

# How can a Bank Win a Sustainability Award While Funding a Coalmine?

Westpac was named the **most sustainable company in the world** in 2014, and **the most sustainable bank in the world** for the 10<sup>th</sup> time in 2017, an honour previously bestowed on ANZ **six times in seven years**.

Commonwealth Bank and NAB have likewise been recognised as the **most sustainable business in Australia** and a **global industry leader in sustainability** respectively.

Glossy sustainability reports with images of hands cradlings sprouting plants illustrate this carefully cultivated image of responsible corporate citizenship.

Westpac topped the list in 2014 ahead of US biotech firm Biogen, Finnish mining technology and capital goods company Outotec Oyj and Norwegian oil giant Statoil.

*SUSTAINABILITY REPORTING IS  
A **SIDESHOW** DESIGNED TO DISTRACT FROM THE  
MAIN ACT.*

It's true: a mining company and an oil company were among the world's most sustainable. Why? Because sustainability reporting is a **sideshow** designed to distract from the main act.

While committing to keep global warming to less than two degrees, the big four banks have loaned **seventeen billion to fossil fuel projects**.

The banking royal commission has so far revealed **bribery, forging of signatures, dodgy lending practices, misselling of financial products, and charging fees to deceased clients**. These revelations came in addition to **existing scandals**, as well as the banks financing **coal mining and infrastructure** projects along the great barrier reef, **nuclear arms manufacturing**, and **land grabs**.

Initiatives such as The Ethics Centre's **Banking and Finance Oath**, or companies redefining their purpose as '**creating shared value**', are little more than symbolic measures to placate the public and keep the regulators from stepping in.

If the regulators did step in, big business would be made to disclose the kind of unsustainable corporate activities that activists expose.

*So how can we rebuild trust between business and society?*

In 2005, a Parliamentary Joint Committee launched an inquiry into **Corporate Responsibility and Triple Bottom Line reporting**. The Committee found that it was "[...] not appropriate to mandate the consideration of stakeholder interests into directors' duties."

Furthermore, it recommended that sustainability reporting should remain voluntary, fearing that “[...] mandatory reporting would lead to a ‘tick-the-box’ culture of compliance.”

Thirteen years later we can conclude that voluntary reporting and self-regulation have not aligned business incentives with the interests of the community.

Yet, it should not merely be the existence of mandatory measures that prompts responsible corporate behaviour, but the interplay of corporate culture, industry norms, institutional settings, and public scrutiny.

A good starting point would be to redefine company directors’ duties to include social and environmental concerns, which would anchor responsibilities in the rule of law, while leaving a suitable amount of discretion for companies to meet these requirements.

Increased convergence between social responsibilities and corporate governance would make social and environmental matters more enforceable, make companies more accountable, and diminish the use of sustainability disclosures as a marketing tool.

Expanding governance and regulation does not curb entrepreneurship or competitiveness, as is often stated by critics, but rather helps to restore trust and ensure that business enterprise is conducted ethically and sustainably.

The article was originally published on [The Feed](#).

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