

UN-convened
Principles for Responsible Banking

Impact Management Toolkit & PRB Implementation

27 October 2022

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programme

finance
initiative

Agenda

1. Background

2. PRB Requirements

3. Impact Management Toolkit

- Impact Protocol
- Interactive guidance and Case studies
- Tools
- Target setting resources

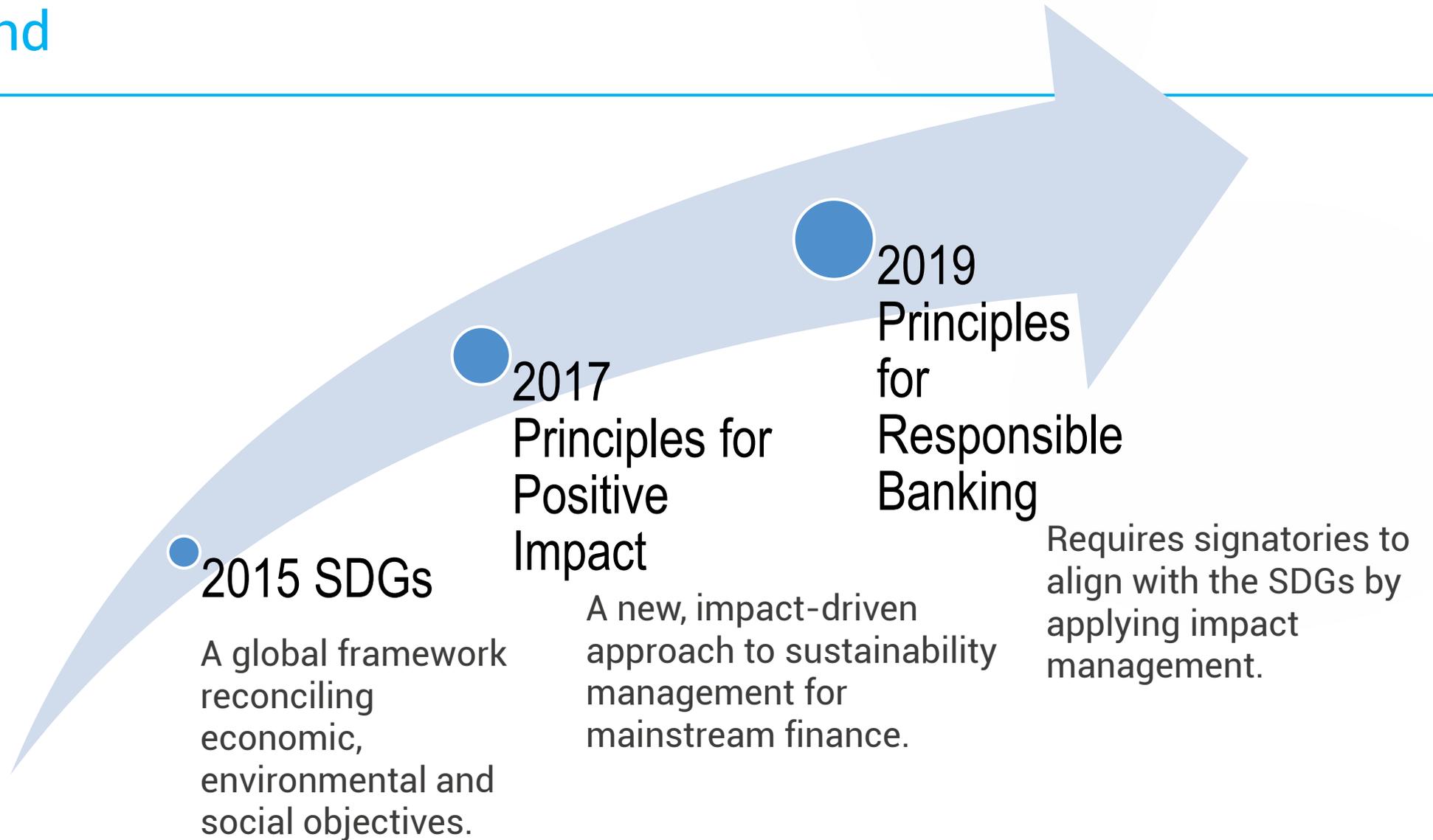
4. Q&A

Background

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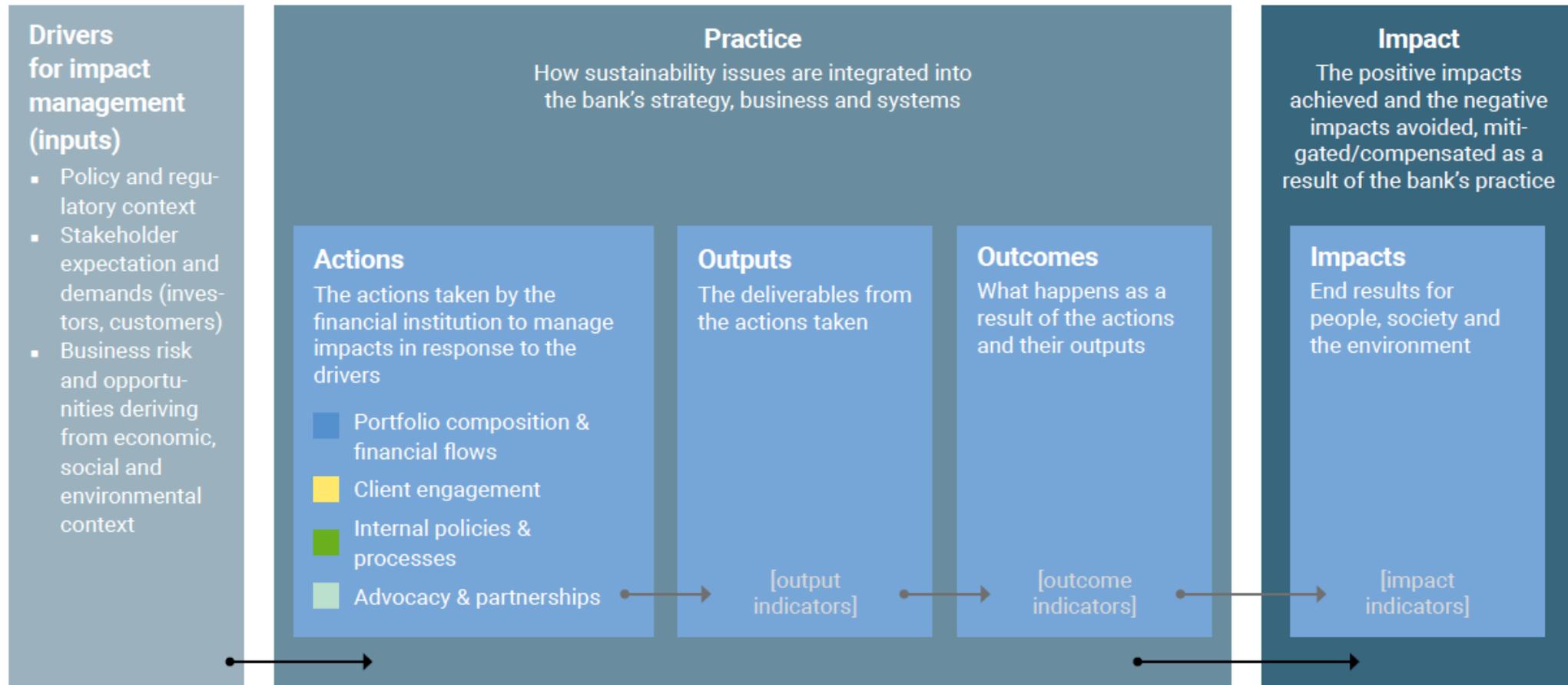
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initiative

Background



What are sustainability impacts and why manage them?

Impact Management Theory of Change/Impact Pathway for Banks



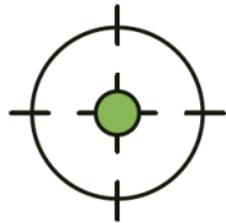
PRB Requirements

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PRB Requirements

 PRINCIPLE 1: ALIGNMENT <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	 PRINCIPLE 2: IMPACT & TARGET SETTING <p>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.</p>	 PRINCIPLE 3: CLIENTS & CUSTOMERS <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>
 PRINCIPLE 4: STAKEHOLDERS <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	 PRINCIPLE 5: GOVERNANCE & CULTURE <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	 PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY <p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>



Analyzing your bank's Impact on Planet & People

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



Setting & Implementing Targets

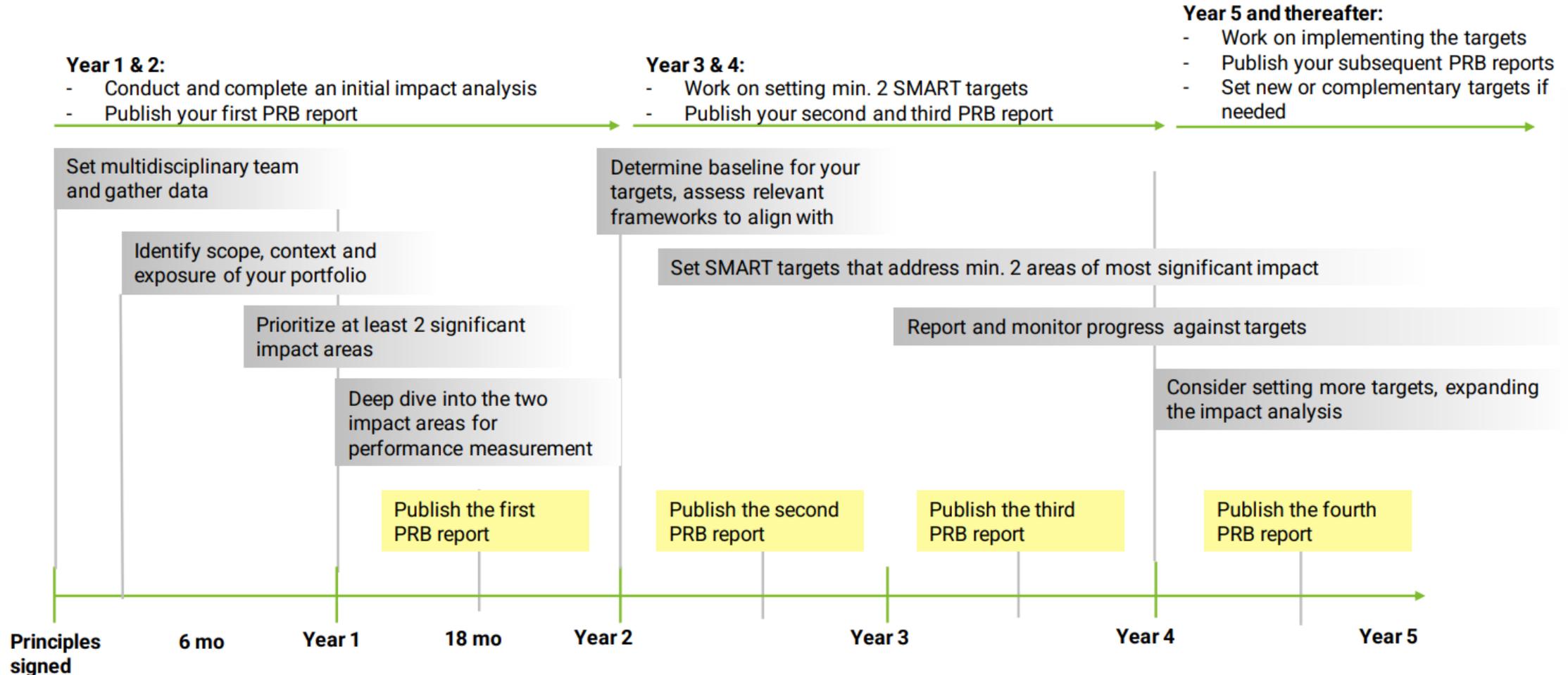
At least 2 SMART targets



Accountability & Measuring Progress

Using PRB template and in line with the Annual Reporting cycle

Suggested timeline for initial 4-year implementation period



Toolkit for Impact Management

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The UNEP FI Toolkit for Impact Management for Banks



PRB Principle 2

- Impact analysis
- Target setting

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

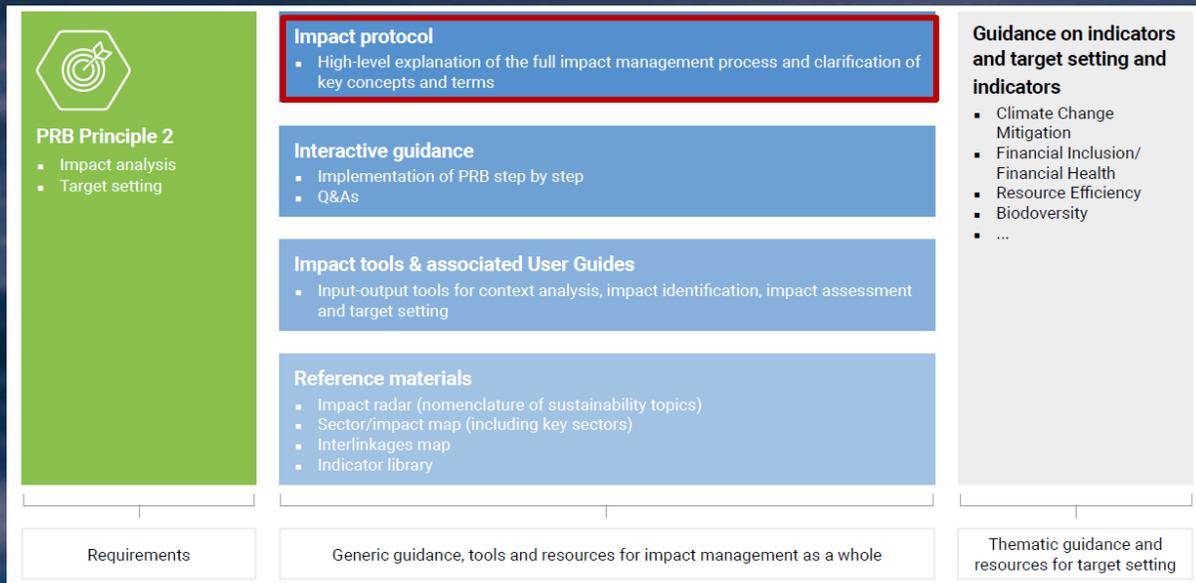
- Climate Change Mitigation
- Financial Inclusion/ Financial Health
- Resource Efficiency
- Biodiversity
- ...

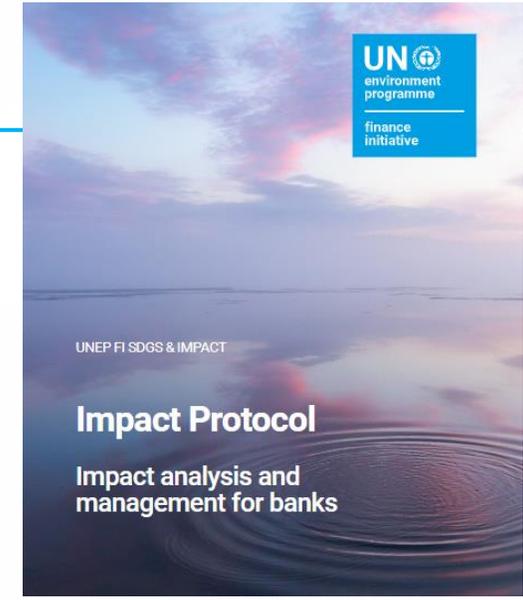
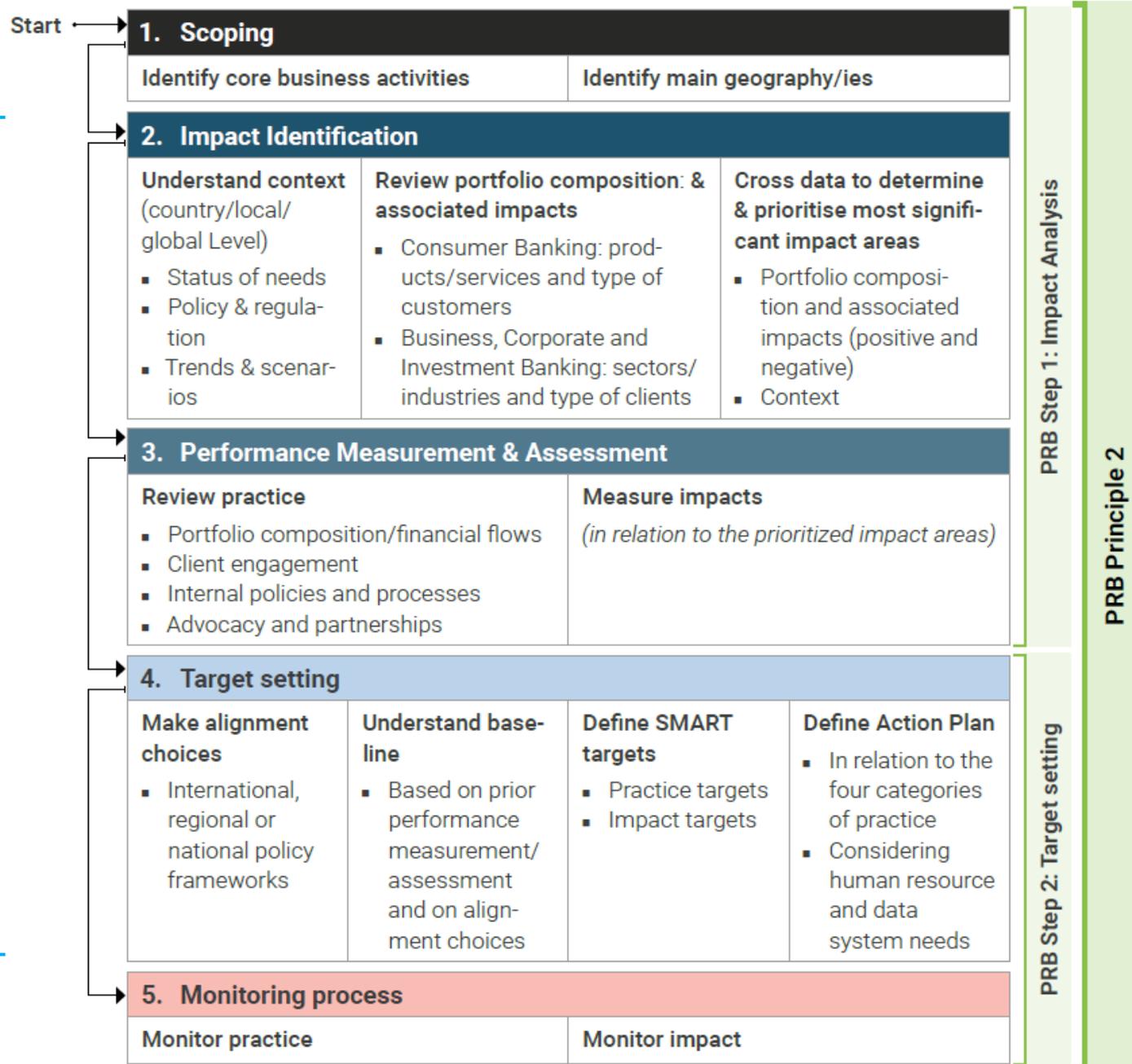
Requirements

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

Thematic guidance and resources for target setting

Impact Protocol





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 its 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.

Achieving this requires three distinct steps:

- **Understanding context**, i.e. the [impact needs](#) that exist in the countries of operation and/or exposure of the bank and/or its clients/customers, in relation to the different [impact areas and topics](#);
- **Reviewing the bank's portfolio composition** in terms of sectors, product types and clients or customer types;
- **Determining most significant impact areas/topics** as a function of context and portfolio composition.

Expected output: most significant [impact areas](#) are identified, based on the positive and negative impact associations of the bank's [business activities](#) and the operating context of the bank and its clients.

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

Resources

Please refer to the UNEP FI [Impact Radar](#) for a holistic overview of impact areas and topics and their definitions.

Note: Use of the Impact Radar categorisation is not mandatory. If the Impact Radar is not used, PRB signatories are expected to use the (Reporting & Self-Assessment Template) the categorisation of impact areas and topics and the issues they are using to identify most significant impact areas and topics.

Example

Bank X determined that the most relevant challenges and priorities in Country 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 Interactive Guidance on Impact Analysis & Target-Setting](#).

PRB Reporting & Self-Assessment Template:

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting.

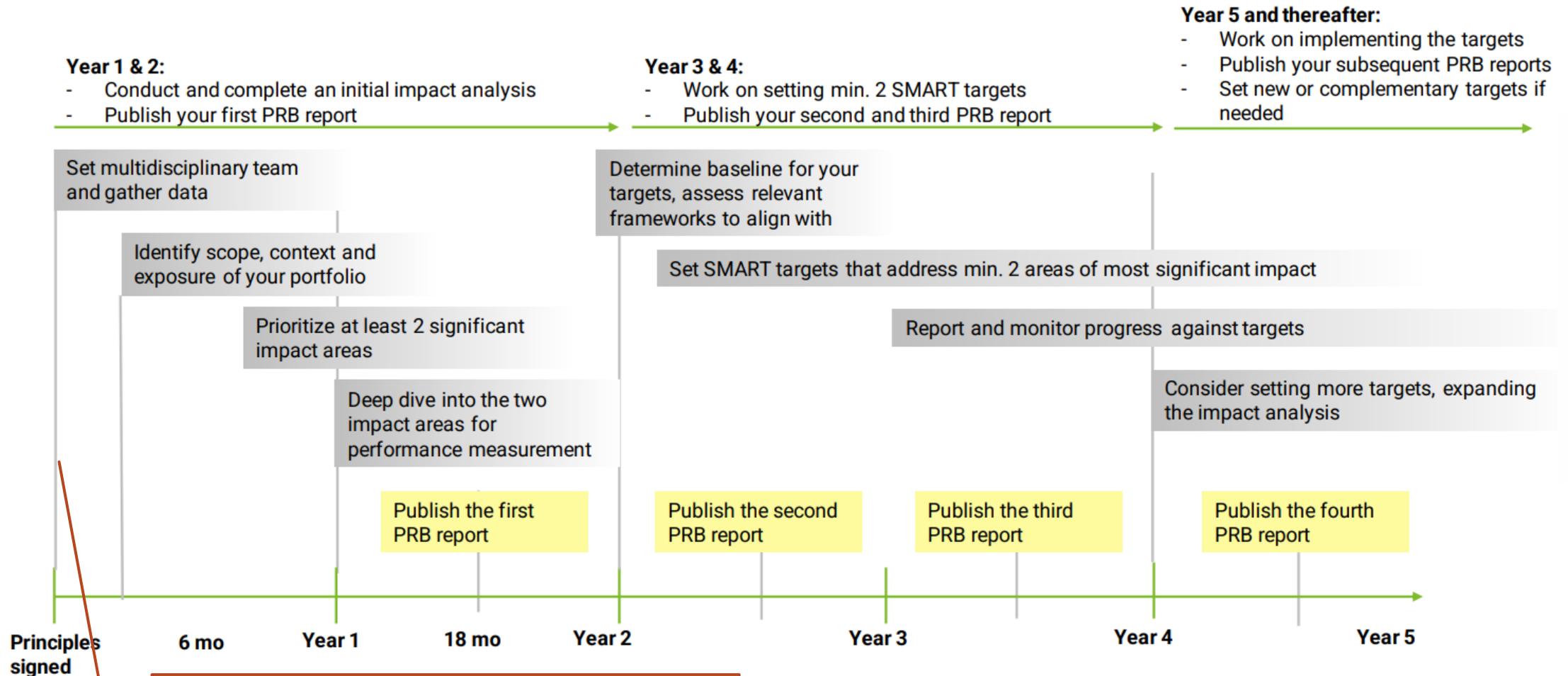
PRB Requirement (Reporting & Self-Assessment Template)

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

Relevant UNEP FI resources

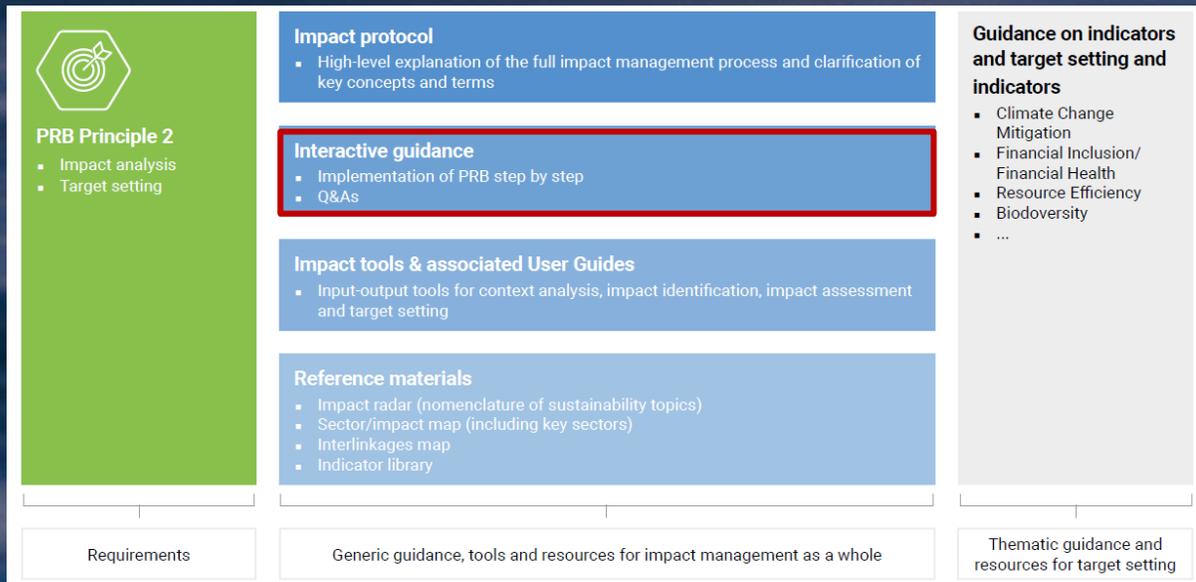
Examples

When to use it



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

Interactive guidance



PRB Principle 2 implementation year by year

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



Rationale

Requirements

Journey

Step by step

Examples

Impact tool

Glossary



You can find in this **Interactive Guidance** for Impact Analysis and Target Setting process the rationale, requirements, detail timeline and examples. The Guidance will be updated constantly, and we encourage banks to send us examples and resources that can be useful to everyone.

Please feel free to send us suggestions or comments of what else you would like to see in this interactive guidance (email to maria.sosataborda@un.org)

Instructions:

You can navigate **through the bar on the top.**

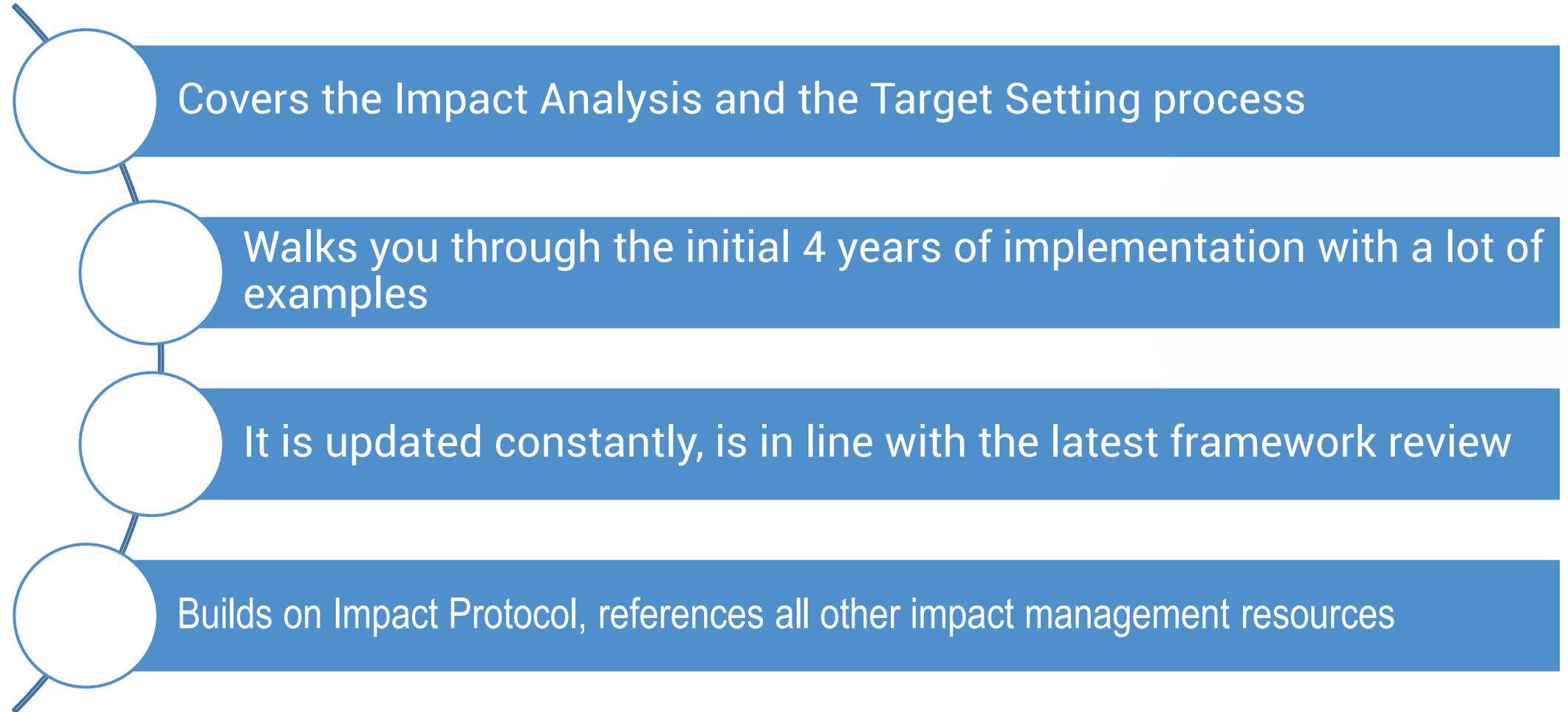
You can go through the **sessions of the PowerPoint** (on the left)

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.

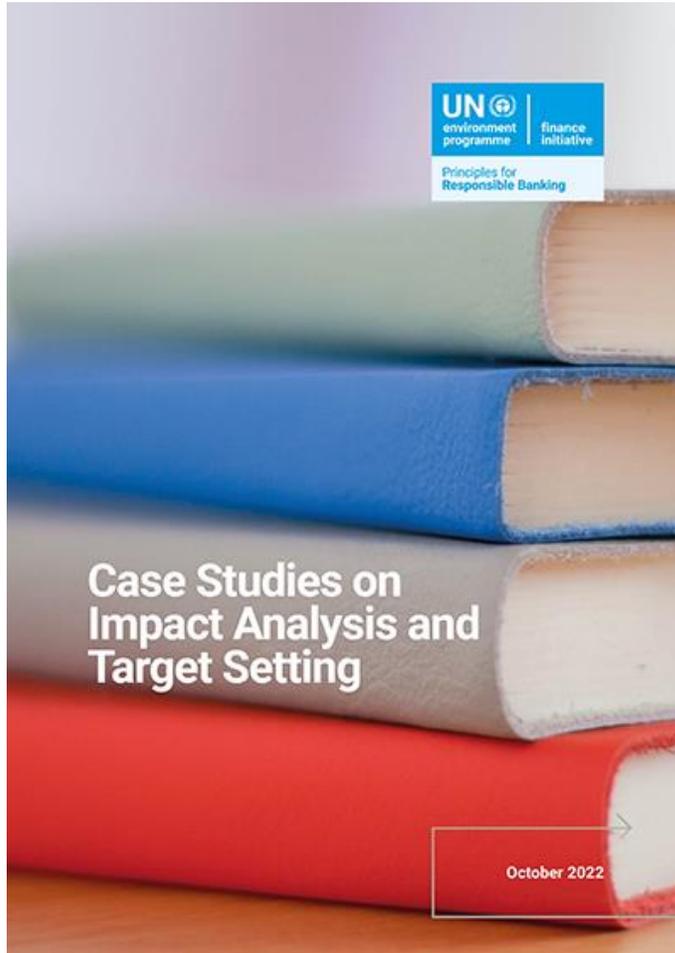
- Rationale
- Requirements
- Journey
- Starting
- 0-6 months
- 6-12 months
- Year 1 - Year 2
- Year 2 - Year 3
- Year 3 - Year 4
- Examples
- Impact Tool
- Glossary



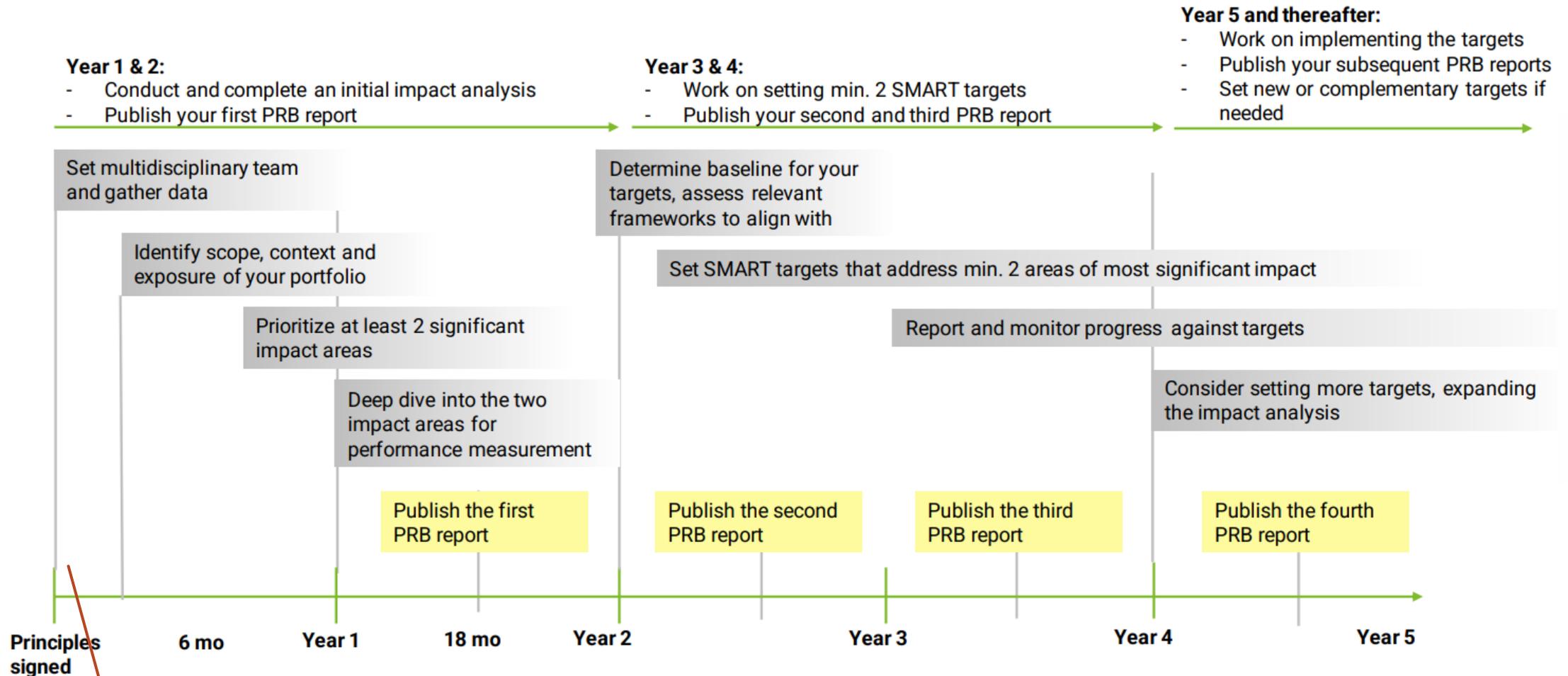
How it works



A new publication extending the Interactive Guidance: Case studies on impact analysis and target setting



When to use it?



Additional guidance material to guide you in your early steps

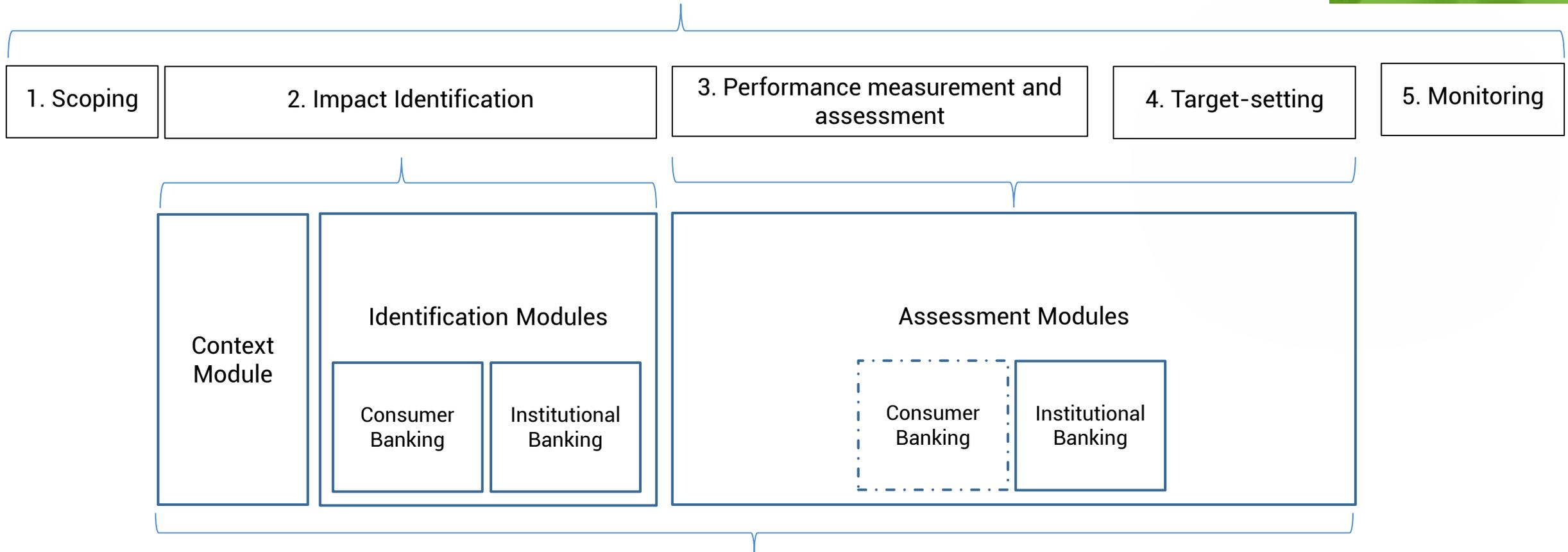
Impact Analysis Tool



A suite of Modules to cover the impact management process

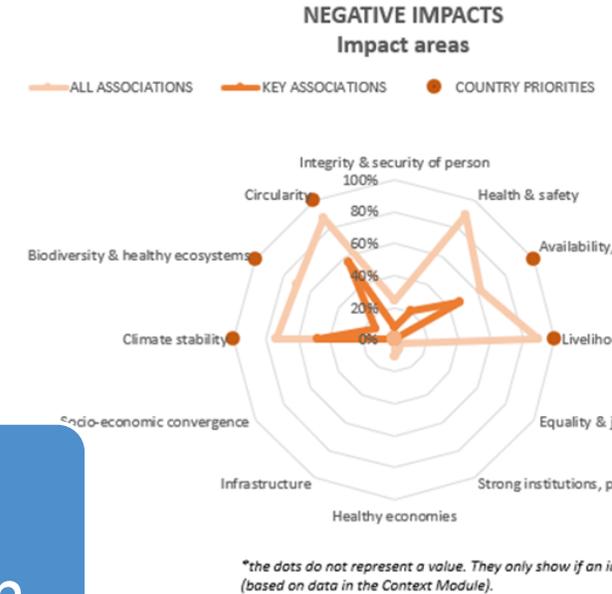
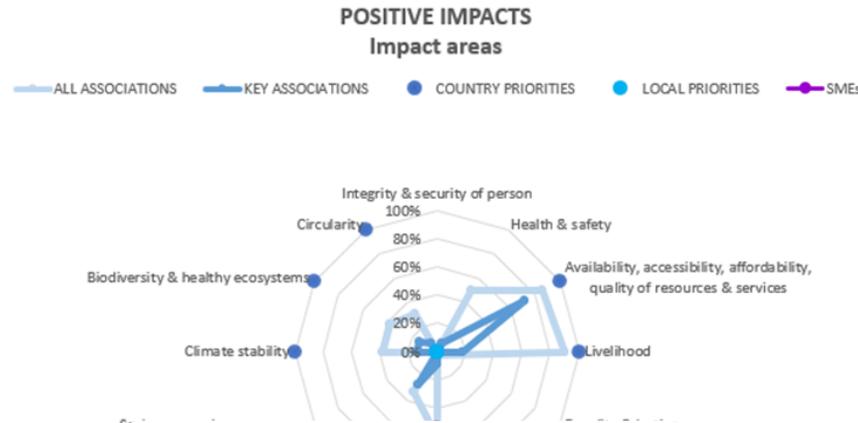


IMPACT MANAGEMENT PROCESS



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

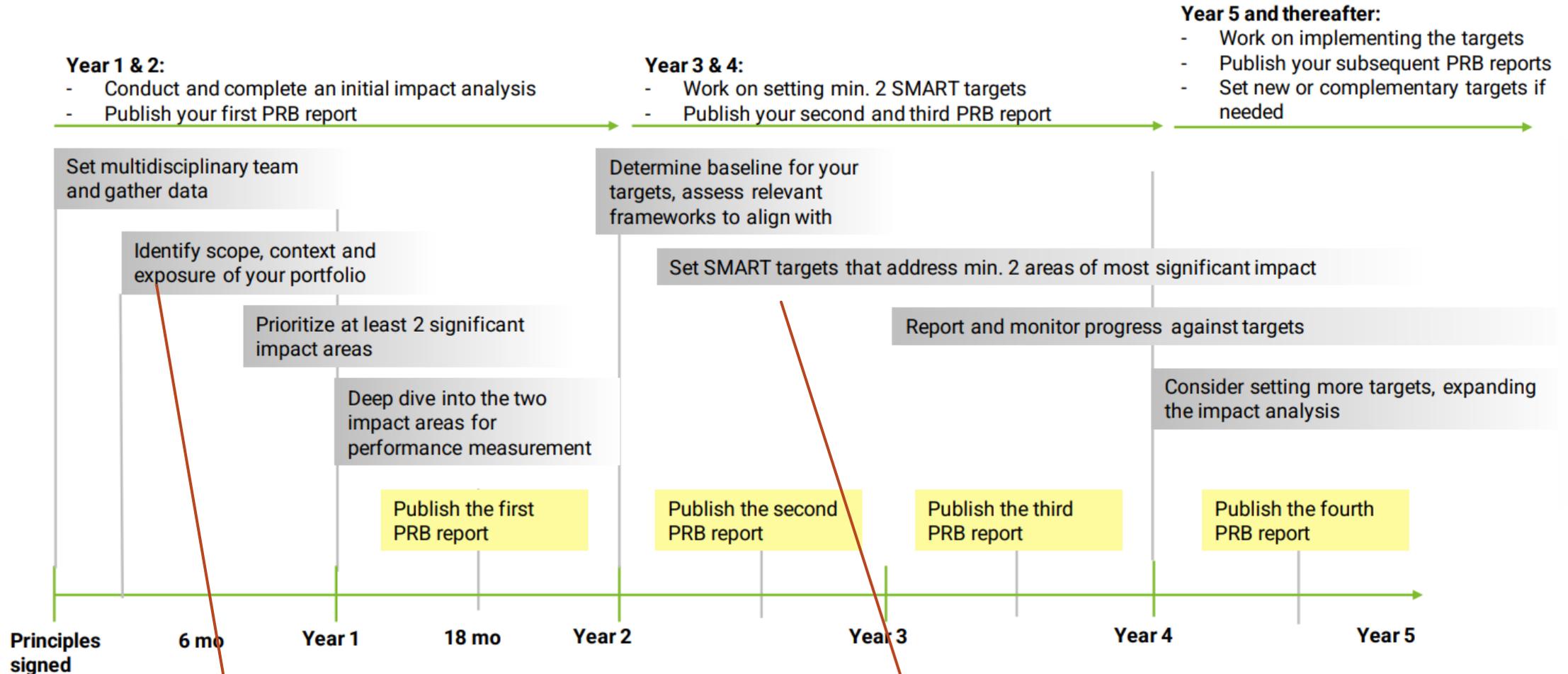
Level 3 Name (i.e. ISK Group)	Level 4 Name (i.e. ISK Class)	Level 5 Name (i.e. ISK Key sectors)	ImpactType	Conflict	Conflict C	Modern slavery	Modern slavery C
anim Growing of non-pe-Growing of cereals (except rice)	key positive	Positive					
anim Growing of non-pe-Growing of cereals (except rice)	key negative	Negative				2 agriculture is a key contributor	
anim Growing of non-pe-Growing of rice	key positive	Positive					
anim Growing of non-pe-Growing of rice	key negative	Negative				2 agriculture is a key contributor	
anim Growing of non-pe-Growing of vegetables and mel	key positive	Positive					
anim Growing of non-pe-Growing of vegetables and mel	key negative	Negative				2 agriculture is a key contributor	
anim Growing of non-pe-Growing of sugar cane	key positive	Positive					
anim Growing of non-pe-Growing of sugar cane	key negative	Negative				2 agriculture is a key contributor	
anim Growing of non-pe-Growing of tobacco	key negative	Negative					



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?



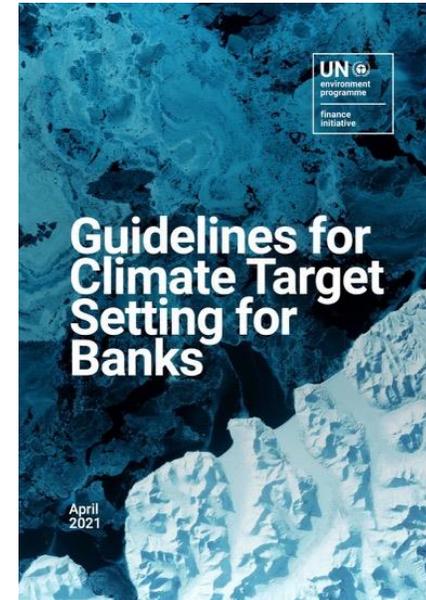
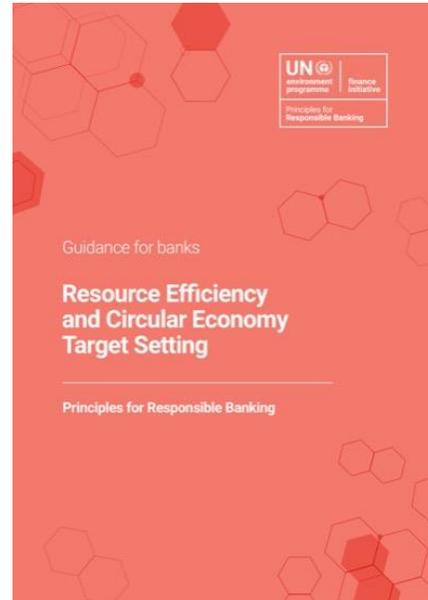
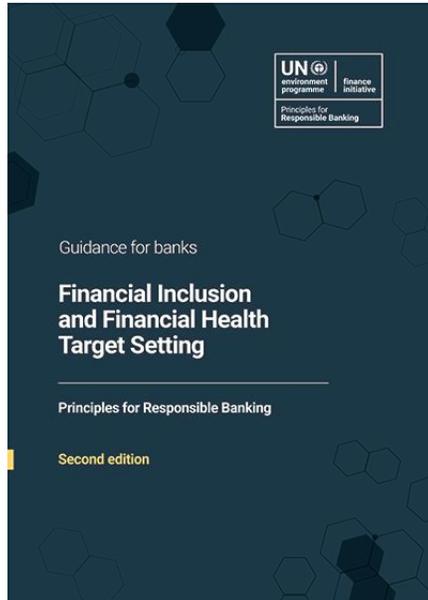
- Context & Identification Modules
- Impact Radar
- Sector/Impact Map
- Interlinkages Map

- Assesment Modules
- Sector/Impact Map
- Interlinkages Map
- Indicator Library

Target setting resources



Target-setting – Resources and facilities for banks by theme



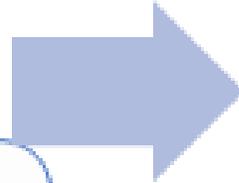
In order to implement guidances as effectively as possible, UNEP FI provides free trainings to its members. Currently Climate mitigation target setting trainings are run in all regions, followed by sessions about Financial inclusion and health target setting. Check our Newsletter and ask your Regional Coordinator for

Target-setting FAQ

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

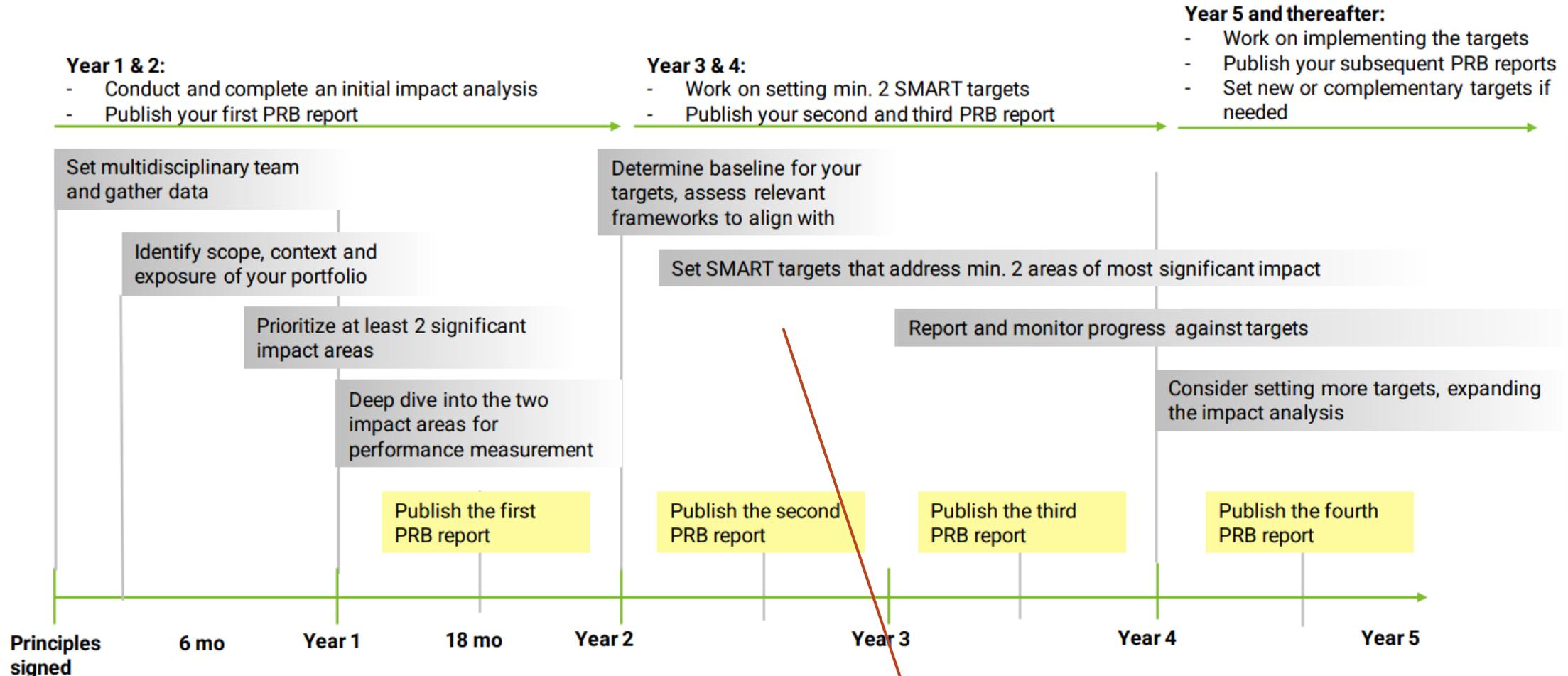
- The bank defines targets with engagement and portfolio indicators as a first step. These are supported by baselines, KPIs and action plans. They are also clearly associated with an impact objective, and there is a clear plan and a timeline to progress to impact targets in the short-term.



Stage 2

- The bank defines a target using impact indicators with baseline, action plans and KPIs to monitor progress.

When to use it?



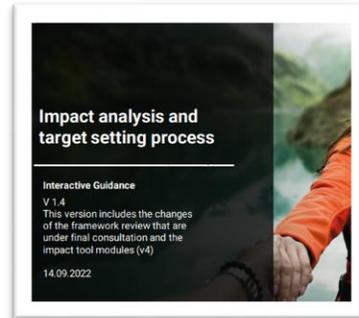
Refer to appropriate target-setting guidance and attend corresponding workshops once most significant impact areas have been identified.

Where to find everything

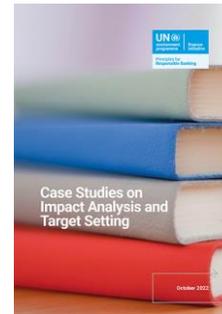
All Resources are freely available on:
<https://www.unepfi.org/impact/positive-impact/>



Find the Impact Protocol [here](#)



Find the Interactive Guidance [here](#)
Find the Case studies [here](#)



Find the Target Setting Guidance [here](#)



Find the Tool Modules, User Guides and Demos [here](#)



Find the Impact Radar [here](#)

Level 1 Name (i.e. EIS Group)	Level 4 Name (i.e. EIS Class)	Level 5 Name (i.e. EIS Key sectors)	ImpactType	Conflict	Conflict C	Modern slavery	Modern slavery C
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atm Growing of non-pel	Growing of tobacco	key positive	Positive				

Find the Sector-Impact Map [here](#)



Find the Indicator Library [here](#)

Questions & Answers

THANK YOU



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

Read-across from PRB to the IMP 'Actions of Impact Management'

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.

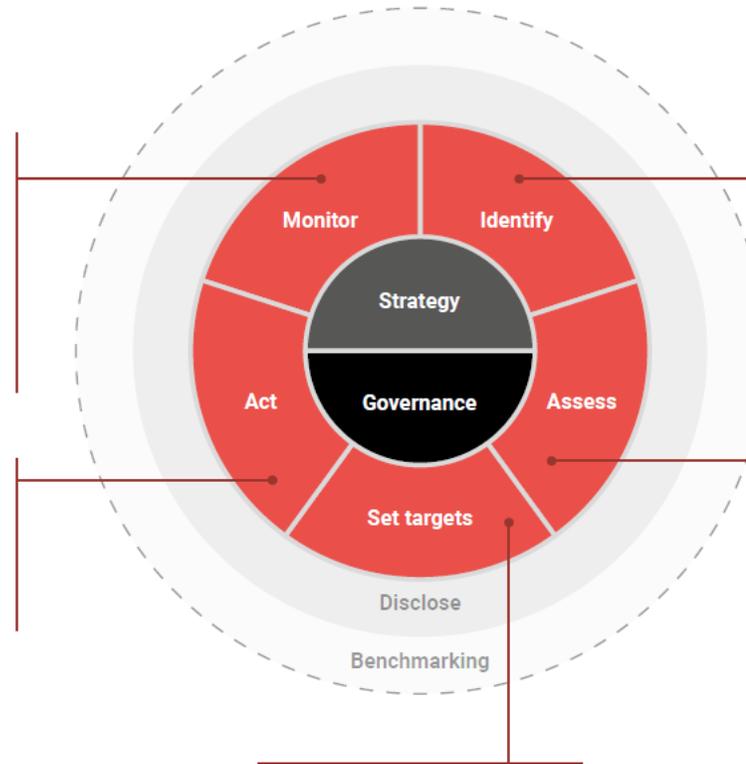
impactmanagementplatform.org/

Framework section 2.3 Target implementation and monitoring (Key Step 2)

[...] Show that your bank has **implemented the actions it had previously defined** to meet the set target. [...] using the indicators and KPIs to monitor progress you have defined under 2.2.

Framework section 2.2 Target Setting (Key Step 2)

d) Action plan: **which actions including milestones have you defined to meet the set targets?** Please describe.



Framework section 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to **identify its most significant impact areas** and determine priority areas for target-setting. [...]

Framework section 2.1 Impact Analysis (Key Step 1)

d) Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest **actual positive or negative impacts?** Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. [...]

Framework section 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two **targets which address at least two different areas of most significant impact that you identified in your impact analysis.** The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). [...]