



**UNEP Finance Initiative**  
Innovative financing for sustainability

## Signatory Bulletin

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### 1. IMPORTANT DATES

- **24 October 2005** UNEP FI AGM in New York
- **25-26 October 2005** UNEP FI Global Roundtable in New York

### 2. WORKING GROUPS

#### ASSET MANAGEMENT

<http://www.unepfi.org/investment>

Chaired by Mr. Carlos Joly and Mr. Vincent Zeller, Groupama Asset Management, France

2005 focus will be on a second invitation to brokerage houses, "Mat2" to produce reports on the financial materiality of environmental, social and governance issues to equity pricing for the following sectors:

FINANCIAL SERVICES  
AUTOMOBILE  
AERO DEFENCE  
FOOD AND BEVERAGE  
CHEMICALS  
PHARMACEUTICALS  
BASIC MATERIALS (FORESTRY, IRON AND STEEL, OTHER EXTRACTIVES)

Reports must be global, focussed, and in-depth analyses. They should incorporate both sell side reports by brokers and buy side descriptions/narratives/analysis of how investment

managers internalize and apply valuations of environmental, social and corporate governance information.

The group will obtain fewer reports and aim to launch each one at small, invite-only events.

The group will also continue its outreach to North American institutional investors in collaboration with Citigroup and Calvert and solicit a 2005-2006 expert statement on the state of fiduciary law globally from a leading legal firm.

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## **CLIMATE CHANGE**

<http://unepfi.org/cc/>

Chaired by Mr. Thomas Loster, Munich Re

### **The Climate Change Working Group (CCWG): A Successful COP 10 in Buenos Aires**

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, and this year was no exception. On December 15<sup>th</sup>, the working group held a side event at COP 10 in Buenos Aires, where it launched its latest CEO Briefing titled *Finance for Carbon Solutions: the Clean Development Mechanism – the Financial Sector Perspective*. The side event highlighted what the financial sector can offer in terms of carbon solutions, with a focus on the Clean Development Mechanism (CDM), and, more specifically, the risks and opportunities associated with the CDM as viewed by the financial sector. The event included presentations from Sascha Lafeld of 3C and Dresdner Bank, the author of the CEO briefing and member of the CCWG, Charles Cormier of the World Bank, Rodrigo Sales of Baker & McKenzie, Maria Teresa Szauer of CAF and an active member of the Latin American Taskforce, as well as Hernan Carlino from Argentina's Designated National Authority. The briefing and presentations are available on UNEP FI's website.

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## **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.org/gri/>

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

Following the very successful completion of a set of 13 environmental performance indicators to address the environmental impacts of financial sector products and services worldwide, in October 2004, the UNEP FI - GRI Working Group are preparing for the next phase in this project. The set of indicators, that is currently being finalised into the first draft of the GRI Sector Supplement (Environmental Performance), will be pilot tested in 2005 with a group of international financiers and reviewed by non-financial pilot participants. Fundraising drives will be initiated early in January 2004 to allow the piloting process to begin in the first quarter of 2005. The UNEP FI Secretariat will be providing updates of this planned process on the group web pages early in the new year (<http://www.unepfi.org/gri>).

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

#### **AFRICA**

<http://unepfi.org/atf/>

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

Following the launch of the Sustainability Banking in Africa Report in September, the French version of the ATF informational flyer was finalised in October to assist with membership drives in Francophone Africa (downloadable from [www.unepfi.org/atf/](http://www.unepfi.org/atf/)). In November and December the ATF Secretariat began working on the production of a CEO Briefing of the Sustainability Banking in Africa Report, aimed at presenting the key findings and recommendations of the main Report in a condensed executive summary-type document. The CEO Briefing will be completed in February 2005, prior to a UNEP Africa Business and Sustainable Development event in Nairobi, Kenya on February 22nd and the next ATF AGM (provisional date Feb. 25th). The ATF has also been preparing for the next stage in the risk management-corporate governance standards and guidelines work, to be taken forward in the first quarter of 2005. The first ATF group call of the year took place on January 13th.

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#### **ASIA PACIFIC**

In preparation for the 2005 launch of the UNEP FI Asian Pacific Task Force (APTF), an umbrella framework of groups and activities in the Asia Pacific region, UNEP FI visited signatories and other financial institutions in China, Japan, Korea and the Philippines during November and December. The main aim was to publicise the start of this new task force and in particular create interest in the 2005 Asia Pacific (AP) survey on finance and environment whose results will not only help the understanding of the current situations and trends in the region but also could be used to frame APTF activities in the future years.

In China, UNEP FI made a courtesy call to two state-owned banks in Beijing and created a good foothold into the large Chinese financial market. UNEP FI representatives also exchanged ideas with young bankers and students introducing the concept of sustainability in finance and how it may be positively incorporated into the country's rapid economic growth.

In Japan, to mark the anniversary of the UNEP FI 2003 Global Roundtable, which was hosted by the Development Bank of Japan (DBJ) in October 2003 in Tokyo, DBJ hosted a half-day event to keep the momentum amongst Japanese financial institutions towards sustainability, which was created by the conference. At this Forum attended by Japanese financial institutions and Asian developing financial institutions, Mr. Michael Hoelz, Chair of the UNEP FI Steering Committee, and the UNEP FI secretariat were given the chance to present UNEP FI's evaluation of the Global Roundtable and how the outcomes of the conference have led to the planned start up of the new task force from 2005. UNEP FI called on Japanese financial institutions to support and be part of the APTF for instance through the setting up of a Japanese group. The Secretariat also met with the Ministry of Environment and the Tokyo Metropolitan Government and received interest and support for the AP survey.

In Korea, the UNEP FI secretariat met all three Korean signatory financial institutions and a few other potential signatory institutions on a bilateral basis. Sustainability is gradually beginning to be recognised by Korean financial institutions and Korean signatories are currently in the process of preparing their first CSR reports. The Korean Federation of Banks and a consultancy firm Eco-Frontier were about to launch a study group on finance and sustainability and UNEP FI will be closely in cooperation with this study group in the future. Eco-Frontier has also offered to translate the AP survey into Korean and distribute it widely

via the banking federation. It was agreed to plan a workshop on the result of the survey in May/June 2005.

In the Philippines, the Association of Developing Financial Institutions in Asia and the Pacific (ADFIAP) hosted a UNEP FI Executive Briefing meeting in Manila at which the UNEP FI secretariat was able to meet its signatories in the Philippines and also introduce itself to non-signatories. At this meeting attended by approximately 10 executives from the Philippines' largest banks, UNEP FI introduced its current work programmes and discussed how UNEP FI could create more benefits for institutions in the Philippines by becoming part of the new APTF. It also introduced some case studies in developing countries collected by UNEP FI on the benefits for institutions of undertaking sustainability management and reporting. The attendees supported the AP survey on finance and environment, which will create a good resource to evaluate the current situations in the Philippines and to compare trends in the AP region. They also agreed the survey will help frame activities for both international issue-based groups and a possible Philippine group in the APTF. The UNEP FI Secretariat announced its intention to return to Manila in June 2005 to present the survey findings and to discuss future activities.

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## **AUSTRALIA**

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

The fourth quarter of 2004 saw the release of 3 more Corporate Social Responsibility reports by Australian UNEP FI signatories. Inaugural reports were released by:

- VicSuper – *'What in the World has Sustainability Got to do with Superannuation?'*, available from [http://www.vicsuper.com.au/sust\\_report.asp](http://www.vicsuper.com.au/sust_report.asp)
- Insurance Australia Group – *'The Fewer the Risks the Better – for everyone'*, available from <http://www.iag.com.au/pub/iag/sustainability/index.shtml>; and
- National Australia Bank – *'The Year, The Facts, the Future'*, available from <http://www.nabgroup.com/>

UNEP FI welcomes one new Australian signatory to the initiative. In December 2004, Savings and Loans Credit Union became the second Australian credit union and first South Australian headquartered institution to become a signatory. Savings and Loan's membership brings the number of Australian signatories to eight. These are: ANZ; Insurance Australia Group; *mecu*; National Australia Bank; QBE; Savings and Loans, VicSuper; and Westpac.

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## **CENTRAL AND EASTERN EUROPE**

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

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

The task force has started to prepare for a CEO briefing event in March 2005 in Warsaw, Poland. It will be targeted at senior and middle management of the Polish financial sector. The meeting will be hosted by Poland's largest financial institution, Bank Pekao, and will be organised in close collaboration with the European Bank for Reconstruction and Development. The agenda will cover talks on legal environmental topics for financial institutions, environmental reporting and rating requirements, environmental aspects of privatization and best practice in sustainable finance. Key speakers will be Jan Krzysztof Bielecki, CEO Bank Pekao, Artur Tarnowski, Director Polish Telecom, and others will brief the audience on the necessity to engage in sustainability to improve corporate performance.

Since the Budapest meeting, efforts have been strengthened in the task force to develop a training programme for the region. Collaboration is considered with an Austrian financial training association, the Economic University of Vienna and the International Training Centre for Bankers in Budapest. The task force currently assesses the idea of a train-the-trainer approach to serve the region's financial sector with general sustainable finance training and a particular focus on environmental credit risk management.

Reports on the task force meetings in Sofia and Budapest and a summary of the Renewable Energy Finance Workshop in Budapest are now available on the CEETF website.

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## **LATIN AMERICA**

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

Acting Chair: Christopher Wells, Banco Real – ABN AMRO

Co-Chair: Lawrence Pratt, INCAE

The LATF welcomes its new chair, Christopher Wells, Banco Real – ABN AMRO, and Co-Chair Lawrence Pratt, INCAE. Furthermore, the establishment of a 9 member LATF advisory group was finalized. These highly qualified individuals will contribute their regional networks and expertise in a range of fields to the work of the LATF. Finally, the LATF would like to welcome Suleasing from Colombia as a new member of the Task Force.

Some 15 LATF and advisory group members met for an informal lunch in Sao Paulo on November 22<sup>nd</sup>. The meeting took place on the occasion of the "International Conference on Sustainable Finance in Emerging Markets" organized by the Center for Sustainability Studies at the Fundação Getulio Vargas Business School. The conference brought together Emerging Market experts from Brazil and Latin America, Africa, Asia and Eastern Europe for an inspiring exchange of experiences. The meeting of the LATF served to clarify open questions and further define the work programme's focus on training and the UNEP FI Emerging Market Investment Project. A pilot training workshop on E&S aspects of credit risk is being planned for early March 2005 in Bogotá, Colombia.

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## **NORTH AMERICA**

<http://www.unepfi.org/natf>

Chaired by Ms. Helen Sahi, Bank of America

The 2005 work programme will include collaboration with the UNEP FI Climate Change Working Group on two studies:

"Lending Clarity" - Is Climate Change a Risk for the Financial Sector?

This study will analyze

- (i) the four major risks posed by climate change to debtors,
- (ii) the macro impact of climate change on financial risk,
- (iii) the specific debt sectors which will be most impacted,
- (iv) the likely impact in the short-term versus the long-term, and the impact of perceived risk versus actual risk.

"Footprints of Finance" - Strategies for Reducing the Future Environmental Liabilities of Financial Products

This study will focus first on the impact of future environmental liabilities on specific debt products, and how this is likely to affect the financial institutions that offer these debt products.

Next, the study will review the many strategies available to mitigate the risks of environmental liabilities on debt products. Third, the study will make practical recommendations regarding actions that can be taken by financial institutions to address the impact of environmental liabilities on their debt products.

The NATF will also host a meeting with Canadian Banks and Stakeholders called “Canada Local Canada Global” on February 11<sup>th</sup>, 2005. The Royal Bank of Canada has kindly agreed to host the event.

Further funding is available for 2005 projects; discussions on how best to allocate remaining NATF funds are underway.

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**END.**

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