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User Guide

# Portfolio Impact Analysis Tool for Banks

Version 2

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### About UNEP FI's Impact Analysis Tools

UNEP FI's Impact Analysis Tools are based on a unique Holistic Impact Methodology derived from UNEP FI's Principles for Positive Impact Finance. These are a meta-framework to enable the financing of the SDGs. As per the Principles, Positive Impact Finance is:

**'that which serves to finance Positive Impact Business. It is that which serves to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social), once any potential negative impacts to any of the pillars have been duly identified and mitigated.'**

Impact Analysis Tools currently available:

- Portfolio Impact Analysis Tool for Banks
- Corporate Impact Analysis Tool

In the pipeline:

- Impact Analysis Tool for Investment Portfolios (2021)
- Real Estate Impact Analysis Tool (2021)

### About the Portfolio Impact Analysis Tool for Banks

The Portfolio Impact Analysis Tool for Banks was designed specifically to support signatories to the Principles for Responsible Banking (PRB) in achieving Principle 2:

**'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.'**

A pioneer group of PRB endorsers and other UNEP FI banking members joined forces in 2019 to help UNEP FI develop the Tool. In 2020 a Working Group of over 50 banks came together and became the first generation of banks to use the Tool to implement their PRB commitments. This Guide was developed with the Working Group, based on their user experience.

# Acknowledgements

UNEP FI would like to acknowledge the members of the 2020–21 Portfolio Impact Analysis Working Group, whose work and user experiences are reflected in the present Guide:



UNEP FI would also like to acknowledge the Impact Management Project, whose facilitation and technical support made possible the compilation of the Tool’s new resource, the Indicator Library.

The Project Team for the development of the UNEP FI Portfolio Impact Analysis Tool V2 and its User Guide was made up of: Caren Abb, Programme Lead, Costanza Ghera, Content Manager, Denis Childs, Special Advisor, and James Boakes, Intern.

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# A. The UNEP FI Holistic Impact Analysis Methodology

## 1. Description

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

Step one consists in understanding the impact areas and topics (e.g. employment, climate, economic convergence) that are associated with the object of analysis (e.g. a portfolio, a corporate's business activities, or a physical asset such as real estate). It also involves understanding the impact needs that exist in the location/s that the object of analysis finds itself in or interacts with, so as to contextualize its impact profile and determine its most significant impact areas. This is referred to as **Impact Identification**.

Step two consists in understanding the actual impacts of the object of analysis – are the potential impacts identified in step one happening in reality? To what extent? What does this tell us about impact performance, especially in terms of responding to real impact needs and gaps in the location/s that the object of analysis finds itself in or interacts with? This is referred to as **Impact Assessment**.

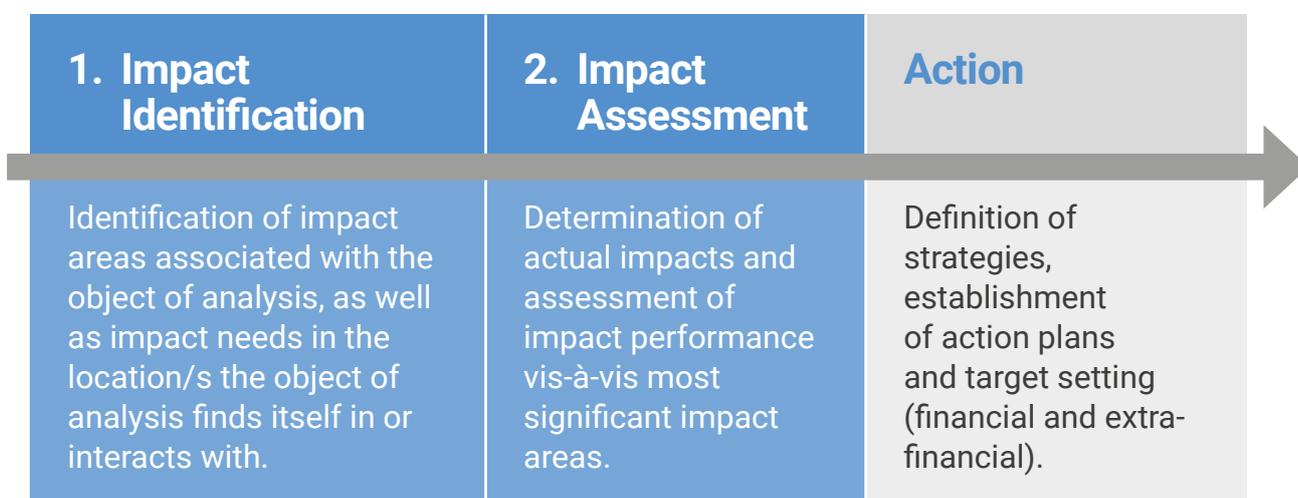


Figure 1: Overview of Holistic Impact Analysis

The purpose of the Holistic Impact Analysis Methodology is to enable concrete action. Out of the insights generated by the analysis, users are empowered to define strategies, establish action plans and set meaningful financial and extra-financial targets.

## 2. Methodological Principles

Five key principles underpin the methodology. These are outlined below, with pointers to how they translate into the specific applications of the methodology in UNEP FI's Portfolio Impact Analysis Tool and other related Tools.

### Holistic

Holistic impact analysis consists in understanding the actual and potential **positive and negative impacts** associated with a business, asset, project or portfolio **across the spectrum of environmental, social and economic issues**. This ensures that interconnections between sustainability topics can be both managed and leveraged.

The 22 impact areas are drawn from the UNEP FI Impact Radar (2019). These cover the three pillars of sustainable development: economic, environmental, social. They distil the SDGs into discreet topics for the specific purpose of impact analysis. For more information, please consult the Annex.

### Objective

The methodology is based on an objective consideration of the impact drivers associated with the object of analysis. Below are the impact drivers considered for the units of analysis addressed by the different Tools.

Banking Portfolios	Investment Portfolios	Corporates	Real Estate
<ul style="list-style-type: none"> <li>▪ Client types</li> <li>▪ Sectors</li> <li>▪ Geography</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset categories</li> <li>▪ Asset types</li> <li>▪ Investment approach</li> <li>▪ Geography</li> </ul>	<ul style="list-style-type: none"> <li>▪ Company size/type</li> <li>▪ Sectors</li> <li>▪ Geography</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset types</li> <li>▪ Geography</li> <li>▪ Location</li> </ul>

Each of these drivers has been mapped out to the 22 impact areas in a series of impact mappings, all of which are based on existing research where available, and open to on-going consolidation via consultation with relevant stakeholders and experts. Further information on the current sources is available directly within the mappings, as well as in the Q&A items of the relevant parts of this document.

## Contextualised

The point of impact analysis is to be able to manage impacts, that is, to deliver positive impacts and address negative impacts to deliver on people's needs, within planetary boundaries and in an economically viable way.

The assessment and consideration of needs so as to contextualise impacts is therefore at the heart of the methodology.

## Practical

### Tailored

Every institution and use case has its specificities. The methodology is built so as to allow for multiple levels of analysis and use-cases:

Portfolio Level	Corporate	Asset	Project (pending)
<ul style="list-style-type: none"><li>▪ Bank<ul style="list-style-type: none"><li>▫ Universal</li><li>▫ Consumer</li><li>▫ Business</li><li>▫ CIB</li><li>▫ Investment</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ Large</li><li>▪ SME (pending)</li></ul>	<ul style="list-style-type: none"><li>▪ Real Estate</li></ul>	

Moreover, the Tools can be used in a variety of ways:

- Off the shelf
- [Impact Radar and mappings](#) can be used freely / independently
- Technical specifications are included in the Tool to facilitate uptake/adaptation directly within banks' internal systems

### Interoperable

Impact management comprises many actions, for some of which a wealth of resources is available. The Tool workflows and resources have been built to maximise interoperability with these.

Measurement methodologies	Disclosure	Valuation methodologies
Should be used to obtain the data required in the performance assessment segment of the methodology.	The indicators and metrics of the main sustainability disclosure frameworks (voluntary and regulatory) have been captured in the Tools' 'Indicator Library'.	Can use the Tools' outputs as a starting point. Can be used as input to the conclusion-drawing of the Tools.

## Iterative

Finally, the methodology is built to support an iterative process of impact analysis, whereby users develop the scope and granularity over time and successive rounds of analysis. The Tools are built to enable the development of in-house capability.

## Transparent & Comparable

The Tools are freely available for download on the UNEP FI website. Both the workflows and resources (mappings) of the Tools are constructed in Excel and all technical specifications are documented for full transparency.

# 3. Benefits of holistic impact analysis

Sustainability topics, from climate change to social and economic equalities, are numerous, and with every topic comes a host of measures and strategies that need to be considered and put in place. They are also interconnected and often in contradiction with each other; thus, implementing climate mitigation measures can require accompanying social measures, to ensure a 'just transition'. In short, sustainability issues are a source of risk and opportunity that is difficult to fathom and to predict. This is where a holistic approach can make a difference.

Holistic impact analysis leads to an understanding of both the positive and negative impacts associated to the bank's portfolio across sustainability topics. This holistic approach enables a better anticipation of unintended consequences (i.e., better risk management) and simultaneously facilitates the development of new business opportunities that leverage on the interconnections between impact topics. Adopting a global view is also a way of making efficiency gains; it can save precious time and effort vis a vis an incremental, topic by topic approach.

The holistic impact analysis is first and foremost a Tool for enhanced business strategy: Applying holistic impact analysis at portfolio level, as per the PRB requirements is the ultimate enabler of integrated commercial, financial and sustainability management.

## 4. Approaches to applying the UNEP FI Holistic Impact Analysis Methodology

There are several options to apply the UNEP FI methodology:

### 4.1 Using the UNEP FI Impact Analysis Tools

- Off-the shelf: the Portfolio Impact Analysis Tool for Banks and the Corporate Impact Analysis Tool are freely available from the UNEP FI website. The Portfolio Tool is available cross portfolio or per business line (business line specific versions will be made available progressively throughout 2021). A Portfolio Tool for Investments and a Real Estate Impact Analysis Tool will be released in 2021.
- The different sections (e.g., scoping, cartography, needs assessment) and mappings (e.g., sector/impact map, indicator library) can be used freely / independently
- Technical specifications are available to facilitate uptake/adaptation directly within banks' internal systems.

### 4.2 Without directly using the UNEP FI Portfolio Impact Analysis Tool

- Even if you don't use all or part of the Tools directly, you can follow the logic of the analysis by ensuring that you root your analysis in a systematic, objective and transparent cross-sector and cross-impact view of your portfolio.

Whichever the approach you use in your disclosures, make sure to specify clearly how you proceeded and what resources you used.

# B. Holistic Impact Analysis for Banks

## 1. PRB Impact analysis requirements: towards a holistic approach

The Portfolio Impact Analysis Tool for Banks was designed specifically to support signatories to the Principles for Responsible Banking (PRB) in achieving Principle 2:

**'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.'**

As per the PRB reporting template, Signatories' impact analysis should respond to four core criteria:

1. Cover your bank's core business areas
2. Take into account the scale of your bank's activities with regards to specific industries, technologies and geographies
3. Take into account the context, i.e., the most relevant challenges and priorities related to sustainable development in the countries/regions in which your bank operates
4. Take into account the scale and intensity/salience of the social, economic and environmental impacts identified

These multiple requirements require a holistic approach to impact analysis, in line with UNEP FI's definition of Positive Impact Finance, as per its Principles for Positive Impact Finance:

**'Positive Impact finance is that which serves to finance Positive Impact Business. It is that which serves to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social), once any potential negative impacts to any of the pillars have been duly identified and mitigated.'**

## 2. How holistic impact analysis compares to other portfolio analyses

### 2.1 Materiality assessments

While both processes are focused on identifying sustainability topics, several points currently sets the two practices apart.

- **Scope:** holistic impact analysis requires a systematic consideration of environmental, social and economic considerations, from a positive and negative impact perspective and is focused specifically on business activities. Materiality assessments focus on environmental, social and governance issues, with both business and corporate aspects within scope.
- **Process:** impact analysis works backward from an objective and systematic appraisal of impacts associated with your portfolio as a function of your products/services, sectors/industries financed, geographies/context) to determine the most significant impacts associated with their portfolios. Stakeholder input is woven into this process and is focused on the specific expertise and knowledge that a wide range of players can bring to the table to contextualize and prioritise current and future action. In materiality assessments stakeholder inputs play a more central role in identifying topics and the spectrum of stakeholders is often focused on the closest stakeholders such as employees, clients and shareholders.
- **Definition of 'materiality':** materiality assessments may or may not consider the full breadth of sustainability topics associated with the bank's business activities. Some materiality assessments focus specifically on topics with proven financial materiality to the bank. Holistic impact analysis is based on the principle of 'dynamic materiality', which considers that all sustainability topics are potentially financial material by virtue of their profound interconnectedness and the rapid changes in environmental and socio-economic circumstances.
- **Outcomes:** as a result of the above, the nature of the outcomes from both processes will only partially overlap. Where materiality assessments will result in the identification of issues such as being an employer of choice, cyber security, data privacy, climate change risks and opportunities, or digitization, holistic impact analysis will yield a broader array of issues from resource efficiency to financial inclusion and access to housing and other basic services.

### 2.2 SDG mappings

SDG mappings typically focus on showcasing the positive contributions of an entity to different SDGs, with little attention usually paid to negative impacts or to the link between the two. Holistic impact analysis looks at both positive and negative impacts for all impact areas that underpin the SDGs. See Annex 1 for more information on the link between the impact areas used in the UNEP FI methodology and the SDGs.

### 3. Complementary resources

While holistic impact management is still a nascent practice, there are a variety of resources that can contribute to your impact analysis. In particular, resources additional to the Tool will be needed to measure your performance.

Table 1 below provides an overview of relevant resources and shows how these complement and/or relate to the steps of holistic impact analysis as well as the core PRB requirements.

NB. The methodology has been built with a deliberate design for interoperability. A key feature for this is the in-built Indicator Library, which compiles the indicators and metrics featured in most of the complementary resources listed below.

PRB requirements	Steps of impact analysis	Complementary Resources	Additional resources
<b>Scope</b>	Phase 1 – Scoping		
<b>Scale</b>	Phase 2 – Identification *Bank Cartography		
<b>Context</b>	Phase 2 – Identification *Context	Country VNRs	UNDP SDG Investor Country Maps
<b>Salience</b>	Phase 3 – Impact Assessment	<p><b>Impact Indicators:</b></p> <p>Disclosure standards &gt;GRI, SASB, CDP, TCFD</p> <p>Impact investor and development bank resources &gt; IRIS+, HIPSO</p> <p>Regulation &gt; EU Taxonomy</p> <p><b>Impact measurement methodologies/guidance:</b></p> <p>Climate change: GHG Protocol, PCAF, PACTA</p> <p>Gender: PRB Gender Guidance</p> <p>Financial Inclusion: PRB Financial Inclusion Guidance</p>	<p>Impact valuation techniques:</p> <p>VBA, IWAI, SVI, Capitals Coalition</p>

**Table 1: Complementary & Additional Resources**

# C. Getting Ready to Start your Impact Analysis

## 1. What makes sense for my bank?

The level of complexity and the results of your impact analysis can vary considerably depending on the nature of your bank. Impact analysis for a bank focused mostly on consumer banking, or on a single industry and/or limited to a single country, will be more straightforward than for a bank involved with multiple client types, sectors and geographies. It will also yield a narrower set of significant impact areas and related impact topics. Table 2a provides examples of bank typologies with different levels of complexity, as well high-level ('default') impact profiles by bank typology, in order to illustrate what users might expect to find out of their analysis depending on the nature of their bank.

It is also important to consider your bank's level of expertise and readiness when setting out to proceed with your impact analysis. Thorough impact analysis requires ability and effort to organize teams and data-sets, something which may take time to put in place depending on your current set-up. Table 2b shows how you can adjust the way you proceed with your impact analysis depending on level of expertise, data and business organization.

The grid below (Figure 2) illustrates a possible combination of level of complexity, expertise and readiness of a bank. You can use this grid and the tables on the following pages to determine your bank's particular use-case and decide on your impact analysis approach accordingly.

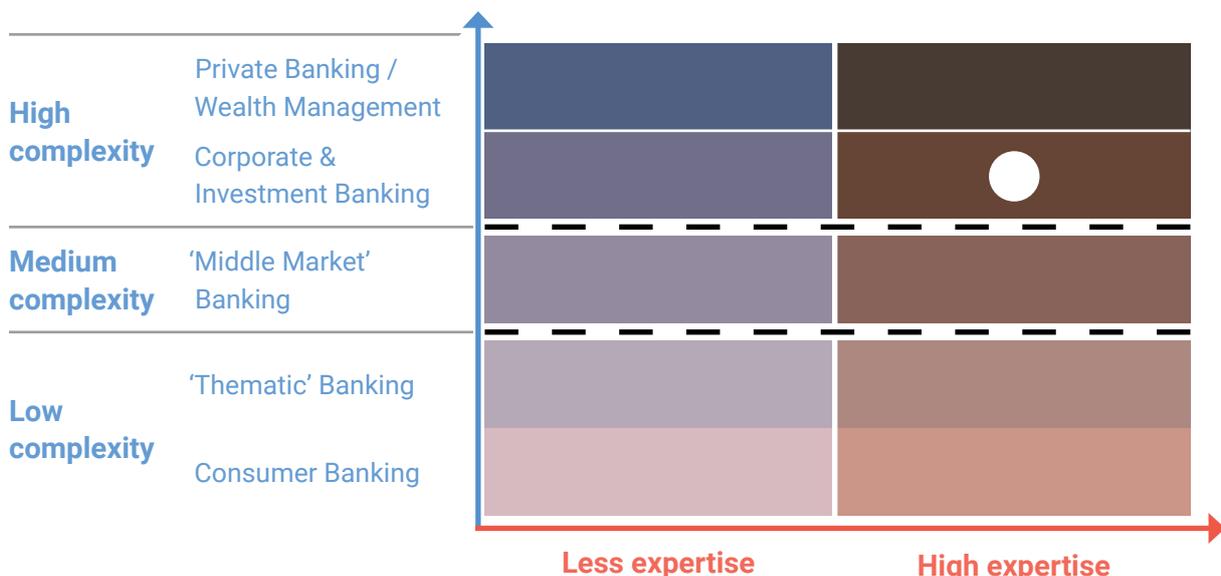


Figure 2: Example combination of bank complexity and readiness

## 1. What is the level of complexity of my bank?

### Low level of complexity:

Low diversity (single business line focus, in a single location), Limited to 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

#### '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:** tailoring for better access and inclusiveness and / to further stimulate economic convergence

### Medium level of complexity:

Some diversity (several business line and/or a small number of locations), includes multi-sector business banking

#### '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

### High level of complexity:

High diversity (multiple business line in multiple locations), involves corporate/investment banking activities

#### Corporate focused Default Impact Profile

- 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 rather than through volume of companies
- **Levers for action:** individual engagement and impact targets

#### HNWI Banking – Default Impact Profile

- 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 impact targets

**Table 2a: Bank typologies and levels of complexity**

2. How to do Holistic Impact Analysis depending on the level of expertise of my bank?		
	Less expertise	More expertise
<b>Consumer Banking</b>	<p>Follow the Tool logic without using the Tool directly:</p> <ul style="list-style-type: none"> <li>Look at types of products &amp; services</li> <li>Look at types of clients</li> <li>Understand country/local needs</li> <li>Use the Tool mappings for reference</li> </ul>	<ul style="list-style-type: none"> <li>Use the Tool to gain a finer understanding of your impact profile (level and quality of access to finance as a function of relevance of products/services)</li> </ul>
<b>'Thematic' Banking</b>	<p>Follow the Tool logic without using the Tool directly:</p> <ul style="list-style-type: none"> <li>Look at types of clients (SME, cooperatives, corporate, etc.) and client sectors</li> <li>Understand country/local needs</li> <li>Use the Tool mappings for reference</li> </ul>	<ul style="list-style-type: none"> <li>Use the Tool to gain a finer understanding of your impact profile (less evident impact associations)</li> </ul>
<b>'Middle Market' Banking</b>	<p>Follow the Tool logic without using the Tool directly:</p> <ul style="list-style-type: none"> <li>Look at main sectors and associated impacts</li> <li>Look at types of clients</li> <li>Understand country/local needs</li> <li>Use the Tool mappings for reference</li> </ul>	<ul style="list-style-type: none"> <li>Use the Tool (Cross-business line or Business Banking Stand-alone) to gain a finer understanding of your impact profile (less evident impact associations)</li> <li>SME version of the Corporate Impact Analysis Tool (2022)</li> </ul>
<b>Corporate &amp; Investment Banking</b>	<p>Follow the Tool logic without using the Tool directly:</p> <ul style="list-style-type: none"> <li>Look at largest clients, systemically important clients and clients in key sectors and understanding associated impacts</li> <li>Understand country/local needs of main countries of operation</li> <li>Use the Tool mappings for reference</li> </ul>	<ul style="list-style-type: none"> <li>Use the Banking Portfolio Tool to gain a finer understanding of your impact profile (less evident impact associations)</li> <li>Use the Corporate Impact Analysis Tool to deep-dive into your largest and systemically important clients.</li> </ul>
<b>Private Banking / Wealth Management</b>	<p>Follow the Tool logic without using the Tool directly:</p> <ul style="list-style-type: none"> <li>Look at types of products &amp; services</li> <li>Use the Tool mappings for reference</li> </ul>	<ul style="list-style-type: none"> <li>Use the Tool to gain a finer understanding of your impact profile (as a function of the type of products/services rendered)</li> </ul> <p>NB. Investment activities are covered separately in the Investments Portfolio Tool (2021)</p>

**Table 2b: Levels of expertise**

## 2. Organising the process

The Tool requires a significant amount of data to be collected from a variety of sources within the bank. Using the Tool therefore requires some preparation. Your first steps:

### Familiarise yourself with the methodology

Whether you decide to use the Tool off-the-shelf or not, take the time to browse through the Tool in order to get a good understanding of the different steps of holistic impact analysis. In addition to this guide, a demo version of the Tool containing 'dummy' data is available. Both the guide and the demo are laid-in with audio walk-throughs and are available online. Please take the time to make use of this material.<sup>1</sup>

### Set up a project group

You will need support from various departments in the bank to compile the necessary data. Identify and involve these as you are defining the scope of your analysis. Ideally the group would include the main departments of the bank: finance, risk, business units, audit, economic research, strategy, public affairs, HR, IT, communications. This is an important opportunity to communicate the strategic objectives of the analysis and to ensure uptake and continuity once the analysis is completed and actions need to be taken to implement strategies and meet targets.

### Perform a preliminary data review

Prior to any data input within the Tool, you need to understand what data is and isn't available to you. What are the different business activities of the bank and do you have data available by business line? Is it available by product, by client? By client sector? If your bank is active in several countries, are these reconciled across geographies? What indicators are recorded – outstanding loans, exposure at default? Data collection should be properly organized in order to reach "accounting quality" data and to enable the bank to keep an audit track.

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<sup>1</sup> <https://www.unepfi.org/positive-impact/unep-fi-impact-analysis-tools/portfolio-impact-tool/>

## Data Checklist

### **Below is an overview of the main data points requested in the Tool.**

NB. These indicators were chosen based on their pertinence for monitoring impact. However, if you have difficulties in gathering data with the stipulated indicators you can start by using alternative indicators, based on what you have available – the important thing is to start. As a rule of thumb try to align with what you use in your financial reporting and make sure you use the same indicator consistently within individual business activities.

### **Consumer Banking**

- Number of customers per country and as a percentage of total number clients
- Number of customers per type of product/service per country and as a percentage of total number of clients in the country
- Amount and percentage of low, middle and high income customers per product/service per country
- Amount and percentage of consumer credit spending by sector (optional)

Alternative indicators: number of products/services

### **Business & Corporate Banking**

- Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per country and as a percentage of total Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per country
- Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per sector per country per country and as a percentage of total Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per country

### **Corporate Banking**

- Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per country and as a percentage of total Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per country
- Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per sector per country per country and as a percentage of total Drawn outstanding loans or Outstanding loans or Exposure at default (EAD) per country
- Amount and percentage of loans that are 'known use of proceeds' (e.g., real estate, fleets, machinery/equipment, etc.) per sector per country.

### **Investment Banking**

- Total bond amount over the full bond period divided by the number of Mandated Lead Arrangers (MLAs) and total amount raised in equity divided by the number of Mandated Lead Arrangers (MLAs) per country and as a percentage of total
- Total bond amount over the full bond period divided by the number of Mandated Lead Arrangers (MLAs) and total amount raised in equity divided by the number of Mandated Lead Arrangers (MLAs) per sector per country and as a percentage of total.

### **3. Other practical tips**

#### **Consider ways in which you might automatize Tool feed**

Once your data sets are organized, it should be possible to automate Tool feed, thus reducing the need for time-consuming manual input.

#### **Optimise your use of the Tool to feed various frameworks, disclosures and internal processes**

Consider how the data compiled via the Tool and the Tool outputs can serve to feed into the different frameworks and disclosures the bank is involved with, e.g., GRI reporting, Integrated Reporting, TCFD, EU Taxonomy, etc.

#### **Align the timing of your updates and review with the timing of your existing reviews**

Your impact analysis should be reviewed on an annual basis, as should your resulting action plan/s and targets.

You can optimise your process by aligning with your financial and risk reviews.

# D. Using the UNEP FI Portfolio Impact Analysis Tool Step by Step

## Introduction to the Portfolio Impact Analysis Tool

The Portfolio Impact Analysis Tool is an iterative input-output workflow built in Excel 2013. It requires users to input data to describe their portfolio (e.g. percentage of gross income per business line, percentage of drawn outstanding loans for a given sector and in a given country, etc.) and to reflect their current impact performance (e.g. quantitative data such as GHG reductions, diversity of SMEs financed, number of persons from vulnerable populations serviced and qualitative data such as the existence of policies and processes to detect and deal with wage theft or domestic violence).

The Tool uses the input data in combination with a set of in-built impact mappings to produce a number of outputs, in particular a set of impact profiles by business line, and to guide the user in identifying the bank's most significant impact areas and determining priorities, thus setting the basis for strategy development and target-setting.

## Note on the scope of the Tool

The Portfolio Impact Analysis Tool for Banks enables you to perform a holistic impact analysis of the following portfolios/business activities:

- **Consumer Banking (sometimes also called personal or retail banking)**  
Concerns the provision of products and services to individuals
- **Business Banking (sometimes also called commercial banking)**  
Concerns the provision of products and services to institutional clients (as opposed to individuals), primarily at the local level. Local means from the country where the bank or bank subsidiary is incorporated.

- **Corporate Banking**

Provision of products and services to larger clients and/or clients beyond the bank's country/ies of incorporation.

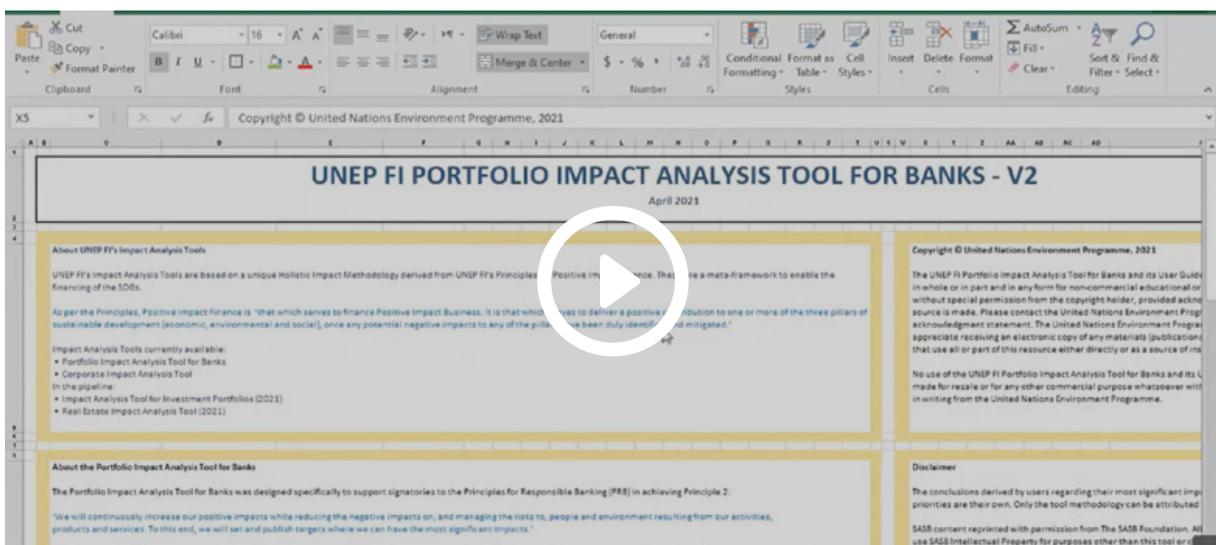
- **Investment Banking**

Access to capital markets, raising of capital on capital markets, and related services.

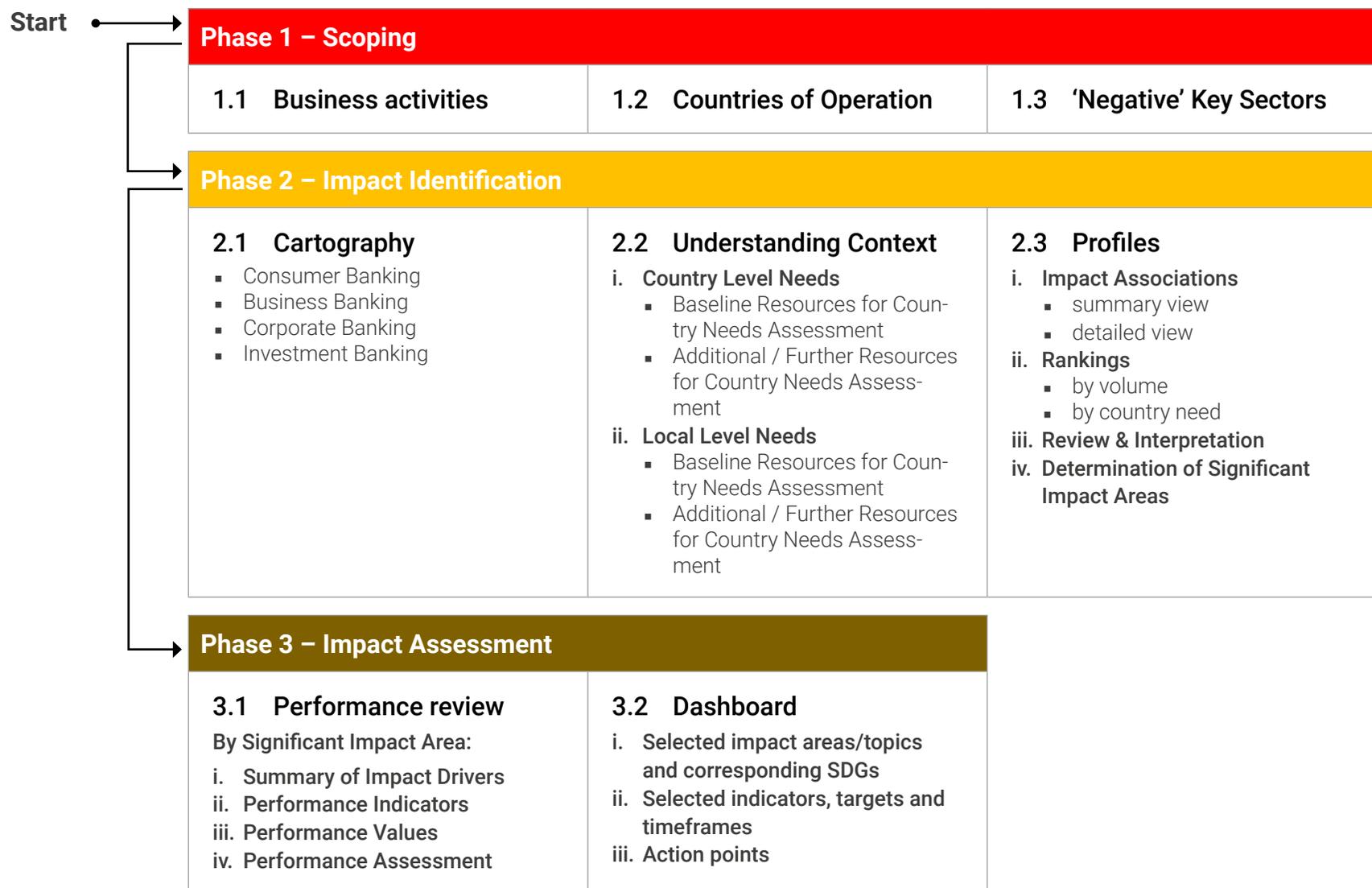
The Portfolio Impact Analysis Tool for Banks does **not** cover:

- Asset Management and Capital Markets portfolios (these will be the remit of the Investment Portfolio Impact Analysis Tool, for release in 2021)
- The bank's own investments (this will also be within the scope of the Investment Portfolio Impact Analysis Tool, for release in 2021)
- Individual clients or assets (Corporate clients can be reviewed via the Corporate Impact Analysis Tool. A Real Estate Impact Analysis Tool will be released in 2021)

Figure 3 below outlines the workflow of the Tool, including the two phases (identification and assessment), the different steps within the phases, and the outputs of each phase. It also shows the in-built resources and which part of the process they feed into.



► [click here to listen to an explanation of the workflow](#)



**Figure 3: Impact Analysis Workflow**

# 1. Phase 1 – Scoping

Phase 1 – Scoping		
1.1 Business activities	1.2 Countries of Operation	1.3 'Negative' Key Sectors

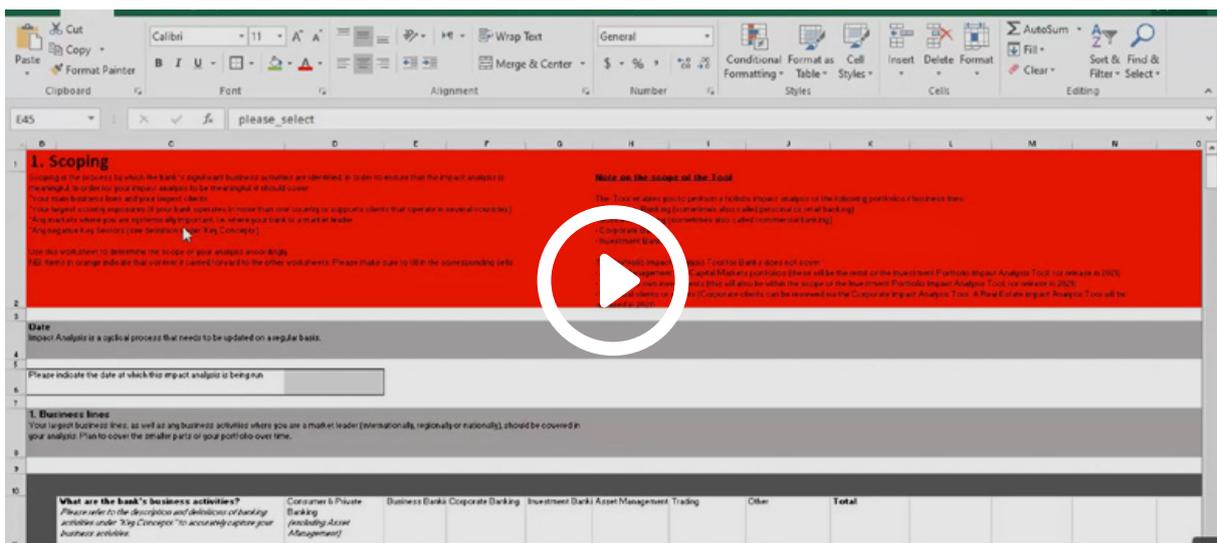
**PRB Signatories:**  
This section enables you to be compliant with the 'Scope' aspect of your impact analysis requirements

In this Tool, Scoping is the process by which the bank's significant business activities are identified, in order to ensure that the impact analysis is meaningful. In order to achieve this it should cover:

- Your main business activities
- Your largest country exposures
- Any markets where you are systemically important, i.e., where your bank is a market leader
- Any negative Key Sectors (see definition under 'Key Concepts')

This section of the Tool therefore requires you to provide data on all four of the above points.

Within each business line you can further prioritise based on the 20/80 rule: as a rule of thumb 20% of clients or deals = 80% of business volume. See further guidance under Phase 2 – Impact Identification.



▶ [Click here to watch a demo of the Scoping section.](#)

## 1.1 Indicating the bank's business activities

In this segment you are requested to indicate what the main business activities of the bank are and what their respective size is in terms of gross income. Your largest business activities, as well as any business activities where you are a market leader (internationally, regionally or nationally), should be covered in your analysis. Plan to cover the smaller parts of your portfolio over time.

What are the bank's business activities? Please refer to the description and definitions of banking activities under "Key Concepts" to accurately capture your business activities.	Consumer & Private Banking (excluding Asset Management)	Business Banking	Corporate Banking	Investment Banking	Asset Management	Trading	Other
You can use this space to capture the name of the business line/s name in your bank if different to what is used in this tool (e.g. "Personal Banking" instead of "Consumer Banking" or "Institutional Banking" instead of "Corporate Banking")							
a. Please indicate gross income per type of business activity.							
b. What portion of the bank's overall business does each type of business activity represent? Please indicate as a percentage of gross income.							
c. What is your market position for each of the types of business activity? Please select from the drop-down list.	[please select]	[please select]	[please select]	[please select]	[please select]	[please select]	[please select]
Please indicate where the above data was taken from. Please specify the date of the above data							

**Screenshot 1: Business activities**

Business activities may be organized differently from bank to bank. For instance, some banks may have Business and Corporate Banking activities placed under a single business line. Other banks have Corporate and Investment Banking activities dealt with under a common business line. Please refer to the categorisation and description of banking activities in Table 3 below (also available directly in the Tool under the 'Key Concepts' Worksheet) to accurately capture your business activities. This categorisation was chosen to enable a more robust impact analysis.

Note that the table also shows which activities are within scope of the Bank Portfolio Tool and which ones are covered by other Tools in the suite of UNEP FI Impact Analysis Tools.

For the purpose of this tool, banking activities have been categorized as per the table below. Items in red indicate business activities not currently within the scope of the tool.

Business Activity		Description	Clients	Products and services
Banking	<b>Consumer Banking</b> (sometimes also called personal or retail banking)	Provision of products and services to individuals.	Individuals	<p>Generic: Consumer credit &amp; overdraft   Credit cards   Current accounts   Savings accounts   Certificates of deposits / Term investments   Specialised (purpose):   Home loans and other housing-related credit   Education-related loans   Access to justice-related loans   Health-related loans   Leasing   Other</p> <p>Specialised (type of client): Student accounts &amp; loans   Professional activities*   Running of associations*   Other (e.g. gender, minorities, elderly, etc.)</p> <p>Specialised (income-level of client): Microcredit   Wealth Planning / Family Offices (e.g. estate, art, family, etc.)   Securities backed lending (Lombard loans)   Structured lending and risk solutions   <b>Investments (direct/indirect, custodian/discretionary/advisory, research)</b>   Other</p>
	<b>Business Banking</b> (sometimes also called commercial banking)	Provision of products and services to local businesses and government. Local means from the country where the bank or bank subsidiary is incorporated.	Professionals,* SMEs, cooperatives, associations,* corporates	<p>Generic: Credit &amp; overdraft   Current accounts   Savings accounts   Payment services   Specialised (purpose):   Leasing   Property lending   Other</p> <p>Specialised (type of client): e.g. farmer financing</p>
			FIs	Interbank loans   Letters of credit   Correspondent accounts
		Municipalities, regions	Loans   Other	

	<b>Corporate Banking</b>	Provision of products and services to larger clients and/or clients beyond the bank's country/ies of incorporation	Corporates, Multinationals, SPVs	Generic: Corporate credit & overdraft   Payment services (e.g. cash management)   Specialised (purpose):   Trade finance   Export credit   Asset finance (e.g. ships, aircraft, fleets, property, etc.)   Other Specialised lending (type of client): Project finance
			Sovereigns	Specialised (purpose): Trade finance   Export credit   Asset finance (e.g. ships, aircraft, fleets, property, etc.)   Other Specialised (type of client): Project finance   Other
			FIs	Interbank loans   Other
	<b>Investment Banking</b>	Provision of access to capital markets & raising of capital on capital markets and related services	Corporates, multinationals	Primary capital markets – debt (bond issuances)   Primary capital markets – equity (IPOs)   Advisory services (e.g. M&A, ratings, project finance, etc.)   Other (e.g. Custodian banking)
			Sovereigns	Primary capital markets – debt   Other
<b>Investment</b>				
<b>Insurance</b>				
<b>Philanthropy/ Foundations</b>				

\*customers/clients that may be serviced both by consumer and business banking departments.

**Table 3: Banking Activities**

**Q. Why is this asked?**

**A.** The analysis is performed business line by business line. This information is needed in order to map out the proportion of your bank's activities to which different impact areas are associated. If a given impact area is associated to a large (i.e., core) part of the bank portfolio this will contribute to the said impact area being one of the bank's most significant impact areas (see 'Key Concepts' in the annex).

**Q. Should all the bank's business activities be reviewed?**

**A.** The more comprehensive your impact analysis the better, however you may need or wish to increase the scope of your coverage progressively. In this case what is key is that you prioritise your core business, i.e., business activities with the largest revenues and/or in which the bank is a market leader and/or with the largest volumes of AUM.

**Q. What if my bank is only involved in a single type of banking activity?**

**A.** If your bank is only involved in a single activity type, this segment will be very quick to complete. Please proceed to the next part of the scoping exercise.

**Example:**

**Should I prioritise my investment banking activities?**

This part of the portfolio is relevant first and foremost for banks with the following profile:

- 1. Market typology:** the investment banking market is important in the country/ies of operation of the bank.
- 2. Market position:** the bank is an important player in this market. If the bank's ranking on league tables is beyond 10, then the bank is not a significant player.
- 3. Revenue share:** gross income (i.e., fees) from the investment banking business line should be compared to global gross income; if investment banking revenue is less than 5% of global gross income then it is not a significant part of the portfolio.

If the profile of your bank does not match any of the above, you do not need to prioritise the analysis of activities in this field.

## 1.2 Indicating the bank's countries of operation and involvement in key sectors

In this segment, you are requested to indicate what the bank's countries of operation, and to indicate the portion of business per country as a percentage of total number of customers in the case of Consumer banking, and as a percentage of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (depending on available information), for Business, Corporate and Investment Banking. You are also required to check the bank's involvement in any negative 'Key sectors' (see Annex 2 for an explanation of key concepts).

### Selection of sector/industry classification

For the purpose of this Tool, sectors are areas of activity as per the ISIC industry classification, however you can also select in three other industry classifications: NACE, NAICS and ANZIC. Please use the drop-down lists at the top of each business line section to indicate the industry classification you wish to use. Note that the classification choices you make in the Scoping worksheet will apply to the rest of the worksheets as well.

Business Banking	Please indicate the industry classification system you would like to use in your analysis	ANZSIC	
<p><b>Which country/ies does the bank operate in?</b> <i>Please list all countries per type of business activity identified above.</i></p>	Australia	New Zealand	Malaysia
<p><b>a. What is the volume of the business line in each country ?</b> <i>Please indicate the amount of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</i></p>			

### Screenshot 2: Selection of industry classification system (Business Banking)

Note that the ISIC list has been expanded to cover close to 50 additional sectors/activities. These additions were made as part of the successive rounds of Tool development in 2019 and 2020, based on practitioner feedback on gaps in ISIC. Additions are highlighted in the 'Sector Lists' worksheet.

#### Practical Tips:

- For ease of reference the full ISIC list as well as the other industry code lists can be viewed in a dedicated worksheet ('Sector Lists').
- In addition, an item-by-item industry code converter (for NAICS, NACE and ANZIC) is available here: <https://isumo.cloud/codeverter/>
- Finally, it is possible to look for ISIC codes through keywords by clicking here: <https://siccode.com/isic-code-lookup-directory>

Your largest country exposures, as well as any business activities where you are a market leader, should be covered in your analysis. Plan to cover the smaller exposures over time. Any negative Key Sectors should also be covered by your analysis.

Consumer & Private Banking	Please indicate the industry classification system you would like to use in your analysis	ISIC		
<p><b>Which country/ies does the bank operate in?</b> Please list all countries per type of business activity identified above.</p>	Australia	New Zealand	Malaysia	French Polynesia
<p><b>a. What is the volume of the business line in each country?</b> Please indicate the total number of customers. N.B: please see the cell at the end of the line to check if the total is correct</p>				
<p><b>b. What portion of the bank's total consumer business does each country represent?</b> Please indicate as a percentage of total number of customers. N.B: please see the cell at the end of the line to check if the total is correct</p>	40%	30%	20%	10%
<p><b>c. What is the bank's market position in each country?</b></p>	Top 10	Top 10	Not Top 10	Not Top 10

**Screenshot 3: Country Exposures (Consumer Banking)**

NB: Text in orange signals fields that must be completed in order for the Tool to generate the outputs in the 'Profile' worksheets.

Use the 'Include in Scope' line to validate countries you wish to include in your round of impact analysis; this will ensure that the names of these countries auto-carry forward to the 'Cartography' worksheet. If you wish to conduct your impact analysis at a more granular level, note that at this point you can identify the specific locations you wish to monitor at the sub-national level.

<p><b>Include in Scope?</b> Please consider volume and market position for each country selected above to understand which ones should be prioritised. Use this space here to select your 15 priority countries.</p>	Austria	New Zealand	Malaysia	[Select country or area]
<p><b>OPTIONAL:</b> Would you like to include specific regions/locations in your analysis?</p>	Yes	No	No	[please select]
<p>If yes, please indicate the names of the locations in the 'Cartography' tab.</p>	Specify locations in the cartography tab			

**Screenshot 4: Validating the scope of your analysis**

**Q. What if my bank is only involved in a single country?**

**A.** If your bank is only involved in a single country, this segment will be quicker to complete, especially if your bank only covers a limited amount of business activities (see previous section). You may wish to take advantage of your limited geographical scope to perform your analysis at a more granular, local level – use the ‘Optional’ field for this purpose.

**Q. Do I need to be analysing all the geographies my bank is operating in?**

**A.** If your bank is active in several countries your operations may be much bigger in some countries than in others. While ultimately you would want your impact analysis to be comprehensive so as to be able to take into consideration the specific needs of each country, you may need to increase coverage over time. If so, please prioritise on the basis of two factors:

- i.** the size of your business in the different countries (20/80 rule)
- ii.** the systemic importance of your bank in the different countries, i.e., prioritising countries where your bank is a market leader

**Q. What if my bank operates in more than 15 countries?**

**A.** You should prioritise those countries that represent the biggest portion of your business as well as any countries where your bank is a market leader (i.e., top 3).

**Q. Some of my Corporate and Investment Banking clients are active in additional countries to those in which my bank is incorporated – how does this affect my impact analysis and what can I do about it?**

**A.** The involvement of your clients in additional countries may indeed be material to your impact analysis and ultimately to your impact management strategy. Thus, in addition to your countries of incorporation, over time you are encouraged to reflect, as applicable, any additional countries in which your biggest clients are significantly involved. Significant involvement means that the country is either a major market (country of sales), site of production and/or of sourcing. The cartography section of the UNEP FI Corporate Impact Analysis Tool can be used to identify additional countries as per the above.

## 2. Phase 2 – Impact Identification

### Phase 2 – Impact Identification

<p><b>2.1 Cartography</b></p> <ul style="list-style-type: none"> <li>▪ Consumer Banking</li> <li>▪ Business Banking</li> <li>▪ Corporate Banking</li> <li>▪ Investment Banking</li> </ul>	<p><b>2.2 Understanding Context</b></p> <p><b>i. Country Level</b></p> <ul style="list-style-type: none"> <li>▪ Baseline Resources for Country Needs Assessment</li> <li>▪ Additional / Further Resources for Country Needs Assessment</li> </ul> <p><b>ii. Local Level</b></p> <ul style="list-style-type: none"> <li>▪ Baseline Resources for Country Needs Assessment</li> <li>▪ Additional / Further Resources for Country Needs Assessment</li> </ul>	<p><b>2.3 Profiles</b></p> <p><b>i. Impact Associations</b></p> <ul style="list-style-type: none"> <li>▪ Summary view</li> <li>▪ Detailed view</li> </ul> <p><b>ii. Rankings</b></p> <ul style="list-style-type: none"> <li>▪ By volume</li> <li>▪ By country need</li> </ul> <p><b>iii. Review &amp; Interpretation</b></p> <p><b>iv. Determination of Significant Impact Areas</b></p>
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### PRB Signatories:

This section enables you to be compliant with the 'Salience' aspect of your impact analysis requirements

In this Tool, Impact Identification is the process by which the bank's significant impact areas are identified, as a basis for performance assessment and the definition of priority impact areas (namely for target-setting). This phase comprises 3 steps:

**2.1** Bank Cartography

**2.2** Mapping of Country (and/or local) Needs

**2.3** Review of Portfolio Impact Profile & determination of most significant impact areas

About	Navigation	Key Concepts	1. Scoping	Sector Lists	2.1. Bank Cartography	2.2. Context	2.3. Profile-Consumer	
2.3.a Profile-Consumer Credit		2.3. Profile-Business		2.3. Profile-Corporate		2.3. Profile-Investment		2.3. Profile-Summary

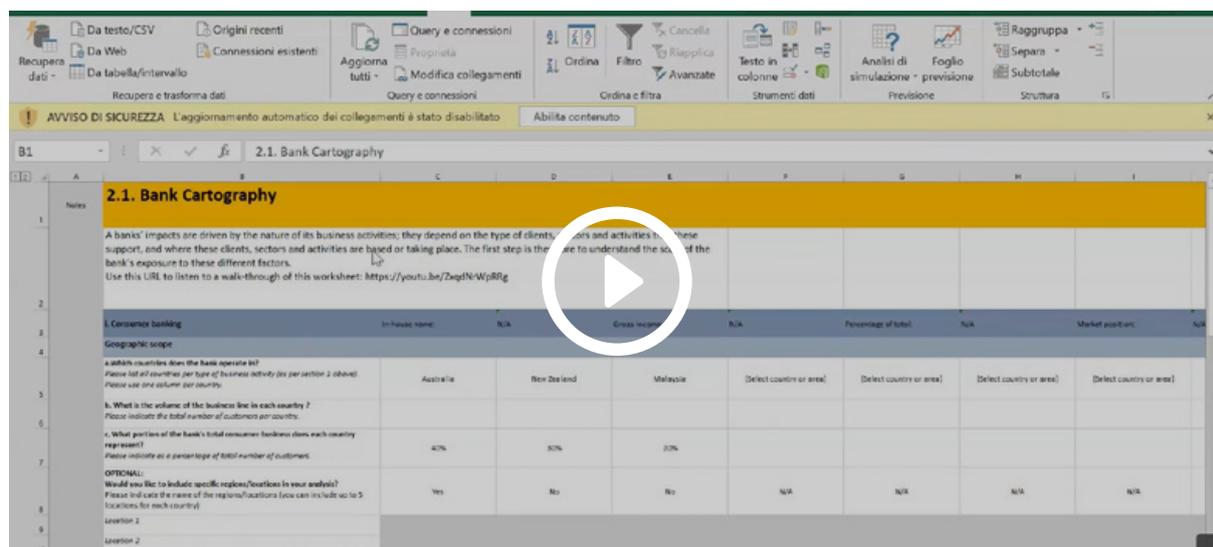
### Screenshot 5: Tabs

## 2.1 Bank Cartography

A bank's impacts are driven by the nature of its business activities; they depend on the clients, sectors and activities that these support and where these clients, sectors and activities are based or taking place. The first step is therefore to understand what the bank actually does.

This section of the Tool requires you to provide data business line by business line:

1. For each type of business activity, which countries the bank operates in, as well as the portion and/or volume of business per country.
2. For each country within each type of business activity, what sectors the bank's clients or client activities belong to, and what percentage of the bank's portfolio these represent.



► [Click here to watch a demo of the 'Cartography' worksheet section](#)

## 2.1.1 Bank's countries of operation

The bank's country/ies of operation, as indicated and validated in the 'Scoping' worksheet, as well as the portion of business per country, should be displaying automatically.

ii. Business banking	In-house name:	N/A	Gross income:	N/A
<b>Geographic scope</b>				
<b>a. Which countries does the bank operate in?</b> <i>Please list all countries per type of business activity (as per section 1 above). Please use one column per country.</i>				
<b>b. What is the volume of the business line in each country?</b> <i>Please indicate the amount of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and</i>				
<b>c. What portion of the bank's total business banking does each country represent?</b> <i>Please indicate as a percentage of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance.</i>				
<b>OPTIONAL:</b> <b>Would you like to include specific regions/locations in your analysis?</b> <i>Please indicate the name of the regions/locations (you can include up</i>				

**Screenshot 6: Countries of operation (Business Banking)**

## 2.1.2 Bank's sectors of operation

In this segment, for each country of operation (see previous step), you are required to select sectors/activities from a drop-down menu. You can select up to 30 different sectors/activities per country (with the exception of consumer banking: 15 activities).

Note that any 'negative Key Sectors' identified under the 'Scoping' worksheet and marked up under the 'Sector Lists' worksheet should be included in your selection at this point.

### Sector classification

For the purpose of this Tool, sectors are areas of activity as per the ISIC industry classification, however you can also select in three other industry classifications: NACE, NAICS and ANZIC. For ease of reference the ISIC list as well as the other industry codes can be viewed in a dedicated worksheet ('Sector Lists').

Note that the ISIC list has been expanded to cover close to 50 additional sectors/activities. These additions were made as part of the successive rounds of Tool development in 2019 and 2020, based on practitioner feedback on gaps in ISIC. Additions are highlighted in the 'Sector Lists' worksheet.

### Practical Tips:

- An industry code converter (for NAICS, NACE and ANZIC) is available here: <https://isumo.cloud/codeverter/>
- To look for ISIC codes through keywords, click here: <https://siccode.com/isic-code-lookup-directory>

You are also required to indicate the volume and percentage of the bank's portfolio each of the sectors/activities represent.

Further guidance is provided below business line by business line.

### 2.1.2.a. Consumer Banking

Consumer banking is first and foremost about delivering products and services to **individuals, not businesses**. While a number of customers may be exercising liberal professions (e.g., doctors, consultants, etc.) or running a small business (e.g., an individual consultancy, a small restaurant, etc.), these will tend to be a small part of the overall portfolio. For this reason, **the Tool requires selection from the sector lists (ISIC or other) exclusively in terms of the products and services rendered by the bank, i.e., from the 'Financial services' section of ISIC. It complements this by requesting information on the type of client.**

Client and Product type				
Austria				
<b>a. What type of products and services is the bank offering its customers ?</b> Please select from the drop down list. Please refer to the ISIC+ List on the next worksheet for ease of reference.	6441 Current accounts	64421 Savings accounts	64432 Consumer loans & overdraft	64431 Credit cards
For all applicable product/service types, please indicate the bank's total number of customers within the country N.B: please see the cell at the end of the line to check if the total is correct				
For all applicable product/service types, please indicate the percentage of the bank's total number of customers within the country (e.g. 26%). N.B: please see the cell at the end of the line to check if the total is correct	20%	10%	40%	10%
<b>b. What type of customers is the bank serving?</b> For each type of product or service offered by the bank, please indicate the amount and percentage of the corresponding customer base that match the below customer typologies. Where unknown please use the "Unspecified" category. N.B. Please use locally applicable definitions of low, middle and high income populations. N.B: please see the cell at the end of the line to check if the total is correct				
Unspecified (amount)				
Unspecified (percentage)	30%			90%
Low-income populations (amount)				
Low-income populations (percentage)	30%	60%	20%	10%
Middle/income populations (amount)				
Middle/income populations (percentage)	10%	40%	70%	
High-income populations (amount)				
High-income populations (percentage)	30%		10%	

**Screenshot 7: Cartography of Consumer Banking portfolio**

**Q. Do all products and services need to be accounted for?**

**A.** Services such as current and savings account holding, may be thought of as having less impact associations than, say, home mortgages and car loans. However, these have a key role to play in terms of access to finance and the promotion of healthy and inclusive economies – by virtue of this fact, users are indeed encouraged to include all major products and services in their analysis.

**Q. What about activities not linked to account holders?**

**A.** Some transactions processed by the bank such as transfers and deposits, may not involve any bank account holders. The Tool does not capture these as they would normally constitute a very small portion of business and would not carry any additional impacts to those carried by other products and services.

**Q. Why is the volume of business accounted for in terms of number of clients?**

**A.** This indicator was chosen for several reasons:

- To make it possible to account for both products (such as loans) and services (such as account holding)
- To better capture impacts; capturing the number of clients provides a better sense of the portion of the population that is benefiting from access to finance and enables further impact identification by considering the types of populations served (low, middle and high-income segments).

**Q. Should first holders only be captured or all holders?**

**A.** Ideally all holders should be captured as all holders benefit from the products and services rendered.

**Q. What if my data is not collected by number of clients?**

**A.** An acceptable proxy is no. of accounts/products. Always specify and be consistent with the indicator used to ensure Tool outputs are meaningful.

**Q. What definitions of high/middle/low-income populations am I supposed to use?**

**A.** Definitions and thresholds vary from geography to geography along with the cost of living. Therefore, locally applicable definitions should be used. National or international (e.g., OECD) statistics can be used in complementarity.

**Q. What if my bank is prevented by law from collecting information on client typology?**

**A.** This will not stop the Tool from generating results, they will just be less precise. You can partly compensate by bringing more precision to your product selection (see next question).

**Q. How does one account for the 'hidden' impacts associated with consumer loans and credit cards?**

**A.** If these are a major part of your business, you may wish to get a closer understanding of what such products and services serve to acquire and do. This may be something your credit department is tracking / can track directly. In the specific case of credit cards indexes of merchant codes may be offer a means of tracking. Alternatively, in some cases GDP consumption allocation statistics may be referred to, based on the assumption that the consumption pattern of the bank's customers, in a specific country, follows the overall consumption pattern of the corresponding country.

A dedicated space is available to help capture these additional impacts:

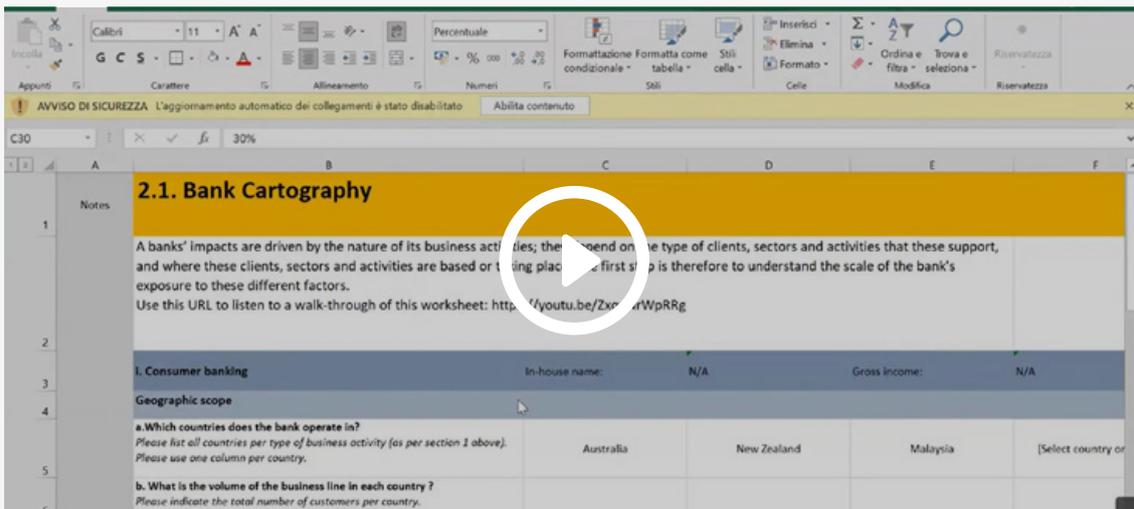
**OPTIONAL**  
**c. What is consumer credit used for?**  
For any 'general purpose' credit products (i.e. credit cards, consumer loans, structured loans) selected above under 'a', please indicate any known sectors of spending (e.g. household goods, gambling, etc.).  
Do NOT apply this question to product/service categories other than 'general purpose' credit (i.e. credit cards, consumer loans, structured loans).

For each sector selected above, please indicate the amount of spending per sector  
N.B. please see the cell at the end of the line to check if the total is correct

For each sector selected above, please indicate the proportion of spending per sector (e.g. 25%).  
N.B. please see the cell at the end of the line to check if the total is correct

	2910 Manufacture of motor vehicles	2911 Manufacture of electric motor vehicles	5021 Inland passenger water transport	4322 Other passenger land transport	4950 Personal urban mobility solutions	4750 Retail sale of automotive fuel in specialized stores
	30%	20%	25%	10%	5%	5%

**Screenshot 8: Deep-dive into consumer credit**



▶ [Click here to watch a demo of this feature](#)

**Q.** What about customers whose accounts, loans, deposits and transactions are in reality linked to a business activity?

**A.** If you are able to track such cases as well as the sectors/activities they are associated with, you can obtain a more granular and accurate representation of impacts by capturing this part of your business via the 'Business Banking' section of the 'Cartography' worksheet. Consider doing this if you find a significant portion of portfolio is made up of such cases.

### 2.1.2.b. Business, Corporate & Investment Banking

Business, Corporate and Investment banking is first and foremost about delivering products and services to **enterprises**: small and medium enterprises in the case of Business banking, larger and international enterprises in the case of Corporate and Investment banking. These enterprises will operate across a multitude of sectors. For this reason, **the Tool requires selection from the whole of the sector lists (ISIC or other). Volumes are captured via outstanding loans.**

Australia	0151 Sugar Cane Growing	0122 Vegetable Growing (Under Cover)	0133 Berry Fruit Growing	0152 Cotton Growing	0160 Dairy Cattle Farming
<p><b>a. What are the sectors of the bank's clients or client activities?</b> Please select from the drop down list. Where the bank's clients / client activities are spread among multiple sectors, start with sectors that are in the top 10 of the portfolio (in the country). Please refer to the ISICs List on the next worksheet for ease of reference.</p> <p><b>b. What is the volume of the business line in each country ?</b> Please indicate the amount of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p> <p><b>c. What portion of the bank's business banking portfolio in the country does each sector represent?</b> Please indicate as a percentage of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p>	5%	10%	5%	30%	20%

**Screenshot 9: Sector selection (Business Banking)**

**Q. Do all clients and deals need to be accounted for? There are only 30 slots available per country; the business banking portfolio is extremely diverse, and the corporate and investment banking portfolios are also diverse – how can I appropriately capture the impacts associated to the portfolio?**

**A. Business banking portfolio**

Please prioritise on the basis of two factors:

- i.** the size / portion of your business in the different sectors/activities
- ii.** the systemic importance of the different sectors/activities. Please refer to the 'Sector Lists' and the 'Key Sector Mapping' worksheets to this effect. This mapping provides insights as to which sectors and activities are key in terms of achieving and/or undermining the different impact areas. Sectors or activities that do not show on the mapping could be omitted in favour of others that do feature on the mapping, especially if they feature on multiple front (e.g., agriculture).

**Corporate banking portfolio**

Please prioritise on the basis of two factors:

- i.** the sectors of the bank's biggest clients. Note, some sectors may rapidly dwarf others (e.g., oil & gas, metals & mining) in terms of revenue by virtue of the sheer size of the clients, but not in terms of number of clients or other indicators of volume. Select at less granular levels of the sector lists (ISIC or other) to avoid creating blind spots in your impact identification. See also the question below on sector selection.
- ii.** the systemic importance of the different sectors/activities. Please refer to the 'Sector Lists' and the 'Key Sector Mapping' worksheet to this effect. This mapping provides insights as to which sectors and activities are key in terms of achieving and/or undermining the different impact areas.

**Investment banking portfolio**

Please prioritise on the basis of two factors:

- i.** the sectors of the biggest deals in the portfolio.
- ii.** the systemic importance of the different sectors/activities. Please refer to the 'Sector Lists' and the 'Key Sector Mapping' worksheet to this effect. This mapping provides insights as to which sectors and activities are key in terms of achieving and/or undermining the different impact areas.

**Q. At what level of granularity should I be doing sector selection?**

**A.** This will be dictated by the type of sectors and activities that are present in your portfolio. E.g., if a specific subset of a sector is predominant in your portfolio as opposed to the sector as a whole, you should select at a more granular level. If you are involved in activities across a sector (e.g., crop production/animal raising, forestry, and fishing/aquaculture, and/or you also have a number of other sectors and activities to capture, you will need to select at a less granular level.

Note that less granular selection may result in impact associations being reflected that do not apply to you; this should be reviewed and commented on in the Profile worksheet under section 3 'Review and interpretation' so as to facilitate better decision-making regarding the most significant impact areas.

**Q. How do I convert from the industry classification used in my bank to ISIC and vice versa?**

**A.** The Tool is operational in NACE, NAICS and ANZIC in addition to ISIC. Correspondence tables exist between most national classification systems and ISIC. These correspondence tables have been built on to cover the additions that have been made to ISIC. You can use these to guide your conversion to other industry classifications.

NB. You should be classifying and converting based on the sector of the client, not on type of financial product or service provided. For instance, mortgage amounts are likely to be a readily available data set; they should not be translated as 'Real Estate' or 'Construction' but broken down by the sectors of the clients benefiting from the mortgages.

**Q. What should I do if a client is involved in more than one sector?**

**A.** Unlike under business banking, corporate banking clients often have a multi-sector profile. In such cases, as a first step, ensure that you are capturing your client's core sector. If the client's activities are related (e.g., several activities within the manufacture of vehicles), selecting at a less granular level of the sector lists (ISIC or other) will enable you to capture more aspects and hence impacts of the client's activity. For a fuller and more accurate identification of sector-driven impacts of multi-sector companies, you will need to first collect the data concerning their different sectors of activity and then aggregate it for input into the Tool. The 'Cartography' worksheet within the [UNEP FI Corporate Impact Analysis Tool](#) can be used to gain an understanding of the companies' various sectors of activity and countries of operation (sales, production, sourcing). See the insert below for further guidance.

**Q. Are there other indicators I can use to capture the volumes of my Investment Banking activities?**

**A.** The indicators in the Tool were chosen based on what can provide the best indication of impact. If you have difficulties in gathering data with the stipulated indicators you can start by using what you have available – the important thing is to start. If you use other indicators, as a rule of thumb try to align with what you use in your financial reporting as this data will be well documented.

While Total bond amount over the full bond period divided by the number of Mandated Lead Arrangers (MLAs)/Total amount raised divided by the number of Mandated Lead Arrangers are recommended, other options for investment banking are deal value and deal revenue. The first two indicators will give the most accurate depiction of amounts that are actually having an impact. Deal value may not reflect shared deals and therefore overstate amounts having an impact. Deal revenue is a financial metric and less accurate in terms of measuring impact.

Whichever indicator you use in fine be sure to use the same indicator consistently across the business line.

**Q. Deep-diving on clients with multi-sector profiles and/or clients with significant involvement in countries beyond the bank's countries of operation: Which clients should I review?**

**A.** Deep-diving doesn't necessarily mean reviewing every single client. Make a selection based on the following criteria:

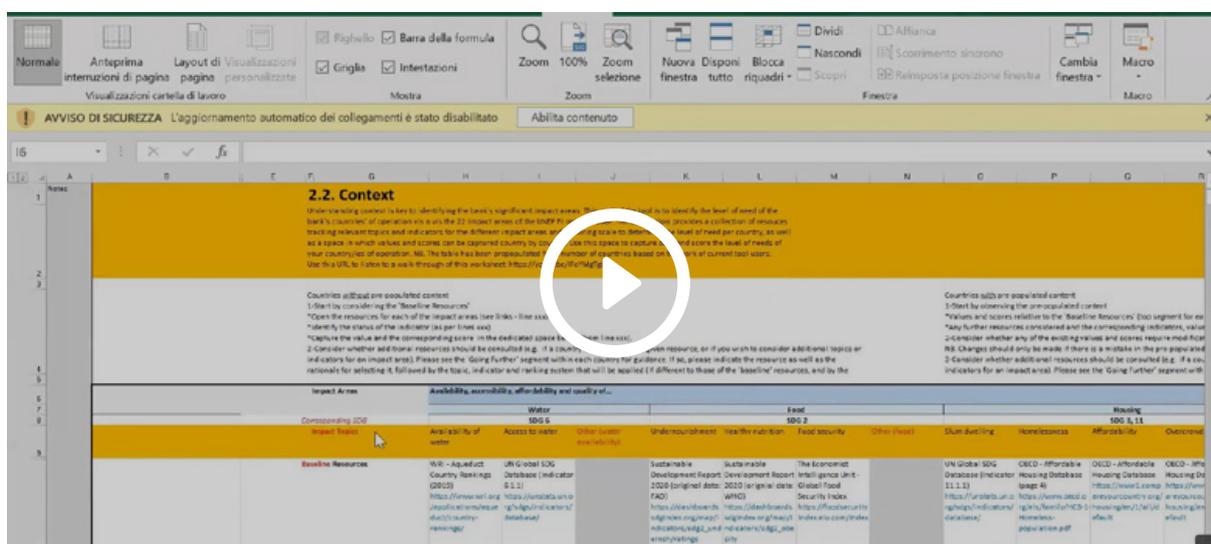
- i.** The sectors of the bank's biggest clients. A small number of clients is likely to account for a large part of the portfolio. Note, some sectors may rapidly dwarf others (e.g., oil & gas, metals & mining) in terms of revenue, but not in terms of number of clients or other indicators of volume. To address this, consider the clients that make up the greater part of the book in each sector you are servicing. Also bear in mind the next two criteria.
- ii.** The systemic importance of the companies' sectors/activities. You should prioritise clients from sectors that are key to one or more impact areas. The more impact areas a sector is key for the more relevant it is to include them in your selection. Please refer to the 'Sector Lists' and the 'Key Sector Mapping' worksheet to this effect. This mapping provides insights as to which sectors and activities are key in terms of achieving and/or undermining the different impact areas.
- iii.** the systemic importance of the client: prioritise clients that are leading companies in their sector and/or top tier companies in a given country.

## 2.2 Understanding Context: Mapping of Country (and/or Local) Needs

In this Tool, Impact Needs are the environmental, social and economic needs of the countries and locations in which the bank operates. Understanding these is an integral part of impact identification and assessment, because banks are expected to prioritise impact areas where this the highest level of needs as regards their countries/locations of operation.

This part of the process is covered in the 'Context' worksheet in the Tool, which enables you to map needs at two levels:

- Country Level (yellow lines)
- Local Level (green lines)



► [Click here to watch a demo of the country needs assessment process](#)

**Q. Should I be mapping needs at both the country and the local level?**

**A.** Each country has a distinct combination of environmental, social and economic attributes – for instance some countries, by virtue of their size may present a lot of diversity in the types of physical environments they present (different climates, land types and uses, wildlife), others may have very specific mix of communities and/or socio-economic groups. Mapping needs at the local level can therefore be important, especially if your bank is operating in a single country and if portfolios are made up principally of consumer and business banking business activities. For those banks with highly international operations and clients local level needs information is also relevant, however the volume of data to collect may become considerable and so a country level focus is a good starting point.

## 2.2.1 Country Level Needs

The first part of the worksheet contains a collection of resources tracking relevant indicators for the different impact areas, combined with a scoring scale and additional guidance to determine the level of need per impact area and per country. The scoring range is from 1 to 4, with 1 representing a low level of need and 4 representing a very high level of need.

These resources were collated collaboratively by the UNEP FI secretariat and members, based on the UNEP FI Impact Radar (list of impact areas, lines 7–8). Resources were selected based on:

- their ability to capture the different impact areas
- the credibility of the source organisation
- their scope (where possible, the map has sought to capture resources that are global in scope)
- their on-going availability (i.e., the resource is regularly updated)

These resources constitute a baseline framework for country needs assessment and remains open to updates and revisions based on user experience and stakeholder feedback (see more below).

Impact Areas	Availability, accessibility, affordability and quality of...						
	Water			Food			
Corresponding SDG(s)	SDG 6			SDG 2			
Impact Topics	Availability of water	Access to water	Other (water availability)	Undernourishment	Healthy nutrition	Food security	Other (food)
<b>Baseline Resources</b>	WRI - Aqueduct Country Rankings (2019) <a href="https://www.wri.org/applications/aqueduct/country-rankings/">https://www.wri.org/applications/aqueduct/country-rankings/</a>	UN Global SDG Database (Indicator 6.1.1) <a href="https://unstats.un.org/sdgs/indicators/database/">https://unstats.un.org/sdgs/indicators/database/</a>		Sustainable Development Report 2020 (original data: FAO) <a href="https://dashboards.sdgindex.org/map/indicators/sdg2_undernsh/ratings">https://dashboards.sdgindex.org/map/indicators/sdg2_undernsh/ratings</a>	Sustainable Development Report 2020 (original data: WHO) <a href="https://dashboards.sdgindex.org/map/indicators/sdg2_obesity">https://dashboards.sdgindex.org/map/indicators/sdg2_obesity</a>	The Economist Intelligence Unit - Global Food Security Index <a href="https://foodsecurityindex.eiu.com/index">https://foodsecurityindex.eiu.com/index</a>	
<b>Metrics &amp; scoring</b>	Baseline water stress (ratio of total water withdrawals to available renewable water supplies)	Proportion of population using safely managed drinking water services		Prevalence of undernourishment in the total population	Prevalence of obesity in the total population	Food security (composite index: availability, affordability, quality & safety+risk adjustment)	
1 (low need)	< 1 (low)	>99%		< 7.5% (SDG accomplished)	< 10% (SDG accomplished)	>70 low food insecurity	
2 (moderate need)	1-3 (medium)	85%-99%		7.6-11.9 % (challenges remain)	10.1-17.9 % (challenges remain)	71-60 mild food insecurity	
3 (high need)	3-4 (high)	70%-84.9%		12-14.9% (significant challenges remain)	18-24.9% (significant challenges remain)	59-45 moderate food insecurity	
4 (very high need)	> 4 (extremely high)	<70%		>15% (major challenges remain)	>25% (major challenges remain)	<45 high food insecurity	

### Screenshot 10: Baseline framework for country needs assessment

Underneath the collection of resources is the space to capture the level of need of each country selected in the Scoping worksheet, per impact area. For ease of use all selected countries are displayed automatically. This space is split into three segments:

- the **first segment** is to capture data from the baseline resources and to apply the corresponding scoring range.

For each country, see if needs have already been assessed (see the 'Values (default)' and 'Scores (default)' lines)

**If the needs for a given impact area have already been assessed:** you can choose to use the default values and scores and replicate the proposed scoring in the lines beneath ('changes to values' and 'confirmed need scores' lines). It is recommended that you double-check the default values as these are taken from the assessments of existing users 'as is'.

**If the needs haven't been mapped yet:** Access the resources provided for each of the impact areas (use the links), identify the status of the indicator/s (as per the scoring range and thresholds provided) and capture the values and scores in the dedicated space in the table ('Changes to values' and 'Confirmed scores').

Impact Areas	Availability, accessibility, affordability and quality of...						
	Water SDG 6			Food SDG 2			
Corresponding SDG(s)							
Impact Topics	Availability of water	Access to water	Other (water availability)	Undernourishment	Healthy nutrition	Food security	Other
Baseline Resources - Values (default)	2,67	98,8006	no default value	2,5	29	81,4	no def
Baseline Resources - Need scores (default)	2	2	no default need score	1	4	1	no def
Baseline Resources - Changes to Values		2,67	98,8006		2,5	29	81,4
Baseline Resources - Confirmed need scores	2	2	[please select a score]	1	4	1	2

**Screenshot 11: Mapping needs at the country level with the baseline resources**

- **the second and third segments** are to consider resources beyond the baseline resources

The baseline resources may present certain gaps. For instance, some countries may not be covered. There are also nuances in country needs that may not be captured with the baseline resources alone. Users of the Tool have started to fill some of these gaps by considering additional resources and consulting with relevant stakeholders. These resources, the indicators that they track, and the corresponding values and scores are captured in the second segment 'Further Resources'. As with the first segment it is recommended that values be double-checked. Any corrections can be captured in the 'Changes to values' and 'Confirmed scores' lines. If you do not make any changes, remember to confirm the default scores under 'Confirmed scores'. The third segment, 'Additional Resources' enables you to capture entirely new resources not covered under the 'Baseline' or the 'Further' resources.

The overall score for each impact area is then automatically filled by the Tool, using the highest need score per impact area.

Impact Areas	Availability, accessibility, affordability and quality of...				
	Water SDG 6				
Impact Topics	Availability of water	Access to water	Other (water availability)	Undernourishment	Healthy nutrition
Further resources considered for default need	no further resources available	no further resources available	no further resources available	no further resources available	no further resources available
Further resources - Topics and metrics	no topic/metric available	no topic/metric available	no topic/metric available	no topic/metric available	no topic/metric available
Further Resources - Values (default)	no default value	no default value	no default value	no default value	no default value
Further Resources - Need scores (default)	no default need score	no default need score	no default need score	no default need score	no default need score
Further Resources - Changes to Values					
Further Resources - Confirmed need scores	[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]
Going further		Consider specific location (rural?)		Consider specific location (rural?)	Consider specific location (rural?)
Additional Resources					
Additional Resources - Topics and metrics					
Additional Resources - Values					
Additional Resources - Need scores	[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]

Screenshot 12: Mapping needs at the country level beyond the baseline framework

**Q. What if there is more than one resource per impact area? Does the Tool average out the scores?**

**A.** Where there are two or more resources for an impact area, the highest score (i.e., highest level of needs) between the two is retained. Scores are not averaged as this would make specific needs areas less visible; the purpose of the needs assessment is not to establish a ranking between countries but to help you identify opportunities to reduce negative impacts and increase positive impacts.

**Q. What if the baseline resource provided does not cover a country I wish to assess? Or there is no resource provided for a given indicator?**

**A.** Some countries may be missing from certain indices and maps. Users are invited to seek equivalent resources (e.g., from local or regional sources) for these cases. Similarly, there are a couple of indicators for which currently no global resource has been identified and where users are invited to seek information locally.

**Q. What if I want to include resources and data beyond the baseline resources and the further resources identified by prior Tool users?**

**A.** Users are encouraged to consider additional resources in order to take into account country specificities; some guidance on this is provided under 'Going Further' in the 'Further resources' segment.

NB. Remember that all new resources should be documented under 'Additional resources' and signalled to UNEP FI so that they can be considered for the next update.

**Q. Are the framework and the contents of the table (values and scores) updated? What is the process?**

**A.** Yes. These are updated by the UNEP FI Secretariat on a regular basis, based on user experiences and any stakeholder feedback received. Updates include: scorings for additional countries, adjustments to existing scorings as a result of more in-depth assessments, adjustments to the framework to ensure resources are up-to-date and/or to provide additional resources and guidance. The Tool with the updates is made available on the UNEP FI website where it can be freely downloaded. These updates are intended to take place every six months.

## 2.2.2 Local Level Needs

For each country it is possible to map needs at the local level for up to 5 locations. If you have selected locations in the 'Scoping' and 'Cartography' worksheets these will be available to you in the form of a drop-down list within each of the corresponding countries, after the lines for country level mapping.

Impact Areas		Availability, accessibility, affordability and quality of...						
Corresponding SDG(s)		Water SDG 6			Food SDG 2			
Impact Topics		Availability of water	Access to water	Other (water availability)	Undernourishment	Healthy nutrition	Food security	Other (food)
Baseline Resources	Baseline Resources - Topics and metrics	no resources available	no resources available	no resources available	no resources available	no resources available	no resources available	no resources available
	Baseline Resources - Values (default)	no topic/metric available	no topic/metric available	no topic/metric available	no topic/metric available	no topic/metric available	no topic/metric available	no topic/metric available
	Baseline Resources - Need scores (default)	no default value	no default value	no default value	no default value	no default value	no default value	no default value
	Baseline Resources - Changes to Values	no default need score	no default need score	no default need score	no default need score	no default need score	no default need score	no default need score
Additional Resources	Baseline Resources - Confirmed need scores	[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]
	Additional Resources - Topics and metrics							
	Additional Resources - Values							
Additional Resources - Need scores		[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]	[please select a score]
Scores per Impact Area		0	0	0	0	0	0	0

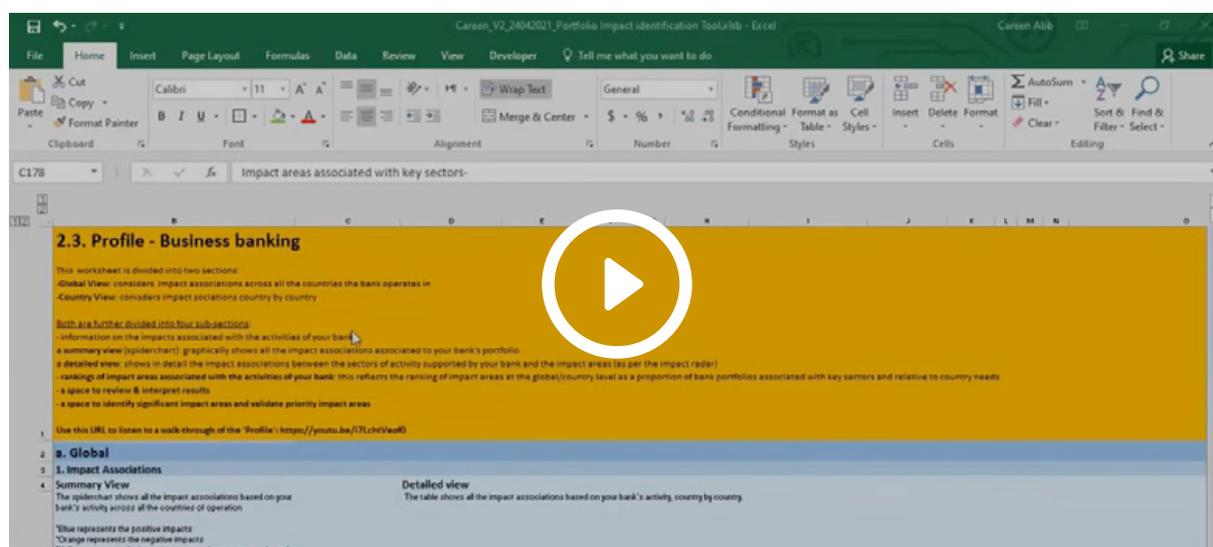
**Screenshot 13: Mapping needs at the local level**

This space is split into two segments.

- The **first segment, 'Baseline resources'** shows any resources and corresponding values and scores already collated by previous Tool users. As at the country level it is recommended that values be double-checked. Any corrections can be captured in the 'Changes to values' and 'Confirmed scores' lines. If you do not make any changes, remember to confirm the default scores under 'Confirmed scores'.
- The **second segment, 'Additional resources'** is to consider resources beyond those considered in the first segment by previous users of the Tool.

## 2.3 Review of Portfolio Impact Profiles & determination of most significant impact areas

This is the final step in the impact identification phase and is covered in the 'Profile' worksheets of the Tool.



▶ [Click here to watch a demo of the impact profiles and the process to determine most significant impact areas](#)

There is one 'Profile' worksheet per business line (Consumer banking, Business banking, Corporate banking, Investment banking, plus one add-on for consumer credit and a 'Summary' worksheet that covers all the different business activities). Each worksheet provides a series of visual representations of the impacts associated with the bank's activities, based on the bank data captured under the 'Cartography' worksheet. Specifically, the Profile worksheets are comprised of 2 parts:

- A 'Global View': this shows the impact associations across all the countries the bank operates in (as specified in the 'Cartography' worksheet)
- A series of 'Country Views': these show the impact associations country by country for all countries mapped in your analysis (i.e., up to 15 per business line)

Each section (Global and Country Views) is subdivided into four parts:

### 2.3.1 Impact Associations

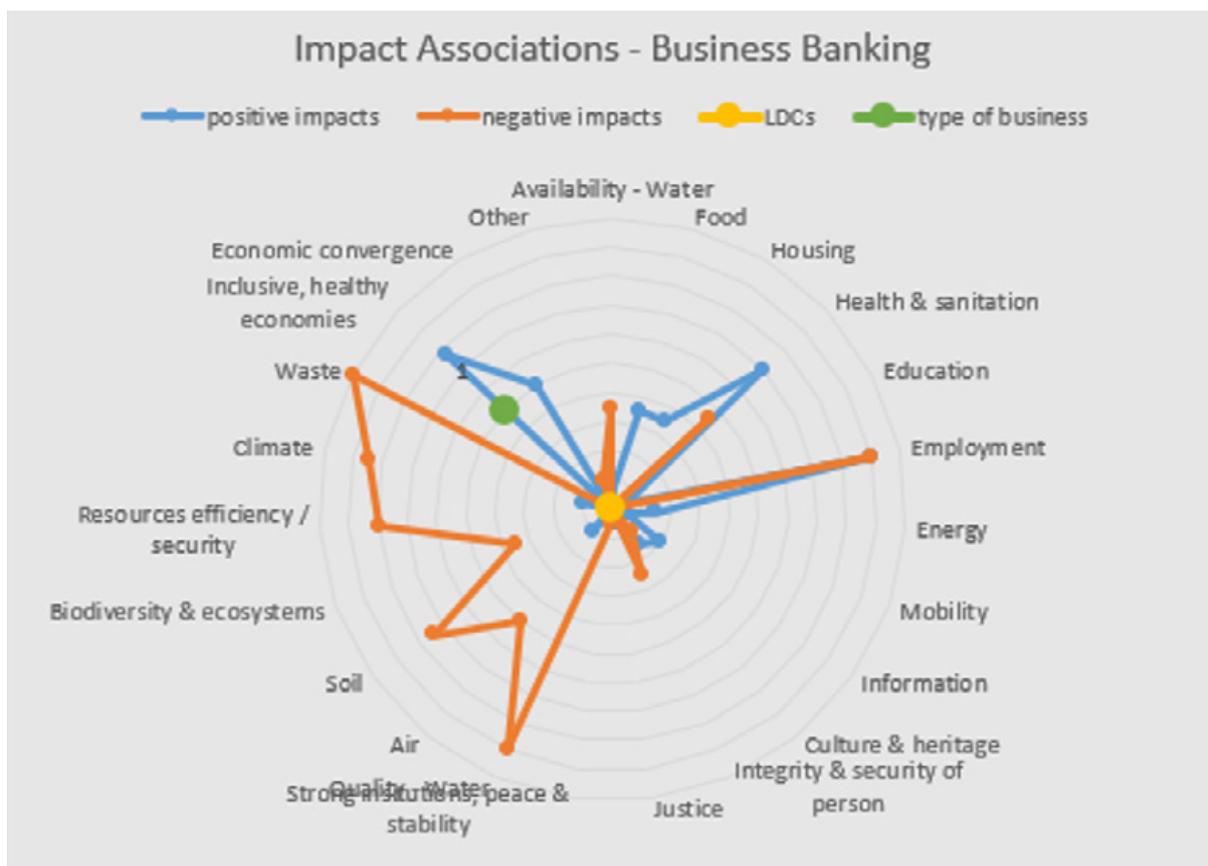
This contains:

- a summary view:** this is a chart that shows all the impact areas associated to your bank's portfolio for the corresponding geographic scope (i.e., global or country-specific). The chart also shows which impact areas are associated with a greater or lesser part of the portfolio.

For the Business, Corporate and Investment banking portfolios, this is always shown as a spider chart, where you can see the percentage of the portfolio to

which the different impact areas are associated. Positive associations are shown in blue, negative associations are shown in orange. The global view also includes a yellow dot and a green dot. The yellow dot indicates the percentage of the portfolio in LDCs, the green dot indicates the percentage of the portfolio linked to SMEs.

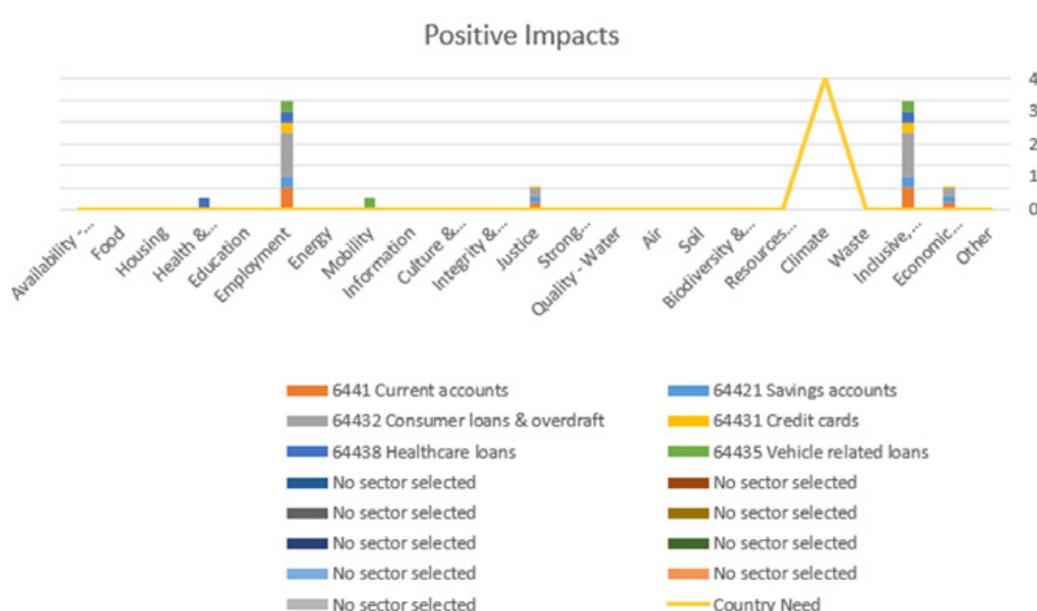
If your bank operates only in one country, the summary chart will look the same under the global view and the country view.



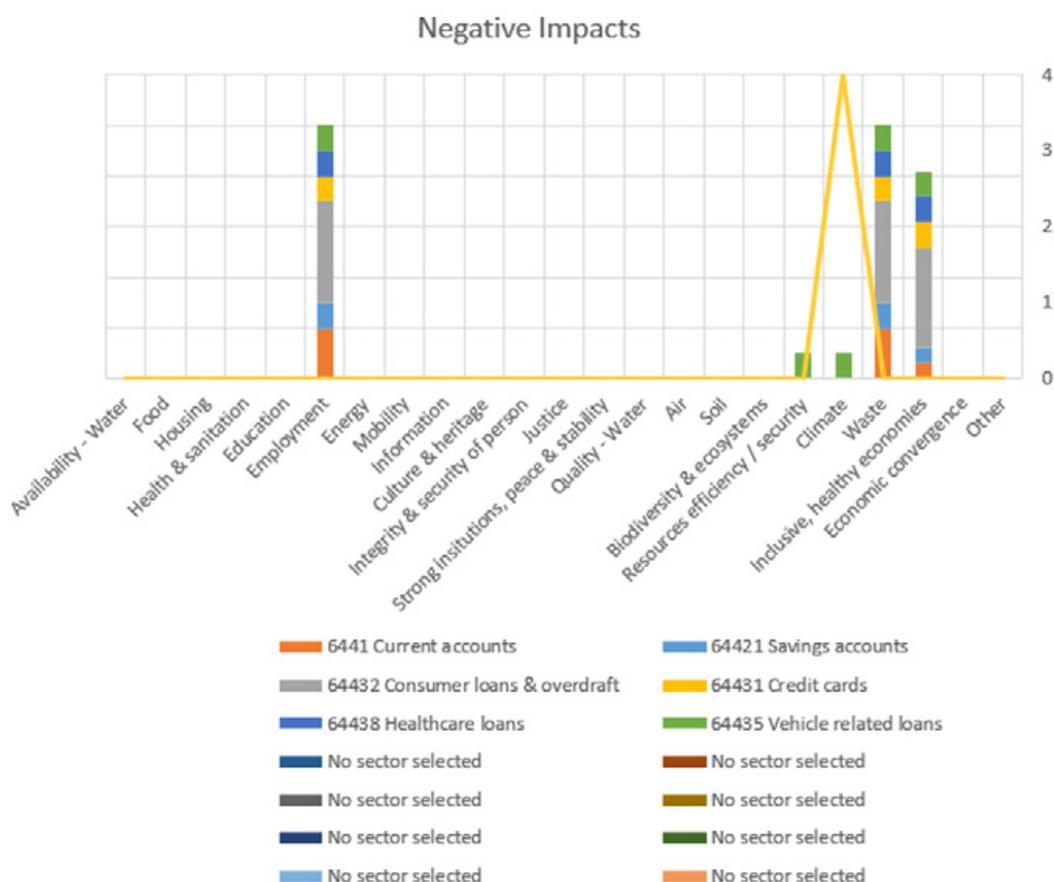
**Screenshot 14: Summary view of Impact Associations (Business Banking/global view)**

For the Consumer banking portfolio, the global view is also shown as a spider chart. The country views, however, are shown in the form of a bar chart, where the product and client types associated with the different impact areas are represented by different colours within each bar and with each bar representing a different impact area. The size of each colour is based on the number of clients associated with each impact area. Positive and negative associations are shown in two separate bar charts. In addition, a yellow line indicates the level of need of the country vis a vis each impact area (as captured under the 'Context' worksheet). The Y axis on the right represents the scoring range (1–4) used to this end.

Also, an additional spider chart specifically shows consumer credit impact associations; this chart is included both in the general consumer banking Profile worksheet and the consumer credit specific Profile worksheet.



**Screenshot 15: Summary view of positive Impact Associations (Consumer Banking/country view)**



**Screenshot 16: Summary view of negative Impact Associations (Consumer Banking/country view)**

Note that the associations shown are based on sector and location data only at this point: they are therefore potential rather than actual associations (see below).

- ii. **a detailed view:** this is a table that shows where the impact associations shown in the summary view come from.

For the Business, Corporate and Investment banking portfolios, all the sectors/activities supported by the bank (as captured in the 'Cartography' worksheet), as well as the corresponding percentage of the portfolio, are listed vertically. The 22 impact areas of the Impact Radar are listed horizontally, and you can view which sectors/activities are associated with which impact areas. The figures inside the table simply replicate the percentage of the portfolio associated with each sector/activity. Where the figure is bolded, this means that the sector is a 'key sector' for the said impact area (see more below).

**Detailed view**

The detailed view shows the impact associations between your bank's sector of activity and the impact areas.  
The associations in bold reflect key sectors

ANZSIC Industry Classification	ISIC Section/Division/Group/Class	%	Impact areas	Impact areas		
				Availability - Water	Food	Housing
0151 Sugar Cane Growing	*0151 Sugar Cane Growing	5%	positive impacts negative impacts	5%	5%	
0122 Vegetable Growing (Under Cover)	*0122 Vegetable Growing (Under Cover)	10%	positive impacts negative impacts	10%	10%	
0133 Berry Fruit Growing	*0133 Berry Fruit Growing	5%	positive impacts negative impacts	5%	5%	

**Screenshot 17: Detailed view of Impact Associations (Business Banking/country view)**

For the Consumer banking portfolio, the product and client types of the bank (as captured in the 'Cartography' worksheet), as well as the corresponding percentage of clients, are listed vertically. The 22 impact areas of the Impact Radar are listed horizontally, and you can view which products and clients are associated with which impact areas. The figures inside the table simply replicate the percentage of clients associated with each sector/activity.

The detailed view in the consumer credit Profile worksheet follows the same logic as the Business, Corporate and Investment banking portfolios.

**Detailed view** The table shows the impact associations specific to Country Need

NACE Industry Classification	ISIC Section/Division/Group/Class	%	Impact areas	Availability - Water	Food	Housing	Health & sanitation	Education	Employment	Energy
#6441 Current accounts	6441 Current accounts	20%	positive impacts negative impacts						20%	
	Unspecified	30%	positive impacts negative impacts						20%	
	Low-income populations	30%	positive impacts negative impacts							
	Middle/income populations	10%	positive impacts negative impacts							
	High-income populations	30%	positive impacts negative impacts							

**Screenshot 18: Detailed view of Impact Associations (Consumer Banking/country view)**

The global view shows an aggregated view per country. The countries of operation of the bank, as well as the corresponding percentage of the portfolio (both as captured in the 'Cartography' worksheet), are listed vertically. The 22 impact areas of the Impact Radar continue to be listed horizontally. Inside the table the values for each impact area have been weighted by the portfolio share of the corresponding country. The calculations can be viewed on the far-right hand side.

Country	%	Impact areas	Availability - Water	Food	Housing	Health & sanitation	Education	Employment	Energy
Australia	60%	positive impacts negative impacts	0.10 0.70	0.70	0.10	1.00 0.50	0.10	1.00	0.10
New Zealand	40%	positive impacts negative impacts			0.60	0.40		0.80	0.20

**Screenshot 19: Detailed view of Impact Associations (Business Banking/global view)**

### 2.3.2 Ranking of impact areas

There are up to three sections here. First is a table that lists the impact areas with which the bank's portfolio is associated, with those impact areas associated with the largest portion of the portfolio listed first and those associated with smallest portion of the portfolio listed last. The impact areas are ranked twice, to reflect both positive and negative impact associations.

For the country views within each profile, the table also shows the level of country need for each of the impact areas. Wherever the level of need is level 3 or 4 (high or very high), the impact area shows in bold.

For the Business, Corporate and Investment banking portfolios, as well as for consumer credit, the list includes only those impact areas where the portfolio contains sectors/activities that are 'key' for the said impact areas (see more below).

To note that in the general consumer banking Profile worksheet, the ranking does not show the proportion of portfolio but only the level of country needs.



- the 'Sector/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with the sectors and activities in the ISIC industry classification code are mapped out for the 22 impact areas of the Impact Radar. This mapping builds on the IFC's EHS Guidelines, as well as UNEP FI's Risk Briefings. When a sector/activity is associated with an impact area, a '1' shows in the corresponding cell or cells (one cell if there is only a positive or only a negative association, two cells if there is both a positive and a negative association). If the sector is 'key sector' for the impact area, a '2' shows. The list of 'key sectors' per impact area, along with the justification and supporting research can be seen in the 'Key Sector Map' worksheet. Key sectors are also highlighted in the 'Sector Lists' worksheet. The maps will be further refined and updated over time based on engagement with experts, as well as to take into account user experience.

Level	ISIC Section	ISIC Division	ISIC Group	ISIC Class	Key	Value chain	ImpactType	Availability	Availability - Water	Food	Food F	Housing	Housing C
A 01	011	0111	Agriculture, forest crop and animal pro	Growing of non- Growing of cereals (except rice), leg Y	primary	Positive						2	access to food
A 01	011	0111	Agriculture, forest crop and animal pro	Growing of non- Growing of cereals (except rice), leg Y	primary	Negative	2	may contribute to scarcity of drinking water and/or contamination					
A 01	011	0112	Agriculture, forest crop and animal pro	Growing of non- Growing of rice	primary	Positive						2	access to food
A 01	011	0112	Agriculture, forest crop and animal pro	Growing of non- Growing of rice	primary	Negative	2	may contribute to scarcity of drinking water and/or contamination					

### Screenshot 21: Extract from Sector/Impact Map

Impact Area (as per PI Impact Radar)	Key Sectors			negative	
	positive	What industries are most critical to the impact area? What industries are best positioned to significantly drive the impact area in the future?	negative	What industries are most at risk of / likely to undermine the impact area?	References
Health & sanitation	DIAGNOSIS AND TREATMENT	References	Illustration	Sectors	References
<p>Population's ability to live in a state of physical, mental and social well-being, including but not limited to the absence of disease or infirmity. This includes the ability to access quality essential health-care services and effective facilities and services that ensure privacy and dignity, ensuring a clean and healthy living environment for all (WHO, UN-Water).</p> <p>The sectors that have the most significant impact on health (both positive and negative) are Transport, Food and Agriculture, Housing, Waste, Energy, Industry, Urbanization, Water, Radiation, Nutrition and health, WHO. The determinants of health. See chapters 2-9 for a detailed description. <a href="https://www.who.int/data/indicators/dsh/index.html">https://www.who.int/data/indicators/dsh/index.html</a></p> <p>Additional References:            IFPIA (2017) The pharmaceutical industry and global health. <a href="https://www.ifpia.org/wp-content/uploads/2017/02/IFPIA_Facts-And-Figures-2017.pdf">https://www.ifpia.org/wp-content/uploads/2017/02/IFPIA_Facts-And-Figures-2017.pdf</a>            Our World in data. Financing healthcare. <a href="https://ourworldindata.org/financing-healthcare">https://ourworldindata.org/financing-healthcare</a>  <a href="https://ourworldindata.org/indicators/dsh/index.html">https://ourworldindata.org/indicators/dsh/index.html</a></p>					

### Screenshot 22: Extract from Key Sectors Map

The Consumer banking profiles also pull from:

- The 'Client/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with different client types are mapped out for the 22 impact areas of the Impact Radar.

	Type of impact	Culture & heritage	Integrity & security of person	Justice	Strong inclusions, peace & stability	Biodiversity & ecosystems	Resources efficiency / security	Climate	Waste	Economic value creation
Individuals	Low-income populations Middle-income populations Middle-income populations High-income populations				1 financial inclusion drives equality					Individuals' a Individuals' a Individuals' a Individuals' a

### Screenshot 23: Extract from the Client/Impact Map

**Q. Do the profiles show my bank's actual impacts?**

**A.** No. The profiles illustrate your bank's **potential impacts**, not its actual impacts. At this point of the analysis only descriptive data and set impact mappings have been used; no performance data has been involved yet – this is what happens next, in the second, 'Assessment' phase.

**Q. Why does the profile for Consumer banking look different?**

**A.** For technical reasons. The Consumer banking profiles pull from both the Sector/Impact Map (for the impacts associated with the products and services themselves) and the Client/Impact Map (for the impacts associated with the type of clients of the bank). This means there were too many variables to a spider chart to be drawn up, and the stacked bar charts were drawn up instead as a result.

### 2.3.3 Review & Interpretation

This part is designed to enable users to critically review the results displayed in the previous two parts. Do any of the results seem surprising? For instance, do any impact areas seem more or less prominent than you might have expected? The auto-generated charts and rankings are only as accurate as the data inputted in the 'Cartography' and 'Context' worksheets. Please review the guiding questions to review the outputs and assist with their interpretation. Use the open comment box to describe your review process and keep a record of your analysis (i.e., review findings and observations, actions taken).

**3. Review & Interpretation**

*The above charts and rankings are only as accurate as the data inputted in A. Cartography and B. Country Needs. Accuracy will increase with the level of granularity reached in the data input. Please consider the following questions*

*\*How granular was your sector selection under A.Cartography? If your selection was made wholly or partly at level one (e.g. A - Agriculture) it is possible that the outputs above are showing impact associations that do not apply to your portfolio. Please review any such cases; are there any sectors/activities that have been included as a result of level one selection that do not apply (see the 'SIC+' worksheet for ease of reference)? If so, are these associated to a very different set of impact areas than the rest? Refer to the Sector/Impact map for guidance. If so, consider adjusting your data input under A.Cartography accordingly. Either way, please describe your review process, findings and adjustments below. Please refer to the User Guide for further guidance.*

*Please describe your review process here (i.e. review findings and observations, actions taken).*

*\*How granular was your country needs assessment? Do you have an assessment of country needs for all impact areas? Did you go beyond the generic resources of the in-built country needs framework? Did you consider local specificities? If not, consider fine-tuning the country needs analysis further, in particular for any impact areas where there are very specific country specificities (e.g. specific ethnic/other communities, specific environmental challenges, etc.)*

*\*Have you considered the needs of countries that may not be countries of operation for your bank but are core to your biggest clients?*

*Please describe your review process here (i.e. review findings and observations, actions taken).*

**Screenshot 24: Review and Interpretation section (Corporate Banking)**

**Q. How come the spider charts show both positive and negative associations for some of the impact areas?**

**A.** This is not a mistake. All sectors have both positive and negative impacts. The chart simply shows that the bank is involved in sectors that have a positive impact on the impact area/s as well as sectors that have a negative impact. Note that some sectors can have both positive and negative impacts on different aspects of a single impact area.

**Q. How come the 'Employment' impact area is so prominent?**

**A.** Access to employment is a cross-cutting impact to all sectors. Likewise, all sectors can potentially generate issues with working conditions. However, not all sectors are 'Key Sectors' for access to employment or for issues relating to employment conditions; this means that the prominence of the 'Employment' impact area is likely to diminish in part 2 'Rankings', which considers only those associations triggered by 'Key Sectors'.

**Q. What should I do if upon review I find that some of the impact associations do not in fact apply to my portfolio?**

**A.** Review the 'detailed view' carefully to see which sectors have triggered which impact areas. What is the level of granularity at which the sector was selected? If selection was made at a very generic level (e.g., level 1 of ISIC), but that your bank is in fact not involved in all the sub-sectors/sub-activities of that level, some of the associations pulled from the sector/impact map may not be applicable. In this case you may want to go back into the 'Cartography' worksheet to select your sectors at a more granular level. Alternatively make a note of the inapplicable impact associations in the comment box.

NB. At this stage of the analysis actual impacts are **not** verified. This means that your determination of significant impact areas (see next part of the worksheet), should not be affected by the impact management strategies that your clients may already be implementing to avoid, mitigate or compensate their negative impacts. These considerations should be reflected in the Phase II – Assessment, which includes a review of impact performance.

**Q. I don't understand / don't agree with some of the impact associations. What can I do?**

**A.** If you have comments on the sector/impact map (from which the results of the Tool are generated), please contact the Secretariat with your specific observations. These will be considered in the context of the next periodic review of the sector/impact map.

### 2.3.4 Selection of Significant Impact Areas

While the Profile worksheets provide a range of visualisations of the impacts associated with the bank’s activities and puts them into the context of the impact needs of the bank’s countries (and specific locations) of operation, ultimately it is for the user to make the determination of which impact areas are the bank’s most significant impact areas.

Based on the rankings by involvement in key sectors and country needs, and your review and interpretation of these, it is now time to proceed to conclusions regarding the bank’s most significant impact areas.

Most significant impact areas can be established at the global and/or at the country level based on the following considerations:

- impact areas with the highest levels of country and/or location needs (level 3 or 4)
- impact areas associated with large parts of the bank’s portfolio
- impact areas associated with countries and or sectors where the bank is a market leader

Note that for Consumer Banking the selection of significant impact areas is always done in the general consumer banking Profile worksheet (not in the consumer credit specific Profile worksheet). If you are tracking consumer credit, consider the contents of the consumer credit Profile worksheet, and then go back to the general consumer banking Profile worksheet to proceed with the selection of significant impact areas.

In order to proceed to Phase 3 – Impact Assessment, please ensure to ‘validate’ the impact areas. Only validated impact areas will be auto-carried to the ‘Performance’ worksheets.

**4. Selection of Significant Impact Areas**

*Based on the rankings by involvement in key sectors and country needs shown above, please identify the bank’s significant impact areas so as to then proceed to Phase II Assessment, where a review of performance vis a vis these impact areas will enable you to determine your Most Significant Impact Areas. Significant impact areas can be established based on the following considerations:*

- impact areas with the highest levels of country needs
- impact areas associated with large parts of the bank’s portfolio
- impact areas associated with countries and or sectors where the bank is a market leader

Significant Impact Areas <small>Please proceed to sections 3 and 4 below before selecting</small>	Impact associations	Justification	validation	Justification
Availability - Water	Negative		Climate	
Biodiversity & ecosystems	Negative		Availability - Water	
Climate	Negative		Biodiversity & ecosystems	
Resources efficiency / security	Negative			
Waste	Negative			
Food	Positive			
[please select an impact area]	[please select]			
[please select an impact area]	[please select]			
[please select an impact area]	[please select]			
[please select an impact area]	[please select]			
[please select an impact area]	[please select]			
[please select an impact area]	[please select]			

**Screenshot 25: Selection of Significant Impact Areas (Business Banking)**

NB. The listing of most significant impact areas is based on the bank’s judgement and cannot be attributed to UNEP FI.

**Q. How do I decide which significant impact areas to validate?**

**A.** Ideally you would validate all significant impact areas for a comprehensive review of impact performance. This may however be difficult to accomplish in the first rounds of impact analysis. In this case, please continue to apply the same criteria as for the identification of most Significant Impact Areas. In addition, you may wish to consider the following strategies:

- Impact areas for which your portfolio presented only/mostly negative impact associations (focus on ‘do no significant harm’)
- Impact areas with strong connections to other impact areas (focus on impact efficiency)

### Summary worksheet

This worksheet gives an overview of all the individual business line Profiles in one place. It displays the ‘Global Level’ spider charts, detailed views and rankings.

### 3. Phase 3 – Impact Assessment

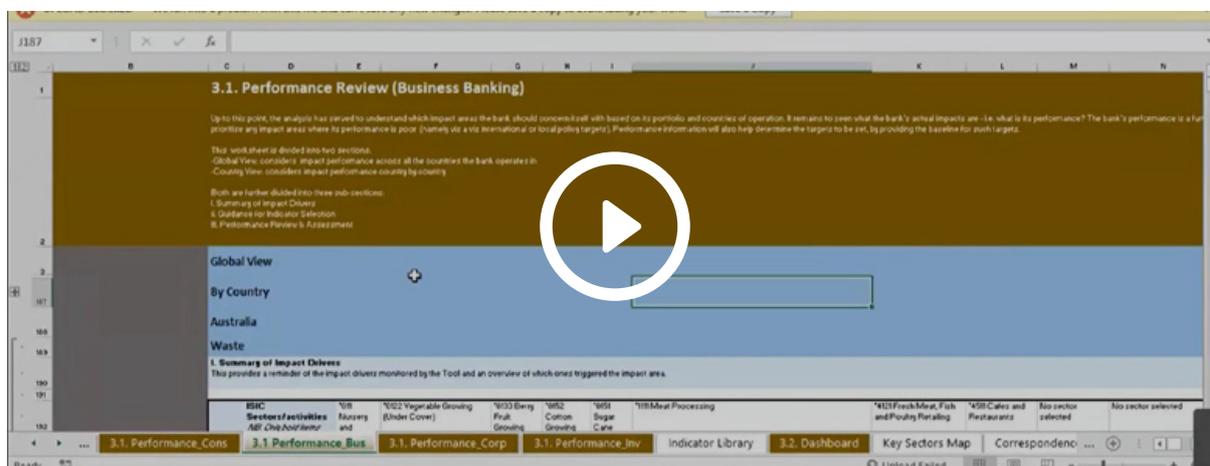
Phase 3 – Impact Assessment	
<p><b>3.1 Performance review</b></p> <p>By Significant Impact Area:</p> <ol style="list-style-type: none"> <li>Summary of Impact Drivers</li> <li>Performance Indicators</li> <li>Performance Values</li> <li>Performance Assessment</li> </ol>	<p><b>3.2 Dashboard</b></p> <ol style="list-style-type: none"> <li>Selected impact areas/topics and corresponding SDGs</li> <li>Selected indicators, targets and timeframes</li> <li>Action points</li> </ol>

**PRB Signatories:**  
 This section enables you to be compliant with the ‘Salience’ aspect of your impact analysis requirements

Up to this point, the analysis has served to understand which impact areas the bank should concern itself with based on the contents of its portfolio and countries of operation. It remains to be seen what the bank’s actual impacts are – i.e., what is its performance? Once the most significant impact areas of the bank have been determined, the next step is to understand what the status of performance is, so as to further prioritise impact areas, determine specific impact topics, and to help decide adjust what financial and extra-financial targets to take. This second phase is called ‘assessment’ in the Tool.

The assessment phase is covered in two parts within the Tool:

- **3.1 ‘Performance’ worksheets**, in which the user will collect data on the bank’s performance vis a vis its Most Significant Impact Areas (as determined in the Identification Phase).
- **3.2 The ‘Dashboard’ worksheet**, which displays the banks most significant impact areas alongside any identified targets.



▶ [Click here to watch a demo of the impact assessment phase](#)

### 3.1 Performance worksheets

There is one ‘Performance’ worksheet per business line. For each business line, the bank’s most significant impact areas, as previously identified and validated, are listed. Where applicable, these are listed at both the global and country level. In both cases, the workflow is then organised as follows, impact area by impact area:

#### 3.1.1 Summary of impact drivers

This provides a reminder of the impact drivers monitored by the Tool and an overview of which ones triggered the impact area.

Australia							
Climate							
I. Summary of Impact Drivers							
This provides a reminder of the impact drivers monitored by the Tool and an overview of which ones triggered the impact area.							
I M P A C T  D R I V E R S	ISIC Sectors/activities <i>NB. Only bold items apply</i>	*0151 Sugar Cane	*0122 Vegetable Growing (Under Cover)	*0133 Berry Fruit Growing	*0152 Cotton Growing	*0160 Dairy Cattle	*1111 Meat Processing
	ANZSIC Sectors/activities	0151 Sugar Cane	0122 Vegetable Growing (Under Cover)	0133 Berry Fruit Growing	0152 Cotton Growing	0160 Dairy Cattle	1111 Meat Processing
	Impact type	negative	negative	negative	negative	negative	negative
	Location Type <i>(if low-income country)</i>	N/A					
	Impact type	N/A					
	Client Type	yes					
	Impact type	N/A					

Screenshot 26: Summary of Impact Drivers (Business Banking/country view)

### 3.1.2 Guidance for Indicator Selection

This section is your gateway to the 'Indicator Library' worksheet. It shows you which resources contained in the library have relevant content for the impact area. It also provides instructions on how to navigate the Library and locate the relevant metrics.

**II. Guidance for Indicator Selection**  
 This section is your gateway to the 'Indicator Library' worksheet. It shows you which resources contained in the library have relevant content for the impact area. It also provides instructions on how to navigate the Library and locate the relevant metrics.  
 Note that indicators not in the Library can also be used (see next section).

**Instructions to use the Indicator Library**

- 1) Use filters of columns B-E to select your sectors of activity within a given country.
- 2) Use filter of column D to select your impact area.
- 3) Use filter of column F to choose the relevant standards. See the table opposite to see which standards have impact management capability and outcome indicators/metrics for this impact area and make your choice accordingly.  
*All SASB Standards are copyrighted and free to use for non-commercial use, such as this tool and corporate disclosure. Other users cases may require permission from SASB. Please contact [licensing@sasb.org](mailto:licensing@sasb.org) and visit <https://www.sasb.org/licensing-use-of-sasb-standards/>*
- 4) Have a look at columns AB and AC to see the available indicators/metrics and their respective description.
- 5) For each indicator you would like to use, copy the respective identification number under column Z (metric index) and paste it in the notepad below.

**Available indicators & metrics**

Name	Description	Link	Type of indicators	
			Management capabilities	Outcomes
CDP	CDP runs a global disclosure system by which investors, companies, cities, states and regions can self-report on their environmental impacts and by which the self-reported environmental data is collected and made available in the form of ENLURE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool developed by the Natural Capital Finance Alliance in partnership with UNEP-WCMC to help users better understand and visualise the impact of environmental change on the economy. It guides users in understanding how businesses across all sectors of the economy potentially depend and impact on nature, and how these potential dependencies and impacts might represent a business risk.	<a href="https://www.cdp.net/en">https://www.cdp.net/en</a>	Yes	Yes
Encore		<a href="https://encore.naturalcapital.finance/en">https://encore.naturalcapital.finance/en</a>	No	Yes
EU Taxonomy - Adaptation			No	No
EU Taxonomy -	The EU taxonomy for sustainable activities is a classification system, establishing a list of environmentally sustainable economic activities. It currently covers i) activities that can make a substantial contribution to Climate change mitigation and ii)	<a href="https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-">https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-</a>	Yes	Yes

Screenshot 27: Content and instructions for indicator selection in the Indicator Library

**Q. What resources are contained in the Indicator Library?**

**A.** The following are currently included:

- Disclosure frameworks: GRI, SASB, CDP, TCFD
- Impact Investor and Development Bank resources: IRIS+ and HIPSO
- Taxonomies: EU Adaptation and Mitigation Taxonomies
- Other: ENCORE

### 3.1.3 Performance Review & Assessment

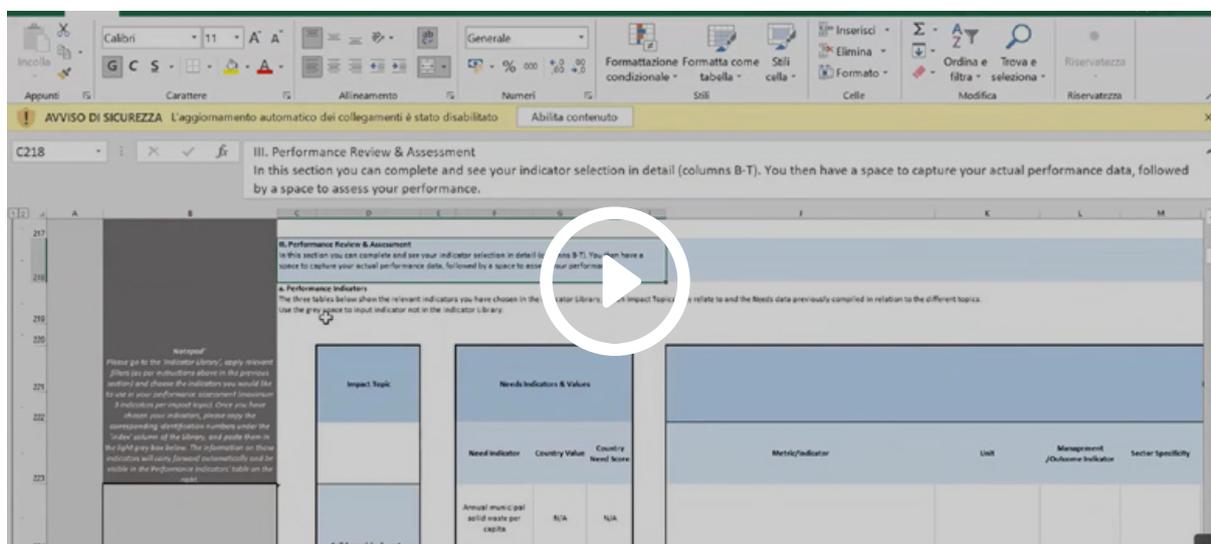
In this section there are three key steps:

#### 3.1.3.a. Selection of relevant indicators

You can either select indicators from the Indicator Library by using the ‘Note Pad’ on the left-hand side of the worksheet, and/or you can manually input indicators, if you fail to find what you need in the Library.

Performance Indicators											
Metric/Indicator	Unit	Management /Outcome Indicator	Sector Specificity	Regional Specificities	Level of analysis	Normative direction	Threshold goal	Related impacts	Available methodologies	Standard	
Did you have an emissions target that was active in the reporting year?	NA	Management Capabili	Cross-cutting	NA	NA	Undefined	NA	NA	NA	CDP	
Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e. Provide details of your net-zero target(s).	NA	Management Capabili	Cross-cutting	NA	NA	Undefined	NA	NA	NA	CDP	
Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.	NA	Mixed	Cross-cutting	NA	NA	Undefined	NA	NA	NA	CDP	
Did you have emissions reduction initiatives that were active within the reporting year? Make that this can include those in the information	NA	Management Capabili	Cross-cutting	NA	NA	Undefined	NA	NA	NA	CDP	

Screenshot 28: Compilation of performance indicators



▶ [Click here to watch a demo of how to input indicators from the Indicator Library](#)

**Q. How can I know what indicators to choose?**

**A.** Feasibility and relevance should be your guiding principles. Data availability is of course one component of indicator selection; however a core concern should be the relevance of the indicator in relation to needs. A summary of the needs assessment conducted under Phase 2 – Impact Identification is included on the ‘Performance’ Worksheet to facilitate cross-referencing.

Impact Topic	Needs Indicators & Values		
	Need Indicator	Country Value	Country Need Score
Climate risk	Climate risk based on the extent to which countries and regions have been affected by impacts of weather-related loss events (return)	N/A	3
	N/A	N/A	4
	N/A	N/A	N/A

*You can use the grey lines to insert additional indicators and values for the above topic.*

**Screenshot 29: Needs Indicators and Values**

**Q. How many indicators should I select per impact area?**

**A.** There is no ideal number for indicator selection but selecting more than one indicator can often be necessary to gain a meaningful view of performance. For instance, GHG emissions will be tracked differently across different sectors or assets (per square meter, per installed capacity, etc.). While you may not be able to collect data across all applicable indicators you may wish to select to ‘pre-select’ indicators for measurement to take place further down the line. The Performance worksheets have capacity for a maximum of 3 indicators per impact topic taken from the library plus 2 additional indicators of your choice per impact topic.

**Q. Should I select at the global or the country level?**

**A.** If your bank is operating across several countries, you can select at either level. While ultimately the aim is to manage the bank’s impact across all its geographies, you may need a more geographically specific starting point, in which case you can prioritise country level selection. For some business activities, such as investment banking, where clients are likely to be large international companies, indicator selection at the global level will be more appropriate.

### 3.1.3.b. Collection of Performance Data

Once the indicators are selected the bank’s performance can be measured or calculated. The Indicator Library provides some pointers to available measurement and calculation methodologies. Values and comments can be compiled in the Tool for the full business line or for a sub-set of the portfolio. The workflow allows for data capture and monitoring over multiple years

Orient further research and data collection. Impact areas where the bank’s performance is unknown or not clearly understood should become the focus of more attention and research so as to ensure a full understanding of where the bank’s stands on its most significant impact areas.

### 3.1.3.c. Performance Assessment

Now that performance data has been compiled, it is important to assess and contextualise this information as the next step towards understanding whether this should be a priority area for target-setting. If so, assessment and contextualisation will also help determine the nature of the target.

To assess performance relevant thresholds are needed. This can be provided directly by some of the resources in the Indicator Library (typically the EU Taxonomies). Where this is not the case, the country needs data is a good alternative starting point. You may wish at this point to refine the needs assessment to consolidate the assessment of your bank’s performance.

Space is provided in the workflow to capture tentative targets. Targets can be ‘validated’ once confirmed, in which case they will display in the final ‘Dashboard’ worksheet.

Performance Values & Targets													
Across the business lineY1							Across the business lineY2						
Value/Status	Measurement methodology (if applicable)	Assessment	Possible Target	Possible Timeframe	Validation	Comments	Value/Status	Measurement methodology (if applicable)	Assessment	Possible Target	Possible Timeframe	Validation	Comments
			target 1	2 years	Yes								[please select]
					[please select]								[please select]
					[please select]								[please select]
					[please select]								[please select]
					[please select]								[please select]
					[please select]								[please select]
					[please select]								[please select]

Screenshot 30: Performance Values and Targets

**Q. Should I be exploring targets for all the impact areas and all the indicators I have selected and used to collect performance data?**

**A.** No, not necessarily. The purpose of your data collection exercise is to understand your actual impacts and the level of your performance so as to inform action. Not all indicators tracked need be the object of a subsequent target. Note that the PRB minimum requirement is for 2 targets.

**Q. How should I decide which impact areas to set targets against and which indicators to choose?**

**A.** Continue to apply the criteria used in Phase 2 – Impact Identification, based on needs, business volume and efficiency. In addition, now that you have a view of your performance vis a vis different impact areas and topics, use this additional information to prioritise impact areas where the bank's performance is poor.

For more guidance on target-setting, please consult the PRB guidance documents.<sup>2</sup>

**Q. How should I decide which targets to validate?**

**A.** Validating an impact target in the Tool simply means it will be carried forward to the 'Dashboard' worksheet, where action points can be attributed to different teams and progress monitored over time. You may have explored a number of potential / possible targets, but you may not be able to act on all of them at once. If this is the case, then validate the subset of targets which you will be acting on first. Continue to apply the same prioritisation criteria.

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2 [unepfi.org/banking/bankingprinciples/resources-for-implementation/guidance-on-gender-equality/](https://unepfi.org/banking/bankingprinciples/resources-for-implementation/guidance-on-gender-equality/)

### 3.2 Dashboard worksheet

This final worksheet provides a birds-eye view across all business activities. For each business line the worksheet displays any significant impact areas for which the user has validated one or more targets in the “Performance” worksheets. The targets are displayed together with the time frame for completion, and space is provided to determine action points for different teams within the bank. The Dashboard can cover up to three consecutive years to allow users to monitor progress over time

Australia											
Impact Area: Climate											
Year 1											
Impacts	Target		Target		Target		Target		Action Point		Comments
	Across the business line		Subset N.1		Subset N.2		Subset N.3		Who		
Impact Topics	What	Timeframe	What	Timeframe	What	Timeframe	What	Timeframe	Who	What	Comments
Climate risk	Target 1	1 year	Target 2	2 years	N/A	N/A	Target 3	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
Co2 emissions per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
Other (climate)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
no additional topics available	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	[please select]		

Screenshot 31: Dashboard content for one impact area (Business Banking/country level)

# E. Reporting on Impact Analysis

## 1. Reporting on impact analysis in the context of the Principles for Responsible Banking

The Portfolio Impact Analysis Tool for Banks was designed specifically to support signatories to the Principles for Responsible Banking (PRB) in achieving Principle 2:

‘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.’

Specific PRB requirements as regards impact analysis are outlined in the following documents:

- i. Key Steps to be Implemented by Signatories<sup>3</sup>
- ii. PRB Reporting Template<sup>4</sup>

The PRB Key Steps state that signatories should:

“Analyse where your bank has significant positive and negative impacts on society, the environment and the economy. Then identify where your bank can realize the greatest positive impacts and reduce significant negative impacts.” (see full excerpt in the Annex).

The reporting template specifically requires:

“**Show** that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements: Scope, Scale of exposure, Context and Relevance, Scale and intensity/salience of impact.”

Based on the above requirements and following the structure of the PRB reporting template, Table 4 below is a mapping between the Tool components and specific PRB reporting requirements.

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3 [unepfi.org/wordpress/wp-content/uploads/2019/07/Key-Steps-to-be-Implemented-by-Signatories.pdf](https://www.unepfi.org/wordpress/wp-content/uploads/2019/07/Key-Steps-to-be-Implemented-by-Signatories.pdf)

4 [unepfi.org/prb-reporting-and-self-assessment-template/](https://www.unepfi.org/prb-reporting-and-self-assessment-template/)

PRB Requirements & Reporting Template	Portfolio Impact Analysis Tool
<p><b>Show</b> that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:</p> <p><b>a. Scope:</b> The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p><b>b. Scale of Exposure:</b> In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p><b>c. Context &amp; Relevance:</b> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p><b>d. Scale and intensity/salience of impact:</b> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services.</p> <p>(Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)).</p>	<p><b>a. Scope:</b> The Tool workflow specifically includes a review of the bank’s different business areas and countries of operation (see ‘Cartography’ segment of Phase 2 – Impact Identification); this ensures that the analysis is focused on the bank’s core business.</p> <p><b>b. Scale of Exposure:</b> The Tool workflow specifically requires users to capture the industries, technologies and geographies that the bank is exposed to and the scale of that exposure (see ‘Cartography’ segment of Phase 2 – Impact Identification).</p> <p><b>c. Context &amp; Relevance:</b> The Tool workflow specifically requires users to capture the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates (see ‘Context’ segment of Phase 2 – Impact Identification).</p> <p>The impact analysis as a whole is directly dependent on the identification of the bank’s core business activities, its different exposures, and the context in which it operates.</p> <p><b>d. Scale and intensity/salience of impact:</b> The Tool methodology singles out areas where the scale/ intensity/salience of impacts is highest. This is done vis a vis sectors/technologies via the ‘Sector/Impact map’ and ‘Key sector mapping’, which single out sectors and activities that are ‘key’ to different impact areas/topics. Such ‘key sectors’ are prioritised in the identification of most significant impact areas. Scale/salience/intensity is also captured vis a vis the bank’s countries of operation (based on the level of income of the country) and vis a vis the typology of the bank’s clients (see ‘Client/Impact map’). Finally, the scale of the bank’s actual impacts are reviewed in the second phase of the analysis (“Impact Assessment”), where the bank assesses its performance vis a vis its most significant impact areas (see “Performance” worksheets).</p>
	<p><b>Stakeholder engagement:</b></p> <p>It is expected that relevant stakeholders be engaged as part of the process of completing the analysis; for instance, public authorities and civil society organisations, including academia, can be called on to consolidate the determination of country impact needs, while industry and topic experts might be called on in finessing users’ assessment of their impact performance.</p>

**Table 4: PRB Reporting Requirements & Corresponding Portfolio Tool Components**

# F. Annexes

## Annex 1. UNEP FI Impact Radar

### 1.1 About the Radar

The Impact Radar was developed through UNEP FI's Positive Impact Initiative in 2018. The Radar offers a holistic set of 22 impact areas across the three pillars of sustainable development, as per Figure 4 below. The impact areas are defined based on internationally recognized standards and definitions, including the SDGs, as per Table 5 below.



Figure 4: UNEP FI Impact Radar

CATEGORY	DEFINITION
<b>Availability, accessibility, affordability and quality (degree to which a set of inherent characteristics fulfils needs) of...</b>	
<b>Water</b>	Population's accessibility to sufficient, safe, acceptable and affordable water for personal, domestic and economic uses. Safe water is water free from micro-organisms, chemical substances and radiological hazards that constitute a threat to a person's health. <b>International source:</b> United Nations Office of the High Commissioner for Human Rights (OHCHR), UN-Water
<b>Food</b>	Population's accessibility, physical, social and economic, to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life. <b>International source:</b> Food and Agriculture Organization of the United Nations (FAO)
<b>Housing</b>	Population's accessibility to adequate, safe and affordable housing: a place where to live in security, peace and dignity. <b>International source:</b> OHCHR, UN-Habitat
<b>Health and sanitation</b>	Population's ability to live in a state of physical, mental and social well-being, including but not limited to the absence of disease or infirmity. This includes the ability to access quality essential health-care services and effective, quality and affordable essential medicines and vaccines. It also includes sanitation, which refers to population's accessibility to facilities and services that ensure privacy and dignity, ensuring a clean and healthy living environment for all. <b>International source:</b> World Health Organization (WHO), UN-Water
<b>Education</b>	Population's ability to access quality education and lifelong learning opportunities in an inclusive and equitable way. This refers to accessibility for all to elementary education, free and compulsory; and to technical, professional and higher education, as made available, equally accessible to all on the basis of merit. <b>International source:</b> Universal Declaration of Human Rights; United Nations Educational, Scientific and Cultural Organisation (UNESCO)
<b>Employment</b>	Population's accessibility to full and productive employment and decent work, which delivers a fair income, security in the workplace, social protection for families, and involves prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment. <b>International source:</b> The International Labour Organisation
<b>Energy</b>	Population's accessibility to modern energy, to include: household access to a minimum level of electricity and to safer and more sustainable cooking and heating systems; access to energy enabling productive economic activity, and to modern energy for public services, such as health facilities, schools and street lighting. <b>International source:</b> Organisation for Economic Co-operation and Development (OECD), International Energy Agency (IEA)
<b>Mobility</b>	Population's accessibility to safe, affordable, inclusive, efficient and sustainable mobility and transport systems and infrastructure. <b>International source:</b> The World Bank

CATEGORY	DEFINITION
<b>Information</b>	<p>Population's accessibility to information and ideas through any media regardless of frontiers. This includes universal and affordable access to information and communications technology.</p> <p><b>International source:</b> Universal Declaration of Human Rights, UNESCO, United Nations General Assembly</p>
<b>Culture and heritage</b>	<p>Population's ability to access and participate in cultural life, to enjoy the arts and to share in scientific advancement and its benefits. This includes the safeguarding and promotion of cultural heritage in all its forms: tangible and intangible, cultural and natural, movable and immovable.</p> <p><b>International source:</b> UN General Assembly, Universal Declaration of Human Rights, UNESCO</p>
<b>Integrity and security of person</b>	<p>Population's ability (read as ability of the person) to enjoy freedom from injury to the body and mind; freedom from torture and cruel, inhuman or degrading treatment or punishment; freedom from slavery and servitude. It also includes data security, data privacy and protection.</p> <p><b>International source:</b> United Nations General Assembly, Universal Declaration of Human Rights, United Nations Human Rights Committee, United Nations Development Group</p>
<b>Justice</b>	<p>Population's ability to access justice in an equal and inclusive way.</p> <p><b>International source:</b> United Nations General Assembly</p>
<b>Strong institutions, peace and stability</b>	<p>Population's ability to benefit from effective, accountable and inclusive institutions, which support the expansion of rule of law, and overall political and economic stability. Protection from corruption and bribery in all their forms, illicit financial and arms flows, all forms of organized crime and interference with rule of law; and recovery and return of stolen assets.</p> <p><b>International source:</b> United Nations General Assembly, Human Rights Council, OECD</p>
<b>Quality (physical and chemical composition and properties) and/or efficient use of...</b>	
<b>Water</b>	<p>Quality, understood as the physical, chemical, biological, and taste-related properties of water, as well as the quantity of surface water and groundwater.</p> <p><b>International source:</b> United Nations, European Commission, International Monetary Fund, OECD, World Bank</p>
<b>Air</b>	<p>Quality of ambient (outdoor) and household (indoor) air as exposed to contaminant or pollutant substances that do not disperse properly and that interfere with human health and welfare, or produce other harmful environmental effects.</p> <p><b>International source:</b> United Nations Statistics Division, WHO</p>
<b>Soil</b>	<p>Composition of soil and its ability to deliver ecosystem services, in terms of food production, as biodiversity pools and as a regulator of gases, water and nutrients. Exposure to pollutants and factors that may interfere with this ability and soil stability.</p> <p><b>International source:</b> United Nations Glossary, FAO, European Environment Agency</p>
<b>Biodiversity and ecosystems</b>	<p>Variety of living organisms from all sources including, terrestrial, marine and aquatic ecosystems and the ecosystems they are part of. This includes diversity within species, between species and of ecosystems.</p> <p><b>International source:</b> United Nations, Convention on Biological Diversity</p>

CATEGORY	DEFINITION
<b>Resource efficiency/ security</b>	Efficient use of limited, non-renewable natural resources (which cannot be regenerated after exploitation) and renewable natural resources (which can return to their previous stock levels by natural processes of growth or replenishment) in the process of exploiting nature for production and consumption purposes. Can also be read as resource security.  <b>International source:</b> United Nations Glossary, International Resource Panel
<b>Climate</b>	Composition of the global atmosphere and its exposure to greenhouse gas (GHG) emissions as a direct factor contributing to climate change.  <b>International source:</b> Intergovernmental Panel on Climate Change
<b>Waste</b>	Ability to manage waste, including the control, monitoring and regulation of the production, collection, transport, treatment and disposal of waste, and the prevention of waste production through in-process modifications, reuse and recycling during a project lifecycle. This includes waste reduction.  <b>International source:</b> United Nations Glossary, United Nations General Assembly
<b>Economic value creation for people and society as a means for meeting human needs within the confines of our environment</b>	
Inclusive, healthy economies	Development and creation of sustainable, diverse and innovative markets, that add value to society and the economy. This includes under-served social groups' full and fair accessibility to labour markets, finance and entrepreneurship and, more generally, economic opportunity. It also includes, but is not limited to, access to affordable, effective and safe financial services for individuals as well as micro-, small and medium-sized enterprises.  <b>International source:</b> European Bank for Reconstruction and Development, OECD, United Nations Special Advocate for Inclusive Finance, United Nations Development Programme, SDGs
Economic convergence	Ability of countries to reduce inequality at the level of average per capita income.  <b>International source:</b> United Nations Department of Economic and Social Affairs

**Table 5: Impact Area definitions and sources**

## 1.2 How do the impact areas relate to the SDGs?

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. The reason for these variations is simply to respond to the mechanical needs of holistic impact analysis. The Goals capture a consensually agreed set of aspirations and as such inevitably carry a number of contractions or overlaps. To support holistic impact analysis, distinct impact areas are required. As a result, there are slightly more impact areas than SDGs.

Thus SDG 14 – Life below water and 15 – Life on land are expressed as ‘Ecosystems & biodiversity’ and are also covered by ‘Water’ and ‘Soil’. SDG 8 – Decent Jobs and Economic growth is broken down into ‘Employment’ and ‘Health & inclusive economies’ in order to capture the multiple facets of both components. Likewise, SDG 11 – Sustainable cities and communities, is broken down into a number of constitutive needs, such as ‘Housing’, ‘Mobility’, and ‘Culture and Heritage’, among others.

Figure 5 below shows how the 22 impact areas of the Impact Radar map to the 17 SDGs.

<b>People, planet, prosperity: Integrated and indivisible</b>	Availability, accessibility, affordability and quality of...	Water (access)					
	Food						
	Housing	 					
	Health & sanitation	 					
	Education						
	Employment						
	Energy						
	Mobility	 					
	Communication & Information	  					
	Culture & heritage	 					
	Integrity & security of person	 					
	Justice & Equality	  					
	Strong institutions, peace & stability	 					
Quality (physical and chemical properties) and efficient use of...	Water (quality)	  					
	Air	  					
	Soil	 					
	Biodiversity & ecosystems	 					
	Resources efficiency/security	    					
	Climate						
	Waste	   					
Economic, value creation for people and society	Economic convergence	  					
	Inclusive, healthy economies	 					

Figure 5: The 22 Impact Areas of the UNEP FI Impact Radar & the SDGs

## Annex 2. Key concepts

### Bank Cartography

Overview of the bank's business activities, countries of operation and sectors of involvement.

NB. For the purpose of this Tool, the terms 'banking activities', 'bank portfolio' and 'bank business line' are often used interchangeably. The bank activities covered by the tool have been categorized into four main categories: Consumer Banking, Business Banking, Corporate Banking and Investment Banking.

### Countries of Operation

In this Tool the bank's countries of operation are those where the bank is incorporated or has an otherwise registered presence.

### Holistic Impact Analysis

Holistic impact analysis is the process of identifying the impact areas that can be positively and/or negatively impacted by an entity and/or activity, and of assessing the entity's and/or the activity's impact performance vis a vis its most significant impact areas.

It distinguishes itself by the systematic consideration of positive and negative impacts across the three pillars of sustainable development. It is undertaken with a view to anticipating and managing unintended consequences, and to leveraging the interconnectedness of impact areas in order to develop innovative business solutions with better cost to impact ratios.

### Impacts

An impact is the effect or influence of one person, thing or action on another (New Oxford Dictionary).

### Impact Areas and Topics

Impact areas are the "themes" of the impacts. The impact areas used in this Tool are derived from the UNEP FI Impact Radar (PII, 2018), a compilation that covers the three pillars of sustainable development (economic, environmental, social). Most impact areas can be broken down into one or more impact topics, which are 'sub-themes' of the impact areas. Thus, 'access to food', 'food quality' and 'food security' are all impact topics within the broader impact area of 'food'.

### Impact Assessment

In this Tool, impact assessment is the process by which the bank's performance vis a vis its most significant impact areas, as determined via impact identification, are reviewed with a view to prioritizing impact areas and, ultimately, setting or reviewing targets.

## Impact Drivers

Impact drivers are the sources of impact. This Tool considers three drivers of impact:

- Sectors (i.e., types of economic activities that the bank supports, including technological variations)
- Client types (e.g., individuals, SMEs, corporates, sovereigns, etc.)
- Geography

Each of these drivers has been mapped out to the 22 impact areas in a series of impact mappings, all of which are based on existing research where available, and open to on-going consolidation via consultation with relevant stakeholders and experts.

## Impact Identification

In this Tool, impact identification is the process by which the bank's significant impact areas are identified, as a basis for performance assessment and the definition of priority impact areas (namely for target-setting).

## Impact Indicator / Metric

The words "metric" and "indicator" are used here interchangeably.

A metric is a standard of measurement.<sup>5</sup> Metrics are used to measure the state of something at a point in time. Repeated measurement makes it possible to determine change over time.

## Impact Management

Impact management covers all actions taken to drive positive impact and reduce negative impacts: identifying significant impacts, measuring them, setting appropriate targets, taking action to reach those targets, monitoring their attainment, constantly improving processes and outcomes/performance, communicating both on process and performance. Effective impact management is a function of the quality of the governance, resources and processes established by the bank to reduce its negative impacts and increase its positive impacts.

## Impact Needs

Impact needs are the environmental, social and economic needs of the countries in which the bank operates.

Understanding these is an integral part of impact identification and assessment.

## Impact Performance

A bank's impact performance is its actual delivery of positive impacts and management of negative impacts. It can be quantitatively and/or qualitatively measured per impact area through indicators and metrics. It is judged relative to specific targets and benchmarks (e.g., as set by policy goals and targets or in industry standards). The bank's impact performance is considered during Impact Assessment in order to establish its priority impact areas.

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5 Merriam Webster Online Dictionary

## Impact Profile

The Tool generates impact profiles per bank portfolio. The profiles provide an overview of significant impact areas based on the bank's business activities, the sectors it supports and the countries it is operating in. Impact profiles do **not** reflect the bank's impact performance.

## Impact Targets

Setting meaningful impact targets, where it matters most, is what the bank is enabled to do at the end of the Impact Identification and Impact Assessment processes.

Meeting these targets will require further impact analysis, namely at the client level.

## Key Sectors

Key sectors are sectors/activities which are key to one or more Impact Areas. This means when they are indispensable to fulfilment of an Impact Area: (referred to as Key 'positive'), or when they are severely undermining an Impact Area: (referred to as Key 'negative'). Sectors/activities are deemed key when the scale, intensity and/or probability of the impact association is high.

## Sectors

For the purpose of this Tool, sectors are areas of activity; the Tool is based on the ISIC industry classification, to which a few additions have been made to reflect new areas of activity that have emerged or to provide a more granular break/down in certain sectors. The Tool enables the use of other industry classifications, based on conversion tables with ISIC.

## Significant Impact Area

A significant impact area for a bank is one where there is a strong relationship between the impact area and the bank's current and/or future business. This is a function of a bank's business activities, the sectors it supports and the countries in which it and its clients operate.

Where there is a high level of need vis a vis an impact area in the country/ries of operation of the bank, and where the core business activities of the bank and/or the main sectors it supports are key to this impact area (e.g., the energy sector and climate change, or agriculture and food security), this impact area will be among the most significant impact areas of the bank.

By understanding their most significant impact areas, banks can take action and set targets where they can deliver the most impact.