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Principles for
Responsible Banking

Responsible Banking Blueprint

A roadmap for action on climate, nature
and biodiversity, healthy and inclusive
economies and human rights

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This Responsible Banking Blueprint should be read in conjunction the *Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector*, which shows where a leading responsible bank could be by 2030 across the four PRB priorities of climate, nature, healthy & inclusive economies and human rights.





Where should a leading, responsible bank be in 2030?

What does ambition look like for each of the UN PRB priorities?

The following blueprint shows where a bank that may be considered leading in its efforts towards the four UN PRB priorities could be by 2030 and beyond. It is not intended to signal an expectation for all banks, but to inspire banks in their transformation journeys. The blueprint on the four priorities does not pre-empt or override the context-specific priorities emerging from individual signatories' impact analysis processes.

Each priority is considered from the perspective of the following elements, with the aim to provide inspiration according to different thematic areas:

- Strategy
- The four action categories for impact management by banks, namely:
 - policies and processes
 - portfolio composition and financial flows
 - client engagement, and
 - advocacy and partnerships
- Targets
- Target implementation
- Disclosure

The different elements showcased can be seen as building blocks but can and over time should also be combined across thematic areas (e.g. joint client engagement strategies for climate, nature, and human rights themes; or sustainable finance volumes with multiple use cases, etc.). Integrated approaches that simultaneously combine efforts on different thematic areas are considered leading practice and aspirational.

Given the dynamic evolution of the sustainability landscape and market, the document will be reviewed every three years as part of the PRB framework review process in order to respond to progress made by science, regulation, standards and banks. What is considered ambitious now (in July 2024) might become common practice over time, so the document is not to be seen as static.

Strategy

A leading responsible bank:

- has a **sustainability strategy covering climate, nature & biodiversity, healthy & inclusive economies and human rights**, as relevant to the bank's specific portfolio and context, which incorporates the transition to circular economy as an enabler and has been well embedded throughout the organisation.
- has a **strategy that is based on the results of a holistic portfolio analysis** to assess impacts, risks and opportunities related to sustainability, including but not limited to the four core priorities and covering all portfolios (including corporate, business, investment and consumer banking).
- **demonstrates alignment of business strategy to be consistent with, and contribute to relevant SDGs and international frameworks** such as the Paris Climate Agreement, the Kunming-Montreal Global Biodiversity Framework (GBF), the Global Framework on Chemicals, the UNGPs, depending on the theme and as relevant to the bank's context.

Theme-specific considerations

Climate change	<ul style="list-style-type: none">▪ has an analysis of the bank's climate impact, risk profile and opportunities for supporting Paris-Alignment,¹ a strategy addressing transition and physical risks and opportunities, the application of scientific scenarios, plans as well as the implementation of plans for transitioning finance towards Paris-Alignment as well as continuously disclosing on progress.
Nature and biodiversity	<ul style="list-style-type: none">▪ has an exposure assessment of the bank's portfolio to nature-related impacts and dependencies, risks and opportunities, initially starting with identified priority sectors and over time having expanded to all relevant sectors.
Healthy, inclusive economies	<ul style="list-style-type: none">▪ has an analysis of key sectors and markets for SME development and of vulnerable underserved populations.
Human rights	<ul style="list-style-type: none">▪ has initially screened all types of activities to prioritise human rights high-risk areas (products, clients, transactions) followed by conducting in-depth human rights due diligence to identify salient human rights issues and act.

¹ Paris Alignment is derived from Article 2.1.c of the Paris Agreement commitment to "make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". This work is often described as having a net-zero commitment and carrying out the recommendations comprised in the Net-Zero Banking Alliance.

Internal processes

A leading responsible bank:

- has **internal sustainability policies and processes** (including transition considerations, risk management and due diligence) in place that incorporate sustainability aspects **across all aspects of financing and investment processes** which have proven effectiveness by both identifying opportunities for transition and safeguarding of risks together with clients and their (potentially) affected stakeholders, including to identify and assess opportunities to support clients in increasing the circularity of their activities.
- has a **human rights approach incorporated across all aspects of the financing cycle, are gender sensitive, and enable banks to identify both opportunities for and risks of or associated with clients and their potentially affected stakeholders** (particularly those impacting vulnerable stakeholders, such as women, and Indigenous Peoples, and Local Communities) in climate, nature and social areas.
- has **competence on climate, nature and social and development-related issues at Board-level.**
- **has established governance systems** in place to support Board and management-level consideration, oversight and action on sustainability-related dependencies, impacts, risks and opportunities including when reviewing and guiding strategy development, stakeholder engagement, major plans of action, risk management policies, budgets, business plans, organisational objectives, capital expenditures and corporate actions.

Theme-specific considerations

Climate change	<ul style="list-style-type: none">▪ based on climate risk and alignment appetite and management.
Nature and biodiversity	<ul style="list-style-type: none">▪ based on nature risk management, and identified high-risk clients and their potentially affected stakeholders (particularly Indigenous People and Local Communities).
Healthy, inclusive economies	<ul style="list-style-type: none">▪ integrating social and gender impact implications, including those related to International Labour Organization (ILO) Fundamental conventions, identifying high-risk clients and sectors, particularly those impacting vulnerable stakeholders (especially women, Indigenous Peoples, and local communities).
Human rights	<ul style="list-style-type: none">▪ to identify, prevent, mitigate and address real and potential impacts on human rights (including Know Your Client (KYC) and onboarding processes); processes need to enable the remediation of any adverse human rights impacts they cause or to which they contribute by their activities.



Internal policies

A leading responsible bank:

- has **developed and implemented relevant climate, nature, social and human rights policies for all identified sectors with a high impact** on each of these areas and for specific activities that are known to generate significant related impact.

Theme-specific considerations

Climate change	<ul style="list-style-type: none">▪ fossil-fuel policies (including expansion, coal-fired power plants and coal mining, tar sands, arctic drilling) are aligned with 1.5 degrees Celsius scenarios.
Nature and biodiversity	<ul style="list-style-type: none">▪ policies on most impactful sectors (agriculture/livestock, fishing industry, mining, trawling), the sectors with the largest risks in economic terms (services and manufacturing sectors) and Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) drivers of biodiversity loss (land use change, direct exploitation, climate change, pollution and invasive species).
Healthy, inclusive economies	<ul style="list-style-type: none">▪ policies for high-risk sectors for working conditions and inequalities (e.g. agriculture, extractives, textiles).
Human rights	<ul style="list-style-type: none">▪ policies for high-risk sectors for working conditions and inequalities (e.g. agriculture, extractives, textiles).



Portfolio composition and financial flows

Mobilisation of capital

A leading responsible bank:

- has been **mobilising significant amounts of capital to promote sustainable development**, while ensuring do-no-harm and leave-no-one-behind principles.

Theme-specific considerations

Climate change

- allocates funds towards a low-carbon transition, including low-carbon clients as well as specifically defining financing to support the transition of high-emitting clients, and the climate resilience of clients, projects and products.
- lending and investment volumes in green assets, transition finance and adaptation finance are disclosed, including definitions used for each of these, using available taxonomies and reflecting the highest and most effective standards, and demonstrate a significant and steady increase over time.

Nature and biodiversity

- has been providing significant amounts of lending/capital markets facilitation to contribute to closing the biodiversity funding gap (as defined by the GBF Goal D7), i.e. lending to sovereigns and/or companies for nature-positive solutions, the restoration or protection of terrestrial and/or marine ecosystems (as detailed in GBF targets 1–4, 9–13), circular solutions and prevention and reduction of pollution.
- has been allocating proportions of climate finance (both mitigation and adaptation) towards nature-based activities and contributing X billion towards circular economy solutions.
- lending and investment volumes in nature-mainstreaming, including nature-transition finance are disclosed, including definitions used for each of these, using available taxonomies and reflecting the highest and most effective standards, and demonstrate a significant and steady increase over time.

Healthy, inclusive economies

- has been mobilising significant amounts of capital and providing significant amounts of lending and relevant financial services to contribute to reducing inequalities and poverty and support SMEs in diverse sectors in line with country needs and priorities.
- has been increasingly allocating funds towards supporting financial inclusion of vulnerable populations, including female-owned businesses.
- has been increasingly allocating funds towards businesses with strong practices in decent employment, gender equality, and inclusiveness of vulnerable populations overall.

Human rights

- has been increasingly allocating funds towards clients that have in place policies and processes to respect human rights under the UNGPs.



Portfolio composition and financial flows

Product & services framework

A leading responsible bank:

- has a **sustainability and product and services framework** in place that meet clients' demand to transition.

Theme-specific considerations

Climate change	<ul style="list-style-type: none">▪ has been developing financial products tailored to support clients' demand for climate mitigation and adaptation. Particularly products for the transition of the energy sector (i.e. generation, conversion, transmission, distribution, storage and use of energy, as well as just energy transition partnerships), for the transition to a circular economy and the optimisation of resource use for goods and services, and a food production system within planetary boundaries are in the bank's portfolio.
Nature and biodiversity	<ul style="list-style-type: none">▪ has been providing meaningful volumes of lending/capital markets facilitation for transition finance or nature-mainstreaming for clients in identified priority sectors (e.g., sustainability-linked bonds/loans with defined nature-related, pollution-related KPIs and/or circularity-related KPIs to demonstrate and incentivise reduction of negative impacts).▪ has been developing financial products tailored to support clients' demand for transition. Particularly products for aiming at increasing water resilience (to build water resilience across global operations and supply chains and achieve positive water impact in vulnerable prioritised water basins by 2030), minimising resource use and pollution, and a food production that operates within planetary boundaries (supporting biodiversity and protecting and nourishing ecosystems on land and below water, including through prevention and reduction of pollution) are in the bank's portfolio.
Healthy, inclusive economies	<ul style="list-style-type: none">▪ has been developing products and services that promote SME development and diversity, as a driver for development.▪ has been developing products and services that promote financial health and inclusion, gender equality and decent work, with a particular emphasis in products that address challenges of the most vulnerable populations.
Human rights	<ul style="list-style-type: none">▪ has been developing products and services requiring companies to implement human rights due diligence, respect a minimum of safeguards including human rights standards and the non-harm principle, have in place grievance mechanisms and stakeholders' participation channels.



Client engagement

Awareness raising & support plans

A leading responsible bank:

- has **raised awareness with its clients and customer base about the risks and opportunities associated with the relevant theme/s**, including interlinkages of these themes and other sustainability issues, and about the bank's sustainability commitment.
- has been **engaging corporate clients on their targets, action and transition plans**, initially focusing on key clients in key sectors and over time expanding to all clients in relevant sectors, following an overarching client engagement strategy that has sustainability topics integrated. Supports its clients in identifying and materialising circular opportunities in its business and value chain.

Theme-specific considerations

Climate change	<ul style="list-style-type: none">■ considers risks and opportunities for accelerating the transition to a net-zero and climate-resilient economy, including impacts on nature, pollution and human rights, as well as circular economy as an enabler for climate mitigation and adaptation.
Nature and biodiversity	<ul style="list-style-type: none">■ considers risks and impacts on pollution, water, biodiversity, human rights and affected Indigenous Peoples and Local Communities.■ considers integration of circularity and nature based solutions to promote resource efficiency, and waste reduction.
Healthy, inclusive economies	<ul style="list-style-type: none">■ is engaging with both key clients and SME clients to promote SME support and sector diversity as drivers of healthy economies and economic development.■ considers the importance of risks and opportunities linked to climate change and nature loss, as well as opportunities to address this via climate mitigation and adaptation, and circular models.■ collaborates with major clients to address social-related impacts in their operations and supply chains, including gender disparity, social inequality, unfair employment, insufficient livelihoods, etc.
Human rights	<ul style="list-style-type: none">■ is engaging with clients to require and incentivise human rights respect, meaningful stakeholder engagement and access to remedy in case of harm.



Client engagement

Outcomes

A leading responsible bank:

- can show that client engagement efforts were successful by **significantly increasing the number of clients that have improved their own management of sustainability-related risks and impacts**, and of clients with relevant sustainability targets and practices in place.

Theme-specific considerations

Climate change	<ul style="list-style-type: none">▪ has been significantly increasing the number of clients in line with a credible net-zero pathway and bank's climate change adaptation plans and objectives.
Nature and biodiversity	<ul style="list-style-type: none">▪ has been significantly increasing the number of clients that have improved their own management of nature/related dependencies, impacts, risks and opportunities and/or increasing the number of clients with science-based targets for nature-related topics in place for example by adhering to the SBTN nature target setting, including for minimising resource use and pollution.
Healthy, inclusive economies	<ul style="list-style-type: none">▪ has been significantly increasing the number and diversity of clients supported and the durability of this support.▪ has been significantly increasing the number of clients with decent employment practices, and gender equal management structures in place.▪ has been significantly increasing the proportion of financially customers, as a result of awareness raising about their finances and their level of financial health in order to increase their financial confidence and self-efficacy.
Human rights	<ul style="list-style-type: none">▪ has been significantly increasing the number of clients that have improved their own management of human rights risks and impacts.



Advocacy and partnerships

A leading responsible bank:

- has been **advocating for an enabling sustainable finance policy environment** and has been following a uniform policy approach in line with the bank's sustainability commitment across all advocacy activities the bank is involved in, including lobbying groups and trade association.

Theme-specific considerations

Climate change	<ul style="list-style-type: none">▪ is advocating for an enabling climate finance policy environment (including for climate resilience and adaptation and circular economies).▪ is engaging with policymakers to support implementation of ambitious Nationally Determined Contributions (NDCs), ambitious National Adaptation Plans (NAPs) and related dialogue processes.▪ contributes to a just transition by taking concrete actions that address social impacts of climate change mitigation and adaptation measures in partnership with actors such as workers, unions, communities and clients and customers.
Nature and biodiversity	<ul style="list-style-type: none">▪ is advocating for an enabling nature finance policy environment (including for pollution-free and circular economies, reduced land/freshwater/ocean use changes, and reduced resource use and exploitation).▪ is engaging with policymakers to implement their National Biodiversity Strategy and Action Plans (NBSAPs) and National Biodiversity Finance Plans.▪ ensures a rights-based approach; respects rights and traditional knowledge of Indigenous Peoples and Local Communities; ensures full and active participation of Indigenous People and Local Communities in all parts of banking operations including strategy and nature-positive investment.
Healthy, inclusive economies	<ul style="list-style-type: none">▪ is advocating for an enabling policy environment to foster economic development and resilience, the reduction of gender inequalities and the inclusion of all vulnerable populations.
Human rights	<ul style="list-style-type: none">▪ is advocating for an enabling business and human rights policy environment.▪ is engaging with policymakers to implement their national actions plans on business and human rights.▪ participates in multi-stakeholder initiatives to address the root causes of human rights abuses (child labour, forced labour, informality, lack of enforcement etc.).



Targets

A leading responsible bank:

- **has set targets in all areas of most significant impact** or has extended the scope of existing targets towards integrated targets (e.g. combined targets that address multiple impact areas.)

A leading responsible bank:

Climate change

- has set science-based net zero emissions reductions targets in line with a 1.5°C pathway, with the goal of reaching net zero by 2050 at the latest, including interim targets.
- has a target to phase out the most harmful activities, as identified by scientific consensus and following clear transition plans per sector and region. This is accompanied by opportunities for client engagement, including on opportunities to enhance circularity, reduce resource use and pollution, and regenerate nature.
- in its climate ambition, incorporates interlinkages with other areas and enablers into targets and/or policies, particularly with climate adaptation, nature, healthy & inclusive economies and human rights, just transition, leveraging the transformative potential of circular economy principles in mitigating climate change.

Nature and biodiversity

- has set an ambition of halting and restoring nature loss by 2030 on a 2020 baseline, and achieve full recovery by 2050.
- the ambition addresses the five drivers of biodiversity loss: land and sea use change, direct exploitation of organisms, climate change, pollution and invasive non-native species.²
- has set sub-targets³ including targets to reduce pollution risk, in line with GBF target 7, the targets of the Global Framework on Chemicals and other relevant pollution-related frameworks.
- has set financial targets to demonstrate alignment with GBF goal D contribute to fill the biodiversity finance gap.

² More guidance and methodologies required to define how this can be demonstrated

³ Following one of the potential approaches to target setting, as defined by the Nature Impact Roadmap to 2030, which will be released in October 2024.

Healthy, inclusive economies

These might include one or more of the following (among others):

- **financial health & inclusion:** has set sub targets to achieve that the majority of its customers is financially healthy, especially among vulnerable populations. In contexts with low levels of financial inclusion, has set a target of granting meaningful shares of unbanked and underbanked persons access to basic banking services. It aims to increase financial inclusion by expanding access to affordable and effective financial products and services, from the most basic to those that support saving, wealth creation, protection, financial planning, etc., with a focus on serving the unbanked and underbanked segments of society.
- **gender equality:** has set a sub target of increasing investment and lending to gender-responsive businesses, investments that specifically target gender equality and promote gender empowerment; has set a target to become a gender-responsive bank
- **decent employment:** has set a sub target to increase financing and investment in projects that enable creation of decent jobs and livelihoods; has set a sub target to support enterprises to provide employment opportunities, with fair wages, safe working conditions and social protection for all
- **diverse SMEs:** has set ambitious targets to mobilise capital towards initiatives that contribute to the reduction of inequalities, poverty alleviation, and the development of inclusive economies.

Human rights

Targets on this area will mostly be at the process level, for example on the number of companies in the portfolio that:

- publicly commit to respect human rights
- have a human rights due diligence in place, aligned with the UNGPs
- have a grievance mechanism in place aligned with the UNGPs
- report transparently on the above



Target implementation

A leading responsible bank:

- has an action or transition plan in place for all significant impact areas (including addressing interlinkages)

A leading responsible bank:

<p>Climate change</p>	<ul style="list-style-type: none"> ▪ demonstrates a decrease in financed emissions and impact in the real economy (potentially after an initial increase in absolute terms due to increased coverage of sectors and business lines). ▪ shows that all financing is climate resilient to business as usual (BAU) (2.7°C) scenarios, demonstrates improved adaptation outcomes in climate vulnerable regions, sectors and clients in line with the bank’s individual adaptation plan and has assessed and reduced the physical impacts of climate change in their portfolios, by working with their clients to implement adaptation strategies and measures to build and enhance resilience, while contributing positively to national and global adaptation plans.
<p>Nature and biodiversity</p>	<ul style="list-style-type: none"> ▪ has demonstrated halting and reversing nature impacts in the portfolio. ▪ shows that it has contributed to goals and targets of the GBF and NBSAPs in the jurisdictions where it operates—following a value chain approach—and demonstrates alignment with GBF goal D by showing contributions to fill the biodiversity finance gap. ▪ demonstrates action for real economy-impact for the sub-area of nature the bank is focusing on, e.g. a reduction in water withdrawal and consumption in areas of water scarcity, an increase in the extent of land/freshwater/ocean ecosystem that is sustainably used, a decrease of pollutants release into soil, water and air, a decrease of resource use.
<p>Healthy, inclusive economies</p>	<ul style="list-style-type: none"> ▪ has been showing progress towards achieving social targets like gender equality by tracking gender parity in the bank and in its portfolio over time. ▪ demonstrates action for real economy-impact and an increased amount of individuals to become more financially healthy, an increase in the number of MSMEs more financially healthy, and increase of the number of decent jobs created. ▪ the bank is considered a gender-responsive bank.
<p>Human rights</p>	<ul style="list-style-type: none"> ▪ has demonstrated an increase of portfolio aligned with the UNGPs.



Disclosure

A leading responsible bank:

- **demonstrate target delivery by reporting on progress against pre-defined milestones and KPIs**, report on actions and their implementation, and has embedded sustainability and reporting against progress towards becoming a responsible bank in its regular reporting
- **discloses the proportion of funding in its portfolio that is aligned with** the Paris Climate Agreement, the Global Biodiversity Framework, the SDGs, the UNGPs, and/or other **relevant international and national framework**⁴

⁴ It is recognised that (more) methodologies to demonstrate alignment with some of these mentioned treaties still need to be developed and an area that leading players can contribute to help develop.

A leading responsible bank:

Climate change	<ul style="list-style-type: none">▪ has been continuously disclosing its emissions profile in CO₂e⁵ absolute and intensity terms for all GHG-intense sectors. In that, the scope and boundaries of the emissions profile have been disclosed, the coverage of business lines and sectors (which has increased over time towards full coverage of all relevant business lines and sectors), as well as the measurement method(s), assumptions made, and metrics at portfolio, asset class and sector level.⁶▪ has been disclosing a clean energy supply financing ratio, which compares a bank's financing of low-carbon energy supply to its financing of fossil-fuel energy supply.
Nature and biodiversity	<ul style="list-style-type: none">▪ has been reporting on nature-related risks and opportunities in line with relevant approaches, frameworks and standards including the recommendations of the Taskforce on Nature-Related Disclosure (TNFD), including regularly disclosing TNFD core metrics, and other relevant approaches or methods and mandatory reporting requirements in specific jurisdiction such as the ESRS for the EU and Article 29 in France.
Healthy, inclusive economies	<ul style="list-style-type: none">▪ has been providing transparent disclosure of social impact indicators, disaggregated by gender, age, income, and location (rural, urban, peri-urban), to track progress and ensure accountability▪ has been disclosing the state of decent employment of its client base in key sectors
Human rights	<ul style="list-style-type: none">▪ is publicly communicating its human rights policy and human rights due diligence▪ is transparent about how it is taking action to prevent, mitigate and address its salient human rights risk and impacts and the outcomes of its actions in their different roles.

5 Including methane.

6 Banks are encouraged to follow relevant regulatory guidance and may refer to the UNEP FI G20 Sustainable Finance Working Group Paper for more details on how to disclose credible net-zero commitments from financial institutions [2021-UNEP-FI-Recommendations-for-Credible-Net-Zero-Commitments.pdf](https://www.unepfi.org/~/media/2021-UNEP-FI-Recommendations-for-Credible-Net-Zero-Commitments.pdf) (g20sfwg.org)



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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

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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.



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