



BANKTRACK

ANNUAL REPORT

2013



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Front cover photo: The Twilight Surface Mine, West Virginia, a mountaintop removal coal mine operated by Alpha Natural Resources. The circle of trees near the top of the picture is the Jarrell Cemetery, which the coal company was prevented from destroying. The cemetery is located near the community of Lindytown, which has now been abandoned as a result of the mining; family members must now apply for special permission from the company to visit the cemetery.

Alpha Natural resources is being financed by a range of banks including Bank of America, Barclays, Citigroup, Deutsche bank and Société Générale.

Image: Paul Corbit Brown.

FOREWORD

As I write this foreword, the world is currently absorbing the sobering conclusions of the recently-released IPCC fifth assessment report on climate change. The report lists eight “key risks” posed by the climate crisis, from the risk of food insecurity and the breakdown of food systems, to the loss of marine and coastal ecosystems. It contains dire warnings of future impacts, but also makes clear that tackling climate change remains not only possible but affordable. The cheapest and easiest route to achieve climate stability is for the world to abandon all fossil fuels in the coming decades.

In the last year, we have seen a wave of financiers take note, as several international development banks and bilateral finance agencies around the world made commitments to curb their financing for coal power plants. Similarly, in the United States and elsewhere, we have seen a massive grassroots movement to pressure institutional investors to divest from fossil fuel companies. It is now time for commercial and investment banks to follow suit, and adopt standards to curb financing for fossil fuels. In 2013, BankTrack’s coal working group focused on precisely that, for example by launching its Banking on Coal report at the 2013 UNFCCC Conference of Parties in Warsaw. This report exposed the biggest banks funnelling money to the global coal mining industry.

BankTrack also continued to track major voluntary initiatives within the financial sector, including the Equator Principles (EP) and the Thun Group. In June 2013, we saw the launch of the third version of the Equator Principles (EPIII). As our Director noted during the launch event, the Principles will have a “deeply underwhelming impact on people and planet,” but EPIII does include some improved transparency requirements and commitments to ensure adequate consultation of affected communities - commitments that BankTrack will be watching closely. Similarly, the Thun Group of banks released its paper on implementing human rights obligations for banks in October 2013. We cautiously welcomed the paper, while also providing feedback on areas we believed were inadequate.

BankTrack and its member organizations have also continued to defend communities and ecosystems through its Dodgy Deal campaigning. Today, BankTrackers monitor some sixty Dodgy Deals around the world, and in the last year we saw several successful campaigns, including the freezing of the HidroAysen dam in Chile and Goldman Sachs’ withdrawal from Gateway Pacific coal terminal.

On the policy level, we also celebrated the successful establishment of a few public policies to increase sustainability in the financial sector, including a new EU regulation to stop banks betting on hunger, and another to require publicly listed extractive and forestry companies to disclose payments made to governments as part of their annual accounts.

Finally, in the last year we worked to strengthen the effectiveness of our network and build capacity among other campaigners. We added new members and partners, established a new working group on palm oil, and we held several training sessions and strategy meetings with activists working on mining, pulp and paper, and other industries.

So, despite a substantial drop in our available resources this past year, BankTrack continued to play its part in strengthening the global movement to make the financial sector more accountable and sustainable. We believe that communities, the planet and banks themselves will be better as a result.

Sincerely,
Michelle Chan
Board Chair, BankTrack



ABOUT BANKTRACK

BankTrack is the global network of civil society organisations and individuals tracking the operations of the private financial sector and its effect on people and the planet. Our focus is on private sector banks, but where investors, insurance companies, pension funds and others in the finance sector are involved in financing socially or environmentally damaging activities tracked by the network, these companies also become a focus of our work.

Our mission is 'to promote fundamental changes in the banking sector, so that banks, operating in a transparent, accountable and regulated manner, positively contribute to healthy and just societies, take the rights and interests of all legitimate stakeholders into account in all business decisions, respect and promote human rights, and protect and strengthen the environment and the ecological health of the planet'.

To achieve our mission, 40 groups from all over the world, supported by a small secretariat based in Nijmegen, the Netherlands, have joined efforts to hold banks accountable for the impact of their business operations.

MEMBERS AND PARTNERS IN 2014

MEMBERS

Amazon Watch - US
Amigos da Terra Amazonia Brasileira - Brazil
Berne Declaration - Switzerland
CEDHA - Argentina
CounterCurrent/GegenStrömung - Germany
ECA watch Austria - Austria
Fairfin - Belgium
Friends of the Earth Scotland - UK
Friends of the Earth US - US
Greenovation Hub - China
Green Watershed - China
International Rivers - US
Japan Center for a Sustainable Environment and Society (JACSES) – Japan **(joined 2013)**
Les Amis de la Terre - France
Market Forces - Australia
Milieudefensie - Netherlands
Mineral Policy Institute - Australia
Pacific Environment - US
Platform - UK
Rainforest Action Network - US
Re:Common - Italy
Urgewald - Germany
World Development Movement - UK **(joined 2013)**

PARTNERS

Accountability Counsel - US
Antiatom Szene - Austria
Banca Armada – Spain **(previously SETEM)**
BDS Movement - Palestine
European Environmental Paper Network - UK **(joined 2014)**
Facing Finance – Germany **(joined 2013)**
Finance GreenWatch - Japan
Friends of the Earth Europe - Belgium
Friends of the Earth Japan - Japan
Global Witness - UK
Greenpeace International - Netherlands
International Accountability Project - US
London Mining Network - UK **(joined 2013)**
Profundo - Netherlands
SOMO - Netherlands
World Resources Institute - US

OUR CAMPAIGNS



IN DEFENCE OF THE FOREST: BANKS AND PALM OIL

Palm oil and its derivatives are used in a wide range of packaged foods, from margarine and ice cream to potato chips and canned soups. But the expansion of palm oil plantations comes at a severe price for people and planet, especially in once richly forested areas in South East Asia, and increasingly in other tropical zones in Africa and Central America.

Nearly 90% of global palm oil production comes from Indonesia and Malaysia, where expansion of plantations is occurring at the expense of some of the earth's most biologically and culturally rich rainforests, doing away with the last remaining critical habitats of the orang-utan and Sumatran tiger. In addition, the conversion of peat land to palm oil plantations contributes hundreds of millions of tons of CO₂ to the atmosphere each year, with

this expected to double within a decade. Indonesia now has one of the highest levels of deforestation in the world, with just under half of the country's original forest cover remaining and the remaining forests nearly all under threat.

As well as causing massive deforestation, the industry is responsible for serious human rights abuses and persistent conflicts between companies and rural communities as it takes over indigenous and community-owned land. Entire villages see their livelihoods derived from farming destroyed, leaving migration to already bursting cities as the only option for many.

Fuelling these impacts, more than USD 50 billion has been invested in the Malaysian and Indonesian palm oil sectors in the last decade, with half of this going to 27 of the

largest palm oil companies. Banks are important sources of capital for the palm oil sector, providing an estimated 24% of the total financing needed.

BankTrack is calling on banks to only finance plantations that meet the highest social and environmental standards and leave all primary forests intact. In February 2013 at our Strategy meeting in Germany, we formed a new working group to pursue this goal. A ['banks and palm oil' webpage](#) has been developed on the BankTrack website, which serves as authoritative source of information on the financing of the sector, and further work is planned to map the policies and involvement of private sector banks in the palm oil sector, including Indonesian, Malaysian, Singaporean and Japanese banks.

Training palm oil campaigners in Indonesia

In July, representatives of 50 civil society organizations from Malaysia, Indonesia, Philippines, Europe, Japan and North America came together in Jakarta to explore private sector financing of the Southeast Asian palm oil sector. The training session was co-hosted by Transformation for Justice Indonesia (TuK INDONESIA), BankTrack members Rainforest Action Network and Pro-fundo, and partly built upon BankTrack's Finance for Campaigners training package, which was developed in 2012 and has already been used to train campaigners in Russia, Brazil and China.

The workshop explored various problems and issues related to palm oil expansion and its impacts on social, economic, cultural, environmental and human rights in

Southeast Asia, as well as how the finance sector has been playing a significant role in financing the entire palm oil supply chain. It resulted in the release of a joint statement from attendee organisations, calling on government regulators, banks and investors to develop palm oil finance performance standards and due diligence procedures to avoid financing of companies that fail to address issues of common concern including climate change, deforestation, indigenous peoples' rights and corruption.

Further information about campaigning on palm oil finance by Friends of the Earth is included in the Member Activities section.

BANKS AND HUMAN RIGHTS

Banks, as all business, have the duty to respect human rights. For banks this means that they must ensure that the business they finance does not lead to the violation of rights of workers, local communities, indigenous groups and other stakeholders. The UN Guiding Principles on Business and Human Rights, adopted in 2012, stipulate that banks, before engaging with a client, should conduct appropriate human rights due diligence, and see to it that affected communities have ‘access to remedy’ if they feel that their rights have been violated.

Of course this is easier said than done. Banks are seldom directly involved in conducting human rights violations, but may willingly or unwillingly ‘aid and abet’ such actions through their financing. To prevent this, banks need to develop robust guidelines to assess potential new clients, and understand the potential human rights challenges associated with specific sectors or projects. For most banks this is uncharted territory to which they are not yet equipped.

In 2012, an informal grouping of seven banks, known as the Thun

Group, came together to develop a framework on how banks can integrate the UN Guiding Principles on Business and Human Rights into their own investment policies. The Thun Group produced a discussion paper in October 2013 detailing its findings and recommendations. As this has been the only notable policy development from private banks on human rights since the publication of the Guiding principles, the work of the Thun Group has formed a major focus of BankTrack’s 2013 human rights work.

In December, at the second United Nations Forum on Business and Human Rights in Geneva, BankTrack presented a statement in response to the Thun Group discussion paper. The statement welcomed the Thun Group’s recognition that human rights are relevant to banks’ core business, but also outlined some criticisms of the recommendations. Particularly disappointing was the limited scope of the Thun Group paper, which restricted itself to addressing Principles 16 to 21, dealing with the need for a human rights policy and appropriate due diligence. As such, the paper

ignored Principle 22 (“where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes”), and contained no recommendations at all on the third section of the Guiding Principles on “Access to Remedy”. This continues the trend established by Equator Principles banks of refusing to discuss the establishment of any grievance mechanisms.

Andreas Missbach of BankTrack and the Berne Declaration represented the network at the Forum in a panel discussion alongside UBS, a member of the Thun Group, and used the opportunity to outline its concerns to Forum delegates.

In 2014 BankTrack will continue to engage with the Thun Group and other banks to ensure that the discussion document translates into real implementation.



The town of Thun in Switzerland, origin of the Thun Group.

CHINESE BANKS

Chinese banks play an increasingly important role in financing infrastructure and resource extraction projects the world over. Chinese banks now occupy three of the top ten positions in the list of the world's largest banks by asset size, including the number one spot, held by Industrial & Commercial Bank of China (ICBC). With this comes a heightened expectation that Chinese banks will abide by high environmental and social standards. For a number of years, BankTrack has worked with its Chinese members on strengthening the ability of civil society groups to engage with their banks and monitor their business activities.

No China Coal Bank

In December, a group of 51 Chinese environmental NGOs, including BankTrack members Greenovation Hub and Green Watershed, sent an open [appeal letter](#) to the China Banking Regulatory Commission (CBRC), calling upon the commission to reject the establishment of the China Coal bank. The bank would become the country's largest private bank and its first resource-focused industry bank, and would have as its main objective the promotion of the development of the coal industry in China, including Chinese companies financing coal abroad. The decision is now pending and BankTrack and its members will be watching subsequent developments carefully.

Chinese banks' green footprint

In December, BankTrack supported its Chinese member group Green Watershed in the production of an English language [summary](#) of its report on the green credit footprints of Chinese Banks. The report assessed 16 Chinese listed banks and their social and environmental performance as well as their implementation of the Green Credit Directive, based on five years of tracking and monitoring.

Introduced by Chinese banking regulators in 2012, the Green Credit Directive requires Chinese banks to consider environmental and social risks when lending to companies and projects, and to halt or suspend financing when major environmental hazards (such as pollution, safety, resettlement, and even climate change) go unmitigated. As such, the directive is one of the world's most progressive environmental banking regulations. However, Green Watershed's research showed many banks present no information at all on whether or how they are addressing China's Green Credit Directive.

Green Watershed used the report as a tool to engage with Chinese banks and regulators on improvement of implementation of the Directive. BankTrack members in China and elsewhere are planning further research and engagement to encourage implementation of the Directive for 2014.



TARGETING THE COAL BANKS

Coal is the single greatest source of carbon emissions endangering our climate, yet never before has so much coal been mined on the planet as today. Since 2000, global coal production has grown by 70% and has now reached a staggering 7.9 billion tons annually. Proven coal reserves are now 132 times the total production output of 2012. If current trends continue, all these trillions of tons of coal will be burnt, with 1,199 new coal power plants now on the drawing board. With development banks increasingly shying away from the sector it is commercial banks that continue to play a key role in financing the exploration and burning of all this coal. Reason enough for BankTrack to target the role of the coal banks.

Banking on Coal report launch

In November 2013, BankTrack, Urgewald, the Polish Green Network and CEE Bankwatch Network released Banking on Coal. The report, a sequel to the Bankrolling Climate Change report (2011), shone a light on the banks financing this alarming coal mining boom. The report showed that from 2005 to mid-2013, 89 commercial banks poured a total of EUR 118 billion into the coal mining industry. The lion's share of finance - 71% - was provided by just 20 banks. Together, these banks financed enormous coal mine expansions around the world. The three banks at top of the list are Citi (€7.29 billion), Morgan Stanley (€7.23 billion) and Bank of America (€6.56 billion). Also among the top 20 are Swiss, German, Chinese, British, French and Japanese banks.

As part of the research behind this report, details of over 1,000 financial transactions between banks and coal mining companies were uncovered. These details are available in full to BankTrack members, partners and other campaigners by request.

The report was released at a special press conference at the UN Climate Change Conference (COP19) in Warsaw, and garnered press coverage in 16 countries around the world, including in North America, China, Russia, South Africa, Indonesia and countries across Europe. Its launch will be followed by further research on bank finance for coal power, which will add to the existing data on coal mining to create a major database on bank finance for the coal industry, as well as the

launch of a new campaign website highlighting bank finance for coal and enabling individuals around the world to take action by challenging these banks directly.



Coal Finance Report Card

In April, Rainforest Action Network (RAN), Sierra Club and BankTrack released the fourth annual coal finance report card, “Extreme Investments: U.S Banks and the Coal Industry”. The report found that in 2012 the banking sector provided USD 20.8 billion in finance for the dirtiest US coal companies, even as US coal consumption for power generation fell 11% and as mounting scientific evidence confirmed coal's extreme impact on health and climate change. It ranked Bank of America, Citigroup and JPMorgan Chase as the top three financiers of the “worst of the worst” coal companies, including operators of coal-fired power plants and mountaintop removal (MTR) coal mines.

MOUNTAINTOP REMOVAL BANK GRADES 2013-2014

	2013 MOUNTAINTOP REMOVAL GRADE	2014 MOUNTAINTOP REMOVAL GRADE
BANK OF AMERICA	C-	D-
BNY MELLON	F	F
CITIGROUP	C-	D+
GE CAPITAL	-	F
GOLDMAN SACHS	D	D
HSBC NORTH AMERICA	D+	D+
JPMORGAN CHASE	D+	B
MORGAN STANLEY	C-	D+
PNC FINANCIAL	C-	D-
US BANCORP	D	D
WELLS FARGO	C	B

THE EQUATOR PRINCIPLES



After two years of deliberations between signatory banks, 2013 saw the launch of the third version of the Equator Principles, known as EPIII. The Equator Principles are a set of voluntary commitments by banks to take social and environmental impacts into account when providing loans to clients for large scale projects. The foundation of BankTrack roughly coincided with the launch of the first Equator Principles in 2003, and BankTrack has been at the forefront of civil society efforts to monitor the development and implementation of the Principles ever since.

The process of updating the principles began formally in July 2011, triggered by the revision of the International Finance Corporation (IFC) Performance Standards to which the Equator Principles are pegged. Reaching consensus amongst the 79 signatory banks on the contents of EPIII proved more difficult than expected, and after a planned launch date in early 2012 was missed, the revised document was finally released in June 2013.

BankTrack engaged extensively with the revision process leading to EPIII, submitting our view of the key steps to take on scope, transparency, accountability, climate change and human rights commitments in 2011 ("The Outside Job"), and commenting on the first published draft of EPIII in 2012 ("Tiny Steps Forward on the Outside Job").

Upon the release of the new Principles in June 2013, BankTrack made a statement summarising its reaction to the principles. While the revised Principles represent a modest improvement over EPII, especially with regards to their expanded scope, BankTrack is disappointed by the level of progress in two areas in particular.

First Grievance Mechanism from an Equator Bank

In early 2014 FMO, the Dutch development bank, became the first European development bank and the first Equator Principles signatory to introduce an independent complaints mechanism. BankTrack, together with Amnesty International, Both ENDS and SOMO, engaged in the limited consultation process which led to this mechanism, and published a briefing outlining our view of the Mechanism.

While this mechanism is not perfect, it presents an important step in ensuring that project affected people can hold FMO accountable to its policies. As FMO has adopted the Equator Principles, the establishment of FMO's Mechanism also sets an important precedent for other Equator Principle Financial Institutions, and may prove an effective way to test the robustness of the bank's Equator commitments.

First, and not unexpectedly given earlier resistance to the idea, the new Equator Principles failed to establish an accountability and compliance mechanism by which affected stakeholders could have filed complaints on non-compliance with banks or the Equator Principles Association. In addition, the new Principles continue to consider affected communities as passive stakeholders impacted by such projects rather than active rights holders co-shaping them.

Second, while EPIII recognises climate change as an issue for the first time, its requirements on banks and their clients to actually deal with it are so devoid of ambition as to be rendered meaningless. The requirement for an "alternatives analysis" to be conducted for high emissions projects is not accompanied by any obligation for the client to pursue any less polluting alternatives identified. In addition, the new requirements for emissions reporting are not accompanied by a requirement for emissions reductions over time, and the emissions threshold for reporting (100,000 tonnes of CO₂ equivalent annually) is far higher than for comparable standards such as the IFC Performance Standards (25,000 tonnes).

BankTrack will be carefully monitoring the disclosures resulting from the Equator Principles' new reporting requirements, and will continue its work to establish a channel by which affected communities can register complaints about their implementation, in the absence of any accountability mechanism with the Equator Principles themselves.



NETWORK FOCUS



DODGY DEALS

Despite recent gains in sustainability commitments and the adoption of more robust sustainability policies by many banks, even the most advanced banks continue to finance projects and companies with highly negative impacts on people and planet. At BankTrack, we call these 'Dodgy Deals'; projects that should have no place in the portfolio of responsible banks. Next to our continuous engagement with banks on policies, BankTrack and its members also continue to campaign on the involvement of banks in such deals.

The BankTrack website includes a database of some 60 active 'Dodgy Deal' profiles, each representing a campaigning platform for activists and a one-stop information source for civil society, journalists, investors and others. These profiles highlight projects with egregious impacts on the environment and society, tracking their progress and exposing their financiers. They are complemented by company and bank profiles which together form an evolving repository of information on banks' real-world impacts. The cases below represent just a handful of highlights of Dodgy Deal focused work by the BankTrack network in 2013.

New Dodgy Deals in 2013

Agua Zarca Dam, Honduras: In 2013 BankTrack began working with a coalition of NGOs including Rights Action, School of the Americas Watch, Honduras Delegation and the Honduras federation of indigenous group COPINH to support indigenous communities opposing the planned Agua Zarca dam. The project threatens to destroy community farmland and restrict access to the river relied upon by the community. The arrival of the company in the area has also led to heightened tensions between communities, increased repression and numerous human rights violations perpetrated by unknown hit men. BankTrack and its partners have engaged extensively with the main financiers of the project, Dutch development bank FMO and Finnish Finnfund, demanding that they acknowledge the right of indigenous groups to withhold their consent and stay away from the project. Despite these efforts, in February 2014 both development banks approved a loan to project sponsor DESA, inviting further campaign pressure in 2014.



POSCO integrated steel project, India: POSCO, a South Korean steel multinational, plans to establish an integrated steel plant in the eastern Indian state of Odisha. The project will use over 12,000 acres of land, threatens to displace over 22,000 people in the plant and port area alone, and has already been implicated in numerous human rights violations. The project's progress has been hindered by affected communities, who have used non-violent protest and democratic channels to resist forced evictions. BankTrack has joined forces with the International Network for Economic, Social and Cultural Rights (ESCR-Net) to pressure investors in POSCO, including Deutsche Bank, JPMorgan Chase and Bank of NY Mellon, on their involvement in the project, reminding them of their obligation to ensure that the company respects human rights throughout its operations.

Great Barrier Reef Coal & Gas Exports, Australia: The Galilee Basin in Central Queensland is the proposed site for a series of mega mines that will cause Australia's coal exports to more than double within a decade. These mines, the accompanying export infrastructure and shipping traffic, as well as the pollution from the coal they produce, will all place an incredible burden on Australia's Great Barrier Reef. BankTrack member Market Forces has created an interactive [map](#) showing the banks financing these projects, which is complemented by a [Dodgy Deal](#) profile for the development as a whole, as well as a [profile](#) of Carmichael, the largest proposed project.

Polish coal power plants, Poland: Poland generates more than 80% of its electricity from coal, and yet far from going green, no other member of the European Union is planning as many new coal-fired power plants. The government's plans foresee the construction of 11,300 megawatts of new coal-fired generation, with the even more carbon-intensive brown coal (lignite) playing a major role. Together with the Polish Green Network, BankTrack has developed four additional [Dodgy Deal](#) profiles highlighting the financiers of proposed coal plants or new units at [Czeczott](#), [Jaworzno](#), [Rybnik](#) and [Turów](#).

OKI Pulp & Paper Mills, Indonesia: Asia Pulp & Paper is planning to build the largest single pulp plant in the world in South Sumatra, Indonesia. Indonesian palm mills are already over capacity, and a massive expansion of production capacity at this time could pose a serious threat to the implementation of APP's new Forest Conservation Policy, introduced in early 2013. Therefore international banks need to proceed with caution, and should only proceed to finance this project if APP can disclose information illustrating beyond reasonable doubt that it can provide enough wood fibre to feed this and other plants without deforestation.

Tata Mundra Ultra Mega Power Plant, India: The first of 16 Ultra Mega Power Projects (UMPPs) being commissioned in India, the Tata Mundra UMPP has become the third largest source of greenhouse gas emissions in the country. The project has already destroyed inland ecosystems including large stretches of mangroves, dry-land forests and creeks, and has been linked by a local doctor to a 20% increase in severe respiratory diseases among children in the villages near to the plant. BankTrack has joined with local NGOs to lobby the project's financiers, which include BNP Paribas and State Bank of India.



DODGY DEAL VICTORIES AND STEPS FORWARD IN 2013

Goldman Sachs quits Gateway Pacific coal export terminal: In early January 2014 it was confirmed that Goldman Sachs Infrastructure Partners sold off its remaining equity investment in Carrix, the parent company behind a colossal proposed coal export terminal near Bellingham, Washington. The move came after coal companies and their proponents shelved or dropped three out of six proposed coal export terminals in the Pacific Northwest in the last two years. Since 2011, Rainforest Action Network, along with ally organizations and thousands of concerned citizens, has been calling on Goldman Sachs to quit this coal export terminal, which threatens human rights, a thriving Tribal fishery and biodiversity in a sensitive marine environment.

Barrick Gold suspends Pascua Lama gold mine: In October, Canadian mining giant Barrick Gold announced it would indefinitely suspend its flagship Pascua Lama project, which straddles the border of Argentina and Chile, largely due to lack of investment options. The project has been the focus of an international campaign calling for its cancellation based on its impacts on a sensitive glacier system. Serious troubles arose for the project following an Equator Principles Due Diligence Review presented to EDC (Canada) and EXIM Bank (USA) in 2012 by CEDHA, IAP, the Banktrack Network and others.

Chilean HidroAysen dam frozen, for now: In January 2014 the majority owner of HidroAysén - Endesa Chile - removed the massive hydroelectric dam from its list of active projects. HidroAysén threatens two of the country's wildest rivers, irreplaceable wildlands and local communities, and has been the

subject of legal challenges, political scrutiny and intense public opposition. BankTrack and International Rivers have campaigned alongside other civil society organization for six years to stop this project and to pressure banks to withdraw from funding it. Chile's new administration will rule on the project's future in early 2014, but there is now real momentum against the project, with President Michelle Bachelet having stated repeatedly throughout her presidential campaign that the project is not viable.

Coal India share issue collapses: Coal India Limited's attempt at a public share issue was successfully blocked in late 2013. The Indian government, the company's majority shareholder, hoped to raise USD 3 billion through the sale of 10% of its stake in the world's largest coal miner. Banktrack was part of a coalition of groups including Greenpeace, Rainforest Action Network and Urgewald that pressured the banks underwriting the share offer (Deutsche Bank, Credit Suisse, Bank of America and Goldman Sachs) for their involvement with a company with a notorious environmental and human rights record. Questions were raised both in India and overseas on the accuracy of the company's coal reserves data, following revelations that a downward revision in extractable reserves had not been disclosed to exchanges. In January 2014, the company announced it was putting plans for the share offer on hold.

US and European Banks step back from Mountaintop Removal: For more than five years, BankTrack members have worked to get major banks to commit to end financing companies that use mountaintop removal coal mining, a mining practice that uses explosives to literally

blow the tops off mountains for the coal inside. Now, a trend against this destructive practice that decimates mountains and results in poisoned streams has taken hold. In 2013, BNP Paribas pledged to cut financing for top producers of mountaintop removal coal. In spring 2014, JPMorgan Chase updated its environmental policy committing to aggressively reduce its financing relationships with mountaintop removal coal mining companies. Wells Fargo has also adopted a similar policy. In April 2014, Royal Bank of Scotland followed suit, updating their environmental policies to prohibit financing to companies who are "significant producers of coal using mountaintop removal (MTR) mining in Appalachia." And in May 2014, Bank of America's CEO said in response to a question from Elise Keaton of Keeper of the Mountains, "We have committed to continue to reduce our exposure to companies engaged in mountaintop removal." The details of how the bank will follow through on this commitment are unclear, but the statement is a positive sign that the bank is taking the issue seriously.



MEMBER HIGHLIGHTS

BankTrack exists primarily to support the campaign activities of our 40 members and partners, and foster cooperation between them. Our member and partner organisations work to challenge and reform the global financial sector in different ways and to different degrees – sometimes as their main focus and sometimes as a tactic to achieve change in a specific area. Members tend to collaborate under the BankTrack banner when working together, but all are also involved in their own campaigning activities:

Banca Armada (Spain): Banca Armada is an initiative of the JM Delàs Peace Studies Centre, part of Justícia i Pau (Justice and Peace for Catalonia), SETEM and the ODG (Observatory on Debt in Globalization) to raise awareness and condemnation of financial institutions which finance arms manufacture. In October, Banca Armada published the Spanish language report Evolució de la banca armada en Espanya (Evolution of the Armed Bank in Spain), including details of lending, share and bond holdings in arms companies by Spanish banks.

Facing Finance (Germany): In December, Facing Finance presented their latest report, DIRTY PROFITS 2, to commemorate International Human Rights Day. The report demonstrates that human rights violations, corruption, exploitation, and environmental destruction remain ingrained in the business models of major multinational corporations. The robust, 124-page report presents the most serious violations of international norms and standards committed by 26 multinational companies, and investigates the financial institutions which facilitate their actions.

Fairfin (Belgium): FairFin joined together with five other Belgian organisations to campaign on food speculation, with the aim of influencing Belgian law on position limits and persuading banks to adopt rigorous policies on the issue or exit funds speculating on food. Together with partners, FairFin published the Flemish language report De Betrokkenheid van Belgische Banken bij Voedselspeculatie (The Involvement of Belgian Banks in Food

Speculation). Following this report, the Belgian bank Belfius deleted the fund Dexia Fund Commodities, from which it had speculated on food prices, from its offer.

Friends of the Earth Europe and US: Financing of palm oil was a major focus for Friends of the Earth (FOE) groups around the world in 2013. In May, FOE revealed how European banks including HSBC, BNP Paribas, Deutsche Bank and Rabobank continue to finance one of the largest and most destructive palm oil giants, Wilmar International, and linked the company to land grabs in Uganda. In June, research by FOE and partners highlighted the banks which have provided some €450 million to Malaysian palm oil giant Sime Darby, responsible for environmental degradation and violations of national regulations in Liberia. Finally in November, FOE and partners revealed how a major palm oil grower in Indonesia, Bumitama Agri, was continuing forest destruction, often illegally, supported by major European and US banks.

Wilmar also invests in Bumitama and is one of its main customers. Encouragingly, Wilmar has since developed an advanced “No Deforestation, No Peat, No Exploitation” Policy, launched in December. This is a benchmark policy for the sector, however as always, the crucial step is implementation, and FOE and other groups working on palm oil will be monitoring this carefully in 2014.

GegenStrömung / CounterCurrent (Germany): In August GegenStrömung released the research report

“Who Owns Belo Monte?”, examining the foreign equity participation in the Belo Monte Dam Project in Brazil. The dam, planned to be the world’s third largest, is widely believed to be a national project owned, constructed and financed by Brazilian consortia, but a more detailed analysis shows that roughly 10% of the project is indirectly owned by foreign corporations, including banks such as JP Morgan Chase and Société Générale.

Global Witness (UK): Building on their 2012 report which examined HSBC’s funding for deforestation in Sarawak, Malaysia (“In the future the will be no forests left”), Global Witness produced the spoof nature documentary “Bank Watch”, starring the naturalist Bill Oddie, in which Oddie was removed from the bank’s head office after drawing attention to the bank’s longstanding failure to live up to its forests policy. Following the documentary, the bank commissioned a review of their policy. Global Witness and BankTrack look forward to seeing its results.

Les Amis de la Terre (Friends of the Earth France): In 2013 les Amis de la Terre targeted Société Générale for its support for the Kaliningrad nuclear plant and the huge Alpha Coal mining project in Australia. This included launching a cyberaction and coordinating an open letter signed by 94 organizations in 22 countries, calling the bank to step down from the Kaliningrad nuclear plant, then attending the bank’s AGM to challenge its financing for the project together with a Russian NGO. They also organised street actions in front of Société Générale

branches in eight cities across France as part of an international week of action in June against the bank's finance for Kaliningrad. The campaign was ultimately successful, as the Kaliningrad project was suspended in April 2014. The group also coordinated an open letter signed by 57 organizations in 17 countries calling upon the bank to abandon its plans to support Alpha Coal, in addition to organising a second week of street actions in November. The campaign against Alpha Coal will carry on in 2014.



Market Forces (Australia): In May, Market Forces released the report Financing Reef Destruction, and an accompanying map, which showed how the 'big four' Australian banks play a critical role in enabling major fossil fuel projects in the Great Barrier Reef World Heritage Area. The report sparked a major divestment campaign, which began with an open letter signed by 60 prominent Australians and thousands of supporters, calling on banks to cease finance for fossil fuels, and continued with divestment actions against ANZ and Commonwealth Bank. Market Forces also presented a huge banner at the AGM of Westpac, and gave ANZ the award of Australia's number one lender to dirty coal and gas projects in the Great Barrier Reef World Heritage Area. The campaign will continue with a major Divestment Day planned for May 2014.



Rainforest Action Network (US):

In 2013 Rainforest Action Network (RAN) released its fourth annual Coal Finance Report Card (see Banks and Coal), as well as a series of Coal Risk Updates on the environmental and social risks involved with investment in the coal industry. These focusing on Alpha Natural Resources' Mountaintop Removal Mines; human rights risks from Arch Coal's Adkins Fork mountaintop removal mine, and Coal Ash Disposal Risk for the US electric power sector. Other examples of RAN's finance work in 2013 appear in the Banks and Coal chapter of this report.

SOMO (Netherlands): In December, SOMO, the Centre for Research on Multinational Corporations (SOMO) released its report on the lobbying transparency of Dutch banks, 'Taking Lobbying Public'. The report revealed that Dutch banks are not making all the required information about their lobbying activities available, in spite of claims that they are reporting fully on these activities in line with Global Reporting Initiative guidelines. This lack of transparency is preventing an open and balanced debate about financial regulation and increasing the risk of regulatory capture. In response to SOMO's findings, all six banks recognised the importance of transparency in the field of lobbying, and most pledged to improve their transparency in future.

Urgewald (Germany): As well as playing a leading role in the launch of the Banking on Coal report, urgewald, together with groups including Facing Finance and Oxfam, criticised the poor sustainability performance of the new leadership at Deutsche Bank by producing a school report on the day before the bank's annual general meeting, and issuing it to shareholders. "A year ago, the new leaders promised a fundamental shift in the bank's business towards an ethically and ecologically responsible bank. How-

ever, this is not taking place," said urgewald's Dr. Barbara Happe.

World Development Movement (UK):

In 2013 World Development Movement (WDM) targeted HSBC, as the UK's biggest underwriter of fossil fuel bonds and shares, with a series of actions to highlight its funding of the coal industry. This included an action in December in which 25 WDM supporters dressed as "climate justice Santas" delivered a tonne of coal to HSBC's flagship City branch in London on a dumper truck. The action led to the bank closing the branch temporarily, and generated considerable media attention for the issue of coal financing. WDM also issued a campaign briefing in May 2013 highlighting UK banks' backing for the companies behind the Cerrejon coal project in Colombia, as well as Dirty Money, an interactive documentary on the role of UK banks in financing coal mining in Indonesia. The documentary was part of a larger research project which resulted in a number of videos and the report Banking while Borneo Burns.



LOOKING AHEAD

For organizations like BankTrack, which combine an appetite for ambitious, world changing goals with a corresponding lack of resources to reach them, campaigning often resembles surfing. Rather than spending our scarce energy on trying to paddle all the way to our destination –truly sustainable banking all over the place- we may float around for weeks, even years, doing what we can from the position we're in, but all the time waiting for the Big One; the one epic wave that will lift us and allow us to ride in splendid fashion. Such waves are rare, and when they arrive they may even be dangerous; not the wave of our choice but something unavoidable that we must deal with to the best of our abilities, to get the best out of it.



Johan speaking at the Equator Principles anniversary conference, June 2014

Runaway climate change may be that large, frightening giant wave thundering towards us.

2013 was the year when the destructive impact of climate change, already long felt by poor vulnerable communities the world over, finally dawned upon a large number of people living in countries that may make or break a future climate treaty. In a matter of a year, the world went through Hurricane Sandy hitting New York at the end of 2012, a polar vortex winter in the US, extreme droughts and wildfires in California and Australia, weeks of non-stop rain followed by extensive floods in the United Kingdom, freak record summer and winter temperatures all over Europe, droughts and floods in China, and last but not least, the devastating Category 5 hurricane that all but flattened a whole swath of the Philippines. If current predictions of a build-up of a catastrophic El Niño effect (in itself not a sign of climate change but strongly exacerbated by it) are correct, 2014 will convince even the staunchest sceptic that climate change is with us, caused by us, and that we better start acting fast and decisively to stop it from further unfolding.

Frightening as this all is, this may be the wave of opportunity on which to ride. For years already, BankTrack has vigorously campaigned against banks that, despite all warnings, continue to finance the extraction of oil, gas and coal, bringing proven reserves way beyond what can possibly be burnt if the world wishes to stay below the agreed 2 degrees temperature rise. Billions of pounds, dollars, euros and yuan in bank loans also continue to be poured in the construction of coal power plants, those sad future monuments of human folly, soon to be stranded assets for those ignorant enough to still bet on them.

Now the tireless work of finance campaigners is starting to pay off: slowly but surely ever more *public* financial institutions are avoiding the fossil fuel sector, directing investments instead to the transition to the low carbon economy. Commercial banks however still cannot quiet fathom that the scale of the challenge ahead requires to abandon *all* investments in fossil fuel within the next twenty years, starting today.

In 2014 BankTrack will continue to campaign to tell them just that; Banks; Quit Coal, Quit Oil, Quit Gas; Go Solar, Go Wind. We will rely on the strength of our arguments and the muscle of our member groups to get that message across. But behind us, the awesome wave of unfolding climate change may push us forward in ways never imagined before, so that finally we will see the low carbon energy revolution unfold before our very eyes. Exciting times ahead!

Johan Frijns, Director BankTrack

FINANCIAL SUMMARY

The full financial report for 2013 can be found on our [website](#)

RECEIVED IN 2013 (IN EURO)

Grants:

CS Mott Foundation	70,458
Sigrid Rausing Trust	23,506
Oxfam Novib	121,125
JMG Foundation	3,600
European Climate Foundation	22,823

Total grants **241,512**

Interest	3,956
Member fees	17,284
Network support	8,775
Donations	229

Total **271,757**

(total income 2012) *409,968*

EXPENSES IN 2013 (IN EURO)

Staff	187,289
Secretariat	35,130
Work programmes	19,197

Total **241,616**

(Total expenses 2012) *393,583*

Added to reserves 30,141

(Added to reserves 2012) *16,385*

Colophon

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