

# BBVA

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## **First Western European Forum on Finance and Sustainability**

### **The Latin American Task Force LATF**



**Barcelona**

**May 19th 2005**

## What is UNEP FI

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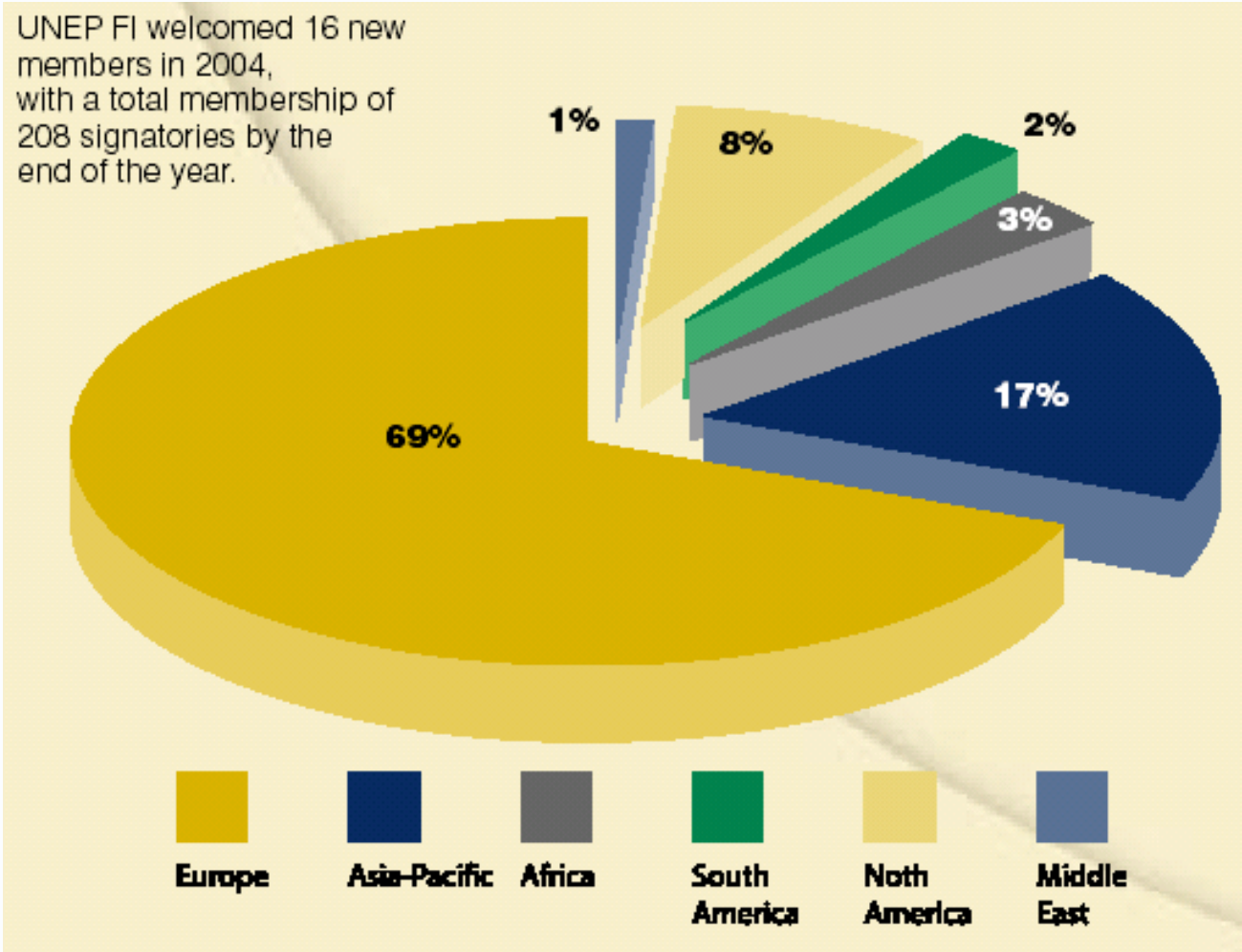
The United Nations Environment Programme Finance Initiative (UNEP FI) is a unique global partnership between the [United Nations Environment Programme \(UNEP\)](#) and the private financial sector.

UNEP FI works closely with over [200 financial institutions](#) who are signatories to the [UNEP FI Statements](#), and a range of partners organizations to develop and promote linkages between the environment, sustainability and financial performance. Through [regional activities](#), a comprehensive [work programme](#), training programmes and research, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

### Mission

*“To identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.”*

# Signatories to the UNEP FI Statements in 2004



# What is the Latin American Task Force LATF

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UNEP FI has established a network of regional task forces to coordinate its activities around the world. The task forces provide an opportunity for local signatories to interact and share best practices.

Regional task forces are active or under development in:

- [Africa](#)
- [Asia Pacific](#)
- [Central and Eastern Europe](#)
- [Latin America](#)
- [North America](#)

## Regional Activities

### Latin America

Through its Latin American Task Force, UNEP FI is working with financial institutions in Latin America to support and expand sustainable financial practice in the region.

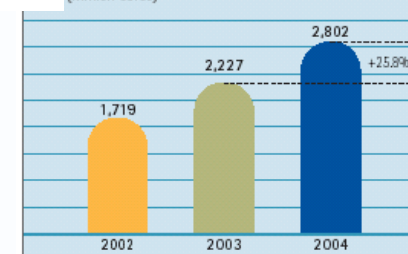
# LATF Members and Advisory Group Members

ABN AMRO-Banco Real (Brasil) Dirección del LATF	Fundação Getulio Vargas (Brasil)
ABN AMRO (Argentina)	Fundación Social (Colombia)
Banco Cuscatlán (El Salvador)	INCAE (Costa Rica) Co-Dirección del LATF
Banco Solidario (Ecuador)	Grupo Santander
<b>BBVA Group</b>	Suleasing (Colombia)
CAF	Unibanco (Brasil)
CEPAL (tbc)	

	31-03-05	31-03-04
Market capitalization (million euros)	42,589	36,519
Number of employees	88,588	88,750
• Spain	31,033	31,294
• America <sup>(1)</sup>	55,579	55,456
• Rest of the world	1,976	2,000
Number of branches	7,006	6,958
• Spain	3,410	3,390
• America <sup>(1)</sup>	3,420	3,374
• Rest of the world	176	194

31-03-05	
BALANCE SHEET (million euros)	
Total assets	345,221
Customer lending (gross)	185,533
On-balance sheet customer funds	211,389
Other customer funds managed	125,336
Total customer funds managed	336,725
Equity	14,220
Shareholders' funds (including profit)	11,767

Net attributable profit  
(Million euros)



## Advisory Group Members:

SRInvest Argentina, FIDES - Desenvolvimento Sustentavel, Cleaner Production International LLC, KPMG LLP UK, Fundação Brasileira Para o Desenvolvimento Sustentavel, Inter-American Development Bank, World Resources Institute - New Ventures, Finanzas Ambientales, Enterprising Solutions Global Consulting.

**The Banker**

Best Bank in Latin America 2004

**BBVA**

## LATF Goals and Highlights

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- To set sustainability priorities for the Latin American financial sector and to promote these through capacity building and training;

- To create a forum of Latin American signatories to exchange ideas and best practice facilitated by the UNEP FI network;

- To integrate a triple bottom line approach to Latin American financial sector operations.

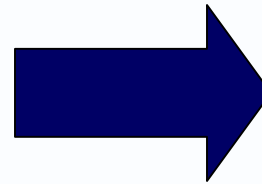
# LATF Highlights

## LATF Launch Meeting

The LATF's first meeting was held in Lima, Peru, on 1-2 July. LATF Terms of Reference were agreed, and participants discussed the strategic focus and future activities of the Task Force.

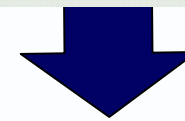
## Scoping Paper on sustainable finance in Latin America

Funded and managed by Corporación Andina de Fomento, the LATF chair at the time, and authored by the Brazilian Centro de Estudos em Sustentabilidade (CES) of the FGV Business School in Sao Paulo, the paper outlines the state of sustainable finance in different countries and identifies related challenges and opportunities.



## Training

Both the launch meeting and the Scoping Paper identified training as the most important focus area for the Task Force. The LATF has started to develop a training concept and will conduct a number of training workshops on the social and environmental aspects of credit risk in 2005.



## Environmental & Social aspects of Credit Risk

9-10 March, Bogota, Colombia:

4-5 May, Buenos Aires, Argentina

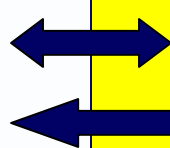
Sept, Lima, Peru

Dec, San Salvador, El Salvador

## LATF planned activities



Global  
Reporting  
Initiative™



**Environmental Management Workshop**

**Sustainability Reports**

**Latin America Portal (environmental&socia)**

**Round Table Oct. 25-26 in New York (24 AGM)**

### **Stakeholder Forum on Sustainability Management & Reporting (SMR)**

The take up of SMR by financial institutions, especially in developing countries, is still low. UNEP FI identifies lack of awareness and capacity as the two main barriers and seeks to produce a set of Guidelines to address them. In 2004-5, the focus of the project is to produce a CEO Briefing on Sustainability Management and Reporting

## LATF planned activities [www.unepfi.org/latf](http://www.unepfi.org/latf)

### Sustainability Management, Reporting and Indicators (SMRI) Work Streams

#### **Aim:**

■ To provide financial institutions with efficient tools for sustainability management and reporting.

#### **Specific Goals:**

■ Develop a set of globally applicable environmental performance indicators to assist the international finance sector report on the environmental impacts of its products and services;

■ Provide a forum for financial sector stakeholders to discuss sustainability management & reporting, with the ultimate goal of providing a body of guidelines on the subject.

#### **2004 Highlights:**

#### **UNEP FI - Global Reporting Initiative (GRI) Working Group**

The Working Group had three successful meetings and a 90 - day public

consultation period in 2004 that resulted in the development of a set of 13 environmental performance indicators for the international finance sector. Designed to assist the retail, corporate and commercial banking, asset management and insurance sectors report on the environmental impacts of their products and services, the indicators have been formatted into a pilot version of the GRI Financial Services Sector Supplement (Environment). This Supplement will be pilot-tested in 2005.

#### **Chairs:**

Financial Sector Co-Chair - Westpac;  
Non Financial Sector Co-Chair - CoreRatings.

#### **Financial members:**

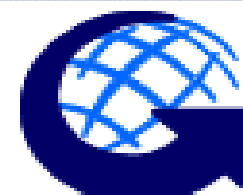
Deutsche Bank, Westpac, Standard Chartered, Swiss Reinsurance, Rabobank, Calvert, Bank of China, Nedcor, National Australia Bank, Insurance Australia Group (IAG).

#### **Non-financial members:**

Friends of the Earth, US, Earthwatch Europe, Ethical Investment Research Services (EIRIS), Core Ratings, Christian Brothers Investment Services (CBIS), Euronatur, Wilderness Society, INCAE, Centre for Corporate Citizenship, UNISA.

#### **Observer members:**

Citigroup, FMO, Co-operative Financial Services, Interpolis NV, International Finance Corporation (IFC), Zentrum für Weiterbildung und Wissenstransfer, Development Bank of Southern Africa (DBSA), Standard Bank of South Africa, FleetBoston Financial, AVIVA.



**Global  
Reporting  
Initiative™**

**Only acceptable global  
standard**

**Sector specific supplements**

**Multi Stateholder process**



## **What do we want quantification for**

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**Measure to quantify(indicators)**

**Quantify to compare**

**Compare to manage**

**Manage to improve**

**SMART indicators**

**Specific**

**Measurable**

**Achievable**

**Realistic**

**Timely**

**GRI as a global standard**

# Financial Service Sector Supplements: SPI&EPI

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## Phase 1: Social Performance

The Pilot version of the Financial Services Sector Supplement - Social Indicators was released for use in November 2002. This document offers a set of supplemental social performance indicators for use in conjunction with the GRI 2002 Sustainability Reporting Guidelines.

- [Financial Services Sector Supplement: Social Performance](#)

The indicators were developed as specifically relevant to the financial services sector through an extensive multi-stakeholder process convened by GRI and SPI-Finance. [SPI-Finance](#) is a project group of financial institutions from Australia, Germany, the Netherlands, South Africa, Switzerland and the UK .

## Phase 2: Environmental Performance

In September 2003, GRI partnered with UNEP-Finance Initiatives ([UNEP FI](#)) to build on the work completed in the social arena, and to develop a set of environmental performance indicators for the finance sector . An evenly balanced multi-stakeholder working group of approximately 20 members, co-chaired by one industry and one non-industry representative, was convened to draft the document. It was released in March 2005 following a 90-day public comment period in 2004.

- [Financial Services Sector Supplement: Environmental Performance](#)

Like all supplements, this was developed to be used in conjunction with the GRI Sustainability Reporting Guidelines.

## Phase 3: Consolidation and Piloting

GRI and UNEP FI will work during the course of 2005-2006 to consolidate the two segments of the sector supplement and convene an international pilot testing process. Financial institutions interested in using the supplement should discuss their requirements with

**30 indicators (CSR,  
Internal Social  
Performance,  
Performance to society,  
Suppliers, Retail  
Banking, Investment  
Banking, Asset  
Management,  
Insurance)**

*sustainability*

**BBVA**

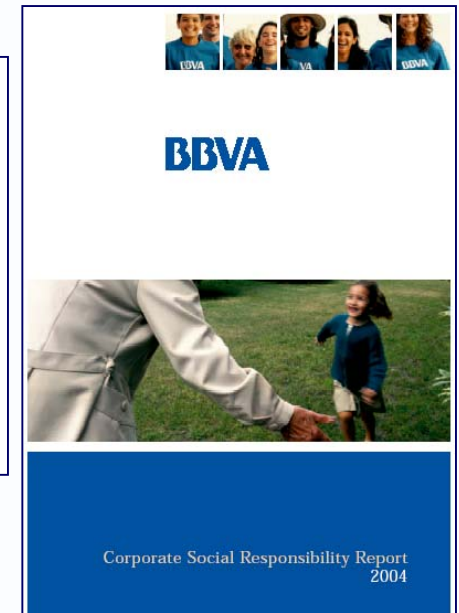
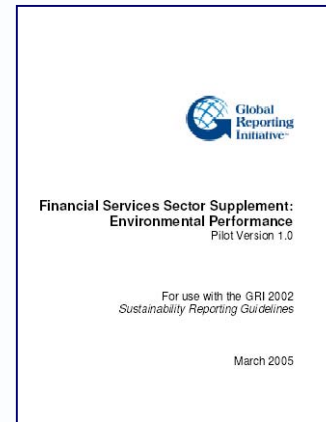
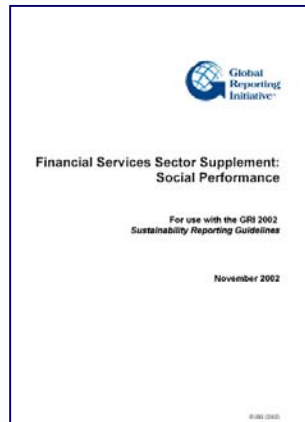
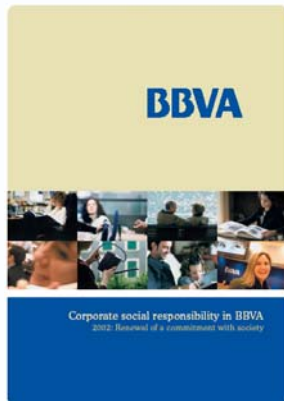
## Financial Service Sector Supplements: SPI&EPI

<i>Ref</i>	<i>Agreed indicator</i>
F1	Description of environmental policies applied to core business lines.
F2	Description of process(es) for assessing and screening environmental risks in core business lines.
F3	State the threshold(s) at which environmental risk assessment procedures are applied to each core business line.
F4	Description of processes for monitoring clients' implementation of and compliance with environmental aspects raised in risk assessment process(es).
F5	Description of process(es) for improving staff competency in addressing environmental risks and opportunities.
F6	Number and frequency of audits that include the examination of environmental risk systems and procedures related to core business lines.
F7	Description of interactions with clients/investee companies/business partners regarding environmental risks and opportunities.
F8	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has engaged on environmental issues.
F9	Percentage of assets subjected to positive, negative and best-in-class environmental screening.
F10	Description of voting policy on environmental issues for shares over which the reporting organisation holds the right to vote shares or advise on voting.
F11	Percentage of assets under management where the reporting organisation holds the right to vote shares or advise on voting.
F12	Total monetary value of specific environmental products and services broken down according to the core business lines.
F13	Value of portfolio for each core business line broken down by specific region and by sector.

# GRI reporters

34% of the companies listed in Dow Jones Sustainability Index World are GRI reporters. More than 600 GRI reporters world-wide

BBVA has given a step beyond and is “in accordance reporter” (only 56 organization in 20 countries are in accordance)



Learning by doing

*First Western European Forum on Finance and Sustainability*

**BBVA**

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# Thank you for your attention

Tomas Conde  
Environmental Affairs  
Corporate Social Responsibility  
Corporate Relations



FTSE4Good Index Series