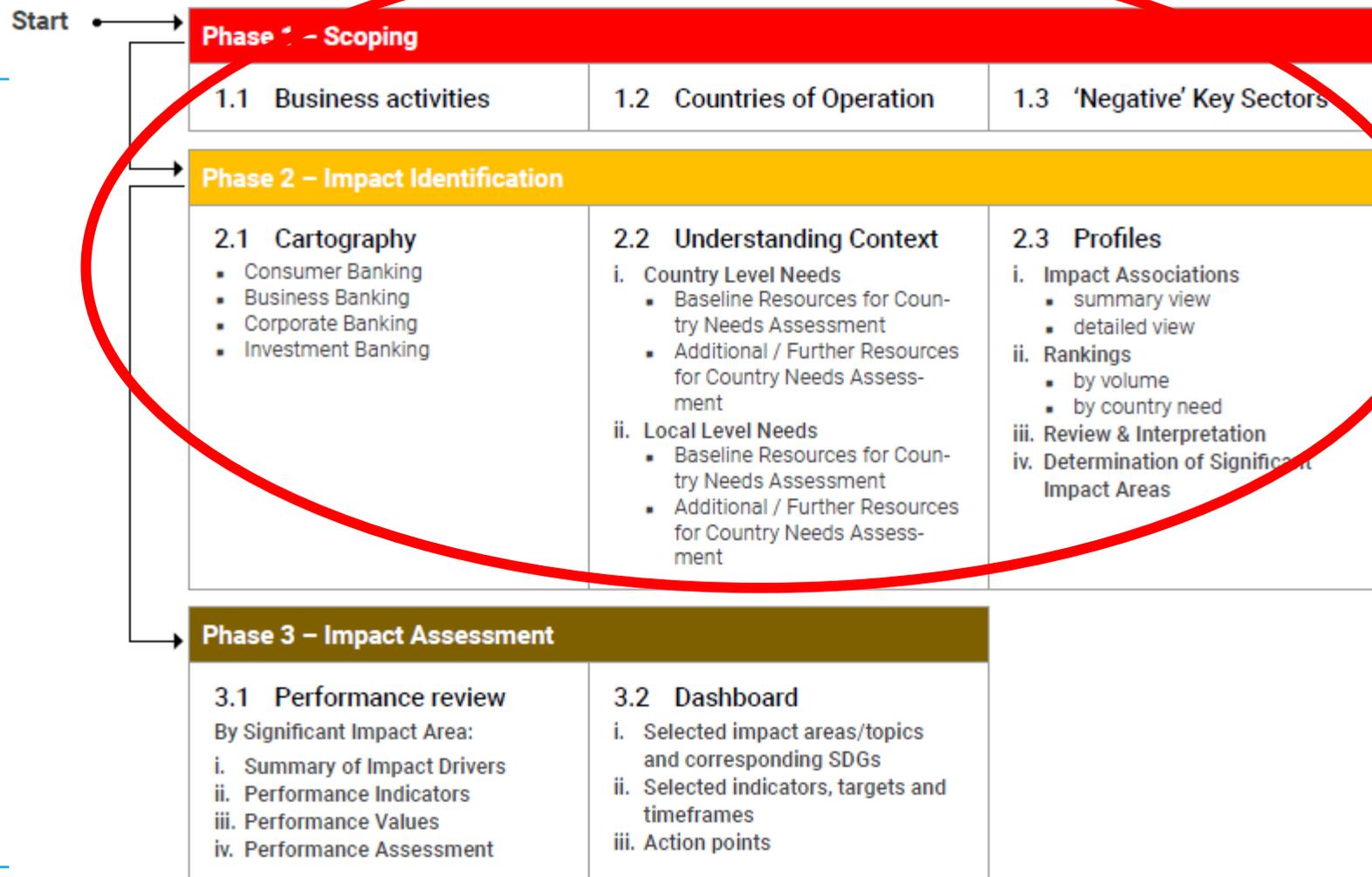


UNEP FI Holistic Impact Analysis Methodology

Implementation Support session
Worked Example

23rd February 2022

Today's Implementation Support session



WORKED
EXAMPLE

Agenda

- **Worked example: identification of significant impact areas**
 - Determine the scope of my Impact Analysis
 - Review the scale of my exposure to different sectors
 - Understand the context of my portfolio
 - Identify my significant impact areas
- **Ask Me Anything**
- **Implementation support resources and next calls**

- **Worked example: identification of significant impact areas**

- Determine the scope of my Impact Analysis
- Review the scale of my exposure to different sectors
- Understand the context of my portfolio
- Identify my significant impact areas

Worked example

Bank X is one of the leading banking groups in a Southern European country and has an international presence. It is among the top players in several countries in Central Eastern Europe and in North Africa, through its local subsidiary banks. Bank X covers all business lines but the largest business areas are consumer banking, business banking and corporate banking.

Determine the scope of my Impact Analysis

PRB Requirements / Steps in the Impact Protocol:

2 factors to consider:

- **Business activities** - Indicate what the main business activities of the bank are and what their respective size is in terms of gross income is.
- **Countries of operation** - For each business activity, indicate the main countries of operation and the portion of business per country.

Business Activities...

First of all, Bank X has translated the categorization of its business activities into the categorization provided in the Tool (established to enable a robust and comparable impact analysis).

| Business line | Description | Categorisation required for my impact analysis |
|--------------------------------|---|--|
| Commercial Banking | Provision of products and services to individuals, small and medium-sized enterprises and non-profit entities | <ul style="list-style-type: none"> Provision of products and services to individuals falls under “consumer banking” (with the exception of professionals which fall under “business banking”) Provision of products and services to medium-sized enterprises and non-profit entities falls under “business banking” |
| Corporate & Investment Banking | Provision of products and services to corporates, Financial Institutions and Public Administration both nationally and internationally. Its main activities include capital markets & investment banking. | <ul style="list-style-type: none"> Provision of products and services to larger clients and/or clients beyond the bank’s country/ies of incorporation falls under “Corporate Banking” Provision of access to capital markets & raising of capital on capital markets and related services falls under “Investment Banking” |
| Private Banking | Provision of products and services to private clients and High Net Worth Individuals | <ul style="list-style-type: none"> Basic products and services fall under “consumer banking” Investment activities are covered in the “Investment Portfolio Impact Analysis Tool” |
| Asset Management | Asset management solutions targeted at the Group’s customers, commercial networks outside the Group, and the institutional clientele. | Covered in the “Investment Portfolio Impact Analysis Tool” |
| Insurance | Insurance and pension products tailored for the Group’s clients. | Out of scope |

... and countries of operation

| country | Consumer Banking | Business Banking | Corporate Banking |
|------------------------|------------------|------------------|-------------------|
| Italy | x | x | x |
| Serbia | x | x | |
| Croatia | x | x | |
| Slovakia | x | x | |
| Albania | x | x | |
| Slovenia | x | x | |
| Bosnia and Herzegovina | x | x | |
| Moldova | x | x | |
| Hungary | x | x | |
| Czech republic | x | x | |
| Luxembourg | | | x |
| Ireland | | | x |
| Egypt | x | x | |
| Russia | | | x |
| Brazil | | | x |

Bank X has then identified its main countries of operation and mapped them to the different business segments.

The bank has decided to prioritize Italy, Serbia and Croatia because:

- Italy is the headquarter and main revenue generating country
- The bank is the top player in Serbia and ranks second in Croatia

Red indicates main revenue generating country and yellow indicates top player in the country

In the tool: business activities

Bank X has specified the gross income for each business activity (as per the Tool categorization) and identified the main activities to be covered in the analysis (i.e. scope): Consumer Banking, Business Banking & corporate Banking

| What are the bank's business activities? <i>Please refer to the description and definitions of banking activities under "Key Concepts" to accurately capture your business activities.</i> | Consumer & Private Banking <i>(excluding Asset Management)</i> | Business Banking | Corporate Banking | Investment Banking | Asset Management | Trading | Other | Total |
|---|---|-----------------------|-------------------|--------------------|------------------|-----------------|-----------------|-------|
| <i>You can use this space to capture the name of the business line/s' name in your bank if different to what is used in this tool (e.g. 'Personal Banking' instead of 'Consumer Banking' or 'Institutional Banking' instead of 'Corporate Banking')</i> | | | | | | | | |
| a. Please indicate gross income per type of business activity. | | | | | | | | 0 |
| b. What portion of the bank's overall business does each type of business activity represent? <i>Please indicate as a percentage of gross income.</i> | 30% | 30% | 20% | 10% | 10% | | | 100% |
| c. What is your market position for each of the types of business activity? <i>Please select from the drop-down list.</i> | Top 10 in one country | Top 10 in one country | [please select] | [please select] | [please select] | [please select] | [please select] | |
| <i>Please indicate where the above data was taken from.</i> | | | | | | | | |
| <i>Please specify the date of the above data</i> | | | | | | | | |

Scoping tab-business lines

In the Tool: geographic scope

Bank X has validated the geographic scope for each business line accordingly

| Business Banking | Please indicate the industry classification system you would like to use in your analysis | NACE | | | | | | | | | | |
|---|---|------|---------------|---------------|---------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <p>Which country/ies does the bank operate in? Please list all countries per type of business activity identified above.</p> | | | Italy | Serbia | Croatia | Slovakia | Albania | Slovenia | Egypt | Bosnia and Herzegovina | Hungary | Ireland |
| <p>a. What is the volume of the business line in each country? Please indicate the amount of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p> | | | | | | | | | | | | |
| <p>b. What portion of the bank's total business banking does each country represent? Please indicate as a percentage of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p> | | | 80% | 5% | 5% | 2% | 2% | 1,5% | 1,5% | 1% | 1% | 1% |
| <p>c. What is the bank's market position in each country?</p> | | | Top 10 | Top 10 | Top 10 | Top 10 | Top 10 | Top 10 | Top 10 | [please select] | [please select] | [please select] |
| <p>d. Are you supporting any key negative sectors/activities in any of these countries? Please refer to the Sector Lists in the next worksheet (yellow and orange lines) and answer using the drop down list. If yes, please check mark-up in the 'Sector Lists' tab and remember to include the key negative sectors in your selection in the 'Cartography' tab.</p> | | | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | No | Yes |
| <p>Include in Scope? Please consider volume and market position for each country selected above to understand which ones should be prioritised.</p> | | | Check mark-up | Check mark-up | Check mark-up | Check mark-up | Check mark-up | Check mark-up | Check mark-up | | | Check mark-up |
| | | | Italy | Serbia | Croatia | [Select country or area] |

Cartography tab-business banking

Review the scale of my exposure to different sectors

PRB Requirements / Steps in the Impact Protocol:

Portfolio composition - For each country within each type of business activity, indicate what sectors your clients or client activities belong to, and what percentage of your portfolio these represent.

Based on the scoping decisions it has made, Bank X has prioritized the analysis of its consumer banking, business banking and corporate banking portfolios of its Italian operations (Serbian and Croatian operations will be covered at a later stage).

Business & Corporate Banking

Business banking

Bank X found there was a very diverse set of sectors in its portfolio. By using higher level sector classification, it found that manufacturing, retail trade, hospitality and medical were among the more prominent sectors.

Corporate banking

Bank X found significant diversity here too. By prioritising 'key sectors' and those corresponding to its largest clients, the Bank found that industry, construction and energy were the largest exposures.

Specify the sector exposures

| Sectors | Industry Classification System NACE | | | | | | | | |
|---|---|------------------------------------|---|------------------|---|----------------------------|--|---|--|
| Italy | | | | | | | | | |
| <p>a. What are the sectors of the bank's clients or client activities? Please select from the drop down list. Where the bank's clients / client activities are spread among multiple sectors, start with sectors that are in the top 10 of the portfolio (in the country). Please refer to the Sector Lists in the previous worksheet for ease of reference.</p> | 10.7 Manufacture of bakery and farinaceous products | 10.5 Manufacture of dairy products | 32.12 Manufacture of jewellery and related articles | 55 Accommodation | 56.1 Restaurants and mobile food service activities | 86 Human health activities | 47.1 Retail sale in non-specialised stores | 47.2 Retail sale of food, beverages and tobacco in specialised stores | |
| <p>b. What is the volume of the business line in each country ? Please indicate the amount of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p> | | | | | | | | | |
| <p>c. What portion of the bank's business banking portfolio in the country does each sector represent? Please indicate as a percentage of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p> | 6% | 6% | 2% | 7% | 12% | 13% | 10% | 10% | |

| Sectors | Industry Classification System NACE | | | | | | | | |
|---|-------------------------------------|-----------------------------|--|------------------------------|----------------------|---|--|-------------------------------------|--|
| Italy | | | | | | | | | |
| <p>a. What are the sectors of the bank's clients or client activities? Please select from the drop down list. Where the bank's clients / client activities are spread among multiple sectors, start with sectors that are in the top 10 of the portfolio (in the country). Please refer to the Sector Lists in the previous worksheet for ease of reference.</p> | 29.10 Manufacture of motor vehicles | 45.1 Sale of motor vehicles | 29.3 Manufacture of parts and accessories for motor vehicles | 41 Construction of buildings | 42 Civil engineering | 35.1 Electric power generation, transmission and distribution | 24.1 Manufacture of basic iron and steel and of ferro-alloys | 74.10 Specialised design activities | |
| <p>b. What is the volume of the business line in each country ? Please indicate the amount of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p> | | | | | | | | | |
| <p>c. What portion of the bank's corporate banking portfolio does each sector represent? Please indicate as a percentage of drawn outstanding loans, outstanding loans, or alternatively, exposure at default (EAD), depending on available information. See key concepts section for definitions and further guidance. N.B: please see the cell at the end of the line to check if the total is correct</p> | 10% | 10% | 2% | 10% | 10% | 22% | 8% | 10% | |
| OPTIONAL | | | | | | | | | |
| <p>d. Which loans are 'known use of proceeds' (e.g. real estate, fleets, machinery/equipment, etc.)? Please indicate the amount per sector identified above.</p> | | | | | | | | | |
| <p>e. What proportion of loans are 'known use of proceeds' (e.g. real estate, fleets, machinery/equipment, etc.)? Please indicate the percentage per sector identified above.</p> | | | | | | | | | |

Consumer Banking

Two key considerations (in lieu of sectors):

- **Products and services rendered** – Bank X has identified the main products and services it offers to its costumers and the percentage of the total number of customers within the country. These comprise a fairly standard suite of account holding and loan products, including housing and education oriented loans.
- **Customer profiles** – Bank X has identified the types of customers it serves for each product/service. Bank X has used the OECD definitions of of high/middle/low-income populations. Most of Bank X's customers fall in the middle to high income range.

In the Tool

| Italy | | | | | | | |
|--|--|-------------------------|-----------------------------------|------------------------------|------------------------------|--------------------------------|-------------------------|
| a. What type of products and services is the bank offering its customers? Please select from the drop down list. Please refer to the Sector Lists in the previous worksheet for ease of reference. For all applicable product/service types, please indicate the bank's total number of customers within the country For all applicable product/service types, please indicate the percentage of the bank's total number of customers within the country (e.g. 26%). | #64411 Current accounts with payment services (cheques, debit cards) | #64421 Savings accounts | #64432 Consumer loans & overdraft | #64434 Home loans /mortgages | #64435 Vehicle related loans | #64436 Education related loans | #64438 Healthcare loans |
| | 35% | 20% | 25% | 4% | 2% | 8% | 2% |
| b. What type of customers is the bank serving? For each type of product or service offered by the bank, please indicate the amount and percentage of the corresponding customer base that match the below customer typologies. Where unknown please use the "Unspecified" category. NB. Please use locally applicable definitions of low, middle and high income populations. | | | | | | | |
| Unspecified (amount) | | | | | | | |
| Unspecified (percentage) | | | | | | | |
| Low-income populations (amount) | | | | | | | |
| Low-income populations (percentage) | 10% | 5% | 5% | 5% | 5% | 10% | 15% |
| Middle/income populations (amount) | | | | | | | |
| Middle/income populations (percentage) | 70% | 70% | 65% | 60% | 75% | 75% | 50% |
| High-income populations (amount) | | | | | | | |
| High-income populations (percentage) | 20% | 25% | 30% | 35% | 20% | 15% | 35% |
| OPTIONAL | [select sector] | [select sector] | [select sector] | [select sector] | [select sector] | 8530 Higher education | [select sector] |
| c. What is consumer credit used for? | | | | | | | |

Cartography tab- consumer banking

Understand the context of my portfolio

For each country included in the scope of your analysis, undertake a needs assessment to identify the key priorities/challenges related to sustainable development

Italy had prepopulated data. For this reason, Bank X has reviewed and confirmed the scores in the relevant lines.

Among the main priorities / highest levels of need found in Italy: Housing and Resource efficiency

Other countries included in the scope (e.g. Croatia) had no prepopulated data. Therefore, Bank X will have to use local resources (national development plans, national strategies, VNRs) to assess the levels of need in those countries vis a vis the different impact areas.

| | | | | | | | |
|---|--|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|-------------------------------------|--------------------------------|
| Italy | Baseline Resources - Values (default) | 3.01 | 0.9504 | no default value | <5% | 19/9 | 80.7 |
| | Baseline Resources - Need scores (default) | 1 | 2 | no default need score | 1 | 3 | 1 |
| | Baseline Resources - Changes to Values | | | | | | |
| | Baseline Resources - Confirmed need scores | 1 | 2 | N/A | 1 | 3 | 1 |
| | 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 | 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 | no topic/metric available |
| | Further Resources - Values (default) | no default value | 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 | 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] | [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] | [please select a score] | |
| Scores per Impact Area | | 2 | | | | 3 | |

Context tab

Identify my significant impact areas

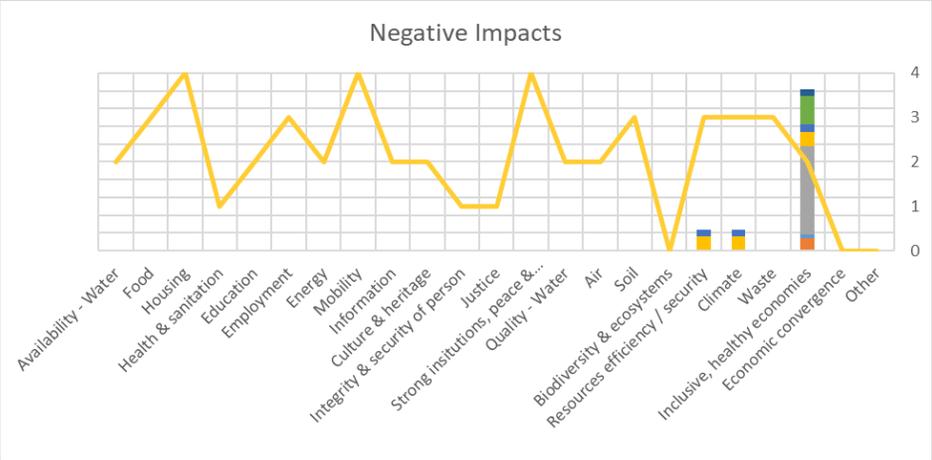
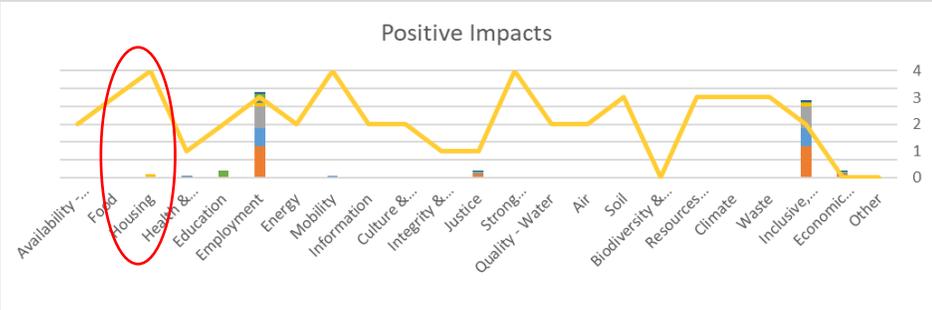
PRB Requirements / Steps in the Impact Protocol:

Based on the cartography and the contextualisation of your portfolio, identify your most significant impact areas

Bank X overlaid its portfolio cartography (Italy) with its needs assessment for Italy (see next slides).

In the Tool: Consumer Banking

Housing is an area of high need, yet only a small part of the portfolio focuses on housing related products



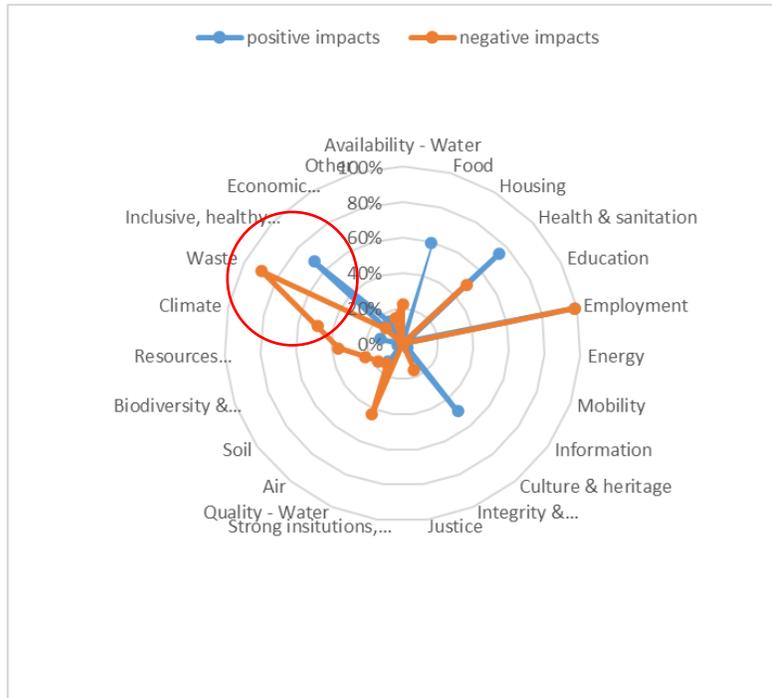
Ranking by sector associations
 The impact areas that are in bold reflect a high level of need in the country of operation, therefore indicating areas of most significant impact.

| Impact areas Positive | Country impact need | Impact areas Negative | Country impact need |
|------------------------------|---------------------|--|---------------------|
| Employment | 3 | Inclusive, healthy economies | 2 |
| Inclusive, healthy economies | 2 | Resources efficiency / security | 3 |
| Education | 2 | Climate | 3 |
| Justice | 1 | | |
| Economic convergence | 0 | | |
| Housing | 4 | | |
| Health & sanitation | 1 | | |
| Mobility | 4 | | |

In the Tool: Business Banking

Employment/ Healthy economies is an area of high need. Growing the SME portfolio could support this impact area. Also notable is the prevalence of waste/resource efficiency negative impacts, also high need areas.

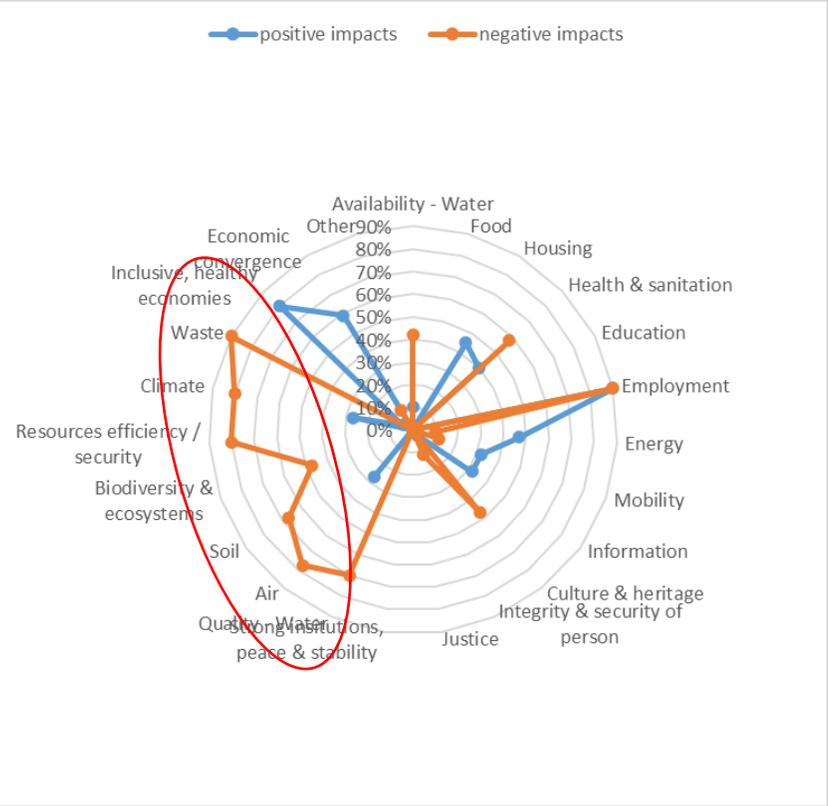
Ranking by key sector associations
The impact areas that are in bold reflect a high level of need in the country of operation, therefore indicating areas of most significant impact.



| Impact areas associated with key sectors- Positive | Proportion of portfolio | Level of country need | Impact areas associated with key sectors- Negative | Proportion of portfolio | Level of country need |
|--|-------------------------|-----------------------|--|-------------------------|-----------------------|
| <i>NB. All content in this portfolio carries a positive association to the 'economic convergence' impact area, by virtue of the role played by SMEs. (See Client-Impact Map)</i> | | | | | |
| Employment | 33% | 3 | Waste | 29% | 3 |
| Health & sanitation | 28% | 1 | Availability - Water | 22% | 2 |
| Culture & heritage | 28% | 2 | Quality - Water | 20% | 2 |
| Food | 21% | 3 | Health & sanitation | 18% | 1 |
| Inclusive, healthy economies | 8% | 2 | Soil | 15% | 3 |
| | | | Biodiversity & ecosystems | 15% | 0 |
| | | | Resources efficiency / security | 15% | 3 |
| | | | Climate | 15% | 3 |
| | | | Employment | 8% | 3 |
| | | | Integrity & security of person | 8% | 1 |
| | | | Air | 7% | 2 |
| | | | Other | 7% | 0 |

In the Tool: Corporate Banking

Resource efficiency and related environmental topics are areas of high need and show as being prominently associated with the portfolio (negative association).



Ranking by key sector associations
 The impact areas that are in bold reflect a high level of need in the country of operation, therefore indicating areas of most significant impact.

| Impact areas associated with key sectors- Positive | Proportion of portfolio | Level of country need | Impact areas associated with key sectors- Negative | Proportion of portfolio | Level of country need |
|--|-------------------------|-----------------------|--|-------------------------|-----------------------|
| Economic convergence | 37% | 0 | Climate | 49% | 3 |
| Mobility | 30% | 4 | Resources efficiency / security | 47% | 3 |
| Energy | 27% | 2 | Culture & heritage | 37% | 2 |
| Air | 27% | 2 | Soil | 30% | 3 |
| Climate | 27% | 3 | Quality - Water | 27% | 2 |
| Employment | 20% | 3 | Biodiversity & ecosystems | 27% | 0 |
| Availability - Water | 10% | 2 | Health & sanitation | 20% | 1 |
| Housing | 10% | 4 | Availability - Water | 18% | 2 |
| Inclusive, healthy economies | 10% | 2 | Waste | 18% | 3 |
| | | | Air | 5% | 2 |

My most significant impact areas

Bank X has identified the following significant impact areas per business line in its Italian operations:

- Consumer Banking: **housing**
- Business Banking: **employment, healthy economies, waste, resource efficiency, climate**
- Corporate Banking: **waste, soil, resource efficiency, climate**

PRB requires setting of targets vis a vis at least 2 impact areas. Bank X prioritized the following impact areas as its most significant:

- Resource efficiency – due to its presence across both its business and corporate portfolios and due to the positive impacts that can accrue to other high areas of need (climate, soil, waste)
- Healthy economies – as an area that the whole business banking portfolio can promote (support to SMEs)
- Housing – as an area mostly for the consumer banking portfolio to consider but with relevance for its business/corporate portfolios also (high presence of construction and real estate sectors)

The next step will be for Bank X to proceed with its performance assessment, so as to understand its current status vis a vis these impact areas and how to contribute to the relevant policy goals in further detail, thus putting it in a position to set meaningful targets and corresponding action plans.

Ask Me Anything

Implementation support resources and next calls

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

Next calls

- **Getting started & scoping: March 23rd (8.30 am & 4.00 pm)**
- Identification of significant impact areas: April 20th (8.30 am & 4.00 pm)
- Consumer Banking: May 18th (8.30 am & 4.00 pm)
- Impact Assessment: June 15th (8.30 am & 4.00 pm)

Thank you

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