

# UNEP Finance Initiative

## Unlocking private finance for the implementation of the 2030 Agenda

United Nations Environment Programme  
Finance Initiative  
November 2015



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**Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development**

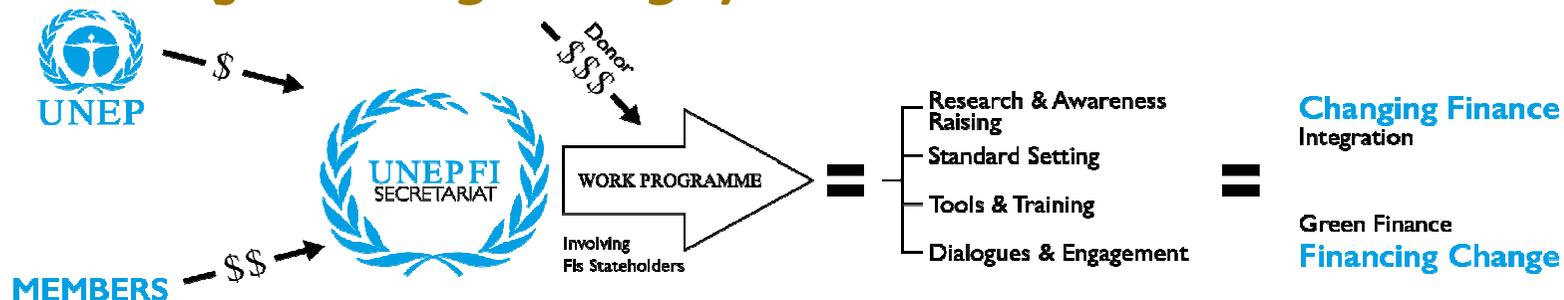
## **UNEP Finance Initiative**

Global partnership to ensure the financial system is « fit for purpose » for sustainable development



# UNEP Finance Initiative: Shaping the sustainable finance agenda since 1992 Rio Earth Summit

- Global membership of **200+ financial institutions** across banking, investment and insurance
- UNEP FI dual focus
  - i. Integrate environmental & social risks and opportunities into the mainstream financial system (**changing finance**)
  - ii. Mobilise finance for a sustainable economy (**financing change**)



# UNEP FI Programme Structure

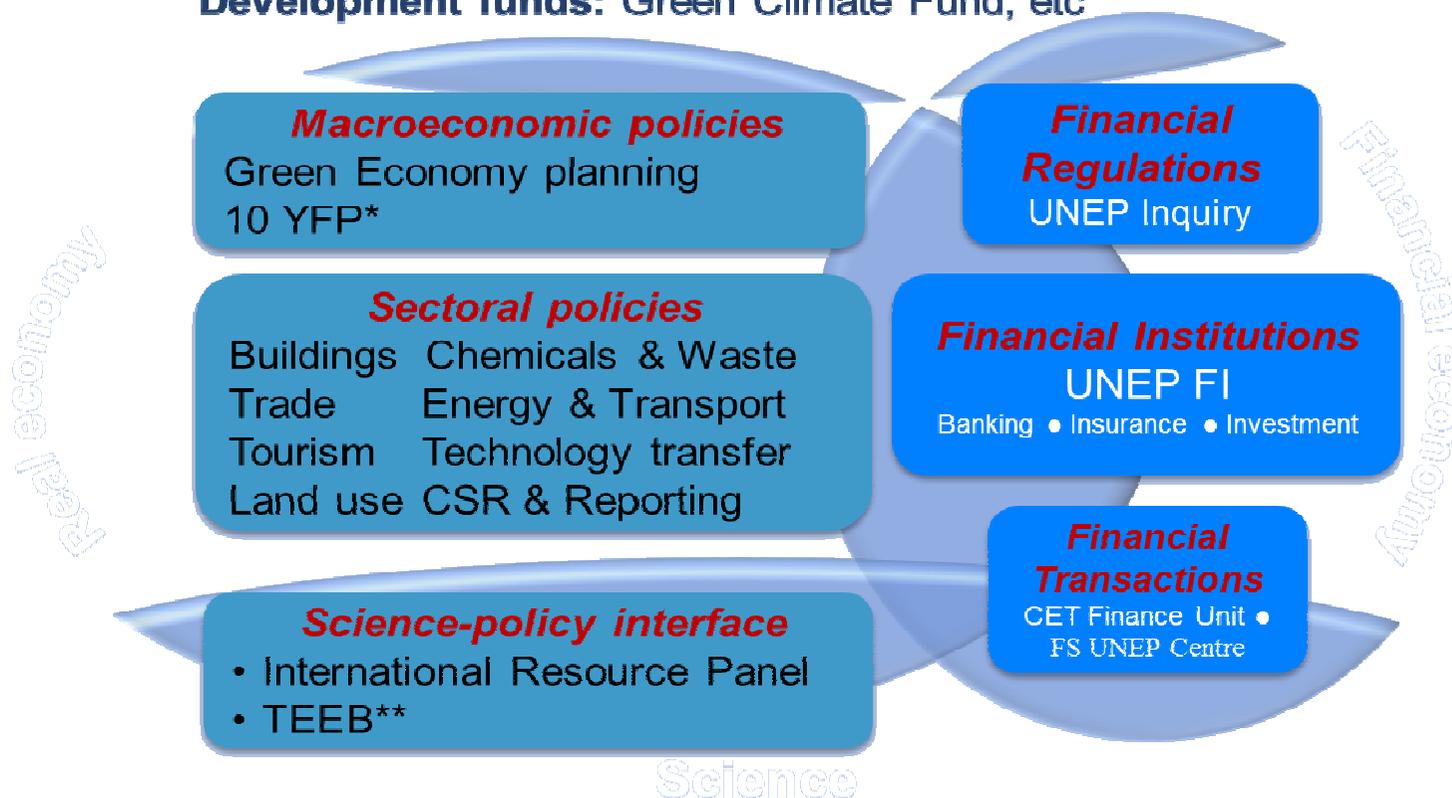
<b>3 Commissions</b>	Banking	Investment	Insurance		
<b>3 Thematic Workstreams</b>	Climate change (incl. Energy Efficiency)	Biodiversity & ecosystems services (incl. REDD)	Social issues / human rights		
<b>5 Regional Task Forces</b>	Africa & Middle East	Asia Pacific	Europe	Latin America	North America



# Linkages to other UNEP programmes

## Political Economy

**UN conferences, conventions:** eg. climate change  
**Commitments:** Sustainable Development Goals, etc  
**Development funds:** Green Climate Fund, etc



\*10 YFP = 10-year framework programmes on sustainable consumption and production

\*\*TEEB (The Economics of Ecosystems and Biodiversity)



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## Examples of sub-initiatives under UNEP FI



Launched at the Rio+20 Summit, the **Principles for Sustainable Insurance (PSI) Initiative** is now backed by insurers representing 20% of world premium and USD 14 trillion in assets under management

Since 2009, the **Sustainable Stock Exchanges Initiative** partners with 30 Stock Exchanges, listing over 21,000 companies, \$41+ trillion in market capitalization.



Co-hosted by UNEP FI, UNCTAD, PRI and UN GC.





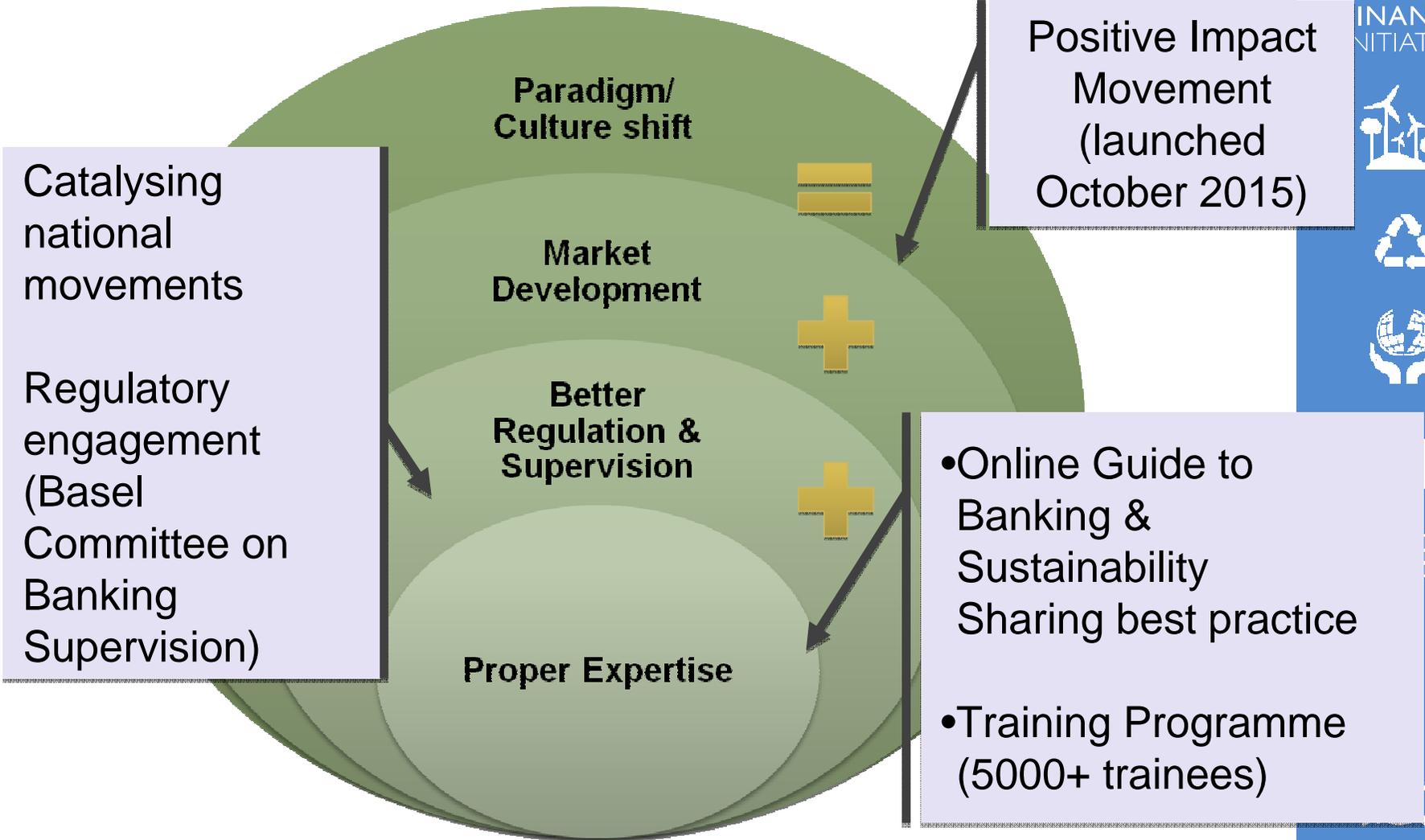
## Goal 12: Ensure Sustainable consumption and production patterns

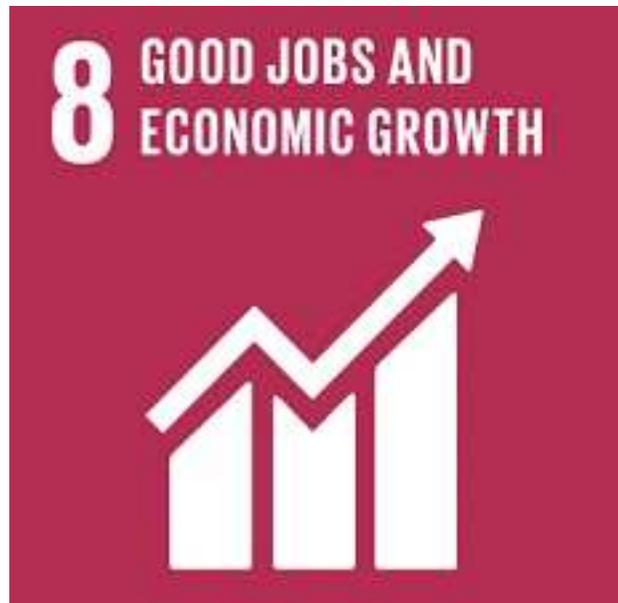
### Mainstreaming environmental & social issues in finance

Changing finance to finance change



# Example - Working towards sustainable banking





**Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

**Working with the **UNEP Inquiry** towards sustainable financial policy & regulation**



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# Sustainable financial policy & regulation

- **Stability & Sustainability in Banking Reform: Are Environmental Risks Missing in Basel III (2014)**
- **Fiduciary Duty in the 21<sup>st</sup> Century (2015)**  
Report providing legal & regulatory clarification of investors' fiduciary duty in 8 countries.
- **Sustainable Insurance Policy Forum**  
(in development)  
Led by UNEP FI comprising insurance regulators, UNEP Inquiry, UN SG's Executive Office and UNFCCC



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## STABILITY AND SUSTAINABILITY IN BANKING REFORM

Are environmental risks missing in Basel III?



UNIVERSITY OF  
CAMBRIDGE  
INSTITUTE FOR  
SUSTAINABILITY LEADERSHIP

in association with

UNEP Finance Initiative  
Changing finance, financing change



**Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all**

**Mobilising investment in energy efficiency**



## Energy Efficiency Financial Institutions Group (EEFIG) (2014-2015)

Co-convened with EC DG Energy, a policy/finance working group on investment in energy efficiency in buildings and SMEs/industry.

## G20 Energy Efficiency Finance Task Group (2015-)

Enabling G20 policy makers to engage with the finance community, industry and international organisations.



Energy Efficiency – the first fuel  
for the EU Economy

How to drive new finance for energy  
efficiency investments



Energy Efficiency  
Financial Institutions Group

**FINAL REPORT**

covering Buildings, Industry and SMEs

February 2015



**Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable**

**Goal 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries**

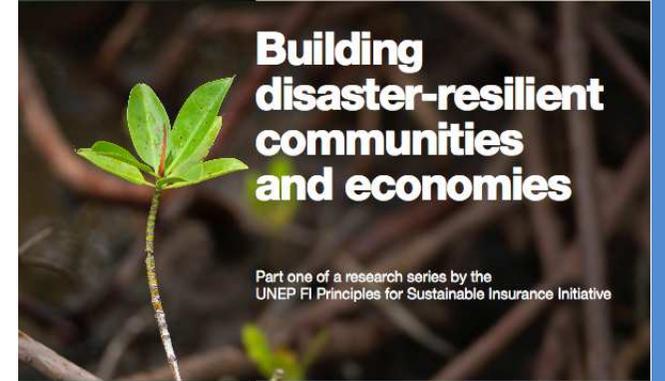
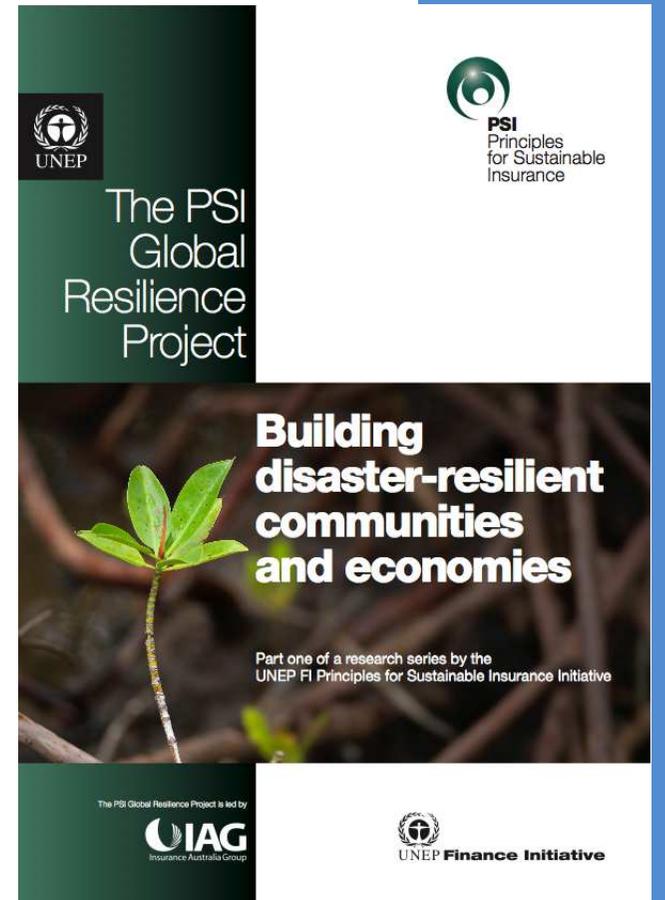
**UNEP FI mobilising the **insurance sector** to support disaster-resilient communities & economies**



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- **PSI Global Resilience Project: Building disaster-resilient communities and economies (2014)** First-ever international study by the insurance industry on the climate resilience of cities & SMEs
- **PSI United for Disaster Resilience Statement (2015)** commitment by insurers to help implement the Sendai Framework for Disaster Risk Reduction
- Exploring **Insurance Development Goals** (ongoing) to support SDGs







**Goal 13: Take urgent action to combat climate change and its impacts**

## **Decarbonizing investments**

Mobilising finance towards a low carbon economy



## Portfolio Decarbonization Coalition (2014-)

Launched at the UN Climate Summit 2014. Mobilizing institutional investors to commit to decarbonize investments worth \$100bn in Assets Under Management (AUM) by COP21.



## Carbon Asset Risk Framework (2015)

Guidance to financial institutions to systematically address financial risks linked to carbon-intensive businesses & assets





**Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

**Embedding natural capital into the finance sector**



## Natural Capital Declaration (2012-)

- Embedding natural capital into financial products and services
- Working towards natural capital accounting and disclosure



**Recent outputs e.g.** Bank/investor policy tool for managing deforestation risk in soft commodity supply chains

**Future work e.g.** mapping natural capital risks globally

**Fiscal incentives for agriculture commodity production:**

**Options to forge compatibility with REDD+ (2015)**

Policy brief warning government subsidies for agriculture may exacerbate deforestation. UNEP FI participates in the UN-REDD programme.





**Goal 6: Ensure availability and sustainable management of water and sanitation for all**

**Introducing **water stress** information into the financial analysis of businesses**

To mobilise businesses to take action on sustainable management of water



## Corporate Bonds Water Credit Risk Tool (2015)

Enabling financial institutions to integrate water stress into company analysis of mining, power & beverage sectors.

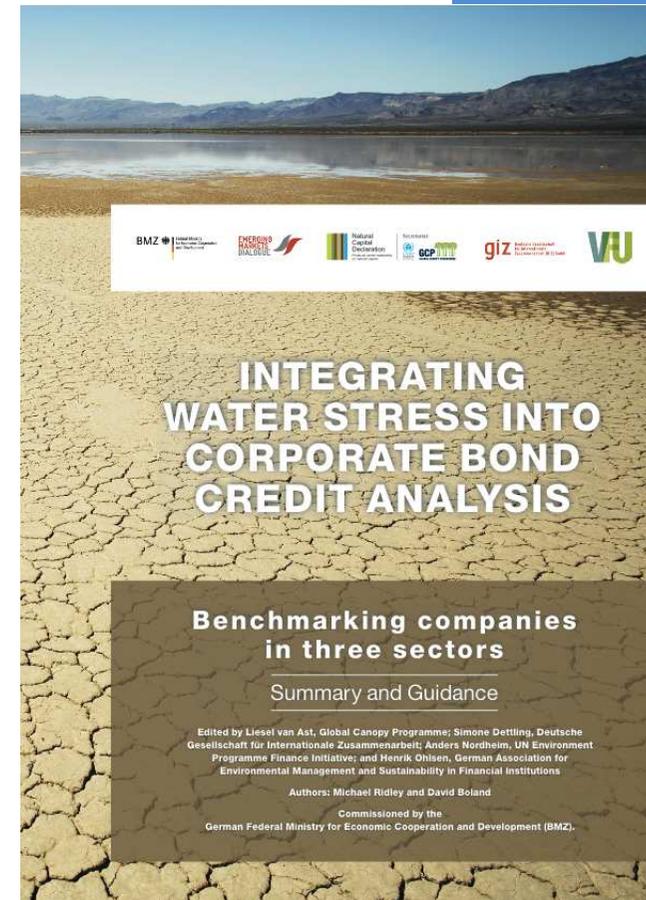
## Water Risk Valuation Tool (2015)

Enables financial analysts to incorporate water risks into company valuations (equity prices) across copper & mining companies.

Integrated into Bloomberg terminals used by 300,000 high-end traders & analysts. Builds on Bloomberg's **Carbon Risk Valuation Tool** (2014).



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## SDGs human rights-based approach

Preamble: “The 17 SDGs and 169 targets seek to realize the human rights of all”

### HUMAN RIGHTS GUIDANCE TOOL

FOR THE FINANCIAL SECTOR

UNEP FI enhancing FIs understanding of human rights risks and impacts since 2006:

➤ Human Rights Guidance Tool for the Finance Sector

<http://www.unepfi.org/humanrightstoolkit/>

➤ Research proving a legal perspective on banks and human rights

<http://www.unepfi.org/fileadmin/documents/BanksandHumanRights.pdf>

