

13/05/26

UNEP Finance Initiative

UNEP FI Community of Practice on ESRS Impact Materiality Assessment

Meeting #1

How to use the resources of the UNEP FI-ESRS
Interoperability Package

Agenda

- 1. Welcome and introduction to new joiners (5 min)**
- 2. New series of ESRS CoP sessions (5 min)**
- 3. The UNEP FI-ESRS Interoperability Package (60 min)**
 - **Impact Materiality Assessment in the banking context**
 - **UNEP FI resources for Impact Materiality Assessment**
- 4. Wrap-up and next steps (10 min)**

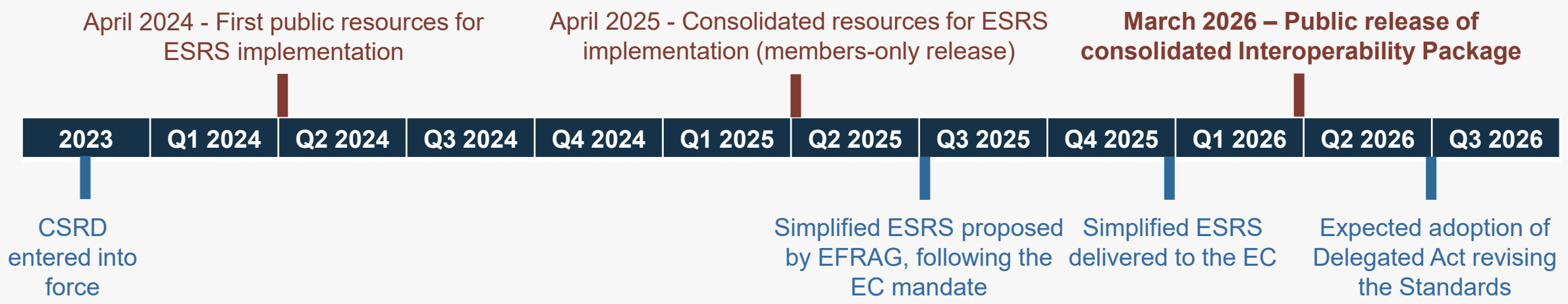
The ESRS Community of Practice



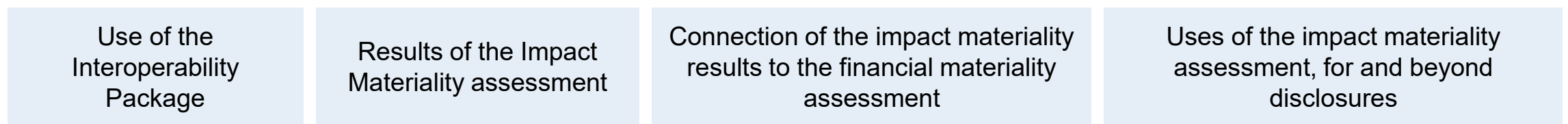
Welcome to Citigroup, NatWest and Rabobank!

ESRS CoP focus areas

1) Development of UNEP-FI ESRS resources



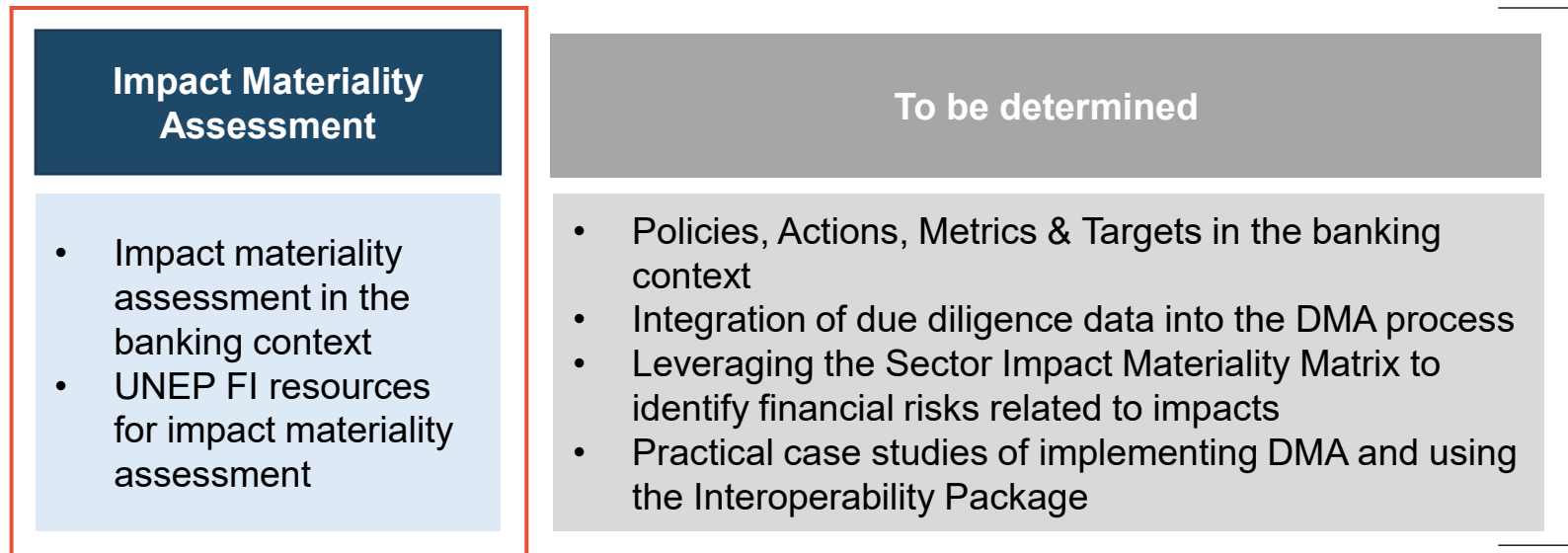
2) Peer exchange sessions



2026 sessions

Based on participants' feedback, our focus throughout 2026 will include:

- **Troubleshooting** in relation to the use of UNEP FI resources for ESRS double materiality assessment
- **Peer exchange** on challenges and lessons learned from ESRS DMA implementation

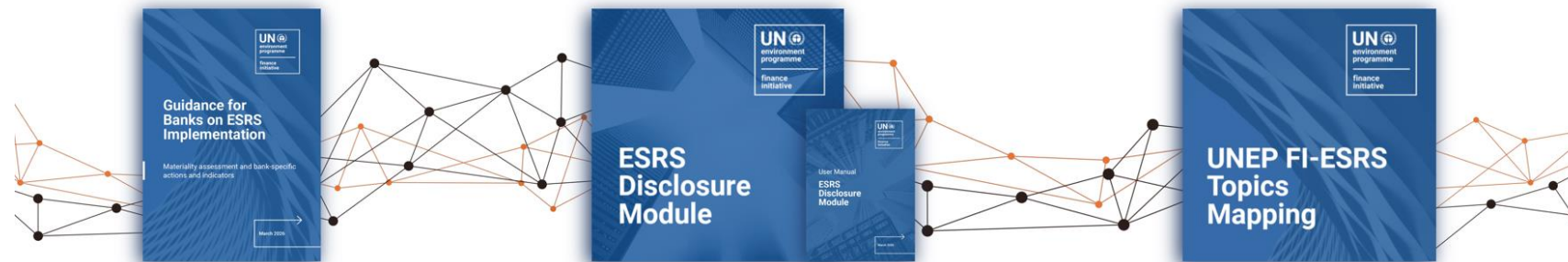


For the remaining two/three sessions this year, we will run a **dedicated poll** at the end of the session to **agree on the topics**

Focus of today's session

The UNEP FI-ESRS Interoperability Package

The new UNEP FI-ESRS Interoperability Package



Guidance for Banks on ESRS Implementation

Explains how ESRS requirements apply to banks and how UNEP FI resources can support implementation

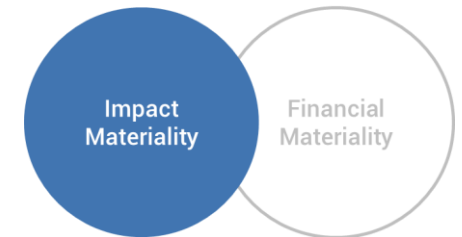
ESRS Disclosure Module & User Manual

Converts and displays the outputs of the UNEP FI Impact Analysis Tool in alignment with ESRS language and requirements

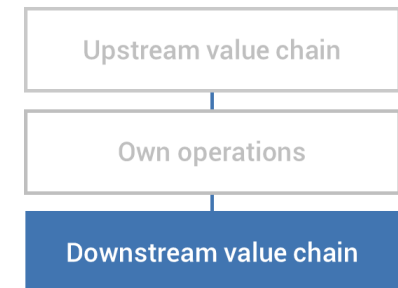
UNEP FI-ESRS Topics Mapping

Serves to understand how the ESRS topics and sub-topics map to the Impact Areas and Impact Topics of the UNEP FI Impact Radar and vice versa

Double Materiality



Bank's Value Chain



Key enhancements:

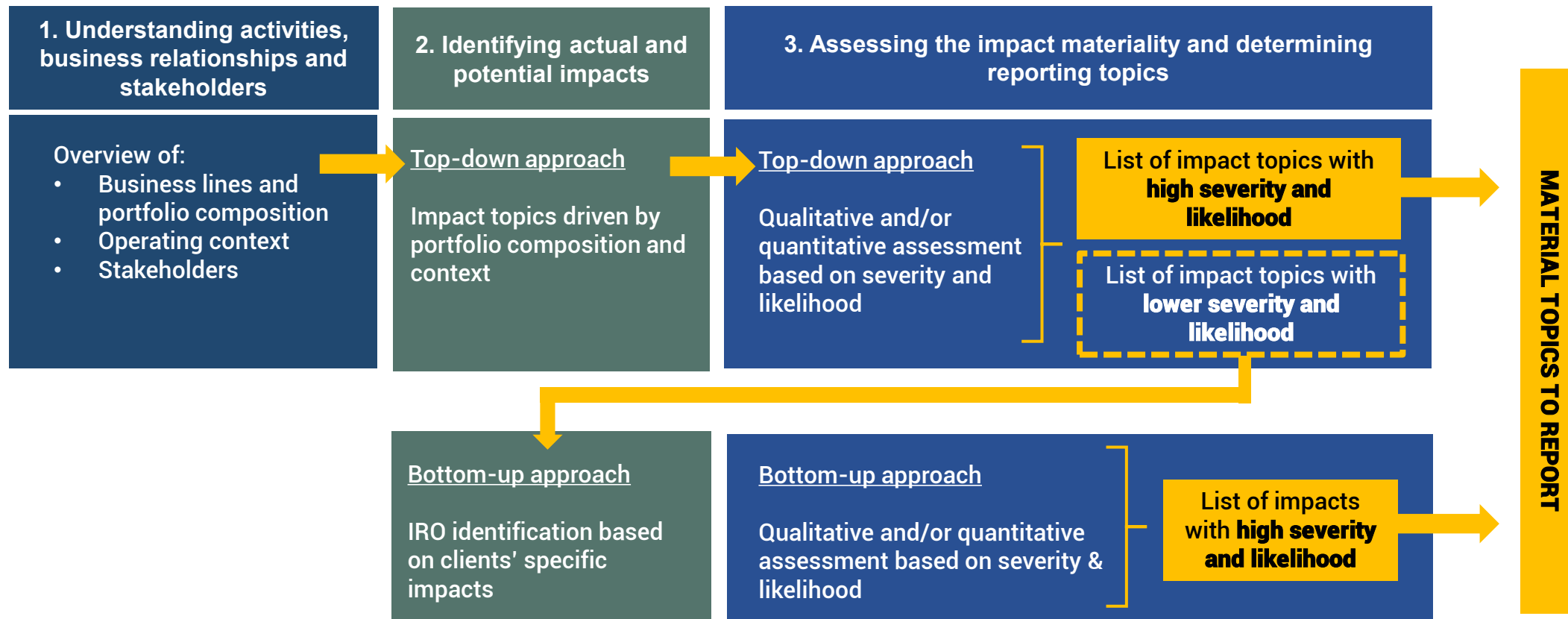
- Integrates lessons learned from the first version
- Integrates Omnibus modifications

Impact Materiality Assessment in the banking context

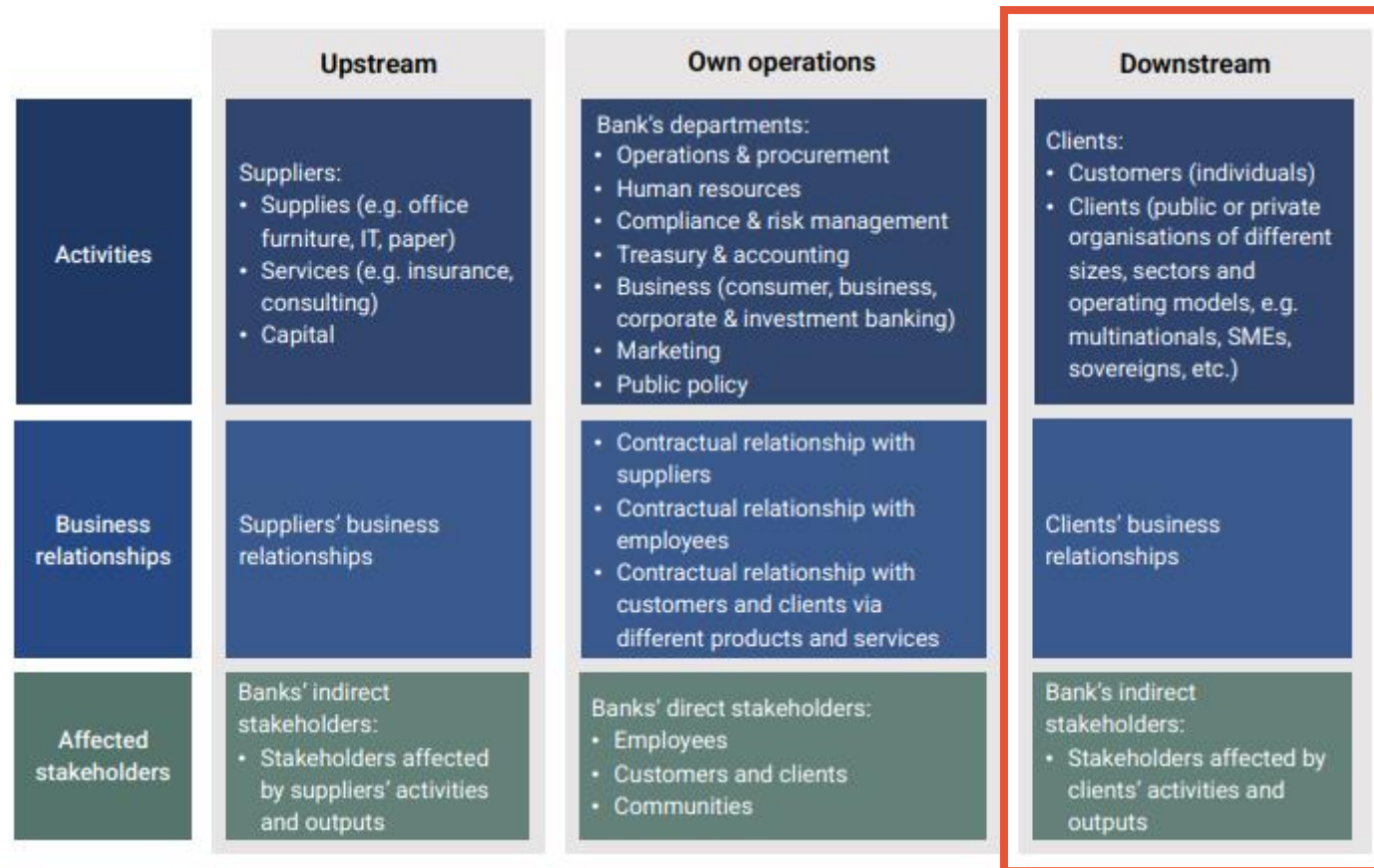
ESRS impact materiality assessment steps and interpretation in the banking context

Step	ESRS requirements	Interpretation in the banking context (downstream value chain)
1. Understanding activities, business relationships and stakeholders	<ul style="list-style-type: none"> • Overview of activities and business relationships • Overview of key stakeholders 	<ul style="list-style-type: none"> • Overview of main business lines • Overview of clients/customers • Main sectors financed • Main products and services offered • Overview of countries and locations of operation and those of main clients • Overview of other key stakeholders
2. Identifying actual and potential impacts	<ul style="list-style-type: none"> • Identification of actual and potential impacts, risks and opportunities (IROs) relating to environmental, social and governance topics across undertakings' own operations and in their upstream and downstream value chain 	<p>Top-down:</p> <ul style="list-style-type: none"> • Identification of impact topics driven by financed sectors, products & services, customer and client types + needs and priorities in the countries and locations where the bank and its main clients operate <p>Bottom-up:</p> <ul style="list-style-type: none"> • Identification of clients' specific impacts
3. Assessing the impact materiality and determining reporting topics	<ul style="list-style-type: none"> • Assessment of impact materiality based on severity (or scale and scope for positive impacts) and likelihood to determine material topics for disclosure 	<p>Top-down:</p> <ul style="list-style-type: none"> • Determination of the most severe and likely impact topics based on portfolio composition and context <p>Bottom-up:</p> <ul style="list-style-type: none"> • Determination of the most severe and likely impacts based on client-level data

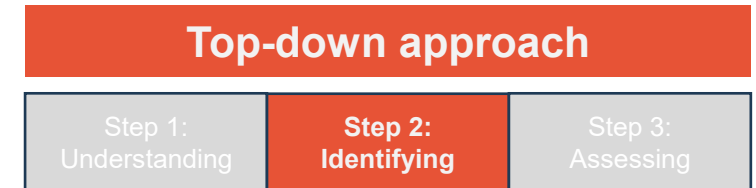
Suggestion on combining top-down and bottom-up approaches



Step 1. Understanding (activities, business relationships and stakeholders)



Step 2. Identifying actual and potential impacts (negative and positive)

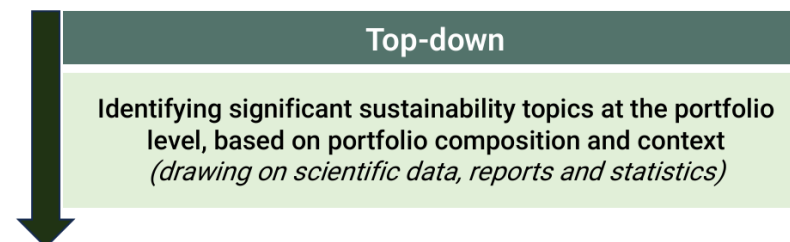


This involves an initial **scoping and mapping** exercise to identify which impacts are likely to be linked to the bank’s financing activities. This means analysing how the types of products and services provided, the type of clients and the sectors in which the bank operates, may affect people and the environment.

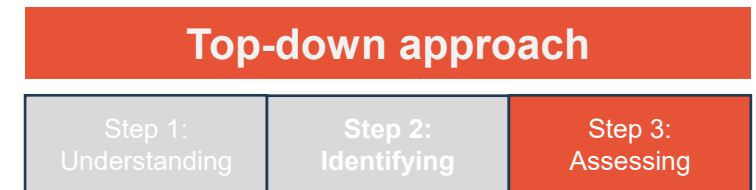
In practice, this means identifying which topics:

- May be associated with the **sectors** in the portfolio
- May be linked to the environmental, social and socio-economic **challenges** specific to the countries where the bank and its clients operate

Sources: scientific evidence and documentation that explain how different sectors affect sustainability topics, as well as country reports and statistical datasets that highlight sustainability needs and challenges per geography.



Step 3. Assessing the impact materiality and determining reporting topics



Banks can draw initial conclusions on the materiality of impacts based on the composition of their portfolio and operating context, helping determine the **severity** and **likelihood** of impacts.

Severity (or scale and scope for positive impacts), can be considered high when:

- the sector financed is known to have a strong positive or negative impact on a sustainability topic
- the topic is recognised as critical in the given geographic context
- the bank’s exposure to sectors or products that positively or negatively affect the sustainability topic is high (as the prevalence of these sectors in the portfolio means that a larger number of stakeholders are affected)

Likelihood can be understood as the probability that an impact will occur, as influenced by the evolution of the bank’s portfolio. This includes:

- changes in the sectors financed
- expansion into new geographies and broader contextual developments in those regions (e.g. regulatory shifts, levels of needs or geopolitical factors)

Results of the top-down approach

Impact topics with high severity and likelihood



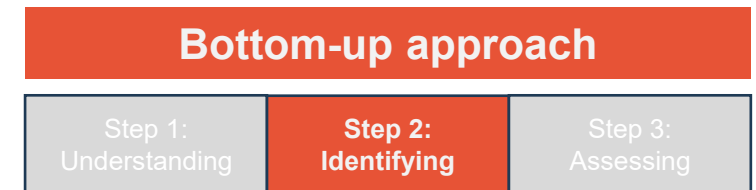
Could be considered automatically material

Impact topics with lower severity and likelihood



Should be further assessed with a bottom-up approach

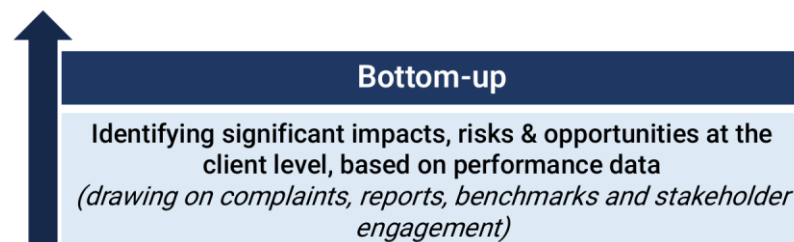
Step 2: Identifying actual and potential impacts (negative and positive)

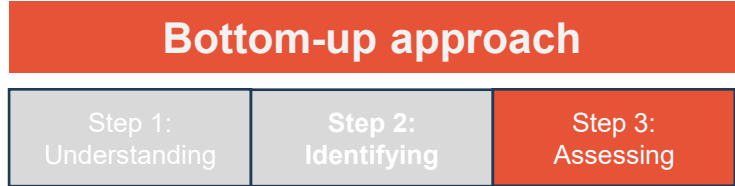


In a bottom-up approach, individual impacts are identified based on information collected from **clients** and other **stakeholders**.

This means identifying specific impacts associated with **clients' activities** based on their actual performance and practices.

Sources: Know Your Customer/Client (KYC), due diligence reports, complaints received through grievance mechanisms, public reports and benchmarks as well as engagement with clients' affected stakeholders or legitimate representatives





Step 3: Assessing the impact materiality and determining reporting topics

Severity and likelihood are assessed at the **level of individual clients and transactions**, drawing on available client and/or stakeholder data.

Severity may be assessed based on the scale, scope and irremediability of the harm or benefit caused by the client’s activities.

Likelihood is typically assessed based on a combination of client-specific performance records as well as sector characteristics and geographic context. The latter corresponds to the analysis carried out through the top-down approach explained before.

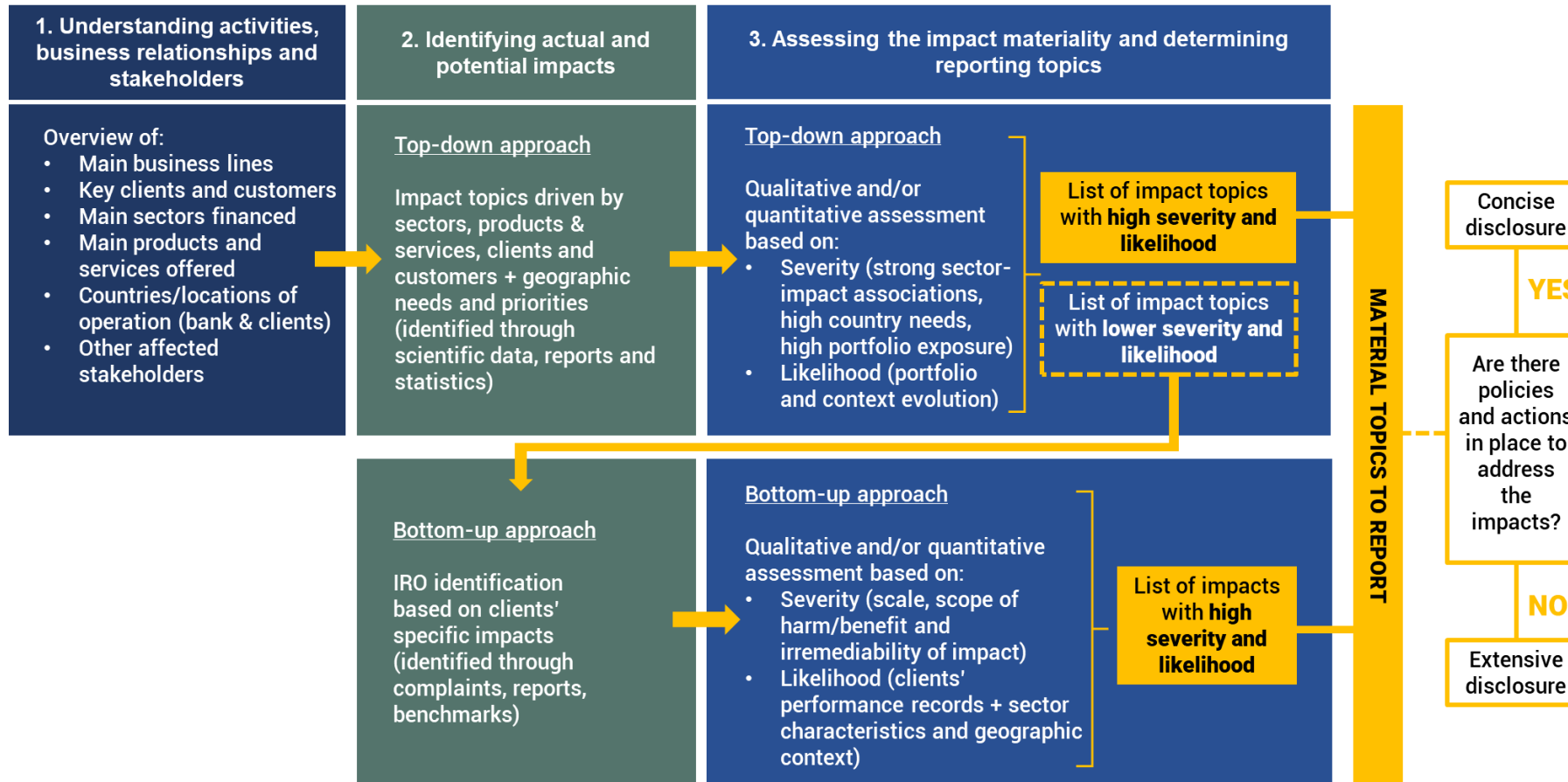
Results of the bottom-up approach

Impacts with high severity and likelihood



Should be added to the list of material topics

Summary




UNEP FI resources for Impact Materiality Assessment

Data processing tools and reference materials for ESRS DMA

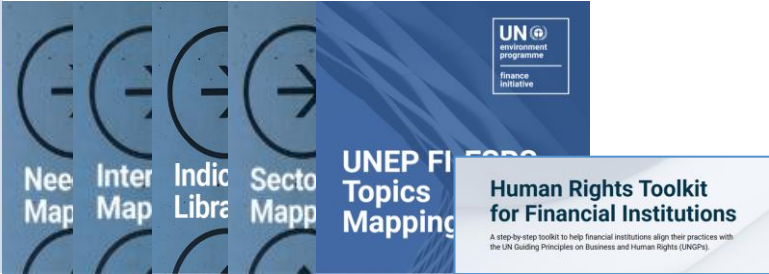
UNEP FI has developed a wide range of resources that can support the ESRS impact materiality assessment.

The main ones are:

Data processing tools, such as the Portfolio Impact Analysis Tool for Banks.

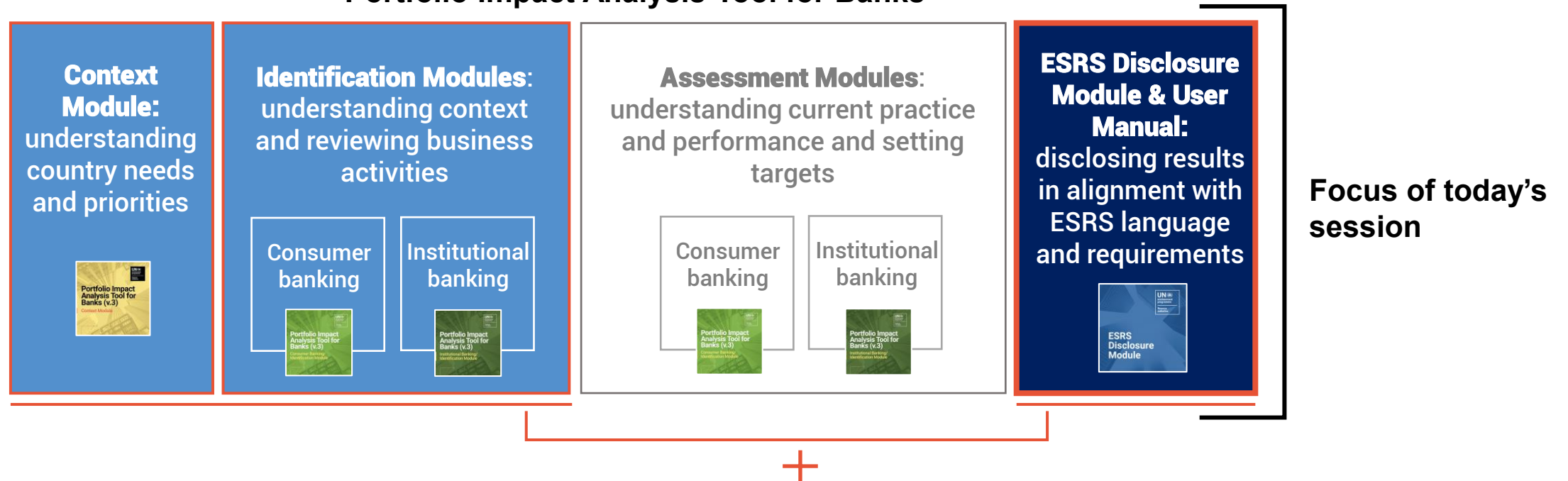


Reference materials, such as the Impact Mappings and the Human Rights Toolkit for Financial Institutions.

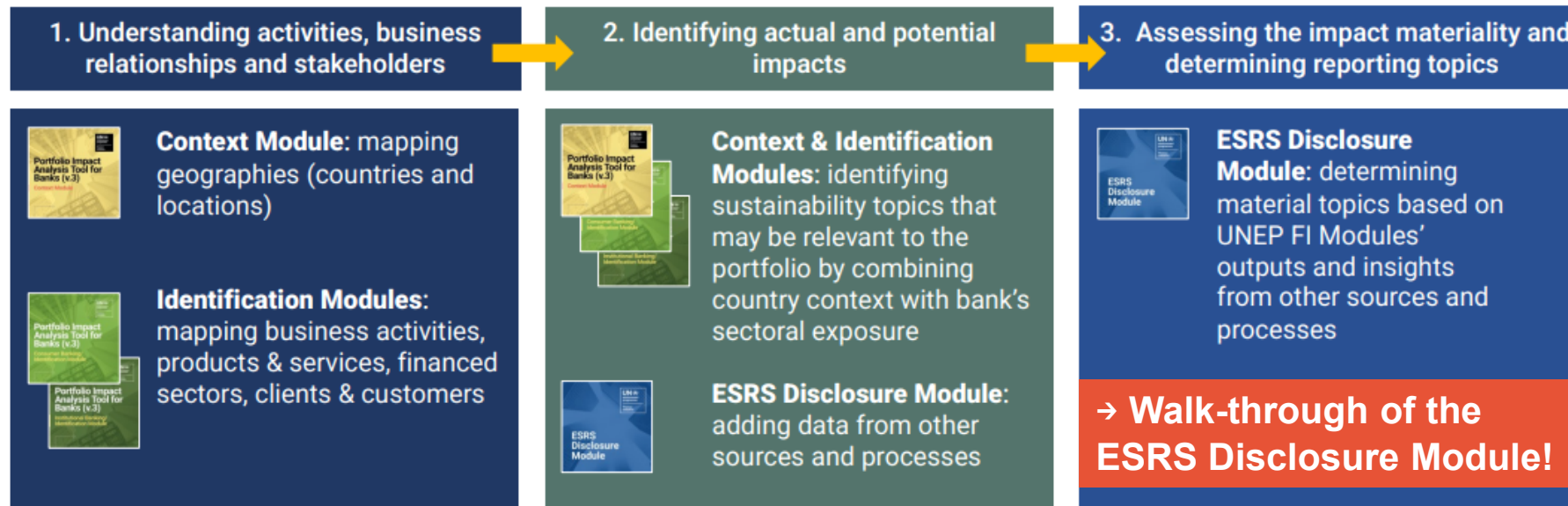


The Portfolio Impact Analysis Tool for Banks

Portfolio Impact Analysis Tool for Banks



How the UNEP FI Portfolio Impact Analysis Tool for Banks supports ESRS implementation



If you wish to use this Module for both ESRS and PRB implementation:
Complete/review all worksheets of the Context Module and Identification Modules

If you wish to use this Module for ESRS implementation only:
Complete selected worksheets of these Modules:

- Context Module: My parameters, Country assessment
- Identification Modules: My parameters, Portfolio composition

For a detailed walk-through of the Context and Identification Module, watch the recordings of the User Guides.

The Impact Mappings

The **Impact Mappings** are intended to provide a starting point to understand needs, portfolio impact associations, and Interlinkages between impact topics. These resources were produced as part of the UNEP FI Tools for Holistic Impact Analysis, in which they are embedded. However, they can also be used independently as input to other processes, methodologies and tools.



Needs Mapping: understanding the status of sustainability needs and priorities of different geographies.

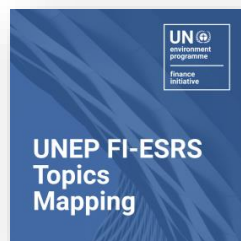


Sectors Mapping: understanding the positive and negative impacts of business sectors and activities on sustainability topics.



Interlinkages Mapping: understanding the positive and negative interlinkages between sustainability topics.

How the UNEP FI Impact Mappings support ESRS implementation



Facilitates comparison between ESRS and UNEP FI topic nomenclature, therefore enabling banks to effectively use UNEP FI Mappings for ESRS purposes (i.e. without the Tool)

Human Rights Toolkit for Financial Institutions

Policy

Clear commitments to respecting human rights provide the basis for a financial institution's human rights approach.

[Read more](#)

Human Rights Due Diligence

Human rights due diligence allows financial institutions to identify, prevent, and mitigate human rights impacts.

Human rights screening and risk assessment

Taking Action

Monitoring

Communicating & disclosing

Grievance and Remedy

Financial institutions have a key role to play in remedy and access to grievance mechanisms.

Remedy

Grievance mechanisms

Stakeholder engagement

Meaningful stakeholder engagement is key to a financial institution's human rights approach.

[Read more](#)

Sector Profiles

Guidance on key human rights due diligence topics are supplemented by sector-specific analyses of risks, opportunities, and actions.

Agriculture, Forestry and Fisheries

Circular Economy

Digital Economy

Education

Health and Life Sciences

Infrastructure

Manufacturing

Minerals and Metals Extraction

Renewables

Retail and Consumer Services

Possible deep dive during our next CoP session!

Wrap-up and next steps

2026 sessions

Based on participants' feedback, our focus throughout 2026 will include:

- **Troubleshooting** in relation to the use of UNEP FI resources for ESRS double materiality assessment
- **Peer exchange** on challenges and lessons learned from ESRS DMA implementation

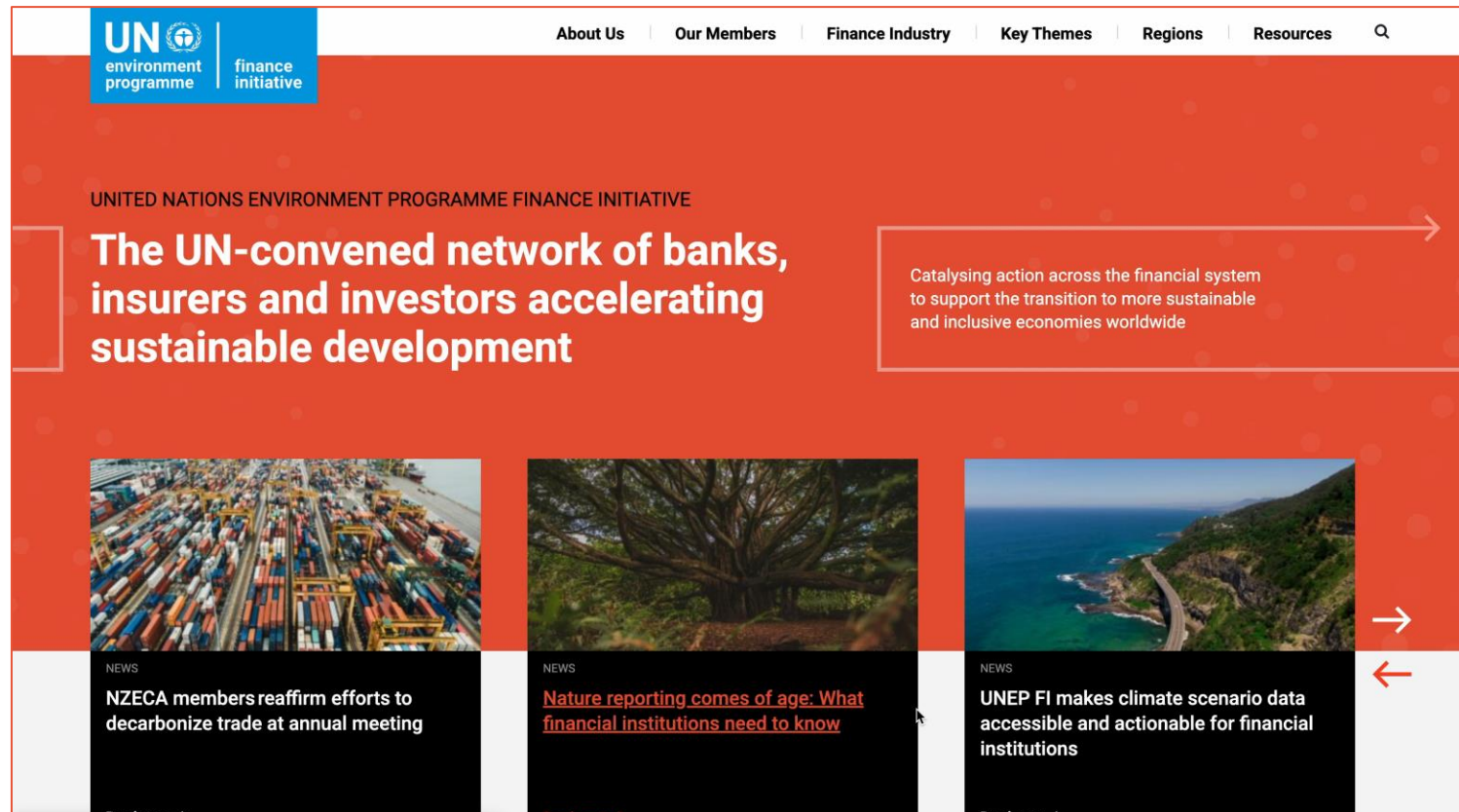
<p>Impact Materiality Assessment</p>	<p>To be determined</p>
<ul style="list-style-type: none"> • Impact materiality assessment in the banking context • UNEP FI resources for impact materiality assessment 	<ul style="list-style-type: none"> • Policies, Actions, Metrics & Targets in the banking context • Integration of due diligence data into the DMA process • Leveraging the Sector Impact Materiality Matrix to identify financial risks related to impacts • Practical case studies of implementing DMA and using the Interoperability Package
<p>Focus of today's session</p>	<p>July/October/December 2026</p>



Complete a survey, quiz, or form

[Get started](#)

How to find the UNEP FI-ESRS Interoperability resources on the website



Direct link to the UNEP FI-ESRS Interoperability Package & flyer



Scan the QR code

UNEP FI-ESRS Interoperability Package

What is it?
A set of resources that support banks in leveraging PRB implementation and UNEP FI's Holistic Impact Methodology for ESRS implementation. In particular, impact materiality assessment of lending portfolios (downstream impacts).
The Package was developed by UNEP FI with the support of a group of PRB signatories and relevant experts

Who is it for?

- For financial institutions seeking to conduct an impact materiality assessment of their portfolios, in line with ESRS requirements
- For consultancies and auditors supporting banks in their DMA implementation

Benefits

- Tailored guidance for banks
- Practical resources to support the implementation of ESRS DMA requirements
- Greater consistency and comparability in how banks implement the ESRS

Focus of the Package
Credit Materiality

Bank's Value Chain
Impact Materiality | Financial Materiality

Download the Package here

Guidance for Banks on ESRS Implementation | UNEP FI-ESRS Topics Mapping | ESRS Disclosure Module & User Manual

Contact us | Visit UNEP FI Impact Centre website | Join the ESRS Community of Practice

Guidance for Banks on ESRS Implementation

Materiality assessment and bank-specific actions and indicators

March 2025

User Manual ESRS Disclosure Module

ESRS Disclosure Module

UNEP FI-ESRS Topics Mapping

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Thank you

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