

# UNEP FI Holistic Impact Analysis Methodology

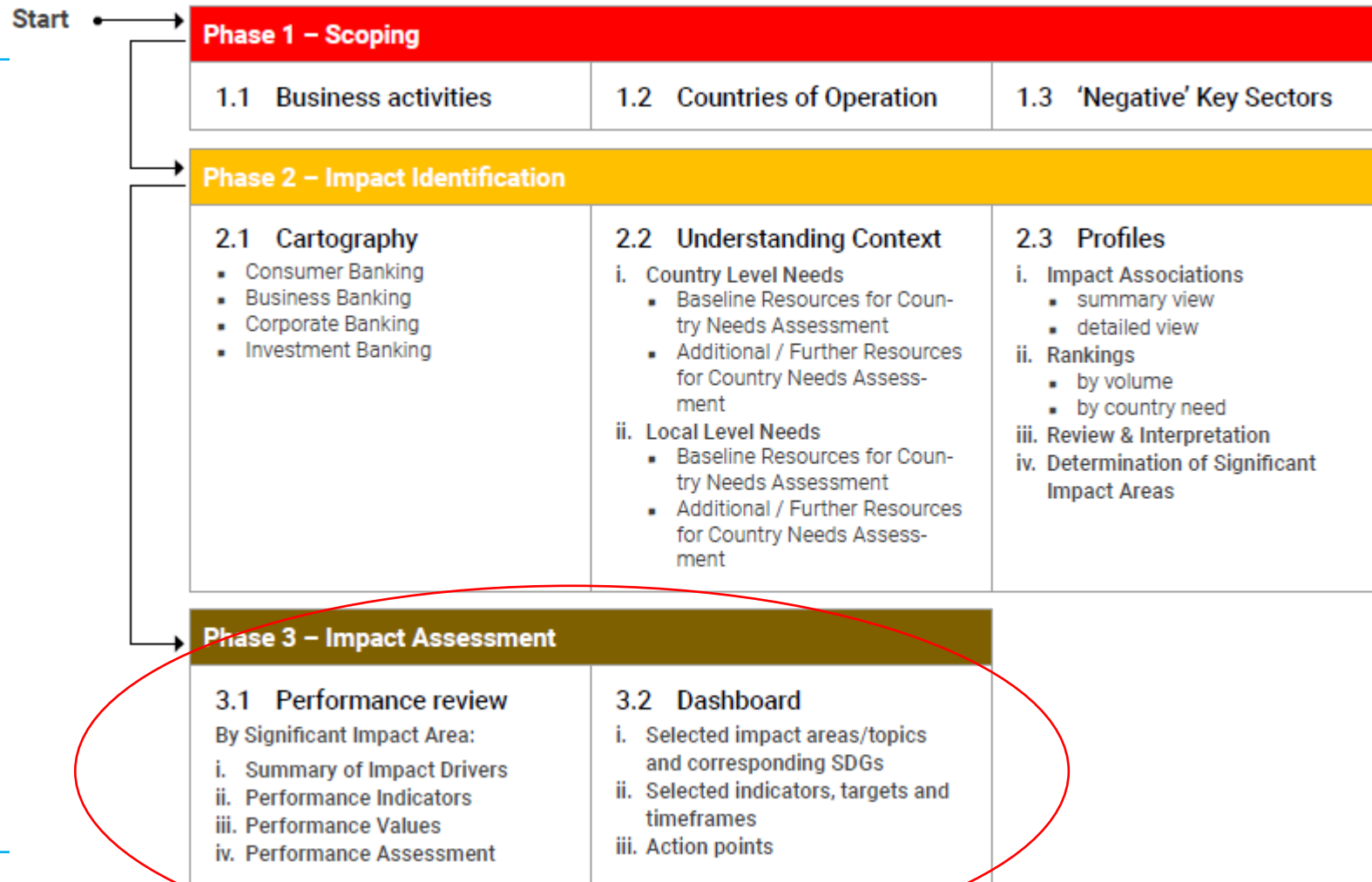
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Implementation Support session

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14 December 2021

# Today's Implementation Support session



# Content

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- **Impact assessment**
  - The role of performance assessment
  - Performance assessment and business lines
  - In practice inside the Tool
  - Use of metrics
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- **Impact assessment**

- The role of performance assessment
- Performance assessment and business lines
- In practice inside the Tool
- Use of metrics

# The role of performance assessment 1/2

Q:How to transition from impact analysis to target-setting? What type of targets should be set based on the Tool outputs? How can I combine impact analysis results with target-setting guidance?

- Impact analysis doesn't stop at impact identification; it also comprises performance assessment
- A bank's impact performance is its actual delivery of positive impacts and management of negative impacts. It can be quantitatively and/ or qualitatively measured per impact area through indicators and metrics. It is judged relative to specific targets and benchmarks (e.g. as set by policy goals and targets or in industry standards).The bank's impact performance is considered during Impact Assessment in order to establish its priority impact areas.
- NB. Performance is also evidenced by the existence, quality, and proper implementation of policies and processes
- Once performance is understood meaningful targets can be set; whether impact, financial or engagement.

# The role of performance assessment 2/2

Q:How does the gender equality target fit in the Tool given that gender equality is not a separate impact area in the positive impact radar?

- The bank can place gender equality targets under the 'justice & equality' impact area

	Need Indicator	Country Value	Country Need Score	Metric/Indicator	Unit	Management /Outcome Indicator	Sector Specificity	Regional Specificities
Rule of law	Rule of law (as a factor of: constraints on government powers, absence of corruption,	N/A	1					
	N/A	N/A	N/A					
	N/A	N/A	N/A					
Gender equality	Gender inequality (composite	N/A	1	Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment	N/A	Undefined	Cross-cutting	N/A
	N/A	N/A	N/A	Proportion of countries where the legal framework (including customary law) guarantees women's equal rights to land	N/A	Undefined	Cross-cutting	N/A
	N/A	N/A	N/A	Proportion of women aged 15-49 years who make their own informed decisions regarding sexual relations, contraceptive use	N/A	Outcome	Cross-cutting	N/A
Racial/ethnic discrimination	N/A	N/A	N/A					
	N/A	N/A	N/A					
	N/A	N/A	N/A					



# Performance assessment and business lines

Q: We observe some overlaps between business line in terms of significant impact areas. Do banks need to carry out a separate performance assessment exercise for each business line?

- The actions you can take depending on the business line could be quite different
- E.g. Resource Efficiency: in consumer banking this might involve tracking consumption patterns and encouraging sustainable consumption patterns; in business banking this might mean growing the SME portfolio to include SMEs or start-ups that are specialize in resource efficiency solutions and can help drive circularity in the broader economy. For corporate and investment banking it can mean supporting major transition plans for circularity (shift in use of plastics, set-up of reconditioning facilities, etc.)
- We therefore recommend to pursue distinct assessments.
- The dashboard will provide a summary view of the targets set for all the significant impact areas across the different business lines

# In practice inside the Tool

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Q: Could you explain the structure of the worksheet? What fields have to be filled out?

> Go to Tool



# Use of metrics 1/3

Q:For the performance assessment, what indicators should I use? should I capture internal data (like policies, employment matters, etc.), portfolio data or a combination of both?

- Performance cannot always be measured in terms of end impacts but impact drivers and pathways can be identified and worked on to drive performance
- It is therefore valid to reflect on a range of indicators: 'pure' impact indicators (e.g. ghg emissions), portfolio composition (e.g. % of portfolio in key sectors), policies (e.g. targeted/additional due diligence), specialized lending practices (e.g. transition products & services), etc.

Q:Do metrics have to be necessarily related to the business line's activities or any metric from the list would be sufficient? E.g. would emissions of a bank's operations be acceptable if the bank hasn't accounted for its financed emissions yet?

- All metrics/indicators should relate to the bank's business activities, not its direct operations

## Use of metrics 2/3

Q: Is it possible for a bank to act on its portfolio without necessarily measuring its end-impacts (e.g. without calculating GHG emissions for climate change)?

- Measurement is important to monitor progress, however action is possible on the basis of other types of indicators, for instance portfolio composition (e.g. % in key sectors, populations or technologies)
- In the specific case of climate change, it should be noted that countries that are mostly affected by climate change (rather than contributing to it), can take action on adaptation by supporting threatened sectors and populations, and at the same time act on mitigation by introducing climate-friendly practices (energy efficiency, water efficiency) in those sectors.

# Use of metrics 3/3

## Q:How do I demonstrate the extent to which my bank is already transitioning/mitigating negative impacts?

- As discussed, it is valid to reflect on a range of indicators: 'pure' impact indicators (e.g. ghg emissions), portfolio composition (e.g. % of portfolio in key sectors), policies (e.g. targeted/additional due diligence), specialized lending practices (e.g. transition products & services), etc. These can be commented on inside the tool.
- This will show most clearly as you repeat your impact analysis over time and the change in performance become apparent

Co2 emissions per capita
<i>You can use the grey lines to insert additional indicators and values for the above topic.</i>
Other (climate)
<i>You can use the grey lines to insert additional indicators and values for the above topic.</i>

CO2 emissions (metric tons per	N/A	2
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

GHG Emissions	N/A
Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years	N/A
Provide details of your emissions intensity target(s) and progress made against those target(s)	N/A
Did you have any other climate-related targets that were active in the reporting year?	N/A

If you wish to use indicators not included in the Library, you can insert them in the grey lines

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# Ask Me Anything

# Implementation support resources

# Implementation support resources

**The implementation support session material is available on the UNEP FI website/[PRB members area](#)**

- Programme (questions log and session dates)
- Next sessions (registration links)
- Previous sessions (slides and recordings)

## Other 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

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## Next calls



## Next calls

Topic	Date
Tool in built resources	January 26th (8.30 am & 4.00 pm)
Worked example	February 23 <sup>rd</sup> (8.30 am & 4.00 pm)
Getting started & scoping	March 23 <sup>rd</sup> (8.30 am & 4.00 pm)
Identification of significant impact areas	April 20 <sup>th</sup> (8.30 am & 4.00 pm)
Consumer Banking	May 18 <sup>th</sup> (8.30 am & 4.00 pm)
Impact Assessment	June 15 <sup>th</sup> (8.30 am & 4.00 pm)

# Thank you



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[Careen.Abb@un.org](mailto:Careen.Abb@un.org), [Costanza.Ghera@un.org](mailto:Costanza.Ghera@un.org) & [alexander.stopp@un.org](mailto:alexander.stopp@un.org)

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