Unlocking Value:

The scope for environmental, social and governance issues in private banking

A product of the UNEP Finance Initiative Asset Management Working Group

UNEP **Finance Initiative**

Innovative financing for sustainability

Unlocking Value:
The scope for environmental, social and governance issues in private banking

A report of the
UNEP Finance Initiative
Asset Management Working Group

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onValues
investment strategies & research

Contents

Abbreviations

ESG	environmental, social and governance [issues][1]
UN PRI	UN Principles for Responsible Investment
(U)HNWIs	(ultra-)high-net-worth individuals
UKSIF	united kingdom social investment forum

1 In this report the term ESG (which was originally coined in the institutional investment domain) is also taken to cover issues that may be of interest to clients with ethical, cultural, political or religious motivations

Foreword

The work of UNEP Finance Initiative's Asset Management Working Group to open a dialogue with the private banking community is a new departure for the FI partnership. The meeting held at the historic UN Palais des Nations in Geneva in November 2006 confirmed the rapidly growing interest amongst private bankers around responsible investment and sustainable finance.

The gathering also challenged the Swiss private banking community to take a leadership position amongst their global peers by setting the standards and through product innovation that serves a clearly growing demand for responsible investment products amongst their clients.

The expectation is that global assets of high net worth (HNW) individuals will reach more than USD 44 trillion by 2010. HNW individuals typically hold 4-5% of their assets in investments which integrate environmental, social and governance (ESG) considerations. At the same time, market analysis indicates that 32% of the HNW community find ESG investment concepts attractive. Private bankers willing to take a leadership role in ensuring the development of products and services that respect the two ROIs - - Return on Investment and Responsibility of Investment - - will be serving a market where client demand is set to outstrip supply.

The sustainability promoting potential of private wealth, marked as it is by an unencumbered flexibility and potential speed of allocation, is largely unexplored. UNEP FI is delighted to have begun this journey of understanding with the private banking community and we look forward to continuing this exploration.

Paul Clements-Hunt
Head of Unit
UNEP Finance Initiative

Message from the Chairs

In November 2006 we were delighted to welcome more than 40 senior representatives of some of the world's most prestigious private banking institutions to the Palais des Nations, the United Nations Office at Geneva, to discuss the incorporation of environmental, social and governance (ESG) factors into the management of the assets of High Net Worth Individuals (HNWIs).

UNEP FI was created exactly in the spirit of finding common ground between the objectives of the financial services sector and sustainable development. The UNEP FI Asset Management Working Group (AMWG) is a group of 14 asset management institutions that collaborate to advance the integration of ESG issues into investment decision-making and asset management practices. This Group assembles leading thinkers in this area from Brazil, Canada, France, Italy, Japan, the UK and the US.

Since our inception in 2003, our work has largely focused on institutional asset management for large asset owners such as public pension funds. As part of our mandate we realised there was an increasing need for the Working Group to initiate a dialogue with private banks and institutions that provide investment services to wealthy individuals. With the support of the UNEP FI Secretariat we convened a group of senior private banking executives and ESG-inclusive investment experts.

The setting for the meeting was appropriate for a number of reasons: Switzerland's central involvement in the sustainable development agenda at the political, scientific and economic levels is longstanding; sustainable development binds the Swiss Confederation and its cantons to the tenet of sustainability using the Brundtland Commission's path breaking work. Moreover, for more than 250 years Switzerland's financial institutions have provided banking services to private individuals and families, emphasizing the long-term stewardship of the assets entrusted to them and the growth and transfer of wealth between generations. Innovation at the intersection of financial management and ESG issues has been taking place in Switzerland for more than 15 years.

Research published in 2006 showed that in Switzerland the total assets managed using ESG-inclusive investment styles exceeded CHF10 billion at the end of 2005. The timing of the meeting was also apt: in April 2006 UN Secretary-General Kofi Annan launched the UN Principles for Responsible Investment, an initiative of institutional investors (currently representing more than US$6 trillion in assets) committed to the integration of ESG issues into their investment decision-making and ownership practices.

However, despite the tradition of innovation in Swiss banking and the intellectual resources of many Swiss enterprises and institutions pursuing sustainable investment, the uptake of ESG-inclusive investment in the private banking domain has been modest at best. This report and the meeting on which it is based explore some of the possible reasons for the apparently unhurried pace of uptake of ESG factors into HNWI asset management by private banking institutions, and suggests some ideas to diminish these barriers.

We believe it is an important contribution to initiating a serious consideration of ESG issues in the private banking industry. By publishing and broadly promoting this research we seek to expand the number of investment professionals who take ESG issues into consideration.

We offer this report to our peers in the private banking industry to take forward.

Julie Fox Gorte
Vice President & Chief Social Investment Strategist
Calvert Group
Co-Chair, UNEP FI AMWG

Xavier Desmadryl
Global Head of SRI Research
HSBC Investments
Co-Chair, UNEP FI AMWG

Objectives of the meeting

On the 10th of November 2006 the United Nations Environment Programme Finance Initiative (UNEP FI)[2] convened senior executives from 40 international private banking institutions to discuss the prospects for investment services for high-net-worth individuals (HNWIs)[3] that include environmental, social and governance (ESG) issues.

The discussions were framed to cover strategies for a broad spectrum of client interest in ESG issues, from financially-focussed investors through to clients looking for an environmental or social return on their investment.

The roundtable meeting, which took place at the United Nations, Geneva, Switzerland, had the following objectives:

- To 'take the pulse' of the private banking industry with respect to ESG-inclusive investment. Specifically, to measure the response of the private banking community to the uptake of ESG issues currently being seen in the institutional investment space
- To highlight potential barriers to growth of ESG-inclusive investment for private clients and possible ways to overcome those barriers
- To encourage industry participants to share best practice and facilitate collaboration where possible

The following specific questions were put to panellists and participants to stimulate discussion:

- Has there been an increase in the interest in ESG-inclusive investment services for private clients?
- Is the demand generally adviser push or client-pull?
- What is the magnitude of the demand?
- Do the leading private banking institutions service this demand adequately?
- What are the commonalities and differences between the institutional and private banking approaches to ESG issues? How can private banking benefit from the experiences of institutional investors?
- What ESG-inclusive investment services are currently offered by private banking institutions?

To encourage candid discussion, the entirety of the meeting was held under the Chatham House Rule[4].

The core stakeholders in the meeting and the intended audience for this report are senior executives at private banking institutions, as well as their clients and other actors in the private banking world.

2 For more information on UNEP FI see Appendices or http://www.unepfi.org/
3 As distinct from retail banking clients
4 Participants are free to use the information received, but neither the identity nor the affiliation of the speakers, nor that of any other participant, may be revealed

ESG-inclusive investment — the institutional drive

Recent years have seen a growing acceptance among institutional asset owners and managers of the notion that environmental, social and governance issues should be factored into their investment decision-making and ownership practices. This shift has been driven first and foremost by the ever-growing body of evidence (from both industry and academic research) that ESG issues have a material impact on the financial performance of investments. Institutional investors are therefore increasingly acknowledging the need to give appropriate consideration to these issues in order to fulfil their fiduciary (or equivalent) duties.

One important indicator of the action being taken by mainstream, financially-focussed institutional investors on ESG issues is the support of some of the world's largest asset owners and managers for the UN Principles for Responsible Investment (UN PRI)[5]. PRI signatory institutions, which currently collectively represent more than US$6 trillion in assets, commit to the integration of environmental, social and governance issues into their investment decision-making and ownership practices. Although the signatories are heterogeneous in their investment objectives and styles, they are united in recognising that their responsibilities to the ultimate beneficial owner oblige them to 'take a view' on ESG issues that covers the entirety of assets in which they invest.

This report considers the implications of this change in the institutional paradigm around ESG issues for private banking institutions.

5 For further detail see Appendices

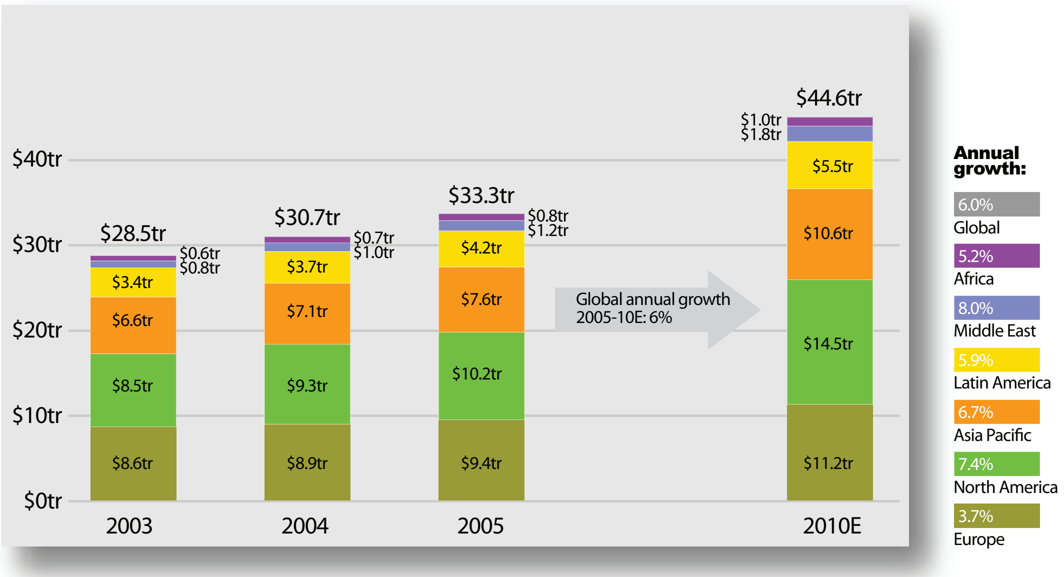
Private banking and ESG issues

The opportunity

According to the Merrill Lynch / Capgemini 2006 World Wealth Report, in 2005:

- 8.7 million people globally held more than US$1 million in financial assets (an increase of 6.5% over 2004)
- The wealth of high-net-worth individuals (HNWIs) totalled US$33.3 trillion (representing growth of 8.5% since 2004)
- HNWI financial wealth is expected to reach US$44.6 trillion by 2010, growing at an annual rate of 6.0%
- South Korea, India, Russia and South Africa witnessed the highest growth in HNWI populations

HNWI financial wealth forecast by region, 2003–2010E (US$ trillions)



Source: Merrill Lynch / Capgemini 2006 World Wealth Report

Research performed by Deutsche Bank and by the UK Social Investment Forum (UKSIF) serves as a barometer for the baseline interest of private clients in ESG-inclusive investment:

Deutsche Bank Wealth with Responsibility Study (2000):

- HNWIs collectively hold approximately 4% of their assets invested in ESG-inclusive investments.
- 51% of clients have considered ESG-inclusive investment
- 44% currently invest in some kind of ESG-inclusive investment
- 32% find the concept attractive

UKSIF research to size the bespoke HNWI ESG-inclusive market (2005):

- UK private client advisers Cazenove, Gerrards, Henderson, Jupiter and Rathbones concluded that 6–10% of their HNWI clients by assets were in bespoke ESG-inclusive portfolios

Assuming that the interest among HNWIs globally for ESG-inclusive investment strategies remains flat between 2000 and 2010 at approximately 5% of their wealth, then the opportunity for ESG-inclusive investments for private clients would currently be US$1.6 trillion, rising to US$2.2 trillion in 2010.

Given, inter alia, the continuing advancement in ESG-inclusive techniques, the increase in pooled and bespoke ESG-inclusive options available across asset classes, and the demographic drivers discussed below, it does not seem unreasonable to suggest that these estimates may be conservative.

Drivers of HNWI interest in ESG-inclusive strategies

We identify three types of private clients interested in ESG-inclusive investment, based on their motivations for asking their agents to use ESG information (both in asset selection and ownership practices) and the client's expected outcomes:

1. Financially-focussed investors: wish to include ESG issues for the sole purpose of enhancing financial return (e.g. through best-in-class actively-managed investments, ESG 'tilts' to broad-based indexes, and themed satellite investments)
2. Blended investors: seeking an investment that makes a competitive return (relative to mainstream benchmarks) but that also delivers a certain degree of environmental or social return (includes the target investors of most of the available ethical, SRI or sustainable funds, and investors with small allocations to microfinance to reduce portfolio correlation)
3. Social investors: wish to deliver environmental or social outcomes through their investments, even if the investment may be sub-optimal in terms of risk-adjusted returns (e.g. investors with sizeable asset allocations to community investments and microfinance)[6]

When surveyed, private clients typically cite the following factors as drivers of their interest in ESG-inclusive investments:

Financially-focussed and blended investors:

- Improving track record of financial returns
- Intuitive appeal of notion that companies and other issuers managing ESG issues effectively will outperform financially
- Spillover from financially-focussed approaches to ESG issues in the institutional investment and corporate domains ('me too' effect of wealthiest investors demanding institutional-like service)

Blended and social investors:

- Appeal of the notion that financial and environmental / social returns can be combined
- Concern for the world in which their children and grand-children will live
- A feeling of responsibility for the less privileged and for the way the world is developing (notion that wealth goes hand in hand with possibility to shape the future, hence with responsibility)
- Ethical considerations — because it is 'the right thing to do'
- 'Feel good' factor, good conscience
- Wish by HNWIs that have inherited large sums of money to give something back

6 In this report we do not consider clients who wish to make investments where the expected real financial return is negative

- Financial security gives the 'luxury' to consider blended or social investments
- Concern that the progress of globalisation (from which HNWIs are often beneficiaries) might be at risk
  - Many private clients and their families have acquired wealth thanks to globalisation, often through businesses with operations in emerging markets. For a certain generation of highly-educated, well-travelled executives the 'ecosystem' view of the interactions between the globalised economy, the environment and society are inescapable
- Support for entrepreneurship, 'help for self help' for the less privileged (e.g. through social investments such as community investments and microfinance)
- Social investment as an alternative to pure philanthropy
  - Often based on the notion that money invested is less likely to corrupt than money donated

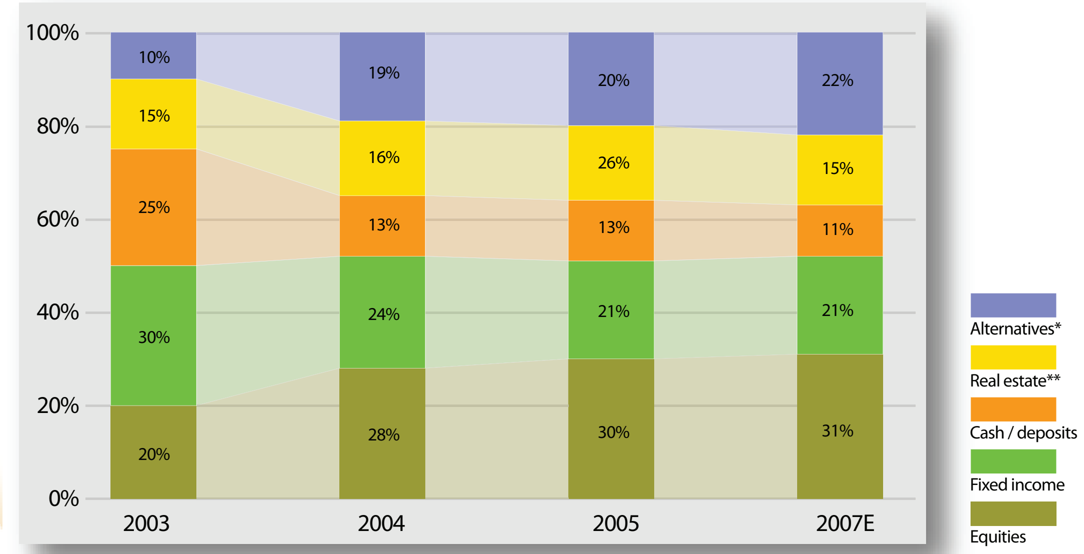
Demographic factors also support the thesis that interest in ESG-inclusive investment among HNWIs could increase. Research by UBS[7] estimates that in the US alone the largest transfer of wealth in human history, of the order of $41 trillion, will take place in the next fifty years, presenting an unprecedented opportunity for private banking institutions to present strategies to inheritor clients that respond more closely to their needs.

Moreover, the populations of female and young HNWIs are growing rapidly, partly because wealth is being endowed and donated to female and young HNWIs at an unprecedented rate. Likewise the strongest growth in HNWI wealth is from individuals based in emerging markets (see 'The opportunity' on page 3). These three groups are potentially more open to ESG-inclusive investment, whether the individual be seeking an enhanced financial return or a blended return.

There may also be a number of other a priori reasons why an increase in ESG-inclusive investment strategies may be less onerous for private banking institutions and their clients than for institutional investors:

- Greater appetite for innovative investment styles than institutional investors

HNWI assets by class, 2002–2007F



* Includes: structured products, hedge funds, managed funds, foreign currency, commodities (including precious metals), private equity and investments of passion (fine art and collectables).

** Includes: direct real estate investments and REITs.

Source: Merrill Lynch / Capgemini 2006 World Wealth Report

7 The UBS Philanthropy Forum 2006 Viewpoints

- Less 'financial apparatus'; fewer intermediaries between the adviser and the ultimate beneficial owner
  - Regulatory burden and oversight is less than for institutional investors
  - Direct decision-making and less inherent conservatism and legal overhang relative to e.g. the responsibilities of a fiduciary owner
  - Less due diligence or 'burden of proof' required of a new strategy than on the institutional side
- Trend-driven; appetite for eye-catching products
- Often very long investment horizons, over which 'taking a view' on the investment implications of ESG issues such as climate change, demographics, developed-developing inequity, etc., becomes unavoidable
  - Inter-generational wealth concept; concern not only for the magnitude of the wealth that their survivors will inherit, but also the health of the environment and society in which they will live
  - Relationship between the family and the private banking institution is sometimes also inter-generational
- Less fee-sensitive than institutional clients
  - Expenses associated with ESG-investment can include those borne by the client in direct management fees (to fund a potentially resource-intensive new strategy), or, for social investors, risk penalties incurred through sub-optimal asset allocation or asset selection
- Ability of UHNWIs to piggy-back on the innovation in strategies and products seen so far on the institutional side

Given a baseline global market for ESG-inclusive investment for HNWIs that is likely of the order of magnitude of US$1–2 trillion, with substantial upside potential from the drivers mentioned above, what are the barriers preventing private banking institutions from capitalising on the current demand and driving further interest?

Potential barriers to greater uptake of ESG-inclusive investment strategies

In the course of the meeting participants volunteered their personal experiences of barriers to greater supply of ESG-inclusive investment strategies to private clients:

- Private banking is about building personal relationships and winning the client's trust. Proposing what an adviser believes to be a highly unproven strategy (not to mention the ability of their institution / current product range to execute that strategy) to an important client is an unattractive risk-return proposition for the adviser. The adviser's credibility is on the line; poorly-conceived strategies may put the relationship at risk
  - The tendency is therefore to respond to client interest in ESG-inclusive strategies through small allocations to products in satellite portfolios, without changing the core portfolio
  - This has the result of building a barrier round the core of the client's portfolio, inhibiting a holistic approach to ESG investments
- There is a lack of knowledge of the wide range of ESG-investment strategies on the 'front line' of relationship management
  - Advisers tend to assume that ESG-inclusive necessarily means a values-based approach (blended-return and social investors). Advisers know that their clients are extremely heterogeneous in their objectives, investment paradigms and personal values, and presume that it would be impossible to provide products that could cater to this heterogeneity
  - Some advisers are concerned that, if discussing environmental and social issues with the client (for financial or blended return reasons), and the financial implications thereof (for all investor types), the client may know more about the issue than the adviser
  - There is a fear that any ESG tilt will necessarily result in financial underperformance
  - Advisers are often unaware of the active ownership dimension to ESG-inclusive investment
  - An ESG investment style can be implemented through the formal and informal ownership rights that accrue to the client (including equity voting rights), without altering the selection or weighting of the assets in the portfolio
- Institutions tend to group clients by size rather than by interests. This is often not helpful — sometimes very large clients have simple needs, whereas smaller clients can have much more elaborate (and differing) needs
- There is a reflex by some advisers to redirect clients who express social objectives towards the bank's charity services or foundation, rather than helping them to integrate such considerations into their investments
- In terms of products, private banking is a seller's market (in contrast to the institutional investor's ability to demand bespoke products to cater to their demands). There is often a lack of incentives for relationship managers to sell ESG-investment products (these are seldom 'flagship' products for the bank)
- Institutional barriers (regulatory or otherwise) often exist between innovation in manufacturing on the asset management side and the private banking unit (for full-service institutions)
- Products developed for institutional clients are often not suited for blended-return or social investors
  - Blended-return investors are disappointed by the lack of tangible social return from e.g. large-cap best-in-class products

   - Tracking-error-driven, over-/underweight index approaches do not sit comfortably with some clients' paradigm for ESG inclusive investment (the common reaction is, "I don't want the underperformers in my portfolio at all!")

- Lack of data on environmental and social impact of investments made (for blended return and social investors)
- There are many combinations of asset classes and regions where ESG-inclusive products are scarce or missing
- Lack of time to explore new strategies (especially with lower-net-worth clients)

Recommendations for overcoming barriers and expanding ESG-inclusive investments

Meeting participants offered a range of ideas and recommendations for how to overcome barriers and introduce private clients to ESG-inclusive investments:

1. The banker's role is to take the seed of an idea from the client, help him to articulate the idea as an investment strategy, and then select products that can be used to execute this strategy — this is particularly important in responding to client interests in the ESG space.
2. Listening to the client:
   - Are the client's motivations of an ethical / social nature, or is the client mainly interested in financial performance? Transparency of investment purpose is crucial
   - Is the client seeking a holistic ESG approach to his wealth, or a satellite investment strategy?
3. For clients new to ESG-inclusive strategies, it may be advisable to start with satellite investments. The core may be too ambitious, and the supporting products aren't always there (even at institutional levels).
   - Highlight upside opportunities in clean tech, water, focus funds, etc. (it is quite possible that ESG is the biggest economic opportunity of the coming years)
   - ESG themed funds[8], exchange-traded funds (ETFs) tracking on innovative indexes or industries geared to emerging themes, and structured products[9] can capture the imagination. Such investments are an easy and attractive entry point for clients with little or no experience of ESG-inclusive investments.
4. If the adviser provides a reasonably comprehensive list of ESG-inclusive investment opportunities, few clients will bring their own list of requirements.
5. For clients that express an interest in blended-value investments, the key assurance sought from the adviser is:
   - Evidence of competitive rate of return
   - Evidence of tangible environmental or social outcomes
   - Positive experience of / recommendation from someone they trust
6. The packaging is important — if a product is labelled 'ethical' or 'SRI', it will appeal only to a narrow range of investors. If the positive financial characteristics of a product (e.g. in terms of risk-adjusted return, diversification, etc.) are highlighted, then the potential range of interested clients increases.
7. Advisers must be able to provide professional reporting based on the stated intention of the investment strategy.
   - If pure financial return is the goal, then a good financial track-record, expected risk and return, and standard financial reporting will be demanded by the client
   - If product aims to deliver some kind of environmental or social return, the institution must also be willing to put metrics and expectations around this
8. ESG-inclusion in emerging markets investments is an obvious starting point for many clients (financially-focussed and blended / social).

8 Funds built on ESG-related investment themes such as clean technology, demographic change, energy efficiency, water scarcity, etc.

9 Synthetic investment instruments that allow institutions to package emerging investment themes rapidly and at a low cost to the institution. In addition to providing pooled investments in themes that may not be accessible through traditional funds, structured products can also respond to client demand for absolute-return and capital-protected investments

9. Engagement funds offer an interesting new angle, and give reality to the financial and environmental / social impact of the client's investment.

10. The client's expectations should be managed realistically. Advisers are often asked, "But does ESG-inclusive investment perform?". This question is no more answerable than if the client were asking if other investment styles such as active management, value investing, momentum / technical investing, etc., perform. If executed well, and at a reasonable cost to the client, the style should perform well. If executed poorly, or if the fees levied are excessive, the style will perform poorly.

We also summarise recommendations aimed at the executive level of private banking institutions wishing to strengthen their ESG-inclusive offering:

- Commitment at senior-management level of the institution is required
  - ESG-inclusive investment should be seen as a business opportunity and source of competitive advantage
- The relationship manager is the key gatekeeper. Relationship managers and other advisers must be adequately trained in ESG-inclusive investment and receive institutional support and incentives to advance this style of investment
  - A possible first step would be an education programme for advisers addressing misconceptions about ESG-inclusive investment and presenting the variety and sophistication of contemporary strategies
- A systematic and strategic approach to segmenting client types is required
  - Clear distinctions between financially-focussed and blended / social investors, market sizes, and the suitable investment strategies (and supporting products)
  - May include gender- and age-specificity
- It should be remembered that even if the allocation to an ESG strategy represents only a small proportion of a client's assets under advice, it can carry a disproportionate weight in terms of the client's satisfaction with the relationship and ultimately their fidelity to the adviser
  - That is to say that in an age when many core equity and fixed income products are regarded as something of a commodity (at least in terms of gross performance), a high-quality ESG offering can be an important differentiator for the adviser
  - Clients and potential clients have been known to use ESG provision as an indicator for the adviser or institution's long-sightedness / 'worldliness' with respect to the stewardship of their wealth. This can be particularly important in gaining 'share of wallet' where the client has given a small percentage of net worth to the institution on a probationary basis
- Some HNWIs are potentially willing to support innovations and seed new funds in the ESG-inclusive space — a characteristic that differentiates them from most institutional investors (who need longer track-records for new concepts) and makes them invaluable for innovative private banking institutions
  - This is often the case with wealthy individuals or families who have taken a pioneering, entrepreneurial approach in their business and personal lives
- High-level support for not only the conceptualisation and manufacture of ESG-inclusive strategies, but also for the distribution of products is critical
  - Institutions cannot expect a well-conceived fund to become a bestseller on meritocratic grounds alone: new products must be accompanied by a marketing strategy, sales incentives, etc.
  - ESG-inclusive products can fit well into institutions that have responded to client demand for open architecture. The quality and availability of suitable ESG-inclusive products often varies greatly, and innovation, especially in themed and structured products, is rapid. Skilfully guiding clients towards best-in-class ESG-inclusive products can help to solidify the institution's role as 'trusted adviser'.

Appendix 1: Event agenda

Friday, 10 November 2006
Palais des Nations, United Nations, Geneva, Switzerland

14:00 **Registration and coffee**

Opening remarks and background

Paul Clements Hunt, Head of Unit, UNEP FI

Matthew Kiernan, Chief Executive, Innovest Strategic Value Advisors

14:20 **Panel discussion**

What are the barriers to and drivers of ESG-inclusive investment in private banking?

Facilitator:

Leo Johnson, Director, Sustainable Finance

Panellists:

Guillaume Taylor, Partner, de Pury Pictet Turrettini & Co.

Yves Bozon, Group Managing Director, CIO Private Banking, Pictet & Cie.

Wim Vermier, Global Head of Equity, Dexia Asset Management

Jean-Christophe Gerard, Head of Private Bank Investment Group, HSBC Private Bank (Suisse)

15:00 **Coffee break**

15:20 **Open discussion**

What are the barriers to ESG-inclusive investment in private banking?

What can be done to extend ESG-inclusive investment to private clients?

16:20 **Summary and closing remarks**

16:30 **Close**

Appendix 1: Participants

Organisation	Name	Position
ABN AMRO Bank (Switzerland)	Ritzema, Tineke	Network Manager, Products & Product Solutions
AGH	Hedqvist, Aysegul	Founder, Financial Advisor
Anglo Irish Bank (Suisse)	Felder, Christopher	Senior Private Banker
Banco Santander (Suisse)	Arus, Javier	General Manager
Bank Sarasin & Co.	Buhler, Richard	Branch Manager, Geneva
Banque Cantonale de Genève	Ducret, Dominique Jean	Head of Wealth Management — Europe
Banque Syz & Co.	Boulgaris, Nicolas	Deputy Director
BNP Paribas Private Banking	Gacon, Bertrand	Head of Responsible Investments & Philanthropy Coordination
Care Group	Karrer-Rüedi, Erna	Head of Marketing & Communications
ClearBridge Advisors	McQuillen, Mary Jane	Director — Social Awareness Investment
Coutts Bank Von Ernst	Harrison, Keith	Deputy Head of Private Banking & Head of Geneva Branch
Credit Suisse	Jetzer, Manuel	Managing Director, Head of Private Banking Geneva Region
Danu Partners	Lean, Graham	UK Representative
de Pury Pictet Turrettini & Co.	de Muralt, Melchior	Managing Partner
de Pury Pictet Turrettini & Co.	Taylor, Guillaume	Partner
Dexia Asset Management	Kaiser-Boeing, Ulrike	Senior Relationship Manager
Dexia Asset Management	Vermier, Wim	Global Head of Equity
Dresdner Bank (Schwiez)	Mazuranic, Ivan	First Vice President
Ethos	Von Moltke, Daniel	Asset Manager
Forma Futura	Kobler, Christian	Chief Operating Officer, Founding Partner
Fortis Banque (Suisse)	Vassen, Romain	Private Banker
Genève Place Financière	Bernard, Steve	Director
HSBC Investments	Desmadryl, Xavier	Global Head of SRI Research
HSBC Private Bank (Suisse)	Gerard, Jean-Christophe	Head of Private Bank Investment Group, Member of the Executive Committee
Innovest Strategic Value Advisors	Kiernan, Matthew	Chief Executive
INVERA	Greenwald, Christopher	Senior Ethics Analyst
Lombard Odier Darier Hentsch	de Wolff, Angela	Head of Qualitative Analysis — Sustainable Development

Merrill Lynch Banque (Suisse)	Jonsson, Kristoffer	Head, Strategy and Business Development
onValues	Hagart, Gordon	Senior Consultant
onValues	Knoepfel, Ivo	Managing Director
Pictet & Cie.	Bozon, Yves	Group Managing Director, CIO Private Banking
Pictet Asset Management	Bader, Derick	Senior Marketing Manager
responsAbility	Tischauser, Klaus	Managing Director
Rockcliffe Partners	Bissonet, Richard	Managing Partner
SECO (Swiss State Secretariat for Economic Affairs)	Floras, Nathalie	Programme Manager
Sustainable Finance	Johnson, Leo	Director
Swisscanto	Harter, Thomas	Managing Director
Triodos MeesPierson	Hoogendijk, Frank	Managing Director, Sustainable Investment Management
UBS	Antonietti, Yves	Executive Director, Head of Institutional Business Suisse Romande
UNEP Finance Initiative	Clements-Hunt, Paul	Head of Unit
UNEP Finance Initiative	Walker, Philip	Programme Manager, Investment
Union Bancaire Privée	Manghart, Jean-Claude	General Manager
Université de Genève	Bürgenmeier, Beat	Director, Centre of Human Ecology and Environmental Sciences
Zürcher Kantonalbank	Boesch, Stefan	Senior Financial Analyst, Sustainable Enterprise Program

Acknowledgements

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Project lead:	Philip Walker
Project team:	Butch Bacani, Remco Fischer, Lisa Petrovic
Project consultants:	onValues
Managing Director:	Ivo Knoepfel
Senior Consultant:	Gordon Hagart

United Nations Environment Programme Finance Initiative (UNEP FI)

The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership between UNEP and the private financial sector. UNEP FI works closely with the 165 financial institutions that are signatories to the UNEP FI Statements, and a range of partner organisations, to develop and promote linkages between the environment, sustainability and financial performance. Through regional activities, a comprehensive work programme, training programmes and research, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

Further information: http://www.unepfi.org/

UNEP FI Asset Management Working Group (AMWG)

The UNEP FI Asset Management Working Group is a group of 14 asset managers with collective assets of US$1.7 trillion. The Working Group collaborates to drive the integration of environmental, social and governance (ESG) issues into mainstream investment decision-making and ownership practices. This Group assembles leading thinkers in this area from Brazil, Canada, France, Italy, Japan, the UK and the US.

Member institutions include:

ABN AMRO Banco Real Brasil	Hermes Pensions Management
Acuity Investment Management	HSBC Investments
BNP Paribas Asset Management	Insight Investment Management
Calvert Group	Mitsubishi UFJ Trust and Banking Corporation
Clearbridge Advisors,SAI	Morley Fund Management
Groupama Asset Management	RCM (UK) (Allianz Global Investors)
Henderson Global Investors	Eurizon Capital

Further information: http://www.unepfi.org/amwg/

UN Principles for Responsible Investment (UN PRI)

In early 2005 the United Nations Secretary-General invited a group of the world's largest institutional investors to join a process to develop the Principles for Responsible Investment (PRI). Individuals representing 20 institutional investors from 12 countries agreed to participate in the Investor Group. The Group accepted ownership of the Principles, and had the freedom to develop them as they saw fit. The Group was supported by a 70-person multi-stakeholder group of experts from the investment industry, intergovernmental and governmental organizations, civil society and academia.

The process was coordinated by the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact. The PRI reflects the core values of the group of large investors whose investment horizon is generally long, and whose portfolios are often highly diversified. However, the Principles are open to all institutional investors, investment managers and professional service partners to support.

The Principles for Responsible Investment were launched at the New York Stock Exchange in April 2006. As of January 2007 the PRI had more than 150 asset owner and asset manager signatories, collectively representing more than US$6 trillion in assets.

Further information: http://www.unpri.org/

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About the UNEP Finance Initiative (UNEP FI)

The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership between UNEP and the private financial sector. UNEP FI works closely with the 165 financial institutions that are signatories to the UNEP FI Statements, and a range of partner organisations, to develop and promote linkages between the environment, sustainability and financial performance. Through regional activities, a comprehensive work programme, training programmes and research, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

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