UN-convened
Principles for Responsible Banking

Impact Management Toolkit & PRB Implementation

27 October 2022

Maria Eugenia Sosa Taborda
PRB Governance and Membership Lead
Gabor Gyura
Technical Specialist, Banking
Careen Abb
Programme Lead, SDGs & Impact
Agenda

1. Background
2. PRB Requirements
3. Impact Management Toolkit
   • Impact Protocol
   • Interactive guidance and Case studies
   • Tools
   • Target setting resources
4. Q&A
Background
Background

- **2015 SDGs**: A global framework reconciling economic, environmental and social objectives.
- **2019 Principles for Responsible Banking**: Requires signatories to align with the SDGs by applying impact management.
What are sustainability impacts and why manage them?

Impact Management Theory of Change/Impact Pathway for Banks

- **Drivers for impact management (inputs)**
  - Policy and regulatory context
  - Stakeholder expectation and demands (investors, customers)
  - Business risk and opportunities deriving from economic, social and environmental context

- **Practice**
  - How sustainability issues are integrated into the bank’s strategy, business and systems

- **Actions**
  - The actions taken by the financial institution to manage impacts in response to the drivers
  - Portfolio composition & financial flows
  - Client engagement
  - Internal policies & processes
  - Advocacy & partnerships

- **Outputs**
  - The deliverables from the actions taken
  - [output indicators]

- **Outcomes**
  - What happens as a result of the actions and their outputs
  - [outcome indicators]

- **Impacts**
  - The positive impacts achieved and the negative impacts avoided, mitigated/compensated as a result of the bank's practice
  - [impact indicators]

- **Impacts**
  - End results for people, society and the environment
PRB Requirements
PRB Requirements

Analyzing your bank’s Impact on Planet & People

4 requirements: scope, context, portfolio composition and performance measurement

Setting & Implementing Targets

At least 2 SMART targets

Accountability & Measuring Progress

Using PRB template and in line with the Annual Reporting cycle
**Suggested timeline for initial 4-year implementation period**

**Year 1 & 2:**
- Conduct and complete an initial impact analysis
- Publish your first PRB report

**Set multidisciplinary team and gather data**
- Identify scope, context and exposure of your portfolio
- Prioritize at least 2 significant impact areas
- Deep dive into the two impact areas for performance measurement

**Year 3 & 4:**
- Work on setting min. 2 SMART targets
- Publish your second and third PRB report

**Determine baseline for your targets, assess relevant frameworks to align with**
- Set SMART targets that address min. 2 areas of most significant impact
- Report and monitor progress against targets

**Year 5 and thereafter:**
- Work on implementing the targets
- Publish your subsequent PRB reports
- Set new or complementary targets if needed

**Consider setting more targets, expanding the impact analysis**

---

**Principles signed**

- **6 mo**
- **Year 1**
- **18 mo**
- **Year 2**
- **Year 3**
- **Year 4**
- **Year 5**

---

**Publish the first PRB report**

**Publish the second PRB report**

**Publish the third PRB report**

**Publish the fourth PRB report**
Toolkit for Impact Management
The UNEP FI Toolkit for Impact Management for Banks

**Impact protocol**
- High-level explanation of the full impact management process and clarification of key concepts and terms

**Interactive guidance**
- Implementation of PRB step by step
- Q&As

**Impact tools & associated User Guides**
- Input-output tools for context analysis, impact identification, impact assessment and target setting

**Reference materials**
- Impact radar (nomenclature of sustainability topics)
- Sector/impact map (including key sectors)
- Interlinkages map
- Indicator library

**Guidance on indicators and target setting and indicators**
- Climate Change Mitigation
- Financial Inclusion/Financial Health
- Resource Efficiency
- Biodiversity
- ...

**Requirements**
- Generic guidance, tools and resources for impact management as a whole

**Thematic guidance and resources for target setting**
Impact Protocol

Impact protocol
- High-level explanation of the full impact management process and clarification of key concepts and terms.

Interactive guidance
- Implementation of PRB step by step
- Q&As

Impact tools & associated User Guides
- Input-output tools for context analysis, impact identification, impact assessment and target setting

Reference materials
- Impact radar (nomenclature of sustainability topics)
- Sector/Impact map (including key section)
- Interlinkages map
- Indicator library

Guidance on indicators and target setting and indicators
- Climate Change
- Mitigation
- Financial Inclusion
- Financial Health
- Resource Efficiency
- Biodiversity
- ...

Requirements
- Specific guidance, tools and resources for impact management as a whole

Thematic guidance and resources for target setting
The Impact Protocol: Holistic impact management for banks explained step by step
How it works

For each step of the impact management process:

2. Impact Identification

Impact identification consists in understanding the impact areas and topics (e.g., employment, climate, economic convergence) that are associated with the bank, based on its portfolio composition and context, and determining which, among these, are the most significant impact areas. By understanding its most significant impact areas, the bank can take action and set targets strategically, i.e., where it can deliver the most impact.

A key step in this process is PRB Reporting & Self-Assessment Template (2.1 Impact Analysis - Key Step 1). This helps banks to identify and prioritize impact areas.

Resources

Please refer to the UNEP FI Impact Radar for a holistic view of impact areas and topics.

Note: PRB signatories are expected to prioritize at least two impact areas/topics for target setting.

Example

Bank X determined that the most relevant challenges and priorities in County Z included climate change, biodiversity loss and degradation, air pollution, affordable housing, while in Country H they were climate change, biodiversity loss and degradation, and decent employment.

This was determined through a review of a number of international and national resources (including the EU Action Plan, National Climate Action Plan and Programme for Government in France and Italy national development goals framework, UN Biodiversity Lab platform, and WHO Global Ambient Air Pollution index).

For examples of banks’ disclosures, please see the PRB Guidance on Impact Analysis & Target-Setting.

UN Environment Programme

Overview (followed by point by point explanation in subsequent pages)

PRB Requirement (Reporting & Self-Assessment Template)

Examples

Relevant UNEP FI resources
When to use it

All relevant teams to read the Protocol for a common understanding of the journey ahead.
Interactive guidance

- Impact protocol
  - High level explanation of the full impact management process and clarification of key concepts and terms

- Interactive guidance
  - Implementation of PRB step by step
  - Q&As

- Impact tools & associated User Guides
  - Input-output tools for context analysis, impact identification, impact assessment and target setting

- Reference materials
  - Impact radar (nomenclature of sustainability topics)
  - Sectoral/impact map (including key sections)
  - Interlinkages map
  - Indicator library

Guidance on indicators and target setting and indicators
- Climate Change
- Mitigation
- Financial Inclusion/Financial Health
- Resource Efficiency
- Biodiversity
- ...

Requirements

Generic guidance, tools and resources for impact management as a whole

Thematic guidance and resources for target setting
Impact analysis and target setting process

Interactive Guidance
V 1.4
This version includes the changes of the framework review that are under final consultation and the impact tool modules (v4)
14.09.2022

You can navigate through the bar on the top.

You can go through the sessions of the PowerPoint (on the left)

We included only the initial 4-year implementation, however for the following years banks should improve their impact analysis, set more targets and implement action plans to achieve targets.

Instructions:

Rationale
Requirements
Journey
Step by step
Examples
Impact tool
Glossary

PRB Principle 2 implementation year by year
How it works

- Covers the Impact Analysis and the Target Setting process
- Walks you through the initial 4 years of implementation with a lot of examples
- It is updated constantly, is in line with the latest framework review
- Builds on Impact Protocol, references all other impact management resources
A new publication extending the Interactive Guidance: Case studies on impact analysis and target setting

- Three PRB signatories journey with impact analysis and target setting covered
- Raiffeisen Bank International, Vancity, Banco Promerica
- Description of processes + outcomes of IA and target setting
When to use it?

Additional guidance material to guide you in your early steps
# Impact Analysis Tool

## Impact protocol
- High-level explanation of the full impact management process and clarification of key concepts and terms.

## Interactive guidance
- Implementation of PRB step by step
- Q&As

## Impact tools & associated User Guides
- Input-output tools for context analysis, impact identification, impact assessment and target setting

## Reference materials
- Impact radar (nomenclature of sustainability topics)
- Socio-environmental map (including key sectors)
- Interlinkages map
- Indicator library

## Guidance on indicators and target setting and indicators
- Climate Change
- Mitigation
- Financial Inclusion
- Financial Health
- Resource Efficiency
- Biodiversity
- ...

## Requirements

## Generic guidance, tools and resources for impact management as a whole

## Thematic guidance and resources for target setting

---

**UN environment programme**
**finance initiative**
A suite of Modules to cover the impact management process

IMPACT MANAGEMENT PROCESS

1. Scoping
2. Impact Identification
3. Performance measurement and assessment
4. Target-setting
5. Monitoring

Context Module
Identification Modules
- Consumer Banking
- Institutional Banking
Assessment Modules
- Consumer Banking
- Institutional Banking

PORTFOLIO IMPACT ANALYSIS TOOL
How it works

Collect & input data
* Country needs
* Portfolio composition
* Current practice
* Impact

Understand
* Most significant impact areas & topics
* Risks and opportunities
* Interlinkages

Make decisions and act
* Set targets
* Define action plans
Reference materials:
The DNA to internalize the methodology in your systems

**Impact Radar**
A compilation of Impact Areas and Topics across the three pillars of sustainable development – operationalises the SDGs for holistic impact management

**Mappings**
*Positive and negative associations between sectors and Impact Areas and Topics*
*Key sectors (positive and negative)*
*Interlinkages*

**Indicator Library**
A compilation of impact-related indicators and metrics drawing from a variety of sources, including disclosure frameworks, impact Investor and development bank resources, and jurisdictional taxonomies
When to use it?

- **Context & Identification Modules**
- **Impact Radar**
- **Sector/Impact Map**
- **Interlinkages Map**

- **Assessment Modules**
- **Sector/Impact Map**
- **Interlinkages Map**
- **Indicator Library**
Target setting resources

- **Impact protocol**
  - High-level explanation of the full impact management process and clarification of key concepts and terms.

- **Interactive guidance**
  - Implementation of PRB step by step
  - Q&As

- **Impact tools & associated User Guides**
  - Input-output tools for context analysis, impact identification, impact assessment and target setting

- **Reference materials**
  - Impact radar (nomenclature of sustainability topics)
  - Sectoral impact map (including key sections)
  - Interlinkages map
  - Indicator library

**Guidance on indicators and target setting and indicators**
- Climate Change
- Mitigation
- Financial Inclusion/Financial Health
- Resources Efficiency
- Biodiversity
- ...
In order to implement guidances as effectively as possible, UNEP FI provides free trainings to its members. Currently Climate mitigation target setting trainings are run in all regions, followed by sessions about Financial inclusion and health target setting. Check our Newsletter and ask your Regional Coordinator for dates!
Further clarifications and guidance to come in the soon-to-be-published Target Setting Q&A. Among others, we will spell out the so-called progressive approach with the different types of targets banks can set in the PRB context.

**Stage 1**
- The bank defines targets with engagement and portfolio indicators as a first step. These are supported by baselines, KPIs, and action plans. They are also clearly associated with an impact objective, and there is a clear plan and timeline to progress to impact targets in the short-term.

**Stage 2**
- The bank defines a target using impact indicators with baseline, action plans and KPIs to monitor progress.
When to use it?

Year 1 & 2:
- Conduct and complete an initial impact analysis
- Publish your first PRB report

Year 3 & 4:
- Work on setting min. 2 SMART targets
- Publish your second and third PRB report

Year 5 and thereafter:
- Work on implementing the targets
- Publish your subsequent PRB reports
- Set new or complementary targets if needed

Set multidisciplinary team and gather data

Identify scope, context and exposure of your portfolio

Prioritize at least 2 significant impact areas

Deep dive into the two impact areas for performance measurement

Publish the first PRB report

Report and monitor progress against targets

Set SMART targets that address min. 2 areas of most significant impact

Publish the second PRB report

Consider setting more targets, expanding the impact analysis

Publish the third PRB report

Publish the fourth PRB report

Principles signed 6 mo Year 1 18 mo Year 2 Year 3 Year 4 Year 5

Refer to appropriate target-setting guidance and attend corresponding workshops once most significant impact areas have been identified.
Where to find everything

- Find the Tool Modules, User Guides and Demos [here](#)
- Find the Interactive Guidance [here](#)
- Find the Case studies [here](#)
- Find the Sector-Impact Map [here](#)
- Find the Target Setting Guidance [here](#)
- Find the Impact Radar [here](#)
- Find the Impact Protocol [here](#)
- Find the Impact Analysis and Target Setting Process [here](#)
- Find the Impact Analysis Tools [here](#)
- Find the Indicator Library [here](#)

All Resources are freely available on: https://www.unepfi.org/impact/positive-impact/
Questions & Answers
Contacts

PRB requirements: maria.sosataborda@un.org
Methodology: careen.abb@un.org
Workshops: gabor.gyura@un.org
Tool & resource helpdesk: costanza.ghera@un.org, alexander.stopp@un.org
The Impact Management Platform is a collaboration between leading providers of public good standards and guidance for managing sustainability impacts.

Through the Platform, partnering organisations aspire to:

- clarify the meaning and practice of impact management;
- work towards interoperability and fill gaps as needed; and
- have coordinated dialogue, as appropriate, with policymakers.

impactmanagementplatform.org/