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DECLARATION OF THE SUSTAINABLE BLUE ECONOMY FINANCE PRINCIPLES

THE OCEAN IS A BIOLOGICALLY DIVERSE AND HIGHLY PRODUCTIVE SYSTEM. IT IS AN IMMENSE SOURCE OF MATERIALS, FOOD, ENERGY AND ECOSYSTEM SERVICES.

According to OECD projections¹, by 2030, the ‘Blue Economy’ – defined as all economic sectors which have a direct or indirect link to the ocean – could outperform the growth of the global economy as a whole, both in terms of value added and employment. In the coming decade, marine energy, marine biotechnology, coastal tourism, transport and food production sectors could offer unprecedented development and investment opportunities. However, there is increasing evidence that losses in the ocean’s natural capital resulting from unsustainable economic activity is eroding the resource base on which such growth depends.

As such, there is a growing recognition that following a “business as usual” trajectory, that neglects the impacts on marine ecosystems, entails great risk, not only to business, but also to our planet and our future wellbeing. By contrast, investment decisions that incorporate sustainability elements to ensure environmentally, economically and socially sustainable outcomes will help to secure the long-term health and integrity of our ocean, and the shared social, ecological and economic functions that are dependent upon it. Financial markets and institutions can therefore play a pivotal role in driving the ocean sustainability agenda.

The international community has recently reaffirmed its strong commitment to conserve and sustainably use the ocean and its resources² and to reduce the adverse impacts of land-based activities. The G7, the G20, other countries and markets acknowledge that scaling up finance and ensuring the sustainability of such investments are fundamental to achieving sustainable development and climate goals³. Investment capital, both public and private,

is therefore fundamental to unlocking a sustainable approach to the development of the Blue Economy.

This is why we, the organizations that have agreed to adopt these principles, commit to support the development of a sustainable ‘Blue Economy’⁴, through our interaction with other economic agents and consumers and through our own financing and investment activities.

In this spirit, we commit to applying the following sustainable Blue Economy Finance Principles. The Principles are intended to complement existing frameworks governing responsible investment in aspects of the Blue Economy. They are expressly intended to further the implementation of the Sustainable Development Goals (SDGs), especially those which contribute to the management of the ocean, in particular Goal 14 (“Conserve and sustainably use the oceans, seas and marine resources for sustainable development”). They are also intended to be compliant with IFC Performance Standards and EIB Environmental and Social Principles and Standards.

WE COMMIT TO APPLYING THE FOLLOWING PRINCIPLES ACROSS OUR PORTFOLIOS, REGARDLESS OF WHETHER WE ARE MAJORITY OR MINORITY INVESTORS.

- 1 Protective:** We will support investments, activities and projects that take all possible measures to restore, protect or maintain the diversity, productivity, resilience, core functions, value and the overall health of marine ecosystems, as well as the livelihoods and communities dependent upon them.
- 2 Compliant:** We will support investments, activities and projects that are compliant with international, regional, national legal and other relevant frameworks which underpin sustainable development and ocean health.
- 3 Risk-aware:** We will endeavour to base our investment decisions on holistic and long-term assessments that account for economic, social and environmental values, quantified risks and systemic impacts and will adapt our decision-making processes and activities to reflect new knowledge of the potential risks, cumulative impacts and opportunities associated with our business activities.
- 4 Systemic:** We will endeavour to identify the systemic and cumulative impacts of our investments, activities and projects across value chains.
- 5 Inclusive:** We will support investments, activities and projects that include, support and enhance local livelihoods, and engage effectively with relevant stakeholders, identifying, responding to, and mitigating any issues arising from affected parties.
- 6 Cooperative:** We will cooperate with other financial institutions and relevant stakeholders to promote and implement these principles through sharing of knowledge about the ocean, best practices for a sustainable Blue Economy, lessons learned, perspectives and ideas.
- 7 Transparent:** We will make information available on our investments and their social, environmental and economic impacts (positive and negative), with due respect to confidentiality. We will endeavour to report on progress in terms of implementation of these Principles⁵.
- 8 Purposeful:** We will endeavour to direct investment to projects and activities that contribute directly to the achievement of Sustainable Development Goal 14 (“Conserve and sustainably use the oceans, seas and marine resources for sustainable development”) and other Sustainable Development Goals especially those which contribute to good governance of the ocean.
- 9 Impactful:** We will support investments, projects and activities that go beyond the avoidance of harm to provide social, environmental and economic benefits from our ocean for both current and future generations.
- 10 Precautionary:** We will support investments, activities and projects in our ocean that have assessed the environmental and social risks and impacts of their activities based on sound scientific evidence. The precautionary principle will prevail, especially when scientific data is not available.
- 11 Diversified:** Recognising the importance of small to medium enterprises in the Blue Economy, we will endeavour to diversify our investment instruments to reach a wider range of sustainable development projects, for example in traditional and non-traditional maritime sectors, and in small and large-scale projects.
- 12 Solution-driven:** We will endeavour to direct investments to innovative commercial solutions to maritime issues (both land- and ocean-based), that have a positive impact on marine ecosystems and ocean-dependent livelihoods. We will work to identify and to foster the business case for such projects, and to encourage the spread of best practice thus developed.
- 13 Partnering:** We will partner with public, private and non-government sector entities to accelerate progress towards a sustainable Blue Economy, including in the establishment and implementation of coastal and maritime spatial planning approaches.
- 14 Science-led:** We will actively seek to develop knowledge and data on the potential risks and impacts associated with our investments, as well as encouraging sustainable investment opportunities in the Blue Economy. More broadly, we will endeavour to share scientific information and data on the marine environment.

We, the organizations that have agreed to adopt these principles, believe that delivering on these principles will contribute to the conservation and sustainable use of the ocean and to de-risking investments in the ‘Blue Economy’.

These principles are complementary to existing principles and commitments on sustainable financing and to existing corporate responsibilities by which signatories may be bound.

These principles are voluntary; they do not create any rights or liabilities; and the sole responsibility for investment decisions remains with the institutions who are signing up to these finance principles.

1. The Ocean economy in 2030 © OECD 2016

2. See ‘Our Ocean, Our future: Call for Action’ United Nations Conference to support the implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development, New York, 5-9 June 2017

3. G7 Bologna Environment Ministers’ Meeting, Bologna, 11-12 June 2017 and G20 Leaders’ Declaration ‘Shaping an interconnected world’, Hamburg, 08 July 2017

4. According to the World Bank Group, the ‘Blue Economy’ concept seeks to promote economic growth, social inclusion, and preservation or improvement of livelihoods while at the same time ensuring environmental sustainability. World Bank Group (2017) The Potential of the Blue Economy, Available [online] at: <https://openknowledge.worldbank.org/handle/10986/26843>

5. In accordance with industry good practice, we will endeavour to identify an appropriate reporting mechanism for these Principles.