



FORESTS & FINANCE

BRIEFING

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PRINCIPLES FOR RESPONSIBLE BANKING MUST BE BACKED UP BY CONCRETE COMMITMENTS FROM BANKS TO MEET PARIS CLIMATE AGREEMENT GOALS AND SDGS

November 2018

In a bid to define the banking industry's role and responsibilities in contributing to a sustainable future, the UNEP FI and a coalition of 28 banks from around the world launched the [Principles for Responsible Banking](#) for global public consultation.

The new principles seek to align the banking sector with the Paris Climate Agreement and the UN Sustainable Development Goals (SDGs) setting out a new framework which will hold the banks accountable for their environmental, social and economic impacts. Endorsing banks will need to consistently meet transparency requirements, set adequate targets and demonstrate progress or risk being removed from the list of signatories.

To date the PRBs have been endorsed by 28 banks from five continents, over 20 countries and range from ethical bank Triodos of the Netherlands, to global banking giants including the world's largest bank ICBC of China. This wide early adoption is a promising sign that the PRBs have the potential to become a new global standard for banks concerned with limiting adverse impacts related to their business operations.

However, as many of the endorsing banks have portfolios with significant financial exposure to forest-risk sectors such as palm oil, timber, rubber and pulp & paper, unless the PRBs are swiftly backed up by concrete, timebound commitments they run the risk of becoming lofty principles that lack the real-world adoption necessary to adequately address climate breakdown and ecological catastrophe in the limited timeframe.

Despite welcoming the PRBs as a long overdue commitment from banks to align their business with societal and environmental needs, Forests & Finance calls for a rapid practical implementation of the principles. As a minimum commitment, all PRB endorsing banks should implement far stricter lending criteria with enhanced environmental, social and governance safeguards that effectively prevent deforestation and human rights abuses. Banks must also be prepared to cease business relationships with clients whose activities are in direct conflict with achieving the SDGs and the Paris Climate Agreement goals including fossil fuel projects.

The PRBs are now open for [consultation](#) until May 2019 for banks and stakeholders to review, comment and provide guidance to improve them.

For more information and a detailed review of the PRBs, read the [press release from Bank Track](#).

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