

## Principles for Responsible Banking

# Individual feedback and review process – Overview

### 1. Purpose

The individual feedback and review process is a key mechanism for providing implementation support to Principles for Responsible Banking (the Principles) Signatories, and for upholding the **credibility of each signatory's commitment and the PRB as a whole**.

Through this process the UNEP FI Secretariat will review each signatory's reporting once a year, based on the requirements set out in the official Principles for Responsible Banking framework documents (Key Steps to be Implemented by Signatories and Reporting and Self-Assessment Template), provide feedback on the progress made, and recommendations on the next steps the bank can take on its implementation journey.

### 2. Individual feedback and review meetings

The individual feedback and review meetings will be based only on the **disclosed information found in the [Reporting and Self-Assessment Template](#) and the banks' reports**.

This annual meeting will provide substantial additional value to member banks through:

- Individualized substantive and actionable feedback and advice.
- Progress assessment and benchmarking against practices of relevant peers.
- Guidance for banks experiencing challenges in delivering on their commitments and validation for banks that are on track.
- Advice regarding which collective initiatives, working groups and learning opportunities (e.g. capacity building, training etc.) the bank would benefit from most.

#### Documents to be reviewed:

- Main document: each bank's completed Reporting and Self-Assessment Template (Principles report).
- References made in the Reporting and Self-Assessment Template to further content in the bank's report/s.

**Scope of individual review:** Implementation of the Principles for Responsible Banking, mainly focused on the [Key Steps for Implementation](#):

- Impact Analysis (Principle 2)
- Target Setting (Principle 2)
- Accountability/Reporting (Principle 6)

The review will also incorporate an assessment of implementation of all the other Principles: *Strategy Alignment, Clients & Customers, Stakeholders, Governance & Culture*.

#### **Guidance on next steps**

Part of the individual feedback and review meetings is to reach a common understanding of the steps the banks should take in order to accelerate progress over the following year.

After the feedback and review meeting, the bank receives a written summary of its progress assessment with recommendations, including a summary of key discussion points from the meeting and a letter addressed to the bank's CEO.

#### **Attendance**

Attendees from the UNEP FI Secretariat: Review Experts, partially supported by Implementation Experts or the Regional Coordinator of the bank's region.

Attendees from the bank: Head of Sustainability (or similar; required), relevant sustainability representatives, representatives from relevant functions, C-Suite representative overseeing PRB implementation.

#### **Timeline for the individual feedback and review meetings:**

At the 2020 Extraordinary General Meeting (EGM) it was agreed that all banks would receive individual feedback and review meetings based on their Principles report. As a result, each signatory's feedback and review meeting is held within three months of publishing its Principles report .

*While the UNEP FI Secretariat will also aim to offer these meetings within 3 months of reports being published, this is not guaranteed, and will be determined by the volume of reports received at a given time.*

### **3. Accountability mechanisms for the Principles**

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

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

#### **Submission of Reporting and Self-Assessment Template:**

Where a bank has not submitted its report within 3 months of its reporting deadline, and has not engaged with the UNEP FI Secretariat on the reason for late submission, it will be declared an 'inactive signatory'.

If the report is not received by the UNEP FI Secretariat within a further 3 months (therefore within 6 months of the reporting deadline), and no reasonable explanation is provided for the late reporting, the bank will be removed from the list of PRB Signatories.

If the report is received prior to the 6 month deadline, the signatory bank's status will be adjusted to 'active signatory'.

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

- a) Remind each signatory of the reporting deadline two months ahead of time.
- b) Engage signatories whose reports are overdue to provide advice/guidance.
- c) Communicate with signatories about any impending changes to their status as signatories.

#### **The Principles Implementation:**

In the event that the UNEP FI Secretariat identifies that a bank is not in line with its commitments as defined in the Principles and the Framework Documents (Key Steps to be Implemented by Signatories and Reporting and Self-Assessment Template), i.e. where shortcomings around reporting, impact analysis and target setting are identified, the bank will:

- a) Be provided with feedback and guidance on the implementation of the Principles, and the shortcomings to be addressed.
- b) If the agreed timeline can't be met, but a reasonable explanation is provided, an extension can be given by UNEP FI Secretariat.
- c) If the identified shortcomings remain unaddressed, the UNEP FI Secretariat will develop a recommendation for the Banking Board, who will then engage with the bank to find a solution in accordance with Annex I.

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

#### **Role of the Banking Board:**

- **The Banking Board is informed periodically about** cases of non-reporting, cases of late reporting and banks to whom an extension was granted by the Secretariat.
- **The Banking Board signs off status changes of PRB signatory banks**, and in special circumstances, or as set out in Annex I, will engage with the signatory bank to reach a decision about its status.