



**Principles for
Responsible Banking:**
Guidance for banks

UN 
environment
programme

finance
initiative

Principles for
Responsible Banking




Principle 4:
Stakeholder Engagement

—

Guidance on Responsible Policy Engagement

Providing principles of good
policy engagement to promote
responsible banking



March 2025

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The content of this guidance does not constitute advice to members of the Principles for Responsible Banking. The choice to adopt guidance, best practice tools or actions is always at the discretion of individual banking members. This guidance represents recommendations for effective practice and is not prescriptive as to actions or decisions to be taken by members, including when and how they are expected to address sustainability topics. Members set and design their own individual targets, strategies, and policies, making their own decisions as designed and guided by their business activities, governance frameworks and country context.

Further, any views expressed in this guidance do not necessarily represent the practices and views of the members who assisted in the preparation of the guidance. Participation in workstreams should not be construed as any form of collective or coordinated action.

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Executive summary

Banks shape and are shaped by their regulatory environments, serving as both subjects to policy frameworks and active participants in their ecosystem. As financial intermediaries that direct and influence capital flows, including through financed and facilitated emissions, banks play a key role in advancing sustainability-related goals and bridging the implementation gap between international commitments and concrete progress toward sustainable, resilient, and socially inclusive economies.

This guidance is specifically designed to help banks implement **Principle 4 of the Principles for Responsible Banking (PRB) framework**, focusing on responsible policy engagement to ensure consistency across sustainability activities and encourage an enabling policy environment for sustainable finance.

Framework overview

The guidance is built on four pillars that have been adapted and enhanced for the banking sector,¹ drawing on established best practices:

Consistent	Accountable
Ensure all policy engagements and participation in industry associations align with and support PRB commitments through a clear governance framework	Establish clear governance mechanisms and oversight for policy engagement
Transparent	Active
Explain how external communications with policymakers align with PRB commitments, and demonstrate how policy engagement support PRB objectives	Proactively assist policymakers by sharing financial and sustainability expertise to ensure consistency across business units and markets, and in alignment with goals

This guidance provides a framework of optional actions and considerations for banks to enhance their policy engagement practices. While most recommendations are presented as options banks may choose to implement or are examples of effective practices, some actions related to disclosure and alignment are strongly recommended, or in some cases, may be mandatory under regulatory requirements applicable to the regions the bank is exposed to.

¹ Based on those identified in the UN-convened Net-Zero Asset Owner Alliance's [Policy Engagement Guidelines](#) for asset owners

The key areas and potential actions include:

Transparency and consistency

Banks may...

- fulfil relevant regional and national disclosure requirements for policy engagement, public affairs, advocacy, lobbying activities, and political expenditure as required under applicable local laws or regulations.
- be transparent about sustainability-related policy engagements and activities in compliance with the respective disclosure regulations applicable to them, and disclose a list of trade associations they are part of and their roles within them.
- review policy engagement, if deemed necessary, public affairs, advocacy, lobbying activities, and political expenditure against sustainability criteria to ensure alignment and disclose the review publicly.
- assess trade association alignment and manage potential misalignments.
- consider advanced disclosure metrics like Full-Time Equivalents (FTEs) for in-house lobbying teams and indirect influence activities.

Governance and oversight

Banks may...

- establish clear governance mechanisms for policy engagement objectives, strategies, and implementation.
- integrate policy engagement oversight across key committees (e.g., risk, audit, compliance, sustainability) and senior management (board-level).
- embed sustainability considerations into existing internal policy frameworks and decision-making processes.
- maintain clear lines of communication on policy engagement across relevant internal teams.
- develop comprehensive training programs on policy engagement and sustainability for capacity-building across teams and senior management.

Strategic engagement approach

Banks may...

- identify priority engagement areas based on multiple factors (e.g., alignment with bank strategy, regional priorities, risk exposure, opportunities, financial and non-financial material impacts, budget, and other engagement priorities).
- leverage existing expertise to focus engagement efforts.
- conduct policy impact analysis to identify barriers and opportunities.
- map and manage relationships with trade associations and other third parties, and assess interests to identify common goals.
- develop contingency plans for unexpected policy challenges.
- plan engagement strategically with policy creation and reform cycles.
- implement systems to track, measure, and publicly report on policy engagements, internal actions, and their effectiveness.

Stakeholder relationship building

Banks may...

- engage multilaterally across local, regional, and international levels.
- participate in industry initiatives, working groups, and public-private dialogues.
- build tactical relationships with policymakers, regulators, social partners, and other key stakeholders.
- collaborate with academic institutions, think tanks, and NGOs to leverage shared expertise.
- produce comprehensive sector research and analysis to support policy recommendations.

1. Introduction

1.1 Principle 4: Stakeholders

Through the PRB, signatories strive to take a leadership role and use their products, services, and relationships to support and accelerate the fundamental changes in their economies necessary to achieve shared prosperity for both current and future generations. They also commit via their Chief Executive Officers to the ambitions set out in the following six Principles:

 <p>Principle 1: Alignment</p>	 <p>Principle 2: Impact & Target Setting</p>	 <p>Principle 3: Clients & Customers</p>
<p>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.</p>	<p>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.</p>	<p>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.</p>
 <p>Principle 4: Stakeholders</p>	 <p>Principle 5: Governance & Culture</p>	 <p>Principle 6: Transparency & Accountability</p>
<p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	<p>We will implement our commitment to these Principle through effective governance and a culture of responsible banking.</p>	<p>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.</p>

Figure 1: The six Principles under the UN Principles for Responsible Banking

Through Principle 4: Stakeholders, signatories implement their commitment by proactively and responsibly consulting, engaging and partnering with relevant stakeholders. As detailed in the [PRB Guidance Document](#), banks are additionally required to give a high-level account of the stakeholders they identified and engaged with, as well as the key issues raised by stakeholders and how they were addressed by the bank.²

The purpose of policy engagement is to provide consistency across a bank's activities and to support an enabling policy environment. Principle 4 can also be considered across and throughout the other five Principles, as set out here:

Principle 1 (Alignment): Policy engagement can shape regulations, incentives, and industry standards to create an enabling environment.

Principle 2 (Impact & Target-setting): Setting publicly disclosed targets can help increase transparency, and monitor the policy engagement process and whether it is in alignment with existing strategy.

Principle 3 (Clients & Customers): Engage with clients to discuss their policy approaches to sustainability issues, and with clients and customers on the real economy policy measures needed to achieve sustainable business models and consumption patterns, while fostering alignment across various actors in the economy.

Principle 5 (Governance & Culture): A strong governance structure is key to ensure policy engagement is coherent and transparently aligned with existing priorities. Senior leaders also have an important role to play in engagement activities given their positions.

Principle 6 (Transparency & Accountability): Signatories are expected to transparently disclose their interactions with stakeholders, including those with policymakers.

Figure 2: Connections between Principle 4 and the other Principles

1.2 This guidance

This guidance is designed to support PRB signatories in acting on Principle 4 of the PRB Framework. It specifically focuses on the policy engagement component of Principle 4. Chapters 7 and 8 of the [Governance Guidance \(Principle 5\)](#), speaks to promoting stakeholder voices within banks' operations and their governance systems more generally.

² [PRB Guidance Document](#)

This guidance is non-prescriptive, and draws on recognized, pre-established principles of responsible policy engagement and input from PRB signatories through interviews, case studies, and a Signatory review group. The guidance in this way references several pieces of literature, guidance, and insight, to maintain consistency with existing practices and frameworks.

This document will be of interest to the policy, regulatory, public affairs, and sustainability teams of banks, in addition to any other internal or external teams involved in a signatory banks' policy engagement governance. Banks can use this guidance by leveraging existing capabilities and applying suggestions to local contexts, in alignment with their work under the PRB.

Banks' approaches to policy engagement can vary significantly. While some have structured, proactive approaches integrated into their overall strategy, others may engage on a more ad hoc basis or primarily through industry associations.

This guidance has been developed with input from signatories with varying structures, within different regulatory backgrounds and political contexts. The diversity in perspectives has informed the guidance's intentionally high-level overview, recognizing that whilst some recommendations may be applicable to some banks, others may not. There remains scope to explore more context-specific recommendations in the future.

1.3 Pillars of responsible policy engagement

This guidance is written on the basis of four pillars key to responsible policy engagement for banks:

Pillars of responsible policy engagement			
Consistent	Accountable	Transparent	Active
Ensure all policy engagements and participation in industry associations align with and support PRB commitments through a clear governance framework	Establish clear governance mechanisms and oversight for policy engagement	Explain how external communications with policymakers align with PRB commitments, and demonstrate how policy engagement support PRB objectives	Proactively assist policymakers by sharing financial and sustainability expertise to ensure consistency across business units and markets, and in alignment with goals

Figure 3: The pillars of responsible policy engagement

These pillars build upon those identified in the UN-convened Net-Zero Asset Owner Alliance's [Policy Engagement Guidelines](#) for consistency with existing best practice, but have been enhanced and tailored specifically for banks.

1.4 Definitions

Policy engagement

Policy engagement refers to any form of communication with policymakers, regulators, and supervisory authorities aimed to inform, change, or adjust policy and/or regulation. This can be direct, or indirect, through third parties such as advisors, or industry and trade associations, working groups, or collaborative initiatives. Communication can be in the form of input on working papers, meetings with regulators, responses to consultations, technical input via working groups, public and private letters to regulatory bodies and governments, research and thought leadership papers, or other public statements.



Figure 4: Methods of policy engagement

This guidance does not tend to use the terms ‘advocacy’ or ‘lobbying’, which in some cases are interpreted as politically charged, or even partisan. In using the term ‘policy engagement’, the guidance seeks to encompass a broader range of activities undertaken by banks on policy.

Responsible policy engagement

For the purposes of this guide, ‘responsible policy engagement’ is broadly defined as policy engagement that is in alignment with the pillars identified in Figure 3: Consistent, Accountable, Transparent, and Active. In ensuring that policy engagement activities are responsible, banks can work towards Principle 4. In doing so, banks facilitate an enabling policy environment for sustainable finance.

Policymaker

Policymakers can be defined as individuals and institutions with the authority to develop, implement, and oversee policies, regulations, and standards. This includes elected representatives and their advisors, civil servants in relevant policy departments, regulators, supervisory authorities, standard-setters, and international policy institutions (e.g., the Basel Committee, OECD).

Enabling policy environment

An enabling policy environment can be defined as the set of conditions, regulations, and frameworks put in place by governments and regulatory institutions to facilitate and support the achievement of specific goals or initiatives. In this guidance and context, an enabling policy environment refers to an environment that incentivizes and is aligned with key sustainability-related goals and frameworks, such as but not limited to, the [Paris Agreement](#), the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), the [2030 Agenda for Sustainable Development](#) (the SDGs), and the [Kunming-Montreal Global Biodiversity Framework](#) (GBF).

Direct vs. Indirect policy engagement

Direct policy engagement is any form of communication undertaken directly between the bank and the policymaker or regulator to enact policy change. For example, this includes responding to government-led policy consultations, directly communicating with policymakers, or providing technical input via government working groups. Indirect policy engagement includes any form of communication about policy matters either through organizations (e.g., trade associations) acting on behalf of the bank, or through public channels such as social media and websites, rather than direct communication with policymakers.

2. Understanding policy engagement for responsible banking

2.1 Policy's role in sustainability

Policy shapes how financial institutions operate, impacting the effectiveness, sustainability, and stability of financial, environmental, and economic systems.

Through frameworks, incentives, and regulations that guide societal and economic activities, policymaking can advance key global sustainability-related goals like those of the [Paris Agreement](#), the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), the [2030 Agenda for Sustainable Development](#) (the SDGs), and the [Kunming-Montreal Global Biodiversity Framework](#) (GBF). These international frameworks are key drivers of the systemic change needed to address complex sustainability challenges. However, their effectiveness depends on how they are implemented at regional and national levels. Countries are expected to translate these international commitments into national policies, strategies, and planning processes through intermediary steps such as Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and Long-Term Strategies (LTS). However, there is often a gap between high-level international pledges and domestic implementation and regulatory enforcement. For this reason, most countries are not on track to meet their commitments to these international frameworks.

As financial intermediaries that direct and influence capital flows, banks can help bridge this implementation gap. Through own business practices and policy engagement, banks can serve as a catalyst, and they may support these international commitments by:

1. Aiming for their policy engagement activities to align with the PRB (i.e. that their policy engagement activities match their stated commitments and goals, and inversely, that they do not contradict their stated commitments and goals).
2. Promoting an enabling environment by informing and contributing to policies that support their sustainability-related goals.

2.2 Banking sector context

Policymaking for sustainability varies significantly across political, cultural, and geographic contexts, reflecting each region's unique challenges and priorities. Banks navigate varying degrees of policy coherence, including challenges such as fragmentation, institutional barriers, and misaligned goals.

Banks typically have dedicated teams with policy and regulatory expertise that closely monitor policy developments, analyze potential impacts, and develop the bank's positions. These teams may be in-house, external advisors, or both. Banks may have existing governance mechanisms to oversee policy engagement that include these teams, but also board oversight of key policy positions and engagement strategies, internal controls and codes of conduct for ethical engagement, and public disclosure of lobbying activities and political spending.

2.3 Strategic role of policy engagement

Some banks may view policy engagement as an integral part of their stakeholder engagement strategy, considering the overlaps between engaging and informing. In this way, these banks also play an important role in informing framework development, sustainability standard setting, and implementation guidance documents, ultimately contributing to the growth of sustainable finance.

As a key actor within financial systems and wider society, banks can actively shape their regulatory environment by positively influencing policies, regulations, and standards. By engaging responsibly, banks can enhance their preparedness and strengthen their leadership position. This engagement demonstrates a commitment to sustainability, aligns with growing stakeholder expectations for corporate responsibility, and with the PRB.

While banks' policy engagement priorities may reflect regional differences, there are common best practices that span jurisdictions, which this guidance outlines. This guidance recognizes the need to strike a balance between maintaining consistency across geographies while acknowledging and accommodating regional nuances.

2.4 Example challenges

There are also a number of challenges banks face in implementing responsible policy engagement:

- **Complex stakeholder management:** Managing simultaneous policy engagements with both financial and real economy policymakers, from effectively communicating sector-specific transition pathways to addressing barriers for sustainable finance in developing countries, while often engaging the same government stakeholders on topics beyond sustainability. This complex stakeholder management requires aligning different business units and ensuring internal consistency in policy positions, particularly for large, international, multi-division banks. These challenges can be

compounded by underlying cultural differences and competing strategic priorities between leadership teams, which can manifest in different approaches to sustainability and policy engagement.

- **Risk and opportunity trade-offs:** Balancing short-term business interests with long-term risk management and sustainability-related goals, while managing the tension between viewing policy as a compliance issue, or even a partisan issue, versus a long-term risk management tool and strategic business opportunity.
- **Compliance and data challenges:** Managing different requirements, including voluntary and mandatory actions, while navigating the increasing complexity of national and international regulations, as well as associated disclosure requirements, and addressing data gaps that hinder effective policy engagement and implementation.
- **Political and scale barriers:** Increasing politicization in some regions may make it difficult to create a common approach to policy engagement across the banking sector, while smaller banks may find it more challenging to influence policy at regional or international levels (e.g., at the EU-level) compared to larger institutions.

3. Maintaining policy engagement consistency and transparency

3.1 Check transparency and disclosure requirements

In alignment with Principle 6 and as detailed in the [Guidance for Transparency](#), signatories annually disclose their progress on Principle 4 using the [Responsible Banking Progress Statement](#). Typically, under relevant local laws and regulations, signatories already disclose most, if not all, of their policy engagement activities using the relevant mandatory and/or voluntary disclosure frameworks.

Under relevant local laws and regulations, the threshold for mandatory disclosure of lobbying activities and political expenditure varies by jurisdiction. However, many countries have a public registry for at least some activities. Disclosure processes should also be in alignment with standards set by national banking associations.

Frameworks for disclosure may ask for information such as:

- Key policy topics engaged on during the year.
- Specific policymakers, regulators, and government bodies engaged.
- Membership and participation in industry associations and think tanks.
- A breakdown of political contributions and lobbying expenditures, where applicable.

Lobbying disclosure may fall under other disclosure frameworks, such as European Sustainability Reporting Standards (ESRS), and International Sustainability Standards Board (ISSB) reporting standards.

Table 1: Examples of regional disclosure requirements for lobbying activities and political expenditure

Region	Example disclosure requirements
Africa	<ul style="list-style-type: none"> ▪ South Africa: No specific lobbying regulations, but the Political Party Funding Act regulates campaign donations and expenditures. ▪ Most other countries have limited or no specific lobbying requirements.
Asia Pacific	<ul style="list-style-type: none"> ▪ Japan: There are no mandatory registration systems or explicit disclosure requirements for lobbyists. Japan is considering adopting ISSB standards, which may include some lobbying-related disclosure. ▪ Australia: Lobbying regulation is limited, with only third-party lobbyists required to register. Disclosure requirements are minimal in most jurisdictions, with only lobbyist and client names typically required. Queensland has a more comprehensive regulation, requiring disclosure of all lobbying contacts.
Europe	<ul style="list-style-type: none"> ▪ EU: Registration in the EU Transparency Register is mandatory for certain lobbying activities. High-level decision-makers in the European Commission and Members of the European Parliament must publish their meetings with lobby groups. ▪ United Kingdom: Consultant lobbyists must register if they meet certain criteria. Quarterly updates disclosing client names are required. The Office of the Registrar of Consultant Lobbyists oversees compliance, with ongoing discussions about potential reforms to strengthen transparency rules. ▪ Germany: Germany's new lobbying law mandates registration for regular lobbying activities and requires detailed disclosure of lobbying efforts, including regulatory initiatives, expert opinions, and financial contributions. The law imposes strict enforcement measures, with fines for non-compliance, and establishes a publicly accessible register on the parliament's website.
Latin America and Caribbean	<ul style="list-style-type: none"> ▪ Brazil: A proposed bill would introduce more extensive lobbying regulations, including voluntary registration and minimal disclosure requirements, but it remains under consideration in the National Congress. ▪ Colombia: Minimal specific lobbying regulations, with several attempts to introduce comprehensive legislation over the past two decades but these efforts have not yet resulted in a regulatory framework. A constitutional mandate to regulate lobbying and various bills have been proposed.
North America	<ul style="list-style-type: none"> ▪ USA: Lobbyists must file quarterly disclosure reports detailing income, expenses, and issues lobbied. They must also disclose lobbyists' names, past government positions, and certain political contributions. ▪ Canada: The Lobbying Act requires registration and monthly reporting of lobbying activities with designated public office holders. Lobbyists must disclose client information, subject matter, government institutions lobbied, and communication techniques used. Some provinces and municipalities have their own lobbying registration systems.

Beyond mandatory disclosure requirements, banks may consider adopting additional, voluntary metrics to provide greater transparency around their policy engagement activities and demonstrate a commitment to responsible policy engagement.

Box 1: Advanced disclosure metrics

- Full-time equivalents (FTEs) for in-house policy engagement by location.
- Descriptions of indirect influencing activities, such as via trade associations.
- List of industry trade association memberships, including positions held, and areas of misalignment, where identified.
- Sponsorship of academic research, standard-setting, and civil society activities.

3.2 Review your policy positions

Responsible banks aim for consistency across their activities (i.e., that their policy engagement activities match their stated commitments and goals). To do this, banks may undertake an internal review, assessing policy positions against sustainability criteria. This includes not only verifying alignment with current commitments but also reassessing whether policy positions need updating in response to regulatory developments and market shifts.

As an example, to assess whether a bank's policy engagement activities are aligned to its just transition policies and to the PRB, it may investigate:

- Support for just transition-related financial regulation.
- Positions on just transition finance frameworks.
- Engagement on prudential social and climate requirements.
- Trade association just transition policies and engagement activities.
- Shifts in policy positions in response to emerging climate science and innovation.

For a comprehensive self-review, banks could also look at and draw inspiration from existing benchmarks and frameworks that assess banks' policy engagement efforts.³

The review may occur periodically to support alignment, and to evolve in coherence with emerging sustainability-related goals and market conditions. In review, banks may consider how their policy engagement supports broader national strategic goals, such as becoming a leader in specific sustainability sectors. This alignment can increase the relevance and impact of the bank's policy recommendations as well.

3 For example, Ceres' [Responsible Policy Engagement Benchmarking for Banks](#), or InfluenceMap's [US Banks and Climate-Related Policy](#) assessment.

3.3 Navigate trade association alignment

Understanding and assessing trade association and other third-party alignment is complex and multifaceted. This complexity is due to a number of reasons, including:

1. **Diverse membership priorities:** Trade associations often represent a wide range of members with varying priorities, making it difficult to achieve consensus on sustainability-related goals.
2. **Multiple issue areas:** Trade associations tend to engage on many policy issue areas. There can be alignment in some areas, but not in others, making overall alignment difficult to determine. Because of this, deciding next steps can be challenging.
3. **Indirect influence channels:** Trade associations can influence policy matters through various channels, making influence difficult to keep track of, particularly as banks are often members of many trade associations across jurisdictions.
4. **Lack of transparency:** Connected to indirect influence channels, some trade associations may not fully disclose their policy positions or lobbying activities, making it challenging to evaluate alignment.
5. **Evolving positions:** Both company and trade association stances on policy issues can develop and shift with time (this is why regular reassessment of alignment is necessary).

To navigate these complexities, banks are increasingly adopting structured approaches to evaluate and address trade association alignment. By proactively managing these relationships, banks can check that their trade association and other third-party memberships consistently support rather than undermine sustainability commitments.

Assess trade association alignment

Before joining a trade association, a bank can rely on its established internal governance to communicate clear expectations and inform the development of a framework for ongoing consistency evaluation and continued engagement. To assess its alignment with a trade association, a bank may:

- Conduct regular audits of trade association position alignment.
- Develop clear metrics for assessing membership value versus reputational and long-term risks.
- Create processes for influencing association positions from within.
- Set a red line for when to withdraw from misaligned associations.
- Assess leadership positions.
- Look at policy and technical working group participation.
- Evaluate policy positions taken.

A bank may also review its trade associations' interactions with specific sustainability-related policies and plans, such as:

- Activity alignment with the Paris Agreement, UNGPs, SDGs, and the Kunming-Montreal Global Biodiversity Framework.
- Alignment with national commitments and transition frameworks, including NDCs, NAPs, LTS, and national transition plans.

- Support for different regional sustainability-related legislation and real-economy regulations.
- Alignment with targets in different sustainability areas, including emissions reduction, nature and biodiversity protection, pollution prevention, human rights, financial health and inclusion, and just transition considerations, and whether these align with industry standards and/or the bank's own commitments.
- Involvement in the development and contribution to the implementation of sustainable finance frameworks such as the ASEAN Green Bond Standards, the EU Sustainable Finance Framework, and the Equator Principles.
- Support for enhanced disclosure through international standards such as the ISSB S1 and S2, and ESRS.

Box 2: Supporting tools

InfluenceMap

[InfluenceMap](#) is an independent think tank that provides data-driven analysis on how businesses and financial institutions impact climate policy and the climate crisis—their key program is LobbyMap which provides assessments on corporate climate policy engagement. Banks can use this to measure alignment of member organizations.

Social LobbyMap

[Social LobbyMap](#), developed by the EIRIS Foundation, was first published in November 2024 and applies InfluenceMap's methodology to track corporate lobbying on human rights and labour policies. It provides a structured analysis of corporate political engagement, particularly on mandatory human rights due diligence and labour rights legislation. Social LobbyMap helps to assess whether trade associations align with or undermine human rights-related regulatory efforts.

Manage trade association misalignment

A bank can take several different steps in the case of misalignment with one of its memberships; these include:

1. Engaging with and influencing the group, highlighting the misalignment.
2. Using member voting power to push for policy changes.
3. Publicly disclosing the results of trade association assessments (transparency throughout this process allows stakeholders to understand the bank's position).

If steps to engage and realign are unsuccessful, a bank may consider escalating, by:

- Publicly dissenting the association's positions.
- Reducing involvement.
- As a last resort, resigning from the group, if none of the above results in material action.

In assessment, banks may consider joining alternative trade associations and groups that align more with their own goals, expectations, and evolving priorities, if they find that their current one(s) is misaligned.

One additional consideration is that a bank's ability to influence a trade association can vary significantly between home and overseas markets. For example, in their home markets, banks typically hold stronger governance roles and have well-established relationships, giving them greater leverage to shape a trade association's policy positions. This distinction in influence between home and overseas trade associations may then inform a bank's approach to involvement in and management of misalignment.

Through these steps and regular review, banks can work towards aiming to be continuously aligned with their memberships on goals and commitments. This includes not only verifying alignment with current commitments but also reassessing whether policy positions need updating in response to regulatory developments and market shifts. In doing so, banks can help maintain credibility and mitigate reputational and long-term risks, in alignment with the PRB.

4. Developing a policy engagement approach

4.1 Ensure clear oversight and governance

Banks can establish clear oversight and governance mechanisms for policy engagement. To do this, banks may consider:

1. Establishing a clear governance structure for assessing policy engagement objectives and strategies.
2. Integrating oversight across key committees and senior management.
3. Creating a structured plan for managing and monitoring implementation.
4. Establishing accountability measures for addressing suboptimal outcomes including regular review processes.
5. Developing and maintaining clear policies on political activities and policy engagement that outline the bank's approach, governance structure, and key focus areas for engagement.

Maintain clear lines of communication across relevant teams

Banks may wish to establish clear reporting lines across internal banking structures and teams key to policy engagement. These reporting lines may include and involve teams such as government relations, risk management, sustainability, and business units. Processes may be set up and in place to: assess policy impacts across business lines, coordinate responses across regions (since banks can and often span geographies), align positions with business strategy, and monitor regulatory developments.⁴ To support effective implementation, banks may conduct appropriate internal training across teams, covering regulatory requirements, sustainability topics such as the just transition, policy analysis, stakeholder engagement, and technical frameworks to support consistency in their approach.

It's worth noting that in some banks, policy engagement is handled by specialized teams, such as supervisory public and regulatory affairs, who enter the process after other departments (like sustainability, risk, and subject matter experts) have done initial assessments and developed positions.

4 [Responsible Policy Engagement Benchmarking for Banks](#)

Integrate policy engagement oversight across key committees and senior management

Banks may choose to establish specific policy engagement responsibilities to existing committees and senior management. Committees involved may include the Risk Committee (e.g., to review policy positions' alignment with risk appetite), Audit Committee (e.g., to oversee disclosure of policy activities), Compliance Committee (e.g., to ensure regulatory alignment) and the Sustainability Committee (e.g., to verify sustainability-related commitment alignment).⁵

Some banks may consider implementing dedicated board oversight of policy engagement to support the integration of policy engagement across key bank committees. For example, this can be a high-level sustainability committee, potentially chaired by the CEO, to oversee policy engagement related to sustainability issues. This committee can centralize engagement across other committees and coordinate, review, and approve the bank's positions on key sustainability policies, and regulations. Established governance bodies may meet on a regular basis to ensure consistent alignment.

Embed sustainability into existing internal policy frameworks

Banks may consider the following approaches to integrate sustainability considerations into existing policy and regulatory engagement:

1. Expand the mandate of public policy teams to include sustainability issues, with specific knowledge on the different sustainability areas including climate, nature, social issues, and the just transition.
2. Train policy experts on emerging sustainability regulations and frameworks.
3. Establish a clear governance structure over collaboration processes between sustainability, government relations, risk, finance, and other sustainability-related teams.
4. Implement joint objectives and training programs for policy and sustainability-related teams.
5. Consider creating dedicated sustainability divisions that work closely with government relations teams to review policy positions.

These strategies can help banks ensure alignment between their sustainability commitments and policy engagement activities, while effectively embedding sustainability considerations across their policy frameworks.

5 [Net-Zero Standard for Banks](#)

Box 3: Considerations for multi-national banks

Multi-national banks face unique challenges in maintaining consistent policy engagement across regions. To address these challenges, banks may consider:

- Developing an overarching policy on engagement that is communicated across regions, providing a group or head office overview.
- Working with international colleagues to establish the group's global strategy.
- Setting up a discussion forum with regional heads of sustainability and risk to develop consistent group views and plans to engage.
- Including both local policy representatives and group headquarters' representatives when visiting government officials in different countries.
- Implementing processes to share regional policy insights and align activities with global strategies.
- Implementing a governance structure that allows for the comprehensive oversight of group-wide policy engagement activities.

These considerations can help multi-national banks maintain consistency in their policy engagement activities across different geographical areas while respecting local nuances.

4.2 Focus engagements

Identify priority engagement areas

Banks developing policy engagement frameworks may consider multiple factors to prioritize their engagement efforts. Key considerations may include:

- **Internal alignment and resourcing:** Alignment with and purpose in the bank's overall strategy; existing priorities and goals, and those of clients and stakeholders; existing relationships with policymakers and other stakeholders; expertise and resources available to contribute to policy development and implementation; different levels of engagement and multilateral engagement.
- **Market and policy landscape:** Market and system-wide policy implementation readiness; and regions, regional priorities and policies, and specific market context (e.g., areas crucial to economic recovery, just transition, and sustainable development, such as renewable energy financing or support for small and medium-sized enterprises (SMEs), including consideration of different social and labour market models that define regional approaches).
- **Direct business implications:** Potential client-level impacts (e.g., client operations, and ability to achieve a just transition to net-zero) and bank-level areas of risk exposure (e.g., focus on areas of high financial risk exposure to climate, nature, or social-related risks).
- **Broader potential for systemic impact:** The type of policy (e.g., financial vs. real-economy regulation); policy influence and alignment with sustainability-related goals; interconnectedness of sustainability issues (e.g., the links between climate change, biodiversity loss, and inequity) and socioeconomic implications of the net-zero transition (just transition), including its impacts on housing and job security.

With an engagement framework, banks can outline specific policy areas of focus that align with the bank's goals, themes, and clearly defined strategic priorities.

Leverage existing expertise

To maximize impact, banks may choose to focus their policy engagement resources in areas where they have significant existing expertise and credibility. This could include areas such as financial regulation, risk management, capital requirements, sustainable finance frameworks, and prudential regulation. Through these targeted efforts, banks may highlight to policymakers how proposed policies might affect financial stability, market efficiency, credit availability, and economic transition, and their ability to meet related sustainability-related goals.⁶

Specifically in relation to sustainability and depending on the level of their expertise, banks may offer technical knowledge to policymakers on green and transition finance mechanisms, climate risk assessment tools, portfolio alignment methodologies, green lending frameworks, just transition frameworks, and bond market standards. Engaging on business-relevant topics means that banks can contribute meaningfully to policy development while ensuring their engagement efforts remain focused and impactful.⁷

Align with PRB

Banks may leverage their existing PRB work, focusing policy engagement on areas of most significant impact identified in the impact analysis.⁸ Banks' policy engagement is a key component of the action plans developed for the delivery of targets that the bank has set in those areas.

Conduct policy impact analysis

Banks may consider undertaking analysis on their ability to influence across geography and sector to ensure their engagement is focused. This analysis may, for example, seek to address existing policy barriers to capital flows in regions where banks are highly exposed to risks (e.g., from clients' own supply chain risks). This analysis may involve identifying obstacles to an enabling policy environment, such as regulatory delays and resource constraints, by assessing specific policies and instruments, such as:

- Subsidies and tax incentives that result in negative nature and biodiversity impacts.
- Financial regulations that may discourage long-term investments and misalign with sustainability-related frameworks such as the Paris Agreement, the SDGs, and relevant national and regional frameworks.
- Risks and financial impacts associated with different regulatory environment scenarios, including climate transition pathways, labour market changes, and regional economic shifts that may impact communities and workers.
- Gaps in disclosure requirements for companies and financial institutions.

6 [Responsible Policy Engagement Benchmarking for Banks](#)

7 [Net-Zero Standard for Banks](#) and [Responsible Policy Engagement Benchmarking for Banks](#)

8 Impact Analysis, UNEP FI

After identifying a priority set of policies to engage based on the analysis, banks may undertake a policy life cycle analysis to help target engagement efforts. A policy life cycle analysis can help understand:

- At which stage of policy development the bank may have the most impact.
- The potential long-term implications of policy decisions not only on the bank's operations, but also for societies and economies.

Pre-emptively prepare for policy-related challenges

Banks may consider developing a contingency plan in the case of policy-related issues, so that they can quickly and effectively address unexpected policy challenges. For consistency, Banks may wish to integrate this plan into risk management practices.

4.3 Map trade association and third-party relationships

In addition to direct engagement, banks may indirectly engage with policy through several different third parties. This includes agencies, trade associations, policy engagement forums, think-tanks, international trade bodies, cross-banking working groups, industry initiatives, and social partners.

Banks may map these third-party relationships and understand whether they are consistent with their own policy engagement priorities and overall goals (see [3.3 Navigate trade association alignment](#)).

In addition to ensuring competition law compliance, banks collaborating with other banks on policy engagement may establish clear objectives, define governance structures, share best practices, and maintain transparency.⁹

4.4 Track engagements

If not already implemented, banks may consider implementing processes for measuring, tracking, and reporting on policy engagements. This can include:

- Creating methodologies to measure policy engagement effectiveness.
- Developing metrics for assessing alignment between advocacy and sustainability-related goals.
- Tracking influence outcomes across different engagement channels.

9 [Net-Zero Standard for Banks](#)

Specifically, banks may wish to track:¹⁰

- Policy outcomes and regulatory implementation affecting banking operations.
- Market and client impacts from policy changes.
- Policy engagement strategy effectiveness.
- Sustainable finance goal progress.

From this, banks can assess their tactics for policy engagement and whether efforts are aligned with overarching goals, adjusting accordingly and where necessary to be most impactful. Some banks maintain searchable databases of engagement activities sorted by theme and jurisdiction, against time.

Banks may summarize policy engagement activities in an annual report. The report could include the key topics engaged on, significant policy developments, and how the bank's engagement aligns with its sustainability-related goals and commitments.

Box 4: Metrics of policy engagement success

Measuring policy engagement success is difficult. It is difficult to attribute success to an individual, and many banks may therefore wish to measure qualitatively. Some metrics banks use include:

- Public recognition and endorsements from industry stakeholders.
- Adoption of collaboratively developed frameworks by legislators.
- Industry peers referencing or building upon published content.
- Increased proactive outreach from government officials.
- Direct feedback from policymakers highlighting engagement value.

Box 5: The Responsible Lobbying Framework: A tool for tracking and monitoring lobbying

The Responsible Lobbying Framework establishes global standards for ethical lobbying, emphasizing legitimacy, transparency, accountability, consistency, and opportunity. Banks can use the framework to ensure their policy engagement activities align with sustainability-related goals, disclose relationships with intermediaries like trade associations, and manage conflicts of interest effectively. By promoting evidence-based policymaking and public interest considerations, the framework enhances trust and ensures policy engagement practices support sustainable and socially responsible outcomes.

10 [Responsible Policy Engagement Benchmarking for Banks](#)

5. Executing responsible policy engagement

Banks may undertake policy engagement either directly, or indirectly by a third-party. Engagement may be with bodies such as financial regulators, central banks, treasury departments, securities regulators and prudential authorities. There are a number of different considerations a bank may take:

5.1 Time engagement strategically

Using a prioritization framework, banks may time policy engagement strategically to maximize its impact. For example, banks may proactively time their engagement to coincide with periods of financial policy development, policy reforms, the start of new national administrations, regulatory appointments, or during the development or revision of NDCs, NAPs, and LTS. While responding to consultations on drafted legislation is important, some banks may also want to work on long-term initiatives, ahead of policy development, to have input on and further shape future policy landscapes.

5.2 Engage multilaterally

Banks may be involved in policy engagement across local, regional, and international levels, to shape the regulatory landscape and facilitate an enabling policy environment.

At the **national and sub-national level**, banks may work with policymakers, legislators, regulators, and social partners to influence banking policies and regulations. This includes providing input on proposed rules, participating in consultations, engaging on national and sector-specific transition plans, collaborating with NGOs to understand policy landscapes and priorities, participating in national banking associations to represent the banking industry, and providing input in relevant industry initiatives and working groups focused on responsible banking.

Regional level engagement may involve communicating with bodies such as European Union or Association of Southeast Asian Nations (ASEAN) to influence regional banking regulations and policies. European banks, for instance, have played a significant role in shaping the regulations related to the European Banking Union, the Capital Markets Union, and likewise Asian banks in the ASEAN Banking Integration Framework. They may also participate in regional banking forums and associations to work on policy positions with other institutions. Banks can engage with regulatory bodies at various

levels, including whole committees or institutions (such as the Prudential Regulation Authority or European Central Bank), key members of committees, or working groups and subcommittees.

Internationally, banks may engage on sustainability-related policies by participating in initiatives such as the [Fourth International Conference on Financing for Development](#) (FfD4), where global financial institutions and policymakers discuss strategies for sustainable finance and economic development.

Banks may also individually engage with organizations like the World Bank, IMF, and OECD through consultations and events. To shape financial or prudential regulations and standards, banks may interact with global standard-setting bodies including the Basel Committee on Banking Supervision, the Financial Stability Board, and the International Organisation of Securities Commissions, for example through regulators' working groups.

Across all these levels, banks may employ several cross-cutting approaches. For example, they may develop comprehensive policy engagement strategies that align with their global sustainability-related policies. Banks may also participate in public-private dialogues and multi-stakeholder initiatives to shape policies on emerging issues and contribute to developing sector-specific implementation guidance materials, when necessary.

Box 6: Additional geographic considerations

Regional nuances and a bank's characteristics (e.g., size, geographical reach, and organizational structure) fundamentally shape how it engages with policy. Depending on the bank, this may mean that a coordinated engagement across local, regional, and international levels is needed, with consistent policy objectives adapted to each context.

Banks may wish to prioritize their engagement based on where regulations are implemented in each region. For instance, for a Spanish bank, EU-wide regulations mean EU-level engagement might be more impactful than country-level engagement efforts. While larger multinational banks often engage at multiple levels (with greater resources and established presence), smaller banks may wish to focus their resources on local engagement where they can have more direct influence.

A key challenge for regulators is bridging the gap between policy ambition and implementation. To address this barrier, effective engagement from banks may therefore involve both high-level policymakers and ground-level implementers. This intentionality is important given that banks operate across diverse regulatory environments, cultural contexts, and economic conditions, and requires them to develop flexible strategies and carefully allocate resources based on regional importance and potential impact.

5.3 Build tactical relationships with policymakers and stakeholders

Banks may strategically develop relationships with policymakers, regulators, and other key influencers to enhance their policy engagement efforts, for example by:

- Establishing strategic partnerships with academic institutions, think tanks, NGOs, social partners, clients, industry members, other banks, and other private sector parties to leverage shared expertise and networks. These collaborations may help maintain current knowledge of emerging research and policy trends while expanding influence through collective action.
- Understanding and addressing policymakers' information needs, for example, by proactively anticipating and providing key data such as the bank's risk appetite, types of financing activities (including focus areas and exclusions), alignment of plans with sustainability-related goals, and relevant market insights that can inform policy development.
- Engaging in public-private initiatives by participating in government-led sustainability taskforces, contributing to partnerships addressing specific challenges, and sharing expertise and data to support policy framework development.
- Undertaking comprehensive sector research and analysis to strengthen policy recommendations. Banks can produce evidence-based reports combining their own data with market research and expert insights to serve as valuable resources for policymakers and help shape sustainability policy discourse.
- Regularly reviewing and updating their engagement framework to maintain effectiveness while clearly communicating actions to stakeholders to manage potential conflicts and balance diverse interests.
- Collaborating with value chain stakeholders to develop sector-level commitments, potentially tied to specific regions, on sustainability issues like net-zero targets.
- Collaborating with international standard-setters on the development of sustainability standards and implementation guidance materials for the banking sector.
- Developing their own approaches to sustainability issues and sharing these with peers and international organizations to help inform action and align financial flows with sustainability-related goals.

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UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyzes 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

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Sustainable Insurance. 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 organization 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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