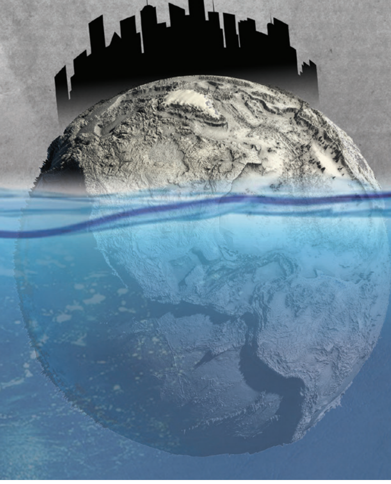
Banking on Climate Change



FOSSIL FUEL FINANCE REPORT CARD **2019** – SUMMARY VERSION

This is a summary of the 10th edition of the annual fossil fuel finance report card, Banking on Climate Change. Greatly expanded in scope, the report reveals the paths banks have taken in the past three years since the Paris Agreement was adopted, and finds that overall bank financing for the fossil fuel industry continues to be aligned with climate disaster. Read the full report at RAN.org/bankingonclimatechange2019.

The Intergovernmental Panel on Climate Change's 2018 Special Report on the impacts of a 1.5° Celsius increase in global temperature showed clearly the emissions trajectory we need to avert climate disaster. By 2030, carbon dioxide emissions will have to be slashed by 45 percent below 2010 levels. By midcentury, net emissions must be at zero.[1] Banks must align with that trajectory by ending financing for expansion of fossil fuels, as well as for particular fossil fuels spotlighted in this report — while committing overall to phase out all financing for fossil fuels on a timeline compatible with limiting global warming to 1.5°C.

For the first time, this report adds up lending and underwriting from 33 global banks to the fossil fuel industry as a whole. The findings are stark: these Canadian, Chinese, European, Japanese, and U.S. banks have financed fossil fuels with $1.9 trillion since the Paris Agreement was adopted (2016–2018), with financing on the rise each year. This report finds that fossil fuel financing is dominated by the big U.S. banks, with **JPMorgan Chase** the world's top funder of fossil fuels by a wide margin. In other regions, the top bankers of fossil fuels are **Royal Bank of Canada** in Canada, **Barclays** in Europe, **Mitsubishi UFJ Financial Group (MUFG)** in Japan, and **Bank of China** in China.

This report also puts increased scrutiny on the banks' support for 100 top companies that are expanding fossil fuels, given that there is no room for new fossil fuels in the world's carbon budget. And yet banks supported these companies with $600 billion in the last three years. **JPMorgan Chase** is again on top, by an even wider margin, and North American banks emerge as the biggest bankers of expansion as well.

This report also grades banks' overall future-facing policies regarding fossil fuels, assessing them on restrictions on financing for fossil fuel expansion and commitments to phase-out fossil fuel financing on a 1.5°C-aligned trajectory. While some banks have taken important steps, such as **ABN Amro**'s exclusion of financing for companies building new coal power, overall major global banks have simply failed to set trajectories adequate for dealing with the climate crisis.

As in past editions, this fossil fuel finance report card also assesses bank policy and practice around financing in certain key fossil fuel subsectors, with league tables, case studies, and policy grades on tar sands oil, Arctic oil and gas, ultra-deepwater oil and gas, fracked oil and gas, liquefied natural gas (LNG, import and export terminals worldwide), coal mining, and coal power.

Banks face an increasing liability risk as more institutions, including the UN Working Group on Business and Human Rights, recognize bank responsibility for damages caused by clients. The fossil fuel industry has been repeatedly linked to human rights abuses, including violations of the rights of Indigenous peoples and at-risk communities, and continues to face an ever-growing onslaught of lawsuits, resistance, delays, and political uncertainty. The report shows that banks have a clear and growing responsibility for human rights impacts as fossil fuel companies are increasingly held accountable for their contributions to climate change.

RAINFOREST ACTION NETWORK
BANKTRACK
SIERRA CLUB
OILCHANGE INTERNATIONAL
Indigenous Environmental Network
HONOR THE EARTH

By the Numbers

Bank financing for fossil fuels has **increased each year** since Paris.

2018: $654 B
2017: $646 B
2016: $612 B

33 global banks **financed fossil fuels** with **$1.9 trillion** since the **Paris Agreement**.

(more than all the currency in circulation in the U.S.!)[2]

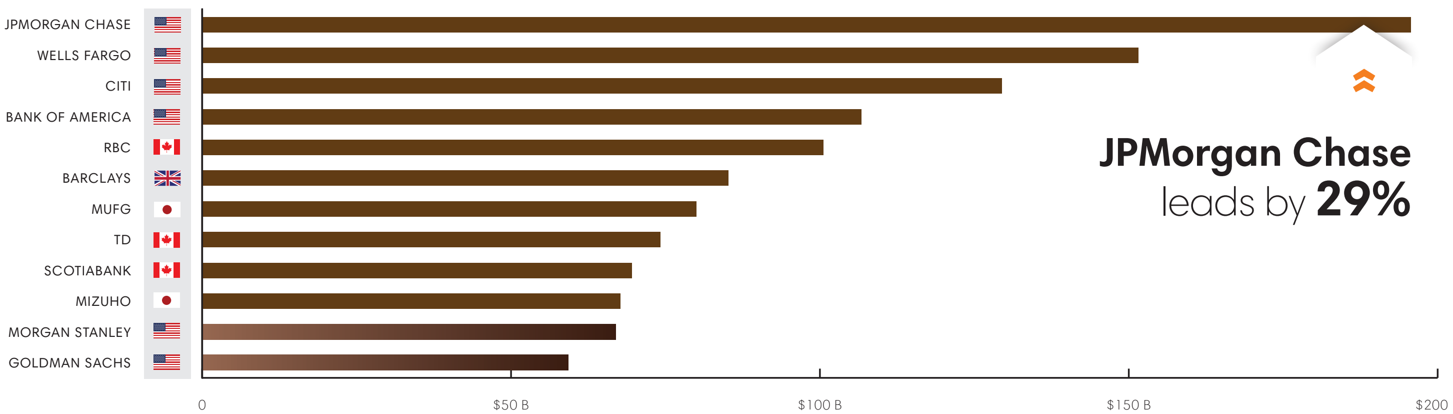
$600 billion of this went to **100** companies **aggressively expanding** fossil fuels.

Out of these 33 global banks...

21	have restricted some **coal financing**
10	have restricted some **tar sands oil** financing (all are European banks)
1	has restricted some **fracking** and **LNG** financing (BNP Paribas)
9	have issued **improved policies** on coal finance since last year's report card

Dirty Dozen: Worst Banks Since the Paris Agreement (2016-2018)

Finance for All Fossil Fuels Globally



Hall of Shame – Worst Banks Since the Paris Agreement*

Worst in the World

JPMORGAN CHASE & CO.

» The world's biggest banker of fossil fuels, by a wide margin (see page 10)

WELLS FARGO

» 2nd highest fossil fuel financing globally ($152 B), with a dramatic increase each year
» $36 B to fossil fuel expansion

Expansion and **Phase-Out policy grade:**

D-

Worst in Europe

BARCLAYS

» Leads Europe in banking fossil fuels ($85 B) and fossil fuel expansion ($24 B)
» Top European banker of fracking and coal power

HSBC

» $58 B to fossil fuels
» $19 B to fossil fuel expansion

Worst in Canada

RBC Royal Bank

» Leads Canada in banking fossil fuels ($101 B)
» World's top banker of tar sands ($14 B)

Expansion and **Phase-Out policy grade:**

F

Worst in Japan

MUFG

» Leads Japan in banking fossil fuels ($80 B) and fossil fuel expansion ($25 B)

Expansion and **Phase-Out policy grade:**

F

Worst in China

中国银行 BANK OF CHINA

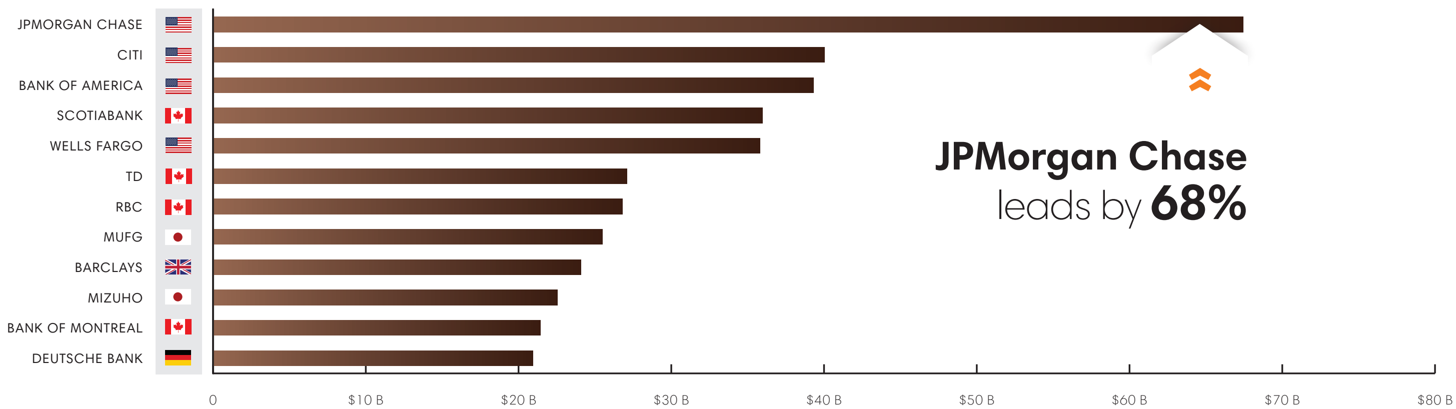
» $17 B to fossil fuel expansion
» World's top banker of coal power ($16 B)

All policy grades:

F

* Ranked by highest total financing for all fossil fuels between 2016 and 2018. Other figures and grades are given for context.

Finance for 100 Top Companies Expanding Fossil Fuels



JPMorgan Chase Leads the Way (to Climate Chaos)

In the three years since the **Paris Agreement**, JPMorgan Chase was the:

#1 **Banker of Fossil Fuels** (BY 29%) **$196 B** TOTAL

#1 in **2016, 2017**, and **2018**

#1 **Banker of 100 Top Companies Expanding Fossil Fuels** (BY 68%)

#1 in **2016, 2017**, and **2018**

#1 U.S. Banker of Tar Sands Oil

#1 Banker of Arctic Oil & Gas

#1 Banker of Ultra-Deepwater Oil & Gas

#2 Banker of Fracking (JUST BEHIND WELLS FARGO)

#1 Banker of LNG

#1 U.S. Banker of Coal Mining

JPMorgan Chase has **ZERO** policies restricting finance to:

- **Tar Sands Oil**
- **Arctic Oil & Gas**
- **Ultra-Deepwater Oil & Gas**
- **Fracking**
- **Liquefied Natural Gas (LNG)**

CHASE

Expansion and **Phase-Out policy grade:** **D-**

JPMorgan Chase is the only bank leading financing for all four key **tar sands expansion** companies

How the Banks Stack Up: Fossil Fuel Finance and Policy Grades

Expansion and Phase-Out Policy Grade Key:

"A" RANGE	Bank prohibits all fossil fuel financing
"B" RANGE	Bank prohibits all fossil fuel projects and some/all companies expanding fossil fuels
"C" RANGE	Bank prohibits some fossil fuel projects and some companies expanding fossil fuels
"D" RANGE	Bank prohibits some/all coal projects
"F" FAILING	Bank has no exclusion of expansion or commitment to phase out fossil fuels

Fossil Fuel Subsector Policy Grade Key:

"A" RANGE	Bank prohibits all financing
"B" RANGE	Bank is phasing out or prohibiting some corporate financing
"C" RANGE	Bank has project-specific restrictions or a financing reduction commitment
"D" RANGE	Bank has publicly disclosed due diligence policies on financing
"F" FAILING	Bank has no publicly disclosed corporate finance policies

Tar Sands Oil: **RBC**, **Toronto-Dominion Bank (TD)**, and **JPMorgan Chase** are the biggest bankers of 30 top tar sands producers, plus four key tar sands pipeline companies. In particular, these banks and their peers support companies working to expand tar sands infrastructure, such as Enbridge and Teck Resources.

Arctic Oil & Gas: **JPMorgan Chase** is the world's biggest banker of Arctic oil and gas by far, followed by **Deutsche Bank** and **Sumitomo Mitsui Financial Group (SMBC Group)**. Worryingly, financing for this subsector increased from 2017 to 2018.

Ultra-deepwater Oil & Gas: **JPMorgan Chase**, **Citigroup**, and **Bank of America** are the top bankers here. Meanwhile, none of the 33 banks have policies to proactively restrict financing for ultra-deepwater extraction.

Fracked Oil & Gas: For the first time, the report card looks at bank support for top fracked oil and gas producers and transporters — and finds financing is on the rise over the past three years. **Wells Fargo** and **JPMorgan Chase** are the biggest bankers of fracking overall — and, in particular, they support key companies active in the Permian Basin, the epicenter of the climate-threatening global surge of oil and gas production.

Liquefied Natural Gas (LNG): Banks have financed top companies building LNG import and export terminals around the world with $46 billion since the Paris Agreement, led by **JPMorgan Chase**, **Société Générale**, and **SMBC Group**. Banks have an opportunity to avoid further damage by not financing Anadarko's Mozambique LNG project, in particular.

Coal Mining: Coal mining finance is dominated by the four major Chinese banks, led by **China Construction Bank** and **Bank of China**. Though many European and U.S. banks have policies in place restricting financing for coal mining, total financing has only fallen by three to five percentage points each year.

Coal Power: Coal power financing is also led by the Chinese banks — **Bank of China** and **ICBC** in particular — with **Citi** and **MUFG** as the top non-Chinese bankers of coal power. Policy grades for this subsector show some positive examples of European banks restricting financing for coal power companies.

BANK	ALL FOSSIL FUELS GLOBALLY		FOSSIL FUEL EXPANSION (TOP 100 COMPANIES)			TAR SANDS OIL (TOP 34 COMPANIES)		ARCTIC OIL & GAS (TOP 30 COMPANIES)	
	2016-2018 FINANCING	GLOBAL RANK	2016-2018 FINANCING	GLOBAL RANK	POLICY GRADE	2016-2018 FINANCING	POLICY GRADE	2016-2018 FINANCING	POLICY GRADE
UNITED STATES									
JPMORGAN CHASE	**$195.663 B**	1	**$67.440 B**	1	D-	**$7.779 B**	D+	**$1.727 B**	D+
WELLS FARGO	**$151.599 B**	2	**$35.809 B**	5	D-	$1.058 B	D+	$234 M	D+
CITI	**$129.493 B**	3	**$40.041 B**	2	D-	$2.100 B	D+	**$807 M**	D+
BANK OF AMERICA	**$106.687 B**	4	**$39.302 B**	3	D-	$2.072 B	D	$323 M	D
MORGAN STANLEY	$66.931 B	11	$20.265 B	13	D-	$375 M	D+	$132 M	D+
GOLDMAN SACHS	$59.257 B	12	$16.779 B	16	D-	$386 M	D+	$204 M	D+
CANADA									
RBC	**$100.537 B**	5	$26.814 B	7	F	**$13.766 B**	D+	$28 M	D
TD	$74.151 B	8	$27.097 B	6	D-	**$13.721 B**	D+	$398 M	D
SCOTIABANK	$69.571 B	9	**$35.970 B**	4	F	$4.266 B	D-	$161 M	D-
BANK OF MONTREAL	$56.577 B	15	$21.448 B	11	F	**$7.494 B**	D-	$30 M	D-
CIBC	$37.372 B	22	$7.617 B	26	F	**$6.771 B**	D-	$4 M	D-
JAPAN									
MUFG	$80.039 B	7	$25.480 B	8	F	$1.177 B	D-	$492 M	D-
MIZUHO	$67.710 B	10	$22.531 B	10	F	$643 M	D-	**$689 M**	D-
SMBC GROUP	$38.098 B	21	$14.812 B	19	D-	$465 M	D-	**$921 M**	D-
CHINA									
BANK OF CHINA	$55.503 B	16	$17.224 B	15	F	$154 M	F	$479 M	F
ICBC	$48.007 B	19	$16.565 B	17	F	$204 M	F	$428 M	F
CHINA CONSTRUCTION BANK	$39.532 B	20	$12.403 B	21	F	$19 M	F	$114 M	F
AGRICULTURAL BANK OF CHINA	$25.073 B	27	$7.745 B	24	F	$104 M	F	$97 M	F
EUROPE									
BARCLAYS	$85.179 B	6	$24.085 B	9	D-	$2.546 B	D+	$262 M	D+
HSBC	$57.808 B	13	$19.267 B	14	D+	$2.503 B	C+	$300 M	C-
CREDIT SUISSE	$57.419 B	14	$14.991 B	18	D-	$843 M	D+	$147 M	D
DEUTSCHE BANK	$53.939 B	17	$20.929 B	12	D+	$1.295 B	D	**$987 M**	D
BNP PARIBAS	$50.974 B	18	$13.243 B	20	C-	$588 M	B	$348 M	B-
SOCIÉTÉ GÉNÉRALE	$36.469 B	23	$11.803 B	22	C-	$348 M	C+	$240 M	C+
CRÉDIT AGRICOLE	$32.162 B	24	$10.102 B	23	C-	$311 M	C+	$487 M	C-
UBS	$25.844 B	25	$5.175 B	27	D-	$166 M	D+	$303 M	D+
ING	$25.555 B	26	$1.920 B	32	C-	$12 M	B-	$307 M	C+
BPCE/NATIXIS	$20.830 B	28	$3.603 B	29	C-	$35 M	B-	$42 M	C-
UNICREDIT	$17.061 B	29	$3.194 B	30	F	$29 M	D-	$665 M	D-
STANDARD CHARTERED	$15.244 B	30	$3.002 B	31	C-	$19 M	C+	$144 M	C+
SANTANDER	$14.973 B	31	$7.699 B	25	C-	$68 M	C-	$28 M	D
BBVA	$12.080 B	32	$4.606 B	28	D+	$16 M	C-	$13 M	C+
RBS	$4.368 B	33	$1.581 B	33	C-	$9 M	C-	$1 M	C-
TOTAL	**$1.9 TRILLION**		**$600.543 BILLION**			**$71.341 BILLION**		**$11.541 BILLION**	

ULTRA-DEEPWATER OIL & GAS (TOP 30 COMPANIES)		FRACKED OIL & GAS (TOP 40 COMPANIES)		LNG (TOP 30 COMPANIES)		COAL MINING (TOP 30 COMPANIES)		COAL POWER (TOP 30 COMPANIES)	
2016-2018 FINANCING	POLICY GRADE	2016-2018 FINANCING	POLICY GRADE	2016-2018 FINANCING	POLICY GRADE	2016-2018 FINANCING	POLICY GRADE	2016-2018 FINANCING	POLICY GRADE
$5.393 B	D	$28.768 B	D+	$4.040 B	D-	$1.156 B	C+	$2.979 B	C-
$294 M	D+	$29.650 B	D+	$177 M	D	-	C+	$3.037 B	D
$3.978 B	D+	$16.866 B	D+	$2.867 B	D	$1.121 B	C+	$4.397 B	C-
$3.620 B	D-	$20.210 B	D-	$2.110 B	D-	$194 M	C+	$2.797 B	C-
$2.450 B	D+	$7.563 B	D+	$2.740 B	D+	$346 M	C+	$1.957 B	C-
$1.137 B	D+	$8.386 B	D+	$1.538 B	D	$1.114 B	C-	$1.235 B	C-
$351 M	D	$12.724 B	D	$1.724 B	D	$177 M	D	$906 M	D
$19 M	D	$5.777 B	D	-	D	$160 M	D+	$488 M	D
$124 M	D-	$15.961 B	D-	$1.407 B	D-	$149 M	D-	$1.483 B	D-
-	D-	$998 M	D-	$20 M	D-	$414 M	D-	-	D-
$19 M	D-	$156 M	D-	$24 M	D-	$55 M	D-	-	D-
$1.033 B	D-	$11.906 B	D-	$2.156 B	D-	$149 M	D-	$3.516 B	D+
$2.298 B	D-	$12.372 B	D-	$2.418 B	D-	$224 M	D-	$3.057 B	D+
$451 M	D-	$3.062 B	D-	$3.282 B	D-	$125 M	D-	$827 M	C-
$349 M	F	$278 M	F	$1.278 B	F	$9.206 B	F	$16.102 B	F
$418 M	F	$463 M	F	$1.370 B	F	$6.877 B	F	$16.096 B	F
$66 M	F	$92 M	F	$160 M	F	$9.424 B	F	$11.697 B	F
$119 M	F	$166 M	F	$13 M	F	$3.810 B	F	$9.588 B	F
$1.614 B	D	$12.989 B	D	$1.450 B	D	$231 M	C+	$3.253 B	C+
$3.120 B	D	$1.891 B	D+	$1.653 B	D	$225 M	C	$1.981 B	C-
$471 M	D	$9.167 B	D	$1.427 B	D	$2.064 B	C	$1.929 B	C-
$1.210 B	D	$6.016 B	D+	$961 M	D	$1.645 B	C+	$589 M	C+
$2.197 B	D-	$1.330 B	B	$1.752 B	C+	$248 M	B-	$1.462 B	B-
$1.476 B	D	$2.041 B	D+	$3.348 B	D+	$531 M	B-	$361 M	B-
$1.729 B	D	$2.778 B	D+	$1.551 B	D	$168 M	B-	$461 M	B-
$526 M	D-	$1.724 B	D+	$736 M	D-	$316 M	C	$1.970 B	C-
$121 M	D	$107 M	D	$1.473 B	D	$283 M	B-	$205 M	B-
$137 M	D	$680 M	D+	$609 M	D	-	B-	$46 M	B-
$333 M	D-	-	D-	$1.046 B	D-	$748 M	D	$228 M	D+
$685 M	D	$92 M	D	$521 M	D	$246 M	C-	$993 M	C+
$2.528 B	D	$116 M	D	$1.204 B	D	$197 M	B-	$625 M	C+
$403 M	D	$783 M	D	$1.076 B	D	$149 M	B-	$217 M	C+
$42 M	D	$863 M	D+	-	D	$40 M	B	$30 M	C+
$38.710 BILLION		**$215.973 BILLION**		**$46.130 BILLION**		**$41.792 BILLION**		**$94.515 BILLION**	

Recommendations

To align their policies and practices with a world that **limits global warming to 1.5°C** and fully **respects human rights**, and **Indigenous rights** in particular, banks must:

- Prohibit all financing for all fossil fuel expansion projects and for companies expanding fossil fuel extraction and infrastructure.
- Commit to phase out all financing for fossil fuel extraction and infrastructure, on an explicit timeline that is aligned with limiting global warming to 1.5°C.
- Prohibit all financing for all projects in tar sands oil, Arctic oil and gas, ultra-deepwater oil and gas, fracked oil and gas, and liquefied natural gas, and all companies with operations or expansion plans in these subsectors.
- Prohibit all financing for all projects in coal mining or coal power, and all companies with operations or expansion plans in these subsectors.
- Fully respect all human rights, particularly the rights of Indigenous peoples, including their rights to their water and lands and the right to free, prior and informed consent, as articulated in the UN Declaration on the Rights of Indigenous Peoples.[3] Prohibit all financing for projects and companies that abuse human rights, including Indigenous rights.

Methodology

This report card analyzes fossil fuel financing and policies from 33 large, private-sector commercial and investment banks based in Canada, China, Europe, Japan, and the United States.

For the companies included in this analysis, we assessed each bank's involvement in corporate lending and underwriting transactions from 2016 through 2018 (in U.S. dollars). For subsector financing (30-40 top companies in each subsector), each transaction was weighted based on the proportion of the borrower or issuer's operations devoted to the subsector in question. For the league tables measuring financing for all fossil fuels (approximately 1,800 companies), and the top fossil fuel expanders (100 companies), transactions were adjusted based on each company's fossil fuel-based assets or revenue.

Transaction data were sourced from Bloomberg Finance L.P., where the value of a transaction is split between leading banks, and IJGlobal (via Profundo).

» For a full explanation of methodology and scope, and lists of companies included, visit RAN.org/bankingonclimatechange2019.

Endnotes

1 IPCC, 2018, "Summary for Policymakers." In "Global Warming of 1.5°C: An IPCC Special Report on the Impacts of Global Warming of 1.5°C Above Pre-Industrial Levels and Related Global Greenhouse Gas Emission Pathways, in the Context of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty," edited by Valérie Masson-Delmotte et al. World Meteorological Organization, Geneva, Switzerland.
2 "FAQs," Board of Governors of the Federal Reserve System, 1 February 2019.
3 "United Nations Declaration on the Rights of Indigenous Peoples," United Nations, 07-58681, March 2008.

This report is endorsed by over 160 organizations around the world.

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