



UNEP
FINANCE
INITIATIVE

GOVERNANCE FRAMEWORK

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ABOUT THIS DOCUMENT

The United Nations Environment Programme Finance Initiative (UNEP FI), founded in 1992, is a partnership between UNEP and a network of financial institutions from across the globe, to steward the integration of sustainability considerations into decision-making across the banking, insurance and investment industries. UNEP FI's vision is to create a financial sector that positively impacts and serves people and planet. Sustainability integration has been articulated in global sustainability frameworks developed by UNEP FI—the Principles for Responsible Investment (2006), the Principles for Sustainable Insurance (2012) and the Principles for Responsible Banking (2019) which align the finance sector with the global priorities defined by the United Nations such as the UN Sustainable Development Goals, the Paris Climate Agreement and the Sendai Framework for Disaster Risk Reduction.

This Framework covers UNEP FI's main governance bodies, including the Annual General Meeting, the Global Steering Committee, the Industry Committees, the Thematic Advisory Groups and the Regional Advisory Groups.

The document remains the authoritative reference document for any matters of governance that may arise in the delivery of UNEP FI's work programme and this version is effective from October 2020.

The Governance Framework may be amended again in the future upon the explicit mandate of the Annual General Meeting.

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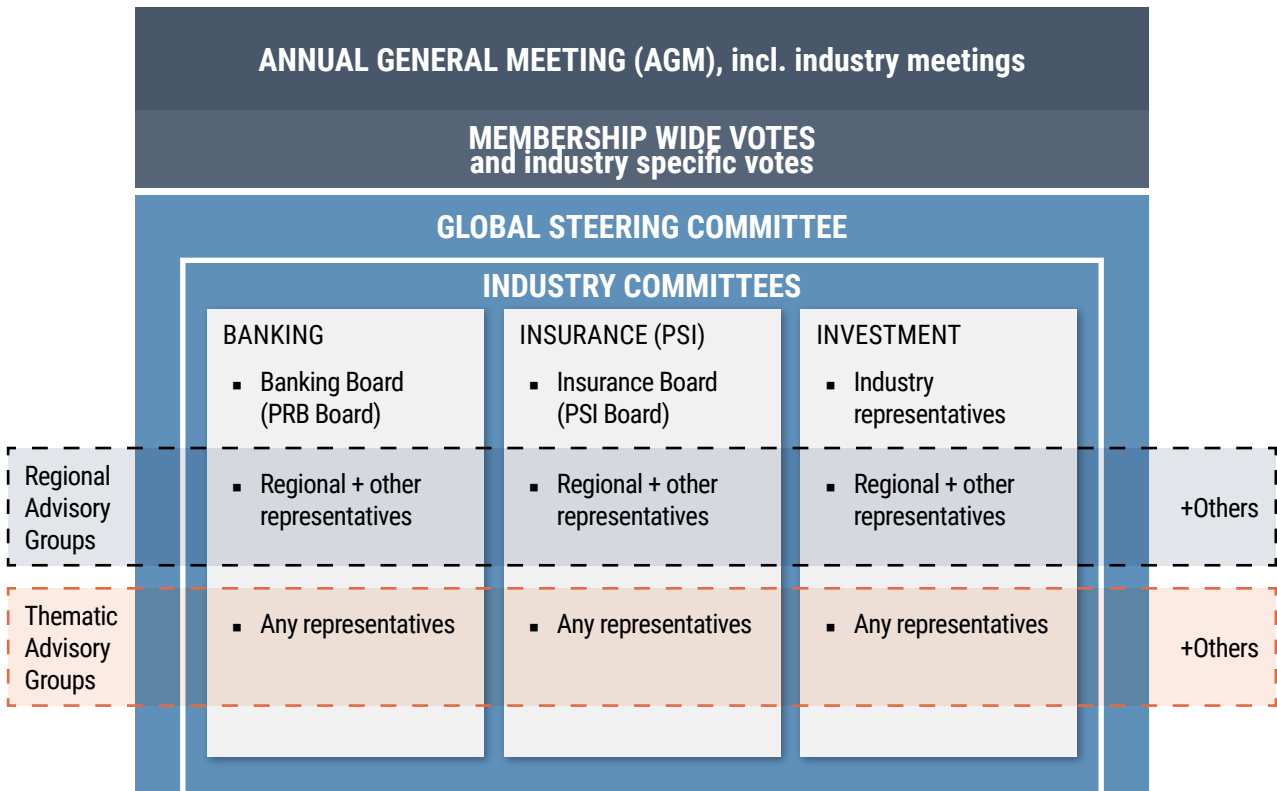
OVERVIEW OF UNEP FI GOVERNANCE

The Governance of UNEP FI is reflective of the nature of the Initiative as a partnership between UNEP and a global network of financial institutions spanning the banking, insurance and investment industries.

UNEP FI's governance bodies are: the Annual General Meeting, the Global Steering Committee, the three Industry Committees (Banking, Investment and Insurance), the Thematic Advisory Groups and the Regional Advisory Groups.

The Annual General Meeting is the ultimate decision-making forum for UNEP FI. The Global Steering Committee oversees the strategic orientation of the overall Initiative and is composed of representatives from the memberships' core constituencies, across sectors and geographies, as well as from the United Nations system. The Industry Committees, in accordance with the overall strategy developed by the Global Steering Committee, set industry-level strategies as well as developing and operationalizing the full UNEP FI work programme.

Figure 1: UNEP FI Governance Bodies



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ANNUAL GENERAL MEETING (AGM)

The composition, chairing, roles, responsibilities and decision-making rules of the AGM are defined as follows.

3.1 COMPOSITION

- 3.1.1 The AGM is open to all UNEP FI members. All members are expected to participate in the AGM in person at least once every two years and otherwise by proxy. Except in an emergency, clear notification of such appointment must be given to the Secretariat in advance.
- 3.1.2 The agenda of the AGM will be divided into two parts. Initially members will meet by industry to discuss issues specific to that industry, and subsequently all members will meet together to discuss issues of relevance to the entire Initiative. Voting items will be cast during the all members segment of the meeting.
- 3.1.3 One quarter of the total membership signatory base must be present by delegate or proxy in order for the proceedings of an AGM to be valid. If no quorum can be reached, the meeting will be adjourned.

3.2 CHAIRING

- 3.2.1 The Chair/s of the Global Steering Committee shall chair the AGMs held during their mandate.

3.3 RESPONSIBILITIES

It is the specific responsibility of the Annual General Meeting to:

- 3.3.1 Approve the minutes of the previous AGM;
- 3.3.2 Sign off on both the previous year financial report and the year ahead budget, as well as the membership fees for the following year as presented by the Global Steering Committee;
- 3.3.3 Approve any strategic, structural and/or operational changes in the Initiative as proposed by the Global Steering Committee (governance processes, new work streams, etc.); and
- 3.3.4 Settle any disputes arising within the membership which cannot be resolved at the Industry Committees or Global Steering Committee levels.

3.4 DECISION-MAKING

- 3.4.1 At the AGM, two kinds of votes will be cast in the presence of all members:
 - votes open to all UNEP FI members on issues affecting entire membership; and
 - votes open only to members of a given industry on issues specific to that industry.
- 3.4.2 Each Member shall be entitled to one vote on each question put to its respective industry for a vote at the AGM. Where a Member is represented by several delegates, a single vote shall be attributed to the Member organisation. Where an organization is a Member of more than one Industry, a single vote will be attributed for each question open to all UNEP FI members, and in addition for each question pertaining to each Industry to which the organization is a formal Member.

3.4.3 Questions arising at the AGM are decided by a simple majority vote. In an event where there is an equality of votes, the Co-Chairs of the Global Steering Committee shall have the casting vote.

3.4.4 Members vote in advance by electronic means.

3.5 EXTRAORDINARY GENERAL MEETINGS (EGMs)

3.5.1 EGMs may also be convened when a matter requires members approval prior to the next AGM.

3.6 SECRETARIAT

3.6.1 The Secretariat will schedule AGMs and EGMs under the guidance of the Global Steering Committee and in close coordination with the Industry Committees.

3.6.2 The Secretariat will provide the necessary background documents prior to all AGMs and EGMs.

3.6.3 The Secretariat is responsible for taking minutes during AGMs and EGMs.

3.6.4 The Secretariat is responsible for archiving all AGM/EGM documents, and maintaining the signatory list-serve and extranet.

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GLOBAL STEERING COMMITTEE (GSC)

4.1 ROLE

It is the specific responsibility of the Global Steering Committee (GSC) to:

- 4.1.1 Identify, set and periodically review strategic objectives for UNEP FI that maintain and enhance the cross-cutting value and nature of the organization;
- 4.1.2 Annually review the UNEP FI work programme based on inputs from the Industry Committees and ensure it responds to the organization's overall strategy;
- 4.1.3 Prepare for and convene the Annual General Meetings that brings together the full UNEP FI membership;
- 4.1.4 Propose to the Annual General Meeting, the UNEP FI general membership fees and the general budgets. The membership fees and budgets are informed by inputs from the Industry Committees;
- 4.1.5 Lead the preparation of the Initiative's Global and Regional Roundtables; and
- 4.1.6 Actively disseminate/promote the work of UNEP FI vis a vis a variety of audiences, including but not limited to: peer financial institutions, regulators, other public authorities and other relevant stakeholders, as well as communication specialists and the media.

4.2 GSC COMPOSITION

The number of positions on the GSC is set at 13 positions.

- 4.2.1 Positions 1–10 are elected members drawn from the three industries (Banking, Investment and Insurance) across the geographic regions (Africa & Middle East, Asia Pacific, Europe, Latin America and North America).

Positions 1–8 are allocated to the industry-region combinations with the highest number of members. Positions 9 and 10 are open to members coming from the other industry-region combinations. The first priority for these two positions will be to ensure that all regions have at least one representative on the GSC.

Table 1: Illustration: Allocation of Positions 1–8 based on membership per industry-region combinations

| | Banking | Insurance | Investment |
|-----------------|----------------------------------|----------------------------------|----------------------------------|
| Region A | 30 members Position #5 | 5 members Open | 0 members Open |
| Region B | 45 members Position #2 | 25 members Position #6 | 5 members Open |
| Region C | 50 members Position #1 | 35 members Position #4 | 20 members Position #7 |
| Region D | 40 members Position #3 | 10 members Open | 0 members Open |
| Region E | 10 members Open | 5 members Open | 15 members Position #8 |

- 4.2.2** The allocation of positions 1–10 to the different industry-region combinations is determined by the GSC based on the membership composition at the time of the Annual General Meetings of the year preceding elections.
- 4.2.3** Positions 11 and 12 are appointed positions. The GSC fills these at its discretion in order to recruit specific skills that may be lacking on the committee.
- 4.2.4** Position 13 is allocated to UNEP on a permanent basis.

4.3 MEMBER POSITIONS (POSITIONS 1–10)

- 4.3.1** The profile of the candidates must meet the following criteria:
- i.** Represent one of the industry-region combinations available (industry and regional affiliation);
 - ii.** Present a clear track record in the implementation and promotion of the sustainable finance agenda;
 - iii.** Be empowered to devote the necessary time and effort for the execution of their roles and responsibilities (providing input, attending meetings and events); and
 - iv.** Be in a position to mobilise support within their organisation for their work as a GSC Member.
- 4.3.2** All UNEP FI member institutions are eligible to put forward a candidate subject to the following notices:
- i.** No member can hold more than one position on the GSC;
 - ii.** UNEP FI member institutions are allowed to hold a position on the GSC and on other UNEP FI governance bodies simultaneously; and
 - iii.** Where member institutions hold various governance positions, they may be represented by one or several individuals, under the understanding that, should a given individual seek election to more than one position at a given time, his/her profile will be expected to match the separate requirements (specific to the positions) and that he/she is able to commit the necessary time and resources.
- 4.3.3** The process of self-nomination is as follows
- i.** In an election year, the UNEP FI Secretariat will issue a call for self-nominations, specifying which positions are available, based on the applicable industry-region combinations (see above).
 - ii.** Self-nominations must then be submitted to the Secretariat via the preliminary self-nomination form provided by the Secretariat, within the established deadline.
 - iii.** Once the deadline for submitting self-nominations has passed, all self-nominees will receive information on the total number of nominations received for each position. At this stage, any self-nominee who does not wish to stand for election may withdraw in confidence; and
 - iv.** All confirmed self-nominees are then required to provide a full self-nomination form.

- 4.3.4 The process of the election is as follows:
- i. All completed self-nomination forms are circulated to the full membership of UNEP FI;
 - ii. For positions that have received only one eligible self-nomination, self-nominees will be appointed on a no-objection basis; and
 - iii. For contested positions, each UNEP FI member will have one vote to cast per position. The candidates with the most votes will take the position. In the event of a tie the Co-Chair shall jointly decide on the casting vote.

- 4.3.5 The term of the positions is as follows:
- i. GSC members are elected for a three-year term starting from January 1st.
 - ii. Members can serve a maximum of two consecutive terms.
 - iii. Members having served two consecutive terms can be re-elected or re-appointed after a minimum break of one year.
 - iv. Should a GSC member no longer be able to serve before his/her term has expired, a written notification should be sent to the Secretariat by the member's organisation, with the possibility of proposing a new representative who will have to be approved by the GSC as meeting the profile and eligibility criteria described above.
 - v. Should no replacement be available, the vacant position is to be filled by a new nomination/ election process.

4.4 APPOINTED POSITIONS (POSITIONS 11–12)

- 4.4.1 The GSC is responsible for appointing two individuals to the GSC once positions 1–10 have been filled.
- 4.4.2 Individuals are appointed on the basis of the specific skills, expertise and/or networks identified as lacking and/or desirable on the GSC.
- 4.4.3 Nominees may be sought both from within and beyond the UNEP FI membership. Eligible external nominees include: representatives from UNEP FI supporting institutions, partners, and independent individuals. Individuals employed by non-member financial institutions are not eligible.
- 4.4.4 Appointments are made for a single term (i.e. three years), renewable once.
- 4.4.5 Should a nominee no longer be able to serve before his/her term **has expired**, a written notification should be sent to the Secretariat.
- 4.4.6 The vacant position is to be filled by a new nomination process.

4.5 UNEP POSITION (POSITION 13)

UNEP will have one permanent seat on the GSC (Position 13).

- 4.5.1 The UNEP representative will be a high-ranking official with responsibilities in sustainable finance within the organization and/or with direct responsibilities and decision-making power in relation to UNEP FI as an administration and team within the broader UNEP Secretariat.
- 4.5.2 He or she may involve relevant colleagues in GSC meetings and discussions as appropriate on a case-by case basis.

- 4.5.3** The UNEP Representative is responsible for:
- i.** Providing access to technical and scientific information based on UNEP's expertise;
 - ii.** Making linkages to relevant policy fora within and beyond UNEP (e.g. UNEP Assembly, UNFCCC, UN General Assembly, etc);
 - iii.** Providing oversight on administrative matters as material to the functioning of the Initiative, in particular its Secretariat; and
 - iv.** Supporting UNEP FI fund-raising efforts as relevant.

4.5.4 The UNEP Executive Director decides on the UNEP Representative.

4.6 CHAIRING

4.6.1 Once all positions on the GSC have been filled the constituted members will elect one or two of its members as Chair or Co-Chairs.

4.6.2 Appointments are made for a single term (i.e. three years), renewable once.

4.6.3 Chairing of the GSC involves:

- i.** Chairing all GSC sessions;
- ii.** Building consensus, managing differing views as they may arise on the basis of geography, industry or other factors, so as to leverage the diversity of the membership;
- iii.** Resolving any divergences that may arise between membership and UN views and priorities, so as to leverage the unique nature of the UNEP FI partnership;
- iv.** Driving the ambition and strategic relevance of the partnership;
- v.** Communicating regularly with the Co-Chairs of the Industry Committees to ensure alignment between the GSC and Industry Committees; and
- vi.** Acting as a high-level UNEP FI representative at key events and meetings.

4.7 ADVISOR FOR BUDGETING & FINANCIAL REPORTING

4.7.1 The day-to-day management of UNEP FI finances are entrusted to the Secretariat in accordance with UN rules and regulations, based on the UNEP FI strategy, work plans and projects, as approved by the relevant UNEP FI governing bodies.

4.7.2 The Secretariat is responsible for bringing strategic or material financial issues to the GSC.

4.7.3 A GSC Advisor for Budgeting and Financial Reporting is appointed by the GSC members with the responsibility, supported by the Secretariat, for reviewing and communicating UNEP FI's overall financial performance and status to the membership. The Advisor should be a GSC member in principle but could be a general UNEP FI member appointed by the GSC.

4.8 MEETINGS & COMMUNICATION

- 4.8.1 The GSC will have a minimum of four meetings (in-person or virtual) per year, including at least two in person meetings per year.
- 4.8.2 Additional meetings may be organised as necessary to address specific issues.
- 4.8.3 Travel expenses of GSC members will not be covered by UNEP FI.
- 4.8.4 An exception may be made for GSC members holding appointed positions should they be retired individuals or individuals not employed on a full-time basis.
- 4.8.5 If a member cannot attend a meeting he or she is required to advise the Secretariat in writing.
- 4.8.6 Seven members shall be the quorum for GSC meetings to proceed.
- 4.8.7 Industry Co-chairs are invited to join the in-person GSC meeting that is held in conjunction with the Annual General Meetings (AGMs) to provide direct inputs in strategy developments and budget and membership fee discussions.
- 4.8.8 The GSC Co-Chairs may invite other guests to GSC meetings to provide inputs to specific agenda items.

4.9 DECISION-MAKING

- 4.9.1 By default decision-making will be by consensus.
- 4.9.2 If consensus is not achieved, decisions will be made by a simple majority vote, with each member of the Committee holding one vote.
- 4.9.3 In case of a tie, the Co-Chairs jointly have a vote to break the tie.
- 4.9.4 Any member of the Global Steering Committee may appoint any other member of the Steering Committee to act on their behalf by proxy by giving 24 hours notice in writing to the Secretariat.

4.10 SECRETARIAT

The UNEP FI Head, supported by the Initiative's Programme Manager, serves as the Secretariat to the GSC.

- 4.10.1 The Secretariat will schedule and prepare the agenda for all meetings under the direction of the Chair and UNEP representative.
- 4.10.2 The Secretariat will provide the agenda and necessary background documents at least one week prior to meetings.
- 4.10.3 The Secretariat is responsible for taking minutes of the discussions, proceedings and decisions during all GSC meetings.
- 4.10.4 The Secretariat is further responsible for maintaining the relevant data-bases, mailing lists and websites of UNEP FI.
- 4.10.5 The Secretariat does not have any voting rights.

5 INDUSTRY COMMITTEES (ICs)

Under the overall direction of the Global Steering Committee, there will be Industry Committees to oversee the work of UNEP FI in each industry sector. For the respective industry governance frameworks, please refer to the annexes.

5.1 ROLE

Each Industry Committee will:

- 5.1.1 Based on the cross-cutting strategic direction and the general budget developed by the Global Steering Committee as well as on the industry-specific priorities it has established, define and operationalize the work programme or the Industry in question, including both cross-industry and industry-specific projects and programmes, as well as appropriate partnerships and industry level budgets. Ensure Industry Members are consulted on and are given the opportunity to provide inputs to the development of the work programme and budgets;
- 5.1.2 Develop, review and maintain a strategy regarding the industry which aims to address the specific needs of UNEP FI Signatories and broader players in the banking, insurance and investment sectors;
- 5.1.3 This strategy will also address the cross-cutting thematic focus areas of UNEP FI and the specific needs and priorities of the different geographical regions in which the Initiative operates;
- 5.1.4 When deemed necessary, propose to set supplementary membership fees that are payable by industry members for additional activities pertaining to the industry. Any such fees should be proposed within the context of the annual budget and work programme preparations and include a financial report submitted to its industry members;
- 5.1.5 Prepare and convene industry meetings – at least one to be held at the time of the UNEP FI AGM to encourage cross-industry collaboration and alignment - to bring members together along industry lines;
- 5.1.6 Actively disseminate/promote the work of UNEP FI vis-a-vis a variety of audiences, including but not limited to: peer financial institutions, relevant stakeholders, communication specialists and the media;
- 5.1.7 Representatives from the governance bodies are additionally responsible for ensuring that the regional/thematic dimensions of UNEP FI's Strategy and Work Programme are formulated on a cross-cutting basis where appropriate. They form the Thematic Advisory Groups and the Regional Advisory Groups managed by the UNEP FI Secretariat staff responsible for the relevant region/theme. Regional and Thematic Advisory Groups support the development of UNEP FI's regional/thematic activities. Each Thematic Advisory Group is formed voluntarily by members from the GSC and the Industry Committees based on their involvement or expertise or interest in the specific theme. Each Regional Advisory Group is formed by the relevant Regional Representatives of the Industry Committees plus voluntarily any additional interested GSC or Industry Committee members from the relevant region. Where appropriate, a UN or UNEP representative with senior responsibilities and expertise pertaining to the theme or region concerned may be invited to join the relevant Group.
- 5.1.8 Determine (i) the composition of their respective committees (ii) the profile, eligibility criteria and selection process of the committee members (iii) the chairing system (iv) the decision making and (v) the meeting and communications. For the respective industry governance frameworks, please refer to the annexes.

5.1.9 The Industry Chair (or Co-Chairs) is/are responsible for taking part in cross-industry meetings and for reporting on behalf of the Industry Committee to the Global Steering Committee (GSC). In reporting to the GSC, the Committees will be expected to cover both industry-specific and thematic cross-cutting projects and programmes.

5.2 SECRETARIAT

5.2.1 The Industry Committees are supported by dedicated staff members of UNEP FI, the Industry Leads. They are further supported by the Thematic leads and the Regional Coordinators, as well as the Signatory Relations Manager.

5.2.2 The Secretariat actively contributes to and coordinates the Industry Committees in translating the UNEP FI umbrella strategies set out by the GSC into industry strategies and work programmes.

5.2.3 The Secretariat is actively involved in outreach activities vis a vis potential members and partners.

5.2.4 The meetings, discussions and reports of the Industry Committees are facilitated by the UNEP FI Secretariat. As such: the Secretariat will: (i) schedule meetings and conference calls under the direction of the (co)-chair(s) with due consideration for the time zones and schedules of all meeting participants; (ii) provide the necessary background documents; (iii) take minutes of the discussions, proceedings and decisions.

5.2.5 The Secretariat is further responsible for maintaining the relevant databases, mailing lists and websites of UNEP FI.

5.2.6 The Secretariat does not have any voting rights.

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