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.

2017 Principles for Positive Impact
A new, impact-driven approach to sustainability management for mainstream finance.

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

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

 Impacts
The positive impacts achieved and the negative impacts avoided, mitigated/compensated as a result of the bank's practice

 Impacts
End results for people, society and the environment
- [impact indicators]
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
## The Impact Protocol: Holistic impact management for banks explained step by step

### 1. Scoping

- Identify core business activities
- Identify main geography/ies

### 2. Impact Identification

<table>
<thead>
<tr>
<th>Understand context (country/local/global level)</th>
<th>Review portfolio composition &amp; associated impacts</th>
<th>Cross data to determine &amp; prioritise most significant impact areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Status of needs</td>
<td>- Consumer Banking: products/services and type of customers</td>
<td>- Portfolio composition and associated impacts (positive and negative)</td>
</tr>
<tr>
<td>- Policy &amp; regulation</td>
<td>- Business, Corporate and Investment Banking: sectors/industries and type of clients</td>
<td></td>
</tr>
<tr>
<td>- Trends &amp; scenarios</td>
<td>- Context</td>
<td></td>
</tr>
</tbody>
</table>

### 3. Performance Measurement & Assessment

<table>
<thead>
<tr>
<th>Review practice</th>
<th>Measure impacts (In relation to the prioritized impact areas)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Portfolio composition/financial flows</td>
<td></td>
</tr>
<tr>
<td>- Client engagement</td>
<td></td>
</tr>
<tr>
<td>- Internal policies and processes</td>
<td></td>
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<tr>
<td>- Advocacy and partnerships</td>
<td></td>
</tr>
</tbody>
</table>

### 4. Target setting

<table>
<thead>
<tr>
<th>Make alignment choices</th>
<th>Understand baseline</th>
<th>Define SMART targets</th>
<th>Define Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>- International, regional or national policy frameworks</td>
<td>- Based on prior performance measurement/assessment and on alignment choices</td>
<td>- Practice targets</td>
<td>- In relation to the four categories of practice</td>
</tr>
<tr>
<td>- Advocacy and partnerships</td>
<td></td>
<td>- Impact targets</td>
<td>- Considering human resource and data system needs</td>
</tr>
</tbody>
</table>

### 5. Monitoring process

<table>
<thead>
<tr>
<th>Monitor practice</th>
<th>Monitor impact</th>
</tr>
</thead>
</table>

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**UN Environment Programme**

**UNEP*RESULTS IMPACT**

**Impact Protocol**

Impact analysis and management for banks
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 the most significant impact areas/topics as a function of context and portfolio composition.

Expected output: Most significant impact areas/topics are identified, based on the positive and negative impact associations of the bank’s business activity 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 list of areas and topics and their definitions.

Note: Use of the Impact Radar categorization is not mandatory. PRB signatories are expected to use the Impact Radar framework if it suits the categorization of issues they are using to identify most significant impacts.

Example

Bank X determined that the most relevant challenges and priorities in County Y 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’s 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.

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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
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 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.
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?

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Year 5

Additonal 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

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
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 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

Find the Tool Modules, User Guides and Demos here

Find the Interactive Guidance here
Find the Case studies here

Find the Impact Protocol here

Find the Impact Radar here

Find the Sector-Impact Map here

Find the Target Setting Guidance here

Find the Indicator Library here

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