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"Adaptation to climate change is a wide ranging issue which is already touching on every facet of economic and development life. The finance, insurance and re-insurance industry is skilled in the management of risk... the reality of climate change is spawning new ideas which are now beginning to emerge. These make it possible to bring instruments to people and communities who have in the past been denied access to the formal insurance and finance markets."

- Achim Steiner, UN Under-Secretary General and Executive Director of the United Nations Environment Programme (UNEP), at launch of UNEP FI report "Adaptation and Vulnerability to Climate Change: The Role of the Finance Sector" -

****HIGHLIGHT****

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****HIGHLIGHT****

UNEP FI Working Group to Launch Principles for Sustainable Insurance

Convening during the UNEP FI Annual General Meeting in Geneva (8-9 November), the recently formed Insurance Working Group, made up of leading insurance and re-insurance groups, have agreed to develop Principles for Sustainable Insurance. The Group, chaired by Insurance Australia Group (IAG) and AXA, will seek to forge strong partnerships with insurance industry groups and thought leaders, to develop Principles for Sustainable Insurance.

The insurance principles come after the success of the UN Principles for Responsible Investment (UN PRI) launched in April 2006 and backed by 125 institutional investors from 20 countries and representing USD6 Trillion in assets under management.

Contact: insurance@unepfi.org

UNEP FI SUSTAINABILITY BEAT

1. UNEP FI Invited to Join FT Sustainable Banking Awards Judges Panel

Paul Clements-Hunt, Head of UNEP FI, has been asked to join the judges panel for the 2007 Financial Times Sustainable Banking Awards, co-organised by the FT and the International Finance Corporation (IFC), the private sector arm of the World Bank. UNEP FI Signatory HSBC Group won the 2006 title of Sustainable Bank of the Year.

For more information, please visit: <http://www.ft.com/businesslife/bankingawards>

2. UNEP FI Welcomes 2 New Signatories

American International Group, Inc. (AIG), USA

The first U.S. insurance company to become a UNEP FI Signatory, American International Group, Inc. (AIG), is a leading international insurance organisation with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. AIG companies are also leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

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

Infrastructure Leasing & Financial Services Limited (IL&FS), India

Infrastructure Leasing & Financial Services Limited (IL&FS) is one of India's leading infrastructure development and finance companies. IL&FS was promoted by the Central Bank of India (CBI), Housing Development Finance Corporation Limited (HDFC) and Unit Trust of India (UTI). Over the years, IL&FS has broad-based its shareholding and inducted institutional shareholders including State Bank of India, Life Insurance Corporation of India, ORIX Corporation - Japan, HSBC Group and Government of Singapore.

IL&FS was established in 1989. IL&FS has a distinct mandate to catalyse the development of infrastructure in the country. The organisation has focused on the commercialization and development of infrastructure projects and creation of value added financial services.

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

3. UNEP FI ANNUAL GENERAL MEETING BOOSTS WORK PROGRAMME

UNEP FI Signatories and key partners met at the Palais des Nations in Geneva on 8 and 9 November to take stock of the Initiative's progress and define its strategic vision and work programme for 2007. The Initiative's Work Programme was overwhelmingly endorsed, with work streams reinforced, including the creation of a Property Working Group and the launch of a human rights related project (contact: rights@unepfi.org).

A further highlight to the event was the release of a Credit Risk Tool Kit, an instrument aimed at providing Signatories with easy-to-access, easy-to-use reference on the environmental and social risks associated to the lending business.

Contact: fi@unep.ch

4. Robin Cosgrove Launches Prize for Ethics in Finance

Launched in cooperation with L'Observatoire de la Finance of Geneva, a Swiss not-for-profit foundation which has a ten-year tradition of promoting ethics in the banking and insurance industries, the Robin Cosgrove Prize seeks to reach out to young people with the aim of strengthening the sustainability of ethics in banking and finance and to reinforce its implementation, especially in emerging markets.

The theme of the 2006/2007 prize is "Innovative Ideas to Promote Ethics in Finance".

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

SUSTAINABLE FINANCE IN THE REGIONS

5. Africa

Bill and Melinda Gates Foundation to Support UNEP FI Microfinance Project in Africa

The Bill and Melinda Gates Foundation has approved a grant to support the UNEP FI African Task Force's (ATF) work on microfinance. An expert advisory board is currently being set up, which will guide the progress of the project. The project aims to identify current barriers to commercial microfinance in Africa and to identify actions the microfinance chain (investors, fund managers, African banks and African microfinance institutions) can undertake to facilitate flows of capital into Africa.

UNEP FI Report Launch - Banking on Value: A New Approach to Credit Risk in Africa

After more than a year of research work by the African Task Force (ATF) in collaboration with the University of South Africa Centre for Corporate Citizenship, this new report is being completed this month.

The report provides guidance and practical steps that African bankers can follow to incorporate sustainability credit risk assessment into their lending decisions, thus enhancing long-term chances of credit repayment. The research was based on interviews and discussions carried out with over 25 banks in Nigeria and South Africa. The report will be made available on the UNEP FI website and launched in Africa early in the 2007.

For further information, please visit: http://www.unepfi.org/regional_activities/africa/index.html

Contact: africa@unepfi.org

6. Asia Pacific

UNEP FI Workshop: Mainstreaming Sustainability in Indian Financial Institutions 5 December 2006, Mumbai, India

Organised by the Outreach Group of the Asia Pacific Task Force, in close collaboration with UNEP FI Signatory ABN AMRO Bank N.V., the workshop is targeted at senior-level executives of Indian financial institutions. The event will focus on sustainable finance and reporting. A CEO Luncheon, sponsored by YES BANK Limited, aiming to sensitise senior management on India's sustainability challenge and the risks and opportunities faced by the financial sector, will be held in parallel.

Speakers will include Paul Clements-Hunt, Head of UNEP FI, Robert Tacon, Head of Risk Reporting at Standard Chartered, and Katsuhiko Okazaki, Japan Bank of International Cooperation (JBIC). This is the first such event to be organised by UNEP FI in the country.

For further information, please visit: <http://www.unepfi.org/events/2006/mumbai/index.html>

Contact: ap@unepfi.org

7. Central & Eastern Europe

UNEP FI Outreach Event in the Baltic States 17 November, Vilnius, Lithuania

UNEP FI's Central and Eastern European Task Force (CEETF) offered a seminar on sustainable finance under the auspices of DNB Nord Bankas, a regional branch of UNEP FI Signatory DNB NOR. The seminar, divided into asset management and risk management sessions, was attended by over 30 participants from local financial institutions, government agencies and regulatory bodies, and non-governmental organisations. Highlights of the day included presentations by UNEP FI Signatories Nordea AB, EBRD and Swedbank, as well as a presentation on CSR disclosure in the largest Baltic companies undertaken by DNB Nord Lithuania.

For further information and to view presentations, please visit:

<http://www.unepfi.org/events/2006/vilnius/index.html>

Contact: cee@unepfi.org

8. Latin America

UNEP FI Latin American Task Force (LATF) Annual Meeting & Open Doors Cocktail 24 November, Bogota, Colombia

The Members and Associate Members of the LATF gathered for an annual strategic planning and information-sharing summit under the auspices of UNEP FI Signatory Fundacion Social, Colombia. Training will continue to be the cornerstone of the LATF's action in the region, with several training workshops and online courses planned for 2007.

An "open-doors" cocktail event followed, whereby UNEP FI and the Principles for Responsible Investment were presented to senior management representatives of the Colombian financial sector and other local stakeholders.

Contact: la@unepfi.org

9. North America

Workshop - Climate Change: Risks and Opportunities for the Finance Sector 23 October, New York

The UNEP FI North American Task Force hosted a workshop on climate change at Citigroup headquarters in New York. The event included presentations on the latest climate change science, opportunities in the carbon markets such as emissions trading and the Clean Development Mechanism. A number of regional perspectives were given, including an update on Canada's Climate Change Programme, and the US North-East Regional Greenhouse Gas Initiative. The day ended with presentations on climate risk and emissions disclosure.

For further information, including presentations, please visit:

http://www.unepfi.org/events/2006/new_york/index.html

Contact: na@unepfi.org

10. Western Europe

UNEP FI / VfU Roundtable Conference on Climate Change 21 - 22 November, Berlin

Over 90 representatives of financial institutions, NGOs, governmental agencies, researchers and NGOs from Germany, Austria and Switzerland came together in Berlin to discuss the risks and opportunities of climate change. A variety of topics were covered, including the evidence of climate change, climate neutrality initiatives in the finance sector, and concrete products and services related to climate change and renewable energy. The event was organised by the German Association for Environmental Management in Banks, Savings Banks and Insurances (VfU) in cooperation with UNEP FI, it was kindly hosted by Deutsche Bank.

For further information, including presentations please visit: www.vfu.de

Contact: signatory@unepfi.org

INVESTMENT

11. UNEP FI Property Working Group Inaugurated

The Property Work Stream was formally voted into becoming a fully fledged Working Group at UNEP FI's Annual General Meeting. The Property Working Group (PWG) will be launched at a meeting hosted by Caisse des dépôts et consignations in Paris, on 7 and 8 December 2006.

The PWG was represented at the TBLI Conference held in Paris on 10 November, in a session on Socially Responsible Property Investment, where both Co-Chairs (Jean-Pierre Sicard, Caisse des dépôts et consignations and Paul McNamara, Prudential plc) were called upon to present and take part in discussions (further information available at: <http://www.tbli.org>). The PWG was further represented by University of Arizona Professor Gary Pivo, Advisor to the Group, at the Greenbuild International Conference and Expo in Denver, Colorado on 15 November. Dr Pivo participated in a panel on Global Responses to Climate Change, together with UNEP's Sustainable Building and Construction Initiative.

For further information please visit: http://www.unepfi.org/work_streams/property/index.html

Contact: property@unepfi.org

12. Principles for Responsible Investment (PRI) Update

Principles for Responsible Investment (PRI) Clearinghouse Launched

The PRI Engagement Clearinghouse is a private web- and email-based forum for PRI signatories to share ideas on collaboration around shareholder and policy engagement. It is the first global information-sharing platform designed to bring investors together to collaborate on specific ESG issues.

New Signatories

Considerable momentum continues to build around the PRI, with more than 30 new organisations signing in the last two months. There are now 128 signatories, representing in excess of US\$6 trillion in assets (full list at: <http://unpri.org/signatories/>).

Some of the latest and upcoming PRI events...

* French Signatory Meeting, 22 September 2006, Paris

Sponsored by Caisse des Dépôts and hosted by the French Ministry of Ecology and Sustainable Development, the event aimed provide French asset managers and French asset owners with a better understanding of the stakes and impacts (short & long term) of committing to the PRI. Some 60 participants attended, they were addressed by: Jean-Pierre Sicard, Caisse des Dépôts; Nada Villerman-Lecolier, Fonds de Réserves pour les Retraites; Ms Michèle Jardin, Crédit Agricole Asset Management; Francis Ailhaud, Groupama Asset Management; Eric Borremans, BNP Paribas Asset Management, as well as Carlos Joly, Co-Chair of the UNEP FI Asset Management Working Group, who moderated discussions.

* Presentation to Japanese Pension Funds, 29 November 2006, Tokyo

Mitsubishi Trust is hosting an event in Tokyo for more than 300 leaders from the pension and investment sector to promote the PRI to the Japanese pension sector. Paul Clements-Hunt will be presenting on the PRI and the work of UNEP FI's Asia Pacific Task Force.

* Signing Ceremony for New Brazilian Signatories, December 2006, Sao Paulo

Some 10 Brazilian pension funds will be following in PREVI's tracks by signing up to the PRI at a ceremony to be hosted by the Bovespa Stock Exchange. The new Signatories mean that over 50% of the Brazilian pension fund investment market is engaged with the Principles.

For more information, please visit: <http://www.unpri.org>

Contact: info@unpri.org

SUSTAINABILITY REPORTING

13. Call for Submissions: Sustainability Reporting Social Performance Indicators

As a part of the on-going review process of the Financial Services Sector Supplement (FSSS), the UNEP FI-GRI Working Group will be reviewing the social performance indicators of the FSSS shortly. The Group is therefore inviting all financial institutions which have developed reports with a strong focus on social performance to share these, in an effort to capture current best practice on social reporting, including on any new social topics that have surfaced since the development of the social indicators in 2002.

Reports should be sent to gri@unepfi.org by 15 December, 2006.

Following a solid piloting process and after 6 months of regular conference calls and a face-to face meeting on 7 and 8 November in Geneva, UNEP FI-GRI Working Group is currently in the last stages of adapting the environmental performance indicators of the FSSS to current best practice, thus putting an end to the first phase of the review process. Guiding protocols for the environmental indicators have also been developed in order to support a better and more consistent understanding of the reporting requirements.

Contact: gri@unepfi.org

14. 2 New UNEP FI Signatory Sustainability Reports

mecu Sustainability Report 2006

<http://www.mecu.com.au/susreport/content/sitemap/sitemap.htm>

CLIMATE CHANGE

15. UNEP FI Report on Adaptation and Vulnerability to Climate Change

15 November, 2006, Nairobi, Kenya

A group of the world's most powerful financial institutions, representing USD trillions in assets, called for urgent public-private action to prepare for the economic impacts of climate change at the 12th Conference of the Parties (COP 12) of the UN Framework Convention on Climate Change (UNFCCC) in Nairobi. If adaptation is not made a priority, the UN's Millennium Development Goals will not be achieved or their progress will be seriously impeded.

"Adaptation and Vulnerability to Climate Change: The Role of the Finance Sector" is the latest report from the UNEP Finance Initiative's Climate Change Working Group (CCWG). The report calls for a new approach on behalf of governments and the private sector to address the physical changes that climate change will bring, integrating adaptation with sustainable economic development and disaster management. The research confirms that climate change and its impacts will only get worse in the coming decades, and therefore, significant measures will be required by the public and private sectors to adapt to those impacts, particularly in the developing world.

For further information please visit: http://www.unepfi.org/work_streams/climate_change/index.html

16. Leading Investors Worldwide Release Global Framework for Climate Risk Disclosure

A unique global partnership of 14 leading institutional investors and other organizations (including UNEP FI), representing trillions in assets recently released the Global Framework for Climate Risk Disclosure to provide specific guidance to companies regarding the information they provide to investors on the financial risks posed by climate change. Both the framework and the guide to using the framework are available on the UNEP FI website.

Contact: climate@unepfi.org

17. Call for Participation: Carbon Disclosure Project 2007

Now in its fifth cycle, the Carbon Disclosure Project (CDP) has expanded to write to 2,400 of the largest companies in the world. The CDP would like to invite UNEPFI Signatories to participate in the CDP5 information request. The service is free of charge and participants will have access to all responses received, including those not authorised to be made publicly available.

For more information and to receive the CDP5 documents, please visit: <http://www.cdproject.net>

18. UNEP FI Signatories Step up to the Plate on Climate Change

UBS Launches World Emissions Index (UBS-WEMI) The UBS World Emissions Index (UBS-WEMI) is the first index for global markets of emissions allowances.

For further information please visit: www.ubs.com/emissions-index

WATER & FINANCE

19. Call for Participation - Water Risk Management Guidelines

A key objective of UNEP FI's Water and Finance Work Stream, the risk management guidelines for financial institutions, will aim to provide a practical tool for identifying areas of business risk exposure, from water intensive business to businesses with a water footprint along the supply chain.

With Deutsche Bank as a key supporter of this project, UNEP FI is inviting stakeholders, including commercial banks, asset managers and insurance institutions, to join an advisory group to steer the process of developing the guidelines. Additionally, the Work Stream will be organising number of outreach and awareness-raising activities to identify regionally-specific risks in coordination with UNEP FI's

Regional Task Forces in Africa, Asia Pacific, Central and Eastern Europe, Latin America, and North America.

Contact: water@unepfi.org

BIODIVERSITY

20. Update: Biodiversity and Ecosystems Work Stream

In collaboration with key partners, including the World Resource Institute (WRI), Insight Investment, and Fauna and Flora International (FFI), the aim of UNEP FI's Work Stream on biodiversity and ecosystems is to address the lack of awareness of the business implications of ecosystems degradation and biodiversity loss.

In the same vein, the Work Stream will seek to develop tools for the financial institutions to identify and address risks related to these issues. With the engagement of a range of stakeholders including financial institutions, NGOs and intergovernmental agencies, the Work Stream's activities going forward will include the production of a CEO Briefing to present the business case for addressing ecosystems and biodiversity loss, as well as a corporate benchmarking tool for measuring company performance in biodiversity, particularly within the extractive industry. The benchmarking tool, to be developed by Insight Investment and FFI will be designed so it can be applied by investors and creditors to assess company performance in addressing biodiversity issues, as part of their risk analysis.

Contact: biodiversity@unepfi.org

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