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1. Eurosif Update

Pension Programme Advisory Council meets

The PP's Advisory Council met on July 25th in Brussels in order to review the first draft of the toolkit. The meeting was very productive and among other things, the Council insisted that the toolkit address Trustees' dilemmas and choices when looking at SRI, rather than push ready-made answers to them. A second draft will be reviewed early September.

For more information, contact jeromet@eurosif.org

Retail Transparency Guidelines reviewed at European level

On June 18th, an AXA-hosted meeting of practitioners of the Transparency Guidelines took place in Paris in order to review the first year's experiences across Europe and consolidate national reviews conducted in recent months. Participants generally expressed satisfaction with the Guidelines. Where doubts or uncertainties subsisted, wording was slightly reviewed. Broad lines for the future were decided. An action and communication plan is currently being set up at Eurosif. More about this in September. For more now see:

2. EU Update

Multi-Stakeholder Forum Final Meeting June 29th 2004.

The European Multi-Stakeholder Forum on CSR (CSR MS Forum) was officially launched on October 16th, 2002, and concluded on June 29th, 2004 with the publication of a final report and a presentation meeting in Brussels.

The main objective of the Forum was to improve knowledge about the relationship between CSR and sustainable development by facilitating the exchange of experience and good practices. During this last meeting, stakeholders (employer representatives, trade-unions, NGOs) had the opportunity to present their case and comment on their overall assessment of the process.

One of the recommendations of the final report is that CSR-practitioners would like to have better access to information on SRI funds criteria and investment processes.

Beyond the final report, the Commission is expected to publish a Communication on CSR by the end of this year. The Forum also invited the Commission together with stakeholders, to convene an initial shared review in two years time of progress to be made in relation to the Forum's recommendations, and of the trends, developments and innovations in CSR.

Corporate Governance: results of public consultation on directors' remuneration available

Consultation was open until April 12th on a set of measures covering disclosure of remuneration policy, disclosure of individual remuneration, and shareholder approval of share-based remuneration schemes for directors. Now that the consultation is completed and that comments have been consolidated, the Commission intends to propose a recommendation on directors' remuneration. This is planned for fall 2004.

Consultation results are available via:

http://europa.eu.int/comm/internal_market/company/directors-remun/index_en.htm

MEPs from new EU member states likely to support tight environmental regulations

A research led by the NGO Friends of the Earth shows that new MEPs from the 10 new member states are likely to back tight environmental rules. This survey, carried out before the European elections in June, gathered answers from 42 parties, expected to secure about two-thirds of the 162 Parliament seats allocated to the new members states.

Answers varied greatly according to topics: the majority of interviewees expressed support for the current policies in transport and GMOs, judged 'unsatisfactory' by FoE. Participants to the survey however by and large disagreed with current developments and policies in the areas of agriculture, chemicals, climate, consumption of resources, trade and corporate accountability.

FoE is optimistic about the results: "European politicians from the new Member States are often seen as people who are more interested in economic growth rather than ethic and environment. But our survey draws a picture of European Parliamentarians from the new Member States working for a tightening of environmental standards" says Henning Bo Madsen from NOAH/Friends of the Earth Denmark, the lead organisation in the survey.

3. News from Eurosif members

Dutch Sustainability Research publishes review on sustainable investing and Dutch charities

The joint report with ING Investment Management shows that sustainable investing increases in importance to Dutch charities. The report reviews the attitudes of the charities towards SRI, and the investment approach for charities already including sustainability issues in their investment strategies (30% of the charities reviewed).

Social issues play a more dominant role than environmental issues in the sustainable investing policies of the charities reviewed. The report (*in Dutch*) can be downloaded from www.dsresearch.nl/dsr/nieuws.

FEE calls for action on CSR reporting

FEE called on the EC multi-stakeholder forum to give CSR reporting the same level of recognition as financial reporting. FEE believes that independent assurance is central to building the credibility of CSR reporting, and that urgent action is required not only from the EC multi-stakeholder forum, but also from corporations, standard-setters, NGOs, assurance providers and sustainability indexes.

The publication outlining FEE's views, '*FEE Call for Action: Assurance for Sustainability*', can be accessed via www.fee.be.

Henderson issues its 2003 SRI annual report

This report outlines Henderson's performance against research and engagement targets and areas of focus for 2004. It covers Henderson's work on a range of sectors, and activities in relation to a number of sustainability issues (corporate disclosure, executive remuneration, climate change, human rights etc.)

The report can be accessed via www.henderson.com/home/sri/.

HSBC reports on CSR for 2003

HSBC has published its latest report on its corporate social responsibility activities. 'HSBC in Society' covers a wide range of topics, including implications of the Equator Principles.

To access this report: <http://www.hsbc.com/society>.

DJSI progresses in June but slightly underperforms mainstream index

The DJSI World (in EUR) went up 1.7% in June and underperformed the mainstream index (DJGI World, up 2.6% over the same period). Total assets under management based on the DJSI family amount to over 2.9 billion Euro. For more on the indexes:

www.sustainability-indexes.com/html/news/monthlyupdates.html.

Vigeo updates its ASPI Eurozone index

This index is made up of the 120 eurozone stocks that are best rated against Vigeo's CSR criteria. A new stock, Havas, entered the index on June 21st ; it replaces Wanadoo, following France Telecom 's exchange offer.

WWF releases a report on CSR and the media and entertainment sector

While the sector's direct impact on the environment may not be great, the role media and entertainment companies play in shaping how society thinks and behaves is becoming increasingly controversial, prompting the issue of corporate responsibility in this sector. The report aims at helping the M&E sector fully grasp the issue of CSR. It also outlines what the sector is currently doing in the CSR area, as well as what will need to be done next. WWF now plans to engage a dialogue with the sector around practical ways forward for the sector to increase its quantity and quality of coverage on sustainability.

'*Through the looking glass: Corporate Responsibility in the Media and Entertainment sector*' is available via www.wwf.org.uk.

4. News from SIFs

FFS – Italy

Carbon Disclosure Project findings presented in Italy

FFS hosted in Milan on June 17th the presentation of the Carbon Disclosure Project in Italy. Now in its second year, the Carbon Disclosure Project (CDP) rates the initiatives on climate change undergone by companies listed in the FT 500, the Financial Times list of the world's 500 biggest companies. The CDP survey, issued in May, shows that global companies are increasingly convinced that climate change can impact shareholder value and that the market needs business reporting to include this issue.

Paul Dickinson coordinator of CDP, and Sylvie Giscaro, CDP coordinator for Europe, presented the CDP findings to a panel of experts including Tiziano Bellemo, Head of Investment at Sanpolo IMI Asset Management, Marcello Coggiatti, Head of Environmental Policies at ENEL, Marcello Balasini from the Ministry of the Environment and Gaetano Benedetto, Vice Secretary of WWF Italy.

For more information:

www.euractiv.com/cgi-bin/cgint.exe/1?204&OIDN=1507731&-tt=TR

UKSIF – UK

UKSIF's Retail Revolution programme launches new consumer website and celebrates regulatory breakthroughs

The new website for the Retail Revolution consumer campaign was launched on 1st July at the UKSIF/EIA all member event.

See: www.investability.org

Progress has been made with introducing SRI in mainstream consumer investment on two fronts: through proposed disclosure requirements for Child Trust Funds, and the introduction of Ethical Investment/SRI into the core syllabus for the basic level financial planning certificate (FPC). For more please see:

www.uksif.org/R/Z/Z/rr/home/news/2004.shtml#200406

5. SRI news in Europe & elsewhere

Public comment sought by Sept. 5th on UNEP FI-GRI draft environmental performance indicators for financial institutions

The United Nations Environment Programme Finance Initiative (UNEP FI) and the Global Reporting Initiative (GRI) launched 9 months ago a project aiming to develop a set of indicators to assist financial institutions in reporting their environmental performance. These indicators will be used in complement to the existing GRI Financial Services Sector Supplement, used to report social performance. A set of 15 draft indicators has been developed, covering environmental impacts associated with retail banking, commercial and corporate banking, asset management and insurance. These draft indicators have just been

released for public comment on www.unepfi.net/gri/public. Consultation is open until 5th September 04.

Review of the Equator Principles, a year after they were implemented

The Equator Principles were drawn in June 2003 when ten private financial institutions set up collective norms to address environmental and social risks associated with projects financing in the world's most fragile ecosystems. One year later, the Equator Principles gather 23 signatories (22 banks and 1 export credit agency).

An NGO focusing on the impact of financial organisations on people and the environment, Banktrack took the opportunity of the 1st anniversary of the Equator Principles to review the principles, and the impact they have made so far. Banktrack's report on the matter, 'Principles, Profit, or just PR', discusses whether or not the Equator Principles have served their intended purpose to promote sustainability. It outlines occasions when the principles were ignored, and occasions when the principles have led to positive developments, with for example some signatories adopting policies going much further than the principles themselves. The report also provides recommendations as to how these principles can make a difference.

The full report is available via www.banktrack.org.

Corporate governance standards improving in Russia but still low

Russia's first corporate governance conference in Russia was held last month in Moscow. The National Council on Corporate Governance, a public body set up last year to improve corporate governance practices, organised the event and presented a report on corporate governance in Russian companies.

The main conclusions are that while corporate governance practices are improving (in particular in the fields of disclosure and transparency of ownership), standards are still insufficient and an obstacle to market capitalisation growth of Russian companies. The report will now be presented to the Russian government.

New research finds CSR policies progressing across Europe, Asia and North America

A University of Hong Kong survey reviewing CSR around the world shows interesting findings. Comparing CSR practices in 15 different countries and 450 companies across North America, Europe and Asia, it points out progress on many fronts (namely ethics, child labour and corruption) but a lack of attention to others. It also shows significant increase in interest in CSR in Asia (particularly Japan). The link between CSR development and the level of economic development of a country is evidenced.

The full report is available at:

web.hku.hk/~cegp/image/publications/report11.pdf [PDF, 437kb on web.hky.hk]

PhD thesis reviews evolution of ethical investment from an activist-related activity to a commercial project

Céline Louche, a researcher at Vlerick Leuven Gent Management School has just completed a four-year research project in which she explores and analyses the transformation of ethical investment from an activist-related activity to a commercial project. Her thesis focuses on the development of ethical investment in the Netherlands during the period 1990-2002. Drawing on institutional theory, it investigates the emergence and construction of the ethical investment field, and corporations' responses to this growing phenomenon.

To access a summary of this research titled '*Ethical Investment: Processes and Mechanisms of institutionalisation in the Netherlands, 1990-2002*' please visit

www.vlerick.be/research/db/search.cfm?menu1=556

US – Equal Opportunities lawsuit against Wal-Mart

An American judge authorised a class action lawsuit by as many as 1.6m former employees of Wal-Mart. The case was first filed in 2001 by six workers and charges that the firm denied females equal pay and promotion. Wal-Mart's shares were affected; the case could cost the company billions of dollars.

US – New fiduciary duties for pensions funds

The Securities & Exchange Commission (SEC) has altered the fiduciary duties of those holding stock on others' behalf that will apply to all fiduciaries, including pensions. The revised standard will require fiduciaries to factor into their judgments social and corporate responsibility issues. It will compel pensions to address their dual role as guarantors of benefits and as financial institutions, and finally to redefine their relationship to economic and political systems. For further information, go to

www.kld.com/resources/index.html

World Bank commits to an increase in renewable energy investments

The World Bank Group has pledged to increase its annual investments for renewable energy and energy efficiency projects by an average 20% per year over the next 5 years.

UN Global Compact members add anti-corruption principle to good corporate citizenship principles

United Nations Global Compact members have added anti-corruption to the 9 existing principles of good corporate citizenship: principles cover human rights, labour, and the environment and are backed by almost 1,700 participants (1200 companies and civil society members). The challenge will now be to make sure that the anti-corruption approach is fully implemented in participating companies. Various NGOs are currently pressing the issue of the lack of commitment to the principles by the participants.

Opinion: In an article published in the New York Times Magazine ('The irresponsible investor', June 6 2004, p.68), Michael Lewis argues that investors are often to blame for companies misdeeds.

Michael Lewis, who wrote the book *Moneyball*, investigates the difficulty of corporate responsibility in publicly-held companies. Michael Lewis argues that the problem is the investors rather than CEOs: because of their frequent short-sightedness and interest in the appearance of a business rather than in its substance, M.Lewis thinks that investors overall encourage companies to neglect their social responsibilities. In that respect, Google's decision to grant its employee investors 10 times the voting power of outside investors may signal the beginning of a trend towards capitalism that places people who work first.

The article is available on the New York Times website www.nytimes.com

6. Upcoming events

ASRIA's Third International Conference

July 15-16, 2004, Singapore

Visit www.asria.org

Forum Barcelona 2004: Globalization and Economic Development - The Role of Corporations in the 21st Century (ESADE sponsored conference)

July 19-22, 2004, Barcelona, Spain.

See: www.barcelona2004.org/eng/eventos/dialogos

5th International Sustainability Forum: Business Investment In Development - Experiences And Perspectives

August 26-27, 2004, Zurich, Switzerland.

For more please see www.sustainability-zurich.org

Ethical Corporation Asia 2004 Conference

September 2004, Hong Kong

www.ethicalcorp.com/content.asp?ContentID=550

SRI Course for Religious Organisations in Spain

September 17-18, 2004, Salamanca, Spain

EABiS colloquium 2004 : Challenges of Sustainable Growth

September 27-28, 2004, Vlerick Management School, Gent, Belgium

See: www.vlerick.com

Sustainable Corporate Governance: Institute for Ecological Economy Research (IOEW) Summer Academy

September 27-30, 2004, Potsdam, Germany

See: www.ioew.de/governance/index.html

UNEP Finance Initiative – Green Power Central and Eastern Europe

September 28-29, Budapest, Hungary

Ethical Corporation USA 2004 Conference

October 6-7, 2004, New York, New York, USA

www.ethicalcorp.com/content.asp?ContentID=550

SRI in the Rockies Conference

October 7-10, 2004, Colorado, USA

Details available on: www.sriintherockies.com

Corporate Social Reporting Europe 2004

November 2004, London, UK

CSR/EU Conference

Nov 8-9, 2004, Maastricht, The Netherlands

More on this in future Eurosif Newsletters

Triple Bottom Line Investing (TBLI) 2004

November 11-12, Amsterdam, The Netherlands

See: www.tbli.org