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PRINCIPLES FOR  
RESPONSIBLE  
BANKING

# Principles for Responsible Banking

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Webinar

May 29, 2019

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# Agenda

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## I. Introduction

Nehru Pillay (Land Bank) | Jinny Yan (ICBC)

## II. What has changed?

Nehru Pillay (Land Bank) | Mariuz Calvet (Banorte)

## III. Frequently Asked Questions

Dimitrios Dimopoulos (Piraeus Bank) | Emily Fry (Barclays)

## IV. Next Steps

Puleng Ndjwili-Potele (UNEP FI) | Stephen Hibbert (Banking Committee Chair)



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# I. Introduction

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Nehru Pillay (Land Bank) | Jinny Yan (ICBC)

# I. Introduction:

- The draft Principles for Responsible Banking were launched for public consultation in November 2018
- Over the last six months, we have consulted hundreds of banks and stakeholders in over sixty countries worldwide through:
  - Consultation events
  - Webinars
  - One on one meetings and calls
  - Online consultation page
- There are a few days to go before the end of the consultation period (31 May 2019)

# I. Introduction:

- Feedback on the six Principles was extremely positive
- Banks and stakeholders very much agreed with the vision and direction, especially:
  - the focus on impact
  - the emphasis on strategy and strategic opportunities
  - alignment with the Sustainable Development Goals and the Paris Climate Agreement as the key global objectives for a sustainable future that banks play a crucial role in contributing to
- Banks and stakeholders were very keen on the target setting mechanism as the innovative key feature of these Principles to drive continuous improvement where it matters most
- Banks and stakeholders welcomed the strong accountability aspect of the Principles that will ensure that being a signatory is a credible commitment and that banks that sign up continuously progress
- Unsurprisingly, most of the more detailed feedback and very constructive suggestions for further simplification and improvement were around the accountability mechanism

# I. Introduction:

- Some of the feedback received on the transparency & accountability mechanism has already been translated into an improved, clearer and simpler accountability mechanism
- The purpose of this webinar is to
  - share these updates with you
  - provide clarity on a number of questions that have frequently been asked during the consultation period
  - answer any questions you may still have about the Principles



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# II. What has been updated already?

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**Nehru Pillay (Land Bank) | Mariuz Calvet (Banorte)**

## II. What has been updated already?

<b>Starter Bank</b> max. 24 months	<b>Intermediate Bank</b> max. 24 months	<b>Advanced Bank</b>
<b>Transparency</b> Feedback and recommendations for improvement by UNEP FI	<b>Transparency</b> Feedback and recommendations for improvement by UNEP FI	<b>Transparency</b> Independent assessment of shortcomings if not fulfilled*
<b>Target-Setting-Process</b> Assurance by assurer/independent reviewer to address shortcomings if not fulfilled*	<b>Target-Setting-Process</b> Assurance by assurer/independent reviewer to address shortcomings if not fulfilled*	<b>Target-Setting-Process</b> Assurance by assurer/independent reviewer to address shortcomings if not fulfilled*
<b>Progress</b> Formal task by assurer/independent reviewer to address shortcomings.*	<b>Progress</b> Formal task by assurer/independent reviewer to address shortcomings.*	<b>Progress</b> Formal task by assurer/independent reviewer to address shortcomings.*

- Classification added unnecessary complexity
- Categories were wrongly interpreted as assessing banks' level of sustainability, not how far along they were in implementing their commitments under the Principles

## II. What has been updated already?

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- One set of requirements for banks to be in line with their commitments under the Principles - 4 years to work towards that
- First reporting on how your banks is implementing the Principles is due 18 months from signing up, and annually after that

# II. What has been updated already?

## Target Setting



Identify the most significant positive and negative social, economic and environmental impacts resulting from your bank's activities, products and services



Considering your significant impacts and your operating context, prioritize focus areas for setting targets



Set and publish targets that clearly link to and meet or exceed the ambitions expressed in the Sustainable Development Goals, the Paris Climate Agreement and/or relevant national and regional frameworks

# II. What has been updated already?

## Reporting



### Share your progress and be transparent on your impact

In your existing public reporting, share with your stakeholders how you are implementing the Principles for Responsible Banking, what targets you are setting/have set for your bank and what progress you have made.

Be transparent on your impact—positive and negative—and with that your contribution to society.

Your first reporting including this information is expected **latest 18 months after signing** up and thereafter annually.

You summarize where the relevant information on your implementation of the Principles can be found in the reporting template.

## II. What has been updated already?

### Reporting, Assessment and Assurance



### **Assure that you are meeting your commitments**

**In your reporting**, publish your self-assessment against the six criteria covering the Principles' requirements on "impact & target setting" and "progress" and get it assured. You would usually do this by including it in your existing limited assurance process.

In case assurance is not an option for your bank, a third-party assessment against the criteria is also possible.



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# III. Frequently Asked Questions

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**Dimitrios Dimopoulos (Piraeus Bank) | Emily Fry (Barclays)**

# FAQs from the Consultation Period

## What are the benefits of signing up that we can share with our C-suite decision-makers?

The Principles for Responsible Banking will:

- Provide your bank with one comprehensive framework to strategically embed sustainability across its entire business - at the strategic, portfolio and transactional levels
- Guide your bank to systematically identify and address sustainability-related risks and position itself to seize opportunities resulting from the transformation to a low-carbon, sustainable economy
- Guide your bank in anticipating the changing needs and expectations of corporate clients and retail customers, and in developing a competitive offering of products and services to meet them
- Enable your bank to present a clear vision and agenda regarding its role in addressing social and environmental challenges, such as climate change. By signing the Principles and setting targets, your bank pro-actively puts forward a clear agenda and commitment, e.g. regarding climate change, rather than responding defensively to civil society demands

# FAQs from the Consultation Period

## The Principles for Responsible Banking will (cont):

- Provide the framework for your bank to clearly show its purpose, its contribution and value to society and with that create trust and secure its social license to operate
- Enable your bank to position itself as a sustainability leader and as a responsible bank vis-à-vis regulators and with that help to secure a seat at the table for your bank
- Provide banks with the opportunity to learn from leading peer banks around the world, receive support and guidance from experts and to advance approaches and methodologies in sustainable finance as part of a global community of banks leading the transformation of the global banking sector

# FAQs from the Consultation Period

## **There are no well established frameworks for identifying impacts. How will our bank achieve this?**

- UNEP FI together with banks involved in the Principles are developing a tool that will assist banks to identify their significant impacts
- The tool guides banks to take a sectoral approach to their portfolios, identify the impacts associated with the activities related to those sectors, and integrate the context in which the bank operates in order to determine the most significant impacts
- The tool is currently being tested by the banks, and will be included in the guidance/knowledge document
- Once banks have identified their significant impacts, they are able to set relevant and appropriate targets

## **When should we set our targets?**

- Banks set their own targets according to their significant impacts, i.e. according to the most relevant challenges and objectives in their country/regional context and their portfolio exposure
- Banks need to show after year 4 that they have set targets that are fully in line with their commitments under the Principles
- To achieve this, banks should start setting targets as soon as possible after signing to give themselves time for one or two review cycles, to gradually develop and upgrade their targets to be in line with their commitments
- Banks should include information on their progress regarding target setting in their annual reporting

# FAQs from the Consultation Period

## What is the role of the Implementation Guidance?

- A non-binding guidance and knowledge sharing document
- Provides guidance on how banks can go about implementing each Principle
- Refers to existing frameworks, and suggests how they can be used in implementing the Principles

## Do I need to produce another report?

- No, there is no additional report required. You include the required information in your existing report/s or other publicly accessible domains like your website
- You complete a reporting template, referencing where the required information can be found in that / those reports

# FAQs from the Consultation Period

## Will there be support for implementing the Principles?

- Yes, by joining the Principles for Responsible Banking, banks join a community committed to jointly advancing sustainable finance
- As a member of the community you can rely on substantial support to implement the Principles, such as
  - An annual feedback and support meeting with the UNEP FI Secretariat - plus access to UNEP FI's experts for advice all year round
  - Structured peer learning—from leading banks worldwide and in your region
  - Trainings based on needs
  - Expert-supported working groups to develop new tools, methodologies and approaches
  - Self-assessment and tailored implementation guidance through the UNEP FI Dashboard

## What does it costs to sign up?

- You pay an annual membership fee to UNEP FI (based on your AUM, between USD 2,500 and USD 20,000 per annum)



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# IV. Next Steps

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**Puleng Ndjwili-Potele (UNEP FI) | Stephen Hibbert (Banking  
Committee Chair)**

# IV. Next Steps in the Process

- End of global public consultation: 31<sup>st</sup> May
- After that: Core Group of banks (in consultation with endorsers) revises materials addressing the feedback received. Approximate timeline:
  - Principles and detailing of signatory commitments (target setting & accountability) by mid/end July → basis for banks to sign
  - Implementation support materials/knowledge document (majority of former “Implementation Guidance”) by the time of launch, i.e. September

# IV. Next Steps in the Process

- 22nd / 23rd September:
  - Official Launch and Signing of the Principles for Responsible Banking will take place at UN HQ at the beginning of the UN General Assembly week, when the world's Heads of States come together to discuss international objectives and address global challenges
  - Leading bank CEOs will come together to sign the Principles, thereby committing to play a vital role in helping societies worldwide achieve their objectives for a sustainable, equitable future, and to tackle humanity's most urgent challenges, such as climate change

## IV. Next Steps for you

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- Schedule a one on one call with the UNEP FI Secretariat and one of the Core Group banks to discuss the Principles further and clarify any remaining questions
- Endorse the Principles by providing the endorsement letter signed by your CEO
- Confirm your CEO's attendance at the New York signing and launch events on 22 & 23 September by 15<sup>th</sup> June for a guaranteed speaking slot



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# Q & A

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# Thank you

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For more information please contact:

Simone Dettling

Banking Team Lead, UN Environment Finance Initiative

[Simone.dettling@un.org](mailto:Simone.dettling@un.org)