

Just Transition Finance
Case Studies from
Banking and Insurance

UN 
environment
programme

finance
initiative



Unipol
Building SME and
Place-Based Climate
Resilience through
Partnerships and
Innovation

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Cover photo: Aureliano Soares Martins with one of the cisterns he uses to water his crops. IFAD.org / © Fernanda Oliveira.

This report includes case studies illustrating how banks and insurance companies are embedding just transition considerations in their strategies, processes, products, and partnerships. It reflects practices current at the time of publication and is intended to support financial institutions in considering approaches to just transition; it does not prescribe specific actions or define expectations for financial institutions.

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Participation in the UNEP FI Just Transition Pilot Programme, or inclusion of a case study in this report, does not imply that a financial institution applies or endorses all statements, practices, or recommendations set out in this report.



Executive summary

The transition to low-carbon, climate-resilient economies is not only a technical challenge—it is a social one. Transition pathways that fail to address the needs of workers, communities, and vulnerable populations face growing political and operational risk, while those designed with equity and inclusion at their core are more credible, durable, and effective. Financial institutions play an important role in enabling and financing these pathways.

This report draws on the UNEP FI Just Transition Pilot Programme—a yearlong initiative that convened over a dozen banks and insurers for peer exchange and expert input—to document how just transition considerations are being integrated across banking and insurance. Its main contribution is a set of case studies illustrating how participating institutions are embedding just transition in their strategies, processes, products, and partnerships. These institutions are at different stages of engagement and operate in diverse regulatory, sectoral, and geographic contexts.

The case studies reveal that just transition integration has no single starting point. They are united not by a common method but by a common orientation—identifying where the social dimensions of transition are most material to the institution’s own portfolio, mandate, and client relationships, and building from there. For most institutions, this required organizational groundwork: cross-functional collaboration to bridge silos, internal capacity building to develop shared understanding, and senior sponsorship to establish mandate.

Product and client-facing finance saw significant activity, while partnerships and co-creation also proved essential: virtually every case study involves collaboration beyond the institution itself—with multilateral organizations, public authorities, peer institutions, municipalities, academic partners, or civil society—reflecting that the reach and legitimacy required for just transition finance often exceeds what any single institution can provide alone.

Recommendations

The case studies demonstrate that just transition finance has moved beyond conceptual endorsement into an early phase of applied practice. Institutions are moving past the question of whether just transition is relevant toward how it can be translated into concrete decisions. Building on the framework established in [Just Transition Finance: Pathways for Banking and Insurance](#), ten recommendations provide practical entry points for financial institutions at different stages of engagement:

- 1 Leverage just transition as a horizontal, integrative lens**, connecting climate, social, human rights, and business objectives rather than treating just transition as a standalone agenda.
- 2 Develop place-based and sector-specific strategies anchored in local realities**, leveraging local presence and partnerships to respond to concentrated transition risks and opportunities.
- 3 Embed social dimensions in transition planning**, systematically addressing social dependencies and impacts of institutional plans, and using transition planning as a vehicle for engaging clients on workforce impacts, gender equality, and inclusive transition pathways.
- 4 Align institutional practice with international standards as the baseline**, treating frameworks such as the UN Guiding Principles on Business and Human Rights as a floor rather than a ceiling.
- 5 Engage clients and business partners as co-agents of just transition**, investing in advisory capacity and co-designing financing and protection solutions around client needs.
- 6 Invest in meaningful stakeholder engagement**, developing channels for consultation and transparency that extend beyond existing client relationships to reach workers, communities, and affected populations, and encouraging clients to do the same.
- 7 Advance just transition through partnerships and collaboration**, contributing to public-private partnerships, multi-stakeholder initiatives, and the broader enabling environment for just transition finance.
- 8 Recognize the broadening scope of just transition**, extending approaches beyond industrial phaseout to transition-enabling activities, adaptation, resilience, nature, and the circular economy.
- 9 Invest in governance, capacity, and cross-functional coordination**, addressing internal silos and cultivating senior sponsorship to create mandate and accountability on just transition.
- 10 Develop approaches to measuring and reporting on just transition activities and outcomes**, including simple, decision-useful indicators that can track progress without waiting for comprehensive methodologies to mature.



Case studies: Just transition finance in practice

Click the organization's name on this page to read their case study and click [here](#) to read the full report.

INDUSTRY

- Insurance

REGION

- Italy

CLIMATE FOCUS

- Adaptation & Resilience

KEY THEMES

- Digital tools for SMEs
- Physical risk assessment; adaptation planning
- Public-private partnerships
- Territorial approaches
- Insurance innovation for climate resilience

Unipol Group launched the [DERRIS project](#) to address the strong climate impacts affecting Italy's local economies and communities. Italy faces some of the EU's highest losses from floods, landslides, and other climate hazards. DERRIS proposes a new model for the role of insurance in adaptation—one that complements the traditional compensatory function with proactive prevention, capacity building, and risk reduction. In partnership with public authorities (mainly municipalities), business, and research institutions, DERRIS aims to safeguard economic continuity in vulnerable regions through risk knowledge transfer, accessible tools, and support for preventive adaptation practices for SMEs through public-private partnership. In the process, it has also informed a scalable approach to 'just adaptation' that is consistent and aligned with national policy and that is shaping the Group's broader climate resilience strategy.

Building SME and Place-based Climate Resilience through Partnerships and Innovation

Physical climate risk exposure in Italy is among the highest in Europe: over 90% of municipalities include areas exposed to hydro-geological hazards, and national disaster losses are the highest in the EU. Italian SMEs sit at the center of this challenge. They account for around 75% of national employment, 65% of value added in non-financial industries,¹ and almost half of exports²—well above global, OECD, and EU averages. SMEs are also central to Italy's mitigation pathway, given their role in economic diversification and in absorbing transition-related dislocations. Reflecting their central place in the national economy, SMEs are also highly significant to the business of Unipol, Italy's second-largest insurer.

At the same time, many Italian SMEs face structural constraints, including limited financial buffers, scarce technical capacity, and restricted access to climate-risk information. Disruptions affecting these firms can therefore rapidly destabilize local employment, supply chains, and municipal finances, transforming localized climate shocks into broader socioeconomic impacts. Recognizing this capacity gap, the EU Adaptation Strategy calls for expanded disaster insurance coverage, improved access to climate-risk data, and targeted support for groups in circumstances of vulnerability in preparing for physical hazards. Taken together, these factors create a strong case for targeted, preventive adaptation in Italy's SME sector.

'Just adaptation' refers to resilience-building efforts that explicitly account for unequal exposure to climate risks and differing adaptive capacities, while also addressing underlying socioeconomic disparities. Italian SMEs clearly illustrate this intersection. While they sustain employment and exports, many are family-run firms with limited formal risk-management capabilities. Evidence shows that

Italian SMEs forced to suspend operations following a climate-related event often fail within a year, reflecting both low levels of disaster preparedness and structural economic fragility. As anchors of local livelihoods, SMEs play a critical role in sustaining households, service providers, and municipal revenues, particularly in areas characterized by higher poverty or social exclusion.³ Their disruption can therefore trigger cascading effects that widen existing inequalities.

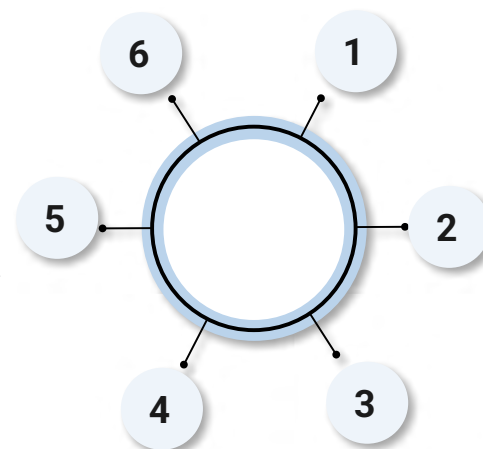
At the national level, the [Italian National Climate Change Adaptation Plan](#) (Piano Nazionale di Adattamento ai Cambiamenti Climatici—PNACC) sets out a framework of “soft”, “green”, and “grey” adaptation actions across key sectors such as agriculture, energy, and tourism, many of which rely heavily on SMEs. Implementation, however, largely depends on Regional Adaptation Plans (PRACC) and on the ability of SMEs to integrate adaptation principles into their operational strategies—including in risk management, product and service development, energy efficiency, and production technologies and processes. In practice, significant gaps remain between the strategic framework and concrete action at SME level.

Building SME and place-based resilience through partnership and innovative tools

DERRIS was developed as a collaborative initiative involving Unipol, Italian municipalities, and SMEs to strengthen climate-risk preparedness across local economic systems. The project was driven by the recognition that an insurance-only, compensatory approach is insufficient to address climate resilience. Instead, effective adaptation requires a combination of prevention, protection, and risk-reduction measures, supported through a public-private partnership that actively engages municipalities in local adaptation planning.⁴

Drawing on Unipol's risk-modelling expertise, underwriting data, and public-sector partnerships, DERRIS was designed to support more informed decision-making and to embed risk-aware practices among participating SMEs. Launched as a pilot in Turin, the initiative combines (i) technical assistance; (ii) climate-risk assessments; (iii) and digital tools to strengthen adaptive capacity where it is most limited.

Central to this approach is the Climate Risk Assessment and Management (CRAM) tool—a georeferenced web platform developed by Unipol and its partners to help SMEs map their exposure to major climate hazards and identify feasible adaptation measures, formalized through a Company Adaptation Action Plan. Workshops, on-site inspections, and training activities were conducted in parallel, both to inform the development of the tool and to support its effective uptake.



Six steps for a resilient business |

Source: unipol.com/sites/default/files/pages_related_documents/derris-brochure-web_eng.pdf

Note: In the DERRIS project, these six steps are measured separately and used to calculate a Resilience Index.

- 1** Identify climate risks and possible impacts
- 2** Identify actions to secure assets, structures and plants
- 3** Define internal climate risk prevention and management procedures
- 4** Evaluate financial implications
- 5** Increase community resilience by collaborating with other businesses and the public administration
- 6** Guarantee business continuity in emergencies

Challenges, enablers, and lessons

By framing adaptation as both a public good and a business imperative, Unipol used DERRIS to promote a redefined role for insurers—from a payer of losses to a facilitator of direct risk reduction. The initiative supports just transition objectives by enabling smaller, more vulnerable businesses to reduce their exposure to climate shocks, while also strengthening the capacities of municipalities that often lack adequate technical resources. At the same time, lowering enterprises' physical climate risk exposure improves long-term access to insurance coverage by reducing loss frequency and severity, thereby supporting sustainable underwriting and pricing. This, in turn, strengthens the insurance market through more effective risk-sharing and the expansion of products and services that integrate resilience and prevention into risk-based models.

The public–private partnership model underpinning DERRIS is strategically significant. By engaging public administrations alongside business networks, the project established a structure capable of addressing climate risk at multiple levels and across entire districts, rather than limiting interventions to individual insurance contracts. In line with this systemic approach, the CRAM tool is freely accessible online and is not restricted to Unipol's customer base.

The DERRIS model—combining tool-based capacity building, public–private partnership, and a strong focus on prevention—now serves as a template for wider replication, in line with the evolving adaptation policy landscape in Italy and across the EU. This alignment has become particularly relevant considering the 2024 Budget Law and subsequent decree, which mandate that all registered businesses purchase natural catastrophe insurance by March 2025, with risk-based premiums adjusted to reflect preventive measures adopted by

firms. More broadly, DERRIS has contributed to shaping approaches to municipal-level adaptation planning in Italy, including through coordination with initiatives such as the EU Climate-ADAPT platform.

The DERRIS project generated a set of lessons that are relevant beyond the Italian context and for the wider insurance and adaptation community:

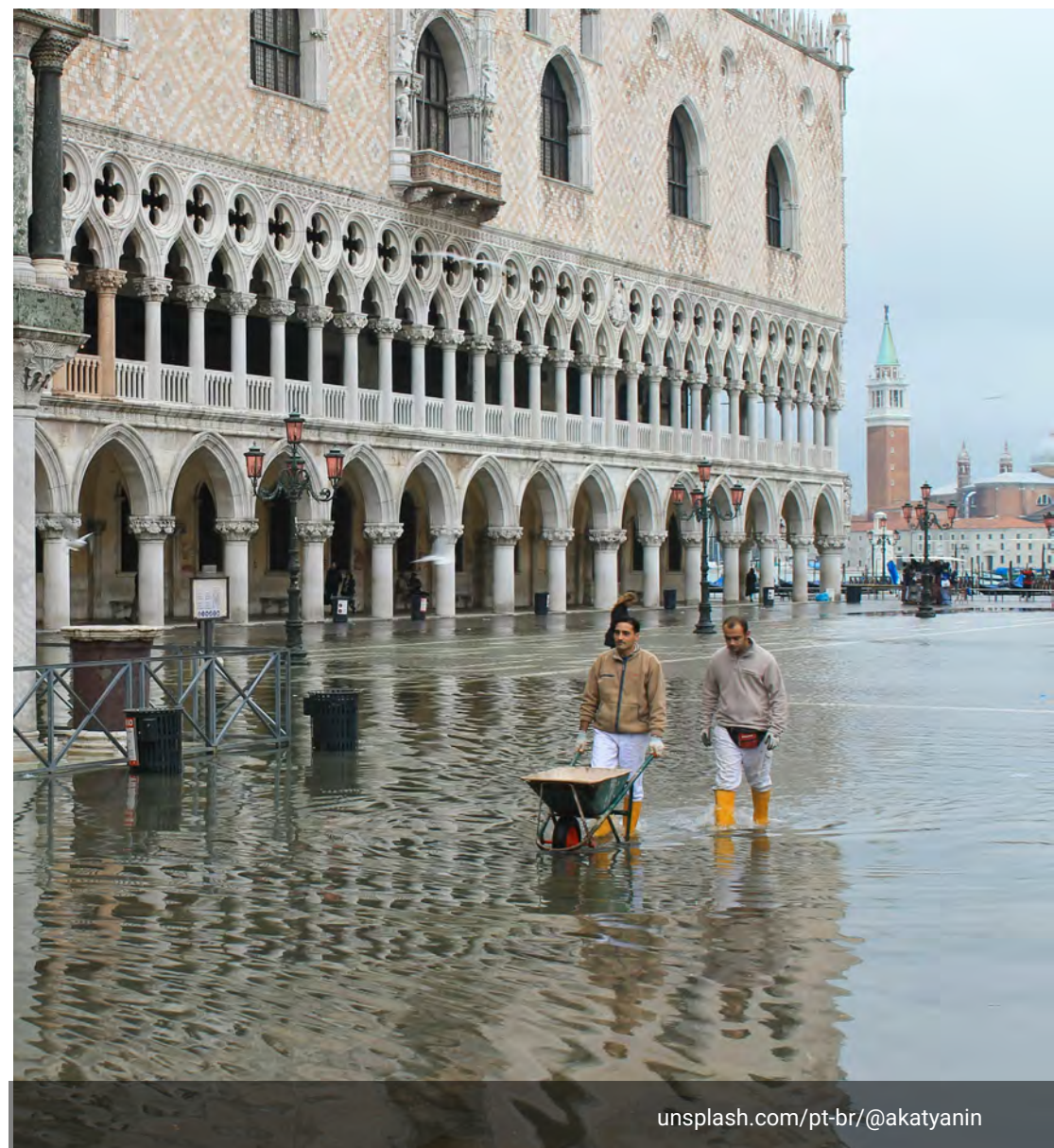
Making climate-risk data usable for decision-making: While research institutions have developed extensive climate and weather datasets and increasingly sophisticated forecasting models, their economic implications—particularly for businesses and local economies—remain less well analysed. DERRIS highlighted the importance of partnerships with research institutions to translate complex climate data into practical, intuitive tools that can effectively support decision-making by public administrations and smaller enterprises.

The need for broad, place-based engagement to raise SME awareness: A major challenge was mobilizing SMEs with low awareness of climate-related risks. Effective engagement requires the involvement of a wide range of local actors, including public administrations, chambers of commerce, trade associations, and business networks. During the project, higher uptake was observed among firms integrated into multinational value chains or operating under international management standards (e.g. ISO certifications), reflecting the role of supply-chain pressures and organizational maturity in driving risk awareness.

Aligning public and private planning horizons: DERRIS also highlighted the difficulty of reconciling differing time horizons: SMEs tend to prioritize short- to medium-term investments in risk prevention, while public authorities plan adaptation measures over longer timeframes. Bridging this gap is essential to ensure coherence between firm-level actions and territorial adaptation strategies.

Demonstrating the business case for resilience: Measuring the costs and benefits of adaptation and resilience interventions remains challenging, particularly in terms of impacts on competitiveness. Strengthening cost-benefit analysis is critical for making the economic value of prevention more tangible and comparable to other investment choices (which the field of energy efficiency, for example, was able to achieve).

Addressing financing gaps for adaptation: Finally, the project underscored the challenges of financing adaptation at local level. While DERRIS explored available financial instruments and incentive schemes—including tax incentives—many risk-reduction measures remain costly when compared with annual insurance premiums or the discounts insurers can offer for preventive actions. This highlights the need for more integrated approaches that combine insurance mechanisms, public incentives, and targeted financial support to scale adaptation among SMEs.



unsplash.com/pt-br/@akatyaniin

Endnotes

- 1 European Commission. 2025 SME Country Fact Sheet: Italy. 2025. Available from: webgate.ec.europa.eu/circabc-ewpp/d/d/workspace/SpacesStore/53bc7bdc-0e0f-4183-b936-c66a81a17864/download [Accessed 4 March 2026].
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UNEP Finance Initiative brings together a large network of banks, insurers and investors that catalyzes action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda. We've established the world's foremost sustainability frameworks, helping the finance industry achieve sustainability goals, address sustainability risks and identify the business opportunities in taking a responsible approach to banking and insurance.

Convened by a Geneva, Switzerland-based secretariat, more than 550 banks and insurers are individually implementing UNEP FI's Principles for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply these industry frameworks and

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Founded in 1992, UNEP FI was the first organization to engage the finance sector on sustainability and incubated the Principles for Responsible Investment, now the world's leading proponent of responsible investment.

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