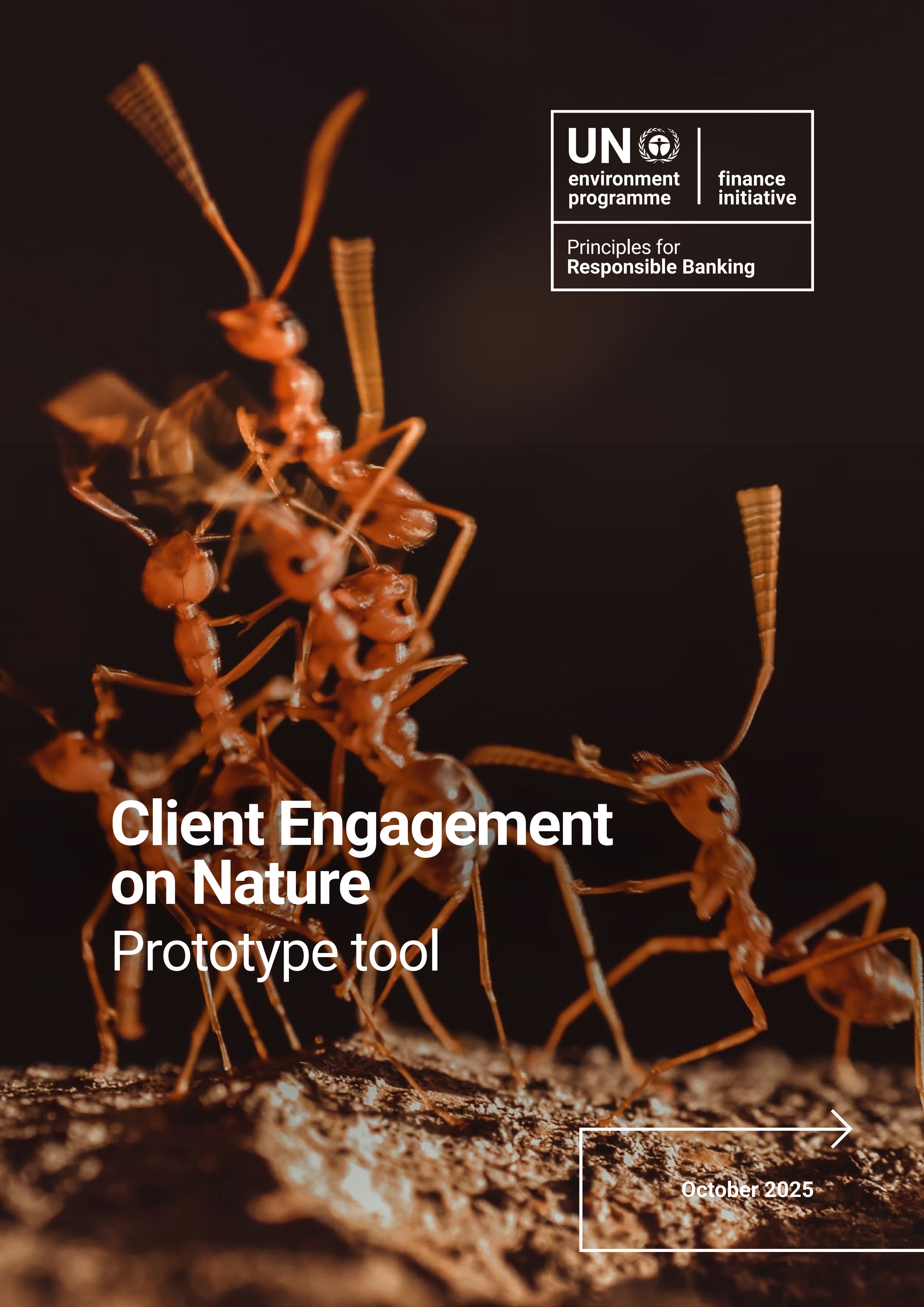

UN environment programme | finance initiative

Principles for Responsible Banking

Client Engagement on Nature

Prototype tool

October 2025

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Suggested citation: United Nations Environment Programme (2024). *Client Enagagement on Nature. Prototype tool.* Geneva.

Production: United Nations Environment Programme Finance Initiative.

Cover image: elements.envato.com/user/afihermatova

Acknowledgements

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Contents

Introduction and purpose

Overview

This prototype is an excel-based tool intended to assist banks—and specifically relationship managers—to formulate succinct, meaningful questions as part of a client engagement on nature.

This work supports banks as they implement the Principles for Responsible Banking, specifically Principle 3 or the Action cornerstone of the PRB Responsible Banking Journey. This tool can be used to support banks to meet client engagement practice targets, as defined within the PRB Nature Target Setting Guidance and builds off of the 2024 PRB Sector Action Guidance for Nature.

Access the tool here

The tool is composed of (1) a checklist to develop and refine questions, ensuring that the bank is not asking the client questions they can find out the answers for themselves, and (2) a scoring methodology to understand how meaningful those questions are. The aim is that any client bandwidth provided to the bank in engagement or questionnaires on nature-related topics is valuable to both the bank and the client.

To this end, the workbook contains the following tabs:

1. **Checklist worked examples,** to show how the checklist for creating questions about nature works in practice. This focuses on the use case of agriculture and mining, building on the PRB Sector Action Guidance for Nature: Getting Started in the Agricultural, Forestry and Mining Sectors
2. **Checklist (blank)**
3. **Scoring worked examples,** to bring to life how the scoring method works in practice when applied to the questions generated by the checklist worked examples
4. **Scoring Sheet (blank)**
5. **Worked examples of a question generation,** providing a full narrative of how an engagement question is generated and scored.
6. **Worked examples of a question generation,** providing a full narrative of how an engagement question is generated and scored.

This tool is considered a prototype as of its release in 2025. UNEP FI and TBC will be garnering feedback on the tool itself, usability, and different use cases. Updates may be made in the future.

Users

This prototype was designed primarily with bank **relationship managers** in mind; namely, those who are tasked with understanding the nature-related risk and opportunity of clients. However, it could also be used by other individuals in a bank setting, such as sustainability functions that are supporting lines of business with engagement or knowledge provision.

The agriculture, forestry and/or mining sectors were the initial use case to test the logic and methodological flow of the prototype. These use cases are about bringing the tool to life so that others can use it as a way to structure their research and systematically evaluate nature-related questions they formulate to ask clients.

The prototype assumes that the relationship manager will be prompted by a catalyst to engage the client, such as by a natural disaster (full list of catalysts are included below), which sets the user on a knowledge journey ending with meaningful engagement and conversations with clients. This protype provides structure to that knowledge journey, as well as the means to evaluate what the right questions to ask are so that the time with clients is most optimally spent.

In designing this protype and learning journey, the relationship manager user was imagined to typically have:

Sector knowledge
In the examples provided within the prototype, this would be at least a decent understanding of the agriculture, forestry, and mining sectors, including market trends and specific financial needs.

Awareness of policy and regulatory issues
Increasingly aware of nature-related policy and regulations, such as the EUDR and CSRD.

Awareness of emerging reputational risk
Aware of the key reputational risks and pitfalls related to operations in the high impact sectors of agriculture, forestry and mining.

A desire to understand emergent nature-related physical risks and an awareness of extreme weather events or natural disasters
Interested in themes such as deforestation, soil degradation, water scarcity, and biodiversity loss. Interested in news stories about extreme weather events and natural disasters as a result of climate change and environmental degradation.

Responsibility to enhance the relationship and scout financing opportunities
Attuned to helping identify opportunities for clients to adopt sustainable practices where it enhances the business or operating model of the client, as this can lead to financial opportunities for the bank.

Strategic advisory skills
Scouting emergent risks and opportunities of any variety to ensure they remain a trusted and critical friend to the client.

The key components of the prototype are a **checklist** and **scoring methodology** to structure the user learning journey and then evaluate and compare the different client questions this journey generates. An overview of both the checklist and scoring method are included in the following pages and it is recommended that these overviews are read prior to utilizing the tool for the first time.

Checklist

To understand the types of questions that should be asked of clients, a checklist workflow has been created to enable the relationship manager to go on a structured learning journey to better understand the operational context of the client related to nature.

The letters (e.g. "A" and "B") correlate to the tabs of the checklist within the excel based tool.

A blank checklist is included within the tool, in addition to an example completed checklist for reference.

Checklist workflow

Start

Learning journey catalyst
e.g., awareness of increasing and frequency of droughts.

A. & B.*. Types of catalysts

- Emerging physical risk
- Transition risk
- Reputational risk
- Natural disaster/extreme weather event
- Financial opportunity
- New client in high impact sector

C. Consult introductory resources, such as:

- Company reports
- (I)NGO, research institution and intergovernmental reports
- Academic articles
- Fact sheets
- Newspaper articles and trade magazines

D. Consult various data and tools, such as:

- Tools (e.g., ENCORE)
- Databases (e.g., national water quality databases)
- Frameworks (e.g., TNFD)
- Geospatial data and tools (e.g., UN Biodiversity Lab, IBAT)
- Company DD and MRV data
- Benchmarks and assessments (e.g., Forest 500, Nature benchmark of WBA).

E. Consult where appropriate relevant regulation and standards, such as:

- Timber and soft commodity certification standards (e.g., FSC, RSPO, RTRS)
- National and supra-national nature related regulatioin (e.g., EUDR, CSRD, UK Biodiversity Net Gain regulation)
- IFC Performance Standard 6
- Sector specific initiatives (e.g., ICMM Nature Commitments)
- Sector specific guidance (e.g., TNFD for mining, BFN for agriculture)

Outcome

Formulate client question

Score meaningfulness
to prioritize and justify

* A, B, C etc. refer to columns in the checklist worked example

A. & B. Categorize the catalyst

The first step on the checklist is to categorize what has catalyzed the interest of the user to learn something about the nature context that the client operates in. Different types of catalysts will lead a relationship manager to embark on a learning journey that involves consulting different categories of resources. After categorizing the catalyst, the next step on the checklist is developing the individual's appreciation for the material nature-related factors affecting the client, supporting the development of meaningful questions and engagement.

1. Transition risk

Example: A new nature-related regulation is passed, or a policy launched in jurisdictions and related to sectors relevant to the client. For example, EUDR will require clients producing or sourcing deforestation related soft commodities to prove that their production has not caused deforestation, and for traceability purposes geolocation of the sourcing area needs to be provided.

2. Reputational

Example: The reputation of the client and/or the bank may be negatively affected due to controversies related to the negative impact a client is having or is perceived to be having on nature, and often in tandem on the livelihoods and wellbeing of local people. For example, a mining company planning to develop a mine in a natural World Heritage site is likely to face NGO campaigns against the company and banks that are willing to offer finance.

3. Emergent physical risk

Example: The client's ability to operate efficiently and at maximum profitability may be hampered by emergent physical risk that can manifest in the form of water shortages, flooding, soil degradation, biodiversity loss impacting pollination services or pest control. For example, pest infestations like the pine beetle outbreak in the US can have a long-lasting impact on a forestry business, causing financial losses, operational delays, and environmental degradation.

4. Natural disaster/extreme weather event

Example: The increasing frequency and severity of extreme weather events linked to climate change pose an increasingly important risk to the operations of clients, by disrupting operations or destroying important infrastructure and disrupting vital supply chains. The vulnerability of client's operation to such events is increased if natural capital in the area of operation has been degraded. For example, the degradation of soil health in the Midwest United States has increased the vulnerability of agricultural operations to extreme weather events like droughts and heavy rainfall.

5. Financial opportunity

Example: Clients wishing to adapt and prepare for increasing nature-related physical risks present an opportunity to support client investment. For example, a mining company aware of increasing risk of water shortages increases CAPEX to install water recycling facilities and/or more water efficient ore processing methods.

6. New client in high nature impact or dependence sector

Example: Mining, seafood, and agriculture would be examples of such sectors. Including nature related risks and opportunities in conversations during onboarding can help demonstrate significant knowledge of the evolving operational context of the client and help build trust.

C. Consult introductory resources

After categorizing the catalyst, the second step would typically be to consult introductory resources, such as those indicated below.

- Company sustainability reports
- Reports from (I)NGOS (e.g., WWF, Global Canopy), research institutes (e.g., CISL), intergovernmental organizations (e.g., IUCN, UNEP)
- Trade magazines (e.g., Mining Magazine)
- Newspaper articles (e.g., FT; and national newspapers)
- Peer reviewed academic articles (e.g., in Nature)
- Factsheets (e.g., WWF Factsheets for deforestation front countries)

D. Utilize data and tools

The next step would be to access data and tools to understand the precise nature of the nature-related impacts, risks or opportunities facing the client. These would typically include:

- Tools (e.g., ENCORE natural capital impact and dependency tool; Trase for soft commodities)
- Databases (e.g., national water quality databases)
- Frameworks (e.g., TNFD)
- Geospatial data and tools (e.g., UN Biodiversity Lab, IBAT)
- Company DD and MRV data
- Benchmarks and assessments (e.g., Forest 500; Nature benchmark of WBA)

E. Regulation and standards

The last step would be to consult relevant regulations and standards for the sector in which the client operates to understand the operational context and good practice standards for operating. These could include, but are not limited to:

- Timber and soft commodity certification standards (e.g., FSC, PEFC, RSPO, RTRS)
- National and supra-national nature related regulation (e.g., EUDR. CSRD, UK Biodiversity Net Gain regulation)
- IFC Performance Standard 6
- Sector specific initiatives (e.g., ICMM Nature Commitments)
- Sector specific guidance (e.g., TNFD mining guidance, BFN agriculture sector guidance)

Scoring method

A learning journey is driven by research questions; each question can until a point be answered by resources already available to user (e.g. those specified in the checklist above). At a certain point, however, the user will arrive at a number of questions that can only be answered by the client.

To support refinement of such questions and to evaluate which are of the most value, a scoring method has been established to help provide a definition of what a meaningful question is. The scoring method assesses the purpose and value of the question by scoring to what extent it:

i. Could be answered from public knowledge
ii. Helps the bank to be prepared to manage nature-related risk and opportunity and/or
iii. Establishes a better relationship to nature by reducing impact and/or managing nature-related physical risk.

Within the prototype, definitions and examples of the scoring method are provided. By following these definitions and examples, users can evaluate and score themselves the relative merit of the questions they have formulated in order to prioritize which to ask.

A blank scoring sheet is included within the tool, in addition to a scored example for reference.

Definition of a 'meaningful' question

At heart of the scoring method is the definition of meaningful question; namely that it must have a purpose. For the purpose of this prototype, purpose means that the knowledge to be gained from asking the question is of value to the bank and/or leads to the contribution to a nature positive future. Which in turn means there must be a use case for the knowledge gained for (a) the bank or (b) positive impact.

How to create a scoring method for questions from this definition

Given the above definition, we can evaluate the relative value a question requires by assessing the question's relevance and potential effectiveness in identifying and managing nature-related risk and capitalizing on nature-related opportunities. However, before doing so, it is key to first check if the question could be answered from public knowledge. If it could be, then the user should go back to the learning journey resources and not take up client time with the question. After this sanity check, the purpose and ultimate value of a question can then be scored by to what extent one would anticipate the intelligence gathered from asking the question would (i) help the bank (bank use cases) and (ii) enable the bank to encourage or contribute to reducing its impacts on nature and better managing its physical risks (better relationship with nature) via the clients actions:

Bank use cases, which relate to improving and optimizing the bank's operation and preparedness regarding nature-related risk and opportunity. For this, we see the dimensions against which a question would be scored being:

a. Policy evolution: the question encourages the client to improve its internal policies related to nature. For example, this can involve a policy commitment to get FSC certified.

b. Scoping new financing opportunity: the question relates to evolving operations, balance sheet evolution, CAPEX plans to, for instance, manage nature-related risks (e.g., potential water shortage due to drought) through interventions and/or infrastructure development (e.g., installation of water -recycling facilities).

c. Managing credit risk: the question drives at gaining intelligence from the client on their awareness and attitude towards managing different types of nature-related risk (either physical or transition risk).

A better relationship with nature refers to both reducing the client, and in turn the bank's, impact on nature and/or managing the physical risks that could harm the profitability of the client's business. The main dimensions are:

a. Reducing impacts which can take the form of

- **i.** Avoiding impact altogether by for example, not developing a new mine in a biodiversity sensitive site, and/or
- **ii.** Reducing impact by for example, implementing no-till agriculture, which reduces soil degradation and sediment run-off.

b. Managing physical risks which may involve:

- **i.** Reducing dependence on ecosystem services, by for example reducing water use through installing drip irrigation.
- **ii.** Contributing to improving the health and resilience of ecosystem services, by for example implementing soil improvement measures by planting green manure cover crops during winter.

Definitions of each score of the different categories and their dimensions are included within the table below.

	Definition of scores: Public knowledge		
Public knowledge	**-5**	**-3**	**0**
	Information is **easily available**	Information is **hard to locate**	Information is **not available**
	Definitions of scores: Bank use cases (score 1-3 with 3 highest relevance)		
(i) Bank use cases	**1**	**2**	**3**
Policy evolution	**No or small relevance** for the bank to evolve policies	**Relevance** for client to evolve policies	**Significant relevance** for client to evolve policies
Scoping new financing	**No or minimal opportunity** to scope new financing	**Good opportunity** to scope new financing	**Excellent opportunity** to scope new financing
Managing credit risk	**No or little relevance** to manage credit risk related to the issue	**Relevance to managing** credit risk related to the issue	**Significant relevance to managing** credit risk related to the issue
	Definitions of scores: 'Better relationship with nature' (score 1-3 with 3 highest relevance)		
(ii) Better relationship with nature	**1**	**2**	**3**
Managing impact			
Avoiding impact	**Little or no relevance** to avoiding impacts of different pressures on nature.	**Relevance** to avoiding impact of different pressures on nature	**Significant relevance** to avoiding impact of different pressures on nature.
Reducing impact	**Little or no relevance** to reducing impact through reducing pressures on nature	**Relevance** to reducing impact through reducing pressures on nature	**Significant relevance** to reducing impact through reducing pressures on nature.
Managing physical risk	**1**	**2**	**3**
Dependence on ecosystem services	**Little or no relevance** to reducing dependence on ecosystem services	**Relevance** to reducing dependence on ecosystem services	**Significant relevance** to reducing dependence on ecosystem services
Improving health and resilience of ecosystem services	**Little or no relevance** to improving health and resilience of ecosystems services.	**Relevance** to improving health and resilience of ecosystems services.	**Significant relevance** to improving health and resilience of ecosystems services.

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. 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 organisation 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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