

The UNEP FI Impact Analysis Tools

Intro session for new users

2nd November 2021

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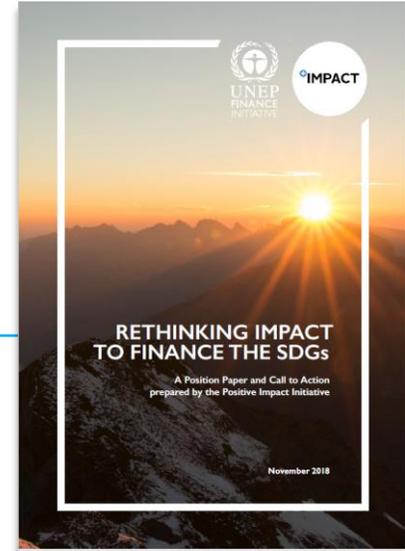
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- Background
 - UNEP FI & Impact
 - PRB requirements
 - UNEP FI Impact Analysis Methodology

SDGs & Impact at UNEP FI

UNEP FI's dedicated workstream on Impact and the SDGs dates back to 2017.

- [Rethinking Impact to Finance the SDGs](#), a seminal paper which provides the conceptual basis for a holistic, impact-based approach to closing the SDG financing gap.
- The [Principles for Positive Impact Finance](#), the [Impact Radar](#) and the [Model Frameworks](#) were UNEP FI's first steps towards operationalizing this new approach.

The Principles for Responsible Banking (PRB), with their focus on impact, the SDGs and consideration of both positive and negative impacts are in continuity with this initial work.



PRB Requirements

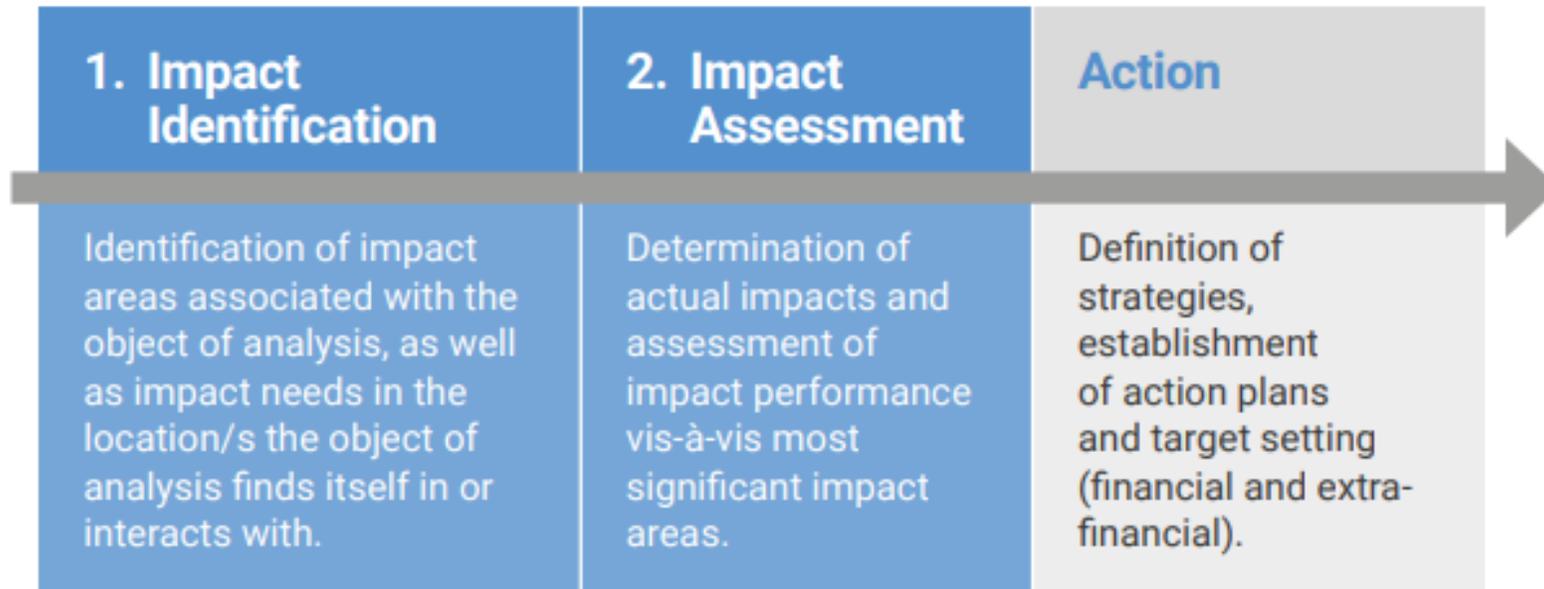
The Principles for Responsible Banking require banks to conduct an impact analysis that:

- Covers the bank's **core business areas**
- Takes into account the:
 - **Scale** of the bank's activities with regards to specific industries, technologies and geographies
 - **Context**, i.e. the most relevant challenges and priorities related to sustainable development in the countries/regions in which the bank operates
 - **Intensity/salience** of the social, economic and environmental impacts identified.

This analysis is the basis for target-setting.

Source: <https://www.unepfi.org/publications/guidance-on-impact-analysis/>

The UNEP FI Impact Analysis Methodology

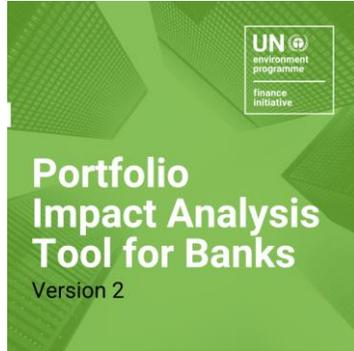


The UNEP FI Holistic Impact Analysis Methodology is a two-step process to understand and manage actual and potential positive and negative impacts across the spectrum of environmental, social and economic issues

The UNEP FI Suite of Tools

TOP

DOWN



Portfolio Impact Analysis Tool

- Scope: business lines (Consumer, Business, Corporate and Investment Banking)
- Impact drivers: Sectors, types of clients, location



Investment Portfolio Impact Analysis Tool

- Scope: asset management activities (main asset classes: fixed income, equity, real estate, infrastructure and currencies)
- Impact drivers: Asset classes, asset types, investment strategy, location

BOTTOM

UP



Real Estate Impact Analysis Tool

- Scope: RE investments (single assets & portfolios/funds)
- Impact drivers: Asset type, area type, status and location



Corporate Impact Analysis tool

- Bottom-up approach> clients' impact status and possibilities
- Impact drivers: company typology, geography and sectors

Why Use the Tools?

The [UNEP FI Portfolio Tools](#), were developed following a stock-take establishing the lack of appropriate tools to implement the PRB requirements and as a further operationalization of UNEP FI's unique approach.

Benefits of using the tool include:

- Free & transparent: available in open-source (downloadable from the UNEP FI website)
- Interoperable with UNEP FI's other resources (e.g. target-setting guidance) and with a broader set of impact management norms, resources and measurement methodologies (e.g. SASB, PCAF, etc.)
- Driving convergence: usage across a community creates a common language in a fragmented landscape
- Live: on-going co-creation with users to enhance and further develop the Tools

The tool is not mandatory. The Impact Radar & Mappings can be used independently. Note, however, that in all cases you must disclose your process and sources.

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- The UNEP FI Portfolio Impact Analysis Tool

> inside the Tool

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- Getting ready to start your Impact Analysis
 - Organizing the process
 - What will it mean in the specific context of my bank?
 - The Impact Management Journey
 - Resources

Organizing the process

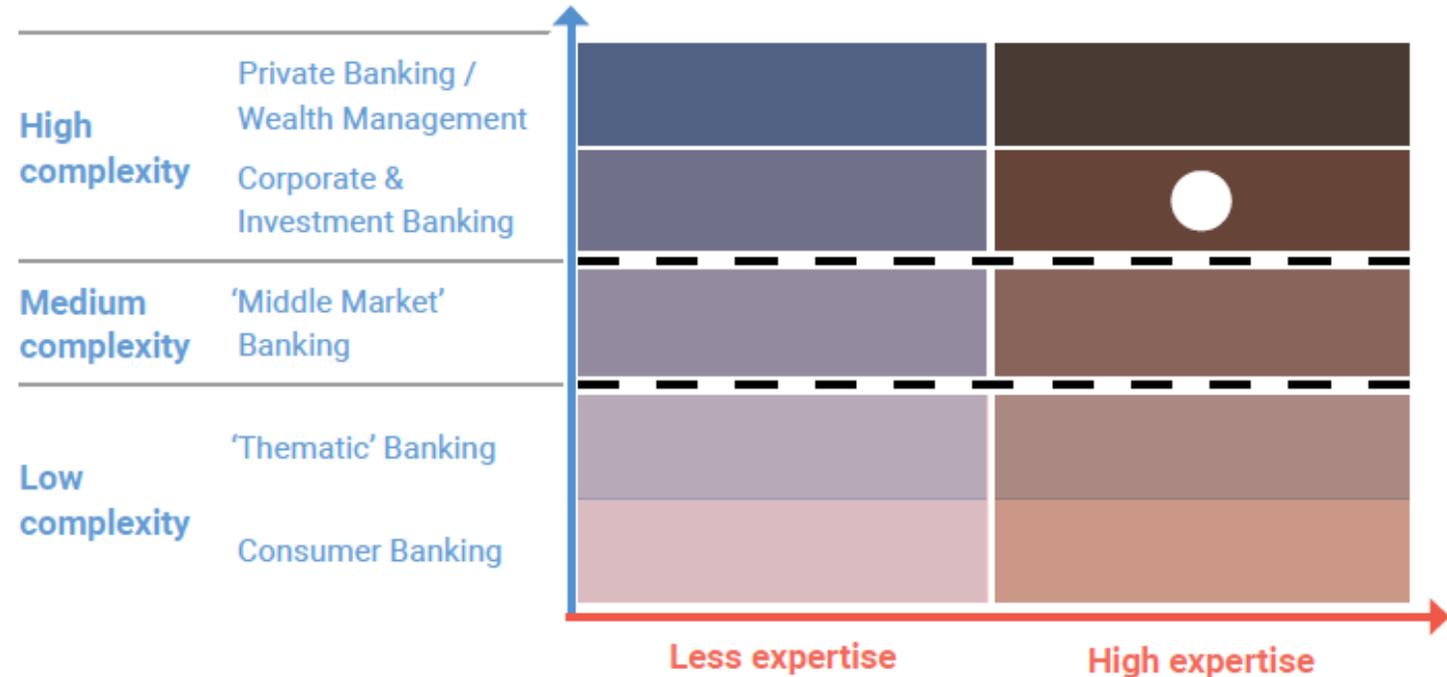
The Tool requires a significant amount of data to be collected from a variety of sources within the bank. Using the Tool therefore requires some preparation. Your first steps:

- **Familiarize yourself with the methodology:** take the time to browse through the Tool in order to get a good understanding of the different steps of holistic impact Analysis
- **Set up a project group:** You will need support from various departments in the bank to compile the necessary data. Identify and involve these as you are defining the scope of your analysis. Ideally the group would include the main departments of the bank: finance, risk, business units, audit, economic research, strategy, public affairs, HR, IT, communications
- **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.

Take a look at the [User Guide](#) (p. 17) to see an overview of the main data points requested in the Tool.

What will it mean for in the specific context of my bank?

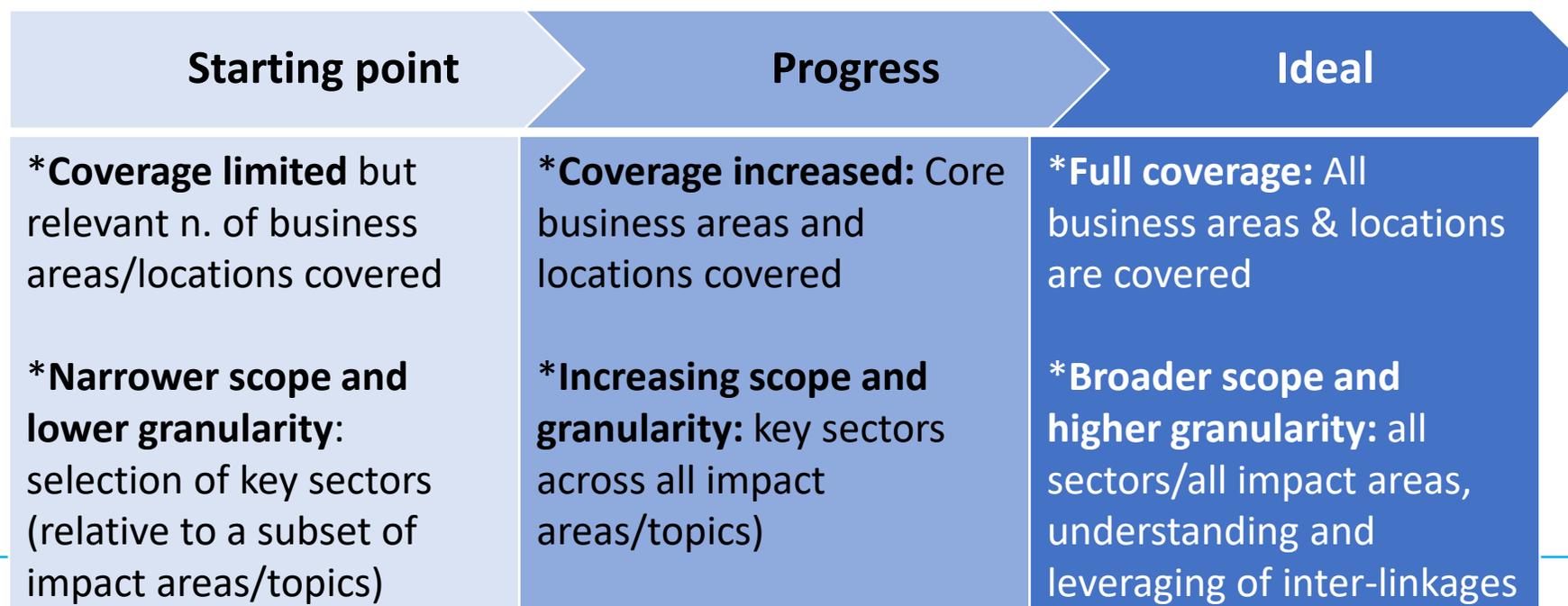
- The level of complexity and the results of your impact analysis can vary considerably depending on the nature of your bank
- It is also important to consider your bank's level of expertise and readiness when setting out to proceed with your impact analysis



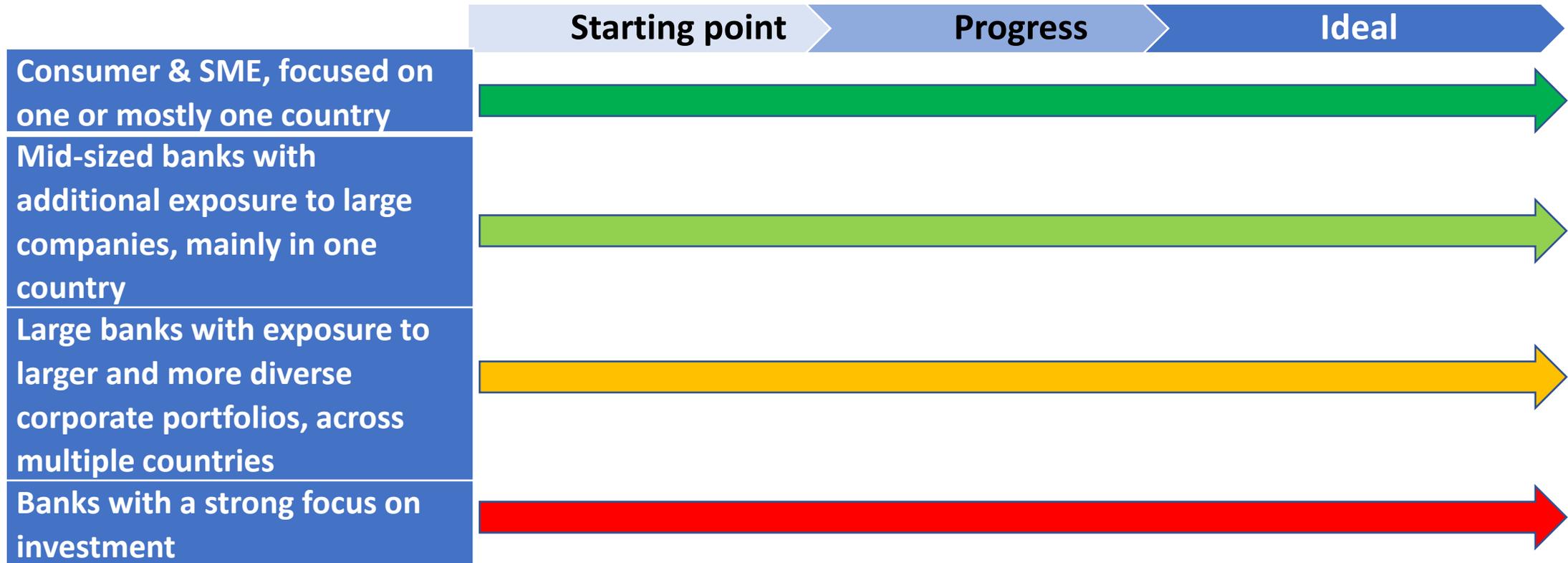
Take a look at the [User Guide](#) (pp.13-15) to understand how to do Holistic Impact Analysis depending on the level of complexity and expertise of your bank

The Impact Management journey

Impact Management across your whole portfolio. The coverage, scope and granularity of your analysis will increase gradually. The accuracy and quality of your impact management will increase over time accordingly.



Expected ease/speed of progress based on the profile of your bank



Resources

- [Interactive Guide](#): walk-through of each step of the analysis
- [User Guide](#): methodology + detailed explanation of each segment of the tool and Q&A sections
- [Impact Radar & Mappings](#): standalone files of the Tool in-built resources (Impact Radar, Sector Mappings, Needs Mappings, Indicator Library)
- [Launch webinar](#) of V2.0 + webinar of V1 ([morning](#) and [afternoon](#)): members' experiences
- [Implementation support](#) (password: unepfi): programme, links to next sessions, slides and recordings of previous sessions

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- Ask me Anything

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- Next calls

Next calls

- **Nov 24th** | Private Banking & Asset Management - [8.30 am CET session](#) | [4.00 pm CET session](#)
- **December** | Assessment and target setting

Thank you

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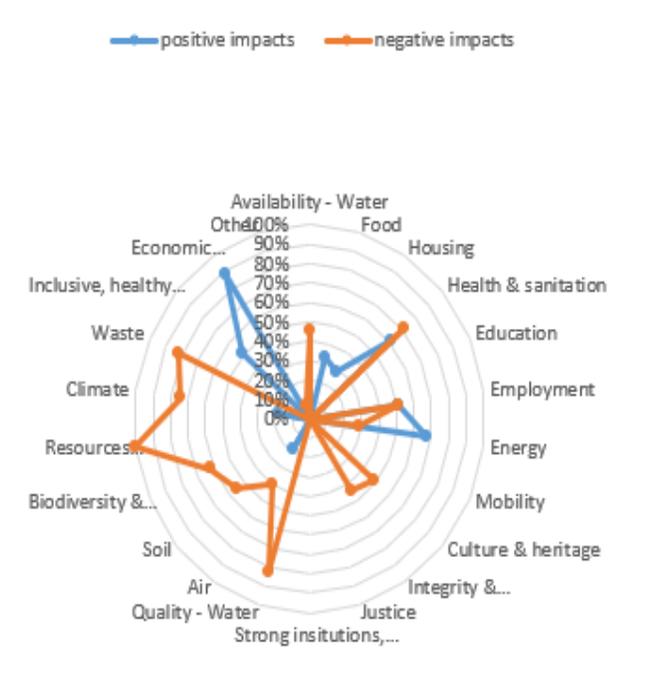
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- FAQ

What is Holistic Impact Analysis?

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

Holistic impact analysis is designed for better business strategy:

- Global view is more efficient than a topic by topic view
- Enables better anticipation of unintended consequences (ie better risk management)
- Facilitates the development of new business opportunities



How does the impact analysis differ from the materiality assessment?

Materiality assessment

- Identification of topics for consideration in the bank's business and sustainability strategies.
- Prioritises based on subjective general stakeholder engagement, as well as some data and research relating to sustainable development.



Impact analysis

- Identification of the most significant positive and negative impacts of the bank's business activities.
- Prioritises based on objective, science or evidence-based research and data relating to sustainable development, and targeted stakeholder input.



Impact Management

Impact Management is...
Building on but additional to existing analyses / work

What about other tools, frameworks and methodologies?

- Impact measurement / calculation (e.g. PACTA)
 - > These methodologies are essential to the performance assessment.
- Regulatory (e.g. EU Taxonomy)
 - > The tool can help track the portion of the portfolio that is eligible, over time, the portion that is compliant.

How do the Tools complement each other? Which Tools can banks use for the fulfilment of the PRB requirements?

- In most of the cases the starting point is the Portfolio Impact Analysis Tool
- The other tools can be used to complement the analysis
 - The Investment Tool: banks with significant asset management activities
 - Real Estate Tool: banks with strong focus on real estate investments/portfolios
 - Corporate Tool: banks who would like to carry out the analysis for specific clients (bottom-up)

How frequent should the analysis be?

- **Iterative process:** the first impact analysis may not have included all business fields or markets/geographies of the bank (scope) or it may have relied on sector averages/proxies. This should be further developed, improved and refined over time.
- **Dynamic process:** content (portfolio make-up, impact performance, etc.) and context (national and international regulation, government priorities, targets etc.) of the bank changes over time
- **Recommendation:** Align the timing of the updates with the timing of the bank's existing (financial and extra-financial) reviews and disclosures and move towards an annual review of the impact analysis.

How to interpret the outputs and prioritise impact areas/topics?

- Consider impact areas with highest levels of need in your main countries
- Consider the specific needs in those countries – you may find you need to dig deeper into the needs analysis at this point
- Consider the sectors in your portfolio that are associated with these impact areas – take the time to think about the nature of these associations in further detail
- Prioritize those impact areas where you are involved in relevant sectors, especially key sectors
- Your next step will be to consider your current level of performance so as to set meaningful targets and action plans.

