

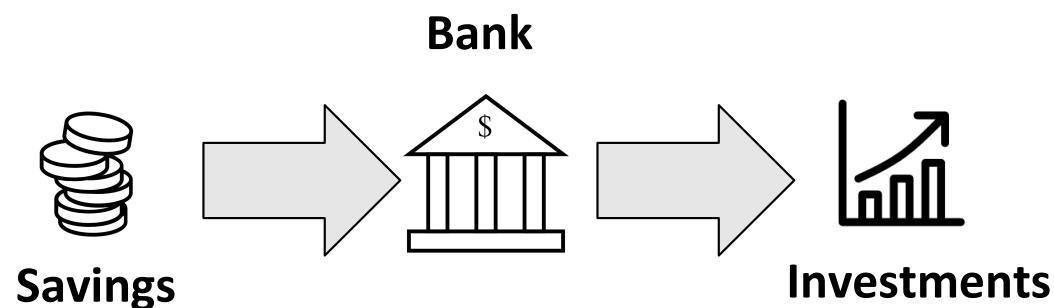


UNEP FI Sustainability Dashboard for Banks

September 2017

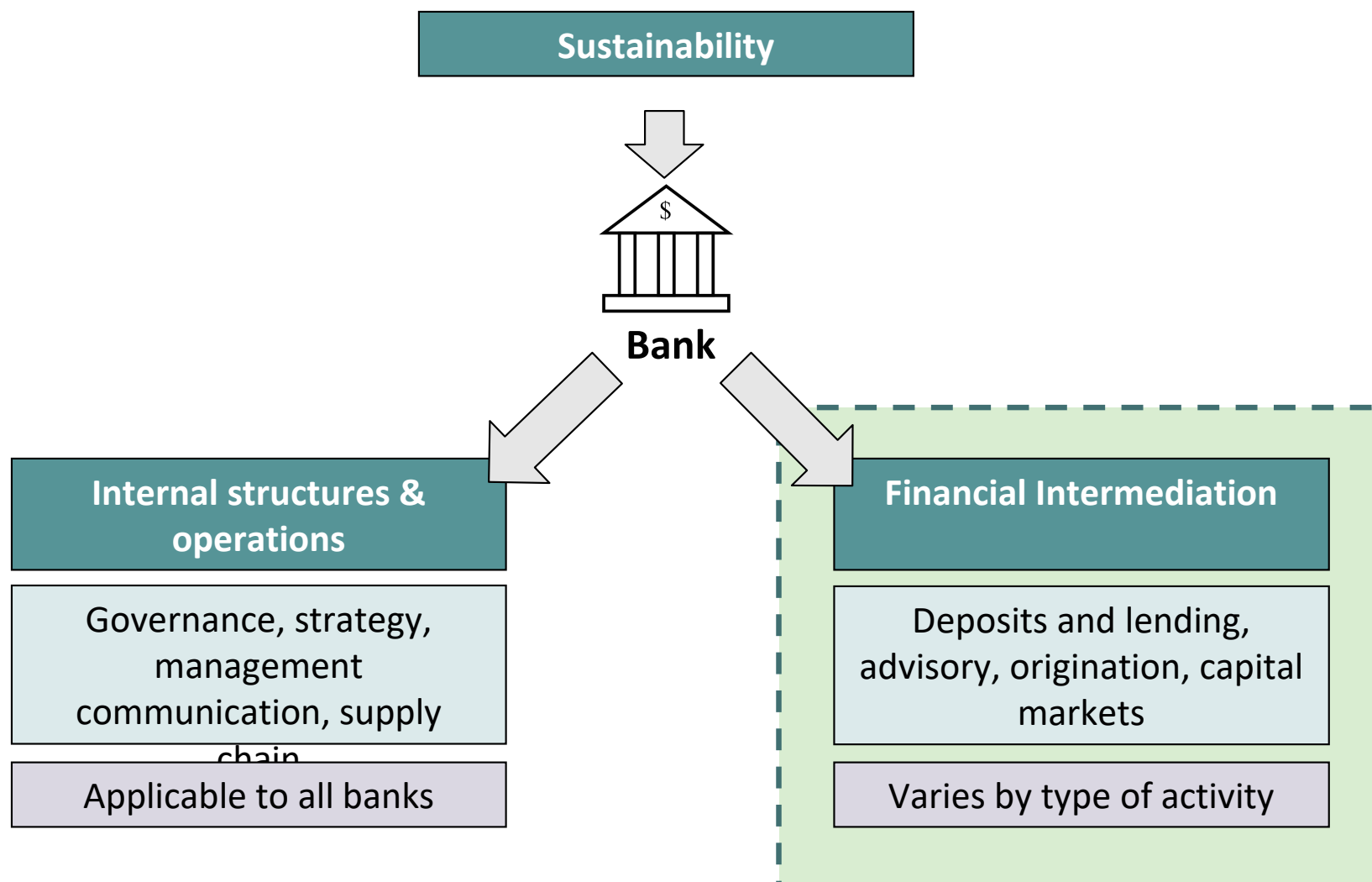
UNEP FI Dashboard on the state of sustainability of financial institutions: focus on banks

- Banks play a vital role in allocating resources to the real economy in alignment with sustainable development goals
- There is a gap in support for banks to define and integrate sustainability
- We aim to address this gap by developing a diagnostic tool, the Dashboard, to help banks assess their progress on a sustainability journey



- Financial intermediation
- Capital allocation
- Risk sharing and management
- Term Transformation

Given the nature of a bank's business, the majority of its sustainable impact is indirect, through financed activities

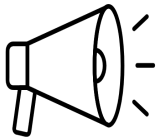


The design of the framework is guided by three key objectives

Framework objectives:



- To assess banks' progress on a journey to robust sustainability integration



- To effectively communicate progress to each participant in order to facilitate their learning and development



- To encourage progress by allowing for comparison across two major axes: over time and relative to peers.

There are five key insights arising from our broad-based framework review which inform this analysis

Aligned

Building upon existing frameworks to minimise burden

Additive

Applicable to diverse banks in ways not captured by existing frameworks

Integrating

Featuring pillars of integration mapping against banks' business

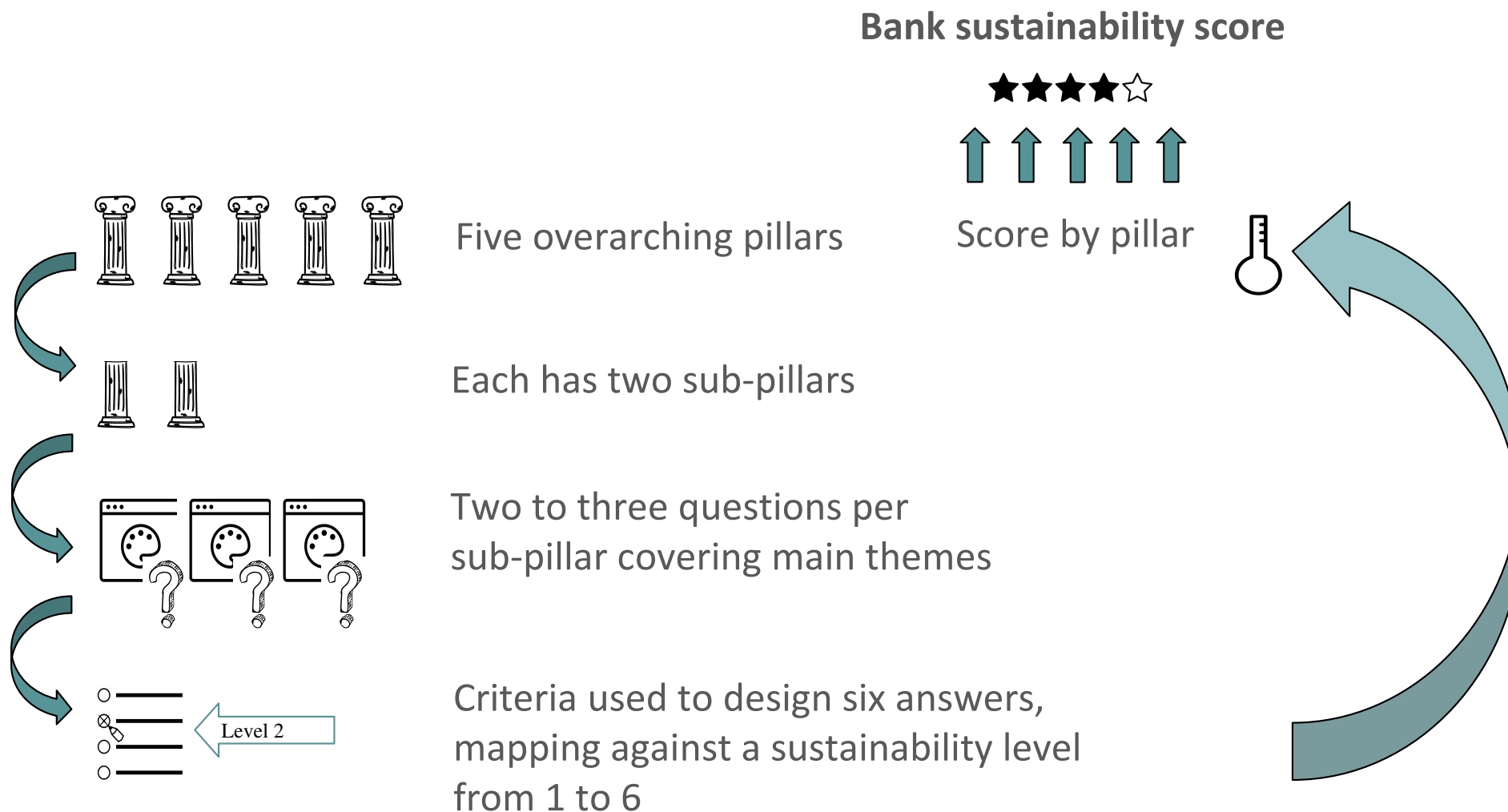
Impactful

Focusing on areas where sustainable impact is concentrated

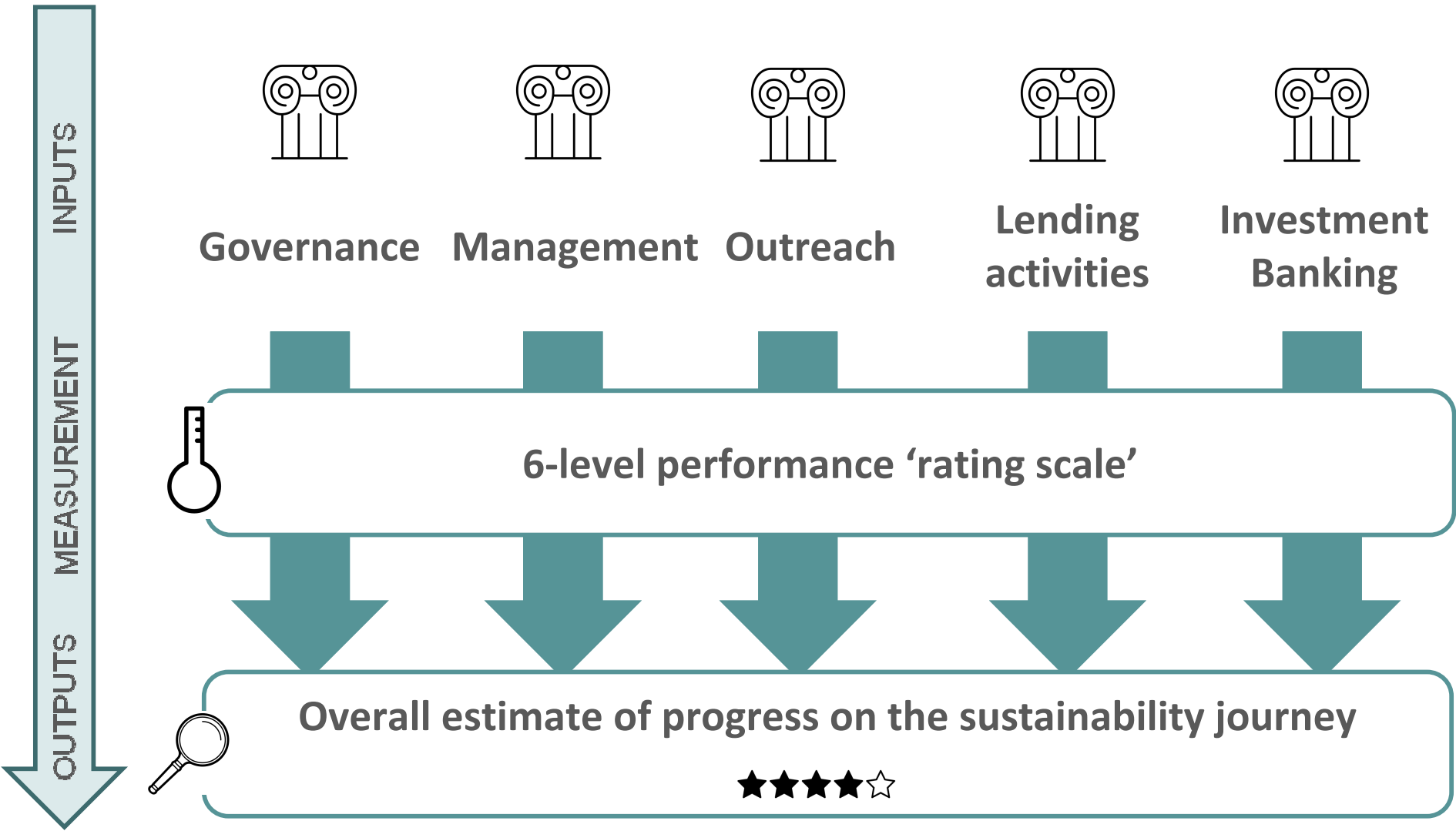
Stepwise

Enabling progress on a 6-level sustainability journey

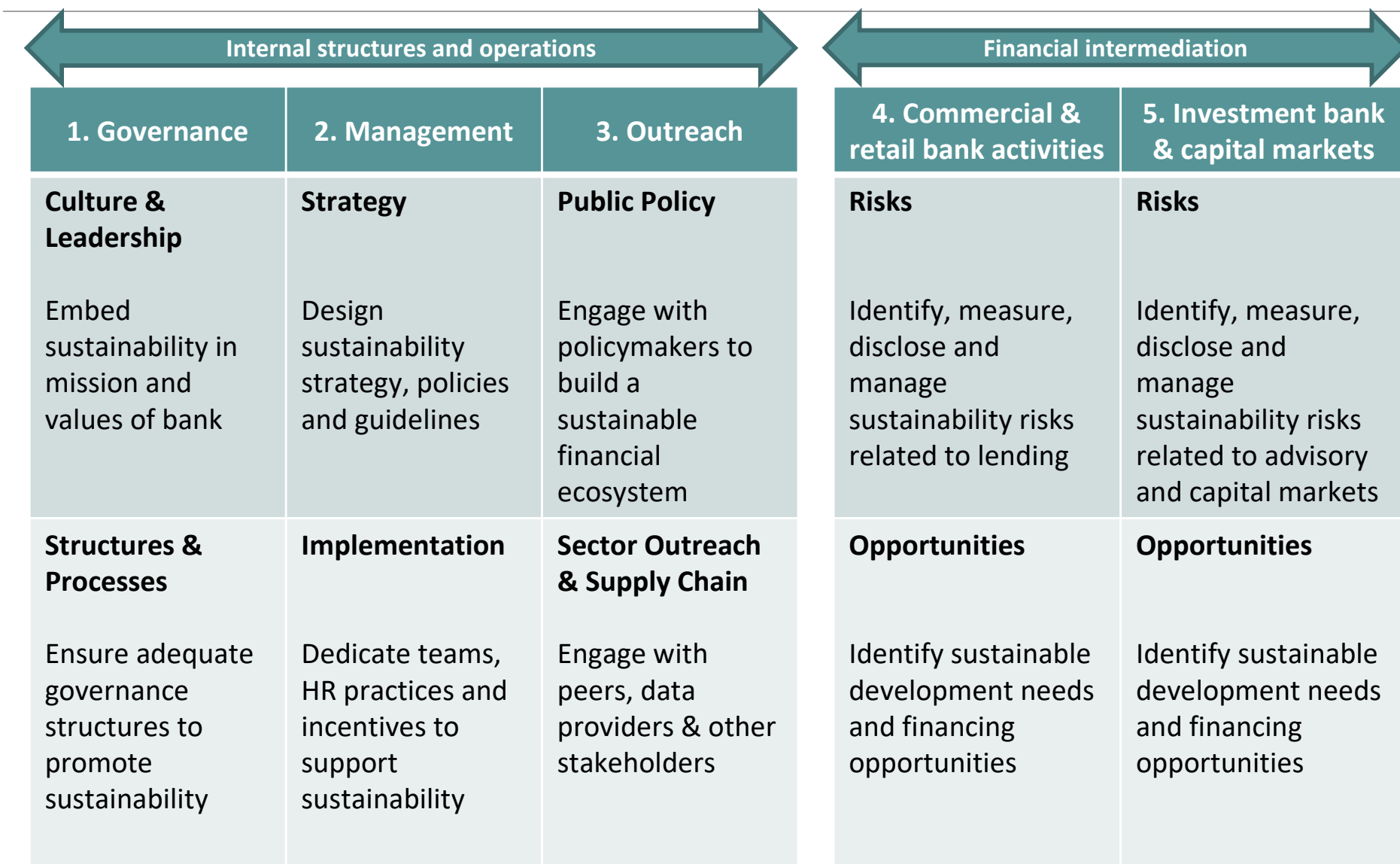
The dashboard will collect information via a web-based survey organised around five sustainability pillars



The pillars are measured against levels of performance to determine overall sustainability



Each pillar has two explanatory sub-pillars, establishing a framework with 10 substantive assessment categories



Questions will cover key themes by pillar and sub-pillar – Example: **Governance themes**

1. Governance

Culture & Leadership

- Sustainability integration in bank's mission and values
- Board-level accountability of sustainability issues
- Target setting, oversight and implementation responsibilities at board level

Structures & Processes

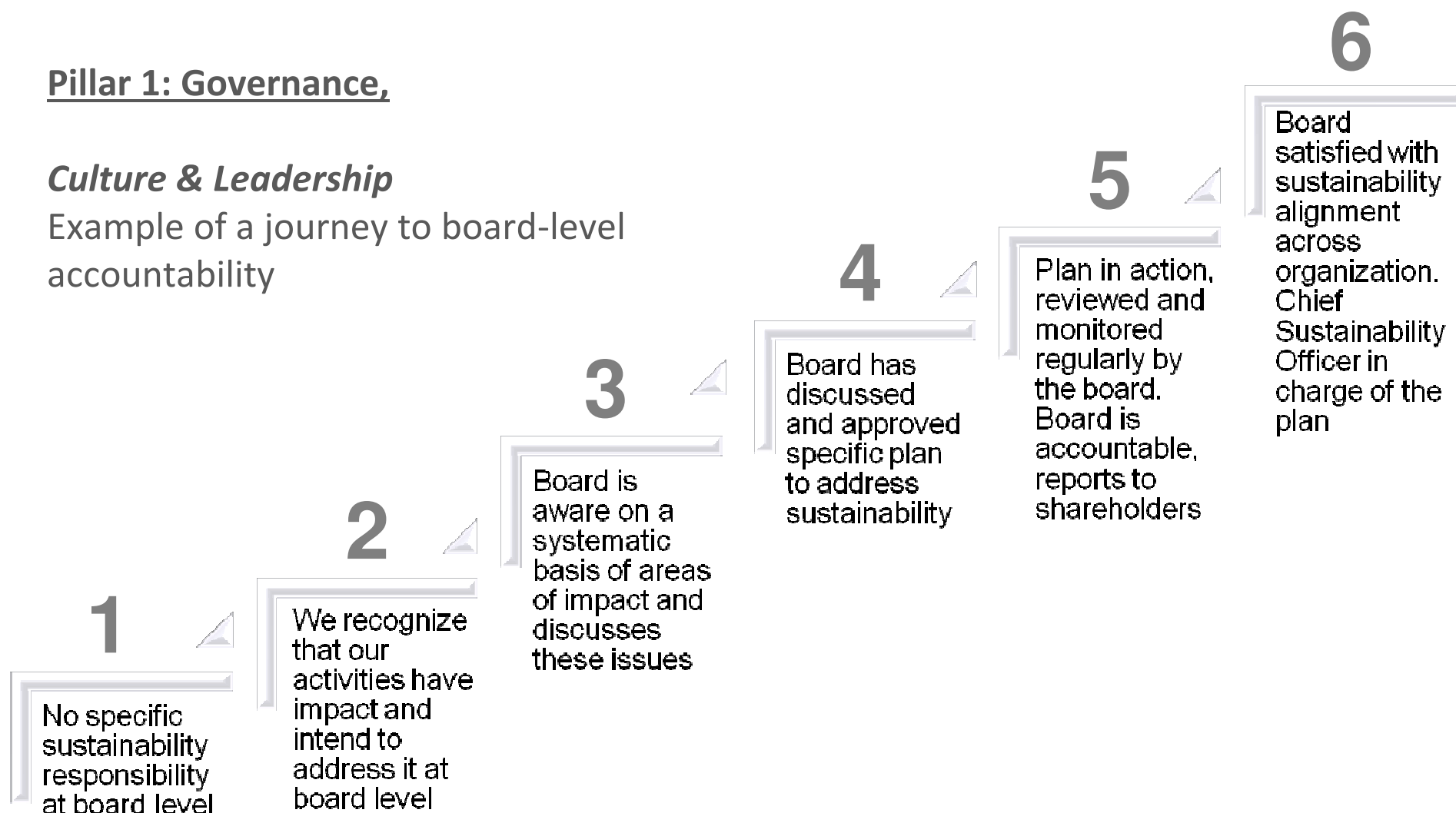
- Processes and frequency by which the board is informed about sustainability issues
- Structure to incorporate sustainability in broader business practices
- Structure to set and review sustainability targets at board level, monitor and oversee progress towards these targets

Answers will reflect progress on a sustainability journey – Example: **Governance themes, Board Accountability**

Pillar 1: Governance,

Culture & Leadership

Example of a journey to board-level accountability



Next steps and timeline

Research Stage Interviews – Sep 2017

- Solicit feedback on the dashboard effort: how to make it useful, complementary, additive
- Document case studies of sustainability journeys

Pilot survey – Oct/Nov 2017

- Web-based pilot survey to collect feedback on relevance, robustness and user-friendliness
- Collect data to create benchmarks

Dashboard launch and final report – Dec 2017