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1. Eurosif Update

Eurosif and national SIFs launch the SRI straight talk series

In the first of a series of on-going speaking events, Eurosif and 5 other national SIFs addressed over 60 members of the Italian financial community on April 22nd to discuss the current state of SRI across Europe. The event was well received and will continue throughout the year with the next talk to be held in Stockholm in the Fall.

Contact sarahc@eurosif.org.

Eurosif newsletter reaches its 500th reader!

Eurosif's newsletter readership has been steadily increasing over the past three years and reached its 500th subscription yesterday, with an incredibly low unsubscription level. The providers of this newsletter at Eurosif hope to continue attracting more readers and bringing information that is relevant to the SRI community in Europe. If you have any feedback on this newsletter, please feel free to communicate it to jeromet@eurosif.org.

Further signatories for Retail Transparency Guidelines

Pioneer Investments (Italy) and Kepler Fonds KAG (Austria) are the latest funds to join the growing number of retail guidelines signatories in Europe. Further commitments from the German-speaking countries are expected soon. A complete list of signatories is available on our web site. Eurosif is looking at ways to further communicate on results, as answers to the Guidelines will be beginning to be available online. A meeting of UK signatories took place in London on April 7th in order to discuss practical aspects of answering the guidelines.

For any information regarding this project please contact jeromet@eurosif.org.

Growing interest for SRI Toolkit

It is now confirmed that Eurosif/VBDO will be speaking at a VB event (VB is the Dutch Association of Pension Funds) in the Netherlands on May 19th as a part of our SRI toolkit implementation effort. Eurosif will also address a French union forum on June 21st. Further events are still being planned in Switzerland, Austria, Denmark, and Spain.

Contact jeromet@eurosif.org.

Eurosif working on handbook to cross-border engagement and voting

In the context of a growing internationalisation of portfolios and increased attention to asset protection, Eurosif is putting together a practical handbook that will highlight the key aspects of cross-border activism. This includes highlights of CG codes and best practice, rules and barriers to voting, an address book of practitioners, service providers etc, and explaining the rationale behind it. This project is part of our 2005 commitment to the DG Employment and Social Affairs at the European Commission. The handbook will be published this fall.

Contact jeromet@eurosif.org.

Publications

An article presenting the state of SRI was published in Public Service Review, a media distributed throughout the UK public service and beyond. The article, "From avoidance to engagement" was profiled alongside papers by the Prime Minister of Latvia, the Austrian Federal Chancellor, the President of the European Investment Bank and the UEFA president. It is available at www.publicservice.co.uk/pub_contents.asp?ID=173.

2. EU Update

Eurosif monitoring the Corporate Governance Annual Statement in the European Parliament

The Corporate Governance Annual Statement project is stated in the 4th and 7th Accounting Directives. The following wording is included in the final proposition by the Commission (Fall 2004): *"Furthermore, where relevant, companies may also provide an analysis of environmental and social aspects necessary for an understanding of the company's development, performance and position."* This is an important first step towards political recognition of CG/ SEE risk in the EU. The project is now before the Legal Affairs Committee of the Parliament. Eurosif has been writing letters to the Rapporteur **Klaus-Heiner Lehne** (German, EPP) and other involved parties in order to state our support to this wording. We will further monitor this process as it moves along the legislative track.

Eurosif members may read a copy of our letter, as well as our dedicated EU Insider in the members' section of our web site ([username & password required](#)).

DG Employment & Social Affairs hosts workshop on CSR and competitiveness

More than 200 people gathered in Brussels on April 19th to discuss responsible competitiveness: Corporate Social Responsibility Driving European Competitiveness in a Global Economy. Presentations from organisations as diverse as the, European Commission, the OECD, the World Bank, Eurosif member Henderson and trade unions, led into a greater discussion of the issues at stake. The afternoon session focussed on the challenges of the textile industry. This workshop showed an ever-increasing understanding of - and interest in - the challenges of SRI by its stakeholders.

Sustainable development strategy assessment update

The Commission is currently assessing its sustainable development strategy, four years after it was launched at the Gothenburg Summit.

On February 9th it presented a first communication on the topic : the assessment of the progress made is highly critical. The Commission admits that it failed to deliver on reversing several unsustainable trends, including climate change, public health, social protection systems, and the management of natural resources. President Barroso underlined the importance of the sustainability dimension. "The Sustainable Development Strategy and the Lisbon Strategy are mutually reinforcing," said Mr. Barroso in response to criticism that the Commission was pushing a neo-liberal growth agenda with its commitment to the Lisbon agenda. As part of the review process, a conference gathered representatives from EU institutions, business, NGOs and think tanks on 14-15 April, to assess progress and discuss solutions. The Commission President promised a reviewed strategy with "clearer objectives and targets", new "innovative instruments" to deliver, clearer governance and better monitoring. The Commission intends to present a second communication with more detailed proposals for the mid-term review of the Sustainable Development Strategy in the autumn of 2005.

3. News from Eurosif members

EIRIS launches Convention Watch

Ethical Investment Research Services (EIRIS) has launched a service which enables investors to identify company "breaches" of international conventions on human rights, labour standards, the environment, corruption and landmines. Called 'Convention Watch', the

service uses the UN Global Compact as a framework. Full reports on companies' adherence to the conventions are provided, taking into account responses from the companies concerned, with assessments by EIRIS' team of professional research analysts as to how companies have dealt with the alleged "breaches". Convention Watch is available through EIRIS' Ethical Portfolio Manager, and the research is updated quarterly. Visit www.eiris.org for more.

CoreRatings and SG Equity Research study impacts of SRI on valuations

CoreRatings and SG Equity Research have published a report which seeks to assess the potential impact of SRI on share price performance. Key findings are:

1. UK companies score better than companies in continental Europe
2. Some sectors account for their SRI risks: Auto, Pharma, Oil and Utilities.
3. Some sectors are yet to fully account for their SRI risks: Service industries, Banks, Insurance and Consumer Goods.

The report features a ranking of companies in each sector. A copy of the report can be accessed at:

www.sgresearch.socgen.com/research/SRI2005 [PDF on SQ Equity Research website 2.8MB]

Triodos launches fund to be invested in renewable energy

Ethical bank Triodos launched its renewables fund: it seeks to raise £5m to invest in projects and companies in the UK. The minimum investment in the share issue is £980 - the annual cost of electricity for an average household. Charles Secrett, the chairman of Triodos Renewables acknowledges the risk in investing in such a highly specific area, but points out the huge potential for renewables in the UK, which are strongly backed by the government.

Henderson Global Investors releases its third SRI Annual Review

This looks back over the SRI team's investment, research and engagement activity during 2004 and sets out new priorities for 2005.

Please click here to [download the Henderson report](#) [PDF on Henderson website, 564kb].

4. News from SIFs

UKSIF – United Kingdom

News about UKSIF's 2006-8 programme priorities

At the UKSIF March board meeting it was agreed that a board sub-committee would start building on the recent work of the Just Pensions Advisory Board to sketch out UKSIF's 2006-8 institutional programme. Continuing this work, and fund-raising for any agreed programme, will be Penny Shepherd's main priority following UKSIF's June board meeting. News on other potential programmes for 2006 and beyond (including Retail) will follow the June and September board meetings.

VBDO – The Netherlands

VBDO completes "Business and Biodiversity" project

This project analysed several case studies, the biodiversity policy of a large multinational, literature on this subject and of the concept of biodiversity offsets. A workshop was organised to raise awareness among the members of the VBDO and large Dutch listed companies.

Findings of the project will be used by the VBDO to address and assist large Dutch listed companies to effectively manage their potential impact on biodiversity.

The final report is available through the VBDO website at publications. In addition VBDO is planning to publish a report on Biodiversity Offsets.

For more, please see www.vbdo.nl.

FFS – Italy

Tax breaks projected for ethical funds

The Italian parliament has approved a bill to implement tax breaks for "ethical funds". The Ministry of Economy now has to define what an "ethical fund" is and the level of tax advantage granted. The Italian SIF is planning to put the Retail Transparency Guidelines forward to the treasury so that they could be used as a framework. The decision (a decree) is expected before August.

US SIF – USA

2005 Moskowitz Prize Competition: call for papers

The Moskowitz Prize rewards outstanding research in the field of socially and environmentally responsible investing. This research program recognizes research for excellence in several areas including findings of significance to SRI practitioners, the use of rigorous quantitative methods, and the novelty of the research results. The deadline for submissions is June 30, 2005.

For more information please [download details of the Moskowitz Prize](#) [PDF on US SIF website].

Study: "Mutual Funds, Proxy Voting, and Fiduciary Responsibility: How Do Funds Rate on Voting Their Proxies and Disclosure Practices?"

This study by the Social Investment Forum Foundation shows that SRI mutual funds are tougher on traditional corporate governance resolutions, and on social/environmental proxy issues than "conventional" mutual funds.

The report analysed the U.S. mutual fund voting patterns that are now discernible as a result of the first 12 months of mandatory proxy disclosure, a requirement that was strenuously opposed by most of the mutual fund industry.

For the full study, visit www.socialinvest.org/areas/research/votingpractices/default.htm.

5. SRI news in Europe & elsewhere

ABP invests in micro credit

ABP has invested €5m in micro credits in Q1 2005. More than 14,000 enterprises have benefited from an average loan of €350. ABP is one of the first schemes in Europe to invest in micro credits. The year 2005 has been named International Year of the Micro credit by the UN.

Swedish pension scheme shifts assets to SRI fund

Stockholm-based Telia pension scheme, the pension scheme of telecom company TeliaSonera, has invested \$140m (€108.7m) of assets into a SRI fund from State Street Global Advisors. Telia is a €1.5bn defined benefit scheme.

Austrian pension scheme NÖVK hires GES for SRI consulting

Niederösterreichische Vorsorgekasse has hired GES Investment Services for socially responsible investment advice. NÖVK's investments are currently being reviewed to gauge whether they meet SRI criteria (based on the 10 principles of the UN Global Compact). A decision will then be made whether to exclude those investments not meeting the SRI criteria, and to engage in a dialogue to encourage them to respect the criteria. A defined contribution scheme, NÖVK has accumulated €11m in assets to date.

The National Association of Pension Funds (UK) says funds performance, not SRI, is key

The National Association of Pension Funds says pension fund performance is more important than socially responsible criteria. "Our main concern is – and must remain – the performance of pension fund investments, so as many people as possible can continue to benefit from well-managed, well-funded pension schemes when they retire," said NAPF chief executive Christine Farnish, speaking at a lecture organised by UKSIF. She said the NAPF believes that all company boards should develop their own policies on corporate social responsibility which they should disclose to investors.

"The NAPF believes that socially responsible investment should be seen as an integral part of the normal investment management process: but only to the extent that it encompasses matters which the board needs to address to be a successful business and comply with the law."

Amy Domini named one of 100 most influential people in 2005

Amy Domini, founder and CEO of Domini Social Investments, has been named one of the 100 most influential people in the world in 2005 by Time magazine. She is honoured for her work as a pioneer in socially responsible investing. She wrote several books including *Socially Responsible Investing: Making a Difference and Making Money*, *The Challenges of Wealth*, and *Ethical Investing*.

OneReport upgraded

OneReport, the corporate sustainability reporting network, has been upgraded and expanded following feedback from corporate members. This global electronic reporting network enables companies to systematically collect and manage their social, environmental, economic, and governance data and distribute this data to research and rating agencies, the financial community, and other stakeholders.

For more, please visit www.one-report.com.

France: guide of CSR courses available online

The first guide of CSR courses in France is available from www.novethic.fr/novethic/site/vie_pratique/formations.jsp; more than 40 courses are showcased.

Recent Articles

Environmental Economics – The Economist – 21 April 2005

Market forces could prove the environment's best friend—if only greens could learn to love them.

Good Governance, Good Buys? - Business Week – April 14, 2005

Can the quality of corporate governance determine stock performance over time? S&P says yes - and points to 10 examples.

Risk assessment – The Guardian - April 14, 2005

Ethical funds can use risk to persuade the wider investment world to avoid environmentally dangerous investments.

Turning on to SRI needn't mean dropping profits – Financial Times – 12 April 2005

SRI has evolved during the past ten years into a substantial force in global investing.

Gauging That Other Company Asset: Its Reputation – The New York Times - April 10, 2005

As regulatory issues keep troubling Wall Street, some investors are beginning to wonder: are sound business ethics not only a sign of a morally good company but of a sound investment as well?

Rating 'responsible' funds – The International Herald Tribune – 22 March 2005

A review of new rating tool Rating Planets

Profit with a conscience – The Independent, UK – 21 March 2005

Corporate social responsibility is not only essential, it pays off too.

Project Finance sparks change – The Financial Times – 21 March 2005

Businesses that take environmental and social issues seriously will be best placed to gain access to capital in the future.

Surveys and Reports

Survey by Mercer shows that SRI practices are becoming mainstream

Mercer Investment Consulting have conducted a survey of investment managers worldwide, capturing their predictions of if/when SRI practices (screening/engagement/integration of social and environmental factors) will become mainstream. Covering 190 investment managers, the survey found that, on average, investment managers are becoming more convinced that the adoption of SRI practices and strategies will become commonplace.

"We see a range of investor approaches to SRI across regions," said Jane Ambachtsheer, Mercer IC's global head of SRI. "And although managers' views do vary, it is interesting to note that nearly all predict that SRI practices will become mainstream."

Click here to [read more about the Mercer Survey](#).

6. Upcoming events

Eurosif-sponsored event: Climate of Change: Companies, carbon and the bottom line

London, 25 May 2005

Goldman Sachs International, River Court Auditorium, 120 Fleet Street, London EC4A 2BB

For the corporate community, taking climate risk into account will soon become a crucial ingredient of smart financial management. Failure to do so will be tantamount to abdication of fiduciary responsibility.

IR Magazine, the global voice of investor relations and financial communications, is convening a one-day, senior level event for CFOs, IROs and investors. This is the first event of its kind at which the investment community outlines its response to the challenges of climate change directly to the corporate community.

Info and bookings at www.irmagazineclimate.com.

Eurosif-sponsored event: Climate Change & Investment Asset allocation in a carbon-constrained world

London, 6 & 7 June 2005

Eurosif members benefit from a 25% discount off registration fees.

This two-day conference, from Environmental Finance Publications, will provide an invaluable update on how the current intense focus on global warming is affecting institutional investors and the companies in which they invest.

Supported by the Carbon Disclosure Project, IIGCC (Institutional Investors Group on Climate Change) & Eurosif (European Social Investment Forum). For full programme details and to register, please download:

www.environmental-finance.com/envfin/ccai.pdf

CDFA Investment Breakfast

(Community Development Finance Association)

4 May 2005, London

www.cdfa.org.uk.

World Council for Corporate Governance - 6th International Conference on Corporate Governance

12-13 May 2005, London

www.wcfcg.net.

EIRIS: presentation of new rating tool (in French) - Free event

18 May 2005, Paris

nadia.laine@eiris.org.

Novethic: Droits humains: quelles normes pour les entreprises?

19 May 2005, Paris

garance.bertrand@novethic.fr.

Sustainable Investment Institute Workshop - Raising the Bar on SRI Funds

19 May 2005, Portland Oregon, USA

www.ortns.org/events.asp

Remittances and Financial Inclusion: Cross-Regional Perspectives

19-20 May 2005, Brussels

www.savings-banks-events.org/remittances/index.htm

Green Mountain SRI Conference

22-25 May 2005, Stowe, Vermont, USA

Contact: afreindlich@imn.org.

Business NGO Partnerships Washington Conference

24-25 May, 2005, Washington D.C.

www.ethicalcorp.com/washingtonconference/.

Climate of Change: Companies, Carbon and the Bottom Line

25 May 2005, London

www.irmagazineclimate.com

Ethical Corporation Europe 2005 - The Four P's of Corporate Responsibility

1-2 June, 2005, London

www.ethicalcorp.com/europe2005/.

Middle East CSR Summit

5-8 June 2005, Dubai

www.iirme.com/csr/eperf.

Climate Change and investment

6-7 June 2005, London

www.environmental-finance.com

The Global Compact Learning Forum in Eurasia 2005: Corporate Responsibility and Opportunity for Businesses

7-8 June 2005, St Petersburg, Russia,

www.ethicalcorp.com/eurasia.

European Summit on Corporate Governance and Responsible Investment

8-9 June 2005 – Stockholm

www.imn.org.

Small Loans, great Change – International micro credit symposium

organised by Eurosif member OikoCredit

10 June 2005 – Bonn, Germany

www.oikocredit.org/microcredit.

Renewable Energy Finance Asia

15-16 June 2005, Hong Kong.

Contact: sarah.ellis@greenpowerconferences.com.

The 2nd International Conference on Business Performance and CSR: "Corporate Social Responsibility: Current Research and Practical Challenge"

22 June 2005, London, UK

mubs.mdx.ac.uk/conferences/bpcsr05/.

Green Power Central and Eastern Europe

7-9 Sept 2005, Prague

www.greenpowerconferences.com.

Annual SRI in the Rockies Conference

25-28 September 2005, Snowbird Resort, UT

www.sriintherockies.com.

The art of good business – Adding value through Corporate Social Responsibility

29 Sept – 1st Oct 2005, Lucca, Italy

www.svneurope.com.

10th European Roundtable on Sustainable Consumption and Production

5-7 Oct 2005, Antwerp, Belgium

www.vito.be/erscp2005.

Call for abstracts for the ERSCP 2005: deadline for submission: 30 April 2005

Sustainable Innovation 05: Global 'state of the art' in sustainable product/service development and Design

24-25 October 2005, Farnham, UK

www.cfsd.org.uk/events/tspd10.

UNEP FI Global Roundtable

New York, USA, 25-26 October 2005

www.unepfi.org/ny/.

TBLI Annual Conference

2-4 Nov 2005, Frankfurt

www.tbli.org.

Green Power Mediterranean

14-16 Nov 2005, Rome

www.greenpowerconferences.com.