

UN partnerships with the private sector
and
How financial institutions could help in
corporates' climate action

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UN and the Private Sector

Meeting of two different worlds

Traditional positions

UN

- Member states first
- Social challenges are solved by governments

Private sector

- Shareholders first
- Social obligations via employing workers, paying taxes & charity/philanthropy activities

Today

UN

- Participation of private sector and other stakeholders essential in solving social challenges
- Direct engagements with non-state actors

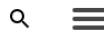
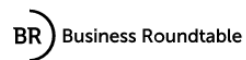
Private sector

- Change in societal expectations
- Real E&S risks and opportunities
- Repurposing business

Repurposing business



PRINCIPLES FOR
RESPONSIBLE
BANKING



Business Roundtable CEOs are responding to COVID-19

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CORPORATE GOVERNANCE

Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans'

AUG 19, 2019

Updated Statement Moves Away from Shareholder Primacy, Includes Commitment to All Stakeholders



Press release – Paris, May 20, 2020

[Update on 2020 Annual General Meeting](#)

**Danone to pioneer French "Entreprise à Mission" model
to progress stakeholder value creation**

2020 Annual General Meeting (AGM) to be held on June 26th, 2020

- Danone to become first listed company to adopt French legal framework of "entreprise à mission" and so further lead the way to create and share sustainable value for all stakeholders
- Confirmed dividend payment for 2019, in line with original recommendation
- Chairman and CEO's fixed remuneration and Directors' compensation to be reduced for rest of 2020, to fund the Dan'Cares program

UN's collaboration typologies with the private sector

UN as receivers of private sector's financial/ intellectual inputs
eg. UNICEF donations

UN's direct facilitation to mobilise ESG investments
eg. UN Capital Development Fund, UNDP SDG Impact

UN-convened platforms for collaborative private sector action on sustainable development



- Sustainable finance collaboration platform for banks, investors & insurers
- Since 1992 (28 years)
- Over 350 members
- \$5m annual income of which \$3m from members

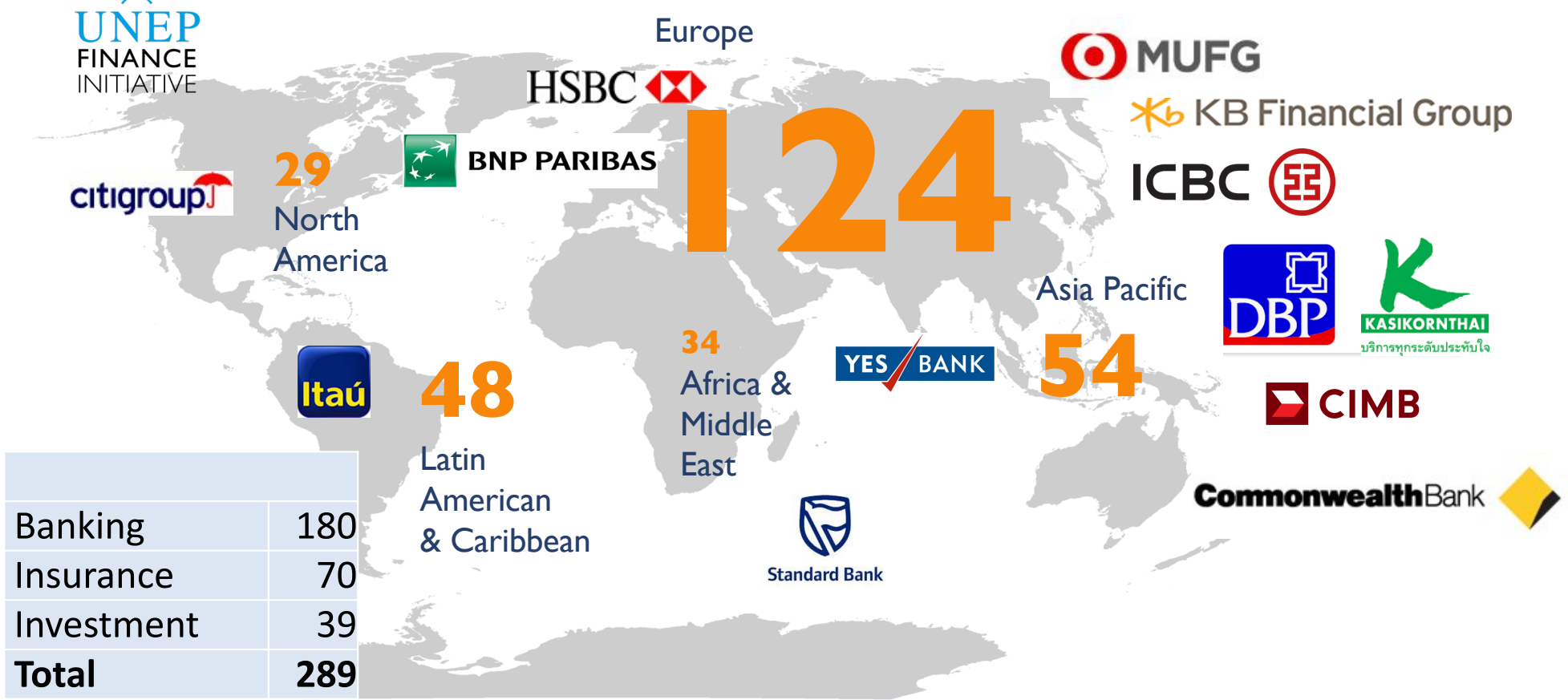


- Corporate sustainability initiative
- Since 2000 (20 years)
- Over 11,000 members





UNEP Finance Initiative 289 members (at 30 Sep 2019)



Banking	180
Insurance	70
Investment	39
Total	289

Typical ESG issues



Source: <https://www.greatlakesadvisors.com/strategies/esg>

Investor relations as a motive for ESG management

“Companies that manage risks and opportunities related to the environment, social and governance are better equipped because they expose their businesses to fewer risks, and are hence **more attractive to investors**”

Sasja Beslik, Head of Sustainable Finance, Nordea

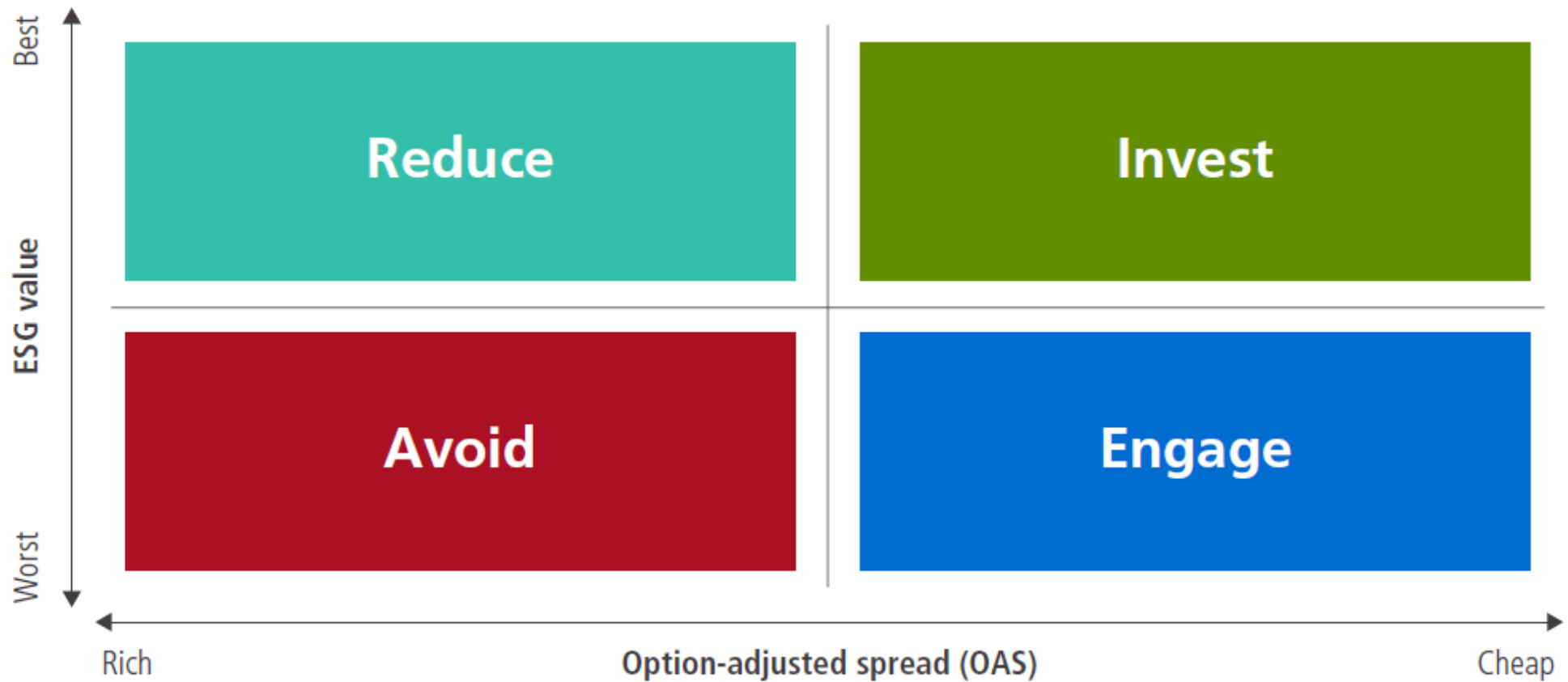


Global growth of sustainable investing assets

Region	2016 (USD billion)	2018 (USD billion)	Growth rate 2016-2018	Proportion relative to total managed assets in 2018
Europe	\$12,040	\$14,075	6%	48.8%
United States	\$8,723	\$11,995	16%	25.7%
Japan	\$474	\$2,180	308%	18.3%
Canada	\$1,086	\$1,699	21%	50.6%
Australia/NZ	\$516	\$734	50%	63.2%

Source: GSIA “2018 Global Sustainable Investment Review”

Figure 2: ESG-focused relative valuation for investment decisions



Source: PIMCO. For illustrative purposes only.

Improving credit analysis as a motive for ESG management



Together with the traditional financial variables, BBVA's risk management takes into consideration the environmental, social, ethical and corporate governance aspects (ESG). These extra-financial risks can **affect the credit profile of the borrowers** or projects financed by the Group and, therefore, the quality of the risk taken and, in short, the repayment of the loans. Their integration into risk management is consistent with the principle of prudence that governs BBVA's activity.

Sustainability of client businesses unknown/unmanaged

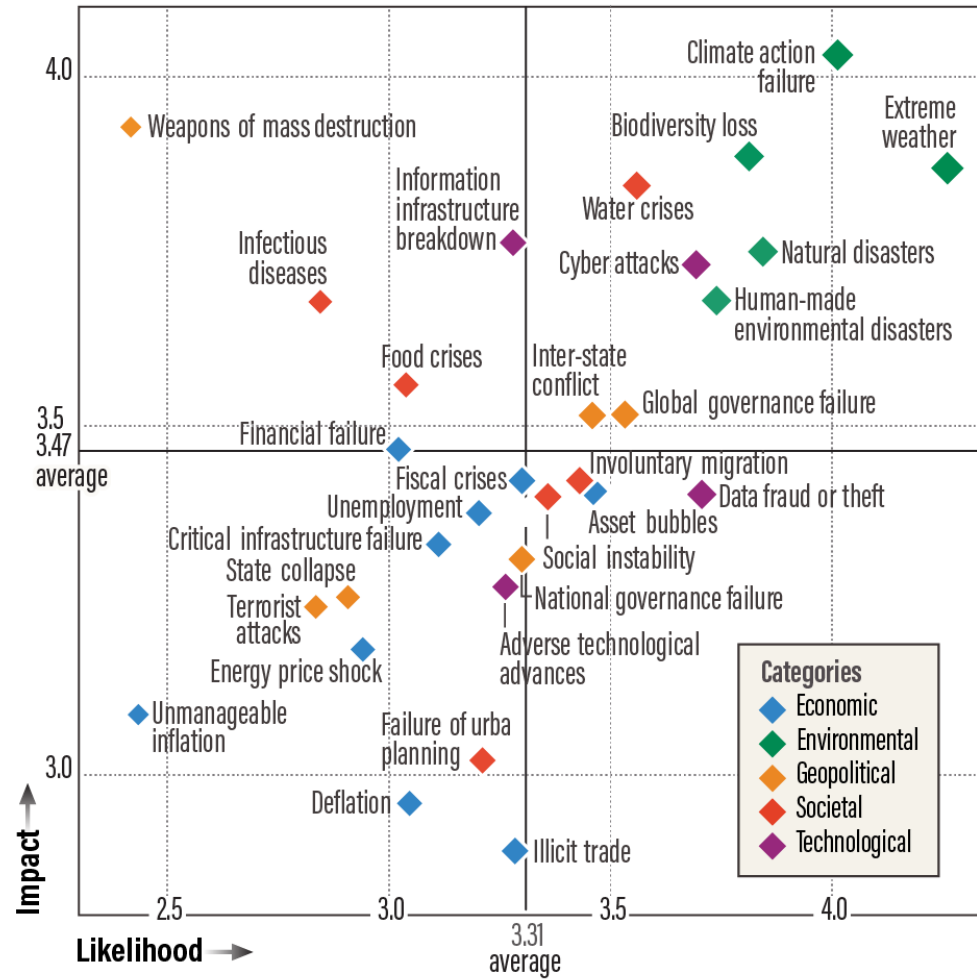
- Lender could be exposed to poor ESG performance of clients
- Negative profitability, higher risk of default, bankruptcy risks, reputational risks
 - Customer backlash
 - Penalty/fines, temporary and permanent closures
 - Stricter regulation



Global Risk Landscape 2020

http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf

LONG-TERM GLOBAL RISKS LANDSCAPE (2020)



Source: Weforum.org

Launch of the Principles for Responsible Banking 22 September 2019, UN at NY





PRINCIPLES FOR
RESPONSIBLE
BANKING

Comprehensive global framework for sustainable banking

6 PRINCIPLES SHAPING OUR FUTURE



Alignment



Impact &
target setting



Clients &
customers



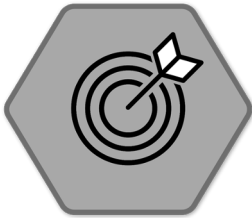
Stakeholders



Governance
& culture



Transparency &
accountability



Principle 2: Impact & Target Setting

“We will continuously increase our **positive impacts** while reducing the **negative impacts** on, and **managing the risks** to, people and environment resulting from our activities, products and services. To this end, we will set and publish **targets** where we can have the most **significant impacts**.”



Peer Learning Working Group: Engaging with Customers and Various Stakeholders subgroup

Successful cases Articulating initiatives with impacts

Milk & Dairy Derivatives
Efficient machinery and equipment for processing milk to develop derivatives – cheese

 **-261.43 tons**



Water – savings: 15,829 m³ per year



Waste – savings: 5.8 tons per year



Diesel – savings: 26,876 gallons per year



Energy – savings: 595,200 KWh per year



Water – savings: 3,168 m³ per year



LPG – savings: 34,560 kg per year



Diesel – savings: 6,174 gallons per year

Processed food industry
Replacement of machinery and chemicals in the freezing process of fruits.

 **-583.7 tons**



United Nations-
convened
**Net-Zero Asset
Owner Alliance**

29 institutional investors representing nearly \$ 5.0 trillion AUM (as of 3rd August 2020) commit to transition their investment portfolios to net-zero GHG emissions by 2050

UNEP FINANCE INITIATIVE
#GRT2020

UNEP FI Global Roundtable 2020

13–14 October 2020



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