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Alpha Bank

Credit Lens - ESG Obligor Assessment

Functional Specifications Document

Prepared for Alpha Bank

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Contents

[1. Document Information 3](#_Toc147771108)

[1.1 Versions 3](#_Toc147771109)

[1.2 Bank Reviewers 3](#_Toc147771110)

[1.3 Sign-Off 3](#_Toc147771111)

[2. Introduction 4](#_Toc147771112)

[3. Web Application Integration 4](#_Toc147771113)

[3.1 Authentication 4](#_Toc147771114)

[3.2 Authorization 4](#_Toc147771115)

[3.3 General Workflow Steps 5](#_Toc147771116)

[3.4 Criteria User Input 6](#_Toc147771117)

[3.5 Results Status Display 6](#_Toc147771118)

[3.6 Communications / Interfaces / Services 6](#_Toc147771119)

[4 Credit Lens Integration 7](#_Toc147771120)

[4.1 Entity Screen 7](#_Toc147771121)

[4.2 Menu 7](#_Toc147771122)

[4.3 ESG Current Assessment Screen 7](#_Toc147771123)

[4.4 ESG Rating History Screen 8](#_Toc147771124)

[4.5 General Workflow 9](#_Toc147771125)

[4.6 Application Reports 9](#_Toc147771126)

[4.7 Printout reports 11](#_Toc147771127)

[4.8 Data Maintenance 12](#_Toc147771128)

[5 Interface with DWH 12](#_Toc147771129)

# Document Information

## 1.1 Versions

| **Project Name** | PPM 39787 - ESG Obligor Assessment | | | |
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## 1.2 Bank Reviewers

| **Reviewer** | **Title** | **Date** |
| --- | --- | --- |
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|  |  |  |
|  |  |  |
|  |  |  |

## 1.3 Sign-Off

| **Name** | **Title** | **Date** |
| --- | --- | --- |
|  |  |  |
|  |  |  |

# Introduction

This document describes the functionality of the new ESG Application that will be implemented by Uni Systems team, as well as the configuration that needs to be made in Credit Lens Rating System, according to the bank’s Business Specification Document.

The new application will be web-based, it will be executed via web browser as a stand-alone application. A URL link will be embedded in Credit Lens Application so that CL users can easily access it.

Application’s scope is to communicate with Teiresias System, via means of an intermediate CBS service, which will decide whether to query the intermediate Bank’s database or the online Teiresias API, fetch all questionnaire’s data related to a specific customer, calculate scores/grades and transfer required data into Credit Lens Data Structures.

# Web Application Integration

## 3.1 Authentication

The Authentication method that will be used is Single Sign On (SSO). There will be no login screen as the application will be connected to the Bank’s Active Directory server. Each time a user logs into the application, the user id as well as the user role will be retrieved automatically. Access will be allowed for Credit Lens users that belong to the Credit Portfolio of Greece and are connected to one of the following two roles:

* Spreading and Rating
* Approver

In any other case an error message will appear

## 3.2 Authorization

For authorization purposes, system will be also connected to Credit Lens database. An authenticated user will be allowed to search information only for obligors under his own business portfolio management. Otherwise, an error of No Authorization will be produced and displayed on screen.

The key that will be used to match the application Obligor and the CL Obligor will be the Credit Lens Entity Id.

## 3.3 General Workflow Steps

Save Data To CL

* Input of Credit Lens Entity Id (Mandatory).
* All necessary data related to Entity Id will be downloaded to the application automatically (incl. Nace code).
* Authorization with Entity Id key
* Send request
* Score calculation

Receive response:

* Prompt messages for unsuccessful calls.

## 3.4 Criteria User Input

An authorized user will fill in a form with all mandatory criteria for the query.

As soon as user inputs the entity id of the customer, the following fields will be filled automatically. Information will be the same appeared in Entity’s information screen and it will be non-editable. In case of multiple entity’s nace codes, the primary one will be used in the query

|  |  |
| --- | --- |
| **Input Fields** | |
| **Entity Id** | The entity id of the customer to be rated |
| **Tax ID** | Auto completed. |
| **Nace Code** | Auto completed. |
| **Registration number** | Auto completed. |
| **Jurisdiction** | Auto completed. |

User will initiate a call to the middleware CBS service via means of a button either batch (that will force the CBS service to query the intermediate Bank’s database) or on line (that will force the CBS service to query Teiresias API)

If Tax Id is zero Tax id or null or 999999999 or 777777777 or alphanumeric then query Teiresias using the concatenation of registration number and jurisdiction in place of tax id and nace code (**on CBS level**).

If tax id is not zero or null or 999999999 or 777777777 or alphanumeric then query Teiresias using tax id and nace code (**on CBS level**)

## 3.5 Results Status Display

In case of systemic or business error, a message will display in the screen, otherwise user will be able proceed to “Save results to Credit Lens” action.

In case the returned nace code is different from the one in CL application, the user will be notified to proceed with the appropriate adjustments.

In Teiresias system nace code seperates the first two digits with a dot (eg 22.11) instead of 2211 in CL.

In case there is no change between the current and the previous version of the requested questionnaire, system will prevent user to upload the record to Credit Lens and no assessment will be created.

## 3.6 Communications / Interfaces / Services

ESG new application will communicate with Teiresias System through CBS middleware infrastructure, based on Rest API Interfaces. Similar type of interfaces will be used for the communication between Web Application and Credit Lens.

The Web Application will also communicate with the new implemented R services in order to calculate scores and grades. This communication will be also based on Rest API Interfaces.

All communication messages between the systems will be logged in the database. Any service call error or any Teiresias business error will be also logged in the application’s server logging files.

# Credit Lens Integration

## 4.1 Entity Screen

A new attribute “Registration Key” will be created on both Entity’s create and edit screen. The new attribute will not be mandatory. The field will be filled by user action.

## 4.2 Menu

The CL’s left menu will be enriched with ESG Assessment” and “ESG Rating History” items. The new items will be visible after the entity selection step, under the entity management section.

## 4.3 ESG Current Assessment Screen

This screen will display the information of the latest assessment returned by Teiresias (assessment date, scores, grades etc). Furthermore, it will display all questions and answers related to the latest call. All fields will be set as non-editable.

Only Approvers will be able to override and approve the auto generated assessment. At the bottom of the page, an approver will be able to fill in some fields related to the approval/override of the assessment and then press the save button on the toolbar.

|  |  |  |
| --- | --- | --- |
| **Field** | **Description** | **Validations** |
| Authorization Flag | Indicates the approval status of the assessment (Approved or Non-Approved) | It will be checked after the approval action |
| Next Review Date | Next Review Date | Cannot exceed 12 months from the current date |
| Credit Committee Date | Date of the Credit Committee | Must be a date within the current quarter of the year |
| Override Grading Rate | Override grade of the total score | Must be different than current grade. |
| Override Authority |  |  |
| Override Reason | Override Reason |  |
| Override Driver |  |  |
| Override Comments | Free text |  |

Assessment Date, Authorization Flag, Approval Date, Override Provider, Credit Committee and ESG Type Questionnaire will be filled automatically by the system.

Credit Committee field is the same used in Entity Screen

Override Authority from Override Provider screen from risk grading

As soon as the assessment turns from pending status to approved status, the approval section will lock, until the next questionnaire request.

Notes

* All user input fields related to approval are mandatory
* Override input fields are not mandatory for approval action.
* For override action, all override input fields are mandatory

**Pending Issues**

* **The LOV for the override reasons is missing.**
* **The LOV for the override drivers is missing.**
* **Modified date is not clear. Assessments cannot be modified.**

## 4.4 ESG Rating History Screen

Every user role that has access to a specific entity will be able to view the historical screen. The data grid will display all approved ESG assessments for a specific entity.

No record addition or update will be permitted.

* + Total ESG Rating Grade
  + Total ESG Ζones-Outcome
  + Total Environmental Rating Grade
  + Total Social Rating Grade
  + Total Governance Rating Grade
  + ESG Override Grade
  + Override Authority
  + Approval Date and time
  + Next Review Date
  + Expiration Date (datetime)
  + Credit Committee Date
  + Rating From
  + ESG Τype Questionnaire/ Nace
  + User Identifier (AM)
  + Approver Identifier (AM)

An assessment will expire and its status will turn from Active to inactive when at least one of the following happens:

1. A new assessment on the entity is approved -> Expiration date will be updated with current date
2. The current date exceeds the next review date of the assessment -> Expiration date will be updated with next review date

**For the second bullet (assessment expiration because of time), a new opcon job must be integrated by the Bank.**

## 4.5 General Workflow

Spreader or Approver

* Navigates to history screen
* Orders application reports

Spreader or Approver

* requests Information via the external Web Application
* navigates the results screen and views the results

Approver

* Accesses the approval section
* Overrides / approves the assessment

7.3 Batch Expirations

## 4.6 Application Reports

Two application reports will be designed. One for all assessments and one for approved assessments. Both reports will take a threshold as parameter (from – to date). The threshold will refer to assessment creation dates. The application reports will be designed as devxpress reports in Reporting Module and both will be accessed only by authorized users.

1. Alpha Bank – ESG Report (all assessments, accessed by )

* Customer Name
* Entity ID
* Tax ID
* CDI Code
* Business Portfolio
* NACE code
* Total Environmental Rating Grade
* Total Social Rating Grade
* Total Governance Rating Grade
* Total ESG Rating Grade
* Total ESG Zone-Outcome
* ESG Override Grade
* Override Reason
* Rating from
* ESG type questionnaire
* Assessment date
* Approved date
* Credit Committee date
* Next review date
* Credit Committee
* Approver identifier
* Expiration date

For the highlighted we need some extra clarification

1. Alpha Bank – ESG Report (approved assessments)

* Customer Name
* Entity ID
* Tax ID
* CDI Code
* Business Portfolio
* NACE code
* Total ΕSG Rating Grade
* Total ESG Rating Score
* Total ESG Zone-Outcome
* ESG Override Grade
* Override Reason Score
* Rating from
* ESG type questionnaire
* Assessment Date
* Approved date
* Credit Committee date
* Expiration date
* Environmental Score
* Social Score
* Governance Score
* Total Environmental Score
* Total Environmental Rating Grade
* E-Management Approach Score
* E-Evaluation of management approach Score
* E-Performance assessment Score
* E-Policies Score
* E-Management Systems Score
* E-Climate-related Goals & Targets (forward looking) Score
* E-Physical Risk Assessment Score
* E-Monitoring Mechanisms Score
* E-Environmental Compliance Score
* E-Emissions Score
* E-Water & Effluents Score
* E-Waste Score
* E-Biodiversity Score
* E-Energy Score
* Total Social Score
* Total Social Rating Score
* S-Management Approach Score
* S-Evaluation of management approach Score
* S-Performance assessment Score
* S-Policies Score
* S-Management Systems Score
* S-Goals & Targets Score
* S-Monitoring Mechanisms Score
* S-Compliance Score
* S-Human Rights Score
* S-Local Communities Score
* S-Occupational Health & Safety Score
* S-Training & Education Score
* S-Labor/ Management Relations Score
* S-Customer Privacy Score
* Total Governance Score
* Total Governance Rating
* G-Composition/Diversity Score
* G-Regulatory Compliance Score
* G-Business Ethics Score
* G-Strategy & Risk Management Score
* G-Transparency Score
* G-Stakeholder Engagement Score
* G-Roles & Responsibilities Score
* G-Remuneration Score
* G-Performance Evaluation Score
* G-Collective Knowledge Score

## 4.7 Printout reports

Two printout reports will be implemented. One for pending and one for approved assessments. Both will be implemented as devxpress reports in Reporting Module.

Input Parameters:

* Entity ID
* Date Range (AssessmentDate or ApprovedDate)

The outcome report will contain the following fields

* Entity ID
* Customer Name
* Tax ID
* CDI code
* ESG type questionnaire
* Total ESG Rating Grade
* Total Environmental Rating Grade
* Total Social Rating Grade
* Total Governance Rating Grade
* Rating Date (created date/ approval date if exists).
* Override rating indicator
* User’s questionnaire choices

## 4.8 Data Maintenance

All parametrization static data (questions descriptions, weights ets) will be stored in the Web App’s database (staging area). Only the absolutely necessary data used for application screens and reports (scores, assessment info, sub scores, questionnaires, questions etc.) will be uploaded and stored in tenant database. The synchronization procedure of olapts database with tenant database will be enriched to contain the new tenant data structures.

# Interface with DWH

A new interface between Credit Lens and DWH will be implemented. The export will adhear the following rules:

* The perimeter of the report will be all customers evaluated with approved ESG scorecards.
* The export will include only the latest active approved ESG assessment **per Tax Id when the tax id is valid (non zero, non alphanumeric, non 999999999 non 777777777). For invalid tax ids the export will be based on CDI.**
* **Invalid Tax ids will be converted to zero tax id (000000000)**
* Tax Id and cdi code fields will be populated with Entity’s version at the time of the creation of the assessment.
* The export job will run on a daily basis and will include all records not Deltas.
* Tax Ids with leading zeroes will be trimmed in the comparison (eg tax id 0123456789 is the same with 123456789)

Please confirm all the above

Exported Fields

|  |  |
| --- | --- |
| [Unique Identifier of Involved Party Rating Event] | Μοναδικό αναγνωριστικό derived από το σύστημα TBD |
| [Source System Identifier] | Default τιμή |
| [As of Date] | Ημερομηνία αναφοράς αρχείου |
| [Involved Party Rating Entity ID] | Entityid |
| [Involved Party Rating Obligor Tax Id] | ΑΦΜ |
| [Involved Party Rating Obligor CDI Code] | Κωδικός πελάτη |
| [Involved Party Rating Obligor Nace Code] | Industry Code (NACE) |
| [Involved Party Rating ESG Event Date] | Πότε συμπληρώθηκε το ερωτ/γιο στον Τειρεσία |
| [Involved Party Rating ESG System Retrieval Date] | Ποτε κατέβηκε το ερωτ/γιο στο CL |
| [Involved Party Rating ESG Assessment Date] | Scoring Date |
| [Involved Party Approved Rating Approval Date] | Ημερομηνία έγκρισης |
| [Involved Party Rating Credit Committee Date] | Ημερομηνία Συμβουλίου |
| [Involved Party Rating Next Review Date] | Ημερομηνία επόμενης αναθ. Ορίων |
| [Involved Party Rating Approval Authority Id] | ID συμβουλίου |
| [Involved Party Rating Analyst Name] | Αρ. Μητρώου Αναλυτή + |
| [Involved Party Rating Override Reason Type Id] | Reason ID |
| [Involved Party Rating Approver Name] | Αρ. Μητρώου Approver+ |
| [Involved Party Rating Business Portfolio] | Τιμή business portfolio |
| [Involved Party Rating Override Driver] | Παράγοντες που οδήγησαν σε override |
| [Involved Party Rating Type] | Τιμή ανάμεσα σε “Systemic” ή Override ανάλογα με το αν έχει επικυρωθεί η συστημική ή, η override αξιολόγηση |
| [Involved Party Rating Environmental Score] | Σκορ για τον παράγοντα Environmental |
| [Involved Party Rating Environmental Zone] | Outcome για τον παράγοντα Environmental |
| [Involved Party Rating Social Score] | Σκορ για τον παράγοντα Social |
| [Involved Party Rating Social Zone] | Outcome για τον παράγοντα Social |
| [Involved Party Rating Governance Score] | Σκορ για τον παράγοντα Governance |
| [Involved Party Rating Governance Zone] | Outcome για τον παράγοντα Governance |
| [Involved Party Rating ESG Score] | Τελικό σκορ για το ESG |
| [Involved Party Rating ESG Zone] | Τελικό outcome για το ESG |
| [Involved Party Rating ID/Type & Sector] | Τύπος ερωτηματολογίου/Nace Description/Nace code |
| Μοναδικός Κωδικός Ερωτηματολογίου από Τειρεσία | TBD |
| Questionnaire version number | Placeholder for version number |

**Pending issues**

* **File layout addition Questionnaire Version Number**
* **ESG zone per Component (E-S-G) has the same calculation rules as ESG total zone?**