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Principles for
Responsible Banking

PRINCIPLES FOR RESPONSIBLE BANKING

SHAPING OUR FUTURE

INDIVIDUAL FEEDBACK and SUPPORT PROCESS

Webinar, 26 August 2021



Agenda

- 1. Purpose of Individual Feedback and Support Process**
- 2. Individual Feedback and Support Meetings**
 - i. Scope and elements
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- 3. Assessment criteria**
- 4. Governance**
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1. Purpose

The Individual Feedback and Support Process is key to upholding the **credibility of each Signatory's commitment and the Principles for Responsible Banking** as a whole.

It is an accountability and support mechanism through which the UNEP FI Secretariat can support banks on an individual basis with their PRB implementation.

In line with banks' commitment under Principle 6: "Accountability":

The UNEP FI Secretariat will

- review each Signatory's reporting once a year, based on the requirements set out in Official Principles for Responsible Banking Framework Documents ([Key Steps to be Implemented by Signatories](#) and [Reporting and Self-Assessment Template](#)), and
- provide feedback on the progress made, and recommendations on the next steps the bank can take on its PRB implementation journey

1. Purpose

Accountability mechanisms of the PRB:

Banks' Individual Reporting

- To be published annually, using the Reporting and Self-Assessment Template
- To be 3rd party-assured at latest by the 4th year of implementation

Banks' Collective Progress Reporting

- To be published biennially, based on the data gathered from bank's reporting in the Individual Review process



Individual feedback and support process:

- Ensure that banks have sufficient support and guidance to effectively fulfil their commitments
- Enables the UNEP FI Secretariat to identify where a bank might be struggling, and offer guidance
- maintain the credibility of the PRB signatory group as a whole
- Limited assurance enables the process to rely on the accuracy of reporting

2. Individual Feedback and Support meetings – elements

The outcome of the review will be the basis for the annual **Individual Feedback and Support Meeting**. This annual meeting will provide substantial additional value to Member Banks through:

- Individualized substantive and actionable feedback and advice
- Progress assessment and benchmarking against practices of relevant peers
- Guidance for banks experiencing challenges in delivering on their commitments and reassurance for banks that are on track
- Advice regarding which collective initiatives and Working Groups your bank would benefit from most

2. Individual Feedback and Support meetings – scope

The Individual Feedback and Support process will be **based on the disclosed information using the Reporting and Self-Assessment Template.**

Documents to be reviewed:

- Starting point and main document: each bank's completed Reporting and Self-Assessment Template
- References made in the Reporting and Self-Assessment Template to further content in the bank's report/s

Scope of Individual Feedback and Support process: Implementation of the Principles for Responsible Banking, with the main focus on the [Key Steps](#) of implementation:

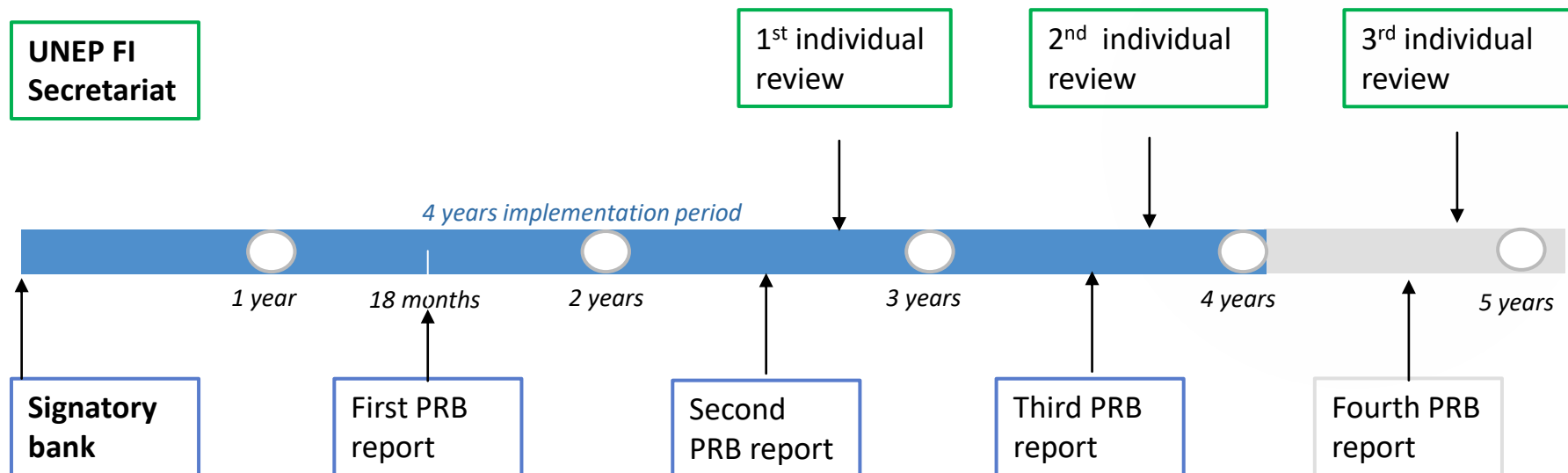
- Impact Analysis
- Target Setting
- Accountability/Reporting

The review will also incorporate an assessment of implementation of the accompanying 4 Principles: Strategy Alignment, Clients and Customers, Stakeholders, Governance and Culture

2. Individual Feedback and Support meetings – timeline

As per membership decision at the Extraordinary General Meeting in June 2020:

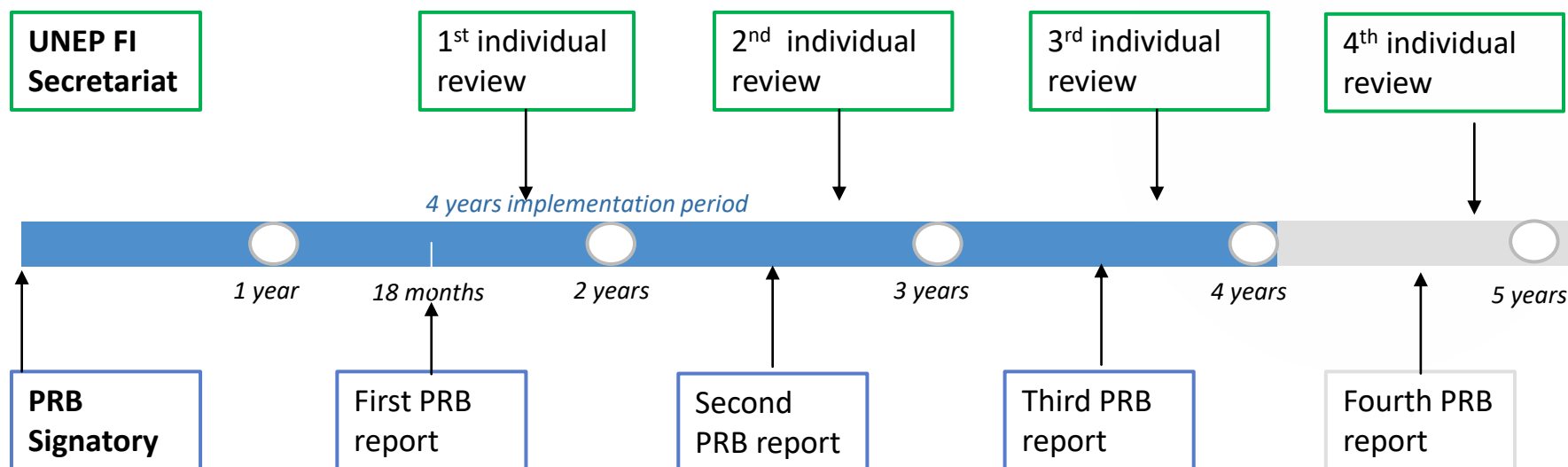
The Individual Review Process as well as the Feedback & Support Meetings of Signatories will start following each bank's second year of reporting on the PRB.



- Basis for First Individual Feedback and Support meeting: First and second PRB report
- Founding Signatories will receive their first meeting within 3 months of submitting their second PRB report

2. Individual Feedback and Support meetings – timeline

In order to provide support to Non-Founding Signatories as early as possible, and thereby strengthen collective implementation by all Signatories, feedback and support meetings will be offered following the publishing of their first reports:



While the UNEP FI Secretariat will also aim to offer these meetings within 3 months of reports being published, this is not guaranteed, and will be determined by the volume of reports received at a given time, and the prioritisation of Founding Signatory reports over the first 12 months of this process (until September 2022).

2. Individual Feedback and Support meetings – logistics

- Your bank receives an invitation letter from the UNEP FI Secretariat several weeks in advance to schedule the Feedback and Support meeting
- Attendees from your bank: Head of Sustainability (or similar; required), relevant sustainability representatives, representatives from relevant functions, C-Suite representative overseeing PRB implementation (if possible)
- Attendees from the UNEP FI Secretariat: Review Experts, partially supported by Implementation Experts or the Regional Coordinator of your region
- Feedback and Support Meeting: online call, using MS Teams or Webex
- After the Feedback and Support meeting, your bank will receive a written summary of its progress assessment with recommendations, including a summary of key discussion points from the meeting.

3. Assessment criteria

Impact Analysis – Description of

Scope	Business model, core business areas and geographies
Portfolio composition	Key sectors (high exposure and high intensity) and Countries where the bank is a leading financier
Context	Challenges and priorities in the countries/regions How main stakeholders were engaged
Performance measurement	Sectors that are main contributors to each impact area Strength and extent of the impacts in its portfolio, measuring the impact Sector/activities/technologies that drive the impacts
Methodology	Chosen methodology – clarity and effectiveness

3. Assessment criteria

Target setting & implementation – Description of

Link with the impact analysis	How targets are linked to the results of the impact analysis (at least two impact areas)
Alignment	Alignment with the SDG's, Paris Climate Agreement and other relevant frameworks
Baseline	Baseline for selected indicators built upon the performance measurement undertaken
Quality	SMART - Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound Milestones and KPIs
Action plan	Management systems How targets are being implemented and challenges
Potential negative impacts	Identification and mitigation of potential negative impacts the targets might have other SDGs

3. Assessment criteria

Accountability & reporting	
Transparency	<p>Disclosure of all relevant and necessary information</p> <p>Both positive and negative impacts</p>
Details	<p>Report coverage full (or main) portfolio, countries and high intensity sectors</p> <p>Qualitative and quantitative information</p>
Assurance	<p>3rd party assurance on PRB progress</p>

4. Governance and Process

Annex I ('Review of Status as Signatory to the PRB') of the [Banking Governance Framework](#) provides the governance provisions that are applicable should a signatory not be in line with its PRB commitments.

There are two escalation steps as per definition of the Banking Governance Framework (Annex I):



Your Banking Board has signed off the following guidance on how these governance provisions should be applied by the UNEP FI Secretariat, with its oversight. These provisions will come into effect from 1 September 2021:

- 1) Submission of reporting
- 2) PRB Implementation

4. Governance and Process

1) Submission of PRB reporting:

- No submission within 3 months of reporting deadline (and no engagement with the Secretariat): 'inactive signatory' status
- Report isn't received within a further 3 months (i.e. within 6 months of the reporting deadline), without reasonable explanation: removal from the list of PRB signatories
- If the report is received prior to the 6 month deadline, the Signatory Bank's status will be adjusted to 'active Signatory'.

To support Signatories with delivering their reporting on time, the UNEP FI Secretariat will:

- a) Remind each Signatory of the reporting deadline two months ahead of time
- b) Engage Signatories whose reports are overdue to provide support
- c) Communicate with Signatories about any impending changes to their status as Signatories

4. Governance and Process

2) PRB Implementation:

In the event of shortcomings around reporting, impact analysis and target setting, the bank will:

- a) Be provided with feedback and guidance in the first Individual Review on how to (better) implement the Principles for Responsible Banking
- b) If these shortcomings are not sufficiently addressed by the next Feedback and Support meeting, the UNEP FI Secretariat and the Signatory Bank will jointly develop a workplan, which should be implemented over a 12 month period

If the identified shortcomings remain unaddressed, the UNEP FI Secretariat will develop a recommendation for the Banking Board, who will then engage with the bank to find a solution in accordance with Annex I.

As a last step, and only if the Banking Board concludes that the bank is unwilling or unable to address the shortcomings, it may decide to remove the bank from the list of PRB Signatories (see Annex I).

5. Questions?
