Fossil Fuel Finance Report Card 2017

This report card ranks bank policies around the financing of the most carbon-intensive, financially risky, and environmentally destructive sectors of the fossil fuel industry, and sums up the amount of capital the banks have provided to these sectors. Additionally, the report explores the failures of banks to respect human rights in their fossil fuel-related financing.

In the climate change agreement signed in Paris in December 2015, the international community committed to limiting global warming to 1.5° Celsius, or 2° at most. To bring their business practices into alignment with a 1.5° world, banks must drastically and rapidly reduce their support for fossil fuels, while respecting human rights and Indigenous rights, both of which are mentioned in the Paris Agreement.

2016 Sees Steep Fall in Bank Funding for Extreme Fossil Fuels

In 2016, the first calendar year since the the Paris climate conference, funding for extreme fossil fuels from 37 of the largest private banks in North America, Europe, Japan, China, and Australia dropped by 22 percent from the previous year: from USD $111 billion in 2015, to $87 billion in 2016.

Extreme fossil fuels include the energy subsectors that are the most carbon-intensive, the most environmentally damaging, and the most detrimental to local communities: tar sands, Arctic, and ultra-deep offshore oil; coal mining and coal-fired power; and North American LNG export terminals. Infrastructure projects in these subsectors are also extremely capital-intensive, which means that once a project like a tar sands mine is built its owner has an enormous incentive to keep it running for decades to pay off the huge debts incurred to build it, potentially locking in many years of carbon emissions.

While the drop in extreme fossil funding is encouraging, it is vital that this be not just a temporary decline, but the start of a rapid phaseout. Meeting the Paris target will require a complete halt to financing of new extreme fossil fuel extraction and infrastructure and a concerted decline in financing for existing extreme fossil fuel extraction and infrastructure.

Turning the Tide

The recent fall in funding for extreme fossil fuels parallels growing public pressure on banks to stay away from dirty energy projects and companies. The global movement in solidarity with the Standing Rock Sioux's opposition to the Dakota Access Pipeline (DAPL) blossomed around grassroots opposition to bank funding of the pipeline and of the companies building it. The high-profile struggle against DAPL emphasized the role finance plays in contributing to human rights abuses and climate destruction and was a critical reminder that protecting Indigenous sovereignty is inextricably linked with protecting the environment.

The fierce public opposition to extreme fossil fuels is coupled with strong public support for renewable energy. Clean energy technologies are rapidly dropping in cost and growing in market share. Solar and wind are now the cheapest sources of new electricity supply in many parts of the world.

Climate Risk is Financial Risk

In a climate-stable world, there is no place for new coal mines and coal-fired power plants, tar sands mines and pipelines, Arctic oil rigs, oil rigs in ultra-deep waters, or LNG terminals. Analysis by Oil Change International found that just depleting all the oil, gas, and coal fields and mines already in production would blow the world past the Paris Agreement's hard limit of 2°C — and even if we stopped burning coal today, existing oil and gas fields alone would tip us over the 1.5°C goal.

Similarly, a study published in Science in March 2017 concluded that staying under 2°C will require wealthy countries to phase out coal power by 2030, amidst simultaneous steep declines in the rest of the world. The carbon budget math shows that all new fossil fuel infrastructure is at risk of becoming stranded assets in a carbon-constrained future — and that the highly capital- and carbon-intensive extreme subsectors are at most risk of all.

Around the world, the private sector has expressed support for the Paris Agreement. With or without participation from the United States, Paris has set the mandate for the global financial industry. Accordingly, banks must align their business practices with a 1.5° world, stop funding extreme fossil fuels, and ensure that their financing respects human rights.

HOW THE BANKS STACK UP: Extreme Fossil Fuel Finance and Bank Grades

* ALL FIGURES IN US DOLLARS

BANK	TOTAL ALL EXTREME FOSSIL FUELS	GLOBAL RANK	EXTREME OIL	TAR SANDS	ULTRA-DEEP OIL	ARCTIC OIL	COAL MINING		COAL POWER		LNG EXPORT	
			GRADE	2014-2016 FINANCING	2014-2016 FINANCING	2014-2016 FINANCING	GRADE	2014-2016 FINANCING	GRADE	2014-2016 FINANCING	GRADE	2014-2016 FINANCING
UNITED STATES												
JPMORGAN CHASE	**$20.035 B**	3	D	$3.154 B	$7.131 B	$582 M	B-	$403 M	C	$4.861 B	D-	$3.903 B
BANK OF AMERICA	**$13.376 B**	7	D-	$1.761 B	$4.234 B	$453 M	B-	$307 M	D	$3.956 B	D-	$2.667 B
CITIGROUP	**$13.142 B**	9	D+	$2.227 B	$3.909 B	$557 M	B-	$1.279 B	C-	$2.770 B	D	$2.401 B
MORGAN STANLEY	**$11.537 B**	12	D-	$1.764 B	$2.260 B	$295 M	B-	$278 M	C	$3.116 B	D-	$3.823 B
GOLDMAN SACHS	**$8.244 B**	14	D+	$723 M	$1.874 B	$91 M	C-	$2.398 B	C	$1.457 B	D-	$1.700 B
WELLS FARGO	**$4.820 B**	20	D+	$81 M	$469 M	$307 M	B-	$304 M	D	$3.210 B	D-	$449 M
PNC FINANCIAL	**$1.118 B**	33	N/A	-	-	-	B-	$361 M	C+	$735 M	D-	$21 M
CANADA												
RBC	**$18.228 B**	5	D	$12.931 B	$819 M	$436 M	D-	$169 M	D-	$1.952 B	D-	$1.921 B
CIBC	**$6.187 B**	18	F	$5.453 B	$87 M	$407 M	F	$24 M	F	$79 M	F	$137 M
SCOTIABANK	**$4.477 B**	21	F	$291 M	$82 M	$208 M	F	$78 M	F	$1.664 B	F	$2.155 B
BANK OF MONTREAL	**$4.196 B**	22	D-	$3.329 B	$37 M	$61 M	D-	$473 M	D-	$160 M	D-	$137 M
TD	**$3.219 B**	29	D-	$2.572 B	$52 M	$106 M	C+	$60 M	D-	$428 M	D-	-
EUROPE												
HSBC	**$13.192 B**	8	D	$3.412 B	$3.962 B	$431 M	C+	$465 M	C	$1.042 B	D-	$3.879 B
BARCLAYS	**$12.528 B**	10	D-	$2.816 B	$2.864 B	$599 M	B-	$243 M	C	$3.829 B	D-	$2.177 B
DEUTSCHE BANK	**$11.556 B**	11	D-	$853 M	$3.089 B	$832 M	B-	$2.843 B	C+	$1.790 B	D-	$2.148 B
BNP PARIBAS	**$7.840 B**	15	D	$867 M	$2.460 B	$785 M	C+	$575 M	B	$1.519 B	F	$1.635 B
CREDIT SUISSE	**$6.727 B**	17	D	$732 M	$764 M	$47 M	C+	$392 M	C	$1.864 B	D-	$2.928 B
SOCIÉTÉ GÉNÉRALE	**$6.053 B**	19	D-	$556 M	$1.603 B	$577 M	B-	$373 M	B-	$502 M	D-	$2.441 B
SANTANDER	**$3.740 B**	24	D-	$49 M	$2.247 B	$91 M	D-	$174 M	D-	$502 M	D-	$676 M
UBS	**$3.709 B**	25	D	$296 M	$832 M	$24 M	C+	$300 M	C	$1.835 B	D-	$422 M
CRÉDIT AGRICOLE	**$3.699 B**	26	C	$296 M	$1.223 B	$250 M	B	$446 M	B-	$570 M	D	$913 M
RBS	**$3.316 B**	27	C	$894 M	$797 M	$113 M	C-	$262 M	B-	$1.182 B	D-	$68 M
ING	**$3.295 B**	28	C	-	$276 M	$269 M	B	$354 M	B	$626 M	D-	$1.771 B
UNICREDIT	**$2.094 B**	30	F	$29 M	$255 M	$467 M	D	$356 M	D	$988 M	F	-
STANDARD CHARTERED	**$1.915 B**	31	D-	$52 M	$254 M	$0.2 M	C+	$67 M	C-	$204 M	D-	$1.338 B
BPCE/NATIXIS	**$906 M**	34	F	-	$31 M	$223 M	B	-	B	$493 M	F	$158 M
CHINA												
BANK OF CHINA	**$22.097 B**	1	F	$414 M	$1.959 B	$7 M	F	$14.179 B	F	$5.009 B	F	$530 M
CHINA CONSTRUCTION BANK	**$21.051 B**	2	F	$136 M	$276 M	-	F	$12.764 B	F	$7.725 B	F	$151 M
ICBC	**$19.826 B**	4	F	$449 M	$1.017 B	-	F	$9.164 B	F	$7.531 B	F	$1.664 B
AGRICULTURAL BANK OF CHINA	**$14.653 B**	6	F	$290 M	$367 M	-	F	$7.921 B	F	$5.934 B	F	$141 M
JAPAN												
MUFG	**$9.132 B**	13	F	$720 M	$1.103 B	$450 M	F	$219 M	F	$3.659 B	F	$2.981 B
MIZUHO FINANCIAL GROUP	**$7.329 B**	16	F	$327 M	$1.674 B	$168 M	F	$123 M	F	$2.799 B	F	$2.237 B
SMFG	**$3.749 B**	23	F	$222 M	$303 M	$143 M	F	$211 M	F	$476 M	F	$2.394 B
AUSTRALIA												
COMMONWEALTH BANK	**$1.226 B**	32	F	-	$51 M	$167 M	F	$24 M	F	$137 M	F	$846 M
ANZ	**$796 M**	35	D-	$74 M	$135 M	$3 M	D-	$79 M	C-	$105 M	F	$400 M
WESTPAC	**$514 M**	36	F	$15 M	$105 M	-	C-	$127 M	C-	-	F	$267 M
NAB	**$335 M**	37	F	-	$71 M	-	F	$127 M	F	-	F	$137 M
TOTAL	**$289.855 B**			$47.782 B	$48.674 B	$9.152 B		$57.924 B		$74.709 B		$51.614 B

FOSSIL FUEL BANK RATINGS

"A" RANGE	Bank prohibits all financing
"B" RANGE	Bank is reducing or phasing out financing
"C" RANGE	Bank has project-specific restrictions or prohibitions on financing
"D" RANGE	Bank has publicly disclosed due diligence policies on financing
FAILING	Bank has no publicly disclosed policies or due diligence criteria on financing

METHODOLOGY

This report card reviews 37 of the largest private-sector global banks with headquarters in Australia, Canada, China, Europe, Japan, and the United States. For the 158 fossil fuel companies included in this analysis, we assess each bank's involvement in debt and equity issuance from 2014 to 2016. Each transaction is weighted based on how involved the company is with the subsector in question.

EXTREME OIL – TAR SANDS

Funding for new tar sands extraction projects has fallen sharply since 2013 due to the collapse in the oil price. The banks analyzed in the report provided nearly $10 billion for tar sands extraction in 2016, half the level of 2014. Concerns over the long-term viability of the tar sands has led major global oil companies to exit the sector, leaving it mostly under control of Canadian corporations.

While capital for new extraction has fallen, banks have been supporting new and expanded pipelines needed to move the tar sands from Alberta to the global market (these investments are not covered in the report card analysis). Four planned tar sands pipelines — Enbridge's Line 3, Kinder Morgan's Trans Mountain Pipeline, and TransCanada's infamous Keystone XL and Energy East — were the source of major controversies in 2016. The projects would have serious impacts upon Indigenous nations, the health of local communities and ecosystems, and the climate. Analysis by Oil Change International shows that existing tar sands pipelines are sufficient for current production, meaning that this new infrastructure is for expanded output that is incompatible with the Paris climate targets.

EXTREME OIL – ULTRA-DEEPWATER AND ARCTIC

Oil companies are now drilling at ocean depths of over 1,500 meters, and some governments are still attempting to spur drilling in the icy waters of the Arctic. Beyond the risk to communities and ecosystems, these projects have some of the greatest risks of becoming stranded assets. With high costs and high risk, these types of extreme oil extraction are vulnerable in a low-oil-demand future.

COAL MINING

Donald Trump's absurd rhetoric about reopening shuttered coal mines will not overcome the reality of coal's market-driven decline. The International Energy Agency's World Energy Outlook predicts that coal companies will have to continue to cut production, primarily in the U.S. and China.

Bank policies on coal mining have tightened in the last year, and there are now at least 14 major international banks that have ruled out direct financing for new coal mines globally. However, without policies restricting corporate finance, banks can continue dishing out money for coal by supporting coal-mining companies rather than mines. This is seen in Poland, where European banks continue to support a company building new coal mines. Banks must make urgent progress on restricting — and then phasing out completely — financing to coal mining companies.

COAL POWER

Following several years of expansion, 2016 saw a dramatic decrease in coal power capacity under development worldwide, driven primarily by restrictions and economics in China and India. Meanwhile, over 64 GW of existing coal power capacity has been retired over the past two years, led by developed economies.

A few banks, pushed by global anti-coal campaigns, have ended all financing for coal-power projects worldwide. However, coal plants are often built using general corporate financing, not project financing, and in the last three years the banks analyzed in this report increased their overall financing to coal power at the biggest utilities. Moreover, some banks restrict coal power project financing in rich countries, while continuing to fund it in the rest of the world — a problematic loophole for countries like Vietnam and the Philippines where coal expansion plans are on the rise. Banks must stop providing any sort of finance for companies that are developing coal power plants around the world.

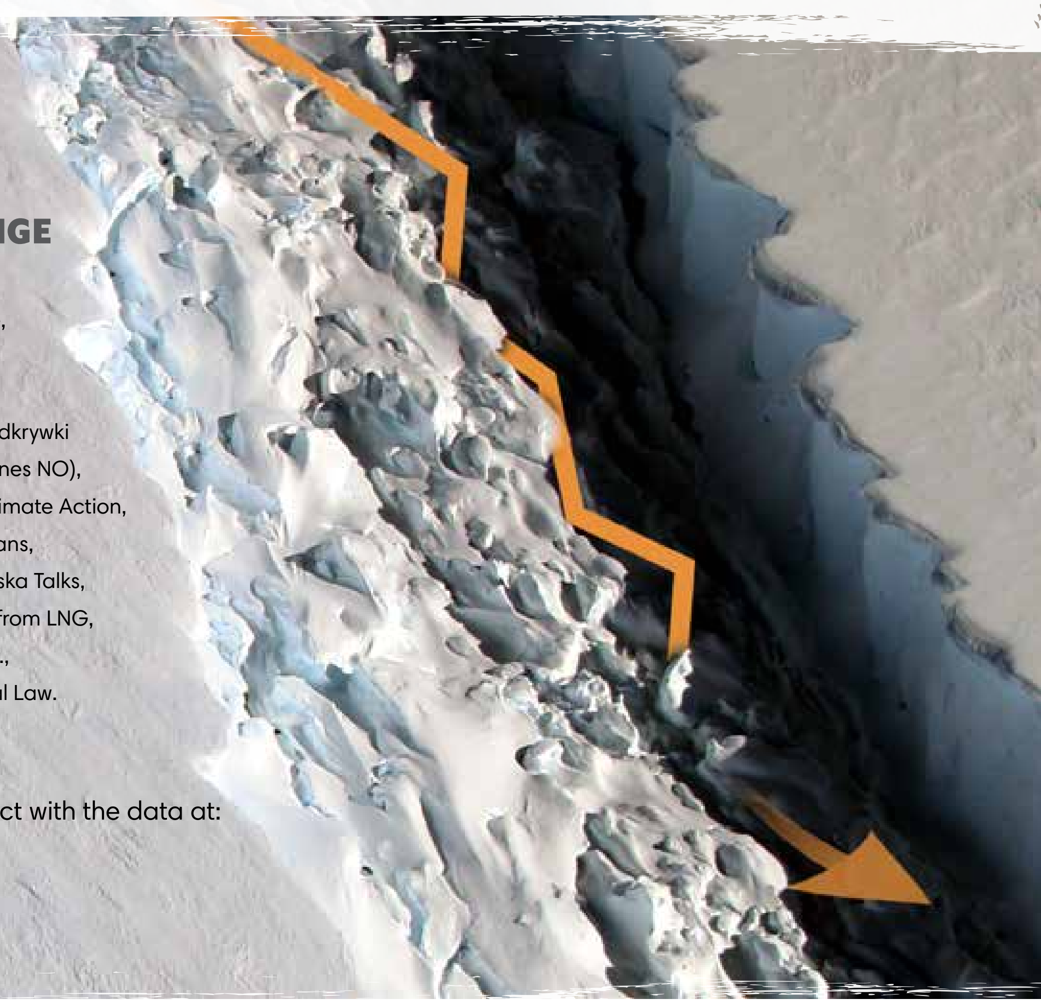
LIQUEFIED NATURAL GAS

Faced with a glut of fracked gas, the U.S. market has pivoted toward liquefied natural gas, which is natural gas that is chilled into a liquid so it can be transported overseas. The process is highly energy intensive, and from fracking, to transport, to processing, allows many points for methane, a highly potent greenhouse gas, to leak into the atmosphere. All the banks analyzed in this report earned D or F grades for their LNG export policies (or the lack of them). Projects like Cove Point LNG in Maryland, and the three planned facilities in the Rio Grande Valley, Texas, would have significant human rights, environmental, and climate impacts, and pose too much of a reputational risk for any prudent bank to become involved.

HUMAN RIGHTS

In 2016 through early 2017, the movement against DAPL brought to the fore banks' failures to respect Indigenous Peoples' rights. The importance of land, sacred sites, and place-based resources to Indigenous Peoples is widely recognized in international frameworks such as the UN Declaration on the Rights of Indigenous Peoples. These standards enshrine the right of Indigenous communities to give or withhold their free, prior, and informed consent (FPIC) for developments that impact their land, resources, or cultural heritage.

Many European and U.S. banks expect or require that their clients secure FPIC, but often without clarifying publicly their expectations and requirements. Others merely review consultation processes, while some banks have no policy language on FPIC. This lack of policy protection remains not only a threat to Indigenous sovereignty, but also a reputational and financial risk to the banks.



BANKING ON CLIMATE CHANGE

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This report is endorsed by: 350.org, Bold Alliance, CHANGE, CoalSwarm, DivestInvest Individual, Earthworks, FairFin, Friends of the Earth Scotland, Friends of the Earth U.S., Fundacja "Rozwoj TAK Odkrywki NIE" (Foundation Development YES - Open-Pit Mines NO), Greenpeace USA, Honor the Earth, Indigenous Climate Action, Indigenous Environmental Network, Last Real Indians, Les Amis de la Terre France, Market Forces, Mazaska Talks, MN350, People & Planet, Re:Common, Save RGV from LNG, ShareAction, Stand.earth, SumOfUs, urgewald e.V., We Are Cove Point, and West Coast Environmental Law.

Read the fully cited report and interact with the data at: RAN.org/**bankingonclimatechange**

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