UNEP FI Conference, 22th June 2006:

What is the Environmental Responsibility of Banks?

Environmental regulations with relevance for financial institutions: the Greek and European legal framework

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June 2006
Environmental accidents – disasters

• 1950: Chemical plant wastewater release into sea, Japan
• 1967: Torey Canyon tanker shipwreck, UK
• 1979: Love canal, buried toxic waste
• 1980: Chemical plant explosion, Bhopal-India
• 1986: Sandoz factory, Rhine pollution
• 1986: Chernobyl nuclear plant
• 1989: Exxon Valdez tanker shipwreck
• 1993: Braer Setland tanker shipwreck
• 1995: Shell – Brent Spar tank rig
• 1996: Sea Empress shipwreck
• 2000: Erika shipwreck
• 2002: Prestige shipwreck (financed by Greek bank)
Global environmental problems

- Ozone layer depletion – ozone hole phenomenon
- Global warming – greenhouse effect
- Acid rain
- Biodiversity – species extinction
- Tropical deforestation
- Pole-ice melting
- Desertification
- Ground pollution
- Eutrophication
- Natural resources depletion
- Waste management
- Radiation
- Energy sources depletion
- Genetic Modified Food – GMOs
- Drinking water scarcity

think globally
act locally
Global environmental conventions

- 1991 Czechoslovakia, UNECE
  - Ministers of Environment
  - Environment for Europe
- 1993 Switzerland
  - 7 elementary environmental goals
- 1995 Bulgaria
  - Dobris assessment: 9 focus areas
- 1998 Denmark
  - 2nd pan-European report
  - Protocol on transboundary air pollution
- 2003 Ukraine
  - Europe’s environment: 3rd assessment
  - Environmental effects:
    - Human
    - Biodiversity
- 2007 Serbia
European environmental legislation

**Principles**

- Sustainable development
- Precautionary principle: damage must be rectified at source
- Preventive action: prevention than restoration
- Principle of integration with other policies, e.g. transport
- Integrated approach (direct and **indirect** impacts)
- Information to the public
- Participation of stakeholders via public consultation
- Polluter pays
- Producer responsibility
- Principle of utilization (scientific & technical data)
- Best Available Techniques (BAT), BATNEEC
European environmental legislation

**Framework**

- 6\textsuperscript{th} Environmental Action Programme 2002-2012
- Specific targets for EU Member countries
- Aim on Financial institutions:
  - 3rd goal - Working with the market:

  "We aim to work with the market in order to protect the environment. The financial sector can also encourage green activities through its lending and investment policies and can encourage greener financial reporting. To do this we will work with the financial sector to develop criteria for green investment."
European environmental legislation

A. Mandatory instruments

• more than 500 legislative documents
• categories by environmental subject:
  • waste management (air, liquid, solid)
  • chemicals & products
  • natural resources conservation (water, energy)
  • nature & biodiversity (flora, fauna)
  • climate change (including emission trading scheme)
  • environmental accidents & disasters
  • environmental health & quality of life
  • environmental liability & crime
  • environmental taxes
European environmental legislation

B. Voluntary agreements

- policy schemes and financial instruments
- tools:
  - activity certification: EMAS
  - product / service labelling: ECO-LABEL
  - integrated product / service policy: IPP
  - green procurement / purchasing
  - subsidized programmes: LIFE
Greek environmental legislation relevant to financial institutions

*Transposition of EU legislation*

• General provisions:
  • environmental licensing
  • environmental inspections

• Specific environmental legislation:
  • waste management
  • natural resources conservation (water, energy)

• Other relevant legislation (incorporated)
  • safety (fire protection)
  • land use / urban planning
Environmental legislation and financial institutions

Risk...

- management of direct impacts (waste, energy, etc)
- management of indirect impacts (environmental liability, environmental due diligence, etc)

... and opportunity

- sustainable / green financing
- environmental performance and corporate social responsibility
- positive assessment by Socially Responsible Investment equity market indices (e.g. FTSE4Good, DJSI)
Indian wisdom

Only after the last tree is cut,
Only after the last river is poisoned,
Only after the last fish is killed,
Only then…

you will realize that you cannot eat gold
Thank you very much for your attention!

Questions & answers

For further information:

Read background document: “Environmental legislation for financial institutions”

Visit environmental portal: www.env.gr

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