Contributions of the financial sector to achieving the SDGs

Middag van de Duurzame Ontwikkeling
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What is Febelfin?

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

Febelfin consists of **5 constituent associations:**

11 members have a **special statute:**
SDGs and business
→ Make our world more prosperous, inclusive, sustainable and resilient.

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

Source: CIFAL Flanders, 2016
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

Enhancing

- Enhance positive impact of own operations
- Enhance positive impact of client’s/supplier’s operations

Mitigating

- Mitigate negative impact of own operations
- Mitigate negative impact of client’s/supplier’s operations

Impact financing

ESR due diligence
17 SDGs in 5 axes

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice, and Strong Institutions
17. Partnerships for the Goals
- 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
- 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
• Impact investing
• ESR risk: e.g. Natural Capital Declaration

• Pricing models
• Circulare 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
- 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
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

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

**SPAREN EN BELEGGEN**
- €265 miljard op spaarboekjes
- €2,1 miljard spaargeld in volkslening
- €279,1 miljard activa beheerd door vermogensbeheerders in België
- 1,5 miljoen mensen doen aan pensioensparen

**KREDIETVERLENING**
- €205 miljard aan gezinnen
- €119,9 miljard aan ondernemingen
- €86,8 miljard aan overheden
- €57,2 miljard via obligatieleningen
- €13,7 miljard via leasing
- €0,00133 miljard via crowdfunding

Gezinnen, overheden en ondernemingen kunnen aankloppen bij de bank voor een krediet.

Maar daarnaast kunnen zij ook terecht bij alternatieve financieringsbronnen zoals obligatieleningen, leasing of risicofinanciering.

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