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**"Any insurance company that is not focusing on climate change and related possible damage is not being realistic in looking at their future profitability. As an investor, a lack of disclosure always troubles me."**

- Richard Moore, North Carolina State Treasurer, December 2005 -

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## **SUSTAINABILITY BEAT**

### **1. UNEP FI Welcomes Two New Members**

#### **Bank Negara Indonesia, Indonesia**

Bank Negara Indonesia (BNI) is a commercial bank with a public company status and as such is oriented towards both the commercial market and national development. In 2004 BNI experienced a significant process whereby the bank was restructured, revitalised and repositioned to reclaim its status as the first bank in Indonesia, in line with a strong heritage that stretches back over half a century to the birth of Indonesian nation. Results for 2004 strongly reflected turnaround efforts throughout the year, with a net profit increase of over 200%. BNI comprises over 18,500 employees and strives to foster a spirit of cooperation enabling staff to carry out their tasks and responsibilities in a professional manner.

For further information, please visit: <http://www.bni.co.id>

#### **State Street, United States of America**

State Street is the world's leading provider of services to institutional investors. State Street's customers include some of the world's most sophisticated investors – including governments, corporations, mutual funds, endowments and foundations, unions. The institution provides services that fall into three categories: investment servicing, investment management, and investment research and trading.

For further information, please visit: <http://www.statestreet.com/>

## 2. FT Sustainable Banking Awards

The Financial Times (FT) has created a global awards programme recognising banks that have actively integrated social and environmental objectives into their operations. Banks from both developed and emerging markets will be invited to enter for awards in five different categories. The deadline for initial entries is 1 March 2006.

For further information, please write to: [sustainablebanking@ft.com](mailto:sustainablebanking@ft.com),

## 3. Environmentally Sound Technology Showcase

5-8 February 2006, Dubai, United Arab Emirates

Hosted by UNEP alongside the UNEP Global Ministerial Environment Forum (GMEF), companies are invited to exhibit new and innovative technologies that improve economic and environmental performance, advancing sustainable development in developed and developing societies. A unique opportunity to influence the key environmental market makers and buyers, over 1200 attendees are expected from the senior decision makers from the Environment Ministries of 139 countries plus leading intergovernmental organisations, private companies, media, civil society organisations & NGOs.

For more information, please visit: <http://www.estshowcase.com>

## NEWS FROM THE REGIONS

### 4. Africa

#### **UNEP FI African Task Force Progress on Best Practice in Extra Financial Risk Management Project**

Following initial survey work in South Africa, credit risk surveys will be conducted among Nigerian financial institutions in January 2006. Following this a draft set of guidelines will be produced along with recommendations on embedding the use of the guidelines in South Africa and Nigeria; a feedback presentation and workshop ("Development of Best Practice Guidelines on Environmental, Social and Governance issues in Credit Risk Assessments") will be held on in South Africa on 27 January 2006. The workshop is kindly being hosted by Nedbank.

For further information, contact: [africa@unepfi.org](mailto:africa@unepfi.org)

#### **UNEP FI Signatory Nedbank, South Africa, Walks the Sustainability Talk**

Nedbank has just become the first African bank to adopt the Equator Principles. Tom Boardman, CEO of the Nedbank Group said: "Becoming a signatory of the Equator Principles is in line with our existing environmental and social policies and augments the relationships that we have built with organisations such as the United Nations Environment Programme (UNEP), and WWF." Nedbank recently also committed to participating in the UN Global Compact.

Nedbank won the Sustainable Investment in Africa award and was "highly commended" last November, at the Africa Investor Awards; the Awards recognise contributions by companies to the development of Africa and are held by Africa Investor magazine. Nedbank was also awarded second place at the first annual Ernst and Young Excellence in Sustainability Reporting awards for South Africa.

For further information, please visit: [www.nedbank.co.za](http://www.nedbank.co.za)

### 5. Asia Pacific

#### **UNEP FI Signatories IAG and Westpac Win 2005 Australian Sustainability Awards**

Open to the top 200 Australian Stock exchange listed companies, Westpac won the overall Australian Sustainable Company of the Year, while IAG received the award for the company with best Corporate Governance.

Westpac was also once more the only company in Australia and New Zealand to receive an AAA rating in the latest RepuTex Social Responsibility Ratings survey, for the third year in a row. Each year RepuTex rates Australian and New Zealand companies, examining their activities and policies in four areas: Corporate Governance, Environmental Impact, Social Impact and Workplace Practices.

Further information on the Awards is available at: [http://www.ethicalinvestor.com.au/ethical\\_awards/](http://www.ethicalinvestor.com.au/ethical_awards/)

For more information on Reputex, please visit: [www.reputex.com.au](http://www.reputex.com.au)

### 6. Central & Eastern Europe

#### **UNEP FI Central & Eastern European Task Force (CEETF) Awareness-Raising Event and Workshop in Russia**

The CEETF will be holding its first event in Russia on 13 March 2006. A one-day conference will be hosted in Moscow to give an overview of sustainable finance issues for Russian financial institutions and stakeholders. Following the conference UNEP FI and the European Bank for Reconstruction and Development (EBRD) will invite a smaller group of financial institutions to take part in a workshop where participants will learn about financing in the oil and gas sector, forestry and property development.

For further information, please contact: [cee@unepfi.org](mailto:cee@unepfi.org)

## 7. Latin America

### **Carbon Markets America, 28-30 March 2006, Rio de Janeiro, Brazil**

Bearing in mind that nearly 30% of all Clean Development Mechanism (CDM) projects are taking place in Latin America, Carbon Markets Americas is being organised by Green Power Conferences to further galvanise the Carbon Community, spread best practice across industry and help nurture new project developers by sharing best practice and enabling contacts to develop.

For further information and registrations: <http://www.greenpowerconferences.com/events/Latam.htm>

## 8. Western Europe

### **2<sup>nd</sup> UNEP FI and the VfU Annual Roundtable, 22-23 November, Bonn, Germany**

Co-organised with VfU (Association of German Banks, Savings Banks and Insurances) and hosted by DSGV (German Savings Banks Association), the event focused on the latest research internationally and on the practical implementation of sustainability in local institutions. Highlights included UNEP FI work on materiality, best practice in sustainability management, internal and external communication of sustainability, sustainable banking services and direct environmental impacts of banking.

A report in German and presentations are available at: <http://www.vfu.de/roundtable2005.htm>

### **European Environmental Protection Agencies Release Report on Environmental Regulation Impacts**

A report released last month by the Network of Heads of European Environmental Protection Agencies (EPAs), the group's first since its creation in 2003, shows that good environmental management and regulation encourages competitiveness and sustainable economic development - and brings considerable savings every year.

In particular the EPAs found that good environmental regulation reduces business risk and increases investment market and insurer confidence; banking and insurance sectors provide better access to capital and lower insurance premiums for businesses with good environmental record and low environmental risks. The review draws evidence from a wide range of sources including the World Bank, OECD and national governments and academics.

For further information, please contact: [petra.fagerholm@eea.eu.int](mailto:petra.fagerholm@eea.eu.int)

## INVESTMENT

## 9. Global Media Launch of Freshfields Bruckhaus Deringer Legal Duties Study

The legal study commissioned by the UNEP FI Asset Management Working Group and written by Freshfields Bruckhaus Deringer (*A legal framework for the integration of environmental, social and governance issues into institutional investment*), was released on 25 October 2005 at the UNEP FI Global Roundtable in New York City. Further media launches (press release available at <http://www.unep.org/newscentre/default.asp>) were held in London, Paris, Melbourne, New York and Tokyo on 29 and 30 November.

The full report is available online at: <http://www.unepfi.org>

## 10. Global Compact Issues Follow-Up Report on Mainstreaming ESG Issues

*"Who Cares Wins": One Year On* reviews and maps progress on the integration of environmental, social, and governance (ESG) considerations into traditional investment analysis. Prepared jointly by the UN Global Compact and the International Finance Corporation, the report indicates that significant developments have taken place within the financial sector, in terms of integrating ESG issues into analysis, asset management and securities brokerage.

The report is available on line at: [http://www.ifc.org/ifcext/home.nsf/Content/Who\\_Care\\_Wins](http://www.ifc.org/ifcext/home.nsf/Content/Who_Care_Wins)

## 11. New Report from Forum for the Future

Produced jointly with the Corporation of London, *"London Principles" - Three years on from Johannesburg*, reviews the progress made on the London Principles project, launched by Tony Blair at the World Summit on Sustainable Development in 2002. Phase II of the London Principles was launched simultaneously with the report end of October, and will focus on two key sustainability challenges: financing environmentally beneficial technologies and providing access to market finance and risk management products to disadvantaged communities and developing countries.

For further information please visit: <http://www.forumforthefuture.org.uk>

## CLIMATE CHANGE

## **12. Renewable Energy Finance Forum – Eastern Europe**

13-14 March 2006, Berlin, Germany

Organised by Euromoney and supported by UNEP FI, this will be the first international large-scale renewable energy finance conference in Central & Eastern Europe. The Forum agenda will represent the views of over 40 leading international experts and will focus on, among other things: the latest international trends in project finance and equity raising, portfolio structuring and bond market refinancing, capital markets views on renewables, carbon finance and Joint Implementation.

Another Renewable Energy Finance Forum will be held end of March in China.

For further information or to register, please visit: <http://www.euromoneyenergy.com/>

## **13. WRI and WBCSD Release Protocol for Climate Change Mitigation Projects**

Designed for quantifying and reporting the greenhouse gas emission benefits of climate change mitigation projects (GHG projects), the Protocol was launched early December in Montreal during the UNFCCC COP11 talks.

The protocol is available online at: <http://www.wbcsd.org/>

## **SUSTAINABILITY REPORTING**

### **14. GRI Financial Sector Supplement (Social & Environmental Performance Indicators Piloting – Piloting Phase Launched**

Having published the Pilot 1.0 environmental supplement in March 2005, GRI and the UNEP FI Secretariat is now working with a number of financial institutions to trial the indicators during the 2005-6 reporting cycle. The pilot phase will start with two kick-off conference calls on 20 December 2005. The piloting will include regular information exchanges on the use of the indicators, a mentoring workshop and the development of supporting protocols and a guidance manual. Confirmed pilot institutions are: BCSC Fundacion Social, CECA, Coop FS, National Australia Bank, State Street, Vancity, VicSuper, Westpac and Zurich Kantonal Bank. Confirmed stakeholders are: CoreRatings, EIRIS, UNISA, CBIS, Friend of the Earth and Earthwatch. Further stakeholder engagement is welcome.

For further information, please contact: [gri@unepfi.org](mailto:gri@unepfi.org)

## **INSURANCE**

### **15. US Institutional Investors Urge Insurance Industry to Act on Climate Change**

A group of leading U.S. investors from the Investor Network on Climate Risk (INCR), including state treasurers and controllers and two of the nation's largest public pension funds, CalPERS and CalSTRS, sent a letter to 30 of the largest publicly-held insurance companies in North America.

The letter points out that none of these insurance companies have undertaken a comprehensive evaluation of climate change risks, and urges insurers to disclose their financial exposure resulting from climate change, as well as the steps they are taking to reduce those financial impacts. It also asks insurers to take a strategic look at climate change and how it could affect the long-term value of the investments that enable them to pay claims and remain profitable.

The investor request follows a devastating hurricane season, as well as the very first summit of U.S. insurers on "Insurance Summit on Climate Risk and Opportunities", that was recently hosted in Hartford, Connecticut, and was attended by over 100 insurance and investor leaders.

Full letter and further information available on the Ceres website: <http://www.ceres.org/>

## **WATER & FINANCE**

### **16. UNEP FI Expert Workshop on Water & Finance**

Quarter One 2006, Davos, Switzerland

Coordinated by UNEP FI's Water & Finance Project to begin its work on a set of water-related risk management guidelines for financial institutions and policy makers. The guidelines are meant to serve as a basis to build capacities in the financial sector and at policy level into what and how water-related risks should be assessed, thus encouraging new sources of long-term sustainable investments in the sector.

For further information, please contact: [water@unepfi.org](mailto:water@unepfi.org)

### **17. Swiss Government Launches Initiative around Public-Private Partnerships**

Launched by the Swiss State Secretariat for Economic Affairs (seco), the Swiss Agency for Development and Cooperation (SDC) and the reinsurer Swiss Re, the *Public-Private Partnership for Water Supply and Sanitation* initiative has issued a set of hands-on instruments, among which the *Policy Principles and Implementation Guidelines*, which are designed to support decision-makers and practitioners engaging in water sector restructuring and Public-Private Partnerships PPP in achieving high governance standards throughout preparation, planning and operations.

For further information, please visit: <http://www.partnershipsforwater.net>

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