impact to customers while still giving disincentives for overdrafts.
Evaluate if, and how, overdraft fees are applied for deposit accounts.	04.C.06. **Emerging**	Offer a consumer deposit product that does not include an overdraft function.	Has offered at least one account that does not include an overdraft function.	By having at least one account that does not incorporate overdraft functionality, banks give customers an opportunity to select an account that may have more restrictions.
	04.C.07. **Industry Leading**	Limit number of overdraft fees paid by customer per infraction.	Has consistently charged only one overdraft fee per infraction.[4]	Charging customers more than one charge for the same overdraft can lead to stacking fees on an account that already has a negative balance, increasing the customer's difficulty of getting to a positive account.

1 — https://woodstockinst.org/wp-content/uploads/2014/08/overdraft.pdf
2 — Linked Account: Savings or checking account that is connected to another account that can be accessed during an overdraft.
3 — Woodstock Institute Overdraft Fee Recommendations
4 — Extended overdraft fees https://www.valuepenguin.com/banking/bank-overdraft-fees

OBJECTIVE
Minimize or eliminate overdraft fees to support financially vulnerable customers.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Evaluate if, and how, overdraft fees are applied for deposit accounts.	04.C.08. **Industry Leading**	Allow no overdraft protection feature on any account unless customer proactively selects it.	Waits 30 days after account opening to offer overdraft protection.	Moving from opt-out to opt-in for overdraft protection allows customers to decide what is best for them as opposed to eliminating overdraft fees altogether.
Offer alerts to help customers avoid fees, negative balances, or other preventable problems with their accounts.	04.C.09. **Emerging**	Publish policies and procedures regarding alerts. Communicate alert schedule to customers. Update technology settings to include automated alert features.	Bank policies and procedures require staff to offer customers the option to utilize all automated alert features to help them manage their accounts and avoid fees. Customer-facing product materials include clear and visible information about any available alert options. All possible customer alert features are configured to be enabled in the bank's IT systems.	Many banks gain significant revenue through fees that customers could avoid, if given relevant information in a timely manner. Banks should leverage all available technology to help customers manage their financial affairs in a more effective manner to avoid unnecessary fees.
Continually seek and offer features that set customers up for success.	04.C.10. **Emerging**	Publish product development policies that mandate an evaluation of likely impact and intention to maximize benefits to customers.	One or more policies have stated the bank's commitment to continually find and implement features that set customers up to live better financial lives. One or more products or features have launched within a three-year period that offer clear new or improved benefits to customers.	Banks should continually work to make products and services more beneficial for their customers. Even when changes might not be beneficial for the bank from a short-term financial perspective, there could be long term gains from a stronger relationship with their customers.

OBJECTIVE
Serve the needs and best interests of those from systemically excluded groups.

Standard	No. Level	Recommended Action(s)	Required Threshold	Intent and Clarification
Offer accounts and features specifically designed to support financially vulnerable customers, or those having difficulties opening traditional bank accounts.	04.C.11. **Emerging**	Create an account that offers one or more of the BankOn *Strongly Recommended* features.	Offers one or more accounts that meet one or more of the BankOn *Strongly Recommended* features.	Banks' minimum balance requirements can limit the economic power of people of color by requiring more earnings to be sequestered in checking accounts where they cannot be used. Some banks allow different pricing in different geographies, which results in customers of color paying more for opening and maintaining basic, entry-level checking accounts. Banks provide essential transactional services in society and should offer at least one transactional account to serve people at all levels of income, wealth, and financial stability, and should offer critical services such as money orders and check cashing to non-customers.
	04.C.12. **Industry Leading**	Create an account that offers all the BankOn *Strongly Recommended* features.	Offers one or more accounts that meet all BankOn *Strongly Recommended* features.	
Offer essential transaction services to non-customers.	04.C.13. **Emerging**	Provide money order and check-cashing services to non-customers at reasonable rates.[1]	Services are available to all non-customers and are not priced higher than needed to meet the bank's costs to deliver them.	

1 — Banks that cash checks without an account: *https://firstquarterfinance.com/banks-that-cash-checks-without-an-account/*

CORPORATE CITIZENSHIP

The Corporate Citizenship standards urge banks to advocate for regulations and to support campaigns that protect the planet and advance well-being and equity for people, particularly those from systemically excluded groups. Many banks may not participate in direct advocacy. To allow for a less cumbersome experience, this section has been altered to focus only on the Standard itself, as well as its corresponding Intent and Clarification component. The Recommended Action(s) and Required Threshold are the same for each standard to make for a simple and straightforward self-evaluation tool.

OBJECTIVE
Advocate only for policies that serve the public interest.

Standard	No. Level	Intent and Clarification
Advocate for strong regulatory bodies to advance and support the public interest.	05.A.01.	Financial institution regulatory agencies serve an important public purpose: to shape and protect the welfare of the economy and society. Banks wanting to protect customers, workers, and businesses must advocate for strong regulatory bodies. This does not mean allowing imprudent behavior by regulators, but passionately supporting the strength of the regulatory bodies themselves. Examples include CFPB, FDIC, OCC, NCUA, and the Federal Reserve Bank. At a minimum, banks should not lobby against these agencies. Banks seeking to meet Emerging and Industry Leading levels must advocate for them. Historically, banks have fought against the creation or strengthening of government agencies or bodies that were intended to regulate their practices in favor of the public interest. The public expects financial industry regulators will implement rules that improve the financial well-being of consumers. From this perspective, strong regulatory bodies play an integral role by protecting consumers from the harmful, irresponsible, and unethical actions of banks. To serve the public interest effectively, banks should voice their public support of the regulatory bodies working for a more just and equitable society.
Advocate for financial protections for customers, specifically those with less power.	05.A.02.	Predatory lenders have used aggressive tactics and unfair loan terms to take advantage of low-income consumers and those experiencing financial hardships. Predatory lenders often target the most vulnerable, harming Black and Latinx groups in particular. Discriminatory mortgage practices have exacerbated the racial wealth gap with Black homeowners having acquired little more than a quarter of the housing wealth of white homeowners. In the U.S., laws at the state and federal level were crafted to protect borrowers, but they do not outpace evolving predatory practices. Banks should voice their public support for financial protections that serve the interest of vulnerable consumers, communities of color, and those who have been systemically excluded. At a minimum, banks should not fight against them. Instead, banks seeking to meet Emerging and Industry Leading levels must advocate for them. One such pillar of protection for vulnerable consumers was the enactment of the Equal Credit Opportunity Act (ECOA).
Advocate for disclosures and transparency.	05.A.03.	Disclosures and transparency regulations ensure banks honestly and clearly explain fees, terms, and operational policies to help customers make informed decisions. Banks should be in favor of regulations that support ethical banking practices and accelerate corporate responsibility. Examples: • Regulations to help consumers comparison-shop for accounts. • Federal banking regulators assessing the extent to which customers receive disclosures on fees, and account terms and conditions prior to opening an account. • Federal banking regulators taking steps to ensure that disclosures continue to be made available to customers.

Objective	Standard	No. Level	Intent and Clarification
OBJECTIVE Advocate only for policies that serve the public interest.	Advocate for stronger penalties and stricter enforcement when banks engage in illegal and unethical practices.	05.A.04.	Bank regulations, laws, and public policies should come with meaningful penalties to effectively deter illegal and unethical behavior. Current penalties for many bank violations have not proven sufficient to deter harmful practices. Beyond financial penalties, regulators must hold senior executives personally liable for unethical and fraudulent activities. Regulators should prevent banks from opening new branches and prevent mergers and acquisitions until they have demonstrated an ability to operate in a responsible manner.
OBJECTIVE Support proactive community investment efforts by the government.	Advocate for public financial investment in banking-related efforts that support the public interest.	05.A.05.	Banks should advocate for public investments into low- and moderate-income communities, as many of these community members are underserved by the traditional commercial banks. Banks should also advocate to allow Community Development Financial Institutions (CDFIs) expanded access to a wide variety of programs enabling them to better serve systemically excluded groups. Examples: • Support expanding and increasing the Community Development Financial Institutions (CDFI) Fund. • Support other public investments to CDFIs, Minority Depository Institutions, loan funds, and micro-finance institutions. • Advocate for the launch of complementary financial services such as public and postal banking.
OBJECTIVE Advocate for more racial and economic equity.	Advocate in favor of greater and broader corporate accountability and responsibility for banks.	05.A.06.	Banks, like all businesses, need to remain accountable not only to shareholders, but also to their employees, customers, and communities. Banks should support a more expansive view of corporate accountability and responsibility. Examples of such public policy measures: • Support a minimum 35% corporate tax rate. • Accountable Capitalism Act of 2020. • For the People Act of 2019. • Nasdaq Rules on Board Diversity.
	Support regulations requiring demographic and racial data collection.	05.A.07.	The collection of customer demographic data by banks can play a key role in assessing whether they are effectively serving all members of the community. By advocating for regulations requiring the collection of demographic data and the publication of ethical use guidelines, banks will be in a better position to develop targeted products and services to serve systemically excluded groups.

OBJECTIVE
Advocate for more racial and economic equity.

OBJECTIVE
Advocate for the safety and soundness of the financial system.

Standard	No. Level	Intent and Clarification
Advocate for laws, public policies, and actions outside of banking that promote social equity.	05.A.08.	When banks dedicate time and resources to advocate for social equity in laws and public policies outside of the financial services industry they show real commitment to social equity. Examples of banks advocating for social equity include showing public support for: voting rights, pay-equity laws, living-wage laws, or forms of reparations.
Support regulations that stranghen the safety and soundness of the financial system.	05.A.09.	Regulations ensuring the safety and soundness of the financial system require banks to avoid risky practices that often have the potential for high returns. The Great Recession of 2008 was the result of years of continual de-regulation and numerous examples of banks engaging in high-risk, high-reward behaviors that harmed their own customers and collectively harmed the global economy. Banks must support regulations, bills, and acts that ensure banks operate in a safe and sound manner, and prevent any single bank from growing so large that its failure would have a detrimental effect on the broader economy. Examples include the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Measure for Each Level of the Corporate Citizenship Standards

ESSENTIAL

Refer to 'Essential' Required Threshold on the following page.

EMERGING

Proactive advocacy

- Write internal policy position documents or plans.
- Educate staff using presentations from internal experts or external advocacy organizations and research papers.
- Create self-audits, set benchmarks, and make efforts to meet them.
- Endorse advocacy campaigns.
- Make public statements on website, in social media, and in branded materials about your bank.
- Participate in industry groups efforts, such as advocacy days and other speaking opportunities to legislators and regulators about measures.
- Become a steering committee member.
- Display a pattern of support, or a recognizably consistent series of related actions that show support.

INDUSTRY LEADING

Significant proactive advocacy

- Communicate public policy and advocacy positions to all bank staff.
- Donate in-kind staff time to a campaign or organization.
- Get other banks to join in the effort.
- Require governmental relations team to engage in activities related to their particular focus area.
- Become an executive committee member.
- Lead industry groups to speak, or independently speak, to legislators and regulators about a measure.

- Support an advocacy organization financially.
- Give time or money contributions to support Political Action Committees or legislators aligned with the public policy.

REQUIRED THRESHOLD BY LEVEL

ESSENTIAL

The bank meets this threshold when it has:

- No evidence of any actions indicating *wholesale* support for a regulation, public policy, or law that is harmful to, or favors banks over the public and the planet,
- No evidence of any actions that indicate *wholesale* opposition to a regulation, public policy, or law designed to support the interest of people or the planet, and
- An affidavit or written attestation by the bank that has not taken these actions.

Exception: Wholesale support or opposition is a broader stance about regulation of something overall. However, a bank can have concerns about the effectiveness of a measure. A bank may meet the standard if its advocacy against a particular regulation, public policy, or law is coupled with a sound and reasonable alternative approach supporting the interest of people with the least bargaining power, and the planet.

EMERGING

The bank meets this threshold when it engages in one or more *Emerging Recommended Actions referenced above* showing it is involved in proactive advocacy in favor of the public and the planet.

INDUSTRY LEADING

- Engages in <u>one or more</u> *Industry Leading Recommended Actions* referenced above showing it is involved in significant proactive advocacy in favor of the public and the planet, and
- Advocates for transformative laws, public policies, or regulations that would significantly change banking practices in favor of people and the planet. This action generally involves risking/sacrificing power or the prospect of more wealth, income, financial health, or well-being, in favor of people and the planet, including practices like:
    - Capping fees or interest rates,
    - Limiting executive pay,
    - Setting wage minimums,
    - Not lending to industries that are profitable but harmful,
    - Charging significant penalties for violations such as high fees or criminal penalties,
    - Limiting lobbying for bank interests.

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