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1. Eurosif Update

Pan European Transparency Guidelines for the Retail Sector: Eurosif is excited about having reached the final stages in the editing process and will be ready to send out the piloted version of the pan European Transparency Guidelines for the Retail Sector by mid-June. The Editing Team recently met in Paris in order to go over the latest draft and make the final remarks and additions to the guidelines. This volunteer group has worked very hard on the document and we would like to thank them for their valuable input. We will provide you with a special link to the guidelines once we put them up on our web site. A press release will follow in June.

Public Role in Policy Development: Last March's G8 Environment meeting in Fontainebleau (at which Matt Christensen hosted a roundtable) was followed up by a gathering of the G8's environment Ministers in Paris last April 25-27. Sustainable consumption and production was high on the list of the Ministers' discussion topics. The Summit begins next week in Evian and part of the meeting will be spent discussing Environmental issues related to the Developed and Developing world. For more, please see www.g8.fr

Future roles in public Matt Christensen will be a featured speaker at three important upcoming events in the next month:

At BSR's invitation-only "Advancing the CSR Performance Measurement and Assessment Process" in New York on May 29th, he will focus on the similarities and differences between Europe and the US in CSR matters.

Learn about BSR at www.bsr.org

At the 2nd European Socially Responsible Investing Congress 2003 in Stockholm June 3-4, Matt will be setting the scene for the conference by discussing the mainstreaming of SRI as a part of the pension manager's agenda. His talk falls under the heading: "Why are we here today? Regulatory and market drivers for socially responsible investing".

At a dinner event during INSEAD's Centre for the Management of Environmental & Social Responsibility conference on "Investor Interest in Corporate Sustainability and the Disclosure of Material Risk" on June 19th Matt will present the transparency guidelines, which are now being prepared for pilot throughout Europe.

More about the conference: www.insead.edu/CMER/events/mat-risks2003/

2. EU Update

Multi-Stakeholder Forum:

Just to remind you, there are four roundtable themes within the Forum:

1. "Improving knowledge about CSR and facilitating the exchange of experience and good practice"
2. "Fostering CSR among SMEs"
3. "CSR Development aspects"

4. "Diversity, convergence and transparency of CSR practices and tools" (1st meeting on April 7)

There are a few items that have been released by the EC with regards to the Forum since the last newsletter. First, there is a background / position paper prepared by Rapporteur Professor Lutgart Van den Berghe to support the work of the Knowledge Round Table (the first sub theme) of the European Multi-stakeholder Forum on CSR.

Additionally, the *draft* minutes have been released from the Round Table 'Diversity, convergence and transparency of CSR practices and tools' of 7 April 2003 which were prepared by Penny Walker, the Round Table Rapporteur. As discussed in the previous newsletter, the first meeting of the roundtable on 'Diversity...' yielded significant discussion about the streamlining of CSR issues in the coming years.

No further meetings have taken place in the meantime, but the second gathering of the Multi-Stakeholder Forum's knowledge roundtable ("Improving knowledge about CSR and facilitating the exchange of experience and good practice") will take place on June 3-4. I am hopeful that the two-day session will push the agenda further and look forward to communicating with you on it in our next newsletter.

In general, the Forum is highlighting that:

1. there is a lack of a common definition of CSR,
2. there is a great need for pragmatism in solving CSR issues
3. there continues to be a need to raise CSR awareness within corporations and explain how it can be utilised in concrete terms.

IORP:

Eurosif wrote a letter in December and spoke to various people in Brussels, with the result that SEE issues were discussed in the process of Directive approval. In the end however, no written reference was included into the adopted Pension Funds Directive.

The Commission welcomed the Council's agreement to the text adopted by the European Parliament on 12 March, setting the agenda for implementation by member states.

More about the European reaction:

http://europa.eu.int/rapid/start/cgi/questen.ksh?p_action.gettxt=gt&doc=IP/03/669|0|RAPID&lg=EN

3. News from Eurosif members

Jupiter Asset Management, UK

A recent Jupiter study finds that nine out of ten ethical investors attach great value to investment transparency. Investors want to know how and where their money is invested, a result confirming previous across-the-board studies such as the Sandler report. Practitioners are generally aware of the central importance of transparency on Anglo-Saxon SRI markets.

EIRIS

In a recent study, EIRIS asked the UK's largest 250 occupational pension funds key questions to establish how they are putting their socially responsible investment (SRI) principles into practice. The collected information is an original view of the market and will be very valuable to both fund customers and SRI practitioners. The EIRIS press release gives more details as follows:

EIRIS is making available, at www.eiris.org, information on pension funds to help people establish how their fund is applying social, environmental and ethical principles, if at all, to their investments.

EIRIS asked the UK's largest 250 occupational pension funds (by capital value) key questions to establish how they are putting their socially responsible investment (SRI) principles into practice. The funds' responses are now available to view on the website.

In addition EIRIS has published "How Responsible Is Your Pension?" which includes action points for the pension scheme member who wants to encourage a greater commitment to SRI from their pension fund.

By combining these resources EIRIS has created an information tool with practical application for pension scheme members. Yo Fung, EIRIS's Public Information & Advice Manager explains, "There is already a wealth of generic information available on pensions and SRI but we felt there was an information gap for people wanting to know what their fund was actually doing and how individual scheme members could support further SRI developments. The EIRIS online database and guide will help to fill this gap".

Learn more at www.eiris.org

Henderson Global Investors, UK

Henderson released a well-timed study entitled "Ethics in a Bear Market" this March. This study outlines the strong resilience of SRI in an otherwise dull market.

Institute for Responsible Business, The Netherlands

The Institute for Responsible Business surveyed Dutch Pension Funds to assess the development of SRI among them. Results show that SRI is taking off in spite of the dramatic stock market situation. Moral and Juridical issues are the primary concern of Dutch Pension Funds. A summary of the most important findings follows:

Here are the most important findings of a survey conducted by the Institute for Responsible Business among Dutch Pension Funds to assess the development of SRI among these funds. Major pension funds in The Netherlands, like ABP and PGGM, have taken the lead in developing SRI strategies and policies and a few years ago they have started implementing these policies. The survey - which represents more than 68% of total investments by Pension Funds in The Netherlands (up to 2001) - shows that a growing number of Dutch Pension Funds follow their example.

Despite the devastating situation on the stock exchanges and the financial markets, the research shows that:

- a. Dutch pension funds knowingly hold that SRI - and more in particular the development of a SRI policy - is important,
- b. No less than 74.1% of the funds expect to be using social, ethical or environmental criteria for the selection of stock and/or bonds in the near future,
- c. Pension funds primarily focus on moral and juridical issues, such as violations of human rights, violations of the law, corruption, production of arms, and child labour. Environmental issues, transparency and corporate governance are regarded as of lesser importance,
- d. More than 80% of the respondents think that information on the social, ethical, and environmental performance of companies contribute to better assessment of the financial risks,
- e. Large Dutch pension funds have taken concrete steps towards the integration of SRI policies into their investment management process. Smaller pension funds are usually less outspoken about their intentions, SRI policies and the implementation of these policies into their investment processes,
- f. In the Netherlands no laws or regulations apply to the promotion of SRI - and it is not likely that such a law or regulation will come into existence in the near future. The focus is on self-regulation by the sector and on (stimulating) initiatives by pension funds themselves.

Morley Fund Management, UK

Morley Fund Management launched a new Pan-European pooled pension fund for Delta Lloyd in the Netherlands on the 23rd April with an initial investment of 20 million Euros.

4. News from National and Regional SIFs

FIR (French SIF)

The French SIF (Forum pour l'Investissement Responsable) held its AGM (board meeting) on the 28th of April. A new Board was elected in order to prepare the forthcoming development of the SIF. A text on the multi-stakeholder orientation was unanimously approved. These acknowledged FIR's role as the French government's main dialogue partner on SRI issues.

A complete list of the new Board Members is as follows:

(members sit in a personal capacity)

- Jacques BASS, representative of the CFTD, member of the Comité Intersyndical de l'Epargne Salariale (CIES)
- Eric BORREMANS, Head of Sustainability Research, BNP Paribas Asset Management
- Jean-Paul BOUCHET,
- Patrick BOULTE*, freelance consultant, outgoing President of the French SIF
- Pierre-Yves CHANU, member of the economic service of the CGT, member of the Comité Intersyndical de l'Epargne Salariale (CIES)
- Martial COZETTE*, General Manager of the CFIE
- Thierry DEHEUVELS, Senior Vice-President at AGF Asset Management, President of the SRI Commission of the AFG ASFFI
- Jean-Philippe DESMARTIN, consultant at Be Citizen
- Laura DONOVAN**, engagement manager at Storebrand Paris
- Robin EDME*, consultant
- Vincent JACOB*, consultant
- Claude JOUVEN, President of the HEC Foundation
- Pierre-David LABANI*, representative at Confrontations Europe
- Martine LEONARD, SRI manager at Crédit Mutuel CIC Asset Management
- Jean-Philippe LIARD, member of the Board of the Egépargne fund (an employee saving fund of EDF), member of a "comité de suivi d'une offre de FCPE labellisée par le CIES", manager Chemistry and Energy Federation CFTD
- Eric LOISELET*, consultant, editor of sri-in-progress.com and commercial partner of EIRIS in France
- Valéry LUCAS-LECLIN, Senior Analyst at Innovest Strategic Value Advisors
- Laurence MORET, SRI manager at Crédit Coopératif
- Thierry WIEDEMANN-GOIRAN, General Manager of Macif Gestion, Treasurer of the ORSE

* member of the previous Board and co-founder of the French SIF

** member of the previous Board

US SIF

SIF released data showing that SRI funds continued their strong performance and grew during the first quarter of 2003. Nearly three quarters of SRI funds received top marks from Morningstar and Lipper. Socially responsible mutual funds saw net inflows of \$185.3 million during the first quarter of 2003. Over the same time, U.S. diversified equity funds posted outflows of nearly \$13.2 billion.

More about this is available at:

www.coopamerica.org/individual/personalfinance/investment/ipin-cv.htm

SIO (Canadian SIF)

The Social Investment Organization released statistics showing the 2002 value of socially responsible investment in Canada is \$51.4 billion, up from \$49.9 billion in 2000. The survey shows market conditions reduced SRI asset values among retail investment funds and institutions that manage their own investments, but these declines were offset by increases at asset management companies.

The Canadian Social Investment Review 2002 reports on these statistics and is available at www.socialinvestment.ca/CSIR2002.pdf

5. SRI news in Europe

OECD studies practical aspects of sustainable development

In a very interesting paper entitled "Can OECD Countries Put Theory into Practice? A Blueprint for Progress Toward Sustainable Development", author Donald J. Johnston emphasizes among other things the significance of Foreign Direct Investment and Official Development Assistance in shaping development. FDI and ODA are rarely the focus of SRI since they escape the realm of financial intermediaries (i.e. funds) but are nonetheless central ethical issues.

Read full study at www.isuma.net/v03n02/johnston/johnston_e.shtml

Simulated Institutional SRI Portfolios Continue to Outperform Benchmarks

Latest data by SocialFunds.com shows four out of five mock portfolios in the Triple Bottom Line Simulation performed better than their benchmarks over the last three quarters. The Triple Bottom Line (TBL) Simulation was launched seven quarters ago to demonstrate to institutional investors the competitive performance of SRI portfolios

Find more at www.socialfunds.com

Stanford Business School Launches Journal on Social Sector Issues

In yet another evolution outlining the mainstreaming of SRI and CSR, Stanford's Graduate School of Business launched a quarterly review dedicated to non-profit management, philanthropy, and corporate citizenship, the Stanford Social Innovation Review.

More at: www.gsb.stanford.edu/news/headlines/ssir.shtml (news item)

and at: www.ssireview.com/ (publication website)

Demand for Environmental Consultancy on the rise in UK

A study by Ends, an environmental consultancy shows demand for such services is growing at a rate of 10% a year in the UK, thanks to tighter legislation and strong demand from the public sector.

More at www.endsdirectory.com/ma/index.cfm?action=article

Future scenarios study show CEOs paying significant heed to environmental and social credibility

As reported by UKSIF last month, CEOs of Global Fortune 500 assessing the future of corporate reputation for the Judge Institute of Management said social credibility will be as important as financial credibility, while environmental credibility will only be marginally less important. European CEOs gave mostly higher significance to sustainability criteria than North Americans did.

Visit www.jims.cam.ac.uk for the executive summary.

Swiss Corporate Governance Agency (SCGA)

In April, we announced the creation of the Swiss Corporate Governance Agency.

A study by ZEW shows German, Swiss and American SRI funds do not under perform their benchmarks

Yet another study, this time by Zentrum für Europäische Wirtschaftsforschung proves that these days SRI does not rhyme with underperform.

6. Upcoming events

Canadian Social Investment Conference 2003 June 1-3 - Vancouver, Canada
www.socialinvestment.ca

2nd European Socially Responsible Investing Congress 2003
June 3-4, Stockholm

Paris Responsible Finance - European roadshow - Paris
June 4-5, Palais de la Bourse – Paris
A FIR/Euronext project

The European Quality Convention 2003 - The Social Dimensions of Organizational Excellence

June 3-6, Den Haag

Features two major events:

- The 47th Annual Congress of the European Organization for Quality (EOQ) (4-6 June), including
- The Annual Learning Edge Conference of the European Foundation for Quality Management (EFQM) (3 June)
- Register with marcel@vanmarrewijk.nl
- Learn more at: www.eoq2003.nl

Investor interest in corporate sustainability and the disclosure of material risk

June 19-20, INSEAD, Fontainebleau, France

This joint INSEAD Center for Management of Environmental & Social Responsibility/CSR Europe conference will address a core issue faced by business: how much do investors need to know about a firm's corporate sustainability activities and how relevant is this information for their assessment of a firm's material risk?

For detailed program and online registration, refer to the website:

www.insead.edu/CMER/events/mat-risks2003/.

Ethical Corporation USA 2003

June 17-19, The Willard Intercontinental Hotel, Washington DC,

This conference will focus on Rebuilding trust through Corporate Responsibility. A program featuring business leaders and training workshops aim at moving the agenda forward in the adoption and progression of responsible strategy and policy development.

Finance for sustainable development / Eco-efficiency Biennale

- June 7-8, 2003, Turin
- A meeting of the business world and business culture and climatic and environmental research

Corporate governance and corporate sustainability reporting: what do stakeholders want?

July 9, Amsterdam

At the occasion of the 9th Annual ICGN Conference, the GRI and ICGN are pleased to host an open panel session which will highlight the linkages between corporate governance and corporate sustainability reporting

Long-Term Fund Performance: 8-9 September - London

Defining the Financial Impacts of SRI on Institutional Portfolios, and Assessing the Demand and the Incentives to Factor SRI and Engagement Policies into Mainstream Investments

14th annual SRI in the Rockies October

October 19-22, Lake Tahoe, USA

SRI in the Rockies is one of the major annual gathering of the socially responsible investment industry in the U.S.

www.sriintherockies.com

UNEP FI Tokyo Roundtable 'Sustaining Value' - A Meeting on Finance and Sustainability

October 20-21, Tokyo, Japan

Triple Bottom Line Investing Conference 2003 November 6-7 - Amsterdam

www.tbli.org