

UN 
environment
programme

finance
initiative

Principles for
Responsible Banking

Responsible Banking Journey

Defining responsible banking



Introduction

The UN Principles for Responsible Banking (PRB) Journey provides a holistic overview of how responsible banking can be defined in practice and showcases the steps for banks to take on their progressive and continuous responsible banking journeys.

The Principles provide a comprehensive strategic framework that

- helps banks to understand and navigate risks, opportunities and impacts across four interconnected priority areas and thereby contribute to related national and international goals.
- guides each bank's progress on its responsible banking journey, building capacity to assess, strategically integrate and act on its individual sustainability priorities.

This document is a PRB framework document and aims at supporting signatory banks with implementing the six Principles by providing guidance to banks on measures they can take to implement each Principle.



Four priority areas for a global responsible banking sector

To support effective implementation, UNEP FI—together with PRB signatory banks and civil society representatives—has identified four interconnected priority areas in the Priorities for a Global Responsible Banking Sector. These are designed to help banks address key sustainability challenges and contribute to both national and international sustainability goals.

Banks are encouraged to address these priorities not in isolation, but by identifying interlinkages—understanding how action in one area may positively or negatively influence others. Concepts such as the circular economy and just transition are highlighted as key enablers for an integrated and systemic approach.

Further guidance:

On the four interconnected priority areas: [Priorities for a Global Responsible Banking Sector](#)

On leading practice for the four priority areas: [Responsible Banking Blueprint](#)

On interlinkages: [Impact mappings](#)



Climate change
mitigation and adaptation



Nature
biodiversity, deforestation,
water, pollution



Healthy and inclusive economies
including financial health
& inclusion, gender
equality, decent work



Human rights
in line with the UN Guiding
Principles on Business
and Human Rights

Responsible banking journey

The **Responsible banking journey** offers a visual and practical guide to help banks implement the six Principles effectively. It provides a flexible, theme-agnostic, and maturity-sensitive roadmap—guiding banks from **impact analysis** to **strategic action**, regardless of their starting point.

The Responsible Banking Journey sets out the actions banks shall and should take under each Principle. Implementation of the Principles and progress in the bank's journey, however, don't tend to follow a Principle by Principle approach. In practice, banks address the elements of Responsible Banking in a sequence that works best for their business model and existing processes and structures. Thus, the Responsible Banking Journey visual provides banks with an "at a glance" set of the elements of Responsible Banking, grouped into three components—assessment, strategy, action.

A bank may choose to read the visual **clockwise, with analysis of impact being the starting point, but this is not prescribed as each bank's journey is unique**. Therefore, banks can engage with the elements—Assessment, Strategy, and Action—based on their **starting point, priorities, or areas of focus**. The circular layout reflects the **interconnected nature** of these elements, allowing for a **non-linear, adaptive approach** to sustainability and inclusive economic transition. In essence, users are encouraged to **tailor their journey** within the framework depending on their unique context, needs, and maturity level in each area.



How to read this document

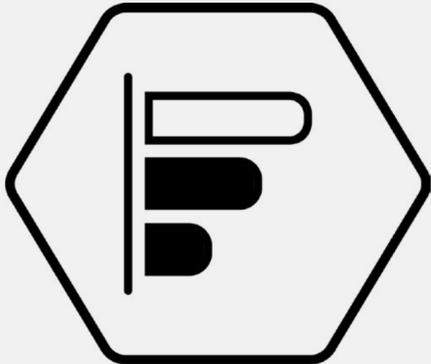
Each section of the Responsible Banking Journey begins with a Principle, followed by a set of corresponding practices and processes that a responsible bank is expected to undertake, in accordance with its operating context. In order to provide an aspirational direction to banks, elements of leading practice are shown as well.

In the *Principles for Responsible Banking Journey*, the following terminology is used:

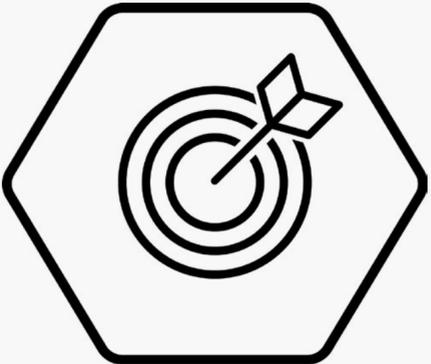
- **Shall** means that a process is mandatory, as described in the [Spotlight on some key elements in the Responsible Banking Journey](#)
- **Should** means that a process is expected to be undertaken, but not mandatory

The elements laid out describing leading responsible banking practices are **recommended and aspirational**.

Principles for Responsible Banking journey



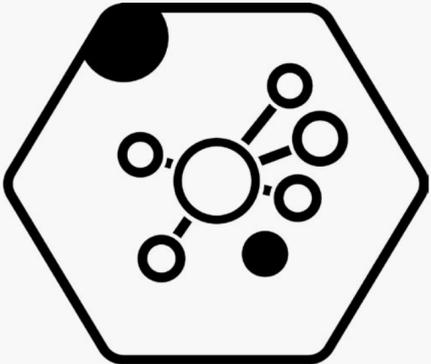
Principle 1:
Alignment



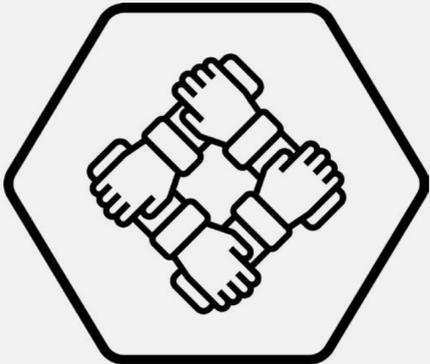
Principle 2:
**Impact &
Target Setting**



Principle 3:
**Clients &
Customers**



Principle 4:
Stakeholders



Principle 5:
**Governance
& Culture**



Principle 6:
**Transparency &
Accountability**

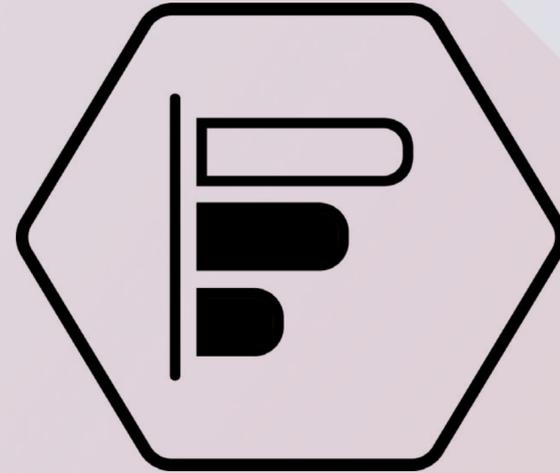
Each Principle includes a progressive
pathway for banks to take

Responsible
banking practices



Leading responsible
banking practices

The PRB provides resources to support banks through
implementation of each of the Principles



Principle 1:

Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Principle 1: Alignment

In the PRB journey, a responsible bank:

Should have a sustainability strategy in place focusing on its most significant impacts.

Should demonstrate alignment of its business strategy to be consistent with, and contribute to SDGs, Paris Agreement and other international frameworks¹ such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming International legally binding instrument on plastic pollution etc., as relevant to the bank's context.

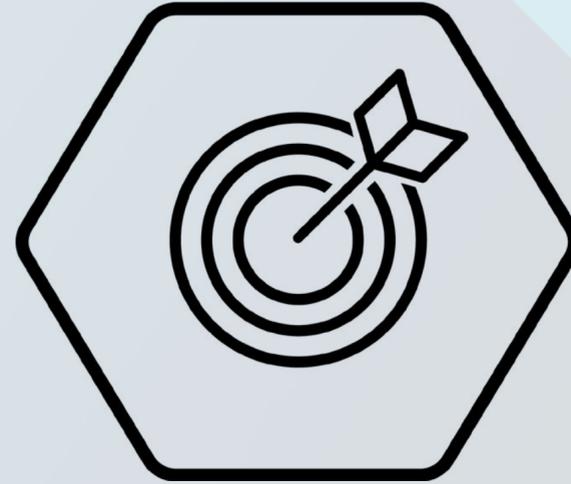
Should understand the environmental and social risks that potentially affect its business.

¹ It is recognised that (more) methodologies to demonstrate alignment with some of these mentioned treaties still need to be developed and an area that leading players can contribute to help develop.

A leading responsible bank also:

- Integrates social and environmental (i.e. sustainability) concerns into its core (business) strategy, goals and decision-making (including financial decision-making).





Principle 2:

Impact & Target Setting

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.

Principle 2: Impact & Target Setting

In the PRB journey, a responsible bank:

Shall undertake a portfolio analysis to assess impacts (both positive and negative), risks and opportunities related to sustainability.* The impact analysis should include assessing the relevance of the four priorities laid out in UNEP FI Priorities for a Global Responsible Banking Sector, as part of its initial or ongoing impact analysis.

Shall set and publish a minimum of two SMART targets that address at least two areas of most significant impact (positive or negative), and maintain a minimum of two targets at all times thereafter.* Banks should set the targets based on the results of the impact analysis within four years.

Shall have an action or transition plan^{2,3} in place to meet the set targets, including milestones; an action plan covers policies & processes, portfolio composition & financial flows, client engagement, advocacy & partnerships.

Should take action on the four priorities for a global responsible banking sector (as relevant according to its impact analysis).

Should have sustainability risk management structures and processes in place to address impacts, including those related to the four priorities.

² As part of a future Framework Review and in consultation with the membership, minimum requirements for action plans may be introduced to encourage signatories' progress and to supplement the framework's existing accountability mechanisms.

³ UNEP FI understands action plans and transition plans to be synonymous. However, as of the date this document was written, transition plans are largely recognised to be associated with climate change mitigation. Therefore, action plans are being used in association with all other impact areas.

⁴ It is recognised that (more) guidance on integrated targets still need to be developed and an area that leading players can contribute to help develop.

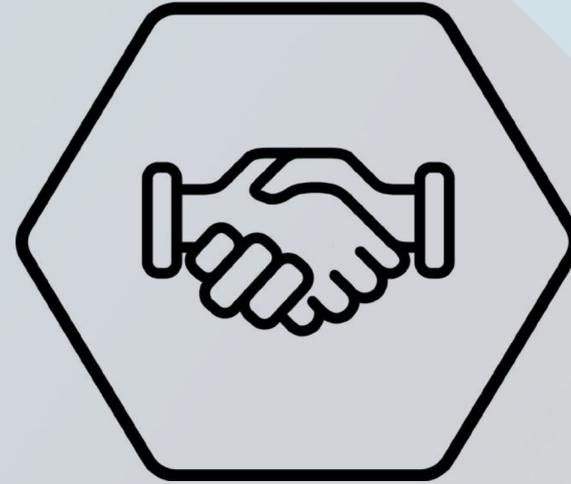
A leading responsible bank also:

- Has expanded its impact analysis to cover all portfolios (including corporate, business, investment and consumer banking) and regularly updates this analysis.
- Has set targets in all areas of most significant impact (exceeding the minimum of two) or has extended the scope of existing targets towards integrated targets⁴ (i.e. combined targets that address multiple impact areas).
- Has an action or transition plan in place for all significant impact areas (including addressing interlinkages).

**more details regarding impact analysis and target setting can be found in the [Annex—Spotlight](#)

Further guidance on impact analysis: [Guidance on impact analysis](#), [Impact Protocol](#)

Further guidance on taking action, target setting and implementation (for different thematic areas): [Guidance on Target Setting \(Circular Economy, Climate adaptation, Climate mitigation, Financial Health & Inclusion, Gender Equality, Nature, Resource Efficiency\)](#)



Principle 3:

Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Principle 3: Clients & Customers

In the PRB journey, a responsible bank:

Should have a strategy for client engagement including but not limited to the impact areas identified/two targets set, covering key clients in key sectors.

Should raise awareness with clients & customers on the banks' sustainability targets/plans and provide advisory services to them.

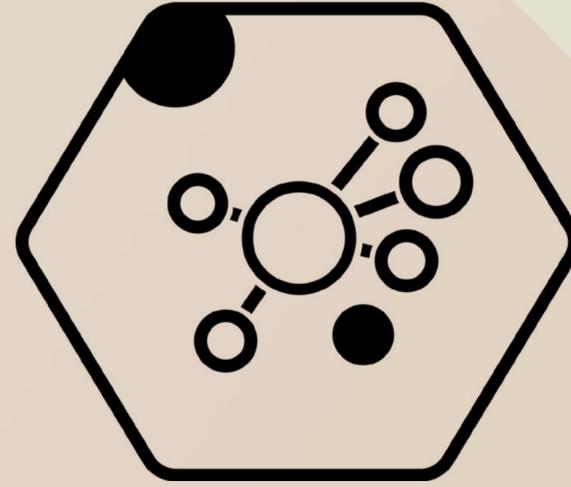
Should have a sustainability product framework in place that supports the transition needs of its clients and mobilise capital for the sustainability transition.

Should gather and analyse data (e.g. via questionnaires used by client-facing roles) in the sustainability risk assessment processes and support clients in improving risk management processes and reducing their negative impacts.



A leading responsible bank also:

- Maps, assesses, engages and supports clients operating in the key sectors related to the bank's most significant impacts (including areas where the bank has not set targets, e.g. human rights and deforestation).
- Engages with clients on all impact areas relevant to their sectors (e.g. in the case of the agricultural sector, the bank engages its clients on climate, nature, pollution and decent employment).
- Covers all relevant clients in its engagement efforts.
- Evaluates client action or transition plans against best practice and periodically tracks priority clients' progress against their plans to ensure they are on track, and has further engagements where not on track (including following a pre-defined escalation pathway, if necessary).
- Has defined strategies and action or transition plans to support clients with their sustainability needs, which are implemented by relevant units as per the banks operating model, such as commercial teams, risk units, planning, financial functions and technology units.
- Engages with clients to explain the implications of the bank's risk appetite frameworks for the client, and to discuss transition plans; new client relationships are compatible with the bank's risk appetite, in relation to key sustainability themes, such as climate, nature, pollution and social policies/commitments.



Principle 4:

Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

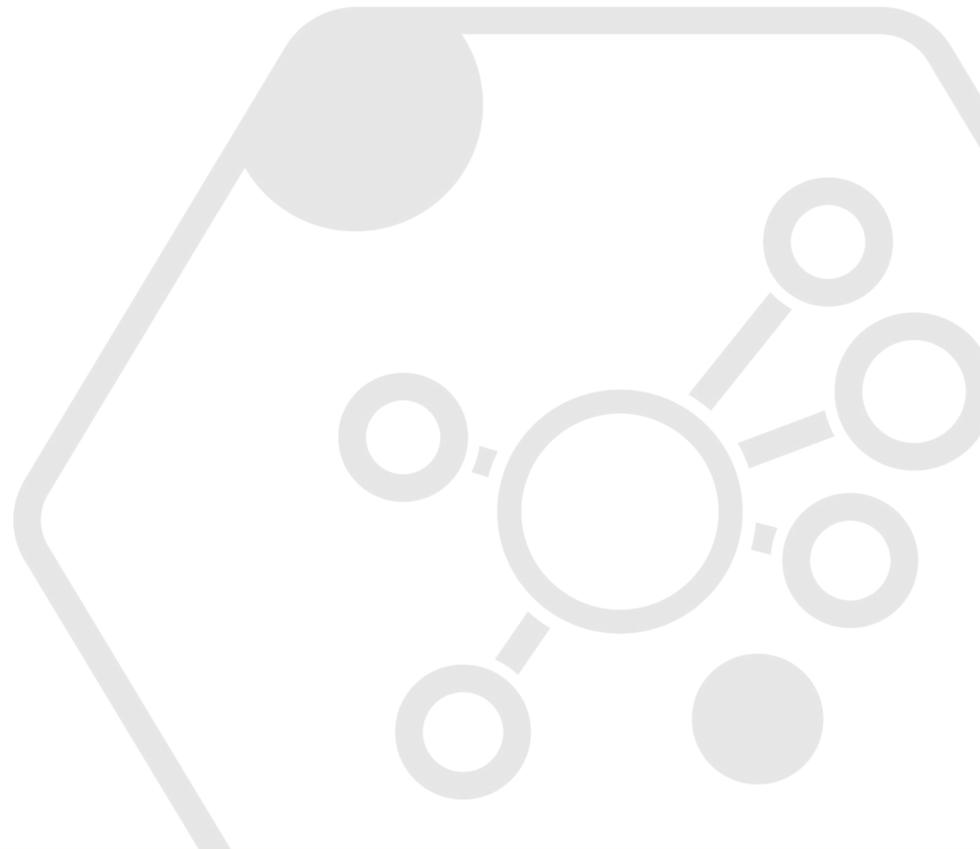
Principle 4: Stakeholders

In the PRB journey, a responsible bank:

Should have a strategy for engagement with relevant stakeholders in place following criteria for effective engagement and advocacy.

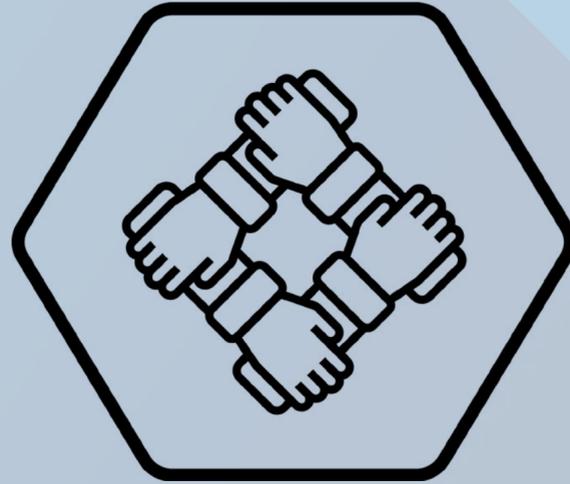
Should exchange and share effective practices with the banking industry (in line with relevant laws and regulations).

Should engage relevant stakeholders, including civil society, to inform aspects of the impact analysis.



A leading responsible bank also:

- Maintains and proactively seeks engagement with stakeholders on the topics where the bank has significant impacts, including with indigenous peoples and local communities.
- Has implemented a grievance mechanism for affected stakeholders.
- Is taking a responsible advocacy position in all stakeholder engagements.
- Establishes or participates in market or sector initiatives and partnerships to develop solutions for sustainable development challenges.
- Considers stakeholders' opinions (such as of those affected by projects, or groups that advocate for indigenous rights) to establish sectoral policies that are based on the results of sustainability risk assessments.



Principle 5:

Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Principle 5: Governance & Culture

In the PRB journey, a responsible bank:

Shall have sustainability governance structures in place following effective governance practices, with accountability for sustainability matters at the executive leadership level.

Should have integrated sustainability objectives in remuneration and performance reviews.

Should have sustainability training rolled out to relevant teams.

Should have internal policies and processes (including sustainability risk management)⁵ in place that incorporate social and environmental concerns and commitments as part of the bank's daily operations, with roles and responsibilities clearly defined.

⁵ This could range, in the example of deforestation, from adapting systems to use satellite images to avoid financing deforestation to changes in contracts to enable the bank to end a loan before the term due to deforestation or other restrictions

A leading responsible bank also:

- Has integrated sustainability impacts when reviewing and guiding strategy development, major plans of action, risk management policies, budgets, business plans, organisational objectives, capital expenditures and corporate strategy actions.
- Has integrated sustainability objectives in remuneration and performance reviews of senior management level as well as relevant business and control function roles and risk functions.
- Has sustainability training rolled out to all teams in the bank, with advanced training for client-facing roles and risk functions.
- Has risk committees dealing with sustainability risk in place (linked to the executive leadership level), has adapted risk appetite frameworks and integrated sustainability into the systemic risk framework and processes; has embedded the impact of clients and transactions in the approval processes of the overall risk appetite or of specific transactions, as part of client analysis.



Principle 6:

Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Principle 6: Transparency & Accountability

In the PRB journey, a responsible bank:

Shall have reporting structures in place, being transparent about PRB implementation, the bank's significant impacts—positive and negative—and its contribution to society, and report on responsible banking progress annually.

Shall demonstrate target delivery by reporting on progress against pre-defined milestones and KPIs, report on actions and their implementation.

Should have assurance processes in place, undertaken by an independent third party with relevant expertise in the field.

Should report on financial contribution towards the SDGs and portfolio composition changes in support of relevant impact areas.

Should report on sustainability-related risks and opportunities, should disclose risk heat maps.

⁶ It is recognised that (more) methodologies to demonstrate alignment with some of these mentioned treaties still need to be developed and it is an area that leading players can contribute to help develop.



A leading responsible bank also:

- Has embedded sustainability and reporting against progress towards becoming a responsible bank in its regular reporting.
- Discloses the proportion of funding in its portfolio that is aligned with the Paris Climate Agreement, the Global Biodiversity Framework, the SDGs, the UNGPs, and/or other relevant international and national frameworks.⁶
- Has targets and commitments (including whitepapers and statements on human rights and nature) addressing the most significant impacts that are integrated into the internal reporting systems, including the bank's annual financial planning, business plans and monitoring systems.
- Reports on environmental risks according to relevant disclosure frameworks (e.g. Taskforce on Climate-related Financial Disclosures (TCFD), Taskforce on Nature-related Financial Disclosures (TNFD), International Sustainability Standards Board (ISSB)), and social risks (e.g. in alignment with the UN Guiding Principles on Business and Human Rights).
- Has obtained limited third-party assurance covering its impact analysis, all targets and progress towards achieving set targets using relevant Key Performance Indicators (KPIs).

Spotlight on some key elements of the responsible banking journey

The following elements are key for banks to

- a. Focus where it matters most: Impact Analysis, Target setting and implementation via transition and action plans
- b. Stay on top of relevant sustainability impacts, risks and opportunities by taking action

Impact Analysis

Banks conduct an impact analysis to identify their most significant (potential) positive and negative impacts on the societies and environment where they operate. During the banks' (initial or ongoing) impact analysis, banks should show that the four interconnected priority areas (climate change, nature, healthy & inclusive economies and human rights) were part of the sustainability topics considered.

Elements of an impact analysis include:

- Scope, i.e. the bank's core business areas, products/services across the main geographies that the bank operates in
- Portfolio composition, i.e. the proportional composition of the bank's portfolio by sectors & industries for business, corporate and investment banking portfolios, and/or by products & services and by types of customers for consumer and retail banking portfolios
- Context, i.e. the main challenges and priorities related to sustainable development in the main countries/regions in which the bank and/or its clients operate
- Performance measurement, i.e. the bank's current performance level of quantitative and qualitative indicators of the social and environmental impacts resulting from the bank's activities and provision of products and services

Target Setting & Implementation

Banks set and publish a minimum of two targets that address at least two of each bank's most significant positive and negative impacts. The targets should clearly drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

They should be Specific, Measurable, Achievable, Relevant and Time-bound (SMART).

Elements of an impact analysis include:

- Alignment: Identification of relevant international, regional or national frameworks to align with
- Baseline: Assess the current level of alignment and determine a baseline
- SMART targets: set targets for the bank's first and second area of most significant impact, including key performance indicators (KPIs) used to monitor progress towards reaching the target
- Action plan/transition plan: Develop an action plan and/or transition plan including milestones to meet the set targets

Banks can set targets in impact areas with limited data or methodologies by adopting a progressive approach, starting with so called practice targets (i.e. financial and client engagement targets) while working toward impact targets. For impact areas with more established methodologies and specific guidance in place, like climate change mitigation, financial health&inclusion or gender equality, PRB banks are encouraged to set impact targets within four years of signing the PRB, while for more nascent areas like biodiversity, they should pilot new strategies, report progress toward future impact targets whilst setting practice targets.

Taking action

Responsible banks consider and manage relevant sustainability impacts and risks, particularly in the four priority areas, by taking action on them. The aim is to avoid harm to people and planet.

The starting point for this are internal policies and processes: banks should work to establish, implement, and monitor risk management policies and processes for the four priority areas.

Building on that, banks can then over time integrate the four priority areas into their business as relevant—see table below. It is recommended to take these actions in sequential order, as each action will support the success of all forthcoming actions.

Action categories	Sub-categories of action
Policies, processes and culture	Sustainability, topical, sectoral and other internal policies (e.g. human rights policies or statements, deforestation policies etc.)
	KYC, due diligence, risk assessment and other internal processes.
	Capacity building
Client engagement	Client awareness raising
	Client support plans
	Products and services offering
Portfolio composition and financing	Increasing financing for clients and projects with a positive impact on one or more of the four priority areas
	Decreasing financing for clients and projects with a negative impact on one or more of the four priority areas
Stakeholder engagement and partnerships	Engaging with policy makers/regulators
	Partnering with other financial institutions incl. DFIs
	Engaging and/or partnering with industry associations, civil society and academia



Principles for Responsible Banking

UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyses action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles for Responsible Banking and Principles for Sustainable Insurance.

[unepfi.org](https://www.unepfi.org)

Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first initiative to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.



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UN Environment Programme Finance Initiative