

UN Principles of Responsible Banking (PRB)

The PRBs were developed to cover the lending and asset management (wealth management) activities of banks. They complement the Principles of Responsible Investment (PRI) endorsed by the United Nations, which are aimed primarily at asset managers and owners. Since many banks offer asset advisory and management services, e.g. wealth management, it may make sense for these banks to be both PRB and PRI Signatories.

The UN Principles of Responsible Banking (PRB) are a framework for responsible banking developed by the United Nations Environment Programme Finance Initiative (UNEP FI). The PRB were published in 2019 and have now been signed by over 300 banks from 60 countries.

The PRBs are based on six guiding principles

The Principles for Responsible Banking help banks play their role in shaping a sustainable future. In doing so, 6 guiding principles are followed:

1. **Alignment:** Banks align their strategies with the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement and relevant national and regional frameworks.
2. **Impact and target setting:** Banks increase their positive and reduce their negative impact on society and environment. To this end, they set corresponding targets with the greatest possible impact.
3. **Clients and customers:** Banks work with their customers for sustainable business – for present and future generations.
4. **Stakeholders:** Banks work actively and collaboratively with relevant stakeholders to achieve sustainability goals.
5. **Governance and culture:** Banks create a responsible governance structure and corporate culture.
6. **Transparency and accountability:** Banks continuously review the implementation of these principles and report on their achievement.

Three reasons why banks commit to PRBs

Motivations for signing PRBs can vary, but three motives stand out:

- **Contribution to global sustainable development:** The PRBs are closely linked to international sustainability initiatives, such as the SDGs. By committing up, the bank actively contributes to global efforts to address major issues such as poverty, climate change and inequality, thus working towards a more sustainable and equitable future.
- **Improved reputation and brand value:** Commitment to the PRBs can enhance the bank's reputation, foster trust among customers, investors and stakeholders, and increase brand value as an institution that prioritizes responsible banking.
- **Risk mitigation and long-term sustainability:** The PRBs require banks to identify and address environmental, social, and governance risks in their operations. By addressing these issues, banks can proactively address risks related to climate change, regulatory changes, and social issues, among others. This leads to greater long-term sustainability and resilience in the face of future challenges.