UNEP FI’s approach to impact management

In 2017, UNEP FI’s Principles for Positive Impact Finance put forward a new, holistic, approach to impact management by private financial institutions, involving the systematic consideration of both positive and negative impacts across the three pillars of sustainable development. This approach is now embedded in the requirements of the UN Principles for Responsible Banking.

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.

UNEP FI has developed a comprehensive suite of resources to analyse and manage impacts as per UNEP FI’s holistic impact approach and in conformity with the requirements of the Principles for Responsible Banking.
The UNEP FI Impact Management Toolkit for banks

The figure below shows resources that form the toolkit for impact management. The Protocol provides a high-level overview of the impact management process that enables compliance with the requirements of PRB Principle 2, whereas the Tools and other resources can be used to operationalise the methodology.

PRB Principle 2: Impact Analysis & Target-Setting
- The requirements

1. Impact Protocol
   - The methodology

2. Impact Analysis Tools
   - Collecting and analysing data to implement the methodology

3. Reference Materials
   - The definitions and mappings underpinning the Tools, also available for the development of your own, in-house, systems

4. Interactive guidance & case studies
   - Illustrating the methodology in the context of PRB implementation

5. Target-Setting Guidance
   - Indicators & measurement approaches for specific impact areas & topics

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

Thematic guidance, specifically for target setting
1. Impact Protocol

The UNEP FI Holistic Impact Analysis Methodology is a five-step process to understand and manage potential and actual positive and negative impacts across the spectrum of environmental, social and economic issues.

The Impact Protocol is available [here](http://unepfi.org/positive-impact).

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### The methodology

#### 1. Scoping
- Identify core business activities
- Identify main geography/ies

#### 2. Impact Identification
- Understand context (country/local/global level)
  - Status of needs
  - Policy & regulation
  - Trends & scenarios
- Review portfolio composition & associated impacts
  - Consumer Banking: products/services and type of customers
  - Business, Corporate and Investment Banking: sectors/industries and type of clients
- Cross data to determine & prioritise most significant impact areas
  - Portfolio composition & associated impacts (positive & negative)
  - Context

#### 3. Performance Measurement & Assessment
- Review practice
  - Portfolio composition/financial flows
  - Client engagement
  - Internal policies and processes
  - Advocacy and partnerships
- Measure impacts (in relation to the prioritized impact areas)

#### 4. Target setting
- Make alignment choices
  - International, regional or national policy frameworks
- Understand baseline
  - Based on prior performance measurement/assessment and on alignment choices
- Define SMART targets
  - Practice targets
  - Impact targets
- Define Action Plan
  - In relation to the four categories of practice
  - Considering human resource and data system needs

#### 5. Monitoring process
- Monitor practice
- Monitor impact
2. Impact Analysis Tools

The UNEP FI Impact Analysis Tools are to help practitioners implement holistic impact management, as outlined in the Impact Protocol, in practice.

- Easy-to-use input-output tool (excel-based)
- Helps you structure your data collection
- Provides multiple data visualisations to support your analysis
- Includes SDG visualisation and reads across to a number of frameworks (e.g. EU Taxonomy)
- Available for download from the UNEP FI website

Ultimately impact analysis needs to be embedded in the bank’s internal IT systems; the Tools provide a steppingstone along the journey.
**Portfolio Impact Analysis Tool**

**Understanding and managing the impact profile of your portfolio**

### Impact Management Process

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The **Portfolio Impact Analysis Tool for Banks** is an easy-to-use input-output tool to assist throughout your impact management process, one module at a time. It comes with User Guides & Demos for each of the different modules.

The Tool is available [here](#)
Other Impact Analysis Tools

Significant asset management/investment activities? Use the Investment Portfolio Impact Analysis Tool to complement your impact analysis.

Use the Real Estate Impact Analysis Tool to analyse your real estate investments (single assets & portfolios/funds).

Analyse your corporate clients and investees as part of your client engagement efforts with the Corporate Impact Analysis Tool.

All Tools are available [here](https://unepfi.org/positive-impact)
3. Reference materials

The **Impact Radar** provides the compilation and definitions of the Impact Areas & Topics used across UNEP FI’s impact analysis tools and resources.

An important part of Impact Management is to understand:

- How activities/assets may be positively/negatively associated with the Impact Areas or Topics
- What are the interlinkages between the different Impact Areas or Topics
- What indicators and metrics can be used to monitor practice and performance

The **Impact Mappings** and the **Indicator Library** build on the Impact Radar to provide guidance on sector associations, interlinkages and impact-related indicators and metrics.

The definitions and mappings underpinning the Tools can also be used for the development of your own, in-house, systems.
Impact Radar

A compilation of Impact Areas & Topics

- Based on the three pillars of sustainable development and covers the SDGs
- Includes definitions grounded in internationally recognised standards & definitions
- Embedded across UNEP FI’s Impact Analysis Tools and Resources

The Impact Radar is available [here](#)
Impact Mappings

Which Impact Areas & Topics are associated to which sectors? How are they interlinked?

The Sector Mappings include:

- The **Sector-Impact Map**: a mapping of positive and negative associations between sectors and the Impact Areas/Topics
- The **Key Sectors Map**: a mapping of sectors that are key to different Impact Areas/Topics

The Interlinkages Map charts how taking action on one Impact Area/Topic might positively or negatively affect other Impact Areas and Topics.

The Impact Mappings are available [here](#).
The Indicator Library draws from a variety of sources, including:

- Disclosure Frameworks [GRI, SASB, CDP, TCFD]
- Impact Investor and Development Bank Resources [IRIS+ and HIPSO]
- Jurisdictional Taxonomies [EU Adaptation and Mitigation Taxonomies]
- UNEP FI / PRB Core Indicators for Climate Change Mitigation & for Financial Health/Inclusion

The Indicator Library is available [here](#).
4. Interactive Guidance & Case Studies

Illustrating the methodology in the context of PRB implementation

Impact analysis and target setting process

Interactive Guidance
Version 1.4
This version includes the changes of the framework review that are under final consultation and the
impact tool modules [4]
14.01.2022

You can find this Interactive Guidance for Impact Analysis and Target Setting process
the rationale, requirements, 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.svobadova@un.org)

Instructions:
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We included only the initial 4-year implementation, however for the following years banks should improve their impact
analysis, set more targets and implement action plans to achieve targets.

Case studies about three banks’ experience in performing impact analysis and
target-setting.

The Interactive Guidance is available here

The Case Studies are available here
5. Target-Setting Guidance

Indicators and measurement approaches for specific Impact Areas & Topics

These guidance documents provide a deep-dive on target-setting for: biodiversity, climate change mitigation, financial inclusion and health, gender equality, resource efficiency and circular economy.

The Target-Setting Guidances are available [here](#)
What support is available?

Workshops
- On-boarding /Impact analysis workshops
- Target-setting workshops

Implementation Support Sessions
- By business community:
  - Consumer banking
  - Business banking
  - Corporate banking
  - Investment banking
- By geographic region:
  - North America
  - Latin America & Caribbean
  - Europe
  - Africa & Middle East
  - Asia Pacific

Helpdesk
- Email-based support
- Up to one hour of one-on-one meetings

Contact us to find out more here
Join the growing Community of Practice

Approximately half of UNEP FI's PRB signatories are already using UNEP FI's Impact Analysis resources and tools, including:
United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development. UNEP FI works with more than 450 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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