

Table of Contents

1. Eurosif Update	1
2. EU Update	2
3. News from Eurosif members	3
4. News from SIFs.....	4
5. SRI news in Europe & elsewhere.....	5
6. Upcoming events	7

1. Eurosif Update

Retail Transparency Guidelines

The official retail transparency guidelines have been agreed and will be launched during the week of November 8. Signatories of the guidelines agree to implement them within six months and to publish their results in a written and/or electronic form. Translations of the guidelines have already been done in French and Italian, and the German translation will be complete by the end of November. Follow up and verification of the guidelines will be decided at the local country level. Eurosif has already received early interest from other institutions regarding the potential extension of their use from its current scope into other geographic regions.

The pension SRI toolkit is ready!

The first printed copies of the toolkit arrived at our offices this week and will be available to the public in paper form or electronically in the course of November.

Various groups of investors have already expressed strong interest in finding ways to disseminate it among their peers. In fact, Eurosif is looking forward to a very fruitful use of the toolkit and, following an original presentation at the eAbis conference in Gent on September 27th, will start its campaign at a ICFTU/GUF/TUAC Committee for International Co-operation on Workers' Capital (CWC) meeting in Rome on November 11th. This meeting brings together representatives from the trade union side that are involved in pension fund and trustee issues. Organisations that are interested in promoting SRI among pension fund trustees or institutional investors through the Eurosif toolkit should contact us at jeromet@eurosif.org

Eurosif advisory council meeting to be held on 10th November 04

Eurosif members will convene for the bi-annual Eurosif meeting on Nov 10th in Amsterdam. This one-day event features discussions of Eurosif's present and future projects – but is above all a unique networking opportunity for SRI practitioners across Europe. In fact an eagerly awaited afternoon workshop will focus on current barriers to SRI and how to overcome them. For more information on this event, or on how to become a Eurosif member and get the opportunity to attend, please contact Eurosif at contact@eurosif.org.

Eurosif and Avanzi about to launch FREE Retail SRI Funds online service

On November 10, 2004, the 'SRI Fund Service' will be the first free information tool to combine performance and risk measures of the European SRI fund universe with basic information regarding SRI fund selection criteria. The funds' financial information will be sourced from Morningstar Europe, a leading provider of fund performance and risk data. The financial data will be updated on a daily basis.

A link to the new service appears on our home page on the 10th, and will feature in our Library/Resources section thereafter. For more information, email contact@eurosif.org.

Eurosif Public speaking events

- On Oct 1st, Matt Christensen was invited to speak at the Transatlantic Business Ethics Conference hosted by ESADE in Barcelona. Matt discussed the different shapes of SRI markets and philosophies on either side of the Atlantic.
- Matt Christensen was a speaker at the launch meeting for the EC CSR awareness campaign for SME's. This meeting, held on 12 October in Brussels, was the starting point of the campaign, which will span over 10 months and include 65 events throughout Europe. For more please see: http://europa.eu.int/comm/csr_campaign.html

Future public speaking events

- Eurosif will be taking part in a European forum entitled 'Forum 2004 - Solidarity finance and responsible consumption: public and community commitment to social cohesion'. This forum is organised by the Social Cohesion Development Division, Council of Europe. It will be held on Nov 4-5th in Strasbourg. Matt Christensen will speak on the issue of training in the social economy.
- Eurosif has been invited to participate to the EU CSR Conference to be held in Maastricht on Nov 8-9th. This conference will feature a roundtable on active shareholding. Matt Christensen will be presenting current initiatives in the field. Helen Wildsmith (UKSIF) will present the Eurosif guidelines for Active Shareholding. Contact piet.sprengers@vbdo.nl
- On November 12th, Matt Christensen will be speaking about European public policy and SRI at the annual TBLI conference.
- On November 23rd in Madrid, Matt Christensen will present the state of the SRI market in Europe during a conference on the subject of: "SRI: from values to actions"

2. EU Update

Annual Corporate Governance Statement: SEE criteria included in the Statement.

EU involvement in CSR and Corporate Governance has taken a new dimension this week with the adoption of a proposed Directive about annual accounts by the commission. The Directive introduces an annual Corporate Governance Statement for EU-based listed companies. While not making reporting on CSR issues mandatory, the Directive breaks new ground in recognizing the relevance of environmental and social issues in the context of corporate governance.

Corporate Governance: new transparency guidelines for company directors

The EC has adopted on 6th October two sets of recommendations in the field of corporate governance, aimed at encouraging member states to improve transparency and develop management responsibility in companies listed on EU markets.

One set of guidelines aims at improving transparency and increasing information for shareholders on remuneration of companies' directors. The second set of guidelines focuses on the role of non-executive and supervisory directors. It proposes minimum standards for qualification, commitment and independence for non-exec and supervisory directors, whose role is key in protecting companies' stakeholders. The two sets of guidelines are non-binding, which means that member states can decide whether to integrate them in their national systems or not. Member states will however report back to the Commission on actions taken to promote the guidelines by 2006.

Report on social situation in Europe published: New Member States play full part European Social Model

The new Member States will fit into the European social model and, given their labour force reserves and high overall levels of educational attainment, are well placed in the long term to become major drivers of economic growth and social improvement. This is one of the main findings of the fifth annual report on the social situation in Europe, which is the first to cover the enlarged EU of 25 Member States. Experience of past enlargements shows that although the EU is currently faced with more acute problems of poverty, deprivation and inequality, there will be a benefit over time.

The report makes clear that, notwithstanding their differences, all 25 Member States share core social values and concerns and are confronted with the same basic problems of demographic ageing, a shrinking working population and the need to reform pension and health-care systems. The accession of 10 new Member States in May 2004 will not change the Union's ageing process. Although their populations are younger than those of the EU-15, they too have had low fertility rates over the past decade and their demographic patterns will converge with those of the EU-15.

Living standards are lower in the EU following enlargement. Nearly one in three people in the EU-25 earn less than 75 per cent of its average income per head and two-thirds of these people live in the new Member States and account for some 95 per cent of their population. However, relative levels of poverty are moderate compared to the EU-15. In addition, there is a fair degree of national social cohesion in most new Member States and many of them have well-developed social protection schemes.

Several new Member States introduced courageous pension and health reforms in the midst of economic and political turmoil, which demonstrates an ability to tackle tough reform issues. This has prepared them to join the Lisbon process. Even before accession these countries followed the new processes for social inclusion and pension reform and the report demonstrates that they stand to play a full role as both beneficiaries and contributors in the development of the European Social Model.

The social situation report is a key reference document for social policy, combining statistical portraits of social issues with survey data on public attitudes and perceptions.

Click here for the [full text of the Report on social situation in Europe](#) (Europa website)

3. News from Eurosif members

Det Norske Veritas acquires CoreRatings

Det Norske Veritas (DNV) has acquired CoreRatings, a European Corporate Responsibility rating agency. The move recognises the need for companies to provide more transparent and reliable information on their own intangible value and material risks.

Dexia and Stock @ Stake launch new product

Dexia developed with Stock @ Stake a new model for sustainable investments, Portfolio21. What makes this product different is that criteria (human rights, based on ILO convention) are inserted in the management processes as a screen, but this is complemented by a structured process of engagement and monitoring of progress. Approximately 5 bn euro are now being managed in accordance with the model.

For further information, please visit www.portfolio21.info

Esade: Josep Lozano publishes article on stakeholder relationships

Josep Lozano has published an article 'Towards the relational corporation : from managing stakeholder relationships to building stakeholder relationships' : this paper looks at changes brought to stakeholder approach by the evolving company environment. The complexity of contemporary society (the network society) may require re-interpret the company's economic and social relationships systems, both within and in isolation from the network. The term relational corporation is therefore proposed, to refer to a corporation that changes its links with its stakeholders, moving from managing relationships to building relationships.

For more please email: JOSEPM.LOZANO@esade.edu

FTSE4Good - New FTSE4Good domestic index launched in Japan

FTSE Group launched on 21st Sept the ninth index in its FTSE4Good Series, FTSE4Good Japan. The new index will enable investors to identify Japanese companies within the FTSE Global Equity Index Series which meet a set of internationally supported standards of corporate social responsibility (CSR), including environmental, stakeholder and human rights standards.

For more please see www.ftse.com/ftse4good.

Henderson SRI Team talks with Tony Blair

On the 14th September, a member of the Henderson SRI team participated in an informal round-table discussion with the UK Prime Minister on how the Government should tackle climate change. My-Linh Ngo conveyed the critical need to engage the investment community into the climate debate.

The Prime Minister agreed climate change was a 'huge issue' and a key challenge is to get other nations to reach a similar conclusion. Accordingly Henderson SRI encouraged the Government to host a meeting of finance ministers focusing on sustainability during the forthcoming UK presidency of the G8 and the EU.

Oikocredit: "Microcredit, Sound Business or Development Instrument?"

In preparation of the United Nation's Year of Microcredit 2005, the international development finance institution Oikocredit and the largest Protestant donor organisation in the Netherlands, ICCO, launched the publication 'Microcredit, Sound Business or Development Instrument'. The book, written by Gert van Maanen from the Netherlands, collects his extensive experiences and opinions about the role of (micro)finance for development, as lived through his years as Oikocredit Managing Director, member of the Executive Board of ING Bank and vice-chairman of ICCO. It presents an important contribution to today's global debate about the challenges microfinance faces in the global fight against poverty.

For more information www.oikocredit.org

SAM Group: Sweden's AP2 invests EUR 76 million into SAM Sustainable European Equity Fund

The Second Swedish National Pension Fund, AP2, has invested EUR 76 into SAM Sustainable European Equity Fund, a fund managed by the SAM Sustainable Asset Management. AP2's decision provides strong Nordic affirmation of SAM's investment philosophy.

4. News from SIFs

UKSIF – UK

UKSIF's 2003/4 Review of Activities is available from:
www.uksif.org/Z/Z/Z/about/aims/index.shtml#achieved

UKSIF welcomes new board members

Congratulations to Katie Gordon (Cazenove) and Olivia Lankester (ISIS) who were elected to the UKSIF board at this year's AGM. As expected, Emma Howard-Boyd (Chair to June 2006) was re-elected to the board. Board members serve in a personal capacity, and organisational affiliations are given for information only.

US SIF

2004 Moskowitz Prize

US SIF has awarded the 2004 Moskowitz Prize (prize honouring outstanding research in the field of SRI) to a study entitled Corporate Social and Financial Performance: A Meta-Analysis. This research analysed over 50 published studies on corporate social performance and corporate financial performance, and found an unambiguous positive relationship between the two.

For more please see: www.socialinvest.org.

5. SRI news in Europe & elsewhere

Pharmaceutical Shareowners Group report released

The Pharmaceutical Shareowners Group (PSG), which brings together 14 big international institutional investors has spent a year investigating the policies and plans of seven of the leading drug companies with regards to the health crisis in emerging markets (AZ, BMS, GSK, Merck, Novartis, Pfizer and Roche). Its report has now been released.

The group found that many of the companies have made "considerable progress" – the report points out that it is only in the past couple of years that senior management has been involved and issues in the developing world have become part of the strategy. But although the industry thinks it is doing enough, and although the main focus has returned to governments, shareholders are still concerned that the drug companies are only reactive to crises.

The report also presents reasons why pharma companies should invest more in addressing the health crisis: they include respecting the social contract between society, governments and pharma companies, protecting licence to operate and reputation with regulators and consumers, protecting legitimate pricing in mature markets. Finally the report proposes a good practice strategy to tackle the crisis, articulated around 8 elements including innovation, forward thinking, board leadership and transparency - particularly on lobbying and performance. PSG has received positive feedback from companies. Jeff Sturchio from Merck commented that the report "helpfully crystallizes many key issues and clearly articulates the business case in a way that should be understandable to the investment community ...offers constructive suggestions for measuring progress.... As we continue to inform our investors about the business case for Merck's investment in public health crises, we hope that you will add your voice so that there can be a better appreciation of the long-term value of our action".

www.pharmashareownersgroup.com

European investors launch Enhanced Analytics Initiative

A group of European institutional investors has launched an initiative to bring about change in the way the broker community analyses extra financial issues and intangibles.

To this mean, the founding members of this initiative have agreed to allocate 5% of their broker commissions on the basis of how well brokers integrate analysis of extra-financial issues and intangibles. The group sent a letter to all major brokers, informing them of the initiative. The founding group includes BNP Paribas Asset Management, PGM, RCM, Deutscher Investment Trust, Dresdner Bank investment management, Universities Superannuation Scheme and represents EUR 330 billion in assets under management. CIOs of founding companies will hold a briefing session for brokers in November.

First actively managed sustainability fund launched in Spain

The first Spanish SRI fund based on corporate sustainability principles of environmental, social and governance standards was launched in October by Banco Bilbao Vizcaya Gestión (BBVA) and Innovest. The Fund, BBVA Sustainable Development IF, represents € 78 million under management already and invests in equity shares distributed among Europe (50%), Spain (20%), USA (20%) and Japan (10%).

French consultancy Novethic presents new SRI fm Ratings

Novethic has updated its "Panorama" SRI fund managers rating model with a broader coverage of an fm's SRI policy and practice, as well as of other company aspects. FMs receive a rating ranking from Aaa to B. Current leaders are Henderson Global Investors and BNP Paribas Asset management, followed closely by Groupama AM, I.DE.A.M, Meeschart and AXA IM.

More at www.novethic.fr

Nordic markets ethical index launched

GES Investment Services and news agency Direkt have launched an SRI index covering the Nordic markets : this index includes stocks quoted in Stockholm, Oslo, Copenhagen and Helsinki.

Online disclosure continues to improve in Eastern and Central Europe

A survey of conducted by the Partners for Financial Stability (PFS) Program demonstrates improved online disclosure about investor relations by the largest listed companies in Central and Eastern Europe (countries surveyed : Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia).

To access the survey: www.ewmi.hu/capitalmarkets_research.php

US Investor group calls for improved reporting on social issues

A group of analysts at 17 investment firms asked that public companies improve their reporting on corporate governance, as well as environmental, labour and other issues in a recent joint statement.

The analysts recommend that companies provide fuller disclosure of their environmental and social policies and suggested that they use the sustainability reporting guidelines developed by the Global Reporting Initiative (GRI). The analysts' statement is a project of the US Social Investment Forum.

China: no stock market access for polluting companies

Environment officials in China announced in September that companies failing to meet pollution reduction deadlines will be denied stock market access for three years. In addition, enforcement of pollution limits is tightening in China with for example Beijing city's pollutant control warning 28 companies in early Sept. with regards to their sulphur and dust emissions.

Pension Funds Press CACI on Iraq Prison Role

CACI International Inc. is facing growing pressure from California pension funds that own large stakes in the company over its role in the Abu Ghraib prison scandal, prodded by the California state treasurer who says the company owes its shareholders a full explanation.

Schroders increases its pan-European client base for integrated SRI

France's Fonds de Reserve Pour Les Retraites (FRR) intends to award Schroders a €240million Pan-European (ex-Eurozone) mandate that includes an SRI component. The mandate is for a four-year period and SRI considerations will be integrated into the investment process, with Schroders working closely with FRR to develop the necessary guidelines.

For information contact Rick Stathers at Richard.stathers@schroders.com.

Recent articles

The value of an investment in human rights - Financial Times, October 28 2004 Alison Maitland

The banking sector is increasingly coming under scrutiny for its role in financing projects that may involve human rights abuses. This article looks how banks are addressing this challenge.

'Poor markets, rich rewards - Why drug makers should do more for developing countries' - The Economist, September 30 2004

Pharmaceutical companies are taking initiatives to tackle the health crisis in developing countries (making drugs more accessible, participating in public-private partnerships). However, referring to the Pharmaceutical Shareowners Group report, the article points out that pharma companies have much to gain in doing more to address the health crisis.

Companies ignore risk from environment damage - Financial Times, September 27 2004

Companies in the FTSE 100 are failing to assess or manage the risk to their business from their impact on the environment, according to a report published by Isis, the fund management group.

Emphasis is on ethics education: Integrity is essential - Financial Times, September 13 2004

Ongoing professional development and a focus on ethical issues are essential elements of the modern chartered accountant's career.

Surveys and reports

DSR: New book Sustainability in Finance published

On September 30th, Marcel Jeucken, Head of Institutional Relations at Dutch Sustainability Research and Sales Manager for SiRi Company, successfully defended his PhD-thesis titled Sustainability in Finance. Banking and finance play a fundamental role in society, public policy as well as in all forms of commerce and industry. They are crucial in determining whether society - from governments to individual consumers - succeeds in following a sustainable development path. For long, those working in the financial sector have been largely unaware of the rationale and pressures for sustainable development and its bearing on their work, while those in the relevant research and policy areas commonly overlook how vital the financial sector is for progress towards sustainability. This book attempts to fill this gap and gives a theoretical foundation for current best practices among banks in developed countries. The book presents a wealth of practical cases and examples and analyses developments at major mainstream banks in the world. A bookstore edition of the thesis will be available through bookstores worldwide and through www.sustainability-in-finance.com **Subscribers to Eurosif's newsletter will receive a discount of 15%** for orders through this website (simply copy this message into your order).

Innovest release comparative analysis of company performance in global oil & gas sector

See: www.innovest.com

Oekom release corporate responsibility rating of media industry

Contact Marnie Bammert: bammert@oekom-research.com

Corporate Governance by the Numbers: It Doesn't Work

Three Wharton accounting professors David Larcker, Irem Tuna and Scott Richardson have released their findings on corporate governance in a working paper 'Does corporate governance really matter?'. Their research focused on whether corporate governance could be measured with typical metrics and scorecards. The conclusion they came to after intensive research is that a company's corporate governance cannot be boiled down to a single number or grade.

For more please see: www.wharton.upenn.edu

6. Upcoming events

Forum 2004 - Solidarity finance and responsible consumption: public and community commitment to social cohesion

Forum organised by Social Cohesion Development Division, Council of Europe
November 4-5, 2004, Palais de l'Europe, Strasbourg.

CSR/EU Conference

Nov 8-9, 2004, Maastricht, The Netherlands

Eurosif will participate in this event.

Contact: pjet.sprengers@vbdo.nl.

Eurosif Advisory Council Meeting (Eurosif members only)

November 10th, 2004, Schiphol (Amsterdam), The Netherlands.

Global Forum on Sustainable Development

November 12-14, 2004, Paris, France

See www.equitable-forum.org/2004/index.html.

Triple Bottom Line Investing (TBLI) 2004

November 11-12, Amsterdam, The Netherlands

To see the program or register, click:

https://www.tbli.org/index.php?referer_code=eurosif

For more information or to order the brochure:

e-mail <mailto:gabrielle@tbli.org> or call +31 (0)20 4286752

Eurosif is a TBLI Network Sponsor.

Corporate Governance 2004: Profits and principles in the new business environment

15-16 November, London.

See: www.riia.org/CorporateGovernance2004.

ESBG Conference on CSR at the local and regional level

November 18, 2004, Brussels, Belgium

With the Patronage of the Committee of the Regions, the European Savings Banks Group organized a Conference to further promote CSR initiatives undertaken at the local and regional level.

Information: Philippe Cellerosi, philippe.cellerosi@savings-banks.com.

Registration: email your contact details to csr@savings-banks.com.

Non-Financial Reporting: Harnessing the Benefits

November 23 - 24, London.

See www.ethicalcorp.com/reporting.

World Shareholder Activism Congress

Nov 30 – Dec 2, London.

Visit www.terrapinn.com/2004/saw_UK.

Business/NGO Engagement: How to Create Win-Win Outcomes

22-23 February 2005, London.

See: www.ethicalcorp.com/engagement.