環境省

# Guidance for Principles for Responsible Banking (PRB)

March 2021

Environmental and Economy Division,
Minister's Secretariat,
Ministry of the Environment, Japan

# Forward（1/2）

The UN Principles for Responsible Banking are a unique framework for ensuring that banks' strategy and practice align with the vision society has set out for its future in the UN Sustainable Development Goals and the Paris Climate Agreement. Over 220 banks representing more than 40% of the global banking industry have now joined this movement for change, leading the way towards a future in which the banking community makes the kind of positive contribution to people and the planet that society expects. This is a journey of unprecedented scale and scope at a time when such ambition is urgently needed.

The concept of sustainable finance has been around for many years, but the financial crisis of 2008 brought it increasingly into focus. Since then, the relationship between the banking industry and the interests of wider society has come under intense scrutiny. Banks have recognized that in order to meet expectations from their customers, employees, regulators and wider society, they need to embed responsibility and sustainability across their activities.

Over the past decade, the major crises of climate, nature loss, pollution and social issues have risen up the international policy agenda, from the 2015 Paris Climate Agreement to the upcoming 2021 UN Climate and Biodiversity Conferences, and global movements to further gender and racial equality. Banks across the world have a collective power to move the needle on these – the most crucial topics of our time. Through their lending and investment activities and through their extensive relationships with clients across all sectors of the economy, the banking community can accelerate a positive global transition for people and the planet while maintaining a high level of profitability.

# Forward (2/2)

Against this backdrop, the UN Principles for Responsible Banking provide an all-important framework for the global banking system and herald a new age in the industry. Launched in 2019, the Principles allow banks to be ambitious in their sustainability strategies, working to mainstream and embed sustainability into the heart of their business, while ensuring they remain at the cutting-edge of sustainable finance. Banks who have signed the Principles measure their environmental and social impact, set and implement targets where they have the most significant impact, and regularly report publicly on their progress. These banks are also able to tap into the global banking community focused on sustainable finance, sharing best-practice and working together on practical guidance and pioneering tools of benefit to the entire industry. Together, these collective efforts will ensure that profitability goes hand in hand a sense of purpose.

I would like to express my sincere gratitude to the Ministry of the Environment in Japan for preparing the Principles for Responsible Banking Guidance in Japanese and to Deloitte Tohmatsu Group for their kind support.

March 2021
Eric Usher
Head of the UN Environment Programme Finance Initiative

# Index



- Wordings of any translated Japanese documents, the meaning and wording of the Japanese Language version shall prevail.
- Figures for each case are based on the information at the time of acquisition.

# 1. Introduction

# 1.1. Background and Objectives（1/2）

環境省

■ This guidance provide information that clarifies unclear points regarding the signing and efforts of the PRB.

## Background and objectives of the guidance

### Barrier examples banks are facing*

**Unclear Actions**

- Unclear to how impact analysis should be conducted
- Unclear to the differences from TCFD scenario analysis

**Insufficient internal governance**

- The PRB's short history makes banks difficult to get the board approval
- Insufficient human resources

**Others**

- Unclear merits by PRB signature
- Unclear schedule and workload due to the language barriers
- Unclear fees and third-party opinion

### The objectives of the guidance

**For the banks before signing･･･**

- Help understanding the philosophy and merits of signing to the PRB
- Explain the assumed work and schedule after signing so banks can take the first step towards PRB signature

**For the signatory banks･･･**

- Introduce overviews of impact analysis methods, points, and trends, so
  - ✓ banks can get an overview of impact analysis
- Share various reference materials, so
  - ✓ banks can find out where the references are and search for them

*: Based on various interviews conducted

# 1.1. Background and Objectives（2/2）

■ This guidance introduces the latest global trends, which could contribute to the PRB promotion.

## Guidance Structure

| Needs | Guidance Overview |
| --- | --- |
| How can the guidance be useful for various issues? | **Chapter.1 Introduction**<br>• Introducing the objectives of the guidance, background of the PRB, and the signatory merits |
| What is the PRB and what actions are required after signing? | **Chapter.2 Overview**<br>• Explaining the basic concept and the 6 principles |
| How to proceed the schedule? | **Chapter.3 Schedule**<br>• Explaining the schedule before and after signing |
| What is the manners to carry out impact analysis? | **Chapter.4 Impact Analysis**<br>• Explaining the most time-consuming and labor-intensive impact analysis method after signing the PRB |
| How are targets set, and what indicators should be utilized? | **Chapter.5 Target Setting**<br>• Overview of target setting, introduction of setting examples |
| How are foreign banks carrying out the PRB activities? | **Chapter.6 Case Study**<br>• Introducing examples and trends of the PRB initiatives based on case studies of signatory banks |
| What kind of materials should banks refer to? | **Chapter.7 References**<br>• Introducing guidance and tools that helps to work on the PRB |

# 1.2. FAQ

■ The PRB was established in 2019, and banks are tacking activities with trial and error.

## FAQ

| Questions that banks have | | Answers from signatory banks or the UNEP FI Secretariat (From the UNEP FI official webinar) |
|---|---|---|
| Principle 2<br>How did you identify the impact areas ? | Bank (FR) | Understood the main exposures by using materiality charts. Also collaborated with external stakeholders to identify impacts. |
| Principle 6<br>What is the reason of reporting? | Bank (GRC) | Cooperation between departments will be strengthened, and banks can work together on goals and ESG finance. |
| Principle 6<br>What should be included in the first reporting? | Bank (NLD) | It is important to describe the positive and negative impacts and opportunities obtained from the impact analysis. |
| Principle 6<br>Should we receive the assurance process in place? | UNEP FI | Assurance is mandatory after the 4th year. However, it would be better to involve them as it will improve the whole process. |

Source : UNEP FI (2019), Webinar: Presentation of Newly Released Final Principles for Responsible Banking

# 1.3. Background（1/2)

環境省

- ■ The PRB was established as an initiative to promote ESG finance in banking operations.

## Trends in the ESG finance

**2006/Apr. Principle for Responsible Investment (PRI)**
- Established with the aim of reflecting environmental, social and governance (ESG) factors in investment decisions

**2012/June Principles for Sustainable Insurance (PSI)**
- Established with the aim of making issuance companies consider ESG issues in business operation

**2015/Dec. TCFD**
- A framework that includes consistency, comparability, clarity and efficiency for investors and financial institutions to properly value and allocate assets

**2016/Dec. EU Sustainable Finance Policy**
- Started preparing for the roadmap regarding sustainable finance and legalization
- Strengthening of climate-related information disclosure

**2017/ Dec. Climate Action 100+**
- A five-year initiative lead by institutional investors, which promotes climate change measures of companies with high greenhouse gas (GHG) emissions

**2017/ Dec. NGFS**
- Network of central banks and financial regulators
- The financial Services Agency joined in June 2018, followed by the bank of Japan in Nov. 2019

**2019/9 Principles for Responsible Banking**
- Established by the UNEP FI with the purpose of aligning banking operations with the goals of SDGs and the Paris Agreement

### Major Initiatives

| PRI | PSI | PRB |
|---|---|---|
| • Incorporating ESG factors into investment decisions<br>• Requesting regular disclosure/ reporting | • Incorporating ESG factors into insurance decisions<br>• Supporting ESG in collaboration with stakeholders | • Aligning business strategy with Paris Agreement and SDGs<br>• Conducting impact analysis and targets setting |

**The Network of Central Banks and Supervisors for Greening the Financial System（NGFS）***

- NGFS was established as an initiative at One Planet Summit
- Reflecting the TCFD recommendations in financial supervision administration, supporting taxonomies in the low-carbon economy field, and also advocating ESG finance in the management of the central bank's own investment portfolio
- Regulatory authority should do the followings:
  - ✓ Clarify climate-related risk channels to the economic and financial sector and identify key risks to supervision
  - ✓ Formulate strategies for clear climate-related risks
  - ✓ Identify vulnerable exposures for supervision and assess potential losses
  - ✓ Formulate supervisory responsibilities from the perspective of transparency to financial institutions
  - ✓ Sufficient risk management by financial institutions and mitigation measures for risks as needed

*:NGFS (2020), Guide for Supervisors Integrating Climate-related and Environmental risks into Prudential Supervision

# 1.3. Background（2/2）

■ The PRB encourages banks to act responsibly to achieve social goals.

## Background of the establishment and overview

**United Nations Environnent Programme Finance Initiative (UNEP FI)**

- It is a financial initiative established by the UNEP in 1992 to promote a shift to a financial system that integrates ESG considerations
- Established cooperation with more than 200 financial institutions around the world which have signed the UNEP FI Declarations

**Principles for Responsible Banking（PRB）**

- Established in September 2019 by the UNEP FI as a banking version of the PRI with the goal of aligning banking operations with the United Nations Sustainable Development Goals (SDGs) and the social goals set by the Paris Agreement.

| | |
|---|---|
| Objectives | Transforming the financial industry to be central for achieving social goals. |
| Vision | ESG finance is indispensable for building a comprehensive society which uses sustainable resources. |
| Mission | Take leadership in supporting and promoting fundamental changes in the economy and lifestyle through financial products and services. |

UNEP FI PRB Team
（February 2021）

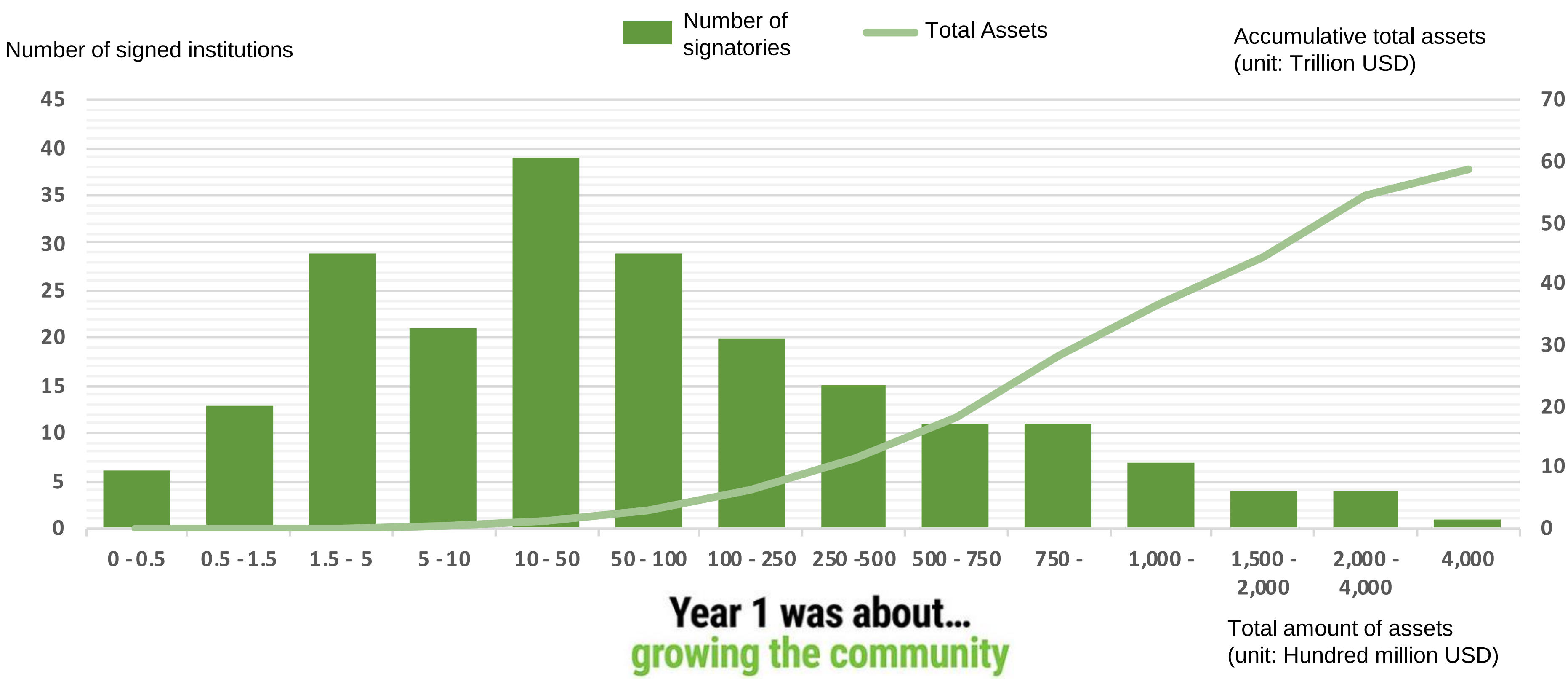
Instead of analyzing the risks of climate change impacts like the TCFD, the PRB requires the contributions to social goals.

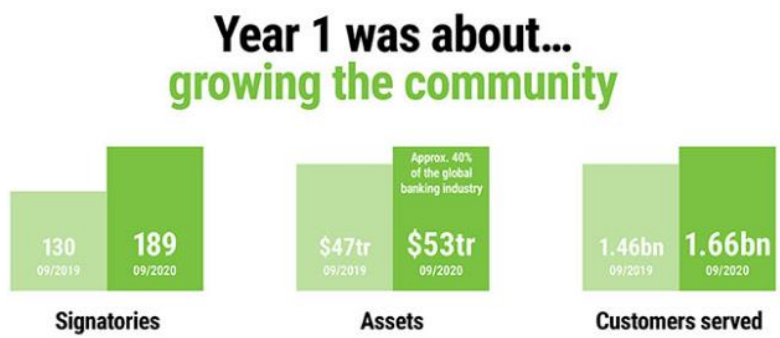
Source : UNEP FI (2018), Principles for Responsible Banking – Shaping our future、UNEP FI (2019), Principles for Responsible Banking and Positive Impact Finance: A New Framework to Drive Sustainable Finance

# 1.4. Trends in asset size of signatory banks

■ The cumulative assets of the PRB signatories have reached US $ 59 trillion.

## Total asset distribution and total assets of the PRB signatories （As of the end of February 2021）



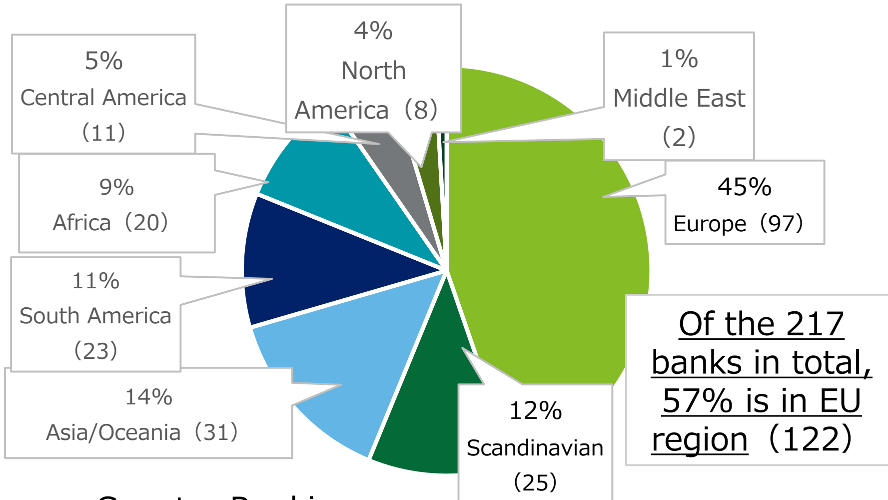




Source : UNEP FI PRB Team

# 1.5. Trends in signatory by region

■ While the PRB signatory is advanced in Europe, Japanese signatory is the ninth highest.

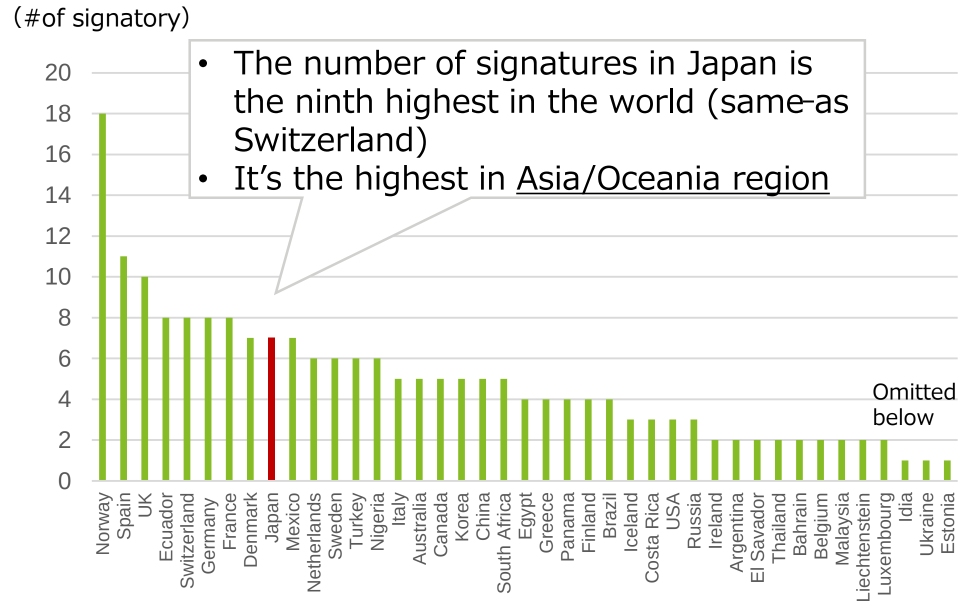
## Number of signatory by region (As of February 2021)




### Country Ranking

| | | |
|---|---|---|
| 1 | Norway | 18 banks |
| 2 | Spain | 11 banks |
| 3 | UK | 10 banks |
| 4 | Ecuador | 8 banks |
| 4 | Switzerland | 8 banks |
| 4 | France | 8 banks |
| 4 | Germany | 8 banks |

## Ranking of the number of signatures in each country (As of February 2021)




### 7 Japanese banks have signed

- ✓ Kyushu Financial Group (20/9/29)
- ✓ Nomura Holdings (20/7/15)
- ✓ SHIGA BANK (20/2/3)
- ✓ Mitsubishi UFJ Financial Group (19/8/22)
- ✓ Mizuho Financial Group (19/8/6)
- ✓ Sumitomo Mitsui Financial Group (19/2/18)
- ✓ Sumitomo Mitsui Trust Holdings (19/1/22)

Source : UNEP FI (2021), Signatories to the Principles for Responsible Banking (As of February 24,2021)

# 1.6. Signatory in Japan

- In addition to the signatories in cities, the expansion of regional banks are expected.

## The overview of signatory banks in Japan (As of February 2021)

### Mitsubishi UFJ Financial Group

- Signature date : September 2019
- Total assets : 336,571.3 billion yen (2020)
- Signed because the PRB concept matches with their commitment of promoting "ESG-focused management"

### Sumitomo Mitsui Financial Group

- Signature date : September 2019
- Total assets : 219,863.5 billion yen (2020)
- Signed because the concept of PRB is in line with their direction of committing to "sustainability management"

### Mizuho Financial Group

- Signature date : September 2019
- Total assets : 214,659 billion yen (2020)
- Signed for the purpose of strengthening and enhancing sustainability promotion activities

### Sumitomo Mitsui Trust Holdings

- Signature date : September 2019
- Total assets : 56,500.5 billion yen (2020)
- Signed for the goals of solving environmental problems and demonstrating leadership in the industry

### Nomura Holdings

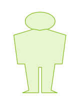
- Signature date : May 2020
- Total assets : 43,999.8 billion yen (2020)
- Acquired Greentech Capital and Strengthened services in the ESG / sustainable finance field

### SHIGA BANK

- Signature date : February 2020
- Total assets : 6,285 billion yen (2020)
- Signed for the goal of creating a sustainable society as the first regional bank

### Kyushu Financial Group

- Signature date : September 2020
- Total assets : 11,79.7 billion yen (2020)
- Signed as the second Japanese regional bank, aiming for the realization of a more sustainable community



Bank A

The PRB will be an initiative by the entire bank, but at this point it is difficult to gain understanding within the bank due to the short history of the initiative and various unclear elements.

(Showed in descending order of total assets)
Source : Based on press releases and websites of each bank

# 1.7. Purpose of ESG Finance（1/3）

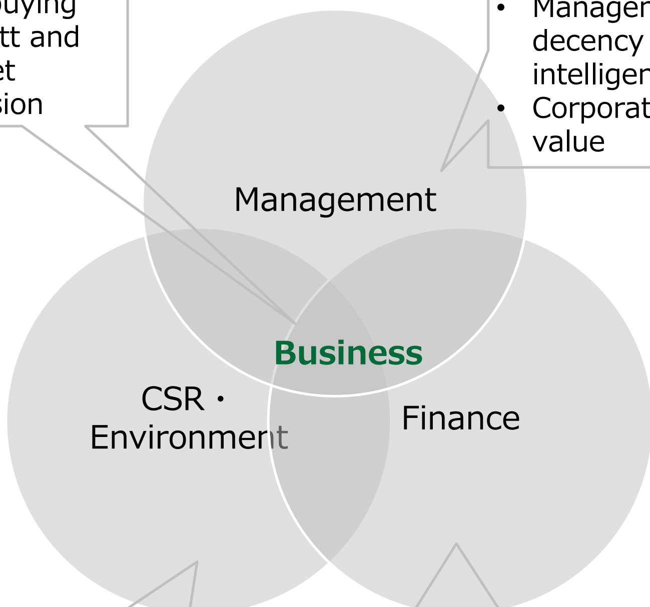
■ To Evaluate companies by focusing on ESG factors will lead to sustainable business models.

## Risks and Opportunities of ESG Finance

Risks and opportunities for corporate management due to climate change

- Changes in modalities of competition
- Non-buying boycott and market exclusion

- Sustainability in management
- Management decency and intelligence
- Corporate value




- Corporate brand image
- Evaluation agency rating

- Non-financial information disclosure system
- Dialogue with investors and analysts

Risks and Opportunities through ESG Finance at banks

**Consider corporate risks and opportunities**

- Looking at ESG risks/opportunities that would be posed to companies in the environment and society over the long term

**Discover corporate value**

- Finding corporate value by focusing on medium to long-term ESG factors

**Provide loans and support**

- Evaluate companies and provide loans and support based on corporate values including ESG factors

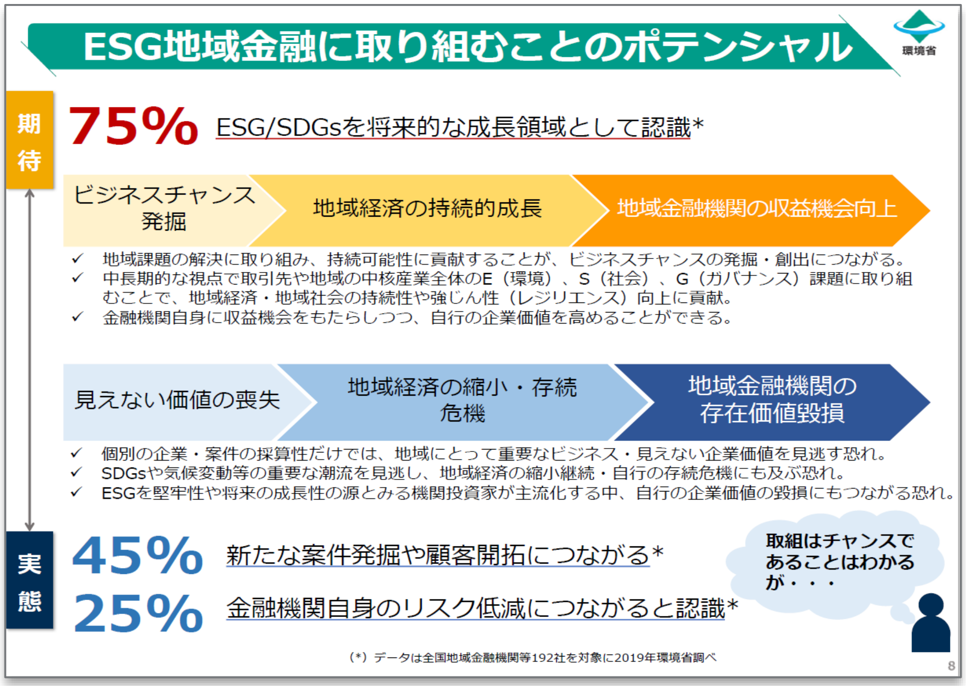
■ Contribute to building a sustainable business model for banks themselves
■ Improve banks’ reputation and the evaluation of ESG initiatives
■ Contribute to building a sustainable society

Source : Ministry of Environment (2020), ESG Regional Financial Practice Guide, Ministry of Environment （2020), Practical guide for Scenario Analysis in line with TCFD recommendations

# 1.7. Purpose of ESG Finance（2/3）

■ ESG finance will lead to the growing fields in the future and the creation of business opportunities.

## Opportunity in ESG regional finance





Source : The Ministry of Environment (2020) ESG Regional Finance Practice Guide

# 1.7. Purpose of ESG Finance（3/3）

■ The motivations of ESG Finance come from the long-term stability and long-term returns.

## Results of an awareness survey on ESG financial efforts by Bloomberg（Conducted in 2020)

Practitioner ：Bloomberg
Survey Overview : ESG finance at the "Buy Side Forum 2020 Tokyo" event which aimed at supporting business development for institutional asset managers
Survey Target : Japanese asset management companies. Approx. 150 responses were received from 680 event participants
Survey results: See below

### ① ESG Finance method

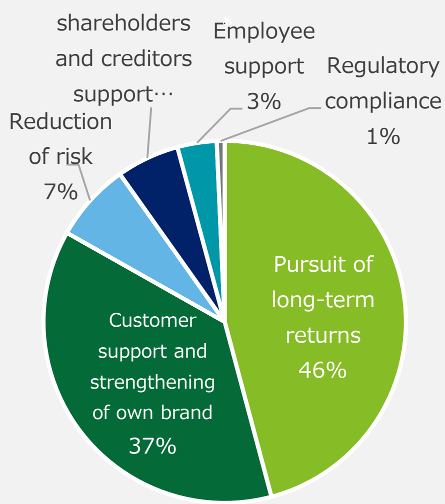
ESG Integration* is the top（Previously Engagement/Exercise Voting Rights was the top）

1st：ESG Integration（85)
2nd：Engagement/Exercise Voting Rights（75)
3rd：Negative Screening（73)
4th：Sustainable theme investment（50)
5th：Positive Screening（35)
6th：Impact/Community investment（31)
7th：International norm screening （25)

* () Indicates the approximate number of responses
* Multiple answers allowed

### ② Motivation to ESG Finance

Most answered is pursuit of long-term returns, followed by dealing with customers and strengthening own brand




### ③ Issues of ESG Finance

Most answered is access to standardized and reliable data to make investment decisions, and then the analytical skills related to that

1st：Access to standardized and reliable data （85)
2nd：Acquire analytical skills （75)
3rd：Build investment framework and standards （70)
4th：Technology cost（35)
5th： A lineup of ESG products that meet investment standards （32)
6th：Greenwashing（25)
7th：Nothing in particular（4)

* () Indicates the approximate number of responses
* Multiple answers allowed

### ④ Issues of sectors

Among all the sectors in analysis and integration, the biggest issue is the society and then the environment.

1st：Society（58)
2nd：Environment（55)
3rd：Governance（35)

* () Indicates the approximate number of responses

*：ESG financial methods that incorporate ESG, which is non-financial information, into investment decisions
Source：Created based on the report o Bloomberg (2020), BuySideForum2020 "Two days of thinking about future asset management"

# 1.8. Benefits of the PRB Signing（1/2）

■ Banks will gain benefits such as securing new business opportunities by signing the PRB.

## Benefits for banks

**Benefits of signing the PRB**

- It enables to apply one comprehensive framework to allow responsible banking across banking businesses, including strategy, portfolio, and transaction level
- By conducting operations that lead to sustainable development based on the identified impact, it is possible to seize newly created business opportunities
- It is possible to identify and deal with related risks, thus reduce the negative impact of banking on the society and environment
- It enables to seize opportunities for ESG financial business in the new era by being accountable and strengthening trust in banks
- It allows to demonstrate consistency with social goals, enhancing the corporate value of banks
- It allows to access ESG-related expertise and resources (policy, scientific data, etc.) on the UNEP FI and the UN systems

**Benefits of impact finance and target setting**

| Realizing ESG financial philosophy of financial institutions, gaining support and improving competitiveness |
| --- |
| • Gain social supports from people, including millennials, who are highly sensitive to environmental and social matters<br>• Contributes to maintaining and improving competitiveness as a bank / investor |

| Contributing to appropriate risk management and securing profits |
| --- |
| • Contribute to proper risk management and profitability of the entire portfolio<br>• It will be possible to provide investees with new business opportunities in the growing fields with high impact needs |

| Sustainable and stable growth of capital markets, maintaining and strengthening the management base of investment and loan business |
| --- |
| • Promote the growth of the capital market by increasing the positive impact, reducing the negative impacts which leads to sustainable growth of society. |

Source : UNEP FI (2019), Webinar: Presentation of Newly Released Final Principles for Responsible Banking, MOE (2020) Basic concept of impact finance

# 1.8. Benefits of the PRB Signing（2/2）

環境省

■ Disclosure of ESG financial efforts through a standardized framework will lead to visualization of social efforts.

## Benefits based on signatory banks' experience

| | |
|---|---|
| **Improvement of bank's reputation** | • It is possible to present the SDGs issues that the bank has been working on to the outside, which will lead to the improvement of reputation. (Foreign signatory bank)<br>• By strongly disseminating the attitude of responding to social demands such as SDGs, it is expected that the corporate value of the bank will increase. (Domestic signatory bank) |
| **Being able to use globally standardized framework** | • Existing activities can be reported/shared by using the internationally standardized framework. (Foreign signatory bank)<br>• Performance of sustainability and ESG initiatives will be sophisticated by using standardized framework, and banks can learn the advanced methods/approaches from foreign banks. (Domestic signatory bank) |
| **Strengthening cooperation with other banks** | • Through the working group, banks can receive advice from other signatory banks in areas that they are not the best at. (Foreign signatory bank)<br>• It creates an opportunity to cooperate with foreign banks outside the main business area. (Foreign signatory bank) |
| **Benefits of regional financial institutions** | • It allows to learn about the efforts regarding ESG finance of banks in other regions and of advanced global banks (UNEP FI)<br>• Smaller banks and regional banks can receive their benefits no longer than larger banks (UNEP FI) |

Source : Based on interviews to domestic and foreign signatory banks, UNEP FI

# 2. Overview

# 2.1. Overview（1/2）

■ The PRB requires banks to consider the impact of entire banking business at the portfolio level.

## Framework and Concept

| | |
|---|---|
| Basic concept | • A framework for establishing business strategies in line with social goals such as the SDGs and the Paris Agreement, and fulfilling leading roles and responsibilities as a financial intermediary.<br>• Expectations for promoting financing in the areas of climate change mitigation and adaptation.<br>• Consists of 6 principles. |
| Requirements | • To Understand what kind of impact it may have on society and the environment through the banking business. It is necessary to set goals and take action to achieve. (No need to cover the whole clients' value chain.)<br>• Banks make responsible investments and loans that take the environment, society and economy into consideration, and disclose their progress and results to society. |
| Significance of signing | • Efforts that emphasize the impacts on ESG will become a global standard for future economic growth of banks.<br>• ESG initiatives leads to the improvement of corporate value (growth of your own bank)<br>• The PRB can support such activities. |

From hearing of UNEP FI PRB Secretariat

(Conducted in January 2021)

- The PRB does not merely focus on the traditional credit risk management, but also defines the impacts that banks have as an important factor.
- Banks do not need to conduct completely new project/activity. It can work in a way that deepens the existing ESG finance-related activities. This lowers the hurdles for signing and implementing the PRB for banks.

Source : Based on UNEP FI website and interview

# 2.1. Overview（2/2）

■ Within 4 years of signing, target setting and implementation to achieve such targets are required.

## Schedule

| Before signing | 1st year | 2nd year | 3rd year | 4th year |
|---|---|---|---|---|

**【Preparing for signing the PRB】**

- Obtain consensus among management
- Build an implementation system or cooperation with in-house specialized teams

**【Declaring and initiating compliance with 6 principles】**

1. Alignment
2. Impact & Target Setting
3. Clients & Customers
4. Stakeholders
5. Governance & Culture
6. Transparency & Accountability

**【Progress reporting 】**

- The first edition is within 18 months after signing (self-assess progress).
- From the next year onward, it should be carried out annually.

**【Taking 3 key steps】**

- Complete all three requirements within 4 years after signing.

1. Impact analysis
2. Target setting & implementation
3. Accountability

Main work (eg)

- Securing internal resources
- Obtained in-house consensus

- Strengthening cooperation between related departments
- Impact analysis

- Setting targets based on the results of impact analysis
- Incorporating ESG factors into banking operations
- Report on the implementation status of the PRB efforts

- Being a signatory of the UNEP FI is required.
- Annual membership fee is incurred in signing *1

- Most banks are at this step of impact analysis (as of Feb. 2021).

- Announcement of activity progress in line with the principle as an official reporting of the bank .
- First time: Published within 18 months after signing
- After the 2nd year: Conducted annually

1 *2

*1 : Amount is set based on total assets. For details, see（https://www.unepfi.org/membership/obligations/）
*2 : This mark is the material number introduced in "7. Reference Guidance". The same applies to the following pages.
Source : Created based on UNEP FI (2020), Key Steps to be Implemented by Signatories

# 2.2. Overview of the 6 Principles

環境省

■ The PRB signatory requires adherence to the 6 Principles.

## 6 Principles

4 5

| Principles | Required activities |
|---|---|
| **Principle 1 : Alignment**<br>Align business strategies to individual needs and social goals set in SDGs and the Paris Agreement, and contribute to them | • Evaluate business-related frameworks and identify regional and national social goals<br>• Evaluate how the framework and the bank's business strategy are aligned<br>• Explain how you can contribute to social goals through your business |
| **Principle 2 : Impact & Target setting**<br>Evaluate the increase in positive impact and the decrease in negative impact caused by banking operations, and set and publish targets for that purpose | • Analyze positive and negative impacts on social, economic and environmental aspects<br>• Identify areas that have the greatest impact on social goals based on the analysis results<br>• Use SMART to set targets and set KPI to check progress |
| **Principle 3 : Clients & Customers**<br>Work with customers to encourage sustainable practices and enable economic activity that has a common prosperity for current and future generations. | • Report to the management of customers on how sustainable business is possible and promoted, involving customers |
| **Principle 4 : Stakeholders**<br>Actively work with relevant stakeholders to further promote the objectives of the principles | • Expand the impact of your own business by discussing and collaborating with various stakeholders |
| **Principle 5 : Governance & Culture**<br>Carry out commitments to these rules through effective governance and a corporate culture as a responsible bank | • Incorporate the PRB principles into internal governance for commitment and effective management<br>• Disclosure of policies for building internal governance such as internal structure and policies, and fostering and promoting a responsible banking culture within employees |
| **Principle 6 : Transparency & Accountability**<br>Appropriately review the implementation of these principles to remain transparent and accountable for positive and negative impacts | • Ensure transparency and accountability for the positive and negative impacts of your own activities and your contribution to achieving social goals<br>• Report progress annually within a set period of time after signing |

Source : UNEP FI (2019), Principles for Responsible Banking – Guidance Document

# 2.3. Principle 1 （Alignment）

環境省

■ Clarify the consistency between social goals such as the SDGs and bank's business strategies.

| Principle 1 : Alignment | Required action |
|---|---|
| • Checking bank's business strategy consistency with the SDGs, the Paris Agreement, and other frameworks.<br>• Explaining how those strategies are consistent with selected frameworks, and how the bank can contribute. | ➢ Explain in the report how the business strategy is consistent with the SDGs, the Paris Agreement and other frameworks. |

## Flow & Checkpoints

1. **Identify social goals**
   - ✓ Are the social goals rooted in the country/region the ones that the bank can make the most contribution, along with the bank's main business?
2. **Check alignment with the framework**
   - ✓ Do management level of people who is involved in planning business strategy have an understanding of international frameworks such as the SDGs and the Paris Agreement?
   - ✓ Does the bank focus on the specific SDGs that are most relevant to its operation?
3. **Implement of self-assessment**
   - ✓ Does the bank utilize SDGs as a framework when evaluating and adapting own value creation and strategies?
   - ✓ Are there any inconsistencies between the framework and areas bank's portfolio focuses on?
   - ✓ Are there any inconsistencies between the selected social goals and current portfolio?
4. **Formulate business strategy**
   - ✓ Are frameworks such as the SDGs and the Paris Agreement integrated into business strategy? Are they in line with those frameworks when important decisions are made?
   - ✓ Is there a commitment between executive and management regarding integrating framework into business strategies?
5. **Confirm consistency with individual needs**
   - ✓ Is there any opportunities to have a dialogue with stakeholders and accept their ideas for investments that will lead to further social contributions?

Source : UNEP FI (2019), Principles for Responsible Banking – Guidance Document

# 2.4. Principle 2 （Impact & Target Setting）

■ Set and disclose targets reflected by the result of impact analysis.

## Principle 2 ：Impact & Target Setting

- Analyzing continuously increase positive impact and decrease negative impact in ESG related area / exposure scale / relevance / degree of impact.
- Setting at least two SMART targets.
- Setting KPIs for monitoring its progress.

## Required action

- ➢ Analyze and evaluate the impact that the bank has on society, economics, and environment.
- ➢ Identify the specific areas that the bank can have significant impacts on
- ➢ Set at least two SMART targets and set KPIs.

## Flow & Checkpoints

**1. Impact analysis and evaluation**

✓ Does the bank analyze and evaluate the positive and negative impact of its business from the perspective of economy, society, and environment by following the steps below?

① Scope: Is it a financial product in a major business area the bank operates?
② Exposure scale: Does the bank know the degree of exposure of major business industry, technology, and geography?
③ Relevance: Is it related to sustainable development issues that are specific to the country / region where the bank operate?
④ Impact Scale: Does the bank show the significance of impact, and report the results and ideas of the analysis through dialogue with stakeholders such as civil society?

**2. Target setting**

✓ Are there more than 2 targets set following SMART?
✓ Is it possible to change or add the listed targets even after setting, but are there more than two targets presented?

| | |
|---|---|
| Specific | Whether the targets are detailed (what kind of improvement the goal will bring, how it is related to an individual and society) |
| Measurable | Whether the targets can be measured and analyzed (whether performance and impact can be measured) |
| Achievable | Whether the targets are achievable |
| Relevant | Whether the area is where the bank has the significant impact, and it is linked to the social frameworks such as the SDGs |
| Time-bound | Whether the schedule to achieve the targets is ambitious and it states the deadline |

**3. KPI Setting**

✓ Are milestones set to achieve those targets?

Source：UNEP FI (2019), Principles for Responsible Banking – Guidance Document

# 2.5. Principle３（Clients & Customers)

環境省

■ Involve customers to achieve a sustainable society.

| Principle３：Clients & Customers | Required action |
|---|---|
| • Reporting to the clients' management of how the bank are promoting sustainable business, and involve with customers through dialogue. | ➢ Report on how bank engages with customers through having a dialogue and building partnerships to increase positive impacts and reduce negative impacts |

## Flow & Checkpoints

1. **Identify the contribution area**
   - ✓ Does the bank identify the area where it can provide support for customers increasing positive impact and reducing negative impact through introducing latest technologies, business model, and good practices?
   - ✓ Does the bank analyze clients and identify strategy planning and steps to take?（Examples of steps are below）
     - ① Raise awareness and provide advice to customers
     - ② Develop new products and services that promote sustainable business models, technologies, practices and lifestyles
     - ③ Have a motivation for sustainable investment
2. **Build partnerships with third parties**
   - ✓ Does the bank build partnerships with third parties to provide solutions to sustainable production and consumption challenges?
   - ✓ Third-party organizations are defined as fintech and technology providers who have knowledge of new technologies for credit access and data security.
3. **Capacity building**
   - ✓ Does the bank provide education on sustainable finance for employees through training and internal guidelines?
4. **Create incentives**
   - ✓ Does the bank create an incentive mechanism that enables customers and clients to make sustainable investments decisions? (such as applying reward programs)
   - ✓ Does the bank offer products such as "Sustainability Linked Loans" and "Positive Impact Loans“? (such as preferential treatment)
   - ✓ Does the bank offer attractive interest rates, prices and contracts to clients?

Source : UNEP FI (2019), Principles for Responsible Banking – Guidance Document

# 2.6. Principle 4 （Stakeholders）

環境省

■ Cooperate with relevant stakeholders actively.

## Principle 4 : Stakeholders

- Responsible discussion and cooperation with various stakeholders will increase the impact of bank's actions.
- Coordinating with other banks can also lead to a greater impact on society.

### Required action

- ➢ Have a dialogue with relevant stakeholders.
- ➢ Report on what kind of advice you receive for the identified impacts and targets, and what kind of cooperation you are obtaining/building.

### Flow & Checkpoints

**1. Identify external stakeholders**

- ✓ Identify relevant stakeholders. (eg. regulators, investors, governments, suppliers, customers, academia, civil society organizations, non-governmental organizations (NGOs), etc.)
- ✓ Select stakeholders who will be particularly impacted. (eg. stakeholders affected by indirect impact by their own bank, such as local communities and environmental protection NGOs)
- ✓ Conduct regularly review on stakeholder engagement and add new stakeholders, if necessary.

**2. Identify issues**

- ✓ Does the bank identify issues and its areas through having a dialogue with external stakeholders?

**3. Have a dialogue**

- ✓ Does the bank have the opportunity to engage with all relevant stakeholders and listen to their opinions on impacts, strategies, targets, roles?
- ✓ Promote reforms of the entire sector in consideration of compliance with antitrust laws by coordinating with other banks and financial institutions

**4. Build partnership with stakeholders**

- ✓ Does the bank build partnerships with stakeholders who can help increase positive impacts and reduce negative impacts?

Source : UNEP FI (2019), Principles for Responsible Banking – Guidance Document

# 2.7. Principle 5（Governance & Culture）

環境省

■ Build internal governance to achieve targets.

## Principle 5 : Governance & Culture

- To build internal governance such as system and policies is essential for managing impacts and risks, and for achieving targets.
- Disclosing the implementation policy in order to foster and promote a responsible banking culture within employees.

### Required action

➢ Build internal governance to support the Principles
➢ Formulate methods for raising awareness of responsible banking operations among employees

### Flow & Checkpoints

1. **Internal training / education**
   - ✓ Does the bank secure specialists with expertise in the environment, society, and economy?
   - ✓ Does the bank provide education on ESG strategies and policies among employees (including the provision of guides by external consultants)?

2. **Build expert teams**
   - ✓ Does the bank establish a specialized team such as a sustainability department, have strong leadership within the bank, and have clear responsibilities and role instructions?

3. **Reform internal system**
   - ✓ Does the bank apply the PRB targets to decisions within the institution?
   - ✓ Does the bank apply sustainable standards to internal business instructions and articles of incorporation when selecting executives?
   - ✓ Does the bank apply sustainable goals to internal systems such as performance management, compensation and incentives?

4. **Build internal community**
   - ✓ Does the bank build an in-house community of employees who are contributing to the achievement of sustainable goals, and manage and strengthen that community?

Source : UNEP FI (2019), Principles for Responsible Banking – Guidance Document

# 2.8. Principle 6 （Transparency & Accountability）

環境省

■ Explain transparently positive and negative impacts and bank's social contribution by achieving targets.

| Principle 6 ：Transparency & Accountability | Required action |
|---|---|
| • Being transparent and accountable for the positive and negative impact of bank's activities and contribution to social goals. | ➢ Report within 18 months after becoming a signatory on identified positive and negative impact and how the bank contribute to the society.<br>➢ The second and subsequent progress reports are carried out annually. |

## Flow & Checkpoints

1. **Disclose analysis and evaluation**
   - ✓ Does the bank include analysis results and evaluation listed below in report (annual reports, sustainability reports, corporate websites)
     - ① Positive and negative based on the impact analysis
     - ② Targets
     - ③ Plan for implementing targets (including monitoring)
     - ④ Progress on implementing targets
     - ⑤ Internal governance for introducing the PRB
     - ⑥ Progress on implementing the PRB
   - ✓ If disclosing specific information is not possible, what method the bank utilize?
   - ✓ How does the bank describe and explain existing activities consider the impact?

2. **Align with the existing framework**
   - ✓ Is the disclosed information consistent with the frameworks used by banking industry? (eg. Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), International Integrated Reporting Framework (IR))

3. **Explain social contribution**
   - ✓ Does the bank describe in what fields and how much contribution it can have to social goals such as the SDGs and the Paris Agreement?
   - ✓ Does the bank specify the areas that can have the most positive impact?

Source : UNEP FI (2019), Principles for Responsible Banking – Guidance Document

# 3． Schedule

# 3.1. Signing the PRB

■ For obtaining internal consensus to the PRB signatory, to build governance is important.

## Before signing the PRB

| | |
|---|---|
| Consensus | • Reaching a consensus on the PRB signing from CEO and management. |
| Submission | • Submitting the relevant document (with CEO's signature) to show bank's commitment to the PRB. |
| Join membership | • Applying to become a member of the UNEP FI.<br>• Gaining an access to a wide range of knowledge on the PRB and resources for tools. |
| Press release | • Officially announcing that the bank has signed the PRB in press release with CEO's remarks.<br>• Contacting the PRB secretariat（prb@unepfi.org） for its announcement. |

Source : UNEP FI Website "Become a signatory"（Accessed on 17 March 2021）

# 3.2. 1st year（1/2）

環境省

■ To understand the current situation for each principles and make a plan are required in the first year.

## 1st year actions (General Requirements from the UNEP FI)

| Principle | Examples of recommended actions |
|---|---|
| Principle 1 (Alignment) | ■ Identify which goals set out in relevant frameworks are of specific relevance to the society the bank operates in.<br>■ Starts to develop an understanding of how it can strategically contribute to those priority. |
| Principle 2 (Impact & Target setting) | ■ Undertake an impact analysis of the bank’s portfolio to identify its significant impact. (eq. ①understanding substantial exposure to the energy and transport sectors, and ② identifying climate and gender inequality is a significant challenges.) |
| Principle 3 (Clients & Customers) | ■ Assess how clients engaged in sectors and activities associated with significant impacts.<br>■ Help the banks plan how it can support its clients in their transition. |
| Principle 4 (Stakeholders) | ■ Undertake a stakeholder mapping exercise to identify key external stakeholders.<br>■ Develop a stakeholder engagement strategy, detailing its relevant stakeholders, what to engage them on, who engages them, and when. |
| Principle 5 (Governance & Culture) | ■ Consider whether the bank’s governance structure is adequate for supporting implementation of the Principles. (eq. determining what the reporting lines should be, committee which is responsible for overseeing the implementation) |
| Principle 6 (Transparency & Accountability) | ■ Complete the sections of the Reporting and Self-Assessment Templates within 18 months of becoming a signatory to the Principles. |

- Incorporate results from analysis into assurance process to improve the system.
- Work with the UNEP FI secretariat to receive support for the 2nd year onward.

Source : UNEP FI (2019), Webinar: Presentation of Newly Released Final Principles for Responsible Banking

# 3.2. 1st year（2/2）

環境省

■ Many banks conducted the impact analysis based on the previous results from the materiality analysis.

## Actual Actions in the 1st year（Cases of foreign banks）

| Principle | Items | Overview |
|---|---|---|
| Principle 1 (Alignment) | ■ Incorporating of ESG factors into corporate strategies<br>■ Reviewing investment processes | ➢ Launched a project restructuring investment process<br>➢ Incorporated sustainability into corporate strategy<br>➢ Reviewed GHG emissions across the portfolio |
| Principle 2 (Impact & Target setting) | ■ Conducting impact analysis<br>■ Selecting of framework to use for target setting | ➢ Conducted analysis to understand the impact in a specific field<br>➢ Selected the Paris Agreement as target setting framework |
| Principle 3 (Clients & Customers) | ■ Having dialogue with customers<br>■ Supporting the development of transition strategy | ➢ Provided financial incentives to companies which purchases eco products, and new loan trial program<br>➢ Developed financial products to promote government-led plans |
| Principle 4 (Stakeholders) | ■ Collaborating with stakeholders for sharing expertise<br>■ Building partnerships | ➢ Collaborated with central banks to create taxonomy<br>➢ Conducted surveys to identify material issues |
| Principle 5 (Governance & Culture) | ■ Building an internal governance<br>■ Implementing training programs for employees | ➢ Established sustainability/steering committee<br>➢ Incorporated sustainability factors into performance measurement of senior management incentives |
| Principle 6 (Transparency & Accountability) | ■ Reporting progress on the analysis and assessment | ➢ Progress reports in annual reports and sustainability reports |

- From the 2nd year, detailed portfolio analysis and target setting are required.
- To receive feedback based on submitted report from the UNEP FI.

Source : UNEP FI website "Our Year One updates"（Accessed on March 8th, 2021）

# 3.3. Reporting (within 18 months)

■ Progress are required to be reported in the annual/sustainability report or independently in English.

## How to report progress

- The first progress report must be made within 18 months of becoming a signatory. From the second report, the reporting should be conducted annually.
- All reports must be written in English. (see below for an example)
- There are two ways to report progress.
  (a) Insert the PRB report template into the annual/sustainability report.
  (b) Upload the PRB report template individually on bank's website.

| Reporting and Self-Assessment Requirements | High-level summary of bank's response (limited assurance required for responses to highlighted items) | Reference(s)/Link(s) to bank's full response/ relevant information |
|---|---|---|
| **Principle 2: Impact and Target Setting**<br>We will work to 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. | | |
| **2.1. Impact Analysis:**<br>**Show** that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:<br>a. **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.<br>b. **Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.<br>c. **Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. | We used x methodology/tool to undertake our impact analysis. We were able to analyse the products, services and activities in the bank's retail and corporate banking portfolios in Ireland and Russia. Our investment banking and asset management business were not covered in the analysis at this stage. The main sectors, industries and technologies we finance across our Ireland and Russia business are energy (constituting 20% of our corporate portfolio across our Ireland and Russia business) (technologies include solar, wind, coal, oil and gas fired power stations), agriculture (15%), commercial real estate (10%), steel (8%), cement (5%) and transport (mainly aviation and shipping) (15%). Project finance constitutes 17%. Our retail portfolio is concentrated in residential real estate (45%), vehicle finance (25%), and unsecured lending (25%).<br>Through our analysis, we determined that these portfolios were strongly associated with impacts that include climate change (Greenhouse Gas (GHG) emissions), air and water pollution, biodiversity loss and degradation, access to housing, and decent employment.<br>We were also able to determine that the most relevant challenges and priorities in Ireland included climate change, biodiversity loss and degradation, air pollution, affordable housing, and in Russia, climate change, biodiversity loss and degradation, and decent employment, through a review of a number of international and national resources (including the EU Action Plan, National Climate Action Plan and Programme for Government in Ireland, and Russia's national development goals framework, UN Biodiversity Lab platform, and WHO Global Ambient Air Pollution index), and engagement with xx stakeholders. | See 'Impact Analysis' on p. xx of our 2020 Sustainability Report [Link] |

11

12

【Individual review from the UNEP FI】

- An Individual feedback meeting for each reporting will be held from 2022.
- The purpose of this review is to provide guidance for the next year and to promote peer learning between banks to share best practices.

Source : UNEP FI (2020), Guidance Document: Reporting on the Principles for Responsible Banking

# 3.4. 2nd and 3rd year

環境省

■ In the 2nd and 3rd year, the development of the 1st year's activities is required.

## 2nd and 3rd year actions (General Requirements from the UNEP FI)

| Principle | Examples of recommended actions |
|---|---|
| Principle 1 (Alignment) | ■ Incorporate elements related to social issues (eg. gender inequality) and environmental issues (eg. climate change countermeasures, pollution countermeasures) into the management strategy. |
| Principle 2 (Impact & Target setting) | ■ Identify how positive and negative impacts are caused based on the impact analysis.<br>■ Set SMART targets and its milestone, and monitor progress.<br>■ Incorporate risks and impacts into decision-making process by committees. |
| Principle 3 (Clients & Customers) | ■ Identify which clients to work with as well as engage with them to achieve the targets.<br>■ Understand requirements from customers and clients for sustainability. |
| Principle 4 (Stakeholders) | ■ Strategically and structurally engage with stakeholders (specifically, identify with whom to build partnerships in order to gain a better understanding of how businesses can contribute to society and maximize positive impacts) |
| Principle 5 (Governance & Culture) | ■ Reform internal governance and processes to introduce the Principles.<br>■ Confirm if existing credit, engagement, and investment/loan execution policies and customer responses are in line with the strategy. |
| Principle 6 (Transparency & Accountability) | ■ Report progress on implementing the Principles, including target setting and KPI. |

- Incorporate results from the self-assessment into existing third-party assurance process to improve the system.
- Recognize gaps from feedback provided by the PRB secretariat.

Source : UNEP FI (2019), Webinar: Presentation of Newly Released Final Principles for Responsible Banking

# 3.5. 4th year

■ To take actions to achieve the set goal is required by the ending of the 4th year.

## 4th year actions (General Requirements from the UNEP FI)

| Principle | Examples of recommended actions |
|---|---|
| Principle 1 (Alignment) | ■ (Based on the impact analysis and targets) Confirm if the business strategy does not violate achieving targets by modifying the overall strategy in line with selected social goals. |
| Principle 2 (Impact & Target setting) | ■ Implement targets and monitor its progress to check if it is progressing smoothly. |
| Principle 3 (Clients & Customers) | ■ Manage risks and consider the financial product structure based on collected information from customers.<br>■ Support customers for making better choice on more sustainable business model. |
| Principle 4 (Stakeholders) | ■ Utilize the expertise gained through cooperation with related stakeholders. It is recommended to formulate and introduce strategies (cooperate with policy makers and regulators to enable optimal policy planning when introducing Principles, etc. ) |
| Principle 5 (Governance & Culture) | ■ Review an incentive structure of employees and implement amendments to promote fair treatment among customers.<br>■ Include incentives when contracting employees to promote implementation of the Principle. |
| Principle 6 (Transparency & Accountability) | ■ Report progress in the 4th year. (including identified impact and risks, targets, KPI, governance structure)<br>■ Report an evidence provided by a registered third-party assurance. |

Source : UNEP FI (2019), Webinar: Presentation of Newly Released Final Principles for Responsible Banking

# 4． Impact Analysis

# 4.1. Overview

■ Impact analysis is for banks to analyze how much they contribute to the society (conduct in the 1st year).

## Definition and details

**What is "impact"**

6 7

- Impact is a change in an outcome caused by an organization. An impact can be positive or negative, intended or unintended.
- Everything we do has impacts on people and the planet. To understand any impact, we need to understand five dimensions (What, Who, How Much, Contribution, Risk) of performance. *

**Requirements for impact analysis**

- Impact analysis is an activity that the UNEP FI recommends all signatories to conduct in their first year.

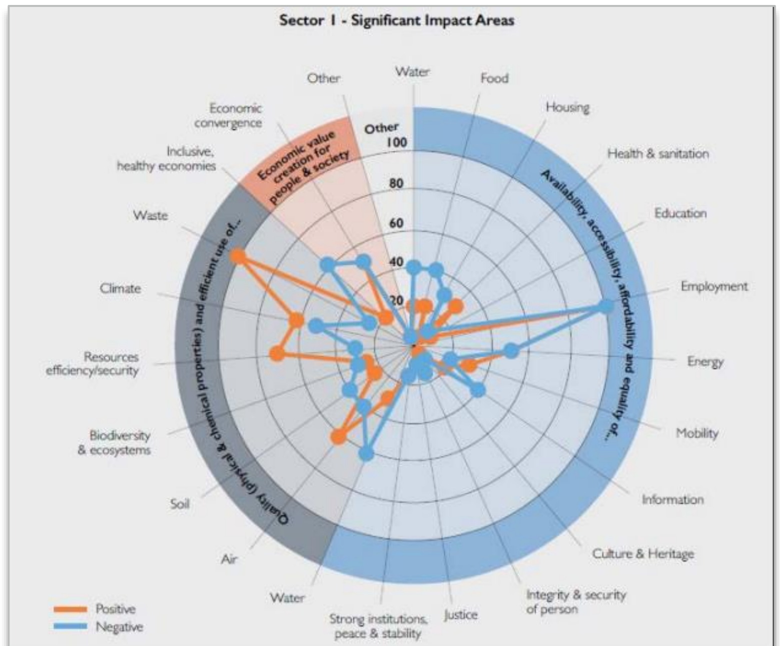
  1. Understanding your bank's cartography (what are the bank's business activities and what portion of the bank's overall business does each type of business activity represent?)

  2. Identifying your bank's significant impact areas (both positive and negative impact)

  3. Planning strategy to maximize positive impact, and to minimize negative impact

- In the first report (within 18 months), banks are encouraged to explain the process of impact analysis.

**Results from impact analysis (illustrative)**




* : Definition by The Impact Management Project (IMP)
Source : UNEP FI (2019), PRB and Positive impact finance: new framework for sustainable finance (in Japanese), Impact identification & assessment for bank portfolio

# 4.2. FAQ

■ Progress on impact analysis is often reported based on materiality analysis, albeit its difference.

## Difference between impact analysis and materiality analysis/assessment

Q1

- We have already conducted materiality analysis. What is the fundamental difference between impact analysis and materiality analysis?

**Materiality analysis**

- Mostly focused on materiality for banks or bank's business
- Includes opinion from stakeholders to identify materiality for bank's business (such as investors and employee that directly involves bank's business)
- Tends to identify issues related to employment, ethics, cyber security

**Impact analysis**

- Helps to understand how much and what kind of impacts that your bank has on to the society
- Identifies what activities, sectors, and technologies that your bank finances to
- Identifies needs from the society
- Requires engagement with wider stakeholders (eg. specialists in specific area)
- Requires explanation on the process of impact analysis (how and why your bank conduct the analysis in specifically targeted area)

UNEP FI
PRB Team

(comments from December 2020)

- For impact analysis, banks need to explain the process in the report, why they consider that they have impacts in those specific areas.
- Materiality analysis and impact analysis is fundamentally different. However, many banks reported their progress based on materiality analysis (=results from other analysis could be utilized, yet it is important to bear in mind the difference from the impact analysis).
- For regional banks, it may be useful to align with regional SDGs targets and such.

Source : Interview to UNEP FI PRB Team

# 4.3. Steps（1/5）

■ There are 4 key points for identifying impacts.

## Overview

| | | |
|---|---|---|
| 1 | Identify impacts | Understanding in which sectors your bank finances and how much it provides. |
| | | Understanding the needs from specific area that your bank operates through country mapping. |
| | | Identifying the significant impacts (positive and negative) the bank has on the society. |
| 2 | Assess impacts | Assessing impacts based on collected data, peer benchmark, and policies in specific regions |
| 3 | Plan strategy | Planning strategy to increase positive impacts and to reduce negative impacts |

【4 Key points in identifying impacts】

① **The bank's core business areas（p.40）**

- Collect data related to products and services provided across your bank's business, including such as retail, corporate, investment banking.

⇒Check if it covers bank's core business

② **Scale of the bank's activities regarding specific industries, technologies and geographies（p.41）**

- Identify how much financing your bank is providing to specific sectors and economic activities, and the countries your bank operates in.

⇒Check if it covers specific sectors and geographies

③ **Scale and intensity/salience of the social, economic and environmental impacts identified（p.42）**

- Gain a deeper understanding of the scale of the identified impact areas, and which of them are the most salient or intense.

⇒Check if it shows scale and intensity of impacts

④ **The most relevant challenges and priorities related to sustainable development（p.43）**

- Conduct research and understand the challenges that have been identified as priorities in each country your bank operates in.

⇒ Check if the results are aligned with priority in regions

Source : UNEP FI (2020), Impact identification and assessment for bank portfolios、Guidance Document: Impact Analysis

# 4.3. Steps（2/5）

■ To analyze the bank's core business areas and identifying the impacts.

## Key points for identifying impacts ①

- Your banks' impacts are associated with both their operations (the building you operate out of, energy consumption, suppliers etc.) and the economic activities they facilitate through the provision of financial products and services.
- While it is important for your bank to understand the impacts associated with their operations and to responding to them, it is expected that the more significant impacts will be associated with the products and services provided by banks. The requirements for conducting an impact analysis therefore focus on the latter.
- The analysis should include products and services provided across your bank's business, including retail, corporate, investment banking, as well as wealth management, private clients, and capital markets.
- While the bank may not have all data available at first, your bank should proceed with the analysis using the information that is available. Your bank's analysis should become more detailed as more information becomes available.

Signatory A
（February 2021）

For smaller and regional banks, while they could also look at financial health and other elements, what they should focus on is where they can have the impact most.
(eq. if the bank is specialized for water project, it should look into water sector)

Signatory B
（February 2021）

To determine the impact may be easier as there are fewer contributing factors to the operating environment for smaller and regional banks. When they focus on one specific area, the most impact lies in their main market operation.

Source : UNEP FI (2020), Impact identification and assessment for bank portfolios、Guidance Document: Impact Analysis

# 4.3. Steps（3/5）

環境省

■ To understand the scale of the bank's activities regarding specific industries, technologies and geographies.

## Key points for identifying impacts ②

- To Collect data related to financial products and services that the bank provides
- To understanding how much financing your bank is providing to specific sectors and economic activities, its market share in relation to services it provides, and the countries your bank operates in.
- The team should begin by collecting data on:

| Data that need to be collected | If difficult to collect related data |
|---|---|
| • Which countries your bank operates in<br>• The products and services provided by your bank<br>• The main sectors and economic activities your bank Provides products and services to<br>• In which sectors your bank is amongst the leading providers of financial services and products | • Discuss with heads and senior managers in each business area and country of operation that your bank offers financial products and services in<br>• Discuss with credit Risk teams that work with each business area and country, to confirm information about your bank's exposures to relevant sectors, activities, and technologies, and to confirm the sectors or economic activities that your bank is a leading financier in. |

- While the bank may not have all data available at first, your bank should proceed with the analysis using the information that is available. Your bank's analysis should become more detailed as more information becomes available.

- The Portfolio Impact Analysis Tool for Banks can be used in the Impact Areas (eg. water, climate, soil, biodiversity, resource efficiency) to identify how sectors and industry activities impact sustainable development.
  - ➢ Your bank could, for example, investigate the association between farming cattle and Climate (an Impact Area). It would find that farming of cattle contributes to greenhouse gas emissions, therefore contributing to climate change.

Source : UNEP FI (2020), Impact identification and assessment for bank portfolios、Guidance Document: Impact Analysis

# 4.3. Steps（4/5）

環境省

■ To identify scale and intensity/salience of the social, economic and environmental impacts identified.

## Key points for identifying impacts ③

- Once the impact areas that are associated with the sectors and economic activities your bank provides products and services to have been identified, your bank will need to gain a deeper understanding of the scale of the identified impact areas, and which of them are the most salient or intense.
- Intensity and salience refer to the extent or strength of an impact area.
  - ➢ For example, both gas and coal have an impact on greenhouse gas emissions, however, the impact of coal is significantly higher than that of gas.

- Your teams should determine for each impact area, which sectors or economic activities are the main contributors.
- Engagement with stakeholders will be crucial for understanding the scale and intensity/salience of the identified impact areas. Your team may approach the analysis by engaging experts and doing some research:
  - ➢ Internal experts could include your bank's sector analysts, sustainability experts, risk experts, economists;
  - ➢ External experts could include civil society organizations, policy-makers, think tanks, academia, and other institutions with the relevant experience and expertise in the field of sector and industry impacts and risks;
  - ➢ Reports and studies consulted could include: the EU Taxonomy, Global Resources Outlook (2019), the IPCC special report, UN Environment International Resource Panel Material Flows Database, etc.

It is important to note that we do not try to cover all the value chain with all clients. Also, it is better not to try covering all areas, but focus on where the bank can have the most positive impact, and also areas where the bank can have specialized opinion for tackling the negative impact.

Signatory A

（February, 2021）

Source : UNEP FI (2020), Impact identification and assessment for bank portfolios、Guidance Document: Impact Analysis

# 4.3. Steps（5/5）

環境省

■ To understand the most relevant challenges and priorities related to sustainable development

## Key points for identifying impacts ④

- To understand the relevance of the impact areas that are associated with the products and services your bank provides, it is essential to understand the social, environmental and economic challenges of each country your bank operates in. This is the case because the identified impacts may have an effect, whether positive or negative, on critical national or regional challenges and objectives.
- To undertake this assessment, the team should research the challenges that have been identified as priorities in each country your bank operates in. The team will need to consult:
    - ➢ Sustainability experts, risk analysts, economists within your bank
    - ➢ Global reports that reflect challenges to sustainable development across the world such as: national policy documents, and development plans, UNDP Gender Inequality Index, World Bank Gini Index, UN Biodiversity Lab, World Health Organization, Global Ambient Air Pollution, World Resources Institute, Water Stress by Country.
- Civil society organizations and policy-makers, who can assist with refining your bank's understanding of each country's challenges and priorities, and how it is contributing to those challenges and priorities through its products and services.

| Example of the results from impact analysis (agriculture sector) | |
|---|---|
| Bank | A major financier of agriculture, which can use a large amount of water |
| Issue | In the country in which the bank finances agricultural activities, water scarcity is a key challenge |
| Impact | An access to or availability of water is a significant area of impact, which the bank should focus on |
| Stakeholder | Through working with its clients and customers it can drive a significant improvement in impact |
| Action | More efficient irrigation practices, switch to less water-intensive crops, relocation of production to more water-abundant regions |

Source : UNEP FI (2020), Impact identification and assessment for bank portfolios、Guidance Document: Impact Analysis

# 4.4. Tools for Impact Analysis

■ The UNEP FI recommends several tools for conducting the impact analysis.

## Recommended tools for impact analysis

| Sector | Tool | Overview |
|---|---|---|
| Bank's entire portfolio | Portfolio Impact Analysis Tool for Banks | Comprehensively analyzes bank's portfolio (recommended by the UNEP FI). |
| | Task Force on Climate-related Financial Disclosures (TCFD) | Provides corporations with a framework for assessing and reporting on their climate-related risk management strategy. |
| | UNEP FI TCFD Banking Pilot Guidance | Guidance introducing an approach and methodology to assess transition risks and opportunities. |
| Company | Corporate Impact Analysis Tool | Assists banks and investors gain a cross-cutting view of the impact status and possibilities of their clients and the companies they invest in. |
| Natural capital | Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) | A guide to incorporating natural capital into bank's risk management processes. |
| Shares/ Bonds | PACTA* for Bank | Enables banks to measure the alignment of their corporate lending portfolios with climate scenarios across a set of key climate-relevant sectors and technologies. |
| | Green Bond Principles | Guidelines that provide a framework for transparency and disclosure for the issuers of Green Bonds. |

Signatory E
(November, 2020)

- It feels that the UNEP FI Portfolio Impact Analysis Tool for Banks is mainly for those global banks and therefore not suitable for regional banks.
- In order to reflect characteristics of region that we operate, we utilizes the regional economy circulation analysis tool developed by the Japanese Ministry of Environment.

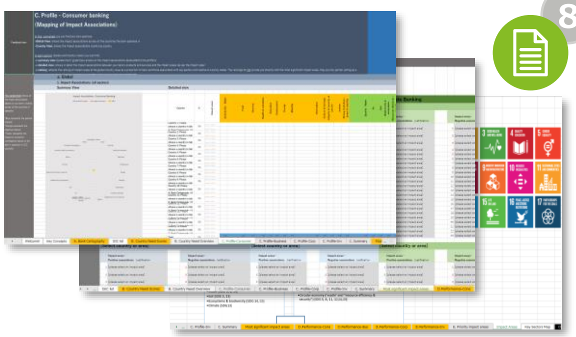
* : PACTA（Paris Agreement Capital Transition Assessment）is a tool for assessing risks of climate-related transition.
Source : UNEP FI (2019), Principles for Responsible Banking Guidance Document

# 4.5. Portfolio Impact Analysis Tool for Banks

■ Portfolio Impact Analysis Tool for Banks may be the main tool for impact analysis in coming years.

## Overview and status of utilization

UNEP FI Portfolio Impact Analysis Tool for Banks

8


9



Detailed steps for using the tool can be found in the guidance above.

**Overview**

- The tool was developed in March, 2020 by UNEP FI working group.
- It can cover consumer banking, business banking, corporate banking, and investment banking.
- It identifies the impacts from each sector that your bank is financing to, using the impact radar developed by UNP FI.
- It is also useful for target setting as it can prioritize the significance of impacts.

**Updates**

- Including country and regional needs（-17 February, 2021）
- Finalizing the tool’s function（-17 March, 2021）
- Publishing the tool（-May, 2021）

Status of banks using tools for impact analysis

※Alphabetical order

| Bank | UNEP FI | PACTA | Original tool | Other or N/A |
|---|---|---|---|---|
| ANZ | Planning to use | | | ● |
| Barclays | - | ● | | |
| ING | Planning to use | ● | ● | ● |
| KBC | 2020 onward | | ● | |
| KLP | Planning to use | | | ● |
| Laboral Kutxa | 2020 onward | | | ● |
| Santander | 2019 onward | ● | | |
| Triodos | - | | ● | |
| Westpac | 2021 onward | | | ● |

Source : UNEP FI (2020), Impact identification and assessment for bank portfolios

# 5． Target Setting

# 5.1. Manners

環境省

- The bank is expected to set targets with the SMART after 2-3 years of becoming a signatory.

## Overview and methods of target setting

### What is target setting

Impact evaluation → **Target setting** → Monitoring progress

- The purpose is to increase positive impacts and to reduce negative impacts.
- Signatory banks need to set at least two targets for dealing with identified significant impacts.
- Those targets need to be ambitious as for bank's business and portfolio being in line with the SDGs and the Paris Agreement.
- Setting milestones for those targets, defining actions to achieve them, and implement a governance framework to monitor and ensure its progress.
- Based on the impact analysis results in the first year, to set targets is expected in the second and third years.

Guidance of setting gender equality targets as an example. 10

### How to set the target

- Targets need to be "SMART."

| | |
|---|---|
| **S** Specific | • Set targets which are clear and "specific."<br>• Consider how to have impacts on people's needs and to achieve social goals. |
| **M** Measurable | • Quantify the targets and make them "measurable."<br>• Using numerical data to visualize the progress of targets achievement. |
| **A** Achievable | • Make sure those targets are "achievable" and realistic. |
| **R** Relevant | • Make sure the targets are "relevant" to the areas where banks have significant impact.<br>• Relevance to the SDGs, the Paris Agreement, or other framework is required. |
| **T** Time-bound | • Set "time-bound" targets.<br>• Set specific and ambitious timeline, such as those set by the SDGs and the Paris Agreement. |

Source : UNEP FI (2019), Responsible Banking Principles and Positive Impact Finance: A New Framework to Drive Sustainable Finance, UNEP FI (2019), Principles for Responsible Banking Guidance Document

# 5.2. Approach（1/2）

■ Appropriate approach and effective KPI setting are required.

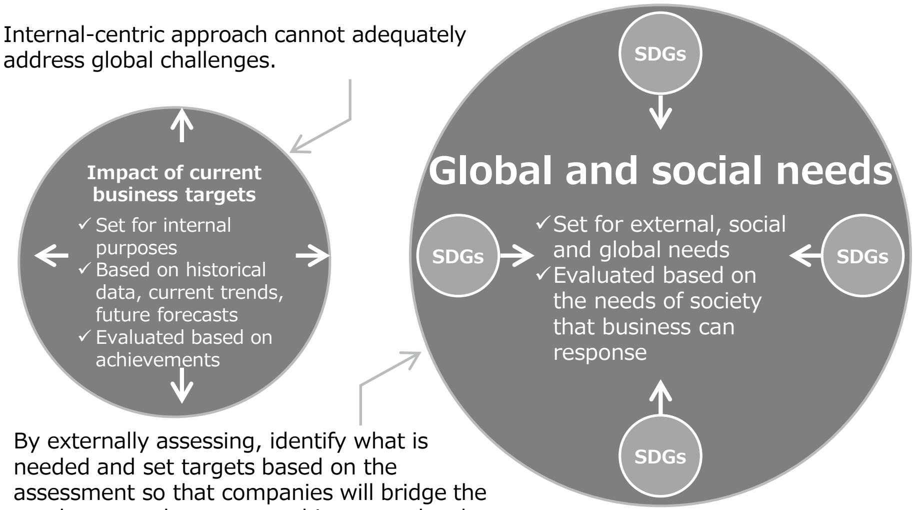
## Approach required for setting targets/KPI

### Two target-setting approaches

**Bottom-up approach**

A traditional approach that analyzes current and past performance, predicts future trends and paths, and evaluates based on other companies in the same industry.

Internal-centric approach cannot adequately address global challenges.




By externally assessing, identify what is needed and set targets based on the assessment so that companies will bridge the gap between the current achievement level and the required achievement level.

A new approach for setting targets that are significantly higher than expected or have unclear paths to achieve

**Top-down approach**

**Effects**

- ✓ Ambitious targets can have a greater impact and achievement
- ✓ Promote innovation and creativity
- ✓ Advertising effect can be expected through ambitious targets
- ✓ Be able to create a good effect on the industry as a leading company

### Two target types

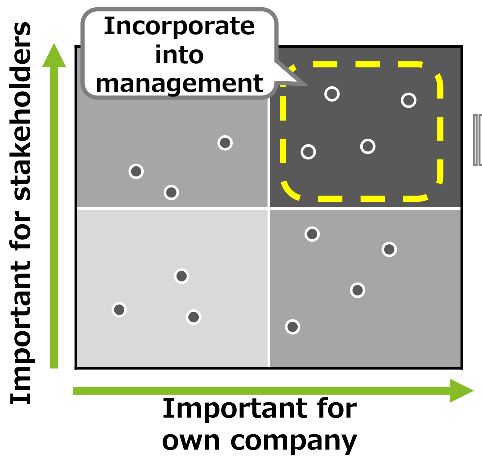
| | Type①「Action Type」 | Type②「Results Type」 |
|---|---|---|
| Expression of the targets | The expression of "we will XX"<br>✓ We will formulate rules<br>✓ We will create runbook<br>✓ We will train 100 people | Express what you will achieve as a result of activities<br>✓ Zero violations and indications<br>✓ 5% reduction |
| Evaluation of the results | Did or did not what you decided<br>✓ Did ⇒Achieved<br>✓ Did not ⇒Not achieved<br>✓ Did partially ⇒Ambiguous | Did or did not achieve<br>✓ No violations ⇒Achieved<br>✓ 3 violations ⇒Not achieved<br>✓ 3% reduction ⇒Not achieved |
| Qualitative/ Quantitative targets | Some are quantitative targets, yet tend to be qualitative targets | Easy to set quantitative targets |
| Things to consider | Since the target is "to do XX", there are cases where the purpose and means are mixed. The targets tend to be set without purpose of the actions. | In order to commit to the result, the viewpoint to verify the validity of the measures is created, and the measures are reviewed. |

Source : Deloitte Tohmatsu website

# 5.2. Approach（2/2）

■ It is desirable for banks to set priority issues as targets and to implement PDCA cycle for its management.

## Steps to incorporate priority issues into PDCA management




### Setting "To-be image" and KPIs

- ✓ Set KPIs as management indicators for identified priority issues.
- ✓ Use a result index where applicable.
- ✓ If the target is within own group, include consolidation.

### Target setting

- ✓ Progress management and set quantitative targets that can be evaluated as achieved / not achieved.
- ✓ If difficult to set quantitative targets, set targets for activity indicator.
- ✓ When setting qualitative target, consider modifying to a quantitative target in the future.
- ✓ The set targets will be disclosed in sustainability report to the public as a commitment from management.

### PDCA Management

- ✓ Manage progress on a quarterly or semi-annual cycle.
- ✓ Receive reports from the department in charge such as the Sustainability Committee.

### Development of promotion system

- ✓ Clarification of the department in charge and assignment of roles, responsibilities, and authority (establish new system if necessary)
- ✓ Establishment of committees
- ✓ System development is essential for promoting themes such as "human rights" in which existing department cannot be in charge of.
- ✓ Examination function for non-financial information disclosure can be also provided if necessary.

Source : Deloitte Tohmatsu website

# 5.3. Case ①

環境省

■ Set climate change related targets in line with the Paris Agreement.

## Example of target setting model in fictional bank (Climate Change)

The bank decides to set a target that contributes to the goal set out in the Paris Agreement to keep global warming to well below 2℃, striving for 1.5℃

| Items | Actions (example) |
|---|---|
| Target setting | ■ To align the banks funding and investment to the energy, transport and agriculture sectors with a well below 2℃ goal, striving for 1.5℃ within X years |
| Actions to achieve the set targets | ■ Working with key clients in the identified sectors towards achievement of the target |
| | ■ Identifying new technologies the bank could expand into |
| | ■ Engaging with policy-makers, government transport agencies, and other stakeholders to understand how the bank can contribute effectively to making transport systems more sustainable |
| | ■ Developing methodologies with peers and experts that will guide the bank, and ensure it achieves its target |
| KPI setting | ■ Reduce exposure to CO2-intensive technologies by 60% within X years |
| | ■ Increase funding and investment in renewable energy by X% annually |
| | ■ Introduction of conditions in loan agreements requiring methods of agriculture that result in reduced GHG emissions, by X year |
| | ■ Partnership with government transport agencies to support public transport infrastructure by year X |

Source : UNEP FI (2019), Webinar: Presentation of Newly Released Final Principles for Responsible Banking

# 5.4. Case ②

■ Set targets to further promote gender equality.

## Example of target setting model in fictional bank (Gender Equality)

The bank identifies gender equality as an area where it could have significant impact.
It intends to set a target to contribute to the achievement of Gender Equality (SDG 5)

| Items | Actions (example) |
|---|---|
| Target setting | ■ 50% allocation of corporate lending to companies with equal gender representation at board level and in management functions within X years |
| KPI setting（external） | ■ X% increase in loans provided to companies with an equal gender representation at board level and senior management level per year<br>■ Engagement with X% of identified existing corporate clients to encourage them to develop gender equal policies within X years<br>■ Provisions of X% of loans in the corporate portfolio by X year linked to incentives for corporate clients who achieve equal gender representation at board level |
| KPI setting（internal） | ■ Policies have been revised to facilitate and ensure gender equality at board level and within the organization within X years<br>■ X% increase in the number of training opportunities and bursaries available to women within the bank in X years<br>■ Equal representation of women and men in senior managerial positions, including the board, within the next X year<br>■ The gender pat gap closed within X year<br>■ X% of all procurement from companies with gender equal representation at board level and senior management level by X date |

Source : UNEP FI (2019), Webinar: Presentation of Newly Released Final Principles for Responsible Banking

# 5.5. Examples of foreign signatory banks

環境省

■ In the reports submitted by banks, the investment amount and portfolio ratio are often used as indicators.

| | Targets | Specific (S) | Measurable (M) | Achievable (A) | Relevant (R) | Time-bound (T) |
|---|---|---|---|---|---|---|
| **ABN AMRO Bank** (Netherlands) | Increase renewable energy portfolio | Invest 26% of energy portfolio into renewable energy | Measurable by the amount of investment | As of 2019, 14% has been invested in the renewable energy. | it is a field the bank can have an impact based on analysis | Achieve by 2022 |
| **Australia and New Zealand Bank** (Australia) | Invest to provide solutions to customers | Invest 50 billion AUD to improve sustainability | Measurable by the amount of investment | As of 2020, 9 billion AUD has been provided. | It is a field the bank can have an impact based on analysis | Achieve by 2025 |
| **Barclays** (UK) | Increase investment in the social and environmental fields | Invest £150 billion to finance in social and environmental field | Amount of fund is trackable and manageable by own framework | As of 2019, £34.8 billion has been provided. | It is a field the bank can have an impact based on analysis | Achieve by 2050 |
| **Caixa Bank** (Spain) | Provide finance・micro loans to improve financial inclusion | Provided about €2.2 billion for microloans | Measurable by the amount of investment | N/A | It is a field the bank can have an impact based on SDG 1&8 | Conduct during 2019-2021 |
| **ING** (Netherlands) | Upgrade D or G scored housing | Upgraded at least 50% housing to C score | Energy consumption labeling is trackable | B to H scored housing are decreasing and A scored is increasing. | Housing sector accounts for 20% of CO2 emission in NLD | Achieve by 2022 |
| **Intesa Sanpaolo** (Italy) | Providing new credits rooted in ESG over the medium to long term | Provide about €250 billion to support green finance / circular economy | Measurable by the amount of investment | Since 2018, €118 billion has been provided. | It is a field the bank can have an impact based on analysis | Achieve by 2021 |
| **KBC** (Belgium) | Increase sustainable investment | Invest €20 billion in total | Measurable by the amount of investment | The 2020 target has already been achieved in 2019. | It is a field the bank can have an impact based on analysis | Achieve by 2025 |
| **Banco Santander** (Spain) | Increase investment in the environmental fields | Invest €120 billion to green finance | Measurable by the amount of investment | As of 2019, €19 billion has been invested. | It is a field the bank can have an impact based on analysis | Achieve by 2025 |
| **Westpac** (Australia) | Increase funding for climate change measures | Invest 9.3 billion AUD in exposure and 3.6 billion AUD in fund | Measurable by the amount of funds | The targeted amount has already been reached. | It is a field the bank can have an impact based on analysis | Achieve by 2020 |

(Listed in alphabetical order)
Source : each bank's 2019-2020 annual report or sustainability report

# 6． Case Study

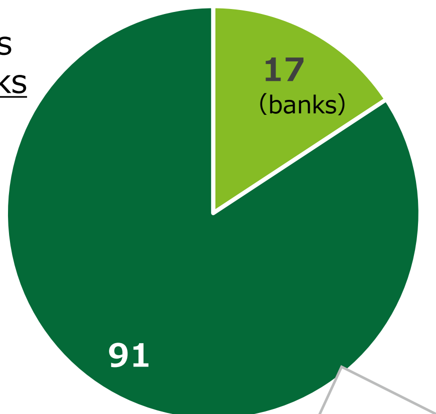
# 6.1. Targeted regions and banks

■ 12 out of 17 banks in Europe and Australia have reported progress on impact analysis (as of December 2020)

## Progress of banks in Europe and Australia

Progress of signatory banks (as of December 2020) *1

European and Australian signatory banks
Total: 108 banks




- Focusing on European banks as ESG and climate-related disclosure is progressive, and on banks in Australia as energy composition is similar to Japan.
- 17 out of 108 banks in Europe and Australia have published their first PRB report.
- Most banks reported the progress of impact analysis using the official template.
- 12 out of 17 banks in Europe and Australia have reported their progress on impact analysis.

| | Banks (alphabetical order) | Country | Impact analysis |
|---|---|---|---|
| 1 | ABN AMRO Bank N.V. | Netherlands | ✓ |
| 2 | Australia and New Zealand Banking Group | Australia | ✓ |
| 3 | Barclays Group Plc | UK | ✓ |
| 4 | Banca Monte dei Paschi di Siena | Italy | ✓ |
| 5 | CaixaBank | Spain | ✓ |
| 6 | Danske Bank | Denmark | Planning to conduct |
| 7 | ING Bank | Netherlands | ✓ |
| 8 | Intesa Sanpaolo | Italy | ✓ |
| 9 | Jyske Bank | Denmark | ✓ |
| 10 | KBC Group | Belgium | ✓ |
| 11 | KLP Banken | Norway | Will conduct in 2020 |
| 12 | Laboral Kutxa*2 | Spain | Will conduct in 2020 |
| 13 | National Australia Bank Ltd. | Australia | Planning |
| 14 | Nordea Bank | Finland | Will conduct in 2020 |
| 15 | Santander | Spain | ✓ |
| 16 | Triodos Bank | Netherlands | ✓ |
| 17 | Westpac Banking Corporation | Australia | ✓ |

*1: Although total number of signatory banks is 217 as of February 2021, this chapter uses data from December 2020. *2: Detailed analysis and target setting will be conducted in 2020.
Source : UNEP FI (2020), Signatories to the Principles for Responsible Banking (as of 2 December, 2020), public information of signatory banks

# 6.2. Foreign Banks' Results（1/2）

■ Many banks identified impacts and set targets based on existing activities such as materiality analysis.

Ordered by the amount of total assets* (High → Low)

| Bank's name (Country) | Total assets / number of employees | Progress overview | Domestic bank [asset size] |
|---|---|---|---|
| Banco Santander (Spain) | 185.7 trillion yen<br>199,465 (2019) | • Conducted qualitative and quantitative analysis to identify 15 material elements and set 11 goals. | Mitsubishi UFJ Financial Group [336,571.3 billion yen]<br>Sumitomo Mitsui Financial Group [219,863.5 billion yen]<br>Mizuho Financial Group [214,659 billion yen] |
| Barclays (UK) | 164.7 trillion yen<br>83,500 (2020) | • Identified 5 material areas through impact analysis in addition to TCFD analysis results. | |
| Intesa Sanpaolo (Italy) | 115.4 trillion yen<br>96,892 (2017) | • Identified 11 material areas from materiality analysis and reported degree of risk and opportunity levels | |
| ING (Netherlands) | 109.1 trillion yen<br>54,000 (2019) | • Conducted saliency / materiality analysis mainly in sectors with high GHG emissions. | |
| Australia and New Zealand Bank (Australia) | 72.2 trillion yen<br>37,834 (2020) | • Set two new SMART targets adding to existing targets in 2019.<br>• Reported target achievement as of 2019. | Sumitomo Mitsui Trust Holdings [56,500.5 billion yen] |
| Westpac (Australia) | 66.7 trillion yen<br>33,288 (2019) | • Identified material areas based on materiality analysis.<br>• Set targets in line with SMART. | |
| Caixa Bank (Spain) | 47.9 trillion yen<br>37,440 (2018) | • Set 11 qualitative and quantitative targets. | Nomura Holdings [43,999.8 billion yen] |
| ABN AMRO Bank (Netherlands) | 45.9 trillion yen<br>17,813 (2020) | • Conducted saliency / impact analysis and set four goals for 2022.<br>• Reported target achievement as of 2019. | |
| KBC (Belgium) | 35.8 trillion yen<br>37,854 (2019) | • Identified impacts in 5 fields by using original tool.<br>• Set targets for environmental issues. | |
| Banca Monte dei Paschi di Siena (Italy) | 16.6 trillion yen<br>22,040 (2019) | • Conducted annual risk analysis as part of risk management.<br>• Set targets for environmental issues such as energy and waste. | |
| Jyske Bank (Denmark) | 11.0 trillion yen<br>3,363 (2020) | • Conducted the impact analysis using UNEP FI development tool.<br>• Target setting process will be reported in future. | Kyushu Financial Group [11,79.7 billion yen] |
| Triodos Bank (Netherlands) | 1.5 trillion yen<br>1,427 (2018) | • Conducted the impact analysis by using original tool.<br>• Targets based on scientific data will be set and reported in future. | SHIGA BANK [6,285 billion yen] |

*:Numbers of overseas banks are as of the end of 2019, Japan's information are as of 2020
Source : Annual report / sustainability report (2019-2020) issued by each bank, public information on each bank's website, etc.

# 6.2. Foreign Banks' Results（2/2）

環境省

■ 9 out of 12 banks have reported progress on implementing targets, yet the level of content varies.

## Progress of PRB activities in the 1st year（as of December 2020）

| | | | |
|---|---|---|---|
| **Stage 3: Completed achievement progress report**<br>✓ Analyzed and identified the impact and set targets<br>✓ Reported progress on implementing targets | **Australia and New Zealand Bank** (Australia)<br>• Set new two SMART targets for 2019<br>• Reported progress on funding<br><br>**ABN AMRO Bank** (Netherlands)<br>• Set 4 targets in total<br>• Reported progress on financing<br><br>**Barclays** (UK)<br>• Set individual targets for the 2050 Net Zero Goal<br>• Reported progress with percentage | **ING** (Netherlands)<br>• Set climate change-related targets for each sector<br>• Reported progress with original approach<br><br>**Intesa Sanpaolo** (Italy)<br>• Identify 11 impact areas<br>• Set targets based on the 2018-2021 business plan with its progress<br><br>**KBC** (Belgium)<br>• Set targets for environment area<br>• Reported progress on financing | **Banca Monte dei Paschi di Siena** (Italy)<br>• Set targets for environment area<br>• Detailed analysis will be taken<br>• Reported progress on targets<br><br>**Banco Santander** (Spain)<br>• Set 11 targets in total<br>• Reported progress with percentage<br><br>**Westpac** (Australia)<br>• Set targets based on the 2018-2020 sustainability strategy<br>• Reported progress on financing |
| **Stage 2: Completed target setting**<br>✓ Analyzed and identify the impact and set target | **Caixa Bank** (Spain)<br>• Set 11 targets in total<br>• Reported progress with percentage | | |
| **Stage 1: Completed impact analysis with results**<br>✓ Identified the impacts, yet targets have not been set | **Triodos Bank** (Netherlands)<br>• Conducted the impact analysis based on quantitative data<br>• Targets will be set based on results | **Jyske Bank** (Denmark)<br>• Conducted the impact analysis to identify positive and negative impact in portfolio<br>• Other information will be disclosed in Q1 2021 | |

*:The progress is referred to the reports issued in 2019
Source : Created based on the 2019-2020 annual report or sustainability report issued by each bank

# 6.3. Best Practices of Impact Analysis

環境省

■ Jyske Bank reports comprehensive analysis results, which UNEP FI considers as a good example.

## Case study of impact analysis by Jyske Bank (Denmark)*1, *2

- Jyske Bank's main business is in Denmark. Therefore, it focuses on GHG emissions, which are important factor in Denmark's sustainable agenda.
- Decided to conduct impact analysis focusing on indirect emissions of GHG based on loans of 648 billion Danish krone (kr) and asset management activities (including investment portfolio) .

- Analysis revealed that 70% of the Group's transaction value at the end of 2019 had a negative impact related to TCFD's GHG-intensive sector 1, and 10% of the remaining 30% had a positive impact. (See the figure below)

| Sector / Activities | (Unit: Denmark krone) | Percentage of all business | |
|---|---|---|---|
| Sustainable real estate (Commercial) | 41.6 billion | 6.4% | Positive Impact 10% |
| Sustainable real estate (home) | 22.6 billion | 3.5% | |
| Renewable energy | 2.8 billion | 0.4% | |
| Electric car | 0.5 billion | 0.1% | |
| Materials / Architecture | 3,91.8 billion | 60.5% | Negative Impact 70% |
| Agriculture/food/forest | 29.2 billion | 4.5% | |
| Transportation related | 24.2 billion | 3.7% | |
| Energy | 6.3 billion | 1.0% | |

【Overview of Impact Analysis by Jyske Bank】

| | |
|---|---|
| Range of analysis | • Trading/investment products for retail and corporate clients, private banking-focused banking, large corporations and institutional investors<br>• Mortgage products for homes, businesses and social housing<br>• Leasing/financing of automobiles and equipment to domestic companies in Denmark<br>• Managing the World Bank's investment portfolio |
| Exposure scale | 【Transaction amount】<br>• Loans : 449 billion Denmark krone(Retail: 213 billion kr, Companies: 232 billion kr, Public Institutions: 4 billion kr)<br>• Assets under management 124 billion Denmark<br>• The Group's investment portfolio is 75 billion kr (99% of earnings and profits come from activities in Denmark) |
| Relevance | • Denmark declares to achieve the targets of the Paris Agreement. Set a target of reducing domestic GHG emissions by 70% compared to 1990 by 2030<br>• Jyske Bank uses UNEP FI Development Impact Analysis Tool to identify that the psychological risks of GHG emissions, soil contamination and climate change are the most important issues in Denmark related to the SDGs. |
| Scale/ prominence | • Impact analysis is conducted by sector as follows.<br>• Negative Impact : Identify using TCFD greenhouse gas focus sectors<br>• Positive Impact : Identified using European taxonomy law definitions<br>• Sectors not specified by the TCFD or included only in definitions selected from the EU classification have a limited impact. |

*1: According to the interview to the UNEP FI, it is introduced that it is closer to the impact analysis required by the UNEP FI
*2: Information on this page is based on the report published in February 2020. See "PRB impact analysis" published in December 2020 for detailed process and results of the analysis.
Source : Created based on Jyske Bank (2020), PRB impact analysis Greenhouse gas emissions

# 6.4. Case study

■ 2 global banks, 1 medium-sized bank, and 1 small/regional bank were selected.

## Selected banks

| | Standards of selection / Overview | Banks |
|---|---|---|
| Large-scale/Global Bank (asset~100 trillion yen) | • One of the best practices in terms of contents and reporting style<br>• The analysis focuses on environment and contains detailed process on the whole. | ① ING Bank (Netherlands) |
| | • The analysis focuses on environment and society, which actively involves the engagement with wider stakeholders.<br>• The analysis is based on materiality assessment for first report. | ② ANZ Bank (Australia) |
| Medium-sized Bank (asset~50 trillion yen) | • The bank utilized original tool developed by the bank. It identified positive and negative impact through impact analysis.<br>• The bank set targets on portfolio such as increasing sustainable finance. | ③ ABN AMRO Bank (Netherlands) |
| Small/Regional Bank (asset~1 trillion yen) | • The bank actively engaging with PRB related activities with limited resources.<br>• The bank utilized original tool developed by the bank. It identified positive and negative impact through impact analysis.<br>• For targets on environment, the bank set science-based targets. | ④ Triodos Bank (Netherlands) |

- For analyzing impacts, ING focuses on targeted value chain based on intensity of GHG emission in portfolio

## Background & Team structure & Process of identifying impact area

### Background & Team structure

- The PRB aligns with the ING's strategy, and ING agrees with the idea to have one common language, one point of reference, and fundamentally be able to show what we mean by responsible banking. (from interview)
- The team is not specifically set for the implementation of the PRB, but cooperating with other sustainable teams, climate team, topic specialists for specific sectors, and other teams overseas. (from interview)

### Identifying targeted sector for analysis

- Based on the IPCC, the analysis focuses on the most climate-relevant sectors, measured by global carbon footprint (sectors globally responsible for approximately a combined 75% of total emissions) such as residential, commercial real estate, mortgage to transport, aviation, shipping, power generation, upstream oil & gas, cement, and steel.
- Identifies targeted areas and specific value chain in the portfolio for analysis based on the GHG intensity. (shown below)
- The value chain within each sector in scope is identified by North American Industry Classification System (NAICS) classification system.

| Sector | Value chain | | | | |
|---|---|---|---|---|---|
| Oil & Gas | **Upstream** | Trading | Midstream | Storage | Downstream |
| Power | **Power Generation** | Distribution | Electricity Off-takers | | |
| Automotive | Suppliers | **Car Producers** | Dealers | Maintenance | Recycling |
| Shipping | Suppliers | Ship Builders | **Ship Operator / Owner (setting tech specs)** | Recycling | |
| Aviation | Suppliers | Airplane Manufacturers | **Airliners (including leased aircraft)** | | |
| Cement | Suppliers | **Production Regional diversity / product mix** | Recycling | | |
| Steel | Mining Iron | Transport | **Production** | End Users | Recycling |
| Commercial Real Estate | Suppliers | Construction | **Building Owner** | Maintenance | Recycling |
| Residential Mortgages | Suppliers | Construction | **Home Owner** | Maintenance | Recycling |

**(Comments from ING (interview))**

- **In fossil fuels industry (Oil & Gas)**, ING looks at the upstream in its value chain, where it sets its targets to measure if ING aligns with external climate scenarios, such as ones issued by IEA.
- **In the power generation**, ING focuses on the power producers rather than transmission or distribution networks or off-takers.
- **In automotive industry**, ING primarily focuses on OEM (Original Equipment Manufacturing) as manufacturing fundamentally have the impact on the whole value chain.

Source : ING (2020), Terra Approach Progress Report 2020、ING (2019), ING Group Annual Report 2019、Interview

# 6.5. Case study ① : ING Bank（2/4）

■ With the Terra Approach, ING conducts impact analysis with matured methodologies developed in each sector.

## Impact analysis

- Based on the Terra Approach*, ING utilizes analytical tools that is matured in each sector such as PACTA, SBTi, and SDA for their impact analysis. (eg : the Poseidon Principles for shipping sector, and PACTA for cement, steel, power production, and fossil fuels, as it is the most refined and precise methodology and allows us to look at technologies change.) (from interview)
- The first analysis resulted in having a measurement which was too rough to make any management decision and experienced a large amount of error. (from interview)
- The methodology such as PACTA allowed to steer out portfolio which was far more accurate measurements and forward-looking metrics also allowed ING to set forward looking targets. (from interview)

| Sector | Measurement methodology | Target-setting methodology | Reporting metrics |
|---|---|---|---|
| Power generation | PACTA | PACTA | kg CO2e /MWh |
| Fossil fuels | 2DII / Katowice Banks | 2DII / Katowice Banks | Absolute € O/S |
| Commercial real estate (NL) | Delta Plan | Paris-proof method | kg CO2 /m2 |
| Residential real estate (NL/DE) | PCAF | SBTi SDA | kg CO2 /m2 |
| Cement | PACTA | SBTi SDA | t CO2 / t cement |
| Steel | PACTA | PACTA | kg CO2 / t steel |
| Automotive | PACTA | PACTA | kg CO2 / km |
| Aviation | PACTA | SBTi SDA | g CO2 / pkm |
| Shipping | Poseidon Principles (UMAS - FUSE) | Poseidon Principles | kg CO2 / tnm |

## (Example) Results of analysis in power generation sector

- The ING's power generation portfolio within the scope of Terra (€7.5 billion, including rooftop solar) is largely concentrated in OECD countries (approximately 90% of total asset) and, to a lesser extent, in non-OECD regions (approximately 10%).
- ING has 55% of portfolio's production being in low-carbon power generation in 2019. Its portfolio continues to outperform the market and has also seen a significant reduction in CO2e intensity since 2018.
- Due to the OECD concentrated business, ING utilizes the IEA's Sustainable Development Scenario (SDS) for OECD for setting targets based on those results.

*:a methodology that identifies sectors that is required to transform due to climate change, and checks if the bank's portfolio aligns with scenarios in order to achieve low carbon society
Source : ING (2020), Terra Approach Progress Report 2020、ING (2019), ING Group Annual Report 2019、Interview

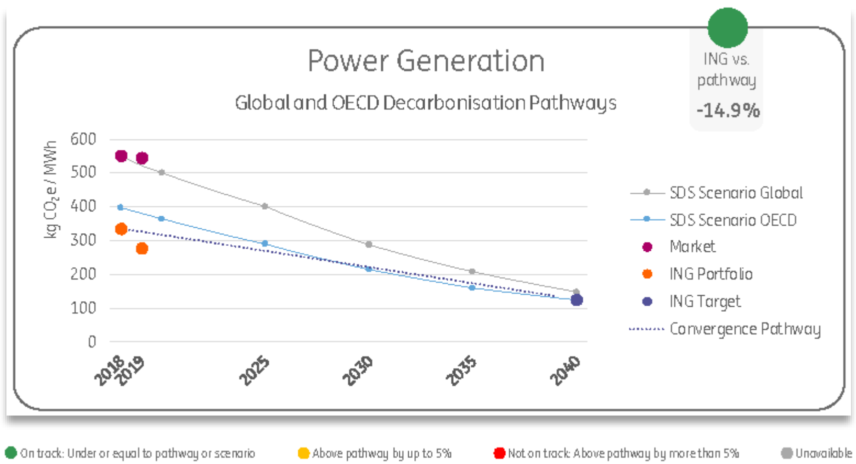
# 6.5. Case study ① : ING Bank（3/4）

環境省

■ By setting sector-based targets, ING effectively steers each sector portfolio towards Paris Climate Agreement.

## Target setting & Monitoring

- ING sets sector-based targets for portfolio and establishes detailed business plan for reducing GHG emission.
- To monitor the progress effectively, ING visualizes its current status and target (see below for example of power generation sector).
- There is a sub-team that monitors the progress on the PRB. The team is also in charge of rating and reporting so that the bank can be sure that all activities conducted is aligned with PRB framework, and the other way around (from interview).
- Meaning that if there is any elements that the framework requires and ING has not worked on, it would be included into bank's agenda (from interview).




### (Example)
### Target setting in power generation sector

- Reaching a carbon intensity of 137 kg CO2e/MWh in 2040, which is required by the SDS for the OECD region.
- Continuing strong support of renewable energy financing.
- Reducing our exposure to coal-fired power generation (reducing exposures and financing to related sector).

## (Example) Actions for implementing targets in power generation sector

- Increased our renewable power generation financing by €1.19 billion in 2019 while reducing our direct exposure to coal-fired power plants by 43%.
- For example, the Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA) Green Loan Principles for a portfolio of rooftop solar projects are included in the financing above (eg. S$50 million loan for financing an approximately 50MW portfolio of rooftop solar projects).
- ING joined nine other European banks in this €700 million financing deal that will build 89 wind turbines with a total capacity of 382.7MW, generating electricity for close to half a million households (eg. Windpark Fryslân, a project that will be Europe's largest lake wind farm when completed).

Source : ING (2020), Terra Approach Progress Report 2020、ING (2019), ING Group Annual Report 2019、Interview

# 6.5. Case study ① : ING Bank（4/4）

環境省

■ Existing data such as annual materiality analysis is allocated in a manner of PRB self-assessment template.

## Reporting example

**UNEP FI Principles for Responsible Banking**

| Reporting and self-assessment requirements | ING response in 2019 |
|---|---|
| Principle 2: Impact and Target Setting | |
| 2.1 Show that the bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis. | ▪ In our choice of SDG focus areas we've considered our most significant exposure;<br>▪ Our Terra Approach focuses on the sectors in our loan book that are responsible for most greenhouse gas emissions:<br>- As a global bank ING's approach is guided by global frameworks - the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement;<br>- ING conducted a saliency analysis in line with the United Nations Guiding Principles (UNGP) in 2018. In 2019, ING conducted client engagements on the salient issues identified in 2018 -Salience chapter, HR report 2018, and Summary of engagement findings chapter, HR Update 2019;<br>- ING's annual materiality analysis is in line with the IIRC principles and GRI Standards and covered by reasonable assurance;<br>- ING has identified sensitive issues and activities across our portfolio - see Our Stance;<br>- ING implemented sector sustainability policies. |
| Provide the bank's self-assessment statement. | ING meets the requirements under Principle 2.1. |
| 2.2 Show that the bank has set and published a minimum of two SMART targets, which address at least two of the identified 'areas of most significant impact', resulting from the bank's activities and provision of products and services. | ▪ ING has set sector-level climate alignment goals;<br>▪ ING commits to close to zero coal-fired power generation and thermal coal mining by 2025;<br>▪ ING targets an increase in the number of customers who feel financially empowered (SDG 8);<br>▪ Our SDG target-related metrics are disclosed on our website. |
| Provide the bank's self-assessment statement. | ING meets the requirements under this Principle. |

Explains in which sectors ING has the most impact on, and which area of SDGs / Paris Climate Agreement ING focuses on.

Explains how ING has identified its impact and introduces the methodologies.

Introduces 2 SMART targets (referring other reports for details).

Source : ING (2019), ING Group Annual Report 2019

環境省

■ By engaging actively with stakeholders, ANZ identifies its material issues and impact area.

## Background & team structure & impact analysis

### Identifying targeted sector for analysis

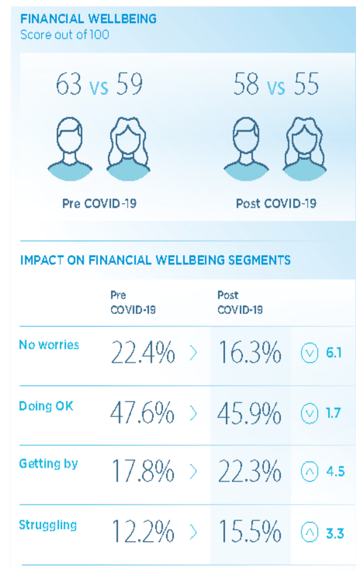
- (Due to circumstances under COVID-19,) the UNEP FI's analysis tool has not been implemented, however, ANZ identifies sectors for impact analysis based on annual materiality review, engaging with key external and internal stakeholders.
- In 2019, ANZ also reflected stakeholder feedback on ANZ's role in supporting the recovery from COVID-19.
- Environmental sustainability and financial wellbeing are identified as most material issues and area that ANZ can have positive impacts.

5 Top materiality issues identified by stakeholders

| | |
|---|---|
| Both stakeholders | Fairness and ethical conduct<br>• Securing ethics, values, fairness and transparency<br>• Simple and understandable products and communications |
| Both stakeholders | **Financial Wellbeing**<br>• Promoting enabling access for lower-income customers<br>• Improving customers' financial resilience |
| Both stakeholders | Customer Experience<br>• Improving customer experience through financial products and services for all customers, small business and retail |
| External | **Climate Change**<br>• Managing the business risks and opportunities associated with climate change<br>• supporting customers to transition to a low carbon economy |
| Internal | Fraud and Data Security<br>• Policies and processes in place to prevent fraud and protect customer data and privacy, including customer access to personal data |

Identified as most impact area

Financial Wellbeing: A Survey/Research of Adults in Australia




- Data is gathered through the Roy Morgan Single Source survey, to provide a quarterly snapshot of the personal financial wellbeing of Australians.
- **Identified that COVID-19 had impacts on people's financial wellbeing.**
- 'feeling comfortable' about one's financial situation declined 13.7% (comparing to pre COVID-19)
- 'Struggling' about one's financial situation increased 3.3% (comparing to pre COVID-19)

Source : ANZ (2020), ESG Supplement、ANZ (2020), MoneyMinded Impact Report、Interview

# 6.6. Case study ② : ANZ Bank（2/3）

■ ANZ focuses on environmental sustainability and financial wellbeing and aims to increase positive impact.

## Target Setting & Monitoring

- ANZ announced two new SMART targets in the areas of sustainable finance and financial wellbeing, in which ANZ believes it can make an impact. Through sustainable finance, ANZ aims to increase positive impact on society and achieve targets.
- Progress against ESG targets is monitored and reported quarterly to Ethics and Responsible Business Committee (ERBC) and Ethics, Environment, Social and Governance (EESG) committee.

### (Example) Environmental sustainability target

- Support 100 of ANZ's largest customers in industry such as energy, transport, buildings and food to establish and strengthen existing low carbon transition plans, by end 2021.
- Develop an enhanced climate risk management framework that strengthens ANZ's governance by end 2022.
- Achieve ANZ's 2021-2025 environmental footprint targets
- To fund and facilitate at least $50 billion by 2025 towards sustainable solutions for customers, including initiatives that help improve environmental sustainability etc, with an additional commitment of allocating $1 billion of the $50 billion towards supporting customers and communities' disaster recovery and resilience.

Newly set in 2020

### (Example) Financial wellbeing target

- Support 250,000 customers to build a savings habit, by
- end 2021. (Australia/New Zealand)
- Publish Adult Financial Wellbeing Research to inform ANZ's product design and financial literacy program delivery, by end 2022.
- To establish seven new partnerships to expand the reach and improve impact of MoneyMinded* for vulnerable people, by end 2023

Newly set in 2020

## Progress on implementing targets

- For sustainable funds: since October 2019 ANZ has funded and facilitated $9.08 billion.
- For MoneyMinded project: ANZ has existing partnerships with key community organisations such as the Brotherhood of St Laurence, The Smith Family and Berry Street and will extend its work globally. The work to implement and report against the target will commence in 2021.

*:MoneyMinded is an education program that builds knowledge and confidence to help you make informed decisions about how to manage money
Source : ANZ (2020), ESG Supplement, ANZ (2020), MoneyMinded Impact Report

# 6.6. Case study ② : ANZ Bank（3/3）

- In the report, how and why specific areas are identified as the most impact issues are clearly explained.

## Reporting example

| Requirements | ANZ's response |
| --- | --- |
| **PRINCIPLE 2: Impact and 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. | |
| 2.1 Impact Analysis:<br>*Show* that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:<br>a. Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.<br>b. Scale of exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.<br>c. Context and relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.<br>d. Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.<br>(Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))<br>*Show* that building on this analysis, the bank has<br>• Identified and disclosed its areas of most significant (potential) positive and negative impact<br>• Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts | We set public targets annually which reflect our purpose, our strategic priority areas (environmental sustainability, housing and financial wellbeing; and fair and responsible banking) and respond to our most material ESG issues.<br>We conduct a materiality review annually, engaging with key external and inter... to ensure our targets and commitments reflect our most significant ESG issues. This ... stakeholder feedback on of our role in supporting the recovery from COVID-19, and work to complete the commitments in response to the Royal Commission.<br>We also completed a review of our Climate Change Statement and carbon disclosures with a view to increasing our positive impact on climate change.<br>When setting our 2021 suite of ESG targets, we considered the potential impacts.<br>Our progress against our public ESG targets is reviewed by the executive Ethics a... Business Committee (ERBC) quarterly and twice a year by the Board Ethics, Enviro... and Governance (EESG) Committee. |

Describes which sectors or areas ANZ focuses on (eg. environmental sustainability, housing and financial wellbeing etc)

Explains how ANZ identified the impact (eg. annual materiality review / stakeholder engagement)

Explains how and who monitors the progress on implementing targets (i.e. reporting to committee)

Source : ANZ (2020), ESG Supplement

# 6.7. Case study ③ : ABN AMRO Bank（1/4）

■ Materiality analysis covered responsible investment and financing, circular economy, and ethics and integrity.

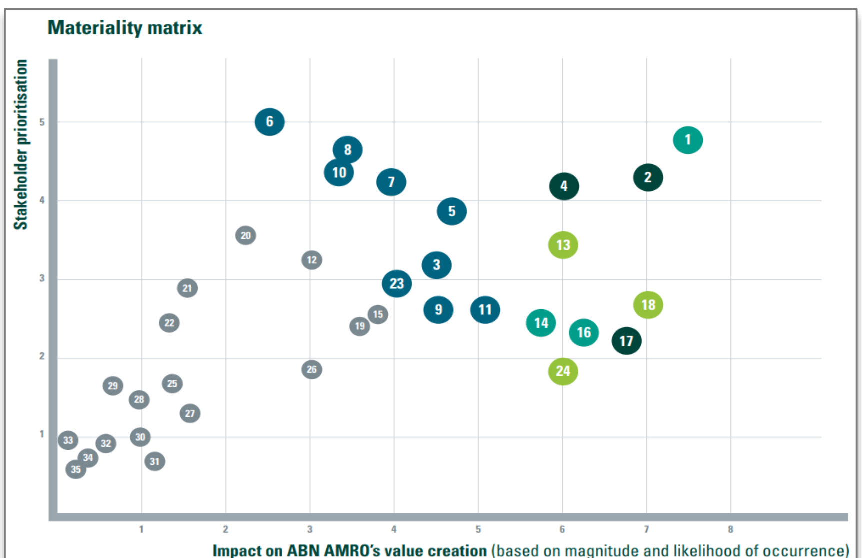
## Background & Team structure & Process of identifying impact area

### Background

- Signed the PRB as one of the efforts to accelerate the transition to a sustainable economy through the provision of more sustainable lending and closer cooperation with customers.

### Identifying targeted sector for analysis

- Conducted materiality analysis in order to achieve a long-term transition to sustainable business, strategy, performance and economy.
- Mapped the topics the bank provide using with the two matrix of stakeholder priority and impact.
- In the 2019 edition, the three fields of “support out client transition to sustainability" are “responsible investment & financing“, "circular economy," and "ethics and integrity."




**Strategic differentiators**
These are VCTs, central to ABN AMRO’s strategy, where the bank believes it has most potential to create value for stakeholders.

- 18 Responsible investment & financing
- 24 Circular economy
- 13 Ethics & integrity
- 1 Customer experience
- 14 Co-creation & innovation
- 16 Digitalisation
- 2 Viable business model
- 4 System stability
- 17 Talent attraction

**Fundamental value creators**
These topics support value creation and implementation of ABN AMRO’s strategy.

- 3 Adaptability
- 23 Anti-corruption
- 8 Client data protection
- 5 Corporate governance
- 9 Employee empowerment
- 10 Regulatory compliance
- 6 Secure banking
- 7 Strong balance sheet
- 11 Vision & leadership

**Other value-creating topics**
These VCTs may also enable ABN AMRO to create value, but the bank’s impact is, by definition, less material than with its chosen strategic differentiators.

- 21 Clear & appropriate advice
- 34 Community investment
- 12 Customer journeys
- 31 Diversity & equal opportunity
- 30 Employee health & safety
- 32 Employee training & education
- 35 Environmental impact
- 33 (Fair) taxes
- 26 Human rights
- 28 Financial inclusion
- 22 Financial literacy
- 15 Financial performance
- 25 Platforms & eco-systems
- 19 Policy influence
- 29 Remuneration policy
- 20 Risk profile
- 27 Stakeholder engagement

Each of our strategic differentiators is linked directly to our overall strategy. We have grouped these topics in the matrix above by ‘strategic pillar’. For definitions, see page 10.

- Strategic pillar 1: Support our clients’ transition to sustainability
- Strategic pillar 2: Reinvent the customer experience
- Strategic pillar 3: Build a future-proof bank
- Fundamental value creators
- Other value-creating topics

Source : ABN AMRO (2020), Reporting on ABN AMRO’s progress towards implementing the Principles for Responsible Banking - Self-Assessment、Impact Report 2019

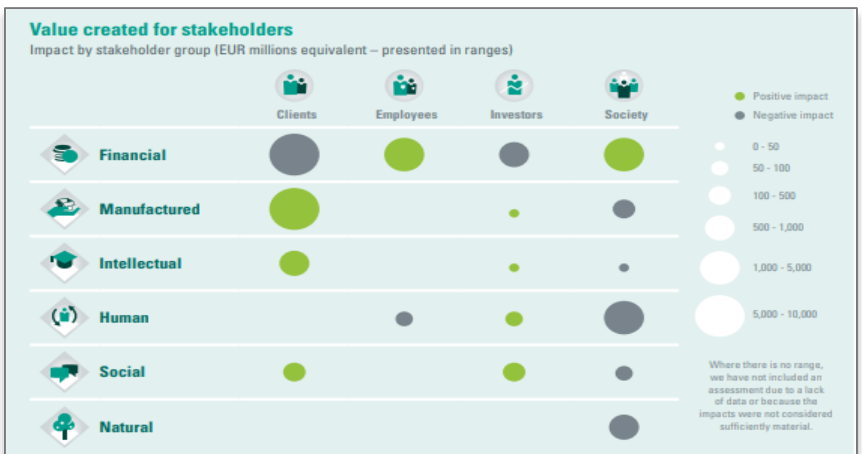
■ Conducted the impact analysis focusing on the impact on stakeholders in six areas.

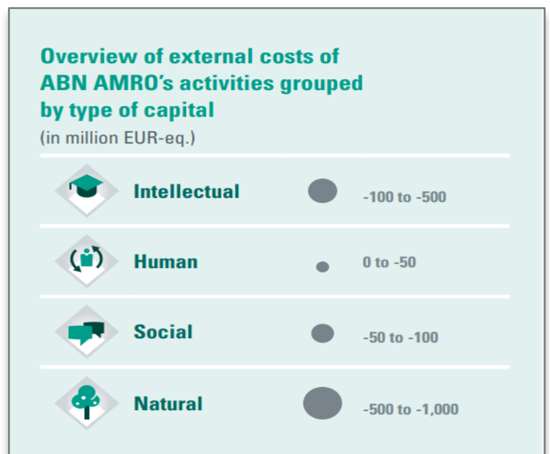
## Impact analysis

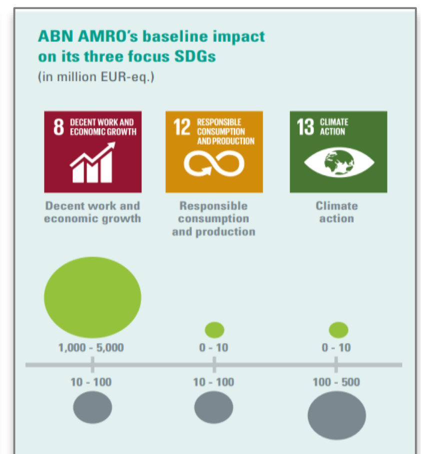
- Using the “Integrated Profit & Loss Assessment Methodology（IAM）” tool developed by the Impact Institute, the bank analyzed how much positive and negative impact it will have on society, and 52 measurable impact factors that banks have on the society.
- Currently, in order to further improve the consistency with the principles of the PRB, further development is in progress collaborating with the Impact Institute, other signatory banks and universities (comments from interview with UNEP FI PRB team)

## （Example）Results of impact analysis

- Conducted analysis of the degree of positive and negative impact on stakeholders (clients, employees, investors, society) in six fields: finance, manufacturing, intelligence, human resources, society, and nature.
- The scope of impact is based on the materiality matrix of multiple banks, including ABN AMRO, existing impact studies, and opinions from internal experts. It covers 95% of organizational activities as an internal impact and 75% of transactions as an external impact.
- Aiming for “Do no harm”, the bank had the largest negative impact on nature in lending investment activities in 2019. (-500 million to 1 billion EUR)
- In the impact analysis in line with the SDGs, numerical values are calculated for the three areas of emphasis, "8: decent work and economic growth," "12: responsible consumption and production," and "13: climate action."




Source : ABN AMRO (2020), Impact Report 2019

# 6.7. Case study ③ : ABN AMRO Bank（3/4）

■ Setting targets for renewable energy investment ratio, sustainability finance, and energy efficiency.

## Target setting

- The three corporate strategies are “committed to helping our clients become more sustainable," “provide our clients with insight into their sustainability performance," and “help our clients invest to make their homes and real estate more sustainable.“
- Set the following target values to achieve "support for client transition to sustainability"
  - ✓ Renewable energy investment: By 2022, 26% of the total energy portfolio will be invested in renewable energy
  - ✓ Sustainability finance: €7.5 billion by 2022
  - ✓ Client’s sustainable investment: €30 billion by 2022
  - ✓ Mission 2030: Aiming for average energy level A (most efficient) for real estate properties (residential and commercial) by 2030

| Strategic pillars | Metric | 2022 targets | 2020 targets | 2019 targets | 2019 results[1] |
|---|---|---|---|---|---|
| **Support our clients’ transition to sustainability** | | | | | |
| **We are committed to helping our clients become more sustainable** | ▸ Renewable energy commitment as a % of energy portfolio<br>▸ Sustainable financing<br>▸ Sustainable investments (client assets) | 26%[2]<br>EUR 7.5 billion<br>EUR 30 billion[4] | 20%<br>EUR 3.0 billion<br>EUR 22.5 billion[5] | 14%<br>EUR 1.5 billion<br>EUR 14.5 billion | 14%<br>–[3]<br>EUR 20.6 billion |
| **We provide our clients with insight into their sustainability performance** | Clients rated on our CASY[6] sustainability rating tool<br>▸ Commercial Banking<br>▸ Corporate & Institutional Banking | <br>100%<br>100% | <br>100%<br>100% | <br>100%<br>100% | <br>42%<br>84% |
| **We help our clients invest to make their homes and real estate more sustainable** | ▸ Average energy label (residential properties)<br>▸ Average energy label (commercial properties) | 70% rated A-C<br>47% average A | 63% rated A-C<br>31% average A | 61% rated A-C<br>23% average A | 60% rated A-C<br>26% average A |
| **Reinvent the customer experience** | | | | | |
| **Net Promoter Score (relational)** | ▸ Retail Banking<br>▸ Commercial Banking<br>▸ Private Banking<br>▸ Corporate & Institutional Banking | ≥ -4<br>≥ +1<br>≥ +9<br>≥ +32 | ≥ -10[7]<br>≥ +1[8]<br>≥ +9[9]<br>≥ +29[10] | ≥ -6<br>≥ 0<br>≥ +1<br>≥ +32 | -10<br>+1<br>+9<br>+29 |
| **Build a future-proof bank** | | | | | |
| **Employee engagement** | | ≥ 80% | 80% | 80% | 80% |

## (Example) Progress on implementing targets

- Renewable energy investment: Invested 14% of the portfolio in renewable energy as of 2019.
- Client’s sustainable investment: With an investment of € 26 billion in 2019, the bank is on track to reach the bank’s 2022 target.
- Mission 2030: Level A properties averaged 26%, achieving the 2019 target and aiming to reach the most recent 2022 target of 47% as of 2019.

Source : ABN AMRO (2020), Integrated Annual Review 2019

# 6.7. Case study ③ : ABN AMRO Bank（4/4）

環境省

- Identifying and reporting factors that have positive impact based on regular evaluations of banking operations.

## Reporting example

### Principle 2: Impact and 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.

| Reporting and Self-Assessment Requirements | High-level summary of bank's response | Reference(s) |
|---|---|---|
| **2.1 Impact Analysis:**<br>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:<br>a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.<br>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.<br>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. | ▸ **Value creating topics & materiality assessment**<br>We carry out a regular assessment of our operating environment. This allows us to identify our most important social, economic, financial and environmental issues. These issues - or 'value-creating topics' - are where we believe ABN AMRO can create most value for stakeholders and society.<br><br>▸ **Salience analysis 2015**<br>In October 2015, with support from Shift, the non-profit centre of expertise on the UN Guiding Principles on Business and Human Rights, ABN AMRO conducted an internal analysis to identify the bank's salient human rights issues. Our salient issues should be understood in the broadest sense. Every sector and every client may face different salient human rights risks. Effective management of our salient issues depends on the successful identification of human rights risks. In our efforts to be as concrete and objective as we possibly can, we have put in place very comprehensive policies that we require our corporate clients to adhere to. | ▸ 2019 Value-Creating Topics R<br>▸ Workshop about salient hur<br>▸ 2016 Human Rights Report<br>▸ Sustainable Development G<br>▸ SDGs: 2019 Integrate international de<br>▸ 2019 Im<br>▸ Im 2019 Integrated Annual Review, Our Impact, p. 26<br>▸ 2019 Annual Report, Sustainability Risk Management, p. 66 - 68, 125-128<br>▸ Guiding a bank's energy portfolio to Paris, page 4, 14 - 18 |

Explains that the elements that are particularly important from the society, economy, finance, and the environment perspective are identified regularly.

Describes the reference of another report that with further information on the impact analysis.

Source : ABN AMRO (2020), Reporting on ABN AMRO's progress towards implementing the Principles for Responsible Banking - Self-Assessment

■ Triodos Bank conducted the impact analysis on entire portfolio focusing on sustainability and climate change.

## Background & impact analysis

### Signature background

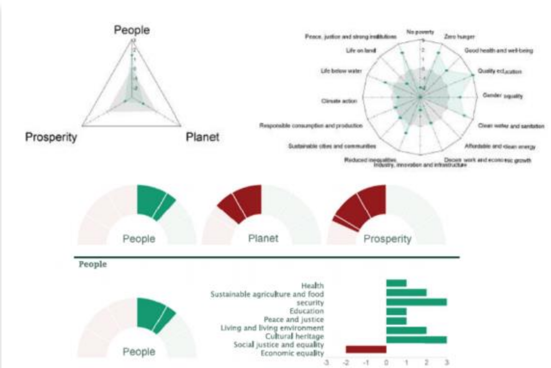
- Triodos has signed the PRB because it is in line with its aim of integrating social, environmental and cultural goals into its core business.

### Target analysis sector identification

- All loans are included in the impact analysis as Triodos only finance the social, environmental and cultural sectors.

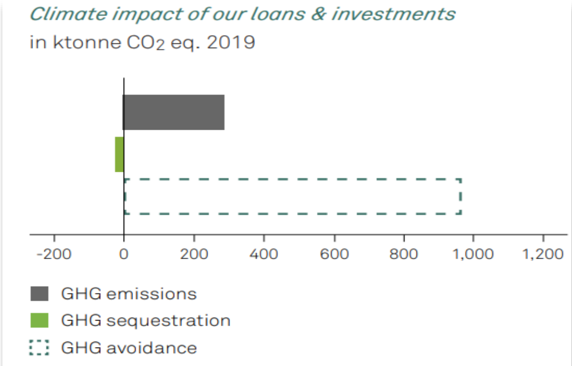
### (Example) Analysis of sustainability impact

- Using the unique tool “Triodos Impact PRISM tool” that considers SDGs to evaluate value of sustainability since 2019
- The tool enables more careful understanding, monitoring and response to impacts and insights into the value of sustainability.
- The tool is under development, and there’s little information disclosed at the moment.




### (Example) Analysis of climate change impact

- **Conducted impact analysis using PCAF methodology* for all loans and investments.**
- Evaluate the accuracy of GHG emission report data for each sector on a five-point scale, and calculate generated emissions, avoided emissions, and absorbed emissions for example.
- Avoided emissions were lower than actual emissions.
  - ➢ It could be a result of reflection of more accurate renewable energy production impact.




*:Methodology based on carbon footprint measurement methods and rules of investment and financing portfolio developed by Partnership for Carbon Accounting Financials (PCAF)
Source: Triodos (2019), Triodos Bank Annual Report 2018、Triodos (2020), Triodos Bank Annual Report 2019、Triodos (2019), Welke criteria voor een duurzaam krediet?

# 6.8. Case study ④ : Triodos Bank（2/3)

■ Planning to set targets based on the results of the impact analysis and scientific evidence.

## Target setting

- Scientifically-based targets will be set and the bank will formulate plans to achieve them aiming to have a positive impact on environment such as aligning with the SDGs and the Paris Agreement.
- Reported targets by identifying related SDGs to the bank’s business.
- No targets have been set based on the results of impact analysis yet. The next step will be to set scientifically-based targets and receive SBT initiative accreditation.

**(Example) SDGs「7. Affordable and clean energy」**

| | | |
|---|---|---|
| Relevant target | | 7.2 Increase share of renewables globally |
| Sustainable Finance Platform Indicator | | • Renewable electricity produced that can be attributed to Triodos finance : 2,000,000 MWh<br>• Avoided greenhouse gas emissions (in tonnes of CO2 equivalent) : 0.9 million |
| Activity targets | Level 1<br>Baseline policies and activity | • Not to finance fossil fuels but exclusively to finance renewable energy initiatives<br>• Buy energy from renewable sources to power the buildings that we work from with our own network |
| Activity targets | Level 2<br>Direct Activity | • Finance sustainable energy via direct lending (EUR 1.596 million) and via investments through Triodos Green Fund (EUR 969 million) and Triodos Renewables Europe Fund (EUR 120 million)<br>• Expanding offshore wind energy projects, funding a decentralized rooftop solar portfolio(Germany), community-owned solar(UK), solar paneling companies(Belgium), implementing renewable energy projects, installation of solar panels, sustainability education support (Netherlands). |
| Activity targets | Level 3<br>Catalyst of long-term change | • Acts as an opinion leader in the energy space<br>• As a pre-condition to align impact with the Paris climate goals, they built PCAF that measures the carbon emissions of loans to encourage all financial institutions to account for their carbon emissions<br>• In the “New Pathways” report, they argue for concrete changes to build a more just and sustainable financial future and actively communicate about them throughout the year. |

Source: Triodos (2019), Triodos Bank Annual Report 2018、Triodos (2020), Triodos Bank Annual Report 2019

# 6.8. Case study ④ : Triodos Bank（3/3)

環境省

■ The report states the current progress and the future plans for further activities.

## Reporting example

| | |
|---|---|
| Principle 2 | Triodos Bank's focus is to deliver positive impact, as described above. |
| Based on a portfolio impact analysis identifying the bank's most significant (actual and potential) positive and negative impacts. | More specifically, we have developed the Triodos Impact Prism tool that assesses impact in more depth and has been an integrated part of Triodos Bank's assessments since the start of 2019, capturing the sustainability value of our loans. During 2020 this tool will also be applied across Triodos Investment Management. |
| Setting SMART targets that address the bank's most significant impacts, and drive alignment with the SDGs/ Paris Agreement/other relevant frameworks. | As well as reporting extensively on the greenhouse gas emissions of our loans and investments we expect to set Science-based targets (SBT) after these are agreed by the SBT initiative and available to the financial sector. |
| | We also define our aspirations in relation to the SDGs specifically, in the appendix to this report, on three levels; our baseline activity, direct activity and where we can play a role as a catalyst for systemic change. |

Describes tool for sustainability impact analysis （Triodos Impact PRISM tool） .

Explains that science-based targets will be set in future.

Describes the targets are set in related to SDGs (Current status report).

Source: Triodos (2020), Triodos Bank Annual Report 2019

# 6.9. Learned Lessons（1/2）

環境省

■ The use of the UNEP FI’s tools is becoming mainstream, yet to utilize/refer materiality analysis is also in force.

## Impact analysis

**1. Overview and trends**

- Impact analysis is to identify social needs and analyze how and to what extent the business contributes to social issues.
- It is expected to be carried out in the first year, within 18 months after becoming a signatory.
- Many banks conducted the impact analysis on the "environment", which is relatively easy in performing quantitative analysis.
- It is not necessary to have impacts on all SDGs & ESG factors. It is important to have impacts on the fields that the bank can have a significant influence on.
- It is practical to take action first and then expand the scope of analysis. (some banks are starting to work on social issues first rather than on climate change.)
- To identify impact areas, it is necessary to collaborate with stakeholders (such as local communities and experts in specific fields or sectors) to identify where the bank can have a significant impact on.
- It is expected to clarify how contributing to social goals and improving social resilience would also contribute to bank’s profits.

**2. Materiality analysis and impact analysis**

- Impact analysis based on the Principles instead of materiality analysis is recommended.
- Yet, since it is the first year of PRB establishment, many banks have reported the impact analysis based on the results of existing materiality analysis.
- It is important to start incorporating results from materiality analysis, impact analysis, and business strategies into the Principles.

**3. Methodology for impact analysis**

- According to the Principles, the impact analysis requires analyzing the entire portfolio, therefore it is recommended to utilize the UNEP FI portfolio analysis tool.
- Currently, most banks are using existing tools such as PACTA. However, it is expected to switch to UNEP FI portfolio analysis tool in the future.
- The tool is still under development. Thus, the first step the bank should take is to use the tools that are already matured in each industry.

# 6.9. Learned Lessons（2/2）

環境省

■ It is required to explain the set targets and the process / background that led to the target setting.

## Target setting & Reporting

**4. Target setting**

- The main purpose of the impact analysis is to set targets and it is expected to keep in mind how and what kind of targets the bank is aiming for.
- Based on the impact analysis conducted in the first year, target setting is recommended in the second and third years.
- As of one and a half years after PRB's establishment, only a few number of banks have reached the target.
- If targets have already been set and published in the first year, they tend to align with the medium to long-term sustainability-related goals, which have already set by banks in the past.
- There are various environmental targets such as reducing GHG emissions in portfolio, or increasing investment in green finance.

**5. Reporting**

- Many banks used the UNEP FI self-assessment templates and inserted into annual or sustainability reports.
- Many banks reported their progress on the PRB while using the existing contents such as the TCFD. The analysis results are mostly based on the materiality analysis of each bank and reported in the PRB manner.
- However, since the impact analysis is to identify social needs and reflect efforts to address social issues, it is necessary to explain why the impact was selected, including the entire process of its analysis.
- Most of the reports so far have been based on existing materiality analysis. Currently there are few explanations about the background that led to the impact identification which is desired by the UNEP FI. This would a crucial point for reports submitted in future. (The UNEP FI considers Jyske Bank as a good example as it clearly explains the process and background of the impact analysis.)

# 7. References

# 7.1. Reference - guidance（1/6）

■ There are guidance on the flow to sign the PRB and the actions required after becoming a signatory.

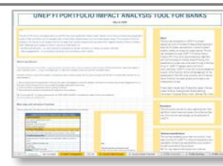
## List of official guidance（Overview）

| CL | # | JP | Documents | | URL | Overview |
|---|---|---|---|---|---|---|
| Signature | 1 | | Easy Guide to becoming a Signatory of the Principles for Responsible Banking (2019) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2019/07/Easy-Guide-to-Becoming-a-Signatory.pdf | • Explanation of the flow from signing to implementation of actions |
| | 2 | ● | The official Principles for Responsible Banking commitment document (2019) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2019/07/FINAL-PRB-Signature-Document-2-Interactive-22-07-19.pdf | • CEO's signed pledge / format to be sent to the PRB Secretariat at the time of signing |
| | 3 | | UNEP FI (Membership) Application Form (2019) |  | https://www.unepfi.org/unep-fi-application-form-26-06-19/ | • Application form to be sent to the PRB secretariat at the time of signing |
| Principle | 4 | ● | Key Steps to be implemented by Signatories (2019) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2019/07/Key-Steps-to-be-Implemented-by-Signatories.pdf | • Explanation of the 3 steps required after signing the PRB |
| | 5 | | Principles for Responsible Banking – Guidance Document (2019) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2019/09/PRB-Guidance-Document-Final-19092019.pdf | • Detailed explanation of 6 principles required for the PRB |

# 7.1. Reference - guidance（2/6）

■ There are guidance on the impact analysis and the UNEP FI analysis tools as well as other tools.

## List of official guidance（Impact analysis）

| CL | # | JP | Documents | | URL | Overview |
|---|---|---|---|---|---|---|
| Impact analysis / assessment | 6 | | Guidance Document: Impact Analysis (2020) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2020/03/Guidance_Document_Impact_Analysis.pdf | • Detailed description of impact analysis<br>• Scheduled to be updated in March 2021 |
| | 7 | | Impact Identification & Assessment for Bank Portfolios: Tool Prototype Introduction Manual (2019) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2019/09/PI-Impact-Identification-Manual.pdf | • Impact analysis of Principle2・Introduction and explanation of specific procedures and tools |
| | 8 | | UNEP FI Portfolio Impact Analysis Tool for Banks (2020) |  | https://www.unepfi.org/positive-impact/unep-fi-impact-analysis-tools/portfolio-impact-tool/ | • Impact analysis tool that UNEP FI developed |
| | 9 | | Impact identification and assessment for bank portfolios (2020) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2020/10/Guide-to-Holisitic-Impact-Analysis-Oct-20.pdf | • Detailed explanation of analysis / evaluation using impact analysis tool (with video) |

# 7.1. Reference - guidance（3/6）

■ There are guidance on information disclosure policies and a reporting template.

## List of official guidance（Target setting and reporting）

| CL | # | JP | Document | | URL | Overview |
|---|---|---|---|---|---|---|
| Target setting | 10 | | Guidance on Gender Equality Target Setting (2021) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2021/02/PRB-Gender-Equality-Guidance-Document_final.pdf | • Guidance material explaining how to set targets for gender equality |
| Reporting | 11 | ● | Reporting and Self-Assessment Template (2019) |  | https://www.unepfi.org/prb-reporting-and-self-assessment-template/ | • Template for reporting |
| | 12 | ● | Guidance Document: Reporting on the Principles for Responsible Banking (2020) |  | https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/PRB-Reporting-Guidance-Document.pdf | • Guidance material (draft) including examples of information disclosure*1 |

## Other reference (guidance)

| ドキュメント | URL | 概要 |
|---|---|---|
| Guidance created by Collective Commitment to Climate Action (CCCA*1) | Expected to be announced at the end of March 2021 | • 38 PRB signatory banks also participate<br>• Useful for efforts to combat climate change |

*1：2050 Global Initiative by Banks to Support the Transition to Net Zero Society

# 7.1. Reference - guidance（4/6）

■ Various working groups are established to provide support in implementing the PRB.

## Working group

| CL | Document | URL | Overview |
|---|---|---|---|
| WG | Working Group Structure to Support Implementation (2020) | https://www.unepfi.org/wordpress/wp-content/uploads/2020/03/ToRWorkingGroupStructure_2020.pdf | • Details of each working group |

| Topic | Names of working group | Overview |
|---|---|---|
| Communication | Communication & Knowledge Sharing | • Support for sharing knowledge about each PRB requirement |
| Impact analysis | Application & Further Development of the Portfolio Impact Identification Tool<br>Impact Analysis Guidance & Peer Exchange | • Providing support for conducting comprehensive impact analysis<br>• Development of analysis tools and improvement of accuracy |
| Target setting | Learning & Applying Existing Methodologies for Assessing Climate Alignment<br>Harmonization, Comparability & Monitoring of Climate Targets<br>Target Setting in Specific Impact Areas* | Promote and apply understanding of existing target setting methods<br>• Development of target monitoring method<br>• Development of guidance on indicators, evaluation criteria, and methodologies related to target setting |
| Report/ Assurance | Assurance<br>Exchange on Reporting | • Self-assessment support for insurers<br>• Report sharing of early reporters |
| Pear learning/ client cooperation | Peer Learning<br>Exchange with Clients | • Promotion of peer learning<br>• Engagement and transition strategy support between banks and businesses |
| Monitoring / evaluation | Progress Monitoring & Evaluation | • Discussion of definitions of successful progress and monitoring |

# 7.1. Reference - guidance（5/6）

環境省

- In early 2021, various reports are expected to be released based on the discussions in the working group.

## List of official guidance expected to be announced

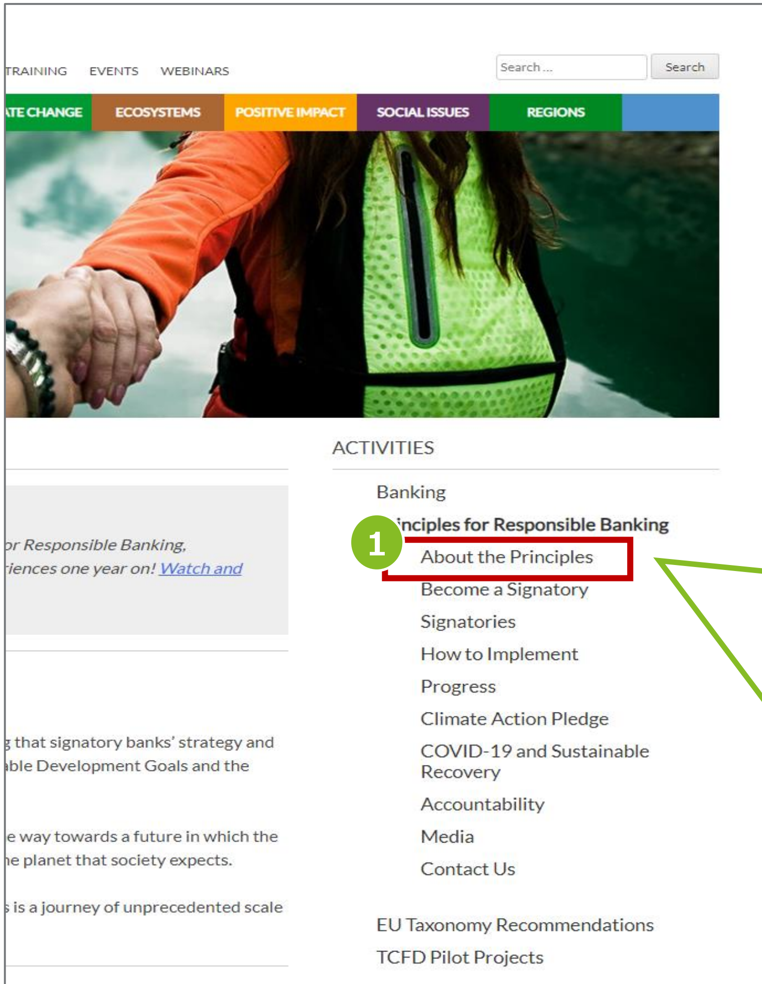
| 分類 | Document | Expected publish date | Overview |
|---|---|---|---|
| Target setting | Deliverables compiled by a working group that promotes CCCA efforts | • Scheduled for the end of March 2021 | • Capacity Knowledge Building<br>• Common framework, Principle, portfolio analysis and target setting / reporting criteria<br>• Scheduled for the end of March 2021 |
| | Work group compilation of goals in a particular area Deliverables (gender, financial inclusion, biodiversity) | • Gender (scheduled for the second half of January 2021)<br>• Financial Inclusion (finalized from mid-February to April 2021)<br>• Biodiversity (finalized in late January 2021 / February-April) | • How to set targets for gender, financial inclusion and biodiversity |
| Monitoring | Deliverables compiled by the working group on monitoring and evaluation | • Progress report template including KPI setting method | • Progress report template with KPI settings<br>• Scheduled for March 22, 2021 |
| Reporting | Deliverables compiled by a working group on third-party guarantees | • Draft created in February 2021-scheduled to be finalized in May | • Guidance on third party warranty |

# 7.1. Reference - guidance（6/6）

環境省

- Some materials translated into Japanese are also available.

## Official Japanese guidance




2

3. **Publicly report on progress**

Signatory banks must report regularly on how they are implementing the Principles for Responsible Banking, the targets they have set and the progress made, using the Reporting and Self-Assessment Template. This should be part of their regular, annual reporting.

Key elements have to be assured. Each bank's reporting contributes to the overall progress report published every two years by UNEP FI.

The Framework documents are available in other languages.

3

**Japanese**

- Principles Signature Document
- Key Steps to be Implemented by Signatories
- Reporting and Self-Assessment Template

Document list as of February 2021：
・Principles Signature Document*
・Key Steps to be implemented by Signatories
・Reporting and Self-Assessment Template
（https://www.unepfi.org/prb-translations/）

*：This Japanese translation has been prepared in cooperation with four domestic organizations (Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, Mizuho Financial Group, Sumitomo Mitsui Trust Holdings) that have signed since the establishment of PRB.
Source: Created based on the UNEP FI homepage (top page)

# 7.2. List of UNEP FI webinars

■ Various webinars are held on the UNEP FI official YouTube channel.

| Contents | URL | Overview |
|---|---|---|
| Introduction of the PRB (2019/4/9) | https://www.youtube.com/watch?v=5QBgROqxHI0 | • Explanation of the 6 principles<br>• Introduction of the PRB activities |
| Introduction of the guidance (2019/7/25) | https://www.youtube.com/watch?v=2Q-A2lAGWYU | • Explanation of the 6 principles<br>• Explanation of the 3 steps<br>• Timeframe & Milestone<br>• Introduction of self-evaluation template |
| Introduction of the guidance (2019/10/24) | https://www.youtube.com/watch?v=ionnci5FIEE | • Introduction of the 6 principles (recap), introduction of the guidance<br>• Examples of PRB implementation<br>• Examples of target setting |
| Introduction of the guidance (2019/10/25) | https://www.youtube.com/watch?v=VCSmmgdJMJw | • Introduction of the 6 principles (recap), introduction of the guidance<br>• Examples of PRB implementation<br>• Examples of target setting<br>※Almost the same contents as the webinar held on 2019/10/24 |
| A webinar explaining how to set targets for gender equality | Scheduled to be held in the future | • Scheduled to be held in the future |

# 7.3. Frequently used tools

- It is important to use appropriate and suitable tools for the impact analysis in specific fields.

## Examples of tools for impact analysis

| Name of tools / frameworks | Overview |
| --- | --- |
| Portfolio Impact Analysis Tool for Banks | • Offers an analysis of a holistic set of 22 impact areas that covers all SDGs areas.<br>• Analyzes the impacts associated with their retail (consumer and business banking) and wholesale (corporate and investment banking) portfolios. |
| Paris Agreement Capital Transition Assessment（PACTA） | • Visualizes bank's exposure for climate change-related scenarios<br>• Only applicable for investment, loan not included |
| Task Force on Climate-related Financial Disclosure（TCFD） | • Through scenario analysis, climate change-related risks and opportunities can be identified<br>• Visualizes impact and enables information disclosure such as governance and risk management |

* : This chapter introduces some tools typically used by many banks.

■ Portfolio Impact Analysis Tool for Banks enables banks to conduct a holistic impact analysis in portfolio.

## Portfolio Impact Analysis Tool for Banks

**Institution**

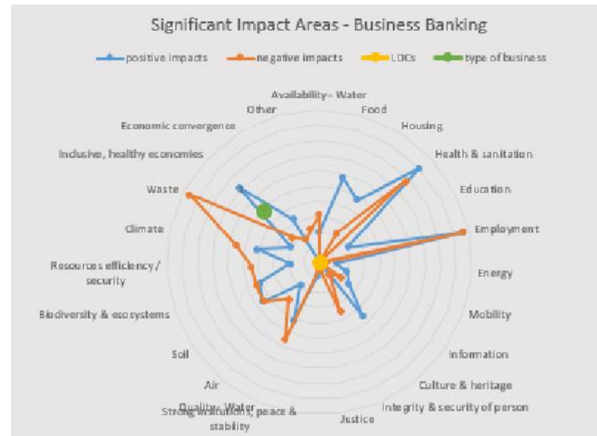
United Nations Environment Programme Finance Initiative (UNEP FI)

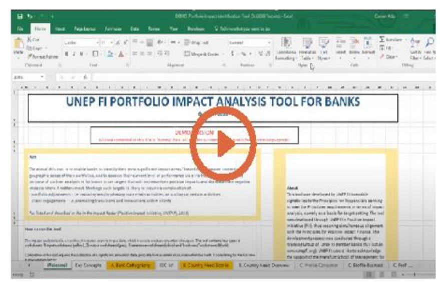
**Overview**

- UNEP FI's Impact Analysis Tools are developed via UNEP FI's Positive Impact Initiative (PII) and based on the Principles for Positive Impact Finance.
- The tool includes the function of the UNEP FI Impact Radar.

- The tool will:
  - ➢ Offers an analysis of a holistic set of 22 impact areas that covers all SDGs areas.
  - ➢ Help banks analyze the impacts associated with their retail (consumer and business banking) and wholesale (corporate and investment banking) portfolios.
  - ➢ Enable banks to set targets where it matters in order to drive their contribution to society's goals.

**Analysis result (image)**




Introduction video (see the guidance for further information) : https://www.unepfi.org/wordpress/wp-content/uploads/2020/10/Guide-to-Holisitic-Impact-Analysis-Oct-20.pdf

**Download link**

https://www.unepfi.org/positive-impact/unep-fi-impact-analysis-tools/portfolio-impact-tool/

■ PACTA enables banks and investors to measure the climate-relevant transition risks.

## Paris Agreement Capital Transition Assessment (PACTA)

### Institution

2 Degrees Investing Initiative (2°ii)

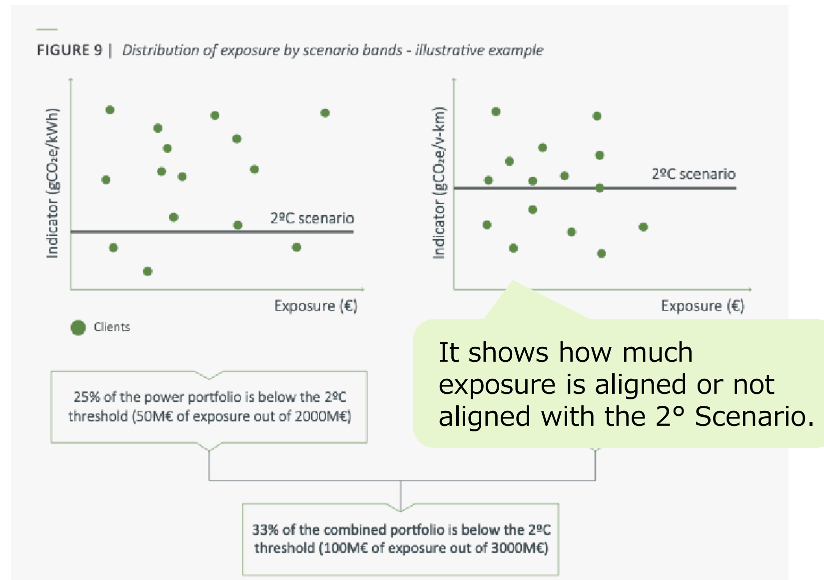
### Overview

- The tool was developed in 2018 under the support from PRI, and it supports conducting the scenario analysis aligned with TCFD.

- The tool is able to analyze and assess:
  - 4 highly CO2 concentrated industries (fossil fuel, power, transportation, cement/steel) in bank's portfolio.
  - The exposure for each sector whether it is aligned with the scenario (eg. in power sector, it assesses with scenario such as The IEA's SDS).

- Its scope is only on investment, and it does not include loan.

### Analysis result (image)




Source: BNP Paribas (2020), Credit Portfolio Alignment - An application of the PACTA methodology by Katowice Banks in partnership with the 2 Degrees Investing Initiative

### Download link

https://www.transitionmonitor.com/

# 7.6. Tool③

■ Scenario analysis enables organizations to include climate-related risks and opportunities to business strategy.

## Task Force on Climate-related Financial Disclosures (TCFD)

### Institution

Task Force on Climate-related Financial Disclosures (TCFD)

### Overview

- A framework to help companies/organizations more effectively disclose climate-related risks and opportunities through their reporting processes.

- Organizations is encouraged to perform scenario analysis to assess the potential business implications of climate-related risks and opportunities, and disclose assessments (see below).

| | |
|---|---|
| Governance | Governance around climate-related risks and opportunities |
| Strategy | Risks and opportunities on the organization's businesses, strategy, and financial planning |
| Risk Management | How the organization identifies, assesses, and manages climate-related risks |
| Metrics and Target | The metrics and targets used to assess and manage relevant climate-related risks and opportunities |

### Practical guide for banks (published by the MOE)


環境省

Practical Guide for Scenario Analysis
in Line with the TCFD Recommendations
(Banking Sector)

March, 2021

Environmental and Economy Division, Minister's Secretariat, The Ministry of Environment

- The guidance introduces the process of scenario analysis for banks, including the quantitative analysis and assessment.

- It also introduces the results from financial impact assessment of financial institutions.

### Download link (official guidance)

https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf