



UNEP **Finance Initiative**
Innovative financing for sustainability

UNEP FI

2006 Overview



“The danger posed by war to all of humanity – and to our planet – is at least matched by the climate crisis and global warming. I believe that the world has reached a critical stage in its efforts to exercise responsible environmental stewardship.”

Ban Ki-Moon
UN Secretary General

2006 events and meetings at a glance

January

- Steering Committee meeting

March

- Seminar on Water and Finance at 4th World Water Forum, Mexico
- LATF Training Workshop on Environmental and Social Risk Analysis, Lima
- Panel Session at Globe 2006, Vancouver
- Inaugural Insurance Working Group Meeting, Paris

April

- Launch of UN Principles of Responsible Investment, New York
- Launch of Biodiversity & Ecosystem Services Work Stream, Curitiba
- CEO Meeting on Sustainable Finance, Russia
- Expert Workshop on Water-related Risk Management Guidelines, Davos
- Annual Meeting of UNEP FI Francophone Signatories, Paris
- UNEP FI-WRI Biodiversity Meeting, New York

May

- UNEP FI Session on Sustainable Finance and Forests at TBLI Asia, Bangkok
- LATF Seminar for Public Banks, Rio de Janeiro
- Workshop on Environmental Credit Risk, Copenhagen
- PRI Press Conference, Tokyo
- Regional Launch of the PRI, Rio de Janeiro

June

- Workshop on Sustainability Reporting and the GRI Financial Services Sector Supplement, Augsburg
- Conference on the Environmental Responsibility of the Banking Sector, Athens
- CEETF Annual Meeting, Athens
- LATF Training Workshop on Environmental and Social Risk Analysis, San Salvador
- 2nd Expert Workshop on Water-related Risk Management Guidelines, Geneva
- NATF Workshop on Environmental Risk Management, Toronto

July

- Inaugural Meeting of the APTF Korea Group, Seoul
- Pilot Launch of the LATF Online Training Programme on Environmental and Social Risk Analysis

August

- PRI Seminar, Johannesburg
- Seminar on Risks and Opportunities for Financial Institutions in Water, Stockholm

September

- LATF Training Workshop on Environmental and Social Risk Analysis, Guayaquil
- UNEP FI Strategic Meeting at TourismAfrica2006, Geneva
- GRI Workshop on the Financial Services Sector Supplement for the French Financial Sector, Paris
- LATF Online Training Course on Environmental and Social Risk Analysis
- Launch of the PRI, Guayaquil, Ecuador

October

- Sustainable Finance Workshop in the Baltic States, Vilnius
- NATF Workshop on Climate Change, New York

November

- UNEP FI Annual General Meeting, Geneva
- UNEP FI-GRI Pilot Group Workshop, Geneva
- Insurance Annual Meeting, Geneva
- LATF Annual Meeting, Bogota
- UNEP FI / VfU Roundtable 2006 on Climate Change: Risks and Opportunities for the Financial Sector, Berlin
- Meeting on the Role of the Finance Sector in Adaptation and Vulnerability to Climate Change at the UNFCCC COP12, Nairobi
- LATF Online Training Course on Environmental and Social Risk Analysis
- UNEP FI Responsible Investment and Private Banking Meeting, Geneva

December

- Workshop on Mainstreaming Sustainability in Indian Financial Institutions, Mumbai

UNEP FI in 2006

Foreword

When UNEP Finance Initiative members met in October 2006 in the historic UN Palais in Geneva for the partnership's Annual General Meeting they looked back on a landmark year of relentless energy, effort and achievement.

UNEP FI's Regional Task Forces continued their rapid development, the thematic Working Groups worked to deliver substantive products of use to both the financial services sector and the policy-making community, and a number of new innovative work streams – finance and water as well as finance and biodiversity & ecosystems services and biodiversity – were launched formally. Responsible Property Investment became a fully fledged Working Group.

Undoubted highlights of the year included: the April 2006 launch of the Principles for Responsible Investment (PRI) by former UN Secretary General Kofi Annan at the New York Stock Exchange; the completion of the core component of the UNEP FI /Global Reporting Initiative financial services sector supplement; and the presentation of UNEP FI's report on adaptation and vulnerability to governments gathered in Nairobi, Kenya, for the international climate change negotiations.

UNEP FI's long-running partnership with the UN Global Compact also blossomed with the delivery, after more than two years of joint work, of the PRI – regarded by many as one of the most significant developments for responsible investment and the capital markets for many years. By end 2006 more than USD 8 trillion were backing the PRI, a figure which would rise to USD 10 trillion in 2007.

2006 was a year of new departures for UNEP FI as the Secretariat began its first foray into the world of private banking, family offices and high net worth (HNW) individuals. A meeting of more than 50 private bankers gathered in Geneva in November to kick-start the discussion. The role that the HNW community, controlling assets projected to reach USD 44 trillion by 2010, has to play in sustainability is largely unexplored and UNEP FI intends to continue this journey in 2007.

The Latin American Task Force led the way in the provision of in-person and on-line training covering environmental and social risk analysis and the latter is due to be replicated by UNEP FI's Regional Task Forces in Africa, Asia Pacific and Central and Eastern Europe.

Athens, Bogota, Curitiba, Moscow and Vilnius were new destinations for UNEP FI staff amongst a host of cities where events covering different aspects of the sustainable finance and responsible investment agenda were convened.

By the end of the year it was clear that renewed interest from the international policy community and public concern – largely driven by fears over climate change – had put the environment front and centre of the global news agenda. The role of finance and capital markets was also in the spotlight as the questions of mitigating sustainability risk and maximising opportunities came to the fore.

Paul Clements-Hunt

Head of Unit
UNEP Finance Initiative

And in 2007...

Our priority last year was to fast-forward the sustainability journey. I am pleased to report that this is being achieved.

The 2006 Annual General Meeting was the most widely attended yet, where members endorsed the formal establishment of several new workstreams; Property, Biodiversity and Ecosystem Services, Water, Human Rights and Insurance. All these areas are considered 'hotspots' in terms of the environmental and social issues affecting financial institutions today.

Our aim to develop new tools to assist Signatories in promoting sustainability within their organisations is equally being fast-tracked. An Environmental and Social Credit Risk Assessment Tool covering ten sectors was launched in November, while an Online Training Course on Environmental and Social Risk Analysis was launched in Latin America. A Climate Change e-learning toolkit is also being launched by mid-2007. Responses to these toolkits have been extremely positive.

As we head towards the UNEP FI Global Roundtable in Melbourne in October 2007, where our umbrella theme will be 'Awareness to Action', all Work Streams are working to deliver similar outputs. In Melbourne, UNEP FI will seek to showcase the increasing range of practical, results-focused tools that financial institutions have to hand to embed sustainability in their policies and core operations. In addition, this unique partnership between the environmental arm of the United Nations and the global financial services sector will highlight emerging issues and will seek to set the forward-looking agenda around sustainable finance and responsible investment.

I am left in no doubt about the willingness of UNEP FI's members to address sustainability issues, in terms of both their direct and indirect impacts. UNEP FI is providing the tangible means to assist in this process. By working together, I believe we can make a real difference.

Martin Hancock
Chair, Steering Committee
UNEP Finance Initiative

Facts & Figures 2006

Funding

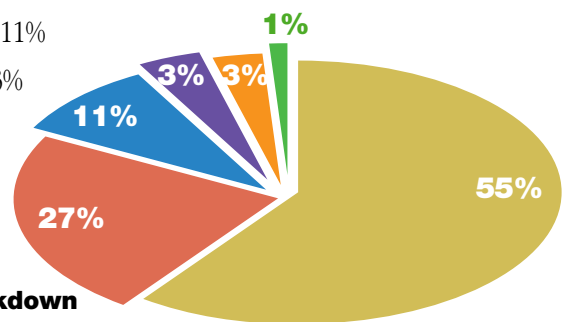
UNEP FI 2006 Income	USD '000
Core Income	
Signatory contributions	1,290
UNEP funds	150
Total Core Income	1,302
Sponsorship & Miscellaneous Funds	63
Total Income	1,503

Signatories to the UNEP FI Statements

UNEP FI welcomed 17 new members in 2006, with a total membership of 168 Signatories by the end of the year.

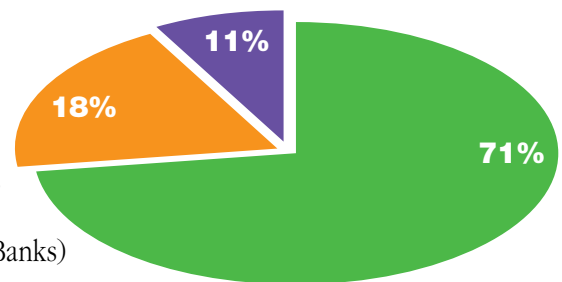
Geographical Breakdown

- Europe 55%
- Asia Pacific 27%
- North America 11%
- Latin America 3%
- Africa 3%
- Middle East 1%



Industrial Breakdown

- Banking 71%
- Insurance 18%
- Others 11%
(Asset Management, Pension Funds, Foundations, Development Banks)



Research and publications 2006 at a glance

CEO Briefings

- Sustainability Management and Reporting: Benefits for Financial Institutions in Developing and Emerging Economies
- Adaptation and Vulnerability to Climate Change: The Role of the Finance Sector
- Global Framework for Climate Risk Disclosure

Reports

- Financing Water: Risks and Opportunities
- Global Climate Change: Risk to Bank Loans
- Show Me the Money: Linking Environmental, Social and Governance Issues to Company Value
- Australasian UNEP FI Newsletter (Issues 11 and 12)
- The Principles of Responsible Investment Launch Document (English, French, Japanese)
- Regional Task Force Brochures (Asia Pacific, Central & Eastern Europe, Latin America)

Thematic Work Streams

UNEP FI's strategic work programme is focused on current and emerging issues which are relevant to its members. UNEP FI's sector-based and theme-specific Work Streams provide a forum for Signatory institutions to work collaboratively on finding innovative approaches to managing these issues.

Asset Management Working Group (AMWG)

The members of the AMWG collaborate to understand how environmental, social and governance (ESG) issues can affect investment value, as well as the evolving techniques for their inclusion in portfolio investment decision-making and ownership practices.

Launched in 2006, "Show Me The Money" warns that the mismanagement of ESG issues can have significant financial impacts on

company and investment value. Supported by research from firms such as Goldman Sachs, Deutsche Bank, JP Morgan and UBS, the report also finds that analysts have significantly improved their research in this area, and leaders have started to quantify the material impacts of ESG issues on company profitability and equity value. It encourages investors and their agents to engage more thoroughly in assessing and integrating ESG issues in investment decision-making processes. The 60-page document is the result of a unique collaboration between members of the investment community and includes the expertise of over 20 global investment firms, from asset managers and sell-side analysts, to investment consultancies.

Chair: Groupama Asset Management

Members: ABN AMRO Asset Management (Brazil), Acuity Investment Management, Allianz Dreschner Asset Management, BNP Paribas Asset Management, Calvert Group, Citigroup Asset Management, Groupama Asset Management, Henderson Global Investors, Hermes Pensions Management, HSBC Asset Management, Insight Investment Management, Morley Fund Management, Nikko Asset Management, RCM (UK), Sanpaolo IMI Asset Management

Contact: investment@unepfi.org

Property Working Group (PWG)

In its first year of existence, the PWG exploded into a frenzy of activity. Initial impetus for the creation of a UNEP FI Group to focus on property investment stemmed from the process which led to the creation of the Principles for Responsible Investment. A meeting was convened at PRUPIM (Prudential Property Investment Managers) headquarters in June 2006, to map the Group's strategy and work programme. Its mission was crystallised as follows: "to encourage property investment and management practices that achieve the best possible environmental, social and financial goals, as consistent with fiduciary responsibilities."

The year's efforts culminated in the official establishment of the PWG at UNEP FI's 2006 Annual General Meeting. A launch meeting was held in December at the offices of Caisse des Dépôts et Consignations in Paris.

The influence of investors on management and refurbishment of properties is the subject the PWG is initially committed to exploring, namely in a research project to gather case studies illustrating the best strategies investors can implement for improving environmental efficiency, without diluting value. A survey has been undertaken and the project will come to fruition in 2007, with the publication of a CEO Briefing and individual cases to be presented online.

The PWG is further envisaging a joint-project with the UNEP Sustainable Building and Construction Initiative, regarding the financing of "green technology" in buildings.

Chair: Caisse des Dépôts et Consignations, PRUPIM (Prudential Property Investment Managers)

Members: AXA REIM France, Calvert Group, F&C Property Investment Managers, Hermes, Morley Fund Management, WestLB AG

Observers: California Public Employees' Retirement System (CalPERS), Cherokee Investment Partners, Investa Property Group, Land Securities, Lend Lease

Contact: property@unepfi.org

Principles for Responsible Investment (PRI)

Launched in April 2006 by United Nations Secretary-General Kofi Annan at the New York Stock Exchange (NYSE), the Principles for Responsible Investment have already become a landmark framework for integrating ESG issues in investment decision-making.



In early 2005, the United Nations Secretary-General invited the world's largest institutional investors to

develop a set of Principles for Responsible Investment. Under the joint auspices of UNEP FI and the Global Compact, individuals representing 20 institutional investors from 12 countries gathered to form the Investor Group. Having accepted ownership of the project, the Group was granted the freedom to develop the Principles as they saw fit. The Group was further supported by a 70-person multi-stakeholder Group of Experts, including members of UNEP FI's AMWG and other representatives from the investment industry, intergovernmental and governmental organisations, civil society and academia. The process unfolded between April 2005 and January 2006, involving a total of five days of face-to-face deliberations by the investors and four days by the experts, with hundreds of hours of follow-up activity. The Principles for Responsible Investment that emerged as a result of this process were made public in April; since then the Principles have attracted a steady influx of new Signatories, totalling 142 by the end of 2006.

Insurance Working Group (IWG)

The year 2006 marked the formal establishment of the Insurance Working Group.

One of the initial activities of the IWG was to conduct a survey on sustainability among UNEP FI insurance Signatories worldwide. The objective was to gain a better understanding of current best practices and to identify main challenges and areas of interest. The survey findings helped the Group shape the idea for its inaugural project – an awareness-raising publication featuring a spectrum of sustainability issues affecting the insurance industry, illustrated by best practice examples from IWG members.

Celebrating its first Annual Meeting in Geneva, the Group defined a robust work programme for 2007, including: a project to develop a set of Principles for Sustainable Insurance for the global insurance industry, a cross-cutting study on microinsurance,

Climate Change Working Group (CCWG)

The CCWG aims to raise awareness and communicate the problem of climate change to financial institutions, policymakers and the public at large. The Group facilitates cooperation on climate change issues



between financial institutions (FIs), including banks, insurers and asset managers, and emphasises the important role to be played by FIs in mitigating and adapting to

climate change.

In 2006 a report was produced, analysing the role of the financial services sector in adapting to climate change, and in alleviating vulnerability to climate change, particularly in developing countries. The report provides examples of best practice as well as recommendations for the finance sector and policy-makers. The report was launched at the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP) 12 in Nairobi, and received significant press coverage.

The CCWG, in cooperation with EPA Victoria and UNITAR, started developing an online training course on climate change and carbon finance, to be launched in June 2007.

Chair: Dresdner Bank

Members: Abbey, Aviva plc, Bank of America, Calvert Group, Development Bank of Japan, Dresdner Bank, Garant (Global Sustainable Development Project), HSBC, Insurance Australia Group, Japan Bank for International Cooperation, Munich Re, Sustainable Asset Management, Swiss Re, UBS AG

Contact: climate@unepfii.org

natural catastrophe pools and alternative risk transfer (ART) products, as well as strategic outreach activities worldwide.

The year ended on a high note as the Group forged a strategic collaboration agreement with The Geneva Association (also known as The International Association for the Study of Insurance Economics) – a non-profit organisation formed by some 80 Chief Executive Officers from some of the most important insurance companies worldwide and whose main goal is to research the growing economic importance of insurance activities in all sectors of the economy.

Chairs: AXA - Group Management Services, Insurance Australia Group

Members: Achmea, American International Group, Aviva, AXA, Folksam, Insurance Australia Group, Munich Reinsurance Company, Pool Español de Riesgos Medioambientales, Storebrand, Tokio Marine & Nichido Fire Insurance Co., Ltd., XL Insurance

Contact: insurance@unepfii.org

UNEP FI – GRI Working Group on Performance Indicators

In early 2006, UNEP FI and the Global Reporting Initiative (GRI) consolidated a working group of financial sector representatives to review the indicators of the GRI Financial Services Sector Supplement (FSSS). A group of 11 financial institutions and 7 stakeholders were recruited to pilot-test the indicators in practice, develop technical protocols explaining individual indicators, and to review and merge the environmental and social parts of the Supplement.

From April to December, the group focused on reviewing the environmental indicators of the FSSS, thus ensuring that they reflect current best practice. The group also succeeded in developing the explanatory technical protocols for all environmental indicators. The process included the holding of two workshops in Augsburg, Germany and Paris, France in order to secure feedback from institutions that were unable to take part in the pilot phase.

Chair: Westpac Banking Corporation

Members: *Financial Institutions:* BCSC Fundación Social (Colombia), BMO Financial Group, CECA (Confederación Española de Cajas de Ahorros), Co-operative Financial Services, National Australia Bank, State Street Corporation, Tapiola Insurance Group, Vancity & Citizens Bank of Canada VicSuper Pty Ltd, Westpac Banking Corporation, Zurich Cantonalbank. *Stakeholders:* Christian Brothers Investment Services (CBIS) Inc., CoreRatings – DNV, Earthwatch, EIRIS, FGVSP (Centro de Estudos em Sustentabilidade), Friends of the Earth, Germanwatch

Contact: gri@unepfii.org



UNEP FI CEO Briefings

This series of UNEP FI publications provides concise, easy-to-use updates and research findings on specific themes examined by the Initiative's Thematic Work Streams and Regional Task Forces.

www.unepfi.org/publications

Sustainability Management and Reporting (SMR)

UNEP FI's core project on sustainability management and reporting was completed in

2006 with the release of the report "Sustainability Management and Reporting: Benefits for Financial Institutions in Developing and Emerging Economies". The report sets out case studies of current best

practice that provide a clear insight into the commercial and environmental benefits of implementing sustainability management and reporting processes, as well as ideas on how to build SMR capacity, especially in financial institutions in developing and emerging markets.

The publication will be built into UNEP FI's global training activities going forward.

Contact: smr@unepfii.org

Biodiversity and Ecosystem Services

The 8th Conference of Parties (COP8) of the Convention on Biological Diversity held in Curitiba, Brazil, marked the beginning of UNEP FI's Biodiversity & Ecosystem Services Work Stream, with UNEP FI given an explicit mandate to develop a work programme for the mainstreaming of biodiversity and ecosystem into the financial services sector.

In an initial scoping phase, UNEP FI and the World Resources Institute jointly convened a meeting where financial institutions were invited to contribute their ideas and expertise. Barriers to mainstreaming biodiversity and ecosystem services in the financial services sector were found to include lack of awareness of the implications of degraded ecosystems on business and capacity to respond, an undeveloped business-case for action, and insufficient policies aligning financial incentives with ecosystems.

UNEP FI has since partnered with Fauna and Flora International (FFI) to build up the business-case for action and to promote the wider use of good practices and standards. To this effect, UNEP FI and FFI will be working on the release of a CEO Briefing exposing the business-case for financial sector engagement, and a global corporate biodiversity benchmarking tool for financial institutions to evaluate and compare company performance in managing biodiversity-related risks and opportunities.

Contact: biodiversity@unepfii.org

Activities in the Region

Water and Finance

UNEP FI's Water & Finance Work Stream, in partnership with SIWI (the Stockholm International Water Institute), focused on identifying the financial services sector's exposure to water-related risks and exploring opportunities for mitigating risk.

As part of the process, UNEP FI co-convened two expert workshops, gathering a range of financial institutions to exchange experiences and examples of water-related risk that financial institutions are exposed to when engaging with different business segments such as water infrastructure and services, suppliers to the water sector, water-intensive business and business with a water 'footprint'.

The findings from the workshops and from consultations with individual UNEP FI members were presented in an issues paper 'Financing Water: Risks and Opportunities', which in turn will provide the basis for a set of water-related risk management guidelines to be developed in 2007. The issues paper was launched at a seminar convened by UNEP FI, inviting partners such as the World Business Council for Sustainable Development (WBCSD), the World Economic Forum (WEF) and some 15 financial institutions, where the first steps were taken in establishing a process for developing the guidelines.

Contact: water@unepfii.org

Human Rights

In 2006 UNEP FI Signatories decided to establish a new work stream on human rights issues. The goals of the group are:

- To develop and maintain an understanding of human rights issues and how they apply to financial institutions worldwide;
- To produce internationally applicable guidance for the financial sector on how to identify and address human rights issues relevant to their businesses, highlighting relevant international regulations, standards and initiatives, as well as examples of best practice.

Contact: humanrights@unepfii.org

UNEP FI's Regional Task Forces serve to ensure the Initiative addresses the specific regional needs of its Signatories and that the outputs of its thematic Work Streams are adequately disseminated to the regions.

Africa

United by a common objective to define innovative approaches to sustainability for the African financial sector, ATF members collaborate to advance sustainable finance, responsible investment, and increased provision of financial services for the poor.

In 2006, the Task Force finalised "Banking on Value", a report that will assist African financial institutions to include sustainability criteria in their lending business activities and credit risk approaches. The report provides the findings of a survey of sustainability credit risk policies in South Africa and Nigeria, documenting approaches to and best practice in environmental, social and governance (ESG) issues in credit risk policies. Guidance and findings should be of interest to financial institutions, legislators, civil society, central banks and financial sector policy makers throughout Africa.

Chair: Banking Council of South Africa

Co-Chair: African Institute of Corporate Citizenship

Members: Citigroup, Development Bank of Southern Africa, International Finance Corporation, Investec Bank, Nedbank, Standard Bank, Standard Chartered

Associate Members: African Centre for Investment Analysis – University of Stellenbosch, African Investment Advisory, AICC Centre for Sustainability Investing, Industrial Development Corporation, Unity Incorporation

Contact: africa@unepfii.org

Asia Pacific

The APTF operates through 4 sub-groups – the Australasia Group, the Japan Group, the Korea Group, and an overall Outreach Group.

Australasia Group

In 2006, the Australasia Group hosted a seminar titled, 'Why water matters for companies and investors' in conjunction with SAM Indexes. The Group's Credit Risk Advisory Committee contributed to the development of the UNEP FI's climate change e-learning programme for financial institutions, while the Insurance Advisory Committee made plans for a research project on the links between insurance and a sustainable approach to property development and management. The Group also produced two issues of the UNEP FI Australasian Newsletter.

Host: EPA Victoria

Chair: Insurance Australia Group

Members: Australia & New Zealand Banking Group Limited (ANZ), Aviva plc, Insurance Australia Group Limited, mecu Limited, Medibank Private Ltd., National Australia Bank Limited, QBE Insurance Group Ltd., Savings & Loans Credit Union (S.A.) Ltd., VicSuper Pty Ltd., Westpac Banking Corporation

Korea Group

The UNEP FI Korea Group is a new sub-group within the APTF, launched in 2006. The Group aims to find innovative ways to fulfil its commitment to sustainable finance, namely by helping Korean financial institutions to understand global trends in the field, share best practices, and develop their own sustainability practices.

Host: Eco-Frontier Co

Chair: Export-Import Bank of Korea

Members: Daegu Bank, Hyundai Marine and Fire Insurance Co. Ltd., Kookmin Bank, Midas Asset Management, The Export-Import Bank of Korea, Woori Bank

Japan Group

In 2006, the Japan Group was a key vehicle in raising awareness of the newly established Principles for Responsible Investment (PRI) in Japan. Following the launch of the PRI in April, the Group held a regional PRI launch in Tokyo and produced a Japanese version of PRI dissemination materials. As of December 2006, there were 8 PRI Signatories from Japan.

Chair: Development Bank of Japan

Members: Aioi Insurance Co., Ltd, Daiwa Securities Group Inc., Development Bank of Japan, Good Bankers Co. Ltd., Japan Bank For International Cooperation (JBIC), Mitsubishi UFJ Trust and Banking Corporation, Mitsui Sumitomo Insurance Co., Ltd., Mitsui Trust Financial Group, Mizuho Financial Group, Inc., Nikko Asset Management Co. Ltd., Nikko Cordial Corporation, Nipponkoa Insurance Co., Ltd., Sompo Japan Insurance Inc., Sumitomo Mitsui Financial Group, Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Shiga Bank, Ltd., The Sumitomo Trust & Banking Co., Ltd., Tokio Marine & Nichido Fire Insurance Co., Ltd.

Outreach Group

Asia and Australasia proved to be the fastest growing region in terms of financial institutions signing up to UNEP FI. In 2006, the Initiative welcomed eight new Signatories from the region.

To further stimulate interest in Asia, the APTF Outreach Group held its first ever event in India as part of its vision to champion sustainable development in the country. As a follow-up to this workshop, in 2007 the Group plans to publish a report on sustainable finance in India, which aims to ascertain key drivers of sustainability banking in the country as well as develop best practice to encourage sustainability banking.

Chair: Japan Bank of International Cooperation

Co-chair: Association of Development Financing Institutions in the Asia Pacific (ADFIAP)

Members: Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), Association for Sustainable & Responsible Investment in Asia (ASRIA), Development Bank of the Philippines Eco-Frontier Co, EPA Victoria, Netherlands Development Finance Corporation (FMO), Japan Bank for International Cooperation (JBIC), Infrastructure Leasing & Financial Services (IL&FS), Ministry of Environment, mecu Limited, National Australia Bank, Savings and Loans Credit Union, VicSuper Pty Ltd., Westpac Banking Corporation, YES Bank Limited

Contact: ap@unepfii.org

Latin America

In 2006 the Latin American Task Force (LATF) stuck to its guns. Surveys of the region in 2003 in the run up to the LATF's creation the following year had shown in no unclear terms that if one thing was needed to advance sustainable development in Latin American FIs it was training.

As a result the Task Force made training its foremost priority and in 2006 never once lost sight of the target, its Secretariat moving to Mexico City for a better close-up.

Training workshops on environmental risk management, all generously dosed with case-studies, group exercises and presentations by regional sustainability leaders, and followed by CEO breakfast meetings, were held in Peru, El Salvador and Ecuador. A special awareness-raising seminar for the public banking sector was further held in Rio de Janeiro.

Not content to leave and let live the 150+ professionals trained in this manner, the

LATF constructed a three-week online course on environmental risk analysis, which it duly piloted in the summer and then ran on two separate occasions in the autumn.

With leading banks, banking associations and even stock exchanges stepping up to the plate to host and sponsor these activities, but also to commit themselves beyond these, an increasing number of Latin American FIs are sitting up to hail the sustainability call – and answer it.

Chair: Banco Real-ABN AMRO

Co-Chair: INCAE

Members: ABN AMRO/Banco Real, Brazil. ABN AMRO NV, Argentina. Banco Cuscatlán, El Salvador. Rabobank International Brasil. Banco Solidario, Ecuador. BBVA, Spain. BBVA Banco Continental, Peru. BNDES, Brazil. Corporación Andina de Fomento (CAF), Venezuela. Fundación Social, Colombia. Grupo Santander, Spain. Suleasing Internacional, Colombia. Unibanco, Brazil.

Associate Members: Fundação Brasileira Para o Desenvolvimento Sustentavel (FBOS), Fundação Getulio Vargas (FGV)/CES, INCAE – CLACDS, SRIinvest

Contact: la@unepfii.org

Central & Eastern Europe

In April 2006, the CEETF engaged with the Russian financial sector in collaboration with WWF Russia. An outreach event was held in Moscow with the support of the Russian Deputy Minister for Economic Development and Trade.

In South-Eastern Europe, the CEETF offered a conference in Athens showcasing the work of the UNEP FI work programme, presented by various Signatory institutions. From June to October, a survey was undertaken among the Greek financial sector and environmental stakeholders to identify current best practices and expectations regarding sustainable finance in Greece.

As a first approach towards the Baltic financial markets, the CEETF organised a seminar on sustainable finance for financial institutions in Lithuania. The event was hosted by DNB Nord Bankas in October 2006.

Chair: European Bank for Reconstruction and Development

Members: Intesa SanPaolo, Bank Austria Creditanstalt (Member of Unicredit Group), EFG Eurobank, Ergasias S.A., Emporiki Bank, Hypovereinsbank (Member of Unicredit Group), Interamerican Hellenic Life Insurance Company SA, Raiffeisen Zentralbank Austria AG

Advisors: Regional Environmental Center for Central and Eastern Europe, Union of Environmental Scientists of Greece

Contact: cee@unepfii.org

UNEP FI Newsletter

0.618 ... is UNEP FI's bi-annual newsletter. It covers current issues relating to innovative financing for sustainability, and includes contributions from leaders and experts in the field.



www.unepfii.orgpublications/0618/index.html

Western Europe

Scandinavia

UNEP FI's Nordic Signatories held their annual workshop in Copenhagen, Denmark under the auspices of Finansraadet, the Danish Bankers Association. The event focused on environmental risk, and included presentations by various sustainability leaders, providing illustrations of various kinds of environmental risks, as well as examples of risk management tools such as land-use investigation and environmental impact assessment.

France

UNEP FI's French Signatories held their annual meeting in Paris, France under the auspices of Caisse des Dépôts et Consignations. One of the outcomes of the meeting was the recommendation that UNEP FI to work closely with the Observatoire sur la Responsabilité (ORSE). As a result, UNEP FI convened a workshop on sustainability reporting with the GRI Financial

North America

The North American Task Force (NATF) seeks to incorporate the principles of sustainable development as normal business practice throughout the North American financial sector.

The NATF published its first major report in 2006, "Climate Change: Risk to Bank Loans", a study analysing the major risks posed by climate change to debtors, and the macro-impact of climate change on financial risk, as well as the specific debt sectors most likely to be impacted.

The Task Force hosted its first workshop in June in Toronto on environmental risk management. Presentations covered environmental credit risk, environmental assessment of Real Estate Investment Trusts (REITs), climate change and carbon risk in the environmental risk management (ERM) process, the redrafting of the Equator Principles, and opportunities in cleantech.

A second workshop was hosted at Citigroup headquarters in New York in October, assessing the risks and opportunities posed by climate change to the finance sector.

Finally, the group initiated a study on green financial products, specifically assessing opportunities in the US and Canadian markets. The study is due to be launched in July 2007.

Chair: Canadian Imperial Bank of Commerce

Members: Bank of America, Bank of Montreal, Canadian Imperial Bank of Commerce, Citigroup, HSBC USA, JPMorgan Chase, Royal Bank of Canada, Scotia Bank, TD Bank Financial Group, The Bank of Tokyo-Mitsubishi UFJ, Ltd., UBS, Wachovia Corporation, WestLB

Contact: na@unepfii.org

Services in Sector Supplement in collaboration with ORSE "Club Finance".

In September the Principles for Responsible Investment (PRI) meeting for French Financial institutions took place at the French Ministry of Ecology and Sustainable Development. The meeting allowed both French asset managers and French asset owners to understand the impacts of short-term and long-term commitment to the Principles.

Germany

UNEP FI continued its fruitful collaboration with VfU, the German Association for Environmental Management in Banks, Savings Banks and Insurance Companies. In response to demand, a workshop on sustainability reporting was organised in June in Augsburg, Germany.

The annual UNEP FI / VfU Roundtable Meeting was hosted by Deutsche Bank in Berlin, Germany; this year it focused on the effects of climate change on the financial sector.

Contact: we@unepfii.org

Head of Unit
Paul Clements-Hunt

Administration
Ken Maguire
Kirsten Dynnesen
Danielle Marie

Signatory Relations
Kiki Lawal
Susan Steinhagen
Annabelle Libeau

Communications
Careen Abb
Susan Steinhagen

IT Support
Richard Hansen
Trevor Bowden

Investment
Philip Walker
Butch Bacani
Remco Fischer

Climate Change
Lisa Petrovic

**Sustainable Management,
Reporting and Indicators**
Regina Kessler
Yuki Yasui

Insurance
Henry Thomas
Butch Bacani

Property
Natalie Ryan

**Biodiversity
& Ecosystem Services**
Julien Haarmann
Heidi Mayhew

Human Rights
Natalie Ryan

Water & Finance
Alberto Pacheco
Heidi Mayhew

African Task Force
Philip Walker
Natalie Ryan
Caroline Wie Yu Neng

Asia Pacific Task Force
Yuki Yasui
Susan Steinhagen
Jinshan Zhu
Chaoni Huang

**Central & Eastern
European Task Force**
Regina Kessler
Annabelle Libeau
Remco Fischer

Latin American Task Force
Careen Abb
Ana Lucia Pinto

North American Task Force
Lisa Petrovic

The United Nations Environment Programme Finance Initiative (UNEP FI) is a unique public-private partnership between the United Nations and the financial sector.

Mission

“To identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.”

Background

The idea of gathering financial institutions around environmental issues in the form of a Finance Initiative within UNEP materialised in 1991, when a small group of commercial banks joined forces with UNEP to catalyse the banking industry's awareness of the environmental agenda. In May 1992, the UNEP Financial Institutions Initiative was established, followed by the UNEP Insurance Industry Initiative in 1995. Both Initiatives were merged into the current, joint, Finance Initiative in 2003, following the first joint Annual General Meeting of the Initiatives that was held in October 2003.

Today, UNEP FI is the largest global voluntary partnership of its kind, with over 160 Signatories to the UNEP FI Statements. UNEP FI members include banks, insurance companies, fund managers and other categories of financial institutions, all working together to understand the links between sustainable development considerations and financial services, in order to maximise mutual positive impacts.

Structure

UNEP FI is governed by an elected Steering Committee comprised of representatives from its membership and from UNEP. UNEP FI's annual work programme is coordinated by a Geneva-based Secretariat and is determined in consultation with the Steering Committee.

UNEP FI Steering Committee 2006

Chair

Westpac Banking Corporation: Martin Hancock

UNEP Representative

Division of Technology, Industry, and Economics (DTIE): Monique Barbut

Signatory Representatives

Barclays: Chris Bray

Canadian Imperial Bank of Commerce: Sandra Odendahl

Credit Suisse: Otti Bisang

Deutsche Bank: Michael Hölz

Insurance Australia Group: Pauline Gregg

Rabobank: Bart Jan Krouwel



UNEP Finance Initiative
Innovative financing for sustainability

15 Chemin des Anémones
1219 Châtelaine, Geneva, Switzerland

Tel. (41) 22 917 8178
Fax (41) 22 796 9240

Email fi@unep.ch
<http://www.unepfi.org>

Working Group Representatives

Dresdner Bank: Armin Sandhövel (CCWG)

Groupama: Carlos Joly (AMWG)

Regional Task Force Representatives

ABN AMRO Banco Real: Chris Wells (LATF)

Banking Council of South Africa: Cas Coovadia (ATF)

Development Bank of Japan: Takeo Obata (APTF)

European Bank for Reconstruction and Development:
Mark King (CEETF)

Observer

Standard Chartered: Robert Tacon (responsible for financial matters)