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THEORETICAL GROUNDING FOR SUSTAINABILITY REPORTING: A COMPARISON BETWEEN INDIAN AND EUROPEAN BANKS

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***Abstract**: Sustainable development (SD) is gaining acceptance leading organizations to engage in non-economic activities, connect with a larger stakeholder beneficiary group consequently contributing to the over-all development. Banking industry, stereotypically known to hold a myopic focus on economic returns has evolved practices like impact investing, where both the financial and non-financial contribution is assessed and performance is disclosed in annual reports (AR) and/or sustainability reports (SR). These reports provide rich information – qualitative and quantitative, of the non-financial activities, present the firms focus on SD and cater to the conflicting demands of stakeholders. This study analyses the sustainability reporting of the top 60 banks – 20 Indian, European and International banks to investigate the focus of their non-economic disclosure and analyse them through the theoretical lens of accounting disclosure theories – Legitimacy, Institutional, resource-dependency and stakeholder theory (Chen and Roberts, 2010) .*

Content Analysis of AR's and SR's was done with an initial list (119 words) culled out of literature (academic articles and practitioners reports) and pilot tested on 6 reports; words which did not have a match were dropped and a final list of 30 words was used for analysis. Results indicate that banks focus upon areas which cater to the immediate and elementary needs of the business eco-system like Energy; agriculture, wind and water. All these have a definite social consequence. Results find support in the resource-dependency and legitimacy theories. Findings provides impetus and grounding to recent non-financial activities like positive impact financing, social responsibilities handled by hard-core financial institutions like banks.

***Keywords**: Sustainability Reporting; Theories of non-financial disclosure; Banks, Positive Impact Finance.*

Introduction

Business is the current world is definitely going beyond limiting itself to its core activity of economic returns and consequently engaging itself into spheres which brings about a large-scale overall impact on the development process of all stakeholders - direct and indirect allied parties. One of the most critiqued sector for holding a myopic focus towards the concept of development as economic development only has been the finance industry comprising of banking, insurance and other sectors. They have been accused of limiting the scope of their activities to revenue generation but with concepts and practices like 'Positive Impact Financing' (PIF), corporate social responsibility etc. a distinct shift in the role of the finance sector in the development process has been noticed. PIF is an action tool proposed by the banking sector which drives investment decision to ensure that an 'integration of environmental, social, and economic concern' (Dernbach, 2003; Stoddart, 2011). The Banking Commission of the United Nations Environment Programme Finance Initiative (UNEP FI, 2015) released the "Positive Impact Manifesto" which put forward a strong argument for a new financing paradigm to make PIF a reality by including players that lie at the heart of the economy (banking sector) and therefore lead a transformation of businesses, entrepreneurs and corporates. Putting it simply, the alignment of the environmental, social and economic concern indicates a perspective towards sustainable development (SD). SD has been defined as the "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 2007).

PIF is gaining momentum because it holds a measurable, outcome based view where equal emphasis is paid on the areas of investment and measured social, economic and environmental impact of such investments. The banks have in the past been engaged with socially pertinent activities like Corporate social responsibility (CSR), subsidized financial products, donations and charity to achieve SD but these initiatives have been marked by subjectivity and lack of measurability, a lacuna filled in by PIF. Specific parameters and industries for financing have been identified, objectively defined stages of impact have been marked out with a specific communication to be made, based on which points denoting the degree of impact shall be attributed (SocieteGenerale, 2015). With a laid of process including details about quantified communication, an analysis of the banks against the laid of process would make an interesting piece of work. The communication made through the annual and sustainability reports would indicate the focus on the areas to which finances are let out, by the banks around the globe – Indian, European and International and the subsequent points generated would indicate their PIF performance. This brings out a critical research question probing into the theoretical explanation of the activities and disclosures made by the banks around the globe. The current paper attempts to assess the development of PIF as a concept and theoretically explain the disclosures and performance of the banks.

Literature Review

Development: Varied Meaning and Understanding

Debates on development around the world are throwing up a single question, 'what is true development'? The responses range from the traditional view of development where it was understood as an addition to the economic progress made by a community or nation to the modern definition where it has been seen as the prevalence of an opportunity to have freedom and make choices (Sen, 2001). The term "Development" in an academic as well as non-academic perspective has diverse meanings. According to the Oxford dictionary, the word connotes the following important characteristics

- It is a “process”
- Indicates a “good change” in the situation

Literature on development studies embraces several distinct and interrelated understanding of the term, ‘development’, and in accordance to the meaning attached to it, the development strategies are designed to change the existing economic and social structures in order to move towards a better or desirable state in the society (Hettne, 1995). In an economic sense the word development has frequently been used to indicate the state of an economy like “developed economies”, “under developed economies” and “developing economies” all of which describe the state or extent of economic development (Toye, 1995). According to Soeftestad and Sein (2003) developed economies showed elements of “modernity” such that it resulted into higher productive capacities especially through industrial revolutions. Over a period of time developed economies showcased an outline which could be applied with ease to less developed economies in order to become “developed”. This essentially rested on economic advancement which could be achieved through the process of industrialisation (Bernstein, 1971). The influence of modernisation got embedded into development strategies and policies at various levels with the foremost instance being adopted by the United States of America. However, in the late 1960’s and 70’s criticisms were raised against the notion of modernity since there were several business enterprises that relied heavily on traditional know how and social set ups that helped augment growth. As Raphley (2007) puts it, development in the widespread developed societies was understood to be ‘synonymous to industrialization…(of which) the ultimate goal was fairly clear: to raise incomes and in the process give poor people access to the range of goods and services’. Soon the term “good change” encompassed a wider perspective which included the socio-economic structure of the developing economies.

The debate on human-centred development was taken up by the World Bank in 1991 which was presented as the ‘World Development Report’. It stated that, “the challenge of development… is to improve the quality of life’. It further specifies the need for income in the case for under-developed economies of the world but goes on to state that, ‘it involves much more… better education, higher standards of health and nutrition, less poverty, a cleaner environment, more equality of opportunity, greater individual freedom, and a richer culture life” (World Bank, 1991). Amartya Sen’s work is of great significance in this respect. According to him development which indicates good change cannot be measured by the income or utility function. At the core of the development debate is the “capability of a person”. A good change would be a system or processes where people can increase their capabilities. Development is thus enabling people to improve their capabilities (Sen, 1999). This paradigm change in the understanding of the term development was soon recognized by the United Nations when they mentioned that “development is to create an environment in which all people can expand their capabilities and opportunities can be enlarged for both present and future generations” (UNDP, 1994). The term sustainable development (SD), expounds the broad-based understanding of the term development.

Economic Development Vs Sustainable Development

Debate about SD has been marked by a categorical segregation of economic and non-economic activities (Liisa and Petri, 2016) based on the assumption that economic activities focus on economic growth which entails rise in the GDP, per capita income and increases the consumption ability of the people. But it has been argued that exclusive **economic growth** brings along certain negative effects like environmental degradation and adverse impact on the quality of life (Jackson, 2009). The issue of quality of life was addressed when the view of economic growth expanded to **economic development** which was more encompassing term and includes attributes of quality of life along with economic prosperity (Latouche, 2009).

Therefore, economic development means increasing national income (economic growth) and also focuss upon the well-being of the majority of the population. Economic development has the potential to eradicate poverty and handle a few social issues, but when the environmental, social and human losses that arise due to economic development are more, then the net result is negative. Bellù, (2011) puts it, 'development of one part of the system may be detrimental to the development of other parts, giving rise to conflicting objectives (trade-offs) and conflicts.' This seems to be completely true of the result of single-minded attempt at economic development. Growth that results into over consumption of natural resources which are required by future generations, increase in income inequality and higher unemployment is not sustainable. SD corroborates economic, social and environmental development which is important and not mere economic growth (Soubbotina, 2004). SD rests on the ideology of "fair and just" and equitable development which stems from morality (Starkey and Walford, 2001).

SD as defined by UNWCED harps on the relationship between economy, society and environment. There were more than 70 definitions of SD used by practitioners and researchers (Holmberg and Sandbrook, 1992) which spill in from various disciplines like ecology, economics, philosophy; moral values to which sustainability can be linked to. Sustainability discourse has also evolved over a period of time. It initially focussed on environment and ecology but gradually arguments from other disciplines supplemented the sustainability debate encompassing elements of society and economics. In the current times SD is an ideal convergence of economic, social and environmental concerns, poised in tandem to achieve optimal all round growth and development.

The WCED identified the objectives of SD as under:

- Reviving growth
- Changing the quality of growth
- **Meeting essential needs for jobs, food, energy, water and sanitation**
- Ensuring a sustainable level of population
- Conserving and enhancing the resource base
- Reorienting technology and managing risk
- **Merging environment and economics in decision making**

The WCED also identified the systemic changes required for achieving the objectives of SD. The enablers that would help achieve SD are as follows:

1. A political system that secures effective citizen participation in decision-making
2. **An economic system that provides for solutions for the tensions arising from disharmonious development**
3. A production system that respects the obligation to preserve the ecological base for development
4. A technological system that fosters sustainable patterns of trade and finance
5. An international system that fosters sustainable patterns of trade and finance
6. An administrative system that is flexible and has the capacity for self-correction

Financial Institutions and SD

Banks play the role of an intermediary in an economic system and can be an effective enabler in achieving SD (Jeuckem and Bouma, 1999) if they are able to provide 'solutions for the tensions arising from disharmonious development' (WCED). Most banks have been criticized for focussing singly on economic growth and contributing to the monetary progress of a nation or community. Kaya (2010), states that in the recent years banks have begun to show inclination towards the environmental and social effects of the financial services and research shows that financial services can help in achieving the sustainable development goals (SDG) 2030 (Klapper, et.al , 2015) . Banks can help in reducing income inequalities (Banerjee and Newman

1994; Galor and Zeira 1993; Aghion and Bolton 1997; Beck et al. 2007), increase savings (Brune et al. 2015; Dupas and Robinson 2009; Karlan et al. 2014; Pande et al. 2012) increase the product yield of the farmers and meet the hunger needs of the population (Karlan et al. 2014; Cole, Gine, and Vickery 2013), promote gender equality with a special focus on empowering women (Ashraf et al. 2010; Aker et al. 2014), providing access to clean water and sanitation facilities which can help sort health problems (Duflo et al. 2012). Financial services can also aid in promoting access to energy and help in promoting clean energy (Kumar and Tellez-Merchant 2013).

Several banks have begun to work in this direction and governments around the world are promoting banks to play a prominent and positive role in the process of sustainable development. Banks have innovated and come out with sustainable financial products, have begun to green their own operations but an effective tool has been impact investing who has led to evolution of the Positive Impact Finance (PIF)

Banks use PIF to SD

PIF evolved out of the impact Investing which was defined as "using profit seeking investment to generate social and environmental good". The objective of social and environmental good while making investment decisions is not new. Terms like "value based investing", "Sustainable investing", "Ethical investing" and many others suggest a similar underlying meaning. What sets Impact investing apart is the emphasis it lays on measurement of the "impact" and seeks to identify common metrics that can be used by the finance fraternity while measuring the impact of funding ventures. The "evidence" of tangible social and environmental impacts is a major thrust area. There is little debate over the vital role that impact investing plays in achieving SD. For organizations to be able to impact the 'Bottom of the Pyramid' (Prahlad and Hart, 2002) and be able to survive the initial liquidity and profitability issues, it is important that finance is raised from the 'right source'. The investor and the investee have to be in sync as far as the ultimate objectives of the project are concerned. Freireich and Fulton (2009) categorize investors in two types depending upon the priority on financial and non-financial returns i.e. "financial first" and "impact first".

Essentiality of Communication/disclosure to assess PIF/SD

Reporting about the SD activities by the organizations falls under two categories – mandatory reporting and the voluntary reporting by the organizations. Mandatory reporting is stipulated and is a part of the legal framework and policy enforced on organizations by the governance authority of the countries. Voluntary SD disclosure is the discretion of the organization for which they may follow the internally designed disclosure framework or the internationally accepted frameworks like global reporting indicators (GRI), International Integrated Reporting Committee (IIRC), ISAE 3000; AA1000 etc. SD communication is growing because technology and information link-up is making transparency and accountability almost inevitable, rising stakeholder activism and mediation by non-profit organizations exert pressure on the organizations to disclose their activities and report the over-all (economic, social and environmental) impact of business. SD reporting is becoming a tool for decision making for both internal and external stakeholders and therefore the future only anticipates a rise in the SD reporting (GRI 2015).

Characteristics of SD Reporting/Communication

Over years SD reporting has evolved from being a generic, textual narrative account to a specific metric based reporting. The extent – both breadth and depth of reporting has grown over a period of time. There are varying disclosure parameters and the information is a mix of qualitative and quantitative. Certain details of the SD cannot be quantified like activities into gender rights for which organizations present the pre-post scenario detailing the degree of impact made and the resultant change in the state of affairs once the organization involved itself into social and environmental activities.

PIF which is a relatively new zone in the area of sustainable financing and deals with the financial industry holding a specific focus on the banks. PIF attributes measurement to the social and environmental activities of the banks and its document by Societe Generale (2015), has laid out a method of reporting the non-economic activities (social and environmental) of the bank. Performance of the PIF of the banks is calculated on a scale of 0-4 with specific providing descriptors attached for each point ranging from 'No Impact' to 'positive impact'(Appendix 1)

Theories of corporate social disclosure

Corporate social disclosure has been growing over a period of time and as Gray, et al. (1995) indicated that the essentiality of theory is to make 'compatible interpretations of evidence' and with the growing social and non-economic activities and communication by organizations, understanding their theoretical basis is important. Roberts and Chen (2010), argued that organizations engage in social and non-economic activities for 2 reasons –a direct interface with stakeholders outside the organizations and understanding that their needs propels organizations to get into action (stakeholder view) or else they initiate social activities to manage their legitimate position and fulfill the expectations that society has from organizations (legitimacy view). The 4 theories of social and accounting disclosures are – legitimacy theory, institutional theory, resource dependence theory, stakeholder theory. These theories have a distinct focus but overlap each other which indicates that the phenomenon of social disclosure rests upon varying similar and overlapping purposes.

Legitimacy Theory: The theory is laid on the idea of the 'values' of an organization and their sync with the society in which it operates. Lindblom, (1994) and Suchman (1995) emphasized in this theory the need for congruency between the expectation of the society and the actions of the organization. Society supports the functioning of an organization which fulfills its needs and therefore organizations make an attempt to **design and communicate about their activities such that they are viewed as legitimate**.

Institutional Theory: Similar to legitimacy theory, the institutional theory also focusses on the relationship between the organization and society with an **emphasis on the institutionalized norms, rules, structures and processes established by the organization** has established to meet societal expectation and gain social support. Thus, the institutional theory is the 'pathway to legitimacy'. DiMaggio and Powell, (1983) and Meyer and Rowan (1977) emphasized that institutional theory is the concrete action of the organization to garner legitimacy.

Resource Dependency Theory: Pfeffer and Salancik, (1978, 2003) posit that the organizations growth and survival is dependent upon the external environment and thus there is an inevitable association between organization and the external environment. The organizations are not self-sufficient and self-contained and rely on the environment for resources therefore **to gain access to these resources** organizations engage in activities to negotiate their standing in the environment.

Stakeholder Theory: The theory focusses on the stakeholders as the constituents of the environment (Freeman, 1984) and their relationships, demands and the varying impact on the organization (Clarkson, 1995). Each stakeholder expects the organization to act favorably and often the expectations of the stakeholders may vary and at times be conflicting as well. The organizations base their non-economic activities and disclosure to receive support and approval from the influential groups and manage the conflicting demands of the stakeholders.

A summary of the theories and their focus is presented below in table 1

Theoretical Framework

Table 1: Summary of the Accounting Disclosure Theories

Theory	Study Focus
Legitimacy theory	How firms manage their image when the social expectation is assumed and the target audience is not explicitly named.
Institutional Theory	The adoption of a specific corporation structure, system program or practice that is commonly implemented by similar organizations.
Resource Dependency Theory	The dynamic interactions between two competing and complementary organizations
Stakeholder Theory	Unexpected social or environmental activities undertaken by the corporation.

Source: Chen and Roberts, (2010).

Methods

Objectives

- To gauge the development and practice of PIF in real world and analyse the theoretical underpinning of the same.
- To compare the PIF activities of the Indian, European and International banks.

Data

Top 60 banks; 20 banks in each category – Indian, European and International (relbanks.com, 2015) were identified and their annual reports (AR) and sustainability reports were downloaded from their websites to be used as the data set (Appendix: 2). Since the objectives of the study have a high qualitative attribute and in the absence of any ear-marked PIF document released by Banks, content analysis on the AR's and sustainability reports was made. AR's have found place as a credible tool for academic research (Clatworthy and Jones, 2001) and as Stanton and Staton (2002) put it, AR's in the contemporary business environment are much beyond compliance and mere legal declarations but are instead a highly 'sophisticated product' of a 'competitive corporate environment' which is used as tool of communication to convey the 'personality and philosophy' of the organizations(Anderson and Imperia, 1992) and are a means to construct 'visibility and meaning' of a company (Hopwood, 1996). The communication made through AR's to measure the PIF performance of the companies is also based on the research validation put forward by Chambers et al. (2003) where they prove that 'the greater the extent of the reporting, the more engaged the company is with social activities and the more seriously it is taken therein'.

The description of the social activities as detailed in the AR was analysed to find evidences and validation of the theories of the corporate social disclosure. The analysis was divided into two phases – I and II.

Phase–I: A word list was created through literature review on the assessment and measurement of PIF (SocieteGenerale, 2015; IFC, 2015; GRI). The initial list comprised of 119 words which were used as the first list for lexical search. A pilot analysis of 6 reports (two from each category) was done and words which did not throw up any search results were dropped from the list. Further an inter-researcher validity was tested through the triangulation method, which as Cox and Hassard (2005) put, "is of developing a more effective method for the capturing and fixing of social phenomena in order to realize a more accurate analysis and explanation." Review and discussion about the findings of the two researcher with different results was done and allotment of PIF scores was made. The word list was revised to reduce duplication. The new word list contained 30 words. This was the final list used for content analysis. MaxQDA was used for word search and contextual reading of the words.

Phase–II: Once the frequency list of PIF indicating words occurring in the AR and sustainability reports was prepared, the contextual reading of the words were done. This was once again done by two researchers to ensure objectivity and neutrality. Scores were assigned to each occurrence of the word as per the score scheme prepared through Societe Generale (2015) (Appendix 1). Evidences from the texts were culled out to establish the theoretical underpinning of the social disclosures made by the banks.

Results and Discussion

Table 2: Frequency List and PIF Scores

Areas of Impact	**Frequency**	**%**	**PIF**	**%**
Agriculture	460	19.53	533	20.83
Wind	114	4.84	123	4.63
Water	316	13.42	390	14.69
Healthcare	191	8.11	196	7.39
NGO	43	1.83	46	1.73
Primary Health	1	0.04	1	0.03
Women Health	2	0.08	2	0.08
Below Poverty Line	7	0.30	10	0.38
Non-OECD	6	0.25	1	0.04
Rural Areas	51	2.17	86	3.24
Energy Efficiency	65	2.76	126	4.75
Right to Education	1	0.04	1	0.04
Energy	1055	44.80	1117	42.09
Food Security	43	1.83	22	0.83

Source: Authors

As reflected from the table above that PIF is still in its nascent stage and there is a lop-sided focus on various areas which the banks can target to promote sustainable development. Certain areas like agriculture, energy, water and wind seem to drawing larger attention than others like education and healthcare.

Banking sector across the globe needs to be more actively engaged in the over-all development process as evident from the results of table 1, that of the initial list of 119 words, each indicating an area through which sustainable development can be fostered only 14 areas find mention of which only 3 activities – agriculture, water and energy have more than 10%

focus while others can be safely seen as random and scattered efforts which shall certainly not be able to make a large scale impact on the over-all development process. Banks need to attend to the broader needs of the community and the environment and work to enhance result-oriented measurable positive impact.

With 'Energy' holding over 40% focus of the banks, a deeper analysis of the non-economic activities of the banks across 3 categories – European, Indian and International (table 3) reflected that the banks focus upon the local needs (regions they belong to). This can be safely concluded for European and Indian banks since they cater to a region which has definite and specific social and environmental needs which is also supported as a national or a regional agenda and therefore further supported by the banks of the region.

Table 3: Comparison of the European, Indian and the International Banks

Words	Banks								
	European			India			International		
	Freq	PIF Score	PIF Score 1	Freq	PIF Score	PIF Score 1	Freq	PIF Score	PIF Score 1
Agriculture	88	98	19	***243***	***163***	***166***	104	79	39
Energy	***396***	***496***	***179***	189	107	145	***336***	***427***	***87***
Energy Efficiency	25	56	6	15	19	9	1	0	1
Healthcare	79	20	70	76	2	75	72	9	68
Water	120	51	102	122	57	107	110	49	93
Wind	59	64	35	7	11	3	33	39	18

Sources: Authors

A comparison of the performance of the European, Indian and International banks reflects the distinct focus which banks of each category have. While the Indian banks are clearly more focused towards 'agriculture', the European banks have 'energy' as their focus area. Additionally, all European banks have a higher PIF score as against the Indian and the International banks. Indian banks have a high PIF score of 1 indicating a lack of measurement in their communication of the social and environmental activities.

The banking sector across the globe needs to attend to the broader needs of the community and the environment and work to enhance result-oriented measurable positive impact. The areas of impact to achieve the SDG-2030 hold a broad horizon of human activities where socially and environmentally supportive actions from the firms are expected.

Results justify the need of the scientific community and the policy makers to debate and create frameworks which push the financial institutions towards sustainable development. Exclusive focus on achieving higher financial returns need to be re-considered and equally activities of the financial. Banking institutions which work in areas of sustainable development but are not able to produce measurable impact seem equally futile. SD is action oriented and therefore involvement of the institutions in the SD activity to make a positive difference and achieve the SD goal is essential.

Theoretical Underpinnings of the disclosure

The top 3 disclosure areas shall be discussed understand the underlying theoretical focus of the banks.

Agriculture as an area where PIF activity and disclosure is clearly done based on the legitimacy and institutional theory. Legitimacy theory justifies the disclosure because the banks have mentioned that since agriculture is the core activity for a large part of the population therefore they lent to the farmers and disclosures of certain banks, with a higher PIF score, rests on the institutional theory because the banks have created institutional systems and process like smart cards for farmers, special investment and deposit schemes to promote savings and financial well-being of the farmers: because the target audience is extremely spread out and scattered especially in the India. State Bank of India (2015) mentions its ARs that, ‘agriculture is mainstay of the nation with a large part of the population engaged in farming. Most of these farmers are small landowners and therefore their knowledge and understanding of both scientific ways of farming and access to funds to is limited. We therefore supported in providing funds for high-yield crops and introduced ‘Kisan smart card’(KSC) through which the yield grew and increased by 17% over the previous year and in regions of Maharashtra, the savings of the farmers gathered through KSC also saw a rise of 5%’ (State Bank of India, 2015)

Energy and Water: Legitimacy, institutional and resource dependency theories back the disclosure of the banks in these areas. Legitimacy theory backs the banks disclosure because energy and wind are essentials to human existence and have a large-scale impact on the population and environment at large therefore working in these areas brings a congruency between the values and expectations of society and the activities of the banks. ‘Energy is a focus area of the bank and we have been committed to this current essential need’ (ING Group, 2015).

But the actions of the banks are well backed by systematic processes and institutionalized norms to ensure that the activities produce the desired results. ‘We give precedence to energy projects over industrial projects and the past one year has seen a rise of 5% energy backed projects’ (Syndicate Bank, 2015); ‘Energy support cell has been formed at the branch level to escalate the information about energy to the central office to expedite the clearance of the energy projects’ (HDFC Sustainability reports 2015); ‘Energy as a criterion for evaluating and clearing projects’ (IDFC, 2015). Group BPCE (2015) in its annual report mentions, that it has ‘funded more than 8—solar, wind and hydropower projects and as a policy it has been decided that wind projects shall be the focus in the coming year’. Institutional theory purports the disclosure of the banks in areas like energy and wind.

Needless to say, that the resource dependency theory is essential and an integral part of the disclosure because the areas of focus of the banks are natural resources which are essential for the smooth and successful working of the banks. This is specifically more relevant to areas like energy which directly contributes to the functioning of the banks and its need rises as the banks grow and increase their operations.

Conclusion

Sustainable development is a broad term and positive impact finance (PIF) is one of the action tools engaged by the banks to make a substantial difference to SD. PIF is essentially different from many earlier activities employed by the financial institutions to promote SD because it focusses on a measurable difference which the finance has made in the direction of sustainability. A 4 point grade scale has been designed to monitor and measure the progress of PIF. The various areas where PIF shall be engaged has been listed out but there are a limited areas, restricted to basics like agriculture and energy where PIF seems to be in action. Annual reports and sustainability reports are the mediums through which banks make disclosure about PIF and their analysis reflects that legitimacy is the prime reason for choosing the areas of disclosure. For certain areas of work, a few banks have established internal systems and processes to execute their activities. The annual and sustainability reports carry details of these institutional processes and the measurable difference which has been achieved.

Though still nascent PIF but if adequate boost is provided then it can be one of the most effective ways through which banks can further the SD agenda. The areas identified by the PIF overlap the agenda put forward in the SDG's 2030 and because PIF harps upon a quantifiable output therefore institutional process shall be created to achieve measureable results. This shall help both the target group or area where sustainability is aimed at and the banks in their functioning.

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Appendix 1: (Scoring for PIF performance)

Score	Associated Performance
0	Impact Management Unsatisfactory
1	Passable Impact; Possible Improvement
2	Well remediated impact
3	Neutral Impact
4	Positive Impact
Only assets with well managed negative impacts combined with positive ones are at the end 'positive impact" As a consequence when an impact category is rated 0 or 1 the asset does not qualify to positive impact	

Source: SocieteGenerale: Positive Impact Assessment Framework at http://www.societegenerale.com/sites/default/files/documents/positive-impact-bond/SG_Positive_Impact_Assessment_Framework.pdf (12.1.16)

Appendix 2: List of Banks

Rank	Indian	Total Assets, US $b (March, 2015)	European	Total Assets, US $b (June, 2015)	International	Tier 1 Capital ($m)
1	State Bank of India	431.95	HSBC Holdings	2571.71	ICBC	248608
2	ICICI Bank Limited	132.2	BNP Paribas	2400.04	China Construction Bank	202119
3	Bank of Baroda	117.42	Credit Agricole Group	1911.27	JP Morgan	186632
4	Punjab National Bank	101.75	DeutscheBank	1902.37	Bank of China	184231
5	Bank of India	100.03	Barclay's PLC	1882.67	Bank of America	168973
6	HDFC Bank Ltd	97.12	SocieteGenerale	1525.76	Agricultural Bank of China	167699
7	Canara Bank	89.36	Royal Bank of Scotland Group	1517.66	Citigroup	166519
8	Axis Bank	74.75	Banco Santander	1503.18	Wells Fargo & Co.	154666
9	Union Bank of India	61.36	Groupe BPCE	1312.17	HSBC Holdings	152739
10	IDBI Bank	56.94	Lloyds Banking Group	1294.47	Mitsubishi UFJ	117645
11	Central Bank of India	50.04	UBS AG	1026.21	BNP Paribas	99,168.28
12	Syndicate Bank	48.69	UniCredit S.p.A.	982.151	Barclays	91,960.46
13	Indian Overseas Bank	45.7	ING Group	970.697	Credit Agricole	86,201.38
14	UCO Bank	39.34	Credit Suisse Group	949.694	Banco Santader	84,231.72

Rank	Indian	Total Assets, US $b (March, 2015)	European	Total Assets, US $b (June, 2015)	International	Tier 1 Capital ($m)
15	Oriental Bank of Commerce	36.88	Credit Mutuel *	793.15	RBS	83,179.57
16	Allahabad Bank	36.42	BBVA	773.342	Goldman Sachs	72,471.00
17	Corporation Bank	36.16	Nordea Bank	766.138	Sumito Mitsui Financial Group	71,361.21
18	Indian Bank	30.88	Rabobank Group	757.375	Deutshe Bank	69,954.48
19	Andhra Bank	30.02	Intesa sanpaolo	750.142	Bank of Communications	68,332.51
20	Kotak Mahindra Bank	23.77	Standard Chartered Bank	694.956	Groupe BPCE	65,226.21

* Assets of La BanquePostale; Credit Mutuale and NRW Bank

Source: http://www.relbanks.com/top-european-banks/assets