

Supporting sustainable finance in Australasia



Issue 13 March 2007

# Briefing

UNEP Finance Initiative news from Australasia



UNEP Finance Initiative  
Innovative financing for sustainability

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Keep up!

## An invitation to UNEP FI's 2007 Global Roundtable

24-25 October 2007  
Melbourne Park, Melbourne



**Awareness to Action**  
Sustainable finance for today's global markets



**I am keen to engage with the Australasian and Asian financial communities and would like to extend an invitation to all financial institutions operating in these regions.**

I am pleased to announce the sixth UNEP FI Global Roundtable which will be held in Melbourne in October this year.

Time after time the UNEP FI Global Roundtable attracts hundreds of leading professionals from the global finance industry as it travels from continent to continent.

This Roundtable, I am keen to engage with the Australasian and Asian financial community and would like to extend an invitation to attend this event to all financial institutions operating in these regions. Whether you are an existing signatory, a local institution or local operations of an international institution, I welcome your involvement.

This year's gathering provides an opportunity for bankers, insurers, asset managers and institutional investors from around the globe to discuss new ideas and challenges in the complex arena where these sectors meet with the sustainability agenda.

I would also like to take this opportunity to thank all of the Australasian signatories that I met with during my recent visit to Australia in 2006. Your contributions towards the Roundtable agenda were insightful and timely and you will see are reflected in the proposed issues to be discussed.

After consultation with UNEP FI signatories around the globe, this year's Roundtable will offer panel sessions and in depth debates that will explore cutting-edge sustainable finance issues.

I look forward to seeing you there. Please e-mail [unep.fi@epa.vic.gov.au](mailto:unep.fi@epa.vic.gov.au) to register your interest.

**Paul Clements-Hunt**  
Head, UNEP Finance Initiative

See <http://www.unepfi.org/events/2007/Roundtable/index.html> for more information

## A new environment module for the Corporate Responsibility Index

The Environment Index is a business-led, self-assessed benchmark and management tool for corporate environmental performance. It is a stand-alone module of the broader Corporate Responsibility Index (CRI) and offers companies a voluntary, practical tool to measure their environmental performance against industry peers and drive continuous improvement. As such, it provides an excellent entry point for measurement and reporting.

The Index assesses a companies' environmental performance based on:

- their measuring and reporting of environmental impacts;
- the scope and quality of their data;
- their management and performance targets; and

- the improvement they can demonstrate through key performance indicators (KPIs).

The Index benchmarks performance across a range of environmental areas including climate change, resource use, product stewardship and corporate environmental strategy.

The Environment Index runs in parallel to the Corporate Responsibility Index. It was developed by Business in the Community (UK) and has been licensed to St James Ethics Centre for use in Australia. Results of the 2006 Index will be released on Monday 14th May.

Emily Albert

Manager CRI, St James Ethics Centre.

The 2007 Index will be launched this September. More information is available at [www.corporate-responsibility.com.au](http://www.corporate-responsibility.com.au).

## Cambridge Programme for Industry brings Business & the Environment Programme to Australia

First established in 1994, The Prince of Wales's Business & the Environment Programme (BEP), run by Cambridge University's Programme for Industry (CPI), is the most highly regarded short course seminar programme in the world for senior executives with an interest in the business case for sustainability. The Programme assists senior executives and influential decision-makers in business to integrate sustainability principles into their organisations. In just over ten years, the Programme has grown to include annual seminars in Cambridge, Salzburg, the East and West coasts of the United States and South Africa. Now, for the first time, the Programme will include a seminar in Bowral, NSW from the 2nd to the 5th of October 2007.

The BEP seminars and alumni activities are internationally recognised as providing a unique opportunity to debate and understand the business case for sustainability with the pre-eminent international figures in the field. These have included leaders working in business, academia, government and non-government organizations. People like Lord Browne of Madingley, Group Chief Executive of BP; Sir David King, Chief Scientific Advisor to the UK Government; and Gro Harlem Brundtland, Director General of the World Health Organisation.

The Programme brings together an exceptional range of senior leaders from the world of business, academia, government and institutional leaders from around the world. Since its establishment, nearly 1500 international executives have attended BEP seminars, creating an active alumni network with access to unparalleled knowledge and professional experience and understanding of the business case for sustainability.

The seminars are the gateway to the wider BEP and its alumni network, designed for business leaders and senior executives who operate at a strategic level within their organisation and who need to make the right long-term decisions to make sure their organisations grow sustainably and profitably.

Jeremy Baskin

Director Australia, Cambridge Programme for Industry

H Lee Scott, CEO of Wal-Mart Stores, addresses the BEP Biennial Lecture to Global Alumni, February 2007

For more information, please visit [www.cpi.cam.ac.uk/bep](http://www.cpi.cam.ac.uk/bep) or email [bep.australia@cpi.cam.ac.uk](mailto:bep.australia@cpi.cam.ac.uk).



GEORGE BODINAR

CREDIT?



Greg Bourne, CEO of WWF Australia and Steve Targett, Group Managing Director Institutional, ANZ

## ANZ and WWF finding common ground

US Treasury secretary and former chairman and chief executive of investment bank Goldman Sachs, Hank Paulson, said recently: “The best, strongest, most efficient companies are going to have the best environmental practices. It is axiomatic.” But can you go one step further? Can a company actually work with environmental groups to improve business processes and competitive advantage in the market?

There are more and more CEOs, in both companies and NGOs, who have at least shown a willingness to take initial steps in this direction. Still, it is not uncommon to hear business executives say the environment is a government responsibility, to be addressed through legislation and regulation.

However, we are increasingly seeing a steady transition away from a purely compliance-driven focus on environmental issues towards one of strategic deliberation. Value drivers like improved efficiency due to lower operating costs, better processes for resource utilisation and waste management, greater market access on the basis of competitor differentiation, enhanced brand and reputation, and preferential access to new business opportunities are real outcomes of a focus on continuous improvement in environmental performance. Shareholders and analysts will increasingly accept any short-term cost implications if they are clearly balanced against long-term value creation in this way.

And then there are the entrepreneurial possibilities of taking that big step towards an ‘unlikely alliance’ scenario – active collaboration with credible environmental organisations. Such a partnership can deliver enormous benefits in both directions – advice, knowledge and networks that help both groups make a significant difference and achieve their broader objectives.

For ANZ, a partnership with WWF-Australia (part of the world’s largest conservation organisation) offers the opportunity to enlist the help of specialists in tackling the ambitious program we have set ourselves. The alliance is underpinned by ANZ’s three sustainability strategies – building stronger and more transparent decision making frameworks for key issues and sectors, creating innovative products which respond to client needs, and pursuing strategic initiatives to leverage external knowledge and relationships.

The three-year partnership will approach these strategies through five key workstreams:

- Rigour – Building ANZ’s capacity for rigorous decision-making based on environmental standards;
- Learning – Developing a two-way learning process that helps both organisations understand each others objectives;
- Discipline – Moving towards a disciplined approach to the reduction of ANZ’s environmental footprint
- Leading – Establishing the alliance as a leader in the push towards an environmentally sustainable Australia; and
- Research – Contributing to environmental science by developing a major research project with WWF.

Consistent with the intent of our broader strategic direction, we believe that engaging across traditional boundaries with clients, with WWF and with other stakeholders, will create the unlikely alliances that drive innovative environmental solutions. The alternative is bleak. As Abraham Lincoln once said, “You can’t escape the responsibility of tomorrow by evading it today.”

Gavin Murray  
Director Institutional and Corporate Sustainability, ANZ

**“We believe that engaging across traditional boundaries with clients, with WWF and with other stakeholders will create the unlikely alliances that drive innovative environmental solutions. The alternative is bleak.”**



# Banking businesses

Only recently established, YES BANK is in the unique position of being able to use sustainability as its core business strategy from the outset. Somak Ghosh, President of Corporate Finance and Development, shows us what this looks like.

**Y**ES BANK's vision is to create a commercially viable financial institution that incorporates sustainability within its core business focus. We have evolved an innovative business model entailing a conscious move away from philanthropy to what Stuart Hart refers to as "Fourth Generation Sustainability" wherein sustainability is a critical business driver.

## Overarching Directional Strategy:

Encapsulated in our Responsible Banking approach, sustainability for YES BANK is a strategic tool providing a sustained competitive advantage to our core business practices. As a Public Trust Institution, YES BANK is cognizant of its responsibility to augment the sustainable development of an 'Emerging India', hence our commitment to percolating sustainability principles within the organisation as well as in the broader context of the Indian financial community.

**Sustainable Business Model:** The Bank is aware that not only does it need to make direct investments in sustainable development; it also needs to leverage its position of indirect control over investment and management decisions to influence the business community at large to align itself with broader sustainability goals.

As part of this, YES BANK has consciously striven to operate in what we call the 'Sustainability Zone', where wider economic, environmental and social objectives are met by supporting sectors coined 'Businesses of the Future' such as Information Technology (IT), Life Sciences and Biotechnology, Renewable Energy, Food and Agribusiness, Sustainable Livelihoods and Social Infrastructure.

## Sustainability financing

The Bank used complex structured trade transaction solutions to augment sustainable livelihoods of over 2000 honey bee producers, winning the EUROMONEY Deal of the Year Award.

The Bank provided structured trade of Indian Craftsmen, enabling over 27 craftsmen to exhibit indigenous Indian handicrafts at an international platform 'Gateway of India Exhibition' to be held in New York in March 2007.

**Mainstreaming Sustainability:** The Bank's efforts are focused on embedding the 'triple bottom-line' ethos across the organisation thereby creating thought leadership, enduring value and competitive advantage.

In our external engagements, we work towards mainstreaming sustainability within the Indian banking community by adopting a multi-stakeholder approach to dialogue with peers, governmental and non-governmental bodies, industry and academia.

## Select Key Sustainability Initiatives

**1) Thought Leadership:** Linkages with likeminded players of repute both locally and internationally allowing it access to a potentially new set of investors i.e. the Socially Responsible Investor community as well as community development organisations such as the Clinton Global Initiative.

**2) Serving New Market Segments:** Since 2005 YES Bank has been using a partnership and collaboration approach to provide innovative micro finance solutions. Helping the poor manage risks, build assets, develop micro enterprises, enhance income and enjoy an improved quality of life.

## Enabling financial inclusion

**Partnering MFIs – credit partnerships with leading Indian MFIs reaching over 200,000 clients across 600 Indian villages.**

**Direct Intervention Model – YES MICROFINANCE INDIA, in technical collaboration with ACCION International, offering holistic financial solutions to the BoP with an aim to reach 300,000 clients within three years.**

**3) Partnerships in Sustainability Finance:** The Bank has partnered with the Small Industries Development Bank of India (SIDBI) to offer financial products and services to small and medium enterprises.

**4) Creating Sustainable Human Capital:** The Bank's sustainability approach ties-in with its human resource practice on two broad levels – it helps us to attract and retain best in class professionals through regular induction and training programmes as well as to tap in to various academic institutions to augment knowledge exchange within the sustainability space.

# of the future

## Creating sustainable human capital

**YES Professional Entrepreneurship Programme:** aims to ensure presence of an experienced, dynamic, energetic and driven team of professionals in Junior/Middle/Upper Management to implement various strategic initiatives of the Bank

**YES ENTREPRENEUR in ACTION:** In 2006 the Bank initiated an employee programme allowing a YES BANKER to take time off to pursue his/her goals for a year during which time they will focus on a sustainability project of their choice.

**5) Managing Accountability and Performance:** The Bank's Environmental and Social Policy (ESP), approved by its Board of Directors, enables the Bank to recognise, evaluate, and monitor, the environmental and social facets of its own operations and those of its customers. The ESP reflects the "walk the talk" link between the bank's

sustainability vision and its policy and processes to substantiate this.

YES BANK is, therefore, building home-grown expertise, tapping tacit local knowledge of sustainability issues and dovetailing this with international best practice such as the United Nations Environmental Programme – Finance Initiative (UNEP-FI). In fact, the Bank has become the first Indian financial institution to be a signatory to the UNEP-FI Statement enabling it to be a 'reference bank' for sustainability and to further percolate sustainability within the Indian banking industry.

At an early stage in its evolution, YES BANK has charted a novel model of banking with the Indian context, benchmarking itself against the best in business globally. Therefore, using sustainability as an effective business tool, YES BANK has the ability to raise competitiveness of the Indian banking sector, impact regional effectiveness and global paradigms through a "glocal" approach.

**Somak Ghosh**  
President Corporate Finance and Development

Somak Ghosh will be in Australia on 17-18th April presenting at the 3rd AustralAsian Cleantech Forum™. The 3rd Forum will bring together investors, financiers, policy and entrepreneurs to identify and outline how to capitalise on this window of economic opportunity and accelerate the development and deployment of clean technologies in the Asia Pacific region. Further information regarding the 3rd Forum can be found at [www.cleantechtechnology.com](http://www.cleantechtechnology.com).





An initiative of  
UNEP FI and the  
UN Global Compact

The PRI initiative is strongly supported in the Australasian region with more than 20 organisations endorsing the Principles to date. Signatories include:

- Australian Council of Super Investors (ACSI)
- Australian Ethical Investment Ltd.
- ARIA (Australian Reward Investment Alliance)
- BT Financial Group
- Catholic Superannuation Fund
- CARE Super
- CBUS Superannuation Scheme
- Christian Super
- Drapac
- Foresters ANA Mutual Society Ltd
- Frontier Investment Consulting
- Government Superannuation Fund Authority NZ
- Hesta Super
- Indian Ocean Rim Asset Management Pty Ltd
- Local Super
- Monash Sustainability Enterprises
- Portfolio Partners Limited
- RepuTex Group
- Sustainable Investment Research Institute Pty Ltd (SIRIS)
- VicSuper
- Vision Super

More information on the Principles for Responsible Investment can be found at [www.unpri.org](http://www.unpri.org)



NYSE PHOTOS BY MEL NUDELMAN

## The power of collaboration

The ability of investors to engage with companies on environmental, social and governance issues has been enhanced through the establishment of an Engagement Clearinghouse for signatories to the Principles for Responsible Investment.

The PRI initiative is an investor-led partnership between the institutional investor signatories and the United Nations, through UNEP Finance Initiative and the UN Global Compact. Since its launch in April 2006, over 150 organisations from the investment industry, representing over USD \$6 trillion in funds under management, have endorsed the Principles.

One of the first major initiatives of the PRI Secretariat has been to establish an Engagement Clearinghouse through a web-based intranet available to signatories. The Clearinghouse allows signatories to share information about engagement activities they are conducting, or would like to conduct.

Already the Clearinghouse has been used by signatories to invite others to collaborate on a range of engagement activities, seek information on issues and co-sponsor shareholder resolutions. The Clearinghouse

is also being used as a source of information on policy and regulatory issues.

While still in its infancy, the Clearinghouse has the potential to be a powerful tool to help institutional investors incorporate environmental, social and governance issues into their ownership practices in a time- and cost-effective way. By providing investors with the ability to share information about engagement efforts, the Clearinghouse ensures that the activities of one signatory are never conducted in isolation. With the knowledge that responses to investor concerns can be shared amongst a global network of investors, a company is also more likely to take those concerns seriously.

The PRI Engagement Clearinghouse is not designed to replace or compete with existing investor initiatives, but rather to provide opportunities for these initiatives to expand their support bases and geographic reach.

The PRI Secretariat is developing a range of education and awareness-raising activities around all aspects of PRI implementation. One major component is a training program to be conducted in the second half of 2007, focusing particularly on emerging markets and the issues that local and international investors face in addressing ESG issues in these markets. The program will be backed by the development of implementation resources for each Principle across different asset classes.



James Gifford is the Lead Project Manager for the PRI Initiative Gordon Noble is National Coordinator, Policy and Development, for CBUS Super Fund, and is assisting the PRI Secretariat with communications and outreach.



## \$41-trillion investor coalition calls for further disclosure

**The world's largest investor coalition is seeking further disclosure on climate change and shareholder value from Australia and New Zealand's largest companies**

Last month the Carbon Disclosure Project (CDP) Secretariat, representing over 280 institutional investors with assets of more than \$41 trillion under management, wrote to 2,400 of the largest companies in the world by market capitalisation, requesting disclosure of investment-relevant information concerning the risks and opportunities facing these companies due to climate change.

This request, on behalf of \$41 trillion assets under management represents more than one third of total global invested assets and is a marked increase from the \$4.5 trillion that participated in the first CDP request in 2002.

For the second year running the Investor Group on Climate Change (IGCC) and Goldman Sachs JBWere (GSJBW) have partnered with CDP to expand the information request to include the ASX100 and NZX50 listed companies.

Climate change, and the response of companies to this pressing global issue, is emerging as genuine shareholder value issue for investors. To understand the impact on their returns, investors require standardised information regarding the climate change risks and opportunities facing companies in which they invest.

The information obtained through the CDP questionnaire is essential to the ongoing development, review

and risk assessment of investments, provides insight into the opportunities arising from climate change issues and is a lead indicator of governance and management quality. IGCC and GSJBW see the CDP as a tangible step towards creating the information flows necessary to allow the assessment of climate change considerations in mainstream investment research.

CDP has become the global standardised mechanism by which companies report their greenhouse gas emissions to investors and the IGCC and GSJBW are delighted to assist the investment community



access this information from ASX and NZX listed companies. CDP provides secure updated information in a comparable format that adds value for investors, via a single-request mechanism that is also efficient for companies.”

Last year 57% of the ASX100 and 39% of the NZX50 listed companies responded to the CDP information request and these responses, along with the report analysing them, can be downloaded free of charge at [www.cdproject.net](http://www.cdproject.net). This year it is anticipated that the response rate will be considerably higher and initial feedback from companies following last month's CDP request has been very positive.

**Joanne Saleeba**  
Executive Director, Investor Group on Climate Change

**Essential to the ongoing development, review and risk assessment of investments, information obtained through the CDP questionnaire provides insight into the opportunities arising from climate change issues and is a lead indicator of governance and management quality.**

## United Nations Association of Australia World Environment Day Awards 2007

Nominations now open nationally for the United Nations Association of Australia World Environment Day Awards - Business Enterprise Awards. The Business Enterprise Awards for Best Specific Environmental Initiative and Environmental Best Practice Program are open to all Australian business and industry sectors and aims to recognise environmental leadership in the private sector.

In 2007, the United Nations Association of Australia introduced the 'Meeting the Greenhouse Challenge Award' in support of the UNEP World Environment Day theme 'Melting Ice - A Hot Topic?' and International Polar Year which focus world attention on issues of climate change and global warming. The Award, which invites nominations from all Australian sectors, recognises excellence in the implementation of innovative strategies for greenhouse gas reduction.

Nominations close  
Wednesday 9 May, 2007.  
For complete guidelines,  
entry criteria and nomination  
forms please visit [www.unaavictoria.org.au](http://www.unaavictoria.org.au).

United Nations Association of  
Australia (Victorian Division)  
Ph: 03 9670 7878  
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[office@unaavictoria.org.au](mailto:office@unaavictoria.org.au).

## UNEP FI to launch e-Learning programme on climate change

As part of its commitment to deliver useful products and services to its membership, UNEP FI is launching its first ever e-Learning programme in June 2007. The programme is being developed with the support of the United Nations Institute on Training and Research (UNITAR), the UNEP FI Australasian Credit Risk Advisory Committee, Bank of America and the UNEP FI Climate Change Working Group.



The aim is to develop a comprehensive, innovative and effective global e-learning program to support staff in financial institutions in enhancing knowledge on climate change and carbon finance. UNEP FI is working with some of the globe's leading experts to better understand the business complexities and financial implications of climate change to produce a course that is both practical and relevant. UNEP FI will be leveraging

UNITAR's sophisticated e-learning portal to make the course as effective and interactive as possible.

ANZ, NAB and Westpac have been working with UNEP FI, through the Australasian Credit Risk Advisory Committee, for the last 6-months to ensure the course structure and content developed is of importance and relevance to financial institutions, both globally and locally. As part of this they are involved in a pilot of the e-Learning programme prior to its launch in June this year.

The course is free for all UNEP FI signatories and \$500 USD for all other participants. Registrations for the course are currently being taken and will close on May 25th, or when all 120 spaces have been allocated. Further information on the e-Learning tool can be found at <http://www.unitar.org/uneepfi/>.

### Breaking news

At the time of going to press, National Australia Bank and Barclays Plc have just announced their Carbon Neutrality plans. A full report of this will be included in the next issue of Briefing.

## Aviva going carbon neutral

Aviva Australia, as part of the global saving, investment and insurance group – Aviva plc, has announced its commitment to become the first insurer to carbon neutralise its operations on a worldwide basis. Aviva is the world's fifth largest insurance group, operates in 25 countries and has over 58,000 employees and 35 million customers. Aviva Australia's operations include wealth management and protection with around \$18 billion funds under administration (as at 29 January 2007).

Allan Griffiths, Chief Executive Officer of Aviva Australia, said the announcement provided an important endorsement of Aviva Australia's ongoing program of sustainable business practices including limiting its impact on the environment.

Commencing in 2006, Aviva will retrospectively compensate for the carbon output of its consumption of non-renewable sourced electricity and gas from buildings and business travel, including air, car and train, across all of its global operations. Additionally, Aviva will invest in projects which generate carbon credits, which include carbon mitigation methods

such as tree planting and renewable energy generation projects which do not release carbon to the atmosphere such as solar or wind power.



As well as reducing emissions by efficient use of energy and encouraging staff to use public transport or to walk or cycle to work, Aviva Australia will continue its targeted community education program.

Aviva Australia shares in the global concern regarding the issue of climate change, and believes a combined effort is required. Working towards becoming carbon neutral, is one way Aviva can make a positive contribution to slowing down global warming.

For further information, please contact Rob Gill, CSR Programs Manager, Aviva Australia at [rob.gill@avivagroup.com.au](mailto:rob.gill@avivagroup.com.au)



## IAG announces commitment to be carbon neutral by 2012

Australia's leading general insurance group, Insurance Australia Group recently joined a small group of insurers by announcing an intention to make its global operations carbon neutral by 2012.

IAG's Chief Executive Officer, Mr Mike Hawker, said climate change was a significant risk to the community with the increase in catastrophic weather related incidents representing a financial risk to insurance customers. "IAG has been concerned about the impact of climate change for several years. We've been working on ways to reduce our own CO2 emissions during this time while educating the community on the risks of climate change and how they can reduce their carbon footprint" Hawker said.

The Group has taken the first step towards becoming carbon neutral by clearly identifying its existing carbon

profile. The next step will be to explore where IAG can achieve further reductions and implement the necessary changes. In the past 12 months IAG has reduced its carbon impact by 6% across its Australian and New Zealand operations thanks in part to two major projects completed in 2006 - the opening of a new 5-star rated, energy efficient building in Adelaide and a major upgrade of the lighting system in IAG's Sydney head office. The new lighting system alone is estimated to cut IAG's greenhouse gas emissions by 882 tonnes, the equivalent of taking 196 cars off the road. The lighting upgrade will also save the Group around \$100,000 on energy bills and maintenance costs every year.

**Yolanda Beattie**  
Senior Manager, Corporate Affairs, Insurance Australia Group

**"Climate change is a significant risk to the community with the increase in catastrophic weather-related incidents representing a financial risk to insurance customers."**



ISTOCK PHOTOS

## The Carbon Innovators Network: an initiative of EPA Victoria

Climate change is a critical issue that can only be addressed through innovation and collaboration. EPA Victoria has been approached by a number of businesses for support and advice on climate change. In response, EPA is establishing the Carbon Innovators Network – a network for business leaders and climate change experts.

EPA will help organisations strategically and practically address their carbon emissions, and in doing so transform climate change from a business cost to a business opportunity. We want to stimulate debate and innovation in carbon management and provide the support and tools businesses required to develop appropriate carbon management strategies.

### First Steps for the Network

EPA's goal is to respond to business needs and emerging issues in the field of carbon management. As such, we are aiming for two-way communication between EPA and Network members, and to tailor Network activities to member interests and needs. To aid this, EPA have gained first-hand experience of the challenges of carbon management through the development of its own carbon neutral plan and draft Carbon Management Principles, which can be found at <http://www.epa.vic.gov.au/greenhouse/>.

### Benefits of joining EPA Carbon Innovators Network

- As a member of EPA's Carbon Innovators Network, companies will have access to:
- Discussion forums with key climate change innovators;
- Public recognition opportunities for highlighting their innovative carbon management strategies;
- Tailored business support and advice from EPA as required;
- The opportunity to determine the tools and resources EPA develops; and
- Opportunities to partner with other Network members on specific carbon innovation projects.

To become a Network member or for further information please contact EPA's Carbon Innovators Network at [carbon.innovators@epa.vic.gov.au](mailto:carbon.innovators@epa.vic.gov.au)



## VicSuper hosts Al Gore in Melbourne

**O**n 16 November 2006, VicSuper in partnership with EPA Victoria and the City of Melbourne hosted the Hon Al Gore, Chairman Generation Investment Management and former Vice President, United States of America, in Melbourne.

During his day in Melbourne, Mr Gore addressed guests at a breakfast with business and community leaders and captivated attendees in one of his biggest

presentations to date - a free, evening presentation for VicSuper members and public attendees.

VicSuper also arranged a meeting for the former Vice President with the Victorian Premier and Deputy Premier and an afternoon briefing for VicSuper staff, directors, employers and suppliers.

The day's activities provided an excellent opportunity for participants to tap into Mr Gore's vast expertise and enabled him to explain, to a broad audience, the impacts of climate change on long-term investment returns and discuss the contribution of superannuation investing to sustainable economic development.

The activities were all fully subscribed at an early stage. The feedback from participants was excellent with many people indicating that their appreciation of the issues was greatly improved and others saying they were inspired to make changes in the way they manage business activities as well as in their private lives.

### **Business Breakfast**

VicSuper and its partners were delighted with the response of over 90 senior business and community leaders to the breakfast. Attendees included the Chief Executive and Chairman of ANZ, Chief Executive Toll



Holdings, and Chairman Australian Competition and Consumer Commission.

The Lord Mayor of Melbourne, Mr John So welcomed Mr Gore and the Governor of Victoria, Professor David de Kretser, AC, provided the vote of thanks following Mr Gore's presentation.

Mr Gore spoke passionately and knowledgably not only on the science of climate change but also on the absolute relevance of accounting and planning for climate change in all business models. He made specific reference to the need for rewarding groups such as investment managers on long-term rather than short-term results.

### Afternoon Stakeholder event

More than 170 people comprising VicSuper employers, directors, staff, suppliers and partners accepted the invitation to this event, held at the National Gallery of Victoria.

Feedback from those who attended this briefing was extremely positive, with participants noting that this was a powerful way for VicSuper to help the suppliers, partners and employers that it deals with to understand climate change, sustainability and the role that VicSuper plays.

### Evening presentation

Tickets to this presentation, held at the Victorian Arts Centre, were available free of charge. The popularity of Mr Gore and the relevance of his messages were underlined with the event eagerly anticipated and fully booked out in less than 10 minutes after tickets were released to the public.

The occasion provided an excellent opportunity for VicSuper to reinforce its commitment and involvement in sustainability and address the topic of climate change and its impact on investments to its members and the wider community.

Mr Gore's presentation, which featured many of the dramatic visual images from his film *An Inconvenient Truth*, focused not just on the significance of climate change and its current and potential impacts from an environmental, social and economic perspective but also touched on the action required from business, governments and individuals to curb its effects.

Following the success of Mr Gore's visit, VicSuper continued its focus on climate change themes and activities during the remainder of 2006. It used climate change as an example in its most recent sustainability report to illustrate the importance of integrating environmental, social and governance considerations into investment strategy and operations and remains an active member of the Investor Group on Climate Change Australia/New Zealand.

VicSuper is one of Australia's largest public offer superannuation funds with more than 214,000 members and over \$5 billion in net assets as at 31 December 2006.

For more information, please contact Helen Bloustein, Manager Sustainability Strategy and Implementation, VicSuper  
T: 61 3 9667 9709 or E: [helen.bloustein@vicsuper.com.au](mailto:helen.bloustein@vicsuper.com.au).

See VicSuper's 2006 sustainability report at [www.sustainabilityreport.vicsuper.com.au/](http://www.sustainabilityreport.vicsuper.com.au/)

For further information on the Investor Group on Climate Change Australia/New Zealand visit [www.igcc.org.au](http://www.igcc.org.au).

**“The overwhelming speed with which tickets were taken up is testament to the enthusiasm Victorians clearly have to understand and address one of the greatest dangers facing humankind.”**

Al Gore

**The day's activities provided an excellent opportunity for participants to tap into Mr Gore's vast expertise and explain, to a broad audience, the impacts of climate change on long-term investment returns**





## Future leaders tackle sustainability

Focusing on innovative and entrepreneurial solutions, graduates bring an interesting generational perspective to conventional sustainability challenges

Westpac Graduate Sustainability Group Chairs, Jonathan Chan, Chair of FM Group and Alice Haynes, Chair of Climate Change Group

**F**aced with burgeoning 'non-traditional' – or Environmental, Social and Governance (ESG) – challenges, what skills and leadership competencies will our future corporate leaders need on their CV's?

Take climate change for example. This is an issue that not only puts Australia's environment in jeopardy, but fundamentally, puts at risk Australia's economic competitiveness. It will be our future business leaders who will need to wade through these business risks, and find innovative and value-enhancing ways to respond to this global challenge.

To begin to connect with our own future leaders on such issues and to continue to challenge our thinking in terms of our own sustainability priorities, Westpac recently formed a 'Graduate Sustainability Group'.

The Group, formed last year with 24 graduates across our business, now sits alongside other stakeholder engagement groups focusing on social, environmental, and indigenous issues.

Focusing on innovative and entrepreneurial solutions, the graduates brought an interesting generational perspective to a number of conventional sustainability challenges. Specifically, the participants had the opportunity to develop potential responses to key issues affecting the bank.

### 1. Climate change and the potential business risks and opportunities.

The participants looked at the regulatory and broader implications of climate change on the agricultural sector, specifically for farmers' long-term financial

sustainability. The graduates also considered the role of financial institutions in this debate and explored how farmers might participate in – and benefit from – emerging carbon markets.

### 2. Sustainability-linked products and increasing consumer awareness on environmental issues.

Graduates in this group looked at new sustainability and environmentally linked products and services, as a way to address our 'indirect' environmental impacts – or those of our customers – and as a way to better differentiate our product range.

### 3. Accelerating engagement with mainstream capital markets.

We know that managing social, environmental and workplace performance, our reputation and stakeholder relationships drives long-term shareholder value. The challenge, however, which the graduates looked at, is educating the market of the shareholder benefits of doing business this way.

Each group worked up their ideas in conjunction with a range of internal and external stakeholders and, most importantly, had the opportunity to present their analysis and recommendations to senior managers from across our business.

If the creativity and innovation of this group is an indication of things to come, the future of corporate Australia looks to be in very good hands indeed.

Steve Green, Westpac Banking Corporation

## The future direction

**S**ince 2002, Victorian businesses that hold an EPA Licence have implemented \$49.5 million worth of energy efficiency projects resulting in a total savings of \$34 million a year. This is not so unusual given the current business focus on resource efficiency. However, there are three distinguishing features of these particular investments:

- They all had a hurdle payback of less than 3 years. The projects actually had an average payback of 1.5 years;
- They saved 1 million tonnes of greenhouse gas emissions per year in the process; and
- These investments were required under Victorian environmental law.



## Affordable insurance for low earners

In November 2006 NAB in partnership with its general insurer, Allianz, launched Step UP low cost insurance. Step UP insurance is part of NAB's \$30 million commitment to microfinance. This means helping financially excluded Australians access financial services in an affordable and equitable manner.

The need for affordable insurance was identified through the NAB Step UP loan program. Step UP is a program run by NAB in partnership with the community agency Good Shepherd Youth and Family Service. This program provides low-income earners with access to credit for household goods and services as well as vehicles. Microcredit workers, who assist Step UP customers, identified that many were purchasing assets and then not protecting them with insurance due to the perceived expense. Consequently, a loss of the asset had a significant impact on their wellbeing, as they were generally unable to replace the asset.

Based on this evidence as well as the findings of *'The Risk & Reality'* report by the Brotherhood of St Laurence and Gordon Renouf, which found that more than half of low income earners did not hold general insurance, NAB began develop a low cost insurance product in partnership with Allianz, it's general insurance provider.

One of the key differences between the credit and the insurance offering was the pricing of the product. Insurance unlike credit is priced according to risk – the value of the asset and its location. Given that low-income customers generally live in locations with a relatively high level of crime, insurance costs are often significantly greater, and therefore both excess and premiums are often beyond their means.

Taking these factors into consideration, it was felt that time and expense of developing a standalone low-income product was not required. The same outcome could be achieved by applying a significant discount to existing mainstream product platforms with NAB covering 50% of the mainstream excess.

The other main challenge was the distribution channel for the insurance. Currently much of the credit discussion occurs with a community based microcredit worker. Due to insurance consumer protection legislation, this approach is not possible, as workers are not allowed to advise on the insurance offering. Instead, they notify the Step UP customer of the product and they then can call NAB for further information. A specialist team has been trained to handle these policies.

In all, after much negotiation NAB has been able to deliver several products to market as part of this program, including house and contents insurance, comprehensive car insurance and third party property insurance. For further information go to [http://www.national.com.au/About\\_Us/0,,82039,00.html](http://www.national.com.au/About_Us/0,,82039,00.html).

The next challenge will be to see whether customers are interested in taking it up. For many, it may possibly be the first time they are purchasing insurance and as such, understanding the importance of asset protection will be a significant step in engaging in mainstream financial services.

**For further details on the Step UP loans and insurance program please contact Corinne Proske, Corporate Social Responsibility Manager, National Australia Bank on +61 (0)3 8634 1571 or on [corinne.proske@nab.com.au](mailto:corinne.proske@nab.com.au)**



**For many, it may be the first time they are purchasing insurance.**

**Understanding the importance of asset protection is a significant step in engaging in mainstream financial services**

## of environmental regulation

Why is this significant? Because it destroys the myth that environmental benefits cannot co-exist with economic benefits. By coupling environmental regulation with economic efficiency tests, Victorian businesses are now saying that environmental regulation makes business sense.

Given these outcomes, it is not too hard to see why there will be more environmental regulation with financial payback as the measure in the future. In July last year, the Victorian parliament extended these investment requirements to include water and material efficiency and widened EPA's regulatory

reach to include those Victorian sites that use the most energy and water.

For financial institutions, this is a great opportunity, not only to support the investments of their clients who may be captured under this legislation but also to lead by example and improve their own resource efficiency. After all, why should great financial returns be limited to regulated companies?

**For more information please contact [ereps@epa.vic.gov.au](mailto:ereps@epa.vic.gov.au) or visit [www.epa.vic.gov.au](http://www.epa.vic.gov.au) and search for Environment and Resource Efficiency Plans.**

**Why should great financial returns be limited to regulated companies?**

### **Asia Pacific Task Force Workshop on Sustainable Banking in India**

**A**s part of the UNEP FI's vision to champion sustainable development In India, UNEP FI's first workshop in the country – Mainstreaming Sustainability in Indian Financial Institutions - took place on 5 December 2006 in Mumbai. The workshop, which was opened by Paul Clements-Hunt, Head, UNEP Finance Initiative, comprised discussions and debate on the role of FIs in the topical areas of sustainable finance, corporate social responsibility (CSR) and mechanisms to foster Public Private Partnerships. ABN AMRO – India was the Presenting Sponsor for this high profile event.

In parallel, a CEO Luncheon, sponsored by YES BANK Limited, was held. The aim of this was to sensitise senior management on India's sustainability challenge and the risks and opportunities faced by the financial sector. Follow-up activities to UNEP FI's outreach in India are being discussed within the Initiative's Asia Pacific Task Force.

For further information, please contact Susan Steinhagen, UNEP FI, Geneva on [susan.steinhagen@unep.ch](mailto:susan.steinhagen@unep.ch)

### **Central and Eastern European Task Force Outreach Event in the Baltic States**

17 November, Vilnius, Lithuania

**U**NEP FI's Central and Eastern European Task Force (CEETF) offered a seminar on sustainable finance under the auspices of DNB Nord Bankas, a regional branch of UNEP FI Signatory DNB NOR. The seminar, divided into asset management and risk management sessions, was attended by over 30 participants from local financial institutions, government agencies and regulatory bodies, and nongovernmental organisations. Highlights of the day included presentations by UNEP FI Signatories Nordea AB, EBRD and Swedbank, as well as a presentation on CSR disclosure in the largest Baltic companies undertaken by DNB Nord Lithuania.

For further information, please contact Regina Kessler, UNEP FI, Geneva on [regina.kessler@unepfi.org](mailto:regina.kessler@unepfi.org)

### **Latin American Task Force Online Course - Environmental and Social Risk Assessment**

**T**he latest feature in UNEP FI's Latin American Task Force training programme was series of courses on environmental and social risk assessment (ESRA), which aims to train analysts throughout Latin America, whether local, regional or international.

Designed and coordinated collaboratively with the INCAE Business School and supported by InWent and Bank of America, the course provides in-depth and personalised training over a three-week period. Tutors will be attending participants online on a daily basis, providing hands-on case studies and facilitating debates for maximum information-sharing.

For further information, please contact Careen Abb, UNEP FI, Mexico on [careen.abb@pnuma.org](mailto:careen.abb@pnuma.org)

### **North American Task Force Workshop - Climate Change: Risks and Opportunities for the Finance Sector**

23 October, New York

**T**he UNEP FI North American Task Force hosted a workshop on climate change at Citigroup headquarters in New York. The event included presentations on the latest climate change science, opportunities in the carbon markets such as emissions trading and the Clean Development Mechanism. A number of regional perspectives were given, including an update on Canada's Climate Change Programme, and the US North-East Regional Greenhouse Gas Initiative. The day ended with presentations on climate risk and emissions disclosure.

For further information, please contact Lisa Petrovic, UNEP FI, Geneva on [lisa.petrovic@unep.ch](mailto:lisa.petrovic@unep.ch)

### **UNEP FI-GRI Working Group on Performance Indicators**

**T**he UNEP FI / GRI Working Group for piloting the GRI Financial Services Supplement has completed the review of the environmental indicators and the development of the respective technical protocols. As a next step, the Working Group will focus on the social indicators of the Supplement. The social part of the Supplement will undergo a greater transformation as it dates back to 2002. The group



has already eliminated some of the old indicators because of their overlap with the G3 guidelines. In order to capture all the new issues in social reporting, a review of 30 sustainability reports has recently been undertaken to identify current best practice in social reporting. Over the next few months, the Working Group will decide which of the new issues should be included as core indicators in the Supplement. The remaining indicators of the old set will either be completed with guiding protocols, or will be merged with an environmental indicator. The review process of the GRI Financial Services Sector Supplement is predicted to be completed in September 2007.

For further information, please contact Regina Kessler, UNEP FI, Geneva on [regina.kessler@unepfi.org](mailto:regina.kessler@unepfi.org).

### Property Working Group

In its first year of existence, the Property Working Group has exploded into a frenzy of activity, increasing its membership to 14 members and an academic advisor. Two meetings were convened to map the Group's strategy and work programme and a vote of approval by 86 financial institutions was achieved at the UNEP FI AGM.

The asset managers, institutional investors and banks comprising PWG membership have constructed dialogue with academics, inter-governmental organisations and industry associations on issues critical to the incorporation of environmental and social sustainability issues into property investment. The mission of the PWG to encourage responsible property investment was shared with audiences at the TBLI in Paris and the Denver Greenbuild Conference in November 2006 as well as at a meeting recently held in Sydney. Leading Australian property firms met to discuss activities in the field of socially and environmentally sustainable property finance, which was kindly hosted by Investa Property Group and Ebsworth & Ebsworth Solicitors.

Collaboration has been established with the Boston College Center for Corporate Citizenship Institute for Responsible Investment, whereby PWG members will review the real estate chapter of an investment handbook. Cooperation is being conceptualized with the GRI for preparation of a Real Estate Sector Supplement, and a joint-project with the UNEP Sustainable Building and Construction Initiative, looking at financing of "green technology" in buildings has been proposed.

The influence of the investor's decision-making on management and refurbishment of properties is a subject the PWG is committed to exploring, in a project

that pulls together case studies illustrating the best strategies investors can implement for improving environmental efficiency without diluting value for the investor. Surveys have been undertaken and the project will come to fruition in October 2007, to be launched at the UNEP FI Global Roundtable in Melbourne.

For further information, please contact Natalie Ryan, UNEP FI, Geneva on [natalie.ryan@unep.ch](mailto:natalie.ryan@unep.ch)

### Water & Finance Workstream

The Water and Finance Workstream has just established a 17-member Advisory Group, which will discuss work programme and objectives for 2007. The Tender process for developing a set of water-related risk management guidelines is underway and proposals received from 4 consultants. The Workstream has also established a partnership with the World Economic Forum (WEF) and SIWI to co-convene a side-event at the World Water Week in Stockholm, August 2007. The seminar will bring together industry representatives, including Coca-cola, Nestle, Unilever and UNEP FI signatories, to identify water-related risks and opportunities and will invite participants to review the water-related risk management guidelines for financial institutions.

Other activities for the Workstream for the year include:

- Workshops for developing and reviewing the water-related risk management guidelines to be agreed by the advisory group once the project has been awarded.
- Work with the Task Forces to carry out awareness raising activities on water related opportunities and risk for financial institutions. FIs will be invited to present case studies at events planned by the Regional Task Forces.
- Advisory group conference calls to be held once every six weeks. Objectives of the calls are to review and discuss the water-related risk management guidelines and to identify appropriate events for raising awareness on water related risks and opportunities.
- Side-event to be co-convened with SIWI and the World Economic Forum at the World Water Week in Stockholm August September 2007.
- Launch of the water-related risk management guidelines for financial institutions at the UNEP FI Global Roundtable in Melbourne.

For further information, please contact Heidi Mayhew, UNEP FI, Geneva on [heidi.mayhew@unepfi.org](mailto:heidi.mayhew@unepfi.org)

### New UNEP FI Signatories

Alcyone Finance, France  
[www.alcyonefinance.com](http://www.alcyonefinance.com)

Alpha Bank, Greece  
[www.alpha.gr](http://www.alpha.gr)

Banca Intesa S.P.A, Italy  
[www.bci.it](http://www.bci.it)

Daegu Bank, South Korea  
[www.dgb.co.kr](http://www.dgb.co.kr)

Development Partners (Hong Kong) Limited, China

Fortis, Netherlands  
[www.fortis.com](http://www.fortis.com)

Interamerican Hellenic Life Insurance Company S.A., Greece  
[www.interamerican.gr](http://www.interamerican.gr)

Midas Asset Management, South Korea  
[www.midasasset.com](http://www.midasasset.com)

Mitsui Trust Financial Group, Japan  
[www.mitsuitrust-fg.co.jp/english/](http://www.mitsuitrust-fg.co.jp/english/)

Mizuho Financial Group, Japan  
[www.mizuho-fg.co.jp/english](http://www.mizuho-fg.co.jp/english)

Union Credit Bank, USA  
[www.ucbmiami.com](http://www.ucbmiami.com)

# LeBoeuf, Lamb, Greene & MacRae publishes client briefing on Equator Principles

LeBoeuf, Lamb, Greene & MacRae, a leading global law firm, has published a client briefing on the Equator Principles.

The client briefing gives an overview of the Equator Principles but focuses on the implementation requirements for Equator Principles 2 (EP2) with a summary of the primary differences between EP1 and EP2.

EP2's boundaries and scope have been extended to include all financial institutions project lending and advisory activities, including expansions and upgrades, with the financial threshold lowered from

\$50M USD to \$10M USD. A number of new requirements have been introduced; including, amongst others, a social impact assessment and the strengthening of loan covenants to require the borrower to comply with local, state and host country social and environmental laws.

The report also highlights the increasing coverage of the Equator Principles with increasing focus attached to adoption and compliance by civil society. 6 of the top 10 project finance banks globally are Equator Principles Financial Institutions (EPFI). There are currently 45 EPFI including, ANZ and Westpac, covering nearly 85% of the lending market.

For the full text of the briefing please go to [http://www.equator-principles.com/documents/ClientBriefingforEquatorPrinciples\\_2007-02-07.pdf](http://www.equator-principles.com/documents/ClientBriefingforEquatorPrinciples_2007-02-07.pdf).



EPA Victoria is an independent statutory body charged with the protection of the Victorian environment. EPA signed a Memorandum of Understanding (MOU) with UNEP in 2000 to coordinate and promote its Finance Initiative activities in Australasia to ensure that Australasian financial institutions are assisted in managing their environmental issues. Learn more about EPA at [www.epa.vic.gov.au/bus/UNEP/default.asp](http://www.epa.vic.gov.au/bus/UNEP/default.asp).

If you would like to submit an article, receive a copy of the Briefing or learn more about UNEP FI's Australasian activities then please contact us on the details below.

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## New name, new look, new...

As you may have noticed, in response to feedback from our readers, we have renamed the "Australasian UNEP FI Newsletter" to a snappy "BrieFng". In addition to this, Australasia's successful bid for the Global UNEP FI Roundtable has given us the impetus to redesign the look of the BrieFng to align it with the global UNEP FI approach.

We are so excited about our new look "BrieFng", that we thought we should not stop there. So we are also reviewing the content of the "BrieFng" to ensure it is providing you with information you are interested in.

In order to do this, we need your feedback.

So, if you have any comments on what works, what doesn't or what is missing, then please forward them to [unep.fi@epa.vic.gov.au](mailto:unep.fi@epa.vic.gov.au). We will make sure we incorporate the consensus feedback in the next issue of "BrieFng".

We look forward to your comments and hope you enjoy the re-invigorated "BrieFng" as much as we enjoyed bringing it to you.

Bronwyn Green and Katrina Myers  
Advisors, EPA Victoria

