EXECUTIVE SUMMARY

Corporate Social Responsibility (CSR) is emerging as a significant international business trend, becoming a preoccupation of many business executives worldwide. In an effort to understand how this trend is playing out in the financial services sector, 10 Canadian financial co-operatives funded a study to assess international best practices, standards and trends in CSR or sustainable finance. They hired Strandberg Consulting to conduct the study, which looked at best practices of 21 financial institutions from the banking, insurance and asset management sectors, and 10 international sustainable finance sets of standards, principles and guidelines. Fifty thought leaders in sustainable finance around the world were also interviewed for their views on the future of sustainable finance by 2015. This paper reports on the first part of this research: international best practices and innovations in sustainable finance.

“Best Practices in Sustainable Finance” looks at 11 best practice institutions that are internationally or nationally renowned for their social and environmental leadership. It also profiles best practice initiatives of an additional 10 financial institutions to provide further information on the breadth and scope of sustainable finance as it is currently practiced.

The results reveal that leading financial institutions (FIs) are setting up governance and management systems to embed CSR into their operations, are reporting on their CSR performance with independent validation, are developing a CSR product array that integrates social and environmental considerations, are integrating CSR into their risk management systems and are developing methods for screening their investments against CSR criteria. They are developing strategic CSR policies and programs across a range of social and environmental areas to reduce or offset their negative, and boost their positive, direct and indirect impacts.

CSR oriented FIs have robust stakeholder engagement programs to solve complex sustainability challenges, provide input into business strategy, and keep abreast of stakeholder concerns. While the debate starts to gather steam over the degree to which FIs have a responsibility to advance sustainability, best practice CSR financial institutions are playing a lead role to promote sustainable practices within their operations, to their consumers and the public at large.

Best practice CSR FIs are treating sustainability as a business strategy and opportunity – not as an add-on, feel-good charitable endeavour, but how can we create long-term value for our company through a strategic approach to CSR? Given this trend, CSR is moving into the boardroom of financial institutions where targets are being set for overall CSR performance.

CSR FIs can be distinguished in part on the basis of whether they perceive CSR to contribute to long-term shareholder value (mostly public companies) or whether their mission and business

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model are built upon sustainability values (mostly non-public companies). Still other FIs present themselves as neither mission-driven, nor shareholder valuedriven, but as fundamentally committed to using their resources to contribute to social and environmental progress.
1. INTRODUCTION

Corporate social responsibility (CSR) is racing up the business agenda. By all accounts it is one of the leading business trends, as evidenced by the Globe and Mail’s March 2005 CSR ranking of over 100 brand companies on human rights, the environment, community and society relations among other sustainability issues. It has its critics, too, such as The Economist, which in a January 2005 issue provided a 14-page spread offering a “skeptical look at corporate social responsibility”. There are those who believe CSR will be a driving force for business in this century and those who don’t. However, many industry groups are joining networks to better understand the trends and learn from the best practice examples to inform their own strategic planning. This study is a product of such a collaboration. In January, 2005, a group of Canadian financial co-operators, including five credit unions (Coast Capital, First Calgary, Vancity, Meridian and Assiniboine), The Co-operators, CUMIS, Ethical Funds Inc., Concentra Financial and Credit Union Central of British Columbia, with support from Credit Union Central of Canada, joined forces to fund an international scan of best practices, standards and trends in CSR or sustainable finance. They hired Strandberg Consulting, a sustainability consultancy with a background in the co-operative financial services sector and corporate social responsibility, to conduct the 4-month research project. This report presents the findings of the research into best practices and innovations in sustainable finance.

The premise of the study is that financial markets and the financial services industry are key to sustainability as they raise, allocate and price capital, and provide risk coverage, influencing access to financing and risk protection and determining which government, business or individual activities get financed or protected against risks. Non-governmental organizations (NGOs), such as BankTrack\(^2\) are emerging to hold the finance industry accountable to the public at large and press financial institutions (FIs) to ensure their operations contribute to creating healthy and just societies and preserve the ecological well-being of the planet.

Against this backdrop, industry groups such as the World Business Council for Sustainable Development\(^3\) have developed the business case for sustainability in the finance sector, including:

- By taking into account social and environmental aspects, investors minimize risk, further improving the bottom line and creating long term value.

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\(^2\) BankTrack is a network of civil society organizations tracking the operations of the private financial sector and its effect on people and the environment. [www.banktrack.org](http://www.banktrack.org)

\(^3\) The World Business Council for Sustainable Development (WBCSD) is a coalition of 175 international companies committed to sustainable development via the three pillars of economic growth, ecological balance and social progress. [www.wbcsd.ch](http://www.wbcsd.ch)
Best Practices in Sustainable Finance

- Growing demand for more responsible corporate behaviour creates business opportunities.
- Responsible business conduct is a good means of maintaining reputation and license to operate.
- Integrating environmental and social issues into business evaluation processes may lead to fresh business opportunities.
- Integrating sustainable development into overall policies improves morale and provides a strong and confident long-term relationship with stakeholders.
- Internal transparency improves external dialogue and internal communications, and helps companies overcome cultural barriers and achieve workplace diversity.4

While there is no one universal definition, CSR or sustainable finance can be defined as the provision of financial capital and risk management products and services in ways that promote or do not harm economic prosperity, the ecology and community well-being. As this study demonstrates, there are many financial institutions worldwide that are investing time and resources to fulfill these aims.

2. Methodology

In order to assess the extent and nature of current developments in international CSR finance, this report looks at 11 best practice institutions that are internationally or nationally renowned for their social and environmental leadership. It also profiles best practice initiatives of an additional 10 financial institutions to provide further information on the breadth and scope of sustainable finance as it is currently practiced.

Financial institutions in Canada are not included in this list as they are not typically thought of as international CSR leaders, though the Canadian credit union sector has some notable examples. Nor are financial institutions in emerging markets or developing countries included in this scan; undoubtedly, there would be some best practice in these markets. Another limit of the study is language. There are some important institutions in Germany, Switzerland and France, but language barriers prevented research into FIs in these countries. This section of the study is further limited by the availability of information. Due to the timing of the research (January to March 2005), none of the financial institutions had published 2004 reports; therefore the material is derived from 2003 data and information. Finally, given the need for focus, the best practice scan rarely touches upon leading customer or human resource practices, which are left to other fora.

The report includes an analysis of some of the cross-cutting themes and common characteristics of the sustainability leaders derived from the best practices and a compendium of best practices and innovations in the sustainable finance leaders contained in a detailed appendix.

It should be noted that the paper uses the terms corporate social responsibility (CSR), sustainable development and sustainable or sustainability interchangeably.

4 From: http://www.wbcsd.ch/templates/TemplateWBCSD1/layout.asp?type=p&MenuId=MTUx
3. COMMON CHARACTERISTICS OF SUSTAINABLE FINANCE BEST PRACTICES AND INNOVATIONS

A review of the sustainability products, services and programmes of the international best practice sustainability finance institutions and initiatives demonstrates some or all of the following characteristics:

COMMON THEMES

Embedding CSR: Many companies report on their governance and management systems and processes to embed CSR or sustainability throughout the company, including:

- Board-approved mission and values statements that incorporate sustainability. Some FIs take the view that CSR will contribute to long-term shareholder value; others commit their organization to using financial services to contribute to sustainable development; and the sole purpose of a third group is to aid sustainability through finance.

- Establishment of CSR board committees and governance frameworks.

- Shift to thinking about CSR as a business strategy or opportunity. Many companies describe a process of moving away from a compliance and risk minimization orientation to identification of new business opportunities and win-win solutions that benefit the company and the environment/society.

- Designation of senior management responsibility for CSR, appointment of CSR staff, establishment of CSR units and cross-department CSR teams and working groups.

- CSR staff training and development of CSR awareness in leaders.

- Incorporating CSR into performance contracts, job descriptions and incentive pay.

- Secondment, including long-term secondment programs, and volunteering are used for employee personal and professional development and managed as an HR program.

- Publication of sustainability reports which report on the sustainability performance across entire operations, often following Global Reporting Initiative guidelines (the emergent international CSR reporting standard), with independent verification of reports and external commentary.

- Target setting and reporting in environmental and social performance areas. Carbon-neutral targets are becoming common.

- Development of sustainability purchasing guidelines to screen suppliers.

- Development of sustainability oriented risk management policies and procedures.

- Internal ecology programs which minimize resource use or provide compensation for negative environmental impacts through offsets.
From this list of CSR management initiatives, it is clear that best practice companies are both managing their CSR and incorporating their CSR commitments into business strategy. Common to all the examples is an effort to set CSR goals, monitor, measure and report on them. Most best practice financial institutions are working to embed their CSR values and objectives throughout their organizations.

**Stakeholder Engagement, Dialogue and Partnerships:** Many companies describe their approach to stakeholder engagement and dialogue, defining stakeholders broadly to include shareholders, staff, customers, community, environment and suppliers, and committing to engagement for the purposes of developing social and environmental policies, partnering for new solutions, providing input into business strategy and resolving issues of public concern on emerging issues.

A number of them have major longterm partnerships with non-governmental organizations (NGOs) and sometimes government to tackle significant and pressing social or environmental issues.

**CSR Branding and Leadership:** Companies seek to be leaders in sustainability, evidenced by the number of “firsts” and branded/signature partnerships, indices, dialogues, university chairs, thought-leader and position papers, principles and other measures to generate CSR brand awareness.

Companies similarly join national and international multi-stakeholder sustainability initiatives to promote CSR in their sector, learn from others in the field, and advance public policy in CSR. Some even support NGOs’ social and environmental advocacy campaigns targeting government or other industry sectors.

**Sustainability Education and Awareness:** Many best practice financial institutions devote resources to research and raise awareness of sustainability issues with their clients, government and the general public.

**CSR Products:** Companies are investing in innovation to expand their sustainability product array and to build sustainability markets. Many are proactively identifying and investing in sustainable sectors and firms with positive sustainability features, while also creating opportunities for consumers to invest in support of sustainability, whether through their deposit accounts or their investments.

To encourage consumer acceptance and reward sustainability behaviour, companies often offer discounted pricing or offset programs. Some common CSR products and services include:

- **Environmental:**
  - Financing of brownfields, renewable energy, organics and water conservation
  - Environmental commodity financing
  - Green building developments
  - SRI (socially responsible investment) funds
  - Environmental advisory services
  - Carbon offsets
  - Environmental risk insurance
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- Environmental deposit accounts
  - Social: Investing in capital gaps in disadvantaged communities and underserved markets
  - Financing for social enterprises, affordable housing, small business development
  - Comprehensive community development services, including specialized non-profit services
  - Micro-credit financing in developing countries
  - SRI funds, including community investment products
  - Social deposit accounts targeted at economic development, child care, etc.

Occasionally these efforts are subsidized through government tax credit schemes and in other instances are motivated by government regulatory programs, such as the Community Reinvestment Act (CRA) in the US.

Another common practice is for financial institutions to develop parallel organizations to pursue their non-banking or unregulated activities. These foundations, centres, non-profits and other subsidiary organizations are often used as research and development venues for the parent company.

All financial institutions are investing in CSR product development in order to align their CSR values with their products and services, build new markets and provide opportunities for their customers to contribute to sustainability. Niche institutions only offer values-based products and services towards achievement of their sustainability missions while mainstream financial institutions are adding a suite of sustainability-oriented financial products and services to their otherwise mainstream product portfolio.

**Generous and Strategic Charity:** Charitable programming within best practice CSR financial institutions is often benchmarked against, and frequently exceeds, national giving standards. Additionally, their charitable investments are frequently aligned with the organization’s business development goals and core competencies, as is evident from the following list of common charitable activities:

- Financial inclusion
- Financial literacy and empowerment
- Urban regeneration
- Non-profit capacity building
- Environmental improvement

Many FIs operate their charitable programs through armslength foundations endowed by the firm and a number also encourage the volunteering efforts of their employees. Affinity partnerships are a common means of supporting charitable organizations, as are efforts to facilitate charitable donations and promote public and employee awareness of community services and volunteer opportunities.
**BEST PRACTICES IN SUSTAINABLE FINANCE**

**CSR Alignment:** Leading SRI fund managers are developing their sustainability programs to be consistent with the high sustainability standards they demand of their investee companies.

**Demographic-driven CSR:** Some companies are endeavouring to orient their CSR programming to demographic changes in society, resulting in a focus on youth, the aged, immigrants and work life balance programs at the worksite and in their consumer products and services.

**CSR Issues:** The most common CSR issues were climate change and social and economic exclusion, with public education and awareness, products, risk management and philanthropy targeted at these issues primarily.

**SPECIFIC THEMES**

Banks, insurance companies and asset management firms had some common practices, as follows:

**Banks**

- Financing and technical assistance to their business and non-profit clients
- Sustainability screens on their loan and investment portfolios
- Non-profit packages, support and assistance
- Sustainability seed capital funds
- Environmental risk management expertise
- Environmental commodity products/intermediation
- Financial education to businesses, students, non-profits, low income individuals and home buyers
- Financing tailored to affordable housing, small business development, social enterprises
- Creating secondary capital markets for highimpact investments
- Smart growth, downtown revitalization and rural financing
- Community investment and conservation deposit products

Of note, there is the emergence of what could evolve into “CSR category killers” – i.e. financial institutions targeted to serve CSR niche sectors such as charitable and non-profit organizations.

**Insurance**

- CSR insurance products
- Proxy voting and active shareholding
- SRI screens
- Eco-portfolios – direct investments in alternatives such as solar energy, recycling, green real estate
- Green property management and property development
- Sustainable investment funds
- Thought leadership – upstream research into emerging risks
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- Collaborations to address public risk areas – health, climate change, etc.
- Integration of sustainability into the claims process
- Public and consumer education about sustainability

Asset Management

- Community development and high social impact investments; urban regeneration/sustainable development investments; investments targeted at small formal and informal companies
- Branded benchmarks and indices
- SRI education of broker community

Diversified Financial Service Providers

- Central sustainability unit to embed CSR across all business units
- Dedicated sustainable development resources and teams in each of their business units
- Groupwide sustainability networks to improve knowledge sharing on sustainability between business units and geographies
- System structure used to cross-sell sustainability products and to replicate best practice

DIFFERENCES

A few key differences can also be identified. Companies differ in terms of their stated motivations for their sustainability initiatives, with some speaking to a belief that a sustainability orientation will enhance longterm growth prospects while others point to the founding sustainability principles on which their firm is based.

Additionally, European organizations have a primary focus on environmental issues while American financial institutions are more focused on community economic development programs. In their CSR reports, European financial institutions profile both the community development achievements of their American banking subsidiaries and their progress in rolling out head office CSR systems and targets across their US subsidiaries.

CONCLUSION

These best practices demonstrate there are a variety of efforts underway in the international financial sector to tackle social and environmental issues locally and on a global scale. The considerable innovation and variation is indicative of the sector’s recent move into the CSR field, relative to some other sectors. Given the stated commitments of the leaders profiled in this report, it can be expected that the coming decade will see considerably more innovation in CSR finance as the sector advances the business model for addressing the systemic social and environmental challenges ahead. Additionally, new entrants will likely arrive on the scene to further raise the sustainability bar across the industry.
APPENDIX

BEST PRACTICES IN SUSTAINABLE FINANCE

A number of financial institutions stand out for the comprehensiveness of their sustainability programs. Many are recipients of national and international sustainability awards, are included in national and international sustainability indices (e.g. Dow Jones Sustainability Index – DJSI)), and participate in national and international business sustainability programs, such as those hosted by the UN, World Business Council on Sustainable Development and others. Non-public financial institutions and those serving regional markets have developed international reputations for sustainability innovation and commitment. The 11 financial institutions profiled below fall into one of these two groups and demonstrate leadership toward achieving sustainability goals. They are organized along business lines, including diversified financial service providers (4), banking (4), insurance (2) and asset management (1) companies, with 4 from the US, 5 from Europe/UK, and 1 each from Australia and Japan.

Another 10 financial organizations are identified as operating unique or comprehensive sustainability initiatives which merit study for the innovation of their approach. They are divided according to whether they serve a mainstream or niche market.

Overall, 8 diversified financial service providers, 8 niche, regional or specialty banks, 3 insurance companies and 2 asset management firms are profiled in this section on best practice sustainability organizations and initiatives.

Information was gleaned for the most part from the most recent published sustainability or CSR reports, reflecting primarily 2003 results.

A. BEST PRACTICE FINANCIAL INSTITUTIONS

DIVERSIFIED FINANCIAL SERVICE PROVIDERS

1. ABN AMRO

www.abnamro.com

ABN AMRO has more than 3,700 branches in over 60 countries and territories, a staff of about 110,000 employees and total assets of EUR 560 billion as of year-end 2003 when it reported a 67.0 % efficiency ratio and an ROE of 28.5%.

The firm defines sustainable development as “living our Corporate Values and Business Principles and meeting the needs of the organization and our stakeholders, thus seeking to protect, sustain and enhance human, natural and financial capital needed in the future.” Its sustainable development efforts are focused on five key themes:

- Being accountable and transparent
- Delivering responsible financial services
- Being a great place to work
BEST PRACTICES IN SUSTAINABLE FINANCE

- Supporting local communities
- Minimizing direct impact on the environment.

The bank’s 2003 report indicates it is committed to promoting sustainable development actively across the industry and in business in general, believing this will help to raise the standards of international business and restore trust among stakeholders.

ABN AMRO manages its sustainability efforts through the following management model:

- At the Group level it has a dedicated sustainable development department located in Group Risk Management, which reports through the Chief Financial Officer. This team acts as a knowledge centre and catalyst for initiatives and the embedding of sustainable development across all of the Business Units. This group-level team is responsible for outlining its Group strategy on sustainable development, sustainability reporting, stakeholder engagement and developing internal understanding and expertise. The team supports the business units in developing sustainable financial products and services, advises on business ethics and policies, and co-operates with other group-level functions such as Corporate Communications, Human Resources, Legal and Compliance and Global Procurement.

- In addition to the Sustainable Development Group, ABN AMRO has established dedicated sustainable development resources and teams in each of its Strategic Business Units (SBUs) including BU Netherlands, North America and Brazil, New Growth Markets, Wholesale Clients, and Private Clients and Asset Management.

- It has a group-wide sustainability network to improve knowledge sharing on sustainability among business units and countries

- Sustainable development objectives have been included in management’s performance contracts.

- In 2004 and 2005, it plans to implement a bank-wide programme aimed at raising staff awareness and building skills related to sustainability.

Stakeholder Dialogue

It has established a set of engagement principles focused on openness and mutual trust, co-operative relationships and constructive exchange of thoughts and ideas as a basis for mutual understanding. Acknowledging that addressing multi-stakeholder interests can pose dilemmas, ABN AMRO reports that it has learned that active engagement with stakeholders can be a rich source of information and understanding: addressing underlying tensions openly can spark creativity to reach balanced solutions for all concerned. It engages with NGOs in the development of social and environmental policies, in partnering for new solutions and in resolving issues of public concern on emerging issues.

Sustainability Products and Services

ABN AMRO’s 2003 report describes its commitment to developing new socially responsible investment products to broaden its product range and offer its customers a wider choice in how they can invest their money. Among the sustainability mutual funds offered by ABN AMRO is
the ABN AMRO Real Microcredito, a unit in Brazil specializing in loans to small formal and informal companies that have trouble accessing traditional financing. As with many other Netherlands-based financial institutions, the bank offers fixed-term, fixed-rate bank bonds for environmentally friendly projects in which loans are offered at below-market interest rates because the investors receive a tax exemption on their green investments. Principal recipients of these green loans are Green Label Greenhouses, sustainable agriculture, sustainable energy and nature conservation projects.

Through its North American Business Unit it provides community groups and local entrepreneurs with financing and technical or organizational assistance so they can provide housing, job opportunities and services to developing communities. In 2003, for example, it committed USD 59.9 million to affordable housing and economic development loans. Through its US subsidiaries, facilitated by government incentives, it has developed risk management expertise in the clean-up and development of underutilized and contaminated properties (“brownfields”). Also in the US it is building branches in strategic locations to reach areas traditionally underserved by banks and teaming up with community-based groups to offer financial literacy training (now over 115 seminars a year). Its US plans include expanding the range of sustainable investment products available to clients; engaging with NGOs on community development, green buildings and supplier diversity; and educating employees, clients and the marketplace about sustainable development.

ABN AMRO’s Wholesale Clients unit, which offers corporate and investment banking services, is developing the following:

- Sustainability-related hedging and risk management solutions reflecting the demand among corporate and institutional investors for climate-change related products.
- Structured finance products for greenfield and brownfield projects, particularly in emerging economies.
- Further advisory and funding opportunities in renewable energy and waste treatment.

The bank’s Private Clients and Asset Management unit has a number of sustainability initiatives underway, including the implementation of a management information system to monitor the corporate social responsibility of companies whose securities are held in their clients’ portfolios.

Through its global leadership development programme, “Velocity”, it is focusing on ways to live its business values and principles, among other aims. Over 1,300 current and future leaders participated in Velocity workshops in 2003, discussing ways to recognize behaviour that leads not just to good financial performance, but to outstanding non-financial results as well, whether long-term customer satisfaction, protecting the planet, building sustainable value or exercising outstanding leadership. The Velocity workshops were made carbon-neutral through a partnership with Future Forests in the UK, which offset the carbon emissions associated with session attendance.

ABN AMRO has commitments to increase the development of bank products addressing environmental, social and ethical issues in 2004/05.
In-House Environmental Programs

The bank reports on a number of environmental achievements and future goals, among which is a 2006 goal to improve energy efficiency by 25% and a 100% waste re-use/recycle/waste-to-energy target. It has set a 2005 target for reaching 100% green energy usage in buildings it owns.

Brazil is the site of a unique Eco-Efficiency Programme, a recycling program where clients also bring their recyclable waste to the branches. Beyond the immediate environmental benefits, this programme also supports and strengthens recycling co-operatives made up of poorer people in Brazil.

It is working on a formal Group Policy for procurement that integrates social and environmental criteria and is working with NGOs on water quality habitat improvement and public education around environmental issues.

2. CO-OPERATIVE FINANCIAL SERVICES

www.cis.co.uk  
www.co-operativebank.co.uk

Co-operative Financial Services (CFS) was formed in April 2002 to bring together The Co-operative Bank, Co-operative Insurance Society (CIS) and “smile” – an internet bank – under common leadership. CFS is part of the Co-operative Group, which is one of the largest consumer-owned businesses in the world. CFS is one of the largest financial services organizations in the UK with more than 7 million customers and over £33.6 billion in assets.

In 2003 Co-operative Bank achieved a profit before tax of £130.1 million; its ROE after tax was 17.6% on £9,478 million in assets. The 2003 efficiency ratio stood at 61.5%, with 4,310 staff. CIS generated a pre-tax profit of £134.6 million in 2003 on total assets under management of roughly £24 billion. Across all companies, there are over 15,000 staff.

The Co-operative Bank

Ethical Policy

In the early nineties the bank discovered a significant number of customers were attracted to the bank because of its deemed ethical orientation. Subsequently, The Co-op Bank developed an Ethical Stance based on extensive consultation with customers, a policy that reflects customers’ ethical concerns about how their money should and should not be invested. The Ethical Policy has also come to inform the bank’s choice of partners and suppliers and is used in the identification of public issue campaigns for the bank to support. The policy covers Human Rights, the Arms Trade, Corporate Responsibility and Global Trade, Genetic Modification, Social Enterprise, Ecological Impact and Animal Welfare.

Regularly conducted research shows that the bank’s ethical positioning has contributed to its profitability. In 2003, 30% of bank profits were attributed to customers who cite ethics as an important factor in their relationship with the bank.
Covering all of the bank’s assets (e.g. retail and syndicated loans and corporate leasing) and liabilities (e.g. retail deposits and savings and treasury dealings) and the investment of retained balances, the Ethical Policy is used to guide the bank in choosing whom to finance. The bank provides an annual breakdown of instances where business has been declined as a result of its Ethical Policy and an analysis of the extent to which the bank’s products and services support organizations that, in the bank’s view, make a particularly positive contribution to society. Analysis shows that, on average during 2003, 47% of the bank’s deposits and 24% of its lending balances were derived from activities that had a distinct co-operative, ethical or sustainability purpose.

During 2003 the bank’s Ethical Policy Unit reviewed 225 potentially problematic financial opportunities. Of these, 20% were found to be in conflict with the Ethical Policy and the business opportunity was declined. The estimated annualized gross income foregone in 2003 for ethical reasons was £6,887,000 in 2003.

**Ethical and Ecological Products and Services**

The following are a few products and services indicative of the social and ecological product array offered by the bank:

- A range of affinity Visa credit cards is offered in which affinity partners receive a donation from the bank for each new card and a margin on the use of the card.
- “Community Directplus” is a telephone and internet-based account designed to provide banking solutions to community organizations. Community groups do not pay a monthly service charge or any fees for credits and debits and are not charged for cheque-writing. A small fund is also available for Community Directplus customers to apply for donations. Charitable donations are made by the bank in relation to the size of total credit balances: 10 p for every £100 of new to bank balances.
- A Community Umbrella Guarantee Scheme is available for organizations grant-funded by local government who experience cash-flow problems awaiting their next round of funding. Under the Scheme, a bank account with overdraft facilities is set up with the local government providing a guarantee for monies pending.
- The bank donates 1.25 p per £100 spent by personal customers on the bank’s credit and debit cards and by business customers on the bank’s Business Visa card to its “Customers Who Care” Campaigns. Recent campaigns include a campaign on cluster bombs and a Safer Chemicals campaign with World Wildlife Fund which calls for persistent and bio-accumulative chemicals to be phased out and replaced with safer alternatives.
- Customers are offered a free Home Energy Rating on all house purchases, enabling them to better understand how energy efficient a property is and how to make improvements. Additionally, all of the bank’s mortgages include carbon offset features. Every year that a customer holds a mortgage the bank offsets a fifth of the carbon dioxide emissions arising from a typical household’s energy consumption. Following customer consultation, 2003 offset monies were used for reforestation in Uganda, a Bangladesh project which trains local people to build energy efficient stoves and a Bulgaria project supporting micro-hydro electricity generation.
• Low-interest solar loans are offered to homeowners through a UK environmental charity which provides assistance in the installation of solar electric and hot water systems.
• The bank re-launched its personal car finance loan with a new package of benefits. For each car loan taken out, the bank offsets a fifth of a typical car’s annual CO2 emissions for the lifetime of the loan. The car loan welcome pack includes information on greener motoring, including advice on buying a new car and fuel-efficient driving tips.
• The bank set up an in-house Ecology Unit in 1994 that has since developed a range of financial products for environmental businesses and organizations. Its products and services include:
  o Preferential banking rates for businesses investing in or providing environmental solutions, including lower banking charges, cheaper borrowing, higher returns on deposits and specialist financial advice.
  o The Greenlease Asset Finance package which helps businesses to invest in environmental technologies.
• The bank launched the National Centre for Business and Sustainability in 1995 to provide business clients advice on a wide range of sustainability issues. Today it functions as a partnership between the bank and four local universities, drawing upon the ecological and ethical policies of the bank and the technical expertise available from the four universities.

Social Inclusion

The bank discloses its small business financing in deprived areas and benchmarks its performance against the “Industry Average”, finding itself ahead of the industry average in 2003. The bank has developed partnerships with a number of Community Development Finance Initiatives (CDFIs) which provide capital and support to enable individuals or organizations to develop and create wealth in disadvantaged communities or under-served markets. The bank provided loans of £2 million to CDFIs in 2003, less than 1% of its overall bank business loans and advances, but believed to be the largest CDFI commitment of any UK retail bank.

Of note, future targets for 2004 included:

• work with national and regional partners to assist in the development of a unified support network for social enterprises; and
• exploration of the impact of financial capability and low income on consumers’ ability to access credit.

Co-operative Movement

The bank has a fee-free banking package for co-operatives – Co-operatives Directplus – with key features including: free banking, credit interest on balances above £2,000 and an annual donation to Co-operative Action, an organization that provides grants and loans to encourage communities to develop co-operative, mutual or social enterprise solutions to the challenges they face. The account also offers co-operative members discounted arrangement fees and flexible repayment facilities for business loans. The bank has provided considerable financial and other support to Co-operative Action.
The bank’s Head of Co-operative and Sector Development participates in the Co-operatives New Ventures Panel, which seeks to identify new areas for co-operative endeavour. The bank leads 2 of the 4 work streams: initiatives on long-term finance for co-operatives and student housing co-operatives.

In 2003, the bank sponsored the Upstarts Awards, hosted by New Statesman magazine, which celebrated the achievements of the UK’s growing number of businesses aiming to advance social, as well as economic, goals.

**Influence and Action**

The bank proactively supports or initiates public interest campaigns that are consistent with its Ethical Policy. In 2003, for example, it launched a Conflict Diamonds Campaign in partnership with Amnesty International and others in recognition that illicit trade in diamonds from conflict zones has fuelled many conflicts and civil wars in Africa. After years of campaigning, the diamond industry has established the Kimberley Process which seeks to identify and curtail the trade in “conflict” diamonds. Via a “Diamond Pledge”, public support was sought for monitoring of the Kimberley Process. Some 7,000 individuals registered their support, many through The Co-op Bank’s website.

The bank also campaigned with, and provided financial support for, Landmine Action to secure an international agreement to make users of cluster bombs and other explosive remnants of war responsible for clearance once a conflict was ended.

In an effort to draw attention to the burgeoning UK ethical consumer market, the bank produces an annual Ethical Consumerism Report and updates its Ethical Purchasing Index, which records the sales of ethically based goods and services, based on a consumer behaviour survey. The 2003 report reveals that recorded sales of ethical goods grew by 13% in 2002, at a time when the UK economy grew by just 1.7%. The report also showed that boycotts by ethically motivated consumers are costing well-known brands £2.6 billion a year.

**Co-operative Insurance Services (CIS)**

CIS is a recognized UK leader in the field of Socially Responsible Investment, and in 2002 was the first UK institutional investor to publish its entire proxy voting record on its website.

CIS has had a Responsible Shareholding approach since 1999. The approach is based on engagement with the companies in which shares are held to seek improvements in financial and social, ethical and environmental performance. In 2003, CIS engaged with 44 companies on a number of ethical and sustainability issues, including deforestation in Indonesia; corporate operations in Burma where political and human rights issues are of concern; high interest rates for low-income homebuyers; poverty and poor labour standards among cocoa farmers in developing countries; the potential for revenues from oil, gas and mining companies to contribute to corruption, conflict and poverty in developing countries; and the impact of patent protection and pricing policies on developing countries’ access to crucial medicines. CIS chairs the

CIS is currently seeking customer input in the development of its first Ethical Policy, which will guide CIS's responsible investment practices across its entire portfolio and all asset classes – shares, bonds and property. The policy will include a commitment from CIS to use its influence via the shareholdings owned on behalf of its policy and unit holders for the benefit of customers and society alike; for example, it will challenge organizations that have negative impacts on society or the environment and encourage companies to adopt socially and environmentally responsible practices.

**Ethical and Ecological Products and Services**

The following are some of the more recent products and initiatives in support of CIS’s sustainability objectives:

- CIS has affinity relationships with charities in the promotion of its motor and home insurance. The charities receive a contribution of £20 for each policy sold to their supporters.
- In 2003, CIS launched a FTSE4Good Tracker Unit Trust – a unit trust fund which “tracks” the FTSE4Good UK index. (To be eligible for inclusion in the FTSE4Good index series, companies need to meet prescribed standards in the areas of environmental sustainability, human rights and stakeholder relations.)
- CIS has recently launched the Sustainable Leaders Trust, an investment portfolio that invests in companies:
  - meeting the needs of the present without compromising the needs of the future;
  - seeking to secure higher standards of living, now and for the future;
  - protecting and enhancing the environment; and
  - making a positive contribution towards society.
- CIS offers a Co-operative Funeralcare Pre-Payment Plan through its financial advisors. The offer includes a range of options, designed for customers wishing to make detailed plans for their funerals.
- CIS has plans to explore the feasibility of developing an ecologically conscious motor insurance product.

**Co-operative Financial Services Group**

The following are some group-wide initiatives in support of the Group’s objective to be amongst the most socially responsible businesses in the world. Many of these initiatives are managed by the 12 staff housed within the company’s Sustainable Development group:

**Environment**
CFS’s approach to ecological sustainability is guided by its view that there are physical limits to the resources of the earth, both in terms of generating materials and absorbing wastes. Any business activity that exceeds Nature’s non-negotiable limits is, by definition, unsustainable in the medium to long term. CFS’s Sustainable Development Policy has been heavily influenced by an approach called The Natural Step from which it derived this policy.

Consistent with this approach to sustainability, CFS has been working to reduce its environmental footprint over the past number of years with the following progress:

- 97% of CFS electricity is from renewable sources.
- CO2 emissions per customer account have decreased by 91% from 1997 to 2003.
- The bank has planted 48.5 hectares in the bank’s community woodlands since 1997.
- In 2003, the bank offset 17,131 tonnes of CO2 on behalf of its mortgage customers via Climate Care.
- In 2003, CIS became the first institutional property investor to transfer all contracts for its investment property portfolio to green electricity.
- All credit and debit cards are PVC-free. (When burned, PVC releases toxic chemicals including dioxins which can build up over time in the bodies of living things and contribute to problems in development, reproduction, growth and behaviour.)
- Designated bank and insurance supplier contracts have been screened against a range of toxic chemicals.
- During 2003 CFS established that the majority of its diesel van fleet could be converted to run on biodiesel. A project was planned for 2004 to assess the feasibility of locating biodiesel filling tanks at selected main offices.
- The total area of land subject to biodiversity enhancement as a result of bank donations is 43 times greater than the land footprint occupied by CFS.

**Ethical and Sustainable Purchasing**

CFS implemented a new Sustainable Procurement and Supplier Policy in 2003, setting out the criteria for the ethical and sustainability screening of suppliers and products. The new policy moves the organization beyond compliance of suppliers with the bank’s Ethical Policy and toward the identification of products and services with positive ethical or sustainability features.

**3. RABOBBANK GROUP**

[www.rabobankgroep.nl](http://www.rabobankgroep.nl)

Rabobank started out as a rural credit co-operative in Holland in the nineteenth century and has since evolved into an extensive financial group, today owned by approximately 328 local banks that provide financial services and products to the Dutch retail and business markets. The collection of these banks, together with Rabobank Nederland and a number of subsidiaries, forms the Rabobank Group which also provides insurance, asset management and investment, venture capital, mortgage finance, leasing and real estate.

In its Dutch home market, Rabobank Group has 1.3 million members, 9 million business and private customers and is a market leader in most areas of financial services.
Outside the Netherlands, the Group has 222 offices, employing a total of 6,532 people in 34 countries.

In 2003, while Rabobank’s efficiency ratio came in at 67.6% and return on equity 9.4%, Rabobank was also assessed as the most socially responsible bank in Europe, by the rating agency Sustainable Asset Management (SAM) Group, ranking second in the world after Westpac in Australia.

The Group’s main concern “is to develop and offer financial services and products which can encourage socially desirable developments leading towards a more sustainable world.”

Rabobank established its sustainable development corporate group in 1998 and in 1999 it included sustainability in its mission statement and code of conduct. In 2000, it rolled out sustainability training to employees in local Rabobanks.

**Stakeholder Dialogue**

Rabobank facilitates stakeholder dialogue through its extensive local bank network wherein members of local Rabobanks have a voice in the decisions of the national organization. Additionally, in 2003 Rabobank Group held a consultation with 15 stakeholder groups, including trade unions and environment, development co-operation and human rights groups. These stakeholders shared their opinions of the bank’s sustainability report and policies and their input co-determined the bank’s sustainability priorities for 2004: sustainability innovation (extension of the range of financial services and products geared to sustainability), increased volume of sustainable products and services, and the inclusion of social criteria in credit lending.

Rabobank also participates in international discussions on ethics and sustainability issues, such as the Sustainable Palm Oil Round Table and the Roundtable on Human Rights. It also publishes position papers targeted at opinion leaders, providing its views on different sustainability issues which impact the Group.

In 2003, over 100,000 of the bank’s 1.36 million members took part in a number of consultations including focus groups, youth councils, panels and general meetings. That year considerable effort went into forming “communities” – dialogues with and between members and customers who have the same interests and concerns. The bank’s book “New Links” documents hundreds of examples of communities initiated by the bank such as business clubs for young entrepreneurs and female entrepreneurs, young persons’ committees, and platforms for senior citizens, arts and culture, diversity, ethical business, innovation and quality of life.

Finally, the bank actively uses the internet in its stakeholder dialogue efforts, including a platform for agricultural entrepreneurs and another for account-holding youth between 12 and 18 years. In the latter, an email newsletter and website provide young people with information, advice and “fun” on the subject of earning, managing and spending money.

**Internal Operations**

Rabobank Group is committed to ensuring its own business operations are sustainable. In the coming years, all Group members are expected to set, monitor and report on goals regarding their in-house environmental management. Rabobank Group has identified three areas of priority:
BEST PRACTICES IN SUSTAINABLE FINANCE

- Minimizing the consumption of raw materials – e.g. reducing the consumption of energy, paper and water in particular, and minimizing the use of road transport and air travel;
- Choosing from processes and products which have the lowest possible impact on the environment; and
- Compensating inevitable negative environmental impacts.

The Group has commitments to convert to 100% green electricity generated by wind turbines financed by the bank. They have also set a target of a minimum 10% reduction in the amount of paper used by Rabobank Nederland.

Sustainable Products and Services

Rabobank Group, committed as it is to using financial services to contribute to sustainable development, has identified the following sustainability markets as key opportunities: sustainable agriculture, climate change and renewable energy, sustainable asset management, sustainable water management and trading with developing countries. It plans to further explore these opportunities in the coming years in addition to offering a range of sustainability products and services, including:

**Rabo Green Bonds:** Lower interest financing is provided to green projects relating to sustainable innovations in business processes, including agrification, organic agriculture, sustainable construction, sustainable energy from wind, water, sun and biomass, green financing in the health sector and other sorts of environmentally friendly investments.

**Rabo Innovation Capital Fund:** This seed capital fund provides small-scale, sustainable innovative projects in the start-up phase with risk-bearing capital. An example is a Dutch company that produces fowl machinery for the poultry sector to ensure better animal health and lower costs.

**Money Meets Ideas:** This informal investment service, aimed mainly at sustainable and socially responsible businesses, capitalizes on the Group’s extensive network to put investors and entrepreneurs in touch with each other in order to facilitate direct investment.

**Environmental Commodity Products:** In 2003, the Rabobank Group acquired a 50% share in the new electronic trading platform New Values, where market players can trade new negotiable papers or 'environmental commodities'. New Values facilitates 3 trading portals: EExchange (Environmental Emission Exchange) for the trade in NOx emission rights; CertiChange for the trade in Certificates of Origin (COO) and European Renewable Energy Certificates (RECS); and Climex (European Climate Exchange) for the trade in CO2 emission rights worldwide.

**Rabo International Advisory Services:** A professional advisory body of the Rabobank Group, RIAS was established to capitalize on Rabobank’s expertise in finance, co-operative development and agri-business in emerging markets and developing countries. RIAS’s efforts are directed at promoting access to finance for rural development and to combating poverty. It operates on a budget-neutral basis.

The bank also offers specialized services for target groups, for example, services that help people to deal with their banking themselves for as long as possible without having to rely on anyone
else. To that end, the bank offers a number of tailored services and solutions for the elderly and less able-bodied, whether living independently or in care homes.

**Insurance**

With its Code of Conduct for Insurers, Interpolis, Rabo’s insurance subsidiary, is encouraging the integration of CSR into its existing core processes while looking for opportunities to launch CSR oriented products, such as 2 launched in 2003: a funeral insurance policy for those with mental disabilities, and hepatitis B coverage of occupational disability insurance for medical practitioners. Plans for 2004 include business unit reporting on CSR and creation of an in-house ethics committee with a broad CSR mandate.

**Rabobank Foundation**

The goal of the Rabobank Foundation is to contribute to the humanization of society and to an equitable distribution of welfare and prosperity. In the Netherlands this is achieved by providing financial support to disadvantaged groups; the focus outside the Netherlands is on support for people who lack access to financial services. The Foundation is capitalized partly by the local Rabobanks through a percentage of their net profits, which is then matched by the central bank.

Rabobank further contributes to social development through its social secondment program for older employees. Those over 50 are given the opportunity of exploring new working arrangements through secondments to social organizations. The bank also offers younger Rabo employees the opportunity to participate in bank-sponsored projects in developing countries.

4. **WESTPAC BANKING CORPORATION**


The oldest company in Australia, Westpac had net profit after tax of $2.5 billion (AU) in 2004, up 16% over the previous year. Its 2004 ROE was 19.9% on assets of $245 billion. Its 2004 efficiency ratio is posted at 49.2%. With operations in Australia, New Zealand, New York, London and Asia, Westpac has 27,000 staff. It is considered by many to be a global financial leader in corporate responsibility and sustainability, and was ranked number 1 in the global banking sector for the third year in a row by DJSI, a world-wide index that ranks corporations according to their sustainability performance. Westpac believes that its corporate responsibility practices are central to its longterm resilience and earnings sustainability. It believes that stakeholder engagement must produce real learning and innovation in order to effectively drive changes in the way they operate, which is why it has established a formal stakeholder engagement framework – to ensure that stakeholder feedback is built into its core decision-making processes. Believing that it has to provide staff real incentives to pursue responsible and sustainable business outcomes through their performance planning and objectivesetting processes, it has built corporate responsibility objectives into its balanced scorecard approach to performance management. The Westpac Vision is to be a great Australasian company, including a good corporate citizen. One of its 4 core objectives is to “maintain a leadership position in corporate responsibility”. In its reporting it follows a number of CSR and sustainability banking
frameworks, including GRI, EPI- and SPI-Finance and VfU as a means of measuring and reporting on its direct social and environmental impacts.\(^5\)

**Stakeholder Dialogue**

In 2003, the bank formalized its stakeholder engagement framework as follows:

Two standing advisory groups have been established:

- The Community Consultative Council comprises representatives from key stakeholder groups, including government, community sectors, consumer advocacy, environmental, indigenous and disability groups, and trade union representatives. They meet annually at the CEO level, with ongoing dialogue at the practitioner level on specific issues and programs.

- The Internal Sustainability Council, the second advisory committee, is a future-focused group of key internal influencers, with responsibility for embedding CSR into the company.

These advisory groups are supported by issue-specific groups to advance CSR in 4 key areas – the workplace, suppliers, social issues and the environment.

The Board’s Social Responsibility Committee maintains board-level stewardship of the responsibility and sustainability agenda. Specifically, the purpose of the board’s Social Responsibility Committee is to foster Westpac’s commitment to operate its business in a responsible manner consistent with the evolving needs of society. The Committee’s mandate includes:

- Reviewing the social, environmental and ethical impacts of Westpac’s activities;
- Setting standards for Westpac’s corporate responsibility policies and practices;
- Overseeing initiatives to enhance Westpac’s reputation as a socially responsible corporate citizen;
- Monitoring compliance with Westpac’s published corporate responsibility policies and practices;
- Ensuring there is effective monitoring and oversight of Westpac’s reputation risks; and
- Reviewing and approving the annual Stakeholder Impact Report.

**Employee Experience**

Westpac believes its employees’ feelings about working for Westpac and motivations for their efforts at work are a vital part of its corporate responsibility program. It has pursued a number of initiatives to assess how well its workplace practices promote responsible social, ethical and environmental behaviours and outcomes. Among its efforts has been a focus on ensuring a diverse workplace, work and life balance, training, learning and development, and remuneration fostering sustainability. Recognizing that age management is a new and complex challenge, they have developed an Age Balance Strategy, with a target to recruit 900 mature age staff by 2005.

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\(^5\) These standards are listed and described in “Sustainable Finance: A Study of Best Practices, Standards and Trends in Corporate Social Responsibility” available from [www.corostrandberg.com](http://www.corostrandberg.com)
They track and report on employee morale and satisfaction, staff overtime, women in management, male/female salary comparisons, and use of Westpac child care centres, among other employee measures.

Financial Inclusion and Dealing with Financial Hardship

Westpac provides a number of products for low-income and vulnerable members of the community and community organizations. Last year Westpac released a package of discounted banking solutions for non-profit organizations called Community Solutions, which includes a fee-free chequing account, discounted business credit cards and merchant services. To complement this suite of products it also developed a free Guide for Community Treasurers providing advice to non-profit financial officers on how to run an efficient and financially successful community organization.

Recognizing that for many customers financial hardship is sometimes due to circumstances beyond the control of individual customers, it has a special team within its Collections Department that assists customers in difficult circumstances by negotiating altered payment terms. It hosts Financial Awareness workshops for students with tools to apply critical thinking to their financial decisions.

It runs a Beyond Survival business workshop to help small business improve their bottom line and in 2004 tailored the workshop to women business owners and managers across Australia.

In 2003, it was the principal sponsor of a national study on entrepreneurship and has since been following up on some of the major findings of the report, primarily the difficulties that Australian entrepreneurs face in accessing capital for new ventures. For example, credit checks for business finance were making it difficult for start-up ventures to access credit, requiring 2 years worth of financial records before approving applications. Last year Westpac developed “Five-for-five”, a simplified credit policy that allows existing personal customers to attain a business card with a $5,000 limit through the completion of a 5-point checklist only, using the customer’s personal history as a proxy for their expected business behaviour.

In its stakeholder impact report it provides performance reports on low-income access, affordability of transaction services and business lending with high social benefit, among other financial inclusion indicators.

Environment

On the environmental front, it has implemented specific environmental objectives and targets based on the international standard ISO 14001 (an environmental management system performance standard), and established an Environmental Advisory Group which is switching their strategic focus from risk minimization to the identification of new business opportunities. It supports biodiversity efforts through its employee involvement program, “Operation Backyard”, and has $31.4 AU million in assets under green management. It is also focused on water management and climate change issues, working in partnership with government and other businesses to provide financial services and advice on initiatives that reduce greenhouse gas emissions and enhance water conservation.
Community and Human Rights

Westpac maintains a commitment of 1% of pre-tax profits for community programs, and offers Community Volunteering Days to its staff, providing an annual entitlement of a paid day’s leave for volunteering in the community. It offers 2 capacity-building courses, a financial training workshop tailored to non-profit business leaders and a 20% discount for non-profits attending the Beyond Survival small business workshops. It has an internal Financial Literacy Working Group responsible for rolling out its Financial First Steps program to build basic money management skills among employees and in the wider community. It sees its main responsibilities with regard to human rights to lie in a number of critical areas such as employee rights, the right of vulnerable and disadvantaged members of the community to access finance, indigenous rights, effective corporate governance and the risk of human rights violations within its supply chain.

Sustainable Supply Chain Management

Westpac developed a Sustainable Supply Chain Management Policy and Guidance Notes in 2003; to date 62% of its total supplier spending has been assessed against social, ethical and environmental criteria. It is currently focused on working collaboratively with existing suppliers to tackle identified gaps in performance and has a target to ensure that its top 100 suppliers are screened at all times for their social, ethical and environmental performance.

BANKS AND CREDIT UNIONS

5. SELF-HELP CREDIT UNION

http://www.self-help.org

Self-Help, based in and primarily serving North Carolina, is a community development credit union that has provided over USD 3.8 billion in financing to 40,000 home buyers, small businesses and non-profits since its founding in 1980. The Center for Community Self-Help and its financing affiliates, Self-Help Credit Union and Self-Help Ventures Fund, with a total staff complement of 200, comprise one of the US’s leading community development financial institutions (CDFIs) whose mission is to create ownership and economic opportunities for minorities, women, rural residents, and low-wealth families. With assets of over USD1 billion in 2003 and a net income of USD18 million, these organizations have together earned Self-Help the title as one of America’s 20 most socially entrepreneurrial organizations by FAST COMPANY magazine in 2004

Center for Community Self-Help (1980)

The Center is a non-profit organization that develops and coordinates Self-Help's programs, raises resources, and advocates for economic opportunity.
Self-Help Credit Union (1984)

The Credit Union is a federally insured, state-chartered credit union with 2003 assets of USD 175 million and an efficiency ratio of 39% in 2004. It raises market rate deposits from members to make commercial and home loans. Its members include non-profit and religious organizations and other socially-responsible individuals and institutions.


The Ventures Fund is a non-profit organization funded with loans and grants from foundations, religious organizations, corporations and government sources. It manages Self-Help's higher-risk business loans, real estate development and home loan secondary market programs. Its 2003 assets were USD 750 million.

In 2002, Self-Help created the Center for Responsible Lending, a national non-profit, non-partisan research and policy affiliate. CRL is dedicated to protecting home ownership and family wealth by working to eliminate abusive financial practices. To date, CRL’s work has saved American families USD 3.6 billion in costs that would have stripped equity from their homes.

Self-Help runs a number of programs to support affordable home ownership, community facilities, small business lending, real estate development and sustainable development lending, a sampling of which follows.

Affordable Home Ownership

In 2003, Self-Help made over 370 loans totaling USD 31 million to help North Carolina families achieve homeownership, a strategic path towards building wealth and, for Latino and immigrant families, an avenue to gain familiarity and experience with financial and social systems in the US. 2003 home lending financing helped the following target groups:

- 88% to minority families
- 29% to rural families
- 22% to female-headed households
- 95% to first-time homebuyers.

It also financed USD 1 billion of loans in its national secondary market home loan program, Community Advantage. Through this program, Self-Help bundles, purchases and monitors groups of nonstandard loans, freeing up capital so that traditional financial institutions can expand their lending to low and moderate-income borrowers.

Supporting Community Facilities
The Community Facilities Fund provides loans and technical assistance to non-profit and human services organizations. Its lending to child care providers is recognized as a national model, and it provides financing for charter schools, supportive housing and community-based health care facilities.

Since the establishment of the Fund, Self-Help has provided USD 92 million to over 550 non-profits and human service providers, creating or maintaining:

- 20,000 child care spaces
- 9,370 charter school spaces
- 520 supportive housing spaces
- More than 5,800 jobs

**Small Business Lending**

Since 1980, Self-Help has made USD 195 million in loans to more than 2,340 small businesses. The bulk of its lending is for small businesses with micro-loans of $35,000 or less. These loans created or maintained over 16,000 jobs. Self-Help’s tracking has revealed that:

- 48% of loans went to minority-owned businesses
- 46% went to businesses in rural areas
- 50% went to women-owned businesses.

**Sustainable Development Lending**

Since 1988, Self-Help has provided financing (USD 120 million) and technical assistance to over 315 environmental businesses, including companies in the fields of recycling, organic farming, environmental equipment/services, eco-tourism and local crafts. This has created or retained 6,200 jobs. Today, it provides loans and technical assistance to firms in 7 economic sectors that promote sustainable development:

- Recycling
- Eco-tourism
- Green retail
- Environmental technology
- Sustainable forestry/wood products
- Solar and renewable energy
- Sustainable agriculture

In 2004, it financed 83 sustainable development loans for USD 32 million, an increase from 75 loans for USD 24 million in 2003, and representing 55% of total commercial loan dollars for the year.
Self-Help has expanded its sustainable development efforts over the past few years in the last 3 sectors referenced above, investing in capital gaps in these sectors, conducting outreach to start-up businesses and networking with industry organizations. Self-Help administers the North Carolina Recycling Loan Fund in partnership with the state and federal governments.

Self-Help’s approach to sustainable development extends beyond commercial lending. It also supports local sustainability through efforts to revitalize downtowns, brownfields, and traditional urban neighborhoods, thus bringing back areas that are central, walkable and transit-rich. It has invested USD 17 million to renovate approximately 500,000 square feet of real estate in 9 North Carolina downtown centers.

It has also begun exploring new products, policy advocacy and evaluation work related to “Smart Growth”. Smart Growth is a national grassroots movement to support more compact development patterns, and serves as a model for more sustainable cities and rural areas. Self-Help is engaging Smart Growth thinking through new capital tools for inner city reinvestment, such as a deferred loan/equity fund. It is an active member of the North Carolina Smart Growth Coalition, as well as other regional anti-sprawl groups. It has also begun to target its loan capital more carefully to businesses in urban centres and distressed older neighbourhoods. In rural areas it is building alliances to deliver more financing to the main streets of small towns, helping to preserve rural heritage and offering alternatives to rural sprawl.

**Deposit Products**

Self-Help Credit Union also offers its customers deposit accounts that invest in economic development, child care centres and environmental businesses. The latter 2 (Child Care and Environmental Certificates of Deposit) offer market rates, while Economic Development Deposits offer a lower interest rate, between 0% and 0.5%, selected by the consumer. With this funding, Self-Help increases its outreach to borrowers and helps more low-wealth families to economic opportunity.

The Self-Help group follows a largely self-supporting model; it receives limited foundation and government grants for new initiatives, research projects and credit enhancements.

**6. SHOREBANK**

[http://www.shorebankcorp.com](http://www.shorebankcorp.com)

Since its founding in 1973, ShoreBank has been increasing economic opportunities in underserved urban and rural communities. As the oldest and largest community development bank in the US, ShoreBank has invested nearly USD 2 billion in its priority communities, which are those traditionally underserved by other banks, and in minority-owned companies. It has financed the unsubsidized renovation or purchase of more than 43,000 affordable housing residences and has invested USD 400 million in small businesses since its inception.

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6 The following description of Shorebank is adapted from Chapter 8 of the book by Deb Abbey “Global Profit and Global Justice: Using Your Money to Change the World”. Chapter 8 “Community Investing: Acting Globally and Locally” was written by Coro Strandberg.
ShoreBank started out in Chicago’s South Shore neighborhood, providing banking services in areas avoided by traditional banks. In order to attract capital the neighbourhood needed, the bank created Development Deposits for people who wanted to invest their savings for community development while still earning a competitive rate. By this means, ShoreBank reversed the normal flow of capital out of a low-income neighborhood and provided the means to power its regeneration. It has grown to include commercial bank operations in Ohio, Illinois, Michigan and the Pacific Northwest. Its priority communities (i.e. designated communities where ShoreBank focuses its resources to achieve impact) include 22 neighborhoods on Chicago’s South and West sides Detroit's East Side, 8 neighbourhoods on Cleveland's East Side, Michigan's Upper Peninsula, western Washington and Oregon. With 2004 overall consolidated assets of USD 1.5 billion, ShoreBank also operates several non-bank companies to support ShoreBank’s mission to build strong sustainable communities, protect and restore the environment and help its customers build wealth. Services offered by one or more of these companies include non-traditional and more flexible business loans, financial and homebuyer education, consulting and advisory services for businesses, and workforce development and employment services. ShoreBank offers a number of community investment options to its customers. Over 4,000 individuals, corporations and non-profit organizations have supported ShoreBank’s work by placing deposits in ShoreBank’s banking subsidiaries – USD 385 million at year end 2004. These Development Deposits® and EcoDeposits® are channeled into ShoreBank’s mission-based investments to support its overall community and sustainable development objectives.

**Development Deposits®**

ShoreBank’s Development Deposits® support ShoreBank’s community development work. They offer the same features and market rates as other bank deposits and are equally federally insured. The bank converts these ordinary bank deposits into development loans. It defines "community development investment" as loans made to individuals, non-profits or businesses located in its priority areas; real estate loans made for properties located in priority areas, including the rehabilitation of affordable housing in single- and multi-family residences; loans made to minority-owned companies; down payment assistance grants; and conservation loans. During 2004 ShoreBank placed over USD 350 million in underinvested communities in the US and oversaw the disbursement of another USD 27 million in overseas development. ShoreBank designs, implements, manages and advises loan programs in local banks and loan funds in developing and transitional economies with capital from major financial institutions. This international financing has totaled USD 280 million over the past 15 years.

**EcoDeposits®**

EcoDeposits® mirror Development Deposits®, offering community investors the opportunity of supporting the work of ShoreBank Pacific, the first regulated financial institution in North America dedicated to sustainability-based economic revitalization. ShoreBank Pacific works to fulfill its mission to create a conservation economy in the rainforest of the Pacific Northwest by targeting its lending to local companies that use energy efficiently, work to reduce waste and
pollution and conserve natural resources. At the end of 2004, EcoDeposits® totaled USD 82 million in deposits.

ShoreBank, in all of its locations, has financed more than USD 350 million since 1999 in conservations loans, which create new economic opportunities that also protect the environment and conserve natural resources. Borrowers have used the proceeds to conserve energy, reduce negative environmental impact, produce “green” products and market to “green” consumers, significantly extend the useful life of old buildings and restore abandoned buildings to productive use. The Pacific ShoreBank companies focus on organic farming, environmentally responsible fishing, non-timber forest products, redeveloping contaminated sites and financing green buildings.

ShoreBank Corporation uses a variety of funding to accomplish its triple bottom line, with the bulk of it coming from profits generated through its intermediation role: deposits and loans are at market rates. ShoreBank takes advantage of tax-supported government programs, as do other US banks, while ShoreBank non-profits raise funds from foundations and other philanthropists. Its financial model does not specifically require philanthropic or tax-supported funds to succeed, though effective implementation of its full model requires flexibility and innovation to find and utilize a variety of funding sources, most of which have a strong business basis and performance requirements.

7. TRIODOS BANK

http://www.triodos.co.uk

Triodos Bank is one of Europe’s leading ethical banks. Established in 1980 in The Netherlands, Triodos Bank only finances enterprises that create social, environmental or cultural added value. With 2003 assets of EUR 1.522 billion and over 200 employees, it offers a range of personal savings accounts and full banking services to businesses and charities. It is a public bank with over 70,000 customers and 8,000 shareholders. It has offices in Belgium, The Netherlands and the UK, and an International Development Investment Unit that finances fair trade and micro-credit in developing countries. It opened another office in Spain in 2004. In 2003, Triodos’ net profit after tax rose by 14% to EUR 3.0 million. Its 2003 efficiency ratio came in at 77% with a ROE of 3%.

In its mission to work only with organizations that benefit people and the environment, Triodos provides a social finance product array to customers with diverse social and environmental objectives. Triodos Bank offers savings accounts for those whose principal interest is in social, environmental and cultural renewal and want their money to be invested directly in enterprises that respect the environment and help people to enjoy a decent standard of living. For those who are primarily concerned with investing in solutions to environmental issues, there are green funds such as the Triodos Green Fund in The Netherlands and the Triodos Renewable Energy Fund in the UK. Customers who want to see action taken to close the widening gap between rich and poor can invest with the Triodos Fair Share Fund. People who want listed, multi-national companies to change the way they work can invest in the Triodos Added Value Funds in the Netherlands and the Triodos Values Fund in Belgium. For those who want venture capital returns, the 25 million € Triodos Venture Capital Fund is fully invested in rapidly growing organic food and renewable energy businesses.
In 2003, Triodos made over 3,000 loans to social, environmental and cultural value sectors. Potential borrowers are initially assessed according to the social, environmental or cultural added value that they bring. The financial feasibility of a project is then considered and a decision taken about possible finance. The following sectors receive financing from Triodos:

1. **Nature and Environment (32% of portfolio).** This sector consists of renewable energy projects, including solar, wind and hydroelectric power, organic and biodynamic agriculture companies, and projects along the entire production and marketing chain, from farms to product processors, wholesalers and organic food retailers as well as environmental technology such as recycling companies and conservation projects.

2. **Social Business (20%).** Triodos lends to traditional businesses and to innovative companies providing goods and services that combine economic and significant social goals. Examples include the preservation of traditional skills and accommodation for start-up entrepreneurs. It also provides technical assistance through advisors and accountants with expertise in supporting start-up businesses and social and environmental projects.

3. **Culture and Welfare (45%).** Loans are made to organizations active in education, health care, care for people with physical and learning disabilities, and to individual artists and collectives.

4. **North-South Projects (3%).** Finance is provided for micro-finance institutions in developing countries and for fair-trade initiatives with the South, including fair-trade coffee, cocoa and bananas, developing country and fair-trade shops, and NGOs involved in development co-operation.

Additional sustainable finance initiatives and programs in 2003 include:

- **Sponsorship of a bond issue in 2003 for Golden Lane Housing,** the housing arm of a learning disability charity, Mencap, which raised over £1.7 million. Golden Lane Housing is a charity that provides housing and support for people with learning disabilities. Proceeds from the issue were used to finance new housing.

- **Triodos co-manages the Solar Development Group** which provides finance to small and medium-sized solar energy companies in developing countries. Solar panels are linked to an electronic regulator and a special battery, providing households and small companies without access to an electricity grid with their first supply of clean, self-generated electricity.

- **The Triodos Climate Clearing House** is an independent registration and trading platform for CO2 credits created by sustainable forestry and renewable energy projects, primarily in developing countries. The projects sell CO2 credits, which generate additional income, enabling them to improve their economic viability. CO2 credits are bought by private individuals, organizations and companies to neutralize unavoidable CO2 emissions.
Best Practices in Sustainable Finance

- Triodos is involved in the Business for Climate enterprise, which together with the Multatuli Travel agency, has developed the www.cooldriving.no website. The system allows emissions produced by air and road travel, among other sources, to be compensated online.

- In the 3 countries where Triodos Bank is active, 3 foundations donate funds to support research and development in the sectors where Triodos Bank provides loans.

- Triodos founded the Dutch Sustainability Research Institute, which gathers data on the social and environmental policy of over 2,000 listed companies all over the world. It owns 80% of the Institute and, through this organization, is a partner in the Sustainable Investment Research International (SiRi) group, a coalition of 12 research organizations devoted to the global advancement of social investing and providing research and consulting services for institutional investors.

It is worth noting that Triodos’ non-banking activities are developed in Triodos Holding, a sister company to Triodos Bank. Together they form the Triodos Group.

Triodos Group’s activities are CO2 neutral, achieved by buying CO2 credits from sustainable forestry projects to compensate for the Group’s CO2 emissions.

8. Wainwright Bank & Trust Company

www.wainwrightbank.com

Wainwright Bank, a publicly traded commercial bank founded in 1987, is the 12th largest commercial bank in Massachusetts. With assets of USD 760 million as of year end 2004, it had a 2004 ROE of 11.07%, an efficiency ratio of 69% and was named one of the top 100 performing companies in Massachusetts by the Boston Globe. What these traditional metrics don’t convey is Wainwright’s mission to be a leading socially responsible bank. The Bank's overt progressive agenda includes a commitment to affordable housing, community development, women's rights and the gay and lesbian community. According to its co-chairs, the Bank has attempted to use both its cultural and financial capital to further a vision of a just, tolerant and sustainable society. The bank distinguishes itself from other socially responsible niche banks for its focus on civil liberties and social justice issues, using its resources to identify and champion causes of poverty, homelessness, women’s issues, affordable housing, environment, diversity and non-discrimination. To further its mission to promote social justice, the bank has dedicated itself to support causes and organizations in alignment with its values. Some examples follow:

- Since the bank’s inception, over USD 400 million in community development loans have been committed. Currently, nearly 40% of its commercial loan portfolio goes to socially responsible community development projects. The bank is working to address the need for safe, clean, affordable rental housing in the inner city, not only for low-income residents but for those who are often disenfranchised from the mainstream, including the homeless, the elderly and the mentally disabled. The bank has committed USD 200 million in financing to these and other affordable housing projects in the Greater Boston area. It has financed over 50% of Boston’s housing projects for people living with (USD 12 million of its loan portfolio) and the creation of over 2,000 units of affordable
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and special needs housing in Boston and Cambridge. Wainwright is also a national leader in financing shelters for the homeless. Since 1991, Wainwright has provided over USD 15 million in loans to nationally recognized providers of services for the homeless and the hungry.

- 50% of Wainwright Bank’s directors are minorities or women. Nearly 50% of Wainwright Bank officers are women.

- It provides annual awards (the Wainwright Bank Social Justice Award) to recognize community leaders in social justice.

- Wainwright Bank is particularly concerned where environmental issues intersect with social justice, for instance, access to open space for inner-city residents and the incidence of toxic pollutants in low-income neighborhoods. Its Environmental Policy provides a framework for product development, such as the Green Loan: it is the first US bank to provide discounted loan rates (.25% rate reduction) for the installation of home solar energy systems that reduce energy consumption. In addition, Wainwright seeks opportunities to provide financing for projects, including the preservation of wilderness areas and research into the health consequences of environmental toxins.

- For over 6 years, Wainwright’s Community Development Officer has been providing a “Financial Empowerment” program to the youth and residents of Boston’s inner-city neighbourhoods. The bank eschews the concept of financial literacy, believing it to demean low-income people, preferring the philosophy of financial empowerment: giving people the power to make a better future for themselves. The bank uses a fast-paced multi-media show designed to teach the audience about the value of money, but also to increase their confidence in undertaking personal financial responsibility. It uses innovative techniques to reach the youth market, hosting a hip-hop dance cruise for 250 inner-city teenagers where the Community Development Officer interacted one-on-one with the youth, talking to them about the importance of saving instead of spending. Session participants are invited to drop by a Wainwright branch and open an account, with a $10 incentive coupon.

- The bank seeks to establish partnerships with community organizations to help them achieve their social justice objectives. To this end, it hosts a website called CommunityRoom.net™, dedicated to creating a community of non-profit organizations. It offers a free website to every non-profit client of the bank, which gives them the ability to accept online donations from anywhere in the world. Over 140 organizations working on issues ranging from poverty to environment and health are members of CommunityRoom.net. Through sophisticated content management, each non-profit creates and updates its own pages as often as it likes. Other features include a comprehensive Events Calendar, an Issues Forum and information for donors and non-profits. In 2004, over USD 500,000 in donations were generated by this platform.

INSURANCE

9. AVIVA PLC
Aviva is the UK’s largest, and world’s fifth largest, insurer with 30 million customers and 56,000 employees worldwide, as of 2003. That year they reported £240 billion of assets under management and £30 billion premium income and investment sales from operations, with an ROE of 12.7% in fiscal 2003.

Aviva sums up its CSR policy by the phrase “taking care of what is important” for its business, customers and other stakeholders. This umbrella policy governs its performance in 8 areas: relations with its workforce; customers; suppliers; community; management of the environment; human rights; health and safety; and adherence to standards of business conduct. Approved by the Aviva board in 2002, its CSR policy is described as the company’s DNA, since it describes “how we do things round here”, representing a behavioural roadmap, setting expectations by which it judges itself and expects others to judge it by. The CSR policy and programme are reviewed annually by the Aviva board.

Its 2004 report describes its efforts to embed its CSR policy across the overall business:

- Each CSR policy has an appointed “owner”, responsible for promoting and coordinating progress in his or her element of CSR across the group.
- Representatives from head office, businesses, partner non-governmental organizations (e.g. WWF-UK and Amnesty International) and auditors attend a two day off-site meeting each June to review strategy, policy, past progress and future plans. Called the Aviva CSR Review Group, this venue is the main forum for assessment of Aviva’s CSR performance and is attended by the board chair on occasion.
- The Aviva CSR steering group meets on a quarterly basis, with membership drawn from Aviva head office and certain larger businesses. The execution of the CSR programme is periodically reviewed against the CSR risk profile, which is an additional tool used to identify significant opportunities for and obstacles to progress. In the businesses, the local chief executive is the sponsor of the CSR programme, with responsibility to sign off on a compliance statement confirming that the business is operating in accordance with the principles of Aviva’s CSR policies; that its report provides a reliable account of progress over the past year; and that it has plans for the coming year for further progress on the CSR programme.
- It has an established human resource policy that includes CSR performance measures, to which it attributes significant progress on embedding CSR.
- Some staff have set up a group – “Friends of CSR” – for those with a particular interest in the subject but without a formal role in the CSR programme.
- It sponsors an Aviva Chair in Leadership and Responsibility at INSEAD, an international business school based in France and Singapore, enabling it to promote thought leadership in CSR as well as provide a resource for the development for their senior management.

CSR plans for 2004 to embed CSR throughout the company included enhancing internal CSR communications, supporting staff at local levels to increase their support for Aviva’s CSR programme and improving their CSR reporting practices.
In its 2003 CSR report, Aviva lists a number of CSR achievements aligned with its 8 CSR policies, some of which follow:

**Customers**

- Norwich Union Healthcare launched Health E-talk, an on-line monthly magazine, which includes health updates, features, research and a talkback facility. Accessible on-line benefits include: symptom assessment; health planner; medical encyclopedia; waiting list guide; 24hour GP helpline; and stress counselling helpline.
- In India, where it has 17 branches, 4 have been opened in rural locations specifically to cater to local needs. It has launched a special scheme to provide life cover at very low premiums for lower income groups, and has linked up with self-help groups to ensure wider reach among the poor.
- Norwich Union Insurance launched a “Pay As You Drive”™ pilot to fit 5,000 telematic devices in the UK which link premiums to miles driven, enable vehicles to be located if stolen, and direct support to vulnerable drivers who have been involved in an accident or broken down. It has linked up with Future Forests to plant a tree for every policy sold to underline the environmental benefits this initiative promotes.
- Morley Fund Management offers the Igloo regeneration investment fund, which focuses on urban regeneration in the UK, among other SRI funds, as reported elsewhere in this study. (see p. 42)
- Delta Lloyd introduced a new mutual fund for sustainable investments, while continuing to manage a number of sustainable investment funds for Triodos Bank (see p. 28). Delta Lloyd has also embraced the principles of sustainable construction in its property business.
- Norwich Union Insurance has developed a Digital Flood Mapping model enabling it to implement improved risk selection, risk rating and pricing, and to provide appropriate insurance to those who would ordinarily be refused cover.

**Human Rights**

- Aviva has identified its primary human rights impacts and influence in the areas of fund management, purchasing and human resources, and as developed a range of programs and policies to implement its human rights policy, including socially responsible investment (SRI) engagement on human rights, commitment to diversity and flexible workplace programs.

** Suppliers**

- 80% of Aviva businesses worldwide, by staff numbers, include elements of CSR criteria such as environmental and human rights performance in the supplier tendering process and in ongoing supplier relationships.
- As the computer software and computer services sector does not report on CSR issues, Aviva has written to its top ten suppliers in this sector to ask them for details about their CSR stance and intentions.
• One of Aviva’s companies appointed its courier service supplier because of its commitment to the creation of equal opportunities and financial independence for the physically challenged by exclusively employing chronically ill and disabled people.

Community

• Much of Aviva’s funding goes to health and welfare, youth education and development and crime preventions. For example, Norwich Union supports a Youth Apprenticeship scheme whereby young adults work with local youths under 16 to help find solutions to local problems of youth crime.

Environment

• Aviva’s environmental program has been underway since 1997 and includes a range of initiatives addressing property management, energy and water use, paper use, waste management, and travel and transport.

• In 2003, NUCS signed a 2-year contract for fully renewable-sourced electricity with zero CO2 emissions covering 86% of their electricity consumption within the NUCS managed property portfolio in the UK.

• It sponsors the Aviva/Earthwatch Award for Climate Change Research, to raise awareness of the fact that climate change represents a critical threat to biodiversity, as well as to human livelihoods, and a healthy and sustainable future for the planet.

10. SOMPO JAPAN INSURANCE INC.

www.sompo-japan.co.jp/english

Sompo Japan was established in 2002 through the merger of Yasuda Fire and Marine Insurance and Nissan Fire and Marine Insurance. It has 544 offices in Japan and 41 overseas, with a workforce of 15,529 employees. Net premiums written in fiscal 2003 amounted to 1,352,877 million yen. Its loss ratio stands at 56.8% and expense ratio at 31.9% (2003). Total assets are 5,072,285 million yen and net income totaled 64,175 million yen in 2003.

Sompo Japan states in its 2004 CSR report that to deal with environmental problems and realize a sustainable society, it is indispensable for various sectors, including government, citizens, non-profit organizations and corporations to collaborate.

With a statement that it is committed to proactive and continuous environmental protection, its Guiding Environment Principles include a commitment to provide new products and services such as insurance, risk management, claims services and financial services that will contribute to the solution of environmental problems and a commitment to research, analyze and provide information on wider environmental issues for society at large. It recognizes the impact it has on the environment through resource and energy consumption and industrial waste emissions in the course of conducting their business, and commits its group, management and employees to promote resource and energy conservation and recycling activities. Finally, under its
environmental policy it commits itself to work actively on corporate citizenship activities in the field of environment, such as nature conservation and environmental education, and to support the voluntary efforts of individual employees in the realization of a sustainable society.

The company president chairs the ECO Committee, a company-wide organization for examining and forming policy related to environmental and corporate citizenship issues, while the ECO Working Group, reporting to the ECO Committee, researches the development of environment and corporate citizenship related products and services through ad hoc project teams.

Sompo Japan was the first Japanese financial institution to obtain ISO 14001 certification. Environmental Management System (EMS) leaders around the country are provided internal environmental auditor training, with 130 certified as auditors by the end of June, 2004. For the past few years, it has conducted an annual Environmental Literacy Program, an employee education and awareness raising program helping employees to integrate an environmental perspective into all daily activities or business operations. It was revised in fiscal 2003 to include a wide range of CSR issues such as human rights and compliance and renamed the Social/Environmental Literacy Program. All Sompo Japan staff took this program during fiscal 2003. The company intranet is used to offer an introduction to Environmental Issues course and in fiscal 2004 they started offering a Course on CSR Fundamentals.

Additional environmental awareness efforts for staff and customers include:

- EMS cards issued to employees to raise environmental awareness and promote compliance to the company’s environmental standards.
- Eco-life check tips on the 11.8 million insurance policies sent out every year. Eco-friendly lifestyle tips have been added to the backs of the envelopes to encourage their customers to care for the environment in their everyday lives.
- Eco-stickers remind employees not to waste resources and energy in the company building, and Five Rules of Eco-Driving stickers are located on the dashboards of their 4,800 sales vehicles.

**Products and Services**

- To promote the use of environmentally-friendly cars, it applies a 1.5 % discount on automobile insurance premiums for low-pollution vehicles.
- It offers ESCO (energy service company) Comprehensive Insurance for companies that provide comprehensive service packages to improve energy efficiency. It conducts a separate risk analysis and risk management for each ESCO business and offers customized coverage for their property risks (i.e. losses resulting from damage to energy conservation equipment that has been installed), indemnity risks and compensation in the event of a failure to achieve energy cost reductions that were guaranteed by the ESCO.
- In 2003, it added new special coverage to its “Business Owners” insurance for stores and offices. In the case of restoration after an insured loss due to fire, explosion or damage, it covers the additional costs of purchasing energy-efficient equipment and products made of recycled materials, etc., as well as the costs of rooftop greenery and soil contamination surveys.
• Since 2000, it has been offering insurance coverage for wind power businesses in the case of a decline in earnings due to lack of wind. It offers customized insurance packages using a combination of “weather derivatives” which involve payments of a liquidation amount if wind volume falls below predicted levels, and “weather insurance” which covers any actual declines in earnings.

• According to Jeucken (p. 100 of Sustainable Finance and Banking - see Resources below), the firm also has a recycling insurance product that involves a customer paying less for car insurance (up to 20%) if, when parts are damaged and need replacing, recycled parts are used. It also offers a 3% discount on automobile insurance premiums for lowpollution vehicles, including hybrid and electric cars as well as fuel-efficient and lowemission vehicles.

• It provides Medical Waste Emissions Liability Insurance.7

**Investments**

Sompo Japan, together with the Meiji Yasuda Life Insurance Company, established a venture capital company which invests in and incubates venture companies that are actively seeking solutions to environmental problems through wind power, development of electricity-driven devices, ESCO operations and fuel cell development.

The Sompo Japan Group also develops and offers a range of financial products and services that contribute to solving environmental problems and other issues in society. An example is The Beech Forest Eco-fund, which invests in stocks that are evaluated highly on both soundness of environmental management and value relative to price. It is sold by about 100 financial institutions around the country.

Sompo Japan investigates the environmental practices of prospective new investment companies and whether the target company has an environmental policy and department. Sompo Japan Risk Management is responsible for this research and analysis.

**Information and Research**

Sompo Japan Risk Management also hosts study groups and seminars on various topics related to CSR and Socially Responsible Investing (SRI) and, in 2004, published a special issue in its risk management magazine on the topic of CSR and Socially Responsible Investments.

Sompo Japan is also active in research, information provision and collaboration for CSR and SRI in other ways throughout Japan and internationally. In addition to being members of a number of national and international sustainable development finance organizations, its staff lectures at universities and seminars, contributes articles to various publications and accepts media interviews on CSR, SRI and sustainable development.

**Public Awareness**

Sompo Japan and the Sompo Japan Environment Foundation provide a yearly series of Public Seminars on the Environment, aimed at cultivating an understanding of environmental issues. To further communicate their environmental brand, they launched Environment Forest, a dedicated

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7 As reported in “Risk, The Environment and the Role of the Insurance Industry”, see References below.
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environmental section on their Japanese language website that features such contents as a family-oriented cartoon series explaining environmental issues like “Dealing with Waste” and “Global Warming”, an introduction to environmental householder bookkeeping and eco-friendly lifestyle tips. The website received over 450,000 visits during fiscal 2003. For their insurance agencies they include articles on the latest environmental topics, such as the Automobile Recycling Law, in the information magazine, and for corporate automobile insurance customers they distribute pamphlets on safe, eco-friendly and cost-efficient driving.

Sompo Japan Foundation

Sompo Japan’s corporate citizenship activities are focused on three areas: social welfare, the fine arts and the environment, most of which are supported through the Sompo Japan Foundation. The foundation also supports research and the publication of books on social welfare, social welfare insurance, and property and casualty insurance. The Sompo Japan Environment Foundation supports the development of human resources for addressing environmental issues. One of its major activities is the Civil Society Organization Learning Scholarship Program, which provides university students 8-month internships in environmental organizations as a way to gain practical experience.

Stakeholder Dialogue

Sompo Japan is committed to engage with stakeholders to better define its CSR policy and activities. Since 2002, it has been holding stakeholders’ meetings to exchange opinions with a wide range of stakeholders about their CSR initiatives. It hosts an internet-based stakeholder dialogue in which the company presents its CSR views on the website, as well as opinions and questions received from stakeholders and staff’s response.

As a way of gaining insights from a new generation of environmental and business leaders, Sompo Japan participates in E-CO Youth. One of its activities was an environmental proposal convention, at which students read the environmental reports of over 10 companies and presented proposals to the companies on how to improve their environmental performance. This is what prompted Sompo Japan to put environmental information on the back of insurance policy envelopes, urging people to try more ecologically sustainable lifestyles.

ASSET MANAGEMENT

11. CALVERT

www.calvert.com

Calvert is the first US-based socially responsible mutual fund firm and one of only a small number of US-based financial services companies to publish a Sustainability Report generally following the Guidelines established by the Global Reporting Initiative, an international reporting standard. It elected to follow this methodology in its social reporting to better align its practices with the challenges it set for other companies in its shareholder action programs.

Calvert Group is owned by the Ameritas Acacia Companies, including Ameritas Life Insurance Corporation, Acacia Life Insurance Company and affiliates. Calvert manages over USD 10 billion in assets across 29 mutual funds on behalf of 300,000 investors. USD 3.4 billion of its
investments are in its family of SRI mutual fund portfolios, representing 32% of total assets under management. It believes that all investing must ultimately become sustainable investing.

Some of its SRI initiatives include:

- In 1982, its flagship fund, the Calvert Social Investment Fund, was the first mutual fund to take a stand against investment in South Africa under the Apartheid regime.

- In 1995, Calvert founded the Calvert Foundation, one of the first community-investment non-profits focused on ending poverty through investments in disadvantaged communities with USD 55 million in assets at 2003 year end. It offers investment, research and donation products that support community development organizations and initiatives across the country and around the world, in the areas of affordable housing, social enterprise and micro-credit. The Foundation employs a range of financial instruments, web-based information services and philanthropic products such as the Calvert Community Investment Note™, and the Calvert Giving Fund, the latter operating as a donor-advised fund combining Calvert’s socially responsible mutual funds with charitable contributions and community development investing. The Foundation offers a Community Investment Centre platform which allows prospective community investment lenders the potential of identifying target regions and anti-poverty initiatives to direct their investments, and provides an on-line tool for investors to immediately calculate the social returns on their investments (SROI), that is, the impacts of their financial investment on community betterment. Their Community Investment Notes often receive investments from US banks.

- In 2004, Calvert launched the Calvert Women’s Principles, the first global code of conduct for corporations focusing exclusively on empowering, advancing and investing in women worldwide.

- In addition to community investment offerings through the Calvert Foundation, Calvert also offers High Social Impact Investments which channel investment capital to local non-profit organizations with the goal of ending poverty through investments in affordable housing, micro-credit, community development and small business loans. The 5 Calvert SRI funds participating in the program invest up to 1 or 3% of assets in community development initiatives, depending on the fund. As of year-end 2003, CSIF had invested approximately USD 7.87 million, Calvert World Values International Equity Fund USD 3.94 million, Calvert Capital Accumulation Fund USD 700,000, and Calvert New Vision Small Cap Fund approximately USD 950,000 in high social impact programs, domestically and abroad. These investments financed 183 community organizations and returned 2.24% in annual interest income.

- Calvert manages its Calvert Social Index™, a benchmark for measuring the performance of large, U.S.- based socially responsible companies.

Innovative human resource practices include the offering of 1 paid day per month for employees to perform community service, reimbursement for purchases of walking shoes or bicycles for associates who commute to work by these means and reimbursement for child care expenses for associates on business travel. It is currently undertaking a Green Seal Audit to identify its main environmental impacts and is exploring options for becoming a carbon-neutral company.
B. BEST PRACTICE PRODUCTS, SERVICES AND INITIATIVES

Ten best practice examples of mainstream and niche financial institutions operating unique or comprehensive sustainability initiatives are profiled below.

MAINSTREAM FINANCIAL INSTITUTIONS

1. BANK OF AMERICA

www.bankofamerica.com

Bank of America financially supports efforts to promote “Smart Growth”, a collaborative regional planning program that brings together community stakeholders to create integrated regional growth solutions. The goal is produce sensible growth – growth that plans for jobs and economic development, while respecting the natural environment. Smart Growth examples include:

- Mixed-use developments
- Mixed-income housing
- Redevelopment on contaminated property
- Protection of open space and ecologically valuable lands
- Redevelopment in city-center areas that have been abandoned or fallen into disrepair

Two of the bank’s Smart Growth initiatives include:

- A partnership with the Urban Land Institute that fosters informed and collaborative efforts among stakeholders, supports national policy forums, and increases community outreach initiatives.
- An investment in the California Environmental Redevelopment Fund that helps provide debt financing for the investigation and cleanup of contaminated properties.

According to Jeucken (p. 104 of Sustainable Finance and Banking - see Resources below), Bank of America has issued a company-wide policy to pay special attention to businesses that play a positive environmental role and to caution against doing business with companies whose environmental performance is unacceptable.

2. CITIGROUP

www.citigroup.com

Citibank, a subsidiary of Citigroup based in the US, has established a Non-Profit Financial Services Group, specializing in financing and cash management services for non-profit organizations. In its aim to provide an integrated approach to supporting non-profit organizations that transcends philanthropy, it offers a Citibank Community Building Tool Kit, including:
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- Customized Financing Solutions
- Business Services
- Management Expertise and Technical Assistance
- Financial Education Programs
- Employee Volunteers
- Charitable Contributions

Some specialist services include construction/rehabilitation financing for commercial owner-occupied properties, special needs housing and facilities, and operating lines of credit and term loans which include interim financing against foundation and government contracts and commitments.

The bank has established a National Community Development Group to address the needs of national community development intermediaries and non-profit organizations and local opportunities that fall outside its 10 prioritized regional markets. This National Community Development Group provides non-profit and for-profit developers and businesses financing packages for their projects in low and moderate-income areas. For example, Citybank offers national warehouse facilities and lines of credit to support affordable housing, social services and business entrepreneurs. It also has established a “Partners in Progress Fund for Innovation”, providing below market-rate financing to established community development corporations.

Additional community development investments include a partnership with the YWCA of USA to establish Financial Empowerment Individual Development Account8 (IDAs) Programmes for low-income women; founding sponsorship of Together in America, a national membership association for immigrants of every ethnic background in the US in which Citibank is expanding access of its products and services at discounted and advantaged rates; Community Summer Intern Program which awards salary grants to 100 community development organizations so they can hire university students to grow the next generation of community leaders; and the Community Development Institute, which covers costs for non-profit professionals to attend workshops to help them strengthen their organizations. The Institute also offers Citibank Non-profit Days that include capacity-building sessions and networking time for hundreds of non-profits a year.

It also has commitments to invest in sustainable forestry and renewable energy including financing for social panels, residential wind turbines and fuel cells.

3. HSBC PLC

www.hsbc.com

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8 Individual Development Accounts help low-income people achieve asset wealth and financial stability through savings matched by a philanthropic program, financial education and a connection to community resources. IDAs help people to reach their goals of home ownership, self-employment or a college education with the necessary capital, information and support.
In 2003, the board of HSBC Holdings plc established a CSR Committee, responsible for overseeing HSBC’s CSR policies and advising the board on CSR. In late 2004, this UK company committed itself to a carbon-neutral target across its operations. To achieve this goal, the company plans to plant trees, reduce energy use, buy green electricity and trade carbon credits to cut carbon dioxide flows. The move will cost up to USD 7m in 2005, less in future years, representing 0.004% of the bank's market value. In addition to the carbon-neutral plan, the bank is investing £650,000 in environment research at two UK universities, researching climate change and society’s awareness of the issues and developing technologies to overcome some of the problems identified. HSBC has a clear business objective for its commitment, expecting to gain a deeper insight into the emerging lowcarbon economy and to be wellplaced to understand the needs of, and opportunities for, its clients. This thinking is premised on the overarching HSBC belief that corporate social responsibility underpins sustained earnings growth.

To this end, the bank is also developing a range of socially responsible investment funds. In addition to helping its institutional clients with their investment decision-making by providing environmental and social, as well as financial, analysis, it provides opportunities for institutional investors to meet and question companies on their sustainability progress and plans.

A few other noteworthy initiatives include:

- ATM users in Mexico are given the opportunity to make a donation to several national and regionally recognized charities after withdrawing cash. This facility helped customers to donate over 24 million pesos to help children with healthcare, education and nutrition in 2003.

- It is in the middle of implementing “Investing in Nature” a USD 50-million, 5-year programme to support 3 leading environmental charities: Botanic Gardens Conservation International, WWF and Earthwatch, which are focusing on saving endangered plant species, helping to restore 3 of the world’s major rivers, and sending 2,000 HSBC staff to work on conservation research projects around the world, respectively.

4. MORLEY FUND MANAGEMENT

www.morleyfm.com

Based in the UK, Morley is the largest fund management company owned by Aviva (see p. 31), with over £128 billion under management, 981 staff and 9 international offices. Its overall vision is to fully integrate corporate responsibility in the way it runs its business, enabling it to act as a responsible investor in the interest of Morley’s long-term prosperity. It is committed to applying the same sustainability standards it requests of its investee companies to its own business, driven by its belief that companies most likely to grow consistently over the next few decades will be those that are promoting or benefiting from sustainable development.

Morley’s CSR committee of 8 staff takes responsibility for implementing Aviva Group’s CSR policy, reporting to the Managing Director for Human Resources.

In 2003, it levered their purchasing power with brokers, encouraging them to take SRI seriously and incorporate sustainability criteria into their research and analysis. Morley participates on the United Nation’s Environment Program (UNEP) Asset Management working group and through
this medium has been encouraging brokers to undertake work on sustainability issues. As a result of its efforts and those of others, a number of papers exploring the links between social and environmental issues and business performance were published. Further, Morley is a participant in the United Nations Environment Programme’s (UNEP) initiative to develop a set of globally recognized principles for responsible investment by September 2005.

Since its launch in 2002, the Morley Fund Management FTSE100 Sustainability Matrix has been rating FTSE 100 companies according to social and environmental criteria with the purpose to:

- Encourage companies to improve their social and environmental performance
- Protect and increase shareholder value by adding another tool for company analysis
- Provide transparent analysis of companies' social and environmental policies
- Stimulate debate and raise awareness of CSR.

It offers 10 screened SRI funds covering a broad range of global bond and equity markets, including the Igloo Regeneration Fund, a specialist property fund with a balanced and diversified investment portfolio of urban regeneration development and investment projects, the first of its kind in the UK. Offering direct real estate regeneration investment opportunities to socially responsible investors, the fund targets investments into environmentally sustainable, well-designed real estate development that contributes to the regeneration of the local area.

5. ROYAL BANK OF SCOTLAND GROUP

In 2003, The Royal Bank of Scotland Group board of directors adopted a Corporate Responsibility policy for the Group and a Corporate Responsibility Working Group was established, involving all divisions to manage implementation of their CSR policies.

One of the Group’s priorities is community investment in which it is focused on 4 key components, achieved by developing long-term partnerships with charities and government:

- Matching the support of their people
- Financial education and inclusion
- Education and employment
- Enterprise and regeneration

In each of the projects it supports as a Group, it looks to create opportunities for its employees to play a role, combining staff expertise with financial support. In one such national initiative, for example, each employee volunteering opportunity is mapped to the Group’s competency framework and linked to the employee’s personal development plan.

It has identified that a common barrier preventing community volunteering is the difficulty people confront in finding suitable opportunities. To assist its staff in the UK, it operates a program called Give A Little, an on-line database that holds detailed information about volunteering and
fund-raising opportunities for over 1,600 charities. The service, which also enables on-line payroll giving to be set up, is available free of charge to any registered charity in the UK.

The following additional community investment initiatives were reported on in 2003:

- The Group has a leading 45% market share in lending to businesses in the 5% most deprived postal codes. In these disadvantaged areas a Community Development Banking Team supports a range of initiatives providing loan finance to individuals, community businesses, social enterprises and other not-for-profit organizations.

- The RBS group is the lead relationship bank to both the education and charity sectors in the UK, banking more than 1 in 3 charities and higher educational establishments in this market. Its goal is to continually develop its offerings to this sector, aiming to provide the most efficient use of treasury and deposit products, payment products, campaign management services, electronic banking and other e-charity solutions.

- The Group believes that, as levels of consumer borrowing rise, it is increasingly important for people to know how to manage their personal finances effectively, which is only possible if consumers have a good understanding of financial issues and access to free, independent financial advice. Committed to playing a significant role in this field, the Group provides the UK’s most widely used corporate financial education programme for schools and is the leading corporate supporter to the money advice sector – helping people, the self-employed and small businesses in greatest need to better understand their finances and manage their debts.

- The Group runs programs to support enterprise development and regenerate local communities. In addition to its lending in the most disadvantaged inner city areas, it also sponsors the annual Inner City 100 Awards, presented by the Chancellor of the Exchequer. The Inner City 100 Index is a register of the 100 fastest growing businesses located in the most disadvantaged inner city areas. It also works to redevelop sites for business or community use through the 1997 initiative “Priority Sites”, a public/private sector property joint venture with a target of creating 1 million square feet of new industrial and business premises on brownfield land in areas affected by industrial decline.

- Its US subsidiary, Citizens Bank, sets its own community investment priorities, one of which is its Community Champions programme in which a new champion is selected each quarter from a range of social service areas including health care, hunger, homelessness, youth services and affordable housing. Each agency receives USD 25,000 in unrestricted funds, extensive public relations and promotional support as well as volunteer support from Citizens and from employees of its local media partner in each market.

6. **SWISS RE**

[www.swissre.com](http://www.swissre.com)

Swiss Re is one of the world’s leading reinsurers. Given the long-term nature of its business, identifying long-fuse risks early and learning how to deal with them is critical for the company.
Correspondingly, it has named Sustainability as one of Swiss Re’s 4 core values, along with excellence, efficiency and integrity.

Swiss Re believes that Sustainability leverages 3 domains (society, environment, economy) to create a forward-thinking business model that addresses the fundamental drivers of the world economy in the 21st century, namely:

- Rapidly growing global population which relies on resource-intensive lifestyles;
- Future valuation of vital yet endangered natural resources; and
- Risks from newly emerging social and ecological issues.

Given Swiss Re’s mission to anticipate, identify and understand the developments which are shaping the future risk landscape, the company has established a formal “Top Topics” process to help answer fundamental questions on the key market, regulatory, scientific and social trends shaping the future business environment. This in turn helps the company anticipate potential sources of future losses resulting from changes to the risk landscape. The company shares information on its “Top Topics” through stakeholder dialogues, participation in international fora and publications on topical environmental and societal issues. As part of this effort it funds the Centre for Global Dialogue which hosts international and regional conferences to address global risk issues and facilitate new insights into future risk markets.

Two sustainability “Top Topics”, identified in 2002, are Climate Change and Water, around which the company is implementing a program to build issue-specific awareness among major climate and water stakeholders and to foster dialogue.

**Products and services**

The company seeks to provide best practice in environmental underwriting. Its group-wide Environmental Risk and Underwriting Knowledge Network and obligatory Environmental Management Guidelines contribute to this effort, as do the following:

- The Greenhouse Gas Risk Solutions unit offers various financial solutions in the area of emissions reductions and is developing products in greenhouse gas synergy areas such as green certificates and renewable energy.
- Swiss Re provides advanced concepts in environmental impairment liability insurance and participates in European pool solutions.
- It developed Contingent Gap Forward Insurance to facilitate emissions trading by covering counter-party and delivery risks faced by buyers of emissions reduction credits.
- According to Jeucken (p. 100 of *Sustainable Finance and Banking* - see Resources below), Swiss RE also offers a reduction in its premiums to companies with good environmental performance.

Further, Swiss Re targets its sustainability asset management efforts in 3 areas:

1. Eco-portfolio including direct investments in solar energy, recycling and waste disposal, integrated raw material production and organic pest management, and indirect investments via 2 funds which screen investments on the basis of their sustainability profile.
2. Carbon disclosure project, a joint effort with over 30 large institutional investors asking all Fortune 500 companies to disclose their climate change policies.

3. Real estate, where buildings in Swiss Re’s real estate portfolio are increasingly meeting national energy efficiency and user comfort standards.

Technical training modules in environmental management are offered to employees and Swiss Re’s clients.

In 2002, it launched a 10-year programme to become fully carbon-neutral, the world’s first major financial institution to do so.

NICHE FINANCIAL INSTITUTIONS

7. ALTERNATIVES CREDIT UNION

www.alternatives.org

Alternatives Credit Union in Ithaca, New York, is dedicated to building wealth and creating economic opportunity for underserved people and communities. Its mission is to provide:

- Access to transactional services
- Savings and community investment opportunities
- Capital investments to individuals, small businesses and non-profits
- Education about capital

In its efforts to help members move along the continuum between poverty and self-sufficiency, it sees its job as helping members move along that continuum by empowering them to make decisions, and offering opportunities that will move them towards financial self-sufficiency. It created a Credit Path model to provide Alternatives with guidance in designing products and services to meet members’ needs at different points along the path, helping them to progress towards successful asset ownership.

It sees its members moving along the Credit Path in stages:

**Transactor:** For the poorest members, those who are new to the banking system, immigrants, and others who need access to basic financial services. Transactors need to cash cheques, purchase money orders, get change, or wire money to others. As banks charge more for these services, transactors turn to fringe financial providers, such as cheque cashers, and pay high fees. Alternatives prices these services to be affordable to members, but sustainable to the credit union. In 2003, it added a free tax preparation service for low-income earners, with the hope of introducing previously unbanked people to the credit union’s services.

**Saver:** Alternatives provides incentives for this traditional credit union market by paying interest on all accounts with a $5 minimum balance and charging no monthly fees. It offers special Savers Certificates with a minimum of $100. Also offered are Individual Development Accounts...
Borrower: Responsible borrowing is a financial tool that can lead to greater wealth. Alternatives helps its members develop good credit records by offering several “starter” loans, including the Alternatives Debit Card, Credit Builder Loan and Community Partnership Loans. It also offers a short-term loan for those who used Alternatives’ free income tax preparation services and wanted quick access to their tax refund. One of Alternatives’ goals is to help members avoid the high rates and endless refinancing of predatory lenders. Much of the lending at this stage is consumer lending: cars, personal loans, VISA cards and lines of credit. As members handle these loans successfully, they can build up to larger amounts.

Owner: Learning to save and developing a good credit record help people move towards becoming owners of homes or businesses. Alternatives offers a variety of home and business loan products, many to members who started at the beginning of the Credit Path.

Alternatives also offers Business CENTS (Community Enterprise Networking and Training Services), a small business development program providing a “how to” business training course, seminars, one-on-one business counselling and marketing support for people interested in starting or expanding a business. To further help its business members and support the economic resiliency of the community, Alternatives offers Business Yellow Pages to its members, putting them in touch with the credit union’s business members and Business CENTS graduates.

Roundoff is another Alternatives’ initiative, allowing members to donate “spare change” to local community organizations. A checkoff box on deposit forms lets members make small donations to the non-profit member organization of the month every time they make a deposit.

8. CHARITY BANK

Based in the UK, Charity Bank is a not-for-profit national bank that offers retail savings and deposit accounts, which are on-lent to charity and non-profit organizations. In addition to providing affordable financing for charities and community groups to build new facilities, renovate buildings, purchase equipment or extend their services, Charity Bank also offers advice and assistance services to this market. It normally provides financing if other financial institutions will not do so or will only provide loans on unaffordable terms.

Charity Bank gives depositors the option of withdrawing their interest, reinvesting their returns in Charity Bank, directly donating their returns to the depositor’s choice of charity, or a mix of any of these options.

The Charity Bank Community Investment Tax Relief Account is one of the deposit accounts that provides savers the following returns:

- 5% per year tax relief for the account holder (equivalent to a gross return of 8.33% a year for higher tax rate payers or 6.4% a year for standard rate tax payers).
• An additional 2% annual interest on all deposits. This interest can be kept by the depositor or given to a charity of their choice (donated interest can be uplifted by 28% for the charity through the UK’s Gift Aid scheme, creating a double tax break).

• A social return in which their money is making a difference to charities and disadvantaged communities across the UK, while still remaining theirs.

Given its charitable nature, the bank has received donations from unclaimed funds in dormant accounts of banking and broker organizations, allowing the bank to leverage this equity to generate over £100,000 of additional funding for the voluntary sector.

9. ECOLOGY BUILDING SOCIETY

http://www.ecology.co.uk/

The Ecology Building Society, based in Yorkshire and offering services (savings and mortgages) throughout the UK, was founded in 1981. A mutual organization, it uses savers’ deposits to grant mortgages on properties and projects that help the environment. With a mission to improve the environment by promoting sustainable housing and sustainable communities, savings placed with the Ecology fund mortgage lending on:

• energy efficient housing
• ecological renovation
• derelict and dilapidated properties
• small-scale and ecological enterprise
• low-impact lifestyles

Its AGMs are held in a different part of the country each year, at a venue of environmental interest, thereby enabling attendance from members around the country.

10. PERMACULTURE CREDIT UNION

www.pcuonline.org

Based in New Mexico, US, Permaculture Credit Union members are dedicated to the following ethics of Permaculture:

• Care of the earth
• Care of people
• Reinvestment of the credit union surplus to benefit the earth and its inhabitants.

It offers their members a Sustainability Discount Program, which provides a 0.75% interest rate discount for projects that can be certified to be for one of the following purposes:

• home energy efficiency upgrades
• renewable energy generation
• permaculture landscaping
• water catchment and delivery
• farm machinery
• fuel efficient automobiles (0.75% for vehicles that achieve 35mpg average and 1.5% discount for vehicles that exceed 45 miles per gallon average.)
REFERENCES


