What is the environmental responsibility of banks?

Paul Clements-Hunt
Head, UNEP Finance Initiative
Athens, 22 June, 2006

http://www.unepfi.org
UNEP Finance Initiative

United Nations Environment Programme Finance Initiative

UNEP FI is a unique global partnership between UNEP and financial institutions worldwide.

167 banks, insurers and asset management companies comprise the partnership with UNEP.

UNEP FI develops global standards, guidelines and best practice approaches to sustainability for financial institutions.
## UNEP Finance Initiative – Activities

<table>
<thead>
<tr>
<th>Working Groups</th>
<th>Projects</th>
<th>Regional Task Forces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset management</td>
<td>Principles for Responsible Investment</td>
<td>Africa</td>
</tr>
<tr>
<td>Climate change</td>
<td>Responsible Investment &amp; Intnl Development</td>
<td>Asia Pacific</td>
</tr>
<tr>
<td>General Insurance</td>
<td>Finance &amp; Biodiversity</td>
<td>Central &amp; Eastern Europe</td>
</tr>
<tr>
<td>Sustainability management, reporting and indicators</td>
<td>Finance &amp; water</td>
<td>Latin America</td>
</tr>
<tr>
<td></td>
<td>Finance &amp; conflict</td>
<td>North America</td>
</tr>
<tr>
<td></td>
<td>Sustainability training</td>
<td></td>
</tr>
</tbody>
</table>
International capital is now mainstreaming environmental considerations from both risk and opportunity perspectives:

• Capital markets worldwide worth USD47 Trillion. Pensions funds hold 25% of these markets. Institutional investors recognize they have to consider a broader range of environmental, social, governance and human rights (E,S, G & HR) risks.

• Principles for Responsible Investment: Backed by more than 4 trillion USD assets under management; Launched by Kofi Annan on 27 April 2006

• Today HSBC Group signs PRI. HSBC’s investment arm holds USD 470 billion which they are committing across their mainstream portfolios in all asset classess to back ESG action.
International capital is now mainstreaming environmental considerations from both risk and opportunity perspectives:

• Equator Principles sees nearly 40 banks representing more than 80% of global project finance volume integrating environmental and other qualitative issues into the fabric of project lending criteria.

• By 2020 global renewable energy, climate change and cleantech markets predicted to offer USD 2 Trillion plus markets.

• Access to favourably priced international capital will depend on lenders ability to integrate and demonstrate sound management of ESG&HR issues.
Top 10 wind farm financing

BBVA – USD 1,860 m
DEXIA – USD 1,612 m
HVB – USD 1,399 m
RBS – USD 1,173 m
BNP Paribas – USD 1,139 m

CSFB – USD845 m
Calyon – USD 833m
Caja Madrid – USD 680m
Bank of Tokyo Mitsubishi – USD 609m
Caixa – USD 578 m
# Climate Change and Economic Losses

## Great Weather Related Natural Disasters 1950 - 2003

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>13</td>
<td>16</td>
<td>29</td>
<td>44</td>
<td>74</td>
<td>47</td>
<td>2.8</td>
<td>2.9</td>
</tr>
<tr>
<td>Economic losses</td>
<td>41.8</td>
<td>54.8</td>
<td>82.8</td>
<td>130.5</td>
<td>439.1</td>
<td>288.8</td>
<td>2.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Insured losses</td>
<td>0/unknown</td>
<td>6.1</td>
<td>12.1</td>
<td>23.9</td>
<td>101.2</td>
<td>58.8</td>
<td>3.9</td>
<td>9.6</td>
</tr>
</tbody>
</table>

Losses in bn. US$ - 2003 values

© 2004 Geo Risks Research Dept., Munich Re
UNEP FI Central & Eastern European Task Force

Development of work programmes at CEETF

1. Survey in 14 CEE countries: Gain understanding of the current status of sustainable finance in the region

2. «Finance & Sustainability in CEE» report & conference: Disseminating survey findings & raising awareness of UNEP FI CEE Task Force

3. Design future work programmes: Survey found «environmental credit risk management» the most important sustainability issue in CEE (EU regulation, access to foreign capital).

=> 2006 CEETF work programme: Develop web-based information platform on CEE environmental credit risk
Outreach

Newsletter 0.618...: yearly (thematic)

e-bulletin: monthly (8,000 subscribers)

unepfi.org: over 200,000 visitors a year

What we do

UNEP FI is a global partnership between UNEP and the financial sector. Over 200 institutions including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.

See Why get involved See How to join

UNEP FI launches new website

27 October, 2004

UNEP FI is pleased to release a completely redeveloped, redesigned, and restructured website to showcase the work of UNEP FI and its signatories.

Send comments, feedback, and suggestions to web@unepfi.org.
Principles for Responsible Investment