

Contributions of the financial sector to achieving the SDGs

Middag van de Duurzame Ontwikkeling
Federaal Instituut Duurzame Ontwikkeling (FIDO/IFDD)

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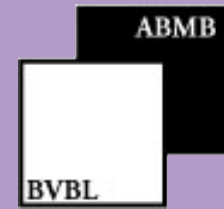


What is Febelfin?

± 75% of the
financial
sector

Febelfin vzw represents **270+ financial institutions** active in Belgium

Febelfin consists of **5 constituent associations**:



11 members have a **special statute**:



Council for stockbrokers' accreditation



SDGs and business



SDGs: 17 goals, 169 targets



United Nations
27 September
2015

➔ Make our world more prosperous, inclusive, sustainable and resilient.

MDGs (2000-2015) → SDGs (2016-2030)

 		
When?	2000-2015	2016-2030
Theme?	Poverty	Sustainable Development
Who?	United Nations	Participatory Process
Where?	Developing Countries	Universal
Amount?	8 goals	17 goals

SDGs holistic and participatory approach → more appropriate as a reference for (smaller) Belgian company's/banks' sustainability strategy

Role of the private sector

“The SDGs can only be achieved with involvement of the private sector working alongside governments, [...] local authorities, civil society, the scientific and academic community – and all people.”



- Adopting sustainable business practices and reporting (12.6)



- Multi-stakeholder partnerships (17.16/17)

SDG Industry Matrices: industry-specific examples and ideas for corporate action.

SDG Compass: guide for business action on SDGs

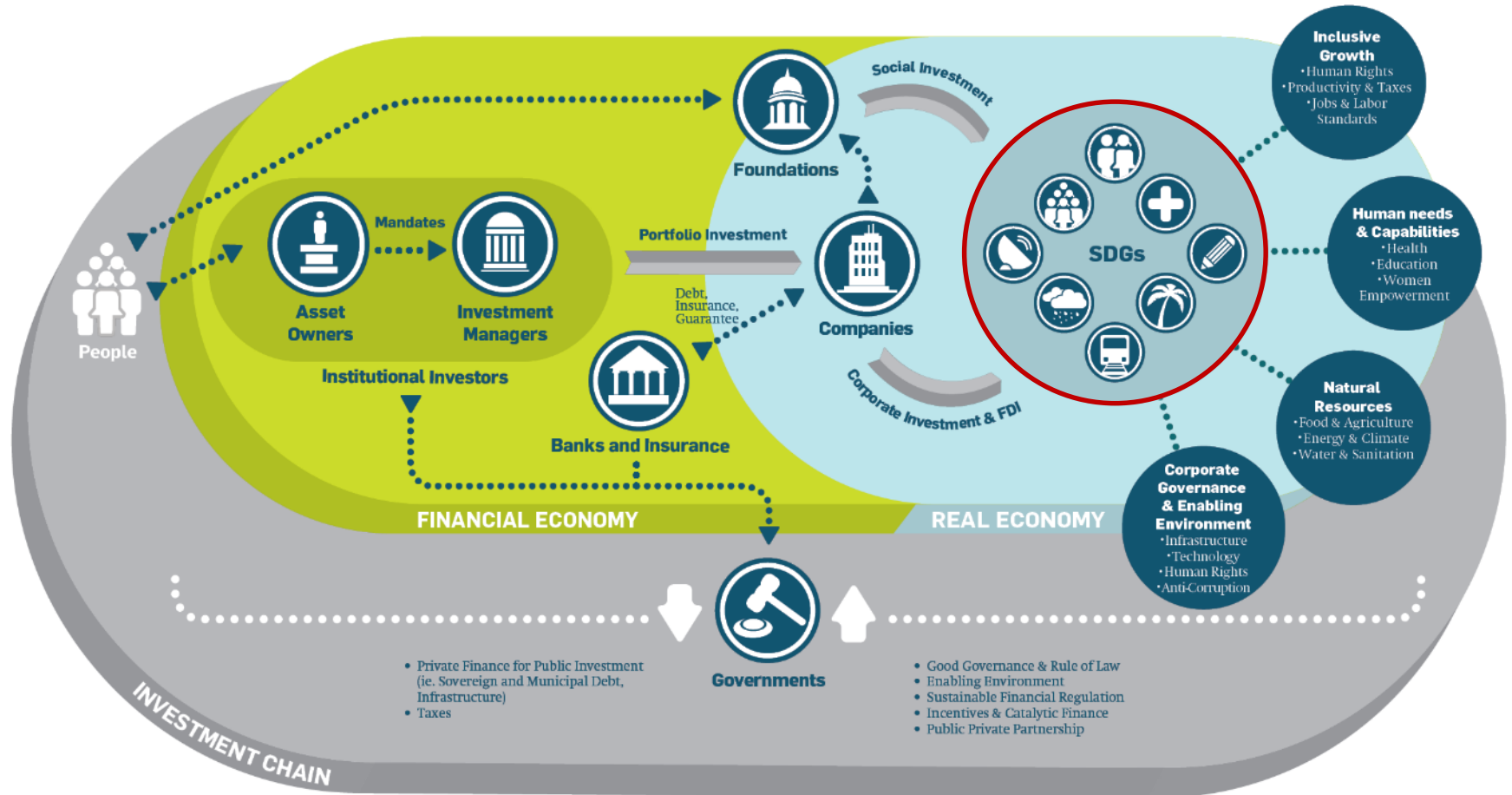


Integration of SDG's in business



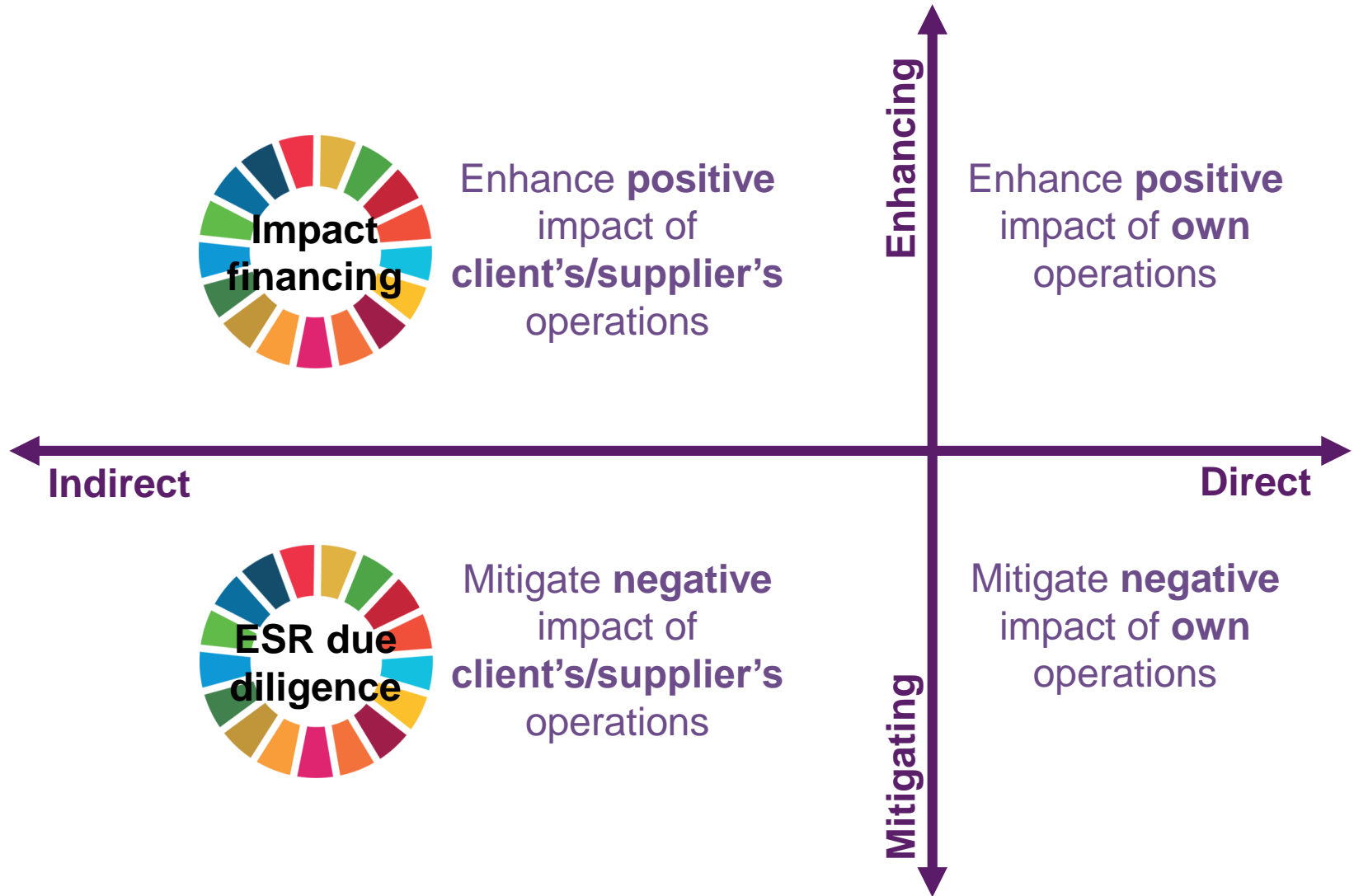
SDGs and the financial sector

Global financial system & capital flows



Source: 'Private Sector Investment and Sustainable Development' UN Global Compact, UNCTAD, UNEPFI, PRI (2015)

SDG impact of the financial sector



17 SDGs in 5 axes



- Financial inclusion

- Basic bank service: newcomers/refugees
- Law Bank account seizure
- Microfinance: credit & insurance
- Care: Ford, Caterpillar, ...



- ESR due diligence

- Policies on landgrabbing, agricultural commodities
- Equator principles

- Sponsoring & portfolio management

- Foundations, charities, HNWI's
- University chairs and research



- Financial education

- Senior citizens, schools, 'Money Week'
- Safe Internet Banking campaigns
- Coaching starters
- Website on SME financing

- Gender diversity

- HR: Women at Board/Management level
- WeFin network



PROSPERITY

- Sustainable energy
- Renovation loans, green lending
- ESCO's
- Structured finance: e.g. off-shore windmills
- Energy efficiency of own buildings and operations



- Coaching starters
- SME financing: Website, Microfinance
- Circular Economy
- Export credits / FDI
- ESR risk: UNGP, ILO conventions
- Training personnel

- Long-term financing
- Public Private Partnership (PPP) Infrastructure
- Smart cities
- Guarantees



- Charity, (venture) philanthropy
- Financial education

P L A N E T

- Impact investing
- ESR risk: e.g. Natural Capital Declaration



- Pricing models
- Circular Economy
- Internal company processes: paper, energy, mobility
- Indirect impact via SRI and ESR

- Structured finance: e.g. off-shore windmills
- Green bonds
- Thematic funds
- Impact investment funds
- Risk capital, crowdfunding
- ESR risk due diligence
- Sector policies: divestment
- Active stewardship/shareholder engagement
- Disclosure & reporting
- Portfolio carbon footprint
- Sustainable Stock Exchanges (SSE)



- Sector policies: e.g. dragnets



- Equator Principles
- Deforestation, palm-oil (RSPO)
- Sector policies
- Biodiversity

PARTNERSHIPS

- Smart Cities, EIB-loans
- Public Private Partnership (PPP)
- Renovation loans, green lending



- Dialogue and partnership with national and local authorities, companies, sector federations, unions, NGO's, consumers, ...
- Sustainability networks

...

- Embargo's
- ESR Due Diligence: Human Rights
- Sector policies, country screening
- Free Prior informed consent (FPIC)
- Anti-corruption
- Anti-money laundering
- Corporate Governance



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Actions concerning climate change



Financial Services

SDG 7: AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all



Facilitate the **raising of finance** for transition to a low carbon economy by developing a broad portfolio of investment options including carbon markets.

Apply financial expertise to renewable **energy pricing models** which meet the three objectives of financial viability, energy efficiency and universal access.

Underwrite renewable energy developments such as wind farms and solar power arrays.

Evaluate the risk of 'stranded assets' and consider global exposure limits or divestment across industry segments such as **fossil fuel** energy generation, coal mining, coal transportation infrastructure and unconventional oil extraction.

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns



Develop new **pricing models** which incentivize more sustainable living.

Develop **innovative products**, such as 'pay as you drive' auto insurance and discounted premiums for energy-efficient buildings, to incentivize reduced energy use and thereby greenhouse gas emissions.

Be an **active steward** of investments in portfolio companies, engaging with management and exercising shareholder voting rights to influence more climate-sensitive and climate-resilient business strategies.

SDG 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts



Invest in – and/or raise **finance** for – climate risk mitigation, climate resilience and climate adaptation including climate and green bonds, and other debt and equity instruments.

Increase coverage of national and regional natural **catastrophe insurance** schemes.

Integrate climate risks into **underwriting practices, investment analysis and decision making**.

Take steps to **measure, reduce and report climate exposure against set targets** and progress on actions to confront climate change, continuing to increase the level of transparency and consistency of reporting across the industry sector.

MULTI-STAKEHOLDER PARTNERSHIPS/ COLLABORATIONS



[Banking Environment Initiative](#)

[Investment Leaders Group](#)

[Sustainable Stock Exchanges Initiative](#)

[The Portfolio Decarbonisation Coalition](#)

[ClimateWise](#)

[1-in-100 Initiative](#)

[Climate Bonds Initiative](#)

[Munich Climate Insurance Initiative](#)

[UNEP FI Principles for Sustainable Insurance Initiative](#)

[A2R: Anticipate, Absorb, Reshape](#)

[UN Principles for Responsible Investment](#)

Source: 'SDG Industry Matrix - Climate Action Opportunities: An Industry Lens', UN Global Compact & KPMG International (2015)

Frameworks, Tools & Policies



UN Global Compact



Equator Principles + IFC Performance Standards



Principles on Responsible Investment (UNPRI).



Principles for Sustainable Insurance Initiative (PSI Initiative)



UN Environment Programme – Finance Initiative (UNEP-FI)



Sustainable Stock Exchanges Initiative (SSE)



Green Bond Principles



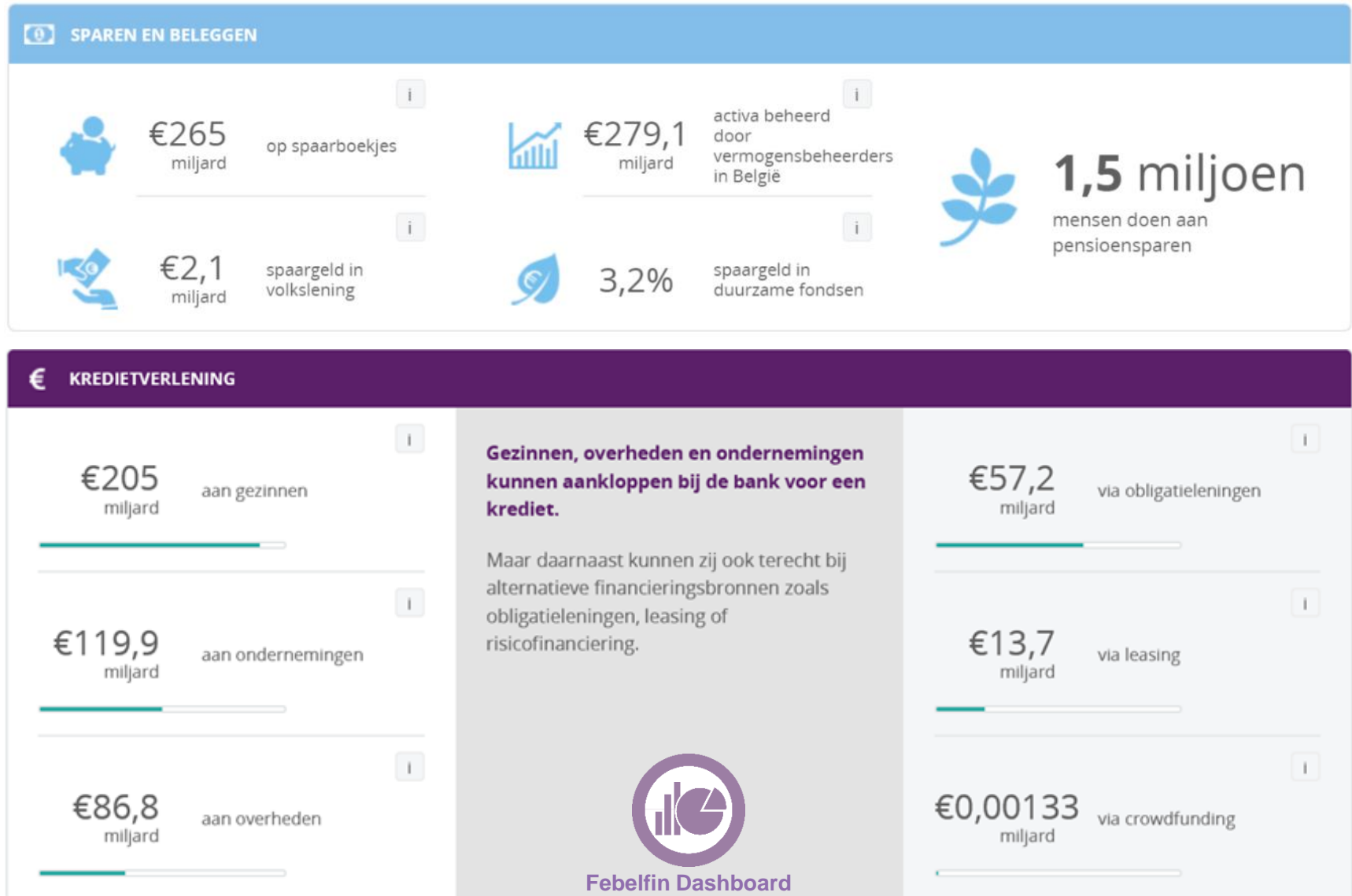
UN Guiding Principles on Business & Human Rights (Ruggie Framework)



Sector Policies & Exclusion Policies

Financing the SDG's

Core business - Financing the real economy



Activating savings towards realising the SDG's

- Lending in various forms
 - Green renovation and business loans, EPC
 - Third-party investor systems / Energy Service Companies (ESCO)
 - Leasing
 - Circular Economy
 - Green bonds and social bonds
 - Public Private Partnerships (PPP) and project finance
 - Smart Cities - EIB support
- Citizen participation
 - People's loan
 - Crowdfunding
 - Pension saving funds
- Sustainable investment products
 - Impact investment funds
 - SRI funds
- Risk and venture capital
 - Portfolio management: HNWI's, Foundations, Charities
 - Equity finance



Role of the government



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