



PRINCIPLES FOR
RESPONSIBLE
BANKING

Principles for Responsible Banking

Webinar

April 17, 2019



Agenda

I. Introduction

James Vaccaro (Triodos Bank)

II. The Principles for Responsible Banking

Mariuz Calvet (Banorte)

III. Target Setting and Accountability

Nehru Pillay (Land Bank)

IV. Implementation

Jinny Yan (ICBC Standard)

V. Going Forward

Stephen Hibbert (Banking Committee Chair)



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PRINCIPLES FOR
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I. Introduction

James Vaccaro (Triodos Bank)

I. Introduction: Objectives of the Principles



Define, shape and ultimately secure the banking industry's role in the society and economy of the 21st century



Strengthen trust and customer engagement

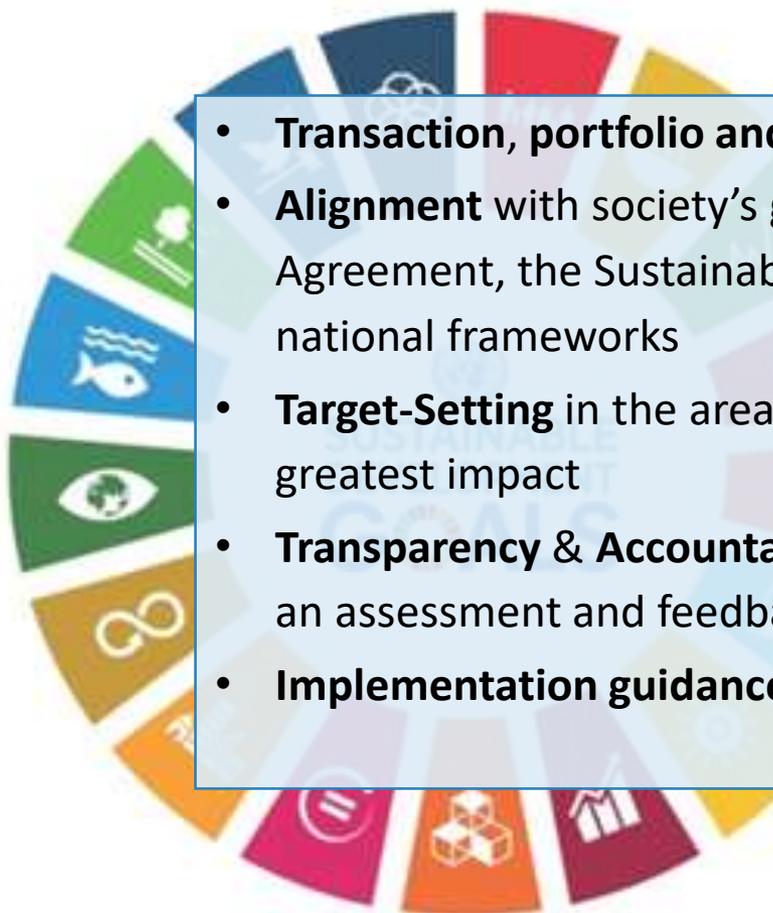


Enable banks to credibly demonstrate and communicate their purpose and contribution to society



Set the global benchmark for responsible banking and provide actionable guidance to achieve it

I. Introduction: Key Features

- 
- **Transaction, portfolio and strategic level**
 - **Alignment** with society's goals as expressed in the Paris Climate Agreement, the Sustainable Development Goals and relevant national frameworks
 - **Target-Setting** in the areas where banks have or could have the greatest impact
 - **Transparency & Accountability** through public reporting, and an assessment and feedback process
 - **Implementation guidance** for each principle



PARIS2015

I. Introduction: Who are the Principles for

- Any bank can become a signatory to the Principles for Responsible Banking upon their release in September 2019
- Any bank genuinely committed to sustainability and responsible banking can set targets and ambitions in line with their context, strengths and starting point

Core Group Members





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II. The Principles for Responsible Banking

Mariuz Calvet (Banorte)

II. The Principles for Responsible Banking

The infographic features a dark blue background. At the top left, the text '6 PRINCIPLES' is in white, and 'SHAPING OUR FUTURE' is in large green letters. To the right is the UNEP logo (a person with arms raised in a circle) and the text 'UNEP FINANCE INITIATIVE' and 'PRINCIPLES FOR RESPONSIBLE BANKING'. Below this are six white hexagonal icons, each with a corresponding principle name underneath: Alignment (a bar chart), Impact (a water drop), Clients & customers (a handshake), Stakeholders (a network of nodes), Governance & target setting (a target with an arrow), and Transparency & accountability (a magnifying glass).

6 PRINCIPLES
SHAPING OUR FUTURE

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Alignment

Impact

**Clients &
customers**

Stakeholders

**Governance &
target setting**

**Transparency &
accountability**

II. 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 (SDGs), the Paris Climate Agreement and relevant national and regional frameworks. We will focus our efforts where we have the most significant impact.”

- Integrate society’s goal into your business strategy and key business decisions, including your capital allocation decisions
- Identify areas of most significant positive and negative environmental, social and economic impacts
- Set and publish targets that align your business with and ensure your bank’s significant contribution to SDGs and the Paris Climate Agreement

II. Principle 2: Impact



“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.”

- Identify, assess and be transparent on significant (potential) positive and negative impacts
- Define KPIs to address, reduce and mitigate significant negative impacts and to scale up positive impacts
- Undertake forward-looking assessments of sustainability-related risks and opportunities at transaction, portfolio and strategic level

II. 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.”

- Systematically support clients in adopting new technologies, business models and practices, and encourage and support sustainable behavior and consumption choices among retail customers
- Take action, such as development of new products and services or sustainability-related incentives and contract-conditions
- Help ensure that your retail customers have the knowledge and skills to effectively manage their finances

II. Principle 4: Stakeholders



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

- Identify key external stakeholders, paying special attention to stakeholders directly or indirectly affected by the bank’s business practices and decisions
- Engage, listen to and consult regarding the material issues in your strategy and business practices. Create partnerships that enable your bank to achieve more
- Engagement with regulators and policymakers is aligned with the goals and objectives of these Principles, and advocate for sustainable policies

II. Principle 5: Governance & Target Setting



“We will implement our commitment to these Principles through effective governance and a culture of responsible banking, demonstrating ambition and accountability by setting public targets relating to our most significant impacts.”

- Assign roles and responsibilities with sufficient status, influence and resources across all functional areas of the bank
- Establish effective policies and management systems to integrate sustainability objectives into decision-making processes across the bank
- Actively communicate top-level buy-in and integrate sustainability targets into performance assessments, remuneration schemes and promotion decisions

II. 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.”

- Within the first 18 months of becoming a signatory publicly report on significant positive and negative impact and implementation of the Principles
- Undergo an annual assessment and feedback process

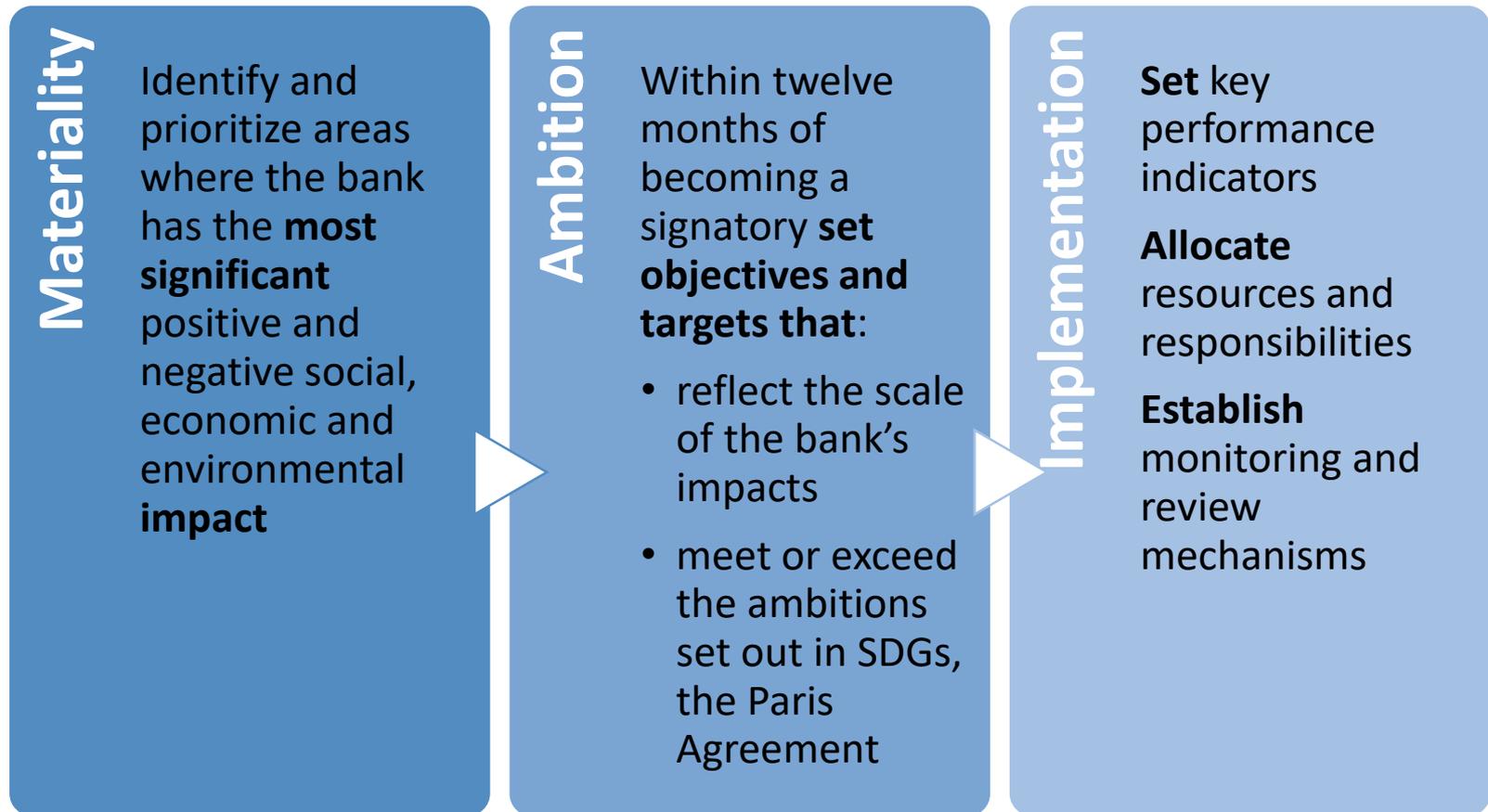


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III. Target Setting and Accountability

Nehru Pillay (Land Bank)

III. Target-Setting Requirements



III. Reporting and Accountability

Keeping additional reporting to a minimum: Publish required/relevant information in your existing public reporting and submit template with references

Ensuring Banks are fulfilling their commitments:

Target-Setting-Process

Conduct an impact analysis, identify focus areas and set targets in line with international/national goals and frameworks

Progress

Implement measures to achieve the targets in your focus areas; establish best practice across the board

Obtain assessment/verification regarding fulfillment of the requirements.

Allowing for different starting points: Banks may take up to four years to fully adopt the framework and be in line with the above requirements.



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IV. Implementation

Jinny Yan (ICBC Standard)

IV. Implementation

- The Implementation Guidance sets out the relevance of and intention behind each Principle and provides guidance on how each Principle can be implemented
- There is specific guidance under each Principle for banks that are just starting out as well as for banks that are relatively advanced

IV. Implementation: Support

Support is available for the implementation of each Principle

- Principles for Responsible Banking Dashboard
 - will enable banks to self-assess where they stand with regards to their implementation of each Principle, and provide guidance on what steps and measures they could take next
- Case studies and cutting-edge research
- Peer-learning from other UNEP FI members
- UNEP FI working groups
- Annual feedback meeting



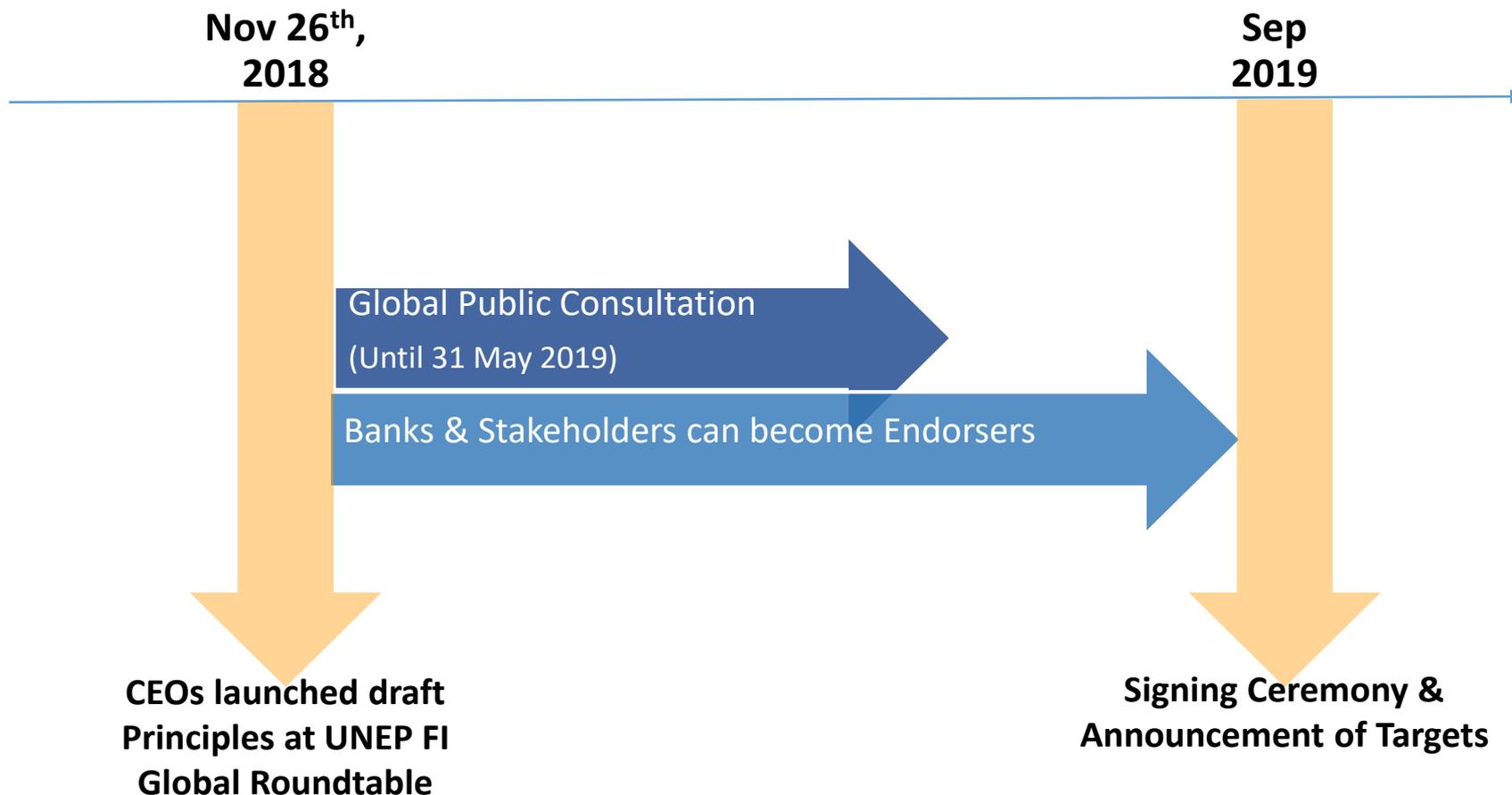
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V. Going Forward

Stephen Hibbert (Banking Committee Chair)

V. Going Forward

Consultation Timeline



V. Going Forward

Provide us with your feedback

- Provide us with your input on the Principles:
 - Visit the online consultation page - <https://unepfi.org/consult/>
 - Attend events hosted by UNEP FI, founding banks (find details on the UNEP FI website)
 - Engage directly with us

V. Going Forward: Become an Endorser

- By endorsing the Principles for Responsible Banking you show your support for the sustainable banking system of the future
 - By endorsing, you state your bank's intention to sign and commit to the Principles in September 2019
 - Your endorsement shows your understanding of the important role of the global banking industry in shaping a sustainable and equitable future
- Endorser requirements:
 - Your CEO signs a letter of endorsement
 - Your bank issues a press release with a quote from your CEO announcing your bank's endorsement

V. Going Forward: What Will This Mean for UNEP FI Member Banks?

- The Principles will form the basis for UNEP FI's work programme going forward, ultimately replacing the Statement of Commitment
- We expect most UNEP FI member banks will sign up to the Principles within a 2 year period



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Q & A



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Thank you

For more information please contact:

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