Welcome
Event Agenda

Launch CEO Briefing - Hardwiring Biodiversity and Ecosystem Services in Finance

Existing and upcoming BES products and services by finance institutions

Panel Discussion and Q & A

Intervening Keynote Speaker – Executive Director of UNEP – Achim Steiner

Closing Session

Participants are invited to take a copy of the new CEO Briefing.
These are available in both English and Japanese.
Co-Sponsored Event
The Next Challenge
The Role of Finance Institutions in Accounting for Biodiversity and Ecosystem Services in the Asia Pacific Region

Thank You! ありがとうございました
Introducing our Speakers

Ivo Mulder
UNEP Finance Initiative (UNEP FI)

Takejiro Sueyoshi
Senior Advisor to UNEP FI

Richard Burrett
Earth Capital Partners

Franz Knecht
Connexis

Seiji Kawazoe
Sumitomo Trust and Banking Co.

Sachiko Ai
Mitsubishi UFJ

Mitsuru Muraki
Tokio Marine and Nichido Fire Insurance Co. Ltd.

Michihisa Koreeda
The Good Bankers

Achim Steiner
United Nations Environment Programme
The Structure of our Audience
Where do you work?

NGO?
Consultant?
Academia?
Public Sector?
Private Sector?
Media?
Other?
Hardwiring Biodiversity and Ecosystem Services in Finance

Richard Burrett, co-chair UNEP FI

www.unepfi.org/biodiversity
Key findings new UNEP FI – CEO Briefing

- Materiality of BES for finance
- Findings of a new survey among UNEP FI & PRI members
- Available in 3 languages (English, Japanese, German).
- French and Spanish translations forthcoming
One example......how – unaccounted – BES risks translated into financial consequences

Source: UNEP FI CEO Briefing (forthcoming)

..share price BP between 20 April and 5 August ‘10
Effect not unambiguous ... context specific
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<th>Category</th>
<th>Reputational Risk</th>
<th>Credit Risk</th>
<th>Regulatory Risk</th>
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Response: 48
- Banks: 36
- Investors: 24
- Insurers: 13

Source: UNEP FI CEO Briefing (forthcoming)
### How FIs integrate BES in financial products and services

<table>
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<th>Category</th>
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<td>BES risks and opp. considered in investment analysis</td>
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<td>BES risks and opportunities in policies</td>
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<td>Request AM to engage and report on their management BES risks and opps.</td>
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<td>Provision of insurance to clients related to BES risks</td>
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<td>Engagement policy to guide clients with adverse env. impacts (BES included)</td>
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**UNEP Finance Initiative**
Innovative financing for sustainability
Launch 'Natural Capital Initiative for Sustainable Finance'

Launch 'Natural Capital Statement'
Thank you for your attention
FIs in the UNEP FI BES Work Stream
....and associated partners
Embracing Biodiversity
Biodiversity Fund

The Sumitomo Trust & Banking Co., Ltd.

<Contact>
The Sumitomo Trust & Banking Co., Ltd.
Company Overview - International action programs

- Signing of the UNEP FI in October 2003
  Joined the UNEP FI Real Estate Working Group in June 2007

- Signing of the UN Global Compact in July 2005

- Signing of the Principles for Responsible Investment in May 2006

- Signing of the Carbon Disclosure Project in January 2007

- Signing of a Leadership Declaration under the Business and Biodiversity Initiative in May 2008

This material contains our subjective judgment as well as objective information, and we shall advise you to make your final investment decision at your own risk, referring to detailed information relating to the products. Any contents of this material including performances, investment objective, and distribution charts showing risk/return of the products do not guarantee that the performance will go up. Furthermore, please be aware of preconditions sufficiently as data showing simulation and back test is created under certain conditions.
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Biodiversity Fund  

The first fund related to Biodiversity in the Japan

- Sustainable biodiversity requires a balance of ecology, and needs comprehensive planning.
- Tailwind of initiatives at the national level: Rising public interest concerning biodiversity.

Investment Objective

- Investment candidates are screened from Japanese equities—leading companies on biodiversity strategies.

Investment Concepts

1. Companies with technologies that can reduce the negative impact to biodiversity (Risk mitigation)
2. Companies with technologies that can secure biodiversity (Business opportunity)
3. Companies with medium or long term plans to secure biodiversity (Business strategy)
This material contains our subjective judgment as well as objective information, and we shall advise you to make your final investment decision at your own risk, referring to detailed information relating to the products. Any contents of this material including performances, investment objective, and distribution charts showing risk/return of the products do not guarantee that the performance will go up. Furthermore, please be aware of preconditions sufficiently as data showing simulation and back test is created under certain conditions.
Example 1: Company A Retail

Promoting agriculture, preserving environment. RADIX system to encourage farmers to use less agrichemical and implement organic farming.

Example 2: Company B Fishery

Developing technologies / investment in Tuna farming, from breeding to harvesting.
Thank you very much for your attention.
The Sumitomo Trust & Banking Co., Ltd. is licensed and registered in Japan. Outside of Japan, The Sumitomo Trust & Banking Co., Ltd. only holds a license and/or registration in the Republic of Korea and the Republic of Ireland. This material is intended solely for use by institutional investors and institutional investment industry consultants.

This material has not been prepared for the purpose of soliciting any particular investment assets to which the entrusted assets may be invested, but rather for providing reference information that may be helpful in connection with investment strategies or investment decisions in regard to a discretionary investment agreement with us. Any final decision for investment should be made by you alone after careful examination of the product details. You will neither be forced to undertake an investment based on this material nor suffer any business disadvantage with us by choosing to reject it. The information provided in this material, including but not limited to the data from simulations and back-tests, and product maps by past performance and risk-return, does not in any way guarantee any performance in the future. Certain data in this material is taken from or based upon information from third party resources that we believe to be reliable. However, we do not make any representation or warranty, express or implied, with regard to the accuracy or completeness of such information contained herein. This material has been prepared based upon the information and data available as of the date of its preparation. The contents provided in this material are subject to change due to changes in circumstance, including, without limitation, changes in the financial and economic conditions and/or social conditions in the future. All copyrights regarding this material, other than the parts quoted from other companies’ materials, belong to The Sumitomo Trust & Banking Co., Ltd. This material may not be used or reproduced in part or in whole for any purpose without our express permission. Should you have any questions as to this material, please address them to our marketing department.

End of Presentation
Following is the representation based on Article 37 of the Financial Instruments and Exchange Act in Japan (and other related provisions).

 Points to Consider

■ Risk of Loss
Under a discretionary investment agreement, based on the investment guideline given by you and discussion with us regarding investment management, securities and other instruments having the nature of price fluctuations, including, without limitation, Japanese equity and fixed income, foreign currency denominated equity and fixed income, investment trusts, shares of collective investment schemes, loans, futures transactions, option transactions, swap transactions and foreign currency transactions, may be included in the investment portfolio. Price fluctuations in such investment assets may result in a loss in principal of the entrusted asset.

■ Price Fluctuations
Investment assets are subject to various risks, including, without limitation, market risk, credit risk, and liquidity risk. Price movements in investment assets may occur due to fluctuations in market and other indices, including (but not limited to) fluctuations in equity markets, interest rate markets, foreign currency markets and financial indices. In addition, price movements may occur due to other factors, such as a change in the financial and/or business conditions of security-issuing companies, counterparties to a transaction or the counterparties of the issuing companies. Furthermore, investments in hedge funds and securitized products may contain various risks related to investment approach and structure in addition to the risks mentioned above. For further information, please refer to the explanatory documents for each product.

■ Restrictions on Purchase and Redemption
Due to factors such as the nature of the underlying assets and/or investment structure, various restrictions, including, without limitation, restrictions on purchase and redemption, may be imposed in certain investment products such as investments in hedge funds and/or securitized products. In particular, redemption of such investment product may require several months. For further information, please refer to the explanatory documents for each product. In addition, due to such factors as market liquidity, size of purchase or redemption or other unavoidable reasons, redemptions of investment assets may take some time, and the timing of the purchase of such investment assets may be limited.

■ Company Name and Other Information
Company Name: The Sumitomo Trust & Banking Co., Ltd.
Financial Institution Registration Number: No.5 Kinki Finance Bureau of the Ministry of Finance
Participating Associations: Japan Securities Dealers Association, Japan Securities Investment Advisors Association, and The Financial Futures Association of Japan
Fees and Costs

(Management fees)
In principle, management fees are calculated on the basis of assets under management. However, the specific method of calculation for each transaction cannot be expressed in advance, as such method is determined through discussion with you based on the contents of the investment guidelines and investment discussions to be made between you and us. When entering into a discretionary investment agreement, please be sure to confirm with our sales representatives the applicable calculation method of the management fee.

(Trading costs)
A commission incurred through a trade of securities, overseas custody fees and other costs will be deducted from the entrusted assets under management. When investing in Investment Trust products organized and managed by other institutions, fees may be charged by the institutions concerned. Specific amounts and/or upper limits of costs cannot be expressed in advance, as such costs are determined, along with calculation methodology, based on type and volume of investment assets.

(Securities Lending)
When entering into a security-lending agreement, a fee will be charged. The fee cannot be expressed in advance, as such fee will be determined based on separate discussion between you and us.

(Termination fees)
When terminating a discretionary investment agreement, a termination fee may be charged based on the terms and conditions set forth in such agreement.

(Other expenses)
In addition to the above costs, other costs related to investment products, such as tax, levy, and/or operational costs may be deducted from the entrusted assets under management or be charged to you.

(Cooling off period)
A cooling off period, stipulated in Article 37-6 of the Financial Instruments and Exchange Act, does not apply to a discretionary investment agreement.
三菱UFJ信託銀行の
「生物多様性」への取組み

2010年10月27日

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１．本業を通じた貢献 ～「野鳥と緑の信託」～

■ 日本野鳥の会と提携し、環境保全活動を展開
  ■ 社会貢献型信託商品 『野鳥と緑の信託』の取り扱い
  ■ 野鳥保護区の設置 （北海道根室市）
  ■ 社員による環境保全活動の実施
2. 社員参加型社会貢献活動
～ピーターラビット®「未来へつなぐ」森～

- 2009年5月：埼玉県、長瀞町との3者による「埼玉県森林づくり協定」を締結。
  - 埼玉県長瀞町宝登山地内の共有林1haにおける植樹など環境保全活動を実施。
- 2009年10月の第1回植樹活動以降、6ヵ年に亘り、社員が参加。2010年10月に第2回植樹活動実施予定。

植樹作業の様子
3-①．森林信託スキームの考察<日本版Timberland Fund>

森林所有者、木材需要者、森林施業者、投資家をつなぐ仕組みの考察
（対応すべき課題が多く、検討は中断中）

【管理】
森林施業者

【委託者兼受益者】
森林所有者
-
森林専業企業
一般企業
国・地方自治体
個人

信託銀行

【受託者】
長期売却契約
による木材売却

【販売先】
木材需要者
- 伐採木材
間伐材・J-VER
- 売却代金

・日本の森林・林業への投資

・国産材の安定的調達

収益権売却

受託者

信託契約
森林（立木）の信託
配当（売却代金）

管理委託

管理委託

森林認証
- 全
- 森林整備
- 生物多様性保全

品質保証

萌メカー
建材卸
文具メーカー

7ページに記載の通り、本資料は、現時点で森林信託が可能であることを示すものではありません。無断複製転載を禁じます。
3-②．森林ビジネスで想定されるニーズ

- 森林所有者
  - 森林管理をアウトソースしたい
  - 安定的な木材販売先を確保したい
  - 木材の単純売却以外の新たな収益源の創出

- 木材需要者
  - 国内材を安定的に調達したい

- 森林施業者
  - 林業経営の大規模化を目指したい

- 投資家
  - 日本の森林・林業に投資したい

さらに、「森林整備」「生物多様性保全」「木材自給率向上」も目指す
3-③. 森林信託（ファンド）組成の主な課題

- 林業のキャッシュフロー確保
  - 安価な輸入材・低い生産性・担い手不足
  - 林道整備、間伐の実施拡大、等

- 不動産の物的状況、権利態様
  - 隣地との境界確定（物的範囲の特定）
  - 所有者の特定（相続による小規模・不在所有者）

- 専門家との協働
  - 森林所有者と森林組合・専業林業会社との連携
  - 新たな流通ルート構築
本資料について

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本資料に関してご質問等がございましたら、下記担当者までお問い合わせ下さい。

三菱UFJ信託銀行<br>フロンティア戦略企画部環境相<br>幸子<br>sachiko.ai@tr.mufg.jp
Tokio Marine & Nichido "Green Gift" Project

Oct. 27, 2010

Mitsuru Muraki
Tokio Marine & Nichido Fire Insurance Co., Ltd.
General Manager, Corporate Social Responsibility
Corporate Planning Dept.

東京海上日動火災保険株式会社
http://www.tokiomarine-nichido.co.jp/
"Green Gift" Project (1)

"Green Gift" Project ~ Forests for the 22nd Century

- Environmental protection
- Biodiversity preservation
"Green Gift" Project ~ Forests for the 22nd Century

Eco-friendly insurance products with customer participation (since 2009)

Customers choosing web clauses when concluding an insurance contract

Two mangrove saplings will be planted for each web-based contract

7 millions policyholders have chosen web-based contracts as of July 2010

⇒ Reduced paper consumption by 1,400 tons per annum
"Green Gift" Project(3)

"Green Gift" Project ～ Forests for the 22nd Century

Tokio Marine & Nichido
- Cost-savings
- Strengthen retention of customers

Customers

Choice

Shared objective

Reduction of CO2 emissions

Biodiversity preservation

"Green Gift" Project (3)
Mangrove Planting Project

started in 1999

Planting Area: 6,293 hectares

as of end of FY2009
Mangrove Planting Project(2)

Seedbeds cared by residents in India

Mangrove planting volunteer tour in Thailand
Tokio Marine & Nichido became carbon neutral in its domestic business operation in FY 2009. Also had a third-party organ verify.

*Scope: domestic business activities

Activities: use of energy including electricity and gas in facilities, use of cars and air travel for business activities

Ernst & Young Shin-Nihon Sustainability Institute Co., Ltd verified our quantification results by following The Agreed Procedures.
At elementary schools and schools for students with special needs throughout Japan

- 23,000 children from 330 schools had taken part in (as of end of FY2009)

- Employees and agents volunteer as instructors for the lessons
Insurance for the future of the earth
Thank you.
COP10 UNEP FI Side Event

Forest Eco Fund
Forest Friendly Financial product

27 October 2010
The Good Bankers Co., Ltd.
Head of Research, General Manager
Michihisa Koreeda
Profile of the Good Bankers Co., Ltd.

- Founded in July 1998
- President and CEO: Mizue Tsukushi
- Independent investment-advisory company devoted to social investment research
- Company history:
  - Aug. 1999: Developed Japan’s first SRI product, the Nikko Eco Fund.
    - Winner of the 2001 Good Design Award
    - Other companies followed in the wake of this success, giving birth to an SRI market in Japan
  - Mar. 2000: Became one of the first signatories of UNEP FI in Japan.
  - Dec. 2000: Began research on an SRI fund for the Mutual Aid Association for Tokyo Metropolitan Teachers and Officials.
    - The first tailor-made SRI fund catering to institutional investors in Japan
    - In addition to environmental performance, also evaluates social performance (employee treatment, in-house and external training, social action programs, etc.)
  - Jan. 2001: In partnership with the environmental and social issues research team of Zuercher Kantonalbank, the third largest Swiss universal bank, began research on Japanese companies and an analyst training exchange program.
  - Jan. 2003: Commissioned by the Ethical Investment Research Service, a major British SRI research organization, to conduct research on Japanese companies (~ Jan. 2005).
    - A broad-based SRI study encompassing such items as environmental performance, social performance, corporate governance, and human rights issues
  - Feb. 2003: Commissioned by the Mutual Aid Association for Tokyo Metropolitan Teachers and Officials to implement its SRI pension fund.
  - Jan. 2004: Commissioned by SNS Asset Management of the Netherlands to conduct research on Japanese companies for its global SRI fund.
    - An asset management company of the SNS Reaal Group, the sixth largest Dutch financial group, and a pioneer in SRI management in the Netherlands
    - Clients include numerous institutional investors, such as ASN Bank, the largest Dutch bank specializing in SRI and public pension funds
  - Dec. 2004: Mitsubishi UFJ SRI fund (Family Friendly Fund) starts.
  - Oct. 2005: Mitsubishi UFJ SRI fund (Family Friendly Fund) became a winner of the 2005 Good Design Award.
  - Apr. 2006: Gained the research mandate from Tokyo Stock Exchange, Inc. for its custom made SRI Index.
  - Jun. 2006: Gained the SRI research mandate from Mitsubishi UFJ Trust & Banking for its pension clients.
  - Jul. 2007: Gained the research mandate from the EU Commission for environmental finance.
  - Nov. 2007: Mitsubishi UFJ SRI fund (Family Friendly Fund) became a winner of the first Work-Life Balance Awards for its outstanding social effect.
  - May 2008: Discussion on the partnership Fund with UNESCO has started and the formal proposal was submitted to UNESCO HQ in Paris.
  - Mar. 2010: Gained the consultancy mandate from Sparinvest, the independent asset management company in Denmark.
  - Jun. 2010: Gained the research mandate from the Rokinren Bank (Labor Bank).

The Good Bankers Co., Ltd. is the first signatory of UNEP financial institution initiative in Japan, in 2000, and also became the first signatory of Principles for Responsible investment (PRI) in service provider category in Japan in 2007.
The Good Bankers Co., Ltd.

The Good Bankers Co., Ltd. was established on the 14th July in 1998 by Ms. Mizue Tsukushi and her highly motivated female friends who wanted to apply their experiences in the financial service industry to solve the environmental and social problems. It was the first and only independent investment advisory company in Japanese history, fully devoted to social investment research, and has always been in the leading position in Japanese SRI industry ever since.

Characteristics of the company:
- First mover in developing SRI products in Asia
- Well-combined analysts team: best background mixture of financial, environmental and social fields
- Core competence of the team: capacity to evaluate intangible asset of the companies
- Gender, generation and geographical diversity of personnel (Tokyo, Paris, Sydney, Siem Reap)
- Independency: 83% of the share is owned by the management.
- Collaboration with experts
- University partnership

Products:
- Providing sustainability research
- Designing the concept and development of the key indicators of new SRI products
- Marketing overseas SRI products into the end investors

Clients:
- The approximate asset size under the services: USD 270 Mio., as of August 2010
- Prominent Japanese brokerage, Insurance and Banking related asset managers
- Tokyo Stock Exchange
- Pension Fund
- Foreign asset managers
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Forest Eco Fund

Investing in “Forest Friendly Companies” which help forest conservation through their own business and/or its CSR programs

- contributing to the maintenance and enhancement of the various functions of the Forest
- Aiming to stop the global warming toward low-carbon society
- The Forest is the Core of Eco-system and biodiversity
  - It is sole renewable industrial resource on the earth
  - It’s only self-sufficient resource for Japan
  - The Forest (Plants) produces carbohydrate and organic substances which are essential for living creatures
  - All material circulations start from photosynthesis
  - The Forest provides the Air, Water and Energy

- The value of the various functions of the forest is estimated to 70 trillion yen/year in total in Japan
- Additional maintenance needs to be done to achieve planned absorption of CO2 by the forest in Japan
Why are “Forest Friendly Companies” attractive to be invested?

- Sustainable Use of Eco-system like forest
  - Reducing the business risk for the company
- Interest toward the needs of the society such as Forest Conservation
  - Foresighted business vision and strategy
- Development of new products and services related to sustainable forest (FSC woods), biomass energy, etc...
  - Creating innovative environmental businesses for the company
- Increase of consumer satisfaction and the brand image of company
  - Increase corporate value
- Corporate use of forest as the field of environmental education for employees
  - Raise environmental awareness of employees

Sustainable growth of the company through its forest friendly business model
## Forest Eco Fund

### Primary investment criteria and assessment process

<table>
<thead>
<tr>
<th>Check list</th>
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<tbody>
<tr>
<td>Evaluate comprehensive environmental activities</td>
</tr>
<tr>
<td>Management strategy, Organization and system, Manufacturing processes and environment-friendliness of products, based on the Eco Fund evaluation</td>
</tr>
</tbody>
</table>

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<tr>
<th>Basic Eco activities</th>
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<tbody>
<tr>
<td>Procurement policy, management conditions of company-owned forest</td>
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<td>Environmental Education of employees in forest</td>
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<th>In-house activities</th>
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<tr>
<td>Development and sales of new products and services using wood thinned from the forest, biomass energy, etc</td>
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<tr>
<td>Plantation at home and abroad</td>
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<tr>
<th>External activities</th>
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<tr>
<td>Disclosure of environmental reports or environmental accounts, etc</td>
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*The Good Bankers Co., Ltd.*
Forest Eco Fund

Network

The Good Bankers

Rating System

Advisory Board

Rating Evaluation Advisory

Service Contract

Management Contract

Investment

Forest Eco Fund

Fund Manager

Investment Fund

Institutional and Individual Investors

Stock Market

Forest-Friendly Assets

Reviewing Forest Friendly Activities of companies

190 items reviewed

Source: Road to Market Mechanism for Sustainable Use of Biodiversity October 10 Takashi Hongo (JBIC).
Performance of Forest Eco Fund
The result of back testing;

- January 1999~December 2008 (10 years)
- Number of companies: 157
- Excess returns from the benchmark (TOPIX)
  - Equal weight investing 6.14%
  - Market
- Historical Volatility
  - Equal weight investing 5.16%
  - Market-value weighted 4.97%
  - TOPIX

Excess return (over TOPIX)

Information contained here including but not limited to simulation and back testing data, return and deviation do not guarantee future results.
Thank you for your attention!
Panel Discussion

&

Question and Answer Period

UNEP Finance Initiative
Innovative financing for sustainability