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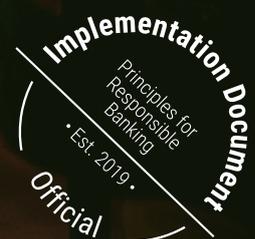
finance  
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Principles for  
Responsible Banking

# PRINCIPLES FOR RESPONSIBLE BANKING

**Key Steps** to be Implemented by Signatories

April 2020



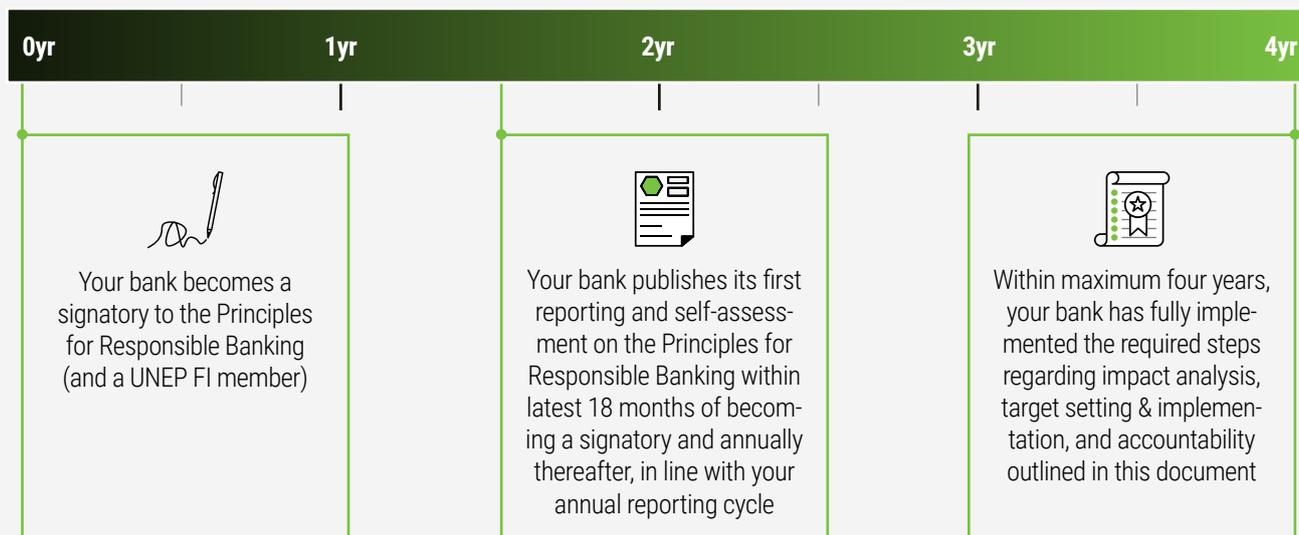
The Principles for Responsible Banking **require your bank to take three key steps** designed to ensure the effective implementation of the Principles, and to enable your bank **to continuously improve its impact and contribution to society.**

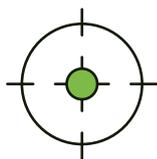
These key steps—**impact analysis, target setting & implementation, and accountability**—are summarized in this document.

Considering that the requirements outlined below constitute a significant stepping up of current practice in most banks, and noting that the Principles for Responsible Banking are a global framework and thus bring together banks with very different starting points and operating contexts, your bank may take up to four years to fully implement the outlined requirements. The UN Environment Programme Finance Initiative (UNEP FI) Secretariat and the Banking Committee will engage with your bank and provide support and guidance if your bank is not in line with these requirements. Sustained and unexplained fail-

ure to address shortcomings can result in your bank no longer being listed as a signatory.

Your bank can rely on substantial support in implementing the required steps. By becoming a signatory to the Principles for Responsible Banking and with that a UNEP FI member, your bank joins a community of banks committed to advancing together and has access to structured peer learning, expert-supported working groups, trainings, tools, regular feedback and expert advice.





## Step 1: Impact Analysis

**Analyse where your bank has significant positive and negative impacts on society, the environment and the economy. Then identify where your bank can realize the greatest positive impacts and reduce significant negative impacts.**

Conduct an impact analysis to identify your bank's most significant (potential) positive and negative impacts on the societies, economies and environments where it operates. Your impact analysis should cover your core business areas. This is defined by your main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services. Your bank should engage with relevant stakeholders, including civil society, to inform aspects of the analysis.

Elements you should take into account for your impact analysis include:

- the scale of your bank's activities with regards to specific industries, technologies and geographies,
- the context, i.e. the most relevant challenges and priorities related to sustainable development in the countries/regions in which your bank operates,
- the scale and intensity/salience of the social, economic and environmental impacts identified.

Based on this analysis, identify strategic business opportunities to increase positive and decrease negative impacts.

The [Guidance Document on Impact Analysis](#) provides further details about the requirements for undertaking your bank's impact analysis. The [Portfolio Impact Analysis Tool for Banks](#) will guide your bank through a holistic impact analysis of its consumer, business, corporate and investment banking portfolios.



## Step 2: Target Setting & Implementation

**Set SMART targets that address the significant impacts your bank has identified, and work towards achieving them.**

### Set ambitious targets:

Set and publish a minimum of two targets that address at least two of your bank's most significant (potential) positive and negative impacts. Your targets should clearly drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. Your targets need to be specific, measurable (quantitative or qualitative), achievable, relevant and time-bound (SMART). Negative impacts which may result from the implementation of the targets set should be identified, and, as far as feasible, actions should be taken to mitigate them.

Your bank can revise its targets and establish additional targets at its own pace. However, your bank should be implementing a minimum of two targets at any given time, after the four-year implementation period.

### Implement the targets set:

Set milestones, and define and implement actions to meet the set targets. Establish the means to measure and monitor progress. Put in place a governance and oversight structure responsible for monitoring target implementation and, if required, remedial action.



## Step 3:

### Accountability

**In your bank's existing reporting, describe how your bank is implementing the Principles for Responsible Banking. Provide an assured assessment of the progress that your bank is making.**

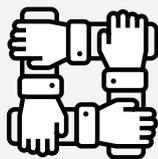
#### **Show your progress on implementing the Principles and be transparent about your impacts and contributions:**

Report on how you are implementing the Principles for Responsible Banking, the targets you have set for your bank and the progress you have made. Be transparent about your significant impacts—positive and negative—and your contribution to society. Once you have set targets, show that you have implemented your planned actions and are making progress towards achieving your targets. You do not need to produce an additional report for the Principles for Responsible Banking. Include the required information in your existing public reporting.

#### **Assess if you are meeting the requirements and obtain assurance:**

In the [Reporting and Self-Assessment Template](#), you will provide a self-assessment of your progress in implementing the required steps regarding impact analysis, target setting & implementation and accountability. An assurer needs to provide limited assurance of your self-assessment. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted.

Based on banks' aggregated individual reporting, every two years, signatories will take stock and through UNEP FI publish their collective progress.



### **Governance of the Principles for Responsible Banking and outlined requirements**

Every two years, as part of the UNEP FI Annual General Meeting, signatories of the Principles for Responsible Banking will discuss any recommendations for revisions and updates to the framework, or, if necessary, to the Principles themselves. Any changes to the Principles and framework must be voted on by the signatories following a proposal from the UNEP FI Banking Committee. The Banking Committee will consult with relevant stakeholders, including civil society, regarding any such revisions.

## Other Official Implementation Documents of the Principles for Responsible Banking:

- Signature Document, which your bank CEO signs to commit your bank to the Principles.
- Reporting and Self-Assessment Template, which guides your bank in fulfilling its commitment to transparency and accountability.

## For further information:

Please visit:

[www.unepfi.org/responsiblebanking](http://www.unepfi.org/responsiblebanking)

Or contact:

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## Additional informational publications:

- Easy Guide to Becoming a Signatory, which provides an overview of the practicalities and expectations for banks interested in becoming signatories to the Principles for Responsible Banking.
- The Guidance Document, which will support banks in their implementation of the Principles and point to relevant resources, tools, frameworks and good practices.
- Rethinking Impact to Finance the SDGs, which positions the impact agenda for banks and investors. It explores impact-based business models that drive both sustainable business growth and long-term enterprise value.

