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User Guide

Investment Portfolio Impact Analysis Tool

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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
- Investment Portfolio Impact Analysis Tool
- Corporate Impact Analysis Tool
- Real Estate Impact Analysis Tool

About the Investment Portfolio Impact Analysis Tool

The Investment Portfolio Impact Analysis Tool was developed by UNEP FI to enable signatories to the Principles for Responsible Banking (PRB) to meet their requirements under Principle 2 on impact analysis, namely as a basis for meeting their subsequent requirements under Principle 3 on target-setting. It complements the Bank Portfolio Impact Analysis Tool which focuses on Consumer, Business, Corporate and Investment Banking.

The development process was conducted collaboratively through a Working Group of UNEP FI member banks.

The methodology was derived from UNEP FI's unique holistic approach to impact and the SDGs, as such it is based on the 22 'impact areas' of the UNEP FI Impact Radar. The Tool's in-built resources are based on internationally recognised standards from within and beyond the UN System.

The Investment Portfolio Impact Analysis Tool is a live resource, designed to evolve over time in order to constantly improve user experience and benefits.

Acknowledgements

UNEP FI would like to acknowledge the members of the Private Banking & Asset Management SubGroup 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 Tools' Sector Indicator Library.

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

Content overview

Acknowledgements ... 3
Index of Figures and Tables ... 4

A. The UNEP FI Holistic Impact Analysis Methodology ... 5

1. Description ... 5
2. Methodological Principles ... 6
3. Benefits of holistic impact analysis ... 8
4. Approaches to applying the UNEP FI Holistic Impact Analysis Methodology ... 9

B. Holistic Impact Analysis for Investment Portfolios ... 10

1. PRB Impact analysis requirements: towards a holistic approach ... 10
2. How holistic impact analysis compares to other portfolio analyses ... 11
3. Complementary resources ... 12

C. Getting Ready to Start your Impact Analysis ... 14

1. What should I expect and what makes sense for me? ... 14
2. Organising the process ... 16
3. Other practical tips ... 18

D. Using the UNEP FI Investment Portfolio Impact Analysis Tool Step by Step ... 19

1. Phase 1 – Scoping ... 22
2. Phase 2 – Impact Identification ... 26
3. Phase 3 – Impact Assessment ... 51

E. Reporting on Impact Analysis ... 60

1. Reporting on impact analysis in the context of the Principles for Responsible Banking ... 60

F. Annexes ... 62

Annex 1. UNEP FI Impact Radar ... 62
Annex 2. Key concepts ... 67

Index of Figures and Tables

Figure 1: Overview of Holistic Impact Analysis ... 5
Figure 2: Example combination of portfolio complexity and data readiness ... 14
Figure 3: Impact Analysis Workflow ... 21
Figure 4: UNEP FI Impact Radar ... 63
Figure 5: The 22 Impact Areas of the UNEP FI Impact Radar & the SDGs ... 66

Table 1: Complementary & Additional Resources ... 13
Table 2: Portfolio typologies, what to expect and what you can do ... 15
Table 3: Investment Activities ... 24
Table 4: PRB Reporting Requirements & Corresponding Portfolio Tool Components ... 61
Table 5: Impact Area definitions and sources ... 65

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**.

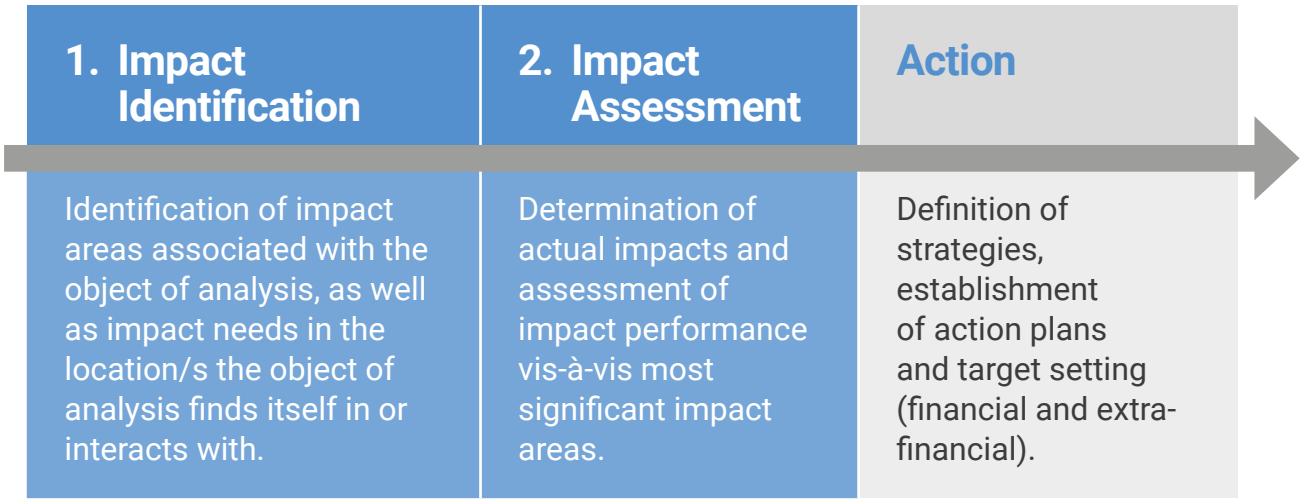


Figure 1: Overview of Holistic Impact Analysis

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
▪ Client types ▪ Sectors ▪ Geography	▪ Asset categories ▪ Asset types ▪ Investment approach ▪ Geography	▪ Company size/ type ▪ Sectors ▪ Geography	▪ Asset types ▪ Asset status ▪ Area types ▪ Geolocation

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)
▪ Bank ▫ Universal ▫ Consumer ▫ Business ▫ CIB ▫ Investment	▪ Large ▪ SME (pending)	▪ Real Estate	

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 UNEP FI Impact Analysis Tools are freely available from the UNEP FI website.
- 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' (or asset managers') internal systems.

4.2 Without directly using the UNEP FI Impact Analysis Tools

- 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 Investment Portfolios

1. PRB Impact analysis requirements: towards a holistic approach

The Investment Portfolio Impact Analysis Tool was developed by UNEP FI in complement to the Bank Portfolio Impact Analysis Tool (which covers Consumer, Business, Corporate and Investment Banking), 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.

2.3 ABC categorisation

The ABC categorisation serves to classify portfolio contents into three categories:

- Act to avoid harm
- Benefit all stakeholders
- Contribute to solutions

While holistic impact analysis also seeks to help investors distinguish between types of investments with a view to driving positive impacts and reducing negative impacts, and ultimately achieving alignment with the SDGs, the process and outcomes are articulated directly around the different impact areas and topics, with the deliberate purpose of driving strategy development and target-setting that will enable negative impacts to be addressed ('avoid harm'), positive impacts to be delivered ('benefit all stakeholders') and the SDGs to be met ('contribute to solutions').

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
Scope	Phase 1 – Scoping		
Scale	Phase 2 – Identification *Bank Cartography		
Context	Phase 2 – Identification *Context	Country VNRs	UNDP SDG Investor Country Maps
Salience	Phase 3 – Impact Assessment	**Impact Indicators:** Disclosure standards >GRI, SASB, CDP, TCFD Impact investor and development bank resources > IRIS+, HIPSO Regulation > EU Taxonomy **Impact measurement methodologies/guidance:** Cross-cutting: IMP dimensions of impact Climate change: GHG Protocol, PCAF, PACTA Gender: PRB Gender Guidance Financial Inclusion: PRB Financial Inclusion Guidance	Impact valuation techniques: VBA, IWAI, SVI, Capitals Coalition

Table 1: Complementary & Additional Resources

C. Getting Ready to Start your Impact Analysis

1. What should I expect and what makes sense for me?

The level of complexity and the results of your impact analysis can vary considerably depending on the volume and diversity of your investments. Impact analysis for a portfolio of own investments, focused mostly on asset classes with less diversity (e.g. real estate) and/or concentrated in a single country, will be more straightforward than for portfolios managed with advisory powers on behalf of clients, containing multiple asset classes, including highly diverse asset classes such as fixed income sectors and/or exposed to multiple geographies. It will also yield a narrower and more clearly identifiable set of significant impact areas and related impact topics.

It is also important to consider your organisation's level of data 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. For instance, if your portfolio consists primarily of externally managed funds data availability may be a challenge.

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

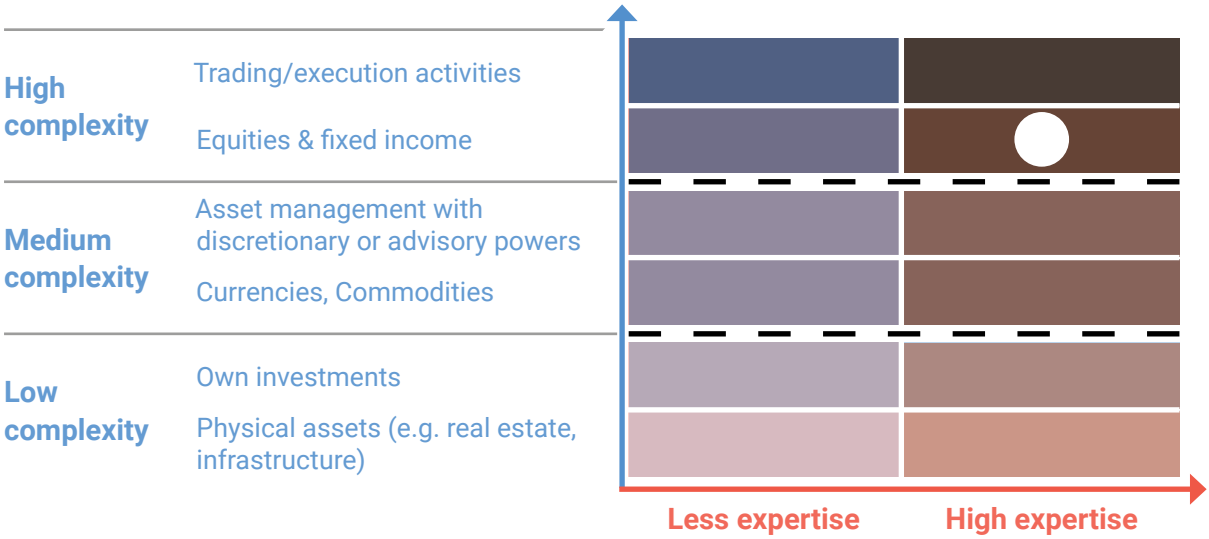


Figure 2: Example combination of portfolio complexity and data readiness

Table 2 provides examples of portfolio typologies with different levels of complexity, as well high-level ('default') impact profiles by typology, in order to illustrate what users might expect to find out of their analysis depending on the nature of their portfolio/s. It also shows how you can adjust the way you proceed with your impact analysis depending on your level of data readiness.

Lower level of complexity: Activity type: Own investments Asset classes: Physical assets (e.g. real estate, infrastructure)	Medium level of complexity: Activity type: asset management with discretionary or advisory powers Asset classes: Currencies, Commodities	Higher level of complexity: Activity type: Trading/execution activities (e.g. for 3rd parties) Asset classes: Equities & fixed income
What to expect ▪ Better access to data ▪ Possibly a narrower/bespoke range of impacts ▪ Greater leverage to take action **What you can do** ▪ Even if this represents a smaller portion of your investment activity, you may wish to prioritise impact analysis and management in these categories for some quicker wins and to develop expertise that will enable you to tackle more complex investments	**What to expect** ▪ Reasonable access to data ▪ Possibly a narrower/bespoke range of impacts ▪ Some leverage to take action **What you can do** ▪ Try to go further for those portfolios where you have discretionary powers and pave the way for portfolio segments with less leverage	**What to expect** ▪ Low level of data availability ▪ Wide range of both positive and negative impact associations likely ▪ Less leverage to take action **What you can do** ▪ Try to perform at least level one data compilation (see Cartography worksheet) ▪ Engage with 3rd parties and other clients

Table 2: Portfolio typologies, what to expect and what you can do

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.[1]

Set up a project group

You will need support from various departments in your organisation to compile the necessary data. Identify and involve these as you are defining the scope of your analysis. In a bank, the group would ideally 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.

1 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 investment activities.

Data needed to set the cope of your analysis

- Activity types and AuM per activity type (amount and percentage of total)
- Market position (global leadership, market-specific leadership) per activity type
- Asset classes (as per PRI+ classification) and AuM per asset class (amount and percentage of total)
- Existence or not of 'key negative' assets in the portfolio
- Exisistence or not of investments in low-income and least developed countries

Data needed to draw up the Cartography and Profile of your portfolio/s

- Asset classes (as per PRI+ classification) and AuM per asset class (amount and percentage of total)
- Location (LDCs and LICs) and AuM per location (amount and percentage of total)
- AuM and percentage of AuM per type of intentionality (single or dual focus investments)
- Asset types and AuM per asset types (amount and percentage of total)
- Location (not limited to LDCs and LICs) and AuM per location (amount and 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 Investment Portfolio Impact Analysis Tool Step by Step

Introduction to the Investment Portfolio Impact Analysis Tool

The Investment 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. AUM per activity type, percentage of AUM for a given asset class or asset type, etc.) and to reflect on their current impact performance (e.g. financial data such as AUM invested in a given sector and extra-financial data such as GHG emissions or emission reductions).

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 activity type, and to guide the user in identifying the organisation'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 Investment Portfolio Impact Analysis Tool enables you to perform a holistic impact analysis of the following investment activity types:

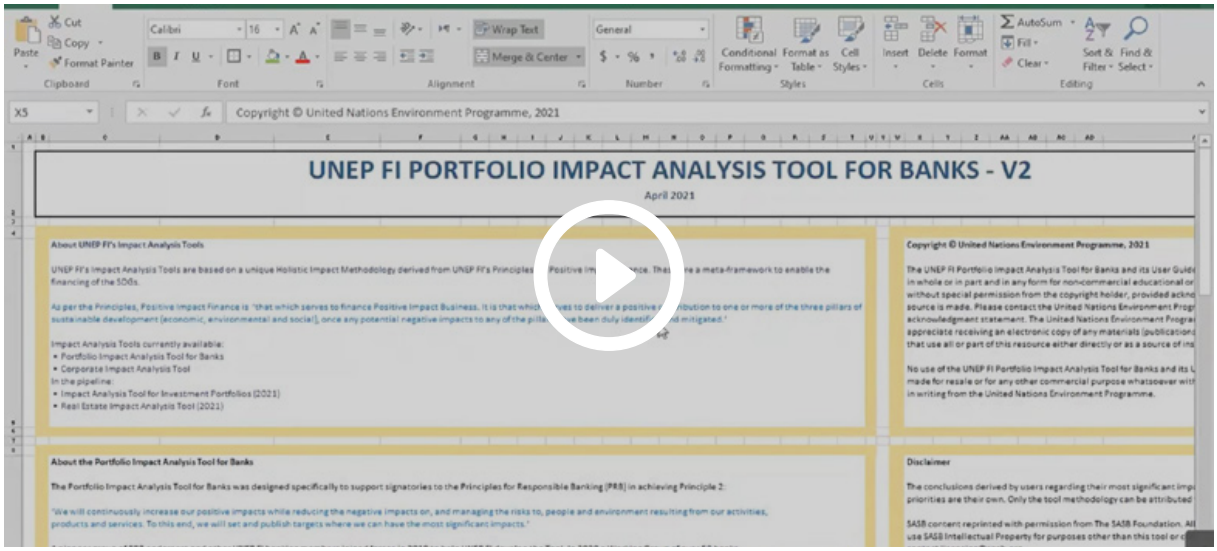
- Investments with discretionary powers
- Investments with advisory powers
- Investment execution / trading
- The organisation's own investments

The Investment Portfolio Impact Analysis Tool does not cover:

- Individual investee companies or assets (individual corporate investments can be reviewed via the Corporate Impact Analysis Tool, while real estate assets can be reviewed via the Real Estate Impact Analysis Tool)
- Non-investment products and services provided by global and private wealth management companies (some of these are covered by the Consumer Banking segment of the Portfolio Impact Analysis Tool for Banks)

- Corporate & Investment Banking portfolios – i.e. the provision of banking products and services, including access to capital markets, raising of capital on capital markets, and related services (these are covered in the corresponding segments of the Portfolio Impact Analysis Tool for Banks)

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

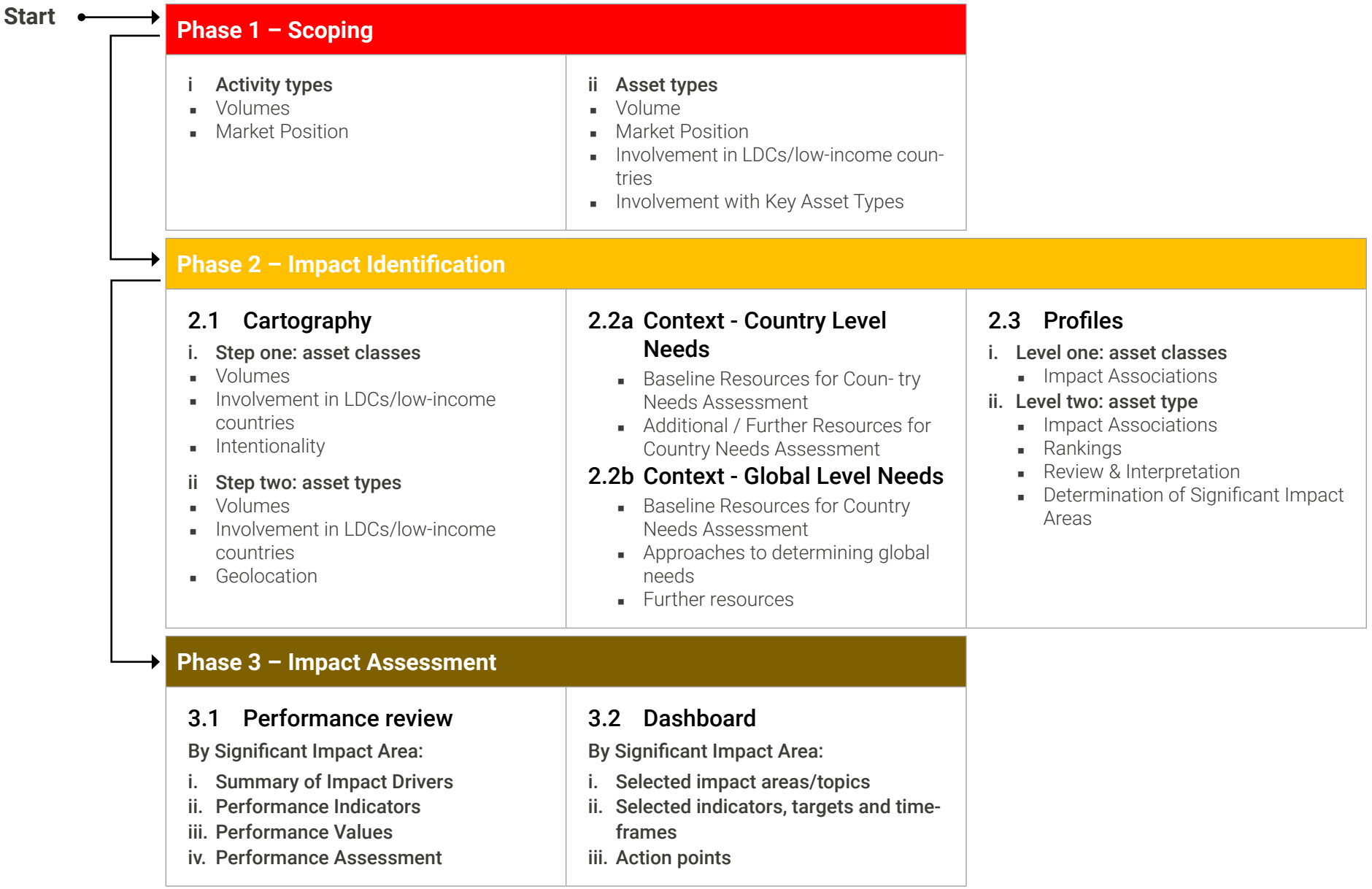


Figure 3: Impact Analysis Workflow

1. Phase 1 – Scoping

Phase 1 – Scoping	
i Activity types ▪ Volumes ▪ Market Position	**ii Asset types** ▪ Volume ▪ Market Position ▪ Involvement in LDCs/low-income countries ▪ Involvement with Key Asset Types

PRB Signatories:

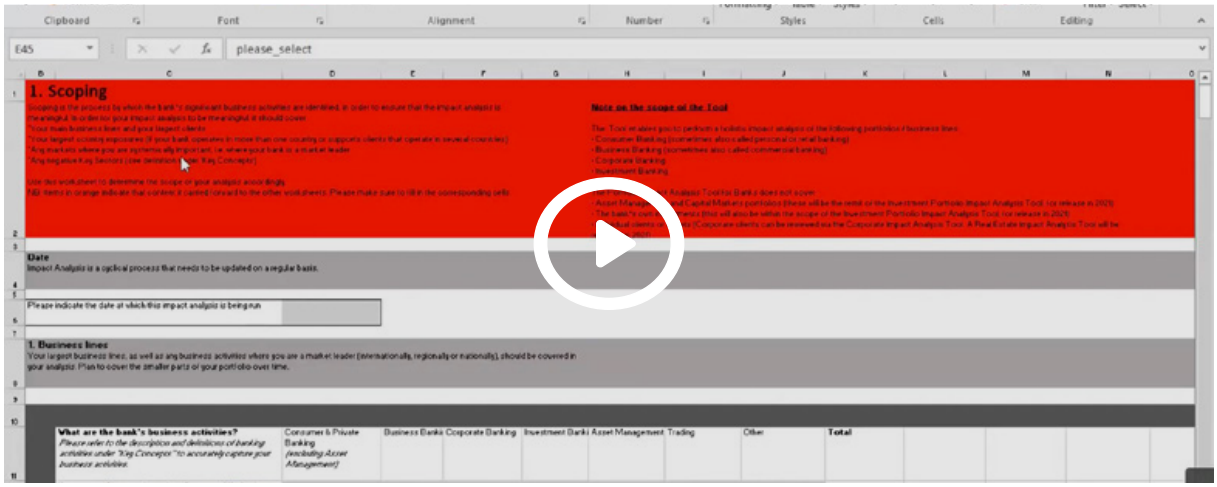
This section enables you to be compliant with the 'Scope' aspect of your impact analysis requirements

In this Tool, Scoping is the process by which your significant investment activities are identified, in order to ensure that the impact analysis is meaningful. For the impact analysis to be meaningful it should cover:

- Your main activity types
- Your largest asset exposures
- Any markets where you are systemically important, i.e., where your organisation is a market leader
- Any 'negative' Key Sectors (see definition under 'Key Concepts')
- Any LDC / low income country exposures

This section of the Tool therefore requires you to provide data on all 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 investees or transactions = 80% of business volume. See further guidance under Phase 2 – Impact Identification.



▶ Click here to watch a demo of the 'Scoping' worksheet.

1.1 Activity types

In this segment you are requested to indicate what your main activity types are and what their respective size is in terms of AUM. Your largest investment activities, as well as any business activities where you are a market leader, should be covered in your analysis. Plan to cover the smaller parts of your portfolio over time.

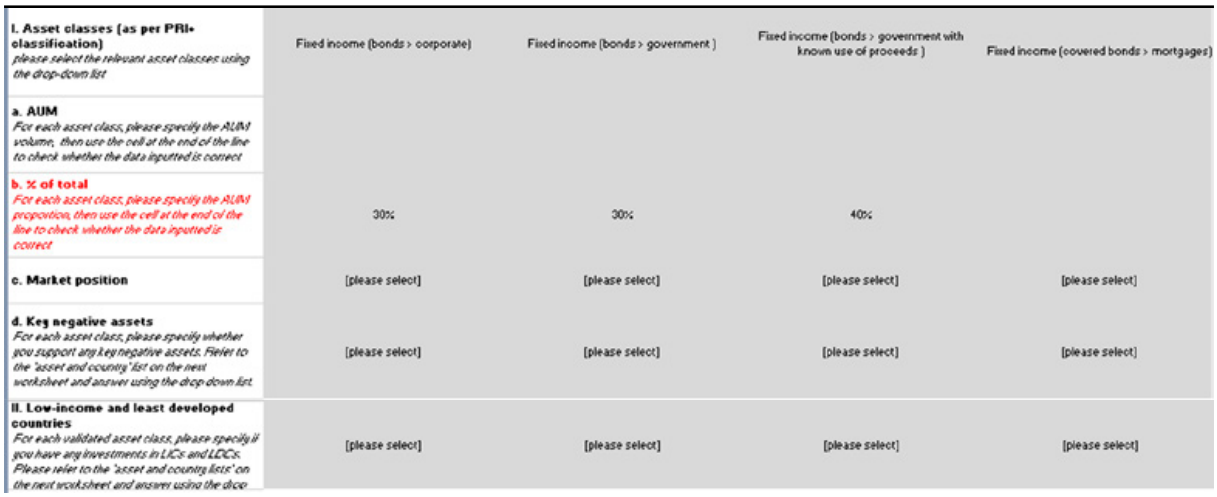
B. Overview of investment activities
Prioritise activities with the largest volumes and where your organisation is a market leader / systemic player.

Activity types	Management of own assets	Management of client assets with discretionary powers / delegated authority	Management of client assets with advisory role	Trading / execution
a. AUM				
b. % of total				
c. Market position				
Global leadership: *Are you a global leader? Please answer using the drop-down list*			No	
Market specific leadership *Please specify if you have leadership in specific asset classes or regions*			[please select]	

Screenshot 1: Activity types

1.2 Asset classes

In this segment you are requested to indicate the asset classes you are invested in (per activity type) are and what their respective size is in terms of AUM. The most prominent asset classes, as well as any asset classes for which you are a market leader, should be covered in your analysis. Any investments in LDCs and low income countries should be covered by virtue of the inherent need for investment in such locations. Likewise, any investments in 'negative' Key Sectors, i.e. sectors which play a key role in undermining one of the 22 impact areas of the Impact Radar, should also be covered.



I. Asset classes (as per PRI+ classification) *please select the relevant asset classes using the drop-down list*	Fixed income (bonds > corporate)	Fixed income (bonds > government)	Fixed income (bonds > government with known use of proceeds)	Fixed income (covered bonds > mortgages)
a. AUM *For each asset class, please specify the AUM volume, then use the cell at the end of the line to check whether the data inputted is correct*				
b. % of total *For each asset class, please specify the AUM proportion, then use the cell at the end of the line to check whether the data inputted is correct*	30%	30%	40%	
c. Market position	[please select]	[please select]	[please select]	[please select]
d. Key negative assets *For each asset class, please specify whether you support any key negative assets. Refer to the 'asset and country' list on the next worksheet and answer using the drop-down list*	[please select]	[please select]	[please select]	[please select]
II. Low-income and least developed countries *For each validated asset class, please specify if you have any investments in LICs and LDCs. Please refer to the 'asset and country lists' on the next worksheet and answer using the drop*	[please select]	[please select]	[please select]	[please select]

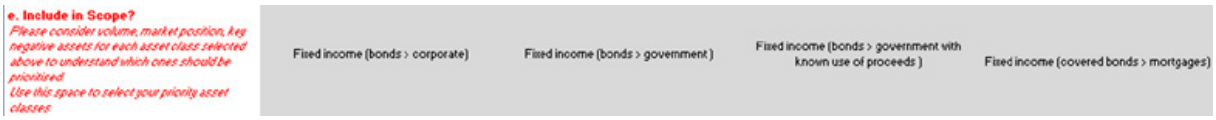
Screenshot 2: Asset classes (Scoping Worksheet)

For the purpose of this tool, investment activities and asset classes have been categorized as per the table below. The activity types have been established in accordance with the level of proximity to and leverage on impacts. Thus, own investments provide the highest degree of decision-making power, while trading/execution provides the least degree of influence. The asset class categories are based on the PRI categorisation of asset classes.

Sector	Client types i.e mandate givers and beneficia-ries?	Activity/ service types	Investment types i.e. asset classes	Vehicle types i.e. fund/ product types
Investment management	*Institutional investors (e.g. pension funds, insurance companies, sovereign wealth funds, etc. investing on behalf of third parties) *Retail investors (e.g. companies or individuals investing on their own behalf) *Own company (e.g. the bank)	*Product/fund development *Management of Assets for clients in the form of Mandates (customized or not) and investment fund vehicles, white labelling, etc. (discretionary/ delegated) *Management of assets for clients in the form of mandates (customized or not) and investment fund vehicles, white labelling,etc. (advisory) *Market & Invest-ment research	*Equities (listed) *Equities (private) *Fixed income (bonds > corporate) *Fixed income (bonds > corporate with known use of proceeds) *Fixed income (bonds > government) *Fixed income (bonds > government with known use of proceeds) *Fixed income (covered bonds > mort-gages) *Fixed income > (covered bonds > government loans) *Real estate (or 'property') *Infrastructure *Commodities *Money market instruments *Cash *Derivatives e.g. covered bonds / asset backed securities (real estate, ship finance, farm land etc.) *Currencies *Forestry *Farmland *Digital *Social enterprises *Microfinance	*Multi-manager/ mutual funds / multi-asset *Index funds / Exchange Traded Funds (ETFs) *Sustainable & impact invest-ing *Hedge funds
Trading		Buying & selling on capital markets		n/a

Table 3: Investment Activities
Items in red indicate business activities not currently within the scope of the Tool

Use the 'Include in Scope' line to validate asset classes you wish to include in your round of impact analysis; this will ensure that the names of these asset classes auto-carry forward to the 'Cartography' worksheet.



Screenshot 3: Validating the scope of your analysis

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

Q. Why is the volume and proportion of activity types asked?

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

Q. Should all investment 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 activities, i.e., activities with the largest AUM and/or in which the bank is a market leader.

Q. What if my organisation is only involved in a single type of investment activity?

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

2. Phase 2 – Impact Identification

Phase 2 – Impact Identification

2.1 Cartography	2.2a Context - Country Level Needs 2.2b Context - Global Level Needs	2.3 Profiles
i. Step one: asset classes ▪ Volumes ▪ Involvement in LDCs/ low-income countries ▪ Intentionality **ii Step two: asset types** ▪ Volumes ▪ Involvement in LDCs/ low-income countries ▪ Geolocation	▪ Baseline Resources for Coun- try Needs Assessment ▪ Additional / Further Resources for Country Needs Assessment ▪ Baseline Resources for Country Needs Assessment ▪ Approaches to deter- mining global needs ▪ Further resources	**i. Level one: asset classes** ▪ Impact Associations **ii. Level two: asset type** ▪ Impact Associations ▪ Rankings ▪ Review & Interpreta- tion ▪ Determination of Significant Impact Areas

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 investment portfolio'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 Cartography

2.2 Mapping of Country (and/or global) Needs

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

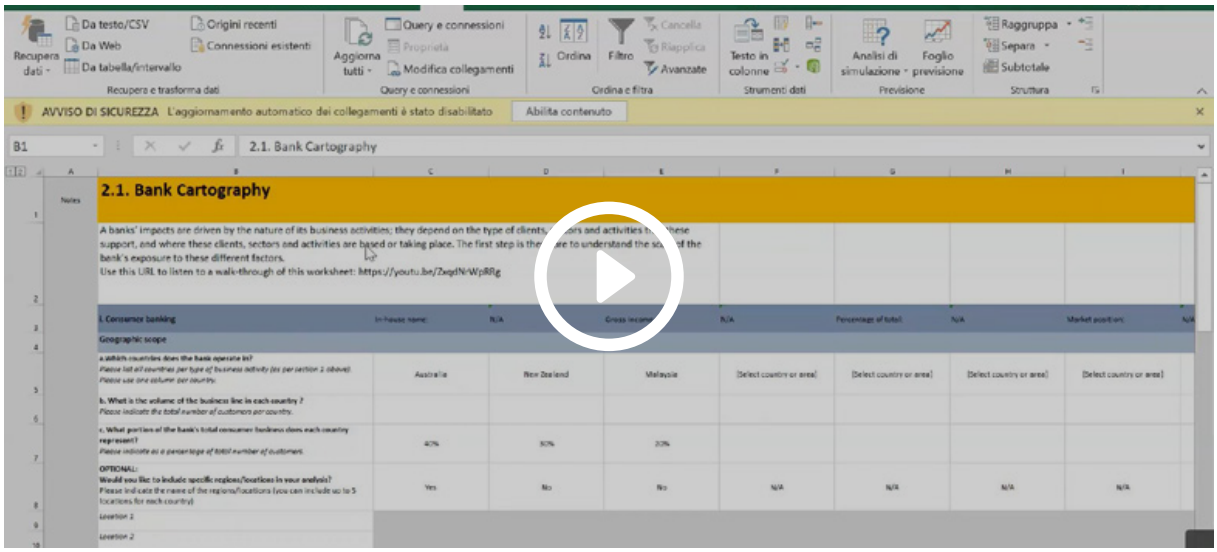
2.1 Cartography

The impacts of an investment portfolio are driven by the nature of the investments (asset classes and asset types), the locus of the investments, and the intentionality of the investments. The first step is therefore to understand what the nature and composition of the portfolio.

This section of the Tool requires you to provide data activity type by activity type. There are two levels of data for each activity type:

- Level 1. For each type of activity, the asset classes you are invested in, as well as the portion and/or volume of AUM per asset class, are automatically carried forward from the Scoping worksheet, based on your validation. In addition, you are required to specify any LDCs or low income countries you are invested in, as well as the intentionality/ies linked to each asset class.
- Level 2. For each asset class within each activity type, determine what specific asset types you are invested in (e.g. for fixed income, you will need to specify the underlying sectors/activities), as well as the amount and portion of AUM per asset type. In addition, you are required to specify any LDCs or low income countries you are invested in, as well as, where possible the other geolocations of your investments.

NB. The Tool generates outputs in the Profile worksheets as of Level 1, however, the granularity, accuracy and hence value of the outputs is greatly enhanced by covering Level 2 in addition to Level 1. It will not be easy, nor is it recommended, to draw conclusions based only on Level 1 data input.



▶ **Click here to watch a demo of the 'Cartography' worksheet**

2.1.1 Level 1

Level 1 covers the minimal level of information required to start gaining insights on the impact areas and topics associated with the investment portfolio.

The asset classes you are invested in, as indicated and validated in the 'Scoping' worksheet, as well as the portion of AUM per asset class, should be displaying automatically.

B. CLIENT ASSETS (DISCRETIONARY) Volume: 0		% of total:	0%			
Level One						
a. Asset classes (as per PRI+ classification) *(please select)*		Equities (listed)	Equities (private)	Fixed income (bonds > corporate)	Fixed income (bonds > corporate with known use of proceeds)	Fi (cov r
AUM						
% of total		30%	20%	20%	15%	

Screenshot 4: Asset classes (Cartography worksheet)

In addition, you are required to specify the volumes of any Least-developed-country (LDC) and/or Low-income-country (LIC) investments (should you have indicated in the Scoping worksheet that you are invested in such countries).

b. Location *For each asset class, please specify the volume and proportion of investments in LDCs and LICs*				
AUM				
% of total		20%	10%	10%

Screenshot 5: LDC/Low-income country investments (Cartography/Level 1)

You are also required to document the intentionality/ies linked to each asset class. There are impacts associated with the activity and nature of investing itself. These are the impact associations that this section seeks to help identify. Two main categories of intentionality are considered: single focus on returns, and dual focus on returns and other outcomes (e.g. environmental, social or developmental benefits).

c. Intentionality								
Investments made through hedge funds or other instruments with similar intentionality profiles	AUM							
	% of total	30%	10%					
Investments made through impact funds or other instruments with similar intentionality profiles	AUM							
	% of total	70%	90%					

Screenshot 6: Intentionality

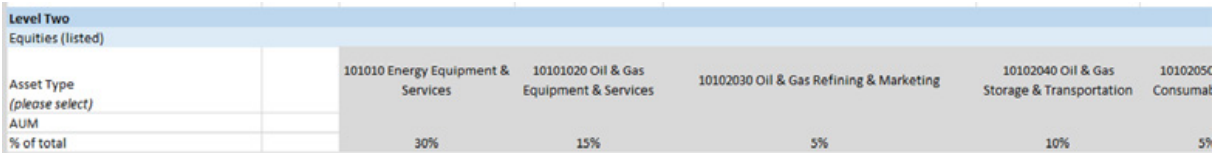
2.1.2 Level 2

Level 2 covers additional data points that enable a more complete understanding of the impact areas and topics associated with the investment portfolio.

Firstly, for each asset class within each activity type, you are requested to specify what specific asset types you are invested in (e.g. for fixed income, you will need to specify the underlying sectors/activities), as well as the amount and portion of AUM per asset type.

You are required to select asset types from a drop-down menu which varies from asset class to asset class: the drop down list for fixed income will display sectors/activities, while the drop down list for real estate will display types of real estate assets. You can select up to 20 different asset types per asset class.

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



Level Two						
Equities (listed)						
Asset Type *(please select)*		101010 Energy Equipment & Services	10101020 Oil & Gas Equipment & Services	10102030 Oil & Gas Refining & Marketing	10102040 Oil & Gas Storage & Transportation	1010205(Consumal
AUM						
% of total		30%	15%	5%	10%	5%

Screenshot 7: Asset types

Q. Do all investments need to be accounted for? There are only 20 slots available per asset class – how can I appropriately capture the impacts associated to the portfolio?

A. Please prioritise on the basis of two factors:

i. the volume / portion of your investments in the different asset types

ii. the systemic importance of the different asset types. Please refer to the 'Country & Sector Lists' and the different 'Mapping' worksheets to this effect. These mappings provide insights as to which asset types are key in terms of achieving and/or undermining the different impact areas. Sectors or activities that are not 'key' could be omitted in favour of those that are, especially if they are associated with multiple impact areas (e.g., materials).

Q. At what level of granularity should I be doing asset type selection?

A. This will be dictated by the volume and diversity of asset types that are present in your portfolio. E.g., if a specific subset of an asset type (e.g. metals) is predominant in your port folio as opposed to the asset type as a whole (materials), you should select at a more granu lar level. If you are invested across an asset class, in all asset types, and/or you also have a number of other asset types 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 and in more defuse results (i.e. it is less evident which impact areas are most closely associated with your portfolio); 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. Where do the different asset type categorisations in the Tool come from?

A. The asset type categorisations offered in the Tool (via the drop down lists) come from a number of sources:

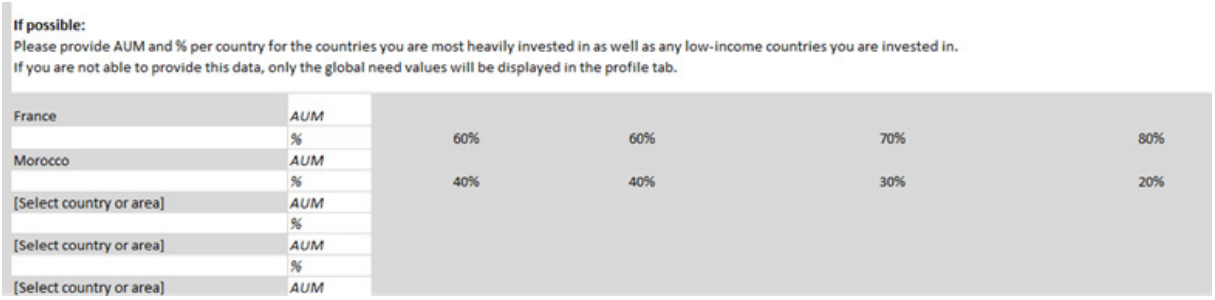
- Equities & Fixed income: MSCI's General Industry Classification System (GICS) was chosen by virtue of its wide-spread use by investors
- Real Estate & Infrastructure: the GRESB classifications were chosen, likewise by virtue of their widespread use in the market
- Commodities: the categorisation used in the Tool was developed based on standard categories used by data terminals such as Bloomberg
- Currencies: the categorisation was developed by the Working Group based on FX use cases observed in the market

Q. What should I do if an investee company is involved in more than one sector?

A. Investee companies often have a multi-sector profile. In such cases, as a first step, ensure that you are captur ing your investee companies' core sectors. If a company's activities are related (e.g., several activities within the manufacture of vehicles), selecting at a less granular level will enable you to capture more aspects and hence impacts of the company'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 understand ing of companies' various sectors of activity and countries of operation (sales, production, sourcing).

In addition, you are required to specify any LDCs or low income countries you are invested in, as well as, where possible the other geolocations of your investments. You are requested to indicate the countries in which you are invested per asset type as well as the volume and portion of AUM per country.

NB. The countries captured should be those associated to the underlying, not those of the investment transactions (if different to the geolocation of the underlying asset). For example, an investment in a Spanish company should be captured under 'Spain', even if the investment was made out of a company based in the UK.



If possible:
Please provide AUM and % per country for the countries you are most heavily invested in as well as any low-income countries you are invested in.
If you are not able to provide this data, only the global need values will be displayed in the profile tab.

France	*AUM*				
	%	60%	60%	70%	80%
Morocco	*AUM*				
	%	40%	40%	30%	20%
[Select country or area]	*AUM*				
	%				
[Select country or area]	*AUM*				
	%				
[Select country or area]	*AUM*				

Screenshot 8: Geolocation

Q. What if I am only invested in a single country?

A. If you are only invested in a single country, this segment will be quicker to complete, especially if your investments are concentrated on a limited number of asset classes and types. 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. What if I am invested in numerous countries – do I need to be capturing all the geographies I am invested in?

A. If you are invested in several countries your investments 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:

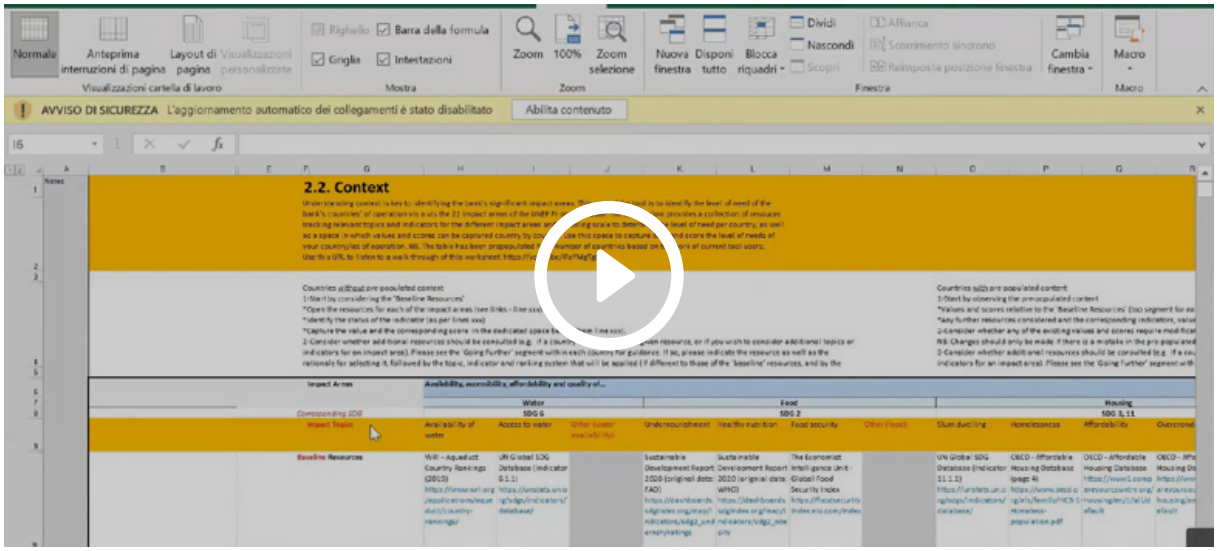
i. the size of your investments in the different countries (20/80 rule)
ii. the systemic importance of your organisation in the different countries, i.e., prioritising countries where your bank is a leading investor

If on the contrary it is difficult to single out some countries over others – for instance if you are invested in very large and diverse portfolios of equity and fixed income, and where underlying companies are active in a multitude of countries, the Tool enables you to start by foregoing country identification by selecting 'global' in the drop down list of countries.

2.2a Understanding Context: Mapping of Country Needs

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

This part of the process is covered in the 'Context-Country' worksheet of the Tool.



▶ Click here to watch a demo of the country needs assessment process

2.1.3 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)
Baseline Resources	WRI - Aqueduct Country Rankings (2019) https://www.wri.org/applications/aqueduct/country-rankings/	UN Global SDG Database (Indicator 6.1.1) https://unstats.un.org/sdgs/indicators/database/		Sustainable Development Report 2020 (original data: FAO) https://dashboards.sdgindex.org/map/indicators/sdg2_undernsh/ratings	Sustainable Development Report 2020 (orignial data: WHO) https://dashboards.sdgindex.org/map/indicators/sdg2_obesity	The Economist Intelligence Unit - Global Food Security Index https://foodsecurityindex.eiu.com/Index	
Metrics & scoring	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 9: Baseline framework for country needs assessment

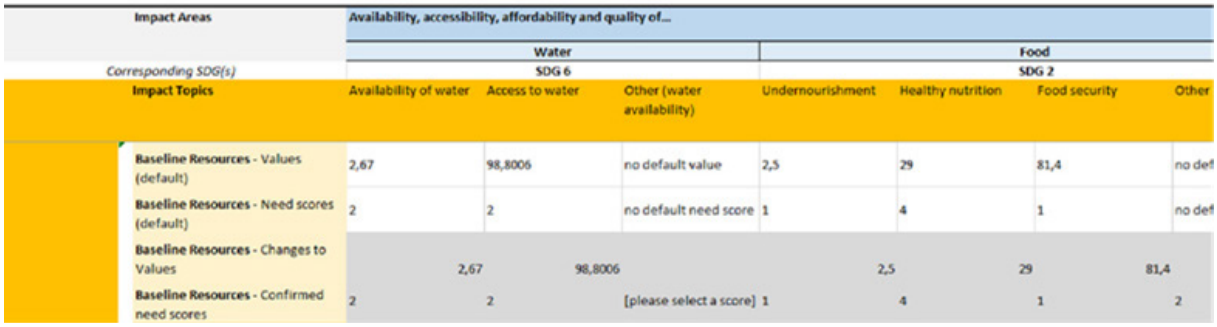
Underneath the collection of resources is the space to capture the level of need of each country selected in the Scoping worksheet, per impact area. For ease of use all selected countries are displayed automatically. This space is split into three segments:

- **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			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
	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 10: 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			F	
...responding SDG(s)		SDG 6			SI	
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 11: 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.

2.2b Understanding Context: Mapping Needs at the Global Level

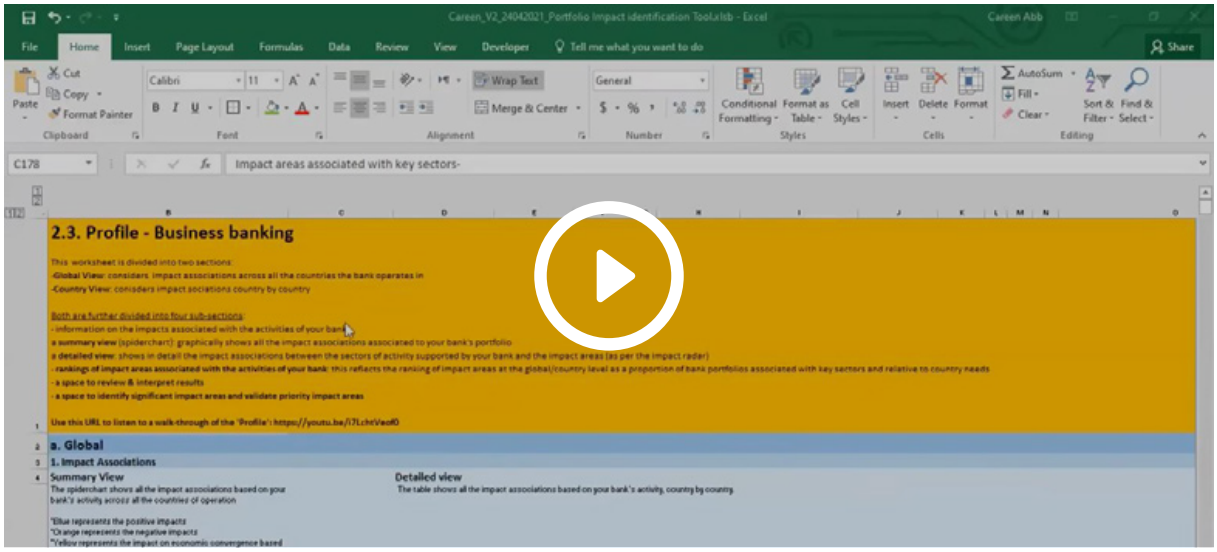
Understanding context is key to identifying the bank's significant impact areas. This means understanding what the status and level of needs are vis a vis the different impact areas and topics are.

While in some cases needs can be mapped at the country level (e.g. asset types with geographically specific setting), in some cases individual assets (e.g. multinational companies) and collections of assets (funds, portfolios) will be associated with a multitude of locations at once.

In these cases, mapping at the country level is challenging as not all locations are identified, and those that are (e.g. country of operation of the investor or of the deal) will not be representative. In such cases, taking a global view of needs can be used as a proxy.

This part of the tool is to identify the level of need globally vis a vis the 22 impact areas of the UNEP FI Impact Radar.

NB. Global level needs mapping is inevitably a broad approximation. Users are encouraged to build up their data sets so as to be able to consider the needs of specific countries.



▶ **Click here to watch a demo of the global needs assessment process**

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 guid ance 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

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- 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)
Baseline Resources	WRI - Aqueduct Country Rankings (2019) https://www.wri.org/applications/aqueduct/country-rankings/	UN Global SDG Database (Indicator 6.1.1) https://unstats.un.org/sdgs/indicators/database/		Sustainable Development Report 2020 (original data: FAO) https://dashboards.sdgindex.org/map/indicators/sdg2_undernsh/ratings	Sustainable Development Report 2020 (orignial data: WHO) https://dashboards.sdgindex.org/map/indicators/sdg2_obesity	The Economist Intelligence Unit - Global Food Security Index https://foodsecurityindex.eiu.com/Index	
Metrics & scoring	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 12: Baseline framework for needs assessment

Underneath the collection of baseline resources, a scoring system is offered to determine the level of need globally, as well as a space in which values and scores can be captured impact area by impact area.

A number of alternative methodologies are considered to score the level of needs at the global level, depending on the nature of the impact area and topics, including:

- Global average of scores per country
- Percentage of global population Affected
- Number of countries with significant or major challenges.

Methodology for Scoring	Global Average	Percentage of Global Population Affected		Percentage of Global Population Affected	Percentage of Global Population Affected	Global Average	
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	10.1-17.9 % (challenges	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 13: Scoring of global needs

Underneath the collection of resources is the space to confirm and/or further consolidate the assessment of global needs. Here is how to proceed:

1. Start by observing the pre-populated content:

   *Values and scores relative to the 'Baseline Resources' (top segment)

   *Any further resources considered and the corresponding indicators, values and scores contained in the table (middle segment)

2. Consider whether any of the existing values and scores require modifications and confirm or adjust the scores accordingly.

   NB. Changes should only be made if there is a mistake in the pre-populated data or more recent data is available in the cited resources

3. Consider whether additional resources should be consulted (e.g. if you wish to consider additional topics or indicators for an impact area). Please see the 'Going Further' segment for guidance. If so, please indicate the resource as well as the rationale for selecting it, followed by the topic, indicator and ranking system that will be applied (if different to those of the 'baseline' resources, and by the corresponding value and score (bottom segment).

4. The tool automatically determines the score for the overall impact areas. Where there are two or more resources for an impact area, the highest score (i.e. highest level of need) is retained.

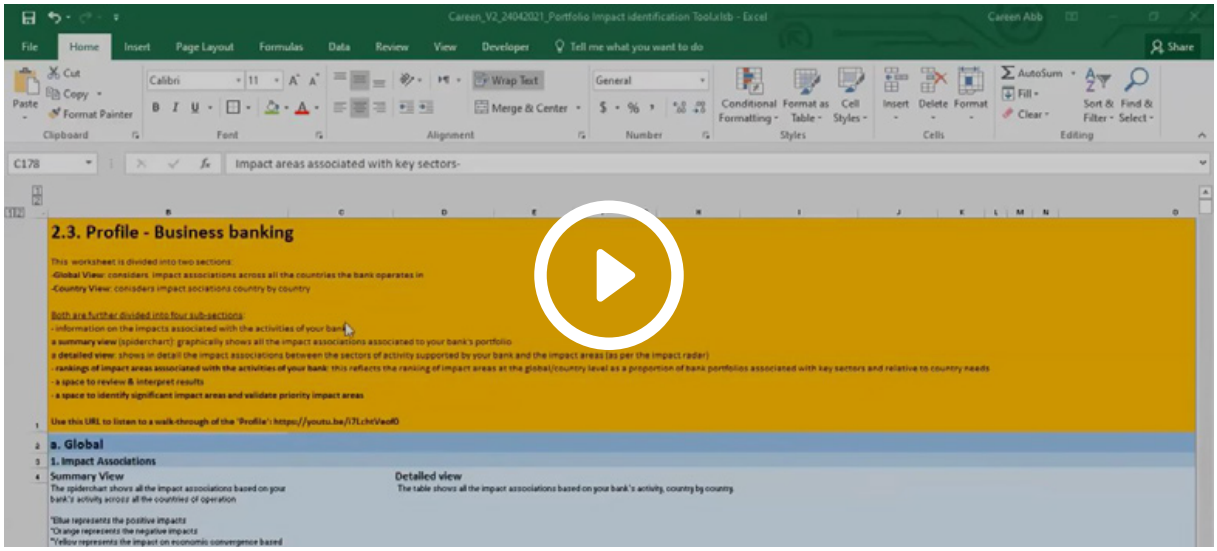
NB. Remember that only the grey cells are input cells

Global	**Baseline resources** - Methodology	Global Average	Percentage of Global Population Affected		Percentage of Global Population Affected	Percentage of Global Population Affected	Global Average		Percentage of Global Population Affected	Percentage of Global Population Affected	Global Average
		Percentage of Global Population Affected	[select methodology]	[select methodology]	[select methodology]	[select methodology]	[select methodology]	[select methodology]	[select methodology]	[select methodology]	[select methodology]
	Baseline Resources - Change to methodology	Based on the amended methodology, please capture the values and need scores in the									
	Baseline Resources - Values (default)	1,93	0,706448	no default value	0,009	0,13	60,4	no default value	0,24	0,02	no default value
	Baseline Resources - Need scores (default)	2	3	no default need score	2	2	2	no default need score	3	4	no default need score
	Baseline Resources - Changes to Values										
	Baseline Resources - Confirmed need scores	2	3	[please select a score]	2	2	2	[please select a score]	3	4	3
	Baseline Resources - scores per Impact Area		3				2				4
	Additional Resources										
	Additional Resources - Methodology										
	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]	[please select a score]	[please select a score]	[please select a score]
	Final scores per Impact Area		3				2				4

Screenshot 14: Confirmation and/or consolidation of global needs assessment

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 activity type (Own Investments, Investments with Discretionary powers, Investment with Advisory powers, Trading). Each worksheet provides a series of visual representations of the impacts associated with the investment activities, based on the bank data captured under the 'Scoping' and 'Cartography' worksheets. Specifically, the Profile worksheets are comprised of 2 parts:

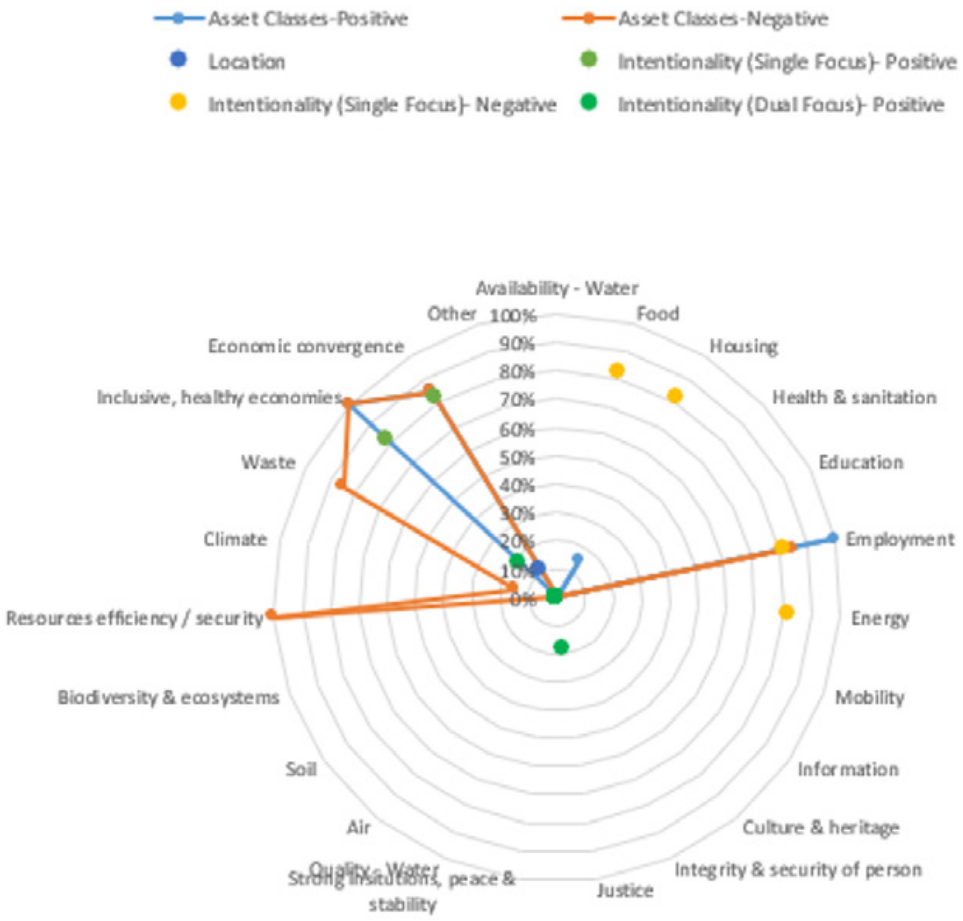
- A 'Level 1' view: shows the impact associations driven by asset classes, location and investment types (as specified in the 'Cartography' worksheet)
- A series of 'Level 2' views: these show the impact associations asset class by asset class. They also place these associations in the context of country or global needs. The impact associations driven by location and investment types / intentionality are also portrayed.

2.3.1 Level 1

Under the Level One view you can find a single section that shows the impact associations between your asset classes and the impact areas (as per the Impact Radar) as well as the impacts linked to the investment type and investment location. This involves:

i. **a summary view:** this is a spider chart that shows all the impact areas associated to your portfolio for the corresponding asset classes. The chart also shows which impact areas are associated with a greater or lesser part of the portfolio—you can see the percentage of the portfolio to which the different impact areas are associated.

Positive associations driven by the asset class are shown in blue, negative associations are shown in orange. The chart also includes a yellow dot and a green dot. Impact associations driven by the presence of investments in LDCs or low income countries are portrayed in green. Impact associations driven by the strategy/intentionality behind the investments are portrayed in the remaining colours.



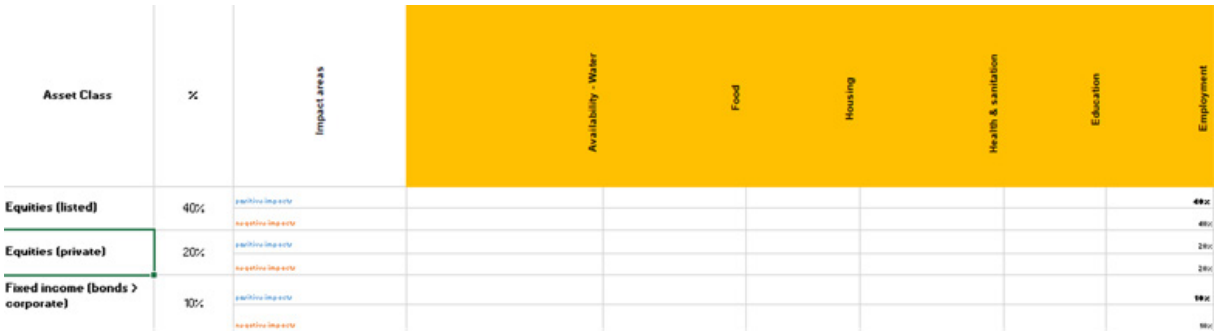
Screenshot 15: Summary view of Impact Associations (Level 1 view)

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

All the asset classes you are invested in (as captured in the 'Scoping' and 'Cartography' worksheets), 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 asset classes 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 asset class is a 'key sector' for the said impact area (see more below).

The table also shows the proportion of the portfolio invested in LDCs and low income countries as well as per investment strategy/ type of intentionality.

.



Screenshot 16: Detailed view of Impact Associations (extract from Level 1 view)

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

2.3.2 Level 2

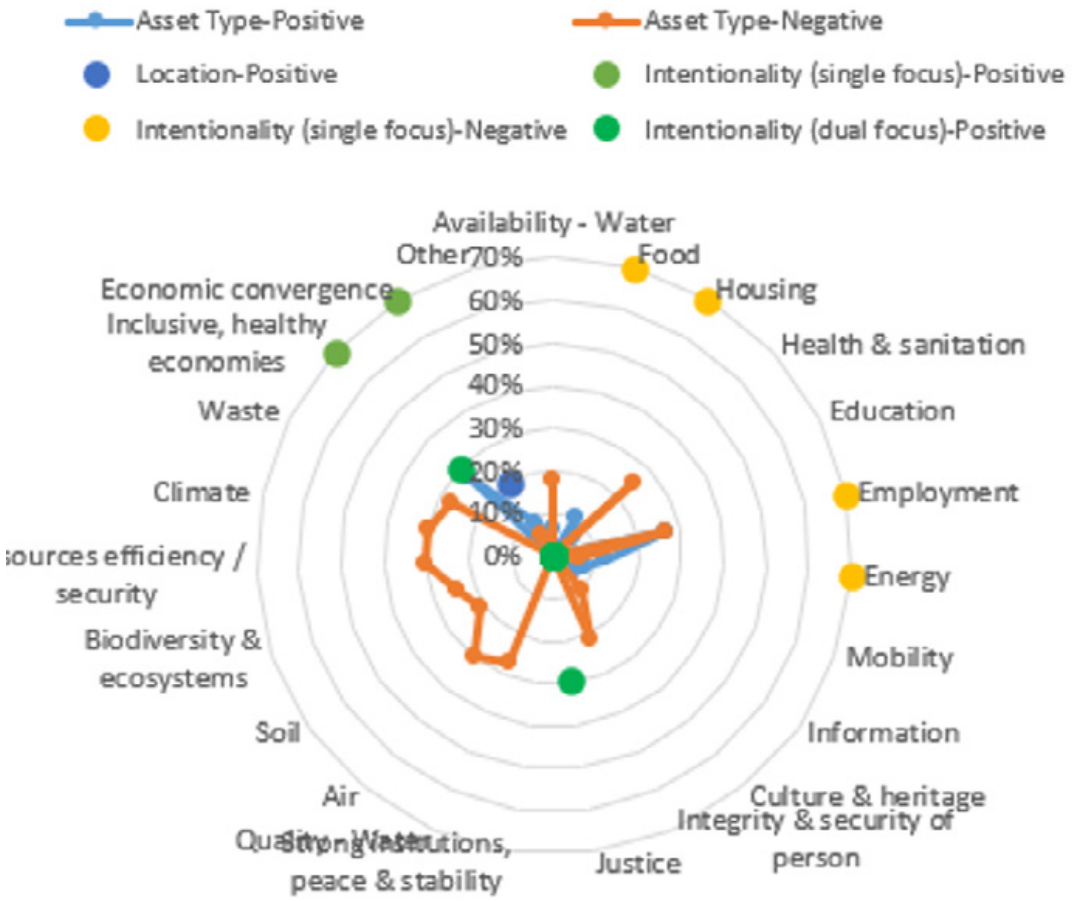
Under the Level Two view you can find 4 sections, organised by asset class:

i. **'Impact associations':** shows the impact associations between the asset types inside each of your asset classes and the impact areas (as per the impact radar)

   This involves:

   - a summary view: this is a spider chart that shows all the impact areas associated to your portfolio for the corresponding asset class. The chart also shows which impact areas are associated with a greater or lesser part of the portfolio—you can see the percentage of the portfolio to which the different impact areas are associated.

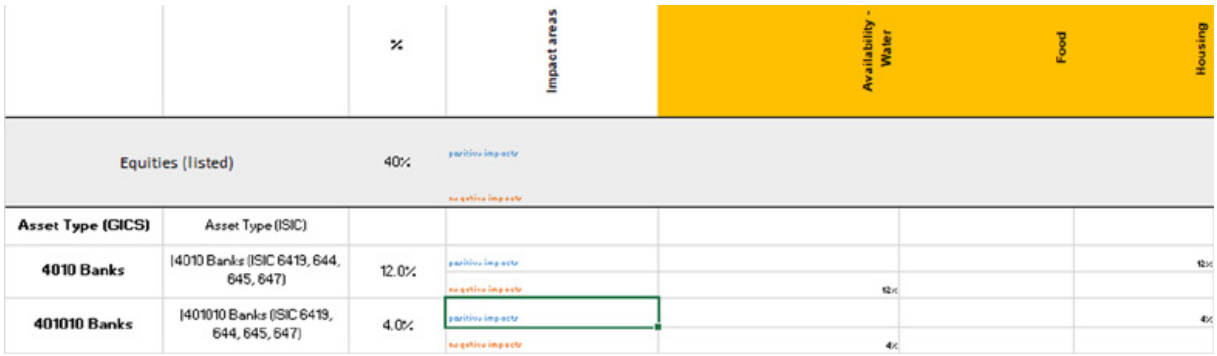
     Positive associations driven by the asset class are shown in blue, negative associations are shown in orange. Intentionality and location driven impacts are also portrayed.



Screenshot 17: Summary view of Impact Associations (Level 2 view)

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

  All the asset types you are invested in (as captured in the 'Scoping' and 'Cartography' worksheets), 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 asset types 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 asset class is a 'key sector' for the said impact area (see more below).

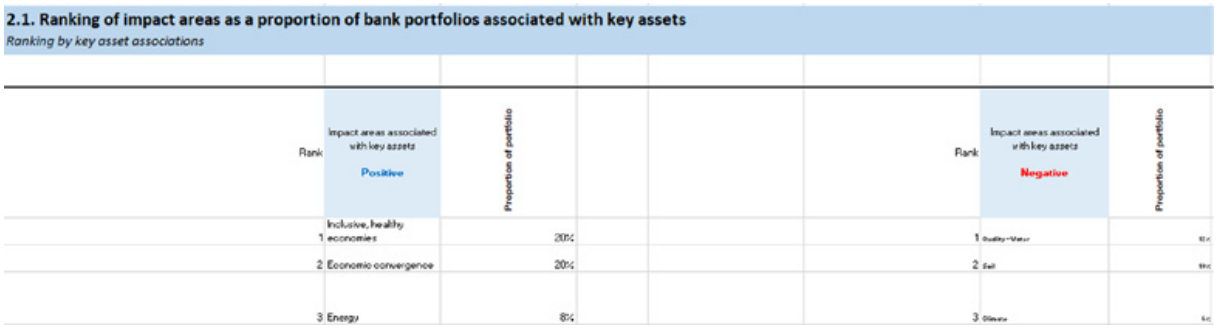


Screenshot 18: Detailed view of Impact Associations (extract from Level 2 view)

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

ii. 'ranking and top impact areas': reflects the ranking of impact areas as a proportion of portfolios associated with key assets and relative to country needs. There are two sections here:

- First is a table that lists the impact areas with which the portfolio is associated, based on the key asset types contained in the portfolio. Those impact areas associated with the largest portion of the portfolio are listed first and those associated with smallest portion of the port- folio listed last. The impact areas are ranked twice, to reflect both positive and negative impact associations.



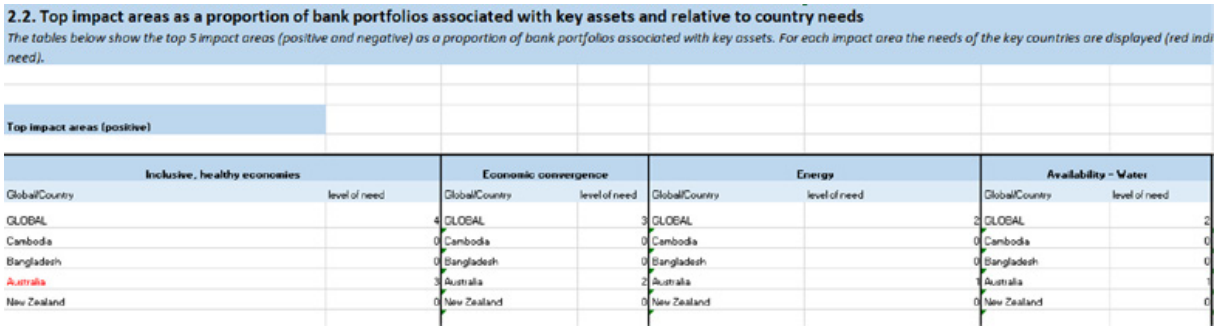
2.1. Ranking of impact areas as a proportion of bank portfolios associated with key assets

Ranking by key asset associations

Rank	Impact areas associated with key assets — Positive	Proportion of portfolio	Rank	Impact areas associated with key assets — Negative	Proportion of portfolio
1	Inclusive, healthy economies	20%	1		
2	Economic convergence	20%	2		
3	Energy	8%	3		

Screenshot 19: Ranking of Impact Associations (key asset types)

- Second is a table showing the top impact areas as a proportion of bank portfolios associated with key assets and places them relative to country (or global) needs. The table shows the top 5 impact areas (positive and negative) as a proportion of bank portfolios associated with key assets. For each impact area the needs of the key countries are displayed (red indicates a high level of need).



2.2. Top impact areas as a proportion of bank portfolios associated with key assets and relative to country needs

The tables below show the top 5 impact areas (positive and negative) as a proportion of bank portfolios associated with key assets. For each impact area the needs of the key countries are displayed (red indi need).

Top impact areas (positive)

Inclusive, healthy economies		Economic convergence		Energy		Availability - Water	
Global/Country	level of need	Global/Country	level of need	Global/Country	level of need	Global/Country	level of need
GLOBAL	4	GLOBAL	3	GLOBAL	2	GLOBAL	2
Cambodia	0	Cambodia	0	Cambodia	0	Cambodia	0
Bangladesh	0	Bangladesh	0	Bangladesh	0	Bangladesh	0
Australia	3	Australia	2	Australia	1	Australia	1
New Zealand	0	New Zealand	0	New Zealand	0	New Zealand	0

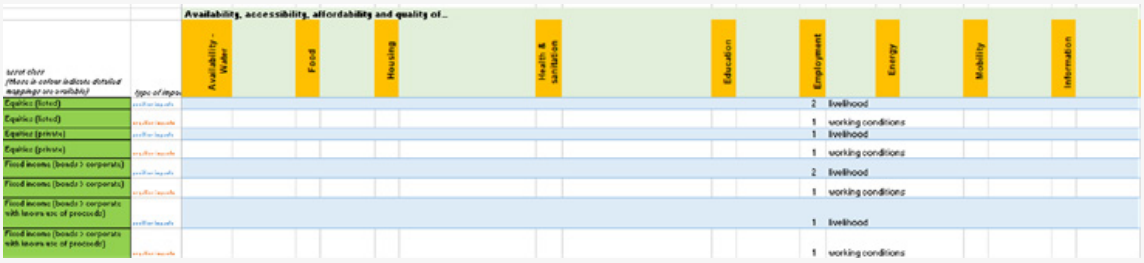
Screenshot 20: Ranking of Impact Associations (relative to country or global needs)

NB. The rankings do not provide you directly with the most significant impact areas, they are only partial, acting as a stepping stone for the establishment of most significant impact areas.

Q. How are the profiles drawn, where do they come from?

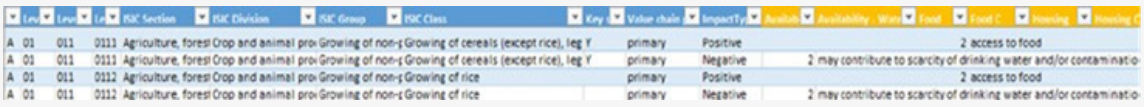
A. The profile charts and tables all pull from the following sources:

- the data inputted into the 'Scoping' and 'Cartography' worksheet (e.g., the percentage of the business banking portfolio associated to a given sector/ activity, the names of the countries and locations).
- the 'Context' worksheet (i.e., the 1–4 ranking of the level of need per impact area for the bank's different countries of operation
- the 'Asset/Impact Map' worksheet. In this worksheet, positive and negative impacts that are intrinsic to the nature of different asset classes are mapped out for the 22 impact areas of the Impact Radar. Note that for some asset classes impact associations will vary significantly from asset to asset within the asset class (i.e. asset types - see detailed mappings). The impact associations shown in this mapping are cross-cutting in nature.



Screenshot 21: Extract from Asset/Impact Map

- the 'Sector/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with the sectors and activities in the ISIC industry classification code[2] 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.



Screenshot 22: Extract from Sector/Impact Map

2 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.

While the Sector/Impact Map is based on ISIC, the Tool workflow uses GICS, as a reflection of market practice by investors.

It should be noted that GICS is i) of considerably lower granularity than ISIC and ii) groups sectors together with very different impact profiles (e.g. mining, forestry and chemicals under 'Materials'). As a result, the visualisation of impact associations may be less accurate and more difficult to interpret and put to use.

This is a factor that will be closely monitored as the first version of the Tool is piloted. It is anticipated that future versions will offer sector selection options different to GICS so as to obtain better and more useable results. However, this implies that investor's initial data gaps and data collection efforts may grow considerably.

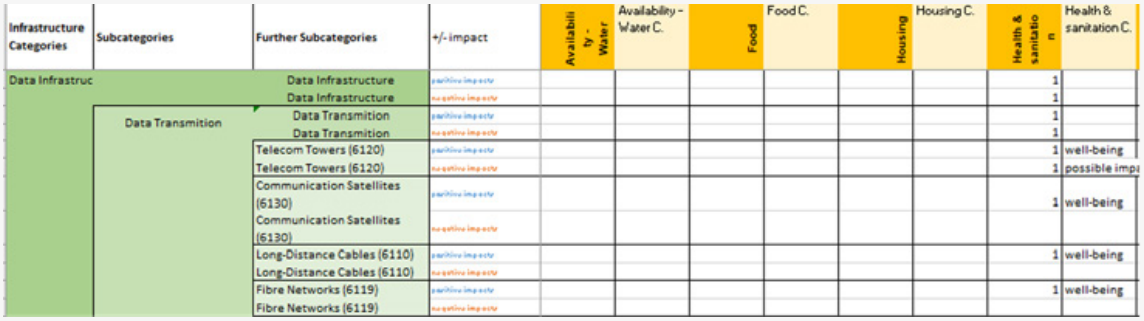
NB. The 'GICS-ISIC' worksheet provides the correspondence table developed by the Working Group.

- the 'Real Estate/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with real estate assets (as per the GRESB classification) are mapped out for the 22 impact areas of the Impact Radar

Type of Asset (GRESB classification)	*type of impact*	Availability - Water	Availability - Water C.	Food	Food C.	Housing	Housing C.	Health & sanitation	Health & sanitation C.
		Association	*Description*	*Association*	*Description*	*Association*	*Description*	*Association*	*Description*
Retail	positive			1	*Supply chain or access to quality* food*Supply ch			1	Dining and socia
Retail	negative	1	May contribute t	1	*Supply chain				
Retail, high street	positive			1	*Supply chain or access to quality* food*Supply ch			1	Amenities, recre
Retail, high street	negative	1	May contribute t	1	*Supply chain or access to low quality food*Supply chain or access to imported food				
Shopping centers	positive			1	Supply chain or access to quality* food				
Shopping centers	negative	1	May contribute t	1	*Supply chain or access to low quality food*Supply chain or access to imported food				
Restaurant/bars	positive			1	Supply chain or access to quality* food			1	Dining and socia
Restaurant/bars	negative	1	May contribute t	1	*Supply chain or access to low quality food*Supply chain or access to imported food				
Retail, others	positive			1	Supply chain or access to quality* food				

Screenshot 23: Extract from Real Estate/Impact Map

- the 'Infrastructure/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with different categories of infrastructure (as per the GRESB classification) are mapped out for the 22 impact areas of the Impact Radar.



Infrastructure Categories	Subcategories	Further Subcategories	+/- impact	Availability - Water	Availability - Water C.	Food	Food C.	Housing	Housing C.	Health & sanitation	Health & sanitation C.
Data Infrastruc		Data Infrastructure	positive impacts							1	
		Data Infrastructure	negative impacts							1	
	Data Transmition	Data Transmition	positive impacts							1	
		Data Transmition	negative impacts							1	
		Telecom Towers (6120)	positive impacts							1	well-being
		Telecom Towers (6120)	negative impacts							1	possible impa
		Communication Satellites (6130)	positive impacts							1	well-being
		Communication Satellites (6130)	negative impacts								
		Long-Distance Cables (6110)	positive impacts							1	well-being
		Long-Distance Cables (6110)	negative impacts								
		Fibre Networks (6119)	positive impacts							1	well-being
		Fibre Networks (6119)	negative impacts								

Screenshot 24: Extract from Infrastructure/Impact Map

- the 'Commodities/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with different categories of commodities (based on Bloomberg classification) are mapped out for the 22 impact areas of the Impact Radar.

Commodity type	type of impact	Availability - Water	Availability - Water C.	Food	Food C.	Housing	Housing C.	Health & sanitation	Health & sanitation C.	Education	Education C.	Employment	Employment C.	Energy	Energy C.	Mobility	Mobility C.	Information	Information C.
Agriculture	positive impacts																		
Agriculture	negative impacts																		
Wheat (0111)	positive impacts			2				2				2				1			
Wheat (0111)	negative impacts	1						1				1							
Rice (0112)	positive impacts			2	access to food			2	quality food contributes to goo			2	livelihood			1			
Rice (0112)	negative impacts	2	may contribute to scarcity of drinking water and/or c					1	use of pesticides can affect he			2	potentially low and irregular income. Potentially unhealthy and/or unfair w						
Corn (0111)	positive impacts			2				2				2				1			

Screenshot 25: Extract from Commodities/Impact Map

- the 'Currencies/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with different use cases of FX trading (based on market practice) are mapped out for the 22 impact areas of the Impact Radar.

		Availability, accessibility, affordability and quality of...*								
FX Use Cases	+/- impact	Availability - Water	Availability - Water C.	Food	Food C.	Housing	Housing C.	Health & sanitation	Health & sanitation C.	
Individuals	positive impacts									
Individuals	negative impacts									
Remittances (direct or via transfe	positive impacts									

Screenshot 26: Extract from Currencies/Impact Map

- the 'Investment/Impact Map' worksheet. In this worksheet, positive and negative impacts associated with different investment strategies/intentionalities are mapped out for the 22 impact areas of the Impact Radar.

		Availability, accessibility, affordability and quality of...									
intentionality	*type of impact*	Availability - Water		Food		Housing		Health & sanitation			
Single focus on returns	positive impacts										
Single focus on returns	negative impacts			1	may drive fo	1	may drive housing prices up and affect ac				
Dual focus on returns and other outcomes	positive impacts										
Dual focus on returns and other outcomes	negative impacts										

Screenshot 27: Extract from Investment/Impact Map

NB. Throughout the mappings, when an item 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 item is 'key' for the impact area, a '2' shows. There may be more or less key associations depending on the asset classes; the currencies-impact map, for instance, reveals key associations only for a few impact areas.

A standalone list of 'key sectors' per impact area, along with justifications and supporting research can be found in the 'Key Sector Map' worksheet.

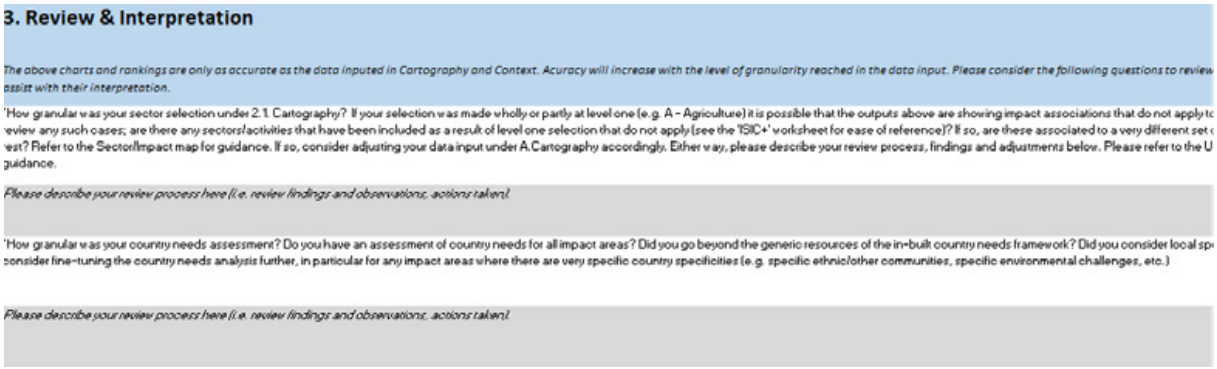
The maps will be further refined and updated over time based on engagement with experts, as well as to take into account user experience.

	Key Sectors				
Impact Area *(as per PI Impact Radar)*	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?	
	Sectors	References	Illustration	Sectors	References
Health & sanitation *Population's ability to live in a state of physical, mental and social well-being, including but not lited to the absence of disease or infirmity. This includes the ability to access quality essential health-care services and effectiv which refers to population's accessibility to facilities and services that ensure privacy and dignity, ensuring a clean and healthy living environment for all (WHO, UN-Water).*					
	DIAGNOSIS and TREATMENT Q-86-Human health activities A-01-012-0129-Growing of spices, aromatic, drug and pharmaceutical crops (pharmaceutical only) C-20-210-2100-Manufacture of pharmaceutical, medicinal chemical and botanical products C-32-325-3250-Manufacture of dental and medical instruments G-47-477-4772-Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialised stores C-26-266-2660-Manufacture of irradiation, electromedical and	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. VHO. The determinants of health. See chapters 2-9 for a detailed description. https://www.who.int/hia/evidence/doh/en/index1.html Additional References: IFPMA (2017). The pharmaceutical industry and global health. https://www.ifpma.org/wp-content/uploads/2017/02/IFPMA-Facts-And-Figures-2017.pdf Our World in data. Financing healthcare. https://ourworldindata.org/financing-healthcare https://ourworldindata.org/uploads/2018/04/Health-exp-vs-life-	The industry activities listed under 'Diagnosis and Treatment' are essential for delivering healthcare services and medication. The value chain encompasses the provision of healthcare services, the growing of crops that provide inputs into medication, the manufacture of medicine and medical instruments/equipment, and the sale of medicine and related products. Education and non-life insurance are enablers of healthcare. The availability of healthcare requires the	LIFESTYLE C-10-Manufacture of food C-11-Manufacture of beverages C-12-Manufacture of tobacco products G-47-472-4721-Retail sale of tobacco products in specialised stores	The sectors that have the most significant impact on health (both positive and negative) are Transport, Food and Agricult Housing, Waste, Energy, Industry, Urbanization, Water, Radiati Nutrition and health. VHO. The determinants of health. See chapters 2-9 for a detailed description https://www.who.int/hia/evidence/doh/en/index1.html A large proportion of the overall disease burden, 3.3% of glob deaths and 4.6% of global disability-adjusted life years (DALY was attributed to quantifiable effects of inadequate water, sanitation and hygiene (WASH) in 2016. WHO (2019). Safe Water, better health. https://apps.who.int/iris/bitstream/handle/10665/329905/9789241516099-eng.pdf?ua=1 Additional References:

Screenshot 28: Extract from Key Sectors Map

iii. 'Review and interpretation': a section to review the above outputs.

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).



Screenshot 29: Review and Interpretation section

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 underlying assets have both positive and negative impacts. The chart simply shows that you are invested in assets that have a positive impact on the impact area/s as well as assets that have a negative impact. Note that some sectors can have both positive and negative impacts on different aspects of a single impact area.

Note that in all spider charts, the orange/negative line always overlays the blue/positive line. This may be difficult to spot if they are both of the same length; as a 2nd check, please refer to the table of the detailed view to confirm if positive impact associations exist.

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

A. Access to employment is a cross-cutting impact to all sectors and to many other asset types. Likewise, all sectors (and many other asset types) 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 asset classes and types have triggered which impact areas. What is the level of granularity at which asset types were selected? If selection was made at a very generic level (e.g., level 1 of GICS for fixed income), but that you are in fact not invested 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 you or your investee companies may already be implementing to avoid, mitigate or compen sate their negative impacts. These considerations should be reflected in the Phase II – Assessment, which includes a review of impact performance.

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.

iv. **'Selection of significant impact areas':** a section where you are asked to select the most significant impact areas based on the outputs above.

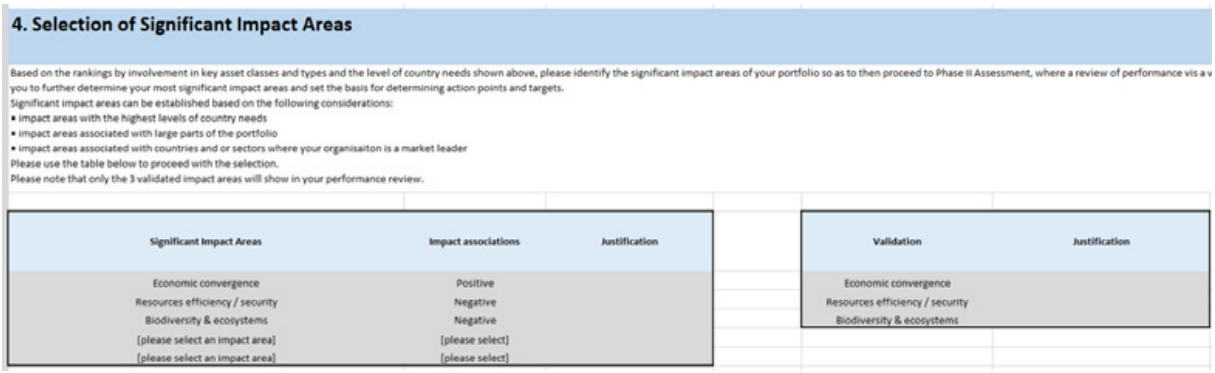
While the Profile worksheets provide a range of visualisations of the impacts associated with your portfolio and puts them into the context of the impact needs of the locus of your investments, ultimately it is for the user to make the determination of which impact areas are the most significant.

Based on the rankings by involvement in key asset classes and types and country needs, and your review and interpretation of these, it is now time to proceed to conclusions regarding your portfolio's most significant impact areas.

Most significant impact areas can be established based on the following considerations:

- impact areas with the highest levels of country global needs (level 3 or 4)
- impact areas associated with large parts of the portfolio
- impact areas associated with markets where you are a market leader

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 asset classes and types and the level of country needs shown above, please identify the significant impact areas of your portfolio so as to then proceed to Phase II Assessment, where a review of performance vis a v
you to further determine your most significant impact areas and set the basis for determining action points and targets.
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 portfolio
- impact areas associated with countries and or sectors where your organisaiton is a market leader

Please use the table below to proceed with the selection.
Please note that only the 3 validated impact areas will show in your performance review.

Significant Impact Areas	Impact associations	Justification
Economic convergence	Positive	
Resources efficiency / security	Negative	
Biodiversity & ecosystems	Negative	
[please select an impact area]	[please select]	
[please select an impact area]	[please select]	

Validation	Justification
Economic convergence	
Resources efficiency / security	
Biodiversity & ecosystems	

Screenshot 30: Selection of Significant Impact Areas

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)

3. Phase 3 – Impact Assessment

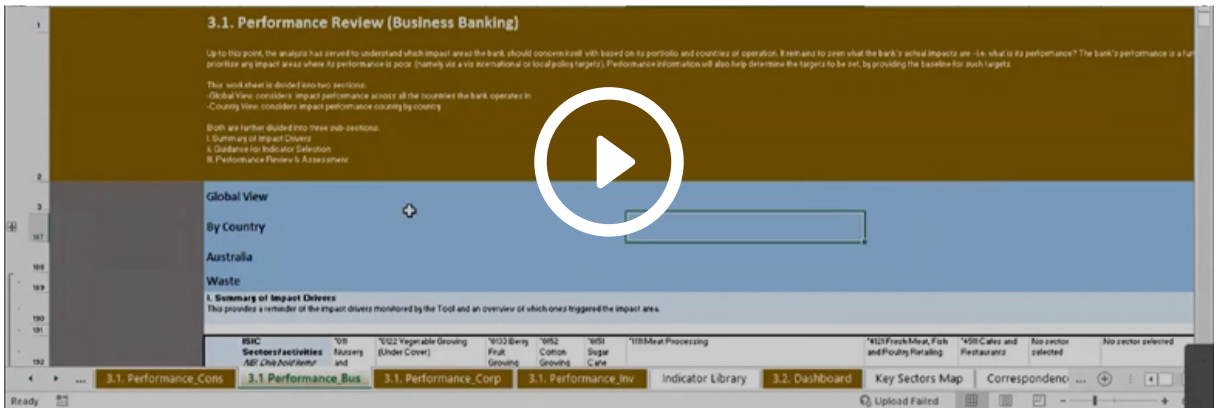
Phase 3 – Impact Assessment	
3.1 Performance review By Significant Impact Area: i. Summary of Impact Drivers ii. Performance Indicators iii. Performance Values iv. Performance Assessment	**3.2 Dashboard** By Significant Impact Area: i. Selected impact areas/topics ii. Selected indicators, targets and timeframes iii. Action points

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 investor should concern itself with based on the contents and nature of its portfolio. It remains to be seen what the portfolio's actual impacts are – i.e., what is its performance? Once the most significant impact areas of the portfolio 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 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 portfolio's performance vis a vis its Significant Impact Areas (as determined in the Identification Phase).
- **3.2 The 'Dashboard' worksheet**, which displays the portfolios 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 activity type. For each activity type, the significant impact areas previously identified and validated are listed by asset class. 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.

I. Summary of Impact Drivers

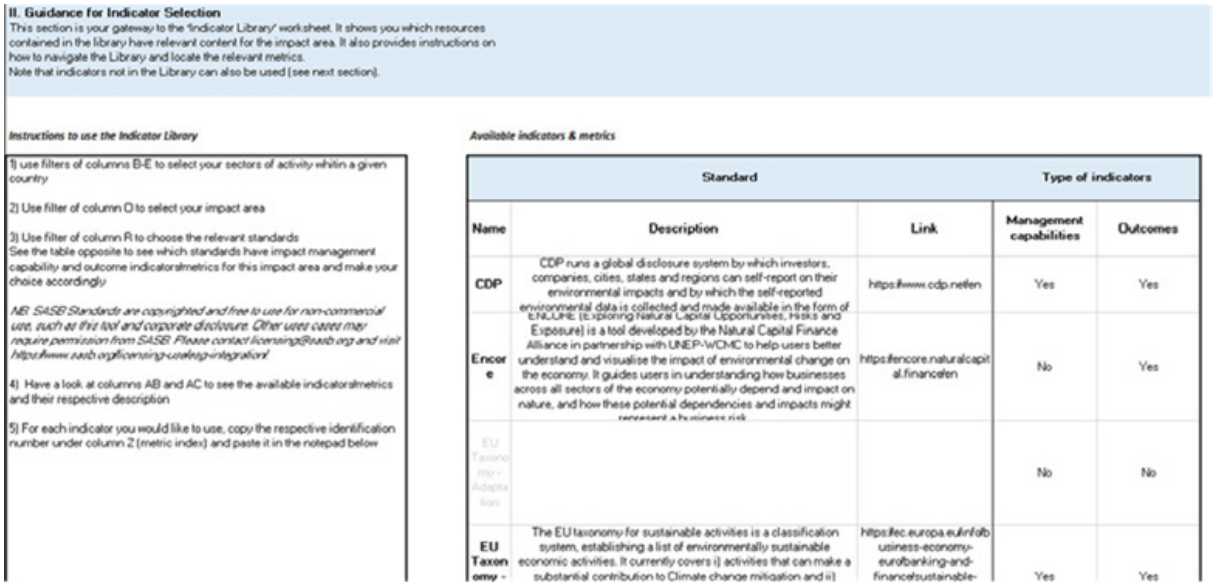
This provides a reminder of the impact drivers monitored by the Tool and an overview of which ones triggered the impact area.

	Asset Class	Equities (listed)							
	Impact type	positive and negative							
IMPACT DRIVERS	**Asset Type** (GICS Sectors/activities or RE	4010 Banks	401010 Banks	10102030 Oil & Gas Refining &	10102050 Coal & Consumable	15102010 Construction Materials	201030 Construction & Engineering	201040 Electrical Equipment	No asset type selected
	ISIC sectors/activities (if applicable)	I4010 Banks (ISIC 6419, 644, 645, 647)	I401010 Banks (ISIC 6419, 644, 645, 647)	1920 Manufacture of refined	0510 Mining of hard coal	2394 Manufacture of cement, lime	F Construction	27 Manufacture of electrical equipment	No asset type selected
	Impact type	positive and negative	positive and negative				positive and negative		
	Location Type *(if low-income country)*	Cambodia	Bangladesh	Australia	New Zealand				
	Impact type	positive	positive	N/A	N/A				
	Intentionality	Single focus on returns: Hedge funds and other	30%	Dual focus on returns and other outcomes:	70%				
	Impact type	positive							

Screenshot 31: Summary of Impact Drivers

3.1.2 Guidance for Indicator Selection

This section is your gateway to the 'Indicator Library' worksheets. It shows you which resources contained in the libraries have relevant content for the impact area. It also provides instructions on how to navigate the Libraries 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 whitin a given country

2) Use filter of column O to select your impact area

3) Use filter of column R 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

NB: SASB Standards are copyrighted and free to use for non-commercial use, such as this tool and corporate disclosure. Other uses cases may require permission from SASB. Please contact licensing@sasb.org and visit https://www.sasb.org/licensing-codegy-integration/

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

	Standard		Type of indicators	
Name	**Description**	**Link**	**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	https://www.cdp.net/en	Yes	Yes
Encore	ENCORE (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	https://encore.naturalcapital.finance/en	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)	https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-	Yes	Yes

Screenshot 32: Content and instructions for indicator selection in the Indicator Libraries

Q. What resources are contained in the Indicator Libraries?

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
- The Real Estate Indicator Library is drawn from the UNEP FI Real Estate Impact Analysis Tool

3.1.3 Performance Review & Assessment

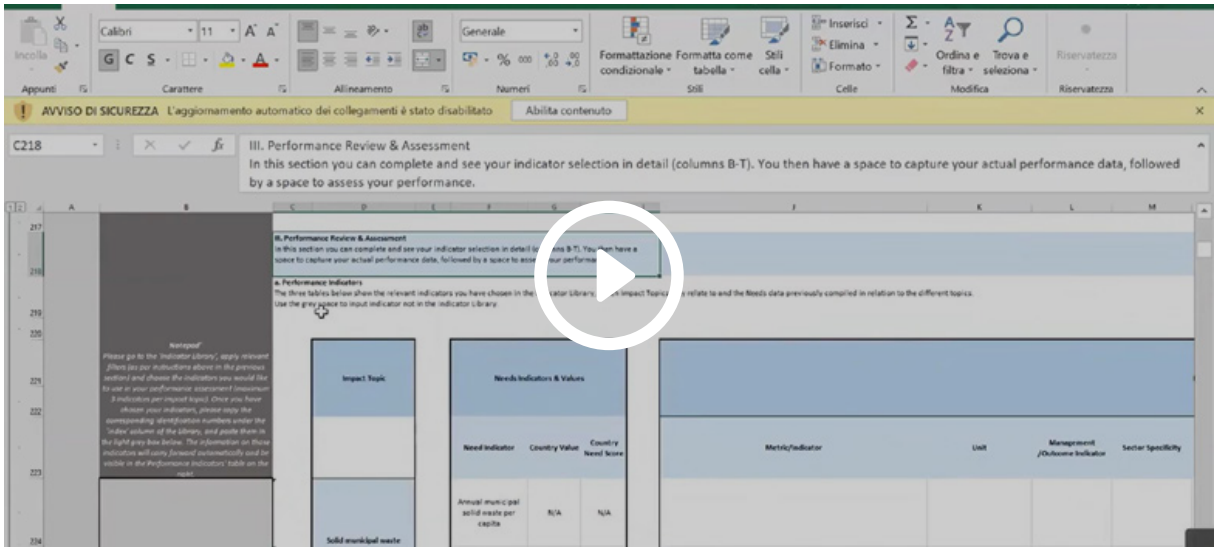
In this section there are three key steps:

3.1.3.a. Selection of relevant indicators

You can either select indicators from the Indicator Libraries 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 Libraries.

Performance Indicators										
Metric/Indicator	Unit	Management /Outcome Indicator	Sector Specificity	Regional Specificities	Level of analysis	ormative directic	Threshold/ goal	Related impacts	Available methodologies	Standard
Did you have an emissions target that was active in the reporting year?	NA	lanagement 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	NA	lanagement Capabili	Cross-cutting	NA	NA	Undefined	NA	NA	NA	CDP
Provide details of your net-zero target(s)	NA	Outcome	Cross-cutting	NA	NA	Mixed	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	NA	lanagement Capabili	Cross-cutting	NA	NA	Undefined	NA	NA	NA	CDP

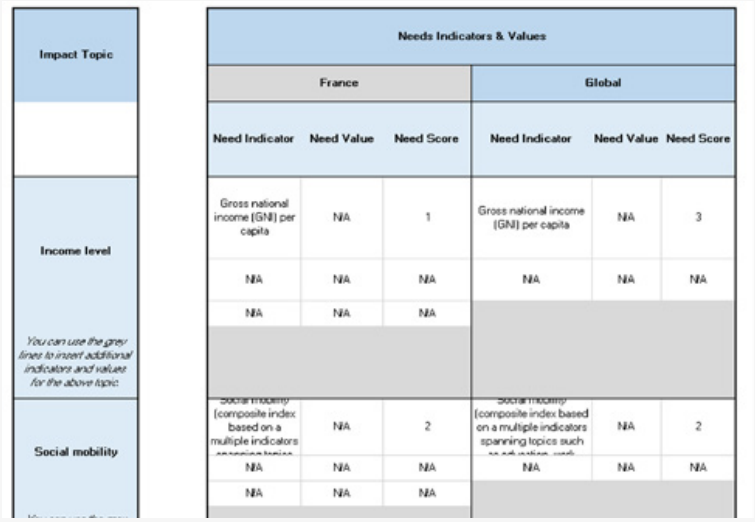
Screenshot 33: Compilation of performance indicators



▶ Click here to watch a demo of how to input indicators from the Indicator Libraries

Q. How can I know what indicators to choose?

A. Feasibility and relevance should by 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					
	France			Global		
	Need Indicator	Need Value	Need Score	Need Indicator	Need Value	Need Score
Income level	Gross national income (GNI) per capita	NA	1	Gross national income (GNI) per capita	NA	3
	NA	NA	NA	NA	NA	NA
	NA	NA	NA			
You can use the grey lines to insert additional indicators and values for the above topic						
Social mobility	[illegible] (composite index based on a multiple indicators	NA	2	[illegible] (composite index based on a multiple indicators spanning topics such	NA	2
	NA	NA	NA	NA	NA	NA
	NA	NA	NA			

Screenshot 34: 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 asset classes (per square meter, per installed capacity, etc.). While you may not be able 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.

3.1.3.b. Collection of Performance Data

Once the indicators are selected 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 across the portfolio for each activity type or for a sub-set of the portfolio. The workflow allows for data capture and monitoring over multiple years

Impact areas where the portfolio'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 portfolio 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; this is the next step towards understanding whether a given topic 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 portfolio'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 portfolio Y1							Across the portfolio Y2					
Value/Status	Measurement methodology (if applicable)	Assessment	Possible Target	Possible Timeframe	Validation	Comments	Value/Status	Measurement methodology (if applicable)	Assessment	Possible Target	Possible Timeframe	V
			target 1	1 year	Yes							[ple
			target 2	2 years	Yes							[ple
			target 3	3 years	Yes							[ple
			target 4	4 years	Yes							[ple
			target 5	5 years	Yes							[ple

Screenshot 35: 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.

In terms of indicator selection, relevance is a key factor to consider: be reminded of the needs you identified when reviewing context. The indicators selected need to be relevant to those needs. For instance, the level of GHG emissions is clearly relevant for climate change mitigation needs, however, in certain countries climate change adaptation may be of greater significance and there may be more relevant indicators to pursue, such as reducing the water-intensity of agriculture. Another example could be gender equality: in locations of wide-spread gender inequality, improving access finance / financial inclusion of women may be more impactful than a singular focus on improving board representation of women in investee companies.

For more guidance on target-setting, please consult the PRB guidance documents.[3]

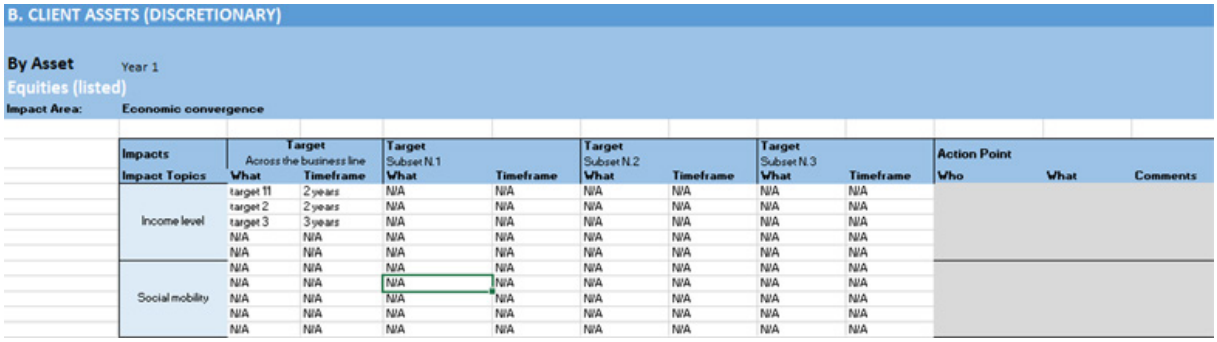
Q. How should I decide which targets to validate?

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.

3 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 activity types. For each activity type the worksheet displays any asset classes and 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 deter- mine action points for different teams within the bank.



B. CLIENT ASSETS (DISCRETIONARY)

By Asset Year 1

Equities (listed)

Impact Area: Economic convergence

Impacts		Target Across the business line		Target Subset N.1		Target Subset N.2		Target Subset N.3		Action Point		
Impact Topics		What	Timeframe	What	Timeframe	What	Timeframe	What	Timeframe	Who	What	Comments
Income level		target 11	2 years	N/A	N/A	N/A	N/A	N/A	N/A			
		target 2	2 years	N/A	N/A	N/A	N/A	N/A	N/A			
		target 3	3 years	N/A	N/A	N/A	N/A	N/A	N/A			
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Social mobility		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

Screenshot 36: Dashboard content for one impact area (Listed Equities/Discretionary)

Q. What kind of actions should ultimately result from my impact analysis?

A. There are two broad categories of actions that might result from your impact analysis:

i. changes in capital allocation—i.e. increased investments in certain sectors/asset types (e.g. renewables, resource efficiency companies) or in assets with the desired level of impact performance (e.g. real estate assets or rennovations with a high degree of resource efficiency), or conversely, divestment from certain sectors/asset types (e.g. fossil fuels) or in assets that do meet the desired level of impact performance (e.g. real estate developers with low resource efficiency and no plan for improvement).

ii. new or revised engagement strategies with investees—changes in capital allocation will not be sufficient to fulfil all SDG needs; business model transformations and transitions are key and investors can play a significant role in achieving this through their engagement strategies. As a result of the impact analysis you should be in a position to identify a meaningful universe of investees with whom engagement should be prioritised, and you should also have a sense of priority topics to engage them on. You will however need to complement this with a more granular, 'bottom-up' impact analysis of the individual investees. The UNEP FI Holistic Impact Methodology can be applied at the corporate level via the Corporate Impact Analysis Tool. The outcomes of the engagement would take the form of company-level impact targets.

NB. Additional work will be undertaken going forward to further unpack and illustrate the transition from analysis to actions, and to facilitate decision-making and target-setting, based on the data collection and outputs of the tool.

Q. What if I don't have the freedom /mandate to do these things? E.g. in the case of discretionary investments?

A. Re-directing capital in discretionary portfolios can be more challenging, where fiduciary duty may hold you to diversifying holdings and to align with market benchmarks. However, the interpretation of fiduciary duty is evolving; as per UNEP FI's long-standing research programme on fiduciary duty, the absence of consideration of ESG factors is increasingly viewed as a breach in fiduciary duty, and it is thought that the dual pursuit of revenues and extra-financial impacts can be legally considered as part of fiduciary duties. Some institutional investors are developing model mandates that specifically reference sustainability objectives.

This trend is still under consolidation, however it is recommended that you start to engage with 3rd parties on these matters.

E. Reporting on Impact Analysis

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

The Investment Portfolio Impact Analysis Tool was designed specifically to complement the Portfolio Impact Analysis Tool for Banks in supporting 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 [4]

ii. PRB Reporting Template[5]

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.

4 unepfi.org/wordpress/wp-content/uploads/2019/07/Key-Steps-to-be-Implemented-by-Signatories.pdf
5 unepfi.org/prb-reporting-and-self-assessment-template/

PRB Requirements & Reporting Template	Portfolio Impact Analysis Tool
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: **a. Scope:** 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. **b. Scale of Exposure:** 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. **c. Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. **d.** Scale and intensity/salience of impact: 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. (Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)).	**a. Scope:** The Tool workflow specifically includes a review of the bank's different investment activities and countries of investment (see 'Scoping' Phase); this ensures that the analysis is focused on the organisation's core investment activities and portfolios. **b. Scale of Exposure:** The Tool workflow specifically requires users to capture the asset classes, asset types (this means industries and technologies for asset classes such as fixed income) and geographies that the investment portfolios are exposed to, and the scale of that exposure (see 'Cartography' segment of Phase 2 – Impact Identification). **c. Context & Relevance:** The Tool workflow specifically requires users to capture the most relevant challenges and priorities related to sustainable development in the countries/ regions in which they are invested (see 'Context' segment of Phase 2 – Impact Identification). The impact analysis as a whole is directly dependent on the identification of the organisation's core investment activities, its different exposures, and the context of its investments. **d. Scale and intensity/salience of impact:** 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 countries in which the organisation is invested (based on the level of income of the country) and vis a vis the intentionality of the investments (see 'Investment/ Impact map'). Finally, the scale of the investment portfolio's actual impacts are reviewed in the second phase of the analysis ("Impact Assessment"), where performance vis a vis the portfolio's most significant impact areas is assesed (see "Performance" worksheets).
	Stakeholder engagement: 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.

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.

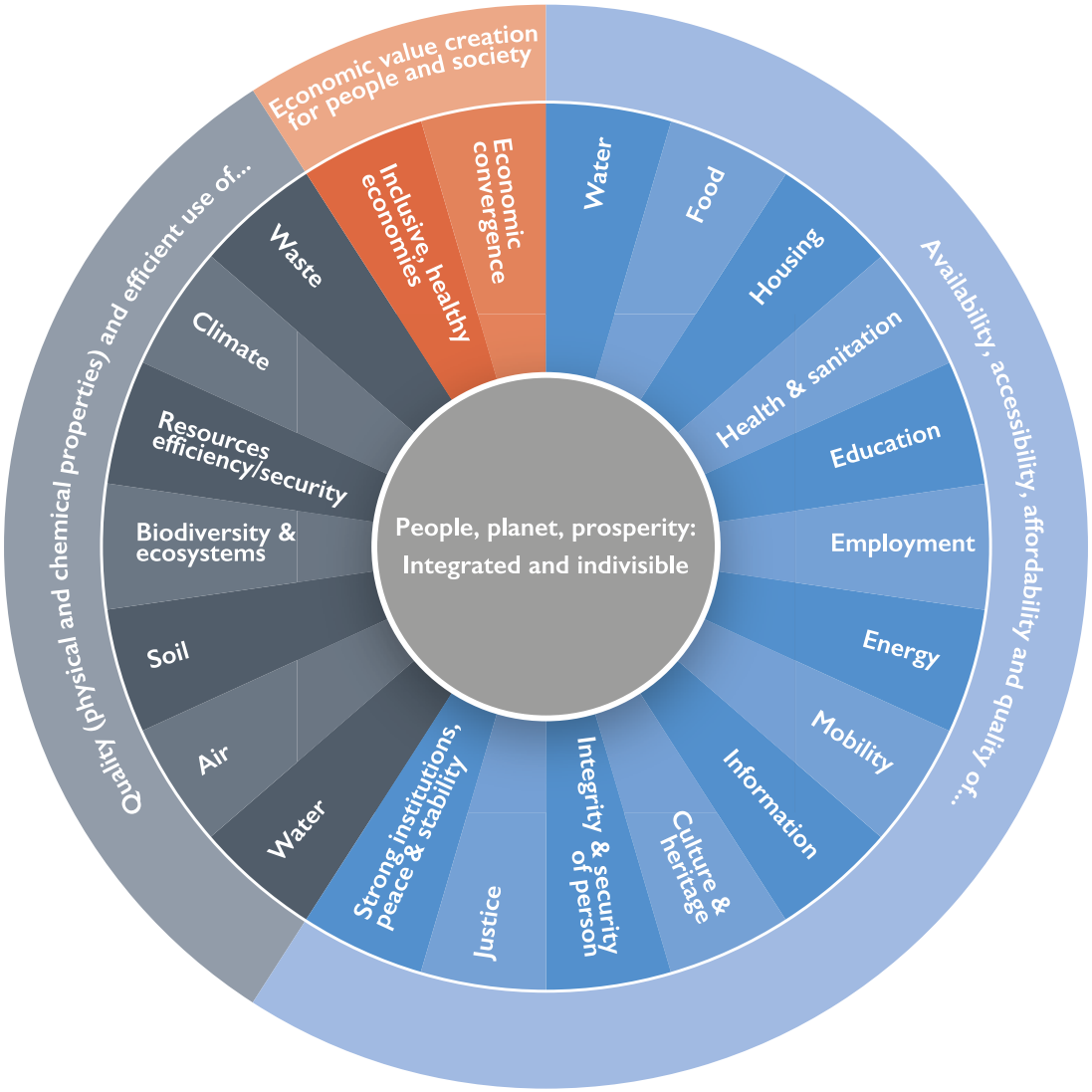


Figure 4: UNEP FI Impact Radar

CATEGORY	DEFINITION
Availability, accessibility, affordability and quality (degree to which a set of inherent characteristics fulfils needs) of…	
Water	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. **International source:** United Nations Office of the High Commissioner for Human Rights (OHCHR), UN-Water
Food	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. **International source:** Food and Agriculture Organization of the United Nations (FAO)
Housing	Population's accessibility to adequate, safe and affordable housing: a place where to live in security, peace and dignity. **International source:** OHCHR, UN-Habitat
Health and sanitation	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. **International source:** World Health Organization (WHO), UN-Water
Education	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. **International source:** Universal Declaration of Human Rights; United Nations Educational, Scientific and Cultural Organisation (UNESCO)
Employment	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. **International source:** The International Labour Organisation
Energy	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. **International source:** Organisation for Economic Co-operation and Development (OECD), International Energy Agency (IEA)
Mobility	Population's accessibility to safe, affordable, inclusive, efficient and sustainable mobility and transport systems and infrastructure. **International source:** The World Bank

CATEGORY	DEFINITION
Information	Population's accessibility to information and ideas through any media regardless of frontiers. This includes universal and affordable access to information and communications technology. **International source:** Universal Declaration of Human Rights, UNESCO, United Nations General Assembly
Culture and heritage	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. **International source:** UN General Assembly, Universal Declaration of Human Rights, UNESCO
Integrity and security of person	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. **International source:** United Nations General Assembly, Universal Declaration of Human Rights, United Nations Human Rights Committee, United Nations Development Group
Justice	Population's ability to access justice in an equal and inclusive way. **International source:** United Nations General Assembly
Strong institutions, peace and stability	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. **International source:** United Nations General Assembly, Human Rights Council, OECD
Quality (physical and chemical composition and properties) and/or efficient use of…	
Water	Quality, understood as the physical, chemical, biological, and taste-related properties of water, as well as the quantity of surface water and groundwater. **International source:** United Nations, European Commission, International Monetary Fund, OECD, World Bank
Air	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. **International source:** United Nations Statistics Division, WHO
Soil	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. **International source:** United Nations Glossary, FAO, European Environment Agency
Biodiversity and ecosystems	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. **International source:** United Nations, Convention on Biological Diversity

CATEGORY	DEFINITION
Resource efficiency/ security	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. **International source:** United Nations Glossary, International Resource Panel
Climate	Composition of the global atmosphere and its exposure to greenhouse gas (GHG) emissions as a direct factor contributing to climate change. **International source:** Intergovernmental Panel on Climate Change
Waste	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. **International source:** United Nations Glossary, United Nations General Assembly
Economic value creation for people and society as a means for meeting human needs within the confines of our environment	
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. **International source:** 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. **International source:** 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.

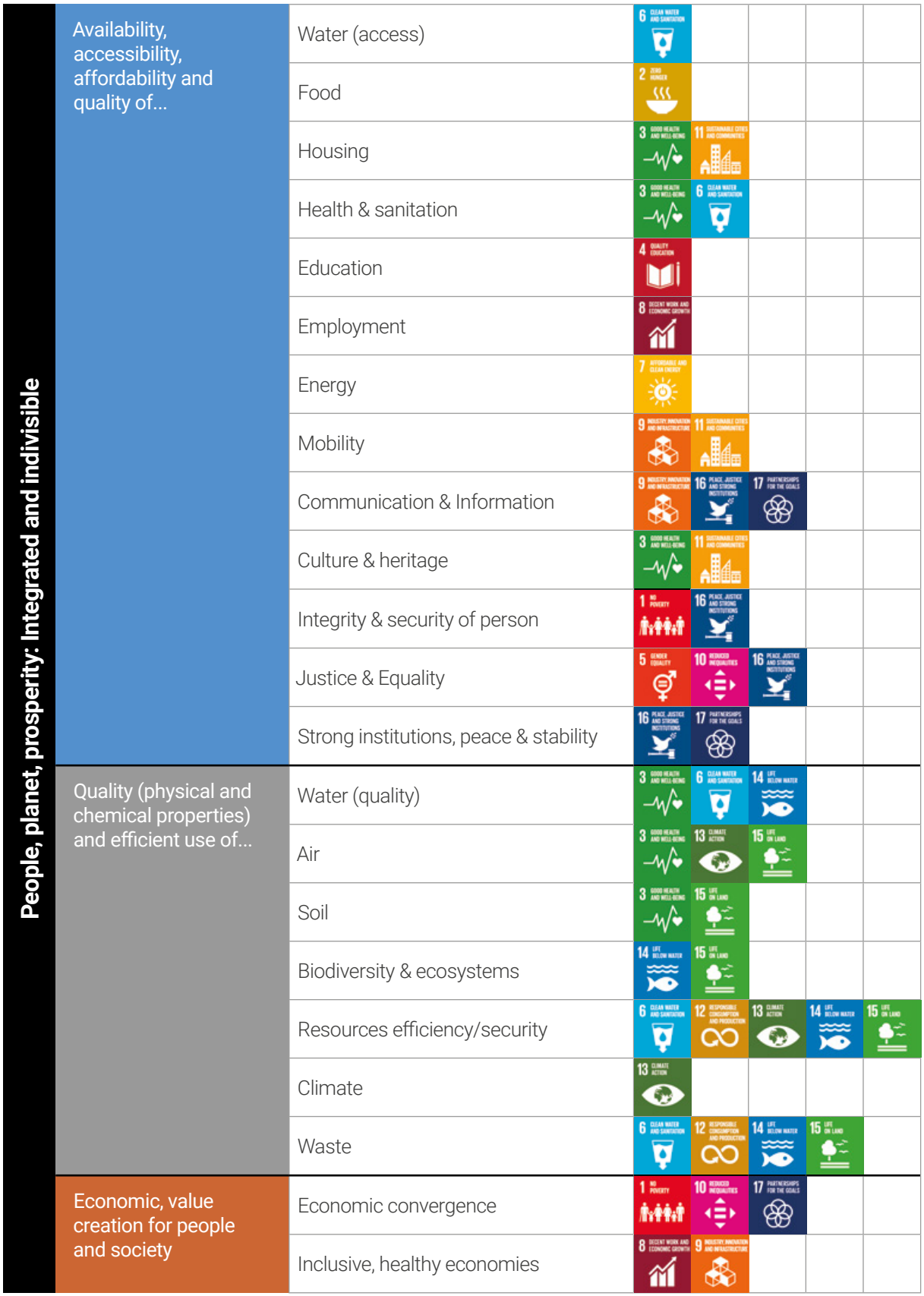


Figure 5: The 22 Impact Areas of the UNEP FI Impact Radar & the SDGs

Annex 2. Key concepts

Asset Classes and Types

In the context of this tool asset classes characterise the investments the bank or investment firm can make and asset types are a subcategorization within the asset classes. Thus different sectors, such as energy or IT will be considered asset types under the fixed income asset class, and office buildings will be an asset type under the real estate asset class.

Cartography

Overview of the content, location and intentionality of the organisation's investment portfolio/s.

Holistic Impact Analysis

Holistic impact analysis is the process of identifying the impact areas that can be positively and/or negatively associated with 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 & 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 investment portfolio'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 four drivers of impact:

- Asset classes
- Asset types (within asset classes e.g. sectors/activities for fixed income, real estate categories for real estate, etc.)
- Intentionality
- Location

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 investment portfolio's significant impact areas are identified, as a basis for performance assessment and the definition of priority impact areas (namely for target-setting).

Impact Indicators / Metrics

A metric is a standard of measurement. The words "metric" and "indicator" are used here interchangeably. 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, reviewing performance, 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 organisation 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 organisation is invested.

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

Impact Performance

An organisation'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 portfolio's impact performance, among other things, is considered during Impact Assessment in order to establish its priority impact areas.

Impact Profile

The tool generates impact profiles per type of investment activity. The profiles provide an overview of significant impact areas based on the corresponding portfolios' contents, location/s and intentionalities.

The impact profiles do not reflect the portfolios' impact performance.

Impact Targets

Setting meaningful impact targets, where it matters most, is the what the orgnanisation 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 investee level.

Intentionality

In this tool intentionality refers to the objectives pursued by the investor. These come in a spectrum, ranging from a unique focus on returns, to differentiated objectives combining returns with other types of outcomes, including social, economic or environmental benefits.

Investment Activities

In this tool investment activities are categorised based on the degree of decision-making power, noting that the levers for action and impact management will very accordingly. The investment activities used in the Tool are: own investments, investments with discretionary powers, investments with advisory powers and trading/execution.

Key Asset Types

Key Asset Types are those that are key to one or more Impact Areas. This means when they are indispensable to fulfilment of an Impact Area, or when they are severely undermining an Impact Area. Asset types are deemed key when the scale, intensity and/or probability of the impact association is high.

Location

In this tool location refers to the location of the asset which is being invested in, where applicable (e.g. real estate). In the case of equity and fixed income, location will refer to the country (or countries) of operation of the underlying company.

Sectors

For the purpose of this tool, sectors are areas of activity. The Sector/Impact Map contained in this tool is based on ISIC, however the Tool workflow uses GICS, as a reflection of market practice by investors.

Note that the original 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.

Significant Impact Area

A significant impact area for an investment portfolio is one where there is a strong relationship between the impact area and the portfolio' s current make-up. This is a function of its contents, location/s and the needs within location, as well as investment intentionality/ies.

Where there is a high level of need vis a vis an impact area in the country/ries of investment, and where significant proportions of AuMs are in asset classes and types that 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 portfolio.

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

UN environment programme

finance initiative

United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEP FI works with more than 400 members—banks, insurers, and investors—and over 100 supporting institutions– to help create a financial sector that serves people and planet while delivering positive impacts. We aim to inspire, inform and enable financial institutions to improve people's quality of life without compromising that of future generations. By leveraging the UN's role, UNEP FI accelerates sustainable finance.

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