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Banks are warming to global warming

New Economics

By **PETER HANNAM**

OF AUSTRALIA'S four largest banks, ANZ, NAB and Westpac all understand and are preparing for global warming but Commonwealth Bank falls short, according to a new ratings index aimed at gauging climate change responsiveness in Australia's top 300 listed companies.

"I think (CBA) really haven't anticipated the opportunity as well as the other three," said Hugh Grossman, head of research at RepuTex, an investment research company and compiler of a new Climate Change Growth Index.

BHP Billiton and Rio Tinto make the initial list of 45 Australian companies that RepuTex views as companies more likely

to maintain a capacity "to create wealth and remain financially competitive". Property companies Mirvac and Investa also make the grade.

"The companies that anticipate and show a really good adaptation capacity are the ones that are going in," Mr Grossman said.

Interest in the new index has already come from the Prime Minister's Task Group looking into the prospects for an emissions trading scheme in Australia, he said. The group is scheduled to report on May 31, with a Government decision expected within weeks.

The index attempts to quantify the specific risks facing a company, such as its exposure to drought and how it might be affected by carbon trading.

RepuTex also attempts to assess whether managers are preparing for the changes to come.

"What's forgotten is the opportunity for those who anticipate and respond to those openings," Mr Grossman said.

The index aimed to build on existing databases, such as the Carbon Disclosure Project, which did not yet provide tangible investment signals to act on, he said.

RepuTex screens About 800 companies globally, with the information on Australia to be available in about four weeks. Australian companies lag behind European ones but are on a par with American ones in anticipating climate change.

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