

EPA Victoria & UNEPFI

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UNEP FI



UNEP FI (United Nations Environment Programme Finance Initiative) is a unique public-private partnership between **UNEP** and **financial institutions** worldwide.

Over 170 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.

The **aims** of the Initiative are 3 fold:

- to develop profitable, sustainable mechanisms for integration into financial business models
- to foster private sector investment in sustainable industries and technologies
- to generate constructive debate between the financial industry and sustainability experts

The Initiative was established in 1992

“Environmental issues have clearly become a new factor driving commercial risks and opportunities in the international financial services sector.” (UNEPFI)

Activities:

- Runs a number of events each year
- Disseminates information about best environmental and sustainability practice
- Help institutions deal with the commercial issues increasingly raised by these issues.



UNEP Finance Initiative
Innovative financing for sustainability

Australian Working Group

Current Australian Signatories include:

- ANZ Banking Group Limited
- Commonwealth Bank of Australia
- Export Finance and Insurance Corporation
- Insurance Australia Group
- mecu Limited
- Members Equity Group
- National Australia Bank
- QBE Insurance Group Ltd
- VicSuper Pty Ltd
- Westpac Banking Corporation



With 39 Signatories across Asia make up the Asia Pacific Task Force (APTF).



Why EPA is involved?



EPA:

Environment Protection Authority Victoria's purpose is to protect, care for and improve our environment.

UNEP FI:

To identify, promote and realise the adoption of best environmental and sustainable practices at all levels of financial institution operations.

- Under the Memorandum of Understanding between EPA and UNEP, EPA coordinate the Australian sub-committee



EPA's Role



Administer and provide support in:

- Current/ Proposed Projects –
 - Sustainable Supply Chain Project
 - Indigenous Finance
- Bi-monthly meeting to share best practice & review work program
- Highlight work of local signatories
- UNEPFI events in Australia
- Australian “Briefing” newsletter (quarterly)
- Access to high profile international speakers e.g. Al Gore, Paul Gilding, Nick Rowley

Supporting sustainable finance in Australasia

Briefing

UNEP Finance Initiative news from Australasia

VicSuper takes the lead on low carbon superannuation

VicSuper is the first Australian super fund to direct investors' retirement savings into an investment portfolio which is designed to achieve the same investment return as the broader international share market – with half the carbon footprint.

Managed by Vanguard Investments, the low carbon investment portfolio comprises 700 companies which collectively emit significantly less carbon emissions than their industry peers. Visit www.vicsuper.com.au for more details. These companies were selected from the 1,700 company group MSCI World ex Australia Index, and represent the top 40% of each industry for carbon performance.

VicSuper Chief Executive Nick Rowley, said: "The cost of environmental damage which carbon emissions cause is not yet priced into the value of several assets such as share prices for publicly listed companies. And it's only a matter of time, and this means investors are currently presented with significant risk and opportunities."

"VicSuper, we firmly believe that low carbon investments offer less risk and the likelihood of higher long term investment returns. Therefore, investing in a carbon aware portfolio is simply a commonsense investment decision for us."

"The value a 100 million investment in the lowest 40% which we've based on VicSuper's well-established pathway to incorporate sustainability considerations into all investment decisions, but only in this the best way to safeguard and grow the retirement savings entrusted to us, but it also enables VicSuper's members to feel confident that they're investing in a better future."

The carbon aware investment portfolio is diversified across all industries, companies were selected based on research and analysis conducted by Trucost PwC, a London based environmental research organisation which assesses companies and investors on the environmental impacts of business activities.

Trucost PwC Executive, Steve Thomas, said: "By including companies from all industries, rather than excluding industries which are carbon intensive such as mining and resources, the fund encourages and rewards better performance because capital is directed to companies which outperform on carbon efficiency."

According to Vanguard, the portfolio is designed to be more like by targeting a lower risk return profile on the MSCI World ex Australia Index, while providing 80% less carbon exposure than the index.

For further details see the full report www.vicsuper.com.au.

UNEP Finance Initiative Global Roundtable
24-25 October 2007, Melbourne Park, Melbourne, Australia



EPA working with the finance sector



Sustainability Covenants:



VicSuper



Other Activities:



Role of EPA Victoria: the modern regulator



“The Environment Protection Authority will be equipped to ensure Victoria becomes one of the first places in the world where the environment routinely becomes a business opportunity rather than a business cost.”

The Hon John Thwaites
Former Minister for Water, Environment and Climate
Change

EPA's Regulatory Role



EPA is established under the Environment Protection Act 1970.

We aim to develop and implement regulation that delivers environmental and business value.

Our regulatory tools include:

- Corporate and single site licensing
- Annual Performance Statements
- Broader approvals (works approvals, R&D, Prescribed Industrial Waste Regulations)
- Sustainability Covenants
- Environment and Resource Efficiency Plans

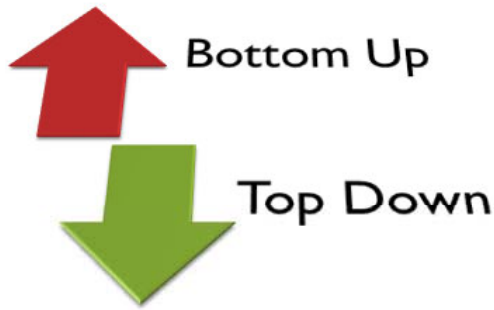
EPA is not involved in the Federal ETS regulation

EPA's Acting CEO and Deputy Chairman will sit on the EBAA Advisory Committee

UNEPFI & EPA Working with EBAA



EBAA: Working directly with Institutions



UNEPFI: Working with Sector, on sector wide issues and challenges

UNEPFI & EBAA will work together to ensure collaborative and thorough support is available to the finance sector in Australia

Thank you



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