



UN
environment
programme

finance
initiative

Principles for
Responsible Banking

PRINCIPLES FOR RESPONSIBLE BANKING

Webinar
From impact analysis to target setting

24th FEB 2022

AGENDA

1.

Opening (10')

2.

Common mistakes and recommendations, UNEP FI (30')

3.

Dialogue with Phil Cross, Head of Sustainability Strategy, AIB, Ireland (25')

4.

Support activities and next steps (10')

5.

Closing (5')



1. Opening



<https://www.menti.com/17cnp7bko>

2. Common mistakes and recommendations

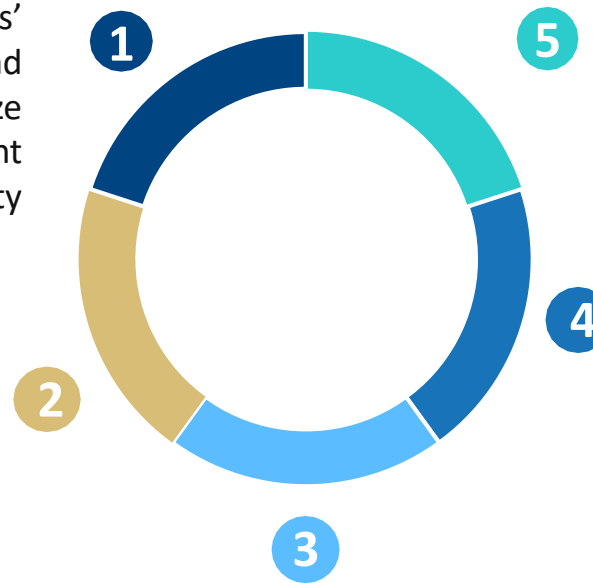
Why is Impact Analysis required? Beyond PRB

Sustainability strategy and portfolio analysis

Analyze the most significant impacts of your banks' products and services on society, the environment and the economy. Then identify where your bank can realize the greatest positive impacts and reduce significant negative impacts. It should be part of your sustainability strategy for the medium and long term.

Addressing SDGs and countries needs

Mapping society's goals and national strategies and ensure clear alignment between signatory banks' sustainability strategies and the UN Sustainable Development Goals, the Paris Climate Agreement and regional frameworks



Business opportunities

Direct bank's finance towards more sustainable/responsible finance practices. Identifying opportunities to finance and support clients for a green and inclusive economy

Addressing gaps /risks

Identifying and working on bank's gaps and risks. The process should allow anticipate risks for the society/environment and risks for the business, e.g. climate risks, change of regulations, reputational risks, new trends.

Target Setting for meaningful positive impact

SMART targets should address the significant impacts your bank has identified, and set milestones, as well as define and implement actions to meet their set targets. It's an opportunity to engage stakeholders (and investors) and communicate what are your priorities and your progress with science base data

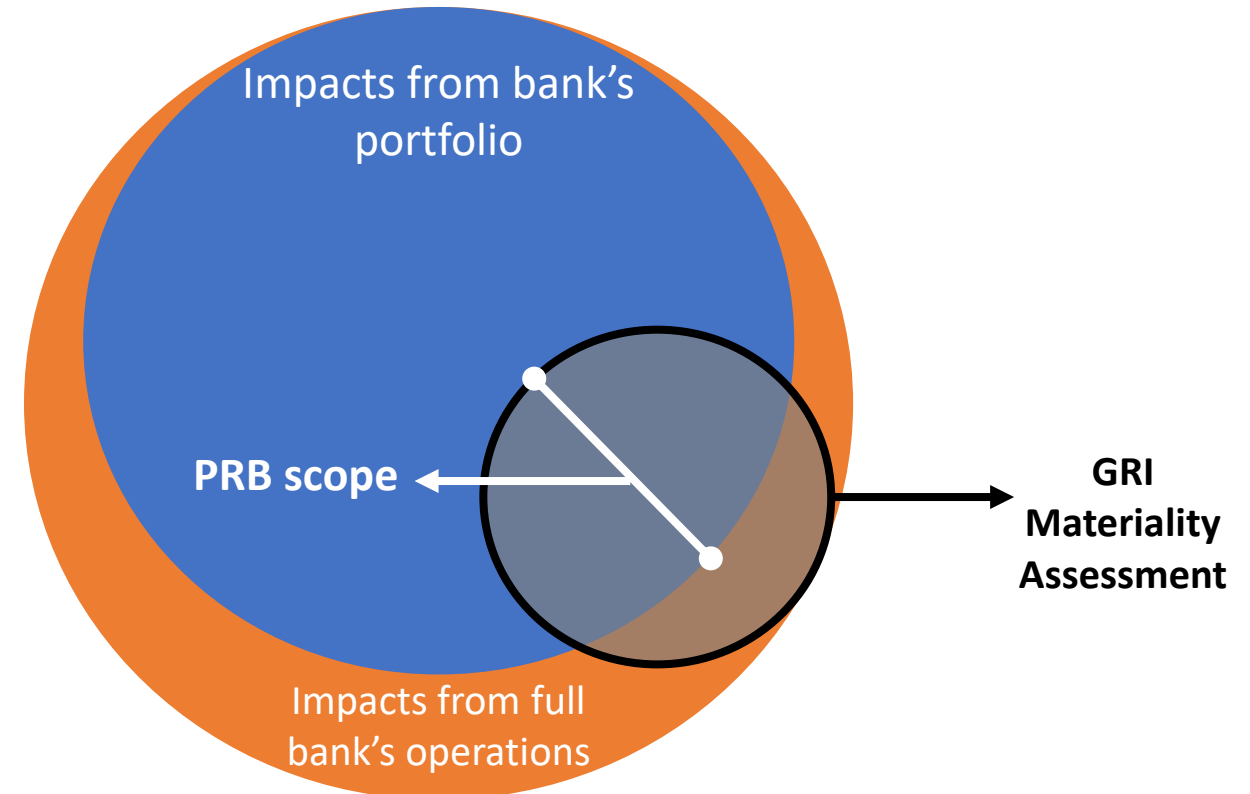
Common mistakes/Challenges

- Use only GRI materiality for the impact analysis
- Do not define a clear scope for the impact analysis (relevant business units, countries, sectors exposures)
- Find difficult to get disaggregate data and/or do not disclose sector's exposure
- Consider only environmental issues (or only social) to understand country needs
- Do not explain how the most important impact areas were selected and sources
- Do not consult and engage stakeholders about impact analysis and target setting process.
- Lack of consistency. E.g., retail banks don't consider social issues when it's a critical factor regarding their business model; scope, context, exposure and prioritization are not comprehensive or not relevant.

GRI & PRB scope

Identify the common ground between your GRI material issues and the PRB significant impacts

- **GRI:** Identify your stakeholder groups and their sustainability related needs and expectations of your **full scope** (portfolio and operations)
- **PRB:** Identify what are the positive and negative impacts of your **portfolio** considering your context and country needs to achieve SDGs Paris Agreement or national or regional frameworks.



Impact analysis process is a learning process

- Data Collection has been identified as a common major challenge for most Banks.
- If banks face data constraints, they can use the available data that they have for the first impact analysis and can work on developing data required for the impact analysis in the future.
- Alternative Proxies can be used for some indicators and metrics.
- Banks can use alternative reference material to identify and assess the impact of their portfolio, but they must disclose the source and use an authoritative, publicly available source.



Impact analysis process is a learning and development process

- The first impact analysis exercise aims to identify gaps for banks to work on addressing these gaps and for the UNEP-FI to identify banks' needs in terms of technical support.

1. Determine SCOPE for your impact analysis

Few banks are still not being clear on their scope.

Clarify what you are not including in the scope of the analysis.

Make sure you are prioritizing the most relevant business lines and countries of operations . If not explain your reasons.

Illustrative example:

Business Lines					
Corporate banking		Retail banking		Investment banking	Asset management
50%		30%		10%	10%
Russia	60%	Russia	40%		
Ireland	40%	Ireland	60%		

Table 1: Breakdown of business lines and portfolios

We used x source/tool to undertake our impact analysis. We were able to analyze 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 because we prioritized for the first year the most relevant ones.



2. Review SCALE OF EXPOSURE to different sectors

Some banks are struggling on getting the data.

If you cannot have granular data, you should start with your most relevant sectors.

Some financial statements already have information you could use.

For example, consider the 10 biggest sectors and carbon intensity sectors.

Illustrative example:

Sectors					
Corporate banking		Retail banking		Investment banking	Asset management
Electricity generation	20%	Residential real estate	45%	<i>Currently not yet assessed</i>	
Agriculture	15%	Vehicle finance	25%		
Transport	15%	SME lending	25%		
Commercial real estate	10%				
Wholesale and retail	9%				
Human health and social work	8%				
Steel	8%				
Cement	5%				
Information and communication	3%				
Manufacturing	3%				
Other	4%				

Table 2: Exposure of corporate and retail portfolios to different sectors (2019)

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%).

3. Understand CONTEXT AND RELEVANCE

Some banks are not identifying their country needs (social and environmental)

Make sure you identify what's relevant for your country and include your sources.

You can download the UNEP FI country needs mapping [here](#)

Other examples of sources: [SDG Index & Dashboards Assessment \(2021\)](#), [Nationally Determined Commitments \(NDCs\)](#), INDCs, Voluntary National Reviews, National priorities and frameworks and priority SDGs.

Illustrative example:

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.

Example: Egypt

Inner layer of concentric circles: SDGs Using the “SDG Index & Dashboards Assessment (2021)” for Egypt

■ Major challenges
 ■ Significant challenges
 ■ Challenges remain
 ■ SDG achieved

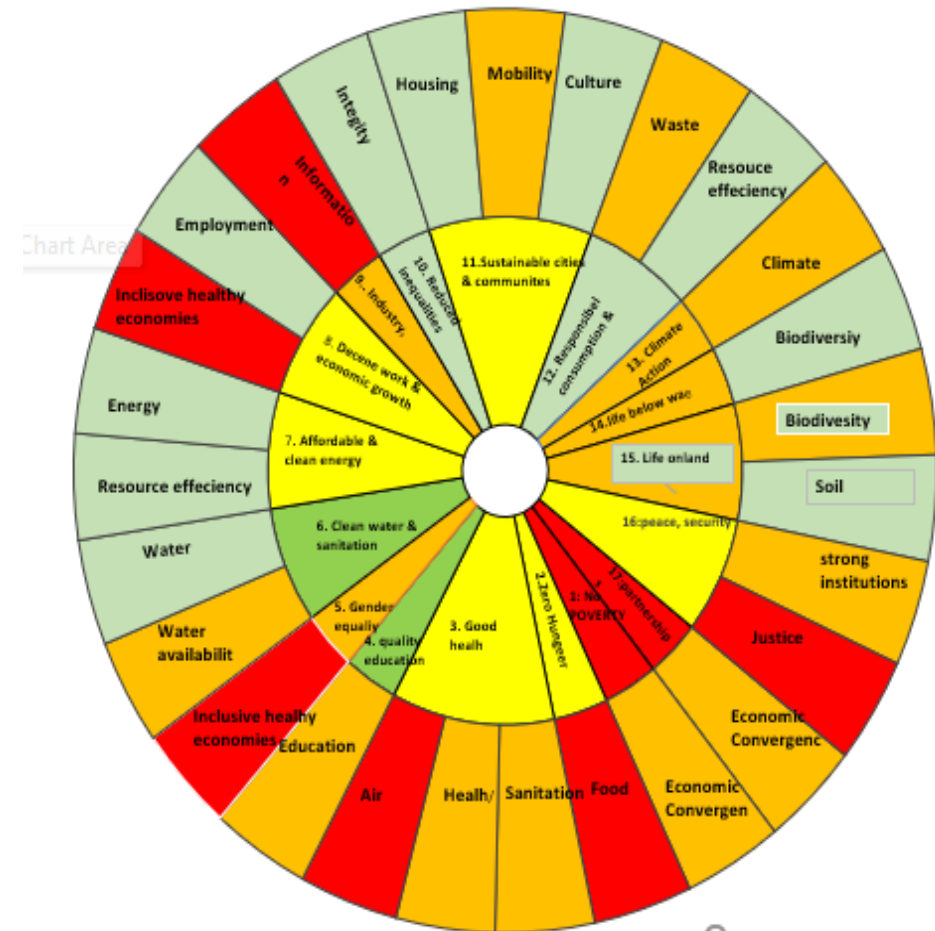
Outer layer of concentric circles: Egypt’s country needs under the UNEP FI Impact Analysis Tool

Banks can use the “[Needs mappings](#)” to identify country needs and priorities and corresponding SDGs.

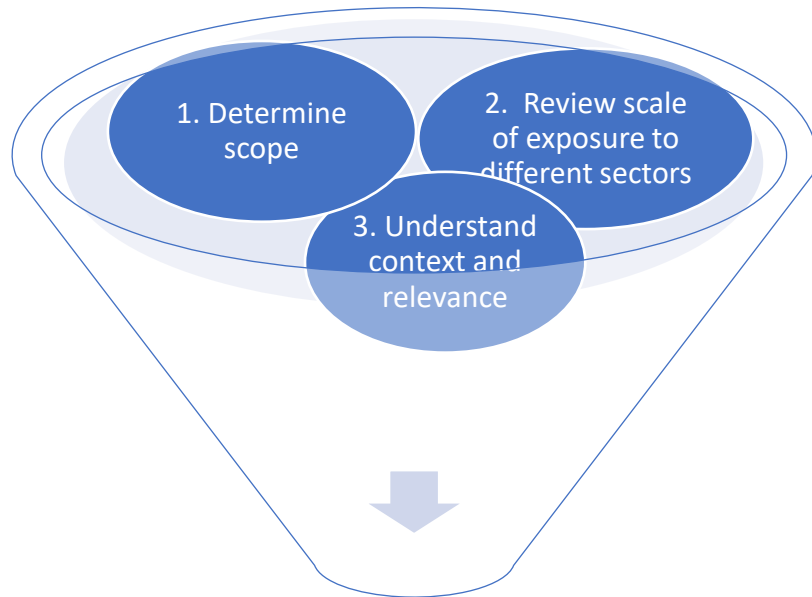
- Very High need area
- High need area

Output - Egypt’s Top impact needs

- Inclusive Healthy Economies
- Food
- Justice
- Climate
- Waste
- Health/Sanitation
- water availability
- Strong Institutions
- Education



Illustrative example of internal mapping using UNEP FI & SDGs sources



Identify positive and negative impacts associated with your portfolio and **prioritize at least 2 impact areas**

Now that you have mapped your business, your largest exposures and sectors with significant social and environmental impacts and country needs, **it's time to identify the most relevant impact areas (positive and negative)**

Consult with a range of experts and other stakeholders, who can provide insight to ensure the comprehensiveness and credibility of your findings.

You should also **engage with high level executives** and cross with the bank's future strategies.

Cross data and identify your positive and negative impacts

If you are not using the Impact tool, you can create your own data visualization. You will also need internal and external dialogues for your final decision.

			Climate	Soil	Water (availability)	Biodiversity	Water (quality)	Air	Waste	Employment	Economic Convergence	Employment	Inclusive & Healthy Economy
		EAD (%)	SDG xx	SDG xx	SDG xx	SDG xx	SDG xx	SDG xx	SDG xx	SDG xx	SDG xx	SDG xx	SDG xx
Major Country needs			x	x	x	x	x	x	x	x	x	x	x
Corporate portfolio (62% of total AUM)	Transport & logistics/distribution	22%											
	Electricity generation (renewable)	18%											
	Agriculture (crops)	16%											
	Textiles	8%											
	Services	7%											
	Cement	4%											
	Energy/power generation: coal	4%											
	Oil & gas	4%											
	Construction/infrastructure	4%											
	Automotive	3%											
	Others	10%											
Illustrative example		100%	Positive impacts	Negative impacts									

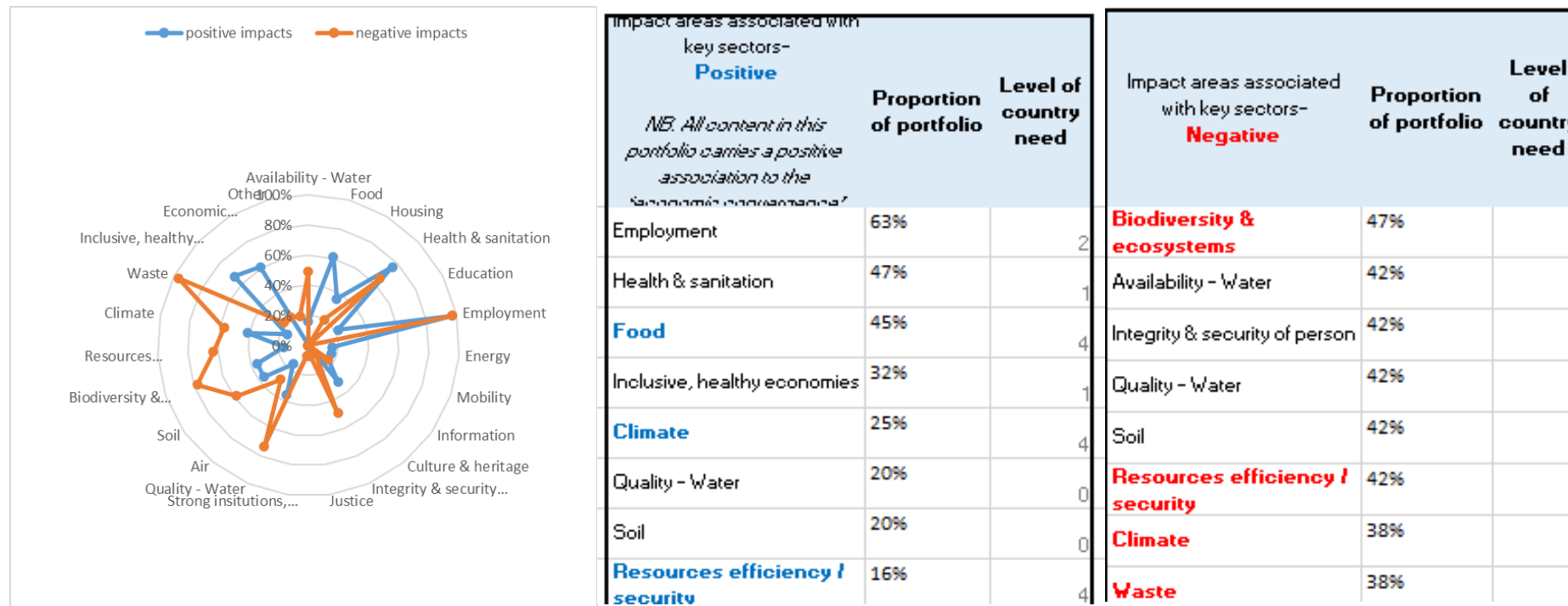
Potential priorities

You can download the sector mapping [here](#)

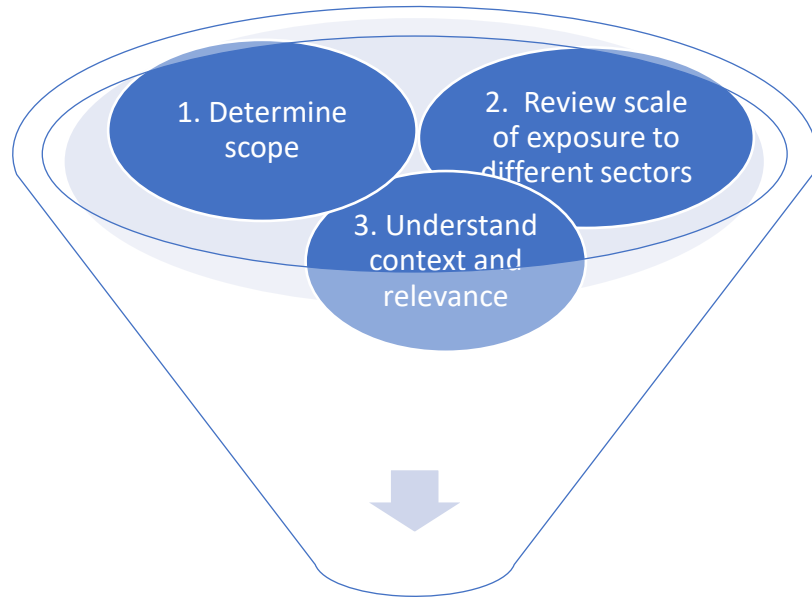
The impact radar is not mandatory but recommended. The mappings can be used as a reference to determine sector-impact associations. If you use other reference material, you must disclose the source. You should be using an authoritative, publicly available source.

Fill the tool and identify your positive and negative impacts

If you are using the [UNEP FI Tool](#) you can see the main positive and negative impacts associated with your portfolio in the 'Profile' segment of the workflow. Please see the [Interactive Introduction](#) and the [User Guide](#) (p.44) for further guidance on how to prioritize impact areas. In addition, you should discuss with senior executives and external stakeholders to prioritize the 2 most significant impact areas.



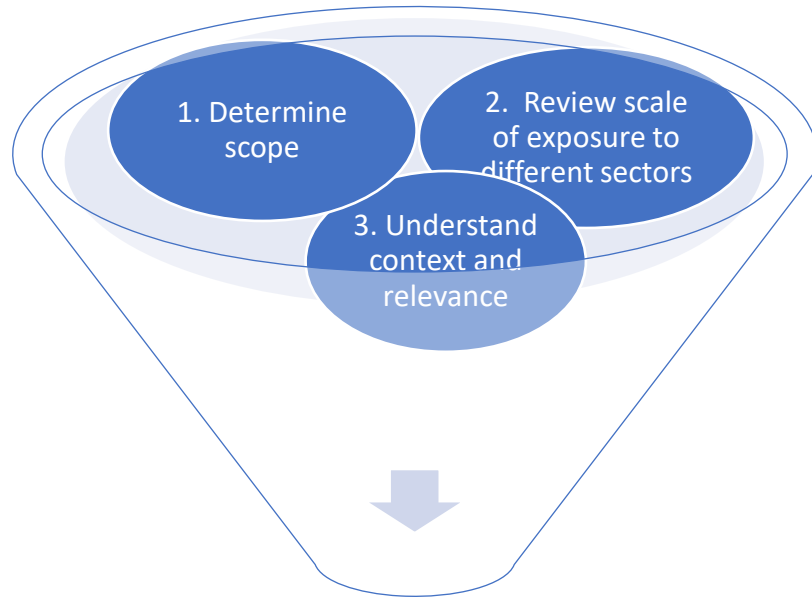
You can download the sector mapping [here](#)



Identify positive and negative impacts associated with your portfolio and **prioritize at least 2 impact areas**


Prioritize 2 impact areas


It's an iterative process and banks can progressively increase its scope.



Identify positive and negative impacts associated with your portfolio and **prioritize at least 2 impact areas**

Deep dive into at least 2 impact areas

 **4. Understand your Intensity and Salience:** You will make your performance assessment in the priority areas.

 **External perspective:** Further consider the country context and identify external targets to align with

Consult and engage stakeholders during the whole process

What's the expected output for this requirement?

1 - Measure your performance

Identify some existing methodologies or KPIs to understand your performance and baseline. **You should disclose quantitative and qualitative data.** You don't need to disclose your full portfolio; you can define your scope and make progress along the years.

2. Align with national/regional frameworks (external perspective)

Refer back to the national or regional frameworks you previously identified as part of your context and needs assessment to understand your specific gaps. **You should disclose what national targets or sector commitments you want align with** (include your sources).

Examples*

Climate Change (Vancity)

Financed emissions – initial analysis (tonnes CO₂e)

Asset class	Dollars Invested (millions)	Total tCO ₂ e	tCO ₂ e/dollar Invested	% Coverage	Data quality score ¹	Total \$ in asset class
Residential mortgages	12,892	31,162	2.4	98%	5	13,121
Business and commercial real estate mortgages	5,468	52,528	9.6	88%	5	6,236
Motor vehicle loans	20	3,527	179	100% ²	5	20
Business loans (general purpose)	227	18,097	80	92%	5	246
Consumer loans ²	Excluded – no methodology exists yet					312
Total – Loans	18,607	105,314	5.6	93%	5	19,935
Vancity Investment Management mutual fund sub-advisory for Inhance socially responsible funds	1,150	41,618	36	93%	3	1,234
Vancity Investment Management - private assets under management ³	314	12,262	39	97%	3	324
Total – Investments	1,464	53,880	36.8	94%	3	1,558

Estimated emissions calculated using the **PCAF Global Standard**.

1 The best data quality score is 1 and the worst is 5.

2 Some consumer loans are used to purchase vehicles, but we do not have comprehensive tracking for all these loans.

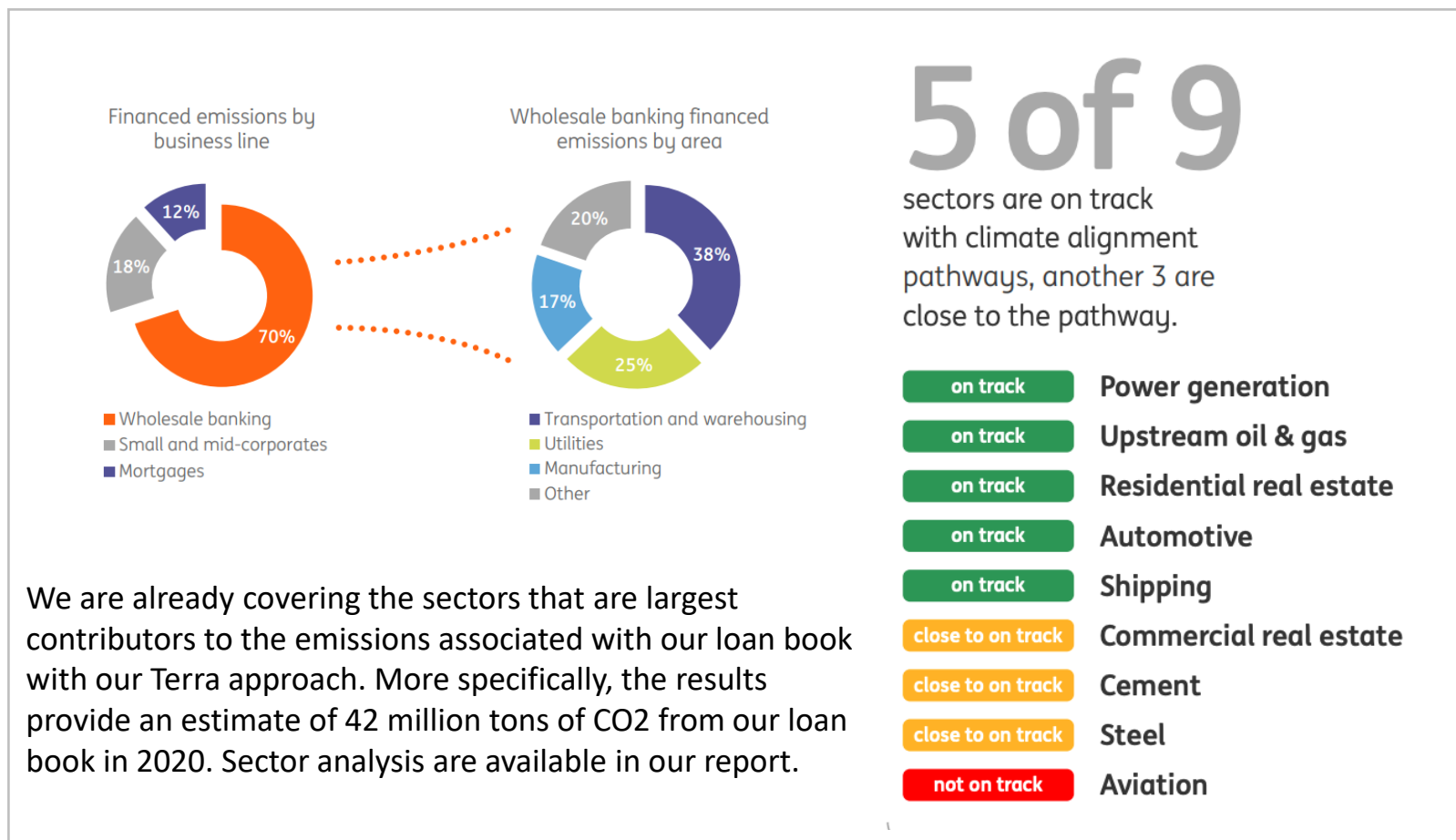
3 Investments do not include bond or other non-equity holdings.

<https://www.vancity.com/SharedContent/documents/AnnualReportArchives/Vancity2020annualreport.pdf>

* All examples have strengths and weakness. Not necessarily 100% PRB compliance

Examples*

Climate Change (ING)



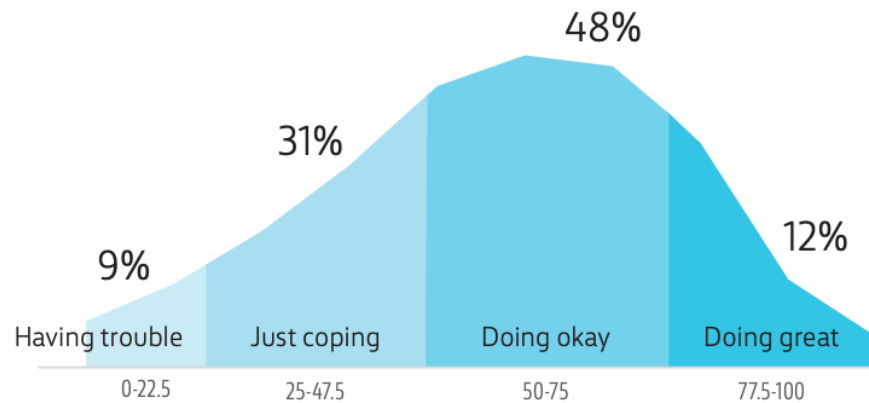
<https://www.ing.com/web/file?uuid=0c2f37a6-778d-4631-8a07-555c877353b4&owner=b03bc017-e0db-4b5d-abbf-003b12934429&contentid=54093>

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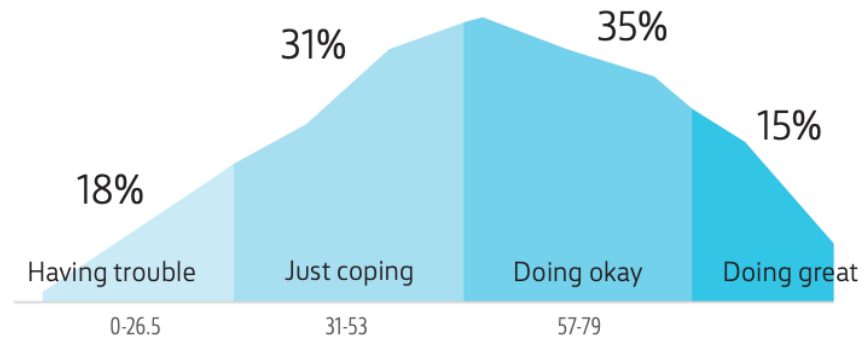
Examples*

Financial health & inclusion (Commonwealth Australia)

Reported Financial Wellbeing Scale



Observed Financial Wellbeing Scale



https://www.commbank.com.au/content/dam/commbank-assets/banking/guidance/2018-06/using-survey-banking-data-to-measure-financial-wellbeing.pdf?ei=what_UniMelbPDF

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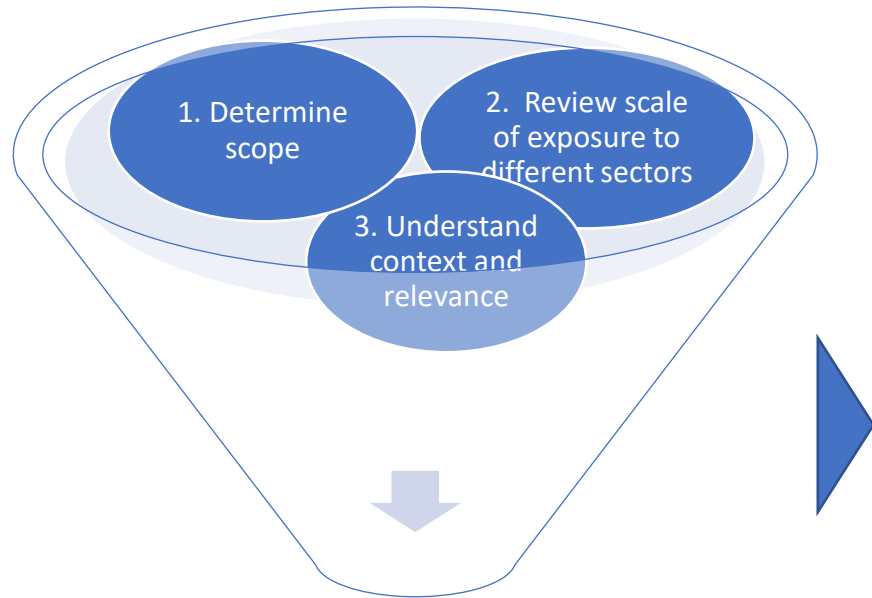
Examples

Financial health & inclusion (illustrative)

		Low income (%)	Mid. Income (%)	High income (%)	Male (%)	Female (%)	Vulnerable groups (%)	Age (18-30)	Age (30-60)	Age (+60)
Consumer bank portfolio (70% of total AUM)	Number of banking accounts	20%	50%	30%	52%	48%	2%	20%	50%	30%
	Volume of credit	10%	38%	52%	83%	17%	0,05%	10%	70%	20%
	Clients in Overindebt	30%	20%	5%	51%	49%	20%	15%	5%	20%
	Volume of Saving accounts	5%	10%	85%	80%	20%	3%	5%	65%	30%
	Level of financial resilience (1-10)	2	5	7	5	5	1	2	6	5
	Volume of Home loans	5%	60%	40%	80%	20%	1%	5%	75%	20%
	others	5%	30%	65%	60%	40%	1%	20%	60%	20%
National Context	30% without banking account, low level of credit for women, 30% of the population don't save money, low level of final education, low financial resilience									

Banks should disclosure methodologies and assumptions

Moving forward to target setting



Identify positive and negative impacts associated with your portfolio and **prioritize at least 2 impact areas**

Deep dive into at least 2 impact areas



4. Understand your Intensity and Salience: You will make your performance assessment in the priority areas.



External perspective: Further consider the country context and identify external targets to align with

Define at least 2 SMART targets
Based on the outcome of the impact analysis

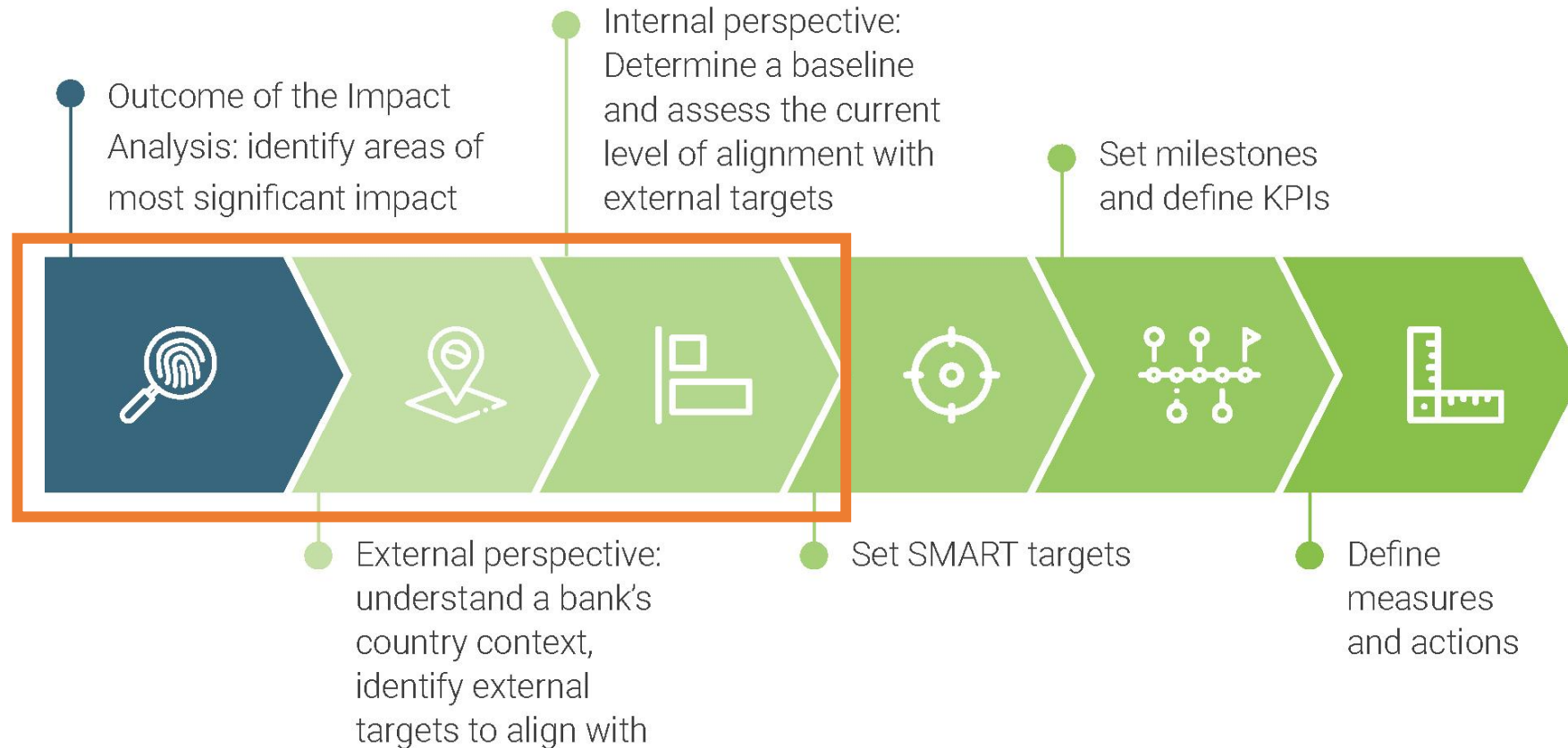
Target 1

Target 2

- **Internal perspective:** determine a baseline and assess the current level of alignment with national and international frameworks
- **Set SMART target** (finance and impact-related targets)
- Set milestones and define KPIs
- Define, implement and monitor measures and actions

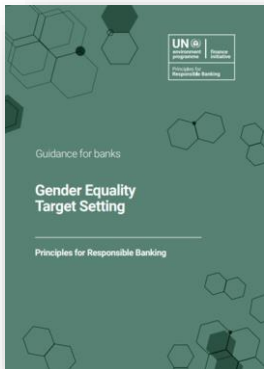
Consult and engage stakeholders during the whole process

From impact analysis to target setting

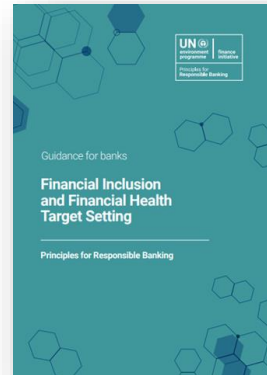


Important to align targets with business departments, Executive Committee and Board of Directors. Targets, KPIs and actions should be approved by them and should relate to the business strategy.

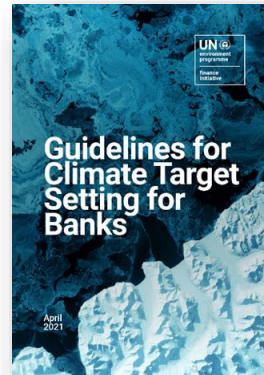
UNEP FI Target-Setting Existing Guidance



Gender Equality



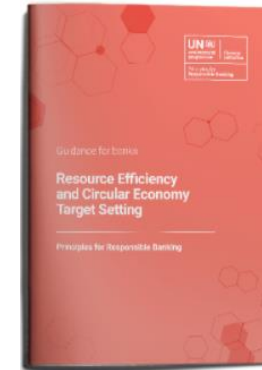
Financial Health & Inclusion



Climate Change



Biodiversity



Resource efficiency & Circular economy

You can also participate of the target setting working groups

Financial Health and Inclusion Commitment

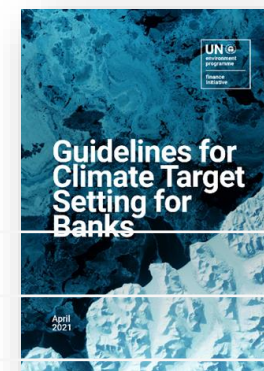
Biodiversity

Pollution & Resource Efficiency

Example*

Climate

Example 1: Members of the Net-Zero Banking Alliance (NZBA) commit to transition the operational and attributable GHG emissions from their lending and investment portfolios to align with pathways to net-zero by 2050 or sooner.



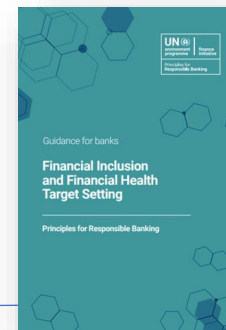
Target types	Absolute targets and/or sector specific intensity targets
Target timings	within 18 months after signing
Long term	2050
Medium term	2030 or earlier
Temperature outcome	1.5°C (net zero by 2050)
Scenario use	compatible with limiting warming below 1.5°C, low to no overshoot (e.g., IPCC P1 and P2), limited use of unproven tech
Scope	clients' Scope 1, Scope 2, and Scope 3 emissions, where significant, and where data allow
Portfolio coverage	prioritising sectors based on absolute emissions or emissions intensity
Priority Sectors	agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport; additional sectors if necessary to achieve coverage
Baseline year	no more than 2 years prior
Action plans	published within 12 months of setting target (window allows member to come into line with annual reporting cycle)
Reporting	annually
Assurance	within 4 years of signing PRB, if applicable

* This is an illustrative example. You should check the full Guidelines to set your SMART target properly.

Example*

Financial inclusion & health

Example 2: Increase the share and volume of low-income customers and micro entrepreneurs in our portfolio and promote financial health to reduce over-indebtedness by 30% by 2025 (baseline 2020). We also commit to measure the financial health of our clients by 2025. **Alignment with SDGs 1, 8, 10**



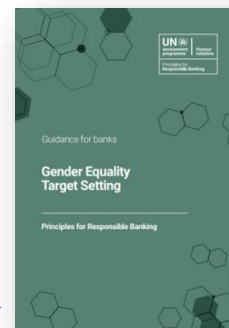
Country context	Baseline	Targets	KPIs
<p>45% of the country's population is considered low-income and 35% of adults do not have a bank account.</p> <p>40% have access to credit and of those, 30% are over-indebted.</p> <p>30% of microentrepreneurs do not have a bank account and 65% do not have access to credit.</p> <p>40% of the adult population has no financial education and no digital skills.</p>	<p>In 2020, 25% of accounts were from low-income users, and they have 15% of our loan allocation whose over-indebtedness is 30% larger compared to the total individual customer base.</p> <p>15% of the commercial accounts are of microentrepreneurs and they have 10% of our credit allocation whose over-indebtedness is 30% larger compared to the total base of SMEs.</p>	<p>Increase the percentage of bank accounts of low-income users by 46% (reaching 30% of total consumer accounts), and of commercial customers who are microentrepreneurs by 40% (achieving 20% of SME accounts) by 2025</p> <p>Increase by 10% the allocation of credit for microentrepreneurs until 2030 reaching a volume of USD 110MM</p> <p>Reduce by 30% over-indebtedness of low-income customers and microentrepreneurs by 2025</p>	<p>% low-income bank accounts/ total consumer accounts</p> <p>% microentrepreneurs account/ total SME</p> <p>Volume of credit and portfolio allocation for microentrepreneurs</p> <p>% over-indebtedness of low-income customers and microentrepreneurs</p>

* This is an illustrative example. You should check the full Guidelines to set your SMART target properly.

Example*

Gender equality

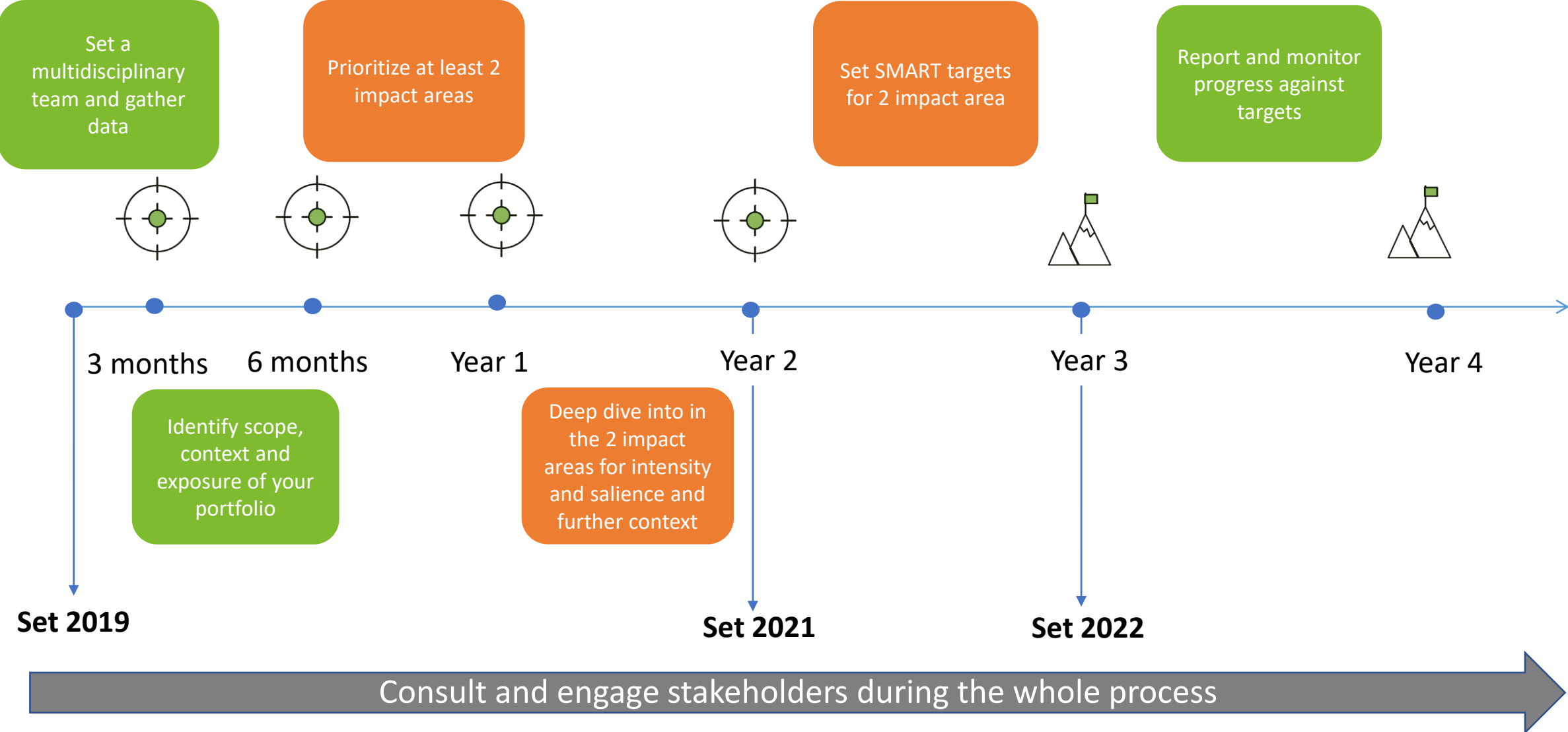
Example 3: Increase the share of products and services offered to women in its retail portfolio by 2025 by increasing portfolio allocation and the number of women customers and women owned and/or led SME clients. **Alignment with SDGs 5.**



Country context	Baseline	Targets	KPIs
<p>Our National Development Plan has a Gender Equality Strategy document, and It aims to advance on gender equality with a strategical focus on women’s participation in the economy and access to finance.</p> <p>Women represent 35% of all entrepreneurs in the country, 72% of men have bank accounts, compared to 65% of women, representing a 7% gap.</p>	<p>For the year 2020 the bank determines that women customer constituted 30% of customers in the retail portfolio, accounted for 20% of the loan allocation. And</p> <p>For SMEs portfolio, 15% of its total lending to SMEs was allocated to women-owned and/or led business and the average loan size was substantially lower in comparison to male owned/led SMEs (58%)</p>	<p>Increase the number of women customers by 15% and the allocation of loans to women customers by 15% by 2025</p> <p>Increase the allocation of loans to women-owned and/or led SMEs to 25% by 2025 (achieving USD 300 MM per year)</p> <p>Engage with entrepreneur women to level their growth capacity (20% of clients) by 2025</p>	<p># and % of women customers by 15% and the allocation</p> <p>% and volume loans to women customers</p> <p>% and volume loans to women-owned and/or led SMEs</p> <p># and % of entrepreneur women on capacity building and related activities</p>

* This is an illustrative example. You should check the full Guidelines to set your SMART target properly.

Suggested timeline





Questions and comments



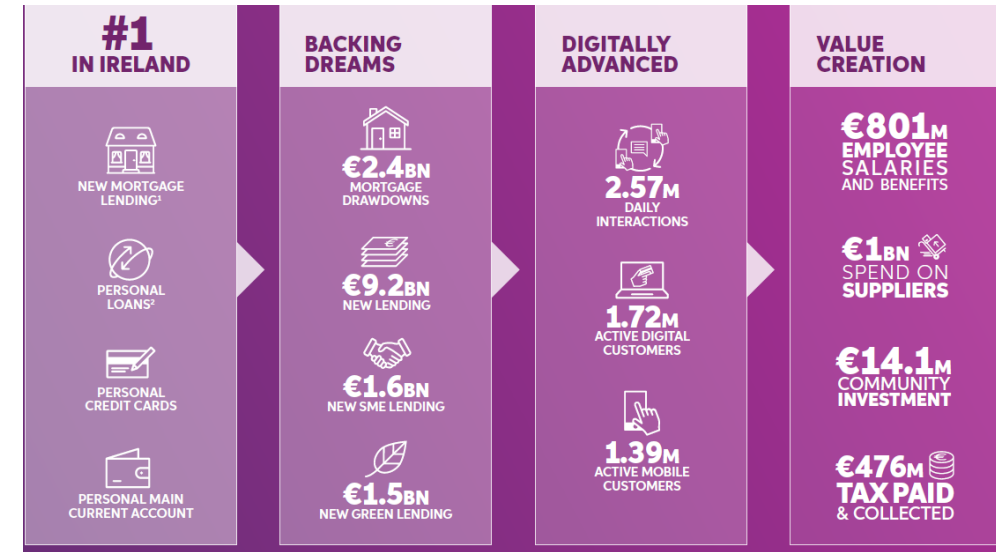
3. Dialogue with AIB

3. Dialogue with Phil Cross Head of Sustainability Strategy, AIB

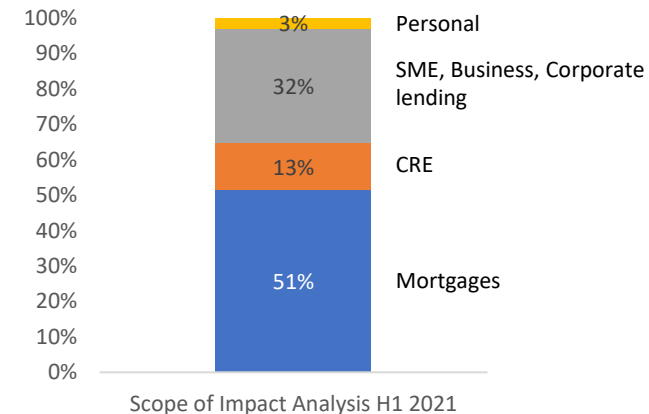
AIB Overview & Progress date

Overview of Actions completed by AIB aligned with PRB

- ‘Sustainable Communities’ added as a 5th pillar in AIB Group Strategy
- Established the UN Strategic Development Goals that AIB are most aligned with.
- Set a **Climate** 70% Green & Transition new lending target and Net Zero ambition.
- Allocated a Social **Housing** fund.
- Ongoing programme of work to set Science Based climate targets.
- Launched Green Personal Loan & expanded Green mortgage offering into Intermediary / Broker Mortgage Market
- Conducted an updated Stakeholder Materiality exercise to assess most material issues.
- Activities determined to cause irreversible environmental and/or social harm have been prohibited in our Corporate lending policy.
- Partnership with key industry stakeholders to support R&D investment in innovation and technology
- Sustainable Business Advisory Committee (SBAC) Board Committee with Targets oversight
- Low Carbon Pledge & reporting, Task Force on Climate-related Financial Disclosures
- Business Working Responsibly - ISO 26000 Social Responsibility standard accreditation.
- Submission to the CDP annually, and maintained Leadership status
- Human Rights Commitment February 2021.
- UN Global Compact February 2021.



Scope of Impact Tool Assessment



- We analysed our activities as they relate to the totality of our primary geographic footprint i.e. Republic of Ireland, which comprises of 95% of the Group's personal banking activities

Use of the impact tool to baseline our position in 2020 and 2021

UNEP National Needs Assessment for Ireland shows very high Obesity and Waste generated per capita. High country needs in **Housing Affordability**, Traffic Congestion, Quality of water bodies, **Co2 emissions per Capital** and R&D spending. Targets to focus on high impact areas aligned to country needs

Impact	Impact Area	Metric	Score
Availability, accessibility, affordability and quality of Life	Water	Availability of water	1
		Access to water	2
	Food	Undernourishment	1
		Healthy nutrition	4
		Food security	1
	Housing	Slum dwelling	1
		Homelessness	2
		Affordability	3
		Overcrowding	1
	Health & sanitation	Life expectancy	1
		Healthy life expectancy	1
		Universal Healthcare Coverage (UHC)	2
	Education	Years of schooling	1
		Literacy*	1
	Employment	Unemployment	2
		Working conditions	1
	Energy	Access to energy	1
		Energy affordability	2
	Mobility	Transport infrastructure	2
		Public transport	2
		Traffic congestion	3
		Road Safety	1
	ICT	Use of internet	1
		Freedom of press	1
	Culture & heritage	Government spending per capita*	1
	Personal Security	Risk of humanitarian crises	1
		Human rights policy and regulation	2
	Justice (& Equality)	Rule of law	1
Gender equality		1	
Racial/ethnic discrimination*		1	
Strong insitutions, peace & stability	Presence of armed conflict	2	
	Government debt	2	
	Corruption	1	

Impact	Impact Area	Metric	Score
Quality (physical and chemical properties) and efficient use of resources	Water	Quality of water bodies	3
		Concentration of particles	1
	Air	Energy consumption per capita	2
		Freshwater withdrawals	1
	Resources efficiency / security	Climate risk	1
		Co2 emissions per capita	3
	Climate	Solid municipal waste	4
		Recycling rate	2
Waste			

Impact	Impact Area	Metric	Score
Economic value creation for people and society	Inclusive, healthy economies	Ease of doing business	1
		Poverty rates	1
		R&D spending	3
		Financial inclusion	1
	Economic convergence	Income level	1
		Social mobility	2
		Other (economic convergence)	2

Very High Country Needs

Healthy nutrition: 25% of population body-mass index (BMI) > 30.

Waste: > 1.5kg per capita of waste produced per day

High Country Needs

Housing Affordability: 26% lower quartile income earners mortgages >40% disposable income

Traffic congestion: Average journeys > 50% longer due to congestion

Water bodies: 40%-60% only with good ambient water quality

Climate: Co2 emissions of 6.4 metric tonnes per capita

R&D Spending: 1.0%-1.2% of GDP spend in R&D

Impact Area 1: Climate (Co2 emissions)

- During 2020 using the Impact assessment tool we identified climate as an area of focus. We then completed a baselining of our lending portfolio using a PCAF methodology and set a Net Zero Ambition (see the Table below)
- In 2020, AIB publicly communicated ambitions in relation to Net Zero
- 2030: 70% of new lending to be classified as green or transition lending by 2030
- 2040: Net Zero emissions from customer lending portfolio (excluding agriculture), 2050: Net Zero emissions from customer lending portfolio (including agriculture)
- We are continuing to build on our Net Zero ambition through the development of sector focused intensity based Science Based Targets (SBTs) for three key sectors, Commercial Real Estate and Residential Property and our Electricity Generation Portfolio

Table

	AIB GROSS LOANS €BN	% OF AIB LOAN BOOK ¹	ROLE IN NATIONAL DECARBONISATION ²	SECTOR CARBON INTENSITY ³
Personal – Mortgages	31.4	51%	Amber	Green
Agriculture	1.7	3%	Red	Green
Energy	1.5	2%	Red	Red
Manufacturing	3.1	5%	Green	Red
Property & Construction	7.3	12%	Amber	Red
Transport	1.9	3%	Red	Red
Distribution	5.3	9%	Grey	Green
Financial	0.8	1%	Grey	Green
Other services	6.0	10%	Grey	Green
Other	3.0	5%	Grey	Green
TOTAL	62.0			

LEGEND	GREEN	AMBER	RED
¹ AIB lending exposure @ 31.12.2019	<10%	10-20%	20%+
² Based on the EPA's Irish Final GHG Emissions report 2018	<10%	10-20%	20%+
³ Based on SBTi guidance for FIs	N	N/A	Y

Source: Company information.

Impact area 2: Affordable and Social Housing

Affordable housing is a key National challenge outlined in Ireland SDG response and National risk assessment. Following recent publication of Affordable housing act

Challenge

- The 2019 National Risk Assessment identifies “the supply and affordability of housing” as one of the key national challenges with economic, social and environmental implications:

“Difficulties around homelessness and affordability persist, and overall housing demand is increasing, despite an increase in supply”

- The council waiting list for social housing is of **~62K nationwide** in 2020¹
 - 30% of current social housing stock are >40 years old**, hence action in place on the Climate Action Plan programmes to retrofit
 - The number of households seeking social housing in Ireland has increased by 33% since 2016 (when the data reported 90,600 households), according to Social Justice Ireland

Government action and targets

Ongoing initiatives

- Rebuilding Ireland:**
 - Committed >€6 billion to support the delivery of over 147,000 additional social housing homes by 2021 (51,000 of which being new homes)
 - The Rebuilding Ireland Home Loan mortgage for first-time buyers, offer an allowance of €11,450 over 5 years
 - The Help to Buy scheme² gives a refund of income tax and Deposit Interest Retention Tax over the previous 4 tax years

Vs. total stock of ~170,000 LA + AHB homes in 2016⁴

Climate Action Plan:

- 36,500 out of the 500,000 homes targeted for retrofitting should be local authority owned homes (social housing)

Future commitments

- Programme for Government 2020:**
 - Increase social housing stock by 50,000 over the next 5 years, delivered through local authorities, with an emphasis on new builds
 - State-backed affordable home purchase (Housing Assistance Payment) scheme to promote home-ownership
- Affordable Housing Bill 2020** (to be rolled out in 2021, with an initial €75m set aside in Budget 2021 to start the scheme up), incl. Affordable Purchase Shared Equity scheme to support first-time buyers³

e 500m Social housing Fund equivalent to c. 15% of Government Commitment

AIB’s current commitments

1. Climate

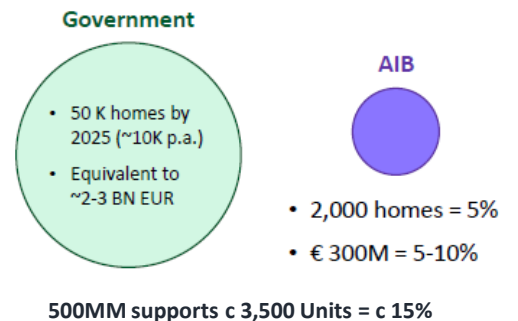
- ✓ 2030: 70% of new lending to be green
- ✓ 2040: Net Zero emissions from customer lending portfolio (excluding agriculture)
- ✓ 2050: Net Zero emissions from customer lending portfolio (including agriculture)

Note: work in progress to defining Science-based Targets (SBTs) at portfolio level

2. Housing

- ✓ 300MM euro financing for social housing by 2023
- ✓ This is to support 2,000 sustainable A-rated social housing units

AIB commitments vs government actions



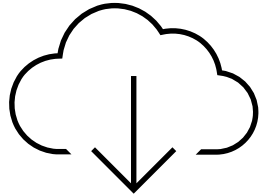
Process for setting SMART Targets set for Climate and Social Housing

- To ensure consistency of proposed targets of Housing & Climate with Stakeholder expectations, the Stakeholder 2021 Materiality matrix was cross referenced. The common themes demonstrates the appropriate fit of the Social Housing and Climate SMART targets.
- Heightened Regulatory Climate response expectations outlined by European Central Bank during 2021
- Proposed SMART targets were approved at Group Sustainability Committee and Sustainably Board Advisory Committee and will be published in AIBs Sustainability Report 2021 in March 2022

4. Support activities and next steps

Implementation Support activities for impact analysis and target settings

Overview



On boarding process

For new members

- Onboarding call
- Workshops about impact analysis and target setting



Working groups

Members can learn with each other and develop new contents

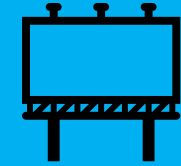
Impact Analysis WGs

- Impact Protocol (costanza.ghera@un.org)
- Peer Exchange (maria.sosataborda@un.org)
- Target Setting WGs



Regional activities

Webinars, workshops and translated materials



Resources

- Impact analysis & target setting interactive guidance
- Impact Radar & stand-alone Impact Mappings
- Portfolio Tool and Corporate Tool + user guides
- Case studies (coming soon)



One-on-one support

30m call for specific questions (specific periods) + on demand (ongoing)



Support sessions on the Impact Analysis Tools

Monthly sessions



Individual Review

Annual feedback after 1st Reporting

Get engaged

Global one-on-one support

Members can have a 30m call for specific questions **about impact analysis**

Click [here](#) to book your appointment (14 Feb - 04 March).

Support sessions on the Impact Analysis Tools

Monthly sessions

Click [here](#) to get more information about the Impact Tool sessions

Regional activities

<p>Regional Workshops Pragmatic approach to doing your impact analysis and set targets through case exercises, step by step, practical lessons and group discussions</p>	<p>One-on-one support Support banks in their journey of impact analysis and target setting through individual engagements.</p>	<p>Translations Offer translated materials and guidance in other languages.</p>	<p>Regional Webinars Opportunity to learn about different topics, publications, resources and tools.</p>
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Q1	Q2	Q3	Q4
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Impact analysis workshops:
March: Asia (English), Europe
April: China, Japan, Korea

Workshops for setting targets: climate change

LAC	Africa	Asia
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Workshops for setting targets: financial health & inclusion
 LAC, MENA, SSA and Asia

One-on-one support

Regional Webinars: Climate, Biodiversity, Circular Economy & Resource Efficiency
 Asia, EU, LAC, MENA, NA, SSA

Your Regional Coordinator will be in touch with specific dates

Target setting [1/2]

These target setting working groups & workshops focus on practical approaches to measuring your performance (intensity/salience), defining your baseline and setting your SMART targets.

Climate Mitigation

- [Complete the survey](#) to help us target our support
- **WG**: Join NZBA to be part of a community setting ambitious net zero targets (contact alice.anders@un.org)
 - NZBA falls within implementation of a bank's overarching commitment to the PRB framework
- **Regional capacity building workshops**
- Peer learning sessions hosted by NZBA (every 2 weeks) (contact alice.anders@un.org)

Climate Adaptation

- Paper on **approach to adaptation alignment**
 - If your bank is advanced on this topic, get in touch with johanna.dichtl@un.org and Paul.Smith@un.org

Target setting [2/2]

These target setting working groups & workshops focus on practical approaches to measuring your performance (intensity/salience), defining your baseline and setting your SMART targets.

Financial Health and Inclusion Commitment

- **WG:** Q2 & Q3 - Signatories can participate in **curating common indicators for target setting** (contact Puleng: tumelo.ndjwili-potele@un.org)
- Q4 - **Practical support** for setting targets, including workshops at **regional level**

Biodiversity

- Capacity building for a **community of banks** on building blocks for target setting (contact oualid.rokneddine@un.org)
- **WG:** Small WG of banks ready to **set targets with step-by-step guidance from the Secretariat** (contact oualid.rokneddine@un.org)

Pollution & Resource Efficiency

- **WG:** Small WG of banks ready to **set targets with step-by-step guidance from the Secretariat** (contact peggy.lefort@un.org)

Interactive Guidance

You can find in the **Interactive Guidance** for Impact Analysis and Target Setting process the rationale, requirements, and examples. The Guidance will be updated constantly, and we encourage banks to send us examples and resources that can be useful to everyone.

Version 1.0 (07.02.2022) – Download [here](#)

The screenshot shows a navigation bar with the following items: Rationale, Requirements, Journey, Detail timeline, Resources and examples, Impact tool, and Glossary. Below the navigation bar, there is a text block explaining the purpose of the guidance and providing contact information. Below that, there are instructions on how to navigate through the report, with arrows pointing to a list of content items: Rationale, Requirements, Journey, Starting 0-6 months, 6-12 months, Year 1 - Year 2, Year 2 - Year 3, Year 3 - Year 4, Resources and Examples, Impact Tool, and Glossary.

Rationale Requirements Journey Detail timeline Resources and examples Impact tool Glossary

UN environment programme | finance initiative
Principles for Responsible Banking

You can find in this **Interactive Guidance** for Impact Analysis and Target Setting process the rationale, requirements, detail timeline and examples. The Guidance will be updated constantly, and we encourage banks to send us examples and resources that can be useful to everyone. Please feel free to send us suggestions or comments of what else you would like to see in this interactive guidance (email to maria.sosataborda@un.org)

Instructions:

You can navigate **through the bar on the top.**

Along the report you will have **hyperlinks for additional content** ▶

Next Slide ▶



You can go through the **sessions of the PowerPoint** (on the left) →

- Rationale
- Requirements
- Journey
- Starting 0-6 months
- 6-12 months
- Year 1 - Year 2
- Year 2 - Year 3
- Year 3 - Year 4
- Resources and Examples
- Impact Tool
- Glossary

Check list for your next Report

We developed a check list for your next PRB Report focused on impact analysis and target setting.

Download [here](#)

 Check list for your PRB self assessment			
 Principles for Responsible Banking		This check list was developed only for Principle 2.	
<p>Principle 2: 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.</p>			
Self assessment template	Check List	Y/N	Timeframe
2.1 Impact Analysis:	See below a quick check list for your PRB Reporting. You can include your answers on the template, on your Annual Report or other relevant documents. Your report should be in English and public. When including links, make sure you include the page when needed.		See below a suggested timeline considering 4 years implementation. You can adjust according your context.
<i>Show</i> 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:	For more details access the Reporting Guidance here.		
2.1.a. Scope	2.1.a. Scope		1st year
<p>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.</p>	Did you report what are your main business lines (Consumer Bank, Business Bank, Corporate Bank, Investment Bank) and the country you operates? (% Market position or Revenue share)		
	Considering those, did you define the scope of your impact analysis? (e.g. full operations on Country 1 and 2; Corporate Bank in all countries we have operations)		
2.1.b. Scale of Exposure	2.1.b. Scale of Exposure		
	Regarding your scope (business lines and countries), what are the main sectors you		

Resources toolkit

Members area (password: unepfi)

<https://www.unepfi.org/banking/bankingprinciples/unep-fi-banking-members-space/>

Interactive Guidance about
Impact analysis and targets

Click [here](#) to download the interactive guidance

Portfolio Impact
Analysis Tool

Click [here](#) to download the impact analysis tool version 2

Portfolio Impact
Analysis Tool User Guide +
interactive introduction

Click [here](#) to download the tool's user guide

Click [here](#) to access an interactive online introduction to the Tool

Impact Radar

Click [here](#) to download the impact radar

Sector Mappings

Click [here](#) to download the sector mappings

Indicator Library

Click [here](#) to download Indicator Library

PRB reports

Click [here](#) to access existing PRB reports

Knowledge toolkit

Needs Mappings

Click [here](#) to download the needs mappings (containing global and regional resources)

Global Reports

Click [here](#) to access SDG Index report 2021

Click [here](#) to access Voluntary National Review Reports 2021

Click [here](#) to access National Determined Commitments (NDCs)

Click [here](#) to access Biennial Update Report

National Reports

Click [here](#) to access National Sustainability Strategy reports

5. Closing



Principles for
Responsible Banking