

The Relevance of SRI to Japan and Asia's Future



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UNEP Finance
Initiatives
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SRI - Japan and Asia's Future

- **SRI as the basis for credibility and as a catalyst for change**
- **The power of partnership**
- **UNEP Finance Initiatives in Japan and Asia**



SRI in Japan and Asia

1997-2002: CAPITALISM IN QUESTION

- **In July 1997 the dream of the "Pacific Century" appeared to be unravelling as the region plunged into crisis.**
- **The global community faces the prospect of failing states, the rejection of the "borderless markets model" and a growing violent backlash against poverty.**
- **The credibility of capital markets, the governance of the world's largest companies, and the benefits of globalization are all questioned. In short, the CEO and the star analyst are no longer King.**

SRI in Japan and Asia

1997-2002: CAPITALISM IN QUESTION

- **Can SRI provide the answer to all of the problems – real or perceptual – of capitalism and the free market system? **Clearly not.****
- **What SRI can do is play a role in rebuilding investor faith in the system and embed the disciplines of governance, transparency, disclosure and accountability at the heart of our markets.**
- **Why is SRI of a critical importance to Japan and Asia?**

SRI in Japan and Asia

1997-2002: CAPITALISM IN QUESTION

- **SRI is part of the tool basket that can address the complex challenges at the heart of the Millennium Development Goals:**
 - **Half by 2015 those living on USD1 a day**
 - **Half by 2015 those in hunger**
 - **Half by 2015 the proportion of people without access to clean water or sanitation**
 - **By 2020 achieve significant improvement in lives of 100 million slum dwellers**
- **Long-term - can free markets deliver the benefits of capitalism to the the 3 billion languishing on less than two dollars a day outside the system?**



In an increasingly wired world the disciplines of responsible capitalism will be demanded.



Mass Media
The Internet
NGOs
Ethical Consumers

Get it wrong then market value & reputation can suffer.

SRI after the “long bull” died



- Sticky investors stay with SRI funds
- Free moral dividend
- Qualitative risk management
- Massive marketing gap

The route to the Pacific Century will be fuelled by the creativity, energy and can do mentality of Asia-Pacific but critically it.....?



Lies along a pathway built on governance, transparency, disclosure and accountability.

**A lattice-work world of standards
is emerging.....**



- UN Protocols
- **Regional/National
legislation**
- Voluntary Agreements
- **NGOs**
- Ethical Investors

**SRI is a translator
between finance,
markets & investors...**



**The key question for the SRI
community is....**

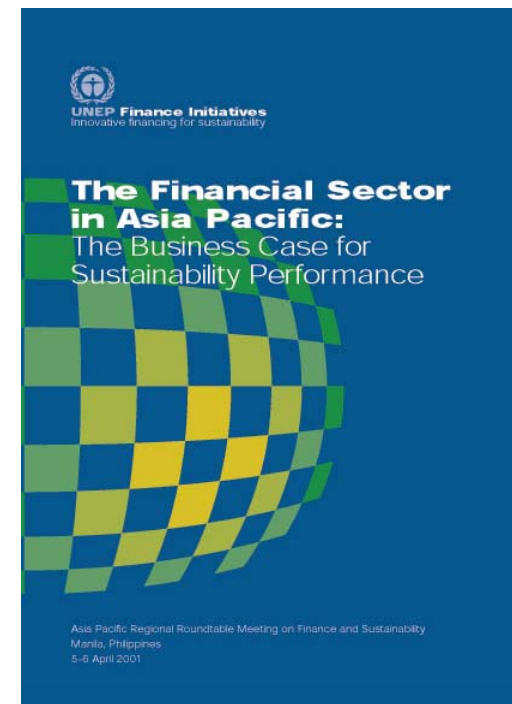
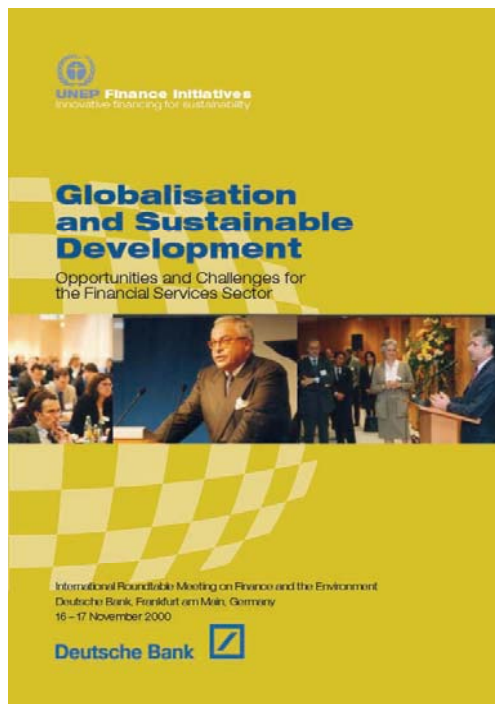
Not how we go
mainstream but rather
how we become
obscure?

UNEP FI Networking

01-02 Global Outreach: Manila, Santiago, Midrand, Budapest.

Annual Global Roundtable: Rio de Janeiro, Brazil, 2002.

Expert Workshops: Export Credit Agencies, Venture Capital.



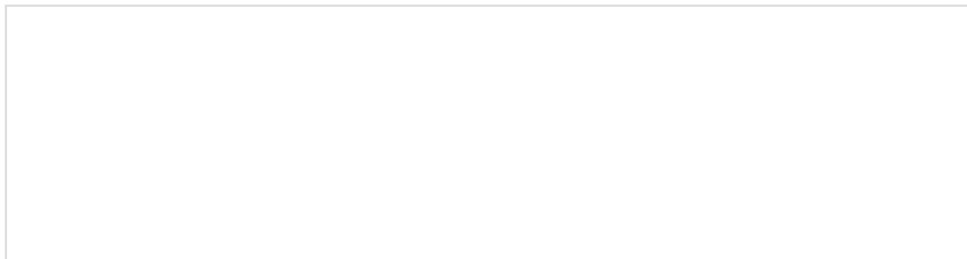
UNEP FI Outreach

Focus on signatory achievements and new developments in the field.

0.618... : 9,000 subscribers, quarterly.

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unepfi.net : over 72,000 visitors a year.



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UNEP Finance Initiatives
Innovative financing for sustainability

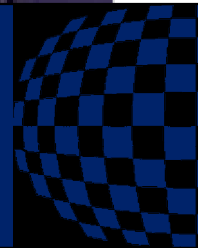
UNEP FI Projects

Examples:

Working groups on climate change, environmental management and reporting, and asset management.

Major climate change study, Directory of sustainable energy funds.

New African, Asian, American & Transition Economy task forces.

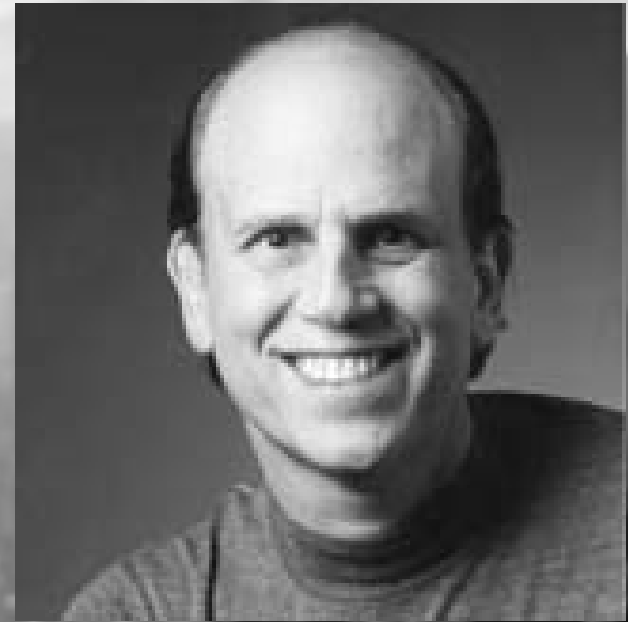




Hedge Funds



**Arbitrage –
Insider Trading**



Junk Bonds