

The Banker's role in sustainability

Speaker:

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The FS club, the London forum for forward thinking in Financial Services started its 2006/7 season on Monday September 11th 2006 by welcoming Annette Austin of ABN AMRO to hear about her views on sustainability. It was probably true to say many of us wondered whether the title was an oxymoron. Surely nobody in banking has this sort of heart.

Annette has been with ABN for twelve years. She joined ABN in Australia and is now COO of Global Equities. She first became aware of sustainability when working in Risk Management. As a prelude to her talk she did reiterate the importance of profitability to a bank.

She defined her view of sustainability, being about people, the planet and our long-term survival.

Who is responsible for sustainability?

There are internal influences coming from the management and employees, and external influences coming from clients and government. The individual as well as employee or manager also has a role as a private citizen. The business has a corporate governance responsibility to engender business principles and corporate values. These can and should include environmental considerations such as energy consumption and use of resources. The social element includes working conditions and the work/life balance.

So how does this apply to a Banker?

The Banker has a relationship with the client that typically starts with the engagement process, with the potential allocation of capital and resources. This should be in the context of responsible business strategies, which includes micro financing, the newly emerging equator principles, regulatory and accounting practices, but nevertheless deliver profit and shareholder value.

How does the Bank apply influence in this area?

It can do this by the establishment of sustainable development advisory specialists for help with funding projects that meet the SD (sustainable development) criteria. Thus it has the potential to influence the client's behaviour.

A major bank can get involved with government and regulatory bodies on tax and accounting treatment, the creation of credits and the challenge of making a positive impact on the annual report. It can also help with advising on the licensing requirements for example in the mining and gas industries.

What about the Financial Services Industry as a whole. Can it work together?

Yes it can work towards meaningful legislation, create level playing fields and foster longer-term horizons for investment reviews. It can and increasing does now, allow the involvement of employees in community projects.

How should a bank behave?

It can create themes for the bank. It can provide responsible SD profiling in relation to its client engagement and product innovation. It can continue to innovate in this area and look for further opportunities to protect our assets - meaning the world's assets not the traditional narrow sense of asset belong to a corporation or individual. This means trying to minimise our adverse impact on our environment, recognising our accountability and the need for transparency and of course supporting our local communities.

How has Annette's personal experience manifested itself?

- Annette has produced an operational excellence paper for her operating division
- This has included a focus on reduction in energy consumption.
- The reuse and recycling of items such as paper. Annette has insisted on a two-sided paper printing regime.
- SMART objectives have been introduced which have to be measurable.
- There is a commitment to local objectives and the support of eco-friendly initiatives such as the replacement of car parking bays with bicycle racks.
- Each line manager must produce a paragraph on how they have contributed to sustainability and how it can be measured and what support they have given to any general eco-friendly initiatives.

But in Annette's view it is primarily about engagement not targets and about behaviour and attitude not directives.

What about elsewhere?

- Big customers recognise that it's now a question they have to be prepared to answer.
- The bank can sometimes turn funding down if it is not satisfied about the effects on the environment or that due consideration has been given to this aspect when faced with a funding request or opportunity.

What did the audience think?

There was surprisingly less scepticism than one might have imagined. There were even some frustrations. Industry suppliers of products such a state of the art computer components that consume far less energy were frustrated that this still does not seem to be a buying influence when selling to the FS community. There was the typical FS look forward perspective. When and if this SD thinking becomes mainstream thinking rather than a somewhat ad hoc perspective relying on progressive advocates such as Annette. Will it be mainstream in the next five years?