UN environment programme | finance initiative

Principles for Responsible Banking

Guidance for assurance providers

Providing Limited Assurance for Reporting

Principles for Responsible Banking

Acknowledgments

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Introduction

This Guidance for Assurance Providers aims at assisting assurance providers with undertaking limited assurance on PRB reporting and at harmonizing the assurance approach and procedures for signatory banks, and shall thus foster transparency and robustness in signatory disclosures.

The Reporting and Self-Assessment Template[1] sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Within this reporting template, there are six areas for self-assessment that are key to showing that a bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. These are the areas [in the Reporting and Self-Assessment Template] that relate to the three Key Steps of implementing the Principles for Responsible Banking (Impact Analysis, Target Setting and Reporting) and are subject to limited assurance:

- Impact Analysis [2.1]
- Target Setting [2.2]
- Plans for Target Implementation and Monitoring [2.3]
- Progress on Implementing Targets [2.4]
- Governance Structure for Implementation of the Principles [5.3]
- Progress on Implementing the Principles for Responsible Banking [6.1]

The assurance process should be in place by no later than year four from the date the bank became a signatory to the Principles. Banks are encouraged to put this process in place well in advance.

Assurance providers should verify whether the disclosed statements of the bank display an accurate reflection of the steps and activities the bank has undertaken. That means that assurance providers will evaluate if the description of banks' processes and activities and their outcomes sufficiently reflect what the bank has done, rather than evaluating the applied approach itself. It is not expected that assurance providers opine on whether the bank's disclosure is in line with the PRB commitments in terms of a qualitative assessment of whether the bank's disclosed progress is sufficient. This individual assessment of whether the bank is aligned with the requirements of the Principles for Responsible Banking and is meeting its commitments will be undertaken by a sustainability expert within the UNEP FI Secretariat (the Review Expert). For impact analysis this means for example that the Review Expert's role is amongst others to assess the applied

1 The Reporting and Self-Assessment Template (i.e. the structure, the texts of the Principles and the Reporting and Self-Assessment requirements as well as the conclusion/statements etc.) may not be altered. It can be adapted and layouted according to corporate design.

methodology for undertaking the impact analysis for efficacy and objectivity, considering the rationale, logic and assumptions underpinning the outcome of the analysis, as well as the alignment with the requirements around impact analysis. The assurance providers would form a view on the accuracy of the described process and steps, and assess the described outcome of the process.

In order to assess the impact analysis undertaken and the targets the bank has set, the review expert needs to build his/her assessment on the publicly disclosed information in the Reporting and Self-Assessment Template and the bank's reporting. The Review Expert will not consider information that is not included in a bank's public reporting when undertaking the review, and will rely on the opinion provided by assurance providers with regard to the lack of material misstatement in the bank's disclosures.

Example of how to assure against the Principles for Responsible Banking requirements

Below is an example of how to assure an exemplary completed Reporting and Self-Assessment Template.[2] The right-hand column aims at guiding assurance providers in undertaking limited assurance on the highlighted items. It describes the areas to be reviewed as well as the approach to be followed by assurance providers.

2 The example focuses on a bank's first reporting as a signatory to the Principles, and is based on the example developed in the Reporting Guidance for Banks

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
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.**			
1.1. Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	X Bank is a financial services group operating predominantly in Ireland and Russia. 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. 55% of our loans are allocated to our customers in Russia, and 45% in Ireland. Retail lending constitutes 35% of the loan book in Ireland, and 40% in Russia, while our corporate lending constitutes 55% and 50% respectively, and lending in our private clients portfolio constitutes 10% in both loan books.	See the section "*About X Bank*" on p. xx of our 2020 Sustainability Report [Link]	

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1.2. Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	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, Ireland's Climate Action Plan, and Russia's national development goals framework. We determined that climate change, 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. We analysed our portfolios to assess how we could strategically contribute to these priority goals and challenges. In addition, the outcome of our impact analysis also showed us where our business strategy is inconsistent with national, regional and international goals. We determined that our financing to the energy sector and high polluting sectors is not aligned with these goals, and therefore we need to work to align our business strategy with these goals. We also identified that we contribute significantly to decent employment in our countries of operation, and we should seek strategic opportunities to support our clients' transition, while maintaining the jobs they create.	See "Our Business Strategy" on p. xx of our 2020 Sustainability Report [Link]	

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
Principle 2: Impact and Target Setting **We will work to 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.**			
2.1. Impact Analysis: **Show** that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a. **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b. **Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.	We used x methodology/tool to undertake our impact analysis. We were able to analyse the products, services and activities in the bank's retail and corporate banking portfolios in Ireland and Russia. Our investment banking and asset management business were not covered in the analysis at this stage. The main sectors, industries and technologies we finance across our Ireland and Russia business are energy (constituting 20% of our corporate portfolio across our Ireland and Russia 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%). Through our analysis, we determined that these portfolios were strongly associated with impacts that include climate change (Greenhouse Gas (GHG) emissions), air and water pollution, biodiversity loss and degradation, access to housing, and decent employment.	See "Impact Analysis" on p. xx of our 2020 Sustainability Report [Link]	Together with the bank's public (sustainability) reporting, review working papers supporting its impact analysis including: ▪ confirm that the disclosures made here by the bank (including the description of the methodology*/process applied) accurately reflects the steps and activities the bank has undertaken to conduct the impact analysis ▪ confirm that the description of the impact analysis clearly articulates the scope and the extent to which the scope is consistent with that presented in the disclosure (e.g. main industries, technologies and geographies the bank finances/invests in). Where main components of the bank's activities are not covered by the impact analysis, these exclusions and limitations should be referenced in the banks' disclosure or alternatively in the assurer's opinion.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
c. **Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d. **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/ salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.	We were also able to determine that the most relevant challenges and priorities in Ireland included climate change, biodiversity loss and degradation, air pollution, affordable housing, and in Russia, climate change, biodiversity loss and degradation, and decent employment, 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 Ireland, and Russia's national development goals framework, UN Biodiversity Lab platform, and WHO Global Ambient Air Pollution index), and engagement with xx stakeholders. 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 determine the scale and salience/intensity of 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.		■ confirm that any disclosures of the scale and intensity of the impacts it identified are consistent with the analysis undertaken. ■ confirm that the disclosures of the assess-ment of priorities and challenges for coun-tries included in the analysis is consistent with the methodology and analysis under-taken ■ confirm the disclosure on stakeholder engagement is consistent with the processes/activities undertaken by the bank ■ confirm the disclosure of areas of most significant impact is consistent with the outcome of the impact analysis carried out. ■ confirm that the bank's identified business opportunities disclosed are linked to the described outcomes of the impact analysis

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) **Show** that building on this analysis, the bank has ▪ Identified and disclosed its areas of most significant (potential) positive and negative impact ▪ Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts	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 and loss were the bank's areas of most significant impact. We will work with our clients in high impact sectors to identify viable transition opportunities, and support them by developing financing models that enable them to transform their businesses and align with climate and nature positive transition pathways.[3]		Notes: *impact methodology: refers to any methodology or tool used to estimate, assess or measure an organisations positive and negative impacts *Where impact analysis is not complete, the assurance process will be undertaken on the disclosures and analysis undertaken so far*

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

We have undertaken our impact analysis and identified the significant impacts that are associated with our retail and corporate banking portfolios. The next step in our process will be to undertake an analysis of our investment banking and wealth portfolios.

3 When a bank includes claims that describe its intentions in future, the assurer should obtain sufficient appropriate evidence in support of the claims made, and if such evidence cannot be obtained, the assurer should require the bank to modify or remove the claims.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
2.2. Target Setting **Show** that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services. **Show** that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.	Prior to undertaking our impact analysis, we had set a target to increase our lending to biodiversity friendly companies to USD xx by 2025. Based on the outcome of our impact analysis, and to align our target with the requirements for target setting, we amended and expanded the target. We started with determining our baseline for 2019. We established, using tools like Encore and Trase Finance, that 15% of the transactions in our agriculture portfolio were directly or indirectly (through supply chains) linked to land use change, through the clearing of forests for agriculture, thereby putting pressure on habitats and destroying carbon sinks. Coal and oil-fired power stations release toxic gases and metals into the environment, which threaten wildlife and degrade ecosystems. These technologies are also key drivers of climate change, which accelerates biodiversity loss. Our ability to quantify these impacts will improve over time, however we will already set our target with the available information, and refine this over time. We therefore amended our target to: **No net loss of habitats or biodiversity from all lending activities by 2028, starting with zero deforestation and deforestation free supply chains by end of 2024.** The target will drive alignment of our portfolios with SDGs 14 and 15 (Life below water and Life on Land), and will be adapted as required to align with the Convention on Biological Diversity (CBD) post-2020 Global Biodiversity Framework, once finalised. In achieving this target, we will work closely with our clients in these high impact sectors to support their transition, where possible, and protect the livelihoods of their employees, therefore mitigating the loss of jobs as much as possible.	See "Our Targets" on p. xx of our 2020 Sustainability Report [Link]	Together with the bank's public (sustainability) reporting, review working papers supporting its assertions regarding its targets including: ▪ Evidence that targets including their link to the SDGs and/or Paris agreement (and/ or other relevant international, national or regional frameworks) have been set and published and are considered specific, measurable, relevant and time bound ▪ the disclosure of the baseline and the process undertaken to determine the base-line* against which the targets are set** ▪ the described process undertaken by the bank to analyse significant (potential) negative impacts of the set targets on other dimensions of the SDGs beyond those targeted for positive impact **potential changes to the baseline in case of better data quality or completeness over time would need to be clearly stated by the bank* ***Assurance should focus on the description of the accuracy of the baseline in the first place, but ideally also confirm that the process the bank describes to determine the baseline is transparent and comprehensible and reflects the steps the bank has undertaken*

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.	Our second target will aim to align our portfolios with the goals of the Paris Agreement on Climate. We are currently engaging with all business areas within the bank, as well as the risk functions, to determine our baseline and to understand what is needed to align high impact sectors within our portfolio with the goals of the Paris Agreement on Climate		
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.			
We have amended our existing target for biodiversity to bring it in line with the requirements of the Principles. As a result, we have already set one target in an area of most significant impact. We are currently in the process of setting another target for climate action, which we will publish in our next report.			
2.3. Plans for Target Implementation and Monitoring **Show** that your bank has defined actions and milestones to meet the set targets. **Show** that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.	Measures and actions we plan to put in place include: developing and putting effective policies and processes in place regarding deforestation, engaging with companies in key sectors to identify alternative approaches and appropriate transition pathways, and increase lending in our corporate portfolio to nature positive sectors/activities, as well as finance for transition plans/pathways to support our clients, by x%. Our key performance indicators include: having a policy on deforestation in place within six months; developing a client engagement strategy within 8 months, including identifying key clients to engage to identify how their business models can be transformed; engaging at least 75% of identified clients within 12 months, and agree on a plan and financing model for aligning their businesses with zero deforestation.	See "Our Targets" on p. xx of our 2020 Sustainability Report [Link]	Together with the bank's public (sustainability) reporting, review working papers supporting its assertions regarding its targets including: ▪ Confirm that the disclosures presented are consistent with the defined actions, mile-stones and KPIs the bank has established and any significant omissions are clearly referenced in this self-assessment.
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.			
We have set measures and KPIs for our biodiversity target. These measures and KPIs may be adjusted in due course to reflect the goals or KPIs in the CBD post-2020 Global Biodiversity Framework. We are working on developing our second target in another area of most significant impact, being climate change. We will report on this target and the associated measures and KPIs in our next report.			

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
2.4. Progress on Implementing Targets **For each target separately:** **Show** that your bank has implemented the actions it had previously defined to meet the set target. **Or explain** why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target. **Report** on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)			Together with the bank's public (sustainability) reporting, review working papers supporting its assertions regarding its targets including: ▪ confirm that the disclosures of the of the progress made by the bank is consistent with the actions and KPI reporting undertaken. ▪ confirm that quantified impacts the bank discloses or qualitative descriptions of impact over time are correlated with actions and measures put in place by the bank ▪ confirm disclosures on reasons why actions could not be implemented and need to be changed, and how these are being adapted in order to achieve the target

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

We have recently set one target, and are in the early stages of implementing the measures we have put in place. We are currently working on developing our second target. We will report on progress made towards achieving our targets in our next report.

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Principle 3: Clients and 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.**			
3.1. Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.	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 unconscious 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.	See "How we work with our clients" on p. xx of our 2020 Sustainability Report [Link]	

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
3.2 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. This should include information on actions planned/ implemented, products and services developed, and, where possible, the impacts achieved.	Over the last year we have been building capacity among all bank employees who are client-facing, to enable them to engage with clients, especially those in high impact sectors, and customers about the impacts that are associated with their activities. X Bank has also launched a credit card that shows customers the carbon emissions linked to their purchases. It has been rolled out in all three countries we operate in, and has been adopted by 15% of our retail customers within the first 12 months. We are starting to see some incremental changes in spending behaviour from clients who utilise the card, and some of these customers have enquired about aligning their investment portfolios with funds and companies that are aligned with sustainable outcomes. We continue to market the credit card to our retail customers, and are exploring the feasibility of extending this to other areas of impact such as biodiversity and responsible consumption. 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. 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.	See "How we work with our clients" on p. xx of our 2020 Sustainability Report [Link]	

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
Principle 4: Stakeholders **We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.**			
4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	As part of the process of undertaking our impact analysis, we consulted with policy-makers in x Department and x Civil Society Organisations to discuss our assessment of the most relevant challenges and priorities related to sustainable development in Ireland and Russia. 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 scale and intensity/salience of the impacts associated with our portfolios.	See "Stakeholder engagement" on p. xx of our 2020 Sustainability Report, and "Impact Analysis" on p. xx of the same report [Link]	

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
Principle 5: Governance & Culture **We will implement our commitment to these Principles through effective governance and a culture of responsible banking**			
5.1 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 and support effective implementation of the Principles.	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 on same 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.	See "Our governance structure" on p. xx of our 2020 Sustainability Report [Link]	

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	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 about sustainability, 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.	See "Our People" on p. xx of our 2020 Sustainability Report [Link]	
5.3 Governance Structure for Implementation of the Principles **Show** that your bank has a governance structure in place for the implementation of the PRB, including: a. target-setting and actions to achieve targets set b. remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	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.	See "Our governance structure" on p. xx of our 2020 Sustainability Report [Link]	Together with the bank's public (sustainability) reporting, review working papers supporting its assertions regarding its governance structure including: ■ Confirm the consistency of the bank's disclosure on the governance structure for implementation of the Principles, including the structure for setting and achieving targets, with those established within the organisation.

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We have progressed substantially in fulfilling this requirement. The Bank has established a governance structure for ensuring that the Principles are implemented effectively, including managing significant impacts, and setting and monitoring targets. We have assembled a team (the Sustainability Implementation Group) that is in charge of the day to day implementation of the Principles, and expanded the roles and responsibilities of our Responsible Banking Board Committee, which is responsible for overseeing implementation, and reporting quarterly to the Board of Directors on progress made to achieve targets and general implementation of the Principles.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
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.**			
6.1 Progress on Implementing the Principles for Responsible Banking **Show** that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4). **Show** that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.	We are currently developing a group climate action strategy, which will inform the bank's lending and investment policy and decision-making criteria. As part of this strategy, we will implement and start reporting in line with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, in order to understand our climate risk. We have developed a policy for racial equality within the organisation. The policy has been approved by our Board. The policy owner, working with the SIG, has developed an implementation programme that details how the policy will be implemented across our business, and will report periodically to the RBBC on its implementation. The policy aims at increasing diversity at senior management and Board level to equal representation by 2025, and to reinforce the bank's values of zero-tolerance towards discrimination.	See "Our Business Strategy" on page xx of our 2020 Sustainability Report [Link].	Together with the bank's public (sustainability) reporting, review working papers supporting its assertions regarding progress in implementing the Principles, including: ▪ confirm that the disclosure of the banks progress over the last reporting period is consistent with the activities and achievements set out in supporting documents e.g. governance documents, process and control documentation, performance analysis etc. ▪ confirm that where references are made to existing and emerging international/regional good practices in the bank's disclosures, these accurately reflect their consideration in defining and determining good practices to prioritise.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information	Guidance for Assurance Providers
Show that your bank has implemented/ is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/ regional good practices and has made progress on its implementation of these Principles.	Through a mapping exercise of good practices on the market, we have identified the Equator Principles and the development of a human rights screening process, in line with the UN Guiding Principles on Business and Human Right, as good practices that we can adopt. These practices are relevant for the bank's business on the basis that we have a substantial project finance exposure, and the Equator Principles will guide us in determining, assessing and managing environmental and social risk in the projects we finance. We see the need to develop a human rights screening policy which will set out processes for conducting due diligence in order to understand the potential human rights impacts associated with our core business, and determining who we conduct business with. We will start working to implement these good practices into our business.		

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

The Bank has made good progress over the first 18 months of implementing the Principles. We are currently developing a group climate strategy which will guide our decision-making on lending and investment transactions. We have developed an internal policy on racial equality. We have initiated the process of signing up to the Equator Principles and are developing a human rights screening policy, which will guide our decision making processes across our business.

United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEP FI works with more than 350 members—banks, insurers, and investors—and over 100 supporting institutions– to help create a financial sector that serves people and planet while delivering positive impacts. We aim to inspire, inform and enable financial institutions to improve people's quality of life without compromising that of future generations. By leveraging the UN's role, UNEP FI accelerates sustainable finance.

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