



**finance
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UN Environment Programme Finance Initiative

Working with banks, insurers and investors to create a sustainable financial sector

December 2021, Layalee Ramahi, North America Network Coordinator

United Nations Environment Programme Finance Initiative (UNEP FI)



UNEP FI accelerates sustainable finance



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United Nations Environment Programme Finance Initiative ([UNEP FI](#)) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. We aim to inspire, inform and enable financial institutions to improve people's quality of life without compromising that of future generations.

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Working with banks, insurers and investors to create a sustainable financial sector

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Industry-based principles

catalyze integration of sustainability into financial market

The frameworks UNEP FI has established or co-created include:



Launched with more than 130 banks collectively holding USD 47 trillion in assets, or one third of the global banking sector, on 22 September 2019.



Established 2012 by UNEP FI and today applied by one-quarter of the world's insurers (25% of world premium).



Established in 2006 by UNEP FI and the UN Global Compact, now applied by half the world's institutional investors (USD 83 trillion).

The Glasgow Financial Alliance for Net Zero (GFANZ)



The Glasgow Financial Alliance for Net Zero (GFANZ) was launched in April 2021 by Mark Carney, UN Special Envoy for Climate Action and Finance and UK Prime Minister Johnson's Finance Adviser for COP26, and the COP26 Private Finance Hub in partnership with the UNFCCC Climate Action Champions, the Race to Zero campaign and the COP26 Presidency.

GFANZ brings together existing and new net-zero finance initiatives in one sector-wide coalition. Members currently include over 450 financial firms across 45 countries responsible for assets of over \$130 trillion.

The Glasgow Financial Alliance for Net Zero (GFANZ)



GFANZ will work to mobilise the trillions of dollars necessary to build a global zero emissions economy and deliver the goals of the Paris Agreement.

GFANZ will provide a forum for strategic coordination among the leadership of finance institutions from across the finance sector to accelerate the transition to a net zero economy.

All initiatives in GFANZ require signatories to set **science-aligned interim and long-term goals** to reach net zero no later than 2050 in line with Race to Zero's criteria. These goals are supplemented by member-determined short-term targets and action plans.

The Glasgow Financial Alliance for Net Zero (GFANZ)



Race to Zero is a global campaign by the High-Level Champions of COP 26. It brings together net zero commitments from a range of leading networks and initiatives across society.

GFANZ net-zero initiatives:

1. Net-Zero Banking Alliance
2. Net Zero Asset Managers initiative
3. Net-Zero Asset Owner Alliance
4. Paris Aligned Investment Initiative
5. Net-Zero Insurance Alliance
6. Net Zero Financial Service Providers Alliance
7. Net Zero Investment Consultants Initiative.



Provides accreditation to initiatives across:

Regions

Universities

Businesses

Investors

Cities

The Glasgow Financial Alliance for Net Zero (GFANZ)



GFANZ is focused on moving the needle on 7 key areas critical to the net zero transition:

Sectoral pathways: catalysing alignment between financial institutions and major global industries on sector-specific pathways to reach net-zero emissions

Real economy transition plans: accelerating decarbonisation in the real economy by describing financial sector expectations of transition plans from the companies the sector engages with and finances

Financial institution transition plans: driving convergence around sector-wide best practices for financial institutions in designing and implementing credible net-zero transition plans

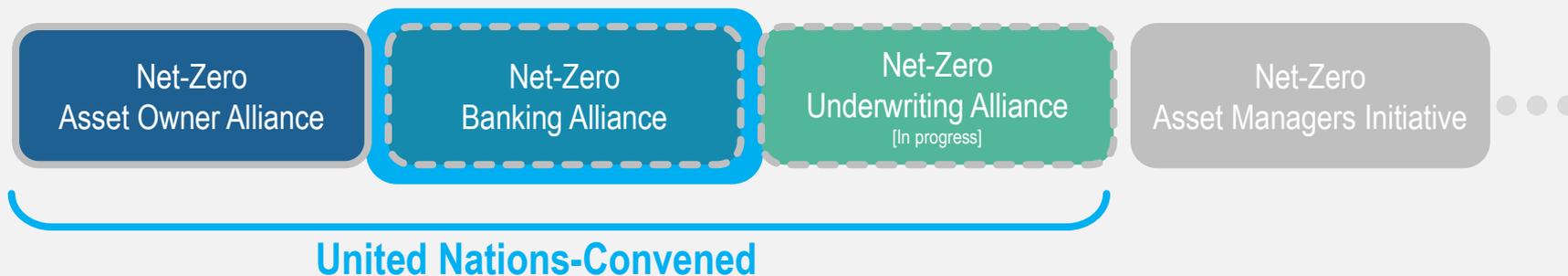
Portfolio alignment measurement: supporting the development and effective implementation of portfolio alignment metrics for financial institutions and driving convergence in the way portfolio alignment is measured and disclosed

Mobilising private capital: supporting the mobilisation of private capital to emerging markets and developing countries through private sector investments and public-private collaboration

Policy: advocating for the public policy needed to accelerate investment in net-zero aligned activities and organizations

Building commitment: broadening the nature and number of financial firms that are credibly working towards net-zero

The GFANZ landscape



The Net-Zero Asset Owner Alliance brings together 37 Asset Owners with about \$6 trillion in assets that commit to transitioning investment portfolios to **net-zero GHG emissions by 2050** consistent with a maximum temperature rise of 1.5C degrees above pre-industrial temperatures. Taking into account the best available scientific knowledge.

Net-Zero Banking Alliance is the banking element of GFANZ, banks commit to transition the operational and attributable GHG emissions from their lending and investment portfolios to align with pathways to **net-zero by 2050 or sooner**.

Net-Zero Insurance Alliance brings together the world's leading insurers and reinsurers to play their part in accelerating the transition to net-zero emissions economies. They are committed to individually transitioning their underwriting portfolios to **net-zero greenhouse gas emissions by 2050**, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

Net-Zero Asset Owner Alliance



THE COMMITMENT



Commit to transitioning investment portfolios to **net-zero GHG emissions by 2050** consistent with a maximum temperature rise of 1.5C degrees above pre-industrial temperatures, taking into account the best available scientific knowledge including the findings of the IPCC, and **regularly reporting on progress**, including establishing **intermediate targets every five years** in line with Paris Agreement Article 4.9.

In order to meet fiduciary duty to manage risks and achieve target investment returns, this Commitment must be embedded in a holistic ESG approach, incorporating but not limited to, climate change, and must emphasize GHG emissions **reduction outcomes in the real economy**.

Seek to reach this Commitment, especially through advocating for, and **engaging on, corporate and industry action**, as well as public policies, for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts.

This Commitment is made in the **expectation that governments will follow through** on their own commitments to ensure the objectives of the Paris Agreement are met.



“An international group of 62 institutional investors representing \$10 trillion assets under management”

Net-Zero Banking Alliance

Launched with Founding Members, 43 banks from 23 countries with US\$28.5 trillion in assets.

“97 banks, 39 countries, US\$66 trillion in assets”

Members of the Net-Zero Banking Alliance (NZBA) commit to transition the operational and attributable GHG emissions from their lending and investment portfolios to align with pathways to net-zero by 2050 or sooner.

- Set 2030 & 2050 targets which are in line with a scenario consistent with 1.5 degree warming to cover a significant majority of emissions including in at least one priority sector within 18 months and set targets for all or a substantial majority of the carbon-intensive sectors within 36 months of signing.
- Annually report on targets and progress and take a robust approach to the role of offsets in transition plans.

Net-Zero Insurance Alliance

The UN-convened Net-Zero Insurance Alliance (NZIA) brings together fifteen of the world's leading insurers and reinsurers to play their part in accelerating the transition to net-zero emissions economies. They are committing to individually transition their underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

As risk managers, insurers and investors, the insurance industry has a key role in supporting the transition to a net-zero economy. NZIA members will individually set science-based intermediate targets every five years and independently report on their progress publicly on an annual basis.



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Thank You

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Layalee Ramahi, North America Network Coordinator – layalee.Ramahi@un.org