

Capital as a Force for Good

Capitalism for a Secure and Sustainable Future

The 'Force for Good' Initiative | Summary

In Support of the UN Secretary General's Strategy and Roadmap for Sustainable Development

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CONTEXT, COURSE CORRECTION NEEDED

“Our world is in deep trouble – and so too are the Sustainable Development Goals. Time is running out. But there is still hope. Because we know what we need to do. End the senseless, disastrous wars – now. Unleash a renewable energy revolution – now. Invest in people and build a new social contract – now. And deliver a New Global Deal to rebalance power and financial resources and enable all developing countries to invest in the SDGs. Let’s come together, starting today, with ambition, resolve and solidarity, to rescue the SDGs before it is too late.

The world faces cascading crises that are causing profound suffering today, and carry the seeds of dangerous inequality, instability, and climate chaos tomorrow. The ripple effects of Russia’s invasion of Ukraine have hit amid a fragile and uneven recovery from the COVID-19 pandemic, while the climate emergency is gathering pace. Some countries are investing in recovery through a transition to renewable energy and sustainable development. But others are unable to do so, because of deep-rooted structural challenges and inequalities, at global and national levels.

Implementing the Sustainable Development Goals will require \$4.3 trillion USD per year - more money than ever before - because the international community is simply not keeping pace with the commitments it made. In the face of these cascading crises, we are far from powerless. There is much we can do, and many concrete steps we can take, to turn things around. I see four areas for immediate action.

First, recovery from the pandemic in every country.

Second, we need to tackle the food, energy, and finance crisis.

Third, we need to invest in people.

Fourth, we cannot delay ambitious climate action.

The battle to keep the 1.5-degree goal alive will be won or lost this decade. While achieving this goal requires a reduction in global emissions of 45 percent below 2010 levels by 2030, current pledges would result in a 14 percent increase in emissions by that date. This is collective suicide. We must change course.

We have the knowledge, the science and technologies and the financial resources to reverse the trajectories that have led us off course. We have inspiring examples of transformative change. In just over one year’s time, we will meet here for the 2023 SDG summit marking the halfway point between the adoption of the 2030 Agenda and its target date.

Let's do everything in our power to change course and build solid progress by then.”

António Guterres, Secretary-General, United Nations

Excerpted remarks at the opening of the 2022 High-level Segment of ECOSOC, Ministerial Segment of High-Level Political Forum

FOREWORD, MY LIFE

I am Susan Alderman.

I live in Hendon.

I was born in North London and come from a large family, but my parents are both deceased, and my siblings have moved away so I don't see them very much

What I'm doing now, selling the Big Issue is a real live saver for me. It's a hand up, not a hand-out, as they say, and it's kept me off the streets.

I had a partner who was abusive to me both aspects, mentally and physically, so I know what it's like to experience that. But when I got away, I actually made myself homeless because I had nowhere else to go.

Living in the streets was difficult and dangerous, particularly for a woman but also for men as well, because anything can happen. I'm ashamed to admit it but I had to beg for money to buy food for

"Life is about people, and the sad thing is that a lot of people have turned very selfish in this day and age, and forget that there is always someone out there doing worse than themselves. I hear a lot and see a lot and while I've been in a bad situation there are lot of people doing worse, and they're the sort of people we need to help"

some time. We've all done it. I never bought alcohol or drugs but there is a lot of misery out there and lot of people can't handle it so it's their only way of coping.

I was very lucky though. Some kind people pointed me to an outreach team that came to my rescue and got me off the streets and into accommodation. These volunteer organizations do exist, but most people don't know about them or how to access them, so I feel fortunate in this regard.

I'm on universal credit (£335 a month) from the government but the Big Issue (a street newspaper that offers homeless people the opportunity to earn an income) helps me survive, and I earn a legitimate income selling these magazines at the tube station almost every day. I pay £1.50 an issue and sell it for £3.00. It's hard to say how many I'll sell in a day, some days its only 3-4, but never more than 8-10. Without the tip money this job would be extremely hard. It's not a lot of money. You put in a lot of hours but it's rewarding and that what it's about, keeping yourself above water.

What bit of money I've got I need to budget carefully to survive. I have enough for food, that's the most important thing. Food prices are definitely going up and people will need to work more and more to make ends meet. Lately we've had a lot of mild winters so I'll be alright but that's not say you won't get a bad winter this year. It's horrible to say but sometimes you just need to put a few extra layers on. You certainly can't afford to put your heating on. You shouldn't have to walk around the house with your coat on but unfortunately a lot of people do to keep warm. I'm more worried about the elderly who are more prone to feeling the cold. than about myself though.

My main challenge at this time is finding a suitable home. I've moved around a couple of hostels and temporary places but would like to find decent accommodation. The problem is that there isn't enough council housing to go around, and priority is given to families with children, not single people like myself, who are in a lower tier. But at least I am off the streets.

I've been fortunate to have come across some really nice people to help me, like the outreach team and volunteers who helped me get online for my universal credit application. I'm grateful for that. There's not a lot that I need – I certainly don't plan to get rich. If I won millions in the lottery, a lot of that I'd give away to help people that are marginalized and need it.

Getting by from day to day with food to eat and clean accommodation is all I need. I'm happy then.

Life is about people, and the sad thing is that a lot of people have turned very selfish in this day and age, and forget that there is always someone out there doing worse than themselves. I hear a lot and see a lot and while I've been in a bad situation there are a lot of people doing worse, and they're the sort of people we need to help.

Susan Alderman

London, United Kingdom

MESSAGE FROM THE ADVISORY COUNCIL

2021 ended with a sense of purpose and optimism given the pledge that had been made and the stage was set for 2022 to push that further. Leading financial institutions committed US\$130 trillion of capital to Net Zero, nearly 200 nations agreed a carbon markets deal, 100 countries agreed to end deforestation, 100 countries representing 70% of the global economy have now joined the global methane pledge and 40 agreed to phase out coal. It was not enough for scientists to believe 1.5C was in sight, but it was progress.

2022 has shaken that optimism resolve. War and migration, broken supply chains, damaging energy price rises, global food and general inflation, and rising geopolitical strife between great powers have all been features of just the first half year. We claim in this report that, "Never in history has there been more prosperity, more knowledge, more innovation, and less suffering than today. As if to match these, a series of systemic challenges have arisen that, if not well addressed, pose potentially unbounded risk to further progress and existential risks to human civilization."

Despite these challenges, the last year has seen a rise in global liquid assets to c.US\$450 trillion and nearly US\$100 trillion of annual output. Leading financial institutions provided US\$2.5 trillion in SDG aligned financing, up 20%, breaking previous records, of a total global SDG spending from all sources of US\$3.6-4.7 trillion.

However, our recalculation estimates a funding need of up to US\$176 trillion for the SDGs to 2030, up 15%-25%, and a shortfall of up to US\$135 trillion, up 35%, added to a security scenario that may require spending to 2030 of US\$60 trillion.

Leaders cannot bridge such a gap with exhortations for more commitments. The total global security and sustainability funding requirement through 2030 adds up to nearly half of the total capital stock in the world today. And that capital of US\$450 trillion is already committed to business as usual and to endeavors that make the investment returns required to pay pension plans, taxes, employees, and risk takers. It is not a discretionary spend for levelling up the developing world.

The basic challenge is that the SDGs are seen as a "cause," a noble and worthy one, and not as a business case to fund for the time horizon and at the risk level that matter to owners of capital, 60% of whom are private individuals and the rest primarily governments.

Yet we can fund a mission to Mars. And that is an enormous potential positive, showing the appetite for taking big risks for big rewards, overcoming seemingly impossible issues, is intact in the human spirit. Funding the SDGs is as much about mindsets as it is about money.

The numbers are daunting ... global wealth has hit a record c.US\$450 trillion but fixing the challenges we face in security and levelling up people to the SDG goals needs nearly half of that! 2022 has the world shaken.

'Capital as a Force for Good', 2021 Report

This report shines light on where capital comes from, where it flows through and where it goes, and who has a say in the system called capitalism. It also illuminates the shortcomings of the key stakeholders and what it takes to transform this system.

It provides a perspective on the big question of which path to take. Should we act quickly to preserve and mitigate in the face of ecosystem losses, or should we break through to grow even faster? And what are the elements of reconciling these paths?

The report is a call to action and provides an agenda and framework for doing so. With that in mind, Force for Good has selected six breakthrough areas to take a multi-stakeholder approach to addressing big issues for making a magnified impact on the SDGs.

We hope you will join us in being a force for good in any way that you can, and work towards a peaceful transition to a future of peace, prosperity, and freedom for all.



Ketan Patel,

Chairman, Force for Good

Chair of the Advisory Council, Force for Good



**Helen Alderson | Edward Braham | Chantal Line Carpentier | Nitin Desai | Garry Jacobs
| Anja Kaspersen | Jonathan Miller | Nicky Newton King | Sir Alan Parker**

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The lead for the report was Ketan Patel, Chairman, Force for Good; Chair of the Advisory Council, Capital as a Force for Good Initiative; Founder and CEO of Greater Pacific Capital.

The 'Capital as a Force for Good' Report was prepared by Ketan Patel, Christian Hansmeyer, Nandan Desai, Aditya Ajit and Ushma Shah, with communications support provided by Lesley Whittle, and with review, feedback, and insights from the Advisory Council.

Report review provided by Chantal Line Carpentier of UNCTAD and Will Kennedy of the UN Office for Partnerships].

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A special thanks to the UN for convening the meeting in September 2020, working with Future Capital, and for the subsequent launch and support for this effort that led to the ongoing initiative.

ABOUT THIS REPORT

Force for Good seeks to mobilize the deployment of capital as a force for good in the world at a time of profound and multi-dimensional change in the world. Force for Good engages key stakeholders, conducts research, publishes thought leadership and has an active outreach program to major global financial institutions as well as development banks, NGOs, and other stakeholders with the potential to act as a force for good in the world. It works with major institutions to accelerate their efforts to tackle increasingly complex and interrelated challenges like climate change, social inclusion, and sustainable development in the spirit of encouraging collaboration and spurring a race to the top in making an impact for good in the world.

Now in its third year, the annual Capital as a Force for Good Report provides a snapshot of finance industry leaders' engagement across ESG, sustainability and stakeholder engagement, in support of the UN Secretary General's 2030 Agenda for Sustainable Development, and the 17 Sustainable Development Goals.

The first part of the report considers the current challenges and obstacles for the world to bridge the growing SDG funding gap, against the backdrop of the world's financial resources and the stakeholders who control them.

The second part of the report examines the current and potential impact of the world's major stakeholders on the SDGs, with a particular focus on the finance industry. The report identifies the common ground across the industry on broader ESG, sustainability, and stakeholder engagement matters, as well as highlighting specific initiatives by industry leaders with the potential to make a significant impact on the SDGs.

The third part details a series of multi-stakeholder transformational projects with the potential to make a significant impact on the SDGs.

The report's analysis is based on a detailed dataset/database capturing the engagement and initiatives of 125 of the world's largest financial institutions building on the research of the previous two Capital as a Force for Good report, charting the changes in engagement by industry leaders and their changing sustainability commitments.

This report would not have been possible without and relies heavily on the work by the United Nations, particularly UNCTAD, UNDP, UNEP, the Global Investors for Sustainable Development (GISD) Alliance, and the UN-PRI, which have pioneered the global efforts in sustainably, development and inclusion.

The Advisory Council for Force for Good comprises:

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Pls feel free to leave out TCUK and/or HMT

'Capital as a Force for Good', 2021 Report

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ABBREVIATIONS AND EXPLANATORY NOTES

AuM	Assets under Management
Bn	billion
CDFI	Community development financial institution
ESG	Environmental, Social and Governance
G7	Group of Seven
G20	Group of Twenty
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gases
FAO	Food and Agriculture Organization of the United Nations
M	million
Mtoe	Million tonnes of oil equivalent
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
p.a.	per annum
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
US	United States
US\$	United States dollars
SDG	United Nations Sustainable Development Goal
SEC	United States Securities and Exchange Commission

EXECUTIVE SUMMARY

- 1. A perfect storm of global economic, political and security shocks has drawn funding and attention** away from global sustainability in 2022, compromising the spirit of COP26
- 2. The cost of the UN Sustainable Development Goals (SDGs) has increased by up to 25% to up to US\$175 trillion**, and the funding gap has widened at an even faster rate of 35% requiring up to US\$135 trillion, despite record levels of global funding by the private sector in 2021
- 3. Security and sustainability have become competing priorities**, although in a globalized world one cannot be delivered without the other, with a total spending need of up to c.US\$200 trillion to the end of the decade
- 4. The conditions for deploying the world’s c.US\$450 trillion in liquid assets and c.US\$100 trillion in annual global GDP to meet these demands are not in place**, and so it is easier to fund a mission to Mars than to fund education, housing or the end of poverty and hunger
- 5. The SDGs today are seen as worthy causes, rather than as authentic business opportunities**, making much of the 99% of the world’s capital that is invested for profit all but inaccessible
- 6. The US and China are unlikely to lead the world to Net Zero, and unlocking capital will require a multi-stakeholder effort** aligning the owners of capital (60% of which is owned by individuals), with the capital managers (who allocate 90% of global wealth), as well as the broader stakeholders in capitalism, including regulators, consumers, and producers
- 7. Leading financial institutions contributed a record US\$2.5 trillion to sustainability in 2021**, with the most active companies outperforming the MSCI Global Financial Index by 6x over five years
- 8. Without a radical plan, current approaches to meeting the SDGs will fail irrespective of funding levels**, requiring a blueprint for the mass roll-out of renewables, digital solutions to education and financial inclusion, affordable housing, and others to drive a levelling up across the North-South divide and within countries
- 9. The world will not accept austerity as the path to future sustainability, nor has it made the transformative breakthroughs** in energy and natural resources that will make oil, gas and coal obsolete, and so vested interests are set to fight and the issues are becoming politicized
- 10. We are currently between two great eras in history but lack the transition plan to move forward.** Beyond the transition, the human footprint scales far beyond anything seen thus far. The journey there fraught with danger and needs to be navigated with a shared commitment to a blueprint that can be funded profitably

This report provides an in-depth picture of the capital needed, the flow of capital from sources to ends, through the hubs of today and tomorrow, and how it is being innovatively applied by leading financial institutions, the shortfalls in action and the potential breakthroughs required, including six areas where Force for Good is focused in making a scaled difference, and the transition path ahead

I. Funding a Multi-dimensional World in Crisis



At the mid-point of their 2030 target date, the world is not on track to meet the SDGs, with a significant funding need of US\$135-176 trillion. The global effort to fund the goals has been undermined by a series of threats to national and global security, with governments reallocating attention and resources away from long-term sustainability to managing pressing near-term risks. As a result, the goals are moving further away despite the timeline to achieving them shortening, with a widening funding gap. However, global security and global sustainability are inextricably linked, and one cannot be adequately resolved without addressing the other. The challenge for the world is therefore to manage both in an integrated manner that minimizes near term trade-offs.

I.1. The world is undergoing a series of shocks that are threatening global security and risk the SDGs being neglected by the global community.

Tentative macro recovery faltering in a 'perfect storm' of shocks. The world's tentative global recovery in 2021 has faltered in 2022 due to the confluence of shocks, including the war in Ukraine, broken global supply chains, rising inflation, and China's pandemic lockdowns, increasing the risks of a global recession.

Russia's war in Ukraine has triggered a global energy and commodity crisis with energy costs rising by up to 100% in markets already subject to supply side disturbances from two years of global pandemic,¹ and the FAO World Food Price Index up 30%, risking widespread shortages and leading countries across the world to begin to take sides.

With global GDP growth down a fifth to 3.2%, and inflation expected this year to reach 6.6%, and 9.5% for the poorest, the risk to vulnerable populations in both poor and rich nations is increasing.²

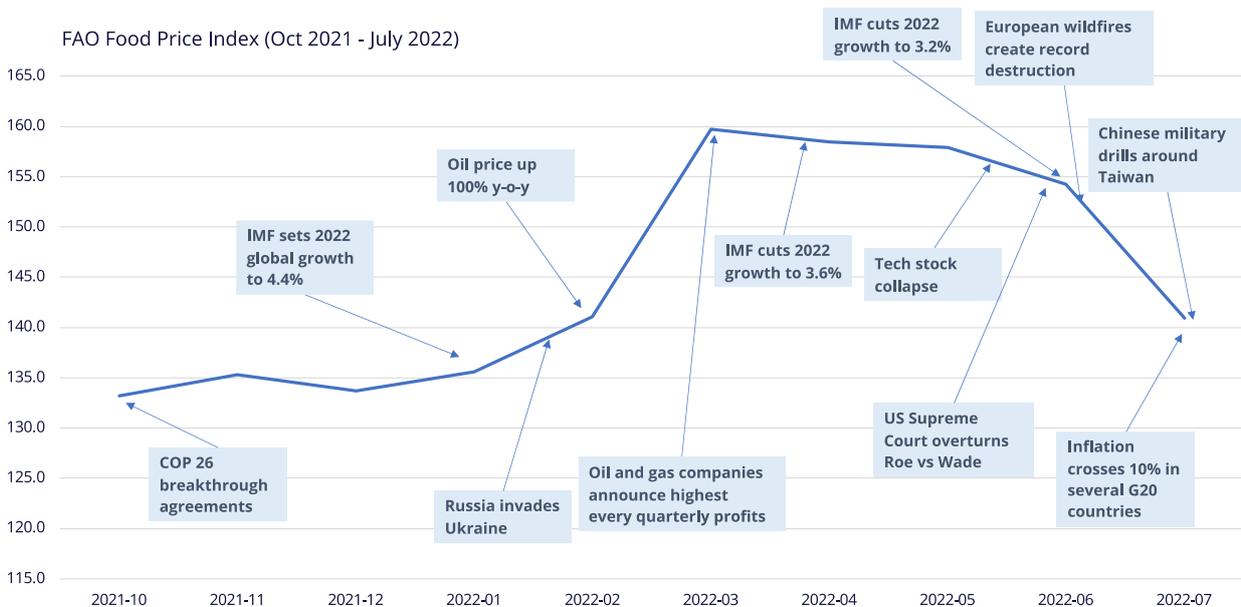
These shocks have undone progress on several SDGs with over 100m more people in extreme poverty since 2019, 100 million children falling below minimum reading proficiency levels over the same period, and 210 million more people experiencing acute food insecurity.³

Recent events have placed basic human security back on the agenda in a fundamental manner. The risk that this currently bilateral conflict triggers a broader regional war and/or provides lessons for other regional disputes has risen significantly.

Russia's invasion of Ukraine will impact the global order for some time as it absorbs focus and funding away from the SDGs and the world's most pressing issues risk being derailed

Diverging priorities are defining the global agenda. One priority is sustainable development, and the other is global security, both of which need to be met in the context of a world transitioning to digital economies information future.

A Perfect Storm– Key Global Events Since COP26



Source: Capital as a Force for Good Initiative, FAO

I.2. The events of the past 12 months have also had a direct impact on the SDG funding need, raising the total need to 2030 to up to US\$176 trillion and widening the total funding gap to up to US\$135 trillion.

The annual cost of funding the SDGs has increased by c.15-25%, to US\$134-176 trillion above the US\$116-US\$142 trillion estimated in the 2021 Capital as a Force for Good report, driven by inflation, funding for Net Zero, roll-over costs from historical underfunding, and a persistent gap in ODA funding.⁴

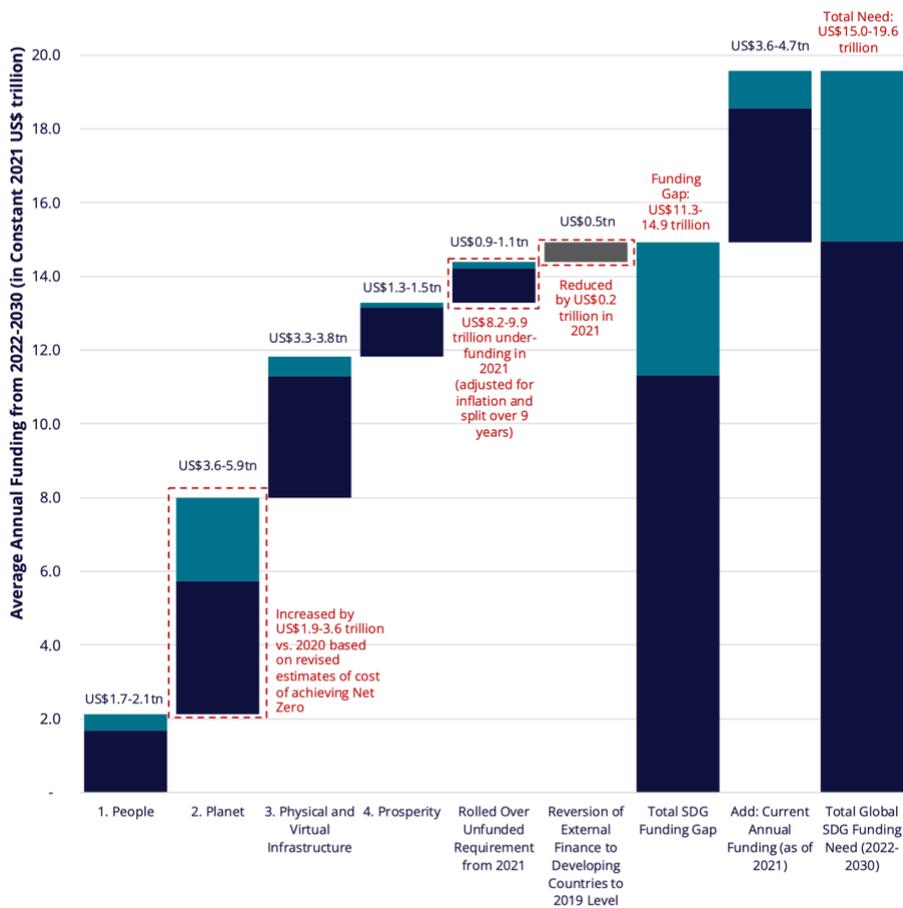
Further, the total funding gap has widened to US\$103-135 trillion, an increase of c.20-35%, despite record global SDG spending from all sources of US\$3.6-4.7 trillion in the past year.

The world is currently investing 4-5% of its GDP annually towards the SDGs. Fully funding the SDGs would require spending to increase four-fold to 16-20% of GDP given the shortening window of action for the world.

The achievement of the SDGs is critical to avert a series of crises that will result from over-exploitation of resources, extreme weather events, pollution and biodiversity loss, poverty and inequality, political and social strife, and mass migration, all of which accentuate human security challenges.

On the current trajectory, the world will fail to meet the SDGs by 2030, and potentially for decades longer in some parts of the world, unless a more urgent, focused, integrative, and scaled approach transforms global SDG funding and its deployment.

2021 SDG Funding Need and Gap in US\$ trillion



1.3. Elevated global risk is driving the need for increased security spending across a range of issues, requiring up to US\$59 trillion of capital through 2030.

The world’s human security challenges undermine fundamental freedoms, even in advanced economies – including access to sustenance, personal safety, and basic rights – with global safety and security decreasing for the first time in half a decade last year.;⁵ A total of 63 countries saw declines in political freedom in the past year, with 38% of the global population living in countries considered ‘not free’, the highest proportion since 1997.⁶

The key security risks that have arisen in the past year are wide ranging, spanning defense, energy, food, economic and political security challenges across the world’s major countries

Military Security. *Increasing defense spending around the world in the wake of Russia’s invasion of Ukraine is helping to drive a global wave of rearmament that is diverting resources and goodwill away from international collaboration.*

Energy Security. *Renewed investment in fossil fuel exploitation is intended to accelerate independence from Russian oil and gas (which accounts for 8% of global fossil fuel exports), but risks undoing the benefits gained from previous decarbonization efforts taken in support of Paris Agreement commitments.*

Domestic Political Security.

Adoption of isolationist and ‘country’-first policies in countries threatened by growing waves of nationalism and populism, leading to restrictions on foreign investment and trade, impacting long term prosperity.

National Economic Security.

Increasing investments in preparedness to deal with global shocks in the coming decade are expected, including both investments to build greater resilience and investments providing relief when this resilience is insufficient.

The Rising Cost of Global Security, Partial List

Security Category	Strategic Risk Management Measures (Actual and Potential)	Estimated Global Cost Through 2030
Military Security	Defense spending (G20 countries lift annual defense spending to 2% of GDP)	US\$23.6 trillion
Energy Security	Upstream oil and gas investments (announcements by 20 largest oil majors)	US\$0.9 trillion
Domestic Political Security	Protectionism and barriers to trade increase	US\$18 trillion
National Economic Security	Creation of recovery and stimulus funding reserves	US\$16.9 trillion
Total		US\$59.4 trillion

Source: Capital as a Force for Good Initiative

The resulting potential spending requirement of US\$59.4 trillion through 2030 (equal to c.6% of annual global GDP) and the perceived near-term urgency of security challenges risk crowding out other spending priorities for the world such as sustainable development.⁷

I.4. Ultimately, security and sustainability are interdependent and can only be solved together, requiring the world to adopt an integrated approach to funding these challenges.

The notion that global security and sustainability goals are mutually exclusive priorities in their demands on global capital, resources and leadership attention is fundamentally flawed.

Without security there can be no meaningful sustainable development, and without sustainable development, human security is put at risk. Shortfalls in addressing development issues will lead to increased security risks (and costs), while shortfalls in security will raise the bar for driving sustainable development.

The choice between security and development therefore is an illusory one and both need to be met to underwrite the world's continued peace, prosperity, and freedom.

The major difference between the two is one of timing and emphasis, with the SDGs dealing with long term structural challenges, and global security goals being highly responsive to more immediate military, economic and social risks.

The emerging challenge for the world therefore is to fund both security and sustainability, while minimizing any near-term trade-offs between the two in order to deliver 'secure sustainable development'.

The choice between security and development therefore is an illusory one: without security there can be sustainable development, and without sustainable development, long-term security is put at risk. Both are needed to underwrite the world's continued peace, prosperity, and freedom

The combined total funding requirement for security and sustainability of US\$194-235 trillion is equal to approximately half the world's gross liquid capital of c.US\$450 trillion, which is currently being used to fund existing commitments such as healthcare, education, pensions, infrastructure renewal, and investments in the future, particularly in advanced industrialized countries.

I. 5. Despite c.US\$450 trillion in global liquid assets and nearly US\$100 trillion of global GDP, the conditions for funds to flow to sustainable development are missing.

Only c.1.4% these funds, US\$6.4 trillion, are currently classified as sustainable, led by sustainable equity investments US\$4 trillion and followed by sustainable bonds US\$2.4 trillion as the largest asset classes in the category.

The lack of acceptable commercial business cases associated with funding the SDGs positions them as 'causes' rather than as 'opportunities'. Opportunities attract over 100x times more capital than Corporate Social Responsibility (CSR) and philanthropy do.

The US\$4 trillion capital from development finance institutions, endowments, and foundations is insignificant against the SDG funding need, meaning that blended finance solutions are practically immaterial in the scheme of global finance.

The priority for global funding is to well-established mandates, "keeping the lights on", which for businesses includes re-investing capital and profits and providing returns for owners and asset allocators, and for governments consists of funding services for citizens.

I. 6. Global stakeholders today are not playing the roles required to fund secure sustainability and address the SDGs on a global basis.

National government progress has stalled. For the second year in a row, the world has not made material progress on the SDGs, with the UN's SDG Index score for the year declining from 2020.

Politicization barriers are rising in the West. Some leading western nations are internally divided on climate change and inclusion, which have become politically partisan themes, leading to boycott lists and regulation prohibiting the use of ESG entirely in some cases.

Financiers are limited by client and regulatory mandates. The global finance industry's client obligations ostensibly limit its impact allocation for c.80%, US\$320 trillion, of the financial assets they manage given their perceived mandates, risk, return, and regulatory requirements.⁸

Individual awareness is low. Up to c.50% of the world's population are unaware of the SDGs and are therefore not inspired to act as responsible consumers and citizens mobilized for change and ready for the transition ahead.

Corporations and enterprises are uncommitted to Net Zero. 62% of companies have not committed to Net Zero, among the world's largest 2000 corporations, and even among those committed, the majority have no plan to get there.⁹

Scientific game-changing breakthroughs outstanding. Science and research have not delivered on certain game-changing breakthroughs, with the world still dependent on fossil fuels for c.82% of its primary energy needs.¹⁰

I.7. Importantly, current plans need to more closely be aligned with what it takes for capital to flow, recognizing how the capitalist system works and the role of stakeholders.

Achieving the SDGs will require integrating several profound global transformations underway into the plans, including the energy transition, the digital transition, and mass inclusion, the reconciliation of long and short-term priorities, and the balancing of environmental and social tradeoffs, as well as accounting for the varying levels of development around the world.

The alignment of major global stakeholders is required for the successful implementation of the SDGs to manage a transition, with existing frameworks focused mainly on collaboration between governments and multiple over-lapping initiatives for the private sector to do more.

Execution will need to be responsive to the inevitable on-going disruptions with the necessary resilience and flexibility to adapt in the face of inevitable setbacks for the world, such as security, political and economic ones being experienced currently.

I.8. Investing in the future represents a potential short-term competitor to funding secure sustainability, but over the long term it can deliver the innovation and returns needed to fund the SDGs.

Funding the SDGs and security compete with incumbent calls on capital, with much of the world's liquid assets effectively committed to funding an expensive status quo comprised of normal consumption, savings, and investment requirements, and maintaining existing security and sustainability investments, thereby "keeping the lights on."

However, the biggest investments will be made into technologies and companies that deliver and scale breakthroughs that drive the transition to the future, which will be as different from today as today is from the preceding agricultural era.

The building blocks of such a civilization would require a series of fundamental breakthroughs including new energy sources and natural resources that replace carbon-based technologies with ones that are universal, clean, scalable, and affordable.

This future digital era will be conducive to inclusion using artificial intelligence, computing, and data sciences, a distributed form of capitalism that drives mass inclusion for an interconnected, empowered global population, with the metaverse providing an alternative platform for digital experiences.

The world is in a historic transition from an industrial era to a digital one. While global security is needed to establish a stable world, and the SDGs are required to level up the world, the biggest investments will be made to create a new future as different from today as today is from the preceding agricultural era

The funding need for such a future is vast, dwarfing the capital that exists today. While over time the investments required will be self-funding, in the near term, funding the future risks competing with those required to ensure security and sustainability.

In summary, the overlapping and competing demands for global funding are scaled and complex, and meeting these will require a significant reallocation of global investment capital, requiring the alignment of a broad set of stakeholders in the financial and global economic system.

II. The Building Blocks for Funding the Future



Unlocking the world's c.US\$450 trillion of liquid capital for secure sustainable development is about mindset as much as it is about money. It requires the alignment of capital owners, managers, rule makers, and the hubs through which capital flows, as well as the alignment of other stakeholders that play important roles in the system of modern capitalism. Rather than being an issue for governments or the world's financial institutions to solve, this will be a multi-stakeholder effort that impacts the core building blocks of the prevailing model of global consumer capitalism.

II.1. The world's c.US\$450 trillion of liquid wealth, having increased by c.10% over the past year, appears to be sufficient to fund global security and the SDGs.

Total global wealth across liquid and illiquid assets reached US\$809 trillion, growing by 13% last year driven by unprecedented liquidity injected into markets around the world.

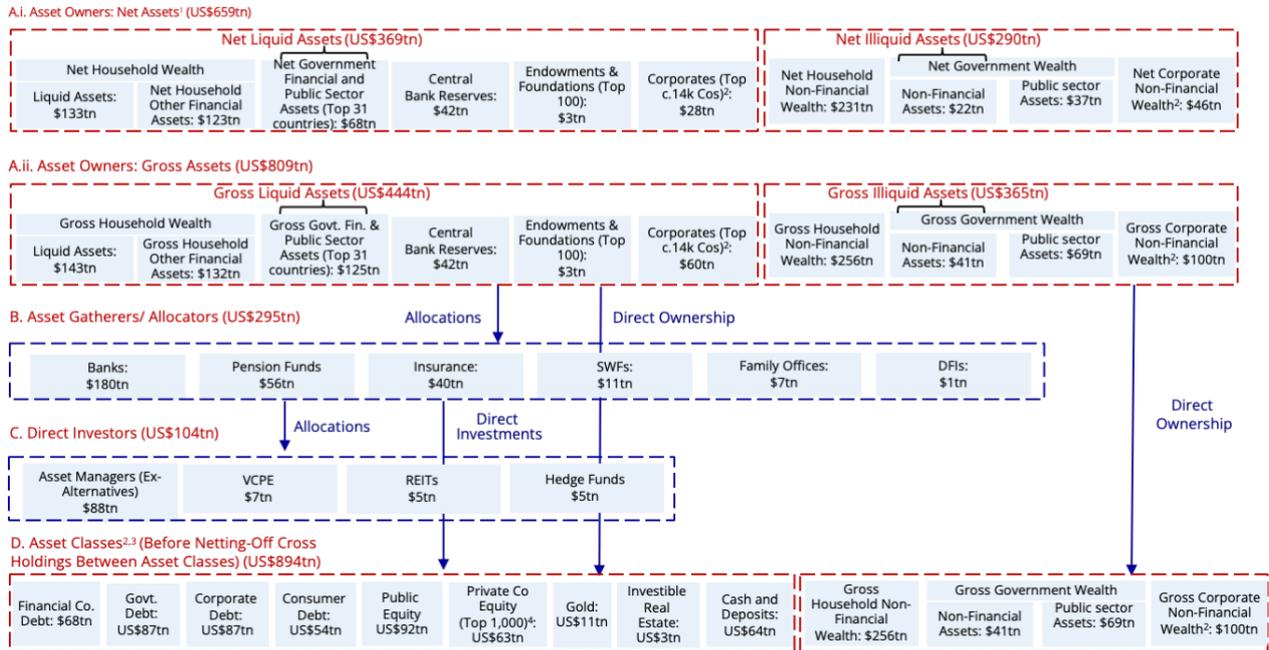
Gross liquid assets invested in the global financial system were US\$444 trillion (55% of the total), an increase of 11% over the past year, c.60% of which is owned by individual households with the remainder largely in the hands of governments.

Public equities represented the largest asset class globally, worth US\$92 trillion, followed by government debt, corporate debt, financial debt, cash and deposits, private equity, and consumer debt(including some double counting).

The total economic output of the world's economy reached a record US\$95 trillion, consisting of the production and consumption of goods and services (73% of the total), and capital formation or investment (27% of the total).

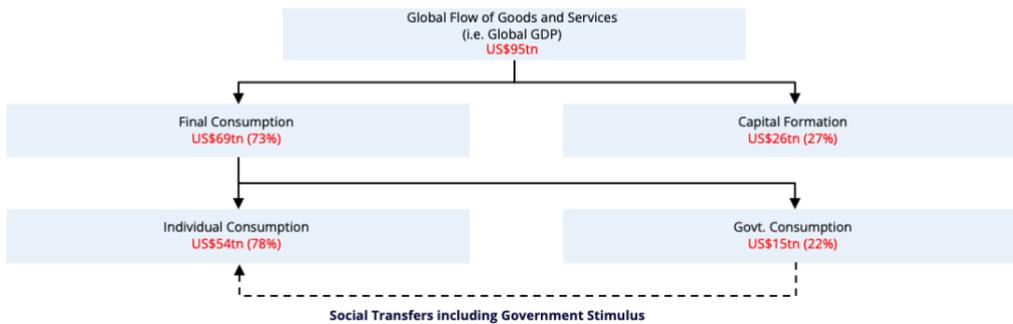
Households accounted for 78%, US\$54 trillion, of total global consumption, representing over half of global GDP.

The global stock of capital



Notes: 1) Sources of wealth have been adjusted to the extent the gross assets (i.e., Asset Classes) have been funded by debt; 2) Net assets of corporates are double counted since the equity value of corporates is owned by the individuals and accounted as part of individual wealth 3) Only corporates with above US\$500m considered; 4) Arrived at by applying the revenue multiple of top 1,000 listed companies to the revenue of the top 1,000 unlisted companies

The global flow of capital



Source: Capital as a Force for Good Initiative

II. 2. Deploying these assets at scale for secure sustainability, however, will require the alignment of the world’s most important asset owners and allocators, namely the finance industry, individuals, governments, and non-financial corporations and enterprises.

Households own US\$275 in gross liquid assets (62% of the total), although their level of control over asset allocation varies (from very high with direct investments to lower for their pension fund assets).

Governments own US\$167 trillion in gross liquid assets (38% of the total) but are individually the world's largest allocators of capital given their scale and public spending roles.

The finance industry administers US\$399 trillion in gross liquid assets ultimately owned by households and governments, acting in a variety of roles ranging from custodian to direct investor to effective asset owners

The non-financial corporate sector directly controls US\$60 trillion in gross liquid assets but are accountable to their shareholders as the ultimate owners of these assets.

While recognizing that ultimate asset ownership and control often diverge (and lead to some double counting of assets), these numbers provide an indication of the stakeholders that need to work together to mobilize capital at scale.

II. 3. The world's financial hubs route global capital flows and play an important role in setting the rules of engagement for the finance industry and for funding sustainability, with their relative positions set to shift in response to series of global discontinuities.

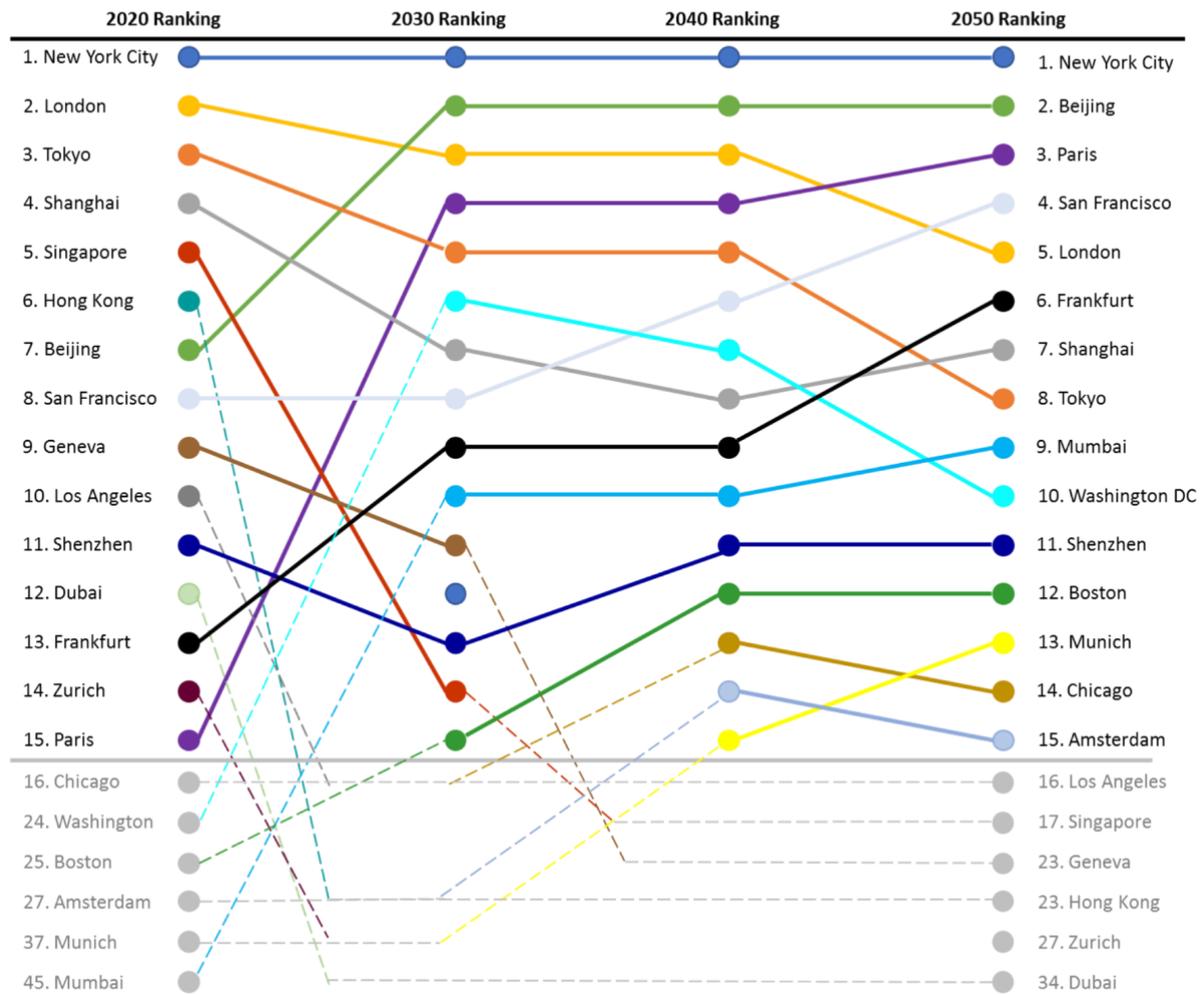
Financial hubs are critical conduits for the world's trade. As key centers of global wealth creation, financial hubs have a critical role to play in the flows of capital and its allocation across the world.

Several discontinuities are reshaping global financial hubs. Three major global discontinuities are impacting financial hubs and their relative position: the shift to the information age, the sustainability transition, and the emergence of a multi-polar world consisting of four superpower blocs: the US, the EU, China, and India, which together represent 60% of global GDP and 70% of global market cap.¹¹

The resulting transitions are creating winners and losers. The major hubs of these superpower blocs, such as New York, Beijing, Paris, and others, will become increasingly critical for funding global priorities such as trade, security, and the SDGs, threatening the position of incumbent hubs like Hong Kong and Singapore, but also Tokyo, and London.

A small group of hubs will be strategic, and others will become distribution hubs. Two different models for future financial hubs are set to emerge, one focusing on strategic decision making in the global allocation of capital, and the other serving as a base for asset gathering and the distribution of financial services.

The top 15 global financial hubs through 2050



Source: Capital as a Force for Good Initiative

Ultimately, finance will flow through digital hubs and innovators from across the world will be participants. However, the transition will see those with economic, trading, and political power supersede those that lie at the periphery of the superpowers.

II. 4. Achieving the SDGs will require more than just capital, it will require fundamental changes to the current consumption driven model of capitalism that drives the global economy.

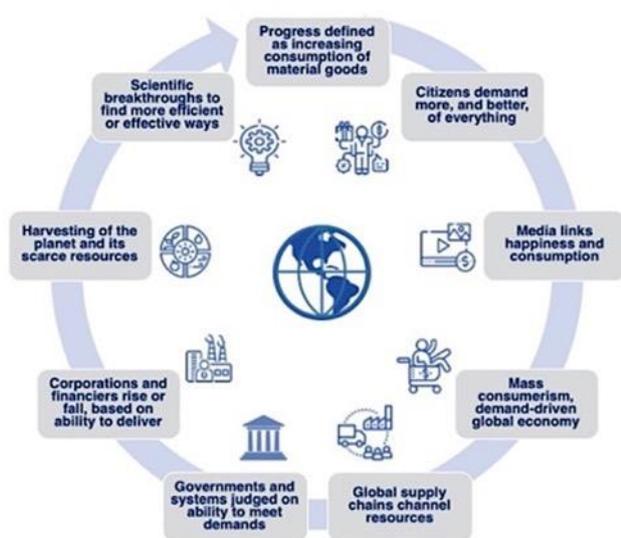
Global stakeholders play different roles in the system with varying positions and power. Individuals' household consumption drives the majority 57% of global economic output,

and the world's political and economic systems operate to meet these demands, making them a key potential power player acting collectively.

Governments rise and fall based on their ability to provide prosperity that funds consumption. Corporations' and enterprises' performance is driven by their ability to deliver the goods and services desired, and financiers succeed or fail based on their ability to fund the businesses that deliver.

Other participants support both the demand and supply side of the system, with scientists, innovators, technology providers and media providing the means for the system to operate more efficiently and effectively, helping consumption and production to grow.

Multistakeholder Consumer Capitalism



Source: Capital as a Force for Good Initiative

The current system has resulted in the scaled exploitation of the planet's resources, and the impact of this has not

been accounted for in the pricing of goods and services, thereby promoting activities that are unsustainable and increasingly out of sync with the long-term interests of stakeholders.

However, given the scale at which capitalism has delivered innovation and prosperity, the goal for the world needs to be the evolution of capitalism rather than its overthrow, such that it delivers secure sustainability for all.

The systemic change required to fund secure sustainability will need global

stakeholders to align and coordinate not just on capital allocation but on changing the value of consumption, the regulatory frameworks that set the rules of engagement, the innovation of new products and services, and on new ways of doing business.

II.5. The nature of the challenge requires a robust capitalism suited to transitioning the world through the challenges and to a far superior future, subject to several key requirements.

- **A capitalism that is sustainable.** The model needs to transition from unsustainable ESG practices to sustainable ones, and thereby establish the industry as grounded in values supporting the transition to future model that is secure, sustainable, and aligned with the SDGs.
- **A capitalism that can address the issues, for acceptable risk, return, and impact.** The current model would extend to populations unserved within rich countries, new geographies that are left behind or left out, and therefore would determine how to fund the SDGs as viable opportunities with acceptable risks.

- **A capitalism that can build the future.** Finally, the model needs to fund the information age and the breakthroughs required, transforming the world for a new civilization, and also transforming finance itself, from 'big finance' to a more inclusive, embedded, scaled and intelligent form.

II.6. These changes require aligning the goals, efforts, and behaviors of all the stakeholders of the system, each playing unique and critical role in the meeting the SDGs, delivering security, and funding the future.

The finance industry would need to recut their deal with clients to unlock US\$320 trillion in funding, manage regulators and deliver innovation to funding the SDGs profitably.

Science and research will need to develop breakthroughs innovations in energy and

Capitalism is a multi-stakeholder system in which each stakeholder is complicit in its functioning. For the system to deliver different results, each stakeholder would need to change their behavior

materials sciences of a cost and functionality such that the markets reject and replace fossil fuels and natural resources with renewable and sustainable alternatives.

Global corporations and enterprises will need to universally embed sustainability in their strategies, enter markets where they can have the biggest impact, and fully account for the externalities, both positive and negative, that they generate

National governments will need to advocate sustainability goals, prioritize sustainability initiatives, and coordinate their execution, set rules and standards to incentivize other stakeholders, and collaborate with other countries to achieve the SDGs

The tech sector's most profound contribution will come from driving the transition to the digital era, connecting the 33% of the global population not yet online, facilitating the adoption of e-government, and educating the global population using its platforms¹²

Individuals will need to use their collective power to make active responsible choices buying products, supporting companies, investing in assets, and voting for leaders that make a positive impact on the SDGs.

The UN has the trust and potential to play a critical role in coordinating the efforts of these stakeholders. In order to do so it will need to expand beyond national governments to become a true global compact of all the key multiple stakeholders, as it has said it can.

II.7. The finance industry as the custodian of 90% of the world's capital has a critical role to play and is evolving as a potent potential 'force for good'.

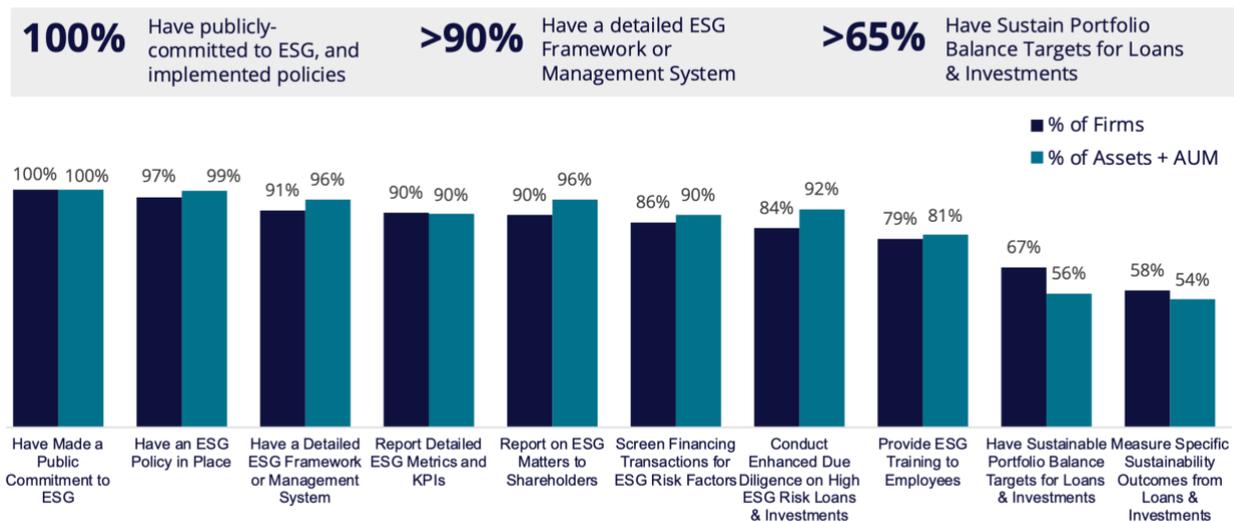
This report analyses the finance industry's 'common ground' commitments, actions, and initiatives of the world's leading financial institutions across three main dimensions

- **The adoption and integration of ESG considerations** into business processes to minimize any potential harm. The imputed values are Mindful Conduct.
- **Driving sustainable development through the core business** by channeling capital towards key SDGs. The activities denote Caring for the Planet.
- **Engaging a wider group of stakeholders including** employees, customers, communities, governments, civil society, and others. This implies values and behaviors showing Compassion for All.

The analysis reveals that the common ground continues to expand across all three dimensions providing the framework within which the industry can act as a force for good in the world at a time of profound and multi-dimensional change.

Nearly 100% of the financial institutions analyzed profiled have comprehensive ESG policies, public commitments, frameworks, metrics tracking and reporting, active screening, and diligence for ESG factors, which have become the base minimum requirement for leaders in the industry.

Adoption of ESG Policies and Practices by Finance Industry Leaders



Source: Capital as a Force for Good Initiative

The total ESG integrated AUM is at US\$30 trillion, or 16% of total assets under management, a drop of 3% against last year, likely due to the increased rigor used by institutions to classify their assets and investing strategy, often in response to increasing regulation and regulatory scrutiny.

There is a high degree of alignment on the ESG factors prioritized by finance industry leaders. Climate change (91% of institutions), human rights (86%), and ethics (78%) were the top environmental, social, and governance factors considered by financial institutions.

However, only 63% of companies publicly disclose 'exclusion criteria' that restrict financing towards business activities which are deemed to be harmful, with many institutions aligning ESG exclusion policies with existing legal restrictions around matters such as child labor, cluster munitions, or the contravention of international conventions.

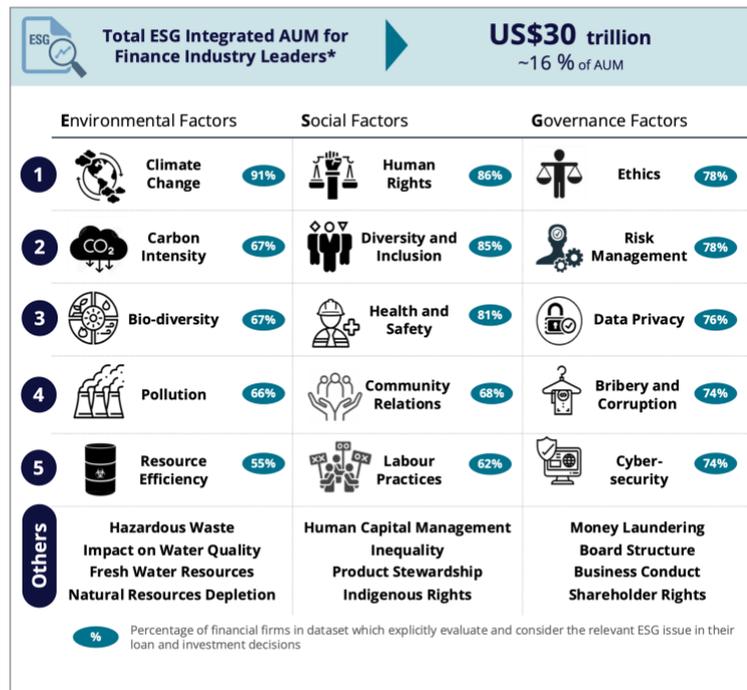
A smaller sub-group is actively using exclusions to address environmental and social objectives. 67% of institutions who have disclosed exclusion criteria are restricting funding for thermal coal mines, 41% are restricting exploration of the Arctic Circle; and 32% are excluding all fossil fuel investments altogether, while 56% exclude tobacco and 37% alcohol, or civilian firearms.

Finance industry leaders collectively mobilized US\$3.0 trillion in sustainable investments in 2021, with a like-for-like increase of 24% over 2020 (based on the 100 companies analyzed in 2021). However, funding is likely to decline in 2022, having fallen 27% during the first half of the year.

Sustainable debt formed the biggest part of this financing, with c.US\$1.6

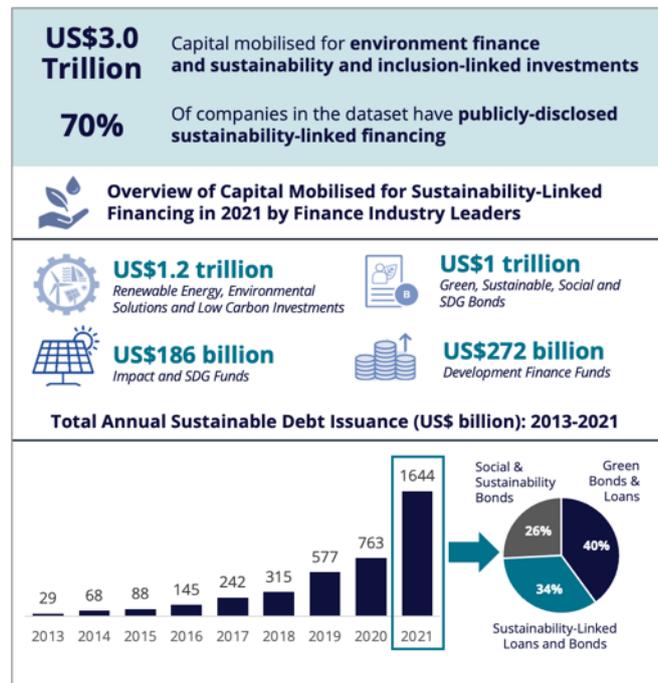
trillion of new issuances, more than double of 2020. While green bonds represented the largest share (c.40% of new issuances), social, sustainability, and sustainability-linked bonds grew rapidly, nearly quadrupling in volume during 2021.

Total ESG-Integrated AUM and Key ESG Factors Considered



Source: Capital as a Force for Good Initiative

Sustainability-Linked Financing Activity by Industry Leaders in 2021



Source: Bloomberg NEF, Capital as a Force for Good Initiative

Finance industry leaders also mobilized c.US\$345 billion in community financing, providing funding for affordable housing, small business loans, and other community development initiatives, in 2021, primarily in their local economies and communities.

The common ground of policies, priorities and actions among the finance industry continues to be substantial and includes the following:

- **95% participation by the industry in international associations.** There has been a proliferation of industry associations for ESG and sustainability, and a few of these are attracting a critical mass of members and emerging as the de facto industry standards.
- **92% have physical and mental wellness programs, 50% of employees and 35% of board directors are women.** The finance industry has been at the forefront of diversity and inclusion in the workforce.
- **86% of industry leaders measure and report annual GHG emissions.** It has become the market standard for large financial institutions to measure and report their direct and indirect emissions in line with globally expected standards, although the industry has not significantly decarbonized their portfolios to date.
- **US\$130 trillion of assets committed to Net Zero by 2050.** Following COP26 in November 2021, there has been strong momentum with finance industry leaders committing to the Paris Agreement and Net Zero by 2050.
- **US\$30 trillion of ESG integrated assets, 16% of total.** The share of ESG integrated assets has stagnated in the last year, as greater scrutiny is applied to the criteria for classifying assets as such, potentially putting at risks estimates of ESG integrated assets increasing to US\$50 trillion by 2025.
- **US\$3.0 trillion of funding for sustainability mobilized in 2021.** Last year was a record-breaking year for investments in sustainable debt with new issuances doubling over 2020 to US\$1.6 trillion, and the market has moved beyond green bonds with an exponential increase in social and sustainability bonds too.
- **US\$345 billion of capital has been mobilized for social and inclusion linked investments,** building on last year's efforts.

Finance Industry leaders' approaches to Multistakeholder engagement



Source: Capital as a Force for Good Initiative

- **US\$8 billion of CSR spending focused on social welfare, diversity, and inclusion.** Industry leaders spent US\$8 billion in 2021 on CSR and philanthropy in total, focusing on social welfare initiatives to in health and education, as well as various diversity and economic inclusion focused initiatives.
- **But also, US\$742 billion in financing for fossil fuels** across the industry reflecting a mix of client, market, industrial, government and finance industry priorities.

II.8. A higher 'quality' common ground is being established by a subset of the industry leaders, differentiating themselves from others in ways that deliver higher value.

- **Strategic use of ESG.** Using ESG exclusions to drive environmental and social objectives, rather than just for compliance purposes, c.20-40% of finance industry leaders are doing this.
- **Targeting outcomes.** Systematically targeting and measuring sustainability outcomes from investments, c.58% of finance industry leaders are doing this.
- **Deeper ESG integration.** Integrating ESG considerations into a larger proportion of assets in a meaningful (and auditable) manner, c.16% of finance industry leaders' AUM are ESG-integrated, and these have declined 11% in the last year.
- **Adopting science-based targets.** Leaders are also establishing science-based targets to back up decarbonization commitments, providing a clearly defined pathway to reduce GHG emissions
- **Driving Net Zero portfolio outcomes.** Going beyond just 'committing' to Net Zero and taking tangible actions to reduce the emissions of their entire portfolios.
- **Scaling development and inclusion financing.** Scaling up sustainability financing, and in particular financing for the development and inclusion related goals, in developing countries.

II.9. This subset is also significantly stepping up their commitments to the SDGs, having deployed nearly US\$2.5 trillion in SDG aligned financing in 2021 across a widening set of goals.

Financial institutions are rising to the challenge of funding the SDGs, breaking new ground through scaled SDG commitments and financing, and by finding innovative solutions, increasingly for the more difficult and neglected goals.

40 of the world's largest institutions deploying a record combined US\$2.5 trillion in SDG-aligned funding in 2021, a like-for-like increase of nearly 20% vs the previous year, with the detailed breakdown of these leaders' commitments points to the increasing breath of their engagement.

Finance Industry Leader SDG Engagement 2022 vs 2021

Financial Institution	Total Owned and Managed Assets (US\$bn)	Total Annual SDG Financing (US\$m)	Freeing Human Potential			Saving Our Planet			Building Enabling Infrastructure				Creating a Shared Prosperity				Other			
			1	2	4	10	13	14	15	6	7	8	9	10	11	12	13	14	15	
Institution 1	>US\$4 trillion	64,000																		
Institution 2	>US\$4 trillion	2,85,000																		
Institution 3	>US\$4 trillion	2,51,200																		
Institution 4	>US\$4 trillion	28,555																		
Institution 5	>US\$4 trillion	2,51,663																		
Institution 6	>US\$4 trillion	1,25,562																		
Institution 7	>US\$4 trillion	12,648																		
Institution 8	US\$2 trillion-US\$4 trillion	8,878																		
Institution 9	US\$2 trillion-US\$4 trillion	1,44,000																		
Institution 10	US\$2 trillion-US\$4 trillion	82,600																		
Institution 11	US\$2 trillion-US\$4 trillion	89,000																		
Institution 12	US\$2 trillion-US\$4 trillion	8,050																		
Institution 13	US\$2 trillion-US\$4 trillion	2,20,000																		
Institution 14	US\$2 trillion-US\$4 trillion	8,760																		
Institution 15	US\$2 trillion-US\$4 trillion	81,370																		
Institution 16	US\$2 trillion-US\$4 trillion	1,59,700																		
Institution 17	US\$2 trillion-US\$4 trillion	94,350																		
Institution 18	US\$1 trillion-US\$2 trillion	51,830																		
Institution 19	US\$1 trillion-US\$2 trillion	25,130																		
Institution 20	US\$1 trillion-US\$2 trillion	81,538																		
Institution 21	US\$1 trillion-US\$2 trillion	30,294																		
Institution 22	US\$1 trillion-US\$2 trillion	67,400																		
Institution 23	US\$1 trillion-US\$2 trillion	35,072																		
Institution 24	US\$1 trillion-US\$2 trillion	13,713																		
Institution 25	US\$1 trillion-US\$2 trillion	10,770																		
Institution 26	US\$1 trillion-US\$2 trillion	19,532																		
Institution 27	US\$1 trillion-US\$2 trillion	22,921																		
Institution 28	US\$1 trillion-US\$2 trillion	5,300																		
Institution 29	US\$1 trillion-US\$2 trillion	36,085																		
Institution 30	<US\$1 trillion	21,400																		
Institution 31	<US\$1 trillion	40,844																		
Institution 32	<US\$1 trillion	26,019																		
Institution 33	<US\$1 trillion	4,260																		
Institution 34	<US\$1 trillion	50,455																		
Institution 35	<US\$1 trillion	6,755																		
Institution 36	<US\$1 trillion	8,961																		
Institution 37	<US\$1 trillion	4,200																		
Institution 38	<US\$1 trillion	1,731																		
Institution 39	<US\$1 trillion	1,523																		
Institution 40	<US\$1 trillion	1,853																		
			67,952	1,23,558	98,812	1,62,440	3,92,353	83,824	73,366	1,80,446	2,44,782	1,31,929	2,24,378	1,29,667	1,36,531	2,15,112	2,16,970			

Note: 'Yes' response marked for SDG 16 indicates the institution has explicitly stated targets and 'Yes' response marked for SDG 17 indicates the institution actively partnering for the goals

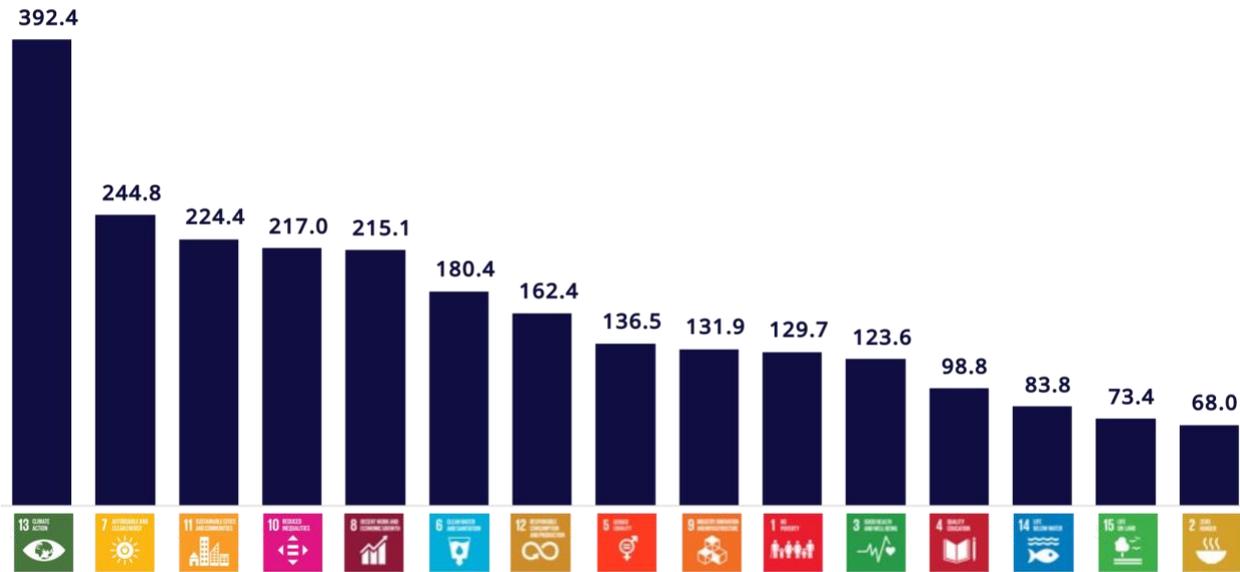
Source: Capital as a Force for Good Initiative

Finance leaders' SDG focus during the past year has continued to diversify beyond climate. Institutions are broadening their focus from climate related goals to SDGs relating to human development, prosperity, and broader planet related objectives.

Funding to virtually all goals increased during 2021 with only SDG 13 (Climate Change) and SDG7 (Affordable and Clean Energy) seeing absolute declines reflecting the greater diversification in finance industry leaders' SDG spending priorities, leading to these goals share of total spending dropping from 40.2% in 2020 to just over a quarter (25.7%) over last year.

However, private sector funding remains highly skewed towards a few SDGs backed by strong business cases and high returns potentials, with three times as many institutions focused on SDGs such as SDG 7 (Clean Energy) and SDG9 (Decent Work and Economic Growth), as compared to less popular goals such as SDG 2 (Zero Hunger) and SDG 14 (Life Under Water).

Annual SDG Financing Mobilised by Finance Industry Leaders (In US\$bn)



Source: Capital as a Force for Good Initiative

Industry leaders have significantly diversified their commitments across the goals, providing nearly equal amounts to planet, economic, and platform related goals, pointing to the increasing sophistication of the private sector’s engagement with the SDGs

II.10. These industry leaders are playing an increasingly critical role in meeting the SDGs, leveraging a series of strategies that deliver both funding and impact for the goals.

1. **Breaking new ground and ploughing it.** Global financial institutions have been making trillion-dollar commitments toward financing the SDGs and launching new large-scale initiatives for sustainability financing to address the world’s biggest issues.
2. **“Natural impact” financial institutions.** Other financial institutions are scaling financial products that naturally drive impact, (for example, insurance against climate risks or low-income mortgages) and making commitments to climate and social inclusion.
3. **Addressing the ‘hard to do’ sustainability objectives. Some** institutions are looking to tackle difficult to execute challenges, creating new financial products to address biodiversity loss, or channeling investments towards developing countries in South Asia and Africa which need it the most, given their existing large SDG funding gaps.
4. **Converting assets to sustainability at scale.** Global asset management firms, in particular investment sustainability by combining the increasing integration of their assets with ESG, sustainability, and impact considerations, with active stewardship strategies,

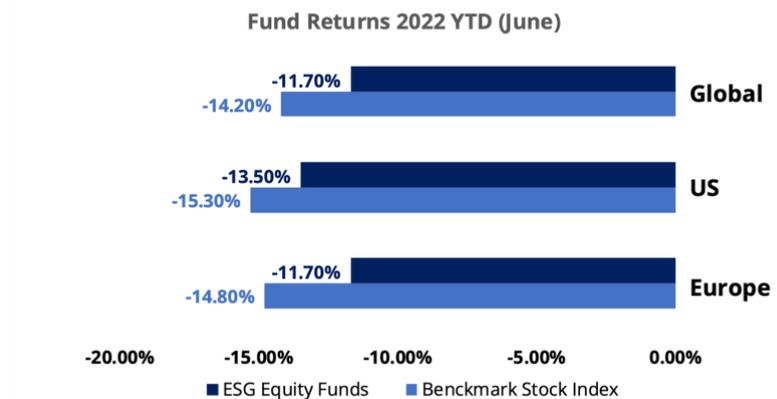
including voting against companies based on factors like the tangibility of their climate transition plans and boardroom diversity.

5. **Leveraging the platform to create impact.** Several private sector finance leaders are developing a series of sustainable and impact investment funds and products to mobilize capital for the SDGs scale.
6. **Impact as a core mandate.** Public sector finance leaders, including multilateral development banks and development finance institutions, on the other hand, have been mobilizing financing for sustainable development as part of their core mandate since their inception.

II.11. The link between acting as a ‘force for good’ and shareholder value is a critical enabler of unlocking capital for sustainability, rewarding the most active finance industry leaders with 6x outperformance.

Market volatility has created challenging conditions for global investors, with the world’s two largest stock exchanges, the NYSE and NASDAQ have lost nearly 10% and 20% of their value, respectively, during the past 12 months, with NASDAQ having suffered disproportionately due to the global collapse of technology stocks, while oil stocks have enjoyed an unprecedented boom. Clearly, oil and gas will not build the future and tech will, notwithstanding the trading and profit opportunity it has provided in the short term to some.

Relative Performance ESG vs non-ESG Equity Funds YTD



Source: Bloomberg

These trends have had a significant impact on the performance of ESG strategies, which typically seek to minimize exposure to fossil fuels and on average invest 25% of their capital in the technology sector due to its high performance on most ESG performance rankings.

Despite this, ESG investment performance continues to be resilient in many areas, with ESG funds outperformed their non-ESG counterparts across major investing categories year to date despite the macro-economic challenges of inflation, rising interest rates and rising energy prices.

However, the confidence in the ESG ‘premium’ enjoyed by investors over the past years risks being eroded by current market conditions, casting doubts on investors ability to generate

sustained long-term outperformance based on undifferentiated ESG strategies, rather than on careful asset selection and diligence.

The ‘Force for Good’ framework is broader, recognizing all sources of ‘doing good’, and measures companies’ engagement across ESG, sustainability and stakeholder engagement, with a focus on the activities that drive long term performance and provides a significantly more comprehensive picture to assessing companies’ performance than typical ESG investing strategies do, which often rely on 3rd party ESG scorecards with narrow focus areas.

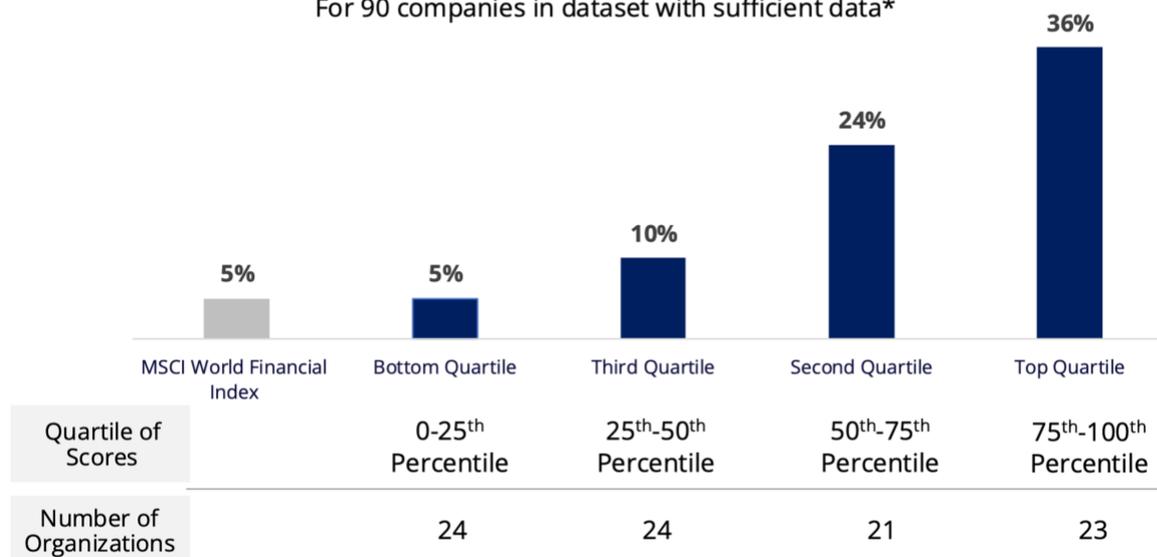
The public companies in the database have been awarded ‘F4G Scores’ based on the quantitative and qualitative factors captured by Force for Good and placed into performance quartiles for the purposes of benchmarking average five-year total shareholder returns across the group.¹³ See the “Summary Research Process and Methodology” at the end of this report for details).

The most proactively engaged companies (in the first quartile) generated 36% annualized five-year total shareholder returns, against 5% by the MSCI world financial index. As a group, the companies analyzed generated 20% total shareholder returns over the same period.

Force for Good Engagement and Five-Year Total Shareholder Returns

Five Year Total Shareholder Returns Through July 2022

Median Five Year Shareholder Returns from 31 July-2017 to 31 July-2022
For 90 companies in dataset with sufficient data*



Source: Capital as a Force for Good Initiative

Note: *Two Indian banks, new additions to the 2022 database were excluded from the performance benchmarking, given the current volatility of Indian equity markets and the resulting lack of correlation between company share prices and Force for Good performance.

The difference in returns between quartiles reflects a substantial difference in the level of 'Force for Good' engagement. The highest performing companies do more and do it more intensively than their competitors, building new capabilities, and building a superior organization in doing so, which confers superior value. Differences include:

- **Intensity of engagement.** While all the companies considered in the analysis have ESG, sustainability and stakeholder engagement strategies that are part of the industry's common ground, the differences in engagement between the companies is striking.
- **Scale of sustainable finance.** For the top quartile companies, while sustainable financing represents only 2.7% of their total assets on average, that is c.70% higher than the middle quartiles at 1.6%, and 350% higher than the bottom quartile at 0.6%. While even for the top organizations this is a tiny proportion of their assets, it seems to matter.
- **Power and extensive engagement in industry rule setting and forums.** Top quartile leaders are significantly more powerful and active in industry and multilateral engagements (being involved in 50% more organizations than the other quartiles) and play a bigger role, including founding ones, in managing those organizations.
- **Targeting outcomes not just activity.** c.83% of top quartile leaders explicitly target sustainability outcomes vs. c.50% of others displaying the same competitive disciplines that have been success factors in the industry historically.
- **Comprehensive ESG screening.** Top quartile leaders employ significantly more comprehensive ESG screening methodologies, which on average have more than twice as many screening criteria than those employed by the remaining companies.

The broadening engagement of wider finance industry has led to the former common ground of industry leaders becoming the common ground of the industry as a whole. Pursuing only the 'baseline' common ground of engagement, rather than the new ground being raised by the highest performers, therefore no longer confers performance benefits relative to the market

II.12. The outperformance of 'force for good' organizations is multi-dimensional in nature. They have broken boundaries in addressing complicated and often long-standing issues through innovation and the value of this translates into their core business. They are better run companies, have higher levels of talent, possess resilient systems, and differentiated business strategies, used to leading, taking risks, and managing change.

Key Characteristics of the Next Generation of Finance Industry Leaders



Source: Capital as a Force for Good Initiative

A subset of the industry is creating a new strategic scope of activity with differentiated organizational attributes, values, and behaviors, quite different from those who continue to define themselves by the products and transactions they sell and process.

The majority still follows an “industrial” model of finance. Many institutions still define themselves by their ability to carry out the ‘traditional’ functions of finance efficiently and effectively, including customer management, risk management, and product distribution, which are necessary but provide for little differentiation in a rapidly changing world

The leading institutions are evolving into players adapted for the future secure sustainability and digital era. The most advanced institutions embrace the view that making a positive impact confers significant advantages if done well. As such, they have taken on projects, activities, products, and people that will enable them to excel at this.

Defining the rules of engagement during a time of systemic change. These organizations are not only stepping up to fund sustainability, but they are also participating in the rule setting that will define the rules of engagement for the industry, and they are better positioned for broader systemic changes in the world as a result.

While no company today has fully made this transition yet, the most ambitious companies engaging as a force for good have started the transformation, providing a potential explanation for their superior operating performance vs. their peers and the industry.

II.13. The interaction of the various blocks of the capitalist system outlined above will determine where global capital will flow and to which of several often-competing global priorities it will be allocated, including:

Business as usual currently requires nearly all the c.US\$454 trillion of liquid capital in the world to fund existing systems and maintain the status quo in the face of increasing volatility and disruptions

Funding c.US\$60 trillion global security is expected to manage crises and build resilience to better withstand future risks

Long term sustainability, funding US\$135-176 trillion for the SDGs and an incremental c.US\$100 trillion for 2050 Net Zero, and

Funding the future, investing in technologies that will drive the transition to the Digital Age

III. An Agenda for Breaking Through



The widening gap to fund the SDGs highlights the fact that existing strategies focused on significant but essentially incremental change have been inadequate and are likely to fail to meet the goals. Funding, and meeting the SDGs therefore requires a far more radical, yet feasible, approach than any envisaged thus far. One of the most critical levers to achieve the SDGs is innovation, with a confluence of innovation, solutions, entrepreneurs, and capital delivering big breakthroughs to overcome seemingly intractable challenges, creating a knock-on confidence that encourages the targeting of other challenges. The most fundamental level of the challenge is climate change, as possibly the greatest long-term threat facing the planet. In addition, the UN is also championing other critical enabling transformations that have a multiplier effect on the goals. Beyond these initiatives, Force for Good has identified six breakthroughs requiring multi-stakeholder execution at scale, with a potentially meaningful impact on the world's ability to meet the goals

III.1. SDG funding faces a series of highly significant barriers to success that help explain why the goals have not been sufficiently funded to date. Any successful breakthrough initiative will need to consider and overcome these barriers.

- **The Global Stakeholder Alignment Challenge.** Ensuring that the trillions of dollars needed for the SDGs are efficiently deployed where needed will require a coordinated investment framework of the scale of the 193-party Paris Agreement, albeit more complex since it requires deep public and private sector participation.
- **Event Risk and Crises Challenge.** SDG funding plans need to be independent of event risks, with protocols in place for recurring crises like inflation supply, security, and domestic political risks to avoid these crises derailing progress on the plan.

- **The Sufficient Returns Challenge.** Funding the SDGs must deliver a return that satisfies the need of investors. Unless the SDGs are an opportunity for competitive returns as defined by the various stakeholders in capitalism, rather than as a problem or “cause”, they will not be funded.
- **The ESG Risk Challenge.** The global tightening of ESG standards risks further limiting private investment into developing regions with significant SDG funding needs due to their often-poor performance on governance related indicators, for example, with respect to government effectiveness, transparency, or corruption.
- **The Impact Delivery and Tradeoff Challenge.** The best interventions to meet each goal can vary based on local geographic, political, social, and economic considerations. Further, the most effective actions that drive progress on individual SDGs often at the expense of other goals, e.g., the most effective models of rapid economic growth (SDG8) have historically driven environmental degradation (SDGs 13, 14, and 15).

The growing SDG funding gap of US\$11.4-15 trillion through 2030 highlights the fact that existing strategies focused on significant but essentially incremental change are on track to fail to meet the goals

III.2. In addition to overcoming the funding challenges laid out above, successful ‘breakthrough’ initiatives that have material impact on the SDGs will need to be designed to meet several key requirements.

Existential risks need the highest priority, clearly, and these are climate change and biodiversity today.

Addressing human or social risks is a pre-condition for success of environmental risks, no matter how extreme the latter may be, and must be addressed or people suffering will thwart progress.

Radical solutions in scale and substance are essential in the second half of the 15-year SDG completion window, a ‘Space Race’ for the planet approach.

Existing solutions need to be rolled out at scale rather than waiting for radical innovations.

Mandates and conflicts of interests must be addressed for boards and executive management to align fiduciary and regulatory duties and stakeholder ones.

Impact in waves is required with the lowest hanging fruit executed first and the most difficult is left for last rather than holding up the whole program for the perfect solution.

Unless the SDGs are an opportunity for competitive returns as defined by the various stakeholders in capitalism, rather than a problem or ‘cause’, they will not be funded

Enabling solutions should be implemented first to provide the platform to unlock multiple barriers and serve to support making an impact across multiple areas should be implemented quickly.

Alignment of global stakeholders of sufficient critical mass is required to achieve success and both COVID-19 and the response of leading international to Russia's war on Ukraine demonstrate the ability to innovate, align and take unprecedented measures.

Systemic changes that account better for impact, profit and loss are required to be made to create a more complete and rational system of rewards for capital owners.

III.3. The UN's focus on climate change and the four key enabling transformations that it promotes, taken together with six breakthrough initiatives identified by Force for Good, provide a potential blueprint for making a substantial impact on the SDGs by 2030

A Blueprint for Delivering the SDGs

Key Challenges	Summary	Key SDGs Impacted
One Core Focus Area		
Climate Change	Global action plan to decrease global carbon pollution by 45% from 2010 levels by 2030, achieving Net Zero by 2050, and limiting global temperature increases to 1.5c or less by 2100	
Four UN Priority Transitions		
Renewable Energy	Ensure access to affordable, reliable, sustainable and modern energy for all	
Food Systems	Transform global food systems to provide sufficient and nutritious food for all in a sustainable and resilient manner	
Digital Connectivity	Enable global connectivity and the equitable use of digital public goods, while ensuring data privacy and safeguarding human rights in digital spaces	 
Human Capital Investment	Accelerate more and better investments in people for greater equity and economic growth aligned with digital economic transformation	 
Six Breakthroughs Initiatives		
Affordable Housing	Make a significant difference to affordable housing as the basis of human dignity across the world demonstrating that it can be funded at scale, make an impact and deliver a return	 
Mass Education	Deliver education solutions to children in a model that is global, affordable, scalable, distributable, and local, demonstrating the feasibility of using technology to compensate for the bottleneck in building enough schools and training enough teachers	
Mass Financial Inclusion	Drive mass financial inclusion across the world by sharing a stack of solutions that has proven its ability to deliver ground-breaking sustainable and inclusive development	
Technology and Individual Impacts	Enable the provision of technologies, including products, services and platforms, that provide individuals with the means to make a positive impact on the SDGs and broader human security	 
Biodiversity	Make an impact on biodiversity through a few targeted solutions which with scale can make a transformative impact on biodiversity and can be funded for global impact	 
Impact Externalities	Drive a systemic change to returns, asset pricing and reporting to reflect the full economic, environmental, and social costs and benefits of economic actions, influencing decision making in allocating capital	
One Fundamental Enabler		
Peace and Partnerships	Ultimately the achievement of even only one of the SDGs depends on the absence of conflict and strife, with stakeholders working together against a common agenda.	 

III.4. While the climate change agenda is being pursued with increasing urgency, meeting global Net Zero by 2050 will require both significant increases in direct funding to deploy existing solutions at scale, and new scientific innovations delivering technological breakthroughs.

Less than 40% of the world’s GHG emissions have been pledged to Net Zero by 2050, with, half the world’s top ten emitters representing 45% of global GHG emissions having only

committed to 2060 or 2070 target dates, or to none at all.¹⁴ Global Net Zero plans will need to account for these laggards.

Current global decarbonization plans will see 2030 CO₂ levels rising by 13%, rather than falling by 45% against 2010 levels as outlined in the goals of the Paris agreement, with global temperatures set to increase at double the agreed upon limit of 1.5c by 2100

The current climate solution stack is sufficient to meet 2030 goals, but requires the mass scaling of existing renewables, electrification, energy efficiency, industrial decarbonization and carbon sequestration technologies across the world.

Near term climate spending needs to increase five-fold, to US\$3 trillion annually, and increase further to US\$4 trillion by 2030 and US\$5-6 trillion by 2040, with spending on both mitigation and adaptation efforts.¹⁵

Only a fraction of the US\$130 trillion AuM in Net Zero commitments is tied to direct investments e.g., building renewable capacity, with the majority contributing to Net Zero more indirectly by cleaning up equity investment portfolios and by encouraging public companies to participate in the transition.

Climate change aligned investing is facing increasing political and regulatory risks, with the politicization of climate change and ESG generally leading to regulatory restrictions and political pressures, including accusations of running a “climate cartel” to the detriment of investors.

Meeting global Net Zero by 2050 will further require a set of new technological breakthroughs to be funded and achieved, compensating for the laggards and the insufficient global progress to date, made by the laggards, in addition to scaling and refining the current state of the art technologies.

III.5. The UN has identified four key transitions that, if managed well, have the potential to enable the leveling up of the developing world and provide the basis from which the broader set of SDGs can be achieved.

- **Renewable Energy.** Ensure access to affordable, reliable, sustainable, and modern energy for all.
- **Food Systems.** Transform global food systems to provide sufficient and nutritious food for all in a sustainable and resilient manner
- **Digital Connectivity.** Enable global connectivity and the equitable use of digital public goods, while ensuring data privacy and safeguarding human rights in digital spaces
- **Human Capital Investment.** Accelerate more and better investments into people for greater equity and economic growth.

III.6. Force for Good has identified six high impact initiatives for priority SDG challenges, which leverage existing technologies and can be funded at scale to have a meaningful impact on the broader goals.



i. Affordable Housing: Foundation of Dignity

Objective: Make a significant difference to affordable housing as the basis of human dignity across the world demonstrating that it can be funded at scale, make an impact, and deliver a return

The Need



1 billion people globally live in informal housing or slums

2 billion people lack waste collection services

3 billion people lack access to waste disposal facilities

c.50% of the world's urban population lack convenient access to urban transport and c.30% to green spaces

SDGs Impacted



Access to low-cost housing increases disposable incomes, prevent material deprivation, and improve work incentives.



Overcrowding poses risks to the health and physical well-being and facilitates the spread of infectious diseases



Affordable housing facilitates the development of clean water and waste-water supply systems



Safe, and affordable housing critical for inclusive, sustainable, and resilient urban environments

Transformation: Set up a platform and/or enable existing ones to fund affordable housing in a for-profit impact model that proves feasibility, delivers to stakeholders, scales in a test country, and can be rolled out internationally with government and private sector finance partners

Key Elements of the Solution



For-Profit and Impact Credit Platform.

Funding affordable housing for low-income populations.



Funding Through Housing Finance

Companies. Lending to financiers providing home loans



International Capital Attraction.

Pooling of international capital through generation of market rate returns



Credit Enhancement Strategies.

Country- and macro-risk managed through credit enhancement strategies



Risk Diversification and Scalability.

Use of pooling vehicles for loan diversification and rapid deployment



Global Potential. Initial launch in high potential country with global scale potential

Execution Plan Underway



Develop a blueprint for funding affordable housing at scale

with private sector capital, beginning with one country as a pilot



Engage with an identified set of stakeholders

including local lenders, government sponsors, and international capital providers to launch this platform in first test country



Agree conditions for capital deployment

for impact maximization, including ESG-focused underwriting, covenants, monitoring, and reporting.



Secure a first fund vehicle funded by private sector, and public sector capital as a PoC for further capital deployment.



Expand model and vehicles to other developing markets at scale



ii. Mass Education: Route to Opportunity

Objective: Deliver education solutions to children in a model that is global, affordable, scalable, distributable, and local, demonstrating the feasibility of using technology to compensate for the bottleneck in building enough schools and training enough teachers

The Need



c.260 million children were out of school in 2018

600 million children lack basic literacy and mathematics skills

825 million young people will not have the basic skills to compete for jobs of 2030

33% of schools in least developed countries have electricity

SDGs Impacted



Mass education is crucial to effectively function as members of society, providing skills and knowledge



Education is a significant factor in reducing poverty. If everyone in school left school at basic reading levels, 171 million people could rise out of poverty.



Education is critical for economic growth, driving productivity and the transfer of knowledge, and increasing the creativity to create new knowledge, products, and technologies

Transformation: Work with non-government organizations, academia, businesses, and financiers to identify mass education solutions that can be rolled out globally, cost-effectively, quickly, and at scale

Key Elements of the Solution



Network Infrastructure for Connectivity.

Need to ensure robust high bandwidth connectivity to ensure access to online learning resources



Hardware for Affordable End-user Devices.

Need for low-cost devices, preferably with open-source o/s supporting a large developer community



Software to Enrich Online Learning. Rich software and applications offering to maximize learning, leveraging online environments



Enhanced Content to Provide Critical Skills.

Development of additional curricula to provide skills alongside literacy and numeracy



Reinforced Learning through Communities and Civil Organizations.

Empowering civil society and individuals to reinforce learning by driving changes in habits and behaviors

Execution Plan Underway



Engage leading multinational organizations (e.g., UNICEF) and NGOs (e.g., World Academy of Arts and Sciences) to determine the world's greatest education challenges



Identify leading providers of education and EdTech solutions and development outreach plan/timetable



Secure participation by leading EdTech companies to deliver on solutions to education's challenges identified



Agree the development plan for a small set of education solutions for roll-out with commercial funding potential, engaging private sector banks



Agree the participating countries for the first wave of roll-out



iii. Financial Inclusion: Path to Prosperity

Objective: Drive mass financial inclusion across the world by sharing a stack of solutions that has proven its ability to deliver ground-breaking sustainable and inclusive development

The Need



c c.70% of the world's population is not adequately financially included, 1.7 billion people globally remain unbanked

55% of world's unbanked are women, 10% gender gap up to 40% in some countries

50% of the of adult population in low- and middle-income countries have active bank accounts

SDGs Impacted



Savings allow families to better absorb financial shocks, smooth consumption, and accumulate assets, helping people to climb out of poverty.



Financial services allow people to gain higher returns on capital, increasing incomes and driving economic growth



Financial inclusion provides a foundation for equitable growth and improves the lives of the poor



Access to financial services drives business formation and growth by financing investments, leading to job growth

Transformation: Agree on and facilitate a knowledge and solutions transfer from a donor country that possesses the necessary stack of digital technologies to countries need banking services for the poor in a 'whole system' approach that outline the criteria for mass inclusion

Key Elements of the Solution



Tech Stack with Core Benefits for Delivery to the Poor. India is a candidate given its digital financial inclusion initiative bringing more than 400 million people into the financial sector



Benefits Beyond Inclusion to Wider Social Protection. Governments can use the platform to deliver wider benefits, addressing inequality, corruption, and inefficiency challenges



Broad Applicability Across in the World. Solution provider can share its "stack" of innovations worldwide, particularly in "south-to-south" transfers



Sharing Mechanism in Conjunction with UN. Provider would share through the UN, drawing on its domestic private sector partners' expertise to help others implement

Execution Plan Underway



Develop blueprint of engagement strategy to share stake with other countries



Engage with key stakeholders with leading digital inclusion programs to catalyze initiative to take these global, India being one



Secure participation of global transnational institutions such as the UN



Secure private sector participation by technology and banking partners



Establish a joint team to agree on the details of the proposal and to draft an outline protocol



Communicate and create a pipeline to roll-out, the idea to the world

iv. Technology and Individual Impact: Enable Empowerment

Objective: Enable the provision of technologies, including products, services, and platforms, and allow individuals to make a positive impact on the SDGs and human security more broadly

The Need



c.65% of the world's net assets are owned by individuals, making them the ultimate allocators of over US\$250 trillion in net liquid assets

78% of global consumption by households, US\$49 trillion annually

3.5 billion people live in democracies, giving them the power to drive national and global policy

SDGs Impacted



Promotes the transfer of environmentally sound and sustainable technologies to individuals across the world, including to developing



Information and communications technology serves as a support structure for all the 17 SDGs, helping bring about their advancement, particularly with regards to the universal coverage of basic services.

Transformation: Work with technology associations and companies, along with human security and SDG specialists to identify technologies with a potentially transformative impact on the SDGs and the individual, particularly on individuals' ability to impact the SDGs as a force for good, enhancing human security for all

Key Elements of the Solution



Leveraging Technology to translate actions into impact, and coordinate collective engagement to overcome geographic boundaries



Collaboration with the Consumer Technology Association and/or other industry groups to identify breakthrough technologies for empowerment



Development of Awards Program for 'SDG Contributors', to identify and promote technologies with transformative impact potential

Execution Plan Underway



Identify target areas for impact, including responsible consumption, citizenship, and SDG participation



Partner with the 'Human Security for All' project launched by the World Academy of Art and Science (WAAS)



Engage with the Human Security program, and partners such as Consumer Technology Association (CTA) to progress the identification of technology



Select the most compelling technologies that can create breakthroughs centered around the individual and the ability to enhance human security and contribute to the SDGs



Engage selected technologies for roll-out and scaling as appropriate for rapid adoption of the technologies



v. Biodiversity: Symbiotic Co-Existence

Objective: Make an impact on biodiversity through targeted solutions which when scaled can make a transformative impact on biodiversity and can be funded for global impact

The Need



- 75%** of the Earth's surface altered by human activity
- 22%** of the 8,300 known animal species are at risk of extinction
- 1.5 billion** people affected by land degradation
- 10%** of total human emissions from deforestation

SDGs Impacted



Biodiversity has a critical impact on climate change, fulfilling a variety of climate regulating roles, including carbon capture and weather and precipitation regulation



The oceans represent over 99% of habitable space, contain an estimated 50-80% of life, and generate approximately 50% of the oxygen on this planet



Forests are home to more than 80% of all terrestrial species of animals, plants, and insects, with c.1.6bn people directly depending on forests for their livelihood.

Transformation: Work with conservation organizations and financiers to promote and protect biodiversity globally, backed by the required funding

Key Elements of the Solution



Creation of Incentives to Prevent Habitat Loss:

Stopping deforestation through the creation of financial mechanisms and incentives promoting conservation



Development and Adoption of New Practices:

(including) Nature-based solutions for agriculture, forestry, or wastewater management



Technology Innovations:

(Including) geodata mapping and sensors supporting of precision agriculture, biotech for sustainable agri-alternatives for food and other consumables (as an alternative to plastics)



Scaling of Existing Solutions: Integrating technology and practices at scale (e.g., hydro-, aqua- and aeroponics)



Social Innovation: Empowering civil society and individuals to drive changes in habits and behaviors

Execution Plan Underway



Engage with experts to identify potentially game changing solutions to preserve global biodiversity.



Map out the key solution(s) that if fully deployed, could have the largest impact on biodiversity globally



Develop funding options for solutions including (i) philanthropy-based opportunities (ii) semi-commercial opportunities (e.g., blended finance models), and (iii) standalone private sector investment opportunities

Note: This initiative is at an early stage of specification

vi. Pricing Externalities: Whole Systems Decisions

Objective: Drive a systemic change to returns, asset pricing and reporting to reflect the full economic, environmental, and social cost of economic actions over both the short and long term, influencing decision making in capital allocation

The Need



US\$29 trillion – Projected total annual environmental costs from global human activity in 2050
US\$25 trillion – Combined externalities for the energy and transport sectors worldwide
US\$21 trillion – Projected external costs for GHG emissions and climate change in 2050*
US\$20 trillion – Total annual externalities of global food production

SDGs Impacted



Positive and negative externalities impact all 17 of the SDGs – accurately pricing these externalities appropriately can change behaviors and redirect the flow of funds in support of the goals

Transformation: Work with experts on environmental pricing, accounting, and international standards to accurately and consistent price positive and negative externalities on asset values in global capital markets, allowing global capital flows to respond to an accurate reflection of the cost and returns from activities

Key Elements of the Solution



Valuation of Major Externalities. Determination of non-market valuation of ecosystems and other public goods.



Development of Open Valuation Database. Creation of open access database capturing valuation outputs and methodologies



Development of Accounting Methodologies. Development of accounting rules for integrating the value of public goods into financial statements



Adoption by Policy Makers and Standard Setters. Presentation agencies/boards for adoption into (financial) reporting standards

Execution Plan Underway



Partner with academia and accounting firms, drawing on non-government organizations, industry associations, and multi-national organizations as needed



Determine valuation methodologies for key externalities that can be applied consistently and globally



Develop draft accounting rules that incorporate the value of public goods in integrated financial statements



Draft a detailed blueprint for the pricing of externalities, including a roadmap and implementation requirements



Consult other stakeholders to build support and incorporate learnings and best practices

Engage policy makers and standard setters regarding potential adoption

IV. The Way Ahead



The current demands on capital exceed the supply of solutions, despite the c.US\$450 trillion of gross liquid assets in the world, and at this juncture, it is the SDGs that are being traded-off against. Failing to meet the SDGs challenges the stability of the world, and the resulting costs will be damaging to all regardless of geography or status. Further, failing to meet the SDGs threatens the world's long-term transition to a better future.

IV.1. In the absence of the SDGs being funded, and in the face of a narrowing timeline of the climate emergency that over 14,000 scientists globally have warned of, there is still no majority consensus on the path ahead for the transition.¹⁶

IV.2. Two opposing paths illustrate the extremes of the challenge, one is a path of austerity that limits humanity's footprint in the world, and the other is a path of innovation that mitigates the impact of that footprint without compromising growth.

The current global model is consuming nearly at twice the sustainable resource limit.

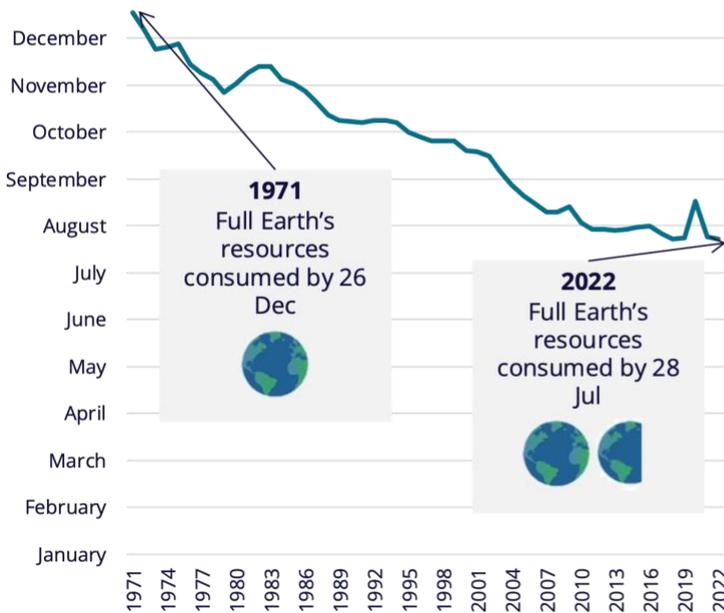
Across natural resources, water and land the world's ecological footprint equal to 1.75x its biocapacity, the limit above which it cannot regenerate what has been depleted.

Advanced industrialized countries are consuming resources at c.3-5x the sustainable rate. Western and middle-income countries (to a lesser degree) are accumulating significant ecological footprints, with only developing countries demonstrating sustainable rates of consumption.

Over-Using' of the Planet – How Many 'Earths' Are We Consuming?

Earth Overshoot Day:

How Long Does it Take to Consume One Earth?



How Many Earths Would it Take if Everyone Lived Like...



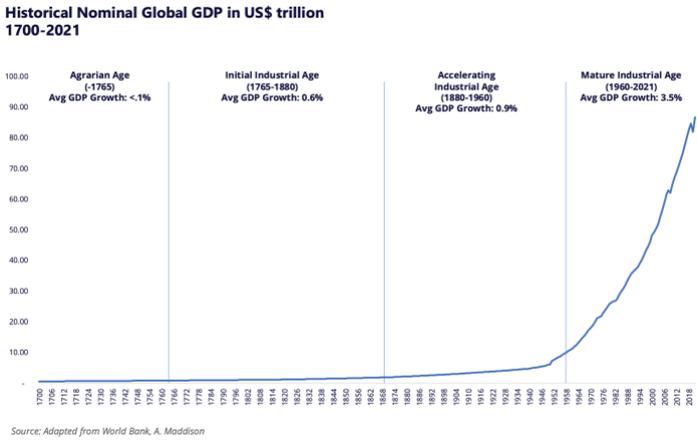
Source: Earth Overshoot Day, National footprint and Biocapacity Accounts 2022 Edition

Path One: Retreat to a secure position in a preservation and mitigation mode. This

requires cutting absolute global resource consumption back by over half a century, while supporting a significantly increased population, implying the following changes to the world:

- **Energy Decline.** Global energy consumption would need to drop by over 60% from over 10,000Mtoe to under 4,000Mtoe, assuming the current mix of renewable sources.
- **Deindustrialization.** Global industrial output currently contributing c.27% of global GDP would need to be reduced by c.75% due to their disproportionate resource intensity.
- **Rising Cost of Materials.** The cost of natural resources would rise significantly due to supply constraints, which massive investments (and gains) in efficiency would be unable to balance.
- **Suppressed Consumption.** Individuals in advanced economies would need to drop their consumption levels by c.60-80%, assuming current levels of resource intensity.
- **Effective Travel Bans.** There would need to be a near total ban of almost all air travel and cars, including electric cars since these are reliant on a grid still largely powered by fossil fuels. Travel and leisure would need to transition to virtual models as a result.
- **Wealth Collapse.** The contraction of the global economy would trigger a global debt crisis and negative real returns, until global wealth adjusts to the drop in output, wiping out c.US\$350 trillion of global assets.

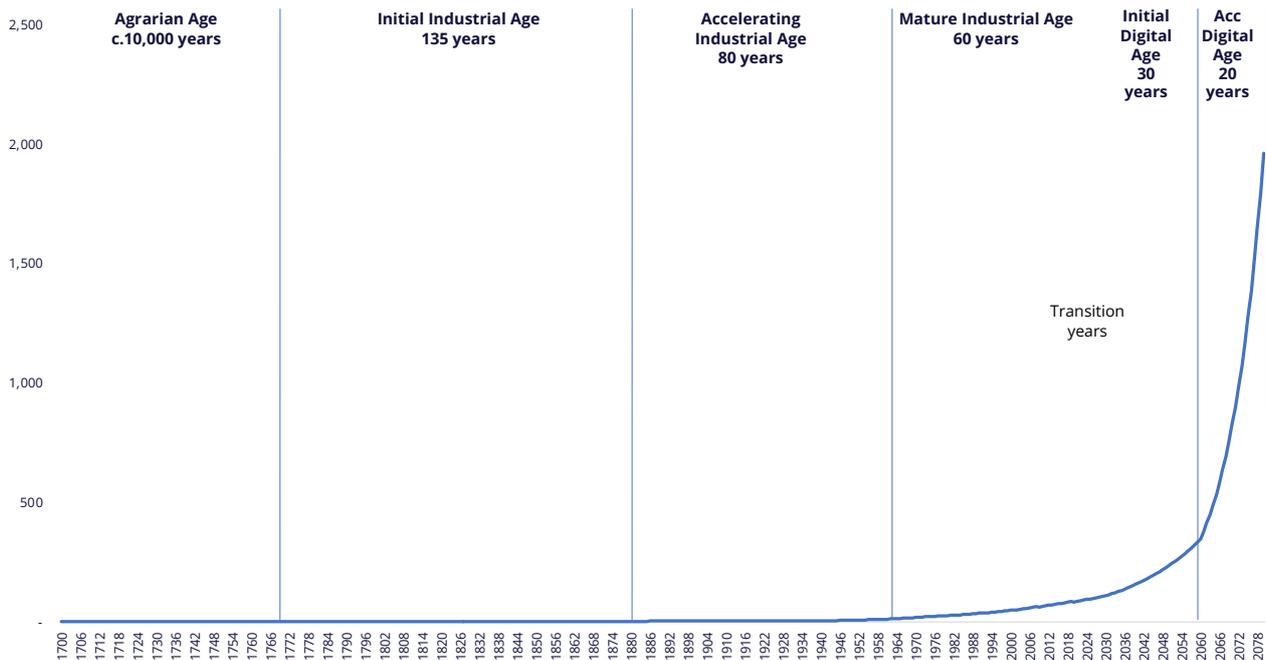
Path Two: Energy breakthroughs create step changes in growth. The successive energy breakthroughs of the Industrial Revolution, the steam engine and electrification, led to step changes in global growth that saw global output grow by c.3x between 1765-c.1880 and by 5.6x between 1880-1960, when oil and gas fully replaced coal as the primary energy source of the Industrial Age.¹⁷



Grow to a secure position by moving rapidly to a future model. This requires rapid investment in a series of technological breakthroughs that reset current trajectories of ecosystem damage and create a step change in human progress. A new energy source needs to be central among these breakthroughs, one that is a new clean, abundant, near free and 'more functional'.

As the required breakthroughs are made, global GDP could grow 20x over the next c.60 years. With the rate of technological change and innovation accelerating, the world would reap the benefits of exploiting and optimizing of a new energy source much more quickly than it did during the Industrial Revolution where a similar increase occurred over 200 years.

Actual and Projected Global GDP Growth 1700- 2080 in US\$ trillion



Source: Adapted from World Bank, A. Maddison, Capital as a Force for Good Initiative

The significant risks associated with both paths create the need for a third way. With the first path likely to trigger unrest and populist extremism in today's consumption and social media driven world, and the second relying on achieving radical breakthroughs against an ever-shortening timetable, the world needs an alternative 'managed path' that is achievable, avoids catastrophes and minimizes the transition costs, the features of which are:

- I. **Preserving and mitigating damage to the planet.** A successful transition depends on the world arresting further damage to the global ecosystem, preserving finite resources, protecting biodiversity, reducing pollution and waste, and reversing environmental degradation.
- II. **Achieving the SDGs as a basis for further growth.** Meeting the SDGs is a prerequisite for managing an efficient and just transition to the future, levelling up less developed countries, particularly driving mass inclusion provides a more level playing field for the world to transition in a coordinated and equitable fashion.
- III. **Launching high impact initiatives that drive step-changes in meeting the goals.** **The** transition to such a future would need three requirements to play out: scaled and bold solutions, far higher-level risk taking, and large-scale mobilization of capital to investment in these solutions.
- IV. **Building and funding the future.** At the same time, the world will need to fund and achieve the next generation energy, communications, information, and materials technologies that can provide a step-change in global progress, investing heavily into fundamental research and its translation into applied technologies.
- V. **Managing the dislocations of the transition.** **The** world will need to proactively manage the economic, political, and social dislocations that will accompany the transition, including significant investments in climate change adaptation, given that the world will likely face potentially severe local disruptions even if the Paris goals are met by 2050.
- VI. **Efficient maintenance and preservation.** During the transition, the world still needs to "keep the lights on", maintaining its current infrastructure and operating existing systems, paying pensions, delivering healthcare, operating, and regulating markets, and feeding, clothing, and providing for its nearly eight billion people in an efficient manner.
- VII. **Agreeing on peace and a modus operandi to manage the shocks.** A smooth transition to the future can only be accomplished in a peaceful manner, with the global community working together to build global resilience to withstand the inevitable event risks, crises, and setbacks that emerge, as well as to benefit from any breakthroughs that materialize.

A managed path allows for the best chance to avoid the violent transitions of the past. And this requires all of us as stakeholders to engage in a new project to manage a peaceful transition to a superior future for all as a force for good.

The world faces great multi-faceted social, economic, and political challenges today. The temptation today is to respond defensively seeing neighbors as competitors and defining “them” and “us” by our differences. Meanwhile, the temperature rises, consumption and production pumps fossil fuel waste into the air, and more and more people in both developed and developing nations enter poverty.

The ingenuity that created the greatest achievements of history cannot save us if we do not address this situation. This requires every stakeholder to make a conscious decision to work together to push the wheels of the system towards a sustainable, secure, and superior future. This is only achieved with unity, and so rejection of what divides us is a pre-requisite for that future.

Mankind is at one of the most critical times in history, in the transition between eras in which new civilizations are built. The future will be built through ingenuity beyond anything seen thus far, financing beyond the apparent means, and practicing generosity towards each other beyond what has been exhibited; a worthy endeavor for the world at this point.

APPENDIX

1. Special Acknowledgements

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2. Actives

Institution	Corporate Sponsors
Bank of America	Karen Fang, Global Head of Sustainable Finance Lizabeth Bronder, Managing Director, Global Sustainable Finance
Blackrock	Alexis Rosenblum, Chief Corporate Sustainability Officer Meaghan Muldoon, Global Head of ESG Integration Sarah Matthews, Director, Global Public Policy Michelle Edkins, Managing Director, Investment Stewardship
Bridgewater Associates	Carsten Stendevad, Senior Executive Lauren Hardardt, Management Associate
Citi	Bridget Fawcett, Chief Strategy Officer, Citi BCMA, and Global Co-Head, Sustainability & Corporate Transitions Val Smith, Chief Sustainability Officer, Citi
Credit Suisse	Michael Strobaek, Global Chief Investment Officer Dana Barsky, Global Head of Sustainable Finance Vivienne E. Yang
Fidelity Investments	Nicole Connolly, Head of ESG Investing Dave King, Head of ESG Stewardship
First Abu Dhabi Bank	Mustada Mithaiwala, AVP Group ESG Krishna Madhom, Senior Officer Group ESG
GIC Singapore	Thong Chie Shang, Director, Enterprise Strategy Heidi Yip, Senior Vice President
Goldman Sachs	John Goldstein, Head of Sustainable Finance Group Misharr Rutnagar, Vice President, Sustainable Finance Group, Executive Office
Great-West Lifeco	Raman Srivastava, EVP and Global Chief Investment Officer, Great-West Lifeco
HDFC	Deepak Parekh, Chairman Anjalee Tarapore, General Manager and Management Services & Investor Relations

HSBC	<p>Celine Herweijer, Group Managing Director, Group Chief Sustainability Officer</p> <p>Peter Kanning, Global Head of Sustainable Finance Strategy & Implementation</p>
Investec Group	<p>Fani Titi, Chief Executive of Investec Group</p> <p>Tanya Dos Santos, Global Head of Sustainability</p> <p>Melanie Janse Van Vuuren, Sustainability Manager</p>
Japan Post Holdings	<p>Masuda Hiroya, Director and Representative Executive Officer, President & CEO Japan Post Holdings Co., Ltd.</p>
JPMorgan Chase	<p>Richard Kaye, Head of International Public Affairs</p>
Liberty Mutual Insurance Group	<p>Vlad Barbalat, Chief Investment Officer</p> <p>Patrizio Urciuoli, EVP, Head Strategy and Asset Allocation and senior ESG leader</p> <p>Francis Hyatt, EVP, Chief Sustainability Officer</p>
Lloyds Banking Group	<p>Janet Pope, Chief of Staff and Group Director Sustainable Business</p> <p>Fiona Cannon, Group Sustainable Business Director</p>
Morgan Stanley	<p>Audrey Choi, Chief Marketing Officer & Chief Sustainability Officer</p> <p>Matthew Slovik, Managing Director, Global Sustainable Finance</p>
Nomura	<p>Chie Toriumi, Senior Managing Director, Head of Content Company and Sustainability Development</p> <p>Akiko Sonobe, Head of Sustainability Development Department</p> <p>Yuko Deguchi, Planning Section Head of Sustainability Development Department</p>
Nordea	<p>Snorre Storset, Head of Asset & Wealth Management</p> <p>Anders Langworth, Head of Group Sustainable Finance</p>
Northern Trust	<p>Bob Browne, Chief Investment Officer</p>
OMERS	<p>Michael Kelly, Chief Legal & Corporate Affairs Officer</p> <p>Katharine Preston, Vice President, Sustainable Investing</p>
Putnam Investments	<p>Katherine Collins, Head of Sustainable Investing</p>
Schroders	<p>Andy Howard, Head of Sustainable Research</p>

	Margot von Aesch, Head of Sustainable Investment Management,
State Street Global Advisors	Richard Lacaille, Executive Vice President, Head of ESG Adrienne Zak, Vice President, ESG Reporting and Communications
UBS	Judson Berkey, Managing Director, Head of Engagement and Sustainability Regulatory Strategy, Chief Sustainability Office
Wellington	Wendy Cromwell, Vice Chair; Senior Managing Director; Partner; Sustainable Investment; and Portfolio Manager at Wellington Management Andria Weil, Managing Director, Director of Sustainable Investment Policy
Wells Fargo	Eraj Zaidi, ESG Reporting and Disclosure Lead
Zurich Insurance Group	Johanna Köb, Head of Responsible Investment

Development Finance Institutions Corporate Sponsors

AIIB	Pieter Bakker, Senior Communications Officer
ADB	Leslie Maarsdorp, Vice President and CFO
DEG	Martin Geiger, Director Sustainability & Corporate Governance
IFC	Neil Gregory, Chief Thought Leadership Officer Martine Valcin - Global Manager, Corporate Governance / ESG Advisory, Luyen Tran - Chief Development Impact Officer · IFC - International Finance Corporation
World Bank Group	Svetlana Klimenko, Lead Financial Management Specialist

3. Full List of Organizations Analyzed in this Report

FINANCIAL INSTITUTIONS

1	ABN AMRO	45	DBS Group Holdings	92	PIMCO
2	Abu Dhabi Investment Authority	46	Deutsche Bank	93	Partners Group AG
3	Aegon NV	47	Edmond de Rothschild	94	Phoenix Group Holdings
4	AIA Group	48	EFG International	95	Principal Financial Group, Inc.
5	AIG	49	Fidelity Investments	96	Prudential Financial, Inc.
6	Allianz SE	50	First Abu Dhabi Bank	97	Prudential plc
7	Ameriprise Financial (Columbia Threadneedle)	51	Future Fund	98	Putnam Investments
		52	GIC Singapore	99	Rabobank
8	Amundi SA	53	Goldman Sachs Group	100	Resona Holdings
9	Anima Holdings	54	Government Pension Fund Japan (GPIF)	101	Royal Bank of Canada
10	Apollo Asset Management	55	Great-West Lifeco	102	Schroders plc
11	Australia and New Zealand Banking Group Limited	56	Groupe BPCE	103	SEB AB
		57	HDFC Limited	104	Société Générale
12	Ares Management Corporation	58	Hong Kong Monetary Authority	105	St. James's Place plc
		59	HSBC	106	Standard Banking Group
13	Assicurazioni Generali	60	ICICI Ltd	107	Standard Chartered
14	Australian Super	61	ING Group	108	Standard Life Aberdeen plc
15	Aviva plc	62	Intesa Sanpaolo	109	State Bank of India
16	AXA SA	63	Invesco	110	State Street Global Advisors
17	Banco Santander	64	Investec Group	111	Sumitomo Mitsui Trust Holdings
18	Bank of America	65	Janus Henderson Group plc	112	Sunlife Financial Inc
19	Bank of Montreal	66	Japan Post Holdings	113	Swiss Life Holding AG
20	Bank of New York Mellon	67	JPMorgan Chase	114	T Rowe Price
21	Barclays	68	Julius Bär Group AG	115	Toronto Dominion Bank
22	BBVA	69	KB Financial Group	116	The Bank of Nova Scotia
23	Blackrock	70	KKR	117	TIAA (US)
24	Blackstone	71	Korea Investment Corporation	118	UBS AG
25	BNP Paribas SA	72	Legal & General	119	UniCredit
26	Bridgewater Associates	73	Liberty Mutual Insurance Group	120	Vanguard
27	Brighthouse Financial Group	74	Lincoln Financial Group	121	Vontobel
28	BrightSphere Investment Group	75	Lloyds Banking Group	122	Wellington Management
29	Brookfield Asset Management	76	Man Group	123	Wells Fargo & Company
30	California Public Employees (CalPERS)	77	Manulife Financial Corporation	124	Westpac Banking Corporation
31	Canadian Imperial Bank of Commerce	78	MetLife, Inc.	125	Zurich Insurance Group AG
32	Capital Group	79	Mitsubishi UFJ Financial Group, Inc		
33	Carlyle	80	Mizuho Financial Group, Inc		
34	CDPQ	81	Morgan Stanley		
35	Charles Schwab	82	NatWest Group plc		
36	Citi	83	New York Life Insurance Company		
37	CNP Assurances	84	Ninety-One Group		
38	Commerzbank	85	Nippon Life		
39	Commonwealth Bank of Australia	86	Nomura Holdings		
40	Credit Agricole	87	Nordea		
41	Credit Mutuel	88	Norges Bank Investment Management		
42	Credit Suisse	89	Northern Trust Corp		
43	Dai-ichi Life Holdings	90	OMERS		
44	Danske Bank	91	PGGM		

MULTILATERAL AND GOVERNMENT INSTITUTIONS

1 Asian Development Bank (ADB)

2	Asian Infrastructure Investment Bank (AIIB)
3	DEG / KfW Group
4	European Investment Bank (EIB)
5	InterAmerican Development Bank
6	New Development Bank
7	World Bank

4. Report Leadership and Execution

UN Guidance, Support and Review

Chantal Line Carpentier, Chief, United Nations Conference on Trade and Development (UNCTAD)
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Sir Alan Parker, Chairman and founder, Brunswick Group

Report Authorship

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SUMMARY RESEARCH PROCESS AND METHODOLOGY

‘Force for Good’ Initiatives Dataset. This report utilizes a detailed dataset of initiatives developed ‘organically’ across the categories of the framework described above in this report compiled using publicly available information for 125 leading financial institutions listed in Acknowledgements 1.2. It analyzes the initiatives of the leading financial institutions across ESG, sustainability, and broader stakeholder engagement, examining their development over time and the increasing priority of these activities within the respective organizations.

With combined assets of c.US\$190 trillion the 125 financial institutions in this report represent c.50% of total finance industry assets.

Figure 1: Total Assets and AUM of Companies Analyzed in this Report

US\$ trillion	Banks	Asset Managers	Insurance	Total
Americas	36	51	12	99
EMEA	45	8	15	68
Asia	12	7	4	23
Total	93	66	31	190

Actives in the Project. c.30 companies, listed in Acknowledgements 1.1, are ‘Actives’ in the Capital as a Force for Good Initiative, various engaging with the project team on their activities and initiatives through interviews and meetings, or providing their relevant datasets for this report. The Actives collectively represent c.US\$77 trillion in total assets, or c.40% of the total dataset and 19% of total global financial assets.

Data Collection. The dataset used in this year’s report consists of publicly available quantitative and qualitative sources of information, covering a granular analysis of the financial institutions’ ESG and sustainability initiatives and the extent to which these are contributing to the various SDGs, providing richer insights on the scope of industry leaders’ initiatives

For more information on the Force for Good dataset and methodology, and the performance benchmarking please see the full 2022 Capital as a Force for Good Report: “Report Objectives, Research Process and Methodology.”

DISCLAIMER, REFERENCES AND NOTES

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References

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The following symbols have been used in the tables:

- A slash (/) between dates representing years, e.g., 2010/11, indicates a financial year.
- Use of a dash (–) between dates representing years, e.g., 2010–2011, signifies the full period involved, including the beginning and end years.
- Reference to "dollars" (\$) means United States dollars, unless otherwise indicated.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals because of rounding.

End Notes, Sources

¹ Source: Bloomberg, Brent oil prices

² Source: IMF World Economic Outlook July 0222

³ Sources: UNESCO, World Bank, FAO

⁴ Source: For details calculations see the 2022 Capital as a Force for Good Report, Appendix 1 “Calculating the Increasing Cost of the SDGs”

⁵ 2021 Legatum Prosperity Index: Safety and Security Pillar

⁶ Source: Freedom House

⁷ Source: Please see the full length 2022 Capital as a Force for Good report for calculations and sources.

⁸ Global Pension Assets Study, Goldman Sachs Asset Management Insurance Survey 2022

⁹ Source: Net Zero Tracker

¹⁰ Source: BP Statistical Review of World Energy

¹¹ Source: World Bank

¹² Source: International Telecommunications Union

¹³ For a more detailed description of the Force for Good scorecards please see the 2022 Capital as a Force for Good Report: REPORT OBJECTIVES, RESEARCH PROCESS AND METHODOLOGY

¹⁴ Source: Net Zero Tracker, World Bank

¹⁵ Source: IEA

¹⁶ Source: Open letter published by the Alliance of World Scientists

¹⁷ Source: Angus Maddison, World Bank



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