



United Nations Environment Programme

برنامج الأمم المتحدة للبيئة • 联合国环境规划署
PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT • PROGRAMA DE LAS NACIONES UNIDAS PARA EL MEDIO AMBIENTE
ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Finance Initiatives
Innovative financing for sustainability

UNEP Finance Initiative Annual General Meeting

Thursday, 21 October 2004

Groupama, Paris, France

For approval by 2005 AGM - Final Meeting Report

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<u>UNEP FI Annual General Meeting Agenda</u> <u>Groupama, Paris France</u> <u>21 October 2004</u>	
09:15-10:00	Registration: Arrival & Coffee
10:00-10:45	1. Welcoming comments by UNEP Director for Technology, Industry and Economics & UNEP FI Steering Committee Chair 1.1 For Approval: Summary Record from 8 October 2003 Annual General Meeting 1.2 For Discussion & Approval: UNEP FI Constitution 1.3 For Election & Approval: UNEP FI Steering Committee 1.4 For Approval: The proposed venue and date for the 2005 UNEP FI Global Roundtable 24-25 October 2005 in New York
10:45-11:15	2. Treasurer's Report 2.1 For Approval: Audited 2003 Financial Report 2.2 2004 Financial report i) Information: Latest 2004 Signatory Contributions list & figures ii) For Approval: Quarters 1-3, 2004 Profit and Loss Account
11:15-11:30	Coffee Break
11:30-12:30	3. 2004 Work Programme Summary update report by Chairs of Working Groups and Regional Task Force Representatives – Questions & Answers
12:30-14:00	Lunch
14:00-15:15	4. 2005 Proposed Work Programme 4.1 For Discussion and approval: UNEP FI working groups and regional task forces 2005 work programme 4.2 For Discussion: UNEP Strategy and Proposed 2005-6 Activities 4.3 For Discussion and approval: UNEP FI 2005 Budget
15:15-15:30	Coffee Break
15:30-16:00	5. Benchmarking Questionnaire For Discussions and Information: Steps ahead with Questionnaire
16.00-16.15	6. Any other business
16.15-16.30	7. Next Meeting date, location & Closure of AGM
16.30-17.00	End of meeting Cocktail

Agenda Item 1: Welcoming comments by UNEP Director for Technology, Industry and Economics & UNEP FI Steering Committee Chair

The meeting was opened by Michael Hölz, Chair of the UNEP Finance Initiative. Mr. Hölz welcomed all participants and gave a general overview of the Initiative's success over the past year, and in particular, reflected on the Administrative changes that had been incorporated within the Initiative over the last 18 months. The Chair thanked the Secretariat, especially Yuki Yasui, for ensuring transparency and accountability in relation to the Initiative's accounts, and cited the Audit Report by PWC, as evidence of this. The Chair stated that there was now real added value within the Initiative. The Working Groups, as the 3 pillars of the Initiative, received special mention by the Chair and he stated that the effectiveness of the Initiative in the regions was now being realised.

Citing the volume of issues to be covered during the AGM the Chair called on Vincent Zeller, Chief Financial Office for Groupama to say a few words of welcome on behalf of the hosts. Mr. Zeller informed the participants that the CEO of Groupama, Mr. Francis Ailhaud would address the meeting at the start of the afternoon session.

Paul Clements-Hunt, Head of Unit, UNEP FI offered apologies on behalf of Ms. Monique Barbut, Director UNEP's Division of Technology, Industry and Economics, for her unavailability. Ms. Barbut asked the Secretariat to offer the following comments in her place:

- UNEP Finance Initiative has undergone a period of significant change in the last twelve months since the merger of the UNEP Financial Institutions Initiative and the UNEP Insurance Industry Initiative at the 2003 Annual General Meeting.
- At the recent Steering Commitment meeting in Budapest on 28 September, UNEP was impressed by the energy and vision the Interim Steering Committee brought to a process to conclude all outstanding administrative, legal, constitutional and financial matters resulting from the merger the AGM agreed to in 2003. The papers they have prepared are presented here today for your approval and UNEP would like to congratulate Michael Hölz of Deutsche Bank, the Chairman, and the other Interim Steering Committee members for their commitment to the merger process.
- The Constitution presented to you today for approval does a number of important things:
 - it binds together the two original initiatives;
 - it places UNEP FI's regional working groups in a more central role while continuing to understand and appreciate the critical importance of the core working groups;
 - and it provides clear guidance for UNEP FI as a public private partnership within the United Nations system.
- In closing these brief opening comments, to reiterate UNEP's commitment to UNEP Finance Initiative, the oldest of our voluntary partnerships with the financial sector.

Following a request for any additional items to be added to the Agenda, the Secretariat informed the participants of the procedures concerning "Proxy" votes. At this point there was an interjection from Barclays Bank to inform the meeting that they were authorised by Lloyds Bank to carry their proxy vote. The Japan Bank for International Cooperation and Development (JBIC) stated that as they were new members to the Initiative they did not feel it would be appropriate to vote.

Agenda Item 1.1 For Approval: Summary Record from 8 October 2003 Annual General Meeting

The Summary Record from 8 October 2003 Annual General Meeting was approved by the attendees.

Agenda Item 1.2 For Discussion & Approval: UNEP FI Constitution

The Secretariat gave a short overview on the development of the Constitution. This was the 7th version of the document being presented to the AGM (Annex 1). The participants were informed that up to May 2004 the Document had been open to external consultation and following this the Steering Committee took all the comments on board. The consultation process had been healthy, with much discussion among Steering Committee members, in order to develop the draft that was being presented to the AGM.

The Secretariat highlighted that comments on Version 7 of the Constitution had been received from JBIC, Standard Chartered and Swiss Re. The Secretariat recognized, from the comments received, that some minor changes would need to be made to language in order to ensure there was adequate clarity for the signatories. The Secretariat also highlighted the following two issues, which were brought to its attention.

- 1) *Reaching a decision on the level of representation for the Task Forces and Working Groups on the Steering Committee:*

In reply to this the Secretariat outlined the proposal that was currently in Version 7 of the Constitution. The AGM was also informed that for the Steering Committee to have some continuity as it moved into this transition phase, it would retain 4 members from the existing Committee. The Secretariat also informed the participants that the position of Chair would be elected directly by the new committee itself.

- 2) *The question was also raised as to whether the WSSD Statements should get equal weighting as the two UNEP FI Statements within the Constitution.*

The Secretariat asked for the discretion of the AGM to return to specific signatory members and talk through any minor issues they may have. It was made clear by the Chair that the Constitution could be modified, if the need arose, on an annual basis.

A general discussion took place on the Constitution during which the following issues were discussed:

- i) The representative from FMO raised the issue of the 'Financial Institutions Service Organisation (FISO)' that had been mentioned in previous versions of the Constitution and the representative from KFW asked the following two questions (a) had the trust fund replaced the FISO and (b) can you remain a member of the Initiative and not pay.

The Secretariat informed the signatories that the Trust Fund was now replacing the FISO. On the issue of financial contribution the Secretariat again outlined the fee structure and stated that signatories must either pay one of these levels or at least offer 'payment in kind'. As a partner in the Initiative, UNEP, would endeavour to retain all signatories if they showed a commitment to the Initiative. But the point was made by other participants at the AGM that "Free Riders" would not be tolerated, the message was clear, you had to be active and involved, either in the Working Groups or Task Forces or some other explicit involvement in UNEP FI. If after writing to a company 3-4 times and there was no reply they should be removed from the Initiative.

- ii) KFW raised the legal aspect of dropping any companies who had signed a voluntary Statement but were now being dropped.

It was noted that signatories had indeed signed a voluntary statement, but as the changes in the workings of the Initiative had been decided at the Initiative's own Annual General Meeting, the Steering Committee felt justified in asking a company to step down if the company was clearly seen not to be engaging with the Initiative. If a company showed some willingness to work with the Secretariat and engage in some activities that support the FI statements they could remain a member of the Initiative.

iii) UBS stated that they fully support the preamble but informed the AGM that if the following wording remained within the constitution “members should subscribe to the three Statements”, there would be a difficulty to clear this internally within their respective institution.

The Secretariat noted that it was possible to change the language while still being able to respect each Statement. The Secretariat would alter the wording in relation to the WSSD Statement and felt this would meet the concerns of JBIC and UBS.

iv) Development Bank of Japan (DBJ) sought clarification on how there were only 4 Task Forces positions on the proposed new Steering Committee.

The Secretariat again reiterated that there was intense and vigorous discussion around this process. The current solution is a compromise, and that rotation could be viewed as a possibility. The Secretariat stated that the current structure is strong and workable, but can always be revisited at the next AGM.

Decision

The Chair then called for a vote on the Constitution as it currently stood bearing in mind possible minor linguistic changes plus the Secretariat addressing the concerns raised above.

The vote was as follows: 38 Votes in favour, 2 abstentions and 4 No votes. The Chair declared the Constitution accepted.

Agenda Item 1.3 For Election & Approval: UNEP FI Steering Committee

The Secretariat outlined the voting procedure for the “Open positions” on the Steering Committee, informing participants that the vote would be held by secret ballot. The Secretariat read out the list of self-nominations, and at the same time outlined again the structure of the new Steering Committee, and clarifying those companies who were stepping down from the present committee. The Secretariat made it clear that as this Constitution was accepted it would now approach the Working Groups and Task Forces to ascertain how these groups would be represented on the new Committee.

The Secretariat then called on those participants in the room who had not yet submitted their voting forms to do so now.

Decision:

Following the vote the Secretariat informed the AGM that the following companies were duly elected onto the Steering Committee:

- Bank of America
- Insurance Australia Group (IAG)
- Rabobank

Agenda Item 1.4 For Approval: The proposed venue and date for the 2005 UNEP FI Global Roundtable 24-25 October 2005 in New York

Decision:

The Vote was called for on the above Motion and was duly agreed by the AGM.

Agenda Item 2.1 Treasurer's Report *For Approval*: Audited 2003 Financial Report

Otti Bisang, Treasurer of the Initiative, gave a brief overview of the Initiatives Accounts since 2002. As 2002 was a special year due to the World Summit on Sustainable Development (WSSD) and accompanying heavy investment the accounts were not in a stable condition. However, since then over the last two years all issues related to the Accounts including income, transparency, reporting etc has improved significantly. The treasurer thanked the Secretariat, particularly Yuki Yasui for all her work in this area over the last 18 months.

The Treasurer highlighted the audited 2003 Account and referred to the PricewaterhouseCoopers (PWC) letter on Page 44 of the background document. This letter stated that the accounting records and financial statements of the Initiative compiled with Swiss law.

The Treasurer took the opportunity to highlight the good value the Initiative received from the team of consultants in Geneva. The expenditure on consultants was quite low compared to the size of the team in Geneva. Following a query from one of the participants the Treasurer outlined the basis of the UNEP FI 'Trust Fund' in Nairobi, and how it operated in relation to the Initiative.

General Discussion:

Following the Treasures overview clarification was sought on a number of points:

i) KFW inquired as to why was not all income put into Total reserves?

The Secretariat responded by saying that some of the funds were needed for the Work Programme and that the Steering Committee had decided that a ceiling could be set on what went into the reserve as the Initiative was not intended to be profit making.

ii) BBV inquired as to what is the \$82,000 in sponsorship?

The Secretariat explained that this was money for projects such as the Conflict project. This money was received for specific projects and not for general use.

iii) Development Bank of Japan request to know what was the Deferred revenue of \$90,000?

The Secretariat explained that this was the financial contribution received from signatories in a prior year for the following year.

iv) OTP Bank asked what reserve are we aiming for?

The Secretariat informed the participants that the Steering Committee had set a reserve level at \$100,000. It was explained that the reserve was there to honour any existing contracts or payments should funding of the Initiative cease. It was the Steering Committee's aim to keep a 10% safety cushion within the accounts.

v) The ACTIS representative inquired as to how much does a Roundtable Cost?

It was explained that the Roundtable is run on a self-financing basis with all incomes being ploughed back into the event. The Roundtable does not in any way receive any supporting income from the principal account. Costs for a Roundtable also vary according to location. The aim is for a roundtable to be self-liquidating.

vi) ACTIS and OPT Bank wanted to know is the Reserve invested?

The participants were informed that the reserve was not invested but that this was an idea, which could be taken up in the future.

Decision:

The Chair called for a vote on the acceptance of the audited 2003 financial report. The vote was passed by the meeting.

Agenda Item 2.1 Treasurer's Report i) Information: Latest 2004 Signatory Contributions list & figures ii) For Approval: Quarters 1-3, 2004 Profit and Loss Account

The Treasurer presented a short set of slides to give an over view of Agenda Item 2.2 (Annex 2). The Treasurer again highlighted the improving year on year income from signatories to the Initiative. The Treasurer reported that for Qtr 1 – Qtr 3 2004 expenditure was within the Budget set out for the year and overall the discipline within the Accounting system was much improved.

General Discussion:

Following the Treasurers overview clarification was sought on a number of points:

i) Garant inquired as to what was the status of the “Free Rider” problem, and how was this being addressed? Members of the Steering Committee present informed the meeting participants that they had requested the Secretariat to organise a letter from Klaus Töpfer, Executive Director, UNEP to all “Free Riders” informing them of the situation and making them aware that if they do not actively participate they would be shortly taken off the signatory list.

ii) What was meant by “Non-Communication” from signatories? The Secretariat outlined for the participants the steps they had taken to date with all “Free Riders”, and that there were some signatories who the Secretariat had tried to contact by different routes but too no avail.

iii) KFW wanted to understand how does the planning process take place on Budget issues? The Secretariat outlined very clearly the steps that had been taken with the various working Groups and Taskforces to enable them to make submissions for their budget and in turn this was approved by the Steering Committee for submission to the signatories at the AGM. The budget timeline was a classical one with a budgetary round for the year ahead opening in May, being reviewed by the Steering Committee in September and with the planned sign off by the AGM in October of a given year.

Decision

The Chair then called for a vote on the acceptance of the 2004 financial report. The vote was duly passed by the meeting.

Agenda Item 3 2004 Work Programme Summary update report by Chairs of Working Groups and Regional Task Force Representatives – Questions & Answers

The Secretariat called on the Working Groups and Task Forces representatives to give a summary update report on their activities to date

<u>Work Stream</u>	<u>Represented by</u>	<u>Main points</u>
Asset Management	Carlos Joly, Storebrand	<ul style="list-style-type: none"> • Overview given of Materiality Report and its release in the summer • Gives outline of the AMWG membership, people who are involved in the group are the Asset Managers themselves • Round 2 would be launched in 2005
Climate Change	Dirk Kolher, Garant	<ul style="list-style-type: none"> • Release of a CEO Briefing on Renewable Energy in June

		<ul style="list-style-type: none"> • Working with the Sustainable Energy and Finance Initiative (SEFI) • Regular involvement with UNFCCC • Side Event at COP10 in Buenos Aires • CEO Briefing on Finance for Carbon Solutions to be released • In 2005 bring the findings of the CEO briefings on to the ground
Sustainability Management Reporting Indicators	Martin Hancock, Westpac	<ul style="list-style-type: none"> • Explanation of the two streams in SMRI • 70% of responses stated that the guidelines met their expectations • Pilot the guidelines out through the regions • Working to have a global standard
African Task Force	Justin Smith, Nedbank	<ul style="list-style-type: none"> • Focus on Francophone Africa • Problems with only South African members • Environmental Risk management programme, linking in with other Task Forces • Launch of Sustainability in Africa Report • Launch of a CEO style briefing • Strong Work programme for 2005
North American Task Force	Helen Sahi, Bank of America	<ul style="list-style-type: none"> • Two projects proposed for 2005, one on Risk Management, the other on Climate Change • CEO Breakfast prior to Roundtable • Roundtable to be held in New York
Latin America Task Force	Thomas Conde, BBV	<ul style="list-style-type: none"> • Task Force was launch in Lima • Outlined current structure and members • Task Force was going to focus on Training, Awareness raising •
Central and Eastern Task Force	Dr. Markus Scholand WestLB AG	<ul style="list-style-type: none"> • Launch in Budapest in September • Conducted a survey “Finance and Sustainability in Central and Eastern Europe”, which will assist in 2005 Work Programme • 2005 will be year for awareness raising • Next event will be in Poland in February 2005
Australasian	Pauline Gregg, Insurance Australia Group	<ul style="list-style-type: none"> • Three of the major four Australian Banks now involved in UNEP FI • Gave an overview of the involvement of these institutions at a national level through the working groups set up there with EPA Victoria and also at the international level with UNEP FI

The Secretariat then informed the participants about two additional Projects on

- 1) Finance and Water, in cooperation with the Swedish Government
- 2) Finance and Conflict, in cooperation with the German Government

The Secretariat stressed that all signatories should utilise the Working Groups and especially the Regional Task Forces as much as possible, as they are there to assist all members.

Agenda Item 4 2005 Work Programme

4.1 For Discussion and approval: UNEP FI working groups and regional task forces 2005 work programme

The Secretariat gave a brief overview of the 2005 proposed Work Programme, touching on some of the points made earlier by the Working Groups and Task Force Representatives. The Secretariat also gave some background to the proposed Budget and the expected income levels. The participants were informed about the possible bi-lateral funding possibilities, for example with the “Emerging Markets” project and the Sustainable Energy Finance Project

The Chair highlighted the proposed deficit of \$34K for 2005 and explained the transition of the Initiative’s finances from an external account to one within the UNEP system.

Following a question from the participants on the decision process in relation to the budget, the Secretariat again outlined the steps that had been taken throughout the previous months. The AGM was informed that the Steering Committee evaluated the amount allotted to the various work streams very carefully. The results of the Working Groups and Task Forces to date were weighed, plus their proposed Work Programmes going forward were closely examined. Africa was given special attention due to the Initiative efforts to try and engage institutions on the continent. It was made very clear that the Working Groups and Task Forces will be working even more closely together in 2005 with a number of cross linkages.

There was an appeal on behalf of the General Insurance Working Group for signatories to become involved. This Working Group was recently set up following requests by insurance signatories to ensure their needs were met.

Agenda Item 4 2005 Work Programme

4.2 UNEP Strategy and Proposed 2005-6 Activities

The Secretariat then gave an overview of the paper that UNEP was offering from their side of the partnership within the Initiative to the signatories. The main points were:

- 1) Financial Institutions and Multi-lateral Environment Agreement Project
- 2) Financial Services and Water Project
- 3) Sustainable Training for the Financial Services Sector
- 4) Financial Services and Conflict Project
- 5) Responsible Investment Project

The Secretariat made it clear that this was just an offering and it was in no way prescriptive. It was also made clear that UNEP was not looking for any additional financial assistance from signatories, unless they wished to contribute, but primarily funding would be sought from Governments etc.

It was made clear by the Secretariat that the Training component would not in any way duplicate what other signatories were already doing, but instead these signatories could advise and assist the Secretariat with the establishment of this work stream.

A number of signatories mentioned that they would prefer at future AGM's if more discussion time could be given to substantive issues rather than Administrative issues. It was pointed out to them by the Secretariat that this AGM was a watershed due to a number of outstanding issues (i.e. Constitution) following the merger of the Insurance Industry Initiative (III) and Financial Institutions Initiative (FII).

There was a pause in the Agenda as the CEO of Groupama Mr. Ailhaud welcomed participants to the AGM. There was a brief presentation to Mr. Ailhaud by Michael Hölz, as UNEP FI Chair, on behalf of the Initiative.

When the discussion restarted there was some focus on UNEP FI's relationship with the Global Compact. Some members expressed their concern that the Global Compact offices in their respective countries were not aware of UNEP FI activities. The Secretariat outlined the very close work the Secretariat has carried out with Mr. George Kell, and the Global Compact office in New York over the last 12 months.

Agenda Item 4 2005 Work Programme
4.3 For Discussion and approval: UNEP FI 2005 Budget

Decision

Following these discussions the Chair called for a vote on the Agenda items 4.1 and 4.3, both items were passed by the meeting.

Agenda Item 5 Benchmarking Questionnaire
For Discussions and Information: Steps ahead with Questionnaire

The Secretariat gave an overview of the process and findings of the Questionnaire to date. It stated that this was just a pilot study and would enable the secretariat in future to work with the signatories to formulate more detailed and efficient Questionnaires. It gave the Secretariat a base line to work from, and they would be discussing the findings with the Steering Committee.

Agenda Item 6 Any other Business

There was an inquiry concerning what "reporting" signatories are expected to do within the Initiative in 2005. The Secretariat informed the participants that this issue would be discussed with the Steering Committee during their meeting in January. It is envisaged that Signatories could potentially provide their annual environmental reports, or just the links to their reports on their websites. The Secretariat referred to the Corporate Registry and the work that has been carried out to date in support of UNEP FI. The Secretariat would inform all signatories in due course what is expected of them on reporting matters.

Agenda Item 7 Next Meeting Date, Location and Closure of AGM

There was consensus among those present that the next AGM should be held in New York on the eve of the UNEP FI Global Roundtable. Exact date and location to be confirmed in due course.

Hussein Abaza, Chief Economics and Trade Branch, UNEP offered some closing words on UNEP's behalf. Mr. Abaza acknowledged the achievements of the Initiative over the last number of years and welcomed the changes on its administrative side. He wished the Initiative all the best for its Work Programme in 2005.

Michael Hölz then closed off the meeting offering his thanks to all those present who helped to make the event an historical one. The Initiative had witnessed a very successful 2004 and it had shown itself to be the premier Initiative of its kind around the globe. All governance issues had been cleared and a robust Work Programme had been set for 2005. The Chair thanked the Secretariat and the signatories and offered his wishes to all for a successful continuation of the Initiative activities.

The Annual General Meeting was then closed.