

UBS White Paper: Mobilizing private wealth for public good

- UBS's white paper for the WEF Annual Meeting 2017 unveils a blueprint for channeling private wealth towards the **United Nations Sustainable Development Goals** (UN SDGs), in keeping with the Meeting's theme of Responsive and Responsible Leadership. UBS Group CEO **Sergio Ermotti** led a media discussion about the paper at UBS's Davos branch on January 16.
- **What are the SDGs?** In 2014, 780m people in the developing world were chronically undernourished. In August 2016, our lifestyles demanded more natural resources than Earth can regenerate in a year. For the first time in modern history, millennials in the developed world earn less than their parents. The SDGs promote global economic development that is more sustainable for humanity & the planet. They came into effect on January 2016 for implementation by 2030.
- **What's stopping private wealth from funding the SDGs?** Meeting the SDGs will require USD 5-7trn of annual investment. Household wealth globally totaled USD 250trn in 2015 and has huge potential in helping to fund them. Private investors are less constrained than institutions in terms of their time horizon and regulation on their activities. Impact investing, which targets a measurable social impact as well as a compelling financial return, is particularly suited to the task. Impact investing is especially popular with millennials, which is significant given that ~460 billionaires will soon hand down USD 2.1trn to heirs over a 20yr period. However, obstacles remain to involving private wealth, including a lack of financial incentives and information about SDG investment needs and opportunities.
- **Which SDGs should private wealth focus on?** Private investment is more likely to yield positive results for SDGs where it's possible to make a market or attach a market price to capital. Especially relevant are SDGs relating to: zero hunger; good health and well-being; quality education; industry, innovation, and infrastructure; affordable and clean energy; and climate action. Private capital contributes less to SDGs that look to provide a public good where there

is no market price, or where regulatory change is most needed, such as peace, justice and strong institutions.

- **How can we help private wealth fund the SDGs?** 1) Improve, centralize, and publish data on SDG funding gaps. 2) Standardize investment terms and disclosures. 3) Offer a more compelling financial return, including via impact investing. 4) Mainstream SDG-related impact investments.
- **UBS's recommendations to organizations:** 1) Invest in gathering and publishing SDG funding gap data. 2) Collaborate on a standard framework for terms and disclosures, as certain firms have done for climate change disclosures following the Financial Stability Board's Task Force on Climate Change. 3) Increase information around SDG-related giving and investing opportunities and use networks to connect investors, philanthropists and policymakers. 4) Pool more capital into impact investments and help investors diversify their impact portfolios by geography, theme, and investment or 'vintage' year.
- **UBS's commitment:** After raising a record USD 471 million for its oncology impact investing strategy in 2016, UBS will offer a diversified new range of SDG-related impact investments to help mainstream impact investing and its contribution to the SDGs. It will also help launch Align17, an SDG-focused philanthropy and investment platform. The Gates Foundation, the SDG Philanthropy Platform, PwC, and TPG Growth have expressed interest in collaborating with Align17. Finally, UBS will leverage its Optimus Foundation as well as its UBS & Society, Global Philanthropists Community, Global Visionaries and Social Innovators initiatives to identify and meet SDG needs.