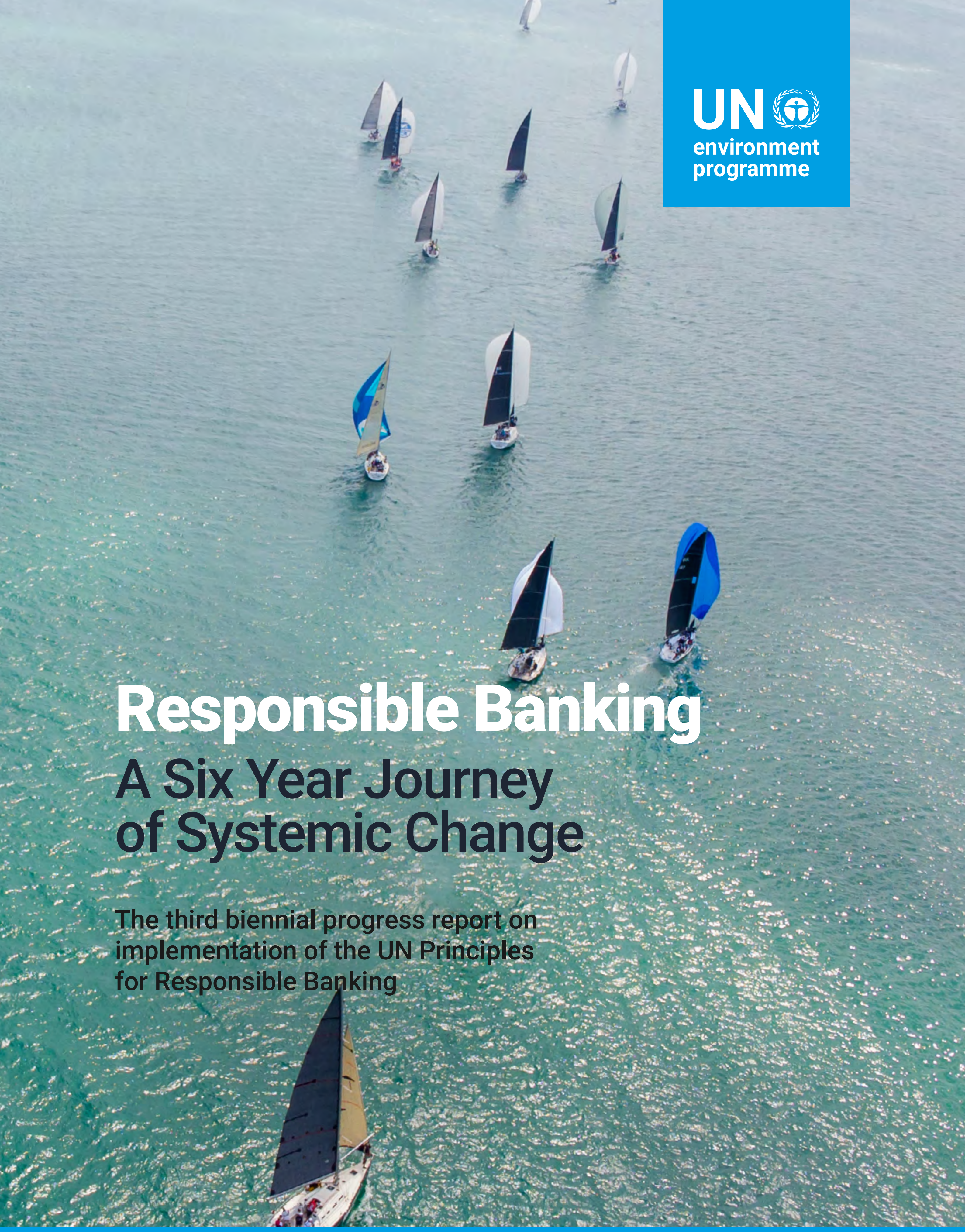

UN environment programme

Responsible Banking

A Six Year Journey of Systemic Change

The third biennial progress report on implementation of the UN Principles for Responsible Banking

October 2025

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Acronyms and abbreviations

BRICS	Brazil, Russian Federation, India, China, South Africa
CCAP	Center for Clean Air Policy
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
COP29	29th Conference of the Parties to the UNFCCC
CSAB	Civil Society Advisory Body
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
ESG	Environmental, Social, and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
GBF	Global Biodiversity Framework
GDP	Gross Domestic Product
G-SIBs	Global Systemically Important Banks
ICJ	International Court of Justice
ISSB	International Sustainability Standards Board
NDC	Nationally Determined Contribution
NGFS	Network for Greening the Financial System
PRB	Principles for Responsible Banking
PRI	Principles for Responsible Investment
S&P	Standard & Poor's
SDGs	Sustainable Development Goals
SMART	Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound
TNFD	Taskforce on Nature-related Financial Disclosures
UN	United Nations
UNDP	United Nations Development Programme
UNEP FI	UN Environment Programme Finance Initiative
UNGP	UN Guiding Principles on Business and Human Rights
UNCTAD	United Nations Conference on Trade and Development
WBA	World Benchmarking Alliance

Contents

Foreword

Inger Andersen
Executive Director
United Nations Environment Programme

As we mark six years since the launch of the Principles for Responsible Banking (PRB), we do so in a world shaped not only by the triple planetary crisis—the crisis of climate change, the crisis of nature, land and biodiversity loss, and the crisis of pollution and waste—but also a world that is rapidly evolving from escalating geopolitical tensions, economic fragmentation, and rising social unrest. From conflict-driven energy insecurity to the uneven pace of climate transition, the global landscape is increasingly complex and interdependent.

Amid these challenges, there is a growing recognition of the banking sector's role in enabling systemic change. Financial institutions remain engaged in supporting the achievement of global frameworks such as the Paris Agreement, the Kunming-Montreal Global Biodiversity Framework, and the Sustainable Development Goals (SDGs), while also responding to national needs. This engagement is essential but must quickly deepen and accelerate.

There is a clear opportunity to shift away from high-polluting, linear economic models toward resource-efficient, clean technologies and circular systems. The banking sector has shown its potential to support this transformation. For example, the global push for decarbonization is already delivering tangible economic benefits: in 2024, renewable energy projects attracted a record US$ 2.1 trillion in investment and now employ millions of people worldwide.[i] In many regions, renewables are not only more affordable than fossil fuels but are also expanding access to electricity in underserved communities.

This momentum is reinforced by a landmark development in international law. In July 2025, the International Court of Justice (ICJ) issued a historic advisory opinion strengthening the legal foundation for climate action and underscoring the urgency of aligning financial flows with climate resilience and justice.[ii]

This third biennial progress report reflects the growing maturity of the PRB community. More banks are setting measurable targets—particularly on climate mitigation, supporting client transitions, and expanding access to financial services. Transparency on impacts is also improving, and considerations of biodiversity and resource efficiency are increasingly being integrated into policies, products, and decision-making. These developments signal an important shift in banking practice.

This shift is not happening in isolation. Central banks and regulators are increasingly recognizing nature-related risks as material to financial stability. Government-level agreements on chemicals and plastics are laying the groundwork for systemic action on key drivers of nature loss. Together, these developments reflect a growing consensus: environmental and social risks are not peripheral—they are material financial risks that demand urgent and coordinated response.

Still, progress must accelerate. The science is clear and the window for meaningful action is quickly narrowing. The Principles for Responsible Banking offer a clear roadmap—but it is up to each institution to walk that path with ambition, integrity, and urgency. UNEP FI's vision reinforces this direction, aiming to empower the financial industry to transition toward sustainable business models, build capacity, and adapt to local realities—while supporting institutional and system-level change through community building, implementation support, regional engagement, and policy alignment.

> **To all signatories: thank you for your continued commitment. Let this report serve not only as a reflection of progress, but as a clear call that our work is not yet done. The transition to a sustainable economy will not happen on its own—it must be actively built, financed, and led. The choices made by financial institutions today will shape the future.**

Dimitrios Dimopoulos
Co-chair, UNEP FI
Banking Board

Boitumelo Sethlatswe
Co-chair, UNEP FI
Banking Board

Foreword by Banking Board Co-chairs

As we publish the third biennial progress report of the PRB, we are inspired by the growing maturity of our global initiative and the transformative potential that our sector holds to shape a more sustainable future. The PRB community remains strong amidst challenging geopolitical dynamics and diverging responses to tackling critical social and environmental issues that also impact the economy.

Since its launch, the PRB have brought together over 350 banks across 87 countries, representing approximately half of global banking assets. This collective scale is not only a testament to the relevance of the PRB, but also to the recognition of sustainability as a core business imperative.

The data are clear: PRB signatories, as a group, are outperforming their peers on environmental, social, and governance (ESG) ratings, demonstrating stronger average alignment with sustainability goals and benefiting from greater investor confidence. These are not incidental outcomes—they reflect deliberate efforts to embed sustainability into strategy, governance, and risk management.

This year's report highlights measurable progress. Eight out of ten (80 per cent) PRB signatories have now set targets in key impact areas—up from just 30 per cent in 2021. According to MSCI Sustainability Institute (2025), 90 per cent offer sustainability-linked products, and are almost four times more likely than non-signatories to apply sector-specific environmental and social risk policies in high-impact sectors. These are tangible indicators of a shift from commitment to action, which is core to the Responsible Banking Journey.

At the same time, the operating environment is evolving. With few exceptions, regulatory expectations are rising. Stakeholders are demanding greater transparency, accountability, and impact. The PRB have helped shape many of the concepts now embedded in emerging global standards, including impact analysis and double materiality.

As a Board and together with the PRB Civil Society Advisory Body, we recently met to discuss these themes. While there is always room to grow and deepen impact, we view the progress as encouraging—especially in light of the challenging operating conditions that many banks face. This moment also reinforces our shared commitment to driving both systemic transformation and continued individual and institutional progress.

> **As signatories, we have the opportunity—and the responsibility—to shape a banking system that delivers long-term value for both business and society.**

Civil Society Advisory Body independent view

Group of coworkers working together and talking in a modern office. Workplace and cooperation concept. Credit: elements.envato.com/group-of-coworkers-working-together-and-talking-at-4BDFSR5

The CSAB is encouraged by the progress banks have made since the second progress report, particularly in light of some headwinds that may hinder increased ambition and demonstrated impact in certain geographies. The CSAB also welcomes the actions that the Banking Board and signatory banks have taken, including in response to CSAB's recommendations based on the second progress report. For instance, at least from a process standpoint, the PRB has focused on elevating the priority of the intersectionality of key issues, such as climate, nature, workers and communities, by developing specific worktracks on pollution, circular economy, and just transition.

Building on progress to date, the CSAB urges PRB signatories to increase their focus on translating goals and strategy into demonstrating real-world results on the priority impact areas of climate change, inclusive and healthy economies, circular economy, nature and biodiversity, and human rights—and their intersectionality. Specifically, the CSAB recommends further action for the Banking Board and PRB signatories along four key areas: 1) Business Case & Transparency; 2) Intersectionality & Impact; 3); Regional Specificity & Growth; and 4) Strategic Advocacy.

1. Business case and transparency

The CSAB commends most PRB signatories' improved performance, as indicated by the third progress report. While the CSAB expects to see this number be 100%, we are encouraged by the meaningful increase, from 30 per cent in 2021 to 80 per cent in 2025, in the number of signatories that have set portfolio-aligned targets relevant to at least one of their most significant impacts and that 71 per cent have established processes or policies to guide their clients' transitions. Similarly, as an indication that these actions are being integrated into the business in a fuller manner, it is notable that 86 per cent of signatories report that they have integrated environmental and social considerations into their core business strategies.

As signatories navigate increasingly turbulent domestic and geopolitical dynamics, the CSAB recommends that the PRB helps bolster the business case for increasing ambition and impact. Tangible financial datapoints, such as the lower average cost of capital for PRB signatories relative to peers are compelling and should be emphasized. Additionally, as certain stakeholders—and shareholders in particular—use performance on sustainability metrics as part of the decision-making criteria, it could impact access to capital, in addition to its cost. Relatedly, the CSAB endorses the use of third-party data to help verify and validate member bank performance. We urge the PRB to provide as much transparency as possible into the underlying third-party analysis methodologies, as such findings, particularly the lower cost of capital, may be especially scrutinized. While the third progress report rightly emphasizes meaningful progress made, the CSAB sees opportunities to further highlight barriers and challenges, given that signatories still need to more fully translate commitments into real-world results. The CSAB also encourages the PRB to deepen its analysis of systemic barriers faced by banks in emerging markets—especially smaller institutions with limited access to technical and financial resources. Highlighting these constraints and developing tailored implementation pathways can improve transparency, facilitate peer learning, and ensure that performance benchmarking does not inadvertently penalize banks operating in more challenging environments

2. Intersectionality and impact

The CSAB is heartened by the increased focus on the intersectionality of climate change, nature, healthy and inclusive economies, and human rights—including the rights of bank employees—in the third progress report. While it is good to see nearly all signatories (94 per cent) meeting the Principles' minimum recommendation of prioritizing at least two impact areas, to sufficiently recognize these issues' interdependence, more than 20 per cent of signatories must prioritize three or more areas. Notwithstanding capacity constraints that some banks face, the CSAB urges the PRB to continue to prioritize working with signatories to elevate the focus on the interconnectedness of these issues, both for the co-benefits of addressing more than one issue together and because there is not enough time to address them sequentially. To that end, the CSAB applauds UNEP FI for broadening its focus beyond climate to cover nature and social risks. A tangible way to advance this initiative could be for a leading group of banks to pilot combined nature and climate transitions plans.

The CSAB recognizes the challenges associated with providing impact-related data, especially considering that it is early days in driving real-world results. Given the urgent need to make the progress necessary to achieve 2030 goals, now is the time to translate commitments and target-setting into action. We encourage reporting on even early adopters and imperfect impact data to demonstrate movement beyond process toward impact.

With respect to human rights, the CSAB recommends that additional attention be paid to the impacts of banks' financing in areas of conflict and just transition. In conflict, banks should follow UNDP's heightened human rights due diligence for business in conflict-affected contexts to identify and assess not only their actual or potential adverse impacts on human rights, but also on the conflict itself. In addition to conducting and updating this analysis, banks should communicate their actions publicly, and use their influence, where possible, with key actors in the conflict to address the underlying drivers. For a just transition to low-emissions economies, the required urgent decarbonization will demand efforts by banks to sustain public trust through the adoption of robust human rights and environmental due diligence in their lending.

3. Regional specificity and growth

The global nature of the PRB is one of its core strengths. This also presents regional alignment, relevancy, and performance challenges. The CSAB recommends a continued emphasis on localization of PRB requirements, guidance, and expectations as national contexts must be recognized more significantly in implementation journeys. The CSAB highlights the importance of integrating regional materiality more effectively into PRB implementation. While progress in target-setting is evident across regions, key impact areas such as climate adaptation and biodiversity remain underprioritized—particularly in regions most vulnerable to environmental and social risks. The PRB should strengthen capacity-building and co-develop context-specific frameworks with local stakeholders. Establishing communities of practice on topics like just transition and nature-positive finance could support the development of tailored, high-impact strategies globally.

4. Strategic advocacy

Despite the understandable inclination to maintain a lower profile in the current combative political atmosphere, the financial sector has an important role to play in response to the increasing policy and regulatory uncertainty in certain geographies. Building on PRB signatories' support for sustainable finance regulation and standard interoperability, the CSAB encourages more strategic advocacy from PRB banks—and from the PRB itself. Priorities could include: scaling blended finance; engaging with the Network for Greening the Financial System (NGFS), Ministers of Finance for Climate Action, G7,[1] G20's[2] Sustainable Finance Working Group; and supporting transparency and due diligence regulation, such as the EU's Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), and BRICS[3] processes; and supporting location-based enabling policies. As the CSAB has noted in the past, it is also important to address any disconnects between companies' stated climate and other sustainability policies and their lobbying and policy advocacy positions.

1 Intergovernmental forum consisting of Canada, France, Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

2 Intergovernmental forum comprising 19 sovereign countries (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russian Federation, Saudi Arabia, South Africa, Türkiye, United Kingdom of Great Britain and Northern Ireland, the United States of America, plus the regional blocs of the European Union and the African Union

3 Brazil, Russian Federation, India, China, and South Africa

Executive summary

"The Sustainable Development Goals are not a dream. They are a plan—a plan to keep our promises to the most vulnerable people, to each other, and to future generations. (…) Let us act with determination, justice and direction. And let's deliver on development—for people and for planet."

Secretary-General António Guterres (July 2025)

Small child holding globe on landfill, environmental pollution concept. Credit: elements.envato.com/small-child-holding-globe-on-landfill-environmenta-LJUNS4Q

As banks advance individually in implementing the PRB, their efforts are not only benefiting their clients, shareholders, and wider stakeholders; they are also catalyzing systemic change, both within the banking system and across the real economy. **This third progress report demonstrates a sector-wide shift in banking practices.** It showcases how PRB signatories are increasingly moving from commitment to action, with tangible impacts now visible on the real economy and society.

US$ 12 trillion of sustainable finance is being mobilized[4]

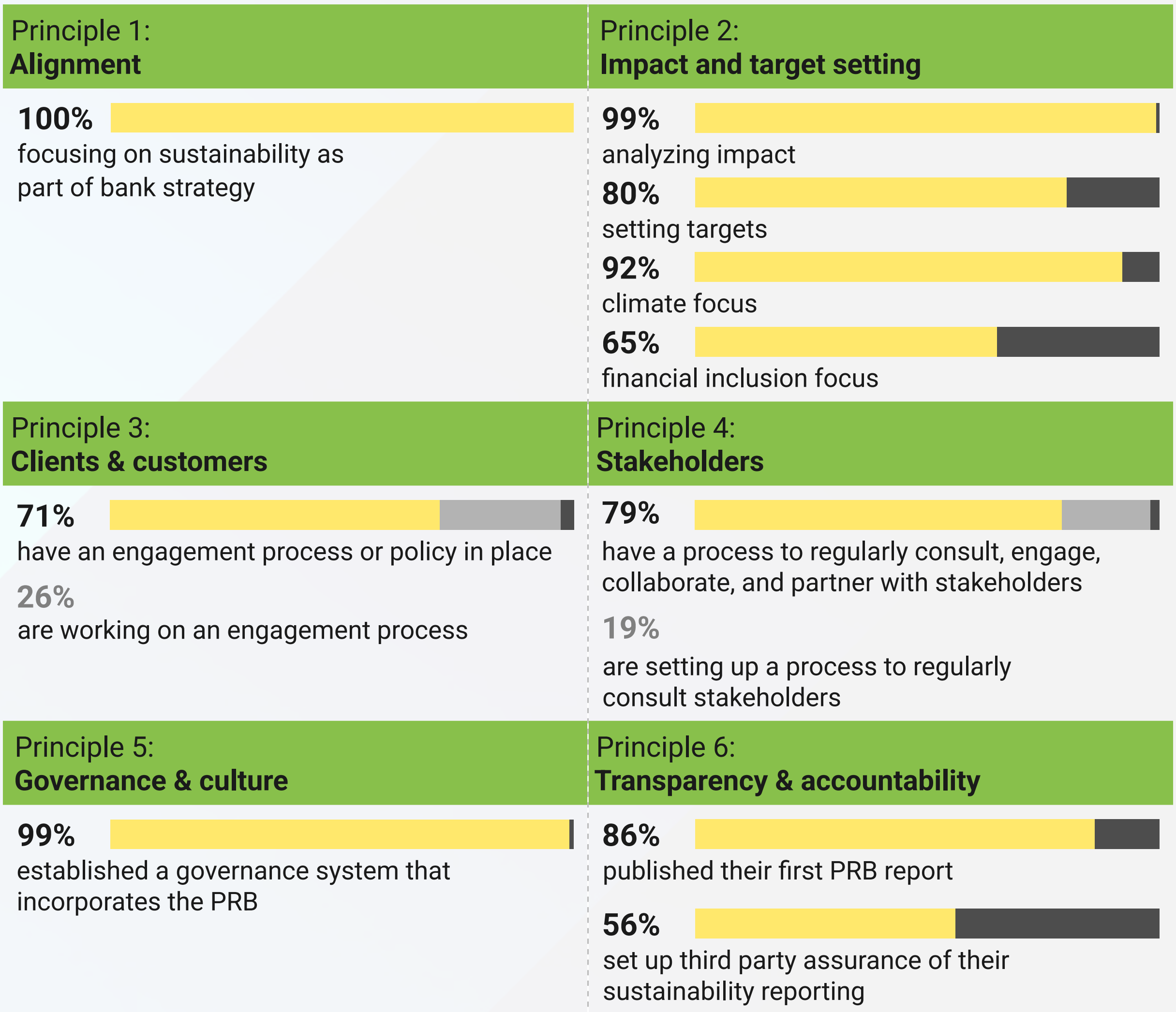


Figure 1: Overview of progress across the six principles

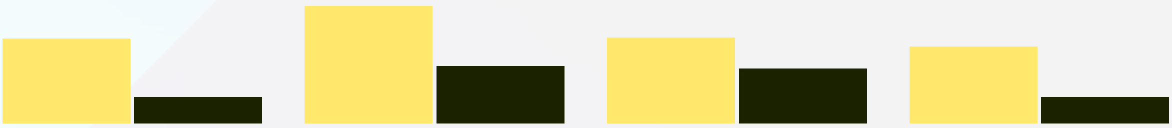
4 Amount committed through sustainable finance targets by signatory banks. This category of targets aims to redirect lending and investment flows toward green, social, and sustainability-aligned deals, using financial indicators such as portfolio volumes in US$.

With over 350 banks across 87 countries, and assets representing approximately half of the global banking sector, **the PRB brings together a community that can scale the approaches that it pioneers to global market practice.** At the same time, it reveals a leadership group that significantly outperforms peers in their ESG ratings performance.

61 per cent of PRB signatory banks are recognized as sustainability leaders versus 23 per cent of non-PRB banks (MSCI Sustainability Institute 2025).[5,iii]

Market practices pioneered by UNEP FI such as impact analysis and sustainability target setting, are being reflected in regulatory norms, primarily in Europe but also beyond. While regulatory requirements ensure comparability and accountability within jurisdictions, **the PRB, as a global voluntary initiative, offers a unique space for designing, piloting, and scaling innovative approaches toward consistent global market practices.** The shared vision established through the PRB is further reinforced by multilateral collaboration, emerging international agreements, and growing regulatory momentum in key jurisdictions around the world. **As of November 2024, over 50 jurisdictions were developing or implementing green or transition taxonomies (PRI 2024).**[iv]

PRB signatories:



Are over 3 times more likely to have set net-zero reduction targets for financed emissions compared to the Benchmark Group.*

90 per cent offer sustainability-related financial products, compared with 44 per cent of non-signatories.**

Over 1.5 times more likely to link executive compensation to sustainability performance than their non-PRB peers.**

59 per cent implementing sector-specific credit risk policies for biodiversity compared to 20 per cent of non-PRB peers.**

* (S&P Global Sustainable 1)
** (MSCI Sustainability Institute)

Figure 2: Performance of PRB vs. peer Banks (Source: MSCI Sustainability Institute 2025, S&P Global Sustainable 1 2025)

PRB signatories are considerably outperforming their peers in setting targets, developing financial products aligned with sustainability transition needs, and establishing governance structures and environmental and social policies. These efforts translate into stronger risk management in high-impact sectors, better regulatory preparedness, enhanced board oversight—and a measurable commercial advantage. According to MSCI ESG Research (2024), financial institutions with stronger sustainability performance benefit from a lower cost of capital.

5 MSCI ESG Ratings evaluate exposure to and management of industry-specific, financially relevant, risks and opportunities, across key sustainability issues. Comparison based on MSCI ESG Ratings Methodology, as of July 2025, for 163 PRB signatories and 1,091 non-signatory institutions within MSCI coverage that engage in banking activities. "Leader" ratings refer to companies that are best positioned to manage these risks and opportunities, receiving a rating of AAA or AA on MSCI's scale (ranging from CCC to AAA).

This performance is underpinned by strategic integration. PRB banks have progressed on establishing internal sustainability "infrastructure" through impact analysis, strategic alignment, governance, and target setting, now turning their attentions to **delivering on their commitments and transition plans in collaboration with their clients—including through finance that is inclusive and gender-responsive, low-carbon and climate-resilient, nature-positive, and respectful of human rights**. The updated PRB framework, shaped by the PRB 2030 strategic process,[7] supports this evolution. Progress is accelerated through peer learning, expert-led piloting of new approaches, tailored capacity building, and individualized feedback within the global PRB community.

Notably, PRB signatories, pay one percentage point less, on average, for equity and debt capital than non-signatories (MSCI Sustainability Institute 2025).[6]

> **Four out of five signatories are actively engaged in the PRB work programme, and all eligible signatories received at least one individualized feedback and support meeting and report.[8]**

Meaningful progress has been achieved in advancing effective and proportionate sustainable finance policy frameworks, yet gaps remain when measured against the scale of global challenges. **Climate change, biodiversity loss, pollution, and inequality continue to pose significant risks, while policy frameworks and real economy transitions are still evolving**. Current political and economic headwinds also highlight the importance of resilience in maintaining momentum—both by regulators and banks.

To meet the scale of today's challenges, **PRB signatories are deepening collaboration with key actors across the financial system, including regulators, standard-setters, investors, and clients**. This effort is essential to support systems change and align financial flows with sustainability goals. By embedding sustainability into core business strategies, PRB banks are demonstrating that responsible banking is not only viable but vital for resilience and competitiveness.

Achieving a resilient, low-carbon, and inclusive global economy relies on complementary efforts from governments, industry, and civil society. A key focus ahead will be further engaging with system actors to help shape enabling conditions and support broader transformation.

6 A 2024 MSCI study covering over 4,300 issuers found that companies with higher ESG ratings (top quintile) benefited from lower weighted-average costs of capital, combining both costs of equity and debt, than those with lower ESG Ratings (bottom quintile)—by approximately 1.1 percentage points on average between August 2015 and May 2024 (0.6 percentage points for financial institutions) (MSCI ESG Research 2024). PRB-specific analysis suggests this difference was, on average, two per cent (vs non- PRB signatories) for an unbalanced sample, and one per cent after controlling for region, market capitalization, and main activity (relevant for diversified financial groups) between August 2015 and March 2025; for 143 PRB signatories and 143 non-PRB signatories (MSCI Sustainability Institute 2025).

7 Strategic framework review, part of a periodic process to ensure that the PRB remain relevant and responsive to evolving sustainability challenges.

8 Signatories who have published their first report, 305 as of June 2025.

Six years of the PRB in action

A leadership community for responsible banking

With over 350 signatories across 87 countries, representing approximately 50 per cent of global banking assets (over US$ 98 trillion), **the PRB have evolved into the world's foremost framework on responsible banking**. As banks worldwide adopt the PRB, they bring capital flows and unlock market-shaping influence that drives systemic change across the financial sector and the real economy.

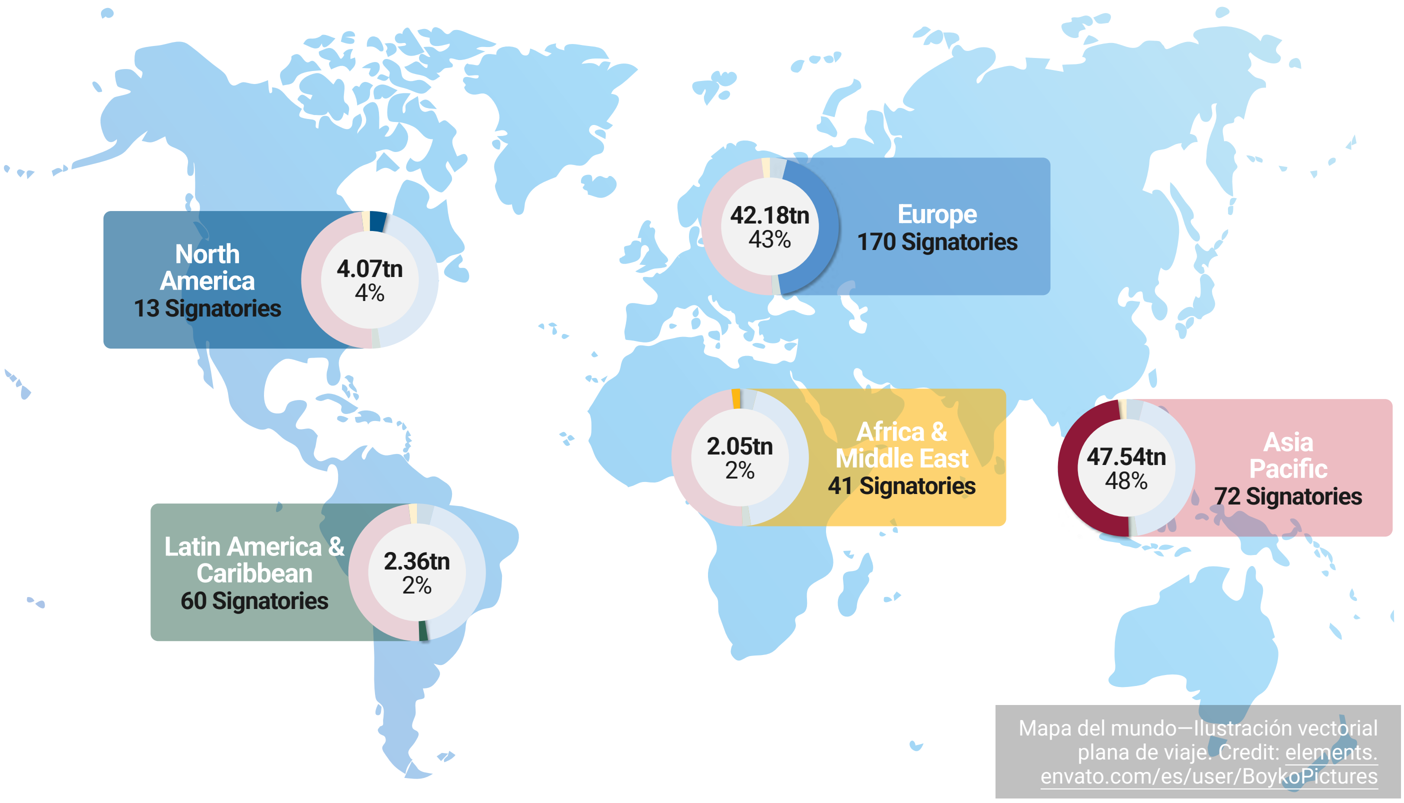


Figure 3: PRB Membership by region

Asia is one of the fastest-growing regions in PRB membership. Indeed, it is now the largest region for membership by assets. This partly reflects the fact that it is home to some of the world's largest banking systems, including those of China, Japan, Republic of Korea, India, and Southeast Asia.

> **The scale and influence of Asian banks present a unique opportunity to accelerate the global transition toward responsible banking.**

The PRB represent more than a public commitment—they are linked to stronger performance in managing sustainability-related risks and governance, as well as delivering broader impact. **PRB signatories are more than twice as likely to be recognized by MSCI for leadership in sustainability integration**, and are significantly less likely to be among the lowest performers (MSCI Sustainability Institute 2025). **Similarly, S&P Global Sustainable 1 (2025)[v] indicates that signatories tend to achieve higher average sustainability performance scores than benchmark reference group (over 60 per-cent higher).**[9]

Overall MSCI ESG Ratings of PRB members versus Non-PRB members

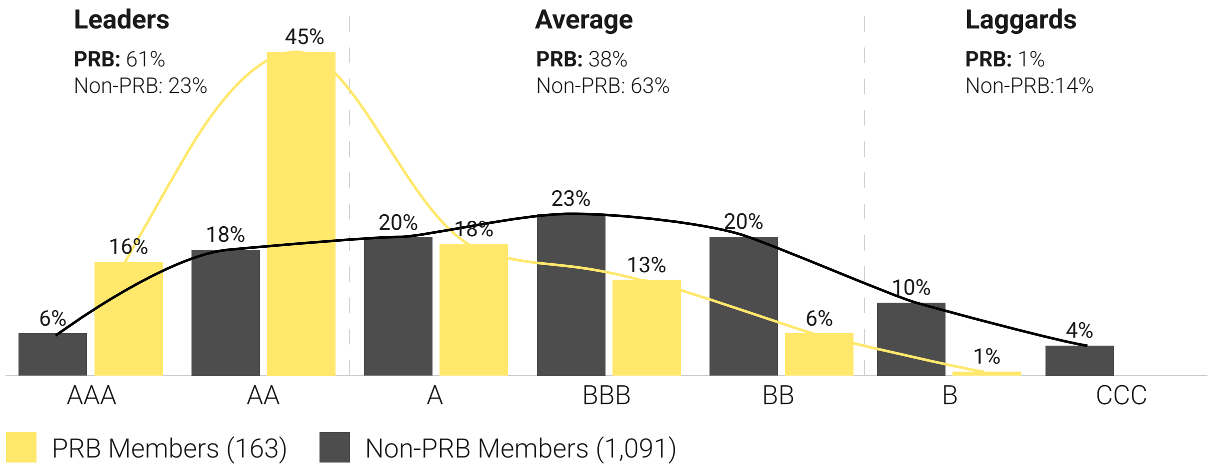


Figure 4: MSCI ESG Ratings of PRB vs non-PRB signatories (MSCI Sustainability Institute 2025).

CASE STUDY

Bank evolution of sustainability performance rating since joining the PRB →

9 S&P Global ESG Scores assesses sustainability performance based on sector-specific standards and publicly disclosed information. Comparison based on S&P CSA Methodology, as of June 2025, for 137 PRB banks within a universe of 1,231 banks and diversified financials for which S&P Global Corporate Sustainability Assessment (CSA) data is available.

Strengthening the business case for sustainability

The climate crisis is accelerating, with rising temperatures, extreme weather, and nature loss posing systemic risks to economies and financial systems. Over 50 per cent of global gross domestic product (GDP) is directly dependent on nature,[vi,] and failing to act on climate and biodiversity risks can lead to stranded assets, regulatory penalties, and reputational damage. But this is also a moment of unprecedented opportunity. **As the UN Secretary-General recently noted,[10] "The sun is rising on a clean energy age." Aligning portfolios with sustainability goals opens access to rapidly growing markets in renewables, green infrastructure, and inclusive finance.**

Momentum is building. **In 2024, global investment in renewables reached US$ 2.1 trillion,[vii] with clean energy now often cheaper than fossil fuels**—creating jobs and expanding access.[viii] The transport sector is being transformed by electric vehicles, and shipping expected to carry a price on carbon.[ix] Meanwhile, global frameworks like the Kunming-Montreal Global Biodiversity Framework, the Global Framework on Chemicals, and the international plastic treaty currently under negotiation are creating a clearer policy path for sustainable business and finance. Circular economy approaches offer a compelling business case: they help reduce material and energy costs, enhance supply chain resilience, open up new revenue streams through innovation, and respond to rising regulatory and consumer demands for sustainability.

Recent years have witnessed the gradual consolidation of global, regional and national sustainability regulations and standards, such as CSRD and the International Sustainability Standards Board (ISSB). This process supports more consistent, transparent, and accountable disclosures. **For PRB signatories, this greater alignment reinforces the focus on action, impact and continuous improvement, helping banks meet rising stakeholder and regulatory expectations**. Banks that integrate sustainability into their core strategy are better positioned to manage risk, support clients, unlock innovation, and meet evolving stakeholder expectations.

> **Research by MSCI Sustainability Institute (2025) suggests that continuous improvement in sustainability practices is not only good for sustainability but also for financial performance. Notably, PRB signatories show lower cost of capital on average, reflecting growing investor confidence in responsible banks.**

10 Climate Action: Special Address by UN Chief, 22 July 2025

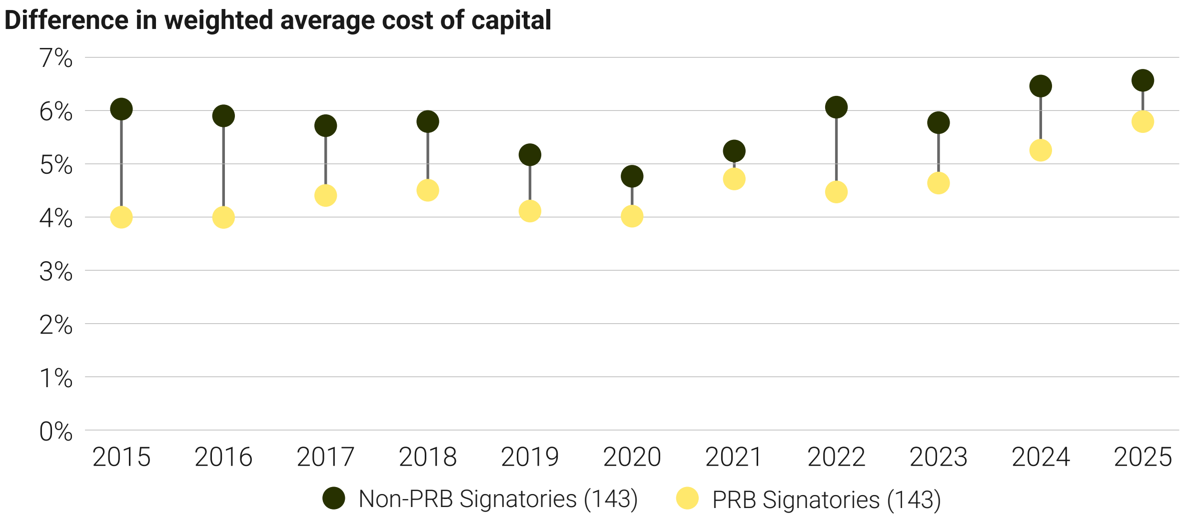


Figure 5: Cost of capital of PRB vs non-PRB signatories (MSCI Sustainability Institute)

Through the Responsible Banking Journey, banks are supported in embedding sustainability across governance, strategy, and operations—delivering value for clients, shareholders, and society.

The business case for sustainability is increasingly evident in the real economy. Through green loans and sustainability-linked financing, banks are actively supporting clients in achieving environmental targets. Tools such as carbon footprint calculators and sustainability advisory services enable businesses to integrate sustainability into their core strategy and gain a competitive edge. **By directing capital to transition high-emission sectors, banks help firms reduce exposure to transition and physical climate change risks—such as rising carbon prices, tightening regulations, shifting consumer preferences and more frequent and severe weather events**—identified by NGFS as key threats to financial and economic stability.[x] This strategic shift supports climate goals and enhances long-term business resilience and market adaptability.

CASE STUDY

Sustainable practices as a smart business strategy for companies in Africa →

Similarly, banks that support gender equality unlock significant business value by strengthening resilience, expanding revenue, and improving risk outcomes. For instance, women-led small and medium-sized enterprises (SMEs) are reliable borrowers, yet they remain underserved. **Closing the credit gap could generate up to US$ 30 billion in new interest income**.[xi] Of the 299 signatories reviewed, 54 (18 per cent) PRB signatories are prioritizing efforts in relation to gender equality having set or begun setting targets[11] to amplify their influence in this space. With rising stakeholder expectations, gender-smart banking is a strategic imperative for future-ready financial institutions.

11 To further strengthen gender responsiveness, PRB signatories are encouraged to set SMART (i.e. Specific, Measurable [qualitative or quantitative], Achievable, Relevant and Time-bound) gender equality targets. Examples range from targets on lending to women-led SMEs and improving gender balance in leadership, through to integrating gender analysis into risk and impact assessments.

CASE STUDY
Gender inclusion and support for women entrepreneurs →

Regulatory momentum and multilateral action are reinforcing society's goals

Recent policy developments across financial supervisors, policymakers, and multilateral platforms are enabling banks to build on their voluntary commitments and accelerate lasting progress—reinforcing implementation of the PRB's ambition to contribute to society's goals.

At COP29, countries endorsed the aspiration to scale up financing for climate action from all public and private sources to at least US$ 1.3 trillion per year by 2035.[xii] Advances in international carbon markets, alongside growing consensus on standards for transition finance and ongoing discussions to scale up adaptation finance are helping to turn this ambition into action. As of November 2024, over 50 jurisdictions were developing or implementing green or transition taxonomies.[xiii] That same year, G20 and 15 leading economies introduced over 70 sustainable finance policy measures, pushing the global total past 500.[xiv]

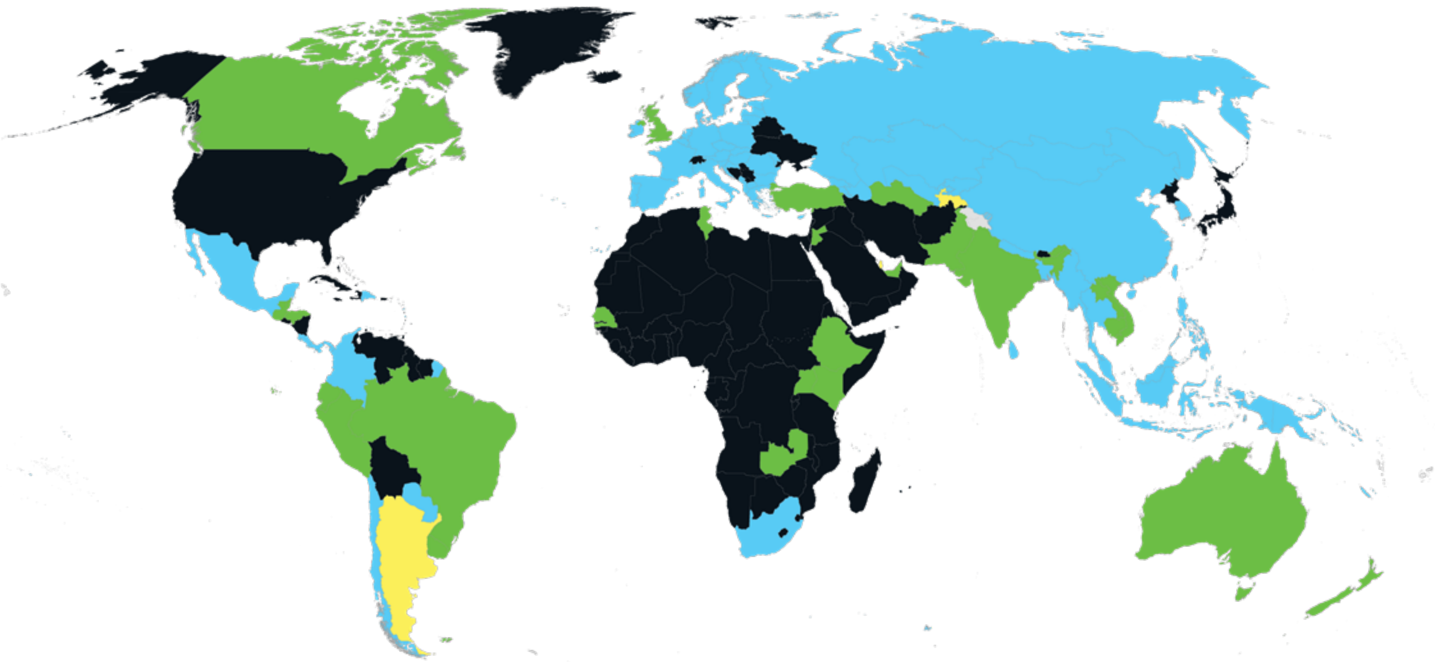


Figure 6: Current landscape of taxonomies. Source: CCAP

The Fourth International Conference on Financing for Development (FfD4), held in Sevilla in July 2025, complemented this momentum. **It set a path to close the US$ 4 trillion SDGs financing gap in developing countries through three strategic fronts: catalyzing investment at scale, addressing the global debt crisis, and reforming the international financial architecture**.[xv]

Across **Asia Pacific**, regulators in eight out of 12 jurisdictions covered in a recent UNEP FI analysis are implicitly or explicitly embedding sustainability more systematically into their mandates.[xvi] Beyond formal mandates, regulatory practice is also evolving, with various countries advancing regulatory guidance on climate-related risks, enhancing taxonomy implementation, introducing disclosure frameworks aligned with ISSB (International Sustainability Standards Board), developing transition planning expectations to guide financial sector alignment, and preparing enhanced NDCs (Nationally Determined Contributions), which will help signal sectoral priorities and investment pathways to financial institutions.

In **Latin America and Caribbean**, sustainable finance regulation continues to evolve. While some jurisdictions have implicitly embedded sustainability in their central bank mandates, central banks or prudential supervisory authorities in most jurisdictions are a member to the NGFS. In a variety of jurisdictions, such as Brazil and Colombia, regulators have developed prudential climate stress-testing frameworks.

Momentum is also increasing in **Africa and Middle East**, where regulators are at various stages of developing climate risk guidelines, sustainability reporting requirements, and sustainable finance taxonomies.

In the **European Union**, the regulatory agenda is entering a phase of refinement, with the Omnibus Simplification Package proposing changes to CSRD, CSDDD, and the EU Taxonomy. These adjustments aim to enhance usability and proportionality while balancing ambition on climate and human rights. Globally, central banks uphold financial system resilience as climate and sustainability-related risks are now widely recognized as systemic threats to financial stability, with growing momentum from central banks and supervisors, informed by research and best practices defined by the NGFS.

At the same time, **these regulatory developments are occurring in a dynamic political context**. In some jurisdictions, particularly where sustainability has become politically polarized, planned or existing initiatives might stagnate or be rolled back. While such shifts reflect national political dynamics, regulators overall continue to enhance climate-related risk management expectations, drawing on global sustainability ambitions, evidence of financial materiality, and international best-practice.

Regulatory requirements provide structure, comparability, and accountability, while voluntary initiatives further enable innovation, leadership, and early alignment with global, regional or national priorities. **The PRB framework helps banks anticipate regulatory expectations and in turn, these often reflect good market practice established by voluntary leadership frameworks such as the PRB**.

Inspiring market practice and policy through leadership

As the financial sector's understanding of its role in enabling a just and sustainable transition deepens, banks are moving beyond commitments toward strategic, measurable implementation. **The Responsible Banking Journey provides a structured approach to implementation—for banks to navigate their individual journeys from early-stage efforts to leading practices that deliver consistent, transparent, and impactful outcomes**.

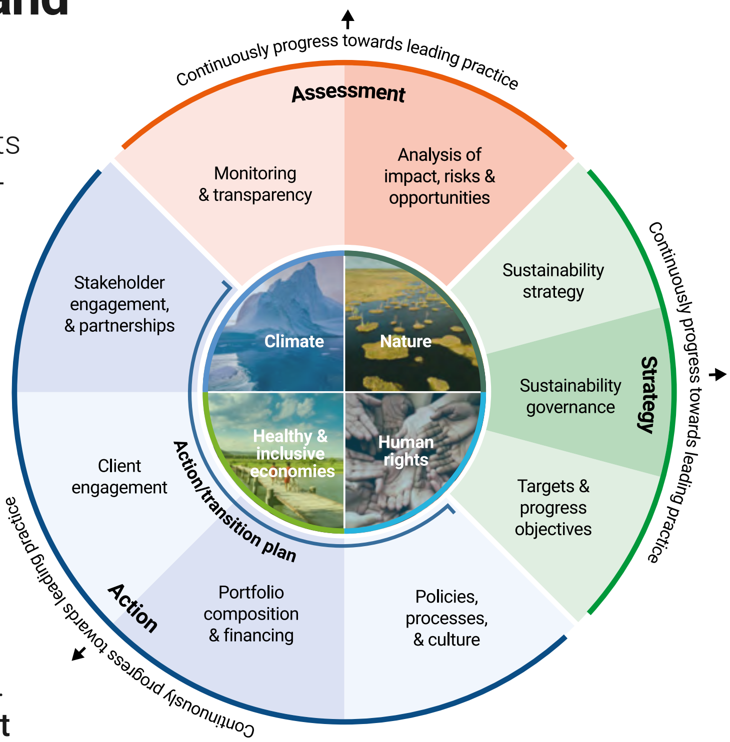


Figure 7: Responsible banking journey

Since its launch, the PRB has contributed to bringing concepts like impact analysis and target setting into the mainstream. **Today, nearly all PRB signatories report that they conduct impact analyses to identify the most significant impacts of their portfolios**. Of the 299 banks that disclosed their impact analysis, 53 per cent demonstrated a comprehensive process, covering most of their business activities, with clear contextualization and transparent conclusions. The remaining 46 per cent received recommendations to enhance the robustness and/or transparency of their analysis. **Approximately eight out of 10 signatories have set at least one public target, which means that over two-fifths (42 per cent) of global banking assets are now covered by those working to align their portfolios with the SDGs and the Paris Agreement**. What started from voluntary commitments by the PRB community is increasingly being mirrored in evolving regulatory frameworks, including the European Union's sustainable finance agenda.

Spotlight: ESRS Interoperability. With the introduction of the European Sustainability Reporting Standards (ESRS), PRB signatories were well-positioned, having already adopted principles aligned with double materiality and impact-driven reporting. To build on this alignment, PRB signatories and the secretariat co-developed the UNEP FI ESRS Interoperability Package. This enables PRB signatories to more easily comply with sustainability reporting rules as well as the expectations of global investors. See also Regulatory Implementation Support Programme.

UNEP FI is also playing a key role in supporting the development of sustainable finance taxonomies in a variety of countries, such as Brazil, Panama, and Costa Rica. These regional efforts are aimed in part at ensuring alignment with the Common Framework for Sustainable Finance Taxonomies for Latin America and Caribbean. Improved transparency and interoperability are expected to help banks unlock private capital for green and social investments across jurisdictions—a critical step towards achieving the SDGs and Paris Agreement goals in the region.

All (100 per cent) of PRB signatories reviewed have disclosed the alignment of their strategies with sustainability frameworks. This clearly demonstrates that sustainability is no longer a peripheral concern; instead it is becoming a core strategic imperative. Meanwhile, 86 per cent of these banks report having integrated social and environmental considerations directly into their core business strategies, signalling that sustainability is moving beyond disclosure into day-to-day decision-making. The independent adoption of sustainability as a strategic priority for so many banks sets a leadership benchmark for responsible banking, inspiring peers, regulators, and markets alike while enhancing the industry's readiness to support clients & customers on their sustainability journeys.

CASE STUDY
Aligning sustainability efforts with global priorities →

Proactive stakeholder engagement is a key element of responsible banking. Banks are encouraged to prioritize it in areas in which they can have a significant impact, based on their strategic alignment, regional priorities, and portfolio exposure. **Over three in four (79 per cent) banks disclose having a stakeholder engagement policy and/or process in place.**

> **S&P Global Sustainable 1 (2025) analysis shows that PRB signatories are significantly more likely to have consulted stakeholders on the most material issues comparing with the broader reference universe (63 per cent vs 25 per cent).**

Responsible policy engagement goes beyond mere compliance with regulations and requirements; it should also contribute to creating a supportive environment for sustainable, resilient, and healthy and inclusive economies.

Spotlight: An initial group of 160 financial institutions (since grown to 180), representing US$ 17.2 trillion in assets, has called for a legally binding global treaty to end plastic pollution. This action, led through the Finance Statement on Plastic Pollution by UNEP FI, Principles for Responsible Investment (PRI), and other partners, advocates for lifecycle-wide plastic regulations, harmonized global commitments, and data-driven policies. The initiative highlights the financial sector's growing role in driving systemic change and supporting a circular, sustainable economy that addresses plastic pollution.

Driving innovation through peer learning and collaboration

Through global peer learning and expert partnerships, PRB and its signatories have co-developed tools and methodologies that have inspired widespread adoption globally. For example, **the Impact Analysis Tool is used by over two-thirds (68 per cent) of PRB signatories, representing a significant share of the global banking sector**. These innovations are inspiring institutional practices as well as broader market expectations.

80%

80 per cent of signatories have been involved in UNEP FI led activities

Over the past two years, **80 per cent of signatories have been involved in UNEP FI led activities, including worktracks, pilots, webinars, regional support and roundtables**. This demonstrates a broad and growing commitment to progress and practical implementation. Banks from Africa and Middle East are showing the highest proportional engagement (close to 90 per cent), highlighting strong momentum in these regions towards advancing sustainable banking practices. With 100 banks globally now part of the PRB Community of Practice on Healthy and Inclusive Economies, this is one of the most engaged platforms, providing structured learning, implementation support, and visibility for frontrunner efforts translating ambition into impact.

These engagements also focus on co-creating and adopting tools and methodologies that support stronger institutional-level impact management, strategic actions, and more informed decision-making and action-planning.

Spotlight: To support banks addressing human rights issues, UNEP FI, together with the European Investment Bank, launched the Human Rights Toolkit. This resource, which is aligned with the UN Guiding Principles on Business and Human Rights (UNGPs), offers step-by-step guidance on developing policies, conducting human rights due diligence (including heightened human rights due diligence in the context of conflict), and establishing remedy mechanisms. Nearly 50 signatories are actively engaged in UNEP FI's Human Rights Community of Practice, which fosters peer learning and dialogue on emerging issues.

During the last two years, banks have contributed to the development of new guidance on topics such as financial health and inclusion, circular economy, pollution, climate adaptation, nature, just transition, gender equality, human rights, and decent work. To further support signatories in strengthening their practices, three new guidance documents were released—focusing on client engagement, effective governance, and responsible policy engagement. Once implemented by a growing share of the membership, they will help establish new norms across the industry.

Bosco Verticale and old building in Milan.
Credit: elements.envato.com/bosco-verticale-and-old-building-in-milan-N9HJ33L

Enhancing banking sector resilience

Signatories are taking a proactive approach to managing sustainability risks and impacts, as well as seizing business opportunities by understanding the various sustainability-related issues connected to their clients and customers. To effectively manage these impacts, risks and opportunities, banks are expected to establish robust governance frameworks, effective risk management processes, foster a strong internal culture of sustainability, and implement clear and actionable policies and processes.

Nearly all (99 per cent of) signatories reviewed have embedded sustainability governance at the board, CEO and/or senior executive levels. This strategic alignment ensures that sustainability is not a peripheral concern but a core component of the bank's operations. As a result, banks are better positioned to develop new business lines such as green finance and inclusive banking, enhance customer service through sustainability-aligned products, reduce exposure to regulatory, physical, and transition risks, and contribute meaningfully to societal goals, including the SDGs and just transitions. **Nearly half (47 per cent) of PRB signatories link sustainability metrics to executives' remuneration according to the secretariat reviews.**

> **Analysis by MSCI Sustainability Institute (2025) shows that PRB signatories are over 1.5 times more likely to link executive compensation to sustainability performance than their non-PRB peers**

A strong sustainability culture is also reinforced through training and awareness. Notably, **82 per cent of PRB signatories provide sustainability training to all staff, ensuring those principles and practices are understood and applied across all levels of the organization**. The PRB Academy is helping considerably in this respect. This initiative offers dedicated training to equip bankers with essential knowledge and skills to align their professional practice, strategies, operations, and decision-making with sustainability objectives. **To date, almost 3,500 participants have enrolled in the PRB Academy**.

PRB signatories are also leading in the development of sector-specific credit risk policies, and are significantly more proactive than non-signatories in addressing environmental and social risks in high-impact sectors such as agriculture, mining, oil & gas, and power utilities.[12] For example, **in the power utilities sector, 69 per cent of PRB signatories have such policies compared to just 24 per cent of non-PRB signatories (MSCI Sustainability Institute 2025)**.

Spotlight: The UNEP FI Risk Centre-led Global Credit Data Survey on Climate-Related Credit Risk Assessment[xvii] reveals that banks are increasingly embedding climate-related and broader sustainability risks into their credit risk management frameworks in line with evolving regulatory expectations and internal risk priorities. A growing number are assessing both physical and transition climate risks across diverse sectors and exposure classes, using tools such as scenario analysis, heatmapping, and internal climate stress testing. Banks are expanding risk focus beyond climate to include nature and social issues—a shift also reflected in UNEP FI Risk Centre broader agenda.

CASE STUDY

Boundaries to financing established in Environmental & Social Risk policy framework →

While the financial industry as a whole still has considerable ground to cover in managing human rights risks, PRB signatories are demonstrating stronger performance than their peers across critical dimensions of the UNGPs. For example, **PRB signatories are 30 per cent more likely to have a human rights commitment than non-PRB signatories, according to the World Benchmarking Alliance's Financial System Benchmark (2025)**.[xviii,13] A stronger foundation in human rights due diligence contributes to greater institutional resilience, by reducing exposure to legal, reputational, and operational risks, and by strengthening stakeholder trust.

12 According to the MSCI Sustainability Institute, on average, PRB signatories in scope were 3.6 times more likely to have such policies across four critical sectors—Agriculture, Mining, Oil & Gas, and Power Utilities—than the other financial companies with significant exposure to lending and underwriting activities in MSCI ESG Ratings universe (MSCI Sustainability Institute 2025).

13 The World Benchmarking Alliance (WBA) conducts a comprehensive review of the financial sector's performance on human rights through its Financial System Benchmark, which assesses the 400 most influential financial institutions globally—including banks, asset managers, insurers, and asset owners.

Accelerating the Real Economy Transition

Banks play a critical role in enabling the transition of the real economy. They are helping clients to future-proof their businesses, reduce environmental impacts and expand access through inclusive finance, by providing advice and tailored financial products.

> **Analysis by MSCI Sustainability Institute (2025) shows PRB signatories significantly outperform non-PRB peers in sustainability-related product development. The overwhelming share (90 per cent) of PRB signatories offer sustainability-related financial products, compared with 44 per cent of non-signatories**

Studies show that green bond issuance is associated with stronger financial performance and positive stock market reactions, suggesting that sustainability-linked products can create value for both the environment and shareholders.[14,xix]

CASE STUDY
Incorporating client engagement in transition planning →

Public pledges enable stakeholders—regulators, investors, employees, clients, and civil society—to monitor progress, hold institutions accountable, and promote transparency. As of now, **almost half (46 per cent) of signatories have public sustainable finance targets,[15] and among signatories that are global systemically important banks (G-SIBs), this proportion increases to 88 per cent, with 14 G-SIBs pledging over US$ 6.5 trillion for sustainable finance**. While Chinese banks are less likely to set quantitative public sustainable finance targets, they are steadily increasing their efforts in green finance initiatives. Green bond issuance in China has grown at an average annual rate of 20 per cent, reaching a cumulative US$ 616 billion by the end of 2023.[xx]

14 (Pastor, Stambaugh & Taylor, 2022), (Tang & Zhang, 2020) and (Flammer, 2021)

15 This category of targets aims to redirect lending and investment flows toward green, social, and sustainability-aligned sectors, using financial indicators such as portfolio volumes in US$. These targets may form part of broader transition plans and be supported by products like advisory services, credit lines, or sustainable debt and equity.

According to signatories' disclosures, **71 per cent of PRB signatories have established a client engagement policy or process that addresses at least one impact area**. While regional differences and the maturity of PRB implementation show minimal variation, bank size emerges as a significant differentiator. Among signatories with assets exceeding US$ 100 billion, for instance, 86 per cent have such procedures in place. For smaller institutions this falls to 63 per cent, suggesting that capacity and resources are key to implementation. **In 2025–26, the PRB community will focus on advancing client engagement in high-impact sectors**.

CASE STUDY
Tailored solutions at different stages of its clients' natural capital management efforts →

Broadening the scope: Beyond climate change mitigation

Banks, their clients, and the societies that they serve are navigating interconnected crises: climate change, nature loss, pollution, inequality, and economic uncertainty. To respond effectively, PRB signatories are expected to conduct holistic impact analyses, supported by UNEP FI's integrated impact management tools.[16] **The PRB 2030 strategic process brought further guidance on how to focus on four priority areas: climate, nature, healthy and inclusive economies, and human rights**. These are reinforced by enabling approaches such as the just transition and circular economy.

PRB signatories are encouraged to address relevant impacts, risks, and opportunities across all four priorities, in a progressive manner. Leading responsible banks are already doing so, developing integrated transition plans and embedding sustainability into core strategies. Through this leadership, PRB signatories are not only transforming their own institutions but also reshaping the finance sector, setting new standards for resilience, equity, and long-term value creation.

Figure 8: Priorities for a Global Responsible Banking Sector

16 Impact Protocol, Impact Radar & Mappings: Tools for Holistic Impact Analysis

Spotlight: The PRB Priorities and Blueprint for a Sustainable Future reiterate the need for a holistic approach to sustainability and offer over 100 actionable insights to help banks embed these priorities and impact areas into their core business strategies and operations. To support implementation, the updated PRB Implementation Journey builds on the PRB's original 3 Key Steps, providing a Principle-by-Principle guide to responsible banking in practice. It highlights the diverse actions banks can take along a progressive and continuous path.

So far, 94 per cent of signatories have prioritized at least two sustainability impact areas,[17] and 20 per cent have prioritized three or more areas. Almost two-thirds (64 per cent) have begun measuring the impacts of their portfolios using quantitative indicators. Climate change mitigation and building healthy and inclusive economies (which includes gender equality), remain the most widely prioritized impact areas among banks globally.

Prioritized impact areas by region

Bar = % of banks; Inside bar = subgroup n; Above bar = %

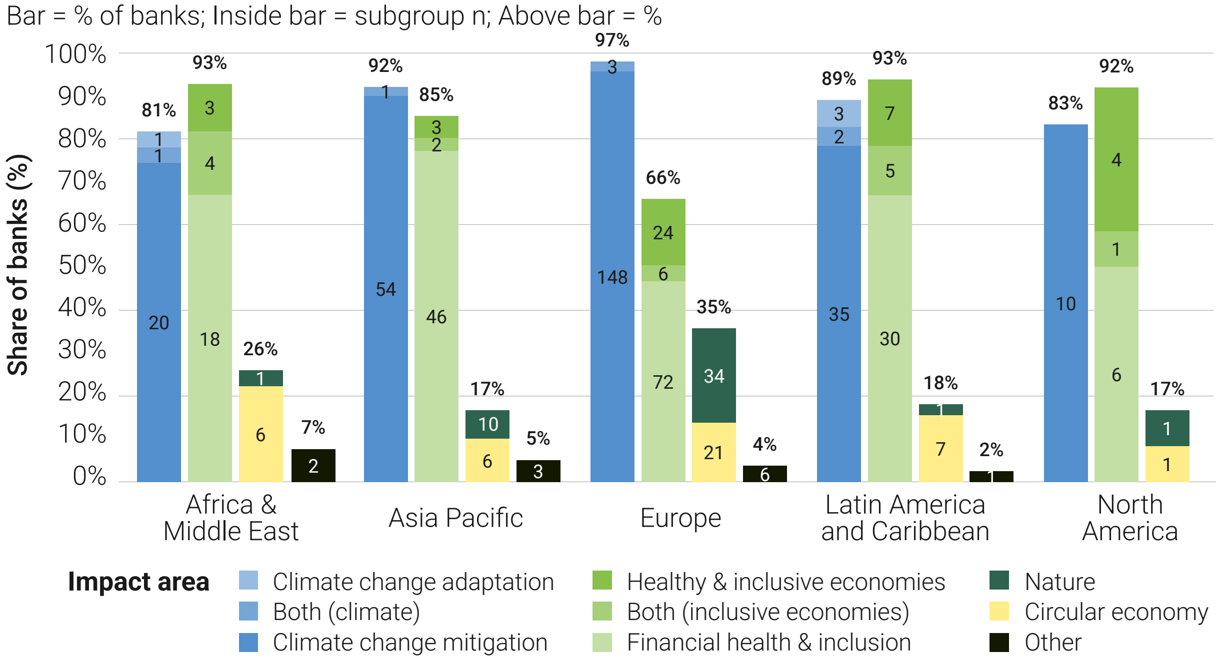


Figure 9: Impact areas prioritized by region. Source: UNEP FI[18]

17 These figures reflect areas where banks have prioritized for target setting, and may not fully capture where banks are conducting impact assessments and/or taking other forms of action. One of the key expectations of the PRB framework is to: "Set and publish a minimum of two SMART (Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound) targets that address at least two areas of most significant impact (positive or negative), and maintain a minimum of two targets at all times thereafter."

Banks should set the targets based on the results of the impact analysis within four years.

18 Climate change includes mitigation and adaptation. Healthy and inclusive economies include Affordable housing, Gender equality, Decent employment, Economic Convergence, Economic Growth. Human Rights is not highlighted as a standalone priority area in this target-setting priority areas graph, as it is considered a cross-cutting theme —while not subject to specific targets, generally, it is expected to be addressed by all banks, and future reports will have specific metrics to track this.

Setting goals is a key step in managing impacts,[19] as this defines a bank's ambition, establishes its business objectives, steers internal action, and communicates its strategic direction to clients and other stakeholders. **Eight out of ten signatories have now set at least one public target, while half have committed to two or three**. Among signatories that joined the PRB in 2019, more than two-thirds (69 per cent) now have two or three targets in place (see figure A.2 Appendices), representing an increase of 31 per cent since July 2023. Through impact analysis and target setting, signatories are translating risk and impact awareness into strategic action. They are walking the talk.

PRB members are over 3x more likely to have set net-zero or emission-reduction targets

Source: S&P Global Sustainable 1 2025

UNEP FI analysis confirms that climate mitigation targets are among the most robustly set across banks' sustainability commitments. **Robust targets include clearly defined baselines and timeframes, alignment with climate scenarios and are based on decarbonization goals**. On the other hand, "initial targets" generally represent goals aligned with the identified impact areas and portfolio exposures, but with room for improvement, particularly in terms of enhancing clarity and coverage, alignment with global and local ambitions, and reflecting impact indicators.[20]

Target progress by impact area

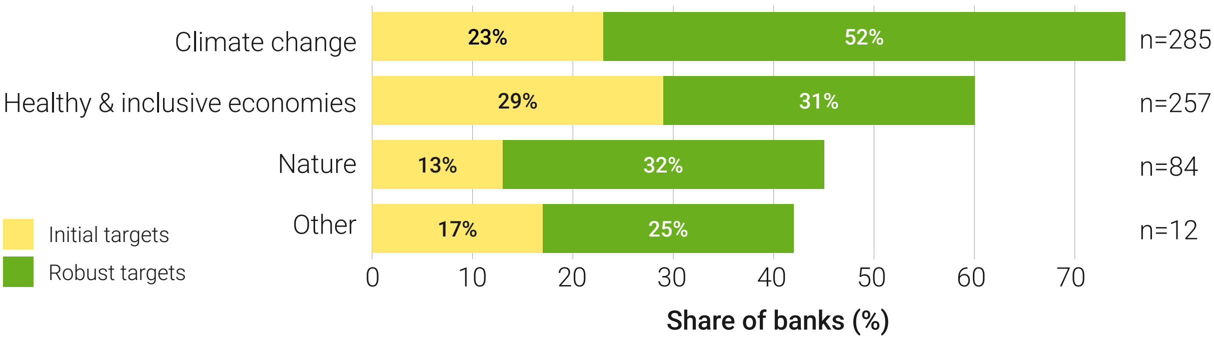


Figure 10: Targets by area. Source: UNEP FI

19 Impact Protocol—UNEP Finance Initiative
20 Examples are financed emissions (climate mitigation), average level of financial health in customers (financial health and inclusion), deforestation rates (nature and biodiversity).

Four businesswomen smiling and hugging in an office setting. Credit: elements.envato.com/four-businesswomen-smiling-and-embracing-each-othe-74HZ5MQ

Banks should take various steps to accelerate progress in the area of healthy and inclusive economies. Specifically on financial health and inclusion of women and women-led business, these include adopting gender-disaggregated indicators and conducting gender impact assessments. They should also align their strategies with global frameworks, such as the Women's Empowerment Principles and SDG 5. PRB signatories report barriers on regulatory restrictions that inhibit innovation tailored to vulnerable clients. Legacy business models and short-term incentives represent two such barriers, both of which lead to internal resistance. Another challenge is designing products and services that women and other underserved populations are able to access, which then deliver measurable improvements to their financial health. **These challenges underscore the need for coordinated action that helps move the industry forward together**. Such action should be geared towards unlocking data gaps, aligning incentives, and driving innovation, among other outputs.

Spotlight: Financial health and inclusion commitment.[xxi] Thirty-two signatories have demonstrated strong leadership by embedding inclusive finance into their core strategies, setting ambitions, and delivering tangible outcomes for underserved communities, many with a gender equality perspective. **These signatories are over three times more likely than their non-participating peers to have targets that are considered robust and well-aligned.**

CASE STUDY

How banks can promote the transformative impact of financial health and inclusion →

Climate adaptation, nature and biodiversity continue to be underrepresented—particularly in Africa and Middle East, Latin America and Caribbean, and North America, where fewer than 15 per cent of signatories identify these areas as strategic priorities or have set related targets.[21] This disparity underscores the importance of aligning impact priorities with regional context and materiality. This approach is central to the UNEP FI impact methodology, which encourages banks to identify and focus on the most significant sustainability challenges within their specific operating environments.

The data also stresses an urgent need to elevate adaptation alongside mitigation in banks' sustainability strategies. This is especially vital for developing countries, which face climate adaptation costs of up to US$ 387 billion annually.[xxii] To meet this challenge, financial institutions must increasingly channel capital toward resilience-building solutions, ensuring that vulnerable communities are not left behind in the transition to a sustainable future.

Against the backdrop of growing global concern over biodiversity loss and its financial implications, alongside multilateral action to address the challenge, **signatories are beginning to respond with an encouraging 59 per cent implementing sector-specific credit risk policies for biodiversity (compared to 20 per cent of non-PRB peers) (MSCI Sustainability Institute 2025)**.

CASE STUDIES
Deforestation rules for the beef sector and Sustainable palm oil policy →

Spotlight: Nature-related risk integration. Over 45 PRB signatories are now using the Taskforce on Nature-related Financial Disclosures framework[xxiii] and more are benefitting from tailored guidance (including sector-specific tools resources) to help banks align with the Kunming-Montreal Global Biodiversity Framework and shift capital flows toward nature-positive outcomes.

21 These figures reflect areas that banks have prioritized for target setting, and may not fully capture where banks are conducting impact assessments and/or taking other forms of action.

Signatories continue to face challenges in setting targets across areas like biodiversity, pollution, and the circular economy, largely due to limited data, evolving regulations, and the absence of standardized metrics. Unlike climate, these areas require more nuanced, context-specific methodologies. Their interconnected nature also makes it difficult to isolate and measure performance.

Despite these hurdles, there is a clear shift toward more holistic and integrated approaches. **Banks are increasingly adopting thematic, sector-informed strategies and developing comprehensive action plans, even where quantitative targets are not yet feasible**. Inter-linkages such as just transition and circular economy approaches reflect growing institutional maturity and alignment with global good practice. **In areas where methodologies are least developed, progressive approaches[22] anchored in client engagement and financial metrics are serving as practical foundations for future impact target setting**.

CASE STUDY
Climate transition plan considering nature and a just transition →

Spotlight: Operationalizing the circular economy nexus. Currently 41 banks are advancing circular economy strategies, i.e. recognizing circularity as a driver of climate action, nature protection, and economic opportunity. Through sector-specific guidance and business integration, banks are reducing resource dependency, lowering emissions, and driving innovation and long-term value.

CASE STUDIES
Strategic circular finance initiatives and partnerships →

22 Progressive approach for setting targets is encouraged in nascent impact areas, by starting with engagement and portfolio composition & financial targets as an interim step on the way to an impact target. Targets should SMART with a clear current baseline, relevant for the bank's business and aligned with international, regional and/or national frameworks. Where a bank follows this approach, we recommend having plans to develop an impact target within a defined period.

Strengthening accountability through transparency and engagement

Transparency is a cornerstone of a resilient financial system, empowering stakeholders, such as customers, employees, investors, regulators, and civil society, to access meaningful information, assess progress, and engage constructively. Since the launch of the PRB, reporting practices have evolved significantly.[23] PRB signatories are expected to report annually on their progress, and following the latest strategic review, the reporting format has been streamlined to encourage reference to publicly available disclosures. While independent assurance remains encouraged as best practice, it is no longer mandatory.

305
Active signatories published at least one report

1,100
Reports received by the secretariat since 2021

As of June 2025, all signatories have met their reporting obligations, with 305 active signatories publishing at least one report and over 1,100 total reports received by the secretariat since 2021. Notably, 59 per cent of signatories assure their sustainability reports—up from 30 per cent from 2021—demonstrating a growing commitment to transparency and credibility.

The European Union is currently refining its corporate sustainability framework, including proposed changes to the CSRD, CSDDD, and EU Taxonomy. As it does so, **the PRB is helping maintain a high standard of disclosure and accountability, ensuring signatories remain transparent and aligned with long-term sustainability goals**.

Banks' disclosures are reviewed by the UNEP FI secretariat, which provides individual, tailored feedback and support. This strategic dialogue fosters a continuous, year-on-year dialogue focused on learning, accountability, and improvement—strengthening both individual institutions and the broader financial system. **Since 2021, the UNEP FI secretariat has conducted 899 individual meetings, accompanied by written reports that include observations on progress, recommendations, and resources available**.

23 Frameworks like the EU's CSRD and the SEC's Climate Disclosure Rule now mandate detailed sustainability disclosures, including financed emissions. Meanwhile, the ISSB's IFRS S1 and S2 standards are being adopted globally, ensuring consistency and comparability in reporting.

The road ahead: From commitment to real world impact

Through the PRB, a significant share of the global banking sector has made meaningful strides in aligning with sustainability goals. However, progress remains uneven and too slow to match the scale of today's interconnected crises. Climate instability, nature loss, pollution and inequality continue to accelerate, while funding for solutions lags behind. Political and economic headwinds in some jurisdictions are testing the durability of sustainability commitments, while others are accelerating action to transition economies.

In the latest UNEP FI survey (2025), PRB banks identified key challenges in advancing their sustainability agenda. Common challenges for all regions are the increase in regulatory requirements and the difficulty in gathering social and environmental data, indicating the need to strengthen transparency with decision-useful corporate disclosures. In Asia, the latter is the main concern, in Europe and North America, meanwhile, banks cite geopolitical factors as the most significant challenge. For Latin America and Caribbean, client engagement is crucial, while the top concern in Africa and Middle East is the lack of standardized metrics for decision-making.

The path forward demands:

- **Sharper focus on real-economy outcomes:** Push for actions linked directly to change at a sectoral level, recognizing interlinkages while also enabling and accelerating clients' adaptation and transition.
- **Stronger alignment with key system actors:** Work more closely with policymakers, regulators, civil society, and industry peers to create enabling conditions for responsible business and finance.
- **Deeper client engagement:** Support clients in achieving their own transition plans and inclusion goals through advisory, tailored finance, and partnerships.
- **Bolder leadership, grounded in accountability:** Further embed sustainability into core strategies, governance, risk management, policies and culture, portfolio composition and financing coupled with balancing long-term value with short-term gains.
- **Demonstrating real world impact** across all four sustainability priorities.

The PRB framework is a lever for change. Its global community is accelerating the shift to a responsible banking system—**but systemic transformation demands shared responsibility**. Governments, regulators, investors, and civil society must play their part to unlock the full potential of finance for people and planet.

Appendices

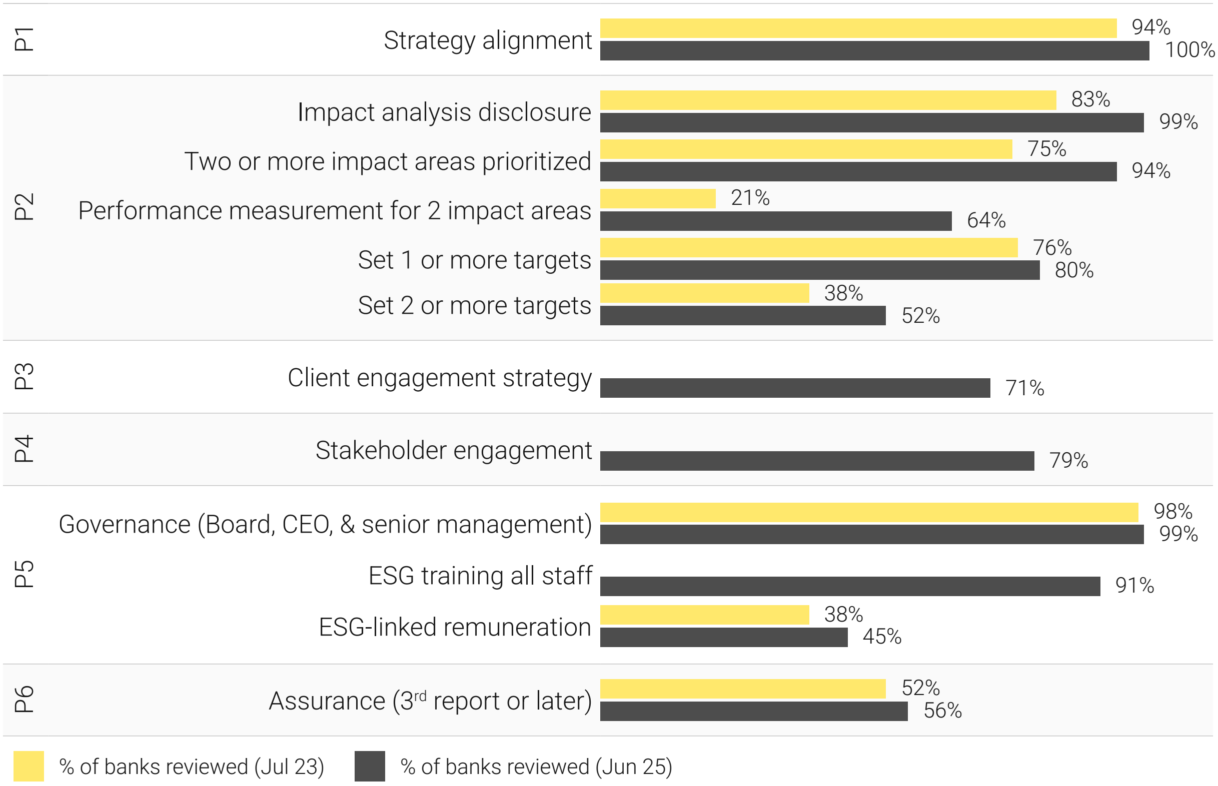
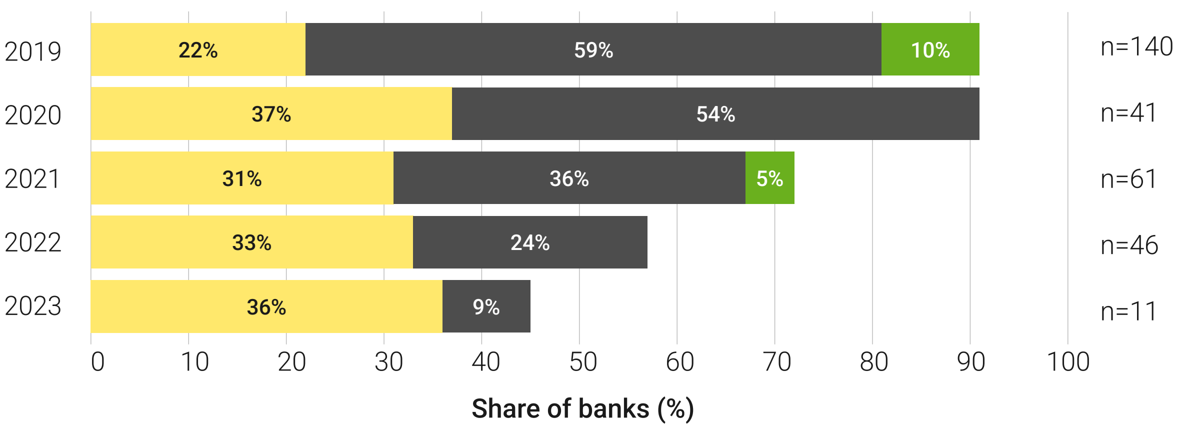


Figure A.1: Summary of Implementation 2023 vs 2025. Source: UNEP FI. *2023 data not available for Client engagement and Stakeholder engagement indicators.

Share of banks by target-setting maturity
By signing year



Number of targets: 1 target 2 targets 3 targets

Figure A.2: Number of targets set by banks, by signing year

Understanding the data: Assumptions, limitations, and future enhancements

Eco-friendly building in a modern city. Sustainable glass office building with trees to reduce CO_2 emissions. Credit: elements.envato.com/eco-friendly-building-in-modern-city-sustainable-g-QWHKWSG

The findings and insights presented in this report are shaped by several important methodological factors and limitations:

- **Staggered implementation and reporting timelines:** Data collection for this report reflects varying stages of PRB implementation across signatory banks. Due to the nature of the reporting cycle, there is an inherent delay between a bank's progress in implementing the PRB, its public disclosures, the annual review process, and the integration of that analysis into this report. As of June 2025, this report includes data from 299 signatories reviewed out of a total of 356. Since 2021, a total of 899 review meetings have been conducted.
- **Comparison with 2023 progress report results:** This report analyzes data from 299 signatories, compared to the 245 signatories covered in the 2023 progress report.
- **Reviewer subjectivity:** UNEP FI review specialists follow structured guidance in conducting banks' annual feedback and review. However, some subjectivity may influence how progress is recorded, particularly in qualitative assessments, as practices and expectations have evolved over the review period.
- **External, third-party data:** This report also incorporates data from external providers such as MSCI Sustainability Institute and S&P Global Sustainable 1. These sources offer standardized, market-recognized sustainability metrics that enhance comparability and analytical depth. However, reliance on third-party data also introduces limitations, including potential misalignment with PRB-specific indicators and variability in data coverage.
- **Correlation ≠ causation:** PRB banks may already be predisposed to better responsible banking practices, or other factors (like size or geography) may drive both PRB membership and sustainability performance. For cost of capital specifically, other factors (e.g., credit rating, geographic location, regulatory environment) may influence both PRB membership and cost of capital. Some of these factors were controlled in the analysis, but some are company-specific and may continue to influence the final results of the analysis.
- **New data points introduced and future data enhancements:** New indicators introduced in this reporting cycle include the percentage of banks with a client and/or stakeholder engagement policy or process in place (or under development). Future biennial reports are expected to include more granular data on: types of targets (e.g., high-level commitments, impact-level targets, engagement targets, portfolio composition, etc.); actions taken by banks to meet these targets; policies and procedures in place; training programs and advisory services offered to clients; social and environmental risk analysis practices; sustainable finance frameworks; and social, human rights, pollution, circular economy and nature-related initiatives.

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ii United Nations Regional Information Centre (2025). Climate: Historic ICJ Opinion on the Obligations of States. Available at: unric.org/en/climate-historic-icj-opinion-on-the-obligations-of-states/ (accessed: 6 August 2025)

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