

Issue 4, Quarter 1, 2004

Contact: Kiki Lawal, UNEP FI Member Relations: [kiki.lawal@unep.ch](mailto:kiki.lawal@unep.ch)

Tel: + 41 22 917 8692

## CONTENTS

---

### 1. IMPORTANT DATES

### 2. WORKING GROUPS

- ASSET MANAGEMENT
- CLIMATE CHANGE
- SUSTAINABILITY MANAGEMENT REPORTING AND INDICATORS (SMRI)

### 3. TASK FORCES

- AFRICA
- CENTRAL AND EASTERN EUROPE
- LATIN AMERICA
- NORTH AMERICA
- OTHER PARTNERS

### 4. ADDITIONAL ISSUES

---

## 1. IMPORTANT DATES

- **April 27, 2004** Interim Steering Committee Meeting in London
- **June 1-2, 2004** Bonn Renewables Conference

## 2. WORKING GROUPS

### ASSET MANAGEMENT

<http://unepfi.net/am/index.htm>

Chaired by Mr. Carlos Joly, Storebrand & Mr. Vincent Zeller, Groupama

In September 2003 the UNEP FI Asset Management Working Group (AMWG) collectively asked more than forty leading sell side financial analysts from around the world to provide them with the information they need to make the best financial and ethical decisions about companies in eight MSCI global sectors.

Specifically, they asked for reports that would:

1. Identify the specific environmental and social issues that are likely to be material for company competitiveness and reputation in that particular industry.
2. Identify and to the extent possible quantify their potential impact on stock price.

The AMWG thought that these questions were especially relevant in eight sectors:

1. Aviation
2. Consumer Durables & Apparel (Industry Group)
3. Consumer Electronics (Sub Industry)
4. Chemicals (Industry)
5. Oil & Gas (Industry)
6. Pharmaceuticals (Industry)
7. Insurance
8. Utilities

As of March 2004 fifteen analysts have responded positively to their query. Their interest and high response rate was especially encouraging given that they were asked to investigate this issue without financial compensation. Highlights include:

- An analysis of the oil and gas sector from a leading Goldman Sachs team led by Anthony Ling.
- An analysis of the pharmaceuticals sector by star ABN AMRO analyst Ben Yeoh.
- An in-depth report on the insurance sector by the entire West LB European strategy team.

In June 2004 the results of the analysts' work and the fund managers' comments on this work will be released to a global audience.

The AMWG will use the results as a basis for developing a deeper understanding of how environmental and social considerations impact the risk and profit potential of companies, and how institutional investors could in turn benefit from this research.

## **CLIMATE CHANGE**

<http://unepfi.net/cc/index.htm>

Chaired by Mr. Thomas Loster, Munich Re

In December 2003, UNEP FI's Climate Change working group continued its strong involvement in the United Nations Framework Convention on Climate Change (UNFCCC) process through its participation in the ninth Conference of the Parties (COP 9) in Milan. It proved to be a very

successful event for the working group as it launched its paper “CEO Briefing on Emissions Trading”.

With the uncertainty over Russian ratification of the Kyoto Protocol hanging over the COP 9 event in Milan, the Climate Change Working Group considered it appropriate to represent the understated viewpoint of the financial sector. The informative side event held was entitled ‘Emissions Trading – The Financial Sector Perspective’, which provided a platform for the working group to convey its message regarding climate change and the inherent threats and opportunities it poses to the financial services industry, with an emphasis on emissions trading.

The side event coincided with the launch of the latest publication from the working group, ‘CEO Briefing on Emissions Trading’. This paper explores the issue of emissions trading from an evermore relevant financial sector perspective - addressing recent political developments, implications for companies, risks and opportunities trading presents and the role of financial services providers in reducing risk and maximising opportunity. Once again, the group was able to generate tremendous media coverage surrounding their substantial COP participation.

2004 has started off as another exciting year for the working group. In anticipation of the first “International Conference for Renewable Energies” in Bonn, Germany (1-4 June 2004), the working group is preparing a report looking at the risks and opportunities for the financial industry in the renewable energy sector.

The briefing will identify barriers to investment in renewable energy and present the business case for ramping up investment in renewable energy projects. It will outline current political developments in the nascent renewable energy marketplace, and more importantly, present the types of financing and risk management tools currently available from the banking and insurance sector. In addition, the report will present concrete case study examples of financing sustainable energy, with an emphasis on ‘lessons learned’, and make strong policy recommendations for further action on the issue. In conjunction with the paper launch at the conference, a focused media strategy will be launched to ensure extensive coverage of the financial sector perspective and the broader Sustainable Energy Finance Initiative (SEFI).

The Climate Change working group is hosting its first face-to-face meeting for 2004 on April 23rd in Munich. At the meeting the group intends to discuss its work programme for the second half of the year, which will include formalizing its relationship with the Carbon Disclosure Project and furthering its collaboration with the Asset Management Working Group (AMWG). In terms of upcoming events for the group the UNFCCC COP 10 to be held in Buenos Aires in December will also be discussed.

## **SUSTAINABILITY MANAGEMENT REPORTING AND INDICATORS (SMRI)**

### **Note to Signatories:**

The UNEP FI Working Group Process formally known as Environmental Management Reporting and Indicators (EMRI) is now known as Sustainability Management Reporting and Indicators (SMRI).

The SMRI Work Streams are:

- A. UNEP FI – GRI Working Group on Performance Indicators (Environment) for the International Finance Sector.
- B. The Sustainability Management and Reporting (SMR) Guidelines Forum

### **A. UNEP FI – GRI Working Group on Performance Indicators (Environment) for the International Finance Sector**

<http://unepfi.net/gri/index.php>

Chaired by Martin Hancock, Westpac, Financial Sector Co-Chair and Esther Garcia, Core Ratings Ltd, Non-Financial Sector Co-Chair

January 21 - 22nd Geneva, Switzerland: The UNEP FI - GRI Working Group gathered for their second meeting in their work programme to develop a GRI Sector Supplement (Environment) Pilot Version in 2004. An international working group of financial and non-financial participants from North America, Europe, Latin America, Africa and Australasia, joined UNEP FI and GRI for a two-day meeting to discuss the progression of the work programme to date and the objectives and structure of the work plan over the coming months.

Having agreed in the first working group meeting in September 2003 to focus upon the environmental impacts of financial sector products and services for a selection of financial business lines, a very thought-provoking and invigorating discussion surrounding the specificity of those business lines, the product and services categories that would be examined within them, and the subsequent indicators adopted for their environmental impacts, emerged over the course of the two days.

These discussions displayed the challenges of the desired work programme and the web of financial and environmental issues that need to be untangled, understood and agreed upon prior to the identification and establishment of indicators to meet the ultimate objective of the project. However, the high level of engagement of the participants during this productive meeting also demonstrated both a dedication to the work programme and a clear motivation of the working group as a whole to ensure the success of this project.

The third working group meeting will be on May 6th and 7th at the Swiss Reinsurance Centre for Global Dialogue, Zurich, Switzerland.

## **The Sustainability Management and Reporting (SMR) Guidelines Forum**

<http://unepfi.net/smr/>

Chaired by Mr. Robert Tacon, Standard Chartered, UK.

Following the approval by Forum members in March of the project plan for the production of the first version of the UNEP FI SMR Guidelines, the UNEP FI SMR Guidelines project office announces its basic content.

The take up of SMR by financial institutions especially in the developing countries is still low even whilst the financial sector plays an important role in sustainable development as intermediaries to the allocation of financial capital. UNEP FI identifies lack of awareness and capacity as the two main barriers hindering many financial institutions to implement SMR. The UNEP FI Guidelines document aims to address both these barriers by first setting out a business case for SMR and then providing guidance on how to get started on SMR. The target audiences for the document are CEOs and board members of financial institutions with no experience in SMR. It is especially targeting domestic financial institutions (as opposed to international development banks and subsidiaries of international banks) in developing countries.

The SMR Guidelines project office aims to fill the Guidelines document with case studies that provide:

- 1) a clear insight into the commercial and environmental benefits of adopting the sustainability management and reporting principles and
- 2) tips on capacity building in introducing SMR.

The project office would love to hear from financial institutions, especially in developing countries, that have recently adopted or currently in the process of adopting SMR who would be willing to share their experiences.

The first version of the Guidelines is scheduled to be out in Q4 of 2004 after public consultations in the summer and autumn.

### **3. REGIONAL TASK FORCES**

#### **AFRICA**

<http://unepfi.net/atf/index.asp>

Chaired by Mr. Cas Coovadia, Banking Council of South Africa

#### **UNEP FI African Task Force (ATF) AGM: Johannesburg, South Africa**

February 6, 2004, witnessed the second ATF AGM, hosted by Citigroup, in Johannesburg South Africa. ATF Chair, Co-Chair, and UNEP FI representatives were joined by more than 15 ATF members and associates to

discuss the ATF work programme agenda for 2004. Very much a members driven initiative, the ATF will focus upon African membership recruitment, the development of group projects on e.g. risk management, and closer collaboration with international and regional governmental sectors during 2004.

2004 also marks a very exciting year in the development of the ATF, with the soon to be launched Sustainability Banking in Africa report, produced by the African Institute of Corporate Citizenship (AICC) Centre for Sustainability Investing (CSI), in association with UNEP FI ATF, and supported by IFC, Finmark Trust, Nedbank and Deutsche Bank.

### **UNEP FI Welcomes Two New African Signatories: ATF Members Nedbank and DBSA**

UNEP FI had the pleasure to formally welcome two new African signatories to the Initiative, at the African Task Force (ATF) AGM in Johannesburg, South Africa on February 6, 2004. Nedbank South Africa and the Development Bank of Southern Africa (DBSA), have joined some 200 financial companies worldwide in signing the UNEP FI Statement on Sustainable Development.

### **CENTRAL AND EASTERN EUROPE**

<http://unepfi.net/ceetf/>

Since the beginning of 2004, UNEP FI has started to expand its activities in Central and Eastern Europe by building up a taskforce of finance practitioners to serve the particular needs of that region.

Objectives of the taskforce:

- To establish a group of finance practitioners to exchange ideas and share best practices
- To engage with UNEP FI signatories in the region and integrate them into the UNEP FI network, as well as recruiting new UNEP FI signatories
- To raise awareness in the region's finance sector for sustainability and environmental issues
- To develop a training and capacity-building plan

Actions taken in Q1, 2004:

- Member recruitment
- Development of a draft governance document and work programme
- Setting up a taskforce website
- Started preparations for a taskforce kick-off meeting on May 12, 2004 in Sofia
- Started preparation for official launch of CEETF in September, 2004 in Budapest

## LATIN AMERICA

<http://unepfi.net/latf/>

Acting chair: Maria Teresa Szauer, Corporación Andina de Fomento (CAF)

Our efforts to establish a Latin American Taskforce (LATF) have been met with great interest. In collaboration with CAF, who is the acting chair of the taskforce, the basic framework for the taskforce has been put into place. To date the Secretariat has been able to recruit the following institutions as taskforce members:

- Corporación Andina de Fomento (CAF)
- ABN AMRO Asset Management/ Banco Real ABN AMRO
- ABN AMRO NV - Sucursal Argentina
- Banco do Brasil
- Banco Solidario (tbc)
- BBVA Group
- Fundação Getulio Vargas, Centro de Estudos em Sustentabilidade (CES)
- INCAE/Centro Latinoamericano para la Competitividad y Desarrollo Sostenible (CLACDS)
- Santander Group
- UNIBANCO - União de Bancos Brasileiros S.A.

Overall, we have 13 individuals with varying backgrounds – from asset management to project finance, to environmental compliance and sustainable development units – contributing to the taskforce. Recruiting efforts across the continent will continue, as well as the establishment of an expert advisory group.

The taskforce has developed a draft work programme for 2004, which will be proposed to the Interim Steering Committee for budget allocation. A number of activities to implement the taskforce mission have been identified for the second half of 2004. Thanks to the generous assistance of CAF, the development of a scoping paper is underway to identify critical issues for the Latin American financial sector with regards to sustainable finance. A draft of this paper will be discussed at the first face to face meeting of the taskforce planned for July this year.

Challenges for the further development of the taskforce include finding the balance between the very advanced sustainability community in Brazil and the rest of the continent, and to work with taskforce members that are not yet UNEP FI signatories towards their membership in the broader initiative.

## **NORTH AMERICA**

<http://unepfi.net/natf/index.htm>

Chaired by Ms. Helen Sahi, FleetBoston

The NATF is awaiting confirmation of 18,000 CDN funding from the North American Free Trade Agreement's Commission for Environmental Cooperation.

Once the funding is secure the group will launch two projects:

1. A study on best practice in sustainability governance structures within US financial institutions in collaboration with Yale university.
2. A study of best practice in sustainability rating systems as they relate to US financial institutions.

Requests from the NATF encouraging European based firms to nominate representatives from their US offices to join the NATF have not been successful. No European firms have representatives from their US offices on the NATF at this time. The NATF would still welcome involvement from these offices, interested parties can contact the secretariat.

It remains unclear as to how/whether Bank of America (BofA) will maintain Fleet Boston's commitment to the UNEP FI NATF.

Signatories can voice their support for BofA maintaining Fleet's level of engagement to BofA directly. The secretariat and the NATF members would welcome any show of support from other signatories.

## **4. ADDITIONAL ISSUES**

### **MULTISTAKEHOLDER COLLABORATION**

The Secretariat continues to work in collaboration with stakeholders from NGOs and academia. Recent developments include:

- The CCwg has established an ongoing working relationships with WWF UK and Germanwatch. Germanwatch held a Ratings event on the EU Emissions Trading Scheme in Cologne on April 2, which was prepared and hosted in collaboration with UNEP FI.
- The UNEP FI – GRI working group on Environmental Performance Indicators has a balanced membership of financial institutions and non-financial stakeholders from NGOs and academic institutions. The stakeholders have been involved productively in the group's work from the start.



- The new Regional Taskforces for Central and Eastern Europe and Latin America are inviting stakeholders to participate in their activities. The Latin American Taskforce has already recruited two stakeholders for the core group and an additional two for the advisory group.
- The collaborative project between UNEP FI and the International Institute for Sustainable Development (IISD) "Investing in Stability" is close to completion with the final report being edited and layout at the moment. Web-publication of the report is planned for early May.

## FINANCIAL ISSUES

<http://www.unepfi.net/fii/accounts>.

The UNEP FI Secretariat would like to bring to your attention the following Financial Accounts recently placed on the members only website:

- UNEP Finance Initiative Financial Report for 2003. This contains the 'Signatory Contributions', 'Profit & Loss Statement' and 'Balance Sheet' for 2003.
- UNEP Finance Initiative 2003 Global Roundtable, 20-21 October 2003, Tokyo Japan Financial Report.

Members can access the above accounts by going to network protected website:

Username: **unepfisig**

Password: **4gvach**

## SECRETARIAT CONTACT WITH SIGNATORIES

<http://unepfi.net/sigbull/>

Visits by UNEP Secretariat personnel in 2004 to meet all FI signatories at a national level are provisionally planned for the following countries: Russia, United States, Germany/Switzerland, Poland, The Philippines. Visits have already taken place in 2004 to the United Kingdom and Sweden (including representation by Norwegian and Danish signatories). In 2003 successful visits took place with the Initiative's Spanish and Italian signatories.

**END.**

---

The **UNEP FI Signatory Bulletin** is a quarterly publication of the United Nations Environment Programme Finance Initiative.

United Nations Environment Programme  
Division of Technology, Industry and Economics  
Economics and Trade Branch  
Finance Initiatives Unit

**Chief Editor:** Paul Clements-Hunt [fi@unep.ch](mailto:fi@unep.ch)

**Editor:** Kiki Lawal [kiki.lawal@unep.ch](mailto:kiki.lawal@unep.ch)

**Disclaimer:**

The views expressed in this publication are not necessarily those of UNEP or UNEP FI, or of its signatories, nor does UNEP FI or its signatories take any responsibility for actions taken as a result of views or opinions expressed in this publication. Copyright 2004 - UNEP FI