VfU Indicators 2003

Internal Environmental Performance Indicators for the Financial Industry

Report of an international project undertaken by financial institutions

available at:

www.epifinance.com

and

www.vfu.de

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This public draft report is the result of a development project to update the VfU Indicators on internal environmental performance for Financial Institutions.

The report is meant for public consultation. The consultation process is intended to take place within a follow-up project organised by UNEP FI to develop a GRI Sector Supplement for the Financial Service Sector on environmental performance.

In case of any questions please contact E2 Management Consulting at oetterli@e2mc.com.

VfU Indicators 2003

Internal Environmental Performance Indicators for the Financial Industry

Report of an international project undertaken and sponsored by the following financial institutions:

Allianz Group:

Credit Suisse Group:

Swiss Re:

UBS AG:

Westpac Banking Corporation:

Authors of this report and project managers:

Oliver Schmid-Schönbein,
Gaby Oetterli and
Simon Furter

E2 Management Consulting Inc.

Project Partner

Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V. (VfU):
(Association for Environmental Management in Banks, Savings Banks, and Insurance Companies)

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Foreword

- to be included after public consultation and finalisation of the report

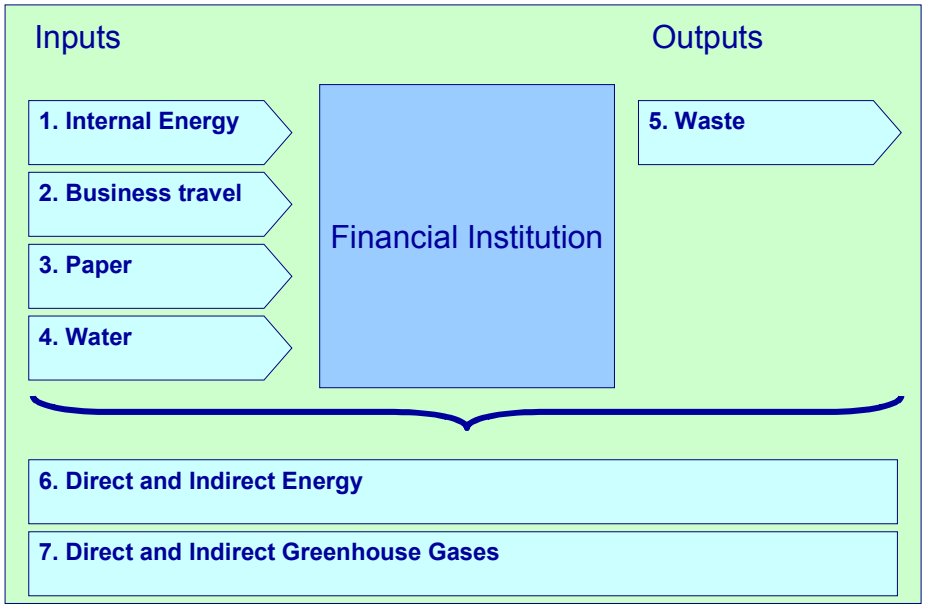
Management Summary

In 1996 the VfU (in -English: Association for Environmental Management in Banks, Savings Banks, and Insurance Companies) presented the guidelines “Environmental Reporting of Financial Service Providers”. After six years of application it was time for an update and enhancement of this indicator set on Internal Environmental Performance Indicators, taking into consideration past experience and recent developments in the field of environmental reporting.

Five financial institutions - Allianz Group, Credit Suisse Group, Swiss Re, UBS and Westpac Banking Corporation - and E2 Management Consulting took the initiative and launched the VfU 2003 update project together with VfU as project partner.

The project goals were:
1. Revision and further development of the VfU-Indicators, which includes:
   - comprehension of recent developments on performance measurement
   - technical improvement of indicator definitions
2. International applicability
3. Stakeholder involvement
4. Application oriented final report

The updated VfU indicator set consists of 7 indicators, which describe the internal environmental performance of financial institutions:



The indicators developed during the project can be considered as best-practice. Financial institutions embarking on environmental performance measurement may wish to progressively adapt this standard, initially concentrating on those indicators with the greatest environmental relevance, such as energy and business travel. The standard provides guidance on how to proceed when incrementally implementing data collection.

The key results of the update are:

- a more systematic and also pragmatic approach for the definition of indicators 1 - 5,
- rules to facilitate data collection and/or extrapolation for systems with lower environmental relevance,
- a systematic and comprehensive calculation of environmental impacts in the indicators 6 Direct and Indirect Energy and 7 Direct and Indirect Greenhouse Gases,
- a calculation file to standardise data analysis and calculation of impacts,
- a reference and a comparison to the GRI 2002 Guidelines environmental indicators. The standard provides guidance on how to apply the GRI environmental indicators for a financial institution's internal operations.

This report as well as the calculation file can be downloaded at www.epifinance.com and www.vfu.de. There is no printed version available.

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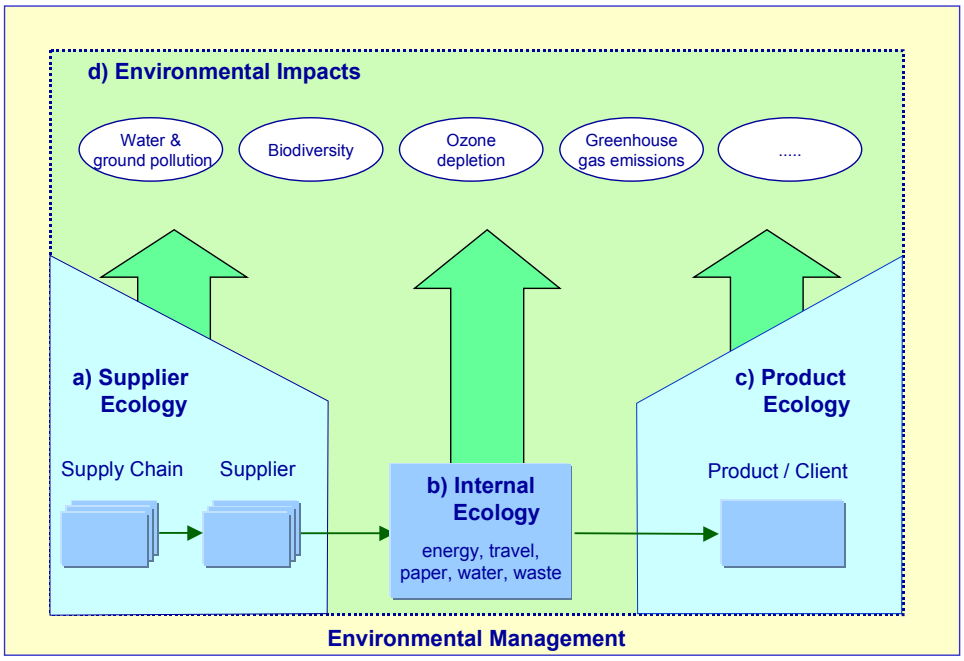
1. Introduction

1.1 Financial Institutions and the Environment

Environmental aspects relevant to the financial industry lay in the areas of:

a) **supplier ecology**: e.g. environmental aspects of supplier activities; environmental screening of suppliers
b) **internal ecology**: this covers e.g. energy consumption, waste and business travel
c) environmental aspects of **product performance**: from an environmental perspective, this is the key aspect for financial institutions. Issues covered are e.g. environmental risk management and environmentally oriented products and services
d) **environmental impacts** resulting from the above-mentioned processes, such as:
   - local and regional impacts e.g. the pollution to water, air and ground or the reduction of biodiversity,
   - global impacts e.g. ozone depletion or greenhouse gas effect.



All these dimensions are handled in a financial institution's environmental management: this covers the environmental management system and its responsibilities, e.g. environmental training, environmentally relevant posts.

The VfU 2003 project focussed on the internal ecology (see b) of financial institutions, as well as its environmental impact through greenhouse gas emissions (see d).

Experience over the last decade shows that in many regions the greatest internal environmental impacts (measured in greenhouse gas emissions) of financial institutions result from energy consumption and business travel. Paper consumption, water consumption and waste are of less environmental significance. This report covers each of these areas in order of their significance (see chapters 3.1 to 3.5)

Environmental aspects of a financial institution's products and services, as well as environmental management indicators, are not covered by this project. These issues were covered in a predecessor project, the EPI-Finance 2000 project (www.epifinance.com).

The social aspects of financial institutions, such as internal performance, performance towards society, social impacts of products and services, social issues in the supply chain and CSR Management issues, are covered in the SPI-Finance 2002 report (www.spifinance.com).

For an overview of a financial institution's sustainability areas and respective reporting frameworks, see chapter 4.1.

1.2 Benefits of Environmental Management and Reporting

A financial institution can achieve various benefits through a systematic approach to environmental management and reporting, e.g. by

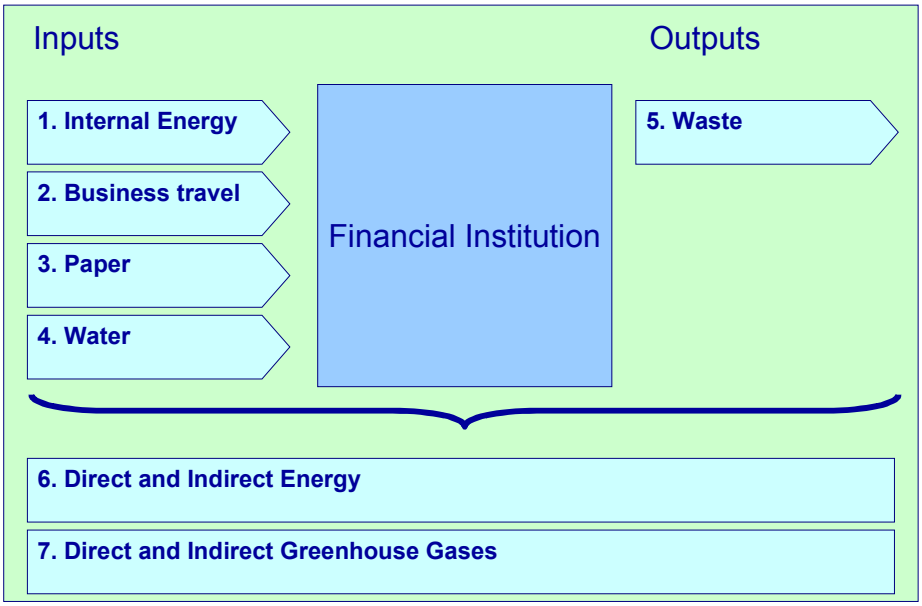
- gaining financial benefits: greater efficiency in management structure and operation costs, and in energy and waste reduction; efficient identification of opportunities for cost savings,
- anticipating and meeting the environmental performance expectations of its stakeholders and thereby achieving improved public image and enhanced client trust,
- good sustainability ratings for investors,
- maintaining legal compliance and reducing liability risks
- improved employee morale and motivation.

The management of environmental performance requires indicators to set corporate and individual goals and measure performance. What gets measured gets done. Indicators are also beneficial for internal and external reporting on environmental performance. Standardised industry-specific indicators allow for benchmarking between financial institutions of comparable structure.

2. The VfU 2003 Indicators

2.1. Indicator Overview

The following charts provides an overview of the VfU 2003 internal environmental performance indicators.



The VfU 2003 indicators 1 to 5 cover the core energy and material flows of a financial institution:

- internal energy consumed
- business travel generated
- paper consumed
- water consumed
- waste produced

From a systematic point of view, it can be considered that e.g. paper sent to clients or waste water is also an output and not only an input. This is correct, however, for this framework the indicator categories are aligned to the actual point of data collection, e.g. paper or water purchased.

Indicators 6 and 7 measure the environmental impact of the above-mentioned material and energy flows in two dimensions:
6) the direct and indirect energy consumption, aligned to the GRI Energy Protocol
7) the direct and indirect greenhouse gases emitted, aligned to the WBCSD/WRI Greenhouse Gas Protocol

The seven indicators consist of various sub-indicators, as illustrated by the company examples in the following chart. Some of the sub-indicators are further divided into categories which are ordered with respect to their environmental relevance, starting with the least environmental impact first.

(table with company examples to be included after public consultation)

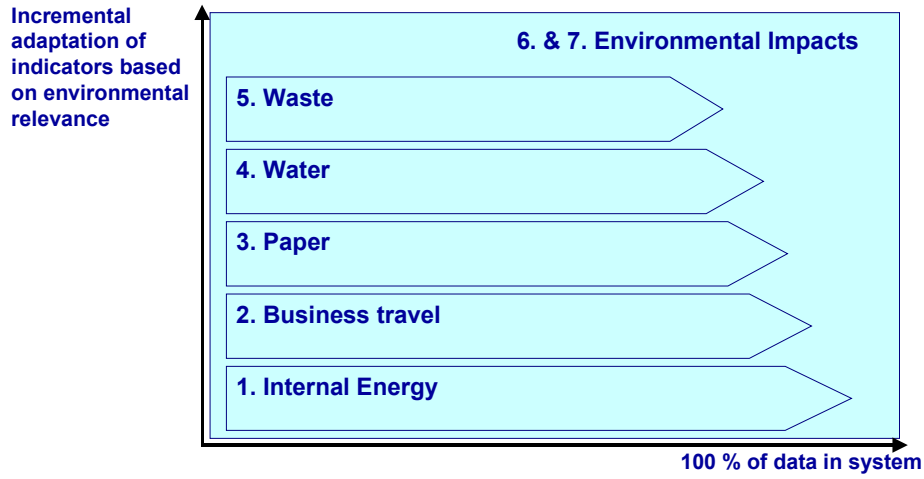
The definitions of the indicators and sub-indicators are provided in chapter 3.

2.2 Incremental Adaptation of the VfU 2003 Standard

The indicators developed during the project can be considered as best-practice, since they take into account years of experience with data collection, monitoring and controlling.

Financial institutions embarking on environmental performance measurement may wish to progressively adapt this standard, initially concentrating on those indicators with the greatest environmental relevance.

The chart below displays such an incremental approach, beginning with the indicators on energy and moving towards the indicators on waste. Indicators 6 and 7 on environmental impacts will automatically be calculated from each of the indicators that the company reports on.



The project group recommends to adopt the following procedures when collecting data:
1) Start with indicators with high environmental relevance, such as internal energy or business travel
2) Within an indicator category strive for an efficient data collection boundary. Experience shows that the first 80 % of the data within a category can be collected much more easily than the last 20 %, e.g. in small remote systems.
3) For some indicator categories data may need to be collected anyway, e.g. for legal reasons. Such data can be reported within the VfU indicator framework in any case.
4) When calculating the environmental impacts, all data of the indicators 1 - 5 should have comparable system boundaries. The calculation file delivered together with this report automatically extrapolates missing data to a 100 % system, with the knowledge that one is generally on the “safe side” when extrapolating missing data.

It is important to bear in mind where potential measures can be taken. Pure statistics which do not lead to measures will not lead to improved performance.

2.3 System and Data Boundaries

2.3.1. System Boundaries

When applying the 1996 VfU internal environmental indicators, financial institutions had the following experiences with the data collection:

1. The definition of the system boundaries to a large extent depended on the company-specific solution for relevant logistical processes, such as the in- or outsourcing of EDP centres, IT departments, call centres, staff restaurants, etc.
2. Even within the core data categories, the boundaries of data collection varied. Institutions with a large network of small branches found it very difficult and frustrating to collect data for 80 % of their locations, which constituted only 20 % of the environmental impact of the respective category.

The following table gives an overview of the practical problems of **system boundaries**:

	Systems with high influence and/or data availability	Systems with limited influence and/or data availability	Systems with little or no influence and/or data availability
	System boundary of a financial institution		
Internal Energy	Large- and medium-sized buildings in ownership Internal EDPcenters	Rented but managed buildings	Buildings rented, not managed Outsourced EDPcenters
Business Travel	Cars owned by the financial institution Air travel	Rail travel	External courier services
Paper	Centralised purchases of paper Marketing material distributed by in-house units	Decentral purchases of paper	Externally produced and distributed marketing material
Water	Large- and medium-sized buildings in ownership	Rented but managed buildings	Buildings rented, not managed
Waste	Waste of large- and medium-sized buildings Centrally managed waste (for security reasons)	Waste from small branch offices	Waste from staff restaurants Construction waste

For the first problem described above this update project cannot provide a simple solution. The variety of structural solutions within the financial sector will always limit benchmarkability. However, since quantitative indicator data always needs qualitative comments, reporters should provide information on which environmentally relevant logistical processes have been outsourced and are not included in the respective data.

For the second problem, however, a pragmatic solution is provided. As described in chapter 3.7.1., financial institutions should no longer strive to have a complete set of data just for the sake of it. Rather, they should concentrate on relevant systems and then identify the scope of the data collected within the system. All data collected can then automatically be extrapolated to a 100 % system, in order to calculate the environmental impacts based on comparable system boundaries.

Reporting on environmental data on an annual basis is considered best-practice. It may occur that certain data is not available on a calendar year basis. In such cases adopt the data pragmatically to a 12 month period.

2.3.2. Data Quality

Providing details of **data quality** is important in the interest of open and transparent communication. It also highlights the efforts made in the area of data collection and is thus an important internal and external information for the improvement of the environmental management system.

An assessment of the absolute figures should be made of data quality as follows:

Data quality	Description
3	data based on exact measurement, such as supplier invoice, meter
2	data based on calculation / detailed estimate
1	data based on rough estimate
0	data not reported

It is proposed to apply such a qualitative description of the absolute data collected. However, quantitative descriptions can also be applied, such as calculating the standard deviation and then rating the data quality based on the % of deviation.

For determining data quality on a corporate level covering a number of locations with different levels of data quality (e.g. some buildings have measured energy data, others have calculated data), follow this procedure:

1. multiply the data quality of location A by the number of employees at A
2. do the same for locations B and C, etc.
3. add the totals from each location and divide by the overall number of employees within the system
4. the resulting figure is the corporate average data quality for a certain indicator

2.3.3. Reference Figure: Employees

The 2003 VfU indicator update proposes to apply only the number of employees as the reference figure for relative indicators.

In the 1996 standard, the gross floor area as a reference figure was also applied for the indicator addressing the energy consumption for heating. Since the update has merged this indicator into one single energy indicator, area as a reference figure is no longer necessary. However for internal data analysis companies may still wish to use area as a reference figure.

The reference figure "number of employees" should be identical to the number in a company's financial report. This is mostly expressed as **full-time equivalents (FTEs)**, where part-time jobs are added together to a 100 % basis. To facilitate the calculation of relative indicators, the reference figure should be counted on an end of year basis only.

FTEs are more relevant for external communication, such as with the VfU performance indicators. For internal purposes and the management of the issues, companies may decide to apply other categories such as e.g. BOS ("bums on seats"), PAC (physical access count), consultants, outsourced.

In the case of big structural changes such as mergers and acquisitions, new organisational units should be included according to the financial reporting. If necessary, absolute and relative performance indicators have to be adapted according to the period of inclusion.

This update includes the possibility of having different reaches of data collected for the different indicators, since missing data can be extrapolated to a 100 % system. The FTEs are the key to this extrapolation procedure described in chapter 3.7.1. A company has to define how many of the FTEs in the 100 % system are covered by an indicator data set.

3. VfU 2003 Indicators

3.1 Internal Energy

3.1.1 Environmental aspects and relevance for FIs

The growing concern about global climate change, air pollution and the depletion of non-renewable resources has provided a new impetus for more prudent management of energy consumption. Nevertheless, energy consumption continues to increase globally.

Environmental performance evaluations for financial institutions show that energy consumption is one of the most relevant environmental aspects. Financial institutions use high amounts of electricity for data processing, lighting, cooling and other processes, as well as fossil fuels for heating purposes.

3.1.2 Definition of the Indicators

Nr.	Definition of the indicator	Comments
1	**Total internal energy consumption in MJ**	Sum of indicators 1a, 1b and 1c
1a	Electricity consumed internally in MJ differentiated between the following sources from your supplier: - hydroelectric power stations - wind power stations - photovoltaic power stations - gas-fired power stations - oil-fired power stations - coal-fired power stations - nuclear power stations If supplier mix is not available use: - electricity in average market mix	1st priority: collect data based on supplier mix 2nd priority: where supplier mix is not available use average market mix Where a company is active in various markets, data for the overall system may be a combination of both supplier and regional market mixes. With natural gas, apply the higher heating value (HHV).
1b	Fossil fuels consumed internally in MJ covering: - natural gas - heating oil - fuels for emergency power (petrol, diesel) - coal	If the heating plant is not owned or managed by the company ask the provider for the source of fossil fuel that is being used for heating
1c	Other (non-exhaustive list) energy consumed internally in MJ covering: - renewable heating energy - district heating	District heating: Heating the building with industrial waste heat from a nearby burning process such as waste incineration or power plants. Renewable heating energy: Heat generated from the sun, biogas and wood.

3.1.3 Interpretation

Indicator 1 covers the overall amount of energy used within the financial institution's buildings. Not included is the use of fuels for business travel, which is counted in indicator 2a Business Travel. The calculation of the GRI energy indicators is not part of this indicator, but is provided with indicator 6 Direct and Indirect Energy (see chapter 3.7.2)

Electricity consumption **(indicator 1a)** can be differentiated between supplier mix and average market mix. As a first priority, companies should ask their suppliers in order to list the source / quality mix of electricity effectively consumed.

If a specific supplier mix is not available companies should work with the average market mix, which shows the average composition of the electricity delivered to the grid of the corresponding country.

With the liberalisation of energy markets it is increasingly possible to contractually arrange the favoured type of electricity production with the chosen supplier. The growing choice of renewable energy obliges the supplier to produce or purchase the corresponding type of electricity and deliver it to the grid. This influence on energy mix is also a possibility for reducing GHG emissions, besides concrete energy saving.

In **indicator 1c** all other energy sources which contribute to covering the energy needed in buildings are listed. It includes waste heat and heat produced with renewable energies.

In case of own production or conversion of energy (e.g. combined energy/power plants):
- count only energy inputs in order to avoid double counting
- deduct energy sold externally to third parties

According to the standard, it is only relevant to report on own consumption.

3.2 Business Travel

3.2.1 Environmental aspects and relevance for FIs

Business travel, in the form of business trips and visits to clients, is an important aspect in the operations of any larger financial institution, in particular for internationally-active companies due to air travel.

Environmental aspects associated with business travel are emissions to air due to the burning of fossil fuels.

The highest impact results from air travel, followed by road and rail travel. Air travel can further be divided between short-haul (up to 500 km) and long-haul (above 500 km) flights. Short-haul flights generate a particularly higher load of emissions to air.

3.2.2 Definition of the Indicators

Nr.	Definition of the indicator	Comments for Data Collection
2	**Total business travel in km**	Include total kilometres for the means of transport most relevant for your institution
2a 2b 2c 2d	Means of transport in km differentiated between: - Rail travel - Road travel - Short-haul air travel - Long-haul air travel	Reporting on each of the three categories is optional Report on the category(ies) most relevant for your institution depending on your business processes, stating which are not relevant. With air travel, differentiate between short-haul (up to 500 km) and long-haul flights.

3.2.3 Interpretation

This indicator covers business trips undertaken by the company's employees. Commuter travel and travel undertaken by clients and suppliers are not to be included.

Rail travel includes all business journeys by rail. For this category often only the total cost is documented, irrespective of the kilometres travelled. In this case, the price per kilometre can serve as a surrogate parameter.

Road travel covers business trips undertaken in a leased car, business car or private car documented by kilometre. Data can be obtained from travel re-imbursement forms and leased car bills. Whether a financial institution has its own car fleet often depends on location and taxation.

Air travel includes international business trips and domestic flights. The data should be presented as trips below or above 500 km (short- and long-haul flights) since short-haul flights carry a higher conversion factor to CO_2 equivalents. If the data cannot be separated in these categories flight be allocated as short haul to be on the safe side. Data can usually be obtained from the company's internal or external travel office.

Reporting on business travel is expected. However, financial institutions can focus on those category(ies) of business travel most relevant to them. For regional financial institutions this will most likely be road/rail travel, whereas a more internationally-active company would report on air travel first.

For this indicator data quality can vary largely between companies. Experience has shown that road travel must frequently be estimated. Air travel, on the other hand is largely well-documented.

3.3 Paper

3.3.1 Environmental aspects and relevance for FIs

The production of paper is ecologically a very relevant part of its life-cycle since it causes environmental problems at different levels: cutting and transportation of wood, the use of process water, energy and chemicals (e.g. chlorine) as well as sewage burden and waste. The use of wood from non-sustainable forestry also leads to major changes of forest fauna and flora.

Paper is one of the biggest continuous material accounts of a financial institution. Despite improving electronic data processing and developing the concept of a paperless office, paper consumption has not yet decreased as expected.

3.3.2 Definition of the Indicators

Nr.	Definition of the indicator	Comments
3	**Paper consumption in tons**	The total paper consumption is all the purchased paper used by or on behalf of the financial institution and includes the following: - office paper (multi-functional paper for copying and printing) - letterhead / pre-printed forms - envelopes - continuous paper forms (account statements for clients, etc.) - marketing material and publications (internal and external)
3a 3b 3c	Paper type in tons differentiated between: - post-consumer recycled - new fibres ECF and TCF - new fibres elementary chlorine	Only paper returning from the consumer cycle (post consumer waste) gets the status of recycled paper. So called pre-consumer recycled paper is considered as new fibre paper. Paper produced with new fibres and bleached without elementary chlorine (ECF = Elementary chlorine free; bleached mainly with chlorine dioxide) or totally without chlorine (TCF = Totally chorine free; bleached only with hydrogen, oxygen or ozone) are aggregated in one sub-category. Paper with new fibres bleached with elementary chlorine (Cl_2) are listed in a separate sub-category.

3d	Consumption of FSC-labelled paper in % of the total paper consumption	This indicator is not a sub-category of the above-mentioned paper categories since all of the above mentioned could be FSC-labelled. Therefore sum up all FSC-labelled paper and relate it to the total paper consumption.

3.3.3 Interpretation

Total paper consumption **(Indicator 3)** is defined as the amount of paper purchased by the financial services provider or the amount of paper printed on its behalf.

Based on experience, the following categories make up the largest share of paper used:
- office paper (multi-functional paper for copying and printing)
- letterhead / pre-printed forms
- envelopes
- continuous paper forms (account statements for clients, etc.)
- marketing material and publications (internal and external)

Printed materials bought/produced from third parties and externally distributed marketing material should be included.

Job ads, internal telephone books, newspapers purchased, advertising hoardings, sanitary kitchen paper as well as office materials such as note paper, cardboard, posters, post-its are not to be included in this figure.

Indicator 3a is recycled paper. This includes only paper which is 100% recycled post-consumer waste. Unprinted waste paper from paper factories and printing companies (pre-consumer waste) is not considered as recycled paper, but as new fibre paper.

Compared with new fibre paper, recycled paper causes only about half of the environmental impact. Its use is therefore a simple measure to improve environmental performance.

Mixed paper (e.g. sandwich paper qualities) has to be broken down into the individual categories.

Indicators 3b and **3c** are both new fibre paper qualities. The environmentally relevant issue is whether the paper is still bleached with elementary chlorine (indicator 3c) or whether it bleached with environmentally friendlier technology.

The best option is a totally chlorine free quality (TCF). However, with modern production plants an elementary chlorine free bleached (ECF) paper quality is considered almost as good as TCF paper, which is why these two qualities are merged in one indicator.

FSC-labelled paper **(indicator 3d)** is produced with new fibres from wood out of certified forests that comply with the ecological and social criteria from the Forest Steward Council (FSC, www.fscoax.org/). At least 17.5 % of certified new fibres is required to be classified as FSC paper.

The combination of FSC-labelled fibres with fibres from recycled paper is ecologically and technically meaningful. FSC paper types therefore usually contain between 50 - 70 % of recycled paper. The significance of FSC-labelled paper will presumably increase in the following years.

3.4 Water

3.4.1 Environmental aspects and relevance for FIs

The consumption of water has increased by a factor of 6 in the last hundred years due to the growth of world population and its industry and agriculture. Not only the amount of consumed wa

ter, but also the deterioration of water quality causes problems. Already in over 30 countries worldwide, the lack of water is an urgent issue and harms the lives of more than 500 million people. Water has become one of the most precious resources on the planet. Also the costs of waste water treatment have been rising considerably.

Financial institutions use water in their facilities mainly for sanitary installations, air conditioning, cooling systems, cafeteria, indoor plants and external areas, e.g. parks. The environmental relevance of a financial institution's water consumption depends on the climatic conditions it operates in and the quality of water consumed. The pollution of waste water by a financial institution is in most cases negligible. However, most FIs have a potential to reduce their amount of water used, especially of the increasingly scarce drinking water.

3.4.2 Definition of the Indicators

Nr.	Definition of the indicator	Comments for Data Collection
4	**Total water consumption in m^3**	Addition of the sub-categories 4a to 4c for total water consumption, including water use for: - sanitary installations - air conditioning - cooling systems - cafeteria, garages, sporting areas - indoor plants - external areas, e.g. parks The indicator corresponds to the GRI 2002 environmental indicator on water EN 5.
4a 4b 4c	Water categories in m^3 differentiated between: - rain water - natural water (surface water / ground water) - drinking water	Rain water: Gathered, not purified, rain water without drinking water quality Natural water: not purified water, without drinking quality, withdrawn from surface (lakes, rivers) or ground water Drinking water: purified water with drinking quality, withdrawn from groundwater, water sources or surface water.

3.4.3 Interpretation

The splitting of the total water consumption (**indicator 4**) into the three categories of **indicator 4a, 4b** and **4c** is optional. It is recommended to report on those categories relevant for the company. Most financial institutions use only water with drinking quality. Besides reducing the total amount of consumption, a financial institution can substitute drinking water with natural water or, even better, rain water for toilet flushing and the irrigation of external areas.

The use of water for cooling or heating purposes where it is led back to its source without treatment is not water consumption as defined in this section.

The collection of water data from small branches may be very time consuming and difficult. In such cases the extrapolation of missing data based on sample data of comparable systems may be an efficient solution.

3.5 Waste

3.5.1 Environmental aspects and relevance for FIs

One of the main wastes produced by a financial institution is in the form of office waste, such as paper.

The most serious environmental impacts associated with waste result from waste going to landfill (land-use, potential water contamination and release of greenhouse gases). Waste to incineration results in emissions to air, while the energetic value of the waste can be used for power generation and/or district heating.

The recycling of waste leads to positive environmental aspects, such as: reduced raw material consumption and reduced emissions to air. In regions with high waste disposal costs the recycling of waste leads to economic impacts on the annual operating costs.

3.5.2 Definition of the Indicators

Nr.	Definition of the indicator	Comments for Data Collection
5	**Total waste in tons**	Total of all waste produced by the financial institution
5a 5b 5c	Waste type in tons differentiated between: - valuable materials separated and recycled - waste incinerated - waste disposed of in landfills	Total waste should be split between what is recycled, waste that is incinerated or waste that is landfilled Special waste will be divided between these categories since it is either recycled, incinerated or disposed of to landfill

3.5.3 Interpretation

The above-mentioned waste categories reflect a very straight-forward approach to handling data on waste. The project group focussed on this differentiation, which solely reflects the **method of waste disposal**, since this is where the environmental relevance of the indicator can be seen. The method a financial institution employs for its waste disposal is key to reducing the environmental impacts associated with waste. Therefore a financial institution should aim to reduce its ratio of waste landfilled or incinerated to waste recycled, or reduce the amount of total waste accumulated.

A separate category for **special waste**, including hazardous waste, as defined in the 1996 VfU indicators has been dropped since also special waste is either landfilled, incinerated or recycled. Special waste is therefore still picked up by the waste indicators, since it will be covered either in the waste that is recycled, incinerated or sent to landfill.

The waste indicator covers the total amount of waste produced by the company. The following waste categories **should be included in indicator 5**:
- paper/cardboard
- residual waste/domestic-type waste
- special/hazardous waste
- electronic scrap

Special attention should be paid to electronic scrap since this material account is of particular relevance for a financial institution.

The following waste categories **do not need to be included**:
- waste from staff restaurants (staff restaurants do not exist in all countries and the total amount of waste they produce is not very relevant) and sports complexes
- waste from construction and from building remodelling

For the communication of qualities (i.e. recycled, incinerated or landfilled) only the percentage is relevant and not tons.

If waste data from small branches is difficult to collect, it should be extrapolated based on sample data of comparable systems.

3.6 Overview of Indicators 1 to 5

The following table, based on a hypothetical case of a company with 100 employees (FTEs), gives an overview of indicators 1 to 5. It can be found in **spreadsheet A** – 'Data Input' in the excel calculation file available together with this report.

- The internal energy data are collected in the large office buildings covering 90 employees. The electricity consumption consists of 500'000 kWh, of which 100'000 is from a wind power station. In addition, fossil fuels are purchased for heating purposes.

- The business travel and paper consumption data can be collected for 100 % of the company's system boundary.

- The data on water consumption is based on 90 employees, while the waste data covers only 80 % of the system.

The spreadsheet is designed to process data on an aggregate level covering the different locations of maximum one country. Data sets from different countries have to be analysed and summed up separately.

VfU Indicators 2003: Sheet A - Data Input

	Indicators	Employees		Absolute			
		Employees covered	% employees covered in system	Absolute figures 2002	Unit	Data quality	Remarks
	Total of Employees	**100**	**100%**				
	Select your country	**Switzerland**					
Internal Energy	**1) Total internal energy consumption in kWh**			**810'000**	**kWh**		
	1a) Electricity consumed internally in kWh	90	90%	**500'000**	**kWh**		
	electricity from hydroelectric power stations			0	kWh	0	
	electricity from wind power stations			0	kWh	0	
	electricity from photovoltaic power stations			100'000	kWh	3	
	electricity generated by gas-fired power stations			0	kWh	0	
	electricity generated by oil-fired power stations			0	kWh	0	
	electricity generated by coal-fired power stations			0	kWh	0	
	electricity generated by nuclear power stations			0	kWh	0	
	electricity from average market mix			400'000	kWh	3	
	electricity for non-covered employees:						
	Switzerland	10	10%				
	1b) Fossil fuels consumed internally in kWh	90	90%	**110'000**	**kWh**		
	natural gas			10'000	kWh	2	
	heating oil			100'000	kWh	2	
	fuels for emergency power units (petrol, diesel)			0	kWh	0	
	coal			0	kWh	0	
	fossil fuels for non-covered employees:						
	natural gas	10	10%				
	1c) Other energy consumed internally in kWh	90	90%	**200'000**	**kWh**		
	renewable heating energy (solar power, bioorganic, etc.)			200'000	kWh	1	
	district heating			0	kWh	0	
	other energy for non-covered employees:						
	district heating	10	10%		kWh		
Business Travel	**2) Total business travel in km**	100	100%	**300'000**	**km**		
	2a) rail travel			33'000	km	2	
	2b) road travel			67'000	km	2	
	2c) short-haul air travel			100'000	km	2	
	2d) long-haul air travel			100'000	km	2	
Paper	**3) Total Paper consumption in tons**	100	100%	**24.00**	**t**		
	3a) post-consumer recycled			6.00	t	3	
	3b) new fibres ECF + TCF			13.00	t	3	
	3c) new fibres chlorine bleached			5.00	t	3	
	3d) Consumption of FSC-labelled paper in tons			3.00	t	2	
Water	**4) Total water consumption in m3**	90	90%	**1'800**	**m3**		
	4a) rain water			0	m3	0	
	4b) natural water			0	m3	0	
	4c) drinking water			1'800	m3	3	
Waste	**5) Total waste in tons**	80	80%	**18.00**	**t**		
	5a) valuable materials separated and recycled			12.00	t	2	
	5b) waste incinerated			6.00	t	2	
	5c) waste disposed of in landfills			0.00	t	1	

Data quality

3	data based on exact measurement such as bill and meter
2	data based on calculation / detailed estimate
1	data based on rough esimate
0	data not reported

3.7 Calculation of Environmental Impacts

3.7.1 Extrapolation to a 100 % system

As described in chapter 3.6, the data for the individual indicators can be collected in different system boundaries. It is even proposed not to strive for 100 % data coverage in cases where the effort required for collecting missing data is disproportionate to its environmental relevance. Examples are the energy or waste data of small branch offices.

However, in order to calculate the environmental impact of the reporting institution through the indicators 6 Total Energy and 7 Greenhouse Gases based on comparable system boundaries, all indicator data has to be extrapolated to a theoretical 100 % system first.

Extrapolation is therefore necessary for the indicator framework. However, the extent of extrapolation needs to be transparent. The decisions from which point a company extrapolates is company-specific and cannot be standardised. The decision therefore lies with the individual financial institution, however, a company extrapolating from only 20% collected data will have difficulties when implementing the indicator framework and subsequent environmental targets. Such an approach can only be helpful in case of a first environmental impact evaluation.

The extrapolation is based on the number of staff, measured in FTEs, covered by the data collected (see table in chapter 3.7.4). For example, a bank may collect energy data only in its 10 large office buildings and 25 medium-sized branch offices, but refrain from collecting data in its 50 small branch offices. Due to the structure of this system, 90 % of the FTEs working for the bank are still included in the first two categories. The energy consumption can then be extrapolated to a 100 % system based on the average consumption of the first two categories.

As large buildings tend to have higher specific energy consumption than small branch offices, the extrapolation will tend to overestimate the missing data. As a result, the calculated environmental impacts will be “on the safe side”, thereby setting an incentive to close data gaps where the costs of data collection in relation to the environmental relevance are reasonable.

3.7.2 Direct & Indirect Energy and Greenhouse Gases

Companies collecting and reporting on environmental data tend to focus on categories that can be directly measured within the boundaries of the respective system. These direct environmental impacts happen “on site” (a concept not easily applicable for a financial institution).

Beyond these on site impacts, considerable environmental impacts happen outside of the boundaries of the company, mainly with suppliers:

- if a financial institution has its own fleet of company cars, it tends to measure only the gasoline consumed. The energy consumption for refining and transporting the gasoline to the company tends to be neglected.
- if – due to a different market and infrastructure – the company prefers to use public transportation and/or air travel, the energy consumption attached to these transportation means are either neglected or sometimes only measured on the level of greenhouse gases.
- At the same time the company may strive to replace business travel with video-conferences and will include – via the electricity consumption – the energy impacts produced therewith.

There are two internationally recognised standards for measuring environmental impacts which are referring to each other concerning system boundaries:

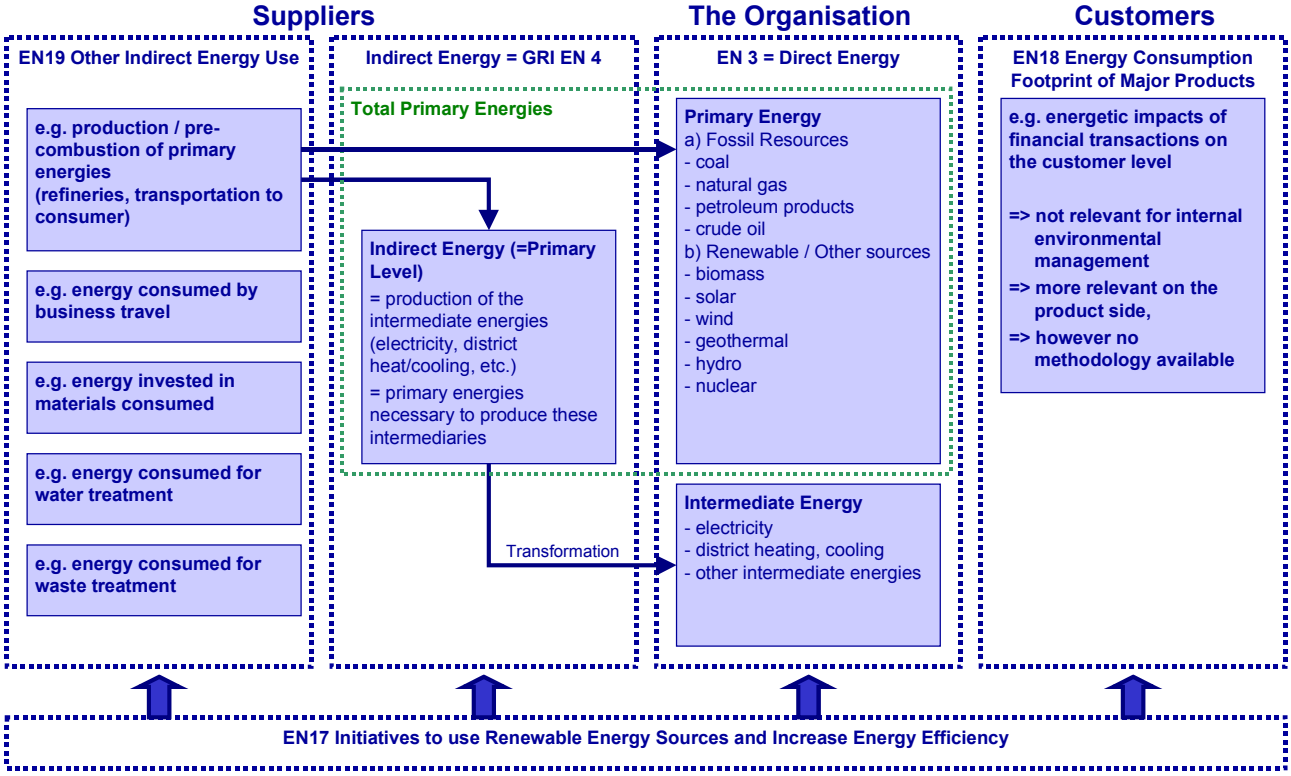
- The Environmental Indicators in the GRI 2002 Guidelines and the **GRI Energy Protocol (Pilot Version 1.0)**
- The **WBCSD/WRI Greenhouse Gas Protocol**

The VfU Indicators 2003 strive to be compatible with these protocols. Additionally, the calculation file delivered with this report automatically calculates indicator values according to these protocols based on the data collected for the VfU Indicators 1 to 5.

3.7.3 The GRI Guidelines and the Energy Protocol

The GRI 2002 Guidelines contain 35 environmental performance indicators, five of which are directly linked to energy consumption (EN 3, EN 4, EN 17-19) and two (EN 8 and EN 30) are linked to greenhouse gas emissions. As the latter directly refer to the WBCSD/WRI Greenhouse Gas Protocol, they are discussed in the next section.

The GRI Energy Protocol defines these energy related indicators and delivers a calculation sheet which automatically calculates the energy indicators EN 3 and EN 4 based on the collected company data. The following table clarifies the relationship between these indicators:

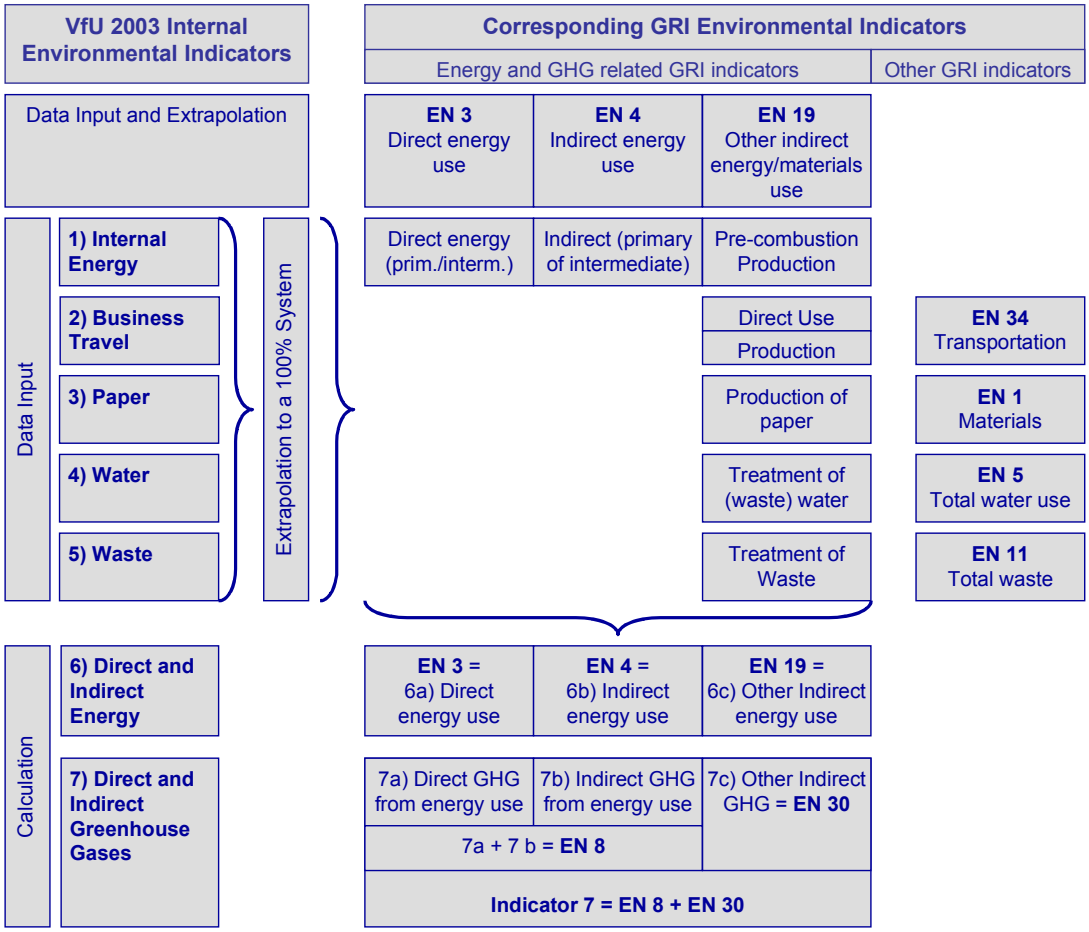


The project group therefore proposes **indicator 6 'Direct and Indirect Energy Use**', where – based on standardised conversion factors and on GRI methodology – the following direct and indirect energy consumption is automatically calculated for all data of the input indicators 1 to 5:

- **Indicator 6a**: direct energy use (=GRI environmental indicator EN 3)
- **Indicator 6b**: indirect energy use for energy production (=GRI environmental indicator EN 4)
- **Indicator 6c**: other indirect energy use (=GRI environmental indicator EN 19)

It is important to understand that the values of these sub-indicators for the time being **cannot be added** as they partially consist of overlapping information from an energetic point of view.

The following table displays the relationship between the VfU 2003 Internal Performance Indicators and some of the GRI 2002 environmental indicators, as well as the logic behind the automatic calculation of these indicators.

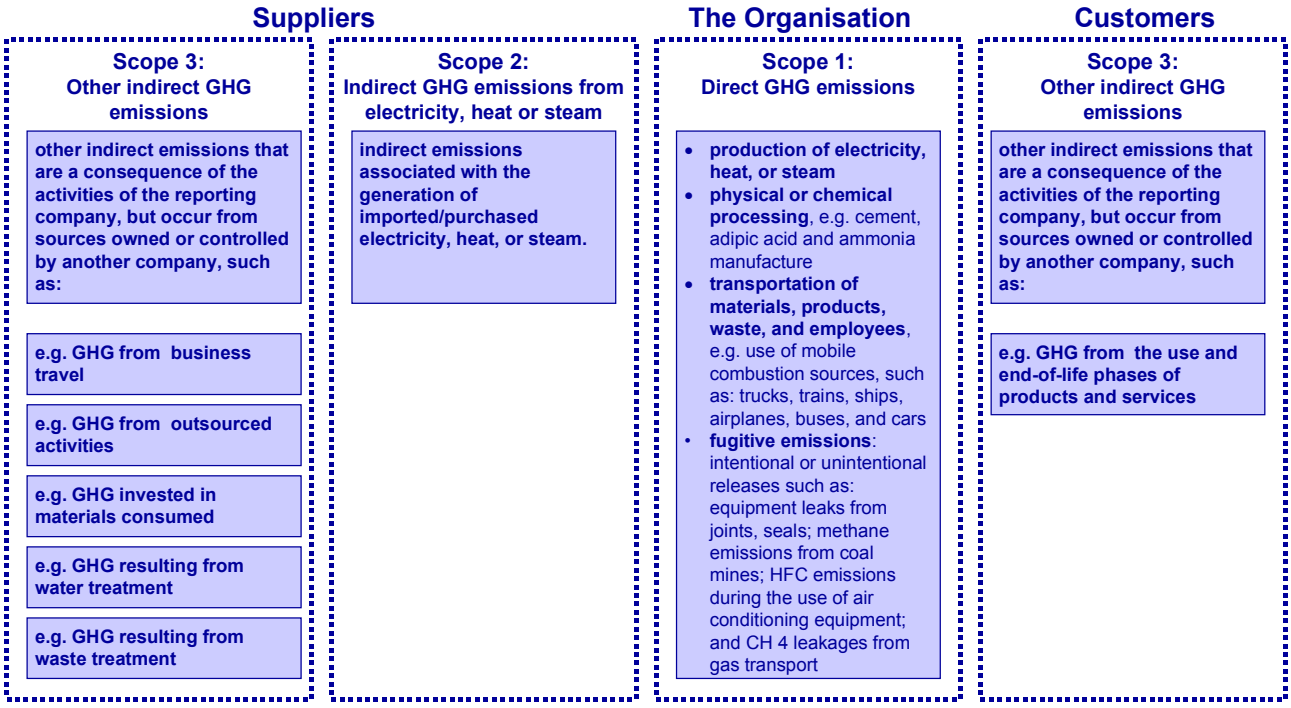


The table also displays the benefit of reporting against the VfU 2003 Internal Performance Indicators. Financial Institutions that collect the input data for the VfU indicators 1 to 5 automatically receive the information for nine GRI environmental indicators which are delivered in the calculation file attached to this report.

3.7.4 The WBCSD/WRI Greenhouse Gas Protocol

As pointed out in the table above, the GRI environmental performance indicators also include two indicators on greenhouse gas emissions (EN 8 and EN 30). However, these indicators refer directly to the WBCSD/WRI Greenhouse Gas Protocol, which is why the original source is also picked up here.

The Greenhouse Gas Protocol delivers a comprehensive methodology on how to report on greenhouse gas emissions. In includes a three-dimensional systematics to set the system boundaries of GHG reporting:



Based on the this logic, the calculation file also delivers the following greenhouse gas indicators:

- **Indicator 7: Direct and indirect greenhouse gas** emissions consisting of:
  - **Indicator 7a:** Direct GHG emissions (Scope 1)
  - **Indicator 7b:** Indirect GHG emissions from the generation of energy (Scope 2)
  - **Indicator 7c:** Other indirect GHG emissions (Scope 3)

3.7.5 Calculation of Environmental Impacts

The excel file provided together with this report includes various sheets to calculate the following indicator information:

a) extrapolation of the input data on VfU indicator 1 to 5 to a 100 % system
b) calculation of direct and indirect energy consumption indicators, based on the GRI Energy Protocol Calculation sheet included therein (EN 3 and EN 4) and other conversion factors derived from LCA experience.
c) calculation of greenhouse gas emissions indicators (including direct and indirect emissions), based partially on conversion factors from the WBCSD/WRI emission factors (Scope 2) and other conversion factors derived from LCA experience.

The standardised conversion factors are not included in this report, but are provided in the mentioned excel calculation file so that the individual user does not need to collect any additional data in order to calculate the indicators.

The conversion factors will be updated periodically in the course of stakeholder feedback as well as further research in the field of environmental impact and/or life cycle analysis.

See www.epifinance.com or www.vfu.de for the latest version of the calculation file and the conversion factors.

3.8 Presentation of Results

The calculation file contains a separate **spreadsheet C** delivering the following information:

- The input data as collected (not extrapolated)
- The data quality indicator for the input indicators 1 to 5
- The relative performance indicators per FTE
- The environmental impact indicators 6 Direct and Indirect Energy and 7 Direct and Indirect Greenhouse Gases.

VfU Indicators 2003: Sheet C - Results

	Indicators	Corresponding GRI Indicators	Employees		Absolute		Relative
			Employees covered	% employees covered in system	Absolute figures 2002	Data quality	Relative figures 2002
			100	100%			
Internal Energy	**1) Total internal energy consumption in MJ (MJ per employee)**	(EN 3)			**2'916'000**		**32'400**
	1a) Electricity consumed internally in MJ (MJ per empl.)		90	90%	**1'800'000**		20'000
	electricity from hydroelectric power stations				0	0	
	electricity from wind power stations				0	0	
	electricity from photovoltaic power stations				360'000	3	
	electricity generated by gas-fired power stations				0	0	
	electricity generated by oil-fired power stations				0	0	
	electricity generated by coal-fired power stations				0	0	
	electricity generated by nuclear power stations				0	0	
	electricity from average market mix				1'440'000	3	
	1b) Fossil fuels consumed internally in MJ (MJ per empl.)		90	90%	**396'000**		4'400
	natural gas				36'000	0	
	heating oil				360'000	0	
	fuels for emergency power units (petrol, diesel)				0	2	
	coal				0	2	
	1c) Other energy consumed internally in MJ (MJ per empl.)		90	90%	**720'000**		8'000
	renewable heating energy (solar power, bioorganic, etc.)				720'000	0	
	district heating				0	0	
Business Travel	**2) Total business travel in km (km per empl.)**	EN 34	100	100%	**300'000**		**3'000**
	2a) rail travel				33'000	0	11%
	2b) road travel				67'000	1	22%
	2c) short-haul air travel				100'000	0	33%
	2d) long-haul air travel				100'000	0	33%
Paper	**3) Total paper consumption in tons (kg per empl.)**	(EN 1)	100	100%	**24.00**		**240**
	3a) post-consumer recycled				6.00	0	25%
	3b) new fibres ECF + TCF				13.00	2	54%
	3c) new fibres chlorine bleached				5.00	2	21%
	3d) Consumption of FSC-labelled paper in tons				**3.00**	2	100%
Water	**4) Total water consumption in m3 (Liter per empl.)**	EN 5	90	90%	**1'800**		**20'000**
	4a) rain water				0	0	0%
	4b) natural water				0	3	0%
	4c) drinking water				1'800	3	100%
Waste	**5) Total waste in tons (kg per empl.)**	EN 11	80	80%	**18.00**		**225**
	5a) valuable materials separated and recycled				12.00	2	67%
	5b) waste incinerated				6.00	0	33%
	5c) waste disposed of in landfills				0.00	0	0%
Environmental Impacts (data extrapolated to 100 % system)	**6) Direct and indirect energy use in MJ (MJ per empl.)**		100	100%	**not summable**		
	6a) Direct energy use	EN 3			4'100'112		41'001
	6b) Indirect energy use	EN 4			3'629'357		36'294
	6c) Other indirect energy use	EN 19			3'437'210		34'372
	7) Direct and indirect greenhouse gas emissions of 6) in tons CO2 equivalent (kg per empl.)		100	100%	**not summable**		
	7a) GHG emissions of direct energy use (6a)	EN 8			34.3		343
	7b) GHG emissions of indirect energy use (6b)				19.3		193
	7c) GHG emissions of other indirect energy use (6c)	EN 30			129.4		1'294

Data quality

3	data based on exact measurement such as bill and meter
2	data based on calculation / detailed estimate
1	data based on rough esimate
0	data not reported

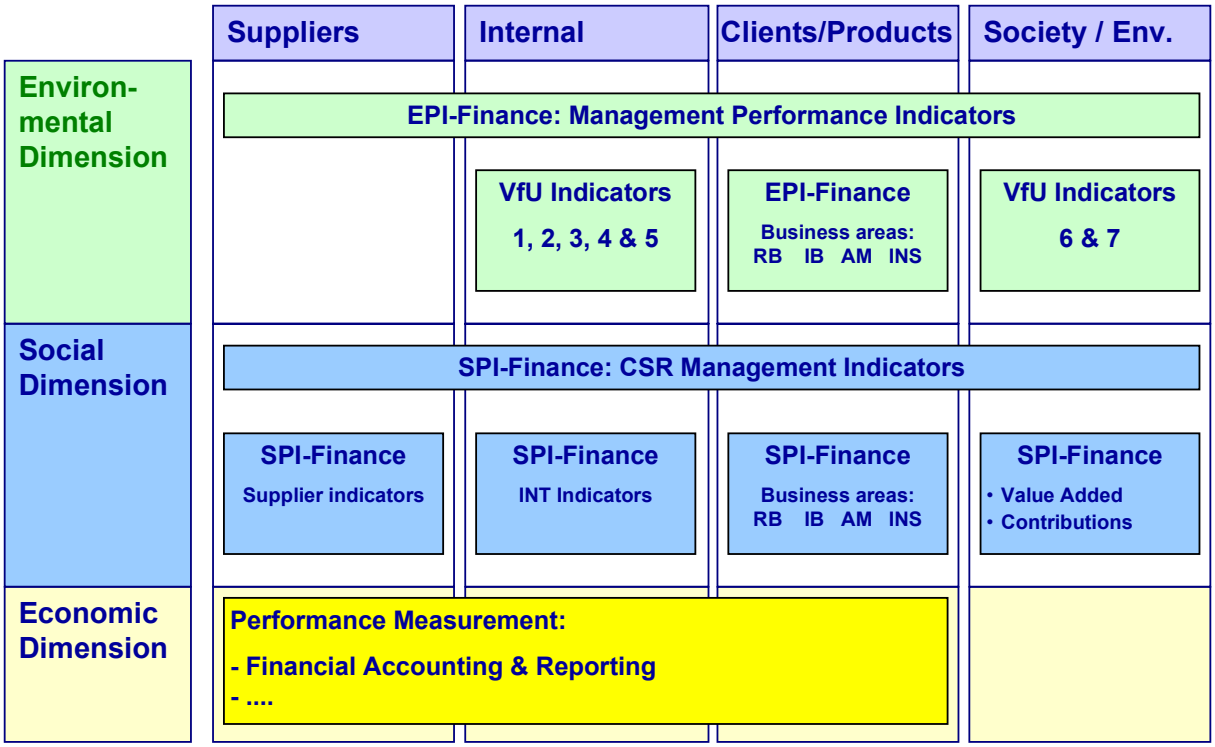
4. Conclusions and Recommendations

4.1 Scope of the Indicators in a CSR Management System

Since the beginning of the 1990s financial institutions systematically have been integrating environmental management systems. As a first step, financial institutions focussed on the internal environmental performance covering areas such as energy consumption, business travel and waste. The actual financial products and services, e.g. loans, investments and insurance, were only later taken into consideration. Recently, financial institutions have also begun integrating social aspects into a broader sustainability or CSR management.

The table below displays:

- the sector specific indicator sets* against which a financial institution can measure all dimension of its sustainability performance,
- how the VfU 2003 indicators fit into the overall sustainability performance measurement.



*next to generic indicator sets, such as the GRI Guidelines, UNEP Greenhouse Gas Indicators and ISO 14031

4.2 Comparison with GRI Environmental Indicators

As indicated in the table presented in chapter 3.7.2., the VfU 2003 indicators deliver the data required by various environmental indicators of the GRI 2002 guidelines.

However, not all GRI indicators are covered. The following table shows an overview of the comparison between the VfU 2003 and GRI environmental indicators. For a detailed comparison and analysis from the perspective of a financial institution, see table in Annex 3.

GRI 2002 Guidelines Environmental Indicators	Coverage in VfU 2003	Comments
Materials		only paper covered by VfU
Energy		covered by VfU
Water		covered by VfU
Biodiversity		not relevant for financial institution's internal ecology, more relevant on the product side
Emissions, effluents and waste		greenhouse gases and total amount of waste are covered by VfU; not all emissions to air / discharges to water relevant for FI's internal ecology
Suppliers		not covered by VfU since it is not internal ecology; social aspect covered by SPI-Finance
Products and Services		not covered by VfU 2003; covered by EPI-Finance
Compliance		not covered by VfU since it is not internal ecology; non-compliance is covered by SPI-Finance
Transport		covered in more detail by VfU
Overall: Environmental expenditures		financial data are not covered in the scope of the VfU project

Key:

= issue covered similarly/equally by VfU 2003

= issue partially covered by VfU 2003

= issue not covered by VfU 2003

The VfU 2003 indicators were designed specifically for financial institutions, whereas the GRI environmental indicators are generic and were designed to be used by all sectors.

As can be seen from the table above, there is a certain overlap between both indicator sets. The GRI indicators also cover issues which are not covered by VfU 2003, whereas the VfU 2003 indicators go into more detail regarding the individual issues key to financial institutions.

For example, there is no VfU indicator covering biodiversity as this is not very relevant for a financial institution’s internal ecology. The issue may rather be covered under indirect environmental impacts through products / suppliers and is therefore outside of the scope of this project.

A company that wishes its sustainability report to be qualified as “in accordance” with the 2002 GRI Guidelines should either report on the core indicators in the Guidelines or explain the reason for the omission of each indicator. The detailed assessment in annex 3 may help financial institutions to decide whether or not to report on a specific GRI core indicator.

4.3 Recommendations

Financial institutions are invited to use this report when setting up internal environmental performance measurement within their institution.

The indicators presented can be:

- used by a financial institution as guidance on how to design internal environmental performance reporting within their institution. The list of issues and indicators may also help a company to adapt its policies, internal organisation, goals and programmes and the controlling.
- used by stakeholders to gain information on the internal environmental performance of a financial institution.

One reason why this set of indicators was developed was to improve the quality of communication with interested third parties. Interested parties should be able to rely on the indicators developed

on the basis of these guidelines. A criterion considered while formulating the indicators was that the published values be auditable and verifiable through third parties.

The project members look forward to critical comments and suggestions for improvements to the set of indicators presented in this report. They would also welcome the discussion of the proposed indicators between external stakeholders and other financial institutions.

The greater the number of financial institutions which can provide internal environmental performance indicators for discussion in the future, the higher the quality of future versions.

Annex 1: Project Background Information

Background

In 1996 the Germany based "Association for Environmental Management in Banks, Savings Banks, and Insurance Companies" (VfU) launched the first standard for financial institutions for environmental reporting and performance measurement. These guidelines were published also in English under the name "Environmental Reporting of Financial Service Providers" and are available at the VfU website.

The main content of these guidelines are:
1) Guidelines on the content of environmental reports for financial institutions
2) A proposal for key performance indicators on internal environmental management

While on the level of sustainability reporting international developments such as the GRI Guidelines are today very relevant for financial institutions, the so called "VfU indicators" have gained high acceptance among financial institutions (FIs) based in German speaking countries and increasingly on an international level. Rating agencies also apply this indicator set in their questionnaires on environmental performance.

After six years of application it was time for an update and further development of this indicator set:

a) The 1996 VfU indicators where designed with the background of the first experience with internal environmental performance evaluation in Germany and in Switzerland starting from first internal environmental performance evaluations in banks in 1992. Since then the global players among them have started to collect these data also in their international locations. They learned that the local situations vary considerably, e.g. heating systems are often powered by electricity in Anglo-Saxon premises while in Germanic locations they are powered by fossil fuels.
b) While the 1996 VfU indicator set was an innovation at the time, the know-how on performance measurement has advanced. New international standards such as the GRI guidelines 2000 and 2002 have been developed. However, the project participants still believe in the need of a sector specific indicator framework which makes to reference to global indicator standards.

In preparation, a "Swiss Group" with participants from Credit Suisse Group, Swiss Re, UBS and E2 Management Consulting Inc. developed a first input paper in early 2002.

In summer 2002 the Allianz Group from Germany and Westpac Banking Corporation from Australia joined this initiative to update the VfU indicators.

Project goals

Based on these starting points the project goals were:
1) Revision and Further Development of the VfU-Indicators for Internal Ecology
- Starting point is the input paper from the Swiss Group
- Technical Improvement and update of the VfU indicators (operational performance indicators)
- Comprehension of recent developments on performance measurement such as:
  - GRI environmental performance indicators
  - UNEP Greenhouse Gas indicators

2) International Applicability
- Global applicability of the internal performance indicators which includes:
  - financial institutions outside German speaking countries (the roots of the VfU indicators)
  - international premises of global players

- The project will seek for active co-operation with international bodies such as UNEP, GRI etc., to become a standard.

3) Stakeholder Involvement (intended to take place within a follow-up project)
4) Application oriented final report (to be finalised after public consultation)

- Final report as web-based PDF File
- Application oriented guidelines for the indicators
- Answers to FAQ such as system boundaries or reference value
- Indicator examples from the participating institutions to enhance credibility
- Participating financial institutions and their contact partners and stakeholders involved

Project Participants

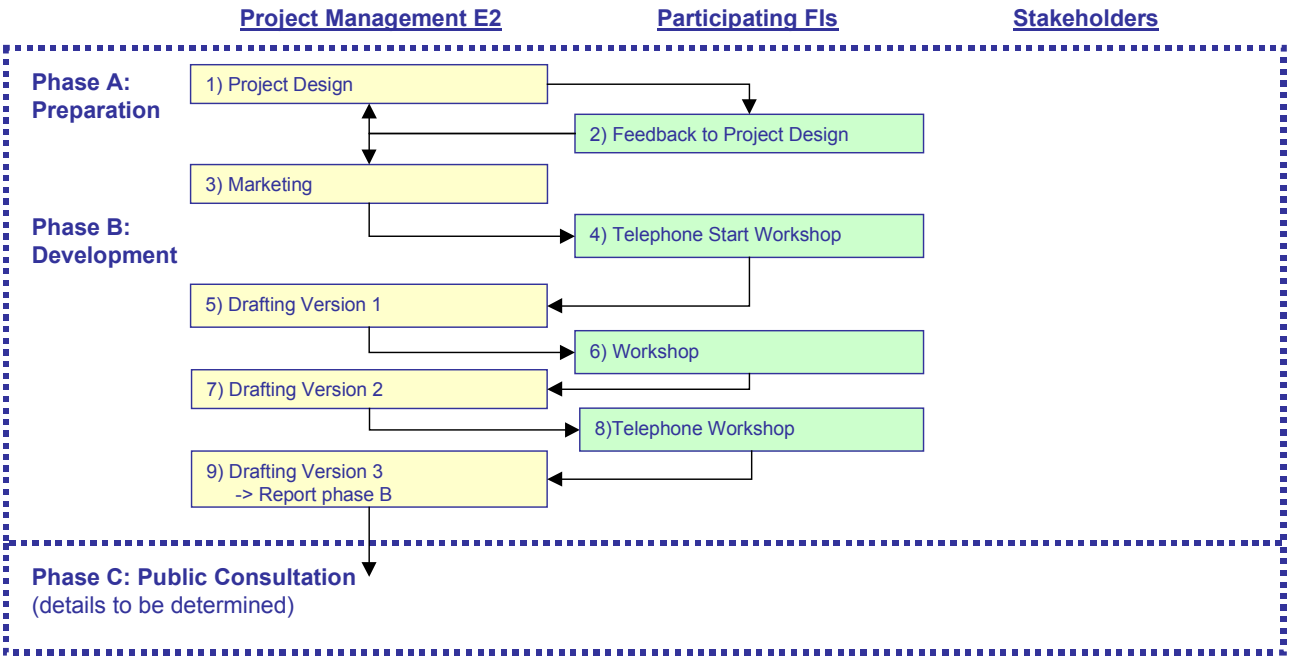
VfU Indicators 2003 is a voluntary initiative which was undertaken and funded by the following financial institutions:

- ⇨ Allianz Group (DE)
- ⇨ Credit Suisse Group (CH)
- ⇨ Swiss Re (CH)
- ⇨ UBS AG (CH)
- ⇨ Westpac Banking Corporation (AU)

E2 Management Consulting Inc. (CH) delivered project consultancy and management and is the author of this document.

Organisation and Development of the Project

The project was developed in three phases A) Preparation, B) Development and C) Feedback and took place between August ’02 and March ‘03. The following graph displays the design of the project:



Annex 2: VfU 1996 Indicators

The 1996 VfU indicators consist of seven environmental indicators, some of them including sub-indicators. The first six indicators were input indicators, the last one described the environmental output, the CO_2 emissions of the financial institution.

Category	Relative Indicator	[1] Allianz 2001 Germ.	[2] CSG 2001 Switz.	[3] Swiss Re 2001 Group	[4] UBS 2001 Switz.	[5] Westpac 2001 Austr.
1) use of electric energy	kWh/employee	3'984	7'800	8'714	7'000	5'400
2) use of heating energy	kWh/m^2	73	75	101	92	-
3) water consumption	L/employee*day	53	107	-	64	-
4a) paper consumption	kg/employee	665	255	87	255	320
4b) paper type in % of total	%	-	-	-	-	-
4c) copier paper consumpt.	A4 pages/empl.	12'700	9'770	17'400	12'695	11'400
5a) waste total	kg/employee	245	288	-	232	-
5b) waste categories in %	%	-	-	-	-	-
6a) total business traffic	km/employee	4'778	2'900	16'089	2'373	-
6b) traffic carrier in % total	%	-	-	-	-	-
7) CO2 emissions total	kg/employee	4'333	2'960	6'352	1'800	6'700

[1] see http://www.allianz.com/sustainability/sp/okologie/umweltdaten_de.htm
[2] see http://www.credit-suisse.com/en/csgn/pdf/csg_social_performance_indicators_en.pdf
[3] see http://www.swissre.com/ „Environmental and Social Report 2001"
[4] see http://www.ubs.com/e/index/about/ubs_environment/envrepanddata/reports/2001.newdialog.0017.Upload2.pdf/c_umweltbericht_e.pdf
[5] see http://www.westpac.com.au/internet/publish.nsf/8C61BCDB6C8EBB05CA256BFE0020F5CD/$File/Westpac_Social_Impact_Rpt.pdf

Annex 3: Comparison with GRI Environmental Indicators

Comparison of GRI 2002 Environmental Indicators and VfU 2003 Indicators

GRI 2002		Relevance to Financial Industry	VfU 2003													Comments
			Energy		Travel		Paper			Water		Waste		Impacts		
			1	1a-c	2	2a-d	3	3a-c	3d	4	4a-c	5	5a-c	6, 6a-c	7, 7a-c	
			Internal energy consumption in MJ (MJ per empl.)	Origin of energy consumed %	Total business travel in km (km per empl.)	Means of transport in km (%)	Total paper consumption in tons (kg per empl)	Paper type in tons (% of total)	% FSC paper of total paper cons.	Water consumption in m3 (litre per empl.)	Water categories in m3 (% of total)	Total waste in tons (kg per empl)	Waste destination in tons (% of total)	Direct and Indirect Energy (MJ per employee)	Direct and indirect greenhouse gas emissions (kg. per empl.)	
Materials - Core:																
EN1	Total materials use (other than fuel and water).	x														VfU-Update covers paper specifically, other material use can only be ascertained from the waste disposal figures
EN2	Percentage of recycled inputs as part of total inputs	x														
Energy - Core:																
EN3	Direct energy use segmented by primary source	x														According to GRI Energy Protocol
EN4	Indirect energy use	x														According to GRI Energy Protocol
Energy - Optional:																
EN17	Initiatives to use renewable energy sources and increase energy efficiency.	x														not initiatives, but % of renewable energy possible
EN18	Energy consumption footprint of major products															FIs do not produce physical products
EN19	Other indirect (upstream/ downstream) energy use and implications	x														
Water - Core:																
EN5	Total water use	x														
Water - Optional:																
EN20	Water sources and related ecosystems/ habitat significantly affected															
EN21	Annual withdrawals of ground and surface water															
EN22	Total recycling and reuse of water															
Biodiversity - Core:																
EN6	Location and size of land owned, leased, or managed in biodiversity-rich habitats															most FIs probably not located on biodiversity-rich habitats, however, they probably own / lease such land
EN7	Description of the major impacts on biodiversity associated with the organisation's activities and / or products and services	x														relevant more on the product side
Biodiversity - Optional:																
EN23	Total amount of land owned, leased or managed by the org.	x														relevant more on the product side
EN24	Amount of impermeable surface as a % of land purchased															
EN25	Impacts of activities and operations on protected and sensitive areas	x														relevant more on the product side
EN26	Changes to natural habitat resulting from activities and operations and percentage of habitat protected or restored.	x														relevant more on the product side
EN27	Objectives, programmes, & targets for protecting & restoring native ecosystems and species	x														relevant more on the product side
EN28	Number of IUCN Red List species habitats within organisation's operations.															
EN29	Business units currently operating or planning operations in or around protected or sensitive areas.															

Keys:

text = indicator covered similarly/equally in both systems (GRI and VfU-Update)

text = indicator covered in both systems, but with differing definitions

text = indicator only covered in one system

Comparison of GRI 2002 Environmental Indicators and VfU 2003 Indicators

GRI 2002		Relevance to Financial Industry	VfU 2003													Comments
			Energy 1	Energy 1a-c	Travel 2	Travel 2a-d	Paper 3	Paper 3a-c	Paper 3d	Water 4	Water 4a-c	Waste 5	Waste 5a-c	Impacts 6, 6a-c	Impacts 7, 7a-c	
			Internal energy consumption in MJ (MJ per empl.)	Origin of energy consumed %	Total business travel in km (km per empl.)	Means of transport in km (%)	Total paper consumption in tons (kg per empl)	Paper type in tons (% of total)	% FSC paper of total paper cons.	Water consumption in m3 (litre per empl.)	Water categories in m3 (% of total)	Total waste in tons (kg per empl)	Waste destination in tons (% of total)	Direct and Indirect Energy (MJ per employee)	Direct and indirect greenhouse gas emissions (kg. per empl.)	
Emissions, effluents and waste - Core:																
EN8	Greenhouse gas emissions	x													▒	Aligned to WBCSD/WRI Greenhouse Gas Protocol
EN9	Ozone depleting substances emissions in tonnes of CFC- 11 equivalents															
EN10	NOx and SOx emissions and other significant air emissions for your industry	x														relevance can be deducted from energy use and the greenhouse gas emissions
EN11	Total amount of waste by type and destination	x										▒	▒			
EN12	Significant discharges to water for your industry sector															
EN13	Significant spills of chemicals, oils, and fuels in terms of total number and total volume.															
Emissions, effluents and waste - Optional:																
EN30	Other relevant indirect greenhouse gas emissions. (CO2, CH4, N2O, HFCs, PFCs, SF6).	x													▒	
EN31	All production, transport, import, or export of any waste deemed 'hazardous'												▥			VfU-Update covers the disposal only (which is the relevant part for FIs) of special, problem or toxic waste.
EN32	Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff.															
Suppliers - Optional:																
EN33	Performance of suppliers	x														Not covered under VfU-Update, since not inhouse ecology, however still relevant. Performance of suppliers covered in SPI-Finance
Products and Services - Core:																
EN14	Significant environmental impacts of principal products and services.	x														covered under EPI-Finance 2000
EN15	Percentage of product weight/ volume reclaimed after use.															
Compliance - Core:																
EN16	Incidents of and fines for non-compliance with all applicable international declarations / conventions / treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	x														not an issue in VfU-Update or EPI-Finance Management Indicators. Non-compliance is covered in SPI-Finance.
Transport - Optional:																
EN34	Significant environmental impacts of transportation used for logistical purposes.															
Overall - Optional:																
EN35	Environmental expenditures	x														

Keys:

text ▒ = indicator covered similarly/equally in both systems (GRI and VfU-Update)

text ▥ = indicator covered in both systems, but with differing definitions

text = indicator only covered in one system

The tables above are designed to explain the correlation between the VfU 2003 and GRI 2002 indicator sets. In addition, an assessment of the relevance of each GRI core indicator for the financial industry is given.

Abbreviations

AM	Asset Management
BOS	Bums On Seats
CSR	Corporate Social Responsibility
ECF	Elementary Chlorine Free
EDP	Electronic Data Processing
EPI	Environmental Performance Indicators
FI	Financial Institution
FTE	Full Time Equivalents
FSC	Forest Stewardship Council
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
IB	Investment Banking
INS	Insurance
IUCN	The World Conservation Union
KM	Kilometres
kWh	Kilo Watt Hours
LCA	Life-Cycle Assessment
MJ	Megajoules
PAC	Physical Access Count
RB	Retail Banking
SPI	Social Performance Indicators
TCF	Totally Chlorine Free
UNEP	United Nations Environment Programme
VfU	Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V.
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute

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Enquiries may be directed to: E2 Management Consulting Inc., Wehntalerstr. 3, CH – 8057 Zürich, Switzerland, T +41 1 362 85 72, F +41 1 361 86 01, www.e2mc.com, e2post@e2mc.com

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