



**Capitalising on Natural
Resources: New Dynamics in
Financial Markets**

Media Release

**International leaders discuss innovative financial
market solutions for a sustainable management
of the environment and natural resources
9th International Sustainability Leadership Symposium 2008
and Financing for Climate conference hosted in Zurich**

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Zurich, 11 September 2008: The management of natural resources presents societies and economies with an enormous long-term challenge. At the *9th International Sustainability Leadership Symposium* and at the *Financing for Climate* conference, leading international representatives from the financial industry, academia and governmental agencies met at the Swiss Re Centre for Global Dialogue in Rüschlikon, Zurich, to promote commercially viable investments and financial solutions that favour the environment, engage the financial community in finding market-based solutions to environmental challenges and increase the awareness for sustainability in the financial sector.

9th International Sustainability Leadership Symposium 2008

From 10 – 11 September 2008, at the *9th International Sustainability Leadership Symposium 2008*, renowned experts such as Lord Nicholas Stern, author of the “Stern Report”, Hans-Bernd Menzel, CEO of the European Energy Exchange, and Achim Steiner, Executive Director of the United Nations Environment Programme discussed the topic of “*Capitalising³ on Natural Resources: New Dynamics in Financial Markets*”.

In his key-note speech Lord Nicholas Stern, author of the “Stern reviews on the economics of climate change” remarked, “Climate change is the largest failure of humanity. However, we have to take an optimistic approach, because we have the means to succeed. The technologies needed are rapidly emerging, being implemented

and shared. In addition, political change is coming about, as we simply cannot afford to fail.”

The symposium explored the contribution of the financial services industry both to protecting natural resources and to facilitating the provisions thereof. It concluded that population growth, higher incomes and climate change will lead to increased scarcities of hard, soft and environmental commodities.

Natural resource management urgently requires an improved understanding of the positive and negative feedback loops between financial markets and the scarcities of global commodities. Financial markets are in a position to provide sophisticated and innovative solutions, which can help mitigate scarcities of environmental and other commodities.

In addition, the development of carbon certificates and trading has proven that the creation of new markets for environmental commodities is possible and can soon spill over to other markets such as water quality and quantity, biodiversity and ecosystem services. However, it is an essential prerequisite that financial market players shift their approach from an opportunistic to a socially and environmentally responsible strategy of management of global commodities.

Achim Steiner, Executive Director of the United Nations Environment Programme, warned, “I am less concerned about our capacity to cope with scarcity than about the disruptive nature of environmental change, in particular climate change. Governments and regulators, the market and finally the public need a coherent approach, if we are to succeed. This global challenge can only be solved, if, based on the public’s choice, governments and regulators set the right framework and introduce right emission thresholds for the market to bring about the necessary transformation.”

Financing for Climate: Innovative Solutions and New Markets

At the conference “*Financing for Climate: Innovative Solutions and New Markets*”, held from 11 to 12 September, leaders in financial markets and climate-related technologies met to discuss means to

mobilize private and public capital for climate-related investments in emerging and developing countries. Speakers provided a comprehensive overview of the evolving climate-related markets and explored opportunities and challenges for viable private sector investments and public-private partnerships.

According to Lars Thunell, Executive Vice President and CEO of IFC, "Innovation in financial products and markets is essential to unleash the potential of renewable energy, clean technology, and energy efficiency, particularly in emerging markets."

Doris Leuthard, Swiss Minister of Economic Affairs, said, "Markets play an essential role in ensuring sustainable development. Leading financial institutions have been supportive in addressing climate change. However, more can and should be done. I encourage financial institutions to integrate climate change related risks and opportunities into core financial operations and to engage with private sector partners and governments to optimise the allocation of available funds to combat climate change."

Doris Leuthard sees the role of the public sector -- including the Swiss government -- in jumpstarting the market and stepping back as soon as private investors take over: "The basic idea here is to be fully subsidiary to the market and take upfront risks which private investors could not normally take alone, and to act as a catalyst in order to mobilise private funds either locally or internationally."

Jacques Aigrain, Swiss Re's Chief Executive Officer, concluded, "Climate change presents a risk to the world economy requiring a robust response including financial risk transfer instruments to help mitigate possible effects of climate change and adapt to its unavoidable consequences." Jacques Aigrain added, "Swiss Re has pioneered numerous new solutions and novel approaches to managing the risks of climate change from carbon trading and carbon insurance to green investments and weather risk transfer solutions."

The symposium was jointly organized by the Swiss State Secretariat for Economic Affairs (SECO) and the International Finance

Corporation (IFC), the private sector arm of the World Bank Group. It was hosted by Swiss Re.

About the International Sustainability Leadership Symposium

“Capitalising³ on Natural Resources: New Dynamics in Financial Markets” is the 9th International Sustainability Leadership Symposium of the association The Sustainability Forum Zürich (TSF, www.sustainability-zurich.org), 10/11 September 2008, Zürich. The Sustainability Forum Zürich (TSF) is an independent, non-profit, non-partisan association, founded by leading representatives from business, science and public authorities from Zürich and increasingly joined by financial market players from throughout Europe. As laid down in its statutes, the association has the purpose of organising and realising the annual International Sustainability Leadership Symposium and other dialogue events as well as connected research and promotion of projects, in particular pertaining to sustainability topics relevant to the financial market.

About the Financing for Climate conference

“Financing for Climate: Innovative Solutions and New Markets” is organised by the Swiss State Secretariat of Economic Affairs (SECO) and the International Finance Corporation (IFC), and hosted by Swiss Re, 11/12 September 2008, Zürich. Further information: www.sustainability-zurich.org/financing-for-climate

About IFC

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC's vision is that people should have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through syndications and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries. For more information, visit www.ifc.org.

About SECO

SECO seeks to promote sustainable economic growth and the integration of partner countries into regional and global systems by fostering stable macroeconomic conditions, encouraging investment and trade, and improving basic infrastructure. SECO has been a pioneer in supporting climate change mitigation in developing and transition countries since 1997, with the objective to ascertain a low carbon growth path. Among others, SECO has created a network of National Cleaner Production Centers and introduced "green credit lines" in several developing countries.

About Swiss Re

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and

progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.