



UNEP
FINANCE
INITIATIVE

Work Programme

January–December 2021

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Introduction

The work programme of UNEP Finance Initiative (UNEP FI) runs on an annual basis. Key activities available to members in 2021 are highlighted below.

UNEP FI works with more than 300 members—banks, insurers, and investors – and over 100 supporting institutions—to help create a financial sector that serves people and planet while delivering positive impacts. We aim to inspire, inform and enable financial institutions to improve people’s quality of life without compromising that of future generations. We do this by creating the most effective network for sharing knowledge and best practice; and amplifying the collective voice from the finance sector in policy debate.

UNEP FI accelerates growth in sustainable financial institutions by supporting global industry frameworks to catalyze integration of sustainability into financial market practice, including:

- [Principles for Responsible Banking \(PRB\)](#) launched in 2019 and now signed by more than 190 banks collectively holding more than USD 50 trillion in assets, or 40% of the global banking sector;
- [Principles for Sustainable Insurance \(PSI\)](#), established 2012 by UNEP FI and today applied by one-quarter of the world’s insurers (25% of world premium), and supported by a global network of the leading insurance industry initiatives, insurance associations, and insurance regulators and supervisors;
- [Principles for Responsible Investment \(PRI\)](#), established in 2006 by UNEP FI and the UN Global Compact, applied by half the world’s institutional investors (USD 83 trillion).

UNEP FI’s work programme supports implementation of these principles to accelerate sustainable finance, providing the basis for standard-setting and helping to scale up the financial sector’s contribution to achieving the [UN Sustainable Development Goals \(SDGs\)](#) and [Paris Agreement on Climate Change](#) agreed by governments in 2015.

The integrated work programme aims to contribute to achieving UNEP’s strategy to implement enabling programmes to catalyze finance and economic transformation to address the climate, nature and pollution crises and social inequality. It will also contribute to delivering on UNEP FI’s vision, mission and strategic goals for 2018–2022 (see Annex 1), including goals to:

- Develop methodologies and tools
- Support norm-setting and uptake
- Support leadership action and market transformation
- Develop sustainability diagnostics

Vision statement

To create a financial sector that positively impacts and serves people and planet.

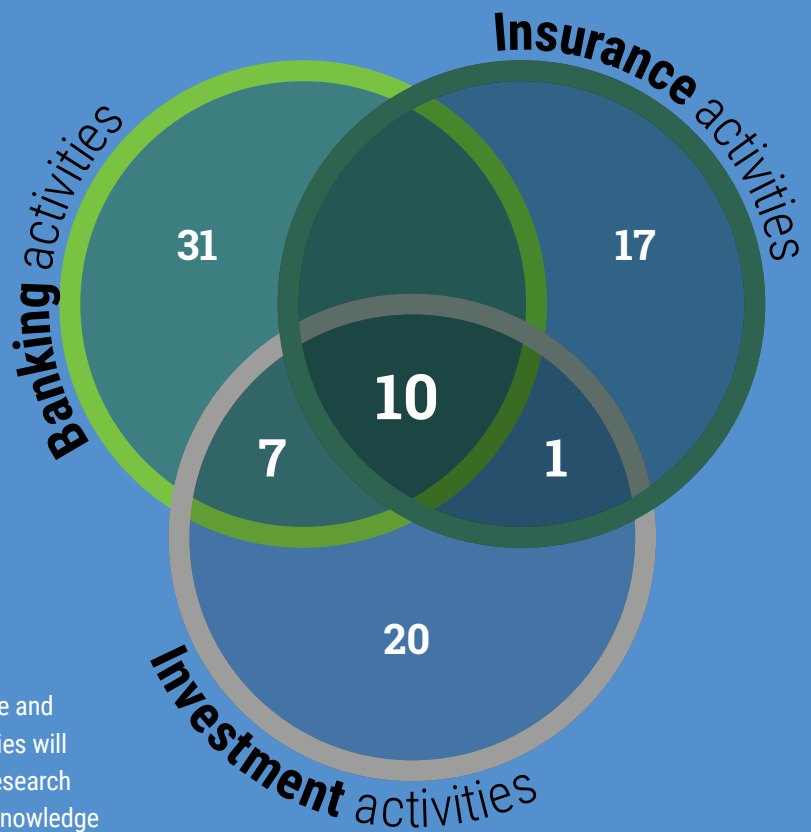
Mission statement

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

Guided by the UNEP FI secretariat, opportunities for members to participate in our community of practice for collaboration, technical work and peer learning include taking part in a range of leadership initiatives, research projects, consultations and piloting of practical methodologies, guidance and tools. You can take part in work that is designed specifically for banking, insurance or investment or join cross-cutting initiatives that go deeper into specific sustainability themes. The work programme will be implemented under UNEP FI's structure of thematic and industry workstreams.

Highlights of our work programme for 2021 are shown by industry below under banking, insurance and investment. Additional global and regional activities will support uptake and dissemination of guidance, research and tools already developed, and cross-industry knowledge sharing, as well as events including webinars to share learning, good practice and thought leadership.

Contact your regional coordinator for more information and to get involved.



	Banking	Insurance	Investment
Climate Change			
Ecosystems			
Positive Impact			
Social Issues			

2021 Highlights

	Q1	Q2	Q3	Q4
Banking	Civil Society Advisory Body established	Guidance on target setting on biodiversity, gender equality and financial inclusion released	Individual review process established for PRB Signatories and first biennial Collective Progress Report released	
Insurance	Expand global alliance to develop Insurance Sustainable Development Goals, as well as industry roadmaps and insurance company targets	Support development of climate, disaster risk and inclusive insurance solutions for vulnerable communities	Produce strategy paper to establish global agenda for the life & health insurance industry and sustainable development Explore opportunities to align insurance portfolios with Paris Agreement and Post-2020 Global Biodiversity Framework	
Investment	Establish leadership projects under Joint Investment Leadership Programme with the PRI	Net-Zero Asset Owner Alliance developing 2025 targets; decarbonisation pathways and engagement strategy	Property Working Group to examine impacts of physical risk/extreme weather events on materiality/value	Adapt impact analysis tools for real estate assets and portfolios
Cross-cutting	Tool to align portfolios with post-2020 Global Biodiversity Framework Guidance on Financing a Sustainable Blue Economy V2 of the Tools for Portfolio Impact Analysis by Banks and Corporate Impact Analysis and launch of new tools for Portfolio Impact Analysis of investment portfolios		Technical assistance for TCFD implementation with climate risk platform, knowledge tools and best practice, disclosures	

Bank- ing

**Implementing
the Principles for
Responsible Banking**

1. Launch of Civil Society Advisory Body to advise the Banking Board and the community of Signatories

- 1.1** The Civil Society Advisory Body will consist of 12 organisations representing different geographies and types of stakeholders as well as subject matter expertise in the social and environmental matters most relevant to sustainable banking. The Body will regularly advise the Banking Board and the community of Signatories along their journey.

2. Biennial Collective Progress Report on implementation of the Principles (Q3/Q4 2021)

- 2.1** To help deliver on a collective commitment to accountability, the first biennial review will showcase progress, highlight and shape global best practices. The report will demonstrate how Signatories are delivering on the commitments they have made.

3. Establish individual review process for signatory reporting and annual feedback and support meetings for signatories (Q3 2021)

- 3.1** The UNEP FI Secretariat will annually review each Signatory's reporting based on the requirements set out in Official Principles for Responsible Banking Framework Documents (Signature Document, Key Steps to be implemented by Signatories and the Reporting and Self-Assessment Template). The aims of the review include identifying and engaging banks that need additional guidance and support, and identifying best practices to facilitate targeted peer learning.
- 3.2** Based on the results of the individual review process, the Secretariat will conduct an annual feedback and support meeting to provide banks with guidance on which areas to focus on, which peers to work with and a benchmark against the practices of relevant peers. It will ensure each Member Bank receives the necessary support to make progress and deliver on its commitments and enable signatories to make the most of the extensive community of sustainability leaders.

4. Shaping the sustainable banking agenda and knowledge sharing

- 4.1** Shaping the sustainable banking agenda by convening banking industry leaders and practitioners, regulators and supervisors, and key stakeholders nationally, regionally and internationally.
- 4.2** Regional implementation support includes events, webinars, knowledge sharing materials, workshops, study groups and peer exchanges.

5. Implementation support structure

5.1 Communications and knowledge-sharing working group.

5.2 Impact working groups:

- a Developing impact analysis guidance and peer exchange
- b Application and further development of Portfolio Impact Analysis Tool (see Positive Impact Finance below).

5.3 Target-setting working groups:

- a Climate target-setting working groups will focus on (1) learning and applying existing methodologies, knowledge and experiences to assess and set scenario-based targets on climate alignment and; (2) guiding harmonized and credible practice, standards for setting and reporting on climate alignment targets for [Collective Commitment to Climate Action](#) (CCCA) signatories, and comparability and monitoring of climate impacts. This group will develop scenario-based target-setting guidelines to support implementation of the CCCA to align portfolios to reflect and finance the low-carbon, climate-resilient economy required.
- b Target setting working groups will develop common frameworks/guidance on target setting covering indicators, metrics and methodological approach(es) for setting and monitoring progress on targets across five specific impact areas: financial inclusion; gender equality; biodiversity (and pollution drivers of biodiversity loss); resource efficiency and; decent employment.

5.4 Reporting and assurance working groups:

- a Assurance working group to develop guidance for assurers for providing limited assurance to PRB self-assessment.
- b Exchange on reporting working group to share practices, learning and practical guidance.

5.5 Engaging with clients and peer learning working groups:

- a Peer learning working group to lead peer exchange.
- b Engaging with clients working group to develop approaches and strategies towards a transition to more sustainable business practices.

5.6 Progress monitoring and evaluation working group:

- a Developing indicators and metrics to measure collective progress on implementation of the PRB and defining what monitoring and evaluation mechanisms need to be put in place.

6. Positive Impact to catalyze financing for the SDGs

6.1 Release of V2 of the Portfolio Impact Analysis Tool for Banks:

- a New features and guidance, including on data collection and prioritization; performance assessment; results interpretation and strategy development.
- b Interoperability mechanisms and guidance in relation to key impact measurement and disclosure frameworks and standards (e.g. Impact Management Project, Sustainability Accounting Standards Board, Climate Disclosure Standards Board, etc.).

6.2 Release of Portfolio Impact Analysis Tool for investment portfolios.

6.3 Release of V2 of the Corporate Impact Analysis Tool:

- a** New features and guidance, including on data collection and prioritization; performance assessment; results interpretation and strategy development.
- b** Interoperability mechanisms and guidance in relation to key impact measurement and disclosure frameworks and standards (e.g. Impact Management Project, Sustainability Accounting Standards Board, Climate Disclosure Standards Board, etc.).

6.4 Ongoing implementation support for the suite of Impact Analysis Tools.

6.5 Ongoing development of the suite of Impact Analysis Tools:

- a** Country needs assessment
- b** [Impact mappings](#) (by sector, client typology, product typology, etc.).

7. Catalyzing climate leadership

7.1 Technical assistance for implementing the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) recommendations:

- a** Establishing a UNEP FI climate risk platform for banks on topics including stress-testing, sector-specific analytics on risk and opportunity, integration of physical and transition risk analysis, and a global database of TCFD disclosures from the financial sector.
- b** Consolidating tools, data and best practice. Following on from four industry-specific pilot projects to implement the recommendations with more than 80 banks, insurers and investors, UNEP FI will bring together its members, the scientific and supervisory communities to further improve, consolidate and standardize the required methods, data and tools, and to define finance sector best practice on disclosure.
- c** Supporting further piloting of TCFD recommendations with banks.

7.2 Defining and mobilizing finance sector leadership on physical climate change, resilience and adaptation and the management of physical climate change risks and impacts at the 2021 Global Adaptation Summit (see below).

8. Advancing integration of nature into decision-making

- 8.1** Aligning portfolios with the post-2020 Global Biodiversity Framework. UNEP FI is working with the UNEP World Conservation Monitoring Centre (UNEP-WCMC), Global Canopy and more than 30 banks and investors to design a ground-breaking new biodiversity module for financial institutions to evaluate alignment with global biodiversity goals, focusing on the agriculture and mining industries. The module will be added to the ENCORE tool (Exploring Natural Capital Opportunities, Risks and Exposure), building on its functionality to identify the impacts and dependencies of sectors on nature.
- 8.2** Contributing to the formation of a Task Force on Nature Related Financial Disclosures (TNFD). UNEP FI is supporting an Informal Working Group (IWG), together with the UN Development Programme, Global Canopy and WWF to lay the groundwork for a TNFD to be launched to help strengthen disclosure of nature-related risks and opportunities.
- 8.3** Catalyzing sustainable blue economy financing. Activities include expanding the community of practice under the Sustainable Blue Economy Finance Initiative, undertaking a study on the status of sustainable finance for maritime ecosystems, and developing guidance on financing sectors including seafood, marine ports & services, maritime transport, maritime and coastal tourism and renewable electricity.
- 8.4** Advancing sustainable land use finance. Activities include:
 - a** Technical support to restoration projects in Africa and Asia aimed at achieving financial bankability and the unlocking of public and private finance at scale.

9. Policy engagement

- 9.1** Contributing to the International Platform on Sustainable Finance as an Observer.
- 9.2** Participating in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) as a stakeholder.
- 9.3** On-going participation in the G7-mandated Impact Management Project facilitated Structured Network for the consolidation of a unified global system for impact measurement and management.
- 9.4** Contributing to relevant consultations on sustainable finance policy and regulatory initiatives.
- 9.5** Providing inputs into UN processes relevant to sustainable finance.

10. Training

- 10.1** Updated Environmental & Social Risk Analysis (ESRA) course for banks.
- 10.2** Updated Climate Change: Risks and Opportunities for the Finance Sector online course for banks, insurers and investors.
- 10.3** Developing training for banks to integrate natural capital impacts and dependencies into decision-making.

Insur- ance

**Implementing the Principles for
Sustainable Insurance**

1. Sustainable insurance frameworks

1.1 Developing a set of Insurance Sustainable Development Goals, a PSI global [initiative](#) launched in July 2020. Key aims of the initiative include:

- a** Create a UN-backed alliance of leading insurers committed to supporting the achievement of the SDGs by 2030 via their insurance portfolios through a set of Insurance Sustainable Development Goals (iSDGs)
- b** The alliance will map existing insurance products and solutions and how they already support the SDGs, and identify gaps where new products and solutions are needed, and assess potential trade-offs between positive and negative contributions
- c** The iSDGs are ambitious, quantitative, insurance product/solution-specific goals/targets at the global insurance industry level. They will promote insurance products and solutions to support the achievement of the SDGs in the UN's Decade of Action leading up to 2030, and to close the protection gap across developing and developed countries worldwide
- d** For each iSDG, a roadmap at the global insurance industry level ("industry roadmap") and targets at the insurance company level ("company targets") will be developed by alliance members. The aim is to increase the penetration of existing SDG-supporting insurance products and solutions, and develop new SDG-supporting products and solutions that are needed
- e** The alliance will develop methods and toolkits for the insurance industry and key stakeholders on how to measure progress in achieving the SDGs in the context of insurance products and solutions.

1.2 Supporting the implementation of the first global insurance industry [guide](#) developed by the PSI to manage environmental, social and governance risks in non-life insurance business.

2. Climate change, disaster risk management and inclusive insurance

2.1 Supporting the implementation of the recommendations of the FSB Task Force on Climate-related Financial Disclosures (TCFD) through the PSI-TCFD pilot project on climate-related physical, transition and litigations risks in the context of insurance portfolios (see the [progress update](#)); exploring further TCFD piloting; and contributing to UNEP FI-wide efforts to establish climate risk platforms on topics such as stress-testing, sector-specific analytics on risk and opportunity, integration of physical, transition and litigation risk analysis; and a global database of TCFD disclosures from the financial sector.

2.2 Supporting the work of the [UN-Convened Net-Zero Asset Owner Alliance](#) (AOA) to transition investment portfolios to net-zero emissions by 2050 to help achieve the aims of the Paris Agreement, and exploring opportunities to develop a [net-zero framework for insurance portfolios](#).

2.3 Supporting the development of climate, disaster risk and inclusive insurance solutions for vulnerable communities, such as a [Sustainable Insurance Facility for V20 countries](#), and initiatives such as the Microinsurance Network, ILO's Impact Insurance Facility, Insurance Development Forum, InsuResilience Global Partnership, and Munich Climate Insurance Initiative.

3. Natural ecosystems and pollution prevention

3.1 Supporting the implementation of pioneering global insurance industry guidance:

- a The [guide](#) developed by the PSI, WWF and UNESCO to protect World Heritage Sites
- b The [guide](#) developed by the PSI to tackle the risks of plastic pollution, marine plastic litter and microplastics, and exploring further work in specific insurance lines and/or asset classes
- c The [guide](#) developed by the PSI and Oceana to tackle illegal, unregulated and unreported fishing.

3.2 Producing a grounding paper on environmental liability and sustainable insurance.

3.3 Exploring biodiversity and ecosystem risk assessment tools and frameworks tailored for the insurance industry.

3.4 Supporting the agenda of aligning financial portfolios with the [Post-2020 Global Biodiversity Framework](#) and initiatives such as the [Task Force on Nature-related Financial Disclosures](#) (TNFD) and [UNEP FI Sustainable Blue Economy Finance Initiative](#).

4. Life & health

4.1 Shaping the global agenda for the life & health insurance industry and sustainable development.

4.2 Supporting the [Tobacco-Free Finance Pledge](#) for banks, insurers and investors.

5. Cities

5.1 Supporting the implementation of the [Insurance Industry Development Goals for Cities](#) developed by the PSI and ICLEI to help achieve UN Sustainable Development Goal 11 on resilient and sustainable cities.

6. Sustainable insurance roadmaps and strategies

6.1 Contributing to the development of sustainable insurance roadmaps and strategies in several countries and jurisdictions, such as the work to develop a [California Sustainable Insurance Roadmap](#).

7. Policy, supervision and regulation

- 7.1 Engaging with [UNEP's Sustainable Insurance Forum](#) (SIF), an international network of insurance regulators and supervisors that aims to promote cooperation on critical sustainability challenges and opportunities.
- 7.2 Contributing to the insurance industry-related priorities of the [COP26 Private Finance Hub](#).
- 7.3 Contributing to the International Platform on Sustainable Finance, consultations on sustainable insurance/finance policy and regulatory initiatives, and UN processes relevant to sustainable insurance/finance.

8. Shaping the sustainable insurance agenda and knowledge sharing

- 8.1 Shaping the sustainable insurance agenda by convening insurance industry leaders and practitioners, regulators and supervisors, and key stakeholders nationally, regionally and internationally through events and webinars such as the [PSI-Swiss Re virtual event series](#) on sustainability leadership in insurance and the [PSI sustainability leadership series](#) launched in 2020 during Climate Week NYC and the UN Biodiversity Summit.

Invest- ment

Implementing Responsible Investment

1. Catalyzing responsible investment

- 1.1** Establishing Investment Leadership Programme with the PRI. The programme will host projects or initiatives focused on achieving real world impact in alignment with the UN SDGs and the Paris Agreement.
- 1.2** Developing responsible investment in real estate under the Property Working Group. Activities will include:
 - a** Undertaking academic-led empirical research into physical risk from extreme weather events and effects on financial materiality and asset values.
 - b** Structured engagement programme with investors, insurers, and other key stakeholders on strategies for assessing physical risk and impact on asset valuation, on data capture and sharing, and on risk and cost sharing for resilience
- 1.3** Supporting the Sustainable Stock Exchanges Initiative. Engagement of partners on the SSE agenda—UNCTAD, the UN Global Compact, and the PRI—to explore how exchanges can enhance performance on environmental, social and governance (ESG) issues and promote sustainable investment.
- 1.4** Catalyzing an impact-based approach to financing the SDGs. Activities will include:
 - a** Release of Portfolio Impact Identification Tool for investment portfolios
 - b** Release of V2 of the Corporate Impact Analysis Tool
 - New features and guidance, including on: data collection and prioritization; performance assessment; results interpretation and strategy development
- 1.5** Interoperability mechanisms and guidance vis-à-vis key impact measurement and disclosure frameworks and standards (e.g. Impact Management Project, Sustainability Accounting Standards Board, Climate Disclosure Standards Board, etc.).
- 1.6** Release of Impact Analysis Tool for Real Estate Investments.
- 1.7** Ongoing implementation support for the suite of Impact Analysis Tools.
- 1.8** Ongoing development of the suite of Impact Analysis Tools.
 - a** Country needs assessment
 - b** Impact mappings (by sector, client typology, product typology, etc.).

2. Catalyzing climate leadership

- 2.1** Growing the [UN-Convened Net-Zero Asset Owner Alliance \(AOA\)](#) on alignment with the mitigation objectives of the 2015 Paris Agreement on Climate Change. Planned activities include:
 - a** Setting the first intermediate portfolio-decarbonization targets for 2025 following guidelines established in 2020.
 - b** Developing 1.5 degrees compatible sectoral decarbonization pathways for carbon-intensive sectors.
 - c** Rolling out a strategy for engagement with key stakeholders including companies, asset managers and policymakers.

2.2 Technical assistance for implementing the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Activities will include:

- a** Establishing a UNEP FI climate risk platform for investors on topics including stress-testing, sector-specific analytics on risk and opportunity, integration of physical and transition risk analysis, and a global database of TCFD disclosures from the financial sector.
- b** Consolidating tools, data and best practice. Following on from four industry-specific pilot projects to implement the recommendations with more than 80 banks, insurers and investors, UNEP FI will bring together its members, the scientific and supervisory communities to further improve, consolidate and standardize the required methods, data and tools, and to define finance sector best practice on disclosure.
- c** Supporting further piloting of TCFD recommendations with real estate investors.

2.3 Defining and mobilizing finance sector leadership on physical climate change, resilience and adaptation. Catalyzing finance sector leadership on climate change adaptation and the management of physical climate change risks and impacts at the 2021 Global Adaptation Summit (see below).

3. Advancing integration of nature into financial decision-making

- 3.1** Supporting biodiversity-target setting by FIs and alignment of portfolios with the post-2020 Global Biodiversity Framework. UNEP FI is working with the UNEP World Conservation Monitoring Centre (UNEP-WCMC), Global Canopy and more than 30 banks and investors to design a ground-breaking new biodiversity module for financial institutions to evaluate alignment with global biodiversity goals, focusing on the agriculture and mining industries. The module will be added to the [ENCORE](#) tool (Exploring Natural Capital Opportunities, Risks and Exposure), building on its functionality to identify the impacts and dependencies of sectors on nature. Knowledge from guidance developed for banks on setting biodiversity targets consistent with the latest industry good practice will be shared with interested investors.
- 3.2** Contributing to the formation of a Task Force on Nature Related Financial Disclosures (TNFD). UNEP FI is part of an 'accelerator group' of partners (with UNDP, Global Canopy and WWF) that has created an Informal Working Group (IWG) of leading financial institutions and key stakeholders to lay the groundwork for a TNFD to be launched in 2021. Building from the progress and lessons of the TCFD, this initiative will help to improve consistency and standardize disclosure of nature-related risks (and potentially opportunities) across sectors.
- 3.3** Catalyzing sustainable blue economy financing. Activities include expanding the community of practice under the Sustainable Blue Economy Finance Initiative, undertaking a study on the status of sustainable finance for maritime ecosystems, and developing guidance on financing sectors including seafood, marine ports & services, maritime transport, maritime and coastal tourism and renewable electricity.

4. Policy engagement

- 4.1 Contributing to the International Platform on Sustainable Finance as an Observer.
- 4.2 On-going participation in the G7-mandated Impact Management Project facilitated Structured Network for the consolidation of a unified global system for impact measurement and management.
- 4.3 Contributing to relevant consultations on sustainable finance policy and regulatory initiatives.
- 4.4 Providing inputs into UN processes relevant to sustainable finance.

5. Training

- 5.1 Climate Change: Risks and Opportunities for the Finance Sector online course for banks, insurers and investors.
- 5.2 Developing training for banks and investors to integrate natural capital impacts and dependencies into decision-making.

Key events 2021(tentative dates)

January	Climate Adaptation Summit , virtual event
February	UN Environment Assembly 5 in Nairobi, Kenya
May	UN Convention on Biological Diversity (CBD) Conference of the Parties (COP15) in Kunming, China
November	Finance sector engagement at the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP 26) in Glasgow, Scotland
February-December	UNEP FI Regional Roundtables across Africa & Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America

UNEP FI Strategy

In 2017, the Global Steering Committee led the development of the UNEP FI strategy for the 5 years, 2018–2022.

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.

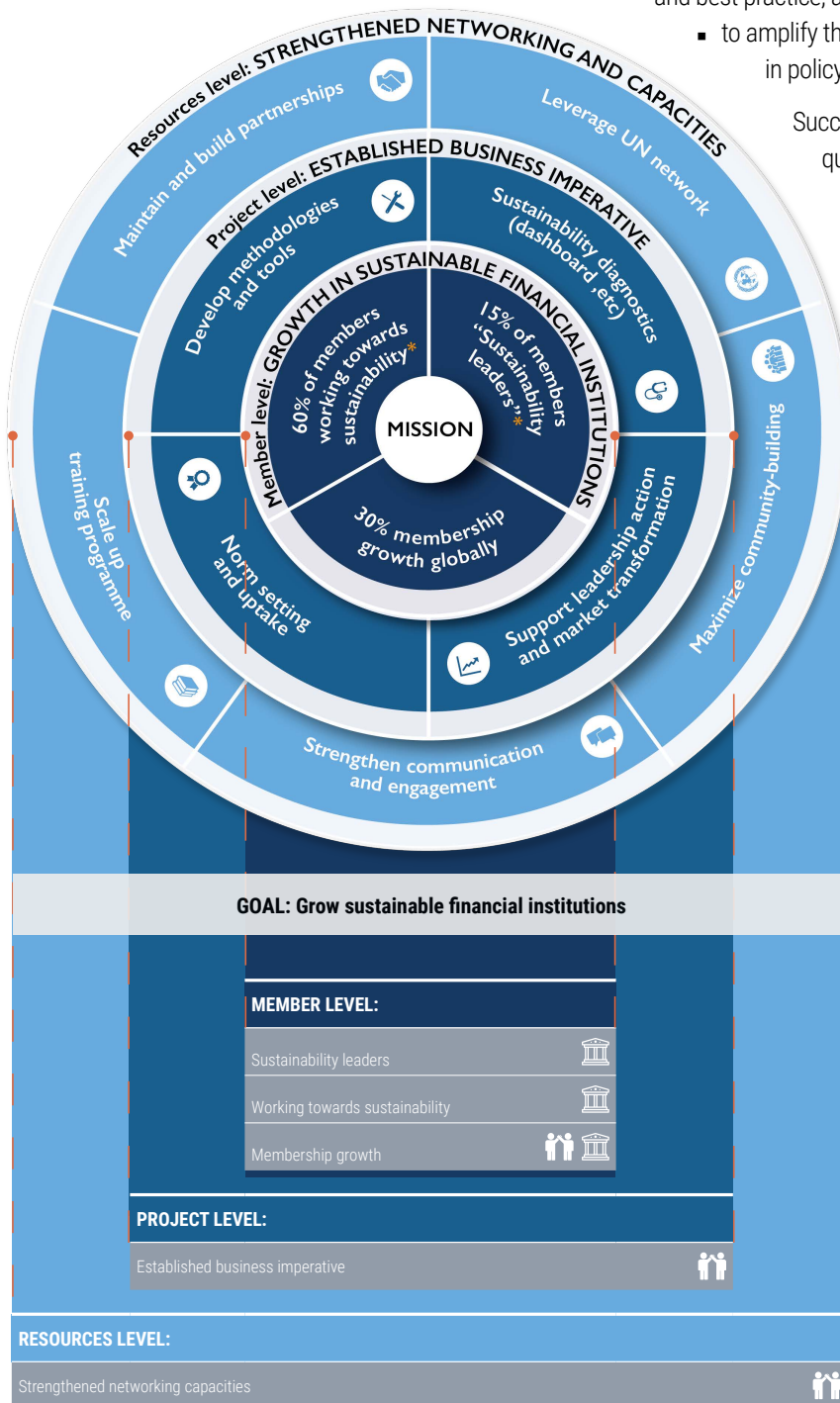
Success is measured through the growth in the quantity and quality of “sustainable financial institutions”.

Strategic goal and the integrated work programme

The strategic goal to grow sustainable financial institutions is not achieved by UNEP FI but through the decision and efforts of UN Environment FI members to develop itself towards a sustainable institution. The principle objective of the UNEP FI integrated work programme therefore is to ensure the UNEP FI’s offerings provide the best support for all members to work towards this goal.

Strategy wheels and the integrated work programme

In the Strategy Wheel, the strategic goal is the centre wheel identified as the member level. This wheel is supported by two outer wheels which are at the project level “established business imperative” and at the resource level “strengthened networking capacities”. These two outer wheels and its components provide the strategic foundation of UNEP FI’s integrated work programme.



Implemented by UNEP FI partnership



Implemented by members