

Contact: Kiki Lawal,
Signatory Relations: kiki.lawal@unep.ch
Tel: + 41 22 917 8692

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1. IMPORTANT DATES

- **21 October 2004** UNEP FI Annual General Meeting (AGM) in Paris
- **24-25 October 2005** UNEP FI Global Roundtable in New York

2. WORKING GROUPS

ASSET MANAGEMENT

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

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

Focus will be on two projects:

1. Outreach to Investors to communicate the results of the "Materiality" project.
2. Planning for a second round of the project based on the lessons of the first Materiality and the Global Compact "Who Cares Wins" report.

The group is still seeking members in Asia (excluding Japan) and Africa. Relevant parties should contact the secretariat to discuss the membership process.

For further information contact:

Jacob Malthouse: jacob.malthouse@unep.ch

CLIMATE CHANGE

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

Chaired by Mr. Thomas Loster, Munich Re

The road to COP 10 in Buenos Aires

An important area of activity for UNEP FI's Climate Change Working Group (CCWG) is to educate the public at large, particularly government and policymakers about the challenge of climate change, and to influence the policy process both at the national and international levels. The CCWG has always had a strong presence at the annual Conference of the Parties (COP), part of the United Nations Framework Convention on Climate Change. The upcoming COP 10 in Buenos Aires this December is no exception. The group is currently working on its fourth CEO Briefing (previous briefings include Climate Change, Emissions Trading and Renewable Energy), which will examine finance for carbon solutions, with a particular emphasis on the Clean Development Mechanism (CDM). The group is planning to launch the paper at its own side event at COP 10, which will also incorporate a panel discussion on how the finance sector perceives the CDM and how financial institutions can become more engaged in the CDM process.

For further information contact:

Lisa Petrovic: Lisa.Petrovic@unep.ch

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

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

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

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

UNEP FI - GRI Working Group:

The set of 15 draft indicators produced by the Working Group, designed to assist financial institutions report on the environmental impacts associated with retail banking, commercial and corporate banking, asset management and insurance, were launched for public consultation between June and September 2004.

Almost 100 responses have been received from the public consultation and the Working Group is currently preparing to meet for a fourth time on 25 October and 26th in the Netherlands, to review this feedback and to begin to finalise the first pilot version of the GRI Financial Services Sector Supplement by the end of 2004.

For further information contact:

Niamh O' Sullivan: niamh.osullivan@unep.ch

3. REGIONAL TASK FORCES

AFRICA

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

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

The Sustainability Banking in Africa Report, produced by the African Institute of Corporate Citizenship (AICC) Centre for Sustainability Investing and supported by the UNEP FI ATF

was officially launched on Tuesday 21st September at an AICC Convention in Johannesburg, South Africa.

The report identifies a number of innovations arising in sustainability practices within the financial sector in the African continent, providing a clear indication of positive change with respect to non-financial risk management and opportunity creation in the region. These include overarching market innovations, more responsible investment, access to capital and savings and transactions initiatives, each of which assist in the promotion of the business case for sustainable development as an integral component of overall business strategy in Africa.

The ATF is currently developing a framework to create non-financial risk management and corporate governance standards and guidelines for the South African financial sector (with a view to extend this to broader African countries in 2005/06), and the formation of public-private partnerships for sustainable investment in the continent. The latter recently received the endorsement and support of UNEP Executive Director Klaus Töpfer.

For further information contact:

Niamh O' Sullivan: niamh.osullivan@unep.ch.

CENTRAL AND EASTERN EUROPE

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

Chaired by Mr. Mark King, European Bank for Reconstruction and Development (EBRD) and Co-Chaired by Ms. Stella Kowlaka, Emporiki Bank

Finance and Sustainability in Central and Eastern Europe

The Central and Eastern Europe Task Force (CEETF) conducted a survey among 26 financial institutions in Central and Eastern Europe (CEE) to identify the status of sustainable finance in CEE.

The survey was conducted between June and August 2004 and its outcomes were the following:

- The majority of respondents considered sustainability as an important issue to their organizations, others risks and opportunities. 50% of respondents gave sustainability a rank of 4 and higher on the scale of 5.
- The most relevant sustainability issues were environmental credit risk management, asset management and corporate social responsibility with all three receiving over 40% of responses.
- Less than 60% publish or plan to publish an environmental report.
- The most important reasons for adopting sustainable finance practices are enhanced reputation (73.1%) and social responsibility (61.5%). At the same time, difficulty to measure benefits (53.8 %) and the lack of clear business case (46.2%) are the strongest barriers preventing the implementation of sustainable finance practices.
- Nearly 95% of organizations that implemented sustainable finance practices experienced clear benefits.
- 76.9% of respondents believe that in 5 years there will be more emphasis on sustainability in the financial sector.

The summary of the study can be downloaded at: <http://www.unepfi.net/ceetf>. The study was distributed and presented at the CEE Renewable Energy Finance hosted by UNEP FI and Sustainable Energy Finance (SEFI).

Second meeting of the Central and Eastern European Task Force

On September 27-28 the Central and Eastern European Task Force gathered for their second meeting following the kick-off meeting last May in Sofia, Bulgaria. The participants were the following task force members: Bank Austria Creditanstalt, EBRD, HVB, Komerčni Banka, Raiffeisen Zentralbank Austria, Regional Environmental Center for Central and Eastern

Europe, Vertis Environmental Finance. The Task Force welcomed OTP, West LB Hungarian and the Hungarian Association for Environmentally Aware Management as new members

Due to the huge differences in economic development in the region the Task Force decided to form two subgroups for its further activities. One subgroup will deal with new EU states and the Balkans, while the other will focus on the particular needs of Russia and other states of the former Soviet Union. In light of the survey results the task force will focus on raising awareness and setting up a training program for 2005. As environmental credit risk was identified as the main sustainability issue by the CEE financial institutions surveyed, the task force will also push forward the implementation of the environmental credit risk platform for CEE.

For further information contact:
Regina Kessler: regina.kessler@unep.ch

LATIN AMERICA

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

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

Over the summer months the Latin American Task Force developed a budget and work Programme for 2005 with a strong focus on Training, Social and Environmental Aspects of Credit Risk and the Business Case for Sustainable Finance. In the coming months, the Task Force will work on further developing the resource section for the LATF member website, adding links to websites with relevant environmental or regulatory information. In addition the Secretariat will coordinate LATF and UNEP FI input for the planned seminar on Sustainable Finance in Emerging Markets of Fundação Getulio Vargas in Sao Paulo, November 22-25.

The establishment of an LATF advisory group is in progress with submissions from 8 excellent candidates. Furthermore, the LATF is preparing elections for a new chair and co-chair of the group.

In late September the LATF travelled to Bogotá, Colombia to visit the Task Force member Fundación Social and to invited the Bogotá-based company Suleasing, part of the Suramericana group to the Task Force. During the same trip, meetings were conducted with CECODES, the Colombian branch of the World Business Council for Sustainable Development, the Colombian arm of the Global Compact, the German Development Agency GTZ, INCAE and the Colombian NGO Ideas Para la Paz.

For further information contact:
Mareike Hussels: mareike.hussels@unepfi.net; +593 2-292 0635 ext. 109

NORTH AMERICA

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

Chaired by Ms. Helen Sahi, Bank of America

The NATF is in discussions to decide on its 2004/2005 work programme. This is particularly significant before the next global roundtable, where New York has been selected as the location. The group is discussing performing an analysis of the impact of climate risk on lending and investment portfolios of North American Banks.

The group is still seeking members in the US. Relevant parties should contact the secretariat to discuss the membership process.

For further information contact:
Jacob Malthouse: Jacob.malthouse@unep.ch

OTHER PARTNERS

AUSTRALIA

<http://www.epa.vic.gov.au/Programs/UNEP/default.asp>

Initiative by Australian signatories during Quarter 3 2004 include:

Consultation workshops on the proposed indicators for the GRI Financial Sector Supplement were conducted in Melbourne on 17 August and Sydney on 19 August 2004, to ascertain the views of a broad range of stakeholders. The workshops were convened by the Australian financial institutions (Insurance Australia Group, National Australia Bank and Westpac) that are members of the working group, which has developed the indicators, in conjunction with EPA Victoria (on behalf of UNEP FI in Australia). The Wilderness Society, the Australian NGO that has also been part of the indicator development process was invited to contribute and participate.

The workshops were broadly divided into one for NGOs and sustainable investing Rating Agencies (Melbourne) and a second one for representatives of business (including financial institutions) and relevant government agencies (Sydney).

Other initiatives by Australian signatories during Quarter 2 2004, include the release of Westpac's 2004 Social Impact report, entitled 'Pressing On', and available from the Westpac website at: <http://www.westpac.com.au/>. Another report released this quarter was '*Climate change solutions for Australia*' by the Australian Climate Group. The Australian Climate Group was convened in 2003 by WWF Australia and Insurance Australia Group (IAG) in response to the increasing need for action on climate change in Australia. The report can be found at: <http://www.iag.com.au/pub/iag/sustainability/>

For further information contact:

Helen Bloustein, EPA Victoria, unep.fi@epa.vic.gov.au Tel: + 61 3 969 52687

4. ADDITIONAL ISSUES

FINANCIAL ISSUES

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

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

UNEP Finance Initiative Financial Report for the Quarter 2, 2004.

This contains 2004 Signatory Contributions to 30 June 2004 and the Profit and Loss for account Quarter 2, 2004.

It is our intention to provide quarterly financial report. We would be interested to learn from our signatories if this level of reporting meets their needs and answers any queries they may have.

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

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

Username: unepfisig

Password: 4gvach

GENERAL INSURANCE WORKING GROUP

Following the Annual General Meeting (AGM) of the Initiative at the end of 2003 there was a general consensus among the members that a healthy balance should remain between the relevant work streams, following the merger of the Financial Institutions Initiative (FII) and the Insurance Industry Initiative (III). It is following these discussions at the AGM, that the Secretariat started the process to form a "General Insurance Working Group". This Group would be made up of Insurance and Re-Insurance companies only and, when formed, would define its own Work Programme to address issues that are relevant to the insurance sector.

The UNEP FI Secretariat are already in contact with a number of signatories in relation to this Group. It is envisaged that the group will be officially launched as of January 2005.

For further information contact fi@unep.ch

ASIA PACIFIC TASK FORCE

In January 2004, a forward planning strategy meeting was convened by the UNEP FI Secretariat at UNEP's divisional office in Paris. At this meeting consensus was reached among those present that the regions should play a greater emphasis in the future work programme and activities of the Initiative.

At present UNEP FI has Regional Task Forces convened in Africa, Central and Eastern Europe, Latin America and North America. The Interim Steering Committee expressed their wish to see the formation of a Task Force for Asia, the Pacific region, and Australasia. The Interim Steering Committee, while acknowledging the complex geographical issues involved within the region, stated that they did not want to lose momentum there following the success of the UNEP FI Global Roundtable, held in Tokyo in October 2003. The UNEP FI Secretariat are already in contact with a number of signatories in relation to this Group. It is envisaged that the group will be officially launched as of January 2005.

For further information contact fi@unep.ch

UNEP FI LAUNCHES NEW WEBSITE. ALL THAT'S OLD IS NEW AGAIN.

Time flies on the internet, and the UNEP FI website (www.unepfi.org) was starting to show its age. Working with Communicopia Internet (Vancouver, Canada), we're delighted to release a completely redeveloped and redesigned website to showcase the work of UNEP FI and its signatories.

A new foundation...

The new UNEP FI website has been completely restructured, making it easier to find anything from asset management publications to signatories in Venezuela. A new signatory extranet consolidates all private documents and events in a secure central location.

The next phase of development will integrate multi-language content, and increase functionality in the signatory extranet, in order to support our regional activities and signatory relations.

...and more to build!

We're not done yet – there are new features and content still to come. If you have ideas of tools and information you'd like to see, let us know! Send a message to our team at web@unepfi.org.

SECRETARIAT CONTACT WITH SIGNATORIES

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

UNEP FI SIGNATORIES' QUESTIONNAIRE

A questionnaire was sent out by email on 27 September 2004 to all UNEP FI signatories. The objective of the questionnaire is to enable the UNEP FI Secretariat to identify signatory needs and assist the signatories to implement the UNEP FI Statements.

The questionnaire can also be found online at: www.unepfi.net/qre.

UNEP FI STEERING COMMITTEE ELECTION

We are delighted to announce that we have received six nominations for the 3 Open positions. The nominations, complete with biographies, have been dispatched to all signatories by Email.

Votes can be sent to the Secretariat in Geneva by e-mail, fax or letter between 08.00 hrs (CEST) 11 October 2004 and 18.00 (CEST) 20 October 2004. They can also be carried by hand to the AGM and presented to the Secretariat on 21 October in Paris.

UNEP FI ANNUAL GENERAL MEETING (AGM) IN OCTOBER

The UNEP FI AGM will take place in Paris, France, on 21 October 2004. The background papers are currently being dispatched to all signatories. The Secretariat would like to thank Groupama for hosting the AGM.

UNEP FI AGM, October 21 2004- Paris, France

Time: 10.00hrs – 16.30hrs
Groupama Asset Management,
25 rue de Courcelles
75008 Paris, France

Details of the AGM's can be found at <http://www.unepfi.net/2004agm/>

If you have not yet confirmed your participation at the AGM we would ask you to do so as soon as possible.

For further information contact:

Kiki Lawal: kiki.lawal@unep.ch

END.

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

Chief Editor: Paul Clements-Hunt fi@unep.ch

Editor: Kiki Lawal kiki.lawal@unep.ch

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