



20/06/2024

UNEP Finance Initiative

UNEP FI Impact Analysis Workshop

Impact Protocol and key concepts



Agenda

1. Welcome (5 min.)
2. Recap of PRB requirements and key steps for implementation (10min.)
3. UNEP FI holistic impact methodology in the broader landscape of sustainability management approaches (10 min.)
4. The UNEP FI Impact Protocol for banks step by step (45 min.)
5. Close & next steps (5 min.)

Annex to this deck:

- Where to find the different resources

Let's get to know each other: UNEP FI presenters



Careen Abb
SDGs and Impact Lead



Costanza Ghera
Content Manager, SDGs and
Impact





Alexander Stopp
Data Manager, SDGs and Impact



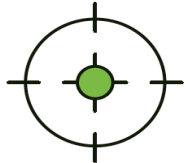
Flora Petrucci
Membership Lead and
Capacity Building (Europe)

Recap of PRB requirements and key steps for implementation

The Principles for Responsible Banking

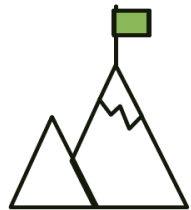
 <p>PRINCIPLE 1: ALIGNMENT</p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	 <p>PRINCIPLE 2: IMPACT & TARGET SETTING</p> <p>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>	 <p>PRINCIPLE 3: CLIENTS & CUSTOMERS</p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>
 <p>PRINCIPLE 4: STAKEHOLDERS</p> <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	 <p>PRINCIPLE 5: GOVERNANCE & CULTURE</p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	 <p>PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY</p> <p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>

Getting started: three key initial steps



Step 1. Impact Analysis

Signatory banks need to undertake a **thorough impact analysis**, and publicly report their findings. Through impact analysis, signatory banks come to understand the greatest positive and negative impacts as a result of their practices and policies. This forms a baseline for identifying where the greatest change can be achieved



Step 2. Target-setting and Implementation

Signatory banks need to **set milestones and define actions** to meet the targets, as well as put in place a governance framework to oversee and ensure progress. Building on step 1, signatory banks must develop at least two targets that address the most significant impacts they have identified.



Step 3. Public Reporting

Signatory banks must **report regularly** in English on how they are implementing the Principles for Responsible Banking, the targets they have set and the progress made. Key elements will be assured after the third report. Referencing to equal content to avoid double reporting and double assurance is allowed

A bank should implement those 3 Keys Steps in an initial 4 years phase

The four PRB requirements for impact analysis



Determine **scope**

Cover the bank's core business areas, products/services across the main geographies that the bank operates in



Review **portfolio composition**

Consider the proportional composition of the portfolio globally and per geographical scope

% sectors (business, corporate and investment banking)

% products/services and type of customers (consumer banking)



Understand **context**

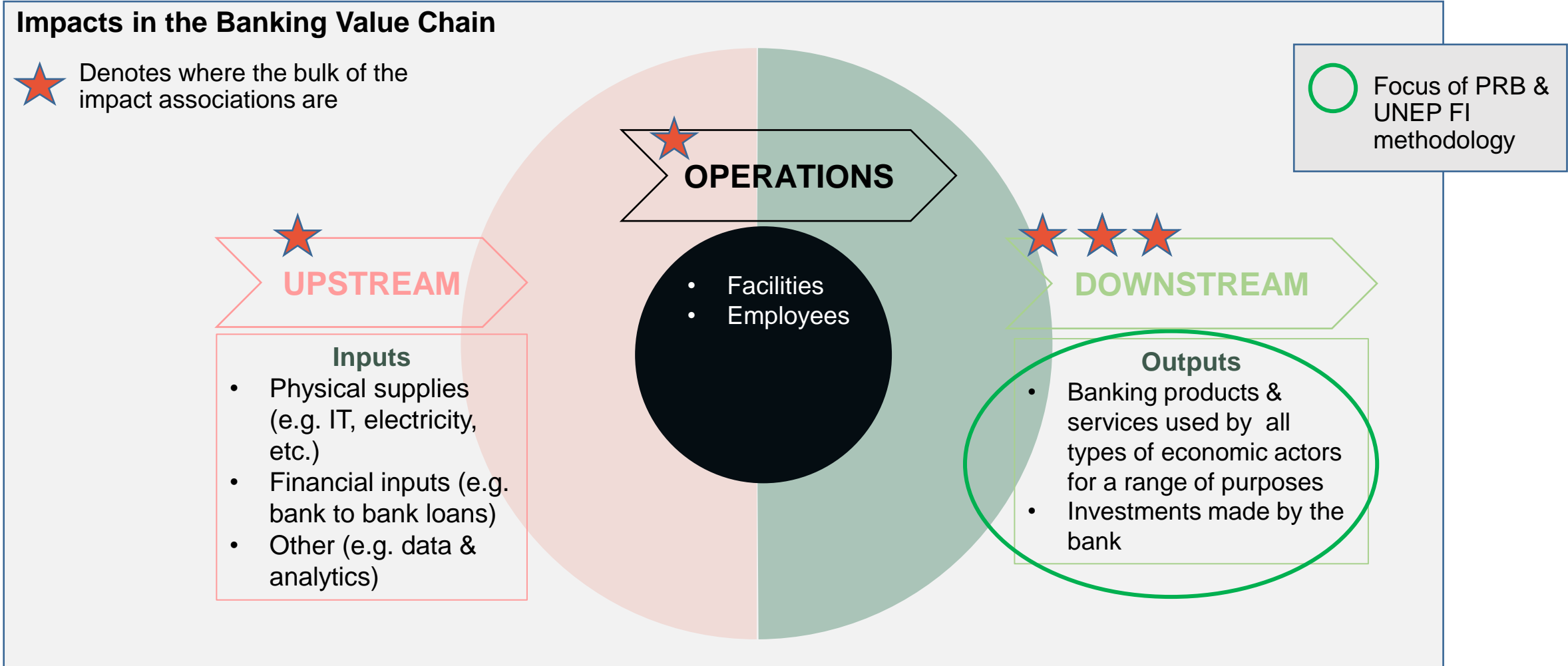
Identify the most relevant challenges and priorities related to sustainable development in the countries/regions in which your bank operates



Measure **your performance**

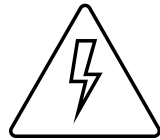
Identify which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts and assess the performance of these, using appropriate indicators related to significant impact areas that apply to the bank's context.

Scope of PRB & UNEP FI methodology



UNEP FI holistic impact methodology in the broader landscape of sustainability management approaches

There are three overall categories of purpose behind sustainability and impact management



- Many **organisations do not have sustainability as part of their purpose or vision. Sustainability may still be considered** by such organisations, albeit more narrowly, typically **from a compliance and/or risk management perspective.**

*Focus on
'financial
materiality'
perspective*



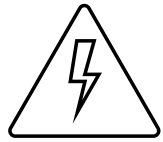
- A growing number of **organisations are seeking to operate sustainably, within environmental and social boundaries.** Ensuring their operations and activities are aligned with sustainability thresholds is **part of their overall vision and strategy.**

*Focus on
'**impact**
materiality'
perspective*



- There is also a growing number of **organisations that specifically aim to solve environmental and social problems** and increase people's well-being. Achieving positive impact **is part of their purpose.**

Primary focus and objectives of the PRB framework and the UNEP FI holistic impact methodology



- Many **organisations do not have sustainability as part of their purpose or vision. Sustainability may still be considered** by such organisations, albeit more narrowly, typically from a **compliance and/or risk management perspective.**

Focus on 'financial materiality' perspective



- A growing number of **organisations are seeking to operate sustainably, within environmental and social boundaries.** Ensuring their operations and activities are aligned with sustainability thresholds is **part of their overall vision and strategy.**

Focus on 'impact materiality' perspective



- There is also a growing number of **organisations that specifically aim to solve environmental and social problems** and increase people's well-being. Achieving positive impact **is part of their purpose.**

Source: <https://impactmanagementplatform.org/actions/>

The PRB and the UNEP FI methodology are focused on “impact materiality”...

...however, impact management supports **both** impact and financial materiality objectives:



→ Operate sustainably and/or contribute to solutions

*Relevant from an
‘**impact materiality**’
perspective*

→ Manage risks and opportunities that are specific to the organisation

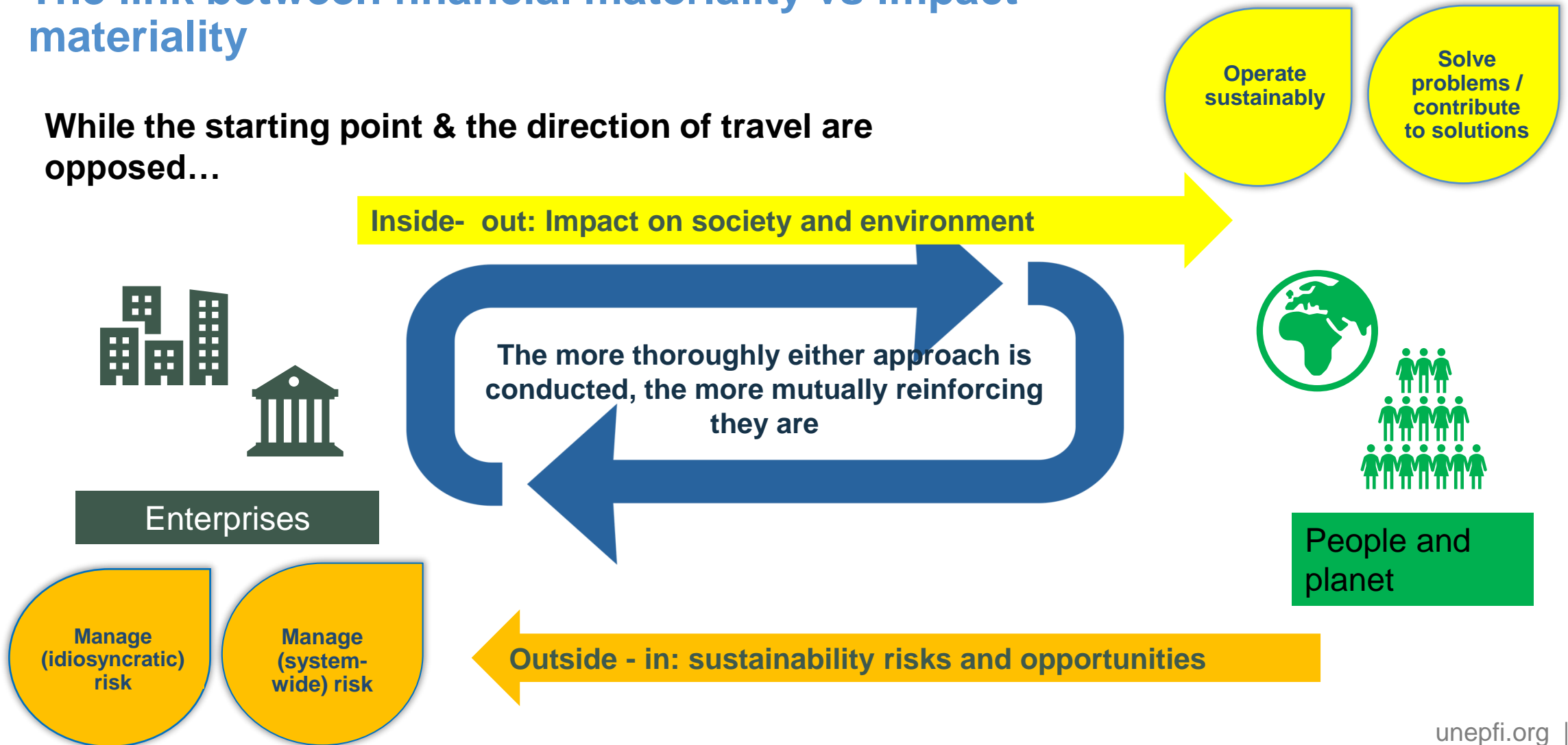
→ Manage system-wide risk and opportunities

*Relevant from a
‘**financial materiality**’
perspective*

Risk & Impact

The link between financial materiality vs impact materiality

While the starting point & the direction of travel are opposed...



How the PRB and the UNEP FI methodology fit into the broader landscape of sustainability-related frameworks

Management frameworks

Disclosure frameworks

UNEP FI methodology

OECD Due diligence

GRI

EU CSRD /ESRS

→ Operate sustainably and/or contribute to solutions

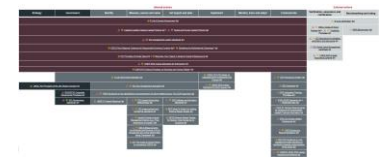
Relevant from an 'impact materiality' perspective

→ Manage risks and opportunities that are specific to the organisation

→ Manage system-wide risk and opportunities

Relevant from a 'financial materiality' perspective

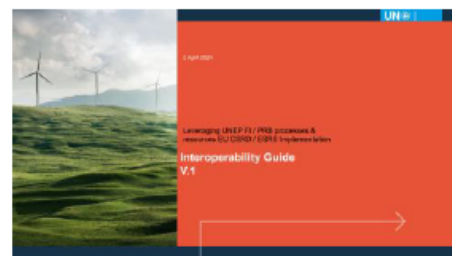
ISSB Standards



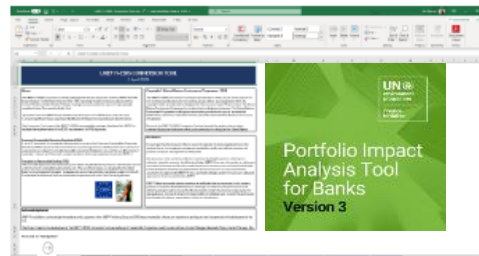
To further navigate the landscape of impact management resources, see the IMP System Map: : <https://impactmanagementplatform.org>

Interoperability

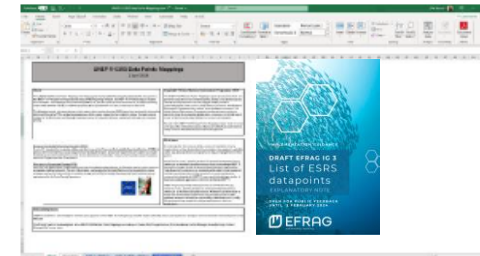
CSRD/ESRS – PRB/UNEP FI Interoperability Package:



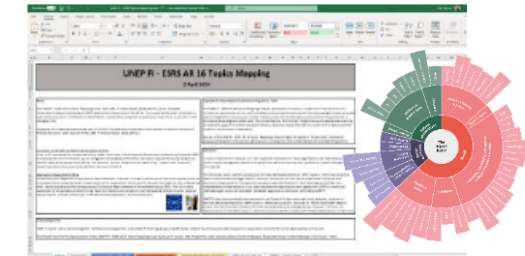
UNEP FI-ESRS Interoperability Guide



UNEP FI-ESRS Conversion Tool



UNEP FI-ESRS Data Points Mappings




UNEP FI-ESRS Topics Mappings

Available online on the [ESRS interoperability webpage](https://www.unepfi.org/impact/interoperability/european-sustainability-reporting-standards-esrs/)
<https://www.unepfi.org/impact/interoperability/european-sustainability-reporting-standards-esrs/>

— The UNEP FI Impact Protocol step by step

The UNEP FI Toolkit for Impact Management for Banks




PRB Principle 2

- Impact analysis
- Target setting

Impact Protocol

- High level explanation of the full impact management process and clarification of key concepts and terms




Reference materials

- Impact Radar (nomenclature of sustainability topics)
- Sector/Impact map (including key sectors mapping)
- Needs Mapping
- SDG Mapping
- Interlinkages Mapping
- Indicator Library



Impact tools & associated User Guides

- Input-output tools for context analysis, impact identification, impact assessment and target setting



Guidance on indicators and target-setting and indicators

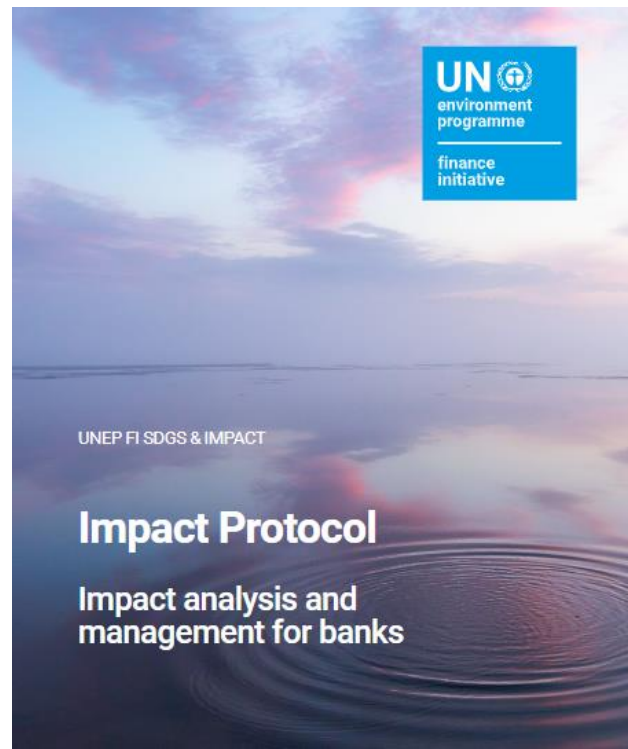
- Climate change mitigation
- Financial inclusion/Financial health
- Resource efficiency
- Nature
- ...

Requirements

Generic guidance, tools and resources for impact management as a whole

Thematic guidance and resources for target setting

The UNEP FI Impact Protocol



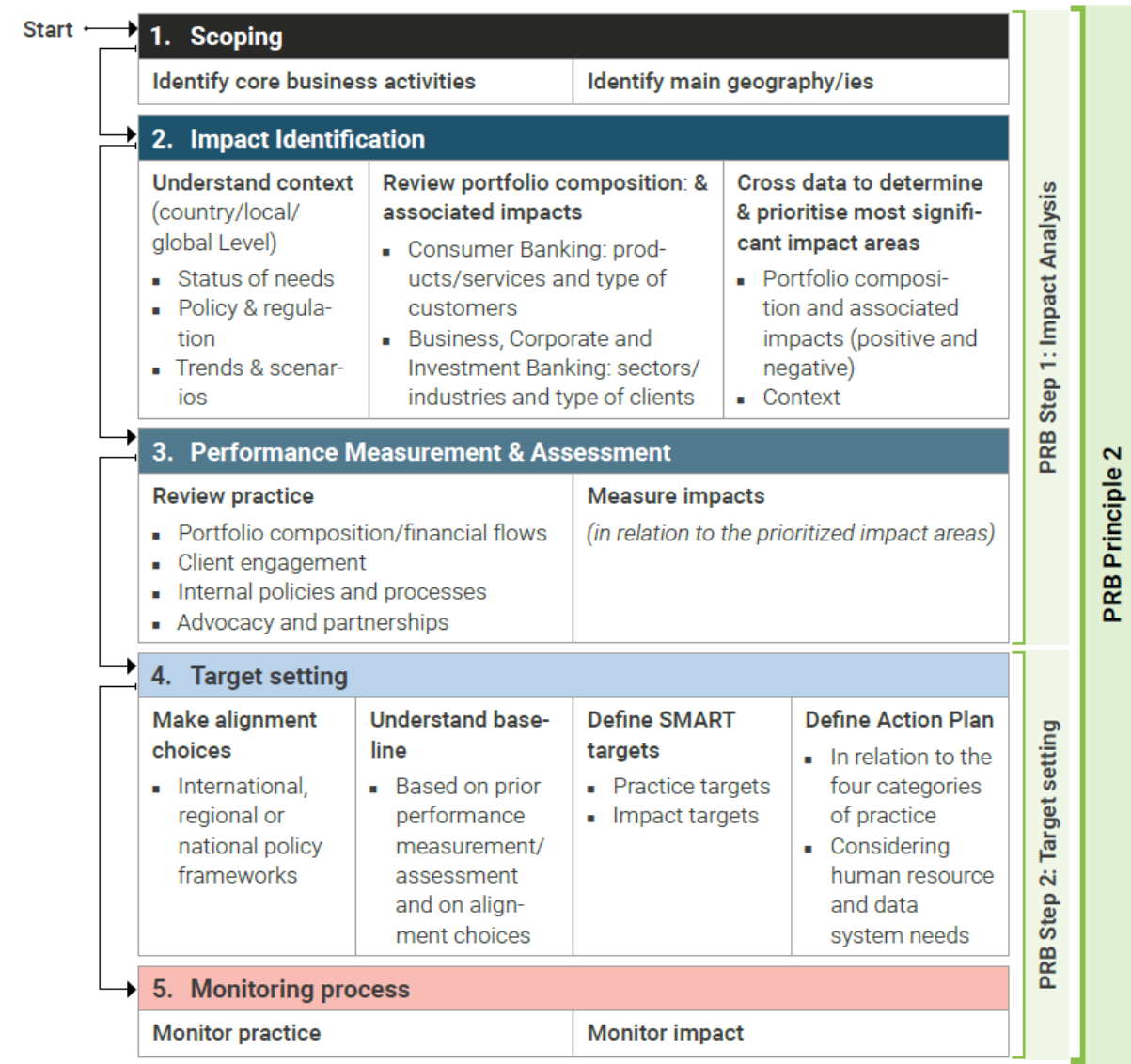
A five-step process to understand and manage potential and actual positive and negative impacts across the spectrum of environmental, social and economic issues.

Aligned with the emerging consensus view of impact management, as embodied by the Impact Management Platform.

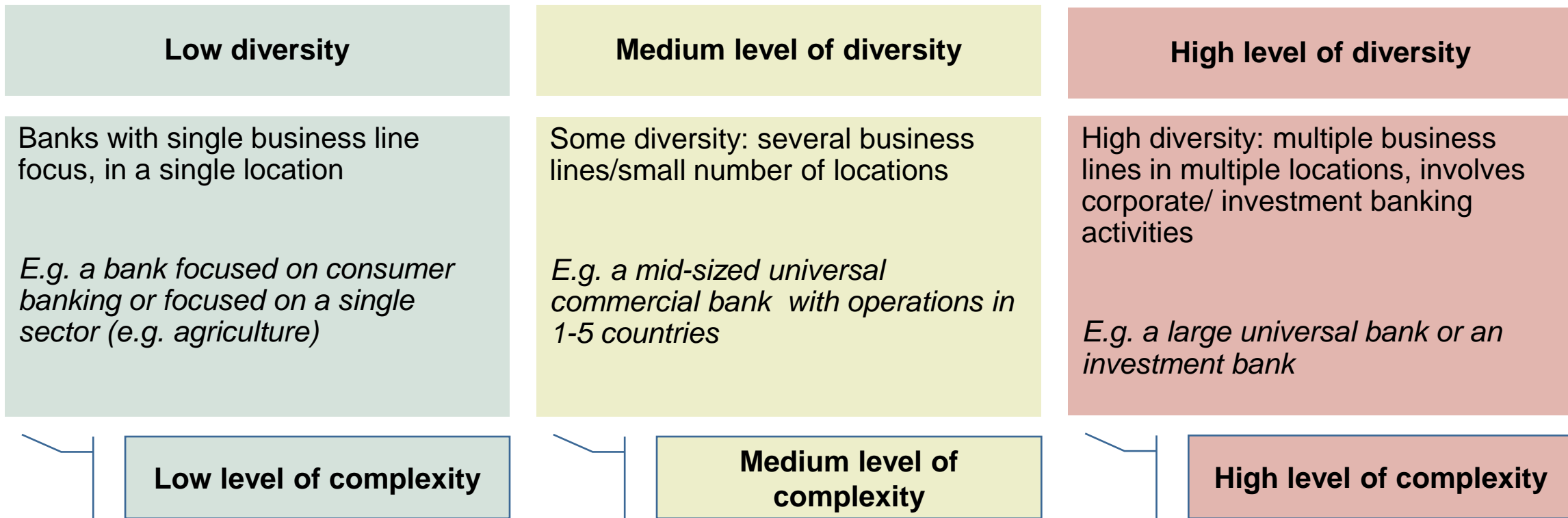


The Actions of Impact Management, IMP 2023

The five steps of the Protocol



Bank typology influences the complexity of the process...



> Pointers will be provided where relevant step by step of the Protocol

For each step of the impact management process, we will consider:

2. Impact Identification

Impact identification consists in understanding the impact areas and topics (e.g. employment, climate, economic convergence) that are associated with the bank, based on its portfolio composition and context, and determining which, among these, are its most significant impact areas. By understanding its most significant impact areas, the bank can take action and set targets strategically, i.e. where it can deliver the most impact.

PRB Reporting & Self-Assessment Template:

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting.

Achieving this requires three distinct steps:

- **Understanding context**, i.e. the impact needs that exist in the countries of operation and/or exposure of the bank and/or its clients/customers, in relation to the different impact areas and topics;
- **Reviewing the bank's portfolio composition** in terms of sectors, product types and clients or customer types;
- **Determining most significant impact areas/topics** as a function of context and portfolio composition.

Expected output: most significant impact areas are identified, based on the positive and negative impact associations of the bank's business activities and the operating context of the bank and its clients.

Note: PRB signatories are expected to prioritize at least two impact areas/topics for target setting.

Resources

Please refer to the UNEP FI Impact Radar for a holistic view of impact areas and topics and their definitions.

Note: Use of the Impact Radar categorisation is not mandatory. If the Impact Radar is not used, PRB signatories are expected to use the categorisation in the Reporting & Self-Assessment Template) the categorisation of issues they are using to identify most significant impact areas.

Example

Bank X determined that the most relevant challenges and priorities in County Z included climate change, biodiversity loss and degradation, air pollution, affordable housing, while in Country H they were: climate change, biodiversity loss and degradation, and decent employment.

This was determined 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 France, and Italy national development goals framework, UN Biodiversity Lab platform, and WHO Global Ambient Air Pollution index).

For examples of banks' disclosures, please see the PRB Interactive Guidance on Impact Analysis & Target-Setting.

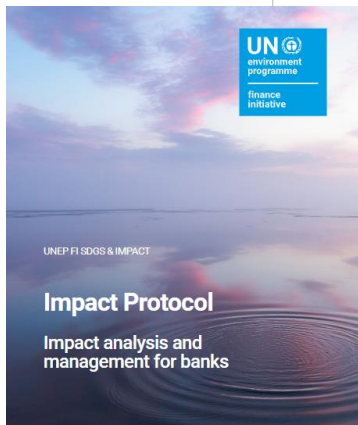
PRB Requirements
(Reporting & Self-Assessment Template)

Overview
And point by point
explanation

Relevant UNEP FI
resources

Examples

The Impact Protocol is available [here](#)



1. Scoping

- Scoping is the process by which the bank's business activities and countries of operation are reviewed, in order to identify and prioritise core business activities and geographies.
- To ensure that the bank's impact analysis and management is meaningful, the scope of these should include:
 - The bank's **core business activities**
 - The bank's **main countries of operation** and largest country exposures

Expected output: The scope of the analysis is defined and includes the core business activities and main geographies of the bank.

PRB Reporting & Self-Assessment Template:

2.1 Impact Analysis (Key Step 1)

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Example

1. Scoping

Business Lines					
Consumer banking		Corporate Banking		Investment Banking	Asset management
50%		30%		10%	10%
France	40%	France	40%		
Italy	30%	Italy	40%		
Germany	20%	USA	20%		
Spain	2%				
Switzerland	2%				
Slovenia	2%				
Hungary	2%				
Croatia	2%				

The business lines and countries in yellow are those included in the scope of the analysis because they are the most relevant ones

2. Impact Identification

- Impact identification consists in understanding the impact areas and topics that are associated with the bank, based on its portfolio composition and context, and determining which, among these, are its most significant impact areas.
- Achieving this requires three distinct steps:
 - Understanding **context**, i.e. the impact needs that exist in the countries of operation and/or exposure of the bank and/or its clients/customers, in relation to the different impact areas and topics
 - Reviewing the bank's **portfolio composition** in terms of sectors, product types and clients or customer types
 - Determining **most significant impact areas/topics** as a function of context and portfolio composition.

Expected output: most significant impact areas are identified (minimum two), based on the positive and negative impact associations of the bank's business activities and the operating context of the bank and its clients

PRB Reporting & Self-Assessment Template:

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting.

2.1 Context

- Assessing the context of the bank's portfolio should be performed differently depending on the type and scope of the bank's portfolio; at **global, national and/or local level**.
- A variety of sources can be employed to assess needs.
 - Referral to topic specific **statistical data sets** and/or research produced by authoritative or recognised entities. Ideally both current status as well as trends should be considered.
 - Countries' stated **priorities** as outlined in a development, sustainable development plan or SDG Voluntary National Review (VNR)
 - Consultation/exchange with relevant **stakeholders**, such as government entities and/or expert organisations, including, for example, civil society organisations

PRB Reporting & Self-Assessment Template:

2.1 Impact Analysis (Key Step 1)

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

2.1 Context

Example

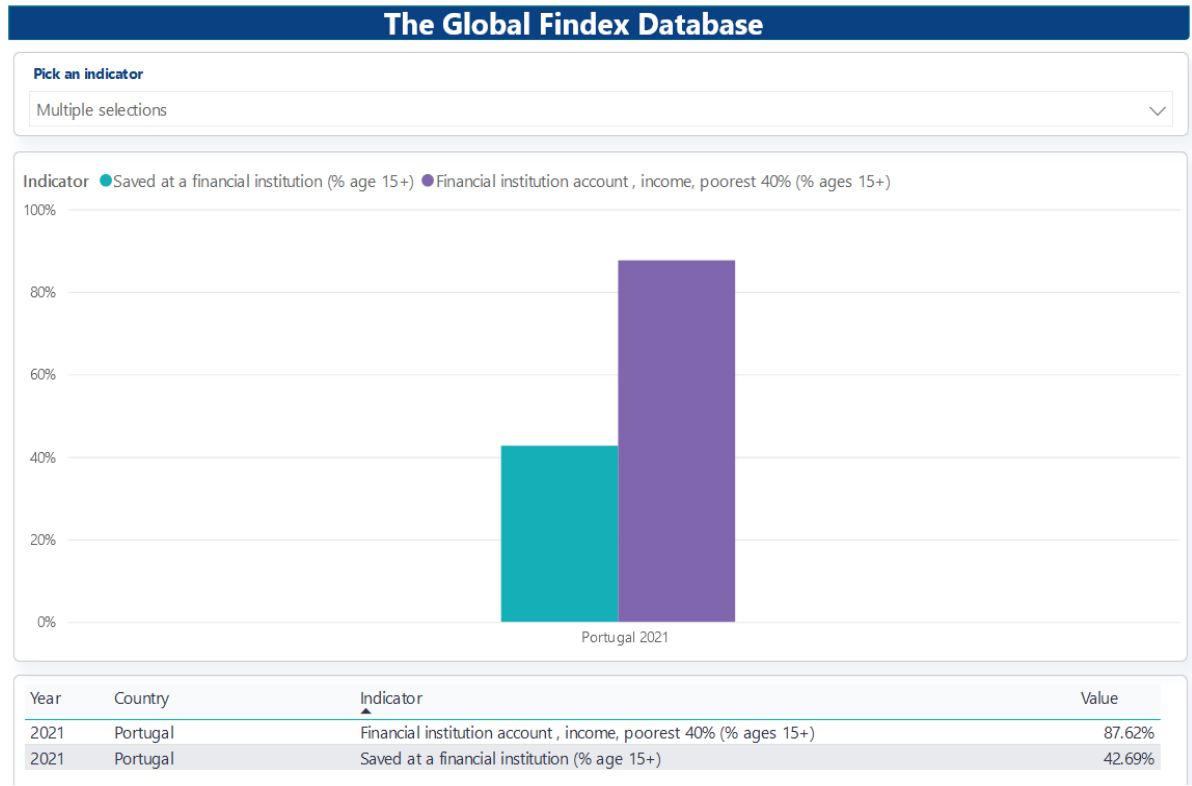
What does statistical data say about a country's situation with financial health and inclusion?

Two indicators are used to determine the needs situation for financial health and inclusion:

- Saved at a financial institution (% age 15+)
- Financial institution account, income, poorest 40% (% ages 15+)

Both indicators are put against a scoring system of “1” to “4” with “1” being of a low need and a “4” being a very high need.

This data is drawn from the Global Findex Database provided by the World Bank.



<https://www.worldbank.org/en/publication/globalfindex/Data>

2.1 Context

Example

Does the country have policies, frameworks, commitments, agreements on Financial Health and Inclusion?

INTERNATIONAL	SDG	<ul style="list-style-type: none"> • Target 8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. Indicators used: Indicator 8.10.1. Number of commercial bank branches and automated teller machines (ATMs) per 100,000 adults / Indicator 8.10.2. Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider; • Target 10.5. Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations. Indicator used: Indicator 10.5.1. Financial Soundness Indicators.
REGIONAL	Financial competence framework for adults in the European Union	<ul style="list-style-type: none"> • Establishes and identifies the competences necessary to understand the different characteristics of money, how to obtain it as income, how to exchange it for goods and services and the importance of keeping track and having records of how it is obtained and exchanged; • Establishes competences for managing the financial situation of an individual or household in the short and long term; • The framework can be used for the development of policies and measures specifically aimed at building financial resilience, in particular of financially vulnerable groups.
	Digital Finance Strategy for the EU	<ul style="list-style-type: none"> • By 2024, the EU should implement a sound legal framework enabling the use of interoperable digital identity solutions which will enable new customers to access financial services quickly and easily; • By 2024, the EU should implement a sound legal framework enabling the use of interoperable digital identity solutions which will enable new customers to access financial services quickly and easily.
	EBA Loan Origination GL	<ul style="list-style-type: none"> • 90. Institutions and creditors should have an accurate single customer view that enables an assessment of the borrower's ability to service and repay financial commitments. [...] also points 91 and following are of relevance • 98. When assessing the borrower's ability to meet obligations under the loan agreement, institutions and creditors should take into account relevant factors that could influence the present and future repayment capacity of the borrower, and should avoid inducing undue hardship and over-indebtedness. The factors should include other servicing obligations, their remaining duration, their interest rates and the outstanding amounts, and repayment behaviour, e.g. evidence of any missed payments and their circumstances, as well as directly relevant taxes and insurance if known.
NATIONAL	Financial Education Plan 2022-2025	<ul style="list-style-type: none"> • Intensification of financial education as a key skill in the 21st Century and essential instrument to develop liberty of the individual and for adequate operation of the financial situation; • Intensifying participation by public and private institutions in encouraging financial education, especially those related to the most vulnerable sectors; • Diffusion of financial education as an essential instrument to deal with the new challenges raised in the post-Covid epoch and the need to reinforce financial resilience, those related to digitization of financial services and key role of sustainable finance in the ecological transition;

2.2 Portfolio composition 1/2

- Understanding the composition of the bank's portfolio/s is necessary to the process of identifying the bank's most significant impact areas because the portfolio composition defines the nature of its impacts, i.e. which sustainability areas or topics are affected positively and/or negatively.
- The review of portfolio composition needs to be conducted differently depending on whether one is considering consumer portfolios (individuals) or institutional portfolios (SMEs, corporates, or other types of organizations).

PRB Reporting & Self-Assessment Template:

2.1 Impact Analysis (Key Step 1)

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope:

- i. by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii. by products & services and by types of customers for consumer and retail banking portfolios.

2.2 Portfolio composition 2/2

- For consumer portfolios, It is necessary to review the portfolio in terms of:
 - **Product types:** the proportion of the portfolio associated with different products (e.g. mortgages/home loans, student loans, etc.)
 - **Customer types:** the proportion of the portfolio associated with different population types (e.g. income level, gender, age, minorities, etc.)
- For institutional portfolios, it is necessary to review the portfolio in terms of:
 - **Client types:** the proportion of SME clients (vs large and/or multinational corporations).
 - **Client sectors:** the proportion of different sectors. If not all sectors can be covered, the sectors with highest proportions and key sectors should be prioritised.
 - **Product types** (use of proceeds vs general purpose): the types of activity/sectors of the activities to be undertaken thanks to the funds

2.2 Portfolio composition

Example

System	Sector	As at 31 December 2021			As at 31 December 2019			Comments
		On balance sheet loans & investments (Ebn)	Loans & investments analysed ⁽¹⁾ (Ebn)	% analysed	On balance sheet loans & investments (Ebn)	Loans & investments analysed ⁽¹⁾ (Ebn)	% analysed	
Property	Residential mortgages	194.0	194.0 ⁽¹⁾	100%	174.0	174.0	100%	
	Commercial real estate	18.3	15.6 ⁽¹⁾	85%	23.2	17.7	76%	Lending secured by collateral is included for estimation of financed emissions. Unsecured lending and lending related to construction activities are excluded.
	Construction	4.6	4.0	87%	3.5	2.9	83%	Amounts analysed relate to construction related activities and exclude purchase and rental of machinery.
Mobility	Automotive	6.5	0.3	5%	6.2	0.3	5%	We have analysed automotive manufacturing and related activities. These activities are generally carried out by large companies which are expected to be in a position to change the emissions profile of vehicles than equipment manufacturers or car rental or sale companies.
	Land transport and logistics	4.6	4.3	93%	3.8	3.8	100%	
	of which Freight road	1.5	1.5	100%	1.1	1.1	100%	Land transport subsectors have been separately analysed due to differences in their emissions profiles.
	of which Passenger rail	0.6	0.6	100%	0.5	0.5	100%	Exclusions include activities related to logistics including cargo handling and storage facilities.
	of which Passenger road	2.2	2.2	100%	2.2	2.2	100%	
	Airlines and aerospace	1.5	0.9	60%	1.7	0.9	53%	We have analysed exposures related to operation and leasing of aviation transport equipment, with manufacturing and services activities being excluded.
Energy	Shipping	0.9	0.9	100%	1.2	1.2	100%	
	Power utilities	4.1	3.5	85%	3.3	2.8	85%	Loans and investments analysed relate to customers engaged in electricity generation activities.
	Mining and metals	0.4	0.1	25%	0.6	0.1	17%	We have analysed loans and investments related to aluminium and iron and steel.
	Oil and gas	1.7	1.7 ⁽¹⁾	100%	2.1	2.1	100%	
Food	Agriculture	5.1	4.1 ⁽¹⁾	80%	4.9	4.0	82%	We have analysed primary farming and fishing activities to estimate emissions. In addition, we have separately estimated emissions for land-use land-use change and forestry (LULUCF) as these activities support removal of CO ₂ .
Manufacturing	Building materials	1.3	0.1	8%	1.3	0.2	15%	We have analysed the cement subsector within building materials.
Water and waste	Water and waste	2.9	2.8	97%	2.5	2.4	96%	We have analysed the waste sector.
Total excluding disposal group loans		245.9	232.3		228.3	212.4		
Disposal group loans⁽²⁾		9.1	7.6	84%	-	-	-	
of which Residential mortgages		5.8	5.8	100%	-	-	-	
of which Wholesale		3.3	1.8	55%	-	-	-	
Total including disposal group loans		255.0	239.9		399.0	212.4		
Total NatWest Group		425.3⁽³⁾			399.0⁽³⁾			
Percentage analysed				56.4%⁽⁴⁾			53.2%⁽⁴⁾	

2.3 Most significant impact areas

- Most significant impact areas should be established based on specific criteria; they should enable the bank to prioritise:
 - impact areas and topics with the **highest levels** of country and/or location **needs**;
 - impact areas and topics associated with **large proportions of the bank's portfolio**, especially if/where **key sectors** are involved;
 - impact areas and topics which, if acted upon, **enable a positive contribution to other impact areas and topics** as well (leveraging interlinkages).

2.3 Most significant impact areas

Low level of complexity

Low diversity: single business line focus, in a single location

E.g. a bank focused on consumer banking or focused on a single sector (e.g. agriculture)

Consumer Banking Default Impact Profile

- Narrow range of impacts
- Mostly positive impacts: access to finance, justice & equality, healthy economies, economic convergence
- Potential negative impacts: debt overburden, lack of access, lack of inclusiveness
- Levers for action: tailoring for better access and inclusiveness and to avoid debt-overburden / promote financial health

'Thematic' Banking Default Impact Profile

- Range of impacts limited to specific thematic focus
- Positive & negative impacts dependent on the focus (e.g., agriculture, infrastructure, etc.)
- Levers for action: client engagement, specialized financial products and services (e.g. transition finance)

2.3 Most significant impact areas

Application to different banks' profiles

Medium level of diversity

Some diversity: several business lines/small number of locations

E.g. a mid-sized universal commercial bank with operations in 1-5 countries

Middle Market' Banking Default Impact Profile

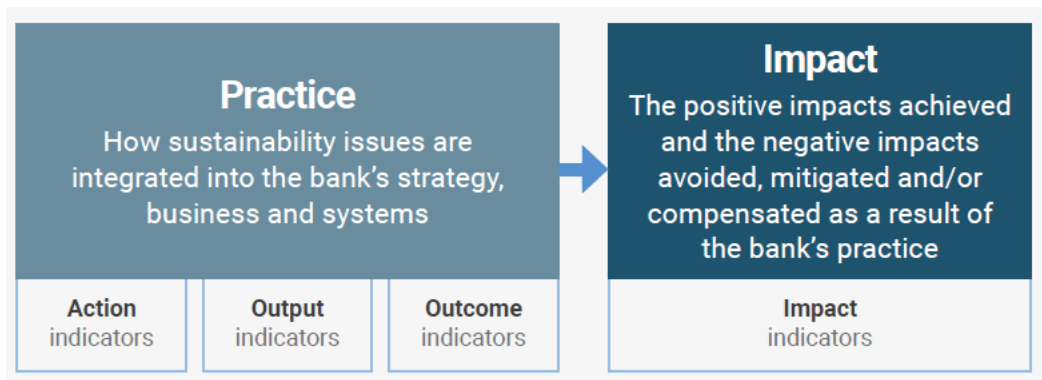
- SMEs as a client type is per se a driver of positive impact (healthy economies)
- Very wide range of impacts
- Scale of impacts high through volume of companies rather than per company
- Levers for action: tailoring for better access and inclusiveness/to further stimulate healthy economies

2.3 Most significant impact areas

<p>High level of diversity</p>	<p>Corporate focused Default Impact Profile</p> <ul style="list-style-type: none"> ▪ Large corporates as a client type can per se be drivers of positive and/or negative impact (e.g. (healthy economies and economic convergence) ▪ Very wide range of impacts ▪ Scale of impacts high per company as well as through volume of companies ▪ Levers for action: client engagement and impact targets, financial products and services (e.g. transition finance) 	<p>Private Banking—Default Impact Profile</p> <ul style="list-style-type: none"> ▪ Comprise multiple impact drivers due the very diverse set of products and services encompassed by private banking (personal, business support, investments, philanthropy) ▪ As a result, a very wide range of impacts, though significant volumes of capital are likely to be ‘distant’ from the impacts. On the other hand: pockets of ‘deep’ impact exist (impact investing portfolios). ▪ Levers for action: individual engagement and specialized products
<p>High diversity: multiple business lines in multiple locations, involves corporate/ investment banking activities</p> <p><i>E.g. a large universal bank or an investment bank, private banking</i></p>		

3. Performance measurement & assessment

- Once the bank’s most significant impact areas/topics have been identified, the state of its impact performance vis a vis these impact areas/topics needs to be measured and assessed, as a basis for establishing meaningful targets and action plans.
- This involves measuring and assessing both:
 - **Practice:** this covers the actions of the bank to manage its impact and the resulting outputs and outcomes.
 - **Impact:** the actual impacts of the bank as a result of its business activities.



PRB Reporting & Self-Assessment Template:

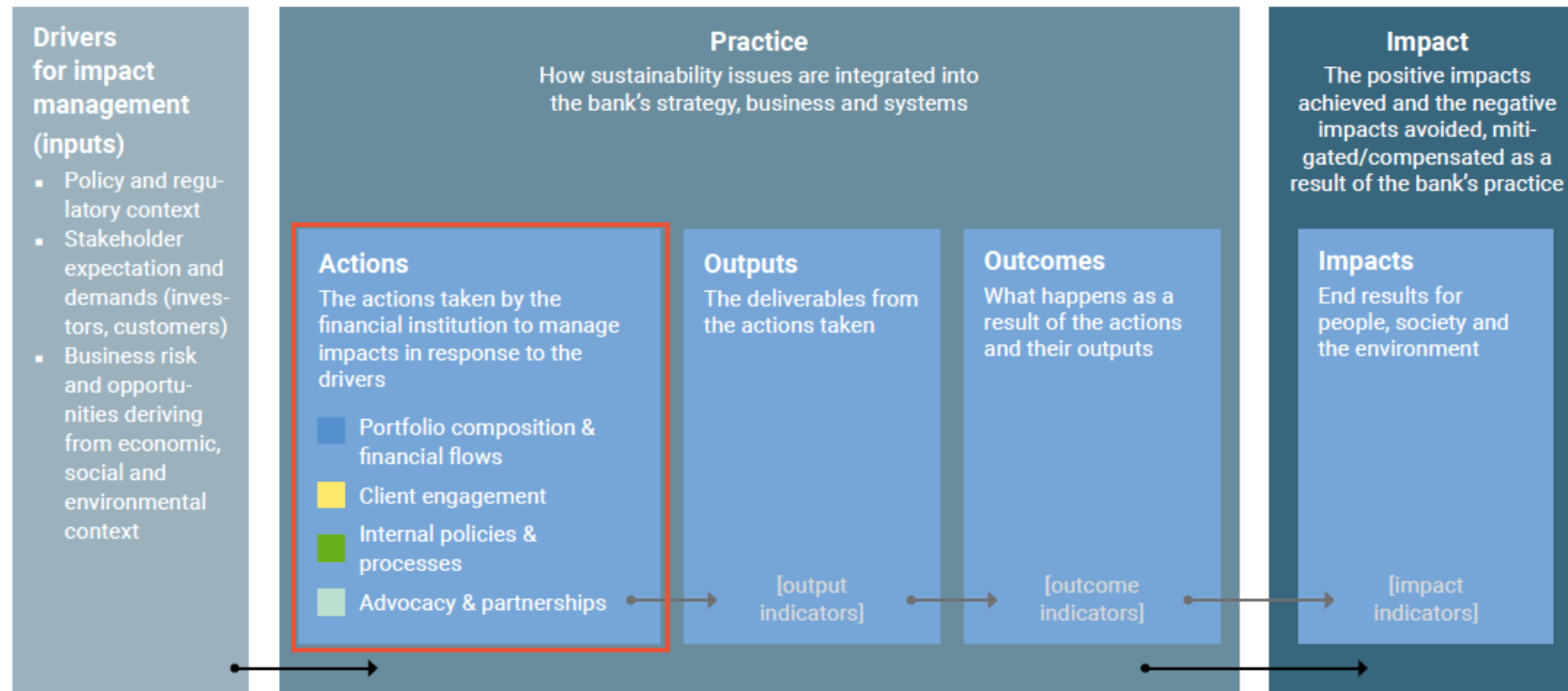
2.1 Impact Analysis (Key Step 1)

d) Performance measurement:

Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context. [...]

The four action categories of «Practice»

Impact Management Theory of Change



3. Performance measurement & assessment

Practice

Example

Portfolio composition & financial flows: Is there a high proportion of 'key negative' sectors in the portfolio? What about 'key positive'? Are all communities being served?

Client engagement: Are clients from key sectors being identified? Are they being engaged? What is the scope of these engagement activities? What is the nature of the engagement?

Internal policies and processes: Are there thematic and/or sector policies in place (e.g. exclusion lists/ criteria)? Have the identified sustainability issues been integrated into core systems and procedures, such as risk management systems, due diligence, KYC, credit policy? What are the checks and balances the bank has in place to also address negative impacts? Which internal accountability systems does the bank have?

Advocacy & partnerships: Is the bank proactively communicating in relation to certain topics e.g. via statements, by joining initiatives, setting up partnerships or making commitments? Is there consistency between such efforts and other activities of the bank tending to influence policy and behaviours?

Example

3. Performance measurement & assessment

Impact

Sector	Volume of businesses (USD million)	% under the corporate portfolio	Total CO2e	CO2e / \$ lent	Total coverage	Data quality score
Agriculture (scope 1, 2)	12.187	17%	290.000	23,80	80%	3
Commercial and residential real estate(scope 1, 2)	5.500	8%	52.300	9,50	95%	5
Oil and gas(scope 1, 2)	3.000	4%	55.000	18,3	100%	4
Power generation(scope 1, 2, 3)	20.000	28%	180.000	9,00	90%	4
Transport (scope 1, 2)	5.800	8%	444.500	76,60	90%	4
Out of scope*	25.000	35%				

* cement, iron & steel, aluminium and coal

4. Target setting 1/2

- Once the state of the bank's performance has been measured and assessed, targets can be set and action plans set up against them. This means:
 - Making **alignment choices**: understanding by which policy goals and targets the bank may be guided (e.g. UN Sustainable Development Goals, and the Paris Climate Agreement)
 - Considering the bank's **baseline**: using the information from the performance measurement and assessment phase to understand how well the bank is performing vis a vis the chosen policy goals and targets
 - **Setting targets**: determining targets and objectives against the bank's baseline with a view to delivering impacts and achieving alignment with the chosen policy goals and targets
 - Defining **action plans**: determining the specific actions to be undertaken to meet the targets, using specific KPIs and milestones.

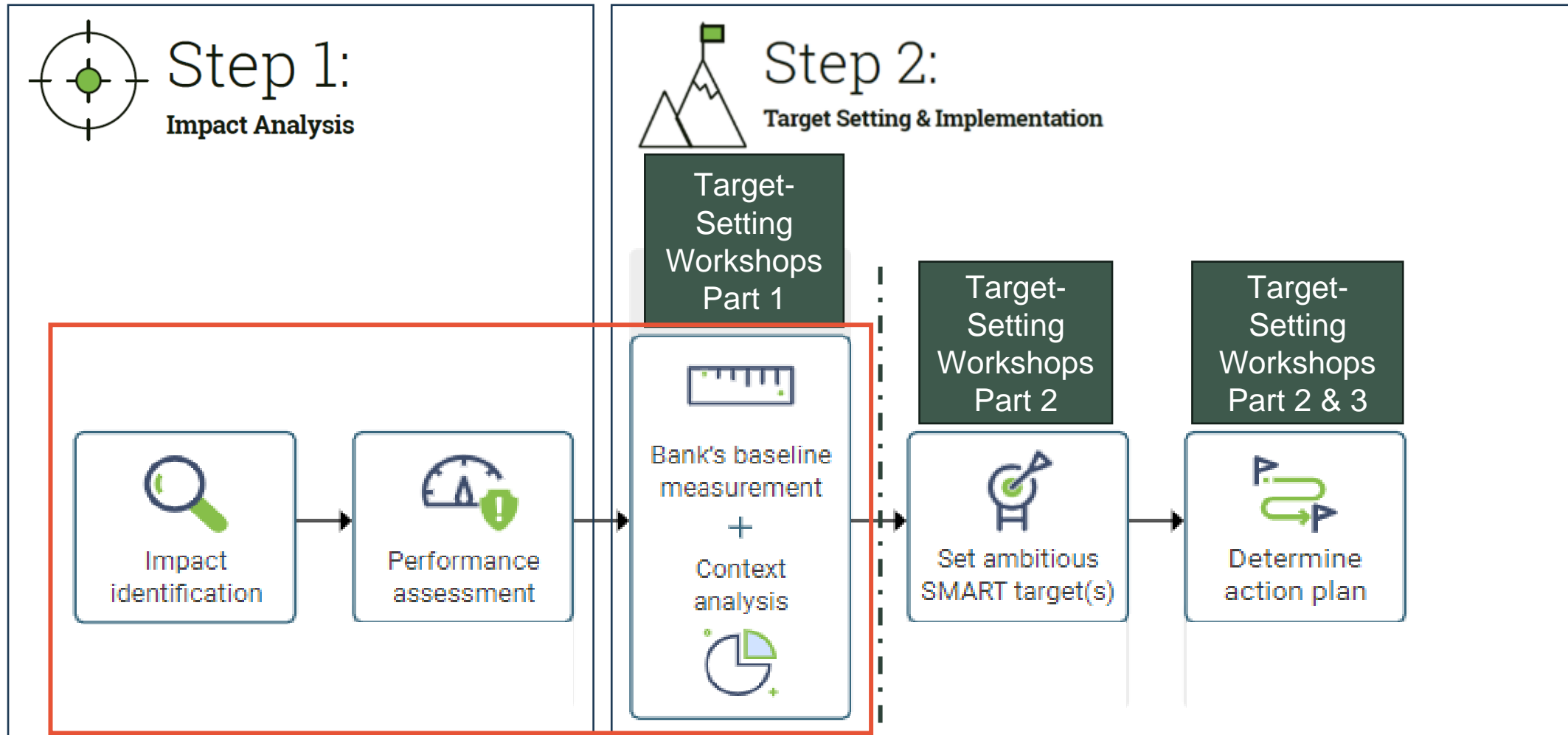
PRB Reporting & Self-Assessment Template:

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART).

4. Target setting 2/2



Example

5. Monitoring progress

Financial health targets

Increase the % of young customers that feel confident about their financial situation in the next 12 months, from 30% to 60% by 2025.

Decrease the % of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense, from 70% to 35% by 2030

KPIs /milestones

To achieve the targets by the target year, Bank A has set the following milestones:

- Improve the financial skills of at least 70% of the participants of financial literacy initiatives (which should reach 100% of our customers and at least 10.000 of individuals in communities)
- Increase the % of young customers with a savings account from 3% to 10%
- Increase the % of young customers showing increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter (saving habit) from 10% to 30%
- Increase the % of young customers with products connected to long-term saving and investment plans, from 5% to 35%



Questions?

— Close and next steps

Deep dive sessions

- **How to conduct impact analysis in practice**
- **Using either the Impact Analysis Tool or the standalone Impact Mappings**
- **Review of specific use cases / business lines**

Consumer Banking:
25 June

9:00 – 10:30 CET ([register](#)) or
15:30 – 17:00 CET ([register](#)).

Business Banking:
4 July

9:00 – 10:30 CET ([register](#)) or
15:30 – 17:00 CET ([register](#)).

Corporate/Investment Banking:
11 July

9:00 – 10:30 CET ([register](#)) or
15:30 – 17:00 CET ([register](#)).

Please choose one option for each session (the confirmed times will be announced closer to the dates) and send your questions to the Secretariat in advance!

Target setting workshops

Check out the UNEP FI website [here](#) for capacity-building programmes comprised of **workshops** that provide an in-depth explanation of the **target-setting process**, along with case studies from specific regions, and the opportunity to work on a practical exercise with other member banks.

Watch the recordings from previous target-setting workshops on the following impact areas:

- **Climate Change Mitigation**
- **Financial Health & Inclusion**
- **Resource Efficiency & Circular Economy**
- **Gender Equality**
- **Biodiversity**

- **IEA & NGFS scenarios for portfolio alignment**

These workshops enable banks to set targets in line with their commitment under the Principles for Responsible Banking (PRB) and/or the Net Zero Emissions banking alliance (Net-Zero Banking Alliance NZBA).

—
Thank you

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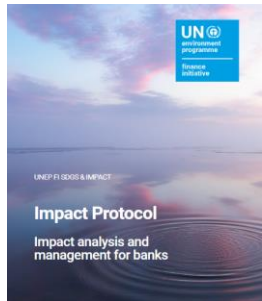
Resources

The Flyer: overview of UNEP FI resources for impact management



Find the flyer [here](#)

The links for individual resources



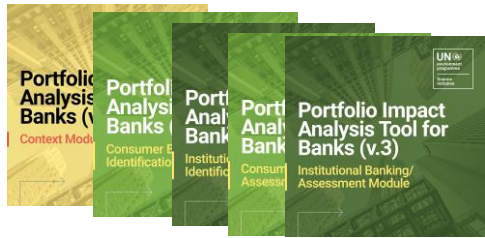
Find the Impact Protocol [here](#)



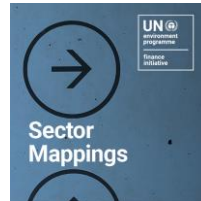
Find the Impact Radar [here](#)



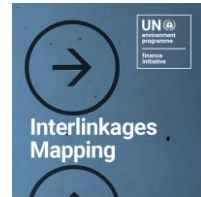
Find the Target Setting Guidance [here](#)



Find the Tool Modules, User Guides and Demos [here](#)



Find the Sector Mappings [here](#)



Find the Interlinkages Mappings [here](#)



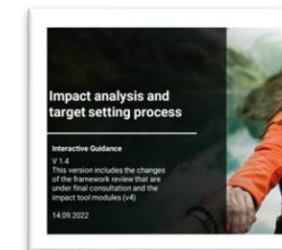
Find the Case studies [here](#)



Find the Needs Mappings [here](#)



Find the Indicator Library [here](#)



Find the Interactive Guidance [here](#)

Capacity building

UNEP FI organises a wide range of capacity building activities throughout the year to help your bank embed the Principles.

Calendar of activities [Capacity Building Activities – United Nations Environment – Finance Initiative \(unepfi.org\)](https://www.unepfi.org/capacity-building-activities)

Further workshops specific, on themes, announced in updates / newsletters

To access recordings and slide decks of past sessions, please visit the [Impact Analysis](#) and [Target Setting](#) pages of the Members' area.