UN environment programme

Responsible Banking: Towards Real-world Impact

The second biennial progress report on implementation of the UN Principles for Responsible Banking

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A

- AAIB (Arab African International Bank)
- ABANCA Corporación Bancaria
- ABN AMRO Bank N.V.
- Absa Bank Ltd
- Access Bank Plc
- Achmea Bank
- Agricultural Bank of China (ABC)
- Ahli United Bank B.S.C.
- AIB Group (Allied Irish Banks)
- Akbank Turkish Corporation
- Aktia Bank
- Ålandsbanken Plc (Bank of Åland)
- Aldermore Group
- ALEXBANK (Bank of Alexandria)
- Alpha Bank
- Amalgamated Bank
- An Post
- ANZ (Australia and New Zealand Banking Group)
- Arbejdernes Landsbank
- Areti Bank
- Arion Bank
- ASB Bank
- Aurskog Sparebank

B

- BAC Credomatic
- Banca Mediolanum
- Banca MPS (Banca Monte dei Paschi di Siena)
- Banca Transilvania S.A.
- Bancamía S.A.
- Bancaribe
- Banco Bolivariano
- Banco BPI
- Banco Bradesco S.A.
- Banco BV
- Banco Comercial AV Villas S.A.
- Banco de Bogotá S.A.
- Banco de Crédito e Inversiones
- Banco de Galicia y Buenos Aires SA
- Banco de la Nación Argentina (BNA)
- Banco de la Producción S.A. Produbanco
- Banco de Machala S.A.
- Banco de Occidente S.A.
- Banco del Bajio
- Banco Diners Club del Ecuador S.A.
- Banco General
- Banco Grupo Promerica Nicaragua
- Banco Guayaquil
- Banco Hipotecario de El Salvador S.A.
- Banco Industrial
- Banco Nacional de Costa Rica
- Banco Pichincha
- Banco Popular—Grupo AVAL
- Banco Popular Dominicano
- Banco Promerica Costa Rica
- Banco Promerica El Salvador
- Banco Promerica Guatemala
- Banco Sabadell
- Bancolombia
- BancoSol
- Banesco S.A.
- Bank Aladin Syariah
- Bank Nizwa
- Bank of Africa
- Bank of Ayudhya Public Company Limited
- Bank of Beijing
- Bank of China Limited
- Bank of Industry
- Bank of Ireland Group
- Bank of Jiangsu Co, Ltd
- Bank of Jilin
- Bank of Jiujiang
- Bank of Nanjing
- Bank of New Zealand (BNZ)
- Bank of Palestine
- Bank of Suzhou
- Bank Pembangunan Malaysia Berhad
- Bankinter
- Banorte (Banco Mercantil del Norte, S.A.)
- Banque Degroof Petercam
- Banque du Caire
- Banque Internationale à Luxembourg (BIL)
- Banque Misr
- Banque Socredo
- Banregio
- Barclays Group Plc
- Bayern Landesbank
- BBVA (Banco Bilbao Vizcaya Argentaria)
- BBVA Mexico or GFBB (Grupo Financiero BBVA Bancomer)

- BBVA USA
- BCC (Grupo Cooperativo Cajamar)
- BCEE (Banque et Caisse d'Épargne de l'État)
- Belfius Bank
- Beneficial State Bank
- Berlin Hyp AG
- BFA (Banco de Fomento Agropecuario)
- BGR (Banco General Rumiñahui S.A.)
- Bluestep Bank
- BMO Financial Group
- BN Bank ASA
- BNC (National Bank of Canada)
- BNK Financial Group
- BNP Paribas
- BPCE Group
- BPER Banca
- BTG Pactual
- bunq

C

- CaixaBank
- Caja de Ingenieros Group
- Center-Invest Bank
- CGD (Caixa Geral de Depositos)
- China Minsheng Banking Corp
- Chongqing Three Gorges Bank Co Ltd
- CIB (Commercial International Bank)
- CIMB Bank Berhad
- Citadele Banka
- Citibanamex
- Citigroup Inc
- Collector Bank
- Commerzbank
- Commonwealth Bank of Australia
- Compartamos Banco
- Coop Pank AS
- Cooperativa de Ahorro y Crédito Coopeuch
- Coventry Building Society
- Crédit Agricole
- Credit Andorra
- Credit Bank of Moscow
- Crédit Mutuel
- Crédit Mutuel Arkéa
- Credit Suisse (before combining with UBS Group)
- CS Ahorro y Crédito

D

- Danske Bank
- de Volksbank
- Desjardins Group
- Deutsche Bank
- Development and Investment Bank of Turkey (Türkiye Kalkınma ve Yatırım Bankası A.Ş.)
- Development Bank of the Philippines
- DGB Financial Group
- DLR Kredit
- DNB ASA (Den Norske Bank)
- DZ Bank

E

- Ecobank Transnational Inc
- Ecology Building Society
- Eika Gruppen AS
- Erik Penser Bank
- Erste Group Bank AG
- Eurobank Bulgaria AD
- Eurobank SA

F

- Fana Sparebank
- FinecoBank S.p.A
- First Abu Dhabi Bank
- First Rand Group Ltd
- First West Credit Union
- FMO (Netherlands Development Finance Company)
- Forbright Bank

G

- Garanti Bank
- Gatehouse Bank
- Gazprombank
- Global Bank
- Globalance Bank AG
- Goldman Sachs
- Golomt Bank
- Government Savings Bank (GSB)
- Grupo Aval
- Guangdong Fogang Rural Commercial Bank
- Gulf International Bank B.S.C.

H

- Hana Financial Group
- Hana Securities (formerly Hana Financial Investment)
- HCOB (Hamburg Commercial Bank AG)
- Hengfeng Bank
- Hipotekarna Banka
- Hrvatska poštanska banka
- Hua Xia Bank

I

- Ibercaja Banco S.A.
- ICA Banken
- ICBC (Industrial and Commercial Bank of China)
- IDLC Finance Limited
- IKB Deutsche Industriebank AG
- Industrial Bank Co, Ltd (CIB)
- Industrial Bank of Korea (IBK)
- ING Bank
- Innovation Credit Union
- Intesa Sanpaolo
- Investec Group

- İşbank
- Íslandsbanki (Bank of Iceland)
- Itaú Unibanco

J

- J. Safra Sarasin
- Jaiz Bank
- JB Financial Group
- Jiangsu Zijin Rural Commercial Bank Co, Ltd
- Julius Baer & Co, Ltd
- Jyske Bank

K

- Kaiser Partner Privatbank
- Kasikornbank
- KB Financial Group
- KBC Group
- KCB (Kenya Commercial Bank)
- KLP Banken (Kommunal Landspensjonskasse Gjensidig Forsikringsselskap)
- Kommunalkredit Austria AG
- Kyushu Financial Group

L

- La Banque Postale
- Laboral Kutxa (Caja Laboral Popular Coop. de Crédito)
- Land Bank (Land and Agricultural Development Bank of South Africa)
- Landesbank Hessen-Thüringen Girozentrale
- Landkreditt Bank
- Landsbankinn (NBI hf.)
- Landshypotek Bank AB
- Länsförsäkringar Bank AB
- LBBW (Landesbank Baden-Württemberg)
- LGT Private Banking
- LHV Group
- Liechtensteinische Landesbank AG—LLB
- Lloyds Banking Group
- Lombard Odier Group

M

- Maha Agriculture Microfinance
- Mauritius Commercial Bank
- mBank S.A.
- Mediobanca
- MHB Bank
- Millennium BCP
- Mizuho Financial Group
- MONETA Money Bank
- Monex
- MUFG (Mitsubishi UFJ Financial Group)
- Multibank Inc

N

- NAB (National Australia Bank Ltd)
- National Bank of Egypt
- Nationwide Building Society
- NatWest Group
- NBG (National Bank of Greece)
- NLB Group
- Nomura Holdings Inc
- Nonghyup Financial Group
- NORD/LB Norddeutsche Landesbank
- Nordea Bank
- Nordic Investment Bank
- Nykredit

O

- OBOS-banken
- OP Financial Group
- Oragroup S.A.
- OTP Bank

P

- Pictet Group
- Piraeus Financial Holdings
- Polaris Bank
- Postal Savings Bank of China
- ProCredit Group

Q

- Qingdao Rural Commercial Bank Corporation
- QNB AL-Ahli

R

- Rabobank
- Raiffeisen Bank International AG
- Raiffeisen Group Switzerland
- Raiffeisen Luxembourg
- Republic Financial Holding Limited
- Resurs
- Romerike Sparebank (previously as LillestromBanken)
- Roslagens Sparbank

S

- Santander
- SBAB Bank
- Sberbank of Russia
- SBI Shinsei Bank Group
- SEB (Skandinaviska Enskilda Banken)
- Şekerbank
- Shanghai Rural Commercial Bank Co, Ltd
- Shiga Bank
- Shinhan Financial Group
- Sichuan Tianfu Bank
- SK Securities
- Skandiabanken
- Skipton Building Society
- Skipton International
- Skurups Sparbank
- Société Générale
- Södra Dalarnas Sparbank AB
- Sölvesborg-Mjällby Sparbank

- Sörmlands Sparbank AB
- Sovcombank
- Spar Nord Bank A/S
- Sparbanken Västra Mälardalen
- SpareBank 1 Hallingdal Valdres
- SpareBank 1 Nord-Norge
- SpareBank 1 Nordmøre
- SpareBank 1 Østfold Akershus
- SpareBank 1 Østlandet
- SpareBank 1 SMN
- SpareBank 1 Sørøst-Norge
- SpareBank 1 SR-Bank
- Sparebanken Møre
- Sparebanken Sogn og Fjordane
- Sparebanken Sør
- Sparebanken Vest
- Sparkasse Bank Makedonija AD Skopje
- St.Georges Bank
- Standard Bank of South Africa Ltd
- Standard Chartered
- Suhyup Bank
- Sumitomo Mitsui Financial Group (SMBC)
- Sumitomo Mitsui Trust Holdings/Bank
- Suncorp Group
- Svenska Handelsbanken
- Swedbank AB
- Sydbank

T

- TCS Group Holding PLC
- The Co-operative Bank
- The Norinchukin Bank
- The Saudi British Bank
- Tjustbygdens Sparbank AB
- TKSB (Industrial Development Bank of Turkey/Turkiye Sinai Kalkinma Bankasi)
- Triodos Bank

U

- UBS Group
- Ukrgasbank
- UniCredit
- Unifin

V

- Vancity (Vancouver City Savings Credit Union)
- VDK Bank
- Virgin Money
- Visión Banco S.A.E.C.A
- VP Bank Group

W

- WeBank Co, Ltd
- Wema Bank Plc
- Westpac Banking Corporation
- Woori Financial Group

Y

- Yapı ve Kredi Bankası
- Yes Bank Ltd
- Yorkshire Building Society

Z

- Zenith Bank
- Zenus Bank
- Zhejiang Anji Rural Commercial Bank
- Zürcher Kantonalbank

List of abbreviations and acronyms

CSAB	Civil Society Advisory Body
CEO	Chief Executive Officer
GBF	Kunming-Montreal Global Biodiversity Framework
G-SIBs	Global Systemically Important Banks
ILO	International Labour Organization
NDC	Nationally Determined Contribution
NDPE	No Deforestation, No Expansion on Peat and No Exploitation
NZBA	Net-Zero Banking Alliance
PACTA	Paris Agreement Capital Transition Assessment
PBAF	Partnership for Biodiversity Accounting Financials
PCAF	Partnership for Carbon Accounting Financials
PRB	Principles for Responsible Banking
SDGs	UN Sustainable Development Goals
SMART	Specific, Measurable, Achievable, Relevant and Time-bound
SMEs	Small and Medium Enterprises
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UNEP FI	UN Environment Programme Finance Initiative
UNGP	UN Guiding Principles on Business and Human Rights
USD	United States Dollar

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Foreword

Dear readers,

We are pleased to present the second biennial progress report of the Principles for Responsible Banking—a significant milestone in shaping a responsible banking system for the future.

Since its launch in 2019, the Principles for Responsible Banking has seen remarkable growth. With 325 committed banks as members, it represents half of the banking industry's assets, amounting to nearly USD 90 trillion globally. Member banks have demonstrated their commitment by integrating sustainability considerations such as climate change mitigation into their strategies, transforming governance structures, understanding their impacts better, setting targets, and developing innovative products and risk management approaches.

During this time, the business case for responsible banking has strengthened, gaining widespread support from investors, customers, and employees across the financial community. Purpose-led banking is now increasingly understood to benefit people and the planet while unlocking opportunities for economic transformation. By integrating responsible banking into financial practice and working to finance the transition to a sustainable economy, member banks work towards their continued success while contributing to global goals.

Despite the challenges posed by the business environment and geopolitical uncertainty, member banks have focused on creating long-term value and adopting responsible banking practices within their operations and portfolios. They have made critical transformations in organisational structure, capabilities, capital allocation, product development, and client engagement in alignment with the Principles for Responsible Banking framework. While commendable progress has been made, member banks must now accelerate action in response to ongoing and intensifying environmental and social crises.

We acknowledge that member banks must now build upon governance and structural changes to drive concrete action, realising real-world impact while respecting national regulations, cultural norms, and contextual variations. We are committed to supporting the development of regional strategies that align with each member bank's unique market context.

We are encouraged by the valuable feedback from the Civil Society Advisory Body, which has been instrumental in shaping our unique governance model. Embracing diverse perspectives and deep expertise, we maintain a steadfast commitment to transparency, accountability, and credibility, with the aim that the Principles for Responsible Banking continue to inspire, expand its reach, and encourage wider adoption of responsible practices. Our shared priorities: climate change (mitigation and adaptation), nature, human rights, resource efficiency, and economic inclusion unite us in working towards real-world impact.

The Principles for Responsible Banking have provided member banks significant support to realise positive change, fostering a collaboration network among banks, scientists, policymakers, and initiatives such as the Net-Zero Banking Alliance. Collaboration has resulted in co-created guidance documents and toolkits that facilitate knowledge sharing and peer learning in key areas of responsible banking. As a result, member banks are making meaningful strides in understanding and measuring their impacts in line with the Paris Agreement on climate change and across the UN Sustainable Development Goals.

These efforts build knowledge and capability—accelerating the adoption of responsible banking practices and translating commitments into real-world impacts. Focused working groups, regional workshops, and technical assistance enable these practices to align with each member bank's regional context.

As we look toward 2030, the global community has responded to scientific evidence and evolving expectations, setting ambitious goals that demand deeper and broader action from member banks. We encourage all existing and potential member banks to come together and learn from one another, civil society, and other experts from various sectors. Collaboration with stakeholders within and beyond the banking community is crucial, focusing on the issues and opportunities that matter most. The Principles for Responsible Banking offers a powerful mechanism to bring together expertise from across society, shaping the future of banking in the 21st century.

> **We invite governments, clients, customers, and investors to join us in creating a responsible banking system that benefits people, the planet, progress, and prosperity.**

Lastly, we extend our heartfelt gratitude to outgoing UN Environmental Programme Finance Initiative (UNEP FI) Banking Board co-chair Wendy Dobson, whose intellect, passion for responsible, inclusive, and climate-responsive banking, and insightful contributions have been instrumental to our progress. We will honour her legacy by continuing to drive responsible banking for the benefit of all.

Sincerely,

Siobhan Toohill & Dimitrios Dimopoulos

UNEP FI Banking Board Co-Chairs

Eric Usher

Head, UNEP FI

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Civil Society Advisory Body independent view

The following is the Civil Society Advisory Body (CSAB) independent view of the second biennial progress report on implementation of the Principles for Responsible Banking (the Principles). This review reflects the collective perspectives of the 12 CSAB members representing stakeholders across the Principles member bank regions and key issue areas. The CSAB welcomes the progress member banks have made and the actions that the Banking Board and member banks have taken, including in response to CSAB's recommendations based on the first biennial progress report. For instance, member banks are beginning to report on social risks and real-world impacts, providing greater target specificity, building greater capacity for measuring and disclosing on nature and human rights, and requiring employee training to implement established goals.

Notwithstanding this progress, the CSAB urges member banks to increase their ambition and accelerate progress against their goals to achieve the necessary real-world impact required by the severity of the climate, social justice, and nature challenges we all collectively face. Similarly, CSAB members encourage the UNEP FI secretariat (the secretariat) and the Banking Board to help hold member banks accountable for executing stated commitments. The following are the CSAB's specific recommendations for the Banking Board and member banks in seven key areas: 1) Urgency and impact, 2) Intersectionality, 3) Data context, 4) Governance, 5) Accountability, 6) Client engagement and 7) Policy and stakeholder engagement.

1. Urgency and impact

While this document is being released at the end of the first four-year implementation period, the findings are primarily based on data from member banks' first year (34%) or second year (51%) of reporting and thus do not necessarily reflect member banks' most current actions (see page 4). Nonetheless, though important progress has been made, the CSAB members are concerned by the urgent crises unfolding and stress the need for speed and agility in member banks' responses. While recognising the very real challenges member banks face (for example, client data availability, incomplete measurement methodologies, decision-useful metrics for comparatively newer topic areas such as nature, etc.), the linear progress that has been made is not commensurate with the exponential acceleration of the climate and nature crises. Using impact analysis as an example, after four years, 83% of member banks that signed in 2019 "have an analysis that meets some or all of the Principles' requirements" compared to 76% of member banks that signed in 2021. Similarly, there is no significant difference in member banks' prioritising two impact areas in which they will set their targets when comparing member banks, which signed in 2019, to all member banks (see page 12).

As we move into the critical years between now and 2030, the CSAB also urges a collective focus on driving impact, in addition to ambitious target setting. To help evaluate the positive and negative impact that member banks are having, we recommend more holistic reporting. For instance, though it is noteworthy that 94% of member banks offer sustainable finance products, and 59% have financial targets for those products (see page 26), it is not clear what percentage of their overall business these products make up or what the ratio is between sustainable financing dollars versus financing of fossil fuel projects and companies. Providing this type of context for sustainable finance commitments and other metrics will help stakeholders evaluate the extent to which member banks are truly transforming their businesses and, in turn, helping propel real-economy impact versus continuing business as usual.

2. Intersectionality

While acknowledging the progress member banks have made on prioritising and addressing climate change, the CSAB has yet to see a sufficient focus on the interdependency between impact areas. For instance, taking a holistic approach to mitigating climate impacts can also address nature and social justice challenges. Though 77% of member banks have set targets for at least one impact area, only 38% have set targets for two impact areas (see page 19).

CSAB recognises that a need for greater intersectionality—particularly between climate, nature, and social justice impact areas—is a recurring theme in this report. To foster a multipronged approach, CSAB commends the Principles' intention to help member banks fast-track nature-related target setting by facilitating impact assessment and measurement; setting their own targets and asking clients to do the same and identifying nature-positive investment and financing opportunities (see pages 25 and 29). However, the slow progress by member banks on nature targets was noted, especially given the emergence of global standards (including the recent Global Biodiversity Framework (GBF) (Convention on Biological Diversity 2022) agreed upon by 196 parties). CSAB urges a shift in emphasis from building interest (for example, the number of member banks participating in the Nature Target-Setting Working Group and Nature Community (see page 21)) to action in setting and meeting sufficiently robust targets.

3. Data context

All member banks are not alike. There is considerable variation between member banks from different regions and sizes, regardless of how long they have been member banks. For these reasons, it is challenging to draw overarching conclusions about member bank performance based on aggregate information. For example, in certain regions, such as the European Union, more aggressive policy and legislation is helping drive member bank performance, whereas in others, such as Latin America and the Caribbean, member banks are operating in the absence of motivating regulation and policy. The ongoing importance of this regional and other context is noted, as is its direct impact on ambition and progress in reaching stated goals.

The effort that the Principles has made in this report to disaggregate data, where possible, based on these factors is acknowledged (for example, see page 14). The CSAB recommends a continued focus on this to provide more nuanced data going forward. Additionally, the CSAB also encourages a continued emphasis on harmonising metrics to help enable meaningful comparisons between member banks. The recently launched International Sustainability Standards Board (International Sustainability Standards Board 2023) reporting standards have made important progress in this regard and should be a resource for the member banks and the Principles' guidance.

4. Governance

Given its foundational nature, it is encouraging to see how pervasively sustainability oversight has been incorporated into member banks' governance systems (98%), with 91% having this oversight at the board or chief executive officer level (see page 32). Such oversight is key to identifying, evaluating, and setting targets to address impact areas. Recognising its importance in driving strategy design, resource and capital allocation, and accountability, increased data and qualitative insights on governance progress are invited, particularly in areas where impact is more acute, such as remuneration structures, to incentivise positive action.

Linking oversight to remuneration is a critical component of moving from setting targets to implementation. Yet, with only 38% of member banks reporting such remuneration links, this area significantly lags behind broader governance oversight. Given that from now until 2030, execution (which is informed if not driven by remuneration) will determine whether targets are met, the CSAB endorses this report's statement that "As the initial four-year implementation period ends, the focus will shift towards actions and what is necessary to achieve targets, with increased attention on remuneration" (see page 33).

5. Accountability

The CSAB acknowledges that during the first four-year implementation period, member banks (particularly smaller ones) have focused on getting up-to-speed on the Principles and related reporting requirements. As stakeholder expectations shift from capacity building and target setting to measuring real-world impact, patience for member banks that do not meet the Principles' requirements will wane. For the Principles to continue to foster leadership, member banks must be held accountable.

It is encouraging to see the report disclose an outline of the processes used to hold member banks to account, starting with providing the necessary support to help underperforming member banks meet expectations and an escalation process where "progress is deemed insufficient" (see page 5). For this accountability process to be credible, the CSAB encourages the UNEP FI secretariat to disclose the number of member banks that are identified as "falling behind on implementation" and, subsequently, the number that are placed on the inactive list of signatories until shortcomings are addressed, or failing such redress, that are removed from the list of signatories. Similarly, the role of assurance in providing integrity and acting as a trust anchor will be important, and CSAB members look forward to further data on this assurance as member banks submit their third-year reports.

6. Client engagement

Meaningful and effective client engagement will be essential to implementing member banks' Principles requirements (and broader) goals. Just as reporting on financed emissions has been an important focus during the first four-year implementation period, the CSAB expects that robust reporting on client engagement policies, systems, and—ultimately—the results of client engagement will be a central focus in future. As this report rightly notes, these data "will become increasingly important as the member banks have set targets and now need to work with their clients and customers to implement them, including the need to map and support climate transition plans and the decision-making process when the goals are not fulfilled" (see page 27). To this end, the CSAB commends the Principles' intent to track this metric as both data and effective practice examples on client engagement are sought and looks forward to seeing greater detail disclosed both by member banks and in the Principles' next progress report.

7. Policy and stakeholder engagement

Given the scale of the climate, nature, and social justice challenges that society faces, effective public policy will be critical to creating the enabling conditions for ambitious private-sector action. Member banks have an important role to play in informing and advocating for these policies.

Analyses, such as Ceres' Responsible Policy Engagement on Climate Change (Ceres 2022), indicate that there is often a disconnect between companies' stated climate and other sustainability policies and their lobbying and policy advocacy positions, particularly with respect to the associations to which they belong. The limited data available on stakeholder engagement, including with employees (and how member banks go about employee engagement) and external lobbying and advocacy activity, is noted (see page 30). Policy and stakeholder engagement is a recommended future focus area, particularly as the Principles develops 2030 guidance. To help demonstrate leadership in this important area of the Principles, the CSAB encourages member banks to provide greater transparency on their stakeholder engagement, including their approach to direct lobbying and how they are engaging their trade associations to advocate on their behalf.

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Executive summary

> **"It always seems impossible until it's done."**
>
> **Nelson Mandela**

325

member banks in 80 countries

1. **The Principles for Responsible Banking (the Principles) serve as a framework that many banks worldwide use to guide their responsible banking practices.** Member banks pledge action to align their strategy, decision-making, lending, and investments with the UN Sustainable Development Goals (SDGs) and international agreements such as the Paris Agreement on climate change (the Paris Agreement). The idea is that responsible banking practices can have both economic benefits and the potential for positive societal and environmental impacts through lending, investments, and client relationships. Since its establishment, the Principles have grown from 130 founding member banks in 2019 to 325 members in 80 countries, representing almost USD 90 trillion in assets (50% of global banking assets). This second biennial report, coming at the end of the initial four-year implementation phase, relies mainly on data from the member banks that have made it to the halfway mark of the implementation phase. Thus, it is just a glimpse of the collective progress of member banks. It synthesises individual reports from 245 member banks, allowing a moment of reflection on the achievements and challenges encountered. The following points cover the key findings from this midway point in the four-year initial implementation period.

94%

aligned to global agreements

2. **Most (94%) member banks have established public strategies aligned with the SDGs, the Paris Agreement, and other relevant frameworks.** This shows the implementation of Principle 1, under which member banks commit to align business strategies with the needs of individuals and societal goals. Two-thirds (69%) have integrated sustainability topics into their overall strategy, while 25%

have standalone sustainability strategies. This reflects a growing trend of mainstreaming sustainability into member banks' banking practices. The majority (83%) are analysing the impacts of their portfolios. This figure is notably higher than the industry average of 20% of financial institutions openly acknowledging their impact on people and the planet (World Benchmarking Alliance 2022).[1] Of member banks analysing their impact, 96% have identified at least one area where they can make the most substantial contributions to society and the environment within their operating regions. This shows dedication to Principle 2, under which member banks commit to enhance positive impacts and reduce negative ones resulting from their activities, products, and services. Many member banks use approaches such as the UNEP FI Impact Analysis Tool to assess their impact systemically across their portfolios, aligning with global, regional, and local priorities.

77%
with at least one public target

3. **Most member banks (77%) have set at least one public target related to their significant positive or negative impact areas.** Whilst 38% have set two targets and are working to refine them to fulfil Principle 2, under which member banks commit to establish and disclose targets in at least two areas where they can have the most significant impact. Many member banks prioritise climate change mitigation as a significant impact area, with 71% setting long-term net-zero targets. This number surpasses the industry average of 37% of leading financial institutions disclosing long-term net-zero targets (World Benchmarking Alliance 2022).[2] Nearly half of the member banks participate in the Net-Zero Banking Alliance, an accelerator programme for financing ambitious climate action. Member banks are actively sharing effective practices and engaging stakeholders within and beyond the financial sector through collaborative efforts facilitated by the UNEP FI secretariat. This collaboration aims to develop strong targets in other vital areas, including climate change adaptation, nature, human rights, resource efficiency, and economic inclusion. For instance, member banks actively participate in the Nature Target-Setting Working Group and started adopting the Resource Efficiency and Circular Economy Target-Setting Guidance. These actions demonstrate their commitment to driving positive impact and sustainability across various topics.

1 The criteria used by the World Benchmarking Alliance differs from those used for the assessment in this report. Principles commitments are covered in the guidance "Impact Protocol: Impact analysis and management for banks" (United Nations Environmental Programme Finance Initiative [UNEP FI] 2022a). All member banks (100%) have committed to analysing their impact.

2 The criteria used by the World Benchmarking Alliance differs from those used for the assessment in this report. Principles commitments are covered in the guidance "Guidelines for Climate Target Setting for Banks" (UNEP FI 2022d). All member banks (100%) with climate change mitigation as an impact area have committed to setting targets in this area.

94%
offer sustainable finance products

4. **Member banks demonstrate evidence of engaging with clients, customers, and stakeholders to encourage sustainable practices for people and the planet.** This shows progress towards Principles 3 and 4, emphasising responsible client collaboration and proactive engagement with relevant stakeholders to achieve society's goals. Almost all member banks (94%) offer sustainable finance products and engage with selected clients to meet climate targets through tools, training and policies focused on reducing negative impacts and increasing positive impacts. Action is most advanced in climate change mitigation, but member banks address other impact areas such as climate change adaptation, nature, human rights, resource efficiency, and economic inclusion. Although data on stakeholder engagement is limited, member banks participate in initiatives like the Partnership for Carbon Accounting Financials (PCAF), its sister organisation, the Partnership for Biodiversity Accounting Financials (PBAF), the Paris Agreement Capital Transition Assessment (PACTA), the Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-Related Financial Disclosures (TNFD). These collaborations involve industry associations, governments, and regulators in developing robust and meaningful targets in key impact areas.

98%
have integrated sustainability oversight

5. **Member banks show strong evidence of implementing effective governance and transparency to embed sustainability throughout their organisations.** This helps them to operationalise their commitments and foster a culture of responsible banking, which they committed to under Principle 5. An impressive 98% of member banks have integrated sustainability oversight into their governance, with 91% at the board and Chief Executive Officer level. This high level of governance significantly surpasses the industry average of 22% of member banks incorporating impact management and strategy into governance (World Benchmarking Alliance 2023).[3] However, only 38% have linked sustainability to remuneration, an area that the UNEP FI secretariat and the Principles "PRB Academy" aim to accelerate. All member banks, due to publish reports, have done so, meeting their commitment under Principle 6 for transparency and accountability. Within four years of signing the Principles, independent assurance is expected. Thus far, 52% of member banks with third reports included assurance. This report reflects 34% of member bank

3 The criteria used by the World Benchmarking Alliance differs from those used for the assessment in this report. All member banks (100%) have committed to implementing effective governance and a culture of responsible banking.

data sourced from the first report, 51% from the second and 15% from the third. The UNEP FI secretariat is committed to collaborating with member banks and assurance providers to overcome challenges in implementing appropriate assurance for member banks reporting under the Principles.

Looking forward

6. **Member banks are urged to build upon their progress and accelerate action, enhancing their efforts in critical impact areas such as climate change adaptation, nature, human rights, resource efficiency, and economic inclusion.** Efforts to develop methodologies and standard metrics for setting impactful targets are ongoing, addressing a challenge encountered by some member banks. Commended are member banks actively engaged in this work as they pave the way for others to follow. The evolving landscape since the Principles' inception, the insights from this report, the Civil Society Advisory Body independent view and regulatory and standard-setting developments will guide the framework, milestones, and expectations for the next seven years of the implementation journey leading up to 2030.


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Introduction

In September 2019, United Nations Secretary-General António Guterres and more than a hundred member banks launched the Principles for Responsible Banking, recognising the pivotal role of the global banking sector in achieving the UN Sustainable Development Goals (SDGs).

Sustainability considerations have become increasingly important to the finance industry over the last decade, driven by the urgent challenges of climate change, nature loss, pollution, and stresses on social cohesion. Global events like the COVID-19 pandemic and economic volatility have further highlighted the need to address these issues and promote environmental and social resilience. As a result, there has been a notable surge in sustainable finance policies and regulations worldwide, demonstrating regulatory support and adding to member banks' change risk burden. The economic rationale for responsible finance is evident, as banks play a pivotal role in accelerating a positive global transition for people and the planet through their lending, investments, and extensive client relationships across various sectors of the economy—their financing and investments shape the future.

The Principles for Responsible Banking

The Principles for Responsible Banking (the Principles) serve as a leading global framework for responsible banking, guiding member banks to align their strategies and practices with the SDGs and the Paris Agreement on climate change (the Paris Agreement). These six principles infuse purpose and ambition into sustainable finance, shaping member banks' operations, portfolios and engagements with clients and stakeholders. By embracing the Principles, member banks actively enhance positive impacts, reduce negative ones, and promote responsible banking throughout their portfolios, activities, products and services. Through transparent reporting and accountability, member banks demonstrate their commitment to building a more sustainable and resilient future, addressing climate change, nature loss, pollution, and social inequalities to create a positive global transition for people and the planet.

Principle 1: **Alignment**	Principle 2: **Impact & Target Setting**	Principle 3: **Clients & Customers**
We will align our business strategy to individuals' needs and society's goals, as expressed in the SDGs, the Paris Agreement and relevant national and regional frameworks.	We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	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.
Principle 4: **Stakeholders**	Principle 5: **Governance & Culture**	Principle 6: **Transparency & Accountability**
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	We will implement our commitment to these Principle through effective governance and a culture of responsible banking.	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.

Figure I: The six principles to which member banks are committed | Source: UN Environmental Programme Finance Initiative (UNEP FI)

Significant increase in membership since inception

Since its inception, membership in the Principles has seen substantial growth. The initiative boasts 325 member banks hailing from 80 countries, a significant increase from the 130 founding member banks that joined in September 2019.

Among the members, 20 (6%) are Global Systemically Important Banks (G-SIBs) (Financial Stability Board 2022), representing two-thirds of G-SIBs and accounting for USD 43 trillion (48% of all member banks' assets). Developed economies account for 63% of the member banks, while 37% are headquartered in developing economies. As Figure II indicates, Europe and the Asia Pacific account for 91% of the member bank assets.

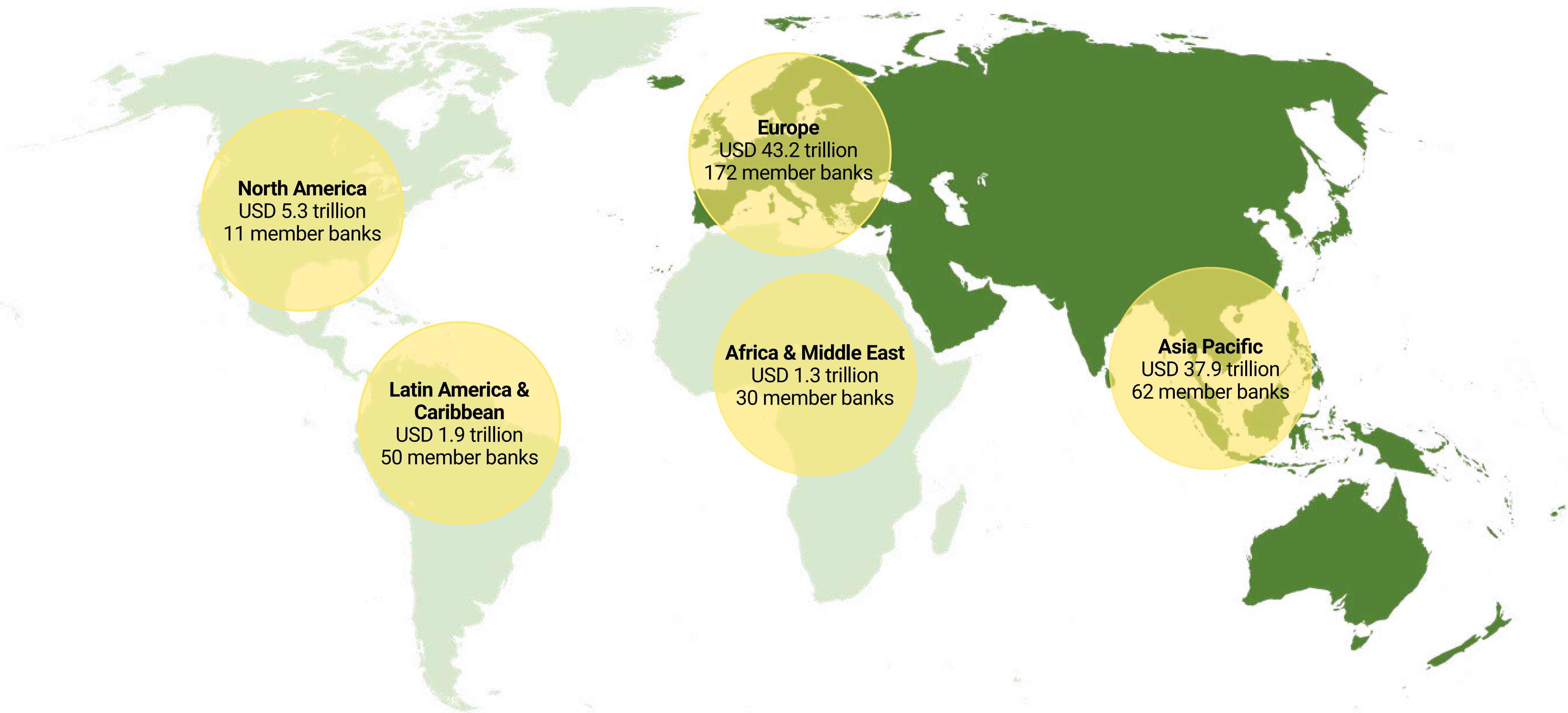

Figure II: Geographic coverage of member banks as of 30 June 2023 | Source: UNEP FI

Progress achieved by Principles' member banks

Over the past four years, member banks have made progress in laying foundations, aligning their strategies, enhancing governance, upskilling their workforce, and assessing their impacts while regularly disclosing their progress on implementing the Principles. They work with The UNEP FI secretariat (the secretariat) to actively develop critical guidance, toolkits, and knowledge to advance sustainability in climate change, nature preservation, pollution reduction and social issues. Priorities in this reporting period included collaborating with members to strengthen impact analysis, improve data quality for setting targets, and build expertise across sustainability domains such as nature, resource efficiency and circular economy, climate change adaptation, human rights, and gender equality, encouraging an integrated approach.

Accountability

About this report

This second biennial progress report synthesises individual reporting from 245 member banks that joined between 2019 and 2022, representing 75% of all member banks as of 30 June 2023.

This report presents the progress of member banks mainly based on the data from member banks that have made it to the halfway mark of their four-year initial implementation period; since 34% of the data is sourced from member banks' first reports, 51% from the second, and 15% from the third. This report also includes examples of effective practices from member banks' reporting. Figure III illustrates the timeline that member banks should adhere to when publishing and having their reports assured.

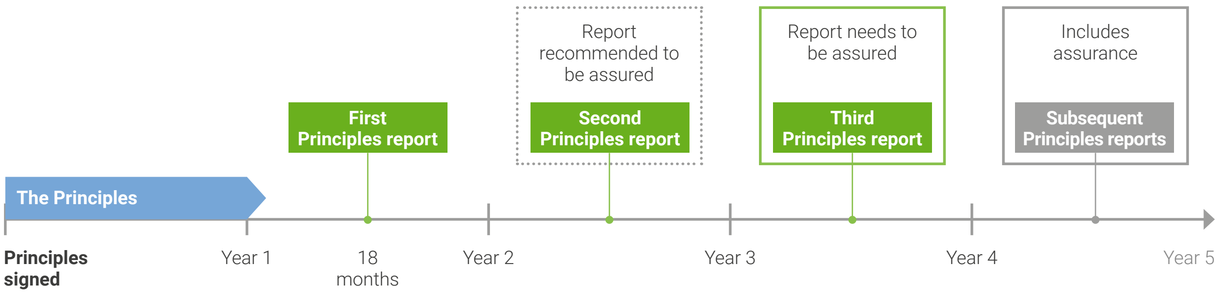

Figure III: Timeline of reporting to disclose progress on implementing the Principles | Source: UNEP FI

Improvements in data collection since the first biennial progress report

The method of collecting member bank data was upgraded between the first and second biennial progress reports, making direct comparisons challenging. In the first biennial progress report, member banks self-assessed their performance at a single point in time. For this report, data was gathered through templates supported by member banks' public reporting and assessed against the Principles' commitments. The data collection was part of the annual meetings conducted by the secretariat since 2021, with each member bank to evaluate progress on implementing the Principles and offer feedback and recommendations (the feedback and review process) (UN Environmental Programme Finance Initiative [UNEP FI] 2021a). Where possible, this report also analyses differences in progress for member banks joining at different stages.

Data assumptions and limitations

While this report provides a more accurate depiction of progress in implementing the Principles, some limitations exist. There is inevitable subjectivity involved as review specialists have recorded progress during the feedback and review process while guidance, practices and tools continued to evolve. The feedback and review process revealed weaknesses in the member banks' disclosures, for example, the need for more information on portfolio composition and impact measurement. Consequently, version two of the Reporting and Self-Assessment Template (the reporting template)—used since March 2023, following the Principles' framework review—is more detailed about the data required. This report reflects the transition from member banks' self-reporting to data collection via versions one and two of the reporting templates, resulting in a smaller dataset for specific analyses, such as those focused on clients and customers, and stakeholders.

Data collection occurred at different implementation stages. There is a delay between member banks' progress in implementing the Principles, public reporting, annual feedback and review, and data inclusion in this report.

Accountability process

When member banks are identified as falling behind on implementation, the secretariat acts, providing transparent recommendations through the feedback and review process, conducting one-on-one support meetings, and referring member banks to relevant working groups and capacity-building sessions.

Progress on implementing the Principles against commitments is assessed via the feedback and review process. If progress is deemed insufficient and the member bank is unwilling or unable to meet the Principles commitment they signed, the member bank is referred to the Banking Board. The Banking Board decides whether to 1) provide more time for the member bank to address issues, 2) place it on the inactive signatories list until it is on track, or 3) remove it from the list of signatories.

Civil Society Advisory Body

The Civil Society Advisory Body (CSAB) comprises twelve organisations representing diverse regions, sustainability topics and stakeholder groups. It is a unique platform for constructive engagement between wider civil society and member banks. The CSAB's role is to provide oversight of the Principles to help them remain relevant to societal needs and work towards member banks fulfilling their commitments with ambition and transparency. One of its tasks is to provide an independent assessment of member banks' progress in implementing the Principles outlined in this report (see "Civil Society Advisory Board independent view"). Additionally, recommendations and adjustments resulting from their independent view of the first biennial progress report are detailed in Appendix 1.

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Current status of member banks' implementation

Principle 1: Alignment

Member banks commit to aligning their business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the SDGs, the Paris Agreement, and relevant national and regional frameworks.

Most (94%) member banks have public strategies aligning with the SDGs, the Paris Agreement, and other frameworks. Among them, 69% have integrated sustainability into their overall strategy, while 25% have standalone sustainability strategies. This reflects a growing trend of mainstreaming sustainability into banking practices, highlighting a strong commitment to responsible and environmentally conscious strategies.

Future biennial progress reports will assess how member banks operationalise their strategies in decision-making, lending, and investments, tracking their performance against targets. Actions are expected in four areas as per the guidance "Impact Protocol: Impact analysis and management for banks" (UNEP FI 2022a):

- Portfolio composition and financial flows
- Client engagement
- Advocacy work
- Internal policies

Alignment: Effective practice

Effective practice involves member banks demonstrating a clear link between their identified impacts, purpose, vision, and overall strategy.

They set specific objectives and action plans supported by robust governance structures, including remuneration and staff training.

For example, a member bank identified climate change mitigation and financial health and inclusion as its most significant impacts and incorporated them into a sustainability pillar—one of three pillars in its overall group strategy. Under the sustainability pillar, the member bank focuses on achieving a just transition to a net-zero emissions economy, supporting environmental regeneration, and building resilience, all aligned with relevant SDGs. Simultaneously, it promotes long-term social, cultural, and financial well-being in its geographical and jurisdictional context, aligning with other SDGs.

To work towards successful implementation:

- The member bank established clear objectives, policies, and procedures, including stakeholder engagement and decision-making processes.
- Relevant business units take ownership of their responsibilities; the member bank tracks progress using key performance indicators and links remuneration to achieving targets and interim milestones for executives and staff.
- The member bank actively participates in the Net-Zero Banking alliance (NZBA) and the Financial Health and Inclusion Commitment, benefiting from peer learning and technical support.

Human rights are a core strategic commitment for many member banks, extending to all aspects of their finance and operations. Several member banks have recently released new or updated human rights policies in alignment with the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. When addressing human rights, effective practice by members includes signing human rights policies at the most senior level and defining specific governance of human rights at the board level, covering all areas of the member bank operations—clients, employees, and suppliers.

Furthermore, at a strategic level, member banks collaborate with the secretariat and stakeholders to align their actions on nature with the Kunming-Montreal Global Biodiversity Framework targets, as agreed upon at the Convention on Biological Diversity during COP15 (Convention on Biological Diversity 2022). Additionally, the secretariat and a working group of member banks actively contribute to developing the future Global Plastic Treaty (expected in 2024). By integrating their impacts into their overall strategies, member banks take tangible steps towards a sustainable future, embracing their roles as responsible banks.

Alignment real-world impact

Resource efficiency and circular economy

The real-world impact of a member bank's commitment to resource efficiency and circular economy is significant and far-reaching. By actively working towards a Global Plastic Treaty and implementing a comprehensive group-wide strategy, the member bank is making tangible strides in reducing plastic usage. This contributes to reducing plastic pollution and its detrimental effects on the environment, wildlife, and human health.

Through its advisory efforts, the member bank empowers its clients and customers to adopt sustainable practices that minimise plastic-related risks and foster more environmentally responsible business operations. By promoting and incentivising the adoption of alternative plastics, the member bank is driving a shift towards more sustainable and eco-friendly choices in various industries.

Moreover, the member bank's support and financing of initiatives that promote product design changes, reusability and recycling have a transformative effect on waste management. It encourages a circular economy approach, where products are designed for extended use and materials are recycled or repurposed, thereby reducing the volume of plastic waste in landfills or polluting natural ecosystems.

This member bank's proactive approach sets a positive precedent for the financial industry. The bank's leadership and innovative practices inspire other banks, businesses, and stakeholders to prioritise resource efficiency and circular economy principles.

Human rights

Many member banks have proactively addressed human rights concerns with comprehensive group-wide policies. For example, a member bank's human rights policy includes a risk-based due diligence approach, focusing on sectors such as manufacturing that face increased scrutiny for human rights practices, especially concerning international/non-citizen/low-wage workers. The member bank also considers nature integrity in its financing and business decisions while closely monitoring clients' environmental and social action plans. As part of its human rights policy, the member bank requires high-risk sector clients to:

1. Establish a human rights policy or commitment.
2. Conduct human rights due diligence to identify and mitigate risks.
3. Implement a grievance mechanism for anonymity and to mitigate retaliation.

Clients needing improvement are asked to commit to action plans, with some engaging external experts to assess their recruitment processes involving international/non-citizen/low-wage workers. Notably, around one in five of the member bank's assessed clients have been requested to implement action plans to enhance their human rights practices—resulting in tangible improvements in working conditions.

By implementing rigorous policies and engaging with their clients, member banks demonstrate their commitment to upholding human rights standards and driving positive change in sectors facing significant human rights challenges. These actions align with the Principles' objectives, fostering a more sustainable and responsible financial industry with tangible impacts on promoting and protecting human rights.

Principle 2: Impact and target-setting

Impact analysis

Member banks commit to conducting an impact analysis to identify their most significant (potential) positive and negative impacts on the societies and environment where they operate. The impact analysis should cover the bank's core business areas. This is defined by the bank's main customer segments served, the types of products and services provided, and the main sectors and activities across the main geographies in which the bank offers products and services. Considering the main challenges and priorities related to sustainable development where the bank and its clients operate. The bank should engage relevant stakeholders, including civil society, to inform aspects of the analysis.

Impact analysis: Evaluating public reporting after the four-year initial implementation period

At the end of the initial four-year implementation period, the accountability process will evaluate member banks' public reporting for evidence of the following:

- ✓ The scope of the impact analysis, covering the member bank's portfolio, is relevant and adequately defined.
- ✓ The most relevant challenges and priorities related to sustainable development in the member bank's main geographies are considered.
- ✓ The member bank prioritises at least two areas of significant impact, explaining the rationale based on its portfolio and context.
- ✓ Performance measurement of the chosen impact areas is data-driven, using appropriate indicators applicable to the member bank's context.
- ✓ A transparent, objective methodology is used for impact analysis.
- ✓ Findings are presented and discussed internally, involving the member bank's established governance.

These checks help member banks to effectively analyse the impacts associated with their portfolios and progress in implementing the Principles aligning their portfolios with sustainability objectives, including climate objectives.

Data-driven impact analysis of their portfolios is new to member banks, and it has taken some time for member banks to understand that it goes beyond the scope of the Global Reporting Initiative materiality assessment, which is how many member banks understood the requirement at first.

Data-driven impact analysis requires sustainability teams to work with colleagues from other departments, such as risk, business units, strategy, and finance, to collect relevant information on portfolio composition and geographical and jurisdictional context.

This holistic and evidence-based approach informs the impact analysis, supports measuring the impacts of member banks' portfolios, and evaluates how to translate them into targets.

Most member banks (83%) have conducted an impact assessment of their portfolios, starting to identify their most significant (potential) positive and negative impacts on society and the environment. This figure is notably higher than the industry average of 20% of financial institutions openly acknowledging their impact on people and the planet (World Benchmarking Alliance 2022).[4] Among the member banks analysing the impact of their portfolios, 37% fully meet their commitment (see the "Impact Analysis: Evaluating public reporting after the four-year initial implementation period" box for the criteria), while 46% partially meet them.

An evidence-based methodology for impact analysis is crucial as it helps member banks understand and manage their impacts on people and the planet. While member banks must respond to their operational impacts, the Principles prioritise assessing the impacts of their portfolios, products and services.

Most (88%) member banks that meet their Principles' impact analysis commitment used approaches incorporating the UNEP FI Impact Analysis tool. However, 70% of member banks that have yet to meet their commitment solely relied on their materiality assessment without further considering business impacts and societal needs. Understanding that impact analysis goes beyond materiality assessment remains a support priority.

As the implementation progressed, member banks' impact analysis of their portfolios improved, although not significantly. For instance, 83% of member banks that signed in 2019 now meet some or all of their commitments, compared to 76% of those that signed in 2021. This improvement reflects member banks' better understanding and implementation of the impact analysis, aided by feedback and review meetings, updated toolkits, capacity-building programs and the guidance detailed in Appendix 2. This improvement is not as pronounced as we expect in future, as member banks signing in 2019 were developing methodologies that are now established.

Among member banks, 75% have prioritised two impact areas associated with their portfolios for setting targets, 19% have chosen one, and 6% are yet to identify their impact areas. This trend is consistent among founding member banks from 2019, with 77% selecting two impact areas, 20% choosing one, and 3% still identifying impact areas. The early engagement of founding member banks in developing impact analysis methodologies and providing feedback on the UNEP FI impact analysis tool has likely influenced this trend, benefiting newer member banks.

4 The criteria used by the World Benchmarking Alliance differs from those used for the assessment in this report. Principles commitments are covered in the guidance "Impact Protocol: Impact analysis and management for banks" (UNEP FI 2022a). All member banks (100%) have committed to analysing their impact.

Most member banks selected climate change mitigation as the most significant impact associated with their portfolios (87%), followed by financial health and inclusion/inclusive economies/diversity and inclusion (46%).

More advanced member banks have identified interdependencies between nature, resource efficiency and circular economy, and human rights as critical for meeting their climate change mitigation targets. Some member banks engage with their clients and customers on interlinked topics, even where they aren't one of their two most significant impacts—concurrently working with clients and customers on climate change mitigation and nature-positive plans. Figure IV shows the impact areas that member banks identified.

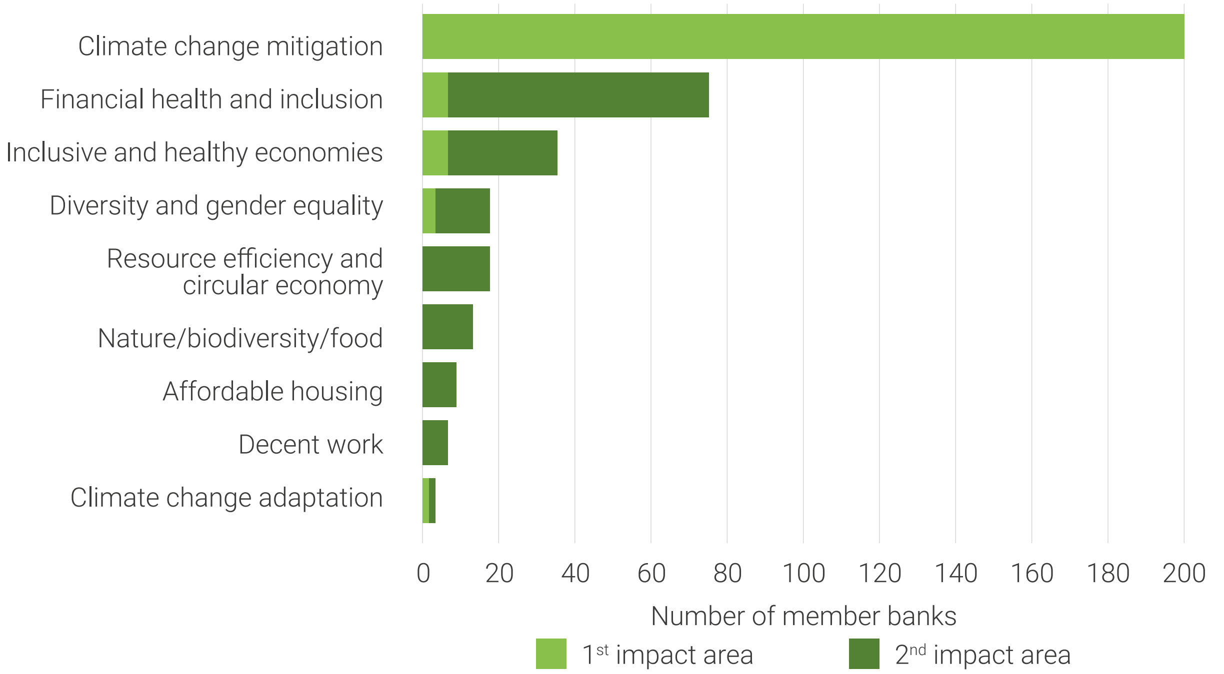

Figure IV: Member banks' identified areas of significant impact | Source: UNEP FI

The relative importance of impact areas associated with portfolios varies by region. Due to their exposure to greenhouse gas intense sectors, combined with regional regulatory requirements, European member banks primarily focus on climate change mitigation (95%). On the other hand, many member banks in developing countries prioritise social topics. Geography-specific challenges and priorities influence member banks' choice of significant impacts, leading to diverse regional approaches. For instance, Chinese member banks link their impacts to China's 14th five-year plan, emphasising climate change mitigation and rural revitalisation. Figure V provides a summary of these regional differences.

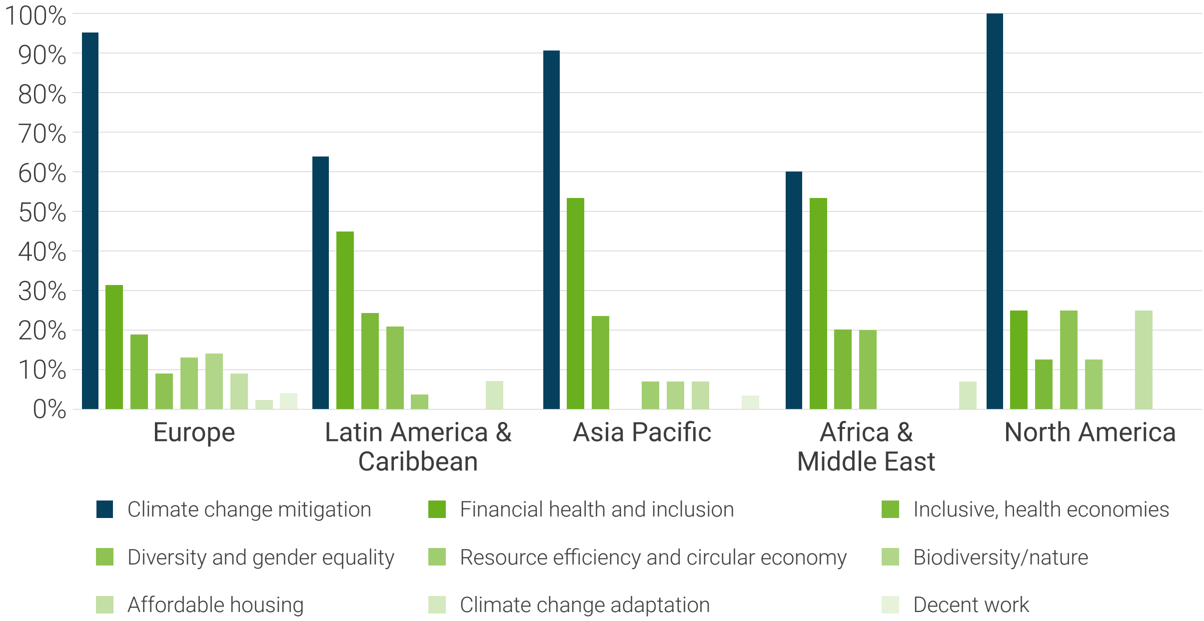

Figure V: The regional significance of impact areas | Source: UNEP FI

Regionally, the majority of member banks in North America (100%), Europe (95%) and Asia Pacific (91%) prioritise climate change mitigation as their main impact area. In Latin America and the Caribbean (64%) and the Africa and Middle East (60%), climate change mitigation is also a significant focus, while there is a higher-than-average emphasis on financial health and inclusion (45%) and social topics (53%), respectively. This data highlights the regional priorities in responsible banking and reflects the diverse challenges and opportunities member banks face worldwide.

Gender equality is also a selected impact area associated with portfolios, chosen by 6% of member banks. This number does not include member banks addressing gender inequality through other areas of impact, such as financial health and inclusion, and through internal human resources policies. Progress has been made by 47% of the member banks that have already partially measured their performance, and 27% have partially set a target. This indicates growing support for the importance of gender equality and the efforts being made by member banks to address this critical issue.

The second biennial progress report shows a significant shift towards performance measurement to establish baselines for setting targets, particularly in climate change mitigation.

Two-thirds (68%) of member banks have measured their climate change mitigation performance using financed greenhouse gas emissions as an indicator, with 70% adopting the Partnership for Carbon Accounting Financials (PCAF) standard.

Measurement of climate change mitigation performance is highest in North America (89%) and Europe (74%) and lowest in the Africa and Middle East (33%), which is expected and aligned with their different geographic contexts (see Figure V). This increasing focus on performance measurement reflects the growing commitment of member banks to address climate change and track the impact of their financing on greenhouse gas emissions.

Member banks in developing countries have encountered challenges in measuring and disclosing their financed greenhouse gas emissions, attributed to several reasons:

1. The methodologies are less detailed for developing countries, limiting their measurement capabilities and data quality.
2. Substantial portfolios in agriculture and Small and Medium Enterprises (SMEs) present challenges in measurement, as these areas are generally more complex to assess.
3. Limited access to client data hinders member banks' ability to measure their emissions more systemically.
4. Concerns that they may be criticised, combined with less regulatory pressure in developing countries to disclose financed greenhouse gas emissions.
5. A lack of relevant skills internally and difficulties in recruiting consultants with appropriate expertise further complicate the measurement process.

Despite member banks' challenges in developing countries, several have taken proactive steps to overcome these obstacles.

To address the skills shortage in developing countries, member banks have implemented targeted specialist training programs for senior hires and offered fast-track initiatives for young graduates interested in sustainability, including climate change mitigation. They are better equipped to handle sustainability-related strategies and actions by building expertise.

Moreover, some member banks in developing countries have chosen transparency and openness by disclosing their initial financed greenhouse gas measurement attempts. They actively seek feedback from external stakeholders to help them improve, even if it includes criticism. This feedback-driven approach is critical for continuous improvement and progress in their sustainability efforts. These efforts demonstrate member banks' unwavering commitment to enhancing their portfolios' impact analysis, increasing their capabilities and improving sustainability practices. By proactively tackling barriers and embracing innovative solutions, these member banks make progress and set an example for others in their region.

Financial health and inclusion is the second most advanced area for measuring real-life impact. Core indicators to measure financial health and inclusion impact were published in 2022 (UNEP FI 2022b). While there is a time lag between publishing indicators, member banks measuring their performance, and reporting their progress. The secretariat is starting to capture the real-world impact of member banks' efforts in this area through the feedback and review process. This signifies the growing importance of addressing financial health and inclusion and the commitment of member banks to track their impact in this crucial domain.

Member banks are making progress in measuring their performance in various impact areas, although the methodologies are still in their early stages. Commended are the member banks taking the lead in pioneering innovative approaches. Member banks encounter challenges in asking their clients and customers to report on indicators that are not well-established, for example, the percentage of non-recycled waste generated.

Despite these challenges, some member banks are making strides with the support of business associations and strategic partnerships. Additionally, the secretariat contributes to regional-specific publications, such as "Unlocking Circular Economy Finance in Latin America and the Caribbean: The Catalyst for a Positive Change" (UNEP FI 2023a), to support member banks' sustainability efforts in specific areas. These initiatives highlight the industry's ongoing commitment to enhancing measurement practices and advancing its impact analysis capabilities.

Impact analysis: Effective practice

Effective impact analysis is evidenced when member banks establish a strong connection between their geographic context and their portfolios, activities, products and services.

This involves gaining a comprehensive understanding of both their positive and negative impacts associated with their financing. Key components of effective practice include:

1. **Comprehensive scope:** Member banks assess most business activities, including corporate banking, retail banking, investment banking and asset management. They also assess their market position in their countries of operation.
2. **Transparency:** Member banks disclose the percentage split between different sectors and industries for corporate banking and provide information about products, services, and customer types for retail banking.
3. **Relevance and context:** Member banks evaluate their most significant positive and negative impacts across their portfolios to align with global, regional, and national sustainability priorities, including climate priorities, in their context.
4. **Objective methodology:** Member banks utilise reliable tools like the UNEP FI impact analysis tool or equivalent to facilitate a data-driven and systematic approach to impact assessment.
5. **Periodic review:** Member banks periodically review the appropriateness of their impact analysis and rerun it when necessary due to changes in their portfolio, strategy, or geographical and jurisdictional context.
6. **Internal engagement:** Findings are presented and discussed internally, involving board members, senior management, and subsidiary banks as required.
7. **Integration into strategy:** Member banks integrate the results of their impact analysis into their overall strategy. This influences decision-making, client interactions, the development of products and services, and remuneration.
8. **Climate change mitigation focus:** Member banks leading in climate change mitigation measure their financed emissions using recognised standards such as PCAF. They also engage with initiatives such as the NZBA and the Science Based Targets initiative (SBTi) for learning and support.
9. **Emerging impact areas:** In areas where understanding and methodologies are less advanced, member banks collect data on customer engagement and financial flows using practice indicators—which focus on actions the member bank takes to manage (positive and negative) impacts—with a plan to collect impact data as methodologies evolve. Participation in the resource efficiency and circular economy and nature working groups facilitates peer learning and offers technical support.

Through effective impact analysis, member banks make informed strategic decisions to prioritise sustainable business lines, reduce negative impacts and drive positive change in areas that matter most to society and the environment.

Impact analysis real-world impact

Environmental impacts

One member bank's dedication to climate change mitigation and global goals, the results of their impact analysis, combined with a cost-benefit analysis, translated into not offering indirect corporate lending facilities to companies engaged in fossil fuel production expansion. Instead, the member bank seized the opportunity for positive real-world impact by exploring interlinkages with the circular economy. This strategic shift demonstrates their commitment to fostering sustainable practices and contributing to a greener and more environmentally responsible future. Other member banks have made similar strategic decisions to position their portfolios and businesses for the future.

Social impacts

In a country facing a cost-of-living crisis, a large retail member bank utilised performance measurement data to assess the percentage of its customers capable of covering unexpected day-to-day expenses compared to the national average. This data-driven approach highlighted the urgent need to support customers who couldn't meet unexpected day-to-day expenses.

To address this need, the member bank is taking decisive action by targeting these vulnerable customers with initiatives such as app nudges, targeted support, and developing tailored products to meet their needs. By doing so, the member bank aims to improve the lives of its customers, enabling them to manage unexpected expenses more effectively, improving their financial resilience.

The member bank appointed a chief customer officer to maintain a strategic focus on this critical initiative, underscoring their commitment to creating positive real-world change for their customers in challenging economic times.

These examples demonstrate that impact analysis empowers member banks to make informed decisions, aligning their operations with sustainable practices and societal needs.

Target setting

Member banks commit to set and publish at least two targets addressing their most significant positive and negative impacts. The targets should drive alignment with and substantially contribute to appropriate SDGs, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks. Targets must be specific, measurable (quantitative or qualitative), achievable, relevant, and time-bound (SMART).

Target setting: Evaluating public reporting after the four-year initial implementation period

At the end of the initial four-year implementation period, the accountability process will assess member banks' public reporting for evidence that their targets meet the following:

- ✓ Targets are set for at least two identified impact areas, which align with the member bank's context and portfolio.
- ✓ Targets aim to contribute positively to society and the environment.
- ✓ Targets are specific, measurable, time-bound, and relevant to the identified impact areas.
- ✓ The member bank has plans to achieve its targets, including appropriate governance structures, and defined roles and responsibilities.
- ✓ Progress towards achieving the targets is regularly monitored and reported publicly.
- ✓ Targets are science-based targets or aligned with other recognised frameworks where applicable.

These checks help member banks set meaningful and impactful targets that contribute to sustainable development and align with the Principles' vision. They aim to drive member banks' commitment to achieving positive societal and environmental outcomes through their actions and operations.

Figure VI illustrates the interlinkages between targets, impact analysis outcomes, and member banks' subsequent measures and actions. The impact analysis is the foundation, guiding member banks to identify their most significant positive and negative impacts. Based on this analysis, banks set specific targets to address and enhance their performance in the most significant impact areas. To work towards accountability and progress in implementing the Principles, member banks closely monitor the implementation of these targets through their governance processes. This includes regular reviews and assessments to track the member bank's performance against the targets. Ideally, these efforts are tied to remuneration, motivating employees to contribute to the member bank's sustainability targets actively and incentivising positive real-world impacts.

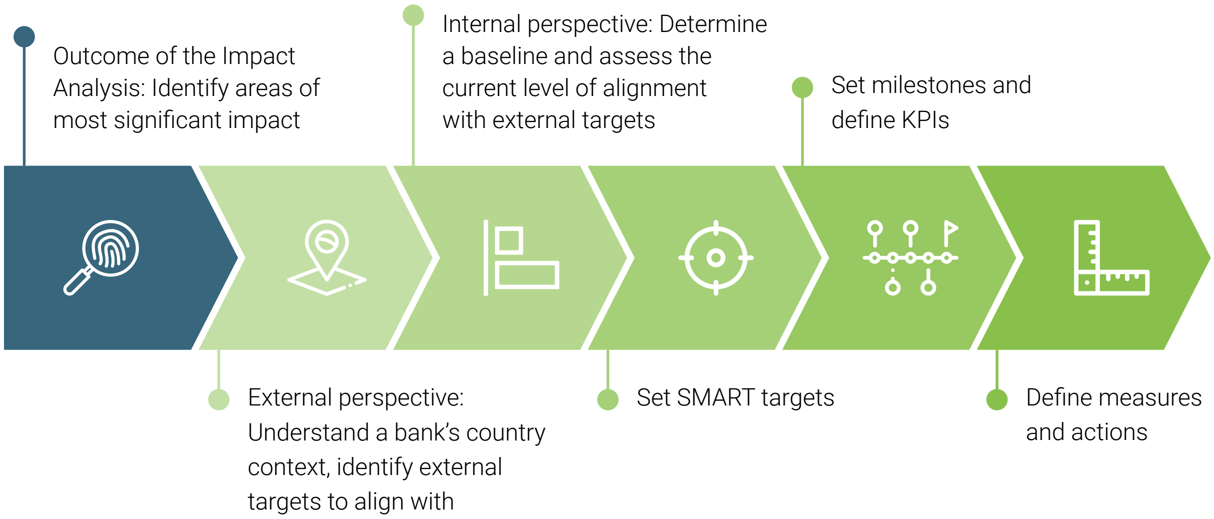

Figure VI: A coherent path to real-world impact: Connecting impact analysis, targets, and actions | Source: UNEP FI

Most member banks (77%) have set at least one public target related to their significant positive or negative impact areas. Notably, 38% have established two targets, 39% have one, and 23% are formulating targets. Among the founding member banks from 2019, 81% have already set targets, with 38% focusing on two areas, 43% on one, and 19% actively working towards target establishment. To facilitate continuous progress in implementing the Principles, member banks encountering challenges in implementation receive dedicated support through capacity-building programs and from our implementation support team.

Of the 213 member banks focusing on climate change mitigation, 46% are NZBA member banks. Impressively, 98% of these NZBA banks have already set initial targets, confirming their dedication to accelerating progress in climate change mitigation efforts. Additionally, **among the member banks with assets exceeding USD 1 trillion, 83% are NZBA banks, underscoring the significant real-world impact they can generate through their efforts to reduce greenhouse gas emissions and finance the transition towards a more sustainable future.** The NZBA is vital in driving positive change and leading towards a greener and more responsible banking industry.

Member banks' adoption of climate change mitigation targets has seen remarkable progress since the launch of the Principles. A notable 86% of member banks that signed the Principles in 2019 and have climate change mitigation as an impact area have set climate targets, compared to 79% for those who joined in 2020 and 73% for signatories in 2021. These percentages surpass the industry average of 37% of member banks with long-term net-zero targets (World Benchmarking Alliance 2022).[5] Notably, 93% of member banks with assets exceeding USD 100 billion have established climate

5 The criteria used by the World Benchmarking Alliance differs from those used for the assessment in this report. Principles commitments are covered in the guidance "Guidelines for Climate Target Setting for Banks" (UNEP FI 2022d). All member banks (100%) with climate change mitigation as an impact area have committed to setting targets in this area.

targets. This substantial growth in climate targets underscores the heightened attention and urgency climate change has gained over the past two years, and the establishment of the NZBA further amplifies efforts to limit global warming.

The Principles has made significant strides in promoting sustainable practices through its published guidance from various working groups, including the NZBA, as detailed in Appendix 2. The introduction of "Theories of Change," which outline how actions lead to results contributing to impactful outcomes, has further strengthened these efforts. The current focus areas include climate change mitigation (UNEP FI 2022g), financial health and inclusion (UNEP FI 2022h), and resource efficiency and circular economy (UNEP FI 2022f), with plans to expand the Theory of Change offering in the future. These initiatives are crucial to helping member banks mainstream sustainability, including climate. For example, the Theory of Change allows member banks to monitor their progress in working towards impact targets, report and be accountable for this progress.

Financial health and inclusion emerged as a critical sustainability challenge for financial institutions in the first biennial progress report (UNEP FI 2021b). Recognising its potential to drive a positive impact across the SDGs, 28 pioneering member banks took a momentous step. They signed the Commitment to Financial Health and Inclusion in December 2021. **Today, the Commitment to Financial Health and Inclusion has grown to include 33 member banks, representing more than 46% of member banks focusing on financial health and inclusion as a significant impact across various regions worldwide.** These committed member banks have set ambitious impact targets within 18 months of signing. As outlined in the Commitment to Financial Health and Inclusion Summary Report (UNEP FI 2023b), the targets will significantly impact member banks' customers. This commitment reflects the banking industry's dedication to advancing financial inclusion and promoting positive change in individuals and communities worldwide.

Before the first cohort of member banks delivered their Commitment to Financial Health and Inclusion targets in June 2023, a comprehensive library of indicators was made accessible on the commitment's website. These indicators, also mentioned in the impact analysis section of this report, are available to member banks and are valuable examples of effective indicators to set ambitious targets for financial resilience, financial confidence, financial health, and financial inclusion. By utilising these indicators, member banks can enhance their efforts, make significant strides in achieving their targets, and foster positive impact.

Emerging trends in the banking industry show a growing interest in nature and resource efficiency. European countries, particularly Western European member banks for biodiversity/nature and Scandinavian member banks for resource efficiency and circular economy, are leading the way in these efforts. While some member banks have set targets in these areas, many are still in the early stages of implementation. Financial targets, client engagement, and advocacy work are the most common targets, with only a few member banks with impact-based targets. Nevertheless, these member banks deserve praise for their pioneering efforts, as they pave the way for others to drive positive real-world outcomes.

Despite not being a selected impact area for a majority of member banks, work is progressing on nature and resource efficiency. As evidenced by the active participation of 36 member banks in the Nature Target-Setting Working Group and 72 member banks in the Nature Community (previously "the Biodiversity Community") for capability building. Similarly, 22 member banks are engaged in the Resource Efficiency and Circular Economy Working Group, indicating a strong commitment to explore and integrate these critical sustainability aspects.

These trends demonstrate the industry's support of the importance of nature and resource efficiency in achieving sustainable development and environmental conservation goals. Member banks' collective efforts in setting impactful targets and participating in working groups showcase their commitment to advancing positive change and preserving the planet's natural resources for future generations.

A progressive approach to setting targets

The absence of established approaches and standard metrics for impact areas like nature and resource efficiency and circular economy has resulted in slower progress in setting SMART targets compared to climate change mitigation. Despite this challenge, member banks are actively collaborating with the secretariat to establish appropriate and feasible approaches and metrics for their portfolios. A progressive approach to setting impact targets has been adopted as an interim solution. Member banks set practice targets—which link to actions undertaken by a member bank to manage its (positive and negative) impacts—specifically client engagement and portfolio composition/financial flow targets. Once the toolkits and methodologies are available, these practice targets are a foundation for future impact targets. To help member banks meet their commitments, these practice targets must be further strengthened within defined timelines and progress to impact targets. This approach reflects the industry's dedication to achieving sustainability and meaningful impacts while data, methodologies and metrics are being developed.

A five-step process for setting targets using a progressive approach includes:

1. Defining client engagement targets focused on key clients and customers within high-impact sectors.
2. Establishing financial flow targets to drive changes in portfolio composition.
3. Crafting a transparent plan for setting impact targets and openly communicating it in the Principles Reporting and Self-Assessment Template.

4. Setting clear and realistic timelines for target implementation.
5. Utilising a Theory of Change, if available for the specific impact area, to enhance the strategic direction of actions.

Target setting: Effective practice

Member banks demonstrating effective targets show a strong connection between their impact analysis and SMART targets aligned with the Paris Agreement and relevant regional, national, and local priorities. The following are the key examples of effective practice in target-setting for member banks.

Climate change mitigation:

1. Joining the NZBA and using the Partnership for Carbon Accounting Financials standard to measure financed emissions.
2. Employing sector-specific quantification of financed emissions and decarbonisation pathway modelling based on accepted metrics grounded in science.
3. Adopting the International Energy Agency's Net Zero by 2050 scenario as a benchmark for setting and tracking targets.
4. Utilising regional-specific scenarios, such as those provided by the Network for Greening the Financial System, to address the specific contexts of developing countries. Member banks use proxy scenarios adapted to their regions when global scenarios do not represent local realities.
5. The scope and boundary of the targets cover a significant majority of the member bank's portfolio emissions where data and methodology allow.
6. Fulfilling the checks outlined in the NZBA Intermediate Target Disclosure Checklist (UNEP FI 2022c). All member banks demonstrating effective practice broadly apply the same criteria. Member banks in developing countries adapt the transition pathway to their geographic context and Nationally Determined Contribution (NDC) where appropriate.

Financial health and inclusion:

1. Participating in the Commitment to Financial Health and Inclusion to set ambitious targets.
2. Collaborating in UNEP FI-convened working groups to establish a unified framework for action.
3. Adopting the "Guidance on Financial Health & Inclusion Target Setting" (UNEP FI 2022e)
4. Identifying and targeting the most vulnerable customers in their portfolios and regions.
5. Focusing on financial resilience and overall health and expanding access to diverse financial opportunities.
6. Aligning the ambition level with national, regional, or global priorities.
7. Integrating targets for financial literacy, affordable financing (including affordable green financing), and other established targets alongside innovative measures.

Nature:

1. Adopting a progressive approach to setting impact targets, starting with practice targets focused on client engagement and financial objectives and utilising relevant guidance.
2. Joining the Nature Target-Setting Working Group to assess impact and set science-based targets.
3. Piloting the Taskforce on Nature-related Financial Disclosures (TNFD) to promote nature conservation and restoration.

Resource efficiency and circular economy:

1. Adopting the "Resource Efficiency and Circular Economy Target Setting Guidance" (UNEP FI 2022f) approach, which outlines a progressive approach to setting impact targets, starting with practice targets focused on client engagement and financial objectives.
2. Participating in a task force to explore interlinkages with other impact areas, such as climate change mitigation.

Climate change adaptation:

1. Adopting a progressive approach to setting impact targets, starting with practice targets focused on client engagement and financial objectives.
2. Co-developing target-setting guidance with UNEP FI to accelerate action in climate change adaptation.

Actions to meet targets:

1. Portfolio composition and financial flows: Moving financing from potentially harmful sectors to positive-impact areas. Using gender equality as an example, increasing the number of projects subject to due diligence for gender based risks and prioritising investments in gender-responsive and gender-equality-focused businesses.
2. Offering sustainable finance products: Member banks provide a range of green, social, and sustainable lending and investment products to promote environmentally friendly and socially responsible choices.
3. Engaging with clients: Member banks actively collaborate with selected clients, such as top emitters, to help them align with their climate change mitigation targets and adopt sustainable practices.
4. Providing tools and training to clients: Member banks offer tools and resources to measure emissions and support financial health and inclusion, empowering clients to make informed and sustainable financial decisions.
5. Establishing or strengthening governance: To oversee the delivery of their targets or processes of remedial action if the member bank does not achieve targets/milestones or the member bank detects unexpected negative impacts and links targets with remuneration.
6. Advocacy work: Working with regulators and government entities to advocate for necessary policies to achieve targets.

7. Developing sustainability-conscious policies and risk procedures and integrating them into existing policies and procedures where appropriate: Member banks are implementing policies and procedures to manage risks associated with unsustainable practices and align their operations with achieving their targets and responsible banking principles.
8. Integrating targets into financial planning: Member banks are incorporating sustainable finance targets into their financial planning processes to work towards actions aligned with achieving their impact targets.
9. Developing internal knowledge and capacity: Member banks are training their board members and staff to understand better and manage their impacts and commitments. It includes mandatory sustainability training and technical capacity building for selected areas.
10. Tracking and reporting progress: Member banks regularly monitor and record data, for example, on new green mortgages and financing emissions targets. This information is reviewed periodically to assess their progress and identify areas for improvement.

Target setting real-world impact

Enabling a cleaner, greener food and agriculture sector

A member bank with a large agriculture business is working on the following:

1. **Climate action:** By financing projects that reduce greenhouse gas emissions, the member bank is actively contributing to mitigating climate change and protecting communities from its adverse effects, such as pollution, extreme weather events and sea-level rise.
2. **Reforestation and nature restoration:** Through monetising carbon removals from agroforestry, the member bank is promoting reforestation, enhancing nature, and improving soil health, thereby combating deforestation, and positively impacting the environment.
3. **Food security and nutrition:** Investing in agricultural cooperatives and agri-businesses improves food production, distribution, and access. This effort positively influences food security and nutrition for millions of people, aligning with the member bank's commitment to achieving zero hunger.
4. **Climate resilience:** By developing finance solutions and promoting climate-resilient practices, the member bank assists communities in coping with climate-related challenges. This support safeguards livelihoods and enhances the well-being of vulnerable populations.
5. **Nature conservation:** Through integrating nature considerations into decision-making processes, protecting the planet's nature and helping conserve crucial habitats for wildlife and ecosystems.

Improving financial health and inclusion

The Commitment to Financial Health and Inclusion member banks, via their targets, work towards:

1. **Empowering entrepreneurs:** Support for unbanked or underbanked entrepreneurs leads to economic growth, new businesses, and job opportunities, improving livelihoods and communities.
2. **Job creation and economic development:** Member banks' assistance benefits women and immigrants, reducing unemployment, increasing incomes, and promoting overall economic prosperity in their regions.
3. **Financial resilience:** By providing tools, training, and support, member banks help customers navigate financial challenges and build a strong foundation for their economic well-being. This resilience-building aspect of the commitment contributes to customers' long-term financial stability and security, strengthening their ability to withstand economic uncertainties and shocks.
4. **Improved financial planning and security:** More customers with long-term saving plans achieve greater financial stability, build assets, and prepare for future challenges.
5. **Empowering women entrepreneurs:** Increasing the percentage of women with active financial products enables economic independence and empowers them to grow their businesses.

This commitment showcases dedication to financial well-being, economic growth, poverty reduction and equality. These initiatives positively impact individuals and communities by providing critical, innovative financial services and support, fostering inclusive economies and sustainable development.

Principle 3: Clients and customers

Member banks commit to working responsibly with their clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Member banks understand the significance of engaging with clients to achieve their targets:

1. Offering sustainable finance products.
2. Engaging with selected clients, for example, top emitters, to support them in meeting climate targets or those with major nature/biodiversity impacts to help them reduce negative impacts and transition to nature-positive practices.
3. Providing tools for measuring emissions and offering training on financial well-being.
4. Developing sustainability-conscious policies and risk procedures and integrating sustainability considerations, into existing policies and procedures where appropriate.

Most member banks (94%) offer sustainable finance products, encompassing green, social, and sustainable lending (green and social lending classified as sustainable lending by member banks) and investment solutions. Larger member banks tend to have more of these products than smaller ones. Every member bank (100%) with assets exceeding USD 100 billion provides sustainable finance options. Moreover, all member banks in the Asia Pacific, Africa and Middle East regions have integrated sustainable finance products into their offerings. While the exact proportion of these products within member banks' portfolios is currently not disclosed, it is evident that sustainable finance is gaining widespread adoption among member banks. The observed breakdown of sustainable products is depicted in Figure VII.

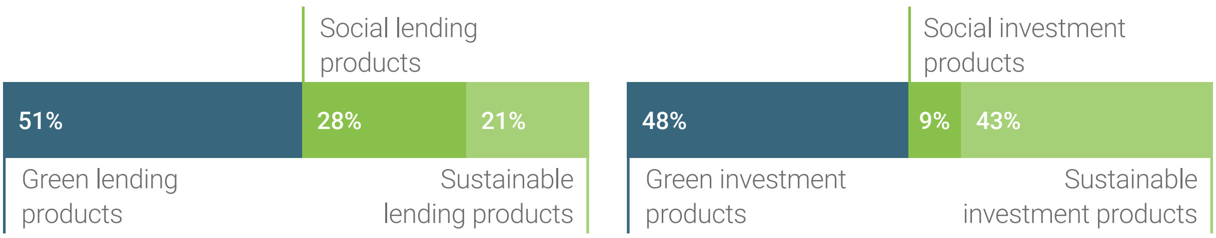

Figure VII: Member banks' sustainable finance products (sustainable lending and investment products are green and social, SDG-linked, or sustainability-linked financial products, including transition finance products) | Source: UNEP FI

Among the member banks assessed, 59% have set financial targets for their sustainable products, which include green and social lending. Founding member banks from 2019 tend to have more financial targets (65%) than the average. For member banks that joined in 2021, the percentage is lower at 41%. Notably, the category of largest-size member banks, with assets over USD 1 trillion, has a significantly higher percentage, with 87% of these member banks having set sustainable finance targets. This indicates a growing commitment among major financial institutions to align their sustainability efforts with concrete financial objectives.

Sixteen member banks classified as G-SIBs have pledged USD 7 trillion in sustainable finance, a significant contribution towards financing the SDGs and achieving the goals of the Paris Agreement. This directs substantial funding towards projects and initiatives that promote climate action, environmental sustainability, social development, and economic growth.

Through the new reporting template (version two) introduced in late 2022, the secretariat now collects data on two crucial aspects of member banks' sustainability efforts. Firstly, it gathers information on whether member banks have policies or engagement processes with clients and customers to encourage sustainable practices. This highlights the member banks' active promotion and support for sustainable initiatives among clients and customers. Secondly, the template captures data on member banks' policies for sectors with the highest (potential) impacts, demonstrating their focus on addressing sustainability challenges in key sectors. This data will be included in the subsequent biennial progress report and will become increasingly important as the member banks set targets and need to work with their clients and customers to implement them, including the need to map and support climate transition plans and the decision-making process when the targets are not fulfilled.

Clients and customers: Effective practice

Member banks demonstrating effective practice in fulfilling the Principle of engaging with customers are proactively working with their clients and customers to seize business opportunities, build closer relationships and mitigate transition risks. Member banks partner with key clients and focus customer groups to work towards meeting their targets. They also leverage interlinkages, linking issues like nature and circular economy to climate change mitigation. This engagement changes the composition of the member banks' portfolios. For future loans, clients need to align with the member bank's targets (or a strategic decision is taken to meet targets via an alternate means). To be transparent and avoid "greenwashing," banks use or develop public taxonomies for classifying their products and services. Examples follow:

Climate change mitigation:

1. Facilitating energy efficiency: For retail portfolios, member banks support energy-efficient measures like retrofitting and adaptation for properties at risk of flooding or bushfires. This helps improve environmental sustainability and enhances disaster resilience.
2. Emission reduction targets: In their corporate portfolios, member banks engage, assess impact, and set targets to encourage high-emitting clients to reduce their emissions.
3. Metrics for climate transition readiness: Member banks measure their clients' climate transition readiness in relevant sectors. These metrics guide client engagement, leading to more informed and effective climate action.

4. Tracking progress: Member banks track their progress in fulfilling climate change mitigation targets. This works towards accountability and continuous improvement in their sustainable practices.
5. Data collection for broader impact: By collecting data on interlinked topics, such as nature, member banks assess the wider benefits of their actions beyond climate change mitigation.
6. Supporting clients through transition: Member banks provide valuable support to customers as they navigate reputational and transitional risks during their transition to a low-carbon economy.
7. Upskilling for engagement: Member banks upskill client- and customer-facing employees to foster appropriate engagement on sustainability topics. This enables the identification of new business opportunities and the establishment of impactful partnerships on the transition journey.

Financial health and inclusion:

1. Setting clear criteria for measuring vulnerability: Member banks understand the national, regional, or global context to identify populational groups and critical indicators that indicate vulnerability.
2. Providing better access to products and services: Member banks offer suitable savings and debt products, also managing financial well-being indicators to mitigate potential negative impacts such as over-indebtedness.
3. Providing training and tools: Member banks offer capacity building on financial skills and practical tools to support clients in managing their finances.
4. Creating dedicated departments: Member banks create focused teams to manage and assist vulnerable clients.
5. Offering microfinance products: Member banks offer microfinance with a greater focus on microfinance and support tools. A gender perspective is a common element for many member banks.

Clients and customers' real-world impact

As a result of engaging clients and customers, member banks provide examples of significant real-world impacts:

1. **Energy efficiency and emission reduction:** By offering sustainable finance products and services, such as discounts on loan interest rates for energy-efficient homes and supporting the adoption of electric vehicles, member banks contribute to reducing carbon emissions, promoting environmental sustainability, and helping their clients save. This translates into a greener and cleaner world, with reduced greenhouse gas emissions and a positive impact on climate change.
2. **Aligning with carbon reduction targets:** There are examples of member banks taking a proactive approach by declining or reducing finance limits for customers whose carbon transition plans do not align with the member bank's policies and carbon reduction targets. This encourages customers to adopt more sustainable practices, supporting the transition to a low-carbon economy. Member banks play a crucial role in curbing climate change and creating a more sustainable future by driving alignment with carbon reduction targets.
3. **Protecting nature:** There are examples of member banks implementing policies like No Deforestation, No Expansion on Peat and No Exploitation (NDPE) for sectors like palm oil and forestry to protect forests and nature, benefiting ecosystems and local communities. These efforts help preserve vital natural resources and habitats, contributing to nature conservation and the well-being of local communities that rely on these ecosystems.
4. **Just transition to a low-carbon economy:** For example, member banks engage with customers to work towards a just and inclusive transition to a low-carbon economy, providing support and time, particularly in sectors like food production, to avoid negative impacts on vulnerable communities and promote sustainable practices. This commitment aims that no one is left behind in transitioning to a more sustainable economy, promoting social equity and economic resilience.
5. **Empowering SMEs:** For example, member banks offer tools and guidance to SMEs to measure and reduce their greenhouse gas emissions, enabling them to become more sustainable and environmentally responsible. This allows enterprises to stay in the supply chains of larger companies with net-zero commitments, reducing the credit risk of these enterprises. By empowering SMEs, member banks contribute to economic growth and job creation, driving positive change at the grassroots level.

Principle 4: Stakeholders

Member banks commit to consult, engage, and partner with relevant stakeholders to achieve society's goals proactively and responsibly.

In the initial years of the feedback and review process, member banks received support to comprehend their impacts and establish ambitious targets. At this stage, it is critical to capture stakeholder engagement data, facilitated by the most recent reporting template effective from March 2023. Member banks typically describe their engagement with stakeholders, including employees, during the Global Reporting Initiative materiality analysis and corporate governance reporting. However, the secretariat recommends more direct and in-depth engagement with significant stakeholders during impact analysis to better understand identified impacts and work towards targets that align with society's expectations. Moreover, engaging stakeholders when defining targets is vital to assist member banks in creating ambitious targets in line with societal needs and preferences.

It is worth noting that despite the significance of climate-related policies in supporting member banks to achieve their net-zero commitments, few member banks disclosed their advocacy activities linked to engaging governments. Advocacy for supportive policies becomes crucial for advancing the broader sustainability agenda and driving collective efforts toward climate action. Additionally, many member banks actively participate in partnerships and initiatives to develop methodologies and frameworks for addressing climate, nature, and social challenges. These collaborations often involve engagement with sector associations, advancing critical topics and promoting sustainability within the banking industry.

Engaging stakeholders: Effective practice

Member banks regularly engage with their stakeholders. They consult, engage, collaborate, and partner with specific stakeholders, such as civil society organisations and think tanks, that can support them in performing a deep dive, establish a baseline on the areas of impact, and set SMART targets.

Examples of partnerships to advance setting targets are PCAF and PBAF to measure the performance, PACTA to align portfolios and TCFD and TNFD. Members have also established colleague advisory panels or designated non-executive directors to champion employee perspectives and promote employee voices in decision-making frameworks.

Stakeholders real-world impact

Emissions reduction and green housing

A member bank is making significant strides in reducing home emissions and promoting sustainable housing practices by convening a diverse group of companies and leaders from various sectors. Their advocacy for a comprehensive national retrofit strategy contributes to curbing carbon emissions, enhancing the sustainability of the construction sector, and fostering environmentally friendly housing. This collaboration is crucial in helping the member bank meet its NZBA targets for residential real estate, addressing barriers and challenges to achieving its sustainability goals. Through the member bank's alliance, it campaigns for policy changes to build green homes for the future, create green jobs, support fair financing, make properties fit for the future, and deliver clean energy to homes where it operates. These collective efforts demonstrate the member bank's dedication to combating climate change and working towards a greener, more sustainable future for all.

Gender equality advancement

Through collaborative efforts with UN Women, member banks have actively promoted gender-responsive financial services and internal practices, resulting in tangible impacts on gender equality. By breaking down gender barriers and empowering women economically, these member banks enable more women to access financial services and opportunities, improving financial inclusion and empowerment. Additionally, one member bank's data analysis revealed gender disparities in financial parameters, prompting them to adopt a policy to only underwrite IPOs of companies in the US and Western Europe with at least two diverse board members, including one woman. This bold action fosters gender diversity in corporate leadership and highlights the member bank's commitment to advancing gender equality. These collaborative efforts are making a positive difference in the lives of women and communities, driving meaningful change towards a more inclusive and gender-equal world.

Engaging with governments

A member bank has an active strategy to advocate for inclusive climate action. It regularly engages with policymakers across its country of operation and participates in national councils. The member bank submits its position and contribution to national policies, making these submissions available on its website—encouraging other actors to advocate for an inclusive climate transition.

Principle 5: Governance and culture

Member banks commit to implementation through effective governance and a culture of responsible banking.

The Principles catalyse mainstreaming sustainability governance within member banks, fostering collaboration between various business areas, such as retail banking corporate banking. This integration makes sustainability departments deeply ingrained within member banks and their subsidiaries. Notably, an impressive **98% of member banks have established a governance system that incorporates oversight of sustainability, with 91% placing governance at the board or chief executive officer (CEO) level.** This high level of governance commitment significantly surpasses the 22% industry average for incorporating impact management and strategy into governance (World Benchmarking Alliance 2023),[6] underscoring the transformative power of the Principles.

Among the largest member banks by assets, an overwhelming 96% of those with assets over USD 1 trillion have established governance at the board level, indicating a solid commitment to sustainability at the highest levels of decision-making. However, as the size of member banks decreases, board-level governance becomes less common, and executive-level governance becomes more prevalent. For example, 95% of member banks with assets ranging from USD 100 billion to 1 trillion have board-level governance, compared to 71% for member banks with assets ranging from USD 5 billion to 100 billion, 39% for banks with assets ranging from USD 1 billion to 5 billion, and 47% for banks with assets less than USD 1 billion. This trend is mirrored in the alignment of overall strategy, with 87% of banks with assets over USD 100 billion demonstrating strategy alignment, compared to 59% of banks with asset sizes less than USD 5 billion.

Among the member banks that signed the Principles in 2019, a significant proportion (77%) have established board-level governance, demonstrating their commitment to sustainability at the highest decision-making level.

Board governance is crucial in setting priorities and overseeing implementation, especially in hierarchical organisational cultures. As the CEO signs up to the Principles, having non-executive board members overseeing the implementation further reinforces the importance of sustainability within the organisation.

Regionally, Latin American and Caribbean member banks have adopted a mixed approach to governance, with oversight spread across various seniority levels, including the board, CEO, and senior management. This diversity in governance structures reflects the region's unique context and approach to implementing responsible banking practices.

6 The criteria used by the World Benchmarking Alliance differs from those used for the assessment in this report. All member banks (100%) have committed to implementing effective governance and a culture of responsible banking.

Regarding remuneration practices linked to targets, only 38% of member banks reported incorporating such links, indicating the need for future emphasis in this area. Over the past two years, feedback and review meetings have focused on crucial implementation steps, including impact analysis, target setting, and accountability and reporting. As the initial four-year implementation period ends, the focus will shift towards actions and what is necessary to achieve targets, with increased attention on remuneration. Establishing sustainability-linked remuneration methodologies and practices can provide financial incentives for staff to meet targets, especially in cases where short-term profits may conflict with the long-term sustainability objectives of member banks. As these practices become more established, banks approaching this topic for the first time can benefit from existing frameworks to align remuneration with sustainable outcomes.

The Principles for Responsible Banking Academy (PRB Academy), developed in partnership with the Chartered Banker Institute and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, is a pivotal initiative aimed at enhancing capability building in banks worldwide. This unique education and training program empowers banking professionals to align their practices, strategies, operations, and decision-making with the objectives of the SDGs and the Paris Agreement. The Academy has conducted face-to-face courses in Mexico and India, attracting key stakeholders, including chief executives and directors from systemically important banks in these regions. Through its comprehensive training, the PRB Academy equips financial institutions with the necessary tools to contribute significantly to global sustainability goals.

Governance and culture: Effective practice

Member banks demonstrating effective practice have successfully mainstreamed sustainability considerations into their group-wide governance framework and processes:

1. Appointing executive team members to lead sustainability initiatives, driving the integration of sustainability across the organisation.
2. Enhancing board diversity by bringing in individuals with relevant sustainability experience or providing upskilling opportunities for current board members.
3. Active board oversight of the member bank's response to the Principles, with support from management teams.
4. Collaborating with the board to establish the group's purpose and integrating sustainability considerations into strategic reviews.
5. Monitoring progress toward agreed targets and goals, focusing on sustainability outcomes.
6. Considering sustainability-related factors in significant capital expenditures, acquisitions, and divestitures to align business decisions with sustainability targets.
7. Implementing training strategies to address knowledge gaps, including mandatory sustainability training for all staff and specialised training for targeted areas, to promote a culture of responsible banking and sustainability awareness.

Climate change mitigation:

1. Involving the board and management, including executive committees, senior leaders, management forums and working groups, to oversee the climate strategy and implementation plan.
2. Tracking sustainable finance, carbon-related assets, and financing emissions targets annually, reviewing risk appetite statements for environmental and social risks.
3. Incorporating financed emissions targets into their financial planning and internal capital allocation.
4. Seeking shareholder support for the goals of the Paris Agreement at annual general meetings, including commitments made as part of the Principles for Responsible Banking.
5. Linking executive variable remuneration to completing strategic objectives, capturing opportunities, and managing risks related to environmental and social topics.
6. Prioritising climate change training, making it available to all employees and the board to foster a culture of sustainability and responsibility throughout the organisation.

Human rights:

1. Signing human rights policies at the highest level of the organisation, demonstrating a solid commitment to upholding human rights principles.
2. Establishing specific human rights governance within their boards, with human rights considerations integrated into decision-making processes.
3. Extending human rights principles throughout all operations, including interactions with clients, treatment of employees, and engagement with suppliers.
4. Prioritising human rights considerations as a core part of their responsible banking practices, contributing to a more just and equitable society.
5. Demonstrating a commitment to positive societal impacts through their responsible practices and sustainable strategies, aligning with the vision of the Principles for a more sustainable and socially responsible future.

Governance and culture real-world impact

Remuneration

One impactful real-world example of the Principles in action is integrating sustainability criteria into a member bank's employee remuneration. A member bank linked a material portion (in this case, 20% of variable remuneration) of the CEO's total remuneration to specific sustainability goals. These goals included fulfilling the member bank's commitment to the Principles, implementing a group-wide human rights policy, and driving new environmental, social, governance business volume. This creates a direct financial incentive for the CEO to act in ways that align with sustainable and responsible practices. The CEO's performance and compensation are directly tied to the member bank's progress in promoting human rights, environmental sustainability, and responsible banking practices. This approach demonstrates the member bank's dedication to responsible banking and drives meaningful action and impact, as the CEO's decisions and actions play a pivotal role in shaping the member bank's sustainability outcomes and contributions to society and the environment.

Training

Establishing a sustainability academy within a member bank offering a targeted training catalogue covering essential to specialist courses has significant real-world impacts. By completing group-wide training on sustainability topics, half of the staff gains a shared understanding and commitment to responsible practices, fostering a culture that values sustainability. This empowers employees to make more informed decisions, leading to positive environmental and social impacts. Moreover, training 7% of staff globally in human rights showcases the member bank's dedication to upholding human rights principles benefiting vulnerable communities and marginalised groups. The participation of relationship managers in a two-week seminar on sustainable finance equips them to drive sustainable business practices and influence clients positively. Additionally, appointing certified sustainability officers works towards practical implementation of sustainability across the member bank's operations, resulting in concrete actions and initiatives that promote environmental protection and social responsibility.

Principle 6: Transparency and accountability

Member banks commit to describe how they implement the Principles and provide an assured assessment covering progress. This includes being transparent about and accountable for their positive and negative impacts and contribution to society's goals and to assure their reporting on the Principles within four years of signing.

Transparency and accountability: Evaluating public reporting after the four-year initial implementation period

At the end of the initial four-year implementation period, the accountability process will evaluate member banks' public reporting for evidence of the following:

- ✓ The member bank published its reporting template annually, or if a delay occurred, appropriate notice was given, and an extension was approved.
- ✓ The member bank has obtained limited independent assurance for impact analysis, target setting, target implementation and monitoring, and the governance structure for implementing the Principles on a comply-or-explain basis in case these areas cannot be assured (UNEP FI 2022i).

These checks help to promote transparency, accountability, and credibility in the reporting process, aiming that member banks adhere to the Principles and uphold their commitments to sustainability and positive societal impact.

As of June 2023, all member banks have fulfilled their reporting commitment, with 267 member banks submitting at least one report and 581 published reports received by the secretariat. Within the four-year timeframe of signing, the Principles call for limited independent assurance. Among the 54 member banks that have already submitted their third reports, 52% included assurance, while 18% had partial assurance, and 30% did not include any assurance. Partial assurance refers to member banks' assurance on their sustainability reports but does not cover the specific assurance checks requested for the Principles, as outlined in the guidance. Assurance plays a crucial role in fulfilling Principle 6, and the secretariat is actively collaborating with member banks and assurance providers to address challenges and facilitate the uptake of appropriate assurance for member banks reporting under the Principles, showing accountability, transparency and evidencing responsible banking practices.

Transparency and accountability: Effective practice

Member banks demonstrating effective practice have taken their reporting efforts to the next level, showcasing a profound commitment to transparency and sustainability. Utilising the reporting template (UNEP FI 2022j), they have laid out their sustainability initiatives clearly and comprehensively. These member banks provide quantified information on their positive and negative impacts by populating the Annex of the template where relevant. Their reports go beyond mere compliance, offering a detailed account of their portfolios, context, and performance measurement, including challenges and limitations, and evidence that their targets are linked to a baseline connected to their impact analysis and are stretching in the context of global, regional, national, and local ambitions. This transparent disclosure of data and performance is key to responsible banking, inspiring other financial institutions to follow suit and contribute to a more sustainable world. These member banks drive positive change through their reporting practices and set a powerful precedent for responsible and transparent sustainability reporting within the financial industry.

Member banks demonstrating effective practice in accountability prioritise credibility by seeking assurance for their reported items. This independent review works towards factual accuracy and adherence to UNEP FI's assurance guidance. Member banks foster a culture of responsibility and integrity within the financial industry by upholding these standards. Their commitment to accountability inspires confidence in stakeholders and regulators, reinforcing the transformative role of the financial sector in building a more sustainable and resilient global economy.

Transparency and accountability real-world impact

Clear and transparent reporting of sustainability efforts by member banks has the following real-world impacts:

1. Sustainable investment: Transparent reporting allows investors to identify member banks aligned with their sustainability values, directing funds towards institutions committed to positive social and environmental impacts.
2. Positive reputation: Member banks with clear reporting practices gain a reputation for accountability and integrity, attracting socially responsible customers and investors.
3. Environmental protection: By disclosing their positive and negative impacts, member banks can identify areas for improvement, leading to targeted actions to reduce their environmental footprint.
4. Social progress: Transparent reporting showcases a member bank's efforts to support social causes, fostering trust and engagement with local communities.
5. Global collaboration: Clear reporting fosters partnerships between member banks and stakeholders, encouraging collective efforts to address global sustainability challenges.

Overall, clear reporting enables member banks to be accountable for their sustainability actions, build trust with stakeholders, transparently work on addressing negative impacts and showcase their positive impacts on people and the planet.

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Next steps

> **“When you have a vision of where you need to go, it sounds utopian. But when you get to the tipping point, your understanding switches.”**
>
> **Christiana Figueres**

The second biennial progress report reveals positive strides made by member banks over the first two years of the Principles’ four-year implementation journey. While published on the fourth anniversary of the Principles, the report is based mainly on data from member banks that have made it to their second yearly reporting cycle. Member banks have notably strengthened their governance, strategy, and impact analysis while setting at least one target (mainly for climate change mitigation) and commencing work on a second target. Member banks are also now focusing on building their capacity in areas that include climate change adaptation, nature, human rights, resource efficiency, and economic inclusion. Further focus is required on building capabilities in these areas, and work is already underway to develop methodologies and identify standard metrics that will support member banks in setting impact targets. The availability and use of common metrics will also assist in determining and tracking progress at the individual and collective levels. Where climate change mitigation targets only meet some of the member banks’ commitments, work is required by these member banks to strengthen these targets.

Future biennial progress reports will assess how member banks operationalise their sustainability strategies and targets into plans with clear actions, milestones, and effective performance monitoring against targets. Action is expected in four categories:

- **Portfolio composition and financial flows:** Moving financing from the areas with the potential to have a negative impact to areas of positive impact (for example, from fossil fuels to renewables).
- **Client engagement:** Working with key clients in key sectors to achieve targets (for example, working with clients on their transition plan, monitoring their milestones, and having a transparent link between client engagement and portfolio composition—which means clients need to have credible transition plans that align with the member banks' own sectoral target pathways if they are to be financed going forward).
- **Advocacy work:** Working with regulators and governments on the policies needed to meet targets (for example, lobbying governments with policy asks required for residential real estate decarbonisation targets).
- **Internal policies:** Policies and procedures to facilitate responsible banking (for example, bank-wide human rights policies and sectoral policies that will enable a member bank to meet its sectoral target pathways).

The sustainable finance landscape has undergone remarkable changes since introducing the Principles in 2019. The fourth anniversary of the Principles provides a moment to re-evaluate its role, strategic significance, and aspirations amidst the backdrop of emerging international sustainability goals and agreements, advancements in scientific knowledge, rapidly expanding yet regionally fragmented sustainable finance regulations, and the emergence of new international reporting standards. This milestone presents an ideal opportunity to take stock and confirm that the Principles remain aligned with the evolving global sustainability agenda and continue to drive positive change in the financial sector.

As the Founding Signatories of the Principles approach the four-year milestone and disclose their targets, the time has come to shift the focus from setting targets to delivering tangible actions and demonstrating real impact.

A diverse core group of 27 member banks representing all world regions, including two UN representatives, has been assembled. This core group will lead the Principles community in charting the strategic direction and outlining a concrete roadmap to achieve the objectives by 2030 on behalf of, and in consultation with, all member banks and with valuable input from the CSAB.

This collaborative effort aims to ensure that the Principles continue effectively contributing to the global sustainability agenda in the coming years.

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Appendix 1

Responding to feedback from the Civil Society Advisory Body: Updates following the first biennial progress report

Following the first biennial progress report, the Civil Society Advisory Body (CSAB) made several recommendations. The main recommendations were:

1. More focus is required on nature and human rights.
2. Reporting of real-world impact is required on critical topics.
3. Increasing the ambition and specificity of banks' target setting.
4. Sharing good practices to help banks build their capacities.

Figure VIII shows the steps taken in the first Principles framework review and the work programme to address the Civil Society CSAB's feedback on the first biennial progress report.

The Principles framework review	The first Principles framework review took place in 2021. The secretariat, together with the Banking Board and member banks, made the following changes in response to the CSAB's recommendations: 1. Member banks explicitly report on social risks (including whether they reference the UN Guiding Principles on Business and Human Rights in the new version (v2) of the reporting template (UNEP FI 2022j). 2. Member banks are strongly recommended to report real-world impact. The new version (v2) of the reporting template includes climate change mitigation and financial health and inclusion indicators. As more topics mature, future framework reviews will include impact indicators covering other areas (the subsequent review is scheduled for 2024). Member banks have developed Theories of Change with the secretariat to guide banks in implementing the principles. 3. Member banks should be more specific about targets in the reporting template. Measuring and reporting performance is critical in setting baseline and science-based targets aligned with the SDGs, the Paris Agreement, and relevant national and regional frameworks.

The Principles work programme	The following actions were taken as part of our ongoing work programme: 1. Several measures were introduced to increase support for nature capacity building, starting with an awareness-raising and knowledge-building programme (the Nature Community). Member banks ready to take the next step could join the working group that develops guidance on operationalising the Kunming-Montreal Global Biodiversity Framework for the banking sector to enable member banks to set credible targets aligned with this framework. Member banks are also encouraged to join pilots on the TNFD, which helps member banks develop and deliver a risk management and disclosure framework to report and act on evolving nature-related risks. 2. Increased human rights support through the Principles' Human Rights Community of Practice, which will develop a human rights resource kit to support member banks (UNEP FI 2022k). 3. Increased support for member banks through region-specific capacity-building workshops focusing on climate change mitigation and financial health and inclusion, delivered across Latin America and the Caribbean, the Africa and Middle East, Europe, and the Asia Pacific. 4. Launching a large-scale training programme through the PRB Academy that was developed to support building capabilities for bank employees on a large scale.

Figure VIII: Actions taken to address CSAB feedback from the first biennial progress biennial report | Source: UNEP FI

Appendix 2

Guidance and support materials for member banks

Impact analysis	Portfolio Impact Analysis Tools for Banks (Version 3). Available at: unepfi.org/publications/the-portfolio-impact-analysis-tools-for-banks-version-3/
	Impact Protocol—Impact Analysis and Management for Banks. Available at: unepfi.org/wordpress/wp-content/uploads/2022/10/UNEP-FI-Impact-Protocol.pdf
	Core Indicators to Measure Financial Health and Inclusion. Available at: unepfi.org/wordpress/wp-content/uploads/2022/09/08-PRB-Financial-Health-Indicators.pdf
Target setting	Guidelines for Climate Mitigation Target Setting for Banks. Available at: unepfi.org/net-zero-banking/commitment/. Supporting Notes for Guidelines for Climate Mitigation Target Setting. Available at: unepfi.org/industries/banking/supporting-notes-for-guidelines-for-climate-target-setting/ Foundations of Climate Mitigation Target Setting. Available at: unepfi.org/industries/banking/foundations-of-climate-mitigation-target-setting/ NZBA Intermediate Target Disclosure Checklist. Available at: unepfi.org/wordpress/wp-content/uploads/2022/08/NZBA-intermediate-target-disclosure-checklist.pdf Climate Risks in the Real Estate Sector. Available at: unepfi.org/themes/climate-change/climate-risks-in-the-real-estate-sector/ Climate Risks in the Industrials Sector. Available at: unepfi.org/themes/climate-change/climate-risks-in-the-industrials-sector/ Climate Risks in the Oil and Gas Sector. Available at: unepfi.org/themes/climate-change/climate-risks-in-the-oil-and-gas-sector/ Climate Risks in the Agriculture Sector. Available at: unepfi.org/themes/climate-change/climate-risks-in-the-agriculture-sector/
	Adapting to a New Climate. Available at: unepfi.org/industries/banking/adapting-to-a-new-climate/
	Guidance on Financial Health & Inclusion Target Setting 2.0. Available at: unepfi.org/industries/banking/guidance-on-financial-inclusion-and-financial-health-target-setting/
	Guidance on Gender Equality Target Setting. Available at: unepfi.org/industries/banking/guidance-on-gender-equality/

Target setting cont...	Guidance on Resource Efficiency and Circular Economy Target Setting—Version 2 (including Theory of Change, page 5). Available at: unepfi.org/industries/banking/guidance-on-resource-efficiency-and-circular-economy-target-setting-version-2/
	Banking on Nature: What the Kunming-Montreal Global Biodiversity Framework Means for Responsible Banks. Available at: unepfi.org/industries/banking/banking-on-nature/
	Driving Finance for Sustainable Food Systems: A Roadmap to Implementation for Financial Institutions and Policy Makers. Available at: unepfi.org/publications/driving-finance-for-sustainable-food-systems/
	Principles for Responsible Banking Target Setting FAQ. Available at: unepfi.org/industries/banking/prb-target-setting-faq/
Transition finance	Net-Zero Banking Alliance Transition Finance Guide. Available at: unepfi.org/industries/banking/net-zero-banking-alliance-transition-finance-guide/
Transparency and accountability	Reporting and Self-Assessment Template. Available at: unepfi.org/prb-reporting-and-self-assessment-template/
	Guidance for Assurance Providers: Providing Limited Assurance for Reporting (Version 2). Available at: unepfi.org/publications/guidance-on-reporting-and-providing-limited-assurance/
Governance	Steering the Ship: Creating Board-Level Climate Dashboards for Banks. Available at: unepfi.org/themes/climate-change/steering-the-ship-creating-board-level-climate-dashboards-for-banks-report/
Theories of change (including actions to meet targets)	Theory of Change for Climate Change Mitigation. Available at: unepfi.org/wordpress/wp-content/uploads/2022/09/14-Theory-of-Change-for-Climate-Mitigation-D1_JD.pdf
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Targets set by banks	NZBA-published targets are available at: unepfi.org/net-zero-banking/members/ The Net-Zero Banking Alliance 2022 Progress Report. Available at: unepfi.org/industries/banking/net-zero-banking-alliance-2022-progress-report/
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	Case Studies on Impact Analysis and Target Setting. Available at: unepfi.org/industries/banking/case-studies-on-impact-analysis-and-target-setting/

Region-specific	The Road Towards Banking Decarbonisation: The Case of MENA. Available at: unepfi.org/industries/banking/the-road-towards-banking-decarbonisation-the-case-of-mena/
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