UN environment programme | finance initiative

Principles for Responsible Banking

Guidance for banks

Reporting

Principles for Responsible Banking

Acknowledgments

The content of this document is based on discussions and work undertaken in the Principles for Responsible Banking Reporting Working Group

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Table of contents

Introduction

The purpose of this Guidance Document is to support signatories of the Principles for Responsible Banking with reporting on their implementation of the Principles. The Principles constitute an overarching framework that guides banks on how to align their business strategies and practices with society's goals. As such, your bank's implementation of sustainability frameworks/principles/directives such as the UN Global Compact Principles, TCFD recommendations, Non-Financial Reporting Directive, Principles for Responsible Investment among others, will contribute to your bank's fulfilment of the Principles. Reporting on the implementation of these frameworks should be integrated into your reporting on the Principles. In addition, there is a substantial number of similar reporting requirements between the Global Reporting Initiative (GRI) and the Principles for Responsible Banking, which are reflected in this document, and provide an opportunity for your bank to integrate its reporting. This document will be updated in line with the review of the GRI standards. As the work currently underway by CDP, CDSB, GRI, IIRC and SASB to formulate a global, comprehensive corporate reporting system develops, this guidance document will be adapted accordingly.

This document comprises three sections – 1) Questions related to the reporting requirements in the Reporting and Self-Assessment Template, 2) Guidance on integrating reporting on the Principles with other frameworks, and 3) An example of how to complete the Reporting and Self-Assessment Template. The content of this document is based on discussions and work undertaken in the Reporting Working Group. Comments from UNEP FI Member Banks have been taken into account for this final version of the Guidance Document on Reporting, published on 15 February 2021.

In the first quarter of 2021, the Working Group will deliver an example of how to report on your bank's impact analysis, which will be included in this document.

Questions related to the reporting requirements in the Reporting and Self-Assessment Template

1. How should we use the Reporting and Self-Assessment Template?
2. When is the deadline for reporting on my PRB progress?
3. Can our bank publish a stand-alone report?
4. How do we report on impact analysis in practice? What is the required level of disclosure?
5. Some impacts associated with our portfolios occur in different geographies to the countries we operate in. Reporting requirement 2.1 does not take this into account. How do we address this in our impact analysis?
6. Can we set two targets that address the same area of impact, and what is an acceptable timeframe for the targets?
7. What should the conclusion/statement look like?
8. How should we respond to the following reporting requirement under 6.1?
9. What are some examples of good practices (under reporting requirement 6) that we can refer to?
10. When should we have the assurance process in place?

1. How should we use the Reporting and Self-Assessment Template?

Reporting on your bank's progress with implementing the Principles should be done in your bank's existing reports, for example its sustainability report, annual report, integrated report etc. Use the Reporting and Self-Assessment Template to provide a summary of the implementation steps taken by your bank, and provide links and page numbers for where more in-depth reporting on implementation can be found. The links and page numbers provided in the Reporting and Self-Assessment Template should link directly to where reporting on the specific reporting requirements can be found, therefore ensuring that readers easily find the information you are referring them to.

If there are areas that your bank has not made progress in yet, you can state that this is an area that your bank will start working on in the Reporting and Self-Assessment Template, and briefly share plans for how your bank intends to get started. When completing the Reporting and Self-Assessment Template, your team should refrain from making amendments to the Template, for example adjusting/amending/rephrasing the wording of the reporting requirements.

The completed Reporting and Self-Assessment Template should ideally be included in the report where your bank reports on its implementation of the Principles. Once your bank's report has been published, send a link to the report to the UNEP FI Secretariat. The completed Reporting and Self-Assessment Template and ideally all the relevant reporting needs to be in English.

2. When is the deadline for reporting on my PRB progress?

In line with the key steps of implementing the PRB, your bank should publish its first reporting and self-assessment on the Principles for Responsible Banking within latest 18 months of becoming a signatory and annually thereafter, in line with your annual reporting cycle. The 18-month period is granted so that banks have enough time to align their PRB reporting with their normal reporting cycle (e.g. if a bank signed the PRB in November 2020 and the usual publication date of the sustainability/annual/integrated report is in March, it can publish its first PRB report in the sustainability report 17 months after signing the PRB, in March 2022).

A list of all PRB signatories including the date of signing the PRB as well as when their first reporting is due can be found here.

3. Can our bank publish a stand-alone report?

The approach of reporting in your bank's existing reports and providing summaries in the Reporting and Self-Assessment Template aims to ensure that the reporting burden on Signatory Banks is not increased. It also serves to ensure that your bank's reporting on its implementation of the Principles is integrated with its sustainability reporting, therefore avoiding double reporting or reporting in silos. However, if your bank wishes to develop and publish a stand-alone report for parts or all of its reporting on implementing the Principles, for example its impact analysis, it may do so. The Reporting and Self-Assessment Template should still be completed with summaries of your bank's implementation, its conclusion/statements, and if some of the reporting is in a different report, links and page numbers to that reporting.

4. How do we report on impact analysis in practice? What is the required level of disclosure?

The first key step to implementing the Principles requires signatories to undertake an impact analysis. This is an important step because it will help your bank understand the impact it is making (or could potentially make) on your society, environment and economy through the products and services it offers to its clients and customers. This will help your bank make more informed decisions about capital allocation and determine in which areas of impact it should set targets.

The process followed and steps taken while conducting your bank's impact analysis should be included in your reporting, as well as the conclusions made and the rationale for them. Your reporting should include details of which business areas have been covered in your bank's analysis, which areas are not covered, and its plan for including those that are not covered. Your bank will need to disclose in detail the methodologies used to undertake its analysis, including how your bank linked sectors to specific impacts, how it quantified its impacts, how it assessed how much specific industries contribute to impacts, what scenarios it used, what data it relied on, the assumptions it made, and which stakeholders it engaged. In terms of the level of detail required, the bank should disclose what it is able to in line with the requirements and taking into account the (legal) context of the bank.

From your reporting, it should be clear to your stakeholders how your bank identified its areas of most significant impact and what those impacts are. If your bank is still in the process of undertaking its impact analysis at the time of issuing your bank's report, your bank can report on how far it is in its process, and what next steps it will take to complete its analysis.

If your bank is not able to include all of this information in one report, it can include this information in a separate report or document. What is important is that your bank's Reporting and Self-Assessment Template provides a link to the report or document where this information can be found.

For more guidance on conducting your bank's impact analysis, see the Guidance Document on Impact Analysis. Guidance on how to report on your bank's impact analysis will become available in the first quarter of 2021.

5. Some impacts associated with our portfolios occur in different geographies to the countries we operate in. Reporting requirement 2.1 does not take this into account. How do we address this in our impact analysis?

The phrasing of the PRB impact analysis requirements currently lean in the direction of focusing on impacts that occur in the bank's countries of operation. However, it is often the case that clients may use finance provided by your bank in different geographies, therefore causing impacts in countries outside of the country your bank operates in.

During the first review of the Principle's framework documents, a proposal will be made to amend this requirement in order to extend the scope of impact analysis to geographies where the impacts occur.

It is acknowledged that it may be challenging to understand the impacts made in numerous geographies where clients operate, and it will take time for this to be fully incorporated into a bank's impact analysis. Banks are encouraged to start incorporating this provision into their impact analysis where possible to do so, prioritizing larger clients and/or relatively large transactions or projects in high-impact sectors.

6. Can we set two targets that address the same area of impact, and what is an acceptable timeframe for the targets?

The targets set by your bank should be in different areas of significant impact, and should therefore address a minimum of two areas of significant impact which your bank identified through its impact analysis.

The timeframe for your bank's targets will depend on the framework the target aims to align with, and what is achievable for your bank with respect to its baseline or starting point. The extent or level of intensity of the impact may also influence or determine the timeframe for a target. For example, your bank might set a gender equality related target

to increase the allocation of loans to women-owned and/or led Small and Medium Enterprises to 25% within 5 years across the bank's retail portfolio.

Where the actual alignment target stretches over more than a few years, it is recommended to set and publish interim targets in two to maximum five-year intervals. Furthermore, the Principles require your bank to report on clear and well defined measures, milestones and key performance indicators that will help to keep your bank on track for achieving its targets. For example, if your bank sets a target for aligning its portfolio with the climate change goal of net-zero by 2050, it is required to set and publish interim targets and milestones, and report against these, given the long-term nature of the target.

7. What should the conclusion/statement look like?

This should be a few sentences that detail the extent to which your bank has fulfilled the reporting requirement concerned. It should be supported with justification. The statement should be brief. Please refer to the Example of how to complete the Reporting and Self-Assessment Template, for a practical example of how the conclusion/statement could be completed.

8. How should we respond to the following reporting requirement under 6.1?

"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)."

This is an opportunity for your bank to highlight other actions it may have taken to implement the Principles which do not fall within any of the other reporting requirements. This could include structural and/or strategy-focused practices your bank has put in place to drive overall progress in implementing the Principles. Reporting on this requirement should focus on the concrete achievements made by your bank to improve its sustainability practices and create tangible positive impacts on society, the environment and the economy.

For example, your bank may have developed a policy or strategy for climate action, biodiversity conservation, racial equity, gender equality, transformation or diversity. Your bank could report on this under this requirement, share the steps it has taken to drive the implementation or achievement of the policy or strategy, and describe the tangible outcomes so far.

9. What are some examples of good practices (under reporting requirement 6) that we can refer to?

Examples of existing good practices for sustainable finance include the adoption of the Equator Principles (if your bank has a substantial project finance portfolio), the adoption of a human rights screening process, ideally guided by the UN Guiding Principles on Business and Human Rights, and the development of an exclusion policy for especially harmful economic activities.

Your bank should monitor regional and international practices that emerge from peers and stakeholders, and assess whether these constitute good practices that can help it adopt more sustainable practices and deliver sustainable solutions, products and services to its clients and customers. Over time, UNEP FI will collect good practice examples and will provide signatory banks guidance in their individual review through benchmarking against peers in certain areas.

10. When should we have the assurance process in place?

The assurance process should be in place by no later than year four from the date your bank became a signatory to the Principles. Banks are encouraged to put this process in place well in advance. The Assurance working group together with a number of assurance providers is working on guidance for the assurance process. A draft of the guidance will be shared with signatories in late March 2021 for inputs.

Guidance on integrating reporting on the Principles with other frameworks

Reporting on your bank's implementation of the Principles should be integrated with your bank's existing sustainability reporting. Where there are overlaps and similarities in reporting requirements between the Principles and other standards or frameworks, reporting should be approached in an integrated manner. This presents an opportunity to streamline your bank's reporting.

The Reporting Working Group started to develop guidance on integrating reporting by looking at the areas of similarity between the Principles and the GRI 102 General Disclosures. The GRI Disclosure Standards are the most widely used sustainability disclosure standards, and therefore provided a good starting point. A mapping exercise was done, which reflects these areas of similarity, and some guidance on how, and the extent to which, reporting on these requirements could be integrated. Follow this link to access the mapping of the Principles for Responsible Banking reporting requirements and the GRI 102 General Disclosures. The expected update of the GRI standards will be looked at when they have been released.

The Reporting Working Group will provide guidance on how reporting can be integrated with other frameworks including UN Global Compact and TCFD. The Reporting Working Group will consider which other standards and frameworks to develop mappings for. These may include for example SASB standards, UN Global Compact, TCFD.

Example of how to complete the Reporting and Self-Assessment Template:

Below is an example of how your bank could complete the Reporting and Self-Assessment Template. It focuses on your bank's first reporting as a signatory to the Principles, and is modelled on the Example of Implementing the Principles in year 1. The example is based on an fictitious bank whose reporting on its PRB progress can be considered as good practice.

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
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]

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
1.1. 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
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.	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%).	See "Impact Analysis" 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
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. 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.	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. 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.	

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
(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.	

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.

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
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.	See "Our Targets" 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
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.	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. 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.

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
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]

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
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)		

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.

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
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
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
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
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
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]

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
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]

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
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].

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
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.

Example how to report on impact analysis

This example how to report on impact analysis can be used by banks to guide their reporting on impact analysis. The example created is not considered as mandatory to follow, but aims to provide a comprehensive illustrative example of how to report on impact analysis. It is based on an fictitious bank whose reporting on impact analysis can be considered as a best practice example. Banks are able to draw guidance from the relevant sections of the example and adapt them as appropriate for their business.

Over time, there will be more and more "real-life" examples of how to report on impact analysis, best-practice examples will be collected.

Methodology

In order to perform our impact analysis, we used the UNEP FI Portfolio Impact Analysis Tool for Banks ("Portfolio Impact Tool") which covers the four requirements for undertaking impact analysis, being scope, scale of exposure, context & relevance, and scale & intensity/salience, as they are described in the Reporting and Self-Assessment Template, combined with other tools and methodologies for specific segments of the analysis, namely as regards measurement and accounting techniques.

The Portfolio Impact Analysis Tool[1] is an iterative input-output workflow to help banks determine their most significant impact areas in three steps. First, the process starts with a scoping exercise to ensure the scope of the analysis is meaningful, i.e. reflective of core business lines and geographies, as well as mindful of any areas where the bank may be systemically important. Second, the analysis then proceeds with an impact identification phase, where users input data to describe their portfolio (e.g. percentage of gross income per business line, percentage of drawn outstanding loans for a given sector and in a given country, etc.), enabling the tool to produce 'impact profiles' per business line and country, drawing from in-built resources (a sector/impact map and a country needs assessment framework). Third, based on a review of these profiles, users proceed to an assessment of their performance vis a vis their significant impact areas. At this stage data can be drawn from a variety of measurement frameworks and methodologies and users are invited to assess this data vis a vis relevant thresholds and goals per topic and geography. Once this is completed users can conclude as to what their most significant impact areas are and have holistically gathered a wealth of objective information and data that enables them to proceed to setting appropriate strategies and targets.

[Please note: if other methodology is used, a more detailed description or reference to a description of methodology is necessary].

1 The Tool is available in open-source on the UNEP FI website, along with a guide and demo.

Scope

The impact analysis focused on the bank's core business areas, covering our retail and corporate banking business in our main markets Ireland and Russia (see table 1). Our investment banking and asset management business will be included in the next few months, when we further expand our impact analysis. The bank undertook its impact analysis based on data that was available for the last fiscal year.

Business Lines					
Corporate banking		Retail banking		Investment banking	Asset management
50%		30%		10%	10%
Russia	60%	Russia	40%		
Ireland	40%	Ireland	60%		

Table 1: Breakdown of business lines and portfolios

Scale of exposure

As described, our corporate portfolio accounts for ca. half of our loan book. The sectors and industries we provide finance to can be seen in table 2. In our electricity portfolio the main technologies financed are natural gas, coal and oil-fired power stations, wind turbines and biomass (please note: the more detailed breakdown of technologies in the energy portfolio can be found further below).

Sectors					
Corporate banking		**Retail banking**		**Investment banking**	**Asset management**
Electricity generation	20%	Residential real estate	45%	*Currently not yet assessed*	
Agriculture	15%	Vehicle finance	25%		
Transport	15%	SME lending	25%		
Commercial real estate	10%				
Wholesale and retail	9%				
Human health and social work	8%				
Steel	8%				
Cement	5%				
Information and communication	3%				
Manufacturing	3%				
Other	4%				

Table 2: Exposure of corporate and retail portfolios to different sectors (2019)

In order to identify the social, environmental and economic impacts that are associated with the sectors our bank finances and provides products and services to, we used the Sector Impact Map built in the Portfolio Impact Tool which systematically maps the associations for each of the sectors, industry activities and technologies above and also highlights sectors that are 'key' to the different impact areas.

We found that impact areas that are prominent across our portfolios were climate, biodiversity, water, resource intensity, employment, housing, and mobility. This was attributable to our portfolio having high emitting technologies and sectors (for example coal, oil, gas electricity production, agriculture, transport and real estate); the agriculture and energy sector which are leading contributors to biodiversity loss and degradation; energy and agriculture sectors being amongst the most water intensive and polluting sectors, while also providing food and energy thereby supporting economic growth and well-being of societies in this way; numerous sectors including agriculture, energy, and transport are resource intensive, requiring substantial amounts of water, land, natural resources for their production processes; financing of the residential real estate sector is driving greater access to housing for our communities, and the transport sector is supporting mobility. While the sectors and products we finance contribute substantially to employment, we identified that many of these sectors are associated with fewer career prospects, lower levels of skills and discretion, poorer working time quality, and a less safe physical environment, namely agriculture, wholesale and retail, transport, human health and social work[2] (see also table 2).

2 Our finding is based on an analysis of sectoral differences in terms of decent employment of to the European Foundation for the Improvement of Living and Working Conditions: https://ec.europa.eu/international-partnerships/topics/employment-and-decent-work_en

To be able to determine which of these impact areas were our most significant impact areas, we also had to take the national contexts into account.

Context and relevance

Our bank operates mainly in an Irish and Russian context. With the use of the Country Needs resource in the Portfolio Impact Tool, we were able to determine that the most relevant challenges and priorities in Ireland included climate change, biodiversity loss and degradation, air pollution, affordable housing, decent employment, and in Russia, climate change, biodiversity loss and degradation, water pollution, and decent employment. The Country Needs resource uses a number of international resources and provides guidelines on how to leverage additional resources, that enable an assessment of the priorities and challenges in different countries. Through a review of these resources we were able to identify the abovementioned priorities and challenges.

Once we had identified these priorities and challenges, we engaged with policy-makers in both Ireland and Russia to test our findings with them. They confirmed our findings and indicated that amongst these they were both prioritizing climate change, biodiversity loss and degradation, and decent employment on the basis that e.g. climate change and biodiversity loss and degradation will have major effects on both the Russian and Irish economy and sectors highly affected by climate change such as energy generation or agriculture. As an island nation Ireland is particularly vulnerable to increasing sea levels with coastal regions facing issues of flooding, whereas Russia faces increasing risks of massive forest fires posing a risk to Russian citizens' health or of the Siberian permafrost melting.

We also engaged with civil society organisations in both countries with a focus on social issues and environmental conservation, namely xx and xx, to discuss our findings with them, and to get their perspective on these and any other impact areas they considered relevant for our impact analysis. They advised us that the priorities and challenges we identified were appropriate, and the most pressing from their perspectives were climate change and decent employment, because climate change is expected to become increasingly disruptive for society through more extreme weather events and wildfires, decreased air quality, and diseases transmitted by insects, drought and food insecurity, and because labour force participation in Eastern Europe and Central Asia is low and unemployment is generally high, especially among young people, women, and ethnic minorities, which is a relevant finding for our portfolio in Russia.[3] In addition, they advised us of the importance of ensuring the preservation and creation of decent jobs through the transition of these economies.

3 https://ec.europa.eu/international-partnerships/topics/employment-and-decent-work_en

Scale & intensity/salience of impact: extent of the impact

The outcome of our assessment of the challenges and priorities in Ireland and Russia led us to look more closely at climate change and employment, among other significant impact areas, in particular the impact topics of climate change mitigation and decent employment, because these were identified as key 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.

Impact area climate change

To determine the impact of our corporate and retail portfolio on climate change, we follow a sector approach, where we focus on the sectors in our loan book that generate the most climate impact:[4] electricity generation, agriculture, transport and real estate. Taking a sector-based approach means that each sector must be treated, steered and monitored separately, having its own methodology, portfolio targets and metrics, because each sector's transition pathway differs in terms of Paris climate alignment.

Electricity generation

To assess the carbon intensity of our electricity generation portfolio, we look at what type of technology is producing the power (e.g. gas-fired power stations or wind turbines), see table 3.

Electricity generation portfolio in Russia	Exposure (%)	Electricity generation mix in Russia[5]
Natural Gas	60%	54%
Coal- and oil fired power stations	25%	34%
Hydro power	10%	6%
Other renewable sources	3%	0
Nuclear	0	6%

Table 3: Comparison of corporate electricity generation portfolio to Russian average

Oil and coal fired power stations are the most GHG intensive emitting in our electricity generation portfolio, followed by natural gas. Comparing it to the Russian average, our portfolio is slightly less GHG intensive than the national average. Due to the scale of exposure to technologies (an estimated 85%) and in absence of better data, we found that our electricity generation portfolio in Russia would not be aligned with the Paris climate goals, and we need to work towards reducing our exposures. We are currently

4 According to (for example): United Nations Environment Programme (2020). Emissions Gap Report 2020. Nairobi.

5 According to IEA data of 2018

working on improving the data bases for our Russian electricity generation portfolio by collecting GHG-data from our biggest clients, i.e. utilities.

For our electricity generation portfolio in Ireland (see table 4), we used the PACTA methodology [could be other methodology as well] to calculate the GHG-intensity per megawatt hour using emission factors, since we do not have sufficient project level data of clients at this stage.

Electricity generation portfolio in Ireland	Business volume (mn)	Exposure or corporate energy portfolio (%)	GHG-intensity (est., kg CO_2e / MWh)
Natural Gas	690	69%	xx
Coal-fired power stations	120	12%	xx
Oil-fired power stations	60	6%	xx
Wind power	100	10%	xx
Biomass	30	3%	xx

Table 4: GHG-intensities of the Irish corporate electricity generation portfolio

We used scenario xx [could e.g. be IPCC or IEA scenarios][6] to assess the degree of alignment with the Paris goals, and found that the portfolio is currently not aligned with the Paris goal of well below 2 degrees striving for 1.5 degrees either. While coal- and oil-fired power generation constitute 18% of the electricity portfolio, their emissions intensity require that we work towards further reducing our exposure, in addition reducing our exposure to natural gas.

Agriculture

Our agricultural portfolio is concentrated in cattle farming (40%) and crop farming (30%). While we have limited data on the actual emissions associated with these activities, and there are no well-established methodologies for measuring the associated impacts, the leading science has identified that agricultural activities, and associated land use change are primary contributors to climate change. In addition to releasing CO_2 into the environment, these activities release methane gas (CH_4) and nitrous oxide (NO_2) into the atmosphere, which have significantly higher global warming potential than carbon dioxide.

In absence of better data for our cattle farming portfolio, we used the average farm sizes in Ireland and Russia in terms of livestock kept. We assumed that the national averages represent the mix in our agricultural portfolio. According to the GHG Protocol Agricultural Guidance,[7] CH_4 emissions from enteric fermentation (the digestive process in ruminant animals) may be estimated by multiplying the number of dairy cattle by an emission

6 https://www.iea.org/reports/energy-technology-perspectives-2017, https://www.iea.org/data-and-statistics/charts/co2-emissions-to-2100-by-scenario, https://report.ipcc.ch/sr15/pdf/sr15_spm_fig3b.pdf

7 World Resources Institute (WRI) and World Business Council for Sustainable Development (wbcsd): Greenhouse Gas Protocol Agricultural Guidance, available here: https://ghgprotocol.org/sites/default/files/standards/GHG%20Protocol%20Agricultural%20Guidance%20%28April%2026%29_0.pdf; p. 53

factor that specifies how much CH_4 is emitted per head of dairy cattle. By using this methodology (average farm size in terms of dairy cattle * emission factor = CO_2e per head dairy cattle), we were able to roughly estimate the GHG-emissions caused by our agricultural portfolio to be xx tCO_2e/number of dairy cattle.

The data basis to determine the carbon footprint of our crop farming agricultural portfolio is more elaborate, as we are able to determine the farm sizes in terms of hectares farmed on a loan basis. Because the deposit or application of fertilizer and/or wastes to soils is the biggest GHG contributor for arable land,[8] we used emission factors for NO_2 which is emitted either directly or indirectly from stored or treated manures (aggregate hectares of farm land in the agricultural crop farming portfolio * emission factor for NO_2 = CO_2e/hectare land). We thus found that crop farming in our agricultural portfolio causes emissions of xxx CO_2e/hectare land. The next step will be to set this into context of the national average and a transition scenario towards Paris Climate alignment.

In order to build up a better data base, we have started to include information on the number of cattle in our agricultural client review process.

The clearing of forests for agriculture is another key driver of climate change as a result of the loss of carbon sinks and release of CO_2 through this process. We found that 15% of the transactions in our agriculture portfolio were directly or indirectly (through supply chains) linked to land use change.

Transport

Our transport portfolio is comprised of automotive and aviation. We did not have sufficient data to assess the intensity of our transport portfolio, which is why we compared our automotive portfolio to the average automotive fuel mix in both countries. The fuel mix for our bank's automotive portfolio is 10% electric /low emission vehicles and 90% internal combustion engine vehicles, which is slightly better than the national averages of 7% electric/low emissions vehicles and 93% internal combustion engines. Based on estimations (building on EU databases) we calculated a CO_2-footprint of our automotive portfolio that is slightly above the EU average (i.e. xx kg CO_2/km).

Our aviation portfolio solely consists of bigger airlines that were able to provide us with their measured GHG emissions as well as other data necessary to calculate the emission intensities (such as aircraft-specific information like e.g. the age of their planes or kerosine consumption per km, and flight data such air route distances); we therefore found the carbon footprint caused by our aviation portfolio to be xx g CO_2/ passenger km which is almost equal to the global fleet's average of xx g CO_2/ passenger km. As a next step we will reference this to a climate scenario and derive targets for our aviation portfolio from there.

8 ibid; p. 26

Real estate

To measure the energy efficiency of our real estate portfolio (both commercial and residential), we are collecting data on the average (estimated) energy consumption of buildings on a loan basis by asking for EPC label information or energy efficiency information (kWh/m^2/a) with every new client business relationship. By building this data base of our real estate portfolio, we are able to derive the GHG-emissions per sqm from the energy efficiency values using emission factors.

We looked at the share of our commercial real estate portfolio that are certified as green buildings (either by renowned (national) building certification systems or by having an EPC label of B or better). For the buildings we could assess, we found that 12% of our Irish and 5% of our Russian commercial real estate portfolio meet these requirements. In case of our residential real estate portfolio, 8% of the Irish and 2% of the Russian private buildings financed by our bank are considered as green.

From those values we derived the GHG-intensity in our real estate portfolio, using emission factors from xx data providers, and found it to be xx kg CO_2/m^2 for commercial and xx kg CO_2/m^2 for residential real estate.

To be able to determine the Paris alignment of our real estate portfolio, we used the PCAF methodology [could be other methodology] and found that currently 6% of our real estate portfolio is aligned with the Paris climate goals.

To validate our findings across all these sectors, we asked stakeholders with climate expertise in different sectors (from university xx, from climate initiative xx) to review our methods and assumptions made. Their feedback was to use intensity metrics per physical output where possible, which fed into the impact analysis process by using e.g. CO_2e/m^2 or CO_2e/km etc. They also strongly recommended to further improve data quality especially for our agricultural portfolio in order to less have to rely on national averages as benchmarks for our own portfolios in the future and arrive at more accurate values of GHG emissions caused by our financed portfolio. According to the climate researchers consulted, an important aspect in that matter is more detailed information on the location of cattle and farmland, especially in a country with the size of Russia, with many different climate zones and soil types.

The outcomes of the impact analysis also help us identify business opportunities in relation to the increase of positive and reduction of negative impacts associated with our portfolio.

We have thus started to identify business opportunities in our electricity generation portfolio and are working on a green credit line in order to support our customers in financing renewable energy projects. We have identified clients in the most carbon intense sectors to work with and support in their transition. We also aim to increase our renewable energy portfolio and build up expertise around specific types of renewable energy finance projects in both countries.

For our real estate portfolio, we are working on granting energy-efficient mortgages to our retail customers and are developing credit lines for commercial buildings that meet certain energy thresholds.

Impact area decent employment

That the field of decent employment was determined as one of our most significant impact areas, was determined by the sectoral assessment and the impact associations of sectors. To determine our impact in terms of decent employment, we do not follow a sector approach though, but have decided to undertake the analysis on a portfolio level, starting with corporate portfolio (we will expand this to the retail portfolio in our next iteration of our analysis), because we first focus on the bigger companies being large-scale employers. SMEs which account for the majority of companies and play an important role in employment in both countries are assigned to both portfolios, depending on their revenue.

In order to be able to assess the working conditions and quality of jobs within the companies we finance, we first had to determine the average size of our corporate clients in terms of the number of persons working for the company. We had that information for 53% of our corporate clients (looking at the absolute number of corporate clients), who account for 75% of our corporate loan book. For the remaining 47% of our corporate clients we had to estimate that number by using the average size of companies broken down by different sizes (according to revenue) in Ireland and Russia. We found that ca. xx persons were employed by our corporate clients. To be able to improve the data situation in the future, we have decided to ask for the number of jobs within a company when beginning new client relationships automatically and released an internal guideline to collect the data of our existing customer base.

Decent employment in general features several aspects: employment security, minimum living wages, maximum working hours, workers' and employees' access to social security, freedom of association and the right to collective bargaining, health and safety standards for employees, training for the unskilled and youth etc. (see ILO standards). We determined the key aspects of decent employment within our portfolio to be training for the unskilled and youth (as youth unemployment is high in Eastern Europe), employment security (because sectors as agriculture are e.g. particularly prone to temporary/seasonal employment) as well as health and safety standards for workers of the companies (as the energy sector and manufacturing sectors for example account for one third of work-related accidents).

In case of our biggest corporate clients (both by revenue as well as headcount, which account for 30% of our corporate loan book) we were able to collect the data: 81% of the jobs within their companies are permanent, 80% have internal health and safety standards that are regularly monitored, and 8% of the companies have training program focusing on young people and/or unskilled employees. That is, that 19% of the jobs are temporary and therefore might be prone to less employment security, 20% of the companies have not started to set up a health and safety program for their workers who might as a consequence find less safe working conditions, and 92% of our biggest clients have not started to focus on young people.

We have therefore decided to engage with our bigger clients on those topics, discussing our conclusions with them. We thus want to minimize potential negative impacts in our corporate portfolio and increase our positive impact trying to foster decent employment practices within these companies.

For the majority of our corporate clients (70% of our corporate loan book), we were not able to gather data on employment security, health and safety standards or training for unskilled and/or youth. We are currently working on expanding our internal guideline for decent employment for our own employees to new corporate clients and thus also want to gather more of the relevant data (number of jobs, number of temporary vs. permanent positions, financial volume spent on training of certain groups, health & safety standards within the company, number of work accidents). To be able to quantify our impact via SME clients, we estimated the number using national averages/data base xx. Similar to the findings for our bigger corporate clients, we found that ca. 1/5 do not have health and safety standards, 1/5 of the jobs are temporary, and working with youth is most likely not a priority for those companies. These will be the companies that qualify for an engagement process, starting with the bigger SME clients.

To validate our findings across our corporate portfolio, we asked stakeholders representing workers and employees (such as Civil Society Organisations etc.) to review our methods and assumptions made. Their feedback was to expand the impact analysis to our retail portfolio as well, because a lot of the smaller SMEs who play a big role as employers are assigned to the retail portfolio and thus include the workers employed by those SMEs in the impact analysis, too. They endorsed our approach to focus on the abovementioned three aspects of decent employment and recommended to especially engage with the biggest employers in the agricultural and manufacturing sector. We will factor that feedback into our next steps to improve the quality of the impact analysis.

UN environment programme

finance initiative

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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