“We still have this hopelessly outdated notion that the environment is a cost. It's anything but a cost.”
- David Wheeler, member of Canada's National Round Table on the Environment and the Economy -

UNEP FI September Thoughts
Paul Clements-Hunt, Head of UNEP Finance Initiative, writes: "Thanks to the chilling and seemingly never-ending saga of the global Credit Crunch, the financial services sector is once again under forensic scrutiny. As hundreds of millions of families face the uncertainty of life in the real economy post "Credit Crunch", the question begs where does sustainable finance and responsible investment stand following another episodic crisis amongst our blue chip financial institutions where market volatility has stretched the ability of even the most opinionated pundits to predict what's next? Can the mainstreaming of responsible investment prevent the next Credit Crunch? We have at hand a marvellous contradiction that our most progressive financial institutions are facing. When cost-cutting, job losses, "consolidation" and a new era of no or low bonuses for financial service executives is upon us, then an obvious institutional reflex from senior management may be to cut back on those "luxurious extras" like the sustainability team or truly implementing integration of environmental, social and governance (ESG) into corporate policies and mainstream business practices. Of course what is required is the opposite response that recognises the institutional power of broadening the risk radar and not following the herd. To what extent did governance issues sit at the heart of the credit crunch? Is sustainability and ESG being put on the "back burner" as budgets tighten and banks seek to rebuild balance sheets? How will the sustainable finance and responsible investment revolution look a year hence when the true impacts of the credit crunch on financial services will be understood? Are sustainability focused funds and responsible investors "stickier" when the arrows are all pointing down? These are questions, amongst others, that UNEP FI will be looking at in its Q1/2009 edition of our newsletter "0.618..." A range of international commentators from across financial services will be asked to dig deep and probe how the sustainable finance and responsible investment community can make the running in the post credit crunch era.

In the meantime we hope you enjoy edition 67 of UNEP FI's monthly e-bulletin that once again gives you a global insight into the latest developments across sustainable finance and responsible investment."

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*** New UNEP FI Property Working Group Report

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HIGHLIGHT

*** New UNEP FI Property Working Group Report

Ten Strategies to increase the Environmental & Financial Performance of your Property Portfolios

This new report of the UNEP FI Property Working Group (PWG) aims to help those making investment decisions on existing commercial real estate portfolios to understand how environmental, social, and governance (ESG) issues impact upon the current value and prospective investment performance of the assets they own and manage. The report presents 10 strategies for responsible property investment, each demonstrated by a collection of case studies that explain the financial and environmental value of responsible property investment.

To view the report, please visit: http://www.unepfi.org/fileadmin/documents/responsible_property_investing.pdf

SUSTAINABILITY BEAT

1. UNEP FI 2008 Annual General Meeting
20-21 October 2008, Geneva, Switzerland

UNEP FI will be convening its Annual General Meeting (AGM) at the Palais des Nations in Geneva, Switzerland. This meeting provides a wonderful opportunity for Signatories to learn about UNEP FI's past, present and future activities, voice their opinions on the various work programmes, task forces and special projects, discuss future strategies, as well as network with peers.

For further information about the event, please contact: signatory@unepfi.org

2. What UNEP FI Signatories Are Doing...

* RBC Discloses Global Carbon Trading Capabilities to Help Industry Manage Greenhouse Gas Emissions
http://www.rbc.com/newsroom/20080718carbon.html

* Rabobank Brazil Launches Sustainability Best Practice Manual for Agribusiness
TOOLS & TRAINING FOR SUSTAINABLE FINANCE IMPLEMENTATION

3. Environmental & Social Risk Analysis (ESRA) E-Learning Programme

* Up-coming courses

***In English
22 September-10 October 2008

***In Spanish
3-21 November 2008
(Special Edition for clients and partners of Corporación Andina de Fomento)

Interested in training your staff? Contact us to find out about our new course offerings.

A product of the United Nations Environment Programme Finance Initiative (UNEP FI), Capacity Building International (InWent), and the INCAE Business School, with the support of the Ecobanking Project. Initially developed in Spanish in 2006 by the UNEP FI Latin American Regional Task Force, with the support of Bank of America, the English-language edition of the course has been produced thanks to the help of FMO, the Dutch development bank.

For further information, please visit: http://www.unepfi.org/training/risk_training/index.html

4. UNEP FI Latin American Task Force (LATF) to Launch Online Eco-efficiency Course

Keen to reduce your FI’s footprint and looking for guidance on how to tread lightly?

UNEP FI's LATF and the Ecobanking Project are currently producing a new online training course on corporate eco-efficiency designed specially for financial institutions. The course will provide relevant FI staff with the knowledge and skills to implement mechanisms that will help their institutions reduce their environmental footprint while promoting a sustainability corporate culture and also reducing costs internally.

The course materials will comprise extensive case studies of best practice from financial institutions including Banco Real, BBVA, HSBC and Unibanco. Assignments include a three week period for participants to do an in-house trial run of an eco-efficiency measure designed by themselves.

A pilot edition of the course will be running among LATF members and partners in September.

5. Show us the Money, Show Us the Green Money
by contributing to the Environmental & Social Responsibility Observatory (ESRO)

Through a comprehensive online database of real world case studies, UNEP FI, in collaboration with the Ecobanking Project, will soon start showcasing how its Signatories and other financial institutions are successfully managing to align financial and sustainability performance by channeling funds into activities that have a net positive impact – on environment, society and their own bottom line. The Observatory will also showcase environmental and social risk management stories.

Become a contributor, send us your ‘Finance for Sustainability’ or your “E&S Risk” stories for inclusion in the Observatory.

Stories should illustrate either: cases of financial transactions channeled towards activities or projects that directly address environmental and/or social problems by contributing to their solution (areas of focus: climate change mitigation and adaptation, water and sanitation, biodiversity and ecosystem services), or cases of ESG risk management.
The Observatory aims to be a desktop tool for financial analysts; it is about sharing best practice, not naming and shaming. If you would like to showcase experiences and achievements to your peers and a global audience please get in touch with: observatory@unepfi.org

SPREADING SUSTAINABLE FINANCE ACROSS THE GLOBE

6. Asia Pacific

Carbon Markets India
Mumbai, India, 29-30 September 2008

7. Europe

Biodiversity & Ecosystem Finance
http://www.greenpowerconferences.com/carbonmarkets/biodiversity_lon08.html

8. Latin America

UNEP FI Latin American Task Force (LATF) Training Workshop & CEO Breakfast
24-25 November 2008, Bridgetown, Barbados

Reaching out to the Caribbean financial sector for the first time, the LATF will be holding this highly targeted duo of events in Bridgetown. While the workshop will seek to train analysts and managers across the region’s financial sector on how to identify and manage social and environmental risks and opportunities in their lending and investment operations, the Breakfast will provide an opportunity to make the business case for sustainable finance before the CEO community and to discuss next steps for the sector.

The event is being organized in close collaboration with the Barbados Ministry of the Environment and the Banking Association of Barbados.

For further information on LATF training activities, please visit:
http://www.unepfi.org/regional_activities/latin_america/training/index.html

9. North America

* UNEP FI North American Task Force Event on Sustainability Indices & Disclosure Initiatives
2 October 2008, Boston, USA

Ever wondered about the real value of today’s growing body of sustainability indices and disclosure initiatives? In the course of 2008, the North American Task Force (NATF) has been conducting a survey on ‘The Benefits of Participation and the Risks of Non-Participation’ in such mechanisms and initiatives. The research results will be formally launched at a Workshop to be hosted by StateStreet Corporation in the fourth quarter of 2008. The event will explore the latest trends in sustainability indices and disclosure initiatives currently in use in the North American financial sector.

For further information on the NATF and its activities, please visit:
http://www.unepfi.org/regional_activities/north_america/index.html

* Carbon Markets USA
Washington DC, USA, 16-17 September 2008
INVESTMENT

10. From the Big Apple to the Far East, ESG Value Continues to Spread
July 2008, New York, USA & Kuala Lumpur, Malaysia

“Addressing the ESG Inefficiency of Capital Markets,” the joint project of UNEP FI and the World Business Council for Sustainable Development (WBCSD) that seeks to better understand and improve the integration of environmental, social and governance (ESG) factors into company valuation, gained further momentum in July with pilot workshops in the United States and Malaysia.

The New York workshop, hosted by AIG Investments, was held the day after the strategy meeting of the UNEP FI Asset Management Working Group at ClearBridge Advisors. Butch Bacani of UNEP FI and Cheryl Hicks of the WBCSD facilitated one of the most vigorous investor-investee debates so far. In addition to asset managers and investee companies, key stakeholders such as the Carbon Disclosure Project, Trucost, the US Environmental Protection Agency, KLD, and the World Resources Institute, attended the packed Shanghai Conference Room of the AIG Building.

The workshop culminated with an insightful academic presentation on “Intangibles’ Information Deficiencies – Adverse Consequences and Remedies” by Baruch Lev, Professor of Accounting and Finance at the Leonard N. Stern School of Business of New York University.

July also marked the first workshop in an emerging market, held as part of the 2008 International Corporate Social Responsibility Conference in Kuala Lumpur. This event focused on ESG valuation in the context of Southeast Asia and attracting asset managers and investee companies from Bangkok, Hong Kong, Jakarta, Kuala Lumpur, Manila and Singapore.

Workshops in Vienna, Geneva, Johannesburg and Tokyo are slated for the rest of the year.

For more information on the valuation workshops, please visit: [http://www.unepfi.org/events](http://www.unepfi.org/events)

11. Special Forum of the UNEP FI Property Working Group at “Sustainable Buildings 08”
23 September 2008, Melbourne, Australia

UNEP FI has been invited to organise a special forum on responsible property finance and investment at the “Sustainable Buildings 08” conference to be held in Melbourne, Australia. The World Sustainable Building (SB) Conference series, which has been held every three years, is the peak gathering of the world’s leading technical experts and researchers on sustainable built environments. The special forum which is co-hosted by UNEP’s Sustainable Buildings & Construction Initiative, Centre Scientifique et Technique du Batiment (CSTB) and Building Research Establishment (BRE), – two European based providers for standards and research in real estate – and supported by Investa Property Group, will feature speakers from the banking, investment and insurance arms of financial services in order to elaborate on the business case for green property in the financial sector, the possible environmental and financial returns demonstrated by international best practices.


INSURANCE

12. A Royal Welcome to a Global Alliance

The UNEP FI Insurance Working Group (IWG) welcomes the Royal and SunAlliance (RSA) Group as its 18th member, bolstering the IWG’s reputation as the voice of the insurance industry on sustainability issues.

With a heritage dating back more than 300 years, RSA writes business in over 130 countries and has operations in more than 30 countries. The Group is the largest commercial insurer in the UK and insures 80% of FTSE 100 retailers. RSA’s sustainability initiatives range from insurance products for
the traditionally excluded, GPS-aided vehicular safety, renewable energy insurance, eco-cars and homes, state-of-the-art geographic risk assessment tools, and responsible investments. RSA is also a member of the UN Global Compact, ClimateWise, the FORGE Group, and the Financial Services Procurement Forum.

RSA Group’s representatives on the IWG are James Wallace (Corporate Responsibility Manager, RSA Group), Andrea Corbino (General Manager – Italy, RSA Global), and Jacqui Waterworth (Technical Capability Development Leader, Group Technical Academy).

For more information on the RSA Group and the UNEP FI Insurance Working Group, please visit:
http://www.rsagroup.com
http://www.unepfi.org/work_streams/insurance

13. Airtime at AIRMIC for Sustainable Insurance
17-18 June 2008, Edinburgh, UK

Sustainable insurance was a major attraction at the 2008 Conference of the Association for Insurance and Risk Managers (AIRMIC), “Communicating Risk Management.”

AIRMIC has nearly 1,000 members and represents the insurance buyers and risk managers of about 75% of the UK FTSE 100 group of companies, as well as very substantial representation in the FTSE 250 and other smaller companies. AIRMIC members control about £5 billion of annual insurance premium spend, an estimated £500 million on brokers and other service providers and a further £2 billion of premium paid to captive insurance companies.

Butch Bacani of UNEP FI and Sunny Sehgal of HSBC Insurance Brokers, a member of the UNEP FI Insurance Working Group (IWG), teamed up for the session, “The Next 200 Years: Managing Climate Change and Sustainability Risks”, which also commemorated the 200th year anniversary of HSBC. The tandem touched on the global sustainability issues featured in the IWG’s inaugural report, “Insuring for Sustainability”, focusing on climate change and environmental liability.

Butch covered the overarching IWG goal to develop “Principles for Sustainable Insurance”, and climate change initiatives by insurers in the areas of products, investments and research. Sunny addressed sources of environmental liability, the benefits of environmental insurance over general liability insurance, and the need to shift to a proactive approach. He also explained the adaptation and mitigation dimensions of climate change in the context of industry sectors – tourism, insurance, energy, construction, and agriculture.

For more information on AIRMIC and the UNEP FI Insurance Working Group, please visit:
http://www.airmic.com
http://www.unepfi.org/work_streams/insurance

Contact: insurance@unepfi.org

WATER & FINANCE

14. Bankable Water Sustainable - Sustainable Water Bankable
20 August 2008, World Water Week, Stockholm, Sweden

‘Water is a human right and not a business’. ‘Water is a strategic investment area and a product to pay for’. Through co-convening a high level side-event at World Water Week, the World Bank’s Water & Sanitation Program (http://www.wsp.org) and UNEP FI’s Water & Finance Work-stream displayed that the two ideological approaches quoted above can perfectly be aligned with each other helping to achieve satisfactory results: socially, environmentally and financially.

Participants included Alexander Linke of Dexia Kommunalkredit, Catarina Hansen of European Bank for Reconstruction and Development (EBRD), Jae So and Kameel Virjee of World Bank’s Water & Sanitation Program, Usha Rao-Monari of International Finance Corporation, and Kajetan Hetzer of
SNS Reaal Water Fund who is also Project Leader within the UNEP FI WFWS. UNEP FI Head Paul Clements-Hunt facilitated the three-hour long session attended by more than 80 international participants.

The session was jointly hosted by the World Bank’s Water & Sanitation Program, bringing field experience of the water sector gaining access to commercial finance, and UNEP FI’s Water & Finance work stream which has initiated a dialogue among commercial finance providers and capital market actors to discuss the strategic opportunities in the water sector as well as the approaches and means by which to align financial with water sustainability.


15. Bringing the Universal Owner Rationale to Life – All you Need is Water
London, Melbourne

The UNEP FI Water & Finance work stream (WFWS) is currently undertaking a project to explore how the universal ownership hypothesis might be applied to the issue of water in a portfolio management context. Participating organizations include Insight Investment, IPA Economics and VicSuper.

The key deliverable of the project will be a paper that will provide an overview of both the universal ownership hypothesis - including a description of its origins and how it has been applied in the past -, as well as an overview of the global water problem and the extent to which it affects the portfolios of universal owners. Furthermore, the report will discuss whether or not and how a universal ownership mindset can assist asset owners and -managers in identifying within their investment portfolios water-related externalities - both negative and positive ones - and in developing strategies to mitigate water-related risks and take advantage of water-related opportunities in those portfolios. It will finally include an assessment of the value of the universal ownership hypothesis as an analytical framework for both improving the financial performance of the portfolios of universal owners and making a contribution to solving the global water problem.

The paper will be informed by soliciting ideas, comments and suggestions from experts and practitioners in both London and Melbourne in 2008. Organized by Insight Investment and VicSuper respectively, feedback will be sought from organizations including asset owners (pension funds), asset managers, consultants, brokers and water specialists, among others.

16. UNEP FI’s Global Water & Finance Survey – Hurry Up & Participate

In order to better deliver to the financial community inside and beyond UNEP FI water-related solutions that are relevant, useful and applicable in a business reality progressively exposed to water scarcity, the Water & Finance Work-stream of UNEP FI is asking you for your insights, comments and thoughts on diverse issues related to water. Therefore, we would kindly like to ask you to participate in our 2008 global Water & Finance survey. Completing the questionnaire will just take you 5 minutes.

The survey aims at finding out:
→ whether or not financial institutions and their service providers are currently taking water-related issues into consideration within decision making processes - especially when it comes to agribusiness activities,
→ what their motivation for eventually doing so is,
→ how they are eventually doing so,
→ how the activities undertaken by the UNEP FI WFWS could be most useful and valuable in overcoming barriers and mainstreaming the integration of water-related aspects.

The survey covers all types of financial institutions and service providers which are - in some shape or form - exposed to water-related risks through their clients and investees.
Hurry up and get in touch with water@unepfi.org for a copy of the questionnaire. Alternatively, download it from http://www.unepfi.org/work_streams/water/index.html. The deadline has been moved from 31 August to 12 September.

And remember….only participating institutions will be provided with the (we are sure, most interesting) results.

SUSTAINABILITY REPORTING

17. 4 New UNEP FI Signatory Sustainability Reports

Caisse des Dépôts - Rapport d’activité et de développement durable 2007
http://www.caissedesdepots.fr/spip.php?article1001

Fundación Social – Balance Social Empresarial 2007
http://www.fundacion-social.com.co/balance.htm


Royal Bank of Scotland 2007 Corporate Responsibility Report

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The UNEP FI e-bulletin is a monthly publication of the United Nations Environment Programme Finance Initiative.
United Nations Environment Programme
Division of Technology, Industry and Economics
Economics and Trade Branch
Finance Initiative Unit

Chief Editor: Paul Clements-Hunt
Editors: Careen Abb, Susan Steinhagen

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