UNEPI FI Conference 22-6-06:
What is the Environmental Responsibility of Banks?

Greening the banking products

Dimitris Starogiannis
Environmental Manager

June 2006
Socially Responsible Investment (SRI)

**Facts**

- SRI assets in the U.S. have reached $2.29 trillion in 2005
- Time magazine, 19th December 2005 issue, features an analysis on SRI Funds
- SmartMoney magazine, February 2006 issue, proclaims SRI funds as "one of the 7 funds to buy right now"
- Leading bankers endorse sustainable banking, Sustainable Banking Awards, Financial Times
Socially Responsible Investment (SRI)

Facts

• “Megatrends 2010” book by author Patricia Aburdene, identifies SRI funds as a huge trend in the economy
• U.S. total SRI assets grew faster (260%) than the rest of the investment world over the last decade
• Social Investment Forum: Nearly 1 in 10 Dollars now in SRI Screening, Shareholder Advocacy and Community Investing
• CSR Europe Survey: 86% of financial experts believe SRI investment provides long-term benefit for company’s value. Already 1/3 of them offer SRI funds to their clients, while 15% have plans to introduce them
Necessity for SRI funds

**Growing importance of SRI funds**

- SRI advocates claim that environmental & social “performance” affect a company’s:
  - Risk profile -> Profitability -> Stock Performance
- SRI investors assess corporate performance on:
  - Environmental – Social – Governance Issues
- Membership requirement by SRI Equity market indices (e.g. FTSE4Good, DJSI): reporting on environmental performance
Necessity for SRI funds

**Growing importance of SRI funds**

- Rising regulatory pressure on asset managers to adopt SRI:
  - EU organised the 1st SRI Congress in Lisbon in 2000
  - UK Trustee Act requires all pension fund managers to disclose SRI policies
  - Similar laws are enacted in France and Germany
  - In Sweden, all government pension plans are required by law to implement SRI policies
SRI funds – existing situation

**SRI funds rising worldwide**

- SRI Equity Market Indices created:
  - FTSE4Good Indices: € 1.5 bn of assets directly linked
  - Dow Jones Sustainability Indexes, € 2.3 bn directly linked
- SRI Funds in 2005 (according to the IFC):
  - $ 2300 bn in the US (12% of total market cap)
  - $ 354 bn in the UK (19% of total market cap)
  - $ 17.6 bn in the rest of Europe (1% of total market cap)
Greek Banks and the Environment

- National Bank of Greece (NBG) launches 1st SRI fund, Nov. ‘03
- Alpha, Emporiki, Eurobank and NBG members of the FTSE4Good Index
- Eurobank and Emporiki join UNEP FII
- Piraeus Bank joins EU programmes: ‘Life’ on green banking products and ‘GreenLight’ on energy consumption
- Eurobank certified according to ISO 14001:2004
Concept - Green Banking Products

- Investing in environmental projects (recycling, farming, technology, waste, etc)
- Providing option for customers to invest in environmentally friendly banking products (“green products”)
- Investing in resources that combine ecological concerns and social concerns

Approach

- Green bankers state:
  "Depositors do business with us because they know we are going to loan it out to environmentally conscious companies“
Green banking products

Examples

• Green Loans:
  • e.g. reduced-rate home equity loan to homeowners who install a solar energy system
  • reduced-rate loan for construction of renewable energy generation installations
• Green fund: gather funds from green banking products and contribute to NGOs for finance of environmental activities
• Green employee / customer fund: collect funds from employees / customers and invest in Green Fund (banks double the total amount collected by employees / customers)
Green banking products

Examples

• Green credit card: % of interest is diverted to Green Fund (no cost for client)
• Green cheque book: % of interest is diverted to Green Fund (no cost for client)
• Green current / savings account: Bank makes an initial donation to the Green Fund when a new account is opened. Bank donates further regular sums on the client's behalf, based on account usage or portion of the average daily balance (no cost for client)
• Green leasing
**Green banking products at Eurobank EFG**

**Green Portfolio**

**A. Retail banking**
- Eurobank EFG-WWF VISA credit card

**B. Small business loans (SBL)**
- Replacement of old polluting taxi vehicles with environmental friendly vehicles
- Installation of natural gas powered equipment
- Upgrading dry cleaners with environmental friendly equipment
Green banking products at Eurobank EFG

Green Portfolio

C. Corporate banking

• loans for purchase of environmental friendly buses by the government and local authorities

• Financing construction projects for power generation from renewable energy sources:
  • wind energy installations
  • solar energy installations
Eurobank EFG – WWF green banking product

**Eurobank EFG - WWF VISA credit card**

- VISA credit card aiming at consumers with environmental awareness
- Support WWF Hellas actions
- Dissemination through website: [www.savenature.gr](http://www.savenature.gr)
Eurobank EFG – WWF green banking product

Eurobank EFG - WWF VISA credit card

• Card details:
  • For each newly issued card, Eurobank EFG donates 3 euro as well as 1.5 euro every year (with the annual subscription) to WWF Hellas
  • 0.25% of the total value of customer spending while is donated (quarterly) to WWF Hellas, at no expense to the consumer
Eurobank EFG – WWF
VISA credit card

Eurobank EFG - WWF VISA Card performance

Number of cards

Year

Euro

2002 2003 2004 2005

Number of total active cards

Total amount of euro donated to WWF Hellas via card (€)