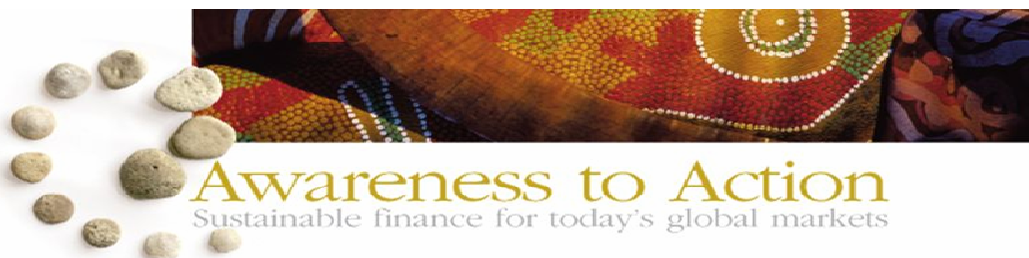




Session Summary

DAY 1 Wednesday 24 October	
Session Details	Plenary Session 1.1 “Sustainable Finance for Today’s Global Markets” 8:45am – 9:45pm
Speakers	<ul style="list-style-type: none"> • Rachel Kyte, Director, Environment & Social Development Department- IFC • Nobuyuki Hirano, Director-Bank of Tokyo Mitsubishi UFJ • Renjie Li, President-Industrial Bank, China (FT 2007 Sustainability Awards runners up for Asia) • Moderator: Tessa Tennant, Executive Chair- The ICE Organisation
Financial institutions in emerging markets leap-frogging over those in developed markets	
<p>Chinese society has now reached consensus about seeking “a win-win for development in the economy and environment”, and achieving sustainable development through environmental protection, energy savings and emission reductions, according to Mr Renjie Li, President of Industrial Bank China.</p> <p>Speaking at the first plenary session of the UNEP FI Global Roundtable, ‘Sustainable finance for today’s global markets’, Mr Li announced that the Industrial Bank will sign the UNEP Statement by Financial Institutions on the Environment and Sustainable Development and join the UNEP FI.</p> <p>The Bank has already launched an Energy Efficiency Finance Program (EEFP) to provide financing for enterprises and projects that save energy and protect the environment.</p> <p>The aim of the program, which was launched in May 2006 with the International Finance Corporation (IFC), is to provide financial support to help with equipment upgrades, production workflow optimization and energy recycling to conserve primary and secondary energies.</p> <p>An innovative loan loss sharing mechanism has been created to promote the implementation of this program.</p> <p>“As of October 20, 2007, we have disbursed 12 loans under this program amounting to RMB 200 million. On top of that, there are another 17 loans with an aggregate amount of RMB 249.2 million still in the review and approval process,” Mr Li said.</p>	

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Implementation of these projects should reduce the consumption of 1,171,500 tons of standard coal equivalent and reduce emissions of 3,142,000 tons of CO₂ in the next five years.

The International Bank's EEPF has already been recognized internationally, with the Financial Times awarding the program the FT 2007 Sustainable Deal runner-up prize. It is the only Chinese financial institution to win this type of award.

Observing that the Industrial Bank was an innovator not just in China, but a market leader in all emerging markets, Ms Rachel Kyte, Director, Environment and Social Development Department of IFC, said innovation in sustainable finance was an "emerging markets story".

The Industrial Bank's business model was a good example of how emerging market financial institutions were leap-frogging over financial institutions in developed markets.

"Financial institutions in emerging markets are finding a competitive niche and increasing market penetration," Ms Kyte said. They were also accessing longer term and better term capital.

The sustainable finance that was coming out of such financial institutions and intermediaries was providing a unique way of bridging opportunities and risk, and matching opportunities to need, she said.

As a "lender on the ground" that worked with growers and producers as well as investors at the top end of the supply chain, the IFC was in constant dialogue with investors looking for socially and environmentally risk-free opportunities in emerging markets.

There was a huge opportunity to bring the "best of class" companies to investors and financiers looking to "invest for good", Ms Kyte said.

The barriers included a lack of knowledge and expertise, a lack of reporting frameworks and a lack of agreed frameworks for assessing companies.

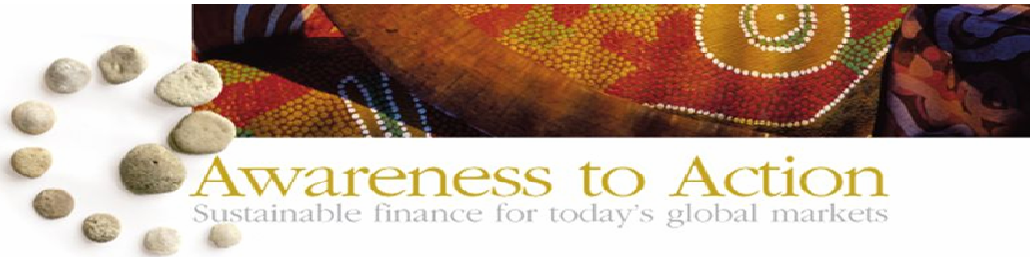
There were three areas where the IFC and the investment community needed to do more. Firstly, banks should come together with commodity supply chains in support of sustainability, as buyers were often ready to pay a premium price for products produced sustainably but could not find sufficient supplies.

The IFC was working with growers and producers to access finance to improve their production methods, and then teaming up with local financial institutions to offer farmers and growers customised sustainability packages including long term financing, risk sharing, insurance and advice.

The second area was standard setting, and the use of the Equator Principles, which was a condition of all IFC lending. More than 54 financial institutions used Equator for project finance, and the principles should be extended to other areas including bridging finance, corporate finance and bond issuing.

The third area where IFC was working with other investment banks was to bring to market pioneer

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investment vehicles using tried and tested methods of structured finance.

It was hoped IFC would come to market with a new range of structured finance products in the next 12 months.

Ms Kyte said that while 80 per cent of investors agreed that sustainability factors were important to their operations, only 65 per cent of asset owners were able to find enough investment managers capable to integrating sustainability into their work.

“There is a mis-match of awareness with supplied services,” she said.

To gain a better understanding of this, IFC was working with Mercer to assess emerging market fund managers’ capability to integrate sustainability. The findings would be made public.

Mr Nobuyuki Hirano, Director of the Bank of Tokyo Mitsubishi UFJ, called for a framework to be established where innovation and technology in developed countries could be transferred to emerging economies where the level of technology was lower.

He gave as examples the Toyota Prius technology, and Nippon Steel’s ability to produce steel with low greenhouse gas emissions.

“We need to set up a framework where those technologies, and those of other innovators including Australia, the USA and the EU, can be transferred to developing and emerging markets,” he said.

Mr Hirano also said that post-Kyoto protocols needed to consider including all major economies. Under the Kyoto Protocol, the countries involved represented just 30 per cent of the total greenhouse gas emissions in the world.

By adding China and India, this would be increased to 70 per cent.

More flexible thinking would be needed to achieve this, as emerging countries needed to consider economic development and social welfare as well as environment protection.