

UN
environment
programme



finance
initiative

Principles for
Responsible Banking

Responsible Banking Progress Statement for PRB Signatories



Disclaimers

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of a commercial company or product in this document does not imply endorsement by the United Nations Environment Programme or the authors. The use of information from this document for publicity or advertising is not permitted. Trademark names and symbols are used in an editorial fashion with no intention on infringement of trademark or copyright laws.

The views expressed in this publication are those of the authors and do not necessarily reflect the views of the United Nations Environment Programme. We regret any errors or omissions that may have been unwittingly made.

© Maps, photos and illustrations as specified

Suggested citation: United Nations Environment Programme (2024). PRB Responsible Banking Progress Statement, Geneva.

Cover image: elements.envato.com/user/den-belitsky



Contents

Introduction1

Responsible Banking Progress Statement Overview2

Responsible Banking Progress Statement Preparation.....3

Responsible Banking Progress Statement: Summary Template5

Responsible Banking Progress Statement: Supplements Template.....7

Technical notes 12

Examples..... 16



Introduction

In consultation with a working group of 26 member banks—spanning all sizes, regions, and implementation stages—the **Responsible Banking Progress Statement** was developed to enable signatories to present their annual progress towards implementation of the Principles in an executive summary format. The Responsible Banking Progress Statement reduces a bank’s reporting burden and creates a document that helps demonstrate to external and internal stakeholders, through a concise narrative, how sustainability is a key aspect of their bank’s strategy and a driver of competitive advantage.

Since the founding of the Principles for Responsible Banking (PRB) in 2019 the responsible banking landscape has greatly changed. Regulatory requirements for sustainability reporting have evolved in some jurisdictions and voluntary reporting frameworks are being utilized in others. To prevent signatories from reporting the same information across multiple reporting formats, and to assist in reducing the reporting burden, the approach to reporting has been redefined through the Responsible Banking Progress Statement. The Responsible Banking Progress Statement, established in 2024, replaces the previous PRB Reporting and Self-Assessment Template effective November 2024.

Overview

As signatories to the PRB, banks have committed to periodically state the progress made towards implementation of the Principles, ensuring transparency and accountability as set out in Principle 6. Applying the principle of transparency is key to ensure credibility. As such, signatories are charged to regularly report within public disclosures (regulatory and/or voluntary) relevant information to showcase how they are implementing the Principles, as laid out in the [PRB Implementation Journey](#). Banks are encouraged to use appropriate regulatory and voluntary sustainability disclosure frameworks to exhibit progress on implementing the PRB.

Signatories to the PRB shall annually complete the Responsible Banking Progress Statement, which provides an overview of how each signatory is implementing the Principles and the relevant progress made year on year.

The Responsible Banking Progress Statement is broken out into two sections. The first is the Responsible Banking Progress Statement: Summary; the summary is designed to enable banks to provide an executive summary statement of the progress they have made on their responsible banking journey. This section applies to all signatories. The second is the Responsible Banking Progress Statement: Supplements; the supplement pages are available for each Principle and may be used by a bank in instances where additional information related to progress should be disclosed, which is not disclosed in other public sustainability disclosures. The use cases are as follows:

Use case

1. The **Responsible Banking Progress Statement: Summary** is sufficient where the bank discloses all the relevant PRB progress information in its public sustainability disclosures (current and/or past, regulatory and/or voluntary).
2. A bank will use both the **Responsible Banking Progress Statement: Summary**, and the relevant sections of the **Responsible Banking Progress Statement: Supplements** where its public sustainability disclosures (current and/or past, regulatory and/or voluntary) do not include the relevant elements of its PRB implementation progress. Examples of when Supplements can be used can be found below on page 4.

Preparation

Responsible Banking Progress Statement: Summary

The **Responsible Banking Progress Statement: Summary** enables banks to create an executive summary, concisely detailing their progress as responsible banks. The content of this summary should be useful in explaining the bank's commitment and progress on implementing the PRB and can be used to guide strategic discussions with the banks Board and Senior Management. To keep this statement brief, not all necessary information will be included in this short annual progress statement (e.g. details on the different elements of an impact analysis, sectoral sub-targets or all KPIs the bank is measuring can be disclosed elsewhere). For this reason, signatories should clearly indicate where in existing public reporting (current and/or past, regulatory and/or voluntary) further information can be found, using references, including page numbers. Banks can refer to the [PRB Implementation Journey](#) and the [PRB Guidance for Transparency](#) when determining which content to reference.

This summary template applies to all signatories and shall be annually disclosed. A link to the Responsible Banking Progress Statement: Summary will be publicly available on the UNEP FI website.

General guidance is included within the template about the information that should be reported for each Principle. In some instances, the information will not change year-over-year (e.g. Principle 1, Principle 5—strategies and governance structures usually do not change every year). In these cases, indicate that no changes occurred in the reporting year and provide relevant reference to where the existing information can be found. For those Principles where progress has been made within the reporting year, provide a summary statement regarding updates to related progress.

The focus of the Responsible Banking Progress Statement: Summary is to showcase the progress made against the six Principles. This should be shown either qualitatively by describing steps undertaken, or, where appropriate, by disclosing appropriate indicators. Example progress indicators have been included for several of the Principles, however, we encourage the bank to identify and report the progress indicators most relevant to its strategy.

Responsible Banking Progress Statement: Supplements

The Responsible Banking Progress Statement: Supplements should be completed and disclosed by signatories if relevant elements of their PRB implementation are not included within public sustainability disclosures (current and/or past, regulatory and/or voluntary). Relevant information not disclosed in public sustainability disclosures should then be captured utilizing the relevant sections of the Supplements template. We recog-

nize there is no reporting framework that will fully align with the recommended PRB disclosures (see the [PRB Guidance for Transparency](#)); therefore, signatories are encouraged to utilize the Responsible Banking Progress Statement: Supplements to expand upon existing public disclosures when necessary.

There is a Supplement page for each Principle. Responsible banks should determine where additional disclosures regarding implementation of the Principles are necessary, and complete Supplements related only to those specific Principles. There is no need to complete and publish the supplements for all six Principles.

Sample scenarios when use of the supplement(s) may be necessary include: (1) if a new signatory has not yet released the details of its impact analysis within public sustainability disclosures, it could utilize the Principle 2 supplement to disclose this information; (2) if a signatory does not disclose details regarding its client engagement initiatives within its sustainability reporting, it could utilize the Principle 3 supplement to disclose this information; and (3) if a signatory does not publish annual voluntary and/or regulatory sustainability disclosures, it can utilize the Responsible Banking Progress Statement: Supplements in full to disclose its progress.

It is recommended that banks reporting their implementation of the Principles for the first time (e.g. initial disclosure of impact analysis) clearly describe the process to identify, prioritise, and measure the potential positive and negative impacts associated with their portfolios. This comprehensive explanation can be done either in other public sustainability reports or by utilising the Responsible Banking Progress Statement: Supplements. Banks can then refer to previous reporting in subsequent years.

Additional details

- Assurance of the Responsible Banking Progress Statement is not required. For further details, please see page 13.
- Technical notes regarding timing, language, assurance, and submission can be found on page 13.
- Example content for the Responsible Banking Progress Statement: Summary and Responsible Banking Progress Statement: Supplements can be found on page 16.

The following pages include the template for the Summary and Supplement sections of the Responsible Banking Progress Statement. Please see here for a word version of the template.

Summary template

[Bank name] 20XX

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Content Briefly describe your bank’s sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.</p>	<p>Content Briefly describe the bank’s most significant impact areas and the steps taken to identify, measure and manage them—including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the bank’s transition/action plan, and progress made. Explain how the bank addressed interlinkages between impact areas where possible.</p> <p>Example Progress Indicators</p> <ul style="list-style-type: none"> ▪ % of bank’s portfolio covered by the impact analysis and each set target ▪ Updated values of KPIs defined by bank to measure progress against targets 	<p>Content Briefly describe how the bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes and engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.</p> <p>Example Progress Indicators</p> <ul style="list-style-type: none"> ▪ % of clients and/or customers engaged in key sectors in areas of significant impact. ▪ USD sustainable finance volume mobilized and/or as a percentage of the global or sector portfolio
<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Content Briefly describe how the bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partnerships that contribute to addressing significant impacts. Note any changes in the reporting year.</p>	<p>Content Briefly describe the key governance structures in place (Board and Executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports your bank's management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning & development). Note any changes or progress in the reporting period.</p> <p>Example Progress Indicators</p> <ul style="list-style-type: none"> ▪ Details of remuneration practices linked to sustainability targets. ▪ % of employees trained on responsible banking topics. 	<p>Content Provide reference to additional relevant reports, if not listed as references with P1–P5. Briefly note whether/where assurance of sustainability information has been undertaken (optional).</p>
<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>

Supplements template

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.

Links & references

Response

Strategy alignment

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc.

Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

Links & references

Response

Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target-setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Links & references

Response

Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

Links & references

Response

Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Client and Customer engagement

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

Response

Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

Links & references

Response

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Links & references

Response

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Governance Structure for Implementation of the Principles

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

Links & references

Response

Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Links & references

Response

Risk and due diligence processes and policies

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures your bank has in place to oversee these risks.

Links & references

Response

**Principle 6:
Transparency & Accountability**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report



Technical notes

The following includes technical notes for submission of the Responsible Banking Progress Statement.

Purpose of the Responsible Banking Progress Statement

The purpose of the Responsible Banking Progress Statement is to assist signatories in maintaining transparency and accountability by disclosing their progress on implementing the Principles and showcasing their responsible banking actions in a short, concise and succinct way.

Banks also benefit from an annual feedback and support meeting with the UNEP FI Secretariat. The disclosed information is the basis for the individual review of each bank's progress and the tailored guidance on how every bank can advance in implementing the Principles.

Lastly, the disclosed information is used as the basis for reviewing the progress jointly made by the PRB Signatory group.

Timeline for reporting

Signatories need to be transparent about their implementation of the Principles on an annual basis.

The first Responsible Banking Progress Statement is to be published within 18 months of signing the Principles, to give the bank flexibility to align this progress report with its reporting cycle. Publishing the first progress statement at any point earlier than 18 months after signing the Principles is therefore an option.

After the first publication of the Responsible Banking Progress Statement, subsequent reports are to be published annually thereafter, i.e. within 12 months at the latest after the initial Responsible Banking Progress Statement was published.

Where a bank has not submitted its report within 3 months of its reporting deadline and has not engaged with the UNEP FI Secretariat on the reason for late submission, it can be declared an 'Inactive Signatory'. If the report is not received by the UNEP FI Secretariat within a further 3 months (therefore within 6 months of the reporting deadline), and no reasonable explanation is provided for the late reporting, the bank can be removed from the list of PRB signatories. If the bank foresees the need to adjust its reporting timeline, it should contact the UNEP FI Secretariat (prbreporting@unepfi.org).

To support signatories in delivering their reporting on time, the UNEP FI Secretariat will:

- Engage signatories whose reports are overdue to provide advice/guidance.
- Communicate with signatories about any impending changes to their status as signatories.

Assurance

Assurance of the Responsible Banking Progress Statement is not mandatory. However, assurance of sustainability disclosures is highly recommended as good practice of a responsible bank. It is recommended that assurance occurs particularly on the targets set and progress towards achieving them using relevant Key Performance Indicators (KPIs). Where third-party assurance is not feasible, conducting an internal audit is another option. If the bank decides to assure its Responsible Banking Progress State-

ment, limited assurance should be undertaken by an independent third party with relevant expertise in the field.

It is envisaged that many banks will obtain assurance under mandatory and some voluntary reporting frameworks. Banks are encouraged to disclose whether or not assurance has been obtained.

Accommodating different starting points

It is acknowledged that banks are in different stages of implementation, therefore the content and the level of detail included within the Responsible Banking Progress Statement will differ from one bank to the other. Banks at the beginning of their journey may not be able to provide all the information within their first publication. Banks should build on their implementation progress annually and be transparent about progress made on each of the Principles. Feedback, support, capacity building, training and peer learning are available to all signatory banks to help them progress in their implementation journeys.

Design

The Responsible Banking Progress Statement can be integrated into banks' reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. They shall be made publicly available and will be listed on the UNEP FI Signatories page. The templates shall not be amended content-wise. However, the templates can be applied to corporate layout and designed accordingly, without omitting parts of the content and texts. It is recommended that the publication is in a machine-readable format.

Language

The Responsible Banking Progress Statement: Summary shall be published in English. Where references to existing reporting/public domains (websites) are made, they should enable the banks' stakeholders and the UNEP FI Secretariat to understand the bank's annual progress. In this case, they should ideally be in English.

While assurance of the disclosures in the Responsible Banking Progress Statement is not required, assurance of sustainability disclosures is highly recommended. Any referenced Independent (Limited) Assurance Reports can be in the signatories' native language.

Submission

Upon publication, the Responsible Banking Progress Statement should be shared with the UNEP FI Secretariat via email at prbreporting@unepfi.org.

Annual signatory check list

Disclosures

- Complete the **Responsible Banking Progress Statement: Summary**
- If necessary: Complete the relevant **Responsible Banking Progress Statement: Supplements**

Formatting

- Maintain the content of the template, however, banks may adjust the formatting as necessary
- It is recommended for the publication to be in a machine-readable format

Language

- Ensure the **Responsible Banking Progress Statement: Summary** is published in English

Public Release

- Publish the Responsible Banking Progress Statement publicly on an annual basis
- Send the link to published Responsible Banking Progress Statement to the UNEP FI Secretariat (prbreporting@unepfi.org)



Examples

In the following pages you will find three different examples of the Responsible Banking Progress Statements to provide inspiration to signatories. They differ in the level of detail shown, depending on the level of detail provided by a bank in their public sustainability disclosures.

Example 1:

This is an example of a comprehensive Responsible Banking Progress Statement: Summary.

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Content</p> <p>[Bank Name] is committed to supporting our customers and clients. Our approach to sustainability is integrated within our business strategy. Our sustainability strategy, including the priority areas we focus on, has not changed since 2023. In support of our impact management efforts, in 2023 we have begun to report in line with the TNFD, analysing nature-related risks and opportunities, dependencies and impact, in line with the Kunming-Montreal Global Biodiversity Framework Target 15.</p> <p>In 2023, the bank’s Human Rights Position Statement and Action Plan was published, setting out the principles that guide the bank’s approach and commits to 19 actions to more deeply embed respect for human rights into business and business relationships in line with the UN Guiding Principles on Business and Human Rights.</p>	<p>Content</p> <p>The results of our impact analysis undertaken in 2022¹ helped us identify the two areas of most significant impact— climate mitigation and financial health & inclusion. In 2023, in preparation for the CSRD, we conducted an initial Double Materiality Assessment (DMA). The Impact Analysis Tool was an input to our DMA and the two impact areas prioritised for PRB were also identified as material topics our CSRD disclosures.</p> <p>In pursuit of our climate target, to align our portfolio to net zero by 2050, we have expanded our targets to x% of our corporate banking portfolio, covering six sectors. We have also developed a transition plan in accordance with CSRD. Compared to 2022, we saw a decrease in financed GHG emissions in two sectors (real estate and automotive; the other four sectors have only been included in the target scope this year).</p> <p>In pursuit of our financial health & inclusion target, we have made significant progress in 2023 via implementation of our Vulnerable Customers initiative, supporting XX customers in 2023 alone.</p>	<p>Content</p> <p>We have now moved from a planning to an execution and delivery phase of target implementation. Our client engagement strategy is defined in our transition and action plans. Refer to the 2024 Climate Report for detail on how we engage with clients and customers on climate. We have started to embed human rights and nature related risks in client onboarding processes. Twenty per cent of key clients in real estate and automotive sectors have been engaged on our climate targets and their transition needs in the previous year. We have also developed a framework for customer dialogue, based on an analysis of the conditions for circular business models within five sectors—the automotive sector, battery manufacturers, plastic packaging, manufacturers, the construction & property sector, and waste management.</p> <p>Our sustainability product portfolio includes green bonds, social bonds and sustainability-linked loans. In 2023 we extended our sustainable financing targets to €X billion by 2025 and €X billion by 2030 and by the end of 2023, our sustainable finance portfolio grew by X%, reaching about €X billion (X% of total portfolio).</p>
<p>See 2024 Sustainability Report, chapter strategy, p. xx, and nature, p. xx</p>	<p>See 2022 PRB Report, 2023 PRB Report; Climate Report (pg. xx), 2024 Sustainability Report (pg. xx), Human Rights Policy, and Nature Policy.</p>	<p>See Climate Report (pg. xx), 2024 Sustainability Report (pg. xx, XX, XX)</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Content We proactively engage with our main stakeholders, which are customers, investors, NGOs, Senior management, Employees and Regulators and Supervisors. During 2023, as part of our preparation for our first CSRD compliance report for 2024, we conducted extensive engagement with both internal and external stakeholders</p>	<p>Content Implementation of the PRB is integrated within existing governance structures. There have been no changes to the governance structure and remuneration scheme compared to last year. In 2023, the Group Sustainability Committee met X times. Additionally, mandatory all-colleague Sustainability training was rolled out across the Group and was completed by XX% of colleagues.</p>	<p>Content Limited third-party assurance has been undertaken on the climate mitigation targets set in the six sectors the bank is focusing on, in compliance with regulatory requirements. We have not obtained independent limited assurance for our financial health and inclusion targets.</p>
<p>See PRB report 2021, 2022 and 2023</p>	<p>See PRB reports 2021 and 2023, 2024 Sustainability Report (pg. xx).</p>	<p>See Assurance Statement.</p>

Example 2:

This is an example of a brief Responsible Banking Progress Statement: Summary, applicable to banks that have extensively covered PRB implementation and progress within their public sustainability reporting (past or present).

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>[Bank Name] is committed to supporting our customers and clients. Our approach to sustainability is integrated within our business strategy and is aligned with the UN Sustainable Development Goals (SDGs). Our sustainability strategy, including the priority areas we focus on, has not changed since 2023.</p> <p>For more details on our business model, please see p. XX–XX.</p> <p>For more details on our strategy alignment and our priorities as a responsible bank, please see p. XX–XX.</p>	<p>In 2024 we performed an updated impact analysis which resulted in confirmation of our key impact areas—Climate Change and Financial Health & Inclusion. For this assessment we have used UNEP FI impact tool as one of the sources. For more detail on the impact analysis, please see p. XX–XX.</p> <p>We have set targets in the most material matters identified. For more details on target setting, please see p. XX–XX. In 2024 we have progressed in their implementation and fulfillment; the summary of the actions related to the targets implementation and monitoring, can be found in p. XX–XX.</p>	<p>By fulfilling our purpose to help people and businesses prosper, we grow as a business and support society’s efforts to face global challenges, which drives our ambition in environmental, social and governance. For more details on our client engagement, please see p. XX–XX, while the main business opportunities that we have identified can be found on p. XX–XX.</p>

<p>Principle 4: Stakeholders</p>	<p>Principle 5: Governance & Culture</p>	<p>Principle 6: Transparency & Accountability</p>
<p>We proactively engage with our main stakeholders, which are customers, investors, NGOs, senior management, employees as well as regulators and supervisors. Their contributions are key to understand the importance of the impact, risks to and opportunities of sustainability matters we identify. For more details on stakeholder identification and consultation, please see p. XX–XX.</p>	<p>We have a governance system in place that incorporates the PRB. This governance structure for implementation of the Principles can be found in p. XX–XX, focusing on ESG governance and ESG-linked incentives schemes.</p> <p>We promote a culture of responsible banking, which is described in p. XX–XX. In 2024 we initiated sustainability trainings for key employees on our most significant impact areas.</p>	<p>We are transparent and accountable about our commitments with the Principles for Responsible Banking. For more details on assurance, reporting on other frameworks, challenges in and an outlook of implementing these, please see p. XX–XX.</p>

Example 3:

This is an example of a bank providing a higher level of detail in its public sustainability disclosures, and therefore choosing to use the Responsible Banking Progress Statement: Supplements. Details have been included for each Principle to provide example content for each Principle.

Principle 1: Alignment

Business model

X Bank is a financial services group operating predominantly in country A and country B. We provide products and services in the retail, wealth, corporate and investment banking business areas, which include home loans, vehicle finance, commercial loans (to mainly the energy (technologies financed include natural gas, coal and oil-fired power stations, solar and wind power generation), transport, agriculture, real estate sectors, and loan facilities for project finance), bond issuance, and IPOs, serving retail, SME, large corporate customers, and governments.

49% of our loans are allocated to our customers in country A and 32% in country B. Retail lending constitutes 35% of the loan book in county A and 40% in country B, while our corporate lending constitutes 55% and 50% respectively. Lending in our private clients portfolio constitutes 10% in both loan books.

Strategy

Our Sustainability Strategy sets out the areas where we believe we can create sustainable, long-term value for our stakeholders, aligning with the Sustainable Development Goals and the Paris Agreement.

Building on this, we are working to align our business strategy with the most relevant goals in the SDGs, the Paris Agreement, and relevant national frameworks. We have identified and reviewed other relevant intra-regional and national frameworks and policy documents for our countries of operation, which include the EU Action Plan, country A's Climate Action Plan, and country B's national development goals framework.

We determined that climate change, biodiversity, air and water pollution, decent employment, access to affordable housing, and economic inequalities across different regions are the main priorities across our countries of operation.

Risk management

Bank X has set up risk management processes in line with the TCFD and is working on TNFD readiness.

For more details see our sustainability report, chapter strategy, p. XX

Principle 2: Impact & Target Setting

Impact analysis

We used x methodology/tool to undertake our impact analysis. We also ran a double materiality assessment in line with the CSRD.

Scope

We were able to analyse the products, services and activities in the bank's retail and corporate banking portfolios in country A and country B. Our investment banking and asset management business were not covered in the analysis at this stage.

Portfolio composition

The main sectors, industries and technologies we finance across country A and country B businesses are energy (constituting 20% of our corporate portfolio across our country A and country B business) (technologies include solar, wind, coal, oil and gas fired power stations), agriculture (15%), commercial real estate (10%), steel (8%), cement (5%) and transport (mainly aviation and shipping) (15%). Project finance constitutes 17%. Our retail portfolio is concentrated in residential real estate (45%), vehicle finance (25%), and unsecured lending (25%).

Context

We were also able to determine that the most relevant challenges and priorities in country A included climate change, biodiversity loss and degradation, air pollution, affordable housing, and in country B included climate change, biodiversity loss and degradation, and decent employment. These priorities were determined through a review of a number of international and national resources (including the EU Action Plan, National Climate Action Plan and Programme for Government in country A, and country B's national development goals framework, UN Biodiversity Lab platform, and WHO Global Ambient Air Pollution index), in addition to engagement with xx stakeholders.

Impact results

The identified challenges and priorities led us to look more closely at climate change and biodiversity loss and degradation, because these were priorities in our countries of operation, and due to the scale of our exposures in sectors that are key contributors to these areas of impact.

To measure performance in these areas of impact, we conducted an assessment of the sectors/ industries and technologies that were the primary contributors to these impact areas. We determined the intensity of GHG emissions in our portfolio was attributable to energy generation through coal-fired power stations and oil-fired power stations, the aviation, shipping, commercial real estate, and agriculture industries, because the emissions attributable to these technologies and industries are more intense in comparison to others in our portfolio.

Agriculture, particularly through land-use change, use of fertilizers and pesticides, and raising of animals, coal and oil-fired power stations (through the release of particulate matter and toxic gases and metals into the environment), and project finance activities (building dams, bulk infrastructure) are amongst the leading contributors to biodiversity loss and degradation.

Therefore, we concluded that climate change and biodiversity degradation/loss were the bank's areas of most significant impact.

Performance measurement

We are still in the process of measuring the climate impact of our corporate book. We have concluded measurement for the energy sector and transport sectors, using X methodology for calculating the emissions intensity per megawatt hour in the energy sector, and X methodology for calculating the absolute emissions financed in the transport sector as well as emissions intensity (i.e. xx MWh/CO₂ and xx kg CO₂/km).

We used scenario xx to assess the degree of alignment with the Paris goal of 1.5 degrees. The results are the baseline for our climate targets.

At the moment we are measuring the climate performance of our agriculture and real estate portfolios.

Target setting

Alignment

We have identified the Paris Climate Agreement as well as the Kunming-Montreal Global Biodiversity Framework as the relevant international frameworks to align with. In order to take action on our nature impacts, building on the context analysis undertaken we see that country A, one of our core markets, has developed a National Biodiversity Strategy and Action Plan (NBSAP) which we are working towards aligning with, whereas country B has not yet submitted one.

Baseline

The baseline for our climate target is 20XX. We are using both intensity-based metrics (MWh/CO₂, kg CO₂/km) as well as absolute GHG e-metrics, relying on methodology X and Y to determine the emissions baseline.

For our nature target, we are currently assessing the exposure of our portfolio to nature-related impacts and dependencies, risks and opportunities in the two key sectors agriculture and power generation.

Targets

We have set a climate target to align our portfolio with the goal of the Paris Climate Agreement to limit global warming to 1.5 degrees and be net-zero by 2050. Our sectoral targets currently cover x% of our corporate banking portfolio, including 3 sector targets for carbon-intensive sectors, namely power generation, commercial real estate and transport.

We have set two practice targets for nature for the next two years, 1) to develop implement risk management and associated policies and due diligence systems for all identified sectors with a high impact on nature and for specific activities that are known to generate significant nature-related impact, and 2) to engage formally with [XX] largest financing clients in identified priority sectors on their material nature-related impacts and dependencies and resulting risks and opportunities.

Action/transition plan

We are currently developing a transition plan in accordance with CSRD, focusing on climate mitigation. Including nature into the transition plan will be an area of focus in the coming year.

See results of our double materiality assessment, paragraph on impact materiality, on p. xx of our sustainability report

Principle 3: Clients & Customers

Client and customer engagement

We have identified clients in high impact sectors which include energy, real estate, transport, agriculture, and are starting to engage with them to discuss their transition plans and identify opportunities to support them.

Our client engagement strategy focuses on awareness raising activities with smaller and medium-sized companies, providing advisory services to clients and customers as well as assessing client transition plans. We are working on some details of the client engagement process such as identifying indicators for client engagement as well as setting up an escalation mechanism in instances where clients do not show progression along their transition pathways.

Business Opportunities

We have started a programme for extending credit lines and bank guarantees on more favourable terms to projects that are focused on low-carbon energy generation, energy efficiency and waste management. Our sustainability product portfolio includes green bonds, social bonds and sustainability-linked loans. In 2023 we extended our sustainable financing targets to €X billion by 2025 and €X billion by 2030 and by the end of 2023, our sustainable finance portfolio grew by X%, reaching about €X billion (X% of total portfolio).

See more details in our green and social bon reporting (link XX) as well as th sustainability report, section products (page XX).

Principle 4: Stakeholders

As part of the process of undertaking our impact analysis, we consulted with policymakers in x Department and x Civil Society Organisations to discuss our assessment of the most relevant challenges and priorities related to sustainable development in country A and country B. We identified these stakeholders through a stakeholder mapping exercise.

We also identified A, B, C stakeholders because they have expertise related to measuring and quantifying impacts in the areas of climate change and biodiversity loss and degradation. We engaged with them as part of our work to determine the impact performance associated with our portfolios. During 2023, as part of our preparation for our first CSRD compliance report for 2024, we also undertook an initial Double Materiality Assessment with extensive engagement with both internal and external stakeholders.

Also see the chapter on materiality assessment in our sustainability report (p. XX)

Principle 5: Governance & Culture

Governance structure

Within our established governance structure, our Responsible Banking Board Committee (RBBC) is responsible for overseeing the implementation of the Principles, and reporting progress to the Board of Directors quarterly. Our CEO is a member of the RBBC.

Implementation of the Principles and periodic reporting is the responsibility of the Sustainability Implementation Group (SIG) which is chaired by our Chief Sustainability Officer. SIG's membership is drawn from the heads of business areas and departments across all areas of the bank, including Sustainability, Risk, Treasury, Data & Analytics, Retail, Corporate, Investment, Institutional & Business Banking. SIG reports monthly to the RBBC on progress made with implementing the Principles. SIG is responsible for overseeing the bank's impact analysis and making strategic decisions about how to manage the bank's most significant impacts, including the setting of targets, and the introduction of mechanisms and measures across the bank to manage these impacts and implement targets. The SIG is required to get sign-off from the RBBC on its plans for managing the bank's most significant impacts.

Our SIG is responsible for developing targets, monitoring progress towards their achievement to ensure we are on track and identifying and addressing any unexpected negative impacts. Our RBBC has oversight over target-setting, measures put in place to achieve the targets, and determining remedial action where targets are not on track, or where measures need to be put in place to address unforeseen negative impacts. We will track our progress towards achieving our targets via our Balanced Scorecard, which is reported quarterly to our RBBC. The RBBC will report quarterly to the board on progress made with achieving our targets, and any remedial action taken to ensure achievement of targets and/or how negative impacts were addressed.

Promoting a culture of responsible banking

Our approach to responsible and sustainable banking is led by our CEO, who is a passionate advocate and regularly addresses employees on the topic. We have developed mandatory training for employees on sustainability topics, including the Principles for Responsible Banking. It is currently being rolled out across the bank and has been completed by 80% of senior managers across the different business areas.

We plan to start reviewing the KPIs in senior managers' performance contracts, and to include key performance indicators related to their performance in implementing the Principles as part of our annual review of performance contracts. We aim for x% of senior management and x% of all staff to have their remuneration linked to achieving the goals of the Principles.

Due to the size of our retail segment and the loan book to private customers across our countries of operation, responsible sales practices is one of our key focus areas. Therefore, we currently have a staff training programme in place to ensure that staff are adequately trained on treating customers fairly and unconsciously bias.

We are currently reviewing our incentive structures and remuneration policies of sales departments to ensure that these do not encourage mis-selling, and other unfair practices.

Policies and due diligence processes

We have established structured climate risk assessments for new client onboarding and project finance processes and are working on integrating nature risk screenings in these in the next years. Our bank is working on a deforestation policy, and we are currently updating our human rights position statement and action plan, with actions to more deeply embed respect for human rights into business and business relationships in line with the UN Guiding Principles on Business and Human Rights.

Also see the chapter about governance (p. XX) and employees (p. XX) in our sustainability report

Principle 6: Transparency & Accountability

Disclosure frameworks

Our bank is reporting on CSRD, GRI, ISSB and CDP.

Assurance

Limited third-party assurance has been undertaken on the impact analysis and the baseline for our climate targets as well as the governance structures in our bank, in line with the regulatory requirements. We have not obtained assurance for our nature work and on training for employees.

See assurance statement, p. xx, and GRI, ISSB and CDP indices (link XX), and our CSRD report (link XX)



UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyses action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles for Responsible Banking and Principles for

unepfi.org

Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first organisation to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.



unepfi.org



info@unepfi.org



[/UNEPFinanceInitiative](https://www.facebook.com/UNEPFinanceInitiative)



[UN Environment Programme Finance Initiative](https://www.linkedin.com/company/unepfi)



[@UNEP_FI](https://twitter.com/UNEP_FI)