"It is unfortunate that accountants can't put trust and reputation on a balance sheet. There is just no line for it. In many cases it's more valuable than the cash."

- Andy Kessler, former research analyst and hedge fund manager, in the New York Times
15 October 2005 -

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UNEP FI SECRETARIAT NEWS
1. UNEPFI Global Roundtable
25-26 October 2005, New York

Held at UN headquarters in New York, the 2005 Roundtable attracted some 500 thought leaders in the field of sustainable finance from around the globe. Convened to evaluate the real risks and potential opportunities for the financial services sector, the event considered issues such as: environmental and social responsibility; responsible investment; carbon markets and clean energy; project financing; alternative investments; microfinance; transparency, accountability and reporting.

One of the highlights of the event was the release of a new report: A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment. Prepared by law firm Freshfields Bruckhaus Deringer at the invitation of UNEP FI’s Asset Management Working Group, the study concludes that institutional investors have a far greater opportunity - and in some cases a legal obligation - to incorporate environmental, social and governance issues into their investment decision-making than is traditionally believed.

The November issue of UNEP FI Newsletter 0.618... (http://www.unepfi.org/publications/0618) covers this and other Roundtable highlights. Hard copies available from the UNEP FI Secretariat upon request.
2. UNEP FI Annual General Meeting (AGM)
24 October 2005, New York

Hosted by Bank of America, UNEP FI's 2005 AGM was the largest ever in the Initiative’s 13-year history, with over 80 institutions represented. The AGM focused on setting the 2006 Work Programme and budget, as well as defining the Initiative's on-going strategy. Furthermore, four positions on the UNEP FI Steering Committee were voted upon at this year's AGM. The financial institutions now represented at the Steering Committee are: ABN AMRO, Bank of America, Banking Council of South Africa, Barclays, Calvert Group, Deutsche Bank, Development Bank of Japan, Dresdner Bank, European Bank for Reconstruction and Development, Groupama, Insurance Australia Group, Rabobank, and Westpac.

Following the AGM, a number of institutions took part in an official Signing Ceremony of the UNEP Statements on Sustainable Development, including The Export-Import Bank of Korea and Hyundai Marine and Fire Insurance Co. Ltd.

Contact: fi@unep.ch

3. UNEP FI Welcomes Two New Members

**Fundación Social, Colombia**

Fundación Social is a non-profit organization and owner of a corporate group active mainly in the Colombian financial sector. Founded in 1911 to promote the development of the working class in Bogotá, Fundación Social understands the delicate balance that needs to sought between social and economic issues. The organization seeks to overcome the structural causes of poverty in Colombia through social programs developed in marginal communities, and through the development of its far-reaching corporate group. Fundación Social’s bank, BCSC includes two business units: Banco Caja Social BCSC and Colmena. Between them they represented 40% of microcredit disbursements in Colombia in 2005, but also 8.5% of the consumer portfolio, 10% of SME loans, 11.5% of the mortgage portfolio, and 11.5% of mass savings.

For further information, please visit: [http://www.fundacion-social.com.co/](http://www.fundacion-social.com.co/)

**Trucost, UK**

Trucost Plc, joining UNEP FI as an associate member, is an environmental research company established to help companies and investors understand the environmental impacts of business activities. Trucost provides data and analysis on company emissions and natural resource usage, providing the basis for an improved dialogue between companies, investors and other stakeholders. Trucost analysis covers a wide variety of environmental issues, including climate change, hazardous emissions and natural resource use; it is available for over 3,000 companies and sectors worldwide. Trucost's clients include leading financial institutions and companies, including UNEP FI Signatories such as Societe Generale Asset Management, and Henderson Global Investors. Trucost has the support of an International Advisory Panel of leading academics in the fields of economics and the environment.

For further information, please visit: [http://www.trucost.com/](http://www.trucost.com/)

**NEWS FROM THE REGIONS**

4. Africa

**Africa investor awards short-list announced**

To be presented in Johannesburg, South Africa on 21 November 2005, these are the only Pan-African investment awards. With final candidates for the 2005 Africa investor investment awards now shortlisted from an initial pool of 150 entries across all the categories, the final judging process has now begun. Shortlisted companies include some of the biggest investors on the continent, including UNEP FI Signatories such as Actis, Barclays and Standard Chartered Group.

For further information, please visit: [http://magazine.africa-investor.com/awards.php](http://magazine.africa-investor.com/awards.php)

5. Asia Pacific

**ASrIA Report on SRI Perspectives in China**

Sponsored by Calvert, Domini Social Investments, An SRI Perspective on The Impact Overtime Project, Tackling Supply Chain Labour Issues Through Business Practice report is based on a three year project involving eleven UK brand name companies and eleven Chinese manufacturing companies. It shifts the debate from applying standards to active engagement to raise productivity, and clearly illustrates that productivity can be improved without compromising labour standards.

Full report is available online at: [http://www.asria.org/publications](http://www.asria.org/publications)
2005 CSR SUMMIT, 30 November - 2 December 2005, Sydney, Australia

Australia’s inaugural CSR Summit takes place over three days and is designed as an intensive learning programme for both senior managers and those responsible for the fulfillment of CRS agendas. There will be presentations and case studies from over 50 specialists from Australia, Canada, the UK and the US.

For further information, please visit: http://www.csrsummit.com

6. Latin America

Annual General Meeting of the UNEP FI Latin American Task Force (LATF), 27 October 2005, New York, USA

LATF members met to review activities in 2005 and discuss their Work Programme for 2006. The Group agreed that country level training should remain the LATF’s primary focus in 2006, starting with a joint UNEP FI – IFC workshop in Peru and the establishment of an online training facility on credit risks and opportunities at the beginning of the year. Building on a workshop held in Buenos Aires earlier in 2005, a needs-assessment survey of the Argentinean financial sector will be conducted in early 2006.

Contact: la@unepfi.org

International Conference on Sustainable Finance in Emerging Markets, 1-2 December 2005, São Paulo, Brazil

Coordinated by the International Finance Corporation (IFC) and the Center for Sustainability Studies (GVces) of the Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas (FGV-EAESP), a pioneer school in business education in Brazil, this is the second edition of the Conference on Sustainable Finance in Emerging Markets. The event aims to establish a network of sustainable finance players in developing markets by providing an opportunity to share experiences and plan coordinated regional advances in the field. The 2005 Conference will also launch the Brazilian Sustainability Index, the first initiative of this kind in the region. FGV-EAESP is a member of the Associate Member Group of the UNEP FI Latin American Task Force.

For further information and registrations:
http://www.ces.fgvsp.br/index.cfm?fuseaction=content&IDassunto=62&IDsubAssunto=143&IDidioma=2

7. North America

Business for Social Responsibility (BSR) Annual Conference Discusses Role of Finance Sector

Held from 1-4 November in Washington DC, USA, the BSR Conference discussed the role played by the financial services sector in a session titled “Is Wall Street Paying Attention?”. The session was moderated by the UNEP FI Secretariat and featured panelists from ABN AMRO, Generation Investment Management, Goldman Sachs and the London Stock Exchange.

For further information, please visit: http://www.bsr.org/BSRConferences/2005/index.cfm
Contact: investment@unepfi.org

INVESTMENT

8. Legal Report Commissioned by UNEP FI Makes Case for Institutional Investors

A legal framework for the integration of environmental, social and governance issues into institutional investment concludes that institutional investors have a far greater opportunity - and in some cases a legal obligation - to incorporate environmental, social and governance issues into their investment decision-making than is traditionally believed.

Carried out pro bono publico on behalf of UNEP FI by Freshfields Bruckhaus Deringer, the third largest law firm in the world, the study finds that the integration of environmental, social and governance (ESG) issues into investment analysis, so as to more reliably predict financial performance, is clearly permissible and is arguably required in all jurisdictions. The 150-page report focuses on the largest capital markets jurisdictions - Australia, Canada, France, Germany, Italy, Japan, Spain, the UK and the US, also considers the likely evolution of the interpretation of the law with respect to investors and ESG issues.


9. Asset Management Working Group (AMWG) Meeting

27 October 2005, New York, USA

Hosted by Citigroup global markets, the meetings brought AMWG members together to finalise their 2006 and 2007 work programmes. The Group decided to focus on marketing and promotion of its research on materiality of
environmental, social and governance (ESG) issues, and on fiduciary duties. In an effort to further mainstream ESG inclusive investment, the Group will also focus on issues related to performance and mandates.

For further information please contact: investment@unepfi.org

10. Institutional Investors Catalyse Mainstreaming of SRI
Two pieces of research and analysis conducted by Mercer Investment Consulting and Strandberg Consulting respectively indicate that institutional investors are pushing towards a mainstreaming of SRI into currently managed funds, rather than focusing on SRI funds.

Mercer Investment Consulting has begun analysing and rating investment managers’ capacity to assess corporate environmental, social, and governance (ESG) performance and conduct active shareholder engagement and proxy voting. By rating 30 global investment managers covering over $12 trillion in assets (with a majority of assets in the UK), Mercer’s SRI team has sought to provide a tool for using traditional investment management approaches while adding an additional lens through which to evaluate performance. Available online at: http://www.merceric.com/knowledgecenter/reportsummary.jhtml/dynamic/idContent/1195165

Canadian SRI pioneer Vancity Credit Union commissioned sustainability consultancy Strandberg Consulting to conduct a survey of 42 SRI thought leaders on the future of SRI. The resulting report, The Future of Socially Responsible Investment: Thought Leader Study, shows a gradual shift from SRI as an instrument of moral philosophy to SRI as an instrument for mainstream investors who are not interested in morality itself but recognize that immoral behaviour of companies will hurt their investments. Available online at: http://www.corostrandberg.com/

11. Microfinance on a Roll
Leading institutional investors and development agencies have launched a Global Commercial Microfinance Consortium, a ground-breaking $75 million multi-tiered commercial fund that will provide local currency financing for up to five years to Micro Finance Institutions (MFIs) globally. With Deutsche Bank acting as lead arranger, the Consortium is comprised of a diverse investor group from the private and public sectors, including a number of UNEP FI signatories. The fund introduces microfinance as a new asset class for investors. It presents a three-tranche debt and equity structure and will provide commercially structured financing for MFIs working throughout the developing world.

Credit Suisse, Switzerland's second-biggest bank has announced it expects its ResponsAbility Global Microfinance Fund may grow to $100 million in the next year as demand for socially responsible investments increases; the fund has already increased to $40 million from $10 million since March.

For further information on the Global Commercial Microfinance Consortium, please visit: http://www.deutsche-bank.de/presse/en/

12. UN Joint Staff Pension Fund Investment Strategy
Christopher Burnham from the UN’s Senior Management Group has indicated that the UN is planning to hire a consulting company in 2006 to review the UNJSPF’s investment strategy. Although the UNJSPF is not the strategic investment arm of the UN, there is a certain expectation that it should be sensitive to Environmental, Social and Governance (ESG) issues.

The Freshfields Bruckhaus Deringer report commissioned by UNEP FI’s Asset Management Working Group (see item 8), states that the links between ESG-related factors and financial performance are being increasingly recognized and highlights institutional investors’ opportunities and obligations to incorporate ESG issues.

13. Ethical Finance on Television
Ethical Markets, an independent media project working towards the integration of ethical concerns into the corporate sector is broadcasting a weekly half-hour financial TV series, exploring opportunities and success stories in the implementation of the triple bottom line. All 13 TV shows produced so far are available online at: http://www.ethicalmarkets.com

CLIMATE CHANGE

14. UNEP FI Side Event at UNFCCC Eleventh Conference of Parties (COP 11)
5 December 2005, Montreal, Canada

To be presented by UNEP FI’s Climate Change Working Group's (CCWG) at the Montreal Palais des Congrès from 1-3 pm. (room tbc.), the side event will mark the official launch of the CCWG’s latest publication: The Future of Climate Policy: The Finance Sector Perspective. The event will address the importance of future policies, and the need for certainty about the post-Kyoto framework and international climate policies beyond 2012. Only with a clear outlook on the future design of climate policy can the finance sector help mitigate related risks and realise new business opportunities.

For further information, please contact: climate@unepfi.org
15. Trucost to Release Environmental Performance Indicators for UK Reporters
Due for release in November, the environmental key performance indicators (KPIs) set up by environmental research firm Trucost, in cooperation with the UK’s Department for Environment, Food and Rural Affairs (Defra), are meant to give companies guidelines for determining which environmental issues affect their business and how to disclose this information in a way that satisfies investors and analysts. Indicators will be broken down by sector and will include guidance on how to measure the material impact of relevant KPIs. Materiality is determined based on the external cost that environmental factors impose on society and on the measurements of these costs by governments and regulators worldwide.

For further information, please visit: http://www.trucost.com/kpis.html

16. CONTEXT reveals Lack of Stakeholder Involvement in Reporting
Corporate Responsibility strategy and communications consultancy CONTEXT’s latest research and analysis on reporting trends in the US and Europe (Corporate Responsibility: a united state?), indicates that despite apparent enthusiasm for partnership and engagement, few companies provide space for stakeholder voices in their Corporate Responsibility reports.

Full report available online at: http://www.econtext.co.uk

17. XL Insurance publishes inaugural issue of INsight
INsight magazine focuses on a number of today’s major topics of discussion in the insurance industry, such as climate change, the impact of the new EU pollution legislation, and the booming business of wind power. INsight was written by XL Insurance business leaders and underwriters, and launched in early October.

Available online at: www.xlinsurance.com
For hard copies, please contact: tom.elser@xlgroup.com

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