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1. Eurosif Update

More commitments to Retail transparency guidelines

Bank Sarasin of Switzerland and KBC of Belgium have committed to the Eurosif Retail Transparency Guidelines. Further signatories from across Europe are expected in light of the numerous requests for information received at Eurosif.

See www.sarasin.ch/sustainability and www.kbc.be/duurzaambeleggin.

UKSIF will be holding a workshop for UK signatories in April. In addition, the Wall Street Journal Europe dedicated a lengthy review of the guidelines in its January 7th edition.

Future of the SRI toolkit

Eurosif is currently seeking partner institutions within the pension, SRI and trade union sectors in order to organise educational seminars around SRI with pension fund trustees and other interested parties.

This EC-funded project is scheduled to last until fall 2005.

Interested parties should contact jeromet@eurosif.org.

Sector reports

Eurosif will create three sector reports providing a wide European audience with a new understanding of the social, ethical and environmental risks affecting long-term returns and productivity in the three following industry sectors: Hotel & leisure; Chemical, Automobile.

The sector reports aim at helping pension fund trustees understand risks that lie outside the realms of traditional financial analysis, but may influence investments. Each report will provide information on material SEE issues facing the sector and assess product innovation, regulations, as well as marketing strategies used to address them.

For more information please contact Sarah Clawson at sarahc@eurosif.org.

Eurosif public speaking events

Eurosif participated in an UNEP event on February 1, 2005 in Paris to look at Investor Initiatives on Climate Risk. This is part of a year long UNEP initiative.

Eurosif will be the chair for an important session in Geneva on February 17/18 on 'Thinking Ethics'. The workshop discussion will foster the ethics debate, push the limits of best practice, and forecast the state of ethics in five subjects 10 years from now. Output will be the production of a small book (à la Club de Rome – limits to growth), which will reflect the output of the five following workshops - ethics in real time, ethics and knowledge, ethics and consciousness, ethics and performance, ethics and disobedience.

Eurosif will be participating from the investor perspective for the follow-up meeting to the ongoing Responsible European Management project being led by Eurocadres on March 14/15 in Brussels.

Eurosif will be a speaker at the upcoming **Sustainable Investment Conference**, Frankfurt, 13/14. April 2005.

www.nachhaltiges-investment.org

2. EU Update

Climate change - EU emissions trading scheme starts

The EU Emissions trading scheme has started on 1 January 2005 with an aim to reduce CO2 emissions and help the EU meet its Kyoto targets. This scheme enables companies with excessive CO2 emissions to buy allowances from 'greener' companies; companies investing in cleaner technologies are therefore rewarded.

With this system, the EU gained a reputation of leader in fighting climate change; the scheme however has come under criticism from some businesses, who fear this might harm industry's competitiveness. Criticism is also coming from environmental organisations, initially enthusiastic about this scheme: judging industry allowances excessive, they regret that the scheme will mean little incentive for industries to reduce emissions more than usual.

In an interview with EU news provider Euractiv, European Environment Agency Director Jacqueline McGlade responded to criticism. She admits that "ratifying the Kyoto Protocol requires commitments by member states and their industry". But she feels confident that the targets can be achieved. Read the full article at:

www.euractiv.com/Article?tcmuri=tcm:29-134649-16&type=News

European March Summit to tackle future development, environmental issues

As European leaders gather for the March 23/24 Summit, a confrontation of visions is likely to take place. Leaders will be faced with setting the course for the follow-up to the review of the Lisbon agenda, originally planned to make the EU the most competitive economy in the world by 2010. Needless to say, sustainable development issues will be high on the agenda, including climate change and Kyoto protocol. According to specialists, sides currently disagree as to which extent environmental issues are priority topics when tackling the issue of global competitiveness and weak economic growth. Stakeholders, from environmental groups to trade unions, are very supportive of an integrated approach and have found support in economic, political and academic circles. Business leaders on the other tend to focus solely on immediate economic issues. The outcome of this debate is still very much open – and unlikely to be resolved by a single meeting. Growing signs of support from the political sphere, however, indicate that the materiality of SEE aspects of the economy will not be ignored.

3. News from Eurosif members

Eurosif welcomes three new members!

Generation Investment Management LLP

A fund manager investing in global equities with a long-term investment horizon and fully integrated sustainability research, Generation Investment Management LLP was launched in December 2004. Founding partners include AI Gore, former Vice President of the United States, and David Blood, ex-CEO of Goldman Sachs Asset Management.

E. Capital Partners

E. Capital Partners Spa is an independent financial advisor supporting asset managers and institutional investors. It was jointly created by a team of professors coming from the Bocconi University of Milan and from the Bocconi Business School of Management, plus a team of professionals with previous experience in financial, social and environmental disciplines and projects.

E. Capital Partners is among the leaders in terms of assets under advisory in the Socially Responsible Investment market and the first on the European market to propose a complete benchmark for the SRI segment.

GEXSI

GEXSI is a not-for-profit organisation. Its main purpose is to serve as an advisory service, clearing house and project development agency for private companies who wish to invest in projects in developing countries whose purposes are to reduce poverty and realize the human and sustainable development targets set by the UN Millenium Development Goals.

F&C announces research on the impact of corporate influence on the UK political agenda

The research programme will survey what companies are currently doing to influence the government policy and actions, and will produce good practice guidelines on how to approach this complex area. The research will cover all sectors, with a strong focus on pharmaceuticals, oil & gas and chemicals. The first stage of the research will be the publication of a report in May, entitled 'Political Donations and Lobbying: The Ethics of Influence', which has been commissioned by F&C and the Institute of Business Ethics.

For more info email Robert.Barrington@isisam.com.

FEE publishes report on financial impact of the new EU emissions trading scheme

This report, 'FEE Alert: Emissions Trading', considers the financial reporting and auditing issues impacting upon the financial statements, arising from the new scheme.

To download the report visit www.fee.be.

New SRI fund manager at Henderson

Alice Evans has joined as an assistant fund manager on Henderson Global Investors SRI team. Prior to joining Henderson, Alice worked for three years as an assistant portfolio manager at JP Morgan Fleming covering pan-European equities. Alongside her SRI tasks, Alice will be responsible for the analysis of the pan-European health and forestry sectors.

UBS: new London-based sell-side SRI resource

UBS confirms dedicated London-based sell-side SRI resource. Julie Hudson will be spearheading the ongoing development of UBS's sell-side SRI research and other services.

Contact: Julie.Hudson@ubs.com.

Sarasin: Execution of Shareholder Rights for the OekoSar und ValueSar Funds

In December 2004, Sarasin started to actively execute its voting rights for companies in which the Sarasin OekoSar and ValueSar funds are invested. This is done in collaboration with ISS (Investor Shareholder Services).

Standard Life and Corporate Governance

Guy Judd, head of corporate governance at Standard Life Investments, delivered a speech in Brussels on corporate governance, risks and opportunities, to an audience of corporate governance professionals from across Europe. His message was that Board of Directors must play a direct and active role if companies are to minimise the risks and reap the rewards of corporate governance. To access the full speech:

uk.standardlifeinvestments.com/content/press/press_index.html

UBS secures new due diligence tool for environmental, social and governance risk

UBS has secured a site and license agreement from Innovest Strategic Value Advisors: Innovest's research, which covers over 2000 companies in over 60 sectors, with a focus on non-financial drivers of investment risk and returns, will be accessible online to UBS investment banking staff.

4. News from SIFs

UKSIF – UK

Retail Revolution to pilot IFA workshop presentations in February and April

Thanks to funding from Friends Provident, Insight, Jupiter and Morley, Phase 2 of the Retail Revolution (RR) will focus on disseminating the new IFA toolkit through UK-wide workshops to be held with specialist and mainstream adviser bodies (inc. EIA, AIFA and SOFA). The core RR presentation team will be Julia Dreblow and Helen Barnes (who will be switching programmes from 1st April).

www.uksif.org

ASrIA

ASrIA Report - Asian Tsunami: Best Practice Response

ASrIA has compiled a summary of financial news related to the Tsunami disaster. This is primarily focused on gathering data about corporate and finance market contributions, rather than government or private contributions. The aim is to provide a resource for assessing 'best practice' in corporate and investor response in terms of reaction to this and future disasters, both during the immediate 'relief' phase, and during the longer term reconstruction phase. It also indicates the extent of aid efforts by the corporate sector across the Asian region, which has not been so well covered in the global media.

www.asria.org/ref/library/others/1105504784

Latin America

Latin American Social Investment Forum to be launched

Four Latin American banks will form a Latin American Social Investment Forum to support sustainable finance in the region. The forum is to be launched towards the end of 2005. Members of the new association are the Brazilian subsidiary of ABN Amro; Bolivia-based microfinance bank Banco Sol; and Brazilian banks Unibanco and Bradesco. The group is likely to work closely with the UNEP FI Latin American Task Force.

5. SRI news in Europe & elsewhere

EAI group praises 10 brokers

The members of the Enhanced Analytics Initiative, a group of leading European investors and representing assets of €376bn, have commended 10 brokerage firms for the way they analyse non-financial material.

The EAI initiative was set up in October 2004 to bring about change in the way the broker community analyses extra financial issues and intangibles. To this mean, the members of this initiative agreed to allocate a minimum of 5% of their broker commissions on the basis of how well brokers integrate analysis of extra-financial issues and intangibles.

The group praised Deutsche Bank, DrKW, Goldman Sachs, HSBC, Morgan Stanley, UBS and WestLB. It gave "runner-up" citations to ABN Amro, Citigroup and CM-CIC. The detailed evaluation covered both the quality and coverage of their past research output and their commitments for 2005. Members of EAI include BNP Paribas Asset Management, PGGM, RCM, Deutscher Investment Trust, Dresdner Bank investment management, USS.

www.enhanced-analytics.com

Banca Etica opens SRI funds to institutional investors

Banca Etica has opened its three socially responsible investment funds to institutional investors. These funds, worth a total €160m, were launched in 2003 and were only available to retail investors. This makes Banca Etica the third largest player in the Italian SRI market.

ABP and PGGM team up to launch tsunami support fund

ABP and PGGM, Holland's biggest pension funds, are setting up a support fund for elderly people in Asia who have lost children in the tsunami disaster. Both funds donated a start capital of €1m to start the fund, called 'Support Fund Provision for Old Age'. ABP and PGGM

said the initiative "fits in with the core activity of both pension funds as well as with our philosophy, which is based on solidarity and collectivity."

SRI funds in France progressed over 2004

French consultancy Novethic has issued a review of the French SRI market, outlining the following:

- AUMs managed under SRI principles in excess of €5bn at the end of 2004 (against €2.5bn at the end of 2002 and €4.4bn at the end of 2003)
- Dexia AM and BNPP AM confirm their leading position on the French market, but the market is moving and contenders are close.

UNEP FI - Principles for Responsible Investment project

The process to develop the Principles of Responsible Investment is moving ahead quickly. Convened by UNEP and the UN Global Compact, this process will bring together a group of the world's leading pension funds and foundations with the goal of developing a set of principles for responsible investment, focusing on the practices of large institutional investors. The goal is to develop principles that reflect best practice in the area of institutional investor responsibility and then develop action plans to allow investors to share resources and work together to apply the principles.

A group of experts has been convened to discuss the issues and develop options for the principles. Their first meeting will take place on 5-6 April in Paris.

For more information contact: investment@unepfi.org

Japan - Institutional Investors increasingly Influenced by SRI

According to a survey published by Daiwa Investor Relations Co. in December 04, more Japanese institutional investors are influenced by SRI: 35 per cent of 99 fund managers and analysts at brokerages operating in Japan said SRI influences their investment decisions, up 14.3 percentage points from the previous survey conducted in April. However, while 2/3 of investors polled said they believed SRI would take root in Japan, most of them said they expected it to take time. This result follows a series of scandal at major companies, including Mitsui & Co.

Japan - Sumitomo Trust launches SRI pension fund for employees

The Sumitomo Trust expands its socially responsible investment (SRI) fund to handle "defined contribution" pension plans to meet growing Japanese demand for SRI options.

www.asria.org/news/press/1101195963

Brazil - Bovespa Sustainability Index to be launched

The São Paulo Stock Exchange (Bovespa) is to launch a Sustainability Index in 2005.

Recent Articles

Top Five Socially responsible investing news stories of 2004 – Socialfunds.com, W.Baue, Jan 11 2005.

Shareowner engagement shifted from confrontational to collaborative, sustainability analysis fused with financial analysis, and fiduciary duty expanded to include social and environmental issues.

www.socialfunds.com

Survey: Corporate Social Responsibility – The Economist, Jan 20 2005

'Disaster brings out kinder face of capital' – The International Herald Tribune, Jan 26 2005, Eric Pfanner

Tsunami response and corporate responsibility.

Metamorphosis – The European Environmental Bureau Newsletter, Jan 2005

This newsletter proposes an interesting environmental agenda for the Luxemburg EU Presidency.

Surveys and Reports

'Mainstreaming Responsible Investment' – World Economic Forum and AccountAbility

This report outlines the key obstacles to broader consideration of non-financial factors by the investment community and proposes an agenda of reforms to address those. Recommendations include to increase the duration of asset manager mandates, develop new business models for research on non-financial issues by analysts and create a specific professional competency for non-financial analysis, pay, train, and empower pension fund trustees, and widen the dialogue between analysts and corporate investor relations officers on non-financial information.

Full report available from www.weforum.org

'The Global 100 Most Sustainable Corporations'

A global business ranking launched at the World Economic Forum on 29th January. Companies were rated to criteria including strategic governance, environmental initiative, and human capital/labour relations practices.

www.global100.org

'Challenges of Water Scarcity: A Business Case for Financial Institutions' - UNEP FI – SIWI

This report by UNEP-FI/SIWI emphasises the potential challenges that must be assessed by financial institutions relating to water and also highlights that there are important opportunities to be made for the benefit of their core business and water sustainability.

Report accessible from the UNEP-FI website: www.unepfi.org

Review of corporate environmental research organisations - UK Environment Agency

The aim of this study is to provide a clear and accessible summary of the philosophies, assessment methodologies and outputs of the various CER organisations.

www.environment-agency.gov.uk/business/444255/887223/887286/920695/?version=1&lang=e.

'The Changing Landscape of Liability – Sustainability

A guide to trends in corporate environmental, social & economic liability.

www.sustainability.com/publications/latest/liability.asp.

'Partnering for success: business perspectives on multi-stakeholder partnerships' – World Economic Forum

This report makes a business case for companies to engage in multi-stakeholder partnerships with NGOs and other organisations. It was prepared by the World Economic Forum in co-ordination with the International Leaders Forum and the CSR Initiative at Harvard University.

Full report available from www.weforum.org.

'Sector survey of European Software and Services' – Ethibel

www.ethibel.org.

6. Upcoming events

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

22-23 February 2005, London.

www.ethicalcorp.com/engagement.

The "Sustainability Congress" – Organised by the German SIF

March 1st and 2nd, Bonn

www.forum-ng.de.

'The European marketplace for CSR'

3-4 March 2005, Brussels.

www.csreurope.org

Corporate Responsibility and the Travel and Transport Industry

8-9 March 2005, London

www.eyefortravel.com/csr

Corporate Responsibility – why it is important for Australian business

9-10 March 2005, Sydney

www.ethicalcorp.com

First Annual Corporate Integrity Summit

10 March 2005, London

www.criticaleye.net/events/cisummit.phtml

Corporate Social Responsibility 2005

17-18 March 2005, London

www.riia.org/index.php?id=5&cid=61

European Pensions 2005: The Pursuit of Risk-Free Pensions

11-12 April 2005, London.

www.chathamhouse.org.uk/EuropeanPensions.

Sustainable Investment Conference

13-14 April 2005, Frankfurt (bilingual event with interpretation service)

www.sustainable-investment.org.

Annual CERES conference: building equity, reducing risk

13-14 April 2005, Boston USA

www.ceres.org.

Responsible Competitiveness: Corporate Social Responsibility driving European Competitiveness Conference

19 April 2005, Brussels.

europa.eu.int/comm/csr.

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

12-13 May 2005, London

www.wcfcg.net.

Green Mountain SRI Conference

22-25 May 2005, Stowe, Vermont, USA

Contact: afreindlich@imn.org.

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.

Renewable Energy Finance Asia

15-16 June 2005, Hong Kong.

Contact: sarah.ellis@greenpowerconferences.com.

Annual SRI in the Rockies Conference

25-28 September 2005, Snowbird Resort, UT



Eurosif Newsletter, February 2005

www.sriintherockies.com.

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

29 Sept – 1st Oct 2005, Lucca, Italy

www.svneurope.com.

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.