



UN 
environment
programme

finance
initiative

UNEP FI Annual overview 2021



Creating a financial industry that positively impacts and serves people and planet.

UNEP Finance Initiative brings together a large network of banks, insurers and investors that collectively catalyses 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 that help the finance industry address global environmental, social and governance (ESG) challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 450 banks and insurers with assets exceeding US\$100 trillion work together to facilitate the implementation of UNEP FI's Principles for Responsible Banking and Principles for Sustainable Insurance, as well as three UN-convened net-zero alliances. Financial institutions work with UNEP FI on a voluntary basis and we help them to apply the industry frameworks and develop practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.





Membership by numbers

December 2021

416

Members

308

Banks

108

Insurers

US\$ 100tr

Assets represented

30

Years experience

100+

Supporting institutions

4.4k+

Professionals trained

31

Training sessions

40+

Webinars held

5

Roundtable events

4k+

Delegates





Foreword

The climate clock was ticking loudly in 2021. With every region of the globe impacted by climate change, expectations were high for COP26 which took place in Glasgow in November. The outcomes of the most anticipated climate conference since Paris were not as ambitious as required and left the goal of keeping global warming to 1.5°C on life support.

Since then, war in Ukraine and an energy crisis has brought energy security sharply into focus. And the last IPCC [chapter](#) of the latest round of reporting, which came out in April of 2022, warned that while we have the technology and global capital to tackle the deepening climate crisis, we are running out of time. The news for our planet's biodiversity is not much better. In a [UNEP report](#) published in 2021 which communicated the current status of the world's urgent environmental issues, UN Secretary-General António Guterres said, "The consequences of our recklessness are already apparent in human suffering, towering economic losses and the accelerating erosion of life on Earth".

These dire assessments combined with yet more challenging headwinds are very worrying, but 2021 did see increasing action from the finance sector. Commitments to finance a net-zero economy were made by financial institutions around the world—many of them from within the UNEP FI family. UNEP FI launched two more coalitions to work on ambitious solutions to decarbonise the real economy: the Net-Zero Banking and Net-Zero Insurance Alliances. The UN-convened Net-Zero Asset Owner Alliance, launched in 2019 and hailed the "gold standard" for net-zero commitments by the UN Secretary-General, published its first biennial progress report and has set science-based, 1.5-aligned portfolio decarbonization targets to be achieved by 2025. Twenty-nine of its member investors have committed to reducing portfolio emissions by 25-30% by 2025 across three asset classes. These first concrete outputs show how financial institutions can translate promises into consistent and near-term actions to accelerate the transition to net zero. All three coalitions have joined the Glasgow Financial Alliance for Net Zero (GFANZ) launched in April 2021 to coordinate action on net zero across the finance industry. Members of the UNEP FI-convened alliances can learn from supplementary guidance provided by GFANZ and benefit from being part of a wider movement of more than 450 financial institutions.

2021 saw UNEP FI's membership continue to grow, reaching more than 400 financial institutions and over 150 supporting institutions, while a raft of UNEP FI publications, guidance and new initiatives provide the direction, ambition and tools to enable the finance industry to align its activities with the Paris Agreement and the UN Sustainable Development Goals. Meanwhile, UNEP FI's secretariat grew to offer more support to members in all the various alliances, expanded initiatives in the areas of nature and climate, and started to scale up work on the circular economy and pollution.

Banking and insurance members continued putting into practice the key industry frameworks developed by UNEP FI. Nearly 300 banks are now collaborating to implement the Principles for Responsible Banking and 2021 saw the release of guidance that will enable the signatory banks to set targets in areas such as biodiversity, financial health and inclusion, resource efficiency and the circular economy. The first Collective Progress report published in September 2021, concluded that while signatories are building the foundations to transform sustainable banking and establishing systems and policies in order to set targets, they need to accelerate action in areas such as enhancing the availability and quality of data, setting targets in line with improved impact analysis, and increasing action on critical sustainability issues such as biodiversity loss, equality and human rights.

During 2021, the Principles for Sustainable Insurance initiative's community reached more than 220 organisations. Well over 100 insurers, reinsurers and brokers representing about one-third of world premium volume and USD 15 trillion in assets under management have now adopted the four guiding principles. Their work is supported by nearly 100 insurance associations and initiatives, insurance regulatory and supervisory bodies, civil society organisations, academia and other key stakeholders. The initiative continued setting the global sustainable insurance agenda including setting out ESG guidance for the Life & Health industry, developing Sustainable Development Goals for the insurance industry, providing guidance for insurers tackling nature and pollution risks and nature-positive insurance, and much, much more.

We launched two initiatives in 2021 which aim to foster leadership amongst our members and beyond. The Investment Leadership Programme, a joint initiative with our sister organization the Principles for Responsible Investment, was created to accelerate the pace of collaboration amongst leading investors and boost ambition. The platform brings together small groups of leading responsible investors to incubate initiatives that are considered leading best-practice and bring these initiatives to a point where they can be taken forward by the wider investment community. UNEP FI's investment membership transferred to the PRI in January 2022 reflecting the close collaboration between our two initiatives.

November 2021 saw the first meeting of UNEP FI's Leadership Council, a new governance body chaired by Inger Andersen, UNEP Executive Director and comprising 20 CEOs of banks and insurers. The Council will advise and guide UNEP FI to help speed up engagement from the financial sector on sustainability issues and deepen the integration of sustainability within our members' businesses. The discussion at the first gathering was wide-ranging but delivered three main points of action for the following year. The Council recommended that members, led by UNEP FI, work towards accelerating sustainability impact management globally; collectively drive change by fostering inter-sectoral engagement across banks, insurers and investors, and develop engagement with regulators around the world. Progress on reaching these goals will be assessed at the next meeting in November 2022 and new short-term, high-level priorities will be agreed.

Disappointed by government responses to the call to Build Back Better after Covid and the somewhat unambitious commitments made at COP26, it is clear to those of us working in the sustainable finance arena that private sector action on delivering a sustainable planet is more important than ever. However, policy and regulatory frameworks will play a key role in supporting the finance industry as financial institutions strive to meet their sustainability commitments and reduce exposure to sustainability-related risks. UNEP FI continues to signal this need to policymakers around the globe. Playing an active role in the European sustainable finance agenda, UNEP FI sits as an observer on the EU platform for sustainable platform and has tested and reported on the application of the EU taxonomy to banking products. We regularly add our voice to global sustainability standards developments such as the ISSB, EFRAG or IFRS and actively engages with policymakers in different jurisdictions to facilitate investing for sustainability impact through the joint project, A Legal Framework for Impact. UNEP FI continues to support the industry to manage growing environment-related risks and anticipate future regulatory change by piloting financial risk disclosure frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD) and the beta version of the new Task Force on Climate-Related Financial Disclosures (TNFD).

As UNEP FI celebrates its 30th anniversary, its mission remains the same as ever: to create a financial industry that delivers positive impacts and puts the needs of people and planet at the core of its business strategy and operations. Read on for a summary of the many projects and initiatives that saw UNEP FI's members stepping up action to deliver a more sustainable and resilient future economy and build more inclusive, prosperous communities around the world.



Patty Karuaihe-Martin

UNEP FI Global Steering Committee Co-Chairs



Antoni Ballabriga



Eric Usher

UNEP FI Head



Supporting leadership action and transforming markets

UNEP Finance Initiative helps financial institutions align their businesses with society's goals. Its member-driven initiatives pave the way for the global financial markets to make the transition to a sustainable economy.

Working with its membership, UNEP FI has framed the global sustainable finance agenda through the development of industry principles that provide guiding frameworks for integrating sustainability into financial practice; UNEP FI supports its members as they implement the Principles for Responsible Banking and the Principles for Sustainable Insurance. Through the new Investment Leadership Programme, formed in partnership with the Principles for Responsible Investment during 2021, UNEP FI continues to work with small groups of the world's leading investors incubating ambitious, best-practice initiatives to a point where they can be taken forward by the wider investment community.

UNEP FI has led the way in enabling financial institutions deliver net-zero economies. The Net-Zero Asset Owner Alliance, the first coalition of financial institutions to work collectively developing the tools and guidance that practitioners need to decarbonise their portfolios was created by UNEP FI and PRI in September 2019. This was followed by the Net-Zero Banking Alliance, launched in April 2021 and the Net-Zero Insurance Alliance which was formed in July 2021. These initiatives are growing fast and setting near-term targets to ensure that banks, insurers and asset owners from around the world can quickly and effectively contribute to achieving the goals of the Paris Agreement and decarbonise global businesses by 2050.



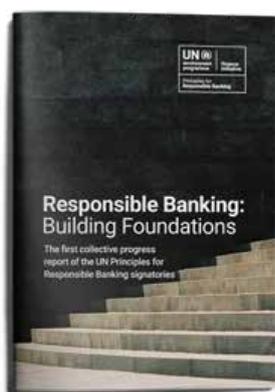
Implementing the UN Principles for Responsible Banking: more than 250 signatories collectively driving action

The world's foremost sustainable banking framework, the UN Principles for Responsible Banking, continued to see a strong growth in membership. Launched in 2019 with 132 banks, by December 2021, more than 250 signatories, representing around 45% of global banking assets were committed to this movement for change—a 25% increase on the previous year.

Signatories from across six continents have been extensively collaborating to develop tools and guidance, build industry best-practice, and set the standard for responsible banking. During 2021, they collectively pioneered new approaches to the critical challenges facing humanity and the environment, publishing a [suite of guidance](#) on how banks can set effective targets and report on progress.



Another highlight of 2021 was the establishment of the [Civil Society Advisory Body](#), a unique forum for meaningful and constructive collective engagement with civil society, and for ensuring transparency and accountability of the framework.



October 2021 saw the publication of the first biennial [Collective Progress Report](#), providing a status update on how the coalition of banks are implementing the Principles. It found that signatories are showing early signs of collective progress and building the foundations to transform sustainable banking; however, momentum needs to accelerate in some key areas.

The report also highlighted that 87% of signatories are focusing on climate as one of their priority areas of impact. The [Net-Zero Banking Alliance](#), established by UNEP FI in April 2021, is a key accelerator whereby signatories can commit to follow robust, science-based guidelines towards net zero, in line with a 1.5 degree temperature outcome.

A further accelerator released in 2021 was the [PRB Commitment to Financial Health & Inclusion](#), a first-of-its-kind commitment to promote universal financial inclusion and foster a banking sector that supports the financial health of customers.

Implementing the UN Principles for Sustainable Insurance

Launched at the 2012 UN Conference on Sustainable Development (Rio+20) by 30 founding signatories, the Principles for Sustainable Insurance (PSI) Initiative reached 200 members in 2021. The community of 111 signatory companies—representing about 30% of world premium volume—and 89 supporting institutions form the largest global collaboration between the UN and the insurance industry. Shaping sustainable insurance thinking and practice worldwide, the Initiative and its members kept driving ambition with pioneering commitments and initiatives in 2021.

Working on adaptation and resilience worldwide, the PSI Initiative is hosting and managing the Sustainable Insurance Facility (SIF) launched by the Vulnerable Twenty Group of Finance Ministers (V20) at COP26. The project pipeline development facility aims to deliver financial protection to micro, small and medium-sized enterprises (MSMEs) to build their climate resilience and support the transition to net-zero economies. It will also support the insurance industry enhance risk management, absorb financial shocks, and de-risk the implementation of cost-saving renewable energy and energy efficiency infrastructure in the 55 climate-vulnerable economies of the V20.

The PSI Initiative also worked on shaping the global sustainability agenda for the life & health insurance industry and launched in 2022 a global strategy to address key risk management and insurance challenges and opportunities for this branch of the insurance business, often left out of the sustainability frameworks despite its key role in an equal and resilient Covid-19 recovery.

Trailblazers set out pathway to a net-zero economy

UNEP FI continues to lead the way in helping the finance industry decarbonise the global economy. It convenes three major global alliances spanning the banking, investment and insurance sectors, has set out recommendations on credible net-zero commitments and inspired debate with thought leadership.

UN-convened Net-Zero Banking Alliance: convening more than 40% of global banking assets

The Net-Zero Banking Alliance was launched in April 2021. In less than a year, the Alliance has seen tremendous growth, with more than 100 member banks committing to decarbonising their lending and investing activities by 2050. In early 2022, the Alliance also launched its award-winning [Guidelines for Climate Target Setting for Banks](#) and established its industry-led sector and implementation work tracks. The NZBA now represents over 40 countries and about 40% of global banking assets.

In 2022, founding Alliance members will release their first set of intermediate 2030 targets and the Alliance will publish its first Collective Action Report. This report will be the first glimpse of the path ahead, and will include members' decarbonisation plans.

UN-convened Net-zero Asset Owner Alliance: leadership on decarbonisation

The UN-convened Net-Zero Asset Owner Alliance was launched at the UN Secretary General's Climate Action Summit in 2019 and celebrated only its second anniversary in September 2021. However, the Alliance has already established itself as the “gold standard” for portfolio decarbonisation, as the UN Secretary-General, António Guterres, put it.

The Alliance earned this reputation by being the industry first to set science-based [five-year intermediate targets for 2025](#). As many as [29 members](#) set targets on the sub-portfolio, engagement, sector, and financing transition level. The Alliance has made great progress in developing methodologies to gradually expand the asset class coverage—adding real estate to the [Second Edition of the Target Setting Protocol](#) as well as accounting for sovereign debt.

As the Alliance grows—members now number 69 asset owners—and has welcomed its first members from Africa and Asia, both its influence and responsibility in the finance industry have increased. Together, the Alliance members represent over US\$ 10 trillion in assets under management; they are eager to use their united voice to engage with investee companies, asset managers, and policy makers to move the needle on crucial issues such as carbon pricing, investor stewardship, climate disclosures and scaling blended finance to fund the transition to net-zero emissions.

Net-Zero Insurance Alliance: helping insurers decarbonise their underwriting business

At the G20 Climate Summit in Venice, in July 2021, UNEP FI's Principles for Sustainable Initiative launched the [Net-Zero Insurance Alliance \(NZIA\)](#). More than 20 leading (re)insurers have now committed to transition their underwriting portfolios to net-zero GHG emissions by 2050, in line with the 1.5°C target of the Paris Agreement. As a trailblazer of net-zero insurance, the NZIA is currently developing the first global standard to measure and disclose insured emissions in collaboration with the Partnership for Carbon Accounting Financials (PCAF), as well as its first target-setting protocol. These important developments will give insurers deeper insight into the risk profile of their respective underwriting portfolios, stimulate innovative approaches to decarbonisation, and create comparability for stakeholders, with the ultimate objective of achieving impact through emissions reduction in the real economy.

The credibility of the alliance's commitments and transparent communication are assured by a combination of independent scrutiny and annual reporting mechanisms. Each alliance has been accredited by the [UN's Race to Zero](#)—a global campaign to rally leadership and support from businesses, cities, regions, investors for a healthy, resilient, zero carbon recovery. Each alliance reports annually on the progress of its members as they implement the targets that they have set.

Each UNEP FI-convened alliance works with the [Glasgow Financial Alliance for Net-Zero \(GFANZ\)](#), a global coalition of some 450 leading financial institutions committed to accelerating the decarbonization of the economy. Co-chaired by UN Special Envoy for Climate Action and Finance Mark Carney and Michael Bloomberg, GFANZ provides resources which act as voluntary recommendations and provide pan-sector guidance for financial institutions who are navigating the route to net-zero portfolios.

Setting out net-zero recommendations and inspiring leadership

UNEP FI is also driving ambition on net-zero commitments and inspiring debate with recommendations and thought leadership pieces. Later in this report, read more about our input paper to the G20 Sustainable Finance Working Group which sets out [11 recommendations for credible net-zero commitments from financial institutions](#), [Innovation and Transformation: What it will take to finance net zero](#) which examines what it really means to align global finance to the Paris Agreement, and [Finance 2030: A Time Travel Exercise](#) which outlines the four key characteristics that will define the finance sector in 2030.

UNEP FI's Leadership Council: turbo-charging the sustainable finance agenda

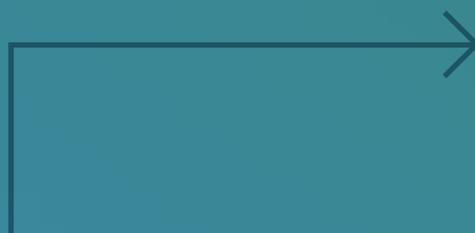
The first annual meeting of the [UNEP FI Leadership Council](#) took place in November 2021, bringing together 20 CEOs from banks and insurers across six continents to debate how to further mainstream sustainable finance and accelerate the pace and scale of action worldwide. Chaired by Inger Andersen, United Nations Under-Secretary General and Executive Director of the UN Environment Programme, the UNEP FI Leadership Council will meet annually to provide vision and strategic direction to UNEP FI in orienting its role and that of the UN, in shaping, mainstreaming and deepening sustainability integration across the financial industry.

The first meeting of the Council focused on two priorities; the importance of integrating and disclosing sustainability risks and impacts, and the alignment of financial portfolios with global goals. While integration of Environmental, Social and Governance (ESG) factors in risk frameworks has enhanced understanding of their influence on financial performance, further action is needed to strengthen how companies are positioned when it comes to climate change, biodiversity loss, pollution, and growing inequality. Alignment of financial portfolios with global goals such as the Paris Agreement and the UN Sustainable Development Goals is also key to quickly turn ambitious pledges into credible, robust and transparent actions. Each year, the group of leaders will meet to discuss the most pressing issues facing financial institutions as they integrate sustainability into their business and how across the sector, they can intensify efforts to align with global goals such as the Paris Agreement and the UN Sustainable Development Goals. The outcomes of those conversations will inform UNEP FI's priorities over the following year.



Norm-setting and uptake of sustainable finance practice

UNEP FI helps members prepare for expected policy and regulatory developments in sustainable finance, including the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and the newly formed Task Force on Nature-related Financial Disclosures (TNFD). Through training and capacity building initiatives, and projects that enable members to work collaboratively to incorporate environmental, social and governance considerations into their decision-making, UNEP FI is supporting the finance industry as it establishes sustainable finance practice as business-as-usual.



Accelerating nature-positive finance

Working across marine and terrestrial ecosystems, UNEP FI this year was at the forefront of change, helping banks bridge their climate experience into this critical area. We worked with partners to develop market frameworks such as the Taskforce on Nature-related Financial Disclosures ([TNFD](#)), designed to increase market transparency and consistency, paving the way to mainstream financial disclosures on nature.

We are actively working with the financial community to [prepare](#) for the Global Biodiversity Framework, expected in 2022, while supporting the development of the framework itself, helping to set the enabling environment for alignment of private finance to nature.

Working with financial institutions to accelerate the transition to pollution-free and circular economies

In 2021, UNEP FI started a new workstream, providing guidance to financial institutions as they transition to pollution-free and circular economies. Pollution has a pervasive impact on people and society, on biodiversity loss and on climate change. One of the root causes of pollution—and also of climate change and biodiversity loss—is the unsustainable use of natural resources in our production and consumption models.

A key part of the solution to the three planetary crises that we face on climate, nature and pollution is to transition to a more resource efficient and circular economy, where waste and pollution are eliminated, products and materials are kept in use at their highest value and natural systems are regenerated. Through its work on pollution and circular economies UNEP FI is engaging both finance sector practitioners within its membership and representatives from a wider group of stakeholders in the public and private sectors. UNEP FI provides research and guidance, raises awareness and builds capacity within the financial community, and facilitates peer exchange and collective action, at global and regional level.

Risks and opportunities in a changing climate: implementing the TCFD recommendations for banks and insurers

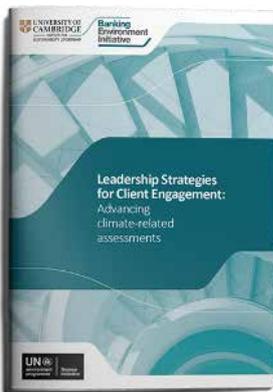
Since 2017, UNEP FI has played a leadership role in developing climate risk good practices in the financial sector. In 2021, the third phase of piloting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with banks focused on climate stress-testing, climate scenario analysis, and climate risk tools and data. Forty-eight financial institutions and various technical partners have helped develop the tools and guides resulting from this pilot. Find all UNEP FI's TCFD guidance [below](#).



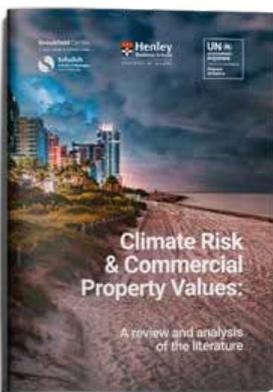
[Good Practice Guide to Climate Stress Testing](#) is a detailed user guide for financial institutions looking to understand climate stress testing and develop plans for effectively executing them. It has been created to assist the financial sector in its climate stress testing journey and should be adapted to meet the needs of a given firm.



[Climate Tango: Principles for integrating physical and transition climate risk assessment with sectoral examples](#) (with ClimateWise) explores the combined financial impact of physical and transition risks. The report presents theoretical principles and practical steps for implementation of an integrated assessment of physical and transition risks with examples of sectoral analysis.



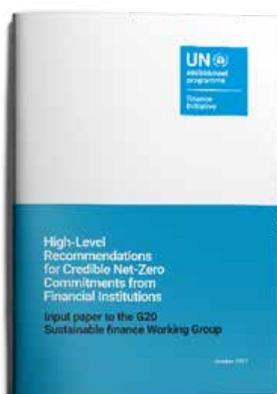
[Leadership strategies for client engagement: Advancing climate-related assessments](#) (with the Cambridge Institute for Sustainability Leadership) is designed to support the financial sector to improve assessment and interactions with clients in line with net-zero plans.



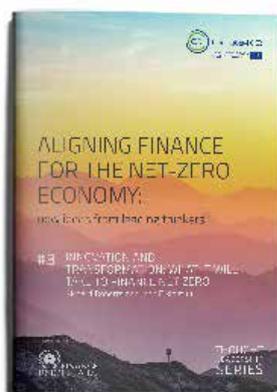
[Climate Risk and Commercial Property Values](#) provides real estate practitioners and investors a review of literature to better understand how physical risks arising from climate change affect commercial real estate asset values and prices.

These reports are part of a growing toolkit for banks, insurers and investors. Find a summary of all UNEP FI's TCFD tools and guidance [here](#).

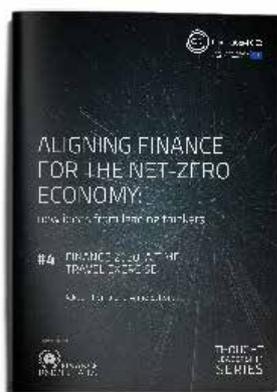
Inspiring leadership in net-zero finance from the world's authorities on climate



Ahead of the G20 Rome Summit in October 2021, UNEP FI published an input paper to the G20's Sustainable Finance Working Group setting out [11 recommendations for credible net-zero commitments from financial institutions](#) and calling on banks, investors and insurers who are making net-zero pledges to use a science-based definition of net zero. This high-level framework lays out what credible, transparent and comparable 1.5°C science-based commitment looks like and what it means for the real economy transition. It aims at helping financial institutions achieve consistency in target setting and implementation of their net-zero goals.



Bringing some of the world's leading thinkers together, UNEP FI and EIT Climate-KIC developed two thought leadership papers exploring what is needed for an active transition to a net-zero carbon economy. [Innovation and Transformation: What it will take to finance net zero](#) examines what it really means to align global finance to the Paris Agreement. The report includes a set of recommendations for the financial industry, financial regulators and economic actors, highlighting the need for finance to act to limit warming to 1.5°C.



[Finance 2030: A Time Travel Exercise](#) outlines the four key characteristics that will define the finance sector in 2030. By looking into the future and characterising economic and financial trends, the paper identifies the risks, opportunities facing the world of tomorrow, as well as the implications for financial institutions and supervisors.

Developing Sustainable Development Goals for the insurance industry

Through the development of the Insurance Sustainable Development Goals (iSDGs), the PSI Initiative is helping define sustainable insurance business and measuring how insurance portfolios are contributing to the SDGs. Indeed, by harnessing insurance products and solutions, the insurance industry can play an important role in achieving the SDGs.

A leadership webinar series convened by UNEP FI's Principles for Sustainable Insurance initiative and the UN Convention on Biological Diversity (CBD) looked at the global agenda for nature-positive insurance, highlighting the key role of the insurance industry in addressing nature-related issues.

Continuing to help financial institutions build sustainable finance capacity

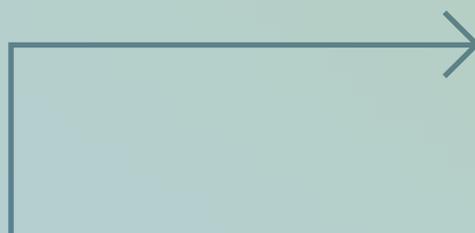
Over 4,470 finance professionals across 45 countries took part in 16 online courses and 15 events organised by UNEP FI's [training](#) programmes in 2021—a 16% increase on 2020 and a 34% increase compared to 2019.

Held in five different languages, the training sessions aim to raise awareness and build sustainable finance capacity amongst UNEP FI members and finance professionals in three key areas: the well-respected Environmental & Social Risk Analysis (ESRA), the Climate Change and the TCFD and the Corporate Ecoefficiency in Financial Institutions (CEFI) courses. In addition, training sessions on green bonds, responsible investment, green hydrogen and net zero finance have been held both online and in a workshop format.



Methodologies and tools

UNEP FI works with its members to provide practical methodologies and tools to assist financial institutions in applying sustainable finance to their business decision-making, products and services. These include guidance and frameworks such as the impact-based financing frameworks that help clarify how financial instruments support the UN Sustainable Development Goals.



UNEP FI's SDGs and Impact workstream paves the way for mainstream impact finance, develops tools

The UNEP FI impact analysis tools are open-source enabling easy access for banks, investors and their corporate clients and investee companies. The tools enable practitioners to implement a holistic approach to impact analysis and management.

- The [Portfolio Impact Analysis Tool for Banks](#) is designed to guide banks through an impact analysis of their portfolios. Developed jointly with signatories of the Principles for Responsible Banking and UNEP FI member banks, the tool helps banks analyze the impacts associated with their portfolios.
- The [Corporate Impact Analysis Tool](#) helps banks and investors gain a cross-cutting view of the impact status and possibilities of their clients and investee companies. It was developed through a working group of banks, investors and service providers.
- The [Real Estate Impact Analysis Tool](#) was developed to enable financial institutions to holistically identify and assess the impacts associated with real estate investments and portfolios.
- The [Investment Portfolio Impact Analysis Tool](#) was developed to enable financial institutions to holistically identify and assess the impacts associated with their investment portfolios. It requires users to input data about the nature, content and context of their portfolios.



Accelerating nature-positive finance

The race to rebuild and replenish nature and biodiversity gathered speed and UNEP FI remains on the front line. 2021 saw continued work with partner organizations building the capacity, tools and ambition needed to accelerate action. Highlights in 2021 included the release of [guidance for banks on setting biodiversity targets](#), and a new biodiversity focus for the [ENCORE tool](#), enabling banks and investors to transition agriculture and mining sectors towards nature-positive outcomes.

Putting the Ocean on the agenda: Sustainable Blue Finance

As part of our continued focus on nature-related risk and opportunity, UNEP FI convenes a global financial community on [Sustainable Blue Finance](#), focused on the ocean and sustainable use of marine resources. In 2021, membership grew to over 70 pioneering institutions supporting the initiative, representing a collective total asset size of over USD 11trn, with members coming together for peer-learning, knowledge-sharing and the development of industry-leading guidance



2021 saw the launch of ground-breaking guidance on ocean-linked sectors. Financial institutions now have [access to a full suite](#) of practical guidance covering seafood, shipping, ports, marine renewables, coastal tourism, coastal infrastructure, and solid waste management, including how to break the plastic pollution cycle. In order to start taking institutions from theory to practice, the community began to build a track record of sustainable approaches, shared with [case studies online](#).

The initiative works in support of the [Sustainable Blue Economy Finance Principles](#), bringing the financial community together to provide science-based guidance and frameworks to ensure investment, underwriting and lending activities are aligned to the UN Sustainable Development Goal 14, 'life below water', ultimately enabling financial institutions to help rebuild ocean prosperity, restore biodiversity and regenerate ocean health.

Cutting-edge guidance on ocean health

In 2021 and early 2022, new science-based [ocean guidance](#) was brought to market, helping financial institutions break the ocean pollution cycle, including plastics and other solid waste, and manage the impacts of coastal infrastructure projects. The last includes 'grey' infrastructure such as seawalls and levees, while exploring the potential of nature-based solutions like mangroves and reefs.

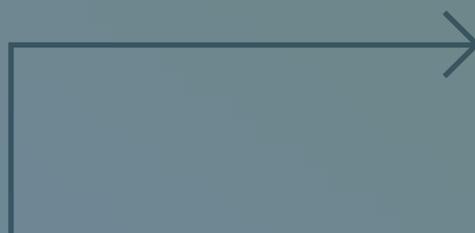


Along with our [sister guidance](#) on seafood, shipping, marine renewables, ports and coastal tourism, the financial sector now has access to a suite of recommendations for engaging with clients in ocean-linked sectors, allowing them to understand impacts and risks and contribute to rebuilding marine health. The range provides great detail, with a breakdown of which client activities to seek out as best practice, which activities to challenge, and which activities to avoid completely due to their damaging nature which are listed in the [recommended exclusions document](#).



Strengthening communication and engagement

UNEP FI brings its members together encouraging peer-to-peer learning and enabling them to meet with other actors in the sustainable finance community. We amplify the collective voice of the financial sector to policymakers around the globe.

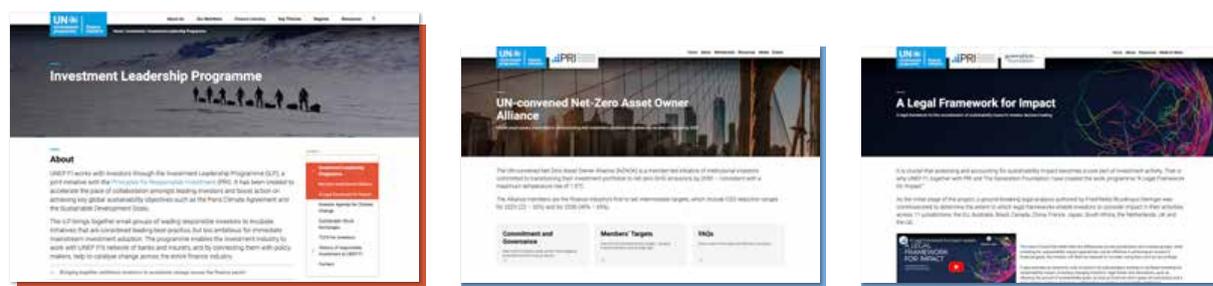


Amplifying the collective voice from the financial sector

UNEP FI brings its partners and members together to provide clear signals from the financial sector to policymakers on the importance of integrating Environmental, Social and Governance considerations in financial decisions.

Convening leading investors through the new Investment Leadership Programme

The [Investment Leadership Programme \(ILP\)](#) is a joint initiative from UNEP FI and the Principles for Responsible Investment (PRI) launched in June 2021 to accelerate the pace of collaboration amongst leading investors and boost action on achieving key global sustainability objectives such as the Paris Climate Agreement and the Sustainable Development Goals. The programme brings together groups of responsible investors to incubate initiatives that are considered ambitious, but not yet ready for mainstream investment adoption.



Every ILP initiative aims to catalyse change and deliver real world sustainability outcomes, by engaging regulators to strengthen environmental, social and governance (ESG) regulation, or by reimagining business practices that prioritise sustainable impact. The UN-convened [Net-Zero Asset Owner Alliance](#) and the project [A Legal Framework for Impact](#) are the first two initiatives to sit within the Programme. UNEP FI's investment membership transferred to the PRI in January 2022 reflecting the close collaboration between our two initiatives.

In July 2021, the project [A Legal Framework for Impact](#), jointly convened by The Generation Foundation, the United Nations-supported Principles for Responsible Investment (PRI), and UNEP FI, launched the first ever comprehensive analysis of how far the law requires or permits investing for sustainability impact. This major international report authored by Freshfields Bruckhaus Deringer brings clarity and looks at the opportunities for policy reform that would better enable investors to have coherence on the legal frameworks to invest sustainably. Options for reform presented in the report now form the basis of a multi-year work programme that includes policymaker engagement and supporting investors via workshops and tools to advance their practice initially in five of the markets studied: the EU, Australia, Canada, Japan and the UK.

Leadership on physical climate change and adaptation, signalling to policymakers

Responding to the increasingly material impacts of climate change, and building on its 2019 report [Driving finance today for the climate resilient society of tomorrow](#), UNEP FI launched a Climate Risks & Resilience Statement at the Global Commission on Adaptation's 2021 Climate Adaptation Summit. The statement, signed by ten financial institutions, called on policy makers, regulators and central banks to scale up climate-related physical risks disclosure, mainstream climate risk management, standardise reporting and scenarios, and improve access to standardised climate risk datasets.

The first five signatory institutions disclosed their exposure to risks from the physical impacts in reports published in September 2021. UNEP FI conducted a review of the disclosures of all signatories, covering eight of the eleven recommendations of the TCFD.

High-level conclusions show that disclosures depend on high quality data and that third party providers of climate analytics can provide considerable support in synthesising and managing this data. The review identified that embedding climate risk management in a wider risk management framework and strategy and following the reporting structure set out by the TCFD recommendations are key enablers of good disclosures.



Driving the Investor Agenda on Climate Change

The Investor Agenda was developed for the global investor community to accelerate and scale the actions that are critical to tackling climate change and achieving the goals of the Paris Agreement. UNEP FI is one of the seven founding partners of the Investor Agenda.

In 2021, the Investor Agenda provided investors with clear expectations for issuing and implementing comprehensive climate action plans in the form of the Investor Climate Action Plans (ICAPs) Expectations Ladder and Guidance. The framework is inclusive and unique in that it sets out expectations for investors wherever they may be on their climate journey. Some of the first members that published their ICAPs were featured as [case studies](#) that can serve as inspiration to other similarly-positioned investors.

The Investor Agenda's 2021 Global Investor Statement to Governments on the Climate Crisis received enormous support—it was signed by 733 investors with over US\$52 trillion in assets under management. In the Statement, investors urged governments to raise their climate ambition and implement meaningful policies—including mandatory climate risk disclosure, strengthened national commitments, ending fossil fuel subsidies and phasing out thermal coal. Later in the year, the Investor Agenda [evaluated the climate change policies of G20 countries](#) based on the same five dimensions outlined in the Statement.



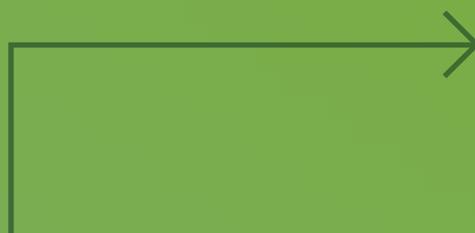
Regional network for sustainable finance hubs and capacity building

UNEP FI members and supporting institutions form regional networks which contribute to accelerating sustainable finance in Africa & the Middle, Asia Pacific, Europe, Latin America & the Caribbean and North America.

Regional coordinators engage members across industries in practical activities such as regional calls, events, workshops and peer exchanges to broaden collaboration, share knowledge and best practice, develop expertise and promote an enabling environment, addressing region-specific strategic priorities and needs.

These region-specific activities support implementation of our global work programme, taking account of regional contexts, enhancing engagement in focal countries, and convening members, supporting institutions, regulators and other key stakeholders. We raise the profile of leading practice and help shape the sustainable finance agenda across regions, including through biennial Regional Roundtables. Activities in developing countries include donor-funded projects to undertake research, technical assistance, and training to scale up sustainable finance market practice.

Take a look at some highlights from 2021.



UNEP FI's Regional Roundtables go virtual for the first time

UNEP FI hosted its 3rd round of Regional Roundtables on Sustainable Finance in 2021 as fully virtual events. UNEP FI's Regional Roundtables provide an opportunity for members and actors in the sustainable finance community to come together to discuss the latest trends and innovations, and share good practice in their respective regions.

The series of Roundtables gathered 4,000+ finance professionals and 300+ speakers to discuss emerging mechanisms that channel financial resources towards achievement of the Sustainable Development Goals (SDGs), and propose pertinent solutions for an accelerated, comprehensive and effective integration of Environmental, Social and Governance (ESG) issues in banking, insurance and investment. The dynamic and informative sessions, viewed a total of over 40,000 times, highlighted region-specific sustainable finance trends and challenges across a range of topics such as climate change and biodiversity.

Read highlights and watch event recordings [here](#).

About the UNEP FI Regional Roundtables 2021



5
Regions



>300
Speakers



>4,000
Registrations



>40,000
Session views



Africa

Accelerating action in Africa: the Nairobi Declaration on Sustainable Insurance

Formally launched at the UNEP FI PSI's 4th Africa summit in April 2021 in Nairobi, Kenya, [the Declaration](#) brings together senior leaders to accelerate solutions to major sustainability challenges—ranging from climate change and ecosystem degradation to poverty and social inequality—particularly in a post-Covid-19 world.

Europe

Flagship project: applying the EU Taxonomy to bank lending

UNEP FI and the European Banking Federation (EBF) convened a working group of around 25 banks, more than 10 banking associations and selected observers to advance understanding of the application of the EU Taxonomy to bank lending to test the EU Taxonomy on core banking products. The [results](#) were based on analysis of more than 40 transactions and client relationships across sectors and economic activities, and published in a major report launched in January 2021 with recommendations on how to improve the usability of the taxonomy for banking and case-studies testing the application of the EU taxonomy to specific transactions.

This work was continued into Phase II, developed mainly during 2021, explores practical approaches for banks that wish to use the EU Taxonomy for mandatory and further applications. This second phase of the project was supported by Ernst & Young (EY).

The joint working group focused on 2021 in understanding the critical developments in the EU Taxonomy, working ahead of mandatory disclosures to understand what taxonomy-eligibility and taxonomy-alignment would look like, as well as exploring optional voluntary uses of the EU Taxonomy. The second joint [report](#) by UNEP FI and the EBF was published on 15 February 2022. It includes three sections:

Section A focuses on banks' mandatory disclosure requirements under the EU Taxonomy Article 8 Disclosures Delegated Act, with practical guidance to work out institution's Green Asset Ratio (GAR).

Section B on how the EU Taxonomy could be further used to gather EU Taxonomy compatible information for clients which do not yet have an obligation to disclose, and compliance with the Minimum Safeguards

Section C explores how the Taxonomy could be used by banks for transition purposes, engaging with clients which perform economic activities that are taxonomy-eligible but are not yet taxonomy-aligned.

Latin America & the Caribbean

Impact analysis workshops for Principles for Responsible Banking signatories

UNEP FI, sponsored by Ministry of Ecological Transition from Italy and EcoBusiness Fund; and supported by SITAWI, developed a capacity building program with workshops, peer to peer exchange, practical exercises and collective feedback focused on Principle two of the Principles for Responsible Banking—impact analysis and target setting. Participants from 43 banks and 5 supporting institutions were among 129 attendees from 12 countries—Argentina, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Paraguay, Dominican Republic. The programme provided insights into banks’ main challenges during their impact analysis process and guided their effective PRB implementation.

SDG Fund in Suriname, Barbados, Grenada, St. Vincent and Grenadine

UNEP FI is involved in two joint projects under a Sustainable Development Goals (SDG) Fund in the Caribbean region. The SDG Fund is an innovative instrument to incentivize transformative policy shifts and stimulate the strategic investments required to get the world back on track to meet the SDGs. UNEP FI’s involvement in the region includes a joint project in Suriname tailored towards the development of a National Roadmap for a Sustainable Financial System to reorient the flow of international and local resources towards more inclusive and gender responsive sustainable actions.

UNEP FI is also part of a joint programme aimed towards fostering resilient economic recovery and growth in Eastern Caribbean States (Barbados, Grenada and St. Vincent and the Grenadines) by utilising the concept of a blue economy as a key driver.

UN 
**environment
programme**

**finance
initiative**

UNEP Finance Initiative brings together a large network of banks, insurers and investors that collectively catalyses 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 that help the finance industry address global environmental, social and governance (ESG) challenges.

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