NET ZERO MOMENTUM TRACKER

BANKING SECTOR

OCTOBER 2019

WWW.NETZEROTRACKER.ORG

MONASH University

MONASH SUSTAINABLE DEVELOPMENT INSTITUTE

ClimateWorks AUSTRALIA

Acknowledgements

We would like to thank Monica Richter (World Wide Fund for Nature and the Science Based Targets Initiative) and Ariel Pinchot (World Resources Institute) for kindly reviewing this report. We also thank the banks listed for reviewing and providing feedback on information about their climate commitments and actions.

ClimateWorks Australia is a not for profit working within the Monash Sustainable Development Institute. It provides independent research and advisory work for a range of governments and businesses, and has previously conducted advisory work or consulted with some of the companies included in this report. ClimateWorks may receive future funding from institutions included in this report. National Australia Bank is currently partnering with ClimateWorks on the Natural Capital Investment Initiative as part of the Land Use Futures program.

This banking sector report is part of a series of Net Zero Momentum Tracker[1] assessments focusing on a sectors within the Australian economy. Net Zero Momentum Tracker is an initiative that demonstrates progress towards net zero greenhouse gas emissions in Australia. It brings together and evaluates climate action commitments made by Australian businesses, governments and other organisations.

Achieving net zero emissions prior to 2050 is a key element of the Paris Climate Agreement[2] to limit global temperature rise to well below 2 degrees Celsius above pre-industrial levels and to strive for 1.5 degrees.

Banks can facilitate investment in Australia's net zero transition

Banks are increasingly aware of the need to report on and reduce emissions associated with their operations, investments, products and services. To date, 130 banks from 49 countries, including Australia, have signed The Principles for Responsible Banking[3] to align their business strategies with the goals of the Paris Climate Agreement. Together, these companies own US$47 trillion in assets[1].

This report assesses emissions reduction commitments and activities to evaluate the Australian banking sector's alignment with achieving net zero emissions by 2050. It focuses on Australia's 20 largest banks, based on the total value of their Australian assets. These 20 organisations include banks with the highest reported emissions in Australia.

Banks are a dominant component of Australia's economy. Five of Australia's 20 largest companies by market capitalisation[2] are banks[4] and banking institutions play a fundamental role in enabling the financial decisions of Australian businesses, households and individuals. As financial intermediaries, banks have considerable influence in directing investment to support Australia's transition to a net zero emissions economy.

Banks influence emissions in two ways: directly through their operations, such as energy use in offices and branches; and indirectly through their investments, products and services. In terms of climate change impact, the banking sector's operational emissions are insignificant compared to the emissions associated with the activities that banks finance[5], for example through personal and corporate loans, mortgages and investments in fossil fuel extraction, energy generation and real estate. These emissions are often referred to as portfolio or financed emissions.

Of the 20 banks assessed, nine were found to have a net zero before 2050 target for their operational emissions, but none have a comprehensive net zero emissions target that

[1] An asset in this context is a resource with economic value owned or controlled with the expectation that it will provide a financial return or benefit

[2] Market capitalisation is a measure of a publicly listed company's value, calculated by multiplying the number of shares held by the company's investors by the current share price.

includes both their operational and portfolio emissions.

Our analysis found 85 per cent of the banks assessed are taking steps to reduce their portfolio emissions, of which:

- 25 per cent (including Westpac) are committed to the Science Based Targets initiative (SBTi), which will require financial institutions to set targets in 2020 for their portfolio emissions. These targets must correspond to the level of emissions required to keep global warming to well below 2 degrees.
- 35 per cent (including Commonwealth Bank) have committed to achieve net zero emissions by 2050 for some but not all of their investments or lending activities.
- A further 25 per cent (including ANZ and NAB) are taking steps to reduce their portfolio emissions but have not made any net zero commitments.

The remaining 15 per cent of banks assessed have not announced any emissions reduction commitments or activities for their portfolio emissions.

This analysis found that initiatives targeting bank portfolio emissions, which include setting emissions targets for some lending and investment activities, divestment from certain emissions-intensive sectors and provision of sustainable finance and low carbon products, are typically ad hoc and not strategically aligned with transitioning to net zero emissions before 2050.

Setting targets to align emissions associated with bank investment and lending portfolios with net zero before 2050 is critical, as banks play an important role in shifting funds to low-carbon activities to achieve the Paris Climate Agreement goals.

Momentum towards net zero emissions in Australia’s banking sector

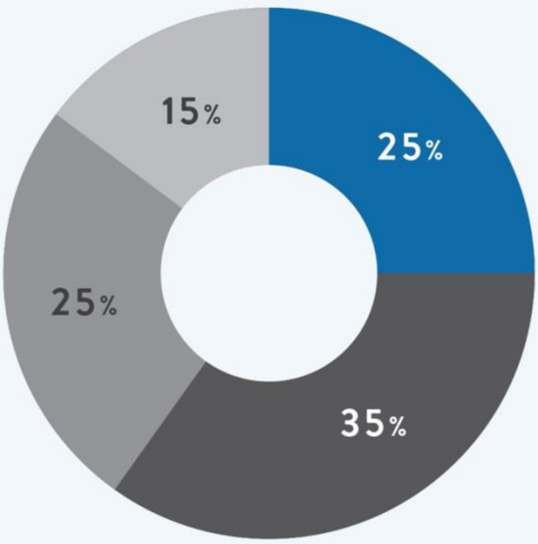
WE ASSESSED COMMITMENTS AND ACTIVITIES OF AUSTRALIA’S 20 LARGEST BANKS (BASED ON THE VALUE OF THEIR RESIDENT ASSETS) AND FOUND THAT:

+25%

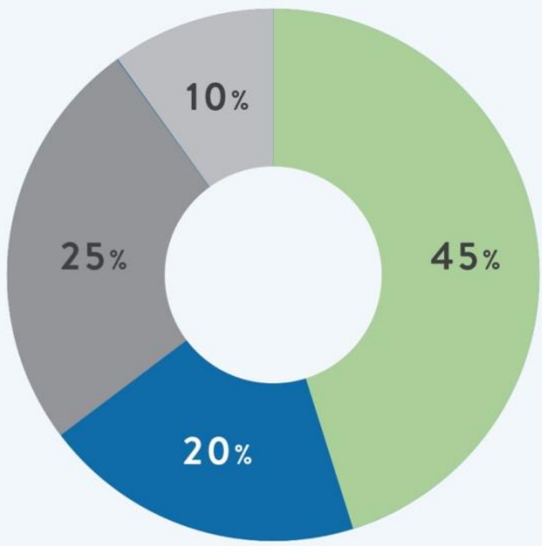
are preparing to target net zero emissions before 2050 for their investment and lending portfolios.

+65%

are fully aligned or on a pathway to net zero before 2050 for their operations, which includes energy use in offices and branches.



PORTFOLIO



OPERATIONS

- **FULLY ALIGNED**
  Net zero by 2050 target for all emissions
- **CLOSELY ALIGNED**
  Net zero before 2050 pledge or target includes emissions from direct operations
- **ALIGNED ASPIRATION/PATHWAY**
  Aspiration, target or trajectory closely aligned with net zero emissions before 2050
- **PARTIALLY ALIGNED**
  Net zero target for some emissions (e.g. operational emissions only in the case of overall ambition, specific investments or lending activities in the case of portfolio ambition)
- **NOT ALIGNED**
  Taking steps to reduce emissions but not aligned with net zero
- **NO EMISSIONS REDUCTION TARGETS OR ACTIVITIES**
  No disclosed emissions reduction targets, commitments or activities

SECTOR INFLUENCE

Banks have significant influence on Australia's economy

Financial services is Australia's largest economic sector[3], and over half the assets[4] within this sector are held by banks. The financial services sector also includes insurance, superannuation and other managed funds[6].

Australia's banking sector is heavily influenced by four banks: Australia and New Zealand Banking Group (ANZ), Commonwealth Bank of Australia, National Australia Bank (NAB) and Westpac Banking Corporation. These four banks collectively hold around three-quarters of the total assets held by Australian banking institutions. All four are amongst the 50 largest banks in the world based on the value of their assets[7].

GLOBAL CONTEXT

Banks can play a vital role in achieving net zero emissions before 2050

Reported emissions arising from bank operational activities, such as energy purchased for branches, offices and company vehicles, represent a small proportion of Australia's emissions. The five banks required to report their emissions under the National Greenhouse and Energy Reporting Act 2007 (NGER Act)[5] are responsible for 0.1 per cent of the total emissions reported in the index[8].

Although not reported under the NGER Act, the influence of the banking sector on emissions associated with investment and lending activities is more extensive. As investors and capital providers, banks have the means to play a significant role in the transition to a net zero emissions economy by supporting the shift of capital to low-carbon activities[5].

Globally, major financial institutions are acknowledging the necessity of the transition to a low emissions economy. For example, HSBC has pledged to invest US$100 billion[6] by 2025 to address climate change and is among a large proportion of major multinational banking corporations that have made similar commitments[9].

These commitments are motivated by several factors, including new business opportunities and reputational and financial risks due to ongoing investment in emissions-intensive activities[10]. Litigation against those who finance activities that contribute to climate change is also a growing prospect. In 2017, Commonwealth Bank was sued by investors for failing to disclose its climate change risk exposure. Charges were eventually dropped after the bank updated its climate-related financial disclosures and strategy[11].

The Network for Greening the Financial System, a consortium of 42 central banks and banking supervisory authorities, has published recommendations for the financial sector's role in achieving the 2015 Paris Climate Agreement goals[12]. These recommendations call on central banks to set an example by adopting sustainability criteria for their investment portfolios.

In Australia, the four major banks – ANZ, Commonwealth Bank, NAB and Westpac – have all expressed support for the Paris Climate Agreement. These banks are

[3] Based on Gross Value Added (GVA), a term used in economics to describe the value of goods and services produced by an area, industry or sector of an economy. GVA provides a dollar value for goods and services produced, minus the cost of all inputs and raw materials directly attributable to that production.
[4] For example, cash, commodities, real estate and financial products such as stocks and bonds.

[5] The criteria which determine which facilities and corporations are required to submit emissions and energy reports under the NGER Act are outlined at http://www.cleanenergyregulator.gov.au/NGER/Reporting-cycle/Assess-your-obligations/Reporting-thresholds.
[6] All financial values are in Australian dollars, unless otherwise specified.

collaborating with other prominent financial institutions through the Australian Sustainable Finance Initiative to determine how the financial services sector can support Australia's transition to net zero emissions[13].

Divestment[7] from fossil fuels is gaining momentum. In 2017, the World Bank, ING Group and AXA announced plans to divest from coal, oil, and gas. Multiple not-for-profit groups are putting pressure on financial institutions to cut the financial value chain of fossil fuels. In Australia, although the major banks continue to provide billions of dollars of direct project finance for new fossil fuel projects, the combined value of loans provided to the fossil fuel industry has recently declined [14, 15].

Banks are also making commitments to provide 'green finance' for climate change solutions. In 2015, ANZ committed to facilitate at least $10 billion by 2020 to fund a range of climate mitigation and adaptation measures[10]. Since 2014, NAB has been issuing green bonds to raise capital for renewable energy infrastructure and low emissions residential and commercial property[16, 17].

However, banks in Australia are yet to implement specific targets to align their financial activities with achieving net zero emissions before 2050. One barrier for setting emissions targets for investment and lending activities is ambiguity regarding which economic activities and investments most effectively contribute to the transition to net zero emissions and how to measure progress[18, 19]. To address this, the Network for Greening the Financial System recommends implementation of a classification system that will help to identify environmentally sustainable investments[18]. SBTi is also developing a methodology for financial institutions to set targets that will align their investment and lending portfolios with emissions reduction pathways consistent with net zero by 2050[20].

PLEDGE PLATFORMS

Climate action initiatives that have been embraced by Australian banks include:

- The Science Based Targets initiative (SBTi) is a collaboration between CDP (formerly the Carbon Disclosure Project), the UN Global Compact, the World Resources Institute and the World Wide Fund for Nature. SBTi considers targets to be science-based if commitments are consistent with limiting global temperature rise to well below 2 degrees Celsius or 1.5 degrees Celsius above pre-industrial levels. SBTi's goal is for target-setting based on this definition to be standard business practice by 2020 for direct and value chain emissions as well as purchased electricity. SBTi's approach does not require organisations to make an explicit pledge to achieve net zero emissions by 2050. However, SBTi targets can be considered to be aligned with pathways to net zero by 2050. This is because most scenarios show that, to remain below 2 or 1.5 degrees Celsius, developed countries will have to achieve net zero emissions by around 2050. Three Australian banks – Bank Australia, Teachers Mutual Bank and Westpac – and two subsidiaries of international banks – ING Bank (Australia) Limited and HSBC Bank Australia Limited – have publicly committed to define targets which comply with SBTi's criteria.
- The We Mean Business coalition's RE100, EP100 and EV100 initiatives, which aim to encourage corporations to switch to 100% renewable electricity (RE100), optimise energy productivity (EP100) and accelerate the transition to electric transport (EV100). ANZ, Bank Australia, Citigroup, Commonwealth Bank, HSBC Bank Australia, ING Bank (Australia), Macquarie and Westpac are signatories to the RE100 initiative. AMP Capital's Wholesale Office Fund has joined EP100

[7] Refers to the process of selling off certain business interests and investments to remove them from investment and lending portfolios.

through its commitment to only own or develop real estate that is net zero emissions in operation by 2030.

- The Principles for Responsible Investment and Principles for Responsible Banking, which were launched in 2006 and 2019 respectively by the UN Environmental Programme Finance Initiative. They both incorporate principles to align business practices and set targets that are consistent with the UN Sustainable Development Goals and the Paris Climate Agreement. ANZ, Citigroup, ING, NAB, Rabobank, Suncorp and Westpac have signed the Principles for Responsible Banking. The Principles for Responsible Investment have been signed by AMP, HSBC, Macquarie, Suncorp and the Westpac subsidiary, BT Finance Group.
- Take2, which is a pledge initiative led by the Victorian Government. It provides a platform for individuals and organisations to pledge action and initiatives to address climate change. Four Australian banks, ANZ, Bank Australia, NAB and Suncorp, have made a Take2 pledge.
- Carbon neutral certification under the Australian Government's National Carbon Offset Standard (NCOS). This standard allows Australian organisations to offset emissions by purchasing offset units for their operational emissions, including direct emissions and purchased electricity. Proceeds from the sale of offset units are used to support reforestation, renewable energy and energy efficiency projects. ANZ, Bank Australia, NAB and Westpac are NCOS carbon neutral certified.
- The Task Force on Climate-related Financial Disclosures (TCFD) recommendations [21], which provide a voluntary reporting framework for organisations to disclose their financial risks due to climate change. The TCFD was established in 2015 at the request of G20 Finance Ministers and Central Bank Governors with a remit to develop consistent climate change related risk disclosures to inform stakeholders such as investors, lenders and insurers. ANZ, Commonwealth Bank, Macquarie, NAB, Suncorp and Westpac have indicated their support to the TCFD.

ANALYSIS

Australian banking sector climate commitments

The Net Zero Momentum Tracker assessed the pledges, commitments and activities of 20 Australian banks to evaluate their degree of alignment with achieving net zero emissions before 2050.

The analysis focused on the 20 largest Australian banks, based on the value of their resident assets[8]. Sixteen of these banks have headquarters in Australia and four are subsidiaries of international banks that are managed independently in Australia[9].

Table 1 summarises this assessment. It provides an indication of each bank's net zero ambition based on analysis of pledges, commitments and activities that addresses direct and indirect emissions from operational activities and emissions associated with investment and lending portfolios.

Table 2 provides an assessment of each bank's investment and lending portfolio emissions reduction activities and initiatives for four investment and lending categories (corporate finance and business lending, project finance, real estate and mortgages). These categories reflect those used in SBTi's proposed target-setting methodology for financial institutions.

Table 3 shows an assessment of operational emissions reduction activities and initiatives, with a focus on renewable energy use, energy efficiency improvements, fuel switching (such as electrification of buildings and facilities) and the mitigation or offsetting of non-energy emissions.

[8] Assets owned and managed in Australia, as reported in The Australian Prudential Regulation Authority (APRA)'s Monthly Banking Statistics, June 2019.

[9] Overseas banks registered with APRA that have Australian branches but do not have a subsidiary operating in Australia as a separate legal entity were excluded.

Supporting detail for Tables 1, 2 and 3 is provided in the Appendix.

Our 'overall net zero ambition' analysis finds that 18 banks (90 per cent of the 20 banks considered) are taking steps to reduce their emissions, either through emissions reduction targets, more general commitments or initiatives that will reduce their greenhouse gas emissions.

Of the 20 banks assessed:

- Five (25 per cent) are working towards setting emissions targets which are consistent with a net zero pathway for both their operations and their investment and lending activities. This means that these banks will set a target (through the SBTi) that corresponds to the level of emissions required in order to keep global warming to well below 2 degrees
- Eleven (55 per cent) have committed to achieve net zero emissions by 2050 for their operations or certain specific investments or lending activities.
- Two (10 per cent) are taking steps to reduce emissions, but have not made any commitments to achieve net zero emissions before 2050 for either their operations or financed emissions.
- Two (10 per cent) have not announced any emissions reduction commitments or activities.

Despite these commitments and aspirations, none of the banks considered have implemented a comprehensive target to achieve net zero emissions for both their operations and their investment and lending activities.

Five banks – Westpac, ING, HSBC, Teachers Mutual and Bank Australia – have publicly committed to define targets which comply with SBTi's criteria. During 2020, when SBTi's finance sector methodologies are due to be finalised, SBTi's criteria will require these banks to submit targets consistent with net zero by 2050 for their operations and their investment and lending activities.

Although most of the 20 banks assessed have not defined emissions targets for all their investment and lending activities, all but three are undertaking actions that could reduce their financed emissions, such as provision of sustainable finance[10], offering low-carbon financial products, or pledging to divest from or exclude certain emissions intensive sectors from their activities. For example, Commonwealth Bank has an ambition to exit thermal coal mining and coal fired power generation by 2030. Bank Australia is offsetting emissions associated with their car loans. Evaluating the significance of these commitments is challenging due to limited information about financed emissions in the disclosures of many of the banks considered[10].

Nine of the 20 banks assessed claim to be carbon neutral. These banks are offsetting their operational emissions by investing in reforestation, renewable energy and energy efficiency projects, for example. While valuable, offsetting is not a substitute for reducing emissions through energy efficiency improvements, use of renewable energy and supply chain modifications, and should only be undertaken as a short-term or complementary measure as part of a net zero emissions strategy. Ideally offsetting should only be required to mitigate unavoidable emissions.

[10] Sustainable finance refers to financial services or products that take account of environmental, social and governance (ESG) issues. Sustainable investment decisions are based on specific ESG criteria.

TABLE 1: ASSESSMENT OF NET ZERO AMBITION (FOR OPERATIONS AND INVESTMENT/LENDING PORTFOLIOS)

Banks listed are the largest 20 banks based on the value of resident assets reported in APRA's monthly banking statistics, June 2019 [22]. The table groups the banks by net zero ambition, portfolio ambition and then orders them by resident asset value within each group. This assessment of ambition is informed by Table 5 (included in the Appendix).

Overall Net Zero ambition	Portfolio emissions net zero ambition	Operational emissions net zero ambition	Already carbon neutral?[11]	Total resident assets ($ million)	Company
★	★	★	…this can be you		
■	■	★	Y	858,048	Westpac Banking Corporation
■	■	★	Y	65,138	ING Bank (Australia) Limited
■	■	■		36,853	HSBC Bank Australia Limited
■	■	★	Y	8,030	Teachers Mutual Bank Limited
■	■	★	Y	6,319	Bank Australia Limited
▲	▲	■		770,154	Commonwealth Bank of Australia
▲	▲	●		74,492	Bendigo and Adelaide Bank Limited
▲	▲	★		62,247	Suncorp Group
▲	▲	●		51,194	Bank of Queensland Limited
▲	▲	●		25,062	Members Equity Bank Limited
▲	▲	★	Y	18,661	Rabobank Australia Limited
▲	▲	■	Y	18,310	AMP Group Limited
▲	●	★	Y	737,617	National Australia Bank
▲	●	★	Y	585,644	ANZ Banking Group Limited
▲	●	■	Y	95,618	Macquarie Group
▲	●	★		17,349	Citigroup Pty Limited
●	●	●		6,213	Beyond Bank Limited
●	O	●		9,201	Heritage Bank Limited
O	O	O		7,155	Greater Bank Limited
O	O	O		5,817	IMB Limited

		Overall rating:	Portfolio emissions rating:	Operational emissions rating:
★	Fully aligned	The organisation has made a pledge to achieve net zero emissions before 2050. This pledge includes all of the direct and indirect emissions the organisation can influence.	Net zero before 2050 target for all portfolio emissions.	Net zero before 2050 target for all reported operational emissions (includes those committed to remain carbon neutral through both emissions reduction and offsetting).
☆	Closely aligned	The organisation has made a pledge to achieve net zero emissions before 2050. This pledge includes a significant[12] proportion (but not all) of the direct and indirect emissions the organisation can influence.	Net zero before 2050 target for a significant proportion (but not all) of portfolio emissions.	Net Zero before 2050 target for a significant proportion (but not all) of operational emissions.
■	**Aligned aspiration/ pathway**	The organisation has an aspiration to achieve net zero emissions before 2050. Alternatively the organisation has other targets or initiatives which align it with this pathway. This category includes those committed to the SBTi initiative.	Net zero before 2050 aspiration or commitment to align with a net zero before 2050 pathway for all portfolio emissions. (e.g. SBTi commitment).	Net Zero before 2050 aspiration or commitment to align with a net zero before 2050 pathway for all reported operational emissions (includes those achieving carbon neutrality largely through offsetting only).
▲	Partially aligned	The organisation has made a pledge to achieve net zero emissions before 2050. This pledge includes only a portion of the direct and indirect emissions the organisation can influence (for example scope 1 and 2 emissions[13] only in the case of banks).	Net zero before 2050 target for a portion of portfolio.	Net Zero before 2050 target for a portion operational emissions
●	Not aligned	The organisation has made a commitment, pledge or is undertaking activities that will reduce its emissions but not in alignment with net zero before 2050, or the alignment is unclear due to insufficient information.	Activities that will reduce portfolio emissions but are not aligned with net zero before 2050 or associated with a net zero pledge.	Activities that will reduce operational emissions but are not aligned with net zero before 2050 or associated with a net zero pledge.
O	No emissions reduction targets or activities	No disclosed emissions reduction targets, commitments or activities.	Generic expression of intent or no information.	Generic expression of intent or no information.

[11] Carbon neutral banks are currently offsetting all of their operational emissions.

[12] For this analysis, 'significant' is considered to cover scope 1 and 2 emissions from owned and managed property assets and 4 out of the 6 asset types used to analyse the portfolio emissions in Table 2 (project finance, real estate, mortgages and loans, equity and corporate finance).

[13] Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company (including those associated with investments).

TABLE 2: ASSESSMENT OF PORTFOLIO EMISSIONS REDUCTION COMMITMENTS AND ACTIVITIES

This assessment of investment and lending portfolio emissions reduction activities and initiatives is informed by the pledges and commitments summarised in Table 7 (included in the Appendix). The assessment specifically focuses on investment and lending categories inspired by those used in SBTi's proposed target setting methodology for financial institutions. The 'project finance' asset class is divided into three categories: electricity generation, thermal coal mining and other project finance. This facilitates deeper assessment of each bank's relevant commitments/statements.

	Project finance						
Company	**Electricity generation exposure**	**Thermal coal mining**	**Other project finance**	**Real estate**	**Mortgages and individual loans**	**Corporate finance and business lending[14]**	**Unallocated[15] sustainable finance commitment**
AMP Group Limited	■	o	o	★	o	o	
ANZ Banking Group Limited	■	■	■	■	o	■	$15bn by 2020
Bank Australia Limited	★	★	o	o	■	o	
Bank of Queensland Limited	■	★	o	o	o	■	
Bendigo and Adelaide Bank Limited	o	★	■	o	o	o	
Beyond Bank Limited	o	o	o	o	o	o	
Citigroup Pty Limited	■	■	o	o	o	o	$100bn by 2025
Commonwealth Bank of Australia	■	★	■	o	■	■	$15bn by 2025
Greater Bank Limited	o	o	o	o	o	o	
Heritage Bank Limited	o	o	o	o	o	o	
HSBC Bank Australia Limited	■	■	o	o	o	o	$100bn by 2025
IMB Limited	o	o	o	o	o	o	
ING Bank (Australia) Limited	■	★	o	■	■	■	
Macquarie Group	■	o	■	■	o	■	
Members Equity Bank Limited	★	★	o	o	o	o	
National Australia Bank	■	■	■	o	■	■	$20bn by 2025
Rabobank Australia Limited	■	★	■	o	o	o	
Suncorp Group	■	★	o	o	o	■	
Teachers Mutual Bank Limited	★	★	■	o	o	o	
Westpac Banking Corporation	☆[16]	■	■	o	o	o	$28bn by 2030

★	Net zero emissions target or aspiration that includes all assets within investment/lending category.
☆	Explicit emissions reduction commitment that is heading towards net zero.
■	Specific initiative that will reduce emissions with no target or quantified commitment.
o	Generic expression of intent or no information.

[14] Includes listed equity, private equity, corporate loans, corporate bonds and small to medium enterprise lending.

[15] Based on the information available, it is not possible to allocate these commitments to any specific investment or lending category.

[16] Westpac has an emissions intensity reduction target for its energy generation portfolio at 0.30 tCO_2/MWh by 2020. This target was assessed against ClimateWorks Australia's *Decarbonisation Futures* analysis and is consistent with a well below 2 degrees Celsius scenario, for the timeframe (by 2020) given.

TABLE 3: ASSESSMENT OF OPERATIONAL EMISSIONS REDUCTION COMMITMENTS AND ACTIVITIES

This assessment of operational emissions reduction activities and initiatives is informed by the pledges and commitments summarised in Table 6. This assessment specifically focuses on the use of renewable energy, energy efficiency improvements, fuel switching (such as electrification of buildings and facilities) and the mitigation or offsetting of non-energy emissions.

Company	Total scope 1 and 2 emissions (tCO2e)	Energy efficiency	Renewable Electricity	Electrification/ fuel switching	Non-energy targets
ANZ Banking Group Limited	123,056	☆	★	o	☆
Westpac Banking Corporation	121,781	☆	★	■	☆
National Australia Bank	109,731	☆	☆	o	☆
Commonwealth Bank of Australia	78,111	o	★	o	☆
Macquarie Group	32,806	o	★	o	☆
Suncorp Group	25,901	■	■	■	☆
AMP Group Limited	8,240	■	o	o	☆
Bank of Queensland Limited	4,082	■	o	■	o
Beyond Bank Limited	1,206	o	■	o	o
Bank Australia Limited	964	o	★	o	☆
Bendigo and Adelaide Bank Limited	-	■	☆	o	■
Citigroup Pty Limited	-	■	★	o	o
Greater Bank Limited	-	o	o	o	o
Heritage Bank Limited	-	■	o	■	■
HSBC Bank Australia Limited	-	■	★	o	☆
IMB Limited	-	o	o	o	o
ING Bank (Australia) Limited	-	■	★	o	☆
Members Equity Bank Limited	-	☆	☆	o	■
Rabobank Australia Limited	-	☆	■	o	☆
Teachers Mutual Bank Limited	-	☆	■	■	☆

★ Specific target that aligns with net zero emissions before 2050. For example:
- Efficiency: commitment to EP100 pathway or similar.
- Renewable energy: commitment to RE100 or similar.
- Electrification: 100% shift to electrification.
- Non-energy: Offsetting of unavoidable emissions only.

☆ Activities flagged as supporting a pledge to achieve net zero emissions before 2050.

■ Activities that will reduce emissions but are not aligned with net zero before 2050 or associated with a net zero pledge.

o Generic expression of intent or no information.

Case studies

SCIENCE BASED TARGETS FOR FINANCIAL INSTITUTIONS

Forty-nine financial institutions worldwide, including banks, have committed to define emissions reduction targets via SBTi, and a further 70 have reported that they intend to do so [20]. In 2018, SBTi acknowledged the crucial role financial institutions play in providing finance for the transition to net zero emissions and began developing methodologies specifically for the finance sector. SBTi has proposed target-setting methods for four different categories of investment: real estate, mortgages, power generation project finance, and a fourth group which includes equities, corporate bonds and corporate loans. SBTi's approach requires targets aligned with the Paris Climate Agreement goals to be set for each of the four categories of investment, drawing on existing SBTi target setting methods (for example, to set emissions targets for buildings in a real estate or mortgage lending portfolio). SBTi's approach is currently being trialled by 29 financial institutions with a plan to launch in 2020.

BANK AUSTRALIA

As a mutual bank, Bank Australia is owned by its customers, who can vote on key decisions to ensure the bank's activities are in line with their values. The bank has a strong focus on environmental responsibility and has adopted relatively ambitious initiatives. Some of these initiatives include financed emissions, such as those associated with car loans, which the bank offsets for the life of each loan. Along with Westpac and Teachers Mutual, it is one of three banks based in Australia that have committed through SBTi to align their activities with a pathway to net zero emissions by 2050. Bank Australia also states that it "has not made and will not make any loans to the fossil fuel industry".

Bank Australia's operations have been carbon neutral since 2011 and the bank sources 100% of its electricity from renewable sources. It is a member of the Melbourne Renewable Energy Project, a consortium of corporate, government, cultural and academic organisations that supported construction of the Crowlands Wind Farm. The bank has a long-term power purchase agreement with this facility.

AUSTRALIA'S 'BIG FOUR' BANKS

Among the 20 banks assessed in the report, the largest four banks – ANZ, Commonwealth Bank, NAB and Westpac – hold over 80 per cent of total resident assets reported by Australian banking institutions[22] and almost 90 per cent of the resident assets reported by institutions included in this study.

Furthermore, these four banks are responsible for 78 per cent of the sample's reported operational emissions – although ANZ, NAB and Westpac collectively offset 76 per cent of these emissions.

The 'big four' have made strong commitments regarding their operational emissions. For example, ANZ, Commonwealth Bank and Westpac have committed to source 100 per cent of their electricity from renewable sources through the RE100 initiative. Additionally, ANZ, NAB and Westpac offset their operational emissions and are certified by the NCOS standard.

Steps by the big four banks to address emissions from their investment and lending activities are much less comprehensive. Although all four of these banks have publicly stated their support for the Paris Climate Agreement, they are yet to demonstrate this support through net zero targets that address all operational, investment and lending activities.

- Westpac is the only bank of the big four to publicly commit through SBTi to set targets aligned with net zero emissions by 2050. In 2020, SBTi will require financial institutions to set targets consistent with the Paris Climate Agreement for investment and lending activities. Westpac assisted with development of the methodology SBTi is drafting for this purpose.

- In December 2017, NAB became the first of the big four to rule out lending to any new thermal coal mining projects[23]. The other banks have since made commitments to limit lending to coal mining or coal fired power generation.
- Commonwealth Bank has an aspiration to align its business lending portfolio “with a net zero economy by 2050”. It is also the only one of these four banks that has carried out its own internal assessment of financed emissions and has publicly disclosed these.
- ANZ has developed a project finance policy that links interest rates to environmental, social and governance (ESG) criteria.

However, none of the 20 banks assessed have committed to a comprehensive net zero emissions target for their investment and lending portfolios. Setting targets to reduce these portfolio or financed emissions is critical, as banks play a key role in funding the transition to net zero emissions through their investment and lending activities. Although several banks are undertaking actions that could reduce their financed emissions through provision of sustainable finance, low-carbon products and divestment from certain emissions-intensive sectors, these banking climate commitments are ad hoc and not strategically aligned with achieving the Paris Climate Agreement goals.

The next step for banks is to set targets that comprehensively commit their investment and lending activities to net zero emissions before 2050. By making this a public pledge, Australian banks can build momentum to achieve this goal both within Australia and globally.

Next steps

The findings outlined in this report indicate that a significant proportion of Australian banks are taking steps to reduce their emissions, particularly operational emissions. Many have set net zero emissions targets for their operations and are achieving these commitments through energy efficiency initiatives, shifting to 100 per cent renewable energy and offsetting. In addition, Australia’s largest banks have recognised the need to shift funding away from emissions-intensive activities towards more sustainable investments.

Appendix

COMPANIES AND DATA

The organisations considered by this analysis are the 20 largest Australian banks, based on the value of resident assets reported in APRA's monthly banking statistics for June 2019. Sixteen of these banks are Australian and four are subsidiaries of international banks that are managed independently in Australia. Excluded were overseas banks registered with APRA that have Australian branches but do not have a subsidiary operating in Australia as a separate legal entity.

Table 4 lists these banks, principal activities and data sources consulted. Tables 6 and 7 summarise the information used to inform the analysis. In addition to published pledges and targets that support a pathway to net zero emissions, the analysis considered other commitments and initiatives that could reduce emissions.

For the Australian subsidiaries of overseas banks (Citigroup Pty Limited, HSBC Bank Australia Limited, ING Bank (Australia) Limited, Rabobank Australia Limited), sustainability and corporate reporting is at a global level. The assessment for these organisations has therefore been based on global statements and policies. These organisations do not disclose greenhouse gas emissions attributable to their Australian subsidiaries.

TABLE 4: COMPANIES AND DATA CONSIDERED BY THE ANALYSIS

Company	Principal activities	Total resident assets ($ million)	Pledge platforms and sustainable finance memberships	Other sources	Emissions data source
AMP Group Limited	Wealth management, investment management and retail banking	18,310.30 (for AMP Bank)	WMB EP100 PRI	Annual Report 2018 Sustainability Report 2018 AMP Capital Real Estate Sustainability Report 2018 Website	Sustainability Report 2018
ANZ Banking Group Limited	Retail banking	585,643.50	WMB RE100 PRB Take 2 Equator Principles TCFD	Annual Report 2018 Sustainability Review 2018 Climate Change Statement 2019 Website	Sustainability Review 2018
Bank Australia Limited	Retail banking	6,319.60	WMB SBTi RE100 PRB Take 2	Impact Report 2019 Website	Impact Report 2019
Bank of Queensland Limited	Retail banking	51,193.70		Sustainability Report 2019 Website	Sustainability report 2019
Bendigo and Adelaide Bank Limited	Retail banking	74,491.50		Annual Report 2019 Website	Annual Report 2019

Company	Principal activities	Total resident assets ($ million)	Pledge platforms and sustainable finance memberships	Other sources	Emissions data source
Citigroup Pty Limited	Retail banking	17,349.00	WMB RE100 PRB Equator Principles	Annual Report 2018 Global Citizenship Report 2018 Website	Global Citizenship Report 2018
Commonwealth Bank of Australia	Retail banking	770,153.80	WMB RE100 Equator Principles TCFD	Annual Report 2019 Climate Change Spotlight Article 2018 Website	Annual Report 2019
Beyond Bank Limited	Retail banking	6,212.60		Sustainability Report 2018 Website	Sustainability Report 2018
Greater Bank Limited	Retail banking	7,155.00		Annual Report 2019 Website	No information
Heritage Bank Limited	Retail banking	9,201.00		Annual Report 2019 Website	No information
HSBC Bank Australia Limited	Retail banking, investment banking	65,138.00	WMB SBTi RE100 Equator Principles PRI	Annual Report for Australia 2018 ESG update 2019 Social and Environmental Key Facts 2018 Website	Social and Environmental Key Facts 2018
IMB Limited	Retail banking	5,816.50		Annual Report 2019	No information
ING Bank (Australia) Limited	Retail banking	65,138.00	WMB SBTi RE100 PRB Equator Principles PRI	Group Annual Report 2018 Sustainability Report 2015 Terra Progress Report 2019 Website	Group Annual Report 2018
Macquarie Group	Investment bank, asset management, retail banking	95,618.10 (for Macquarie Bank)	WMB RE100 PRI TCFD	Annual Report (Group) 2019 Carbon and energy data 2019 Website	Carbon and energy data 2019
Members Equity Bank Limited	Retail banking	25,062.00		Annual Report 2019 Website	Annual Report 2018
National Australia Bank	Retail banking	737,617.20	WMB PRB Take 2 Equator Principles TCFD	Annual Review 2018 Sustainability Report 2018 Sustainability Data Pack 2018 Environmental Agenda 2018 Website	Sustainability Data Pack 2018
Rabobank Australia Limited	Retail banking	18,661.00	WMB PRB Equator Principles	Annual Report 2018 Climate Infographic 2016-2020 Sustainability Policy Framework 2018 Website	Annual Report 2018
Suncorp Group	Retail banking	62,246.80 (for Suncorp Bank)	PRB Take 2 PRI TCFD	Annual Report 2018-2019 Responsible Business Report 2018-2019 Environmental Performance Plan 2018-2020	Responsible Business Report 2018-2019

Company	Principal activities	Total resident assets ($ million)	Pledge platforms and sustainable finance memberships	Other sources	Emissions data source
				Climate Change Action Plan 2018-2020 Website	
Teachers Mutual Bank Limited	Retail banking	8,029.90	WMB SBTi	Annual Report and Sustainability Update 2018-19 Website	Annual Report and Sustainability Update 2018-19
Westpac Banking Corporation	Retail banking	858,048.00	WMB SBTi RE100 PRB Equator Principles PRI TCFD	Annual Report 2018 Sustainability Report 2018 Climate Change Position Statement and 2020 Action Plan	Sustainability Report 2018

ASSESSMENT OF EMISSIONS REDUCTION AMBITION

Table 5 details the assessment of emissions reduction ambition for each of the banks considered by the analysis. This assessment considers emissions-reduction commitments and activities for operational emissions and those from investment and lending activities. It is informed by the assessment of portfolio emissions reduction activities (Table 2), the assessment of operational emissions reduction activities (Table 3), and the pledges and commitments summarised in Tables 6 and 7.

This assessment is based on the following criteria:

Emissions reductions activities?	Indicates whether a company has a commitment or is undertaking activities that will reduce its emissions.
Strength of emissions reduction commitment	Indicates whether a company has defined an emissions reduction target (Target), has expressed an emissions reduction aspiration (Aspiration), has committed to define an emissions target (Commitment), or no information can be found regarding an emissions reduction target (No information).
Net zero target or commitment?	Indicates whether a company's emissions reduction target or aspiration is to achieve net zero emissions (Yes), is aligned with an emissions pathway to net zero (Aligned) or is neither (No).

Based on the above criteria, each company's emissions reduction ambition was assessed as follows:

★	Fully aligned net zero target	The organisation has made a pledge to achieve net zero emissions before 2050. This pledge includes all of the direct and indirect emissions the organisation can influence.
☆	Closely aligned net zero target	The organisation has made a pledge to achieve net zero emissions before 2050. This pledge includes a significant proportion (but not all) of the direct and indirect emissions the organisation can influence.
■	Aligned aspiration/pathway	The organisation has an aspiration to achieve net zero emissions before 2050. Alternatively the organisation has other targets or initiatives which align it with this pathway. This category includes those committed to the SBTi initiative.
▲	Partially aligned net zero target	The organisation has made a pledge to achieve net zero emissions before 2050. This pledge includes only a small portion of the direct and indirect emissions the organisation can influence (for example scope 1 and 2 emissions only in the case of banks).
•	Not aligned	The organisation has made a commitment, pledge or is undertaking activities that will reduce its emissions but not in alignment with net zero before 2050, or the alignment is unclear due to insufficient information.
o	No emissions reduction targets or activities	No disclosed emissions reduction targets, commitments or activities.

TABLE 5: ASSESSMENT OF EMISSIONS-REDUCTION AMBITION

			Investment and lending portfolio emissions			Operational emissions		
Company	**Total Scope 1 and 2 emissions (tCO2-e)**	**Overall net zero ambition**	**Emissions reduction activities?**	**Strength of emissions reduction commitm't**	**Net Zero target or commitm't?**	**Emissions reduction activities?**	**Strength of emissions reduction commitm't**	**Net zero target or commitm't?**
Westpac Banking Corporation	121,781	■	Yes	Commitm't (SBTi)	Aligned	Yes	Target	Yes
Bank Australia Limited	963.8	■	Yes	Commitm't (SBTi)	Aligned	Yes	Target	Yes
HSBC Bank Australia Limited	-	■	Yes	Commitm't (SBTi)	Aligned	Yes	Commitm't (SBTi)	Aligned
ING Bank (Australia) Limited	-	■	Yes	Commitm't (SBTi)	Aligned	Yes	Target	Yes
Teachers Mutual Bank Limited	-	■	Yes	Commitm't (SBTi)	Aligned	Yes	Target	Yes
ANZ Banking Group Limited	123,056	▲	Yes	N/A	No	Yes	Target	Yes
National Australia Bank	109,731	▲	Yes	N/A	No	Yes	Target	Yes
Commonwealth Bank of Australia	78,111	▲	Yes	Target	Yes (partial)	Yes	Aspiration	Yes
Macquarie Group	32,806	▲	Yes	N/A	No	Yes	Target	Aligned
Suncorp Group	25,901	▲	Yes	Target	Yes (partial)	Yes	Target	Yes
AMP Group Limited	8,240	▲	Yes	Target	Yes (partial)	Yes	Target	Aligned
Bank of Queensland Limited	4,082	▲	Yes	Target	Yes (partial)	Yes	N/A	No
Bendigo and Adelaide Bank Limited	-	▲	Yes	Target	Yes (partial)	Yes	N/A	No
Citigroup Pty Limited	-	▲	Yes	N/A	No	Yes	Target	Yes
Members Equity Bank Limited	-	▲	Yes	Target	Yes (partial)	Yes	N/A	No
Rabobank Australia Limited	-	▲	Yes	Target	Yes (partial)	Yes	Target	Yes
Beyond Bank Limited	1,206	●	Yes	N/A	No	Yes	N/A	No
Heritage Bank Limited	-	●	No	N/A	No	Yes	N/A	No
Greater Bank Limited	-	o	No	N/A	No	No	N/A	No
IMB Limited	-	o	No	N/A	No	No	N/A	No

PLEDGES AND COMMITMENTS

TABLE 6: GENERAL EMISSIONS-REDUCTION COMMITMENTS AND ACTIVITIES

Company	Emissions commitment	Other commitments/activities
AMP Group Limited	Committed to remain operating carbon neutral and reduce operational energy consumption.	Carbon offsets retired in 2018 reached 25,855 tCO2-e, thus offsetting all emissions from operations. Energy efficiency improvements have led to higher NABERS Energy Tenancy ratings for its buildings.
ANZ Banking Group Limited	Maintain carbon neutral operations. Aim to reduce scope 1 and 2 emissions by 24% by 2025 and 35% by 2030 (2015 baseline) – adopted using the SBTi methodology.	Carbon neutral (NCOS certified). RE100: committed to source renewable power for 100% of energy needs by 2025.
Bank Australia Limited	Maintain carbon neutral operations. FY25 target: Reduce emissions by 16% (2017 baseline) – target exceeded in 2019 with a 50% reduction below 2017 levels Publicly committed to the SBTi	Carbon neutral (NCOS certified). RE100 achieved: 100% renewable electricity for operations: 10-year agreement with the Crowlands Wind Farm as part of the Melbourne Renewable Energy Project.
Bank of Queensland		Aims to reduce emissions by maintaining the highest efficiency for its buildings – e.g. through LED lighting initiative. Identify opportunities to reduce exposure to high emissions fuel sources.
Bendigo and Adelaide Bank Limited	Offset some of their carbon footprint.	Commencement of a LED lighting program. PV Solar program developed in a few centres with aim to expand the project to other branches and data centres. 70% of the power purchased is matched against renewable sources.
Beyond Bank Limited	FY19 initiative: Reduce emissions by 20% (2014 baseline)	FY19 initiatives: Implement energy efficiency projects and review renewable energy opportunities. Install solar panels on head office. Develop a sustainability standard for its properties and facilities.
Citigroup Pty Limited	Goal is to be carbon neutral by 2020. GHG emissions targets: - 35% absolute reduction by 2020 - Annual carbon intensity reduction rate of 9.67% year over year - 80% absolute reduction by 2050 Energy targets: -30% absolute reduction by 2020 - Better savings by improving data centre efficiency	Focus on energy efficiency. RE100: committed to source renewable power for 100% of energy needs by 2020.
Commonwealth Bank of Australia	Science-based emissions reduction target (Scope 1 and 2) Set emissions reduction target (Scope 3)	Aspiration to offset unavoidable emissions to be carbon neutral using the NCOS and equivalent system. RE100: committed to source renewable power for 100% of energy needs by 2030.
Greater Bank Limited		

Company	Emissions commitment	Other commitments/activities
Heritage Bank Limited		Aims to reduce environmental impact of operations through a number of initiatives which include: air conditioning replacement and upgrade for higher energy efficiency and LED lighting. Approve fuel efficient vehicles in its fleet and exclude larger vehicles.
HSBC Bank Australia Limited	Reduce emissions intensity to 2.0 tCO2-e/FTE by 2020. Publicly committed to the SBTi.	[2008] HSBC offsets all remaining emissions Target to improve data centre efficiency to 1.53 Power Usage Effectiveness by 2020. RE100: Committed to source renewable power for 100% of energy needs by 2030 with interim target of 95% by 2025.
IMB Limited		
ING Bank (Australia) Limited	Maintain carbon neutral operations. Committed to reduce emissions by 50% by 2020 (2014 base year). Publicly committed to the SBTi.	Invest in making operations more efficient and source renewable energy when possible. RE100: Committed to source renewable power for 100% of energy needs [worldwide] by 2020.
Macquarie Group	Maintain carbon neutral operations.	RE100: Committed to source renewable power for 100% of energy needs by 2025.
Members Equity Bank Limited		Head office building has reduced electricity consumption due to improved heating, cooling and lighting efficiencies. Only headquarters as owned building – Green Star certified
National Australia Bank	Maintain carbon neutral operations. Has set a science-based target to reduce GHG emissions by 21% by 2025 (2015 baseline). Aims to reduce energy use by 5% by 2020 (2015 baseline).	Carbon neutral (NCOS certified). Aims to source 50% of Australian electricity from renewable energy by 2025. Has implemented energy efficiency and renewable energy initiatives in Australia, including: - Decommissioning old commercial sites. New energy efficiency purpose built buildings. - Improving energy efficiency across its buildings, including improvements to HVAC, lighting, and re-zoning of after-hours air conditioning.
Rabobank Australia Limited	Maintain carbon neutral operations. Aims to reduce carbon emissions per FTE per year by 10% by 2020, from a 2013 baseline.	Mitigates remaining emissions through carbon offsets. Use of energy efficiency to reach emissions reduction target. Purchase of green electricity and green gas.
Suncorp Group	Committed to net zero by 2050. Reduce scope 1 and 2 emissions by 51% by 2030 (2017 baseline). Set emissions reduction target using the SBTI methodology.	Aims to set targets for electricity consumption intensity for all property types, explore initiatives to achieve improved energy performance and set performance target for data centres. Aims to develop a renewable energy strategy for its operations and allocate budget for this strategy. Assessed feasibility for on-site renewable energy and supply initiatives. Have joined the Qantas Future Planet partnership, a program for offsetting carbon emissions. Aims to expand existing fleet greening strategy (Australia) and set targets to reduce fuel consumption and Scope 1 emissions.
Teachers Mutual Bank Limited	Maintain status as carbon neutral bank. Publicly committed to the SBTi.	Offsets emissions through carbon reduction projects. Energy efficient buildings with on-site energy generation from solar. Mandatory installation of solar PV and LEDs for all new owned buildings. Investigating battery storage. Reducing car fleet and replacing hybrid vehicles with fully electric ones.
Westpac Banking Corporation	Maintain carbon neutral operations. Science-based targets set: 9% reduction in GHG emissions by 2020. 34% reduction in GHG emissions by 2030. Publicly committed to the SBTi.	Carbon neutral (NCOS certified). RE100: Committed to source renewable power for 100% of energy needs by 2025, with an interim target of 45% by 2021. Implemented energy efficiency and rooftop solar PV projects.

TABLE 7: PORTFOLIO EMISSIONS REDUCTION ACTIVITIES AND COMMITMENTS

		Project finance						Unallocated[17]	
Company	Total assets[18]	Electricity generation exposure	Thermal coal mining	Other project finance	Real estate portfolio policy	Mortgages and individual loans	Corporate finance and business lending[19]	Sustainable finance	Other commitments/ activities
ANZ Banking Group Limited	$942.6bn	Committed $1.076bn to renewables. Will only finance coal-fired power if emissions are 0.8 tCO_2/MWh or lower. Encourages customers with coal-fired generation assets to work towards setting targets to reduce emissions consistent with less than 2-degrees Celsius warming.	Reducing exposure to thermal coal mining and focus on existing customers producing coal that have lower emissions intensity. Will only lend to new customers if their thermal coal operations are less than half their revenue, installed capacity or generation.	Has a sustainability-linked loan to finance projects with good ESG metrics.	Only finance new office buildings with NABERS 4.5 Star rating or above.		Incentivises customers to reduce emissions; e.g. provide concessional loans for customers to buy energy efficient equipment.	Market-leader in green and sustainability bonds. Will provide $15bn by 2020 towards environmentally sustainable solutions.	
Commonwealth Bank of Australia	$976.5bn	Commitment to reduce exposure to coal-fired power generation with view to exit the sector by 2030 – subject to Australia having a secure energy platform.	Exit coal mining sector by 2030 – subject to Australia having a secure energy platform.			Developing a green mortgage with financial incentives for customers that improve home energy efficiency.	Aspires to align business lending with net zero emissions by 2050.	Has a low-carbon projects funding target of $15 billion by 2025 Climate-bond valued at $1,845m in 2019.	Policy to support development of technologies that enable low carbon transition.
National Australia Bank	$806.5bn	Lead arranger of project finance for Australian renewable energy. Provided asset managers with access to renewable energy finance expertise through the launch of Carbon Shared Portfolio.	Will no longer finance new thermal coal mining projects.	Will not finance oil/tar sands extraction projects.		Provided $35bn in mortgages for environmentally high-performing residences. Piloted new home loan rewards for solar panel installation.	Provided $300m discounted finance for renewable energy and energy efficiency.	Plans to invest $55bn in environmental funding by 2025 Issued two SDG Green Bonds including Australia's largest ever green bond.	

[17] Based on the information available, it is not possible to allocate these commitments to any specific investment or lending category.
[18] For Australian subsidiaries of international banks, total assets is for the entire group. Value of total assets taken from relevant banks' annual reports for FY2018.
[19] Includes listed equity, private equity, corporate loans, corporate bonds and small to medium enterprise lending.

		Project finance						Unallocated[17]	
Company	**Total assets[18]**	**Electricity generation exposure**	**Thermal coal mining**	**Other project finance**	**Real estate portfolio policy**	**Mortgages and individual loans**	**Corporate finance and business lending[19]**	**Sustainable finance**	**Other commitments/ activities**
Westpac Banking Corporation	879.6bn	Renewables represent 70% of lending to the electricity generation sector. Will only lend to an existing coal-fired generation facility if the facility is critical to the community or there is a reduction in the facility's emissions intensity. Aims to reduce emissions intensity of power generation portfolio to 0.30 tCO2-e/MWh by 2020.	Limiting lending to the thermal coal sector by calorific value.				Green financing target of $3bn by 2020.	Facilitate and issue climate bonds and other green debts instruments to achieve a target of $3bn by 2020. Target to increase target lending to climate change solutions from $6bn to $10bn by 2020 and to $25bn by 2030	
AMP Group Limited	$145.3bn	Investments in environmental and social initiatives were 7% of AMP Capital's total assets in 2018, which included renewable energy.			All AMP Capital Managed Real Estate Funds will be carbon neutral by 2030.			Investments in environmental and social initiatives were 7% of AMP Capital's total assets in 2018.	AMP Capital publishes the carbon footprint of AMP Capital managed equity and fixed income funds for investors.
Bank Australia Limited	$5.7bn	Bank Australia has no investments in the fossil fuel industry. This means its electricity generation portfolio is zero-emissions, as it only consists of investments in renewable electricity generation assets.	Does not lend to the fossil fuel industry sector and does not intend to.			Offsets emissions associated with car loans for the life of the loan and offer a discounted interest rate for customers purchasing a low-emissions vehicle.		Issued a sustainability bond in 2019. Invests50% of impact fund in programs that benefit the planet. 'Planet Lending' represents $325million	
Bank of Queensland	$50.2bn	Has no direct exposure to coal-fired power generators and has no appetite for lending to this sector.		Does not directly fund mining projects. Will have no exposure to fossil fuels by 2023 (e.g. will cease funding mining equipment).			Established a new Energy Efficient Finance Program with the CEFC for SMEs.		

		Project finance						Unallocated[17]	
Company	**Total assets[18]**	**Electricity generation exposure**	**Thermal coal mining**	**Other project finance**	**Real estate portfolio policy**	**Mortgages and individual loans**	**Corporate finance and business lending[19]**	**Sustainable finance**	**Other commitments/ activities**
Bendigo and Adelaide Bank Limited	$71.4bn	Does not lend to projects in the coal and coal seam gas sectors.	Does not lend to projects in the coal and coal seam gas sectors.						
Beyond Bank	$5.8bn							Exploring products that incorporate social and environmental benefits.	
Citigroup Pty Limited	US$1917.4bn	Will not provide financial services for construction or expansion of coal fired power plants.	Decreasing global credit exposure to coal mining.					Plans to invest US$100bn in environmental finance before 2025	
Greater Bank Limited	$6.7bn								
Heritage Bank Limited	$9.5bn								
HSBC Bank Australia Limited	US$2558.0bn	Will not provide financial services for new coal-fired power plant projects, subject to the very targeted exceptions of Bangladesh, Vietnam and Indonesia.	Will not finance new thermal coal mines or new customers dependant on thermal coal mining.					Plans to provide US$100bn in sustainable finance by 2025	
IMB Limited	$5.9bn								
ING Bank (Australia) Limited	€887.0bn	Will not finance utilities with over 5% reliance on coal fired power by end of 2025. Will phase out lending to individual coal-fired power plants by the end of 2025. Green bond raised to finance wind energy in the Netherlands and Germany.	Committed to exit the coal mining sector by 2025.		Has the ambition to align its Dutch commercial real estate portfolio with the below two-degree goal by 2040.	Aims for a net-energy positive mortgage portfolio by 2050.	Collaborated to launch the first loan to link the interest rate to the borrower's sustainability performance and rating Committed to reduce emissions from shipping and aviation industries portfolios by 50% in 2050.	Raised first green hybrid bond ever: €1 billion for utilities sector.	

		Project finance						Unallocated[17]	
Company	**Total assets[18]**	**Electricity generation exposure**	**Thermal coal mining**	**Other project finance**	**Real estate portfolio policy**	**Mortgages and individual loans**	**Corporate finance and business lending[19]**	**Sustainable finance**	**Other commitments/ activities**
Macquarie Group	$191.3bn	Substantial and long-standing commitment to the renewable energy sector. Plans to develop a 20 GW pipeline of renewable energy projects, including 4 GW in emerging markets.		Invest in and provide funds for clean technology and energy efficiency. Full range of financial products that target investments in green infrastructure projects across all stages of the project lifecycle: development, construction and operations.	Macquarie Infrastructure and Real Assets to introduce carbon and energy reporting for its funds and set targets to the businesses within each fund to reduce GHG emissions.		$1bn agriculture fund targeting improvements in on-farm energy efficiency and reducing carbon emissions.		
Members Equity Bank Limited	$27.9bn	Does not invest in fossil fuels and does not intend to.	Does not invest in fossil fuels and does not intend to.						
Rabobank Australia Limited	€590.4bn	Invests €3.8bn in renewables (out of €3.9bn energy portfolio). Has policy restrictions on financing of coal-fired power generation.	Does not directly finance the exploration and production of coal used for power generation.	Does not directly finance the exploration and production of shale gas or other non-conventional fossil natural resources.					Assists customers with transition to sustainable agriculture.
Suncorp Group	$99.3bn	Committed $15m to renewable energy infrastructure investment. Will not directly finance or invest in new thermal coal electricity generation. Aims to phase out of this exposure by 2025.	Will not directly finance or invest in new thermal coal mining projects; will phase out of these exposures by 2025.				Will only lend to and invest in companies whose business is consistent with a net zero carbon emissions	$310m in low carbon investments in 2018-2019 Allocated $128m to Green Bonds.	

		Project finance						Unallocated[17]	
Company	**Total assets[18]**	**Electricity generation exposure**	**Thermal coal mining**	**Other project finance**	**Real estate portfolio policy**	**Mortgages and individual loans**	**Corporate finance and business lending[19]**	**Sustainable finance**	**Other commitments/ activities**
							economy by 2050.		
Teachers Mutual Bank Limited	$7.1bn	TMBL has no direct investment in any large-scale greenhouse gas polluting activity or company.		Excludes fossil fuel exploration and extraction from lending and investment activities.				First Australian bank to have Certified Ethical Investment wholesale cash product (RIAA).	

References

1. ClimateWorks Australia. Net Zero Momentum Tracker. 2019 [cited 2019 14 August 2019]; Available from: https://www.climateworksaustralia.org/net-zero-momentum-tracker.
2. UNFCCC. What is the Paris Agreement? 2015 [cited 2019 6 September 2019]; available from: https://unfccc.int/process-and-meetings/the-paris-agreement/what-is-the-paris-agreement.
3. UNEP Finance Intitiative: Principles for Responsible Banking. 2019 [cited 2019 8 October 2019]; available from: https://www.unepfi.org/banking/bankingprinciples/.
4. The Royal Commission into Misconduct in the Banking, S.a.F.S.I., Some Features of the Australian Banking Industry. 2019.
5. UNEP Finance Initiative, Greenhouse Gas Protocol Financial Sector Guidance. 2013, United Nations Environment Programme.
6. Australian Trade and Investment Commission (Austrade). Australian Unlimited. 2019 [cited 2019 8 September 2019]; available from: https://www.austrade.gov.au/news/economic-analysis/2017-18-gdp-growth-rate-of-2-9-per-cent-confirms-the-resilience-of-our-economy.
7. Global, S.P. The world's 100 largest banks. 2018 6 April 2018 [cited 2019 8 September 2019]; available from: https://platform.mi.spglobal.com/web/client?auth=inherit#news/article?id=44027195&cdid=A-44027195-11060.
8. Clean Energy Regulator. Corporate emissions and energy data 2017–18. 2018 [cited 2019 31 May 2019]; available from: http://www.cleanenergyregulator.gov.au/NGER/Pages/Published%20information/Reported%20greenhouse%20and%20energy%20information,%20by%20year/Corporate-emissions-and-energy-data-2017%E2%80%9318.aspx.
9. Wilde, S., Green finance? Why global banks are pledging billions to fight climate change, in The Conversation. 2017, The Conversation.
10. Cummis, C., The World Is Counting on Banks to Deliver Climate Finance. Counting Their Progress Is No Easy Feat, in World Resources Institute. 2018.
11. Abrahams v. Commonwealth Bank of Australia. 2019 [cited 2019 21 October 2019]; available from: http://climatecasechart.com/non-us-case/abrahams-v-commonwealth-bank-australia/?cn-reloaded=1.
12. Network for Greening the Financial System. 2019 [cited 2019 8 September 2019]; available from: https://www.banque-france.fr/en/financial-stability/international-role/network-greening-financial-system.
13. Australian Sustainable Finance Initiative 2019 [cited 2019 8 September 2019]; available from: https://www.sustainablefinance.org.au/.
14. Market Forces, Two Degree Scorecard: Are Australia's big four banks living up to their climate commitments? 2018.
15. Climate Council. What you need to know about fossil fuel divestment. 2017 [cited 2019 8 September 2019]; available from: https://www.climatecouncil.org.au/what-you-need-to-know-about-fossil-fuel-divestment/.
16. National Australia Bank. Capital and Funding: Green and SRI Bonds. 2019 [cited 2019 9 September 2019]; available from: https://capital.nab.com.au/information/green-and-sri-bonds.
17. National Australia Bank. NAB arranges a world first green bond that will make Australian shopping centres more sustainable. 2019 [cited 2019 9 September 2019]; available from: https://news.nab.com.au/nab-arranges-a-world-first-green-bond-that-will-make-australian-shopping-centres-more-sustainable/.
18. Network for Greening the Financial System, A call for action: Climate change as a source of financial risk. 2019, Network for Greening the Financial System.
19. Cummis, C., et al., Exploring Metrics to Measure the Climate Progress of Banks. 2018, World Resources Institute.
20. Science Based Targets. Science Based Targets: Financial Institutions. 2019 [cited 2019 9 September 2019]; available from: https://sciencebasedtargets.org/financial-institutions/.
21. Task Force on Climate-related Financial Disclosures. Task Force on Climate-related Financial Disclosures. 2019 [cited 2019 16 October 2019]; available from: https://www.fsb-tcfd.org/.
22. The Australian Prudential Regulation Authority, Monthly Authorised Deposit-taking Institution Statistics. 2019, APRA.
23. National Australia Bank. Update on financing of new thermal coal mining projects. 2017 [cited 2019 10 October 2019]; available from: https://news.nab.com.au/update-on-financing-of-new-thermal-coal-mining-projects/.

WHAT IS THE NET ZERO MOMENTUM TRACKER?

Reaching net zero emissions is a core action of the Paris Agreement goal to limit global warming to well below 2 degrees Celsius and strive for 1.5 degrees. Many major global companies have incorporated this goal into their business strategies. In Australia, businesses and governments are doing the same, but there is no easily accessible place to assess these commitments, making them difficult to track.

The Net Zero Momentum Tracker tells the story of Australia's growing momentum towards net zero across key sectors in the Australian economy through a series of sector reports supported by an online platform.

WWW.NETZEROTRACKER.ORG

For further information about this program, please contact:

ANNA SKARBEK
CHIEF EXECUTIVE OFFICER
ClimateWorks Australia
anna.skarbek@climateworksaustralia.org

RICHARD PROUDLOVE
Senior Project Manager
ClimateWorks Australia
richard.proudlove@climateworksaustralia.org

ClimateWorks Australia
Level 27, 35 Collins Street
Melbourne Victoria 3000

ClimateWorks Australia is an expert, independent adviser, committed to helping Australia, South East Asia and the Pacific region transition to net zero emissions by 2050. It was co-founded through a partnership between Monash University and The Myer Foundation and works within the Monash Sustainable Development Institute.

Published by ClimateWorks Australia
Melbourne, Victoria, August 2019

This publication may be downloaded at:
www.climateworksaustralia.org

MONASH University | MONASH SUSTAINABLE DEVELOPMENT INSTITUTE | ClimateWorks AUSTRALIA