



UNEP Finance Initiative
Innovative financing for sustainability



UNEP and the Financial Community

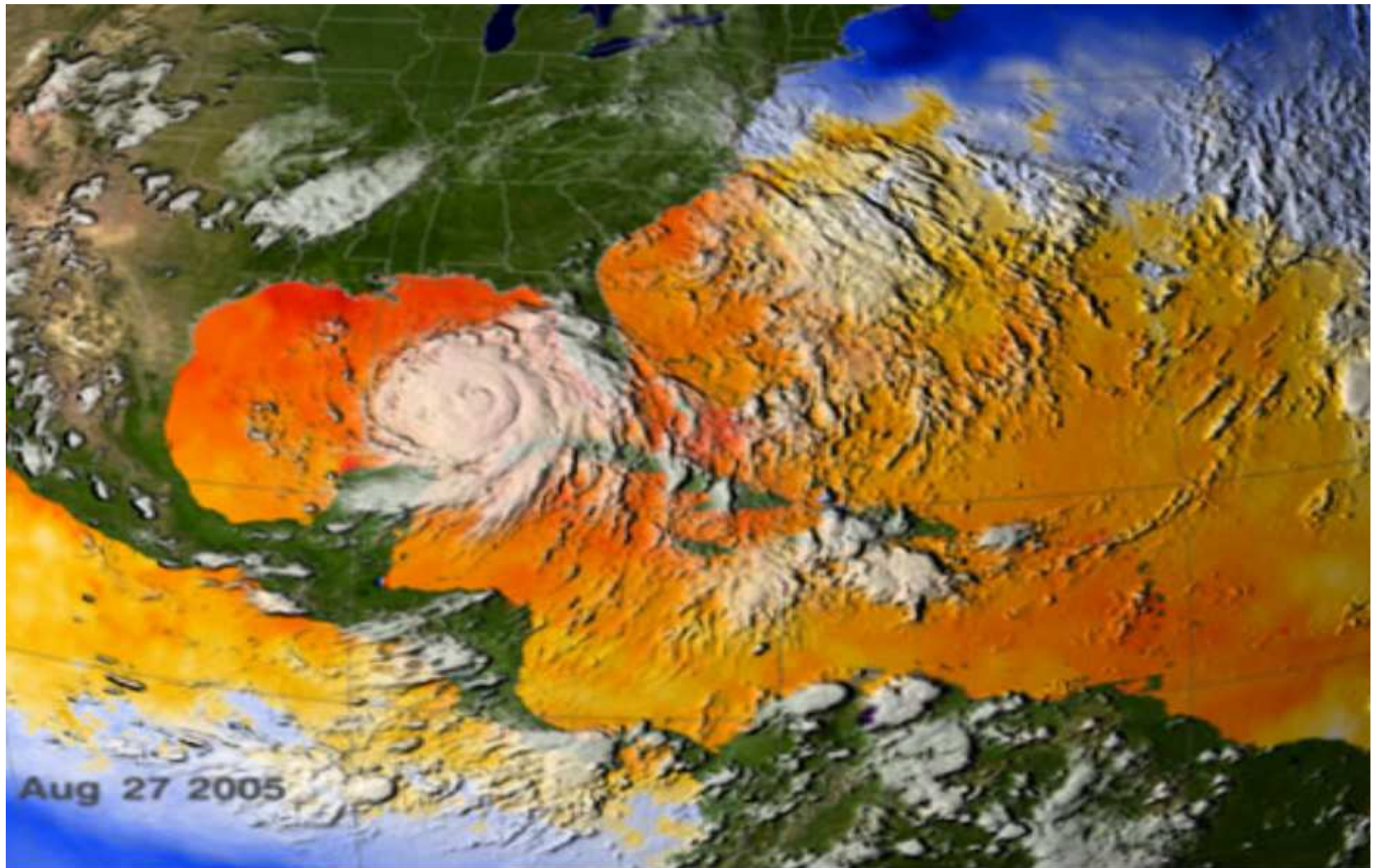


23 August, 2006
World Water Week
Stockholm, Sweden



Why Care?

- Rate of depletion and pollution of water resources.
- Economic impacts of floods and droughts.
- Business continuity and increased costs.
- Competing interest in fresh water allocation.
- High potential growth and business opportunities?
- Going from defensive business to offensive business.
- Strategic value of water.



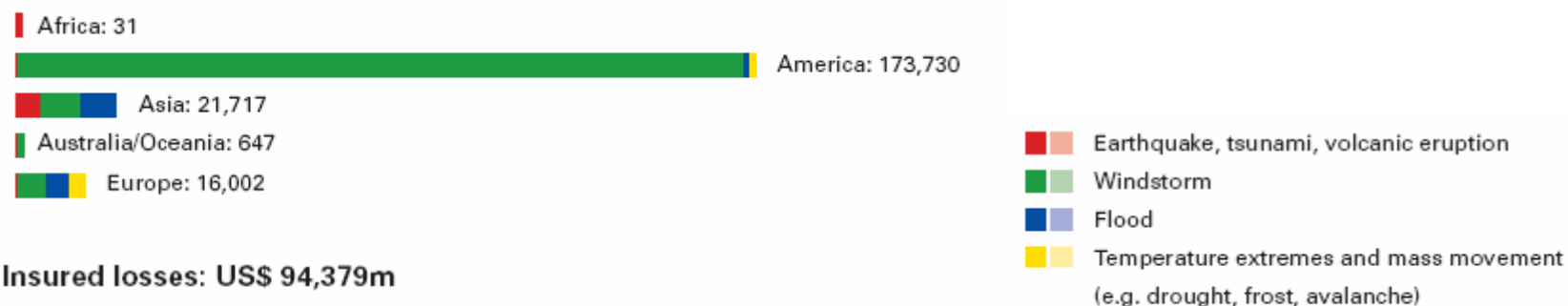
Sea Surface Temperature





Overall global losses and insured losses due to natural disasters 2005

Overall losses: US\$ 212,127m



Insured losses: US\$ 94,379m



Source: Munich Re: "Annual Review: Natural Catastrophes 2005"

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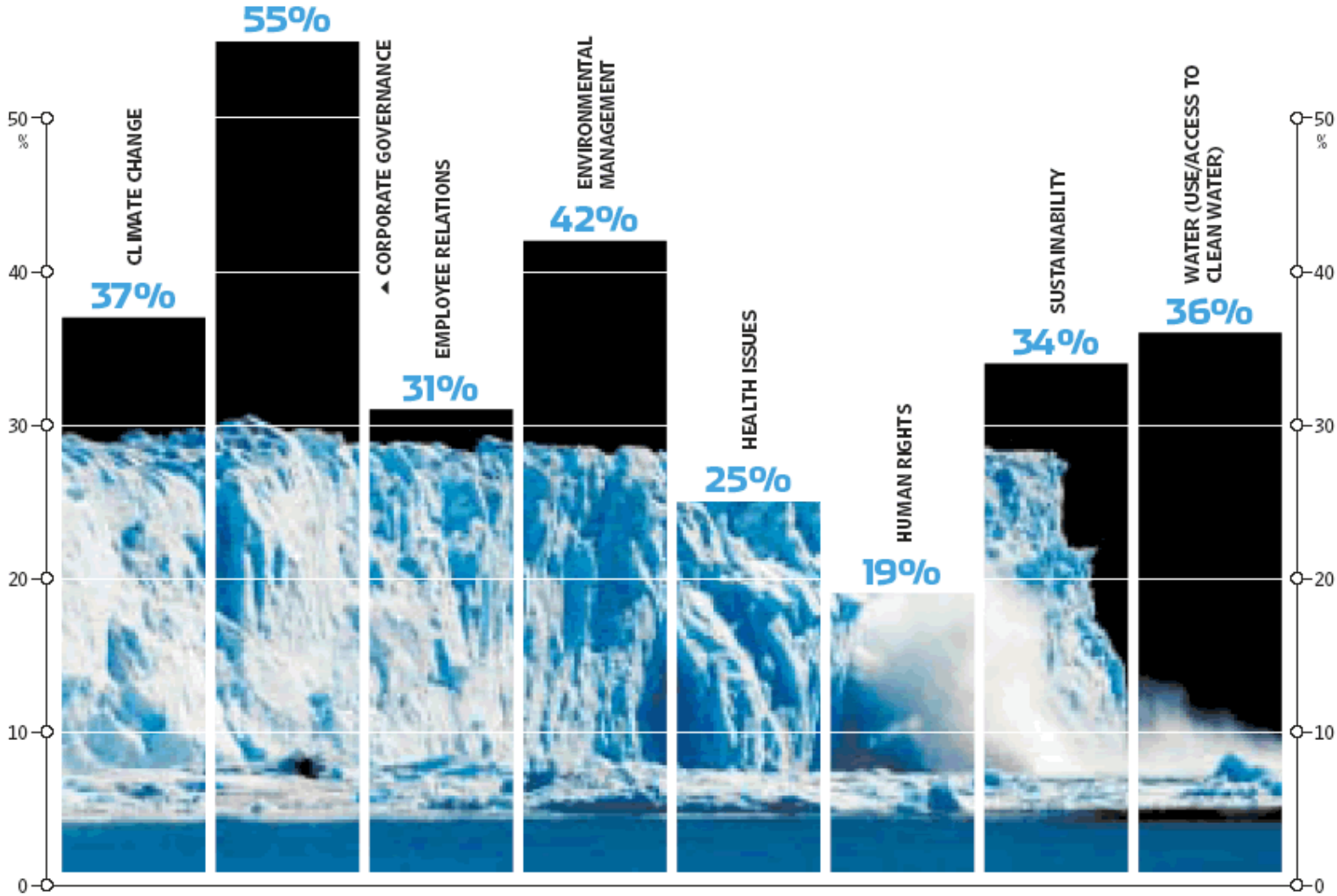
ESG Issues

International capital is now mainstreaming environmental, social governance and human rights considerations from both risk and opportunity perspectives:

- Capital markets worldwide worth USD47 Trillion. Pensions funds hold 25% of these markets. Institutional investors recognize they have to consider a broader range of environmental, social, governance and human rights (E,S, G& HR) risks. April 27 launch of Principles for Responsible Investment.
- Equator Principles sees nearly 40 banks representing more than 80% of global project finance volume integrating environmental and other qualitative issues into the fabric of project lending criteria.
- By 2020 global renewable energy, climate change and cleantech markets predicted to offer USD 2 Trillion plus markets.
- Access to favourably priced international capital will depend on lenders ability to integrate and demonstrate sound management of ESG&HR issues.



Global poll of managers who feel that the following factors will become or will remain important in five years, average, per cent



Source: Mercer Investment Consulting; The Observer (UK) - 7 May 2006

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Principles for Responsible Investment



APRIL
27
THURSDAY

NYSE Group

>US \$4,5 Trillion

Principles for Responsible Investment



THE GLOBAL
COMPACT



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PRI objective

- To develop and implement a set of global principles that facilitates the integration of ESG issues into mainstream investment practices



Design

- The Principles reflect a **deep understanding of materiality**.
- The Principles are **grounded within the bounds of fiduciary duty**.
- The Principles can be **applied across mainstream portfolios**.
- The Principles provide **practical guidance on key challenges**.
- The Principles can **make a difference**.

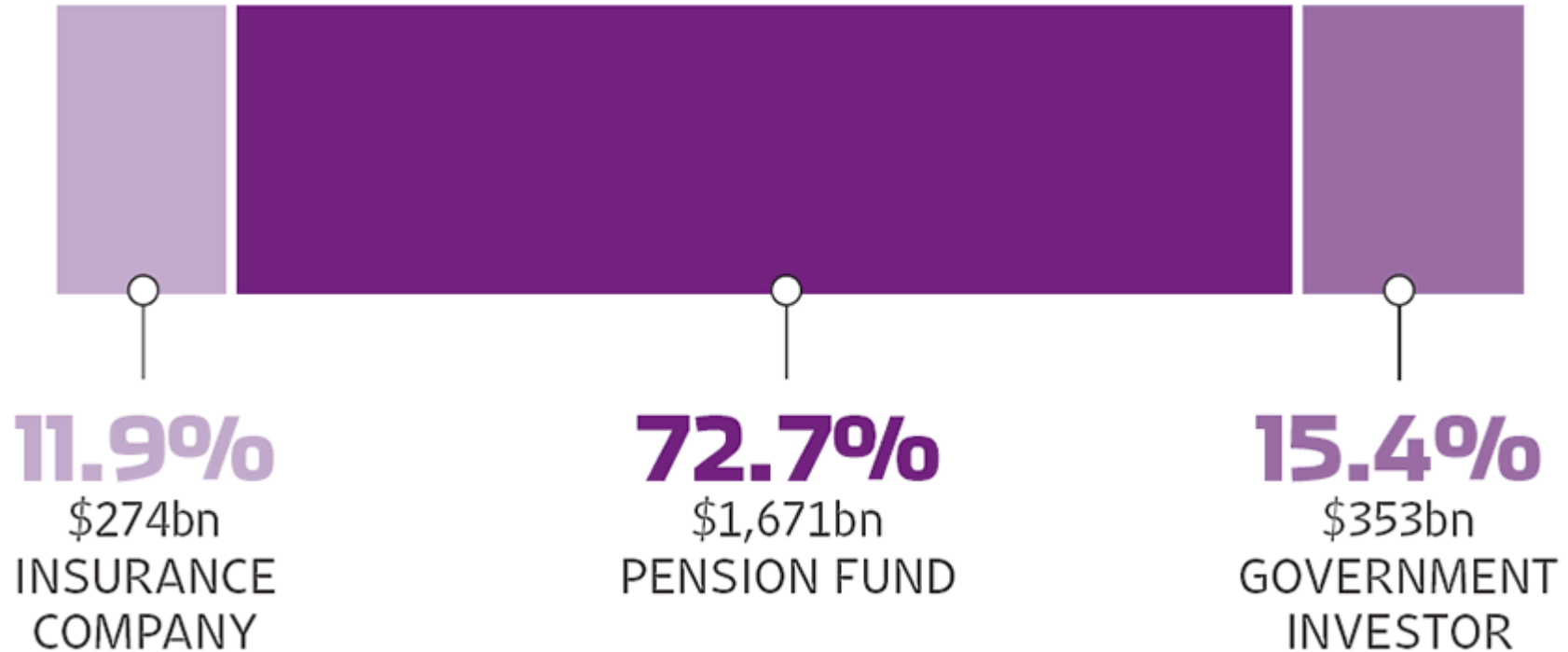


About the Principles

- Process convened by UN Secretary-General
 - Implemented by UNEP FI and UN Global Compact
- Institutional investor focus
 - 50 institutional investors representing > US\$4,5 Trillion
 - Focus on investor behaviour rather than corporate behaviour
 - Framed in terms of core fund (including fiduciary) responsibility, rather than ethics



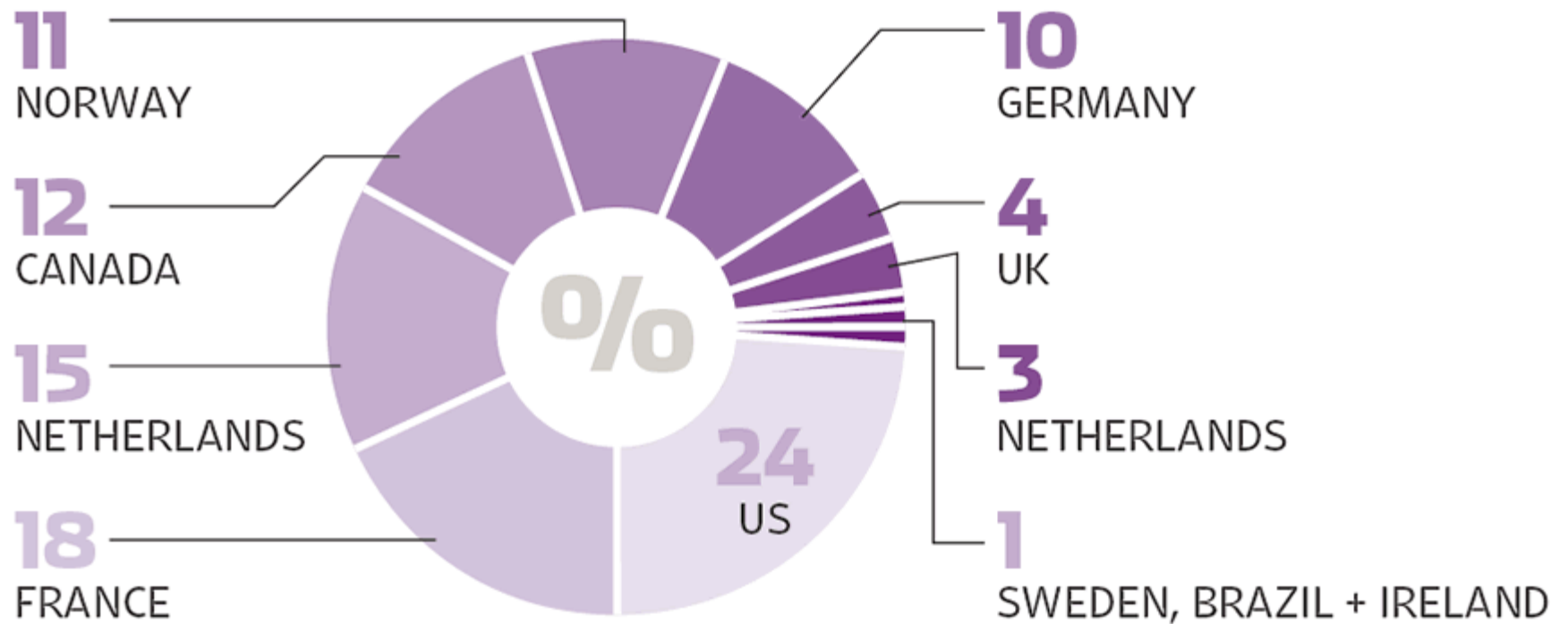
Assets under management by sector that have signed up to the UN's Principles for Responsible Investment (PRI)



Source: The Observer (UK) - 7 May 2006



PRI assets under management in the asset owner category



Source: The Observer (UK) - 7 May 2006

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Steps Forward

- Sector specific Principles for Responsible Investments (Water).





More Information:

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