UNEP FI Tools for Holistic Impact Analysis

November 2020
What is Holistic Impact Analysis?

Holistic impact analysis consists in understanding the actual and potential positive and negative impacts associated with your business across the spectrum of environmental, social and economic issues.

Holistic impact analysis serves to anticipate and manage unintended consequences and risks, and to leverage the interconnectedness of impact areas into innovative business solutions with better cost to impact ratios.
## The best risk management strategy combined with the best business development strategy

<table>
<thead>
<tr>
<th>The Sustainability perspective:</th>
<th>The Risk perspective:</th>
<th>The Business perspective:</th>
<th>The Strategy &amp; Management perspective:</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Stakeholders are interested about <a href="https://unepfi.org/positive-impact">multiple sustainability topics</a>, from climate change to pollution, equality and equal opportunities for all – and the list is only getting longer.’</td>
<td>‘From a risk perspective the scene is getting incredibly complex. As our understanding of impacts unfolds, we see that sustainability topics are dynamic and deeply interrelated; addressing one issue may have unintended consequences on another and topics can gain prominence overnight.’</td>
<td>‘While our clients and investors are increasingly interested in sustainable products, it’s not always clear how to build a bigger pipeline without SDG-washing of any kind.’</td>
<td>‘As crisis follows crisis, from climate change, to Covid 19 to economic downturn, the question becomes: what strategies can we and our clients put in place? How do we future-proof business models?’</td>
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One Methodology, Several Tools

Available since April 2020:

- Portfolio Impact Analysis Tool for Banks
  - "Top-down" analysis of banking portfolios

- Corporate Impact Analysis Tool
  - "Bottom-up" analysis of corporate clients and investors

For release in 2021:

- Impact Analysis Tool for Investment Portfolios
- Real Estate Impact Analysis Tool

All tools are available open source at: unepfi.org/positive-impact
How does it work?

An iterative, action-oriented workflow:

1. Identification
   Identification of your company’s most significant impact areas based on the nature of your business and the sustainability needs of the countries in which you operate.

2. Assessment
   Assessment of your company’s current performance and capabilities vis-à-vis its most significant impact areas.

3. Action
   Business strategy development & target-setting based on a 360° review of your company’s impact status and possibilities.
How does it work?

Supported by a set of unique impact mappings

**Sector/impact map**
Considers the positive and negative associations between sectors (e.g. car manufacturing) and impact areas (e.g. resource efficiency), and highlights sectors/activities that are 'key' that are key to the different impact areas. This means they are either indispensable to the fulfilment of an impact area, or severely undermining an impact area.

**Country needs assessment framework**
Provides a repertoire of international data and statistics and additional guidance to assess the level of country needs (low, moderate, high or very high) vis a vis impact areas (e.g. Morocco and employment).

The impact mappings are based on internationally recognized standards, data and research.
How do the Tools relate to the SDGs?

The Tools are based on the UNEP FI Impact Radar, a holistic set of 22 impact areas across the three pillars of sustainable development. The 22 impact areas cover all of the SDGs.

While many can be directly equated (e.g. Food / SDG 2 – No Hunger), some are expressed differently. This is simply to respond to the mechanical needs of holistic impact analysis. As a result, there are slightly more impact areas than SDGs.
How can the Tools help companies meet their sustainability commitments?

The Tools can support financial institutions in a number of ways:

- Enable banks meet their impact analysis requirements (step one of PRB implementation) and thus prepare for meaningful target-setting (step two), in line with the PRB accountability framework.

- Enable financial institutions to engage and work with their clients and investees as part of their efforts to align portfolios with global goals alignment.

- Strengthen financial institutions reporting and accountability through the main sustainability disclosure frameworks and standards.
A Growing Community of Practice
Get Involved

Impact Analysis & Management Working Groups

Join the Working Groups for implementation support, peer exchange and further development of the tools:

- Bank portfolio analysis (consumer banking, business banking, corporate and investment banking, investment management)
- Corporate analysis
- Real estate analysis

Frameworks alignment & convergence

UNEP FI is a proud member of the IMP Structured Network. The Structured Network gathers the main impact management, measurement and disclosure frameworks in an effort to consolidate a coherent and common global system.

impactmanagementproject.com/impact-management/structured-network/

For more information

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United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEP FI works with more than 300 members—banks, insurers, and investors—and over 100 supporting institutions—to help create a financial sector that serves people and planet while delivering positive impacts. We aim to inspire, inform and enable financial institutions to improve people’s quality of life without compromising that of future generations. By leveraging the UN’s role, UNEP FI accelerates sustainable finance.

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