‘Shirtfronting' Australian Banks About Climate Change

funded by the Griffith Climate Change Response Program

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‘shirtfront’ – noun

a little known term used (only?) in Australian rules football for a head on challenge that knocks the opponent to the ground (Wiktionary.com)
...not shirtfronting...
Why focus on banks? And Australian banks?

<table>
<thead>
<tr>
<th>The largest companies in the world (Forbes 2014)</th>
<th>The largest Australian companies (Forbes 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Berkshire Hathaway $</td>
<td>75. ANZ $</td>
</tr>
<tr>
<td>4. JP Morgan Chase $</td>
<td>74. NAB $</td>
</tr>
<tr>
<td>3. Agricultural Bank of China $</td>
<td>60. Westpac $</td>
</tr>
<tr>
<td>2. China Construction Bank $</td>
<td>49. Commonwealth $</td>
</tr>
<tr>
<td>1. Industrial and Commercial Bank of China $</td>
<td>44. BHP Billiton 📦</td>
</tr>
</tbody>
</table>
Climate change challenges for banks

Carbon trading schemes

Price on carbon

Pressure from NGOs

(Visit Marketforces.org)

‘fossil fuel divestment movement’

‘Unburnable carbon’ risk

‘Director’s duty’ (litigation)

A series of major banks are not willing to finance the expansion of proposed coal shipping terminal in Abbot Point.

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Australian banking sector and CSR practices

- 68 banks authorised by APRA
- 20 Australian-owned (including ‘big 4 banks’), subsidiaries and branches of foreign banks
- Total assets: $2,964,900,000,000 (June 2012)

- CSR practices: well established for big 4 and expected of other large global banks
  - CSR reports
  - UNEP FI Statement
  - Equator Principles
  - Carbon Disclosure Project
  - Dow Jones Sustainability Index
  - UN Global Compact
  - Principles of Responsible Investment
  - Dialogue with NGOs
## ‘Climate change’ terms in Annual Reports (2012)

<table>
<thead>
<tr>
<th>Regions</th>
<th>Bank Headquarters</th>
<th>climate change</th>
<th>climate</th>
<th>greenhouse</th>
<th>GHG</th>
<th>carbon</th>
<th>carbon dioxide</th>
<th>energy</th>
<th>Total</th>
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<tbody>
<tr>
<td>Australia/NZ</td>
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<td>9</td>
<td>11</td>
<td>19</td>
<td>6</td>
<td>44</td>
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<td><strong>17</strong></td>
<td><strong>121</strong></td>
<td><strong>42</strong></td>
<td><strong>357</strong></td>
<td><strong>673</strong></td>
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</tbody>
</table>

### Proportion of occurrence of climate change terms

- **climate change**: 357
- **climate**: 673
- **greenhouse**: 37
- **GHG**: 17
- **carbon**: 121
- **carbon dioxide**: 42
- **energy**: 0

*Griffith University – Australia*
### ‘Climate change’ terms in CSR type reports (2012)

<table>
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<tr>
<th>Region</th>
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<tbody>
<tr>
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<td>52</td>
<td>43</td>
<td>56</td>
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<td>0</td>
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<td>75</td>
<td>120</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>280</strong></td>
<td><strong>152</strong></td>
<td><strong>277</strong></td>
<td><strong>259</strong></td>
<td><strong>725</strong></td>
<td><strong>382</strong></td>
<td><strong>1675</strong></td>
<td><strong>3750</strong></td>
</tr>
</tbody>
</table>

#### Proportion of occurrence of climate change terms

- climate change
- climate
- greenhouse
- GHG
- carbon
- carbon dioxide
- energy
Climate change and the ‘big four’ banks

![Graph showing GHG emissions for major Australian banks in 2012]

**Figure 2. Major Australian Banks: Asset Size (Millions AUD$ 2012)**

**Major Australian Banks ‘points of presence’ (2012)**

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Final remarks

- Banks are well positioned to act on climate change due to their size and influence
- Climate change represents new and increasing challenges to banks
- Environmental disclosure practices are well established
- Banks display an ‘ad hoc’ approach to CC disclosure despite recommendations and experience
- CC disclosure varies by region (headquarters) not asset size or points of presence
- ‘Big issues’ not addressed
- More balanced disclosure is required