

UNEP FI BIODIVERSITY AND ECOSYSTEM SERVICES WORKSHOP

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Presentation to Biodiversity and Ecosystem Services Workshop, London, April 5, 2007



UNEP Finance Initiative
Innovative financing for sustainability

Agenda

- Overview of UNEP FI
- The Story so Far
- Why Should FI's be Concerned with Biodiversity?
- Output From Today?

What is UNEP FI ?

- Unique Public/Private Partnership
- Some 170 Member Financial Institutions
- Regional Task Forces
- Specialist Working Groups
- Global Steering Committee
- Voluntary
- Small Secretariat in Geneva

Mission

To identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations



Regional Task Forces

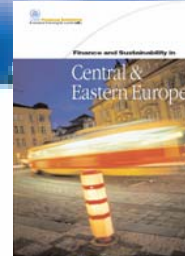
Awareness Raising, Capacity Building, Outreach, Training



North America

Latin America

Central/Eastern Europe



Africa

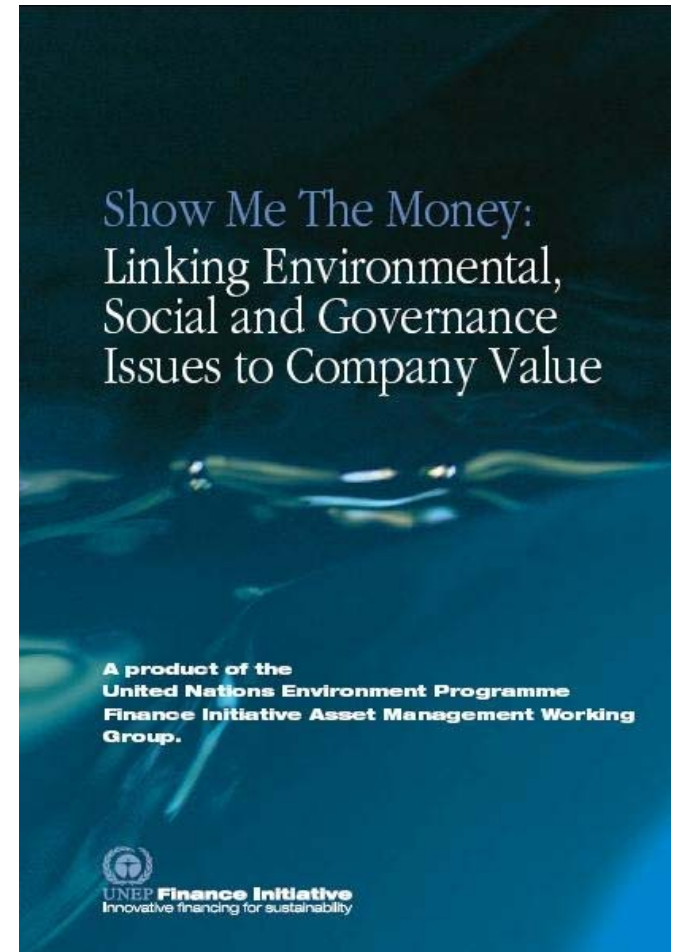


Asia/Australasia

Working Groups

Issue Orientated:

- Asset Management
- Climate Change
- Sustainability Reporting
- Insurance
- Property
- Water
- Biodiversity/Ecosystems
- Human Rights





CEO briefing
A document of the UNEP FI Climate Change Working Group - January 2008

Finance for Carbon Solutions

The Clean Development Mechanism: The Financial Sector Perspective

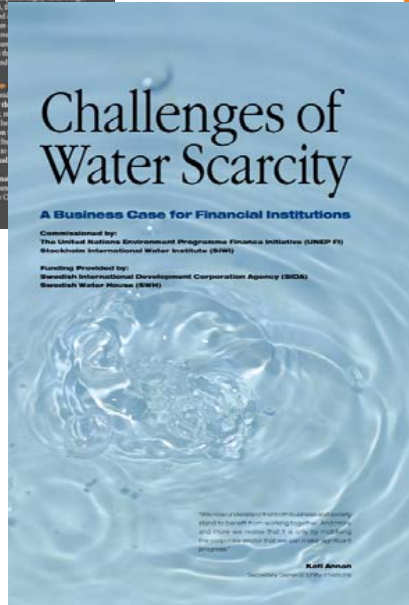
CECWG Statement
The Kyoto Protocol's Clean Development Mechanism (CDM) is a unique instrument in international climate policy. It supports the implementation of sustainable and environmentally friendly technologies in developing countries, and helps industrialized countries meet their emission reduction obligations in a cost-effective way. The potential market for Certified Emission Reductions (CERs) from CDM projects is remarkable according to the European Council, an estimated annual 100 million tons of CO₂ may be reduced worldwide in order to meet the Kyoto Protocol's emission reduction targets. It is hoped that a significant share of this volume will come from CDM projects. This will require, however, significant financial resources. The financial sector is often asked to play an important role in this respect, and, in particular, to promote project financing and to invest in CDM projects. In particular, the efficiency of the CDM depends largely on its design. Although the potential market for CERs exists, private banks and investors in the CDM market are still scarce. The UNEP FI CDM project database and national government support are essential to increase investor confidence (e.g. World Bank) and national government support is essential to increase investor confidence (e.g. World Bank) and national government support is essential to increase investor confidence (e.g. World Bank).

Purpose: This study is the fourth in a series of reports by the Climate Change Working Group (CCWG) of the UNEP Finance Initiative. The first was a general briefing paper on the issue of climate change in 2006. The second paper (2007) outlined the sector's support for emissions trading as a key mechanism. The third paper presented the business case for financing renewable energy and climate policy implementation for further action on the issue.

Key Messages: This fourth paper focuses on the Clean Development Mechanism and presents lessons for implementation and financing of CDM projects as seen from the financial sector perspective. Recommendations include financial institutions can be promoters and providers.

Commissioned by: The United Nations Environment Programme Finance Initiative (UNEP FI) Stockholm International Water Institute (SIWI)

Funding Provided by: Swedish International Development Cooperation Agency (SIDA) Swedish Water House (SWH)



Challenges of Water Scarcity

A Business Case for Financial Institutions

Commissioned by: The United Nations Environment Programme Finance Initiative (UNEP FI) Stockholm International Water Institute (SIWI)

Funding Provided by: Swedish International Development Cooperation Agency (SIDA) Swedish Water House (SWH)

Author: Kati Annan, Secretary General, Finance Initiative



CEO briefing
A document of the UNEP FI Climate Change Working Group (CCWG) - December 2007

The Future of Climate Policy

The Financial Sector Perspective

Aug 27 2008

Recommendations

The CCWG recommendations to policy-makers on how international climate policy should develop up to 2012 and beyond are:

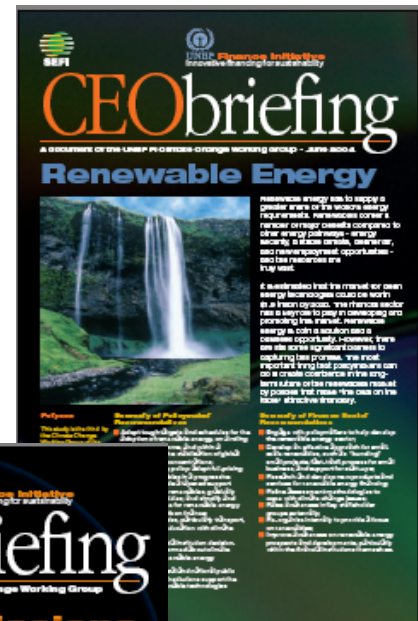
- Adopt a clear, precautionary, long-term reduction target and allow for greenhouse gas reductions.
- Provide early, clear guidance in the construction of the international climate policy regime beyond 2012.
- Foster an appropriate framework to ensure a liquid and thick global carbon market.
- Set clear targets for reasonable energy and energy efficiency, coupled with an effective, stable support mechanism.

CCWG Statement

In 1995, finance attended the first climate negotiations, the Conference of the Parties (COP) in Berlin, to raise their concerns directly with the international community over potentially costly impacts of climate change, and natural catastrophes in particular. A decade later, there is little doubt that human-induced climate change is real, and that the negative consequences are starting to emerge.

The ratification of the Kyoto Protocol in February 2005 established the framework for a global carbon market, together with the EU Emissions Trading Scheme, will provide an important price signal to achieve greenhouse gas emissions at minimum cost. However, in order to initiate urgently needed mid- to long-term investments in a low-carbon economy, it is vital that policy-makers provide certainty at the post-Kyoto framework and international climate policy beyond 2012. Only with a clear outlook on the future development of climate policies can the finance sector help mitigate risks and realize new business opportunities. As reported on the public debate regarding a viable climate policy framework post-2012.

The CCWG is aware of the fact that the overall climate change policy response must also consider climate change adaptation policies – the impacts of climate change give urgency in responding to the challenge. The focus of this paper, however, is on mitigation policies.



CEO briefing
A document of the UNEP FI Climate Change Working Group - June 2008

Renewable Energy

Renewable energy has the potential to supply a greater share of the world's energy needs, and regions with a renewable energy density compared to other energy sources – in energy security, in job creation, in cost, and in environmental opportunities – are the most attractive.

Key Messages: Renewable energy is a clean, secure, and sustainable energy source. It is a key element of a low-carbon economy and offers significant opportunities for investment. The financial sector has a crucial role to play in developing and promoting the market. Renewable energy is a clean, secure, and sustainable energy source. It is a key element of a low-carbon economy and offers significant opportunities for investment. The financial sector has a crucial role to play in developing and promoting the market.

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Emissions Trading

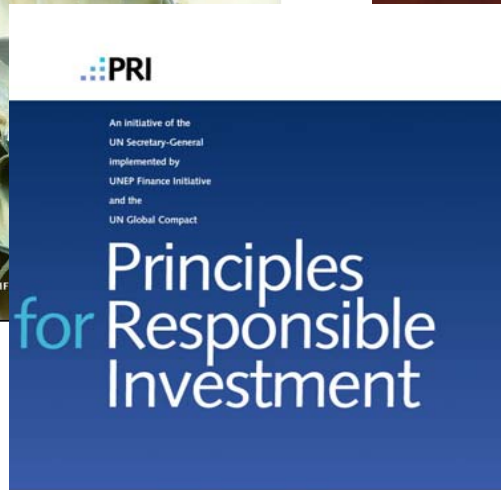
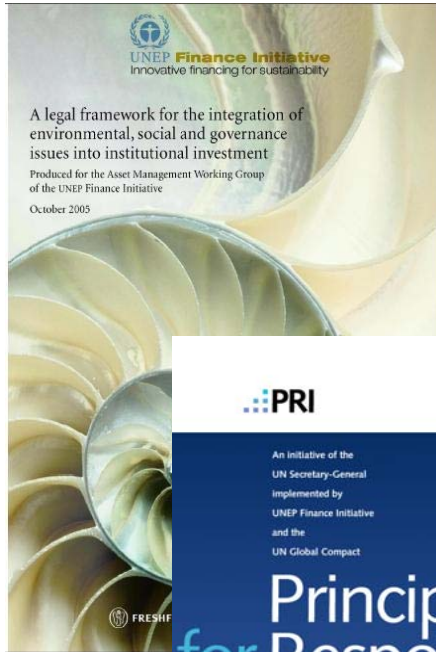
Climate Change Working Group Statement

Key Messages: Emissions trading is a key mechanism for reducing greenhouse gas emissions in a cost-effective way. It provides a clear price signal for emissions reductions and allows for the development of a global carbon market. The financial sector has a crucial role to play in developing and promoting the market.

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Responsible Investment



- **U**rgency
- **R**elevance
- **L**eadership

Awareness
To
Action

- Millennium Ecosystem Assessment
- Biodiversity Underwrites our Very Existence
- Concept of Ecosystem Services
- Systemic Risk – Economic Impact
- Stakeholder Concerns/Pressure

- Lack of Awareness and Capacity
- Undeveloped Business Case
- Policy Gap

- Raise Awareness of Business Implications
- Build the Business Case
- CEO Briefing
- Toolkit – Analysis and Management
- Capacity Building
- Collate Case Studies
- Develop/Improve Existing Assessment/Mitigation Tools
- EP/PRI

- Relevance & Materiality
- Direct vs. Indirect
- Boundaries
- Also Opportunities Through Adaptation/Mitigation
- Geographic 'Hotspots' - RTF's
- Beyond Extractives and Utilities

The Recognition and Valuation of Natural Capital



Can we Make a Difference ?



A Final Thought



UNEP Finance Initiative
Innovative financing for sustainability

www.unepfi.org

It is not what we know, but what we do not know, which we must always address to avoid major failures, catastrophes and panics.

Richard Feynman

(on the Challenger Space Shuttle Disaster)

The Westpac logo, consisting of a stylized red 'W' followed by the word 'estpac' in a dark grey sans-serif font.

Australia's First Bank

www.westpac.com.au