



Unlocking private finance for sustainability - a shared responsibility

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Achieving the green economy

- how is the finance sector unique ?

- A world defined by climate change, natural resource depletion and growing inequalities
- **Resource constraints** create financially material risks but also business opportunities, including in such targeted areas as climate change, energy, water, waste, etc..
- **Financial institutions** underlie activities in all sectors of the economy: **‘shapers today of the economy of tomorrow’**
- **Leveraging capacity** – supporting transition to low-carbon, resource efficient economy



UNEP Finance Initiative & the global sustainable finance agenda

Since 1992: United Nations – Finance Institutions partnership on understanding, integrating and promoting environment, social and governance issues in business decision-making

Today - More than 220 members from banking, investment and insurance sectors

A finance community increasingly aware of sustainability challenges, risks and opportunities and its role in contributing to sustainable development



UNEP Statement by Financial Institutions on Sustainable Development

“ We recognize that sustainable development depends upon a **positive interaction between economic and social development, and environmental protection**, to balance the interests of this and future generations. We further recognize that sustainable development is **the collective responsibility** of government, business, and individuals. We are committed to **working cooperatively** with these sectors **within the framework** of market mechanisms toward common environmental goals. ”





Sustainable finance – what does it mean?

Growing global agreement that sustainable finance means:

- **NOT ONLY Financing Change:** mobilizing new capital for sustainability projects (clean energies, affordable housing, proper water treatment, etc.)
- **BUT ALSO Changing Finance:** integrating sustainability in mainstream financing – making sure that finance operations are conducted in accordance with the principles for sustainable development



What are the barriers to financing the green economy ?

- **Corporate culture:** conducive to short-termism
- **Lack of understanding of ESG** risks and opportunities – both by FIs and clients / investees
- **Lack of reliable, comparable data** on which to base financial decisions
- **Financial regulation disconnect** from sustainability goals



Collaborative action needed to overcome barriers

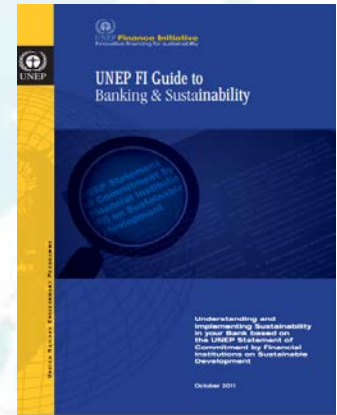
- **Financial institutions** – understanding the business case for RE and taking action
- **Policy-makers and regulators** – creating the enabling environment
- **Industry associations** – leveling the playing field
- **Real sector** – changing business model
- **Scientists and academia** – providing data for informed decisions and educating new generations
- **NGOs** – providing the reality check vis-à-vis society expectations



Mainstreaming sustainability in banking

A common language on the meaning of sustainability in banks

- ❑ **Guide to Banking and Sustainability (2011)**
- ❑ **Online tool on Sustainable Banking (2013)**



Environmental and Social Risk Analysis Training :

- ❑ **Online Course (E,S,F)**
- ❑ **In-person, country-adapted training**

Focused on middle-market projects in emerging / developing economies !



LATEST NEWS

"A POWERFUL TOOL FOR BOTH EXTERNAL AND INTERNAL COMMUNICATION OF BANKS ON SUSTAINABILITY ISSUES" -



1. BOARD & CEO

2. MANAGEMENT

3. COMMUNICATION

4. SUSTAINABILITY

5. LEGAL

6. RISK

7. BUSINESS

8. TREASURY

9. HUMAN RESOURCES

BUSINESS


This section is intended for all areas responsible for understanding clients needs, developing and selling the banks products and services whether at a retail, commercial or wholesale level.

Financing energy efficiency in buildings


Energy efficient buildings can deliver up to 20 per cent reduction in energy consumption and provide an overall better market value for investors

UNEP FI Investor Briefing
A publication of the UNEP FI Property Working Group

Commercial Real Estate

 **Unlocking the energy efficiency retrofit investment opportunity**

February 2014



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Energy Efficiency – the first fuel for the EU Economy

How to drive new finance for energy efficiency investments



Energy Efficiency
Financial Institutions Group

Part 1: Buildings (Interim Report)



UNEP Finance Initiative
Changing finance, financing change

Sustainable Finance - EU takes action

❑ EC Renewed Strategy for Corporate Social Responsibility (2011)

- *Recognizing the role of the private sector, including finance, in contributing to sustainable development*

❑ EC Directive on Energy Efficiency (2012)

- *Measures for the promotion of energy efficiency within the EU; action points for Governments = opportunities for FIs (above)*

❑ EC Financial Roundtable on Resource Efficiency (2013) –

- *Mobilizing private finance for implementing the EU Roadmap to a Resource Efficient Europe*

❑ EC Green Paper & Communication on Long-Term Financing (2013- 2014)

- *Assessing barriers and priority for action on financing long-term the European economy*

❑ EC Directive on Non-Financial Reporting (2014)

- *Certain large companies required to disclose information on policies, risks and outcomes on ESG matters*



Global recognition of the shared responsibility on sustainable finance

- ❑ **China's Green Credit Policy**
- ❑ **Nigeria Banking Principles**
- ❑ **Green Protocol in Colombia**
- ❑ **Green Protocol in Brazil**
- ❑ **Kenya's Sustainable Finance Initiative**
- ❑ **Indonesia's Green Banking Policy**
- ❑ **Japan's Principles for Financial Action Towards a Sustainable Society, etc.**

2012 - IFC Launches Sustainable Banking Network for Regulators to Share Green-Credit Expertise





Conclusion:

2013 UNEP FI Global Roundtable – global recognition that:

- **Political leadership needed** to create enabling frameworks for sustainable finance, but **FIs should not wait** for government action
- **Collaborative frameworks** on sustainable finance in emerging economies are a **source of learning**
- **Tools and knowledge** on ESG risks and opportunities for FIs **exist & expanding**
- **Time to act!**





Thank you!

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