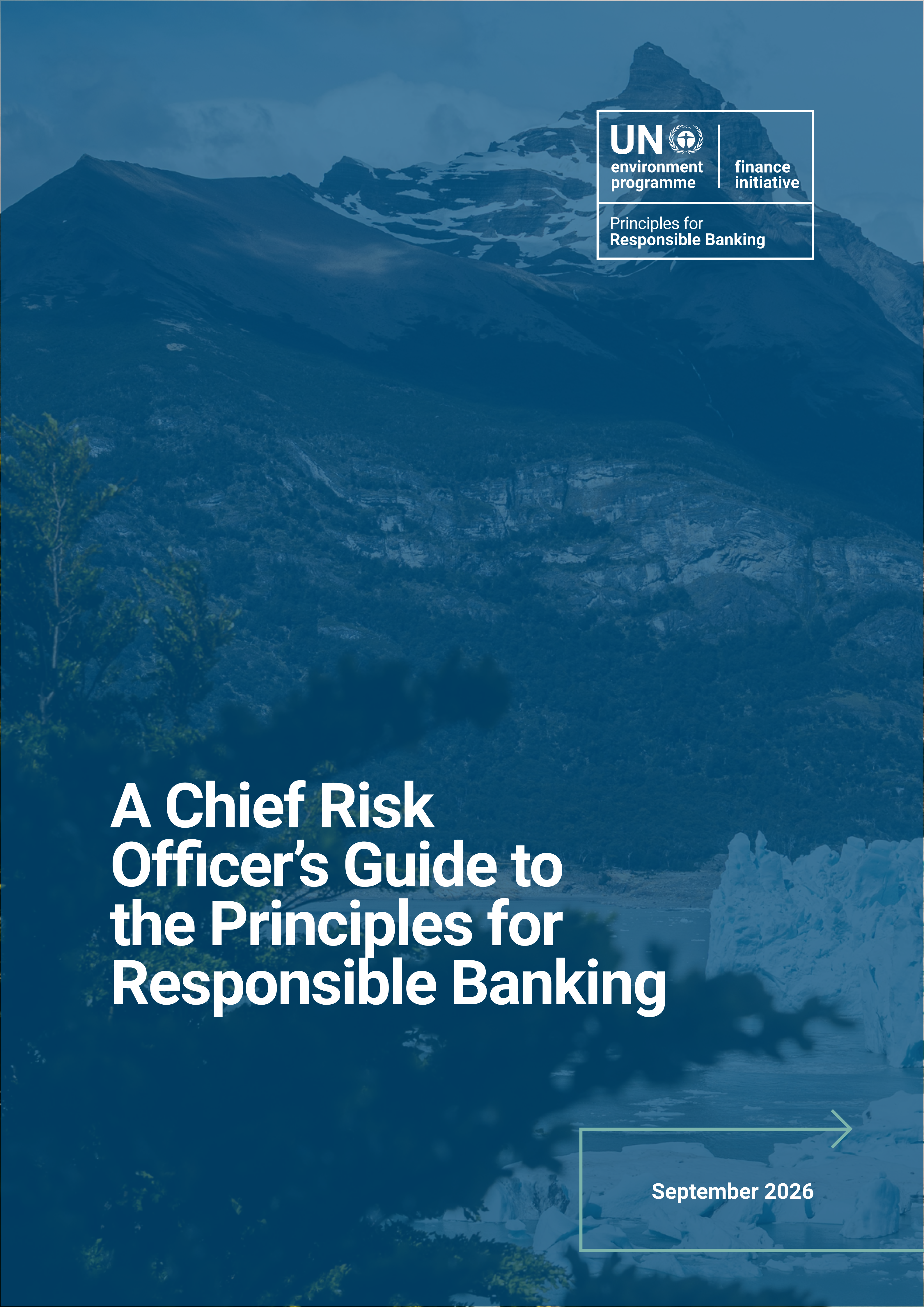

UN environment programme | finance initiative
Principles for Responsible Banking

A Chief Risk Officer's Guide to the Principles for Responsible Banking

September 2026

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.

Suggested citation: United Nations Environment Programme (2026). A cheat sheet for the CRO at PRB signatory banks. Geneva.

Production: United Nations Environment Programme Finance Initiative

Cover photo: unsplash.com/photos/majestic-glacier-and-snow-capped-mountain-under-blue-sky-J5kpskvIoQc

About this cheat sheet

A Chief Risk Officer's Guide to the Principles for Responsible Banking explains how CROs and their teams can implement the PRB through the bank's existing risk management framework. It connects each of the six Principles to the core elements of risk management, with practical actions, questions to ask, and case studies from signatory banks.

This cheat sheet summarises the Guide in three pages: the risk case for the PRB, how the Principles map to the seven core risk elements, and what a CRO can do at each stage of integration.

Read the full Guide & case studies here.

The PRB is enterprise risk management, applied to a wider set of drivers.

More than 350 banks, around half of global banking assets, have signed the UN Principles for Responsible Banking. Signatories identify their most significant impacts, set targets against them, and demonstrate progress each year across four priorities: climate, nature, human rights, and healthy and inclusive economies.

The risk case for the Principles for Responsible Banking

It runs through processes risk already owns Impact analysis, targets, sector policies and client transition assessments reshape the portfolio the risk function is accountable for. Implementation sits, at least partly, within its remit.	**It sharpens risk identification** Impact analysis shows where sustainability drivers concentrate; targets give a forward view of portfolio change; client and stakeholder signals flag emerging risk earlier than the financials do.
It surfaces concentration that cuts across sectors A single driver, such as water stress in one catchment, links borrowers, their supply chains and collateral. Naming it in the taxonomy makes the dependency visible before it becomes a correlated loss.	**It tests the cost of sustainability objectives** Portfolio targets change concentration and risk-adjusted return. Testing those effects before targets are published keeps sustainability objectives inside risk appetite, and feeds residual risk into the ICAAP.

The seven core risk elements mapped to the PRB

Core risk elements following the UNEP FI Risk Centre's Conceptual Framework for Sustainability Risk Integration

Core risk element	What sustainability risk integration looks like in practice	Relevant PRB principle(s)
Risk strategy	Reflects how sustainability drivers reshape the long-term risk profile and business model viability.	P1 Alignment
Governance	Assigns ownership, decision rights and oversight across the three lines of defence.	P1 Alignment; P3 Clients; P5 Governance
Risk appetite	Sets limits for high-impact and exposed sectors, plus qualitative statements such as human rights exclusions.	P1 Alignment; P2 Impact & Targets
Risk taxonomy & scope	Translates broad sustainability drivers into defined risk categories across the bank's business.	P1 Alignment
Risk identification, measurement & materiality	Identifies and measures drivers, prioritises what is material, runs scenario analysis and stress testing.	P2 Impact & Targets; P4 Stakeholders
Risk management actions	Applies sector limits, due diligence, pricing, covenants and client engagement in line with appetite.	P2 Impact & Targets; P3 Clients; P4 Stakeholders
Monitoring & reporting	Tracks and discloses sustainability risk metrics, underpinned by sound data governance and analytics.	P6 Transparency

How signatory banks are doing this

Standard Bank Group **P1 Alignment**	BBVA **P2 Impact & Targets**	CIMB Group **P3 Clients**
Climate is one of the group's risk appetite statements, alongside capital, funding and liquidity, earnings volatility, reputation and conduct, recording limited appetite for unmanaged climate risk. The group risk and capital management committee reviews and approves it annually, and climate is tested through the same stress testing and scenario analysis programme. **South Africa**	A Transition Risk Indicator classifies clients by their emissions objectives and investment to execute a transition plan, updated regularly and used in business and risk decisions. Executive pay is linked to decarbonisation targets. **Spain**	Sector policies and exclusion lists sit inside its sustainability risk management framework, applied through the three lines of defence. Requirements are a condition of credit, with a time-bound action plan for clients who do not yet meet them. **Malaysia**

Integrating the PRB across core risk elements: starting, building, leading

Actions tagged following the UNEP FI Risk Centre's Conceptual Framework for Sustainability Risk Integration

Start	establish the foundations
Build	align core risk elements
Lead	Progress to leading practice

Core risk element		What a cro can do
Risk strategy P1 Alignment	Start	Review the bank's PRB impact analysis, targets and latest Progress Statement to establish where risk management already contributes.
	Build	Reflect thae bank's PRB topics and priority themes in scenario analysis and stress testing, so results speak to the commitments made.
	Lead	Use scenario results, impact analysis and targets to inform capital allocation, portfolio composition and transition planning.
Governance P1 Alignment P3 Clients P5 Governance	Start	Agree with the sustainability function who owns impact analysis, materiality assessment, data and reporting, and how the two resolve disagreement.
	Start	Confirm each of the three lines of defence understands its responsibilities for sustainability risks.
	Lead	Make sustainability risk a standing item at risk committees rather than a periodic topic.

Core risk element	What a cro can do	
Risk appetite P1 Alignment P2 Impact & Targets	Build	Align risk appetite with the bank's PRB targets and strategic commitments, including limits and thresholds for the sectors those targets cover.
	Build	Set thresholds for high-impact sectors and vulnerable geographies, alongside qualitative statements such as human rights exclusions.
	Lead	Demonstrate to the Board how sustainability risks influence risk appetite, strategy and decision-making.
Risk taxonomy & scope P1 Alignment	Start	Assess drivers across sectors, client segments, portfolios and geographies, prioritising material exposures and the four PRB priorities.
	Build	Add sustainability risk drivers to the risk taxonomy and define how they transmit into credit, market, operational and other established risk types.
	Lead	Update the taxonomy as impact analysis and risk identification are refreshed; exposures outside the perimeter today may sit inside it at the next review.
Risk identification, measurement & materiality P2 Impact & Targets P4 Stakeholders	Build	Apply dynamic materiality to test whether sustainability topics are becoming financial risks.
	Build	Capture sustainability drivers in credit parameters such as probability of default and loss given default.
	Lead	Develop models or overlays that incorporate sustainability assumptions, and strengthen second-line validation of them.
Risk management actions P2 Impact & Targets P3 Clients P4 Stakeholders	Build	Apply sector limits, enhanced due diligence, pricing and covenants in line with risk appetite; update credit policies where PRB targets create binding constraints.
	Build	Escalate where clients are off track, through relationship review, limit reduction and, as a last resort, exit under standard credit governance.
	Lead	Reflect material sustainability risks in the ICAAP and capital planning, consistent with supervisory expectations.

Core risk element	What a cro can do	
Monitoring & reporting P6 Transparency	Build	Add sustainability risk metrics to risk dashboards and Board risk reporting, capturing drivers within existing metrics where possible.
	Lead	Improve the quality, granularity and coverage of sustainability risk data, in line with best practice.
	Lead	Strengthen second-line validation of sustainability data, models and disclosures, and coordinate internal audit coverage.