Banking on Climate Change 2019

Fossil Fuel Finance Report Card

Messaging Guide

SCOPE

Banking on Climate Change 2019 is the most comprehensive report so far on private banks' fossil fuel financing.

This 10th edition of the Banking on Climate Change report has greatly expanded in scope. For the first time, this report totals the lending and underwriting from 33 global banks to 1,800 companies across the fossil fuel industry as a whole.

Given that there is no room for new fossil fuels in the world's carbon budget, this report also documents the funding of fossil fuel expansion by aggregating data on which banks are financing 100 top companies expanding fossil fuels.

In addition, the report grades banks' overall future-facing policies regarding fossil fuels, assessing them on restrictions on financing for fossil fuel expansion and commitments to phase-out of fossil fuel financing on a 1.5°C-aligned trajectory.

KEY FINDINGS

33 OF THE WORLD'S LARGEST BANKS HAVE FINANCED FOSSIL FUELS WITH **$1.9 TRILLION** SINCE THE PARIS AGREEMENT WAS SIGNED (2016-2018), WITH **FINANCING ON THE RISE EACH YEAR.**

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

JPMorgan Chase is the world's top funder of fossil fuels *by a wide margin*.

It led by 68% in expansion in the last three years, and by 29% in finance for all fossil fuels globally.

OUT OF 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 new restrictions on coal finance since last year's report card.

TOPLINE MESSAGES

After Paris: bank financing *continues* to be aligned with climate disaster.

Since the adoption of the Paris Agreement, 33 banks poured $1.9 trillion dollars into fossil fuels.

This 2019 Fossil Fuel Finance Report Card shows that the big global private banks are clearly ignoring the urgency and requirements of the Paris Climate Agreement—even while many of these banks claim to support the Agreement. In order to reach a climate stable future, finance flows to be "consistent with a pathway toward low greenhouse gas emissions..." — .

Most big banks' grades on their policies to rein in fossil fuel financing remain abysmal.

Banks are continuing to pump billions of dollars into the companies engaged in fossil fuel expansion. These new projects fly in the face of the Paris Agreement goals.

Bottom Line: the banking sector needs to align its businesses with the Paris Agreement's 1.5 degree C goal.

Fossil fuel financing is dominated by the big U.S. banks.

The top four bankers of climate change are ALL headquartered in the U.S.

JPMorgan Chase, Wells Fargo, Citi, and Bank of America are the top four bankers of climate change, and they are all headquartered in the U.S.

ALL of the big six of the U.S. banking giants are in the top dirty dozen fossil banks.
Together, they account for a staggering 37% of global fossil fuel financing since the Paris Agreement was adopted.

U.S. banks also emerge as the biggest bankers of expansion, and make up 37% of the expansion financing

JPMorgan Chase is very clearly the world's worst banker of climate change.

JPMorgan Chase is the #1 banker of fossil fuels and the #1 banker of 100 top companies expanding fossil fuels.

Chase = The worst banker of fossil fuels in the world (by 29%)
- The $196 billion it poured into fossil fuels between 2016-2018 is nearly a third (29%) higher than the second worst bank, Wells Fargo.
- It held the #1 spot in 2016, 2017, AND 2018

Chase = The worst banker of top 100 companies expanding fossil fuels (by 68%)
- The $67 billion Chase financed for expansion of fossil fuels over the past three years is a stunning two-thirds (68%) higher than the second biggest banker of fossil fuel expanders, Citi.
- It held the #1 spot in 2016, 2017, AND 2018

Chase = The worst banker of:
- Arctic oil and gas
- Ultra-deepwater oil and gas

#2 banker of fracking (just behind Wells Fargo)
#1 U.S. banker of tar sands

Chase is the only bank financing ALL FOUR key tar sands expansion companies.

Chase has zero policies restricting finance to
- Fossil fuel expansion
- Tar sands
- Arctic oil and gas
- Fracking
- LNG
- Ultra-deepwater oil and gas

Wells Fargo is the world's #2 fossil bank

Wells Fargo has been on the worst fossil fuel financing trajectory since Paris

- 50% increase from 2016 to 2017
- 13% increase from 2017 to 2018, bringing them to 4% behind JPMorgan Chase in 2018

Wells Fargo has been the worst banker of fracked oil and gas since Paris, including being the worst in both 2017 and 2018

The Intergovernmental Panel on Climate Change (IPCC)'s special report on 1.5°C stresses we need rapid phase-out of fossil fuels, but findings show banks are supporting expansion.

These banks supported 100 top fossil fuel expansion companies with $600 billion in the last three years.

The science is clear. Emissions just from the oil, gas and coal reserves already in production would take the world well beyond 1.5° Celsius. There is no room for new fossils in the world's carbon budget.

If you're in a hole and you want to get out, stop digging. We need an immediate end to the expansion of fossil fuel extraction and infrastructure. Reckless expansion of fossil fuels threatens to further lock in our fossil fuel dependence, and lowers fossil fuel prices.

And yet, banks supported 100 top fossil fuel expanders with $600 billion in the last three years

According to the IPCC report, by 2030 — just over a decade away — carbon dioxide emissions will have to be slashed by 45% below 2010 levels. By midcentury, emissions must be at effectively zero.

The 10th edition of the Fossil Fuel Finance Report Card has greatly expanded in scope.

In light of climate change's dire threat to all life, this report now analyzes bank support for all fossil fuels, as well as banks' support for companies expanding fossil fuels.

For the first time, this report zooms out to look at financing for over 1,800 companies across the coal, oil and fossil gas sectors globally over the past three years.

- Given the distressing warning from the IPCC last year, as well as the recent deadly storms, droughts and wildfires that are visible signs of the 1°C of warming we have already experienced, this report now analyzes bank support for all fossil fuels.

For the first time, this report also puts increased scrutiny on the banks' support for 100 top fossil fuel expansion companies.

- These 100 companies' investments in new fossil fuel extraction, infrastructure, and power most fly in the face of the clear and urgent need to start a managed decline in the use of fossil fuels.
- These companies, and the banks that finance them, bear a powerful moral responsibility to stop building new coal mines and plants, and oil and gas fields and pipelines.

As fossil fuel companies are increasingly held accountable for their contributions to climate change, finance for these companies also poses a growing liability risk for banks.

The fossil fuel industry is inextricably 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.

Banks are increasingly being called out for their finance that directly enables these human rights abuses. Civil society is already holding banks accountable for their role in financing climate change.

HALL OF SHAME

WORST IN THE WORLD
(2016-2018)

JPMorgan Chase

JPMorgan Chase leads in fossil fuel finance by a wide margin.

(See “Key Messages” for details.)

WORST IN EUROPE
(2016-2018)

Barclays

$85 B to fossil fuels overall

Top European banker of fracking and coal power

WORST IN CANADA
(2016-2018)

RBC

Leads Canada in banking fossil fuels ($101 B)

World’s #1 banker of tar sands ($14 B over 2016-2018)

WORST IN JAPAN
(2016-2018)

MUFG

$25 B to fossil fuel expansion

WORST IN CHINA
(2016-2018)

Bank of China

$17 B to fossil fuel expansion

World’s #1 banker of coal power ($16 B)

SPOTLIGHT SECTOR MESSAGING

Tar sands financing still dominated by Canadian banks.

Not surprisingly, given the concentration of tar sands oil in Alberta, five of the top six tar sands bankers between 2016 and 2018 are Canadian, with RBC and TD by far the two worst. The only non-Canadian in this top six is – no surprise – JPMorgan Chase, in third place over the past three years.

Tar sands financing from the 33 banks we analyzed fell sharply in 2018. This was to be expected given that the previous year saw a massive influx of finance to enable Canadian pure-play tar sands companies to buy up the Albertan assets of some of the global majors such as Shell and ConocoPhillips.

Fracking finance from banks -- dominated by the big U.S. banks -- has climbed rapidly over the past three years.

On fracking finance, Wells Fargo comes out an unrespectable first. Wells Fargo, JPMorgan Chase, and Bank of America dominate the sector; together they account for over a third of the total. Bank of America and Citi are the next biggest bankers of fracking, meaning the top 4 are all headquartered in the U.S.

BNP Paribas stands out as the only bank whose fracking policy gets in the "B" range.

Alarmingly, none of the rest of the group of 33 banks earns higher than a D+ -- meaning only that they have committed to carry out enhanced due diligence on fracking-related transactions, a very low bar to cross given the clear environmental, climate, and public health risks of fracking.

The big four Chinese banks pour vastly more money into coal than their international peers.

Last year Agricultural Bank of China, Bank of China, China Construction Bank, and ICBC were responsible for 71% of finance from major global banks for the coal mining subsector, and 55% of coal power finance.

Overall finance from the 33 banks analyzed fell only slightly over the past three years in both the coal mining and power sectors.
This is grossly inadequate to the task of meeting the IPCC's "pathway" to 1.5° which calls for a 78% drop in coal emissions by 2030 -- and also unacceptable given pollution from coal burning is estimated to cause over 800,000 premature deaths per year globally.