



Annotated Bibliography

Commission for Environmental Cooperation Publications and Work on:

Financing and the Environment in North America

Trade and Environment, January 2006

Introduction

This bibliography presents documents generated by or for the CEC on current issues in the field of financing and the environment. These focus on documenting the business value case, disclosure of environmental information and questions relating to investment. An overview of the “Financing in Support of Environmental Protection and Conservation” project is provided with a link to a web page where more information about the issues is available.

Financing in Support of Environmental Protection and Conservation

http://www.cec.org/programs_projects/trade_envIRON_econ/project/index.cfm?projectID=13&varlan=english

This project continues work which previously explored interrelationship between finance and environment, focusing on two areas emphasized by the CEC Council at its ninth regular session: how disclosure of environmental information affects financial markets and (2) the nature of investment opportunities in the environmental “sector.”

Reports and other CEC publications

Strategies to reduce environmental liability in bank loan portfolios PART II Of Global Climate Change: Risk To Bank Loans [forthcoming]

The United Nations Environment Programme Finance Initiative (UNEP FI) and its North American Task Force (NATF) have concluded that the North American finance sector requires a clear and concise analysis of the major risks to debtors posed by climate change. The group also sought to better understand the macro impact of climate change on financial risk, and the specific

debt sectors that would be most affected. The result comprises Part I of this study, which looks specifically at climate change risk and lending. Part I was commissioned by the NATF and was funded by Bank of America and the NATF. The NATF also commissioned Part II of the study, in cooperation with the CEC, to address the impact of future environmental liabilities on specific debt products and review the many strategies available to mitigate those risks. In addition, the study recommends actions that can be taken by financial institutions to address the impact of environmental liabilities on their debt products. Part II was funded by the CEC.

A Review of the Current State of Integration of Environmental Research in the Mainstream Financial Community in North America (and Memo and six Annexes). With Environment Canada, Innovest Strategic Value Advisors. 2005.
Available upon request (English only)

The purpose of this report is to determine the current state of integrating environmental research in company and sector valuations by the mainstream financial community in Canada, the US and Mexico. The overall aim of the study is to understand if and how the mainstream financial community incorporates environmental sustainability information into stock assessments, and to forge a better understanding of how to communicate the business case for superior environmental performance more effectively.

Silence is Golden, Lead, and Copper. Disclosure of Material Environmental Information in the Hard Rock Mining Industry. Robert Repetto, in collaboration with Environment Canada. 2004.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=1616

Also available in French and Spanish

The author reviews the requirements applicable to hard rock mining companies listed on US or Canadian stock exchanges for financial disclosure of material environmental information. Ten financially material environmental events, experienced by ten such mining companies in recent years, were reviewed to explore to what extent the companies had complied with such requirements. These events included dam failures, increases in remediation liabilities, increased bonding requirements and other environmentally related changes. The most common shortcomings in disclosure were found in the failure of the Management Discussion and Analysis to disclose any material risks and uncertainties known to management which were likely to result in material changes in financial conditions and results.

Linking Environmental Performance to Business Value: A North American Perspective. John T. Ganzi, Eric Steedman and Stefan Quenneville, in collaboration with Environment Canada. September 2004.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=1618

English only

Summary: http://www.cec.org/files/PDF/ECONOMY/Linking-Env-Performance_en.pdf

The report blends a review of existing research on the business value case with interviews with a small group of recognized experts in order to establish a baseline of business value case information, enhanced by the experience of expert practitioners. The report was also enriched through being reviewed by experts from the financial sector, nongovernmental organizations and industrial corporations. It is hoped that this extensive review process with practitioners will help refine the understanding of the business value case for environmental performance and move forward from debating whether the business value case exists to measuring where and how it is established and engaging in areas where more work is needed.

As a review of existing business value case literature, the findings of this report capture a broad spectrum of analytical and conceptual approaches and indicators for environmental and financial performance. While this approach to the research precludes broad definitive conclusions about the business value case for environmental performance, it provides valuable direction on where future efforts are needed. Indeed, among the key findings of this report is that there is a need for a clear conceptual framework to more systematically link indicators of environmental and financial performance and thereby enable companies to integrate environmental information into management, operation and capital investment decisions and to communicate the risks and benefits to stakeholders in the financial sector.

Environmental Disclosures in Financial Statements: New Developments and Emerging Issues. Event Report—26 February 2003. Chantal Line Carpentier, Zachary Patterson and Jacob Malthouse, in collaboration with UNEP-FI. April 2003.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=1139

English only

The present meeting, held on 26 February 2003, began by reviewing the conclusions drawn in the previous workshop, and the explanations that were suggested for the lack of demand for environmental information on the part of the mainstream financial community. The meeting was held in collaboration with United Nations Environment Programme Finance Initiatives (UNEP FI), supported by PricewaterhouseCoopers LLP and the American Bar Association Section of Environment Energy and Resources, and hosted by HSBC at their offices in New York. It delved deeper into the results of the March 2002 discussion, considering “supply-side” and “demand-side” evaluations of the suggested barriers to the integration of environmental information into financial statements.

Environmental Disclosure in Financial Reporting: Update and Recommendations. Robert Repetto. 2003.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=1191

Also available in French and Spanish

This report summarizes the state of environmental information disclosure in North America, documents the gap in what is being reported and what the market and regulations demand, and proposes concrete steps by which the environmental agencies and ministries in North America could help the securities agencies narrow this gap. One obvious gap is in enforcement of rules requiring disclosure of financially material information.

Environmental Disclosure Requirements in the Securities Regulations and Financial Accounting Standards of Canada, Mexico and the United States. Robert Repetto, Andrew MacSkimming and Gustavo Carvajal Isunza, for the meeting: *Corporate Reporting and Transparency—Integrating Environmental and Sustainability Criteria into Disclosure Provisions*, held in New York City on 25 March 2002.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=1169

Also available in French and Spanish

The position that capital markets will not accurately incorporate information that is not publicly available is central to the disclosure requirements embedded in securities laws in the United States, Canada, and Mexico. Information disclosure is central to the smooth operation of the capital markets.

Finance and the Environment: Transparency, Disclosure and Environmental Reporting Highlights of Meeting and Follow-Up Steps Finance and the Environment. CEC. 2002.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=757

English only

On 25 March 2002, the CEC hosted a small, informal meeting on financing and the environment. Participants included leading financial institutions, smaller investors, academics, industry consultants, federal governmental representatives from Canada, the United States and Mexico, and a representative of the World Bank. The meeting was co-chaired by Gabriel Quadri de la Torre, president of Cespedes, John Ganzi, president of Environment and Finance Enterprise, and Scott Vaughan of the CEC. The objective of the meeting was to explore to what extent the disclosure of environmental information through mandatory or voluntary channels affects the business decisions of different actors in the financial sector.

Public Workshop on Investing in North America's Future: Innovative Financing for Sustainable Development. Discussion paper for the meeting of the Joint Public Advisory Committee, 9 December 2002, Monterrey, Nuevo León, Mexico. Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), CEC. 2002.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=972

Also available in French and Spanish

This Discussion Paper introduces briefly some of the issues of relevance to the relationship between private sector and the environment. It is prepared for the meeting of the Joint Public Advisory Committee (JPAC) of the CEC, held in Monterrey, Mexico on 9 December 2002. The full version of this paper serves as one of the background papers for a meeting of CEC and the United Nations Environment Programme (UNEP) on issues related to financing and the environment. Issues raised at the December JPAC meeting are, wherever possible, incorporated into the full version.

Mexico and Emerging Carbon Markets. Investment Opportunities for Small and Medium-size Companies and the Global Climate Agenda. CEC. 2001.

http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=429

Also available in French and Spanish

The purpose of this report is to identify potential investment opportunities arising from possible carbon offset projects in Mexico. It is important to stress that as a non-Annex 1 country, Mexico is not obliged to meet domestic GHG emission reduction targets. At the same time, given the increasingly strong economic links between Mexico and its other NAFTA partners—Canada and the United States—one scenario is for investment transfers linked to climate change to follow existing international investment and trade patterns. Three sectors in Mexico are examined in this report, in order to evaluate their potential for carbon reduction: (a) electric power generation; (b) steel production; and (c) land-use change and forestry.

A complete list of CEC publications is available online at: <http://www.cec.org/bibliographies>

Should you require any other information on the work of the CEC on financing and the environment, please contact: [<info@cec.org>](mailto:info@cec.org).

