

Turnbull government's backflip on climate means business must pick up the slack

Banks urged to rule out Carmichael coal mine

13 December 2016: The Turnbull Government's announcement it will rule out an emissions intensity scheme in the upcoming climate change policy review highlights the critical role individuals, investors and companies must play in tackling climate change, according to Managing Director of Australian Ethical Phil Vernon.

"There has never been a less exciting time for climate change policy, and amidst this uncertainty business and investment markets must recognise their stewardship responsibility to the future of our planet," said Mr Vernon.

The comments come as the Federal Government considers a \$1.1 billion loan for the Carmichael coal project. At peak capacity, the Carmichael mine will produce the same amount of greenhouse gas emissions in a year as the UK's annual emissions from electricity generation.

Mr Vernon said the Coalition government's actions provide yet more proof that policy alone cannot solve climate change.

"Achieving success for the planet requires cooperation between the political sphere, business and investment markets. Governments set policy, business responds, and investment markets direct capital accordingly. Unfortunately, not all the policy signals are where we need them to be right now, and this means investors and businesses need to be more proactive than ever," he said.

Australian Ethical spoke at the Westpac AGM on Friday to encourage Westpac to do a better job communicating the practical impact of its commitment to align its lending with the 2 degree warming goals set by the Paris Climate Agreement. Australian Ethical invests in Westpac, the only big four bank in its portfolio.

"We applaud Westpac for committing to ensure its loans are consistent with limiting warming to below 2 degrees. However, the bank has refused to rule out support for the Adani Carmichael mine – the largest coal mine in Australia, which will mine some of the dirtiest coal in a remote location," said Mr Vernon.

"Numerous other banks have ruled out financing this new mine project on sustainability grounds. We expect Westpac's actions to align with its climate policy – we need confidence that lending to Adani is inconsistent with Westpac's climate commitments."

When asked by Australian Ethical at its AGM about the Adani mine, Westpac maintained its policy of refusing to comment on potential customers. However the bank's Chairman did say that if lending to Adani "was inconsistent with what we believe in terms of working towards carbon neutrality in 2050, we would not lend".

Mr Vernon said "we are encouraged by this statement, but leading companies need to go further and call out projects which are clearly inconsistent with a 2 degree warming limit. Only in this way will we catalyse government and private sector action to direct capital in a way which limits warming.

"Businesses need to make decisions based on more than just concerns about the political risk of increased climate regulation. Put simply, they need to do it because it's the right thing to do," Mr Vernon said.

In this context, investors – at the individual and institutional level – can bring pressure to bear by keeping companies accountable to actioning their climate change policies and statements.

“Investors have the power to shape the future, and they need to exercise this positive influence using all the tools at their disposal. This includes shifting capital towards positive businesses and away from businesses causing unnecessary harm.

“Investors can also push for change in the companies they support, especially in the \$1.7 trillion superannuation sector, where funds have the potential to positively influence boards and management to better manage their social and environmental impacts,” Mr Vernon said.

Mr Vernon conceded that while 2016 has seen alarming political and social events take place, individuals can still have influence.

“It’s easy to feel helpless and frustrated by the state of politics in Australia and the world today. But that’s precisely the time to galvanise and take action. People who care about climate change need to act in whatever way they can. Moving their investments is one way individuals can take a stand and have an impact,” he said.

– Ends –

Media enquiries

Rachel Maher

Honner

rachel@honner.com.au

0434 191 290

About Australian Ethical

Australian Ethical is Australia’s leading ethical superannuation and investment manager with over \$1.7bn in funds under management. Since 1986, it has provided investors with wealth management products that align with their values whilst achieving consistently competitive returns. Investments are guided by the Australian Ethical Charter which both shapes its ethical approach, and underpins the Company’s culture and vision.

Visit: www.australianethical.com.au