

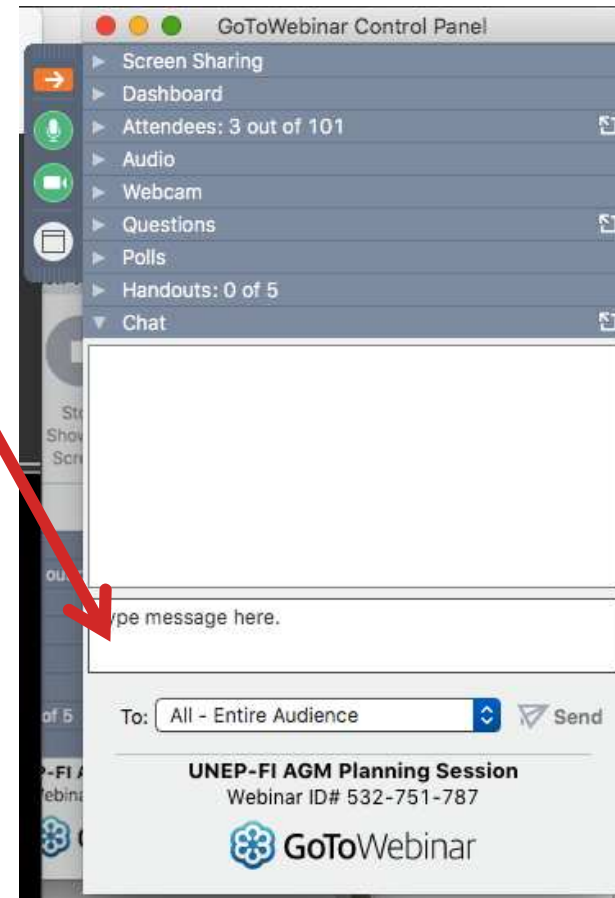
# Welcome!!

## UNEPFI 2017 AGM by-Webinar

Please **type your name and the name of the financial institution** you represent into the chat window.

We expect **many** participants in the call. To avoid audio issues during the call, we will, therefore, ask you to use the **chat to post any questions or comments** you might have.

All AGM Meeting documents are at [www.unepfi.org/extranet/](http://www.unepfi.org/extranet/)  
password: unepfi





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# ANNUAL GENERAL MEETING by-WEBINAR



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Slide 2

# AGENDA

- 1. Opening remarks**
- 2. Summary Record from the 2016 AGM**
- 3. Updates from the UN, G20 and G7 related to sustainable finance**
- 4. Membership Updates & Strategy Discussions**
- 5. Governance Updates**
- 6. Financial Discussions**
- 7. Closing of the AGM by webinar**



# Agenda 1. Opening remarks

- i. Welcome by Christian Thimann (Session 1) and Denise Hills (Session 2), UNEP FI Global Steering Committee (GSC) Co-Chairs
- ii. Welcome by Eric Usher, Head, UNEP FI





# Agenda 1. Opening remarks

About the AGM by webinar

## What it is

- Briefing & discussion concerning administrative/ governance issues within the AGM
- Presentation of the UNEP FI Strategy - Development led by the Global Steering Committee

## What it isn't

Does not replace the AGM in-person (17 October at the European Regional Roundtable, Geneva)

# AGENDA

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7. Closing of the AGM by webinar



## Agenda 2.

*For Discussion & Approval*

Summary Record from the 2016 Annual General Meeting (Appendix 1)

All AGM Meeting documents are at  
[www.unepfi.org/extranet/](http://www.unepfi.org/extranet/)  
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Slide 7

# AGENDA

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# Agenda 3. Updates from the UN, G20 and G7 related to sustainable finance

## New UN Focus on Fostering SDG Finance

Three-part strategy set out by UN Secretary General António Guterres at the UN General Assembly, September 2017

- **Ensure international economic & financial policies support SDGs** – eg. engagement with G20
- **Reform UN to strengthen country delivery** – eg. support brokering partnerships for innovative finance
- **Champion key international initiatives that can harness large-scale changes in financing and financial system development** – eg. Belt and Road Initiative



## Agenda 3. Updates from the UN, G20 and G7 related to sustainable finance

### **G20 Green Finance Study Group – UNEP Inquiry provides Secretariat**

- Launched under 2016 Chinese Presidency. Hangzhou communiqué in referencing the Green Finance Study Group formally recognises need to “scale up green finance”.
- 2017 G20 German Presidency focused GFSG activities on publicly available environmental data and called for environmental risks to be better factored into financial risk management.
- UNEP Inquiry and FI engaging with Argentinian financial system ahead of 2018 G20 Argentina Presidency

### **G20 Energy Efficiency Finance Task Group – UNEP FI part of the Secretariat**

- Launched in response to G20 Energy Efficiency Action Plan (2014)
- Released G20 Energy Efficiency Investment Toolkit (2017), referenced in G20 Hamburg Climate and Energy Action Plan for Growth.



# Agenda 3. Updates from the UN, G20 and G7 related to sustainable finance

## G7 and Financial Centres for Sustainability

- June 2017 - **G7 in Italy 2017** joins a growing movement to align the power of global financial system with sustainable development. Communiqué identified potential for cooperation among financial centres through a new international network.
- September 2017 – First international meeting of financial centres held in Casablanca hosted by Casablanca Finance City Authority (CFCA) and UNEP Inquiry, working in association with Italy's Ministry of the Environment and Morocco's COP 22 presidency.

## Casablanca Statement (Sep 2017)

- Agree to launch international network of financial centres for sustainability. Inaugural meeting in Italy in early 2018.
- Backed by financial centres from Astana, Casablanca, Dublin, Hong Kong, Luxembourg, Milan, London, Paris, Qatar, Shanghai and Stockholm.



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# Agenda 4.i. Membership updates & Regional Roundtables

## Membership Update

### Membership Strategy approved by GSC April 2017.

Four priorities:

1. Globally facilitate and promote leadership on sustainability by financial institutions.
2. Engage broader membership in work programme implementation.
3. Strengthen regional co-ordination.
4. Strengthen financial sector commitment by growth in signatories to Statement of Commitment on Sustainable Development.



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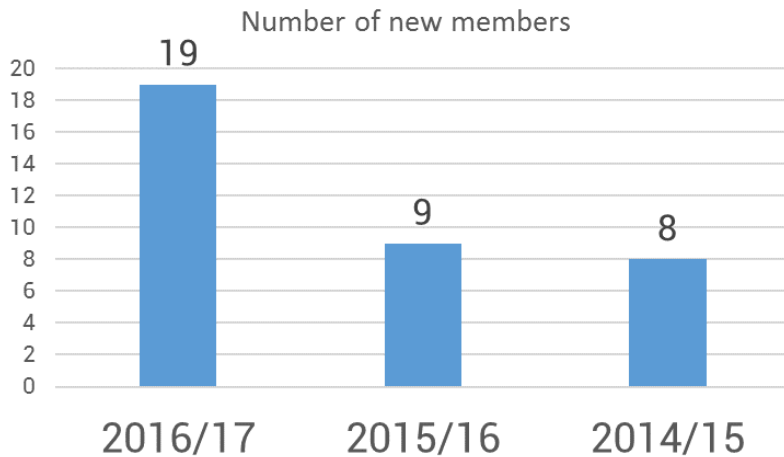


# Agenda 4.i. Membership updates & Regional Roundtables

## Membership update

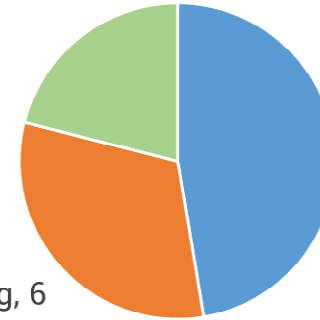
### New Signatories

October 2016-September 2017



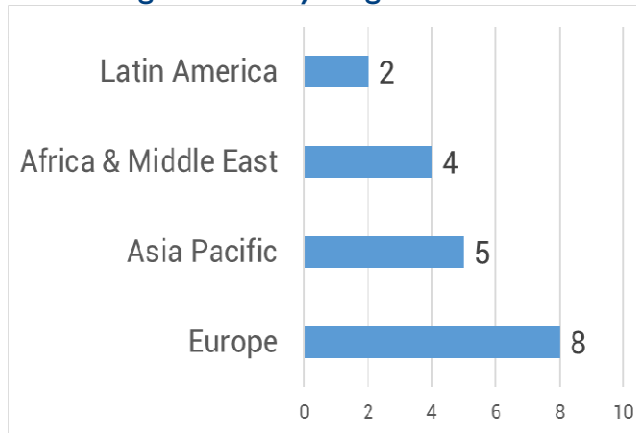
### New Signatories by Industry

Investment, 4



Insurance, 9

### New Signatories by Region



# Agenda 4.i.Membership updates & Regional Roundtables

## Membership update

### New Signatories October 2016-September 2017\*

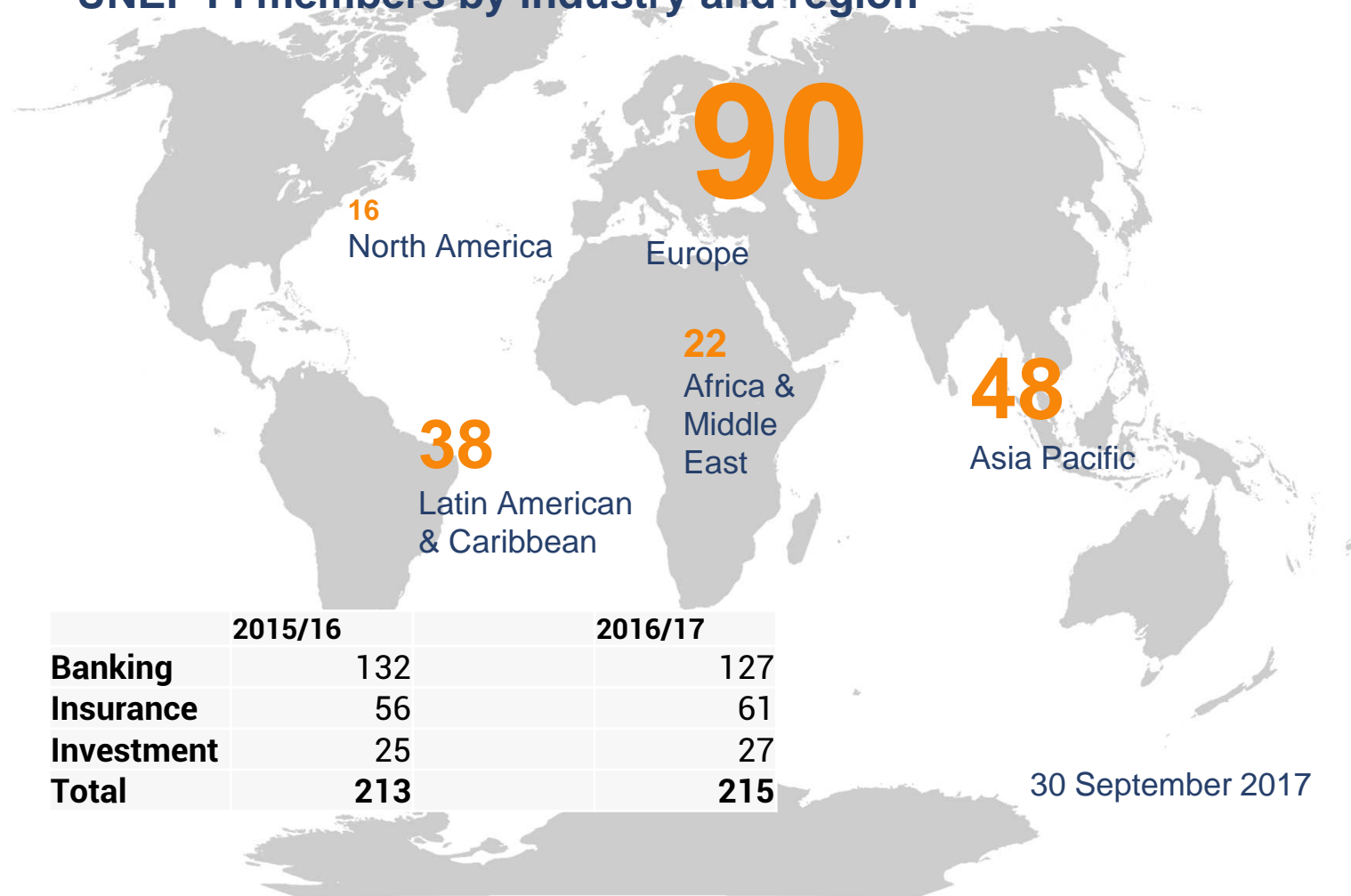
1. AGROASEMEX S.A
2. An Binh Commercial Joint Stock Bank
3. Anadolu Hayat Emeklilik
4. Ant Financial Services Group
5. Banco de Desarrollo Productivo - Sociedad Anonima Mixta (BDP- S.A.M)
6. City Developments Limited
7. Dongbu Insurance Co., Ltd.
8. ICEA LION General Insurance Company Ltd
9. ICEA LION Life Assurance Company Ltd
10. Jordan Ahli Bank
11. La Française Group
12. Länsförsäkringar Sak Försäkringsaktiebolag
13. MS&AD Insurance Group Holdings, Inc.
14. PZU SA
15. QUARTUS
16. Tawreeq Holdings
17. Tribe Impact Capital LLP
18. Yapi Kredi

\* 19<sup>th</sup> new member to be announced at UNEP FI Regional Roundtable in Europe



# Agenda 4.i.Membership updates & Regional Roundtables

## UNEP FI members by industry and region



30 September 2017



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# Agenda 4.i. Membership updates & Regional Roundtables



## REGIONAL ROUNDTABLES 2017

### Regional Roundtable update

#### Latin America & Caribbean and North America September 2017

- Good turnout from across the regions.
- Positive feedback and enthusiasm to do more. New FIs confirmed intent to join; others actively engaged.
- *Likes:* Focused content and interactive discussion; opportunity to hear from and meet other members.
- *Learned:* Members keen to develop common voice on furthering sustainable finance in the region. Need to enhance opportunities to share learning & knowledge.



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# Agenda 4.i.Membership updates & Regional Roundtables

## Regional Roundtables 2017

**September**  
North America

**September**  
Latin America

**16-18 October**

Europe  
Geneva

Main conference & 25<sup>th</sup> Anniversary 16<sup>th</sup>-17<sup>th</sup>  
AGM 17<sup>th</sup>

**27-29 November**

Africa & Middle East  
Johannesburg,

Main conference 28<sup>th</sup>  
Positive Impact Finance launch 29<sup>th</sup>

**11-12 December**

Asia-Pacific  
Tokyo

Banking members' meeting 13<sup>th</sup>  
December



## PSI global guidance on the integration of environmental, social and governance risks into insurance underwriting

PSI project aims:

- To **identify and define ESG risks from an insurance underwriting perspective**
- To engage insurance industry practitioners and stakeholders worldwide to **identify key ESG risks, priority lines of business, and types of insurance cover**
- To develop a **shared understanding** by the insurance industry on **how to approach ESG risks**
- To benefit the economy, society, and the environment by **preventing and reducing ESG risks**
- To contribute to building a **sustainable financial system** and support the **UN Sustainable Development Goals, Paris Agreement on Climate Change, Sendai Framework for Disaster Risk Reduction, and UN Guiding Principles on Business and Human Rights** through improved risk management across the industry





## UNEP FI TCFD Pilot Project

### Implementing the Task Force for Climate- Related Financial Disclosures Recommendations

- 14 banks working with UNEP FI to jointly **develop scenarios, models, and methodologies** and conduct other research
- **UNEP FI to compile, publish and make available open-source** all developed scenarios, models and methodologies
- Exploring similar pilots with Insurance and Investment members

### Project Goals

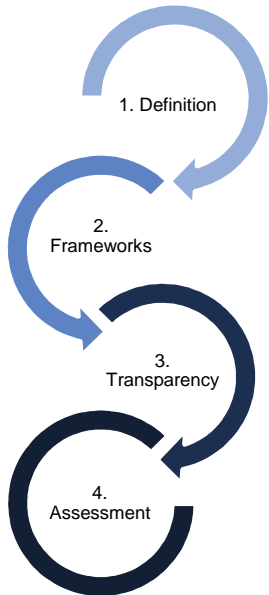
- **Enable UNEP FI member banks** to assess and disclose climate-related risks and opportunities in alignment with the TCFD recommendations
- Contribute to the emergence of a **harmonized approach to TCFD disclosure** among banks and to provide an example and guidance to the wider banking industry



## POSITIVE IMPACT INITIATIVE

### Towards an impact-based business and financing paradigm to finance the SDGs

- Now 24 members totalling over USD 8 trillion
- First Positive Impact Principles compliant products have been issued
- Four Working Groups set up to facilitate the issuance of PI compliant products and to boost business development for the SDGs



Working Groups	
1. Frameworks	How to implement holistic impact analysis, building on frameworks already used by financial institutions? What is a PI Principles – compliant product/service?
2. Impact Categories & Indicators	What impact categories and indicators to use to holistically identify and analyse impact in the market and inside portfolios? How to monitor, measure and report on impact based on existing impact frameworks?
3. Assessment	How and by whom can products and services be verified as PI Principles – compliant ? Can they be certified? How should they be rated?
4. Business Development	How to use the PI Principles to boost product development? Can we go a step further: R&D for impact-based business and finance to bridge the SDG financing gap.



# Agenda 4.ii. UNEP FI Dashboard on the state of sustainability of financial institutions

## Sustainability dashboard diagnostic framework

The design of the dashboard is guided by two key objectives

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- To help members progress on their journey to robust sustainability integration

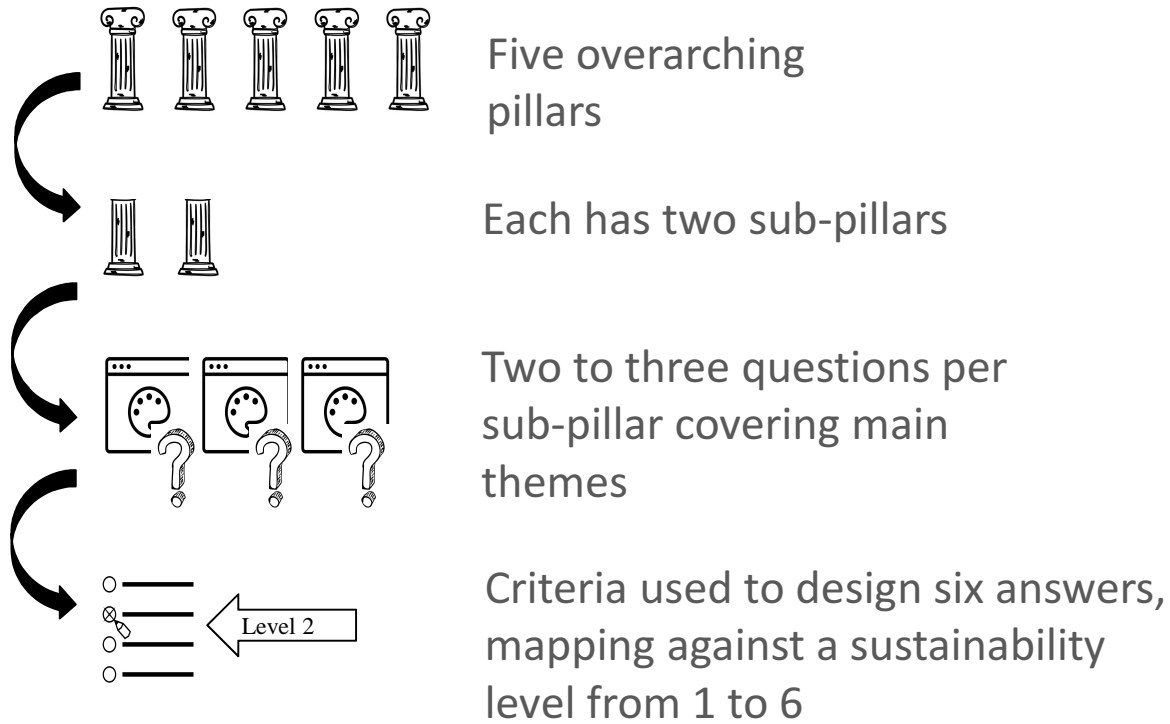


- To encourage progress by allowing for comparison across two major axes: over time and relative to peers.

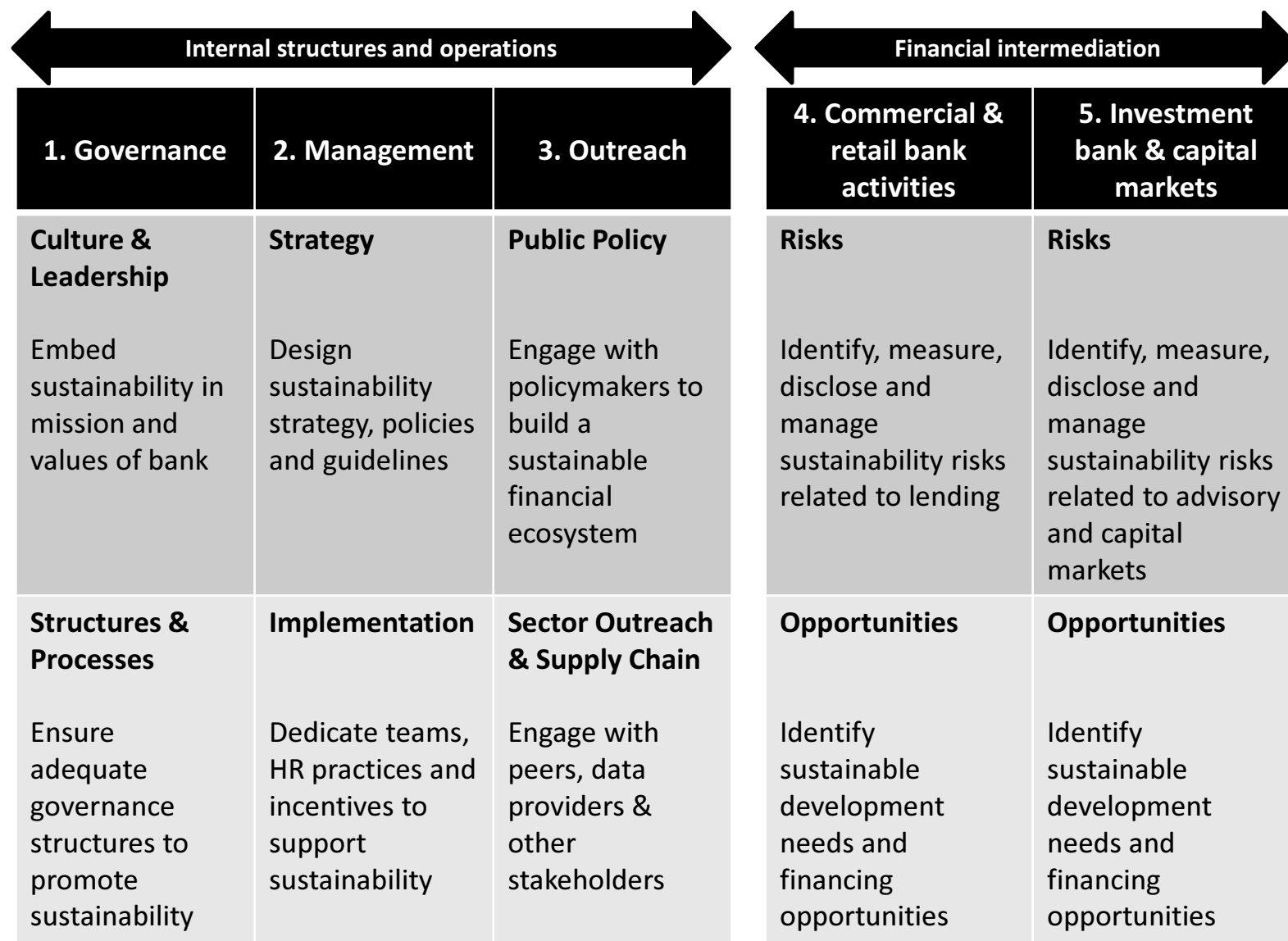
*In the first round the framework will be developed for banking.*



# The dashboard will be organised around five sustainability pillars



# Five pillars, each with sub-pillars, establishing a framework of 10 substantive categories



# Questions will cover key themes by pillar and sub-pillar – Example: **Governance themes**

## 1. Governance

### Culture & Leadership

- Sustainability integration in **bank's mission and values**
- **Board-level accountability** of sustainability issues
- **Target setting**, oversight and implementation responsibilities at board level

### Structures & Processes

- Processes and frequency by which the **board is informed** about sustainability issues
- Structure to incorporate sustainability in **broader business practices**
- **Structure to set and review sustainability targets** at board level, monitor and oversee progress towards these targets

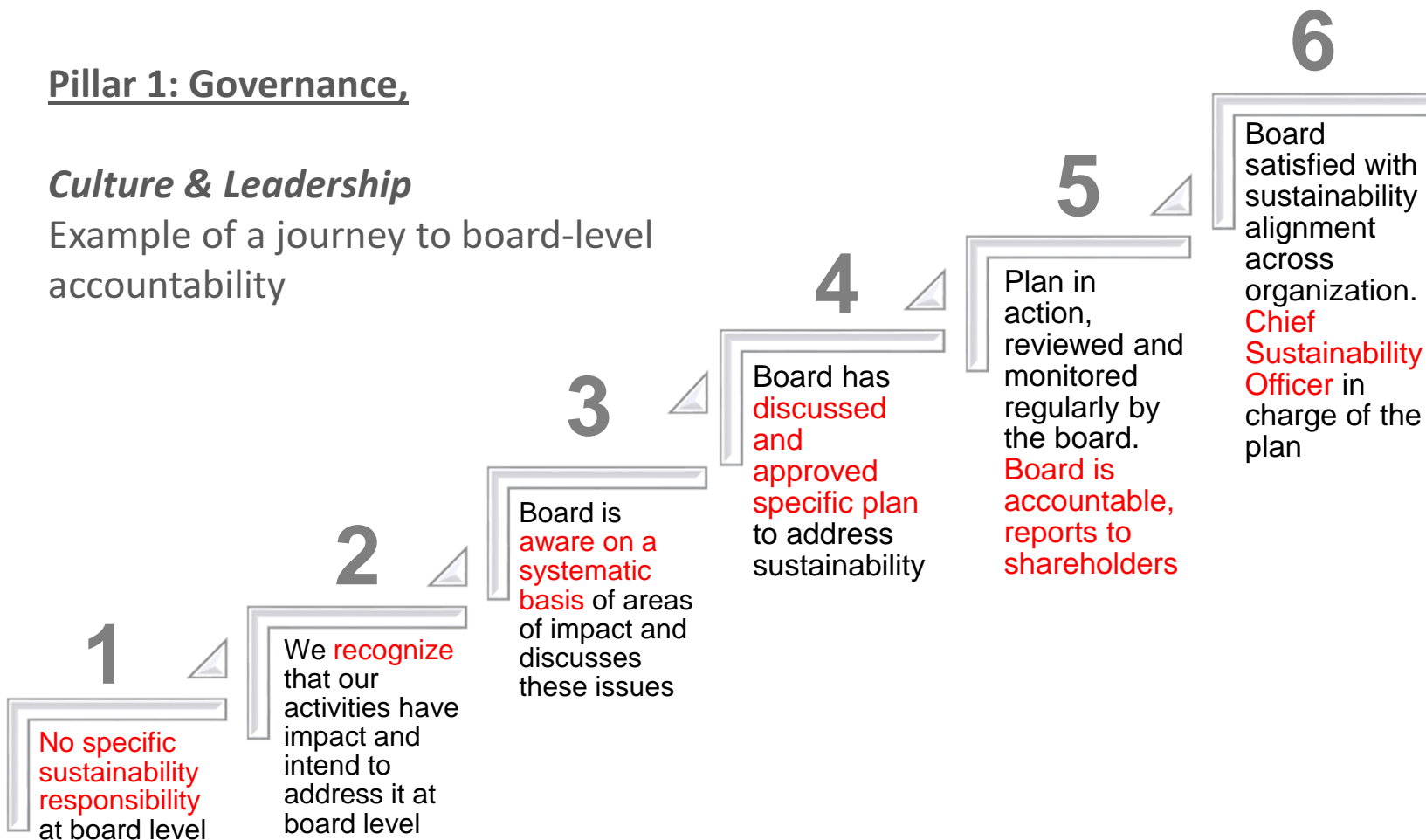


# Answers will reflect progress on a sustainability journey – Example: **Governance themes, Board Accountability**

## Pillar 1: Governance,

### *Culture & Leadership*

Example of a journey to board-level accountability





## Next steps and timeline

- **Research Stage Interviews – Sep 2017**

- Solicit feedback on the dashboard effort: how to make it useful, complementary, additive
- Document case studies of sustainability journeys

- **Pilot survey – Oct/Nov 2017**

- Web-based pilot survey to collect feedback on relevance, robustness and user-friendliness

- **Preliminary Dashboard launch – Dec 2017**



## **UNEP FI's 5-YEAR STRATEGY FOR SUCCESS**

### **Agenda 4.iii. UNEP FI Strategy**

#### **MISSION STATEMENT:**

Accelerate the global development of financial institutions that integrate sustainability as a value creation driver and which contribute to the UN Sustainable Development Goals.

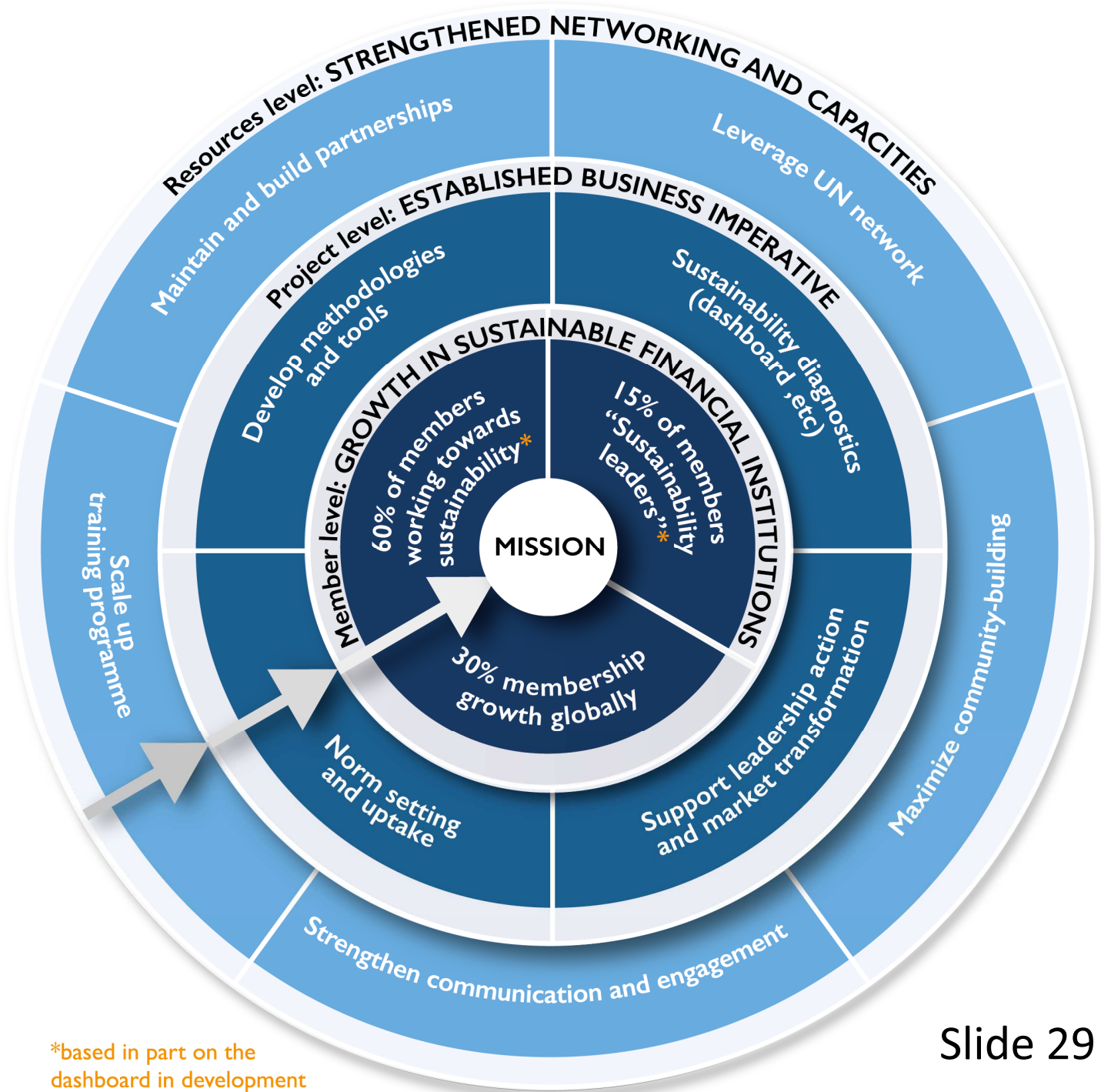
#### **STRATEGY STATEMENT:**

Our strategy to achieve this mission is:

- to create the most effective network for sharing knowledge and best practice; and
- to amplify the collective voice from the finance sector in policy debate.

Success is measured through the growth in the quantity and quality of “sustainable financial institutions”.

# UNEP FI's 5-YEAR STRATEGY FOR SUCCESS



\*based in part on the dashboard in development

# Agenda 4.iii. 2018 Workplan development

## Implementing and Monitoring the Strategy – For Industry Committees

Strategic Goals	Success Measures	Which levers to pull to achieve our goals	Lead [Banking/Insurance/Investment] Initiatives	Lead Measures (measured quarterly)
<b>Growth in "sustainable financial institutions"</b>	<ul style="list-style-type: none"> <li>15% of members are "sustainability leaders"*</li> <li>60% of members working towards sustainability*</li> </ul> <p>*observed via progress in dashboard, participation in projects, etc</p> <ul style="list-style-type: none"> <li>30% membership globally covering key markets and institutions without weakening the support to existing members</li> </ul>	<ul style="list-style-type: none"> <li>UNEP FI providing expertise to members in becoming sustainable financial institutions</li> <li>Momentum through "front runner" members supported by senior personnel</li> </ul>	<ul style="list-style-type: none"> <li>Umbrella project: Develop the Status Report on the Sustainability of Financial Institutions and its Dashboard to deliver clarity &amp; visibility</li> </ul>	
<b>Established business imperative</b>		<ul style="list-style-type: none"> <li>Leverage on the connections &amp; networks of GSC and all other governance bodies' members</li> <li>Increased interest in value creation through sustainability strategies</li> <li>Policy &amp; regulatory pressures</li> </ul>	<ul style="list-style-type: none"> <li>Umbrella project: Global and regional roundtables focused on practice</li> <li>Cutting edge projects: Joint experimentation and action research. Focus on actual industry pain points and challenges and opportunities.</li> </ul>	
<b>Strengthened networking and capacities</b>		<ul style="list-style-type: none"> <li>Securing of new funding sources – members and grants</li> <li>Implementation of the UNEP FI Governance Framework</li> <li>Oversight by GSC and other governance bodies</li> </ul>	<ul style="list-style-type: none"> <li>Umbrella project: Scaling up of training program providing valuable learning and career building opportunities</li> <li>Secretariat: Staff skills' needs assessment and implementation</li> <li>Secretariat: IT infrastructure investment</li> </ul>	<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>Slide 30</b> </div>

## Agenda 4.iv. Ending of the joint fee programme with the PRI

### Background

- Introduced on request from Investment members to streamline administrative authorisation for UNEP FI & PRI memberships
- Joint membership ran from 2016 fees as a 1-2 year pilot
- Used PRI billing cycle (1 April-31 March), payment within 21 days

### Reasons to Discontinue

- UNEP FI's value to investors is distinct and separate from PRI. Joint membership did not offer additional incentive to join UNEP FI.
- UNEP FI's administrative burden greater than members benefits. Nearly 50% did not pay within 21 days which revoked the joint fee invoices and new invoices had to be issued

### Discussed & agreed with:

- PRI, the UNEP FI Investment Commission and Global Steering Committee



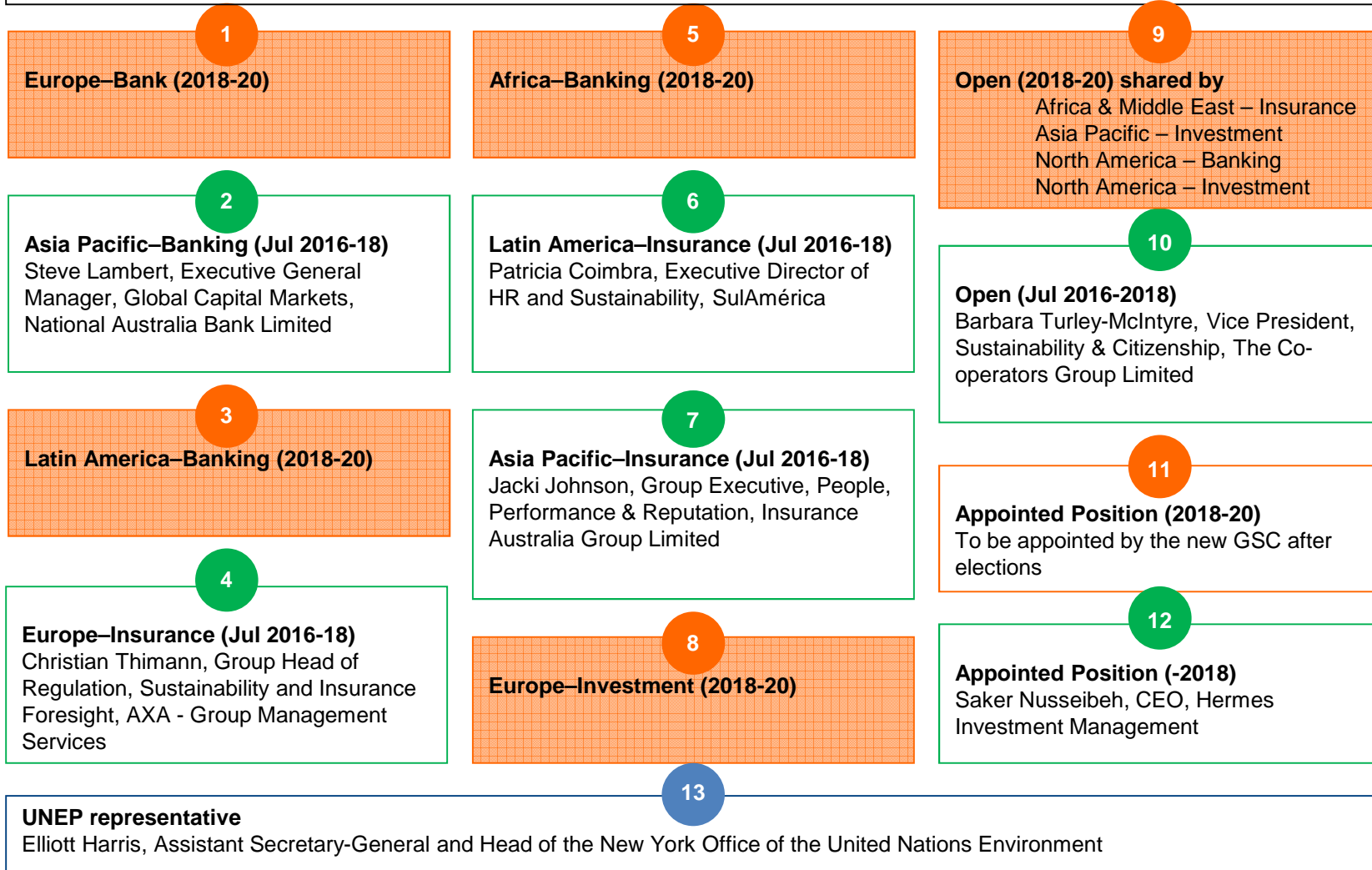
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# Agenda 5.i. Global Steering Committee elections for 2018-2020 positions

Co-Chair: **Christian Thimann, AXA** (Jul 2016-2018)



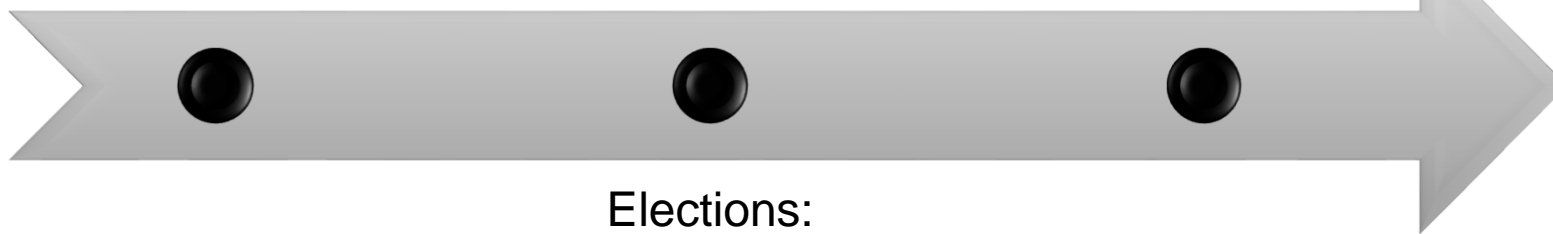
# Agenda 5.i. Global Steering Committee elections for 2018-2020 positions



## Self-nomination & election processes – Key dates

Self-nomination:  
15 September to  
**31 October**  
2017

Annoucement of  
election results:  
28 November  
2017



Elections:  
13-24 November 2017

### Self-nomination Form

Available online at <http://www.unepfi.org/extranet>

## Agenda 5.ii. Proposed amendments to the Governance Framework

GSC recommends two updates to the *UNEP FI Governance Framework* approved at the Extraordinary General Meeting in May 2016.

<http://www.unepfi.org/fileadmin/extranet/agm/2016/egm2016GovernanceFrameworkProposal.pdf>

### 1. Widening UNEP Representative's Profile

#### 4.5. UN ENVIRONMENT POSITION (POSITION 13)

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

##### 4.5.1 Profile

- i. 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.
- ii. He or she may involve relevant colleagues in GSC meetings and discussions as appropriate on a case-by-case basis.



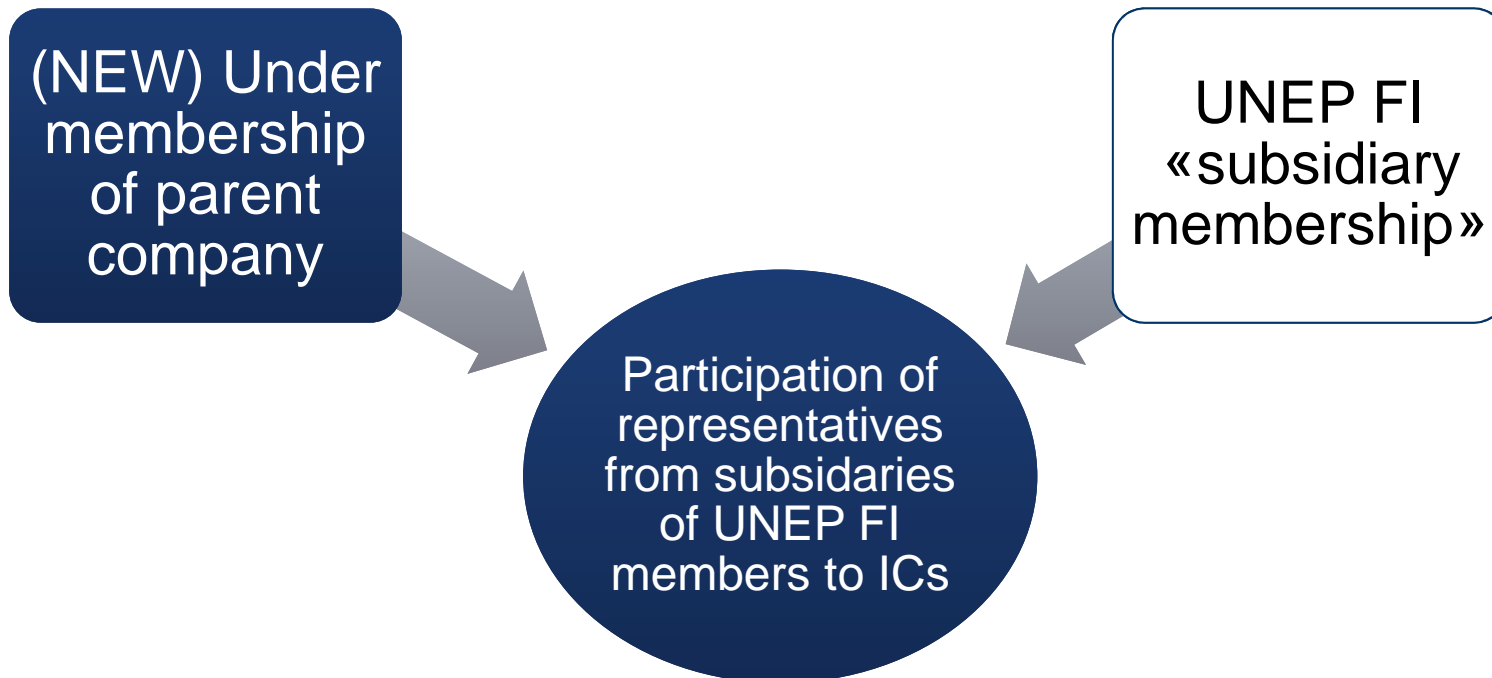
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# Agenda 5.ii. Proposed amendments to the Governance Framework

## 2. Widening Industry Committee participation to subsidiaries of UNEP FI member institutions

5.3.2.ii. A representative from a subsidiary may represent under the parent UNEP FI member company or as a subsidiary if it has ~~ies, the above is dependent on the subsidiary having~~ duly taken on a UNEP FI subsidiary member status.



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## Agenda 6.i. UNEP FI 2016 Financial Report

### 2016 Income (Income & expense report)

USD'000

#### Voluntary Contributions

Members Annual Contributions 2,383

Sponsorships (Generation Foundation, UAE, etc) 2,153

Investment revenue & other 24

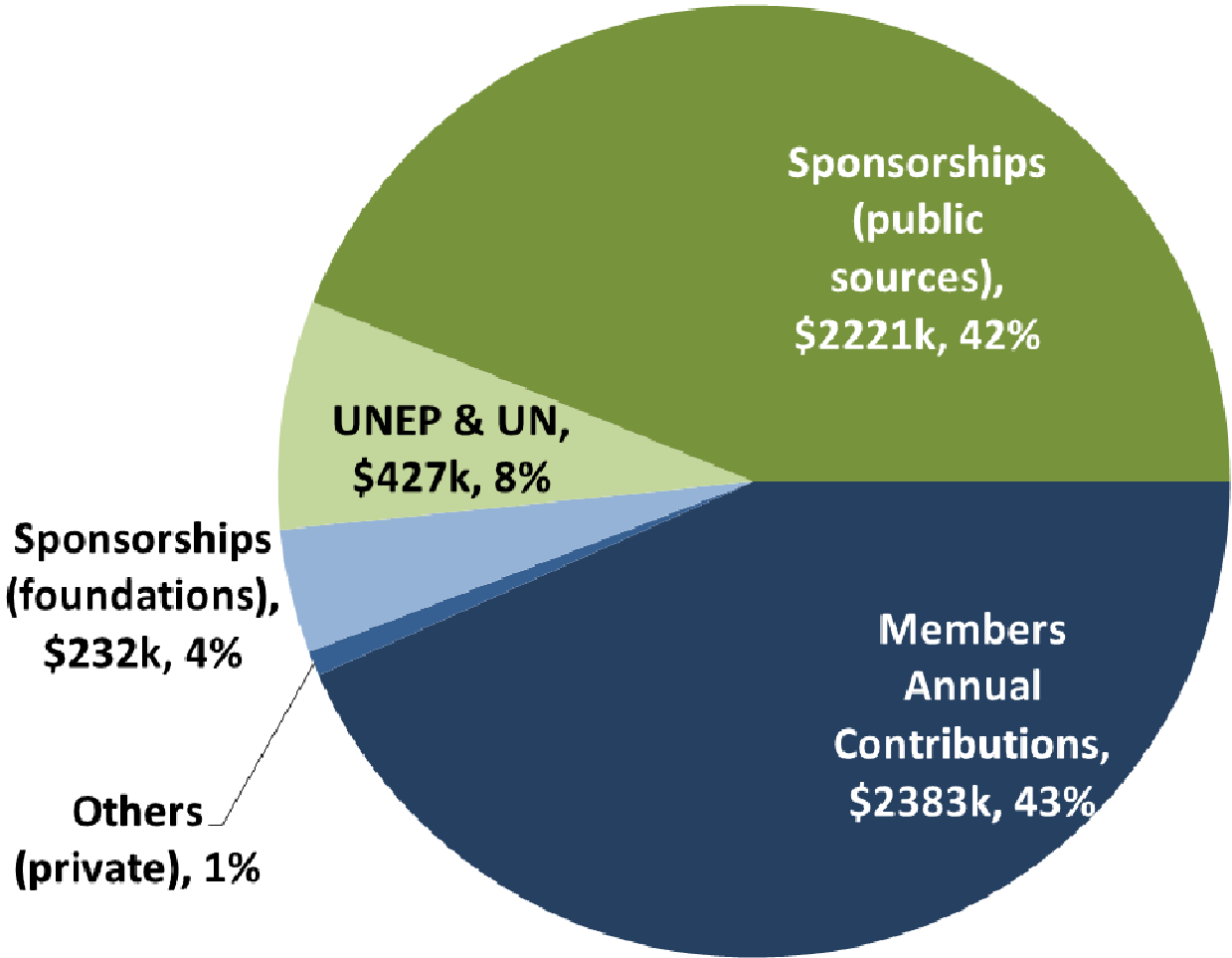
**Total Revenue 4,560**

Adjustments to convert from Accruals to Cash accounting 990

**TOTAL ADJUSTED REVENUE 5,550**

# Agenda 6.i. UNEP FI 2016 Financial Report

Finance Initiative 2016 Income \$5.5m



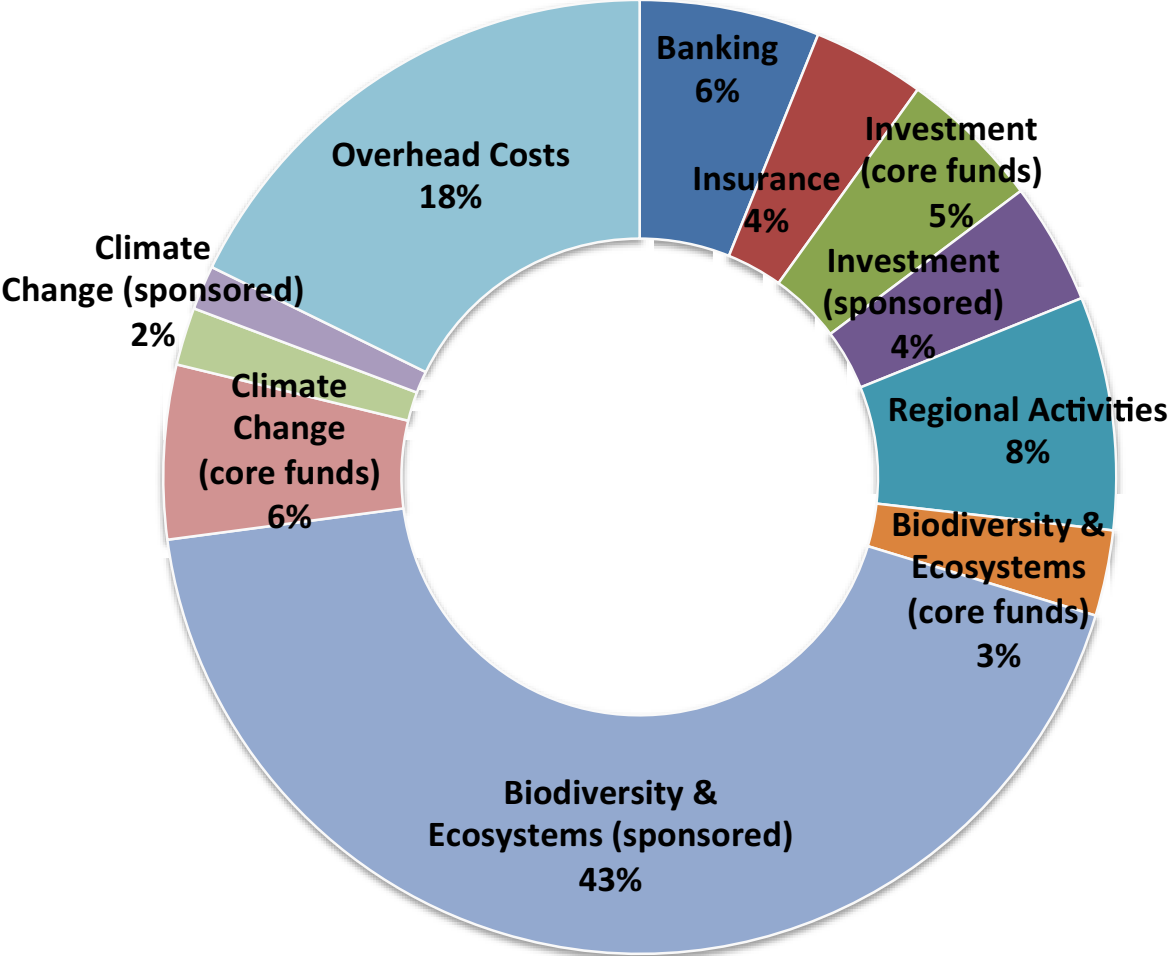
## Agenda 6.i. UNEP FI 2016 Financial Report

### 2016 Expenses (Income & expense report)

	USD'000
Expenses under Members Annual Contributions	2,524
Expenses under Funding & Sponsorship for specific activity*	
*Recorded as all obligated in the year cash is received	<u>3,144</u>
<b>Total expenses</b>	<u><b>5,668</b></u>
<b>Total income</b>	<u><b>5,499</b></u>
<b>Deficit for the period</b>	<b>(118)</b>
<b>Budgeted deficit</b>	<b>(130)</b>

# Agenda 6.i. UNEP FI 2016 Financial Report

UNEP FI Expenses 2016: Total \$5.6 million



## Agenda 6.i. UNEP FI 2016 Financial Report

### Change in UNEP FI's working capital

	USD'000
Net assets at the beginning of the period (as per 2015 FIL Statement)	<b>6,917</b>
Adjusted net capital ( <b>UNEP FI's working capital</b> ) at the beginning of the period as per 2015 Financial Report	<b>2,625</b>
Adjusted net income for this period	<u>(118)</u>
<b>UNEP FI's working capital at end 2016</b>	<b><u>2,507</u></b>

## Agenda 6.ii. 2018 Budget Proposal & 2017 Interim Financial Report

### Income

	2018 budget USD'000	2017 forecast USD'000	2016 actual USD'000
Members Annual Contributions	2,600	2,554	2,383
UNEP funding (general) & Investment Revenue	250	250	273
Funding towards specific activities	1,487	3,618	2,894
<b>Total income</b>	<b>4,337</b>	<b>6,422</b>	<b>5,550</b>

### Expenses

Personnel Costs			
Umbrella functions	1,125	1,000	943
Work Programmes	1,105	1,184	965
	2,230	2,184	1,908
<b>Work Programme</b> (proj consultants, events, publications, travel, etc)	1,737	3,857	3,355
<b>Operational Costs</b> (UNEP admin fee, premises, etc)	370	367	405
<b>Total Expenses</b>	<b>4,337</b>	<b>6,408</b>	<b>5,668</b>
<b>Net Income/(Expenses)</b>	<b>0</b>	<b>14</b>	<b>(118)</b>

## Agenda 6.iii. Proposed 2019 Membership Fees

	2018	2019 3% increase
Total assets (US Dollars)	CHF	CHF
From 100 billion and above	19,700	20,300
From 5 billion to less than 100 billion	9,850	10,150
From 1 billion to less than 5 billion	3,900	4,000
Below 1 billion	2,370	2,440

GSC recommended continuation of an annual 3% increase as a preferred option for members over the alternative option to make periodic jumps in fees.

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## Briefing on the GRT & AGM in-person

### Voting & Proxy Voting

- All voting items for 2017 AGM were covered by the AGM by-webinar
- Votes accepted from today until the day of the AGM (17 October 2017)
- Vote online from <http://www.unepfi.org/agmvote>

### European Regional Roundtable 16-17 October, Geneva

- Please register
- **25<sup>th</sup> anniversary celebration – 16 Oct**
- **Annual General Meeting in-person – 17 Oct**

# Closure of the AGM by webinar

Thank you for attending!  
We look forward to seeing you in  
Geneva



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