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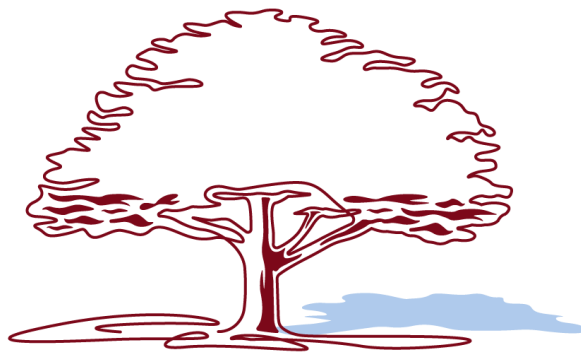
# Association of German Banks officially endorses Principles for Responsible Banking

30.06.2021

von



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The Association of German Banks is now an official endorser of the Principles for Responsible Banking (PRBs). The initiative launched by the United Nations creates the framework for a sustainable banking system. The focus of the PRBs is ensuring signatory banks integrate sustainability into all their business areas, at the strategic, portfolio and transactional levels. To help them do this, signatories to the PRBs must adhere to six principles. They range from aligning their portfolios with the objectives of the Paris Climate Agreement and the Sustainable Development Goals, to ensuring that signatories are transparent in their reporting of both positive and negative contributions to climate goals.

## Sustainability targets and impact assessment

Signatories to the PRBs agree to implement aspects of sustainability in their business strategies. Banks should be aware of the impact of their business activities. They must then formulate sustainability targets based on their analyses and submit regular reports on the gradual progress they are making towards these targets. Once their targets have been reached, they are to implement another

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impact assessment and then formulate new, more ambitious sustainability targets.

### PRBs – a large network

The PRBs were initially launched on 22 September 2019. Member banks of the United Nations Environment Programme Finance Initiative (UNEP FI) created the PRBs to develop framework conditions for a responsible banking sector. 230 banks have already signed up to the principles, including some private banks: 13 PRB signatories are member institutions of the Association of German Banks. Measured as a share of the balance sheet totals of all private banks, this means that over 65% of the balance sheet capital of association members is subject to the PRBs and thus making a serious contribution towards achieving European and international sustainability goals. The PRBs offer great opportunities for collaboration with other signatories.

### Voluntary commitment

Committing to the principles is voluntary, so they do not represent a regulatory framework. Rather, the PRBs allow signatories to independently initiate change at their institutions. This goal is also reinforced through its organisational structure. Two governance bodies have a decisive influence on the PRBs: the Banking Board and the Civil Society Advisory Board. While the Banking Board is made up of 11 representatives of the banking sector and one UN representative, the 12 members of the Civil Society Advisory Board represent various stakeholder groups from the scientific and business communities. The governance bodies collaborate regularly with the aim of gradually developing a deep awareness of sustainability issues. The work they undertake together is regularly reviewed through independent reporting by the Civil Society Advisory Board. It also provides an independent assessment of the collective progress of the signatories in its biennial progress report.

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### Our contribution to the PRBs

Private member banks have become signatories to the PRBs, while the Association of German Banks itself has become an official endorser of the principles. The latter option is available to non-bank stakeholders who wish to extend their internal commitment to sustainability by supporting the UN's framework and thus the principles of sustainable action.

By officially endorsing the PRBs, the Association of German Banks is extending its already broad commitment to sustainability

- by promoting the PRBs among private banks,
- by promoting their implementation and
- encouraging member banks themselves to become signatories to the PRBs.

This represents a continuation of our efforts to inspire all our members to take action on sustainability. The Association of German Banks and many of its members already adhere to the PRBs. Our position paper entitled **Sustainable Finance - The Contribution of Private Banks** lays the foundations for a more comprehensive approach to sustainable finance. We are already promoting constructive exchange among our members and working on many important issues in this area, mainly through the various activities undertaken by the association's working groups on sustainable finance. Endorsing the PRBs is simply the next logical step for our work on sustainability.