

STILL COUGHING UP FOR COAL:

BIG BANKS AFTER THE PARIS AGREEMENT

BANKTRACK



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INTRODUCTION

The Paris Agreement is now in force and commits the world's nations to keeping global warming well below 2°C, with pursuit of the below 1.5°C target – regarded by many as the vital, realistic figure if we are to have any chance of avoiding runaway climate change – also included in the deal. However, the world's top commercial banks, many of whom enthusiastically welcomed the Paris Agreement, are failing the planet with their largely unabated, multi-billion dollar support for oil, gas and – most devastatingly – coal.

One year after COP21 in Paris, as the world gathers for COP22 in Marrakech, Morocco to forge agreement on turning the promise of Paris into action, this report takes stock of where 22 major global banks have got to in the evolution and implementation of their coal policies: statements, documents and commitments which are intended to close bankers' doors to the coal industry.

These doors are closing, albeit far too slowly. Fundamentally, though, the banks are showing no signs of kicking out the dirty feet which are determined to jam open these doors for as long as possible. Make no mistake – coal companies around the world may be in crisis, but they are still intent on going out with a big climate bang, for which they need big bucks.

The research group Climate Action Tracker has put the number of coal plants in planning around the world at 2,400: along with the existing coal plant fleet, if realised these new plants would send global emissions 400% over the 2°C target by 2030. Bloomberg New Energy Finance has also recently warned that, despite pledges to cut fossil fuel pollution, Asian countries are still showing signs of being unable to shake off their coal 'addiction' – which has the potential to blow apart the 2°C carbon budget.

The Paris Agreement does provide grounds for optimism, just as the Kyoto Protocol did when it was finally implemented in 2005. From 2005 to 2013, however, we saw the mobilisation of at least \$500 billion dollars by the global banking sector for coal sector expansion. With the coal lobby stalking the COP22 corridors, and not one major bank prepared to just say 'No' to coal, we cannot allow the post-Kyoto coal finance boom to happen this time around with the Paris Agreement, when the climate stakes are even higher.

In the run up to COP22, the warnings have grown ever starker. The United Nations Environment Programme (UNEP) has weighed in, detailing how the global pledges put forward to cut emissions will allow temperatures to rise by 3°C above pre-industrial levels, far above the Paris Agreement's conservative 2°C baseline. The UNEP report calculates that emissions by 2030 are likely to reach approximately 54-56 gigatonnes of CO2 equivalent per year, well over the 42 gigatonnes per year reckoned to be the level at which warming exceeds 2°C. And emphasising the 'ambition gap' for achieving the 1.5°C target, UNEP's alarming assessment – citing the need for 'urgent action' – is that we have just three years left before the window closes on 1.5°C.

Meanwhile in October, the Global Commission on the Economy and Climate, comprising former heads of government and finance ministers, as well as leaders in the fields of economics and business, stressed that approximately "\$90 trillion of infrastructure investment is required globally over the next 15 years" to keep average global temperature rise at or below 2°C. If banks are to play a key role in mobilising such funding alongside governments, cities, international agencies and other private sector actors, they have no business being distracted by and persisting with investments in coal.

In writing this report, we are very mindful of the alarming global climate change context, but we concentrate on the slim pickings which comprise the response so far from 22 powerful financial institutions still mired in coal financing: namely, their policy responses, and how they correspond – or not – with their coal finance activities.

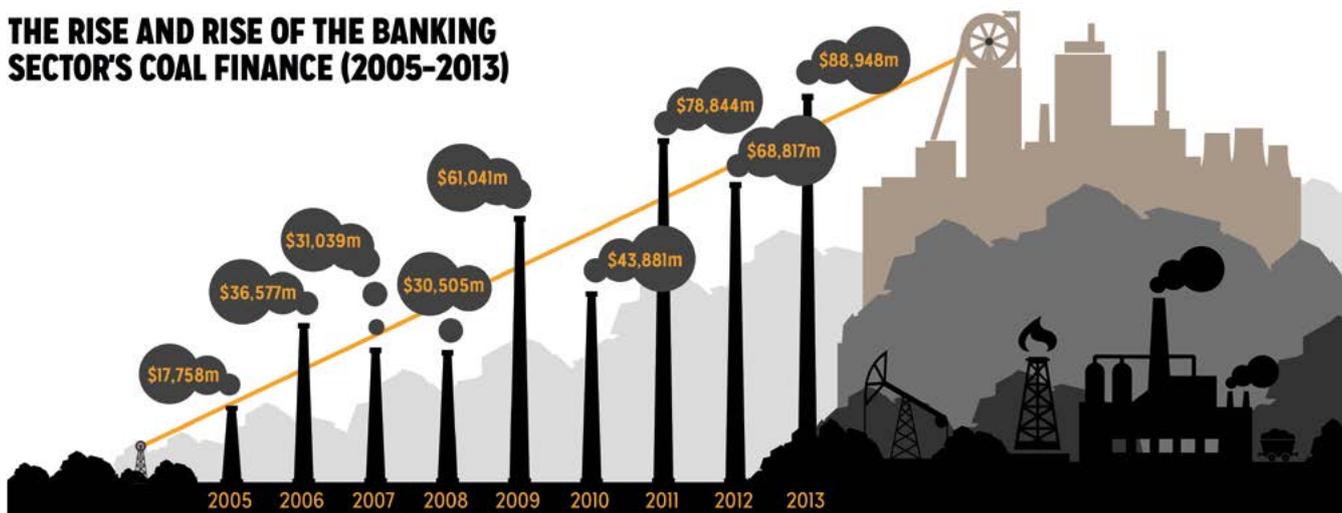
The report concludes with a return to the reality of climate change by proposing some concrete steps which we hope will result in commercial banks starting a prompt and rapid phase out of fossil fuel financing, starting with coal.

PART I: ANALYSIS OF COAL POLICIES

POLICY EVOLUTION – SOME RECENT HISTORY

In October 2014, just over a year prior to the make-or-break COP21 climate summit in Paris, BankTrack's 'Banking on Coal 2014' report revealed not only the extent of coal financing across 92 top global banks – at least \$500 billion was coughed up for coal between 2005 and 2013 – but also the increasing trend in support for both the coal mining and coal power sectors.

THE RISE AND RISE OF THE BANKING SECTOR'S COAL FINANCE (2005–2013)



Bank commitments on restricting coal finance were, however, about to kick off in earnest, both because of the banking sector's limited and extremely patchy policy coverage at the start of 2015, and in response to growing pressure from the global climate and anti-coal movements. The following brief historical overview, divided into the key 'policy advance' periods, brings us up to the present.

BREAKTHROUGHS IN MAY 2015

At their respective annual shareholder meetings, Bank of America and Crédit Agricole became the first major banks to move at the coal sector level, with Bank of America opting for the 'reduction' approach now adopted by most US banks, while Crédit Agricole inaugurated the 'exclusion' approach which has come to be favoured by many European banks. After four years of campaigning led by Rainforest Action Network, Bank of America announced a new policy to reduce its worldwide lending for coal mining. Meanwhile, Crédit Agricole declared that it was axing finance – both direct and indirect – for coal mine projects and companies which specialise in coal mining.

THE PARIS PILE ON, BEFORE AND DURING COP21

In September 2015, and following a summer of sustained NGO pressure, Crédit Agricole went a step further by announcing an end to its financing of new coal-fired power plants and plant expansions in 'high-income' countries. With the COP21 meeting also only weeks away, and bank climate credentials receiving increased scrutiny, a wave of coal reduction commitments ensued, involving a mix and match policy approach adopted by a dozen banks – even into the beginning of the climate summit. Policy advances in this period came from big players such as BNP Paribas, Citigroup, ING, Morgan Stanley, Natixis, Société Générale, Wells Fargo and all of Australia's 'big four'.



EXCUSE #1 FOR THE SLOW PACE OF CHANGE: THE 'COAL FOR DEVELOPMENT' MANTRA

Banks are now echoing the beleaguered coal industry's top, last gasp justification for its continued existence: that coal is fundamental to development and that anti-coal posturing condemns millions of people to poverty. In the face of questioning from campaigners at this year's HSBC annual shareholders meeting, the bank's CEO Stuart Gulliver had no hesitation in defending HSBC's coal financing in the developing world by repeating the 'coal for development' mantra – and HSBC is not alone in pushing this defence. Yet a growing body of evidence is refuting this claim. Most recently the highly respected Overseas Development Institute spelled out how more coal will not end energy poverty, how coal is given too much credit for the reduction of extreme poverty, how better, cleaner energy options exist to lift people out of income poverty, and how more coal will simply entrench poverty in the developing world.

Greenpeace Indonesia activists block the loading of coal at the Cirebon coal power plant in West Java, Indonesia, May 2016.

STILL WAITING FOR PARIS AGREEMENT POLICY PUNCH

The coal policy bar was now being raised (a bit), even though many banks were focusing on recalibrating their project finance and not on their less high profile ‘indirect’ financial lending and services. The first half of 2016 saw intermittent policy moves from a clutch of big names including UBS and JPMorgan Chase. Credit Suisse finally got in on the act by announcing an exclusion of some mountaintop removal coal mining companies, while the troubled German giant Deutsche Bank, again put on the spot by campaigners for its enduring coal sympathies, finally came round to conceding that “using explosives to destroy the summits of mountains does not seem to us to be a legitimate or ecologically sensible manner of surface mining.”

That policy bar has been back on the rise in the weeks leading up to COP22. In late October 2016, Crédit Agricole and Société Générale announced the end of project finance for coal power plant projects globally (which the smaller French bank Natixis had already done in 2015), going beyond their previous commitments to rule out such financing in high-income countries only. And following this, in the midst of the COP22 meeting, HSBC committed itself to no longer finance new thermal coal mines worldwide or new customers dependent on thermal coal mining.

The table below provides a snapshot of 22 major international private banks based in the U.S., Europe and Australia, and their evolving policy efforts and approaches to restrict coal financing. The focus in this publication is firmly on coal policies as – shockingly – there is extremely thin, and sometimes non-existent, policy coverage for oil and gas financing at these banks. ‘Shorting the Climate: 2016 Fossil Fuel Report Card’, published in June 2016, provides evidence of how alarmingly bad the policy coverage is for oil and gas, and how this is permitting unchecked billions in bank financing for these sectors.

Thus, coal is the only fossil fuel sector where banks have so far been prepared to take account of anything resembling ‘climate realism’ via their gradual introduction of policy restrictions on financing at the sector level. Coal policies and commitments are the only point of meaningful comparison we currently have – a staggering deficiency given that COP21 concluded with a plan almost one year ago, the Paris Agreement is now live and achievement of the 1.5°C target requires total commitment and determined action. Remember, too, that all of these banks, in their respective ways, regard themselves as ‘climate champions’.

We analysed the latest bank commitments and policies on coal and rated them according to:

- their partial or full exclusion of both new coal mine and new coal plant projects around the world;
- their partial or full exclusion of companies with new coal plans, and of existing coal miners and coal utilities;
- their commitment (or lack thereof) to reduce their exposure to coal mining and coal power companies.

‘Project finance’ refers to specific, direct financing for projects, or for other forms of asset-specific financing and financing transactions that directly support coal projects.

Coal companies are considered ‘partially excluded’ when the partial exclusion criteria adopted by the bank apply to existing customers and not only to new customers.

A commitment is considered ‘done’ when it has a clear timeline and an exit date.

	NO NEW COAL EXPANSION			MANAGED DECLINE OF EXISTING COAL			
	PROJECT FINANCE		CORPORATE FINANCE	CORPORATE FINANCE			
	Exclusion of new coal mines	Exclusion of new coal plants	Exclusion of coal companies with new coal plans	Exclusion of coal mining companies	Exclusion of coal power companies	Commitment to reduce coal mining exposure	Commitment to reduce coal power exposure
Bank of America	FAIL	FAIL	FAIL	FAIL	FAIL	PARTIALLY	FAIL
Citigroup	FAIL	FAIL	FAIL	FAIL	FAIL	PARTIALLY	FAIL
Goldman Sachs	FAIL	PARTIALLY	FAIL	FAIL	FAIL	FAIL	FAIL
JPMorgan Chase	DONE	PARTIALLY	FAIL	FAIL	FAIL	PARTIALLY	FAIL
Morgan Stanley	FAIL	FAIL	FAIL	FAIL	FAIL	PARTIALLY	FAIL
PNC	FAIL	PARTIALLY	FAIL	FAIL	FAIL	PARTIALLY	FAIL
Wells Fargo	FAIL	FAIL	FAIL	FAIL	FAIL	PARTIALLY	FAIL
Barclays	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
BNP Paribas	DONE	PARTIALLY	PARTIALLY	FAIL	FAIL	FAIL	FAIL
Crédit Agricole	DONE	DONE	FAIL	PARTIALLY	FAIL	FAIL	FAIL
Credit Suisse	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Deutsche Bank	FAIL	PARTIALLY	FAIL	FAIL	FAIL	FAIL	FAIL
HSBC	DONE	PARTIALLY	FAIL	FAIL	FAIL	FAIL	FAIL
ING	DONE	DONE	FAIL	FAIL	FAIL	PARTIALLY	PARTIALLY
Natixis	DONE	DONE	FAIL	PARTIALLY	PARTIALLY	FAIL	FAIL
Société Générale	DONE	DONE	PARTIALLY	FAIL	FAIL	PARTIALLY	PARTIALLY
RBS	FAIL	PARTIALLY	FAIL	PARTIALLY	FAIL	PARTIALLY	PARTIALLY
UBS	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
ANZ	FAIL	PARTIALLY	FAIL	FAIL	FAIL	FAIL	FAIL
Commonwealth Bank	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
National Australia Bank	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Westpac	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL

As the table shows, a first, immediate step for banks which are prepared to distance themselves from the coal sector is to end 'direct financing' to new coal mines and new coal plants around the world. The French bank Natixis set off a domino effect on direct coal financing in October 2015: to date, seven major international banks have ended their direct financing to new coal mines, while four have done the same for new coal plants. This has been accompanied at the same time by more partial, less definitive commitments from a range of other banks.

Nevertheless, the bulk of financing provided by banks to coal companies comes in the form of corporate finance, either via 'general financing', such as non-project-specific corporate loans, or via underwriting services which enable these companies to issue new shares and bonds.

EXCUSE #2 FOR THE SLOW PACE OF CHANGE: 'AN ORDERLY AND JUST TRANSITION' IS REQUIRED

Again at this year's HSBC annual shareholders meeting, the bank's CEO was explicit in voicing another familiar banking sector climate disclaimer. "We agree with the direction of travel," Stuart Gulliver told campaigners regarding how HSBC views climate change's place in its business decision-making, "but not with the pace of change." So that's a clear signal that HSBC's bottom line comes before the need for rapid action. 'An orderly and just transition' to a low-carbon future is a very nice way of saying 'business as usual'. Given the climate urgency imperative, though, it's completely unacceptable coming from any bank which is still pumping millions into the coal industry.



The Tanjung Jati B coal plant in central Java, Indonesia.

Three different but broadly similar approaches are discernible between U.S., European and Australian banks. Yet all of the approaches have their own shortcomings, and one weakness is common to all: far too much sympathy for coal companies persists, undermining the banks' stated climate ambitions and hampering global commitments on emissions reductions.

1. THE U.S. 'REDUCTION' APPROACH

In May 2015, and as mentioned above, Bank of America became the first major bank in the U.S. to publish a policy saying it would reduce its credit exposure to coal mining companies. A domino effect ensued, with Citigroup, Wells Fargo, Morgan Stanley, JPMorgan Chase and PNC all making similar commitments over the following 12 months. The approach is significant, as it sends a strong market signal that the financial sector is turning its back on the coal mining sector. Yet no bank in the U.S. emerges as a true leader, because all lack timelines and exit dates for their phase-outs. There is no room for new coal in a climate-stable world, meaning that while general commitments to phase out support for a dying industry are necessary, they are not sufficient. Banks must set clear and aggressive timelines for getting out of coal mining and power once and for all.

2. THE EUROPEAN 'EXCLUSION' APPROACH

When Crédit Agricole became the first bank to adopt certain criteria leading to the exclusion of some coal companies from financing, the bank decided to blacklist companies "specialised in coal mining". Since then, Natixis, BNP Paribas, ING, RBS, Société Générale and HSBC have adopted policies which take a similar approach, and (with the exception of HSBC) have also applied them to the coal power sector. This approach usually covers both lending and underwriting activities, and comes with clear, immediately applicable exclusion criteria. To date, however, this approach is not geared toward ending corporate financing for coal. In Europe, Natixis remains the leader of the pack for now: it has begun blacklisting coal companies but only those whose business is more than 50% reliant on coal mining or coal power. A further concern is that some of these policies only apply to new coal clients, and not to existing clients.

3. THE AUSTRALIAN 2° APPROACH

In the lead up to COP21, each of Australia's big four banks – ANZ, Commonwealth Bank, NAB, and Westpac – announced policies supporting the goal of limiting global warming to less than 2°C. While the policies appear strong, none of the banks have backed up their statements with concrete commitments to reduce lending to coal, oil or gas activities. Since making their 2°C announcements, the big four have each continued lending to fossil fuels, together contributing to new projects with the potential to emit more than 3 billion tonnes of CO₂. For example, Westpac told shareholders at its 2015 AGM that the bank would operate in a manner consistent with supporting an economy that limits global warming to below 2°C, and then financed a major unconventional gas project in Papua New Guinea that would add almost 350 million tonnes of CO₂ to the atmosphere.

The continuation of 'business as usual' shows that the Australian banks' 2°C policies are insufficient for ensuring that they decarbonise their lending activities in line with the Paris Agreement's aims. NAB has been the only major to loan more to renewables than fossil fuels since Paris and, unlike its counterparts, the bank has also committed to not finance Adani's proposed Carmichael mega coal mine. NAB can therefore be seen as the best performer of Australia's big banks. ANZ has ruled out funding new coal power plants with emissions intensities above 0.8 tCO₂/MWh, however this threshold is unlikely to exclude most modern plants.

SPECIAL CASES: BNP PARIBAS AND SOCIÉTÉ GÉNÉRALE

Neither of these two French banks neatly falls into the approaches described above.

Société Générale in fact combines the three approaches. The bank has now committed to align its activities with the 2°C scenario and intends to do so with a stated 14% reduction in its credit exposure to coal extraction by 2020. It is also aiming to reduce the share of coal in its financed energy mix down to 19% by 2020, and has adopted some exclusion criteria for new clients.

BNP Paribas, meanwhile, has acknowledged the 2°C target and deemed that the only way to contribute to its achievement is either to encourage its coal clients to align their activity with the 2°C target or to exclude them from support. Thus, the bank is maintaining its support for coal miners and coal utilities, but only those which have a diversification strategy. The reliability of this approach, however, has come under scrutiny, most notably in relation to the bank's dealings with Poland's coal giant PGE, one of Europe's heaviest polluters. Campaigners have questioned why BNP Paribas has failed to exclude PGE from its client list when the company has plans to aggressively expand both its coal mining and coal power activities.



Friends of the Earth France activists convert a BNP Paribas branch in Saumur, France into a coal plant, November 2016.

PART II: RECENT COAL DODGY DEALS

There have been a range of improvements and tightening of bank policies and commitments aimed at restricting the financing of coal, particularly in the last 18 months. However, the current cases outlined in brief below bear witness to some of the gaping holes in policy coverage, to the inadequate implementation of the policies and to some of the subtle loopholes which allow banks significant ‘wobble room’ to get away with further financial assaults on the climate.

Now, these banks must improve implementation and make altogether more ambitious commitments to, at the very least, stamp out a lot of these devils in the details. And, of course, the banks which feature in these cases at least have policies restricting their coal finance to some extent, whereas there are still far too many major international banks which have no meaningful coal policies whatsoever.

COAL PLANT THRESHOLDS CAN LITERALLY MEAN NOTHING – ESPECIALLY IN FARAWAY PLACES

Punta Catalina: Société Générale

Just a couple of weeks after the hard-fought birth of the Paris Agreement at COP21, Société Générale and other European banks – Deutsche Bank, ING, Santander and UniCredit – disbursed an initial \$200 million tranche, out of a planned total of \$632.5 million, for the proposed Punta Catalina project in the Dominican Republic. The highly controversial and much delayed \$2 billion project comprises two identical coal-fired units, each with 385 megawatt capacity and projected annual CO2 emissions of 6.34 million tonnes.

Société Générale has argued that the project complied with its policy on coal power financing when it signed the Punta Catalina contract in summer 2015. Yet the proposed plant, which would use sub-critical technology – the dirtiest of coal plant technology – would have an energy efficiency rate of 36.53%, according to the project’s environmental assessment. Société Générale’s own policies regarding coal-fired power plants – going all the way back to its first one in 2011 – prohibit the bank from financing coal power plants in less developed countries such as the Dominican Republic unless the plant’s energy efficiency ratio is above 38%. Société Générale continues to see and hear no problem concerning Punta Catalina despite this blatant breach of its previous policy. Rather than pulling out of the project, in October 2016 it and the other banks disbursed a further tranche of financing for this highly vulnerable coal power embarrassment.

NEW COAL POLICY COMMITMENTS CAN BE APPLIED FLEXIBLY – IF THERE ARE NEW COAL PLANTS NEEDING FINANCE

TJB2 and Cirebon 2: Crédit Agricole, Société Générale and ING

The comments of World Bank President Jim Yong Kim on what happens if planned coal plants in Indonesia and other Asian countries get built are now widely known: "We are finished," he declared in [May 2016](#). Yet Crédit Agricole and Société Générale have spent much of 2016 considering whether to finance the 2000 megawatt extension of the Tanjung Jati B (TJB2) coal power plant in Indonesia. Campaigners have also spent considerable time this year trying to persuade the banks to follow the example of BNP Paribas, which has already withdrawn from TJB2, and to align their coal policies with that of Natixis, which has pulled project finance for new coal plants all around the world. In late October, Crédit Agricole and Société Générale finally committed to stop financing new coal plants, but pointedly have still not withdrawn from the TJB2 project, which remains a test case for the French banks’ climate credentials.

In an even more stark case ongoing in Southeast Asia, ING and Crédit Agricole (again) are not finished with financing of the 1,000 megawatt Cirebon 2 coal plant planned in West Java, Indonesia. ING was involved in financing Unit 1 at Cirebon, and so egregious is the policy breach involved in the bank once again gearing up for the \$2.1 billion Unit 2 project, that a Dutch politician is seeking to investigate the case further in the Dutch parliament. Both banks must step out of Cirebon 2 or face reputational ridicule.

IN WITH THE OLD, OUT WITH THE NEW: COAL POLICY LOGIC CAN STILL FAVOUR EXISTING DIRTY CLIENTS

SUEK: ING

Just a few months after ING announced in November 2015 that it was reducing its exposure to coal companies “with immediate effect”, the biggest bank in the Netherlands had apparently little hesitation in lending €109 million to SUEK, Russia’s top coal producer and one of the world’s largest coal mining companies. The overall lending package for SUEK involved nine other banks. ING’s justification for playing Russian roulette with the climate like this? Its new policy, thought to be one of the best around when first announced, prohibits coal financing to pure play companies, but only applies to new clients and not existing ones, such as the SUEK dinosaur.

A 3% POLICY CALCULATION CAN TRUMP 1.5°C AND 2°C IN THE SERVICE OF PROFIT

Uniper: ING

Jettisoned by European energy giant Eon, which has opted to focus fully on renewable energy generation, the diversified fossil fuel company Uniper is a relic of a bygone age. Uniper is able to keep going thanks to hefty loans such as the €300 million slice it received from ING earlier this year – where ING was the only Dutch bank to invest in the company, among many other international banks. Uniper’s coal business represents 47% of its overall business. ING’s much vaunted coal policy bars financing for companies whose coal business represents more than 50% of overall activities. In this case, small margins make a big difference for Uniper. Plus, of course, there’s a nice return for ING and another big loss for people and planet.

ENABLING A DETERMINED CLIMATE ABUSER: COAL ASSET TRANSACTIONS CONTINUING AT ANY PRICE

Vattenfall and EPH: Citi, ING

The Czech energy company EPH is on a quest: to become the most polluting utility in Europe. It’s already poised to break into the top three dirtiest energy companies on the continent after being in business for only seven years, and it’s not shy about saying that the expansion of renewable energy, as well as energy efficiency, is a serious threat to the profitability of its coal and gas power plants. How is EPH managing to achieve this devastatingly dirty expansion, including this year’s successful and highly controversial swoop for Vattenfall’s lignite mines in Germany? Ask Citi and ING, who played an advisory role in the sell-off of Vattenfall’s German coal assets. Unlike Natixis, the offering of advisory services for the buying and selling of coal assets is not off the policy books at Citi and ING, and it needs to be.

BUSINESS AS USUAL, EVEN IN BANKRUPTCY

Peabody: Citi

In April 2016, Peabody – the world’s largest private sector coal mining company – filed for Chapter 11 bankruptcy. In the U.S., filing for bankruptcy reorganisation can be little more than an excuse to shed unnecessary debt and liabilities such as workers and their healthcare plans, sell off mismanaged assets, and emerge leaner, but with the same fundamental mission as before. In Peabody’s case, that mission is to mine and sell coal. Bankruptcy has hardly affected the company’s output: its production in the third quarter of 2016 was 91% as high as in the same quarter the previous year. At the same time, the company’s restructuring plan includes \$16.2 million in corporate bonuses, despite objections from pension and benefit funds representing retired miners fearing for their financial futures.

Citigroup is the bank shepherding Peabody through this process, as leader of Peabody’s \$800 million bankruptcy finance package. Citi’s coal mining policy commits the bank to reduce its lending exposure to the coal mining sector; money out in loans aside, Citi is the single bank most responsible for propping up this zombie version of the mining giant. For Peabody, their ongoing operations effectively constitute a more ruthless version of business as usual. Citi’s serving as their major financial enabler stands in stark contrast to their pledge to help “accelerate the transition from a high-carbon to a low-carbon economy.”

PART III: RECOMMENDATIONS

These observations track how banks' coal finance activities too often deviate from, or even simply ignore, the policy changes which have emerged over the last 18 months. Thus, it is imperative that some standards for coal finance policies are urgently introduced.

As a minimum, we recommend to the banks that they:

- Introduce regular and transparent reporting in order to publicly demonstrate that coal policy improvements produce benefits – this would involve the banks showing how implementation of their policies correlates with concrete financing volumes for coal.
- Provide a timescale to accompany any new policy commitments – this would make intended reductions in their exposure to coal a lot more meaningful in the context of the race against the climate change clock. Each bank should include an ambitious exit date from the sector.

While the coal policy conveyor belt at the banks continues to move, with incremental improvements taking place at a (very) moderate pace, we are fast running out of time in climate terms – and deep cuts in coal financing need to start happening quickly.

Oil Change International, in its September 2016 report 'The Sky's Limit', revealed that the reserves of coal, oil and gas currently being exploited contain enough CO₂ to smash through the 2°C ceiling. The new reality for power produced by fossil fuels, according to a [March 2016 report from the University of Oxford](#), is that it has to go. No new fossil fuel infrastructure can be constructed after 2017 unless other installations are closed before the end of their lifetime, dismantled or modernised, insist the Oxford report authors.

Banks need to see and act on the big climate picture. As Paris Agreement implementation efforts gear up at COP 22, we urge banks to take these concrete steps:

1. Stop all financing that would expand the coal industry.

2. Reduce exposure to coal companies to zero by 2020, to ensure a managed decline of existing coal infrastructure.

This must be the first part of a Paris Agreement roadmap for banks – for the coal sector, which is the most incompatible with the agreement's objectives – and it must be complemented by action on other fossil fuels and climate-destroying activities.

Right now, anything less, and the world's banks are set to drive us to disaster.



November 2016

This report is a collaboration between BankTrack, Les Amis de la Terre / Friends of the Earth France, Market Forces, Rainforest Action Network and urgewald.

Acknowledgements

Writing for this report was coordinated by Yann Louvel and Greig Aitken with Jack Bertolus, Ryan Brightwell, Jason Disterhoft, Alison Kirsch, Lucie Pinson, Regine Richter, Amanda Starbuck, Will van de Pol and Julien Vincent. Raymon van Vught designed and laid out the report.

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