



"It is our judgement that climate change represents the largest single environmental challenge this century. It will have an impact on all aspects of modern life. It is therefore a major issue for our customers and our staff, as well for every organisation on the planet, no matter how large or how small."

- Sir John Bond, HSBC group chairman -

UNEP FI EVENT

FINANCE FOR CARBON SOLUTIONS: THE CLEAN DEVELOPMENT MECHANISM FROM THE FINANCIAL SECTOR PERSPECTIVE

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2. ETHICAL CORPORATION CONFERENCE, NON-FINANCIAL REPORTING: HARNESSING THE BENEFITS
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4. HSBC WILL BE THE WORLD'S FIRST MAJOR BANK TO GO CARBON NEUTRAL
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UNEP FI EVENT

Finance for Carbon Solutions: The Clean Development Mechanism from the Financial Sector Perspective

Buenos Aires, Argentina, December 15, 2004: 6.00pm – 8.00pm
UNFCCC COP 10

UNEP FI will launch its new CEO Briefing 'Finance for Carbon Solutions: The Clean Development Mechanism - The Financial Sector Perspective' at the upcoming United Nations Framework Convention on Climate Change (UNFCCC) Tenth Conference of the Parties (COP 10). During its side event, UNEP FI will highlight what the financial sector can offer in terms of carbon solutions, with a focus on the Clean Development Mechanism, analysing both the risks and opportunities of CDM projects from a financial sector perspective. The event will also make recommendations on how to improve the CDM process in order to engage private financial institutions.

EVENT OUTCOMES

1. Countdown to the European Union's Emissions Trading Scheme (EU ETS)

London, UK, November 22-23

The start of the EU ETS, the most significant piece of legislation to reduce carbon emissions to date, is only a few weeks away. The scheme, which is due to come into force on 1 January 2005, will have a huge impact on the European and global economies and will become the centrepiece of European efforts to implement their Kyoto commitments. If the system is to be fully operational by 2008, however, a number of major hurdles still need to be overcome. The system only covers about 40% of the EU's emissions, and the process of allocating credits is not yet complete.

Despite these drawbacks, there is a general sense that the scheme is a step in the right direction and this was reaffirmed at the 4th annual emissions trading conference hosted by Euromoney Energy Events, on November 22-23 in London. The conference provided an update on the current state of play as well as an overview of the key challenges and opportunities of the scheme. A major focus was the EU linking directive, which allows industry to meet its emission reduction commitments through Kyoto's flexibility mechanisms, namely the Clean Development Mechanism (CDM), and Joint Implementation (JI). There was extensive discussion on sourcing CDM and JI credits for compliance with the EU ETS, suggesting that the market for CDM projects and credits could finally take-off with the implementation of the scheme.

2. Ethical Corporation Conference, Non-Financial Reporting: Harnessing the Benefits

London, UK, November 23-24

Ethical Corporation recently hosted a conference looking at non-financial reporting strategies for multinational corporations. This conference aimed to inform companies of the best tools to make non-financial reporting more relevant and useful to all stakeholders.

A debate on the possibility of the GRI guidelines ever being able to meet the needs of companies and their stakeholders opened the conference. Ernst Ligteringen, Chief Executive of the GRI and Mark Goyder, CEO of UK based Tomorrow's Company offered their opposing perspectives.

Later in the conference, Martin Hancock, COO Westpac and financial chair of the UNEP FI - GRI Working Group, detailed the latest on the environmental performance indicators that the group have developed to help financial institutions worldwide report more effectively.

Separate presentations on reporting practices also came from senior executives at RWE Group, BP, Lafarge, Fujitsu, McDonald's Europe, mmO2, The Body Shop and many other leading global brands.

Some of the major conclusions of the two-day event covered the challenges in producing individual stakeholder focused reports, the necessity of independent assurance in demonstrating credibility in company reporting and the agreement that honesty really should be the best policy in defining the right levels of corporate transparency and disclosure.

For further information on the overall outcomes of this conference please contact:
Peter Carkeek: peter.carkeek@ethicalcorp.com

3. VfU Conference in Munich

Munich, Germany, November 24-25

The Association for Environmental Management in banks, public banks and insurances (VfU) invited financial institutions from the German speaking region of Switzerland, Austria and Luxembourg to its annual conference in Germany. The conference theme was "Financial Institutions on the way to Sustainability" and the participants, which included rating agencies, NGO's and GO's, discussed how to improve the cooperation between these institutions and how to proceed in implementing environmental management throughout the German speaking region.

As part of this conference, UNEP FI was given the chance to present its current work programme and to discuss how UNEP FI can create more benefits for smaller institutions joining, or working with, the initiative. It was agreed that UNEP FI, in cooperation with VfU, could assist in conducting Workshops to help FI's to implement environmental management policies. The first meeting to explore these needs and the potential framework of such Workshops is planned to take place in the first and second quarter of 2005.

For further information on the conference contact:
Thomas Levin: thomas.levin@unep.ch

MEMBER SHOWCASE

4. HSBC will be the World's First Major Bank to go Carbon Neutral

HSBC is the first major bank in the world to commit to going carbon neutral, in a programme that may cost up to US\$7 million in the first year. The bank - one of the world's largest - made the announcement on the opening day (6 December) of the 10th Conference of the Parties of the UN Framework Convention on Climate Change.

HSBC's commitment to carbon neutrality - which involves reducing energy use, buying green electricity and then offsetting the remaining carbon dioxide (CO₂) emissions by investing in carbon credit or allowance projects - is part of a package of environmental measures announced today by the bank to help tackle climate change.

HSBC's carbon management plan, which commits the bank to carbon neutrality globally, will be implemented in 2005 under the direct supervision of the bank's group chief executive, Stephen Green. Green says: "In 2003, HSBC's CO₂ emissions from using electricity, natural gas, fuel oil and business travel were more than 550,000 tonnes. We need to act now to reduce our emissions. We are setting up a carbon management task force to determine the best way forward. At present, not all allowances and offsets that can be bought have the same environmental value, and as a matter of principle we will ensure that ours are of the highest credibility, and are genuinely incremental."

For the full press release visit:

http://www.hsbc.com/hsbc/news_room?cp=/public/groupsite/news_room/2004_archive/hsbc_will_be_the_worlds_first_major_bank_to_go_carbon_neutral.jhtml&isPc=true

5. Caisse Des Depots Backs UN Principles for Responsible Investment Process

Caisse des dépôts a major French public financial institution with total assets of €380bn, has confirmed that they will join the United Nations and the Universities Superannuation Scheme in convening the Responsible Investment Initiative, a global institutional investor-led process to agree a set of UN Principles for Responsible Investment.

Mr. Jean-Pierre Sicard, Director of Sustainable Development for the CDC, commented on the decision, "Because of our investment horizon, which is long term, and our culture of financial security, we believe that adopting a global vision of shareholder responsibility is the best way to safeguard the interests of our stakeholders. We strive to make well informed investment decisions, analysing not only financial performance, but also how companies take sustainable development issues into account."

"For this reason, we fully endorse efforts to develop a recognized, international benchmark for responsible investment by institutional investors based on best practices."

The Principles development process is a joint project of the UN Secretary-General's office and the United Nations Environment Programme. The process is set to kick-off in January 2005 following following an extensive expert consultation.

6. Croatian Bank for Reconstruction and Development becomes a UNEP FI Signatory

Within the Croatian banking system, the Croatian Bank for Reconstruction and Development plays the role of a development and export bank established with the objective of financing the reconstruction and development of the Croatian economy. HBOR was founded in 1992, and is entirely owned by the Republic of Croatia. In 2003, leading rating agencies Moody's and Standard & Poor's confirmed HBOR's investment rating: Baa3 (Moody's) and BBB - (Standard & Poor's), which is equal to the sovereign rating of the Republic of Croatia. The above rating agencies reported that such an investment rating was based on the government ownership, on HBOR's prudent lending and borrowing policies as well as effective risk management policy.

For further information contact:

Managing Board Office, Maja Jurić: mjuristic@hbor.hr
Special Projects unit, Ana Ramljak: aramljak@hbor.hr

7. Management Principles for the Banking Industry in Korea

The Korea Federation of Banking recently published "Management Principles of the Banking Industry" which announced 'Sustainable Development' as a fundamental philosophy. The initiative, which is supported by the Korean Ministry of Finance and Economy, worked with Korean banks, including UNEP FI signatories Kookmin and Woori Bank, and Eco-Frontier to develop a guide for environmental risk assessment for credit and loan procedures. Also, the Korea Federation of Banking will launch a Group for Sustainability Management with several banks and domestic experts in December 2004.

Some key points:

- * Banks have the responsibility for making a comprehensive contribution to the national economy and society at large, and have been striving to meet such expectations.
- * Banks shall improve their business management through proactive business disclosure to fulfil the consumers' right to know and establish mutual trust with customers.
- * Banks shall make a contribution to society by generating new values and securing growth engines of the future based on corporate social responsibility.
- * When there is a major event that may destabilize the financial market, banks shall come up with practical solutions to collectively respond to it and exert their best effort to make them successful.
- * Banks shall make every effort to maintain a level playing field for a more efficient economy and collective development of the banking industry.
- * Banks shall strengthen cooperation with players in other financial sectors to pursue balanced development of the financial industry as a whole.

For more on the KFB (Korea Federation of Banks) visit: <http://www.kfb.or.kr/Eng/index.php>

For further information contact
Dae-Woong Lim: dwl@ecofrontier.co.kr or visit
<http://www.ecofrontier.co.kr/eng/default.htm>

ACTIVITIES

8. Emerging Markets Responsible Activities November 2004

Experts from emerging markets in Latin America, Asia, and Africa gathered for the conference on Sustainable Finance in Emerging Markets, organised by the Centre for Sustainability Studies initiative of the Fundação Getulio Vargas' Business School (FGV-EAESP) and sponsored by the IFC. The conference covered issues pertaining to SRI in Emerging markets with threads of discussion leading to the Equator principles, micro credit, venture capital, credit risk management and product development in emerging markets.

The main presence was the FGV-EAESP, IFC, UNEP FI, AICC (African Institute for Corporate Citizenship), ASRIA (Association for sustainable & Responsible Investment in Asia), the São Paulo Stock Exchange, associated Latin America financial institutions and others. The event counted on the participation of highly renowned speakers who provided for inspiring discussions and cross-continental exchange. International participants also had the opportunity to join the organisers for an excursion that featured a number of sustainability projects and their financiers, including the natural cosmetics producer NATURA, a microfinance operation in a low income community in Sao Paulo, the methane plant providing energy for Unibanco's Sao Paulo branches, an organic coffee farm and a wind park near Fortaleza in the northeast of Brazil.

Twelve LATF and advisory group members attending the conference took the opportunity to gather. Discussions reinforced the Task Force's focus on training, set to begin with a workshop in Colombia early next year, and the collaboration with UNEP FI's Emerging Market Investment Project aimed at pension funds and other institutional investors.

For further information on the event
<http://www.cef.fgvsp.br>

For further information on the LATF contact:
Mareike Hussels: mareike.hussels@unepfi.org

Events occurring in Latin America Region related to SRI

Bovespa Sustainability Index

The São Paulo Stock Exchange (Bovespa) is to launch a Sustainability Index. The index will be similar to the Dow Jones Sustainability Index and is expected to be launched in 2005. The research for the index is provided by FGV.

Pension Fund SRI guidelines

The Brazilian Pension Fund Association (ABRAPP) launched on 23 Nov their guidelines on SRI.

Latin American Social Investment Forum

Four Latin American banks have agreed to form a Latin American Social Investment Forum to support sustainable finance in the region. The members of the new association – the Brazilian subsidiary of ABN Amro; Bolivia-based microfinance bank Banco Sol; and Brazilian banks Unibanco and Bradesco – will now decide the structure and name of the group, before an official launch towards the end of 2005. The group is likely to work closely with the UNEP FI Latin American Task Force.

9. ANNOUNCING THE LAUNCH OF THE BEACON PROJECT

Young Financial Analyst Perspectives on the Financial Materiality of Environmental and Social Issues to Securities Pricing

UNEP FI has joined forces with the World Business Council for Sustainable Development's (WBCSD) Young Managers Team to understand better the opinions of young securities analysts on the potential of environmental, social and governance (ESG) information to impact their analyses.

PROJECT OUTCOMES

- * Interviews with securities analysts from a broad range of sectors and regions on the importance of sustainability to their research
- * A briefing paper with analysis of the interview results
- * A meeting in New York in February 2005 of young analysts both new to and already exploring the potential of this topic. The meeting will include keynote speeches by leading ESG research practitioners.

EVENT WIRE

10. World Conference on Disaster Reduction

Kobe, Japan, January 18-22, 2005

This UN conference will review the progress made since the World Conference on Natural Disaster Reduction (WCNDR), held at Yokohama, Japan in 1994. It will determine priorities and mandates for the effective prevention, preparedness and mitigation of natural and man-made disasters for the next decade at international, regional, national and community level. It will also strongly encourage creation of new partnerships for action.

The private sector plays a critical role in reducing disaster risks in cooperation with the public sector. Several major private sector organizations are expected to participate including finance and insurance sector as well as various associations.

UNEP, emphasizes the strong linkage between effective environmental and natural resource management and disaster risk reduction, will organize a special session on Environmental Management and Disaster Reduction, and looks forward to active partnership with the private sector, governments, NGOs, academic and international development agencies.

For more information contact:

<http://www.unisdr.org/wcdr/>

11. CSM 4th Annual Conference on Corporate Citizenship

Mumbai, India, December, 17-18, 2004

This year's conference will focus on 'Sustainable Finance & Investment' with particular relevance to India. Although the world's 4th largest economy with the 2nd largest GDP of developing countries, India is home to over one quarter of the world's poor people and ranks 127 on the UN's Human Development Index behind China and Brazil. This represents a huge unmet need for investment in basic products, services and infrastructure. The Government of India has attached top priority to raising investment in India's growth and development with a cascade of recent investment summits.

This conference will look at the human, ethical and sustainable development dimensions of such investment. It will look at how different forms of finance and investment can promote both sustainable development and a responsible enterprise agenda while attending to those at the bottom of the pyramid - the hitherto neglected masses.

The conference will explore the 'what', the 'how' and the 'who benefits' dimensions of this subject. In today's world, it is not just the volume of investment but the quality of investment that matters. It is not just what financial institutions offer in terms of products, but how they do it, and the rules, norms and values that govern them that matters. And business can no longer focus on servicing elites, it must focus on how to service the masses.

The draft Conference Programme can be viewed at: <http://www.csmworld.org/public/conf2004/CSM%20Conf-Draft%20Prog.pdf>

For more details, please contact:

Dr Tapati Ghosh: info@csmworld.org

NEWS

12. Invitation to Become a Signatory to the Carbon Disclosure Project (CDP)

CDP provides a coordinating secretariat for institutional investor collaboration on the issue of climate change. CDP aggregate's together many institutional investors who then collectively sign a single global request for disclosure of information on Greenhouse Gas Emissions. CDP then sends this request to the 500 largest companies in the world. The second CDP information request (CDP2) was issued 1 November 2003 and it was signed by 95 investors with significant assets. Over 300 corporations answered the questions regarding their emissions and these responses can be downloaded without charge from <http://www.cdproject.net>

CDP is currently inviting investors to become signatory's for the third information request to be sent 1st February 2005. There is no charge for participation as a signatory investor.

For further information on becoming a signatory please contact

Paul Simpson: simpson@cdproject.net

13. Latest trends in European green, social and ethical funds

Avanzi SRI Research/SiRi Company has just published the up-to-date version of the well-know survey Green Social and Ethical Funds in Europe (2004). As for past versions, Avanzi SRI Research/SiRi Company survey takes a census of European funds (at 30th June 2004) using ethical, social or environmental screens for portfolio selection.

During the last 12 months, the number of socially responsible investment products has continued to grow and SR funds assets realised a marked increase, also benefiting from positive returns of financial markets. Among the main findings, the report highlights the increase of available retail SRI funds (+13%). On 30 June 2004 there were

354green, social and ethical funds operating in Europe (they were 313 at the end of June 2003), with United Kingdom, Sweden, France and Belgium making up 64% of the total. Total assets under management realised a marked growth, achieving a total of €19.0 billion, benefiting from positive trends of financial markets. The much more intense growth of SRI assets relative to "traditional" funds went in any case beyond that, being influenced by the launch of new SR products by key asset managers or the re-design of existing products to include social responsibility elements.

To view the survey:

http://www.avanzi-sri.org/eng/download_en.htm or visit

<http://www.avanzi-sri.org>

14. It Pays to be Green, Environment Agency Tells Business and Investors

Business and investors should be paying much greater attention to standards of environmental governance if they want the best financial returns, the Environment Agency said today.

Publishing new research on the value of corporate environmental governance, the Agency said there is a clear link between sound environmental governance policies, practices and performance and the financial performance of businesses. The research, carried out for the Environment Agency by Innovest Strategic Value Advisors, provides strong evidence of higher financial returns, business opportunity and competitive advantage, with differences in financial performance between environmental leaders and laggards being quite marked.

Full report:

<http://www.environment-agency.gov.uk/business/444251/444754/896550/>

15. FTSE4Good Raises the Bar With New Supply Chain Labour Standards Criteria **SocialFunds.com**

Launched last week, the new criteria allow companies already in FTSE4Good indexes limited time to implement policies, systems, and eventually reporting on supply chain labour standards.

FTSE4Good, the London-based socially responsible investing (SRI) index provider, takes a pragmatic approach to improving corporate social responsibility (CSR) by setting the bar for inclusion in its indexes at a rigorous but achievable level, then incrementally raising the bar. Last week, FTSE4Good raised the bar by launching a new set of criteria covering supply chain labour standards based on the four International Labour Organization (ILO) Core Conventions, which address equality and discrimination, forced labour, child labour, and worker representation.

For more on this story:

<http://www.socialfunds.com/news/article.cgi/1579.html>

16. GM, DuPont Adapt to Kyoto Environmental Standards **Bloomberg**

U.S. companies including General Motors Corp., DuPont Co. and Xerox Corp. are cutting carbon dioxide emissions to remain competitive in European countries that have adopted Kyoto Protocol limits rejected by the US.

U.S. manufacturers are concerned they may lose their ability to operate factories or sell products in countries that have ratified the treaty, said Richard Sandor, chairman of Chicago Climate Exchange, which certifies companies that reduce greenhouse gas emissions. So far, 126 countries have accepted the Kyoto agreement.

For more on this story:

<http://www.bloomberg.com/apps/news?pid=10000103&sid=aSedVkbj0CwQ&refer=us>

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United Nations Environment Programme
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Chief Editor:

Paul Clements-Hunt

Editor:

Henry Thomas henry.thomas@unep.ch

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